



JOSÉ DE MELLO · SAÚDE

José de Mello Saúde, S.A.

(incorporated with limited liability under the laws of Portugal)

Prospectus for admission to trading of the Notes “JOSÉ DE MELLO SAÚDE 2019/2025”

José de Mello Saúde, S.A. (the “**Issuer**”) issues €35,000,000.00 aggregate principal amount of Notes due 30 May 2025 (except where the context otherwise requires, the “**Notes**”) on 30 May 2019 (the “**Issue Date**”). The Issuer will pay interest on the Notes semi-annually in arrear, from and including the Issue Date to and excluding 30 May 2025 (the “**Maturity Date**”).

The Notes are direct, senior, unconditional, unsecured (subject to the provisions of Condition 2.2 (a) of the Terms and Conditions of the Notes (the “**Terms and Conditions of the Notes**”)) and unsubordinated obligations of the Issuer and rank *pari passu*, without any preference among themselves, and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding. The Notes are not guaranteed.

The Notes are subject to the redemption provisions as set out elsewhere in this prospectus (the “**Prospectus**”). This Prospectus constitutes a prospectus within the meaning of Article 5, paragraph 3 of Directive 2003/71/EC of the European Parliament and of the Council, of 4 November 2003, as amended from time to time (the “**Prospectus Directive**”).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”), in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 over prospectuses for securities, as amended (*loi relative aux prospectus pour valeurs mobilières*) (the “**Prospectus Act 2005**”), which implements the Prospectus Directive into Luxembourg law, to approve this document as a prospectus for admission to trading of the Notes in a regulated market and to passport this Prospectus into Portugal. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Prospectus or for the quality or solvency of the Issuer, in accordance with Article 7(7) of the Prospectus Act 2005.

Applications have also been made to (i) the Luxembourg Stock Exchange, for the Notes to be admitted to trading on the Bourse de Luxembourg, which is the regulated market of the Luxembourg Stock Exchange, and to be listed on the official list of the Luxembourg Stock Exchange; and to (ii) Euronext, for the Notes to be admitted to trading on Euronext Lisbon, which is a regulated market of Euronext. The Bourse de Luxembourg and Euronext Lisbon are regulated markets 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.

The Notes were issued in dematerialised book-entry form (*forma escritural*) and integrated and registered in and held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (“**Interbolsa**”), as operator of the Portuguese central securities clearing system (*Central de Valores Mobiliários* or “**CVM**”). The Notes are “*nominativas*”, which means that Interbolsa can, at the Issuer's request, ask the Affiliate Member of Interbolsa for information regarding the identity of the holders of the Notes and transmit such information to the Issuer.

CVM currently has links in place with Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, Société Anonyme, Luxembourg (“**Clearstream**”), through accounts held by Euroclear and Clearstream with financial intermediaries for the purposes of the Portuguese Securities Code, and which are entitled to hold control accounts with Interbolsa on behalf of holders of the Notes (each, an “**Affiliate Member of Interbolsa**”).

An investment in the Notes involves certain risks. For a discussion of these risks, see “Risk Factors”. Investors should refer, in particular, to the “Terms and Conditions of the Notes” and “Taxation” sections for the procedures to be followed in order to receive payments under the Notes. Noteholders are required to comply with the procedures and certification requirements described herein in order to receive payments on the Notes free from Portuguese withholding tax. Noteholders must rely on the procedures of Interbolsa to receive payments under the Notes.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act, unless an exemption from the registration requirements of the Securities Act is available, and in accordance with all applicable securities laws of any state of the United States and of any other jurisdiction.

The Issuer and the Joint Lead Managers and Bookrunners are not making an offer to sell the Notes in any jurisdiction where an offer or sale is not permitted.

Joint Lead Managers and Bookrunners

Banco Invest

Banco Santander Totta

Caixa – Banco de Investimento

The date of this Prospectus is 31 May 2019.

IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the Issuer's knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is true and accurate in all material respects, is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer accepts responsibility accordingly and thus confirms to the Joint Lead Managers and Bookrunners that this Prospectus contains all information which is material in the context of the issue, offering and sale of the Notes; that such information is not misleading in any material respect; and that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "Documents Incorporated by Reference"). This Prospectus shall be read and construed on the basis that those documents are incorporated and form part of this Prospectus.

Investors in the Notes should rely only on the information contained in this Prospectus. No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes, or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or by Banco Invest, S.A., Banco Santander Totta, S.A. or Caixa - Banco de Investimento, S.A. (the "Joint Lead Managers and Bookrunners").

The Joint Lead Managers and Bookrunners, or any of their respective affiliates, have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking whatsoever, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers and Bookrunners as to the authenticity, origin, validity, accuracy or completeness of the information contained or incorporated in this Prospectus, or of any other information provided by the Issuer in connection with the Notes. The Joint Lead Managers and Bookrunners do not accept any liability in relation to the information contained or incorporated by reference in this Prospectus or to any other information provided by the Issuer in connection with the Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Prospectus is true, correct, complete and updated after the date hereof or the date on which this Prospectus has been most recently amended or supplemented, or that there has been any adverse change, or any event reasonably likely to involve any adverse change, in the prospects or the financial or trading position of the Issuer since the date thereof or, if later,

the date on which this Prospectus has been most recently amended or supplemented, or that any other information supplied in connection with the Notes is true, correct, complete and updated at any time after the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Prospectus, nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation, or (b) should be considered as a recommendation by the Issuer or any of the Joint Lead Managers and Bookrunners that any recipient of this Prospectus or of any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating the purchase of any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus, nor any other information supplied in connection with the offering of the Notes, constitutes an offer or invitation by or on behalf of the Issuer, or any of the Joint Lead Managers and Bookrunners, to any person to subscribe for or to purchase any Notes.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers and Bookrunners to inform themselves about and to observe any such restrictions. This Prospectus may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Prospectus and other offering material relating to the Notes, see the Section *"Subscription and Sale"*.

The Issuer, the Joint Lead Managers and Bookrunners do not make any representation to any investor in the Notes regarding the legality of this investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Neither the delivery of this Prospectus, nor the offering, sale or delivery of any Notes, shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and Bookrunners expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes, or to advise any investor in the Notes of any information coming to their attention.

In this Prospectus, unless otherwise specified, references to a "Member State" are references to a Member State of the European Economic Area, references to "EUR" or "Euro" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No

974/98 of 3 May 1998 on the introduction of the Euro, as amended.

This Prospectus has been prepared for admission to trading of the Notes in a regulated market and does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer. The Issuer and the Joint Lead Managers and Bookrunners 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, no action has been taken by the Issuer or by the Joint Lead Managers and Bookrunners which is intended to permit a public offering of any Notes or the distribution of this Prospectus in any 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 on the offering and sale of Notes.

No comment is made or advice is given by the Issuer or by any of the Joint Lead Managers and Bookrunners in respect of taxation matters relating to the Notes and each investor is advised to consult its own professional advisor.

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 (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of the following: (a) 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, on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“MiFID II”), (b) a customer within the meaning of Directive 2016/97/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (c) not a qualified investor as defined in 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 offered to the public or admitted to trading and amending Directive 2001/34/EC (as amended, the “Prospectus Directive”). Consequently, no key information document (“KID”) under Regulation (EU) No. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, on key information documents for packaged retail and insurance-based investment products (the “PRIIPs Regulation”) has been prepared by the Issuer and by 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 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 manufacturers' 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 manufacturers' target market assessment) and determining appropriate distribution channels.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to 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;
- (B) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its specific 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 the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (D) thoroughly understands the terms of the Notes and is familiar with the behaviour of financial markets; and
- (E) is able to evaluate possible scenarios related to 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 investment laws and regulations, or to review or regulation by certain authorities. Each potential investor should consult its legal advisers 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 are applicable to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

STABILISATION

In connection with the issue of the Notes, the Joint Lead Managers and Bookrunners (if any) acting as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but must end no later than the earlier of 30 days after the issue date of the Notes or 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with

all applicable laws and rules.

TABLE OF CONTENTS

CHAPTER 1 SUMMARY	10
CHAPTER 2 RISK FACTORS	37
CHAPTER 3 RESPONSIBILITY STATEMENTS AND IMPORTANT NOTICES	52
CHAPTER 4 DESCRIPTION OF THE ISSUER.....	57
CHAPTER 5 FORM OF THE NOTES	73
CHAPTER 6 TERMS AND CONDITIONS OF THE NOTES	76
CHAPTER 7 TAXATION.....	94
CHAPTER 8 DOCUMENTS INCORPORATED BY REFERENCE	106
CHAPTER 9 GLOSSARY OF DEFINED TERMS	107

CHAPTER 1

SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding that Element. In this case, a short description of the Element is included in the summary with the mention of “Not Applicable”.

Section A – Introduction and Warnings

A.1	Introduction	<p>Warning that:</p> <ul style="list-style-type: none"> • this summary should be read as an introduction to the Prospectus; • any decision to invest in the Notes should be based on consideration of the Prospectus as a whole by the investor; • where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor may, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and • civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or does not provide, when read together with the other parts of the Prospectus, key information to aid investors when considering whether to invest in the Notes.
A.2	Consent of the Issuer to use the prospectus on a subsequent	Not Applicable. The Notes were issued and delivered to investors.

	resale or final placement	
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Section B – Issuer

B.1	Legal and commercial name	<p>The legal name of the Issuer is José de Mello Saúde, S.A. (the “Issuer”).</p> <p>The commercial name of the Issuer is José de Mello Saúde.</p>
B.2	Domicile, legal form, legislation and country of incorporation	<p>The Issuer is a limited liability company (<i>sociedade anónima</i>), registered and incorporated in Portugal, under Portuguese law, and with head office at Avenida do Forte, no. 3, Edifício Suécia III, Piso 2, 2790 - 071 Carnaxide, Portugal.</p>
B.4. b	Description of any known trends	<p>Not Applicable. There are no known trends which affect the Issuer.</p>
B.5	Description of the Group and the Issuer’s position within the Group	<p>The Issuer (as defined below) is held by José de Mello Capital, S.A. (together with the other companies in which it, directly or indirectly, participates, “José de Mello Saúde”).</p> <pre> graph TD JMC[José de Mello Capital, SA] -- 65.85% --> JMSA[JOSÉ DE MELLO SAÚDE SA] FAM[Fundação Amélia da Silva de Mello] -- 4.15% --> JMSA FV[Farinveste, SA] -- 30% --> JMSA JMSA -- 100% --> CC[Corporate Centre] CC -- 100% --> JMSA JMSA -- 100% --> PH[PRIVATE HEALTHCARE] JMSA -- 100% --> P[PUBLIC HEALTHCARE] PH -- 100% --> PH_Int[International] PH -- 100% --> PH_Nat[National] PH_Int -- 99% --> VIB[Vramondi International BV] PH_Int -- 100% --> NI[Nova Imagem] PH_Int -- 100% --> CB[Clínica Cuf Belém] PH_Int -- 100% --> S[Segres] PH_Int -- 100% --> EC[Ecografia de Cascais] PH_Nat -- 100% --> CufInf[Hospital Cuf Infante Santo] PH_Nat -- 100% --> CufDesc[Hospital Cuf Descobertas] PH_Nat -- 100% --> CufPorto[Hospital Cuf Porto] PH_Nat -- 100% --> CufAlvalade[Clinica Cuf Alvalade] PH_Nat -- 100% --> CufCascais[Hospital Cuf Cascais] PH_Nat -- 100% --> CufTorres[Hospital Cuf Torres Vedras] PH_Nat -- 100% --> CufViseu[Hospital Cuf Viseu] PH_Nat -- 100% --> CufSantarém[Hospital Cuf Santarém] PH_Nat -- 100% --> CufCoimbra[Hospital Cuf Coimbra] PH_Nat -- 100% --> VSG[Valei SGPS] PH_Nat -- 100% --> IDC[Instituto Cuf Diagnóstico e Tratamento] P -- 50% --> EB[Escala Braga] P -- 50% --> EVF[Escala Vila Franca] P -- 100% --> PPPS1[PPPS - Gestão e Consultoria] P -- 100% --> PPPS2[PPPS II - Gestão e Consultoria] P -- 100% --> PPPS3[PPPS III - Gestão e Consultoria] </pre>
B.9	Profit forecast or estimate	<p>Not Applicable. The Issuer does not make a public profit forecast or estimate.</p>
B.10	Qualifications in the audit report on the	<p>Not Applicable. There are no qualifications in the audit reports on the historical financial information of the Issuer.</p>

	historical financial information																																																													
B.12	Selected key financial information	<p>The financial highlights inserted below have been extracted without material adjustment from the audited financial statements of the Issuer for the years ended 31 December 2017 and 31 December 2018, prepared in accordance with IFRS-EU:</p> <p>INCOME AND OTHER CONSOLIDATED COMPREHENSIVE INCOME STATEMENT Of the Financial Year Ended on 31 December 2018</p> <table> <tr> <td>(Amounts in euros)</td><td>31-12-2018</td><td>31-12-2017</td></tr> <tr> <td>Operating income:</td><td></td><td></td></tr> <tr> <td>Sales and services rendered</td><td>673 596 559</td><td>627 691 418</td></tr> <tr> <td>Other operating income</td><td>9 511 554</td><td>9 752 114</td></tr> <tr> <td>Total operating income</td><td>683 108 114</td><td>637 443 532</td></tr> <tr> <td>Operating costs:</td><td></td><td></td></tr> <tr> <td>Cost of sales</td><td>(126 408 599)</td><td>(116 516 108)</td></tr> <tr> <td>External supplies and services</td><td>(257 564 928)</td><td>(242 738 087)</td></tr> <tr> <td>Personnel costs</td><td>(225 304 356)</td><td>(202 594 517)</td></tr> <tr> <td>Amortisations and depreciations</td><td>(32 828 436)</td><td>(27 731 514)</td></tr> <tr> <td>Provisions and impairment losses, net</td><td>(7 142 251)</td><td>(1 687 795)</td></tr> <tr> <td>Other operating costs</td><td>(2 672 590)</td><td>(3 582 693)</td></tr> <tr> <td>Total operating costs</td><td>(651 921 161)</td><td>(594 850 714)</td></tr> <tr> <td>Operating profit</td><td>31 186 953</td><td>42 592 818</td></tr> <tr> <td>Financial expenses and losses</td><td>(15 496 821)</td><td>(12 194 236)</td></tr> <tr> <td>Financial income and gains</td><td>703 590</td><td>956 355</td></tr> <tr> <td>Profit/loss of associates</td><td>133 169</td><td>666 471</td></tr> <tr> <td>Profit/loss of investment activities</td><td>6 066 595</td><td>82 900</td></tr> <tr> <td>Financial results</td><td>(8 593 467)</td><td>(10 488 510)</td></tr> <tr> <td>Pre-tax profit</td><td>22 593 486</td><td>32 104 308</td></tr> </table>	(Amounts in euros)	31-12-2018	31-12-2017	Operating income:			Sales and services rendered	673 596 559	627 691 418	Other operating income	9 511 554	9 752 114	Total operating income	683 108 114	637 443 532	Operating costs:			Cost of sales	(126 408 599)	(116 516 108)	External supplies and services	(257 564 928)	(242 738 087)	Personnel costs	(225 304 356)	(202 594 517)	Amortisations and depreciations	(32 828 436)	(27 731 514)	Provisions and impairment losses, net	(7 142 251)	(1 687 795)	Other operating costs	(2 672 590)	(3 582 693)	Total operating costs	(651 921 161)	(594 850 714)	Operating profit	31 186 953	42 592 818	Financial expenses and losses	(15 496 821)	(12 194 236)	Financial income and gains	703 590	956 355	Profit/loss of associates	133 169	666 471	Profit/loss of investment activities	6 066 595	82 900	Financial results	(8 593 467)	(10 488 510)	Pre-tax profit	22 593 486	32 104 308
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		Income tax	(6 764 402)	(8 809 655)
		Consolidated net profit for the year	15 829 084	23 294 653
		Net profit for the year attributable to non-controlling interests	235 260	474 455
		Net profit for the year attributable to equity holders	15 593 823	22 820 198
		INCOME AND OTHER CONSOLIDATED COMPREHENSIVE INCOME STATEMENT		
		Of the Financial Year Ended on 31 December 2018		
		(Amounts in euros)	31-12-2018	31-12-2017
		Other items of Comprehensive Income:		
		Other income and expenses directly recognised in equity that will not be reclassified to profit:		
		Revaluation of tangible fixed assets	7 897 397	7 034 104
		Other income and expenses directly recognised in equity that might be reclassified to profit:		
		Changes in fair value of hedging instruments	305 173	521 975
			8 202 570	7 556 080
		Consolidated comprehensive income	24 031 654	30 850 733
		Comprehensive income for the year attributable to non-controlling interests	235 260	474 455
		Comprehensive income for the year attributable to equity holders	23 796 393	30 376 278

Earnings per share:			
Basic	1,47	2,15	
Diluted	1,47	2,15	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
At 31 December 2018			
(Amounts in euros)		31-12-2018	31-12-2017
Non-current assets:			
Goodwill	45 569 249	43 885 257	
Intangible assets	10 282 000	13 357 220	
Tangible fixed assets	438 929 426	378 408 792	
Investments in associates	265 123	233 956	
Other investments	2 140 842	770 384	
Deferred tax assets	4 611 108	3 786 717	
Other non-current debtors	553 720	-	
Other non-current assets	2 167 744	8 296 945	
Total non-current assets	504 519 212	448 739 272	
Current assets:			
Inventories	12 720 583	14 216 580	
Trade receivables and advances to suppliers	99 517 916	122 870 558	
Other current debtors	10 919 726	3 316 536	
State and other public entities	4 034 011	16 737 792	
Other current assets	82 994 606	52 749 441	
Other financial instruments	35 150 000	35 150 000	
Cash and cash equivalents	67 395 706	47 894 297	
Total current assets	312 732 549	292 935 205	

		Non-current assets held for sale	-	3 735 465
		TOTAL ASSETS	817 251 760	745 409 942
		CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
		At 31 December 2018		
		(Amounts in euros)	31-12-2018	31-12-2017
		Equity:		
		Share capital	53 000 000	53 000 000
		Legal reserve	7 289 353	5 811 644
		Fair value reserve	(956 220)	(1 261 393)
		Other Reserve and Retained earnings	24 020 701	21 919 399
		Consolidated net income	15 593 823	22 820 198
		Interim dividends	(4 200 000)	(14 100 000)
		Equity attributable to shareholders	94 747 657	88 189 849
		Non-controlling interests	4 152 041	4 228 716
		Total equity	98 899 699	92 418 565
		Non-current liabilities:		
		Borrowings	284 362 461	295 514 364
		Finance lease creditors	55 931 803	60 177 688
		Employee benefits	1 282 326	1 355 216
		Provisions	15 624 091	12 259 474
		Other creditors	8 214 560	3 358 340
		Deferred tax liabilities	13 345 792	11 735 363
		Other non-current liabilities	1 057 696	1 627 604
		Non-current liabilities	379 818 728	386 028 049

Current liabilities:			
Borrowings	97 845 229	56 119 722	
Finance lease creditors	8 768 776	9 794 327	
Trade payables and advances from clients	121 062 391	94 542 001	
State and other public entities	10 455 256	21 958 566	
Other current creditors	10 778 215	7 476 112	
Other current liabilities	89 623 466	77 072 601	
Total current liabilities	338 533 333	266 963 328	
TOTAL LIABILITIES	718 352 062	652 991 378	
TOTAL EQUITY AND LIABILITIES	817 251 760	745 409 942	
CONSOLIDATED CASH FLOW STATEMENTS			
Of the Financial Year Ended on 31 December 2018			
(Amounts in euros)	31-12-2018	31-12-2017	
OPERATING ACTIVITIES:			
Cash receipts from clients	696 520 607	613 868 804	
Cash paid to suppliers	(386 983 372)	(388 190 670)	
Cash paid to employees	(211 827 437)	(196 604 636)	
Income tax received/paid	(8 898 767)	(9 825 346)	
Other cash receipts/payments relating to operating activities	3 784 042	(395 668)	
Net cash from operating activities (1)	92 595 073	18 852 483	
INVESTMENT ACTIVITIES:			
<i>Cash receipts relating to:</i>			
Financial assets and other investments	9 743 053	195 542	
Tangible fixed assets	139 780	227 036	

		Interest and similar income	405 101	573 661
		Dividends	-	266 347
			10 287 934	1 262 585
		<i>Payments regarding:</i>		
		Financial assets and other investments	(2 930 500)	(47 982 884)
		Tangible fixed assets	(48 466 507)	(40 655 580)
		Intangible assets	(470 039)	(960 949)
			(51 867 046)	(89 599 414)
		Net cash from investment activities (2)	(41 579 112)	(88 336 829)
		FINANCING ACTIVITIES:		
		<i>Cash receipts relating to:</i>		
		Borrowings	535 321 014	466 638 200
		Borrowings to related party	2 434 626	1 853 458
		Additional capital paid in	20 000	34 077
		Other financial instruments	-	13 500 000
		Financial derivative instruments	-	269 774
			537 775 639	482 295 509
		<i>Payments regarding:</i>		
		Borrowings	(511 909 653)	(341 999 911)
		Other borrowings	(7 360 000)	(3 150 267)
		Payment of finance lease liabilities	(15 532 593)	(10 407 471)
		Interest and similar expenses	(16 551 983)	(10 592 310)
		Dividends paid and profit distributed	(18 014 791)	(21 333 803)
			(569 369 019)	(387 483 760)
		Net cash from financial activities (3)	(31 593 380)	94 811 749
		Changes in cash and equivalents (4)=(1)+(2)+(3)	19 422 581	25 327 403

		<p>Effect of change in consolidation perimeter 33 635 6 742 179</p> <p>Cash and cash equivalents at the start of the period 47 884 243 15 814 660</p> <p>Cash and cash equivalents at the end of the period 67 340 459 47 884 243</p> <p>There has been no material adverse change in the prospects of the Issuer since 31 December 2018.</p> <p>There has been no significant change in the financial or trading position of the Issuer since 31 December 2018.</p>												
B.13	Recent events impacting the Issuer's solvency	Not Applicable. There are no recent events specific to the Issuer which are, to a material extent, relevant to the evaluation of the Issuer's solvency.												
B.14	Dependence upon other entities within the Group	Not Applicable. The Issuer does not depend on any other entity.												
B.15	The Issuer's principal activities	The corporate purpose of the Issuer is to buy, sell and rent equipment, to provide management, consulting, computer technology, operating, administrative, negotiation and supply services, and to render other services in the healthcare sector.												
B.16	Controlling Persons	<p>On 31 December 2018, the main shareholders known to the Issuer are the following:</p> <table border="1"> <thead> <tr> <th>Shareholders</th><th>Number of shares</th><th>% Share Capital</th></tr> </thead> <tbody> <tr> <td>José de Mello Capital, S.A.</td><td>6,980,100</td><td>65.85%</td></tr> <tr> <td>Farminveste, S.A.</td><td>3,180,000</td><td>30.00%</td></tr> <tr> <td>Fundação Amélia da Silva de Mello</td><td>439,900</td><td>4.15%</td></tr> </tbody> </table>	Shareholders	Number of shares	% Share Capital	José de Mello Capital, S.A.	6,980,100	65.85%	Farminveste, S.A.	3,180,000	30.00%	Fundação Amélia da Silva de Mello	439,900	4.15%
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Fundação Amélia da Silva de Mello	439,900	4.15%												
B.17	Credit ratings assigned to the Issuer	Not applicable. As of the date of this prospectus, the Issuer has not been assigned any credit rating with its cooperation or at its request.												

Section C – Securities

C.1	Type, class of the Notes and the Security Identification Number	<p>The floating rate Notes (Notes that bear interest at a floating rate) and are direct, senior, unconditional and unsecured obligations of the Issuer.</p> <p>The Notes were issued in dematerialised book-entry form (<i>forma escritural</i>) and are “<i>nominativas</i>”, which means that Interbolsa can, at the Issuer’s request, ask the Affiliate Member of Interbolsa for information regarding the identity of the holders of the Notes and transmit such information to the Issuer.</p> <p>The Notes have been granted the ISIN code PTJLLKOM0009 and the common code 200558065.</p>
C.2	Currency of the Notes	The Notes are denominated in Euro.
C.5	Restrictions on the free transferability of the Notes	<p>No Noteholder will be able to transfer the Notes, or any interest therein, except in accordance with Portuguese laws and regulations. Notes may only be transferred upon their registration in the relevant individual securities accounts held with the relevant financial institution licensed to act as a financial intermediary for the purposes of the Portuguese Securities Code and which is entitled to hold control accounts with Interbolsa on behalf of Noteholders (each, an “Affiliate Member of Interbolsa”), in accordance with the applicable procedures established by the Portuguese Securities Code and regulations issued by Interbolsa.</p> <p>Furthermore, the Notes have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”) and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.</p>
C.8	The rights attaching to the securities, including ranking and limitations to	The Notes are direct, senior, unconditional, unsecured and unsubordinated obligations of the Issuer and rank <i>pari passu</i> , without any preference among themselves, and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding. The Notes are not guaranteed.

	those rights	<p>The Issuer's revenues and assets will be fully accountable for the debt service of the Notes.</p> <p>Interest on the Notes is payable in Euro, semi-annually and in arrears, on each Interest Payment Date to or on behalf of the Noteholders registered in the individual securities accounts of each relevant Affiliate Member of Interbolsa, commencing on 30 November 2019 (the "First Interest Payment Date").</p> <p>Unless the Notes are previously redeemed or purchased and cancelled, each Note shall be finally redeemed by the Issuer on 30 May 2025 at its principal amount outstanding.</p> <p>All payments in respect of the Notes made by or on behalf of the Issuer will be made without any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or on behalf of Portugal, unless the withholding or deduction of such Taxes is required by law.</p> <p>In such event, the Issuer will pay any additional amounts as will result in the receipt, by the relevant Noteholder who is the effective beneficiary of the income arising thereto, of such amounts as would have been received by it had no such withholding or deduction been required, except that no additional amounts shall be payable in relation to any payment in respect of any Note in certain circumstances.</p> <p>The following events constitute an event of default under the Notes:</p> <p>(a) <i>Non-payment</i>: when the Issuer fails to pay any amount of principal or interest in respect of the Notes, unless the failure is remedied, in the case of principal, within 3 (three) Business Days of the Maturity Date or, in the case of interest, within 10 (ten) Business Days of the relevant Interest Payment Date; or</p> <p>(b) <i>Breach of other obligations or undertakings</i>: when the Issuer fails to perform any other obligation relating to the Notes, unless the relevant failure, being reparable, is remedied within 30 (thirty) days (or a longer period allowed by the common representative of the Noteholders (if any) or by the Noteholders), as from the date on which notice to this effect is given to the Issuer; or</p> <p>(c) <i>Cross acceleration</i>: the occurrence of an event of default under</p>
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		<p>any loan, credit facility, guarantee or other commitment with financial implications, entered into by the Issuer or a Relevant Subsidiary with the Portuguese financial system or abroad, or under obligations arising from the issue of securities or monetary values of any kind by the Issuer or a Relevant Subsidiary, provided that the amount in question exceeds €10 million (or its equivalent in another currency), considered individually or in aggregate; or</p> <p>(d) <i>Proceedings</i>: one or more final judicial or administrative decisions in respect of the Issuer or a Relevant Subsidiary where there is no possibility for defence or appeals; or the filing of one or more judicial or administrative proceedings in respect of the Issuer or a Relevant Subsidiary, unless the Issuer or the Relevant Subsidiary fully pays the amount in question within 60 (sixty) days of the filing of the court proceedings or notice of the tax or Social Security debt assessment; or the existence of tax or Social Security debts enforcement proceedings in respect of the Issuer or a Relevant Subsidiary, unless (i) the Issuer or such Relevant Subsidiary, as the case may be, provides a suitable guarantee to suspend such enforcement proceedings, or (ii) such proceedings are being contested by appropriate means by the Issuer or such Relevant Subsidiary, as the case may be, and the Issuer or such Relevant Subsidiary, as the case may be, has been advised by recognised independent legal advisers of good reputation that it is reasonable to do so. Additionally, in any of the cases above, whenever the decision or proceedings determine the Issuer or such Relevant Subsidiary's responsibility in an amount exceeding €10 million (or its equivalent in another currency), considered individually or in aggregate; or</p> <p>(e) <i>Enforcement proceedings</i>: the filing of enforcement proceedings imposed on all or a substantial part of the assets of the Issuer or of a Relevant Subsidiary, unless (i) the Issuer or such Relevant Subsidiary, as the case may be, provides a suitable guarantee to suspend such proceedings, or (ii) such proceedings are being contested by appropriate means by the Issuer or such Relevant Subsidiary, as the case may be, and the Issuer or such Relevant Subsidiary, as the case may be, has been advised by recognised independent legal advisers of good</p>
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		<p>repute that it is reasonable to do so; or</p> <p>(f) <i>Insolvency</i>: when (i) the Issuer or a Relevant Subsidiary expressly acknowledges the impossibility of fully and duly paying its debts as they fall due, or if the Issuer or a Relevant Subsidiary ceases payments in general; (ii) the Issuer or Relevant Subsidiary requests its insolvency declaration, or declaration of insolvency of the Issuer or a Relevant Subsidiary is requested by a third party, unless the Issuer or the Relevant Subsidiary submits its statement of defence within the legal timeframe and has been advised by recognised independent legal advisers of good repute that it is reasonable to do so; (iii) the Issuer or Relevant Subsidiary is declared insolvent by a competent judicial court or, in the scope of an insolvency proceeding, an agreement is concluded with, or assigned to the benefit of, general creditors of the Issuer or a Relevant Subsidiary; or (iv) an insolvency administrator or other equivalent entity is appointed for the Issuer or a Relevant Subsidiary in relation to the whole or a substantial part of the Issuer or Relevant Subsidiary's assets; or</p> <p>(g) <i>Pari passu and Issuer undertakings</i>: as long as the Notes remain outstanding, the Issuer breaches, among others, certain covenants with respect to negative pledges and financial ratios; or</p> <p>(h) <i>Change of control</i>: when (i) José de Mello Capital, S.A. ceases to hold, directly or indirectly, the majority of the share capital and/or voting rights of the Issuer, or (ii) the Issuer ceases to hold, directly or indirectly, the majority of the share capital and/or voting rights of any Relevant Subsidiary; or</p> <p>(i) <i>Validity</i>: when the validity of the Notes is contested by the Issuer or the Issuer denies any of its obligations under the Notes (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise), or when it is or becomes unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Notes, or any such obligations are or become unenforceable or invalid, in each case as a result of any law or regulation applicable in the Portuguese Republic or any ruling of any court in the Portuguese Republic whose decision is final and unappealable;</p>
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		<p>or</p> <p>(j) <i>Cessation of business</i>: If the Issuer or a Relevant Subsidiary ceases all or a substantial part of its business, or if an event occurs (including the approval of resolutions by the competent boards, or the loss or suspension of any license or authorisation relevant to the exercise of its business) which (i) determines, under the applicable law, the dissolution or liquidation of the Issuer or a Relevant Subsidiary, except if such event occurs in the context of a solvent corporate reorganisation involving the Issuer, or (ii) causes a material adverse change in the normal business activities carried out by the Issuer or a Relevant Subsidiary; or</p> <p>(k) <i>Analogous event</i>: any event which the Issuer has, directly or indirectly, caused and which has an analogous effect to any of the events referred to above.</p> <p>“Relevant Subsidiary” means any company in a <i>group relationship (relação de grupo)</i> with the Issuer and which in each given moment complies with one of the following requirements:</p> <p>(i) whose EBITDA, according to the latest audited annual accounts approved by the General Meeting, is equal to or greater than 10 (ten) per cent. of the consolidated EBITDA of the Issuer (according to the latest audited consolidated annual accounts approved by the General Meeting), or</p> <p>(ii) whose total assets, according to the latest audited annual accounts approved by the General Meeting, are equal to or greater than 10 (ten) per cent. of the total consolidated assets of the Issuer (according to the latest audited consolidated accounts approved by the General Meeting annual consolidated accounts); or</p> <p>(iii) whose operating income, according to the latest audited annual accounts approved by the General Meeting, is equal to or greater than 10 (ten) per cent. of the total consolidated operating income of the Issuer (according to the latest audited consolidated accounts approved by the General Meeting).</p> <p>If any event of default relating to the Notes occurs, each Noteholder may request the early redemption of the Notes held by it without the need for any prior resolution of the General Meeting of</p>
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		<p>Noteholders, and shall be entitled to receive interest due up to the respective date of redemption.</p> <p>The Notes are direct, senior, unconditional, unsecured and unsubordinated obligations of the Issuer and rank <i>pari passu</i>, without any preference among themselves, and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding. The Notes are not guaranteed.</p> <p>The Terms and Conditions of the Notes are governed by Portuguese law. The judicial court of Lisbon is competent to settle any dispute arising in connection with the Terms and Conditions.</p>
C.9	<p>The rights attaching to the securities, including information as to interest, maturity, yield and the representative of the noteholders</p>	<p>See C.8 for a description of the rights attached to the Notes, their ranking and limitations.</p> <p>The coupon interest rate is six months Euribor plus a margin of 3.75 per cent. per annum, payable in euro in arrear, on the First Interest Payment Date and subsequently on each date that falls every six months after the First Interest Payment Date (up to and including 30 May 2025, the “Maturity Date”) (each, an “Interest Payment Date”), to or on behalf of the Noteholders registered in the individual securities accounts of each relevant Affiliate Member of Interbolsa, commencing on the First Interest Payment Date. For the avoidance of doubt, interest accrues on the Notes on a daily basis irrespective of whether such day is a business day.</p> <p>Interest will be calculated by applying the interest rate for such interest period to the principal amount outstanding, multiplying the product by the actual number of days in the period and dividing by 360, rounding the resulting figure to the nearest sub-unit of the specified currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of the relevant note divided by the principal amount outstanding. For this purpose, a “sub-unit” means one cent. Interest on the Notes will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of the entitled Noteholders in accordance with Interbolsa’s standard rules and operating procedures.</p> <p>If the date for payment of any amount in respect of any Note is not a Business Day, the Noteholder thereof shall not be entitled to</p>

		<p>payment until the next Business Day and shall not be entitled to any further interest or other payment in respect of such delay.</p> <p>If the Noteholders do not receive the amount due on an Interest Payment Date or on the Maturity Date, interest on overdue principal and interest on the Notes, if any and as applicable, will accrue from the due date up to the date of actual payment, at a rate that is 3 per cent. higher than the interest rate then applicable on the Notes.</p> <p>The Noteholders may, at any time, take the necessary steps to elect a Noteholders' common representative in accordance with the applicable law.</p>
C.10	Derivative Component	<p>Please see C.9.</p> <p>Not Applicable; there is no derivative component in the interest to be paid in respect of the Notes.</p>
C.11	Admission to trading of the Notes on a regulated market	<p>Application has been made to admit the Notes to trading on the regulated market of the Luxembourg Stock Exchange and Euronext Lisbon. The Bourse de Luxembourg and Euronext Lisbon are regulated markets 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, as amended.</p>

Section D - Risks

D.2	Risks Specific to the Issuer	<p>Before making an investment decision with respect to the Notes, investors should carefully consider the risks relating to the activities of the Issuer and to the Notes. These risks are not the only ones the Issuer faces; additional risks and uncertainties not presently known to the Issuer, or that the Issuer currently believes to be immaterial, could also impair its business or its ability to fulfill its obligations under the Notes.</p> <p>The order in which the risk factors are presented below does not indicate the likelihood of these risks actually occurring or the scope of any potential impairment these risks might cause to the business of the Issuer. The risks could be realised individually or cumulatively.</p> <p><i>The current circumstances of the Portuguese economy may cause uncertainty in the business and operations of the Issuer</i></p> <p>The business activities of the Issuer are dependent on the level of</p>
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		<p>banking, finance and financial services required by its activities and by its customers.</p> <p>As the Issuer currently conducts its business in Portugal, its performance is influenced by the level and cyclical nature of business activity in Portugal, which is in turn affected by both domestic and international economic and political events.</p> <p>The current economic environment is still a source of challenge for the Issuer, seeing as it may adversely affect its business, financial condition and operational results, and could also adversely affect the value and liquidity of the Notes and the ability of the Issuer to meet its obligations under the Notes and, in general terms, under its debt obligations.</p> <p>Prospective investors in the Notes shall ensure that they have sufficient knowledge of the financial situation in Portugal and the Eurozone, of the global financial crisis and of the economic situation and outlook, to allow them to make their own evaluation of the risks and merits of investing in the Notes.</p> <p>Prospective investors should take into account the considerable uncertainty surrounding how the global and, in particular, the Eurozone financial crisis and wider economic situation will develop over time.</p> <p><u>Financial risks</u></p> <p>The Issuer is exposed to a range of financial risks, namely, exposure to market risk, exchange rate risk, other price risks, credit risk, liquidity risk, interest rate risk, inflation risk and exposure to the funding cost of Portuguese debt. These risks are a result of its normal course of business and may lead to uncertainties regarding its capacity for generating cash-flows and an adequate return on equity.</p> <p>Despite its cautious and conservative risk management policies, the Issuer cannot exclude the possibility of being impacted by some or a combination of the different financial risks listed below, or others that are currently not considered material or are unknown, adversely affecting its business and/or the results of its activities.</p> <p><u>Credit risk</u></p> <p>The Issuer is subject to credit risk arising from its operational</p>
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		<p>activity and from its financing activities.</p> <p>The Issuer's exposure to credit risk is mainly related to: trade receivables, trade payables and other accounts receivable and payable from its regular operational activity, with special emphasis paid to the provision of healthcare services, but is also related to loans obtained for its normal day-to-day financing activities.</p> <p>Nevertheless, without prejudice of the Issuer not being exposed to significant credit risk with respect to any one client, since its activities are based on a large number of customers, the Issuer's exposure to credit risk could adversely affect its business and/or the results of its activities.</p> <p><u>Liquidity risk</u></p> <p>The continued uncertainty in the financial sector and in the capital markets could lead to a reduction in liquidity across the market, thus compromising the ability of the Issuer to finance its existing activity and possible future investments, or to secure refinancing operations with payment conditions deemed appropriate, including bond loans not yet repaid, notably, the Notes or any other debt obligations.</p> <p>However, the Issuer is not able to forecast future credit or funding conditions available in the market, particularly concerning liquidity. The limitations in accessing financing, due to lower loan capacity, from financing institutions or higher costs of funding may adversely impact on the Issuer's business or the results of its activities.</p> <p><u>Interest rate risk</u></p> <p>Despite the implementation of an interest rate risk management policy which aims to optimise the cost of debt, reduce the volatility in financial costs, and control and mitigate the risk of incurring losses due to interest rate changes, the Issuer cannot predict the evolution in interest rates or its impacts. Therefore, if interest rates increase more than expected or if obtaining new financing becomes more costly costlier than anticipated, this may adversely affect the Issuer's results or its activities.</p> <p><u>The value of and return on any Note may be adversely affected by ongoing national and international regulatory reform in relation to benchmarks</u></p>
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		<p>Interest rates and indices which are deemed to be "benchmarks" (including Euribor) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes.</p> <p><i>Other risks related to the healthcare sector framework</i></p> <p>Portugal, like Europe, is recovering from the harsh economic climate felt in the last couple of years, generated by the 2008 financial crisis, which led to paradigm changes in the healthcare sector.</p> <p>In 2017, current expenditure in health grew again in Portugal, recording, in nominal terms, an increase of 3%, amounting to a rate above the GDP (2.1%¹). In the two previous years, nominal growth was 3.3% and 4.4%, respectively, the latter also higher than that of the GDP, for the first time since 2009².</p> <p>In the triennium 2015–2017 period, the growth of public current expenditure was more pronounced than that of the private current expenditure. In 2016, public current expenditure grew 4.7%, with current private expenditure at 3.8%. Preliminary results for 2017 indicate a variation of 3.5% and 2.1%, respectively</p> <p>Additionally, some recent events in the healthcare sector have created challenges to the Issuer's activity and growth strategy and may have further impacts in the future, such as: (i) increased pressure in the negotiation of prices by the Responsible Funding Entities, namely, the changes introduced by the Public Institute of Participated Management (<i>Instituto Público de Gestão Participada</i>, the "ADSE"), which involved the reduction in payments to healthcare providers and the increase in co-payments by beneficiaries; (ii) the contractual uncertainty of public-private partnerships specifically concerning the renewal of the existing contract for the Vila Franca de Xira Hospital, scheduled to terminate in 2021; (iii) the limitation in the volume of activity contracted by</p>
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¹ Portugal Eurosistema – Economic Bulletin – December 2018

https://www.bportugal.pt/sites/default/files/anexos/pdf-boletim/be_dez2018_p.pdf

² Conta Satélite da Saúde 2017 [2017 Health Satellite Accounts] – INE

[Statistics Portugal]

https://drive.google.com/drive/u/0/folders/1_SwtEj3nsENFeyD-f_Pm7gX0aXZuRNIL

		<p>the Portuguese Government within the scope of the Vila Franca de Xira Hospital, restricting (through contracts) its ability to adequately respond to existing market demand; and (iv) the legislative instability felt in work schemes, notably, regarding the duration of the work week.</p> <p>These challenges are likely to continue over the coming years. In this sense, the quest for economic-financial sustainability is still a concern and the extremely demanding context may have an adverse impact on the Issuer's business.</p> <p><u>Other risks related to the Issuer and its activity</u></p> <p><u>The Issuer may be affected by legal and regulatory tax changes or by changing interpretation by the tax authorities</u></p> <p>The Issuer may be adversely affected by tax changes in Portugal, the European Union and in other countries where it may come to develop activities in the future. The Issuer does not control these tax changes or potential changes in the interpretation of tax laws by any tax authority.</p> <p>Significant changes in tax legislation in Portugal, the European Union or in countries where the Issuer may come to develop activities in the future, or difficulties in implementing or complying with new tax laws and regulations, may have an adverse impact on the Issuer's business or on the results of its activities.</p> <p><u>The Issuer may be affected by its Public-Private Partnerships</u></p> <p>The Issuer manages, under a public-private partnership framework, the Braga and Vila Franca de Xira hospitals, whose contracts expire in 2019 and 2021, respectively. The renewal of these contracts is subject to third party' discussions and the negotiation of contractual conditions. The proven economic benefit for the Portuguese State of the Braga and Vila Franca de Xira public-private partnerships, which exceeds EUR 30 million per year, continue to co-exist with the lack of profitability and shareholder return for José de Mello Saúde. In the Issuer's view, the future sustainability of public-private partnerships should involve a more equal balance of profits between the State and the private operator. If this balance is not achieved, the Issuer considers highly unlikely to remain in these public-private partnerships.</p> <p>As such, it is already confirmed that the contract for the Braga</p>
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		<p>Hospital will terminate on the 31 August 2019 (with the hospital being reincorporated under public management). As for the Vila Franca de Xira Hospital, there is still no indication of whether the contract will be renewed.</p> <p>In the event that the Issuer does not renew both these contracts, although the impact on its results may be negligible, there may be a negative impact on its revenue and on its ability to retain the most qualified professionals, which could in turn have an adverse impact on the Issuer's business or on the results of its activities.</p> <p><u><i>The Issuer is subject to the need to keep up with the technological developments in the healthcare sector</i></u></p> <p>If the Issuer does not proceed, on an ongoing basis, with the upgrade, acquisition and installation of cutting-edge medical equipment, or if such equipments experience an operational failure, this may have an adverse impact on the Issuer's business or on the results of its activities.</p> <p><u><i>The Issuer is subject to competition from other entities within the scope of its activities</i></u></p> <p>If the number of competitors increases significantly, or if such competitors are able to provide services that the Issuer is not able to provide its customers, this fact may have an impact on its volume of customers, prices, market shares or on the Issuer's profit margins and, consequently, may have an adverse impact on the Issuer's business or on the results of its activities.</p> <p><u><i>The Issuer may be adversely affected by any disturbance in payments to be performed by the public healthcare system, private and public healthcare sub-systems and health insurance systems</i></u></p> <p>In the event that the relationship between the Issuer and the above mentioned entities or systems deteriorates, and the Issuer is unable to negotiate and maintain its payment agreements, in terms similar to those currently in force, or the paying entities are unable to meet their payment obligations in due time, such fact may have an adverse impact on the Issuer's business or on the results of its activities.</p> <p><u><i>The Issuer may be adversely affected by failures in the quality of the services provided</i></u></p>
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		<p>If the Issuer is unable to continue providing a high quality healthcare service or is subject to an increase in customer complaints (due to low quality services or medical treatments), or even if there is an increased mortality rate or vast number of proceedings filed against it due to medical malpractice, the Issuer's brand and reputation may be tainted, and such fact may have an adverse impact on its business or on the results of its activities.</p> <p><u><i>The Issuer is subject to the loss of key personnel, costs with staff and its ability to recruit and retain qualified professionals</i></u></p> <p>The loss of one or more key executives or of any large part of its staff, resulting from personnel departure or from the Issuer's inability to recruit new physicians and other staff members, may weaken the Issuer's management team and staff, and potentially lead to an adverse impact on the Issuer's business or on the results of its activities.</p> <p>Additionally, staff salaries represent a significant portion of the Issuer's costs structure. In the event that staff costs increase as a result of higher taxes or salaries, or for any other reason, the Issuer's business or the results of its activities may be adversely affected.</p> <p><u><i>The Issuer is subject to customer claims</i></u></p> <p>In the event that the Issuer is exposed to claims in an amount greater than the coverage of its insurance policies or not covered by any insurance policy, or that the cost of these insurance policies increases due to such claims, this situation may have an adverse impact on the Issuer's business or on the results of its activities.</p> <p><u><i>Any disturbance in the provision of goods and services to the Issuer may adversely affect the Issuer</i></u></p> <p>In the event that the Issuer does not have access to medicine and other high-quality goods and services, it may suffer a reduction in customer volume or disturbances among its staff of physicians. These situations may have an adverse impact on the Issuer's business or on the results of its activities.</p> <p><u><i>The Issuer is subject to the applicable administrative permits</i></u></p> <p>In the event that the Issuer is unable to obtain, maintain, or loses any mandatory permit necessary for the functioning of a healthcare</p>
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		<p>unit, it may not be capable of maintaining its activities. Such fact may have an adverse impact on the Issuer's business or on the results of its activities.</p> <p><u><i>The Issuer may be subject to an acquisition or change of control</i></u></p> <p>Any acquisition of the Issuer or relevant change of control by a shareholder (current or future) may have an impact on its current corporate strategy in key markets where it operates, and on its operations, business and resources, which may in turn have an adverse effect on the Issuer's business or on the results of its activities.</p> <p>Any of these risks is of uncertain assessment and amplitude, so the occurrence of any of them, or of others directly or indirectly related to them, may have an adverse effect on the Issuer's business or on the results of its activities.</p>
D.3	Risks specific to the Notes	<p><u>General risks of the Notes</u></p> <p><u><i>The Notes may not be an investment suitable for all investors</i></u></p> <p>Each potential investor in the Notes must determine the suitability of the investment with respect to their own circumstances. In particular, each potential investor shall:</p> <ul style="list-style-type: none"> (a) have sufficient knowledge and experience to conduct a thorough evaluation of the Notes, and the benefits and risks of an investment in the Notes, and of the information contained or incorporated by reference in this Prospectus or any supplement or amendment to the same; (b) have access to, and knowledge of, appropriate analytical tools to assess, in the context of its specific financial condition, an investment in the Notes and the resulting impact on its investment portfolio; (c) have sufficient financial resources and liquidity to enable it to support all the inherent risks of an investment in the Notes; (d) thoroughly understand the terms and conditions applicable to the Notes and be acquainted with the relevant financial markets; and (e) be able to evaluate (either alone or with advice from a financial advisor, or other considered appropriate) possible

		<p>scenarios related to economic factors, interest rates or others that may affect its investment and its ability to bear the applicable risks.</p> <p><u>Payment procedures in respect of the Notes</u></p> <p>Payment of principal and interest in respect of the Notes will be (i) credited, according to the procedures and regulations of Interbolsa, to TARGET2 payment current accounts held in the payment system of TARGET2 by Affiliate Members of Interbolsa whose accounts with Interbolsa are credited with such Notes, and thereafter (ii) credited by such Affiliate Members of Interbolsa from the respective above mentioned payment current accounts to the accounts of the Noteholders or of Euroclear or Clearstream, Luxembourg with said Affiliate Members of Interbolsa, as the case may be.</p> <p>Noteholders must rely on the procedures of Interbolsa to receive payment under the Notes and the Issuer and the Paying Agent will have no responsibility or liability for Interbolsa's records relating to payments made in respect of beneficial interests in the Notes.</p> <p><u>Noteholders meetings, modifications and waivers</u></p> <p>The applicable laws and regulations contain rules on convening Noteholders' meetings to deliberate on matters affecting the Issuer's interests in general. Those rules provide that decisions based on certain majorities are binding on all Noteholders, including those who have not participated or voted in that particular meeting and those who voted against the approved resolution.</p> <p><u>Foreign Account Tax Compliance Act</u></p> <p>Certain aspects of the application of the Foreign Account Tax Compliance Act ("FATCA") provisions and of intergovernmental agreements with the United States to implement FATCA ("IGA") to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date falling six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register</p>
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		<p>would generally be grandfathered for purposes of FATCA withholding unless materially modified after such date.</p> <p>However, if additional Notes 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.</p> <p>Portugal signed the IGA with the United States on 6 August 2015 and has implemented, through Law no. 82-B/2014, of 31 December 2014, the legal framework based on the reciprocal exchange of information with the United States on financial accounts subject to disclosure. The IGA entered into force on 10 August 2016 and through Decree-Law no. 64/2016, of 11 October 2016, as amended by Law no. 98/2017, of 24 August, and by Law no. 17/2019, of 14 February, and Ministerial Order (“Portaria”) no. 302-A/2016, of 2 December 2016, as amended by Ministerial Order (“Portaria”) no. 169/2017, of 25 May, the Portuguese government approved the complementary regulation required to comply with FATCA. Under the referred legislation, the Issuer is 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 U.S. Internal Revenue Service.</p> <p>Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.</p> <p><u><i>Applicable law and legal changes</i></u></p> <p>The investors’ rights in their capacity as Noteholders shall be governed by Portuguese law, which may differ in some aspects from the rights usually recognised to Noteholders in companies governed by legal systems other than the Portuguese.</p> <p>It cannot be ensured that legal (including tax) or regulatory changes will not occur, and that changes in the interpretation or application of the legal standards will not have an adverse effect on the rights and obligations of the Issuer and/or of the investors in the Notes.</p> <p><u><i>General market risks</i></u></p> <p><u><i>The secondary market in general</i></u></p>
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		<p>Admission to trading of the Notes on the regulated market of the Luxembourg Stock Exchange and on Euronext Lisbon has been requested. However, their admission does not alone guarantee an effective liquidity of the Notes.</p> <p>Thus, the Notes do not have an established market on the date of issue, and such a market may not develop. If a market does develop, it may not have a high level of liquidity, so investors may not be able to sell the Notes easily or at prices that allow them to recover the amounts invested or to perform a gain comparable to similar investments that have been performed on the secondary market. Illiquidity may also have a negative effect on the market value of the Notes. Investors should be prepared to hold the Notes until the respective maturity date.</p> <p><u><i>Interest rate risk and foreign exchange controls</i></u></p> <p>The Issuer will pay the principal and interest on the Notes in Euro (the “Selected Currency”), which poses certain risks relating to currency conversions if the financial investments of an investor are primarily denominated in a currency (the “Investor’s Currency”) different from the Selected Currency. Such risks include the risk that exchange rates may change significantly (including due to the depreciation of the Selected Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency or the Selected Currency may impose or modify foreign exchange controls. An appreciation of the Investor’s Currency relative to the Selected Currency would decrease (i) the Investor’s Currency equivalent yield on the Notes, (ii) the Investor’s Currency equivalent value of the principal of the Notes, and (iii) the Investor’s Currency equivalent market value of the Notes.</p> <p>Governments and monetary authorities of the relevant jurisdictions may impose (as has happened in the past) rates likely to adversely affect the applicable foreign exchange rate. Accordingly, investors may receive less interest or principal than expected, or not receive any principal or interest.</p> <p><u><i>Considerations about the lawfulness of the investment</i></u></p> <p>The activities of certain investors are subject to laws and regulations on investment matters and/or to review or regulation by certain authorities. Each potential investor shall use its own legal advisors</p>
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		to determine whether and to what extent (i) the Notes are legally allowed investments, (ii) the Notes can be used as collateral for various types of loans, and (iii) other restrictions are applicable to the subscription/purchase of the Notes. Financial institutions shall consult their legal, financial or other advisors, or the relevant regulatory agencies, to determine the appropriate treatment of the Notes pursuant to the risk management rules applicable to capital or other similar rules.
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Section E - Offer

E.2.b	Reasons for the issue and use of proceeds	The issue of the Notes aims to raise funds to refinance the current activity of the Issuer and to address new investment opportunities, reducing its financing costs and extending its average debt maturity.
E.3	Terms and conditions of the offer	<p>The Notes were issued and delivered.</p> <p>The €35,000,000.00 Floating Rate Notes due 30 May 2025 were issued and delivered at 100 per cent. of their nominal amount.</p>
E.4	Description of any interest that is material to the issue/offer including conflicting interests	<p>Each of the Joint Lead Managers and Bookrunners may have a direct interest of a financial nature in the Notes and may also have engaged, and may engage in the future, in investment and/or commercial transactions with, and may perform other services for, the Issuer and any of its affiliates in the ordinary course of business.</p> <p>There are no conflicts of interest among natural and legal persons involved in the issue of the Notes.</p>
E.7	Estimated expenses charged to the investor	Not Applicable. Neither the Issuer, nor any of its affiliates charged any fee to investors in the Notes in connection with the issue of the Notes.

CHAPTER 2

RISK FACTORS

The Notes constitute a direct, unconditional and general liability of the Issuer, which will engage all its good faith in its respective fulfilment. The Notes are unconditional obligations of the Issuer, which will rank *pari passu* without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, both present and future, save for such exemptions as may be provided by applicable law.

Potential investors in the Notes shall, prior to the investment, carefully consult the information contained in the Prospectus, including the documents incorporated by reference, and form their own conclusions before making an investment decision.

Additional risks and uncertainties currently unknown or that the Issuer currently considers not significant, may have an adverse effect on the Notes, the Issuer's activities, the development of its business, its operating results, financial position, income, assets and liquidity, and also on the Issuer's future prospects or its capacity to achieve its goals.

The order in which the risk factors are presented below does not indicate the likelihood of these risks actually occurring or the scope of any potential impairment these risks might cause to the business of the Issuer. The risks could be realised individually or cumulatively.

A. RISKS RELATING TO THE ISSUER AND ITS ACTIVITIES

The current circumstances of the Portuguese economy may cause uncertainty in the business and operations of the Issuer

The business activities of the Issuer are dependent on the level of banking, finance and financial services required by its activities and by its customers.

As the Issuer currently conducts its business in Portugal, its performance is influenced by the level and cyclical nature of business activity in Portugal, which is in turn affected by both domestic and international economic and political events.

According to the flash estimate published by the Portuguese National Statistics Office ("INE") on 14 February 2019, Gross Domestic Product ("GDP") recorded a volume year-on-year increase of 1.7 per cent. in the fourth quarter of 2018, after a growth of 2.1 per cent. in the third quarter. Compared with the third quarter, the GDP change rate was 0.4 per cent. (0.3 per cent. in the third quarter in comparison to the second quarter). Domestic demand was the main driver of the economic growth recorded in 2018, while net exports contributed negatively to the GDP. Fixed investment shrank 0.6 per cent. in the fourth quarter, following a 0.8 per cent. growth in the previous three-month period, due to lower spending on other machinery and equipment.

It is estimated that Portugal's economy grew in 2018 by approximately 2.1 per cent. and

real GDP growth is forecast to reach 1.8 per cent. in 2019 and 1.7 per cent. in 2020. There are notable downside risks to this forecast, due to the possible deterioration of the international economic environment, with an adverse effect on world trade, that may result from an intensification of protectionist policies and more restrictive financial conditions, as well as the possibility of geopolitical tensions and political uncertainty at a global level (*Bank of Portugal, Projections for the Portuguese Economy: 2018-2021*).

Most recent indicators suggest that private consumption should remain robust. In addition, consumer spending is being supported by the continuous increase in the minimum wage and favourable performance of the labour market. In 2019-2021, the progressive slowing of employment levels should be compensated by an acceleration in salaries, resulting in a very slight deceleration of the total wage bill. After very significant growth in 2017 (9.2%), GFCF (Gross Fixed Capital Formation) is expected to have slowed down to 3.9% in 2018. In the first half of 2018, despite being broad-based across institutional sectors and types of product, this slowdown resulted primarily from the construction segment, reflecting *inter alia* a base effect associated to the very strong growth in investment in public works in 2017. GFCF growth is expected to keep an elasticity versus GDP growth above the historical average, decelerating from 6.6% in 2019 to 4.9% in 2021 (*Bank of Portugal, Projections for the Portuguese Economy: 2018-2021*).

The general government deficit reached 0.5 per cent. of the GDP in 2018, below the Ministry of Finance estimate (0.7% of GDP) presented in the 2019 Stability Programme. In 2017, public debt stood at 124.8 per cent. of GDP, having decreased to 121.5% in 2018, according to the Bank of Portugal's preliminary estimate. (*Portuguese Public Finance Council, Budget Outturn Report no 1/2019; INE, Quarterly National Accounts as updated on 27 March 2019*)

Despite the successful implementation of the Adjustment Programme and the recent economic recovery, the results of the Portuguese legislative election to be held in October 2019 may imply possible changes to governmental policies, with an effect on budget execution and on structural reforms. In addition, the success of the Adjustment Programme does not provide immunity from further negative impacts from other Eurozone countries due to worsening global economic conditions. In the event of negative developments in the financial markets, the Issuer's ability to access the capital markets and obtain the necessary funding to support its business activities on acceptable terms may be adversely affected. An inability to refinance assets on the balance sheet or to maintain appropriate levels of capital to protect against deteriorations in their value, could force the Issuer to liquidate assets at depressed prices or on unfavourable terms.

The economic environment is a source of challenge for the Issuer, as it may adversely

affect its business, financial condition and operational results, and could also adversely affect the value and liquidity of the Notes and the ability of the Issuer to meet its obligations under the Notes and, in general terms, under its debt obligations.

Prospective investors in the Notes shall ensure that they have sufficient knowledge of the financial situation in Portugal and the Eurozone, and of the general economic situation and outlook, to enable them to make their own evaluation of the risks and merits of investing in the Notes.

Prospective investors should specifically take into account the considerable uncertainty surrounding how the global and, in particular, the Eurozone economic situation will develop over time.

Particularly, the risk of instability in the Eurozone and of the Notes redenomination in a new legal currency

Due to the crisis affecting Europe, in particular the Eurozone, and the concerns regarding the indebtedness of some Eurozone countries, several measures were adopted, yet doubts relating to its ability to fulfil the assumed obligations and the stability of the Euro persist. Although public discussions on the possibility of reintroducing national currencies in one or more Member States have diminished, there are still uncertainties as to the continuity of the Euro as the legal currency in some of those countries, such as Portugal. In any case, the extinction of the Euro is still a real possibility, however distant.

With the Euro being the legal currency in Portugal and that specified for the Notes, if at any time after the date of issue: (i) more than one legal currency comes into existence in Portugal; or (ii) the legal currency in Portugal becomes one other than the Euro, the currency in which the Notes are denominated (and in which payments relating to the Notes will be performed) will be the new legal currency in Portugal and the Issuer may adjust the Terms and Conditions of the Notes (subject to the approval of the Noteholders), as it sees fit and adequate, to prevent any negative effects of such redenomination of the Notes and will determine the validity of such adjustments. Such adjustments, including the exchange rate between the current and the new legal currency in Portugal, may affect the value of the Notes. In circumstances where the Euro continues to exist, but no longer as the legal currency in Portugal or ceases to be the only legal currency in Portugal, the value of the new currency which is the legal currency in Portugal may decrease when compared with the Euro, which would mean that the Notes would have a lower value than they would have had if they had continued to be denominated in Euro. Legal and contractual consequences for the holders of the Notes denominated in Euro will be determined by the laws in force at such time. These

potential developments or market perceptions on this matter and other related events, may have an adverse effect on the value of the Notes.

Financial risks

The Issuer is exposed to a range of financial risks, namely, market risk, exchange rate risk, other price risks, credit risk, liquidity risk, interest rate risk, inflation risk and exposure to the funding cost of Portuguese debt. These risks are a result of its normal course of business and may lead to uncertainties regarding its capacity for generating cash-flows and an adequate return on equity.

The Issuer's financial risk management policies seek to minimise the impact and adverse effects deriving from these uncertainties which characterise the financial markets. These uncertainties which are reflected in numerous forms, require special attention and concrete and effective targeted management measures.

The Issuer's risk management policy is cautious and conservative with recourse, where advisable, to instruments intended to minimise risks related to its ongoing activities, never assuming positions in derivatives or other financial instruments of a speculative nature.

The various types of financial risk are inter-related and the different management measures, although specific to each type of risk, are linked in the long-term, with this integration contributing to the pursuit of the same key objective: reduction in the volatility of cash-flows and expected returns.

Despite its cautious and conservative risk management policies, the Issuer cannot exclude the possibility of being impacted by some or a combination of the different financial risks listed below, or others currently not considered material or unknown, adversely affecting its business and/or the results of its activities.

Credit risk

The Issuer is subject to credit risk arising from its operational activity and from its financing activities.

The Issuer's exposure to credit risk is mainly related to trade receivables, trade payables and other accounts receivable and payable from its regular operational activity, with special emphasis paid to the provision of healthcare services, but also related to loans obtained for its normal day-to-day financing activities.

The mitigation of this risk is achieved preventively by recourse to information providers and credit risk profilers, which allow a reasoned decision to be taken regarding the granting of credit to a specific customer. Subsequently, and after the credit has been granted, the maintenance of credit control and payment structures is promoted and, in certain specific cases, recourse to the contracting of credit insurance from credible

insurers is promoted. These measures contribute to the maintaining customer credit within levels which unlikely to affect the financial health of the Issuer.

Nevertheless, without prejudice of the Issuer not being exposed to significant credit risk with any one client, since its activities are based on a large number of customers, the Issuer's exposure to credit risk could adversely affect its business and/or the results of its activities.

Liquidity risk

Liquidity risk management endeavours to monitor cash-flow forecasts and the financial markets on a permanent basis, to ensure that the Issuer fulfils all its responsibilities. Through the active management of its business plan and the exhaustive mapping of future cash-flow needs or surplus, the Issuer intends to further reduce any potential credit risk by means of a permanent relationship with its financial partners.

The continued uncertainty in the financial sector and in the capital markets could lead to a reduction in liquidity across the market, thus compromising the ability of the Issuer to finance its existing activity and any possible future investments, or even to secure refinancing operations with payment conditions deemed appropriate, including bond loans not yet repaid, notably, the Notes or any other debt obligations.

The Issuer has implemented liquidity risk management policies with the objective of ensuring a stable debt maturity profile, reducing short-term debt, and extending its average debt maturity. To fulfil these objectives, the Issuer closely monitors the financial markets and carefully selects the most efficient alternative at any given point in time.

However, the Issuer is not able to predict future credit or funding conditions available in the market, particularly concerning liquidity. The limitations in accessing financing, due to lower loan capacity, from financing institutions or higher costs of funding may adversely impact on the Issuer's business or on the results of its activities.

Interest rate risk

The Issuer's exposure to interest rate risk stems from the existence of financial assets and liabilities contracted at fixed or variable rates. In the first case, the Issuer faces the risk of variation of the fair value of these assets or liabilities when any change to market rates involves an opportunity cost (positive or negative). In the second case, such change has a direct impact on the amount of interest received, thus causing cash variations. Before 2008, the Issuer entered into several transactions to fix or limit its exposure to interest rate variation on loans - mainly indexed to Euribor - through swaps contracts or other derivative operations which contributed (and will continue to contribute) to reducing sensitivity to financial charges and potential upward movements in interest rates.

Since 2008, and as a result of the historical lows and stagnation of short- and medium-term interest rates following the financial crisis, the Issuer has decided not to enter into any new transactions of this type. However, the Issuer will continue to closely monitor the markets, seeing as there may be an economic upturn in the coming years.

Interest rate risk management intends to reduce or limit the volatility of financial costs by minimising exposure to interest rate changes and their impact on the financial statements. Through the adopted control policy, the Issuer has endeavoured to select the most appropriate strategy for each business area, in a bid to ensure that this risk factor does not have a negative impact on the respective operational capacity. In addition, interest rate exposure is still monitored via the simulation of adverse scenarios, but with some degree of probability that could have a negative impact on the Issuer's results.

Despite the implementation of an interest rate risk management policy which aims to optimise the cost of debt, reduce volatility in financial costs, and control and mitigate the risk of incurring losses as a result of interest rate changes, the Issuer cannot predict the evolution in interest rates nor its impacts. Therefore, if interest rates increase more than expected or if obtaining new financing becomes more expensive than anticipated, this may adversely affect the Issuer's results or its activities.

The value of and return on any Note may be adversely affected by ongoing national and international regulatory reform in relation to benchmarks

Interest rates and indices which are deemed to be "benchmarks" (including Euribor) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes.

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the European Union on 29 June 2016 and became applicable from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union. It will, among other effects, (i) require benchmark administrators to be authorised or registered (or, if non European Union-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by European Union supervised entities, of "benchmarks" of administrators not authorised or registered (or, if non-European Union based, not deemed equivalent or otherwise recognised or endorsed).

The Benchmarks Regulation could have a material impact on the Notes, particularly if the methodology or other terms of Euribor are changed in order to comply with the

requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of Euribor.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and of complying with any such regulations or requirements. Such factors may have the following effects on certain “benchmarks” (including Euribor): (i) discourage market participants from continuing to administer or contribute to the “benchmark”; (ii) trigger changes in the rules or methodologies used in the “benchmark” or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other changes resulting from international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms when making any investment decision with respect to any Notes.

Other risks related to the healthcare sector framework

Portugal, like Europe, is recovering from the harsh economic climate felt in the last couple of years, generated by the 2008 financial crisis and which led to paradigm changes in the healthcare sector.

In 2017, current expenditure in health grew again in Portugal, recording, in nominal terms, an increase of 3%, amounting to a rate above the GDP (2.1%³). In the two previous years, nominal growth was 3.3% and 4.4%, respectively, the latter also higher than that of the GDP, for the first time since 2009⁴.

In the triennium 2015–2017 period, the growth of public current expenditure was more pronounced than that of the private current expenditure. In 2016, public current expenditure grew 4.7%, with current private expenditure at 3.8%. Preliminary results for 2017 indicate a variation of 3.5% and 2.1%, respectively.

From 2015 to 2017, current expenditure in healthcare supported through funding schemes from Public Administrations increased from 66.2% to 66.6%. In 2017, public current expenditure per capita was 1,121.5 euros, while the private one was 562.4 euros. In 2017, current health expenditure was funded primarily by the Portuguese National Health Service — NHS and by the Portuguese Health Subregions (HSR) – 57.0%

³ Portugal Eurosistema – Economic Bulletin – December 2018

https://www.bportugal.pt/sites/default/files/anexos/pdf-boletim/be_dez2018_p.pdf

⁴ Conta Satélite da Saúde 2017 [2017 Health Satellite Accounts] – INE

[Statistics Portugal]

https://drive.google.com/drive/u/0/folders/1_SwtEj3nsENFeyD-f_Pm7gX0aXZuRNIL

– and by families – 27.8%. The public healthcare subsystems accounted for 4.2%, the other public administration units for 3.9% and insurers for 3.7%.

The health insurance market confirmed the expected growth trend, with the number of insured people growing 3.3% between 2016 and 2017⁵. The report from September 2018 recorded a year-over-year increase of 4.3%, with the number of insured people increasing from 2,288,124 to 2,386,426. This growth was broken down into 3.8% growth in individual policies and 4.6% in group policies⁶.

Additionally, some recent events in the healthcare sector have created challenges to the Issuer's activity and growth strategy, and may have further impacts in the future, such as: (i) increased pressure in the negotiation of prices by the Responsible Funding Entities, namely, the changes introduced by the Public Institute of Participated Management (*Instituto Público de Gestão Participada*, the "ADSE"), with the reduction in payments to healthcare providers and increase in co-payments by beneficiaries; (ii) the contractual uncertainty of public-private partnerships, in particular, concerning the renewal of the existing contract for the Vila Franca de Xira Hospital, scheduled to terminate in 2021; (iii) the limitation in the volume of activity contracted by the Portuguese Government within the scope of the Vila Franca de Xira Hospital, restricting (through contracts) its ability to adequately respond to existing market demand; and (iv) the legislative instability felt in work schemes, notably, regarding the duration of the work week.

These challenges are likely to continue over the coming years. In this sense, the quest for economic-financial sustainability is still a concern and the extremely demanding context may have an adverse impact on the Issuer's business.

Other risks related to the Issuer and its activity

The Issuer may be affected by legal and regulatory tax changes or by changing interpretation by the tax authorities

The Issuer may be adversely affected by tax changes in Portugal, the European Union and in other countries where it may come to develop activities in the future. The Issuer does not control these tax changes or any changes in the interpretation of tax laws by any tax authority. Significant tax legislation changes in Portugal, the European Union or in countries where the Issuer may come to develop activities in the future, or difficulties

⁵ Associação Portuguesa de Seguradores, Indicadores de Gestão - Saúde 2017.12
https://segurdata.apseguradores.pt/apex/f?p=100:0:8743908553130:APPLICATION_PROCESS%3DDOWNLOAD_FILE:NO::APP_FILE_ID,APP_FILE_ID_CHECK:34473,847

⁶ Associação Portuguesa de Seguradores [The Portuguese Association of Insurers], Management Indicators – Health 2018.06
https://segurdata.apseguradores.pt/apex/f?p=100:0:8743908553130:APPLICATION_PROCESS%3DDOWNLOAD_FILE:NO::APP_FILE_ID,APP_FILE_ID_CHECK:40408,616

in implementing or complying with new tax laws and regulations, may have an adverse impact on the Issuer's business or on the results of its activities.

The Issuer may be affected by its Public-Private Partnerships

The Issuer manages, under a public-private partnership framework, the Braga and Vila Franca de Xira hospitals, whose contracts expire in 2019 and 2021, respectively. The renewal of these contracts is subject to third party discussions and the negotiation of contractual conditions. The proven economic benefit for the Portuguese State of the Braga and Vila Franca de Xira public-private partnerships, which exceeds EUR 30 million per year, continue to co-exist with the lack of profitability and shareholder return for José de Mello Saúde. In the Issuer's view, the future sustainability of public-private partnerships should involve a more equal balance of profits between the State and the private operator. If this balance is not achieved, the Issuer considers it highly unlikely it will remain in these public-private partnerships.

As such, it is already confirmed that the contract for the Braga Hospital will terminate on the 31 August 2019 (with the hospital being reincorporated under public management). As for the Vila Franca de Xira Hospital there is still no indication of whether the contract will be renewed.

If the Issuer does not proceed to renew both these contracts, although the impact on its results may be negligible, there may be a negative impact on the Issuer's revenue and on its ability to retain the most qualified professionals, which could in turn have an adverse impact on the Issuer's business or on the results of its activities.

The Issuer is subject to the need to keep up with technological developments in the healthcare sector

Innovation, especially in the healthcare market, can dictate an organisation's success. The inability to keep up with the rapid pace of innovation may have negative impacts on the Issuer, both in terms of its clinical quality, as well as the portfolio of services it can provide.

If the Issuer does not proceed, on an ongoing basis, with the upgrade, installation and acquisition of cutting-edge medical equipment, or if such equipment experience operational failure, this may have an adverse impact on the Issuer's business or on the results of its activities.

The Issuer is subject to competition from other entities within the scope of its activities

The healthcare sector in Portugal is very competitive. The pressure and uncertainty generated by competitors already operating in the market and by those that may potentially emerge in the future with their own market strategies, could have a negative impact on the Issuer's performance. If the number of competitors increases significantly, or if such competitors are able to provide services that the Issuer is unable to provide its

customers, this may have an impact on its volume of customers, prices, market shares or on the Issuer's profit margins and, consequently, may have an adverse impact on the Issuer's business or on the results of its activities.

The Issuer may be adversely affected by any disturbance in payments to be performed by the public healthcare system, private and public healthcare sub-systems and health insurance systems

The Issuer depends on the large portion of payments derived from the public healthcare system, private and public healthcare sub-systems and health insurance systems, as well as from the Portuguese Healthcare Ministry. Increased pressure in the negotiation of prices by the Responsible Funding Entities, namely the changes introduced by the ADSE with the reduction in payments to healthcare providers and increase in co-payments by beneficiaries may present some challenges in the future.

In the event that the relationship between the Issuer and the above mentioned entities or systems deteriorates and the Issuer is unable to negotiate and maintain in place its payment agreements with terms similar to those already existing, or the paying entities are unable to meet their payment obligations in due time, such fact may have an adverse impact on the Issuer's business or on the results of its activities.

The Issuer may be adversely affected by failures in the quality of the services provided

Customers tend to choose their healthcare service provider based on its reputation and brand recognition.

If the Issuer is unable to continue providing a high quality healthcare service or is subject to an increase in customer complaints (due to low quality services or treatments), or even if there is a higher mortality rate or vast number of proceedings filed against the Issuer due to medical malpractice, its brand and reputation may be tainted, and such fact may have an adverse impact on the Issuer's business or on the results of its activities.

The Issuer is subject to the loss of key personnel, costs with staff and its ability to recruit and retain qualified professionals

The Issuer's activity relies largely on key personnel and the Issuer's business activities thus depend on its ability to recruit and retain physicians and healthcare professionals, such as nurses or healthcare technicians, with experience and high technical quality. The loss of one or more key executives or of any large part of its staff, either resulting from personnel departure or due to the Issuer's inability to recruit new physicians and other staff members, may weaken the Issuer's management team and staff, potentially leading to an adverse impact on the Issuer's business or on the results of its activities.

Additionally, staff salaries represent a significant portion of the Issuer's costs structure. If staff costs increase as a result of higher taxes or salaries, or for any other reason, the Issuer's business or the results of its activities may be adversely affected.

The Issuer is subject to customer claims

The Issuer is subject to proceedings filed by its customers and it is possible that some of those proceedings may be decided against the Issuer. In the event that the Issuer is exposed to claims in an amount greater than the coverage of its insurance policies coverage or not covered by any insurance policy, or that the costs of these insurance policies increase due to claims, such situation may have an adverse impact on the Issuer's business or on the results of its activities.

Any disturbance in the provision of goods and services to the Issuer may adversely affect the Issuer

The Issuer relies on service providers to obtain medicine, consumables and medical equipment. Hence, the overload of service providers, problems in quality control or any deterioration or interruption of the business relationship established with its service providers may lead to failures in the Issuer's activity.

In the event that the Issuer does not have access to medicine and other high-quality goods and services, it may suffer a reduction in customer volume or disturbances among its staff of physicians. These situations may have an adverse impact on the Issuer's business or on the results of its activities.

The Issuer is subject to the applicable administrative permits

The Issuer's business is subject to extensive legal and regulatory requirements, particularly with respect to the mandatory permits for the functioning of its healthcare units.

In the event that the Issuer is unable to obtain, maintain, or loses, any mandatory permit necessary for the functioning of a healthcare unit, it may not be capable of maintaining its activities. Such fact may have an adverse impact on the Issuer's business or on the results of its activities.

The Issuer may be subject to an acquisition or change of control

The Issuer is a limited liability company, whose main shareholders are identified in Chapter 4 (*Main Shareholders of the Issuer*). Any acquisition of the Issuer or relevant change of control by a shareholder (current or future) may impact on its current corporate strategy in key markets where it operates and on its operations, business and resources, which may have an adverse effect on the Issuer's business or on the results of its activities.

Any of these risks is of uncertain assessment and amplitude, so the occurrence of any of them, or of others directly or indirectly connected to them may have an adverse effect on the Issuer's business or on the results of its activities.

B. RISKS RELATING TO THE NOTES

General risks of the Notes

The Notes may not be an investment suitable for all investors

Each potential investor in the Notes must determine the suitability of the investment with respect to their own circumstances. In particular, each potential investor shall:

- (a) have sufficient knowledge and experience to conduct a thorough evaluation of the Notes, the benefits and risks of an investment in the Notes, and of the information contained or incorporated by reference in this Prospectus or any supplement or amendment to the same;
- (b) have access to, and knowledge of, appropriate analytical tools to assess, in the context of its specific financial condition, an investment in the Notes and the resulting impact on its investment portfolio;
- (c) have sufficient financial resources and liquidity to enable it to support all the inherent risks of an investment in the Notes;
- (d) thoroughly understand the terms and conditions applicable to the Notes and be acquainted with the relevant financial markets; and
- (e) be able to evaluate (either alone or with advice from a financial advisor or other considered appropriate) possible scenarios related to economic factors, interest rates or others that may affect its investment and its ability to bear the applicable risks.

The past performance of the Notes or other securities issued by the Issuer may not be a reliable guide to the future performance of the Notes. The Notes may fall or rise in value. Income or gains from the Notes may fluctuate in accordance with market conditions and taxation arrangements.

Payment procedures in respect of the Notes

Payment of principal and interest in respect of the Notes will be (i) credited, according to the procedures and regulations of Interbolsa, to TARGET2 payment current accounts held in the payment system of TARGET2 by Affiliate Members of Interbolsa whose accounts with Interbolsa are credited with such Notes, and thereafter (ii) credited by such Affiliate Members of Interbolsa from the respective above mentioned payment current accounts to the accounts of the Noteholders or of Euroclear or Clearstream, Luxembourg with said Affiliate Members of Interbolsa, as the case may be.

Noteholders must rely on the procedures of Interbolsa to receive payment under the Notes, and the Issuer and the Paying Agent will have no responsibility or liability for Interbolsa's records relating to payments made in respect of beneficial interests in the Notes.

Noteholders meetings, modifications and waivers

The Terms and Conditions of the Notes, as well as the applicable laws and regulations, contain rules on convening Noteholders' meetings to deliberate on matters affecting the Issuer's interests in general. Those rules provide that decisions based on certain majorities are binding on all Noteholders, including those who have not participated or voted in that particular meeting and those who voted against the approved resolution.

Foreign Account Tax Compliance Act

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 passthru payments") to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes.

A number of jurisdictions (including Portugal) 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. 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 or an IGA, on payments that it makes. Certain aspects of the application of FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date falling six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register would generally be grandfathered for purposes of FATCA withholding unless materially modified after such date.

However, if additional Notes 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 signed the IGA with the United States on 6 August 2015 and has implemented, through Law no. 82-B/2014, of 31 December 2014, the legal framework based on the

reciprocal exchange of information with the United States on financial accounts subject to disclosure. The IGA entered into force on 10 August 2016 and, through Decree-Law no. 64/2016, of 11 October 2016, as amended by Law no. 98/2017, of 24 August, and by Law no. 17/2019, of 14 February, and Ministerial Order (“Portaria”) no. 302-A/2016, of 2 December 2016, as amended by Ministerial Order (“Portaria”) no. 169/2017, of 25 May, the Portuguese government approved the complementary regulation required to comply with FATCA. Under the referred legislation, the Issuer is 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 U.S. Internal Revenue Service.

Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

Applicable law and legal changes

The investors’ rights in their capacity as Noteholders shall be governed by Portuguese law, which may differ in some aspects from the rights usually recognised to Noteholders in companies governed by legal systems other than the Portuguese.

It cannot be ensured that legal (including tax) or regulatory changes will not occur, and that any changes in the interpretation or application of the legal standards will not have an adverse effect on the rights and obligations of the Issuer and/or of the investors in the Notes.

General market risks

The secondary market in general

Admission to trading of the Notes on the regulated market of the Luxembourg Stock Exchange and on Euronext Lisbon has been requested. However, their admission to trading does not alone guarantee an effective liquidity of the Notes.

Thus, the Notes do not have an established market on the date of issue, and such a market may never develop. If a market does develop, it may not have a high level of liquidity, so investors may not be able to sell the Notes easily or at prices that allow them to recover the amounts invested or to perform a gain comparable to similar investments that have been performed on the secondary market. Illiquidity may also have a negative effect on the market value of the Notes. Investors should be prepared to hold the Notes until the respective maturity date.

Interest rate risk and foreign exchange controls

The Issuer will pay the principal and interest on the Notes in Euro (the “**Selected Currency**”), which poses certain risks relating to currency conversions if the financial investments of an investor are primarily denominated in a currency (the “**Investor’s**

Currency”) different from the Selected Currency. Such risks include the risk that exchange rates may change significantly (including due to the depreciation of the Selected Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency or the Selected Currency may impose or modify foreign exchange controls. An appreciation of the Investor’s Currency relative to the Selected Currency would decrease (i) the Investor’s Currency equivalent yield on the Notes, (ii) the Investor’s Currency equivalent value of the principal of the Notes, and (iii) the Investor’s Currency equivalent market value of the Notes.

Governments and monetary authorities of the relevant jurisdictions may impose (as has happened in the past) rates likely to adversely affect the applicable foreign exchange rate. Accordingly, investors may receive less interest or principal than expected, or not even receive principal or interest.

Considerations about the lawfulness of the investment

The activities of certain investors are subject to laws and regulations on investment matters and/or to review or regulation by certain authorities. Each potential investor shall use its own legal advisors to determine whether and to what extent (i) the Notes are legally allowed investments, (ii) the Notes can be used as collateral for various types of loans, and (iii) other restrictions are applicable to the subscription/purchase of the Notes. Financial institutions shall consult their legal, financial or other advisors, or the relevant regulatory agencies, to determine the appropriate treatment of the Notes pursuant to the risk management rules applicable to capital or other similar rules.

CHAPTER 3

RESPONSIBILITY STATEMENTS AND IMPORTANT NOTICES

The Issuer, José de Mello Saúde, S.A., a limited liability company with head office at Avenida do Forte, no. 3, Edifício Suécia III, Piso 2, 2790-071 Carnaxide, Portugal, registered with the Commercial Registry of Cascais under the sole registration and taxpayer number 502 884 665, with a share capital of €53,000,000.00, and the members of the Issuer's Board of Directors identified in Chapter 4 (*Description of the Issuer*) accept responsibility for the information contained in this Prospectus and hereby declare that the information contained in this Prospectus is, to the best of their knowledge (having taken all reasonable care to ensure that such is the case), in accordance with the facts and does not omit anything likely to affect the import of such information.

The members of the Issuer's Supervisory Board are responsible for the accuracy of the Issuer's financial statements, 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. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by them 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.

The auditor of the Issuer, Ernst & Young Audit & Associados – SROC, S.A., with registered office in Avenida da República, no. 90-6.º, 1600-206 Lisboa, registered with the professional body *Ordem dos Revisores Oficiais de Contas* as SROC no. 178 and registered with the CMVM with the no. 20161480, hereby represented by Luís Miguel Gonçalves Rosado, ROC no. 1607 and CMVM registration no. [20161217](#), is responsible for the consolidated audited financial information of the Issuer relating to the fiscal years of 2017 and 2018.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus shall be read and construed on the basis that such documents are incorporated by reference and form a part of this Prospectus.

Neither any of the Joint Lead Managers and Bookrunners, nor any other person mentioned in this Prospectus or the documents incorporated by reference, except for the Issuer, is responsible for the information contained in this Prospectus, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts responsibility for the accuracy and completeness of the information contained herein. None of the Joint Lead Managers and Bookrunners makes any representation or warranty whatsoever, express or implied, as to the accuracy or completeness of the information contained in this Prospectus. Nothing contained in this Prospectus is or should be relied upon as a promise or

representation on the part of any of the Joint Lead Managers and Bookrunners as to the past or the future.

Neither the Issuer, nor any of the Joint Lead Managers and Bookrunners, nor any of their affiliates or representatives is making any representation to investors in the Notes regarding the legality of an investment in the Notes, and therefore investors in the Notes should not construe anything in this Prospectus as legal, business, tax or other advice. Investors in the Notes should consult their own advisors as to the legal, tax, business, financial and other related aspects of an investment in the Notes. Laws in certain jurisdictions may restrict the distribution of this Prospectus and the offer and/or sale of the Notes. Each investor in the Notes must comply with all laws and regulations applicable in the jurisdiction in which it buys, offers or sells the Notes, or possesses or distributes this Prospectus, and must obtain all applicable consents and approvals. Neither the Issuer, nor any of the Joint Lead Managers and Bookrunners shall have any responsibility for any of the foregoing legal requirements. Investors in the Notes agree to the foregoing by accepting this Prospectus.

The Notes have not been registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes have not been registered, and are not intended to be registered, under the Securities Act.

Each person receiving this Prospectus acknowledges that (i) it has been afforded an opportunity to request and to review, and that it has received, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information contained in this Prospectus; (ii) investing in the Notes involves risks; (iii) it has not relied upon any of the Joint Lead Managers and Bookrunners, or any person affiliated with any of the Joint Lead Managers and Bookrunners, in connection with its investigation of the accuracy of such information or its investment decision; (iv) this Prospectus relates to offerings exempt from registration under the Securities Act and does not comply in important respects with Securities and Exchange Commission rules that would apply to an offering document relating to a public offering of securities; (v) no person has been authorised to provide information or to make any representation concerning the Issuer, this offering or the Notes, other than as contained in this Prospectus and the documents incorporated by reference, in connection with an investor’s examination of us and the terms of this offering; and (vi) the information contained herein cannot be used for any purpose other than for considering an investment in the Notes.

Disclosure regarding forward-looking statements

This Prospectus contains forward-looking statements. Any statements about expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical

facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as “believes”, “anticipates”, “estimates”, “intends”, “expects”, “predicts”, “plans”, “projects”, “seeks” or “could” and similar formulations. These statements involve estimates, assumptions and uncertainties which could cause actual results, performance or events to differ materially from those expressed in them. Although the Issuer believes that the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated, and future events and actual results, financial and otherwise, could differ materially from those set forth in or contemplated by the forward-looking statements contained elsewhere in this Prospectus.

The Issuer has based these forward-looking statements on current estimates and assumptions made to the best of its knowledge. By their nature, such forward-looking statements involve risks, uncertainties, assumptions and other factors which could cause actual results, including our financial condition and profitability, to differ materially and be more negative than the results expressly or implicitly described in or suggested by these statements. Moreover, forward-looking estimates or predictions derived from third parties’ studies or information may prove to be inaccurate. Consequently, the Issuer cannot provide any assurance regarding the future accuracy of the opinions set forth in this Prospectus or the actual occurrence of the developments described herein.

In addition, even if the Issuer’s future results meet the expectations expressed herein, those results may not be indicative of the Issuer’s performance in future periods. These risks, uncertainties, assumptions, and other factors that could cause actual results to differ from the Issuer’s projected results are noted in this Prospectus in the section entitled “Risk Factors”. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Prospectus. Key factors that have a direct bearing on our results of operations include, but are not limited to, those factors indicated in this Prospectus in the section entitled “Risk Factors”.

Because the risk factors referred to in this Prospectus could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Prospectus, investors in the Notes should not place undue reliance on any forward-looking statements. Furthermore, any forward-looking statement speaks only as of the date on which it is made, and neither the Issuer nor any of the Joint Lead Managers and Bookrunners has an obligation to update any forward-looking statement to reflect events or circumstances arising after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future that could cause our actual development, operational results or performance to be materially different from what may be expressly or implicitly assumed in forward-looking statements. It is not possible for the Issuer to predict what these new factors will be.

Industry information

This Prospectus contains or refers to numerical data, market data, analyst reports and other publicly available information about the Issuer's industry, or Issuer's estimates based largely on published market data or on numerical data derived from publicly accessible sources. The Issuer believes that the estimates based on information not available through publicly accessible sources are accurate and impartial. The Issuer has accurately reproduced and indicated the respective sources of the information contained in this Prospectus, derived from publicly accessible sources or otherwise, acquired from third parties.

Where information in this Prospectus has been specifically identified as having been extracted from third party documents, 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. Investors in the Notes should bear in mind that neither the Issuer nor any of the Joint Lead Managers and Bookrunners has verified or assumes any liability for the numerical data, market data and other information derived from public sources. Neither the Issuer nor any of the Joint Lead Managers and Bookrunners makes any representation as to the accuracy of such information. In addition, investors in the Notes should bear in mind that market studies are based on information and assumptions that may not be accurate or factually correct, and may be forward-looking or speculative in nature.

Prohibition of sales to EEA Retail Investors

Each Joint Lead Manager and Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, 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 Directive 2003/71/EC (as amended, the **Prospectus Directive**); and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Consequently, no key information document (“**KID**”) under Regulation (EU) No. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, on key information documents for packaged retail and insurance-based investment products (the “**PRIPs Regulation**”) has been prepared by the Issuer and by the Joint Lead Managers and Bookrunners.

Reasons for the issue and other information

The issue of the Notes aims at raising funds to refinance the current activity of the Issuer and to address new investment opportunities, reducing its average debt maturity.

Each of the Joint Lead Managers and Bookrunners may have a direct interest of a financial nature in the Notes and may also have engaged, and may engage in the future, in investment and/or commercial transactions with, and may perform other services for, the Issuer and any of its affiliates in the ordinary course of business.

There are no conflicts of interest among natural and legal persons involved in the issue of the Notes.

CHAPTER 4

DESCRIPTION OF THE ISSUER

4.1 BACKGROUND AND DEVELOPMENT OF THE ISSUER

Legal and commercial name of the Issuer

The legal name of the Issuer is José de Mello Saúde, S.A. and the most frequent commercial name is José de Mello Saúde.

Registration and legal person number of the Issuer

The Issuer is a limited liability company (*sociedade anónima*), with head office at Avenida do Forte, no. 3, Edifício Suécia III, Piso 2, 2790-071 Carnaxide, Portugal, registered with the Commercial Registry of Cascais under the sole registration and taxpayer number 502 884 665, with the fully subscribed and paid-up share capital in the amount of €53,000,000.00

Incorporation of the Issuer

The Issuer was incorporated on 10 December 1992 for an unlimited period of time.

Head office, legal form and legislation that governs the Issuer's activity

The Issuer has its head office at Avenida do Forte, no. 3, Edifício Suécia III, Piso 2, 2790-071, in the parish of Carnaxide, municipality of Oeiras, Portugal, and its telephone number is (+351) 210 025 100.

The Issuer is a limited liability company incorporated under the laws of the Portuguese Republic with a corporate scope that includes the buying, selling and renting of equipment, the provision of management, consulting, computer technology, operational, administrative, negotiation and supply services, and the rendering of other services in the healthcare sector.

Article 2 of the respective by-laws further provides that the Issuer may *“participate in complementary company groupings, in the share capital of other regulated, or non-regulated, by special laws companies, create new companies or co-participate in their creation, even if the corporate scope of these new companies does not match, in all or in part, that which the company José de Mello Saúde exercises, being further allowed to associate itself, through the means deemed most fit, with any singular or collective entities, cooperate with them through its management or supervision or take interests over them in any form”*.

The Issuer is governed by the Portuguese Commercial Companies Code, by the Portuguese Securities Code and by its own by-laws.

The Issuer's share capital is €53,000,000.00, represented by 10,600,000 ordinary shares with a nominal value of five euro each, and is fully subscribed and paid-up.

Recent events with an impact on the evaluation of the Issuer's solvency

Since the date of the Issuer's latest annual audited accounts, there has been no governmental, political, fiscal or economic exceptional event affecting the Issuer and/or its respective subsidiaries that is relevant to the assessment of its solvency.

Issuer's articles of incorporation and by-laws

The Issuer's by-laws, which are deposited with the Commercial Registry of Cascais and available on the Issuer's website (www.josedemellosaude.pt), are incorporated by reference in this Prospectus - see Chapter 8 (*Documents Incorporated by Reference*).

Investments

There have been no other material investments made by the Issuer since 31 December 2018 and no new material investments have been approved as of the date of this Prospectus.

New Products or Services

There have been no significant new products or services introduced by the Issuer.

4.2 GENERAL DESCRIPTION OF THE ISSUER'S BUSINESS

Principal activities

With its origin in 1945, with the first CUF unit, José de Mello Saúde is a holding company of a group whose main activity is to provide healthcare services and which develops its activity through a network of private healthcare units and hospitals, as well as two units integrated in the Portuguese National Health Service (Serviço Nacional de Saúde) which are operated under Public-Private Partnerships (PPP).

From an organisational perspective, the hospital and outpatient units are grouped into two main business areas – CUF (which operates all private units) and the Public-Private Partnerships (*Parcerias Público Privadas*, the “PPP”). The private healthcare network, operating under the CUF brand, is organised into three geographical clusters – Descobertas, Tejo and North – in a rationale of coordination around the three flagship hospitals: CUF Infante Santo Hospital, CUF Descobertas Hospital and CUF Porto Hospital.

In 2018, José de Mello Saúde expanded its private portfolio with the expansion of the CUF Descobertas Hospital (involving the addition of a new building) and the opening of CUF Coimbra Hospital. The CUF network is currently composed of eight hospitals and ten outpatient clinics located in Lisbon, Oeiras, Cascais, Sintra, Mafra, Torres Vedras, Santarém, Matosinhos, Porto, Viseu, S. João da Madeira and Coimbra:

- (i) CUF Infante Santo Hospital;
- (ii) CUF Descobertas Hospital;
- (iii) CUF Porto Hospital;
- (iv) CUF Belém Clinic;

- (v) CUF Alvalade Clinic;
- (vi) CUF Cascais Hospital;
- (vii) CUF Torres Vedras Hospital;
- (viii) CUF Santarém Hospital;
- (ix) CUF Viseu Hospital;
- (x) CUF Coimbra Hospital;
- (xi) CUF Porto Institute;
- (xii) CUF S. Domingos de Rana Clinic;
- (xiii) CUF Sintra Clinic;
- (xiv) CUF Mafra Clinic;
- (xv) CUF Miraflores Clinic;
- (xvi) CUF Almada Clinic;
- (xvii) CUF S. João da Madeira Clinic; and
- (xviii) CUF Nova SBE Clinic.

As regards the public-private partnerships, José de Mello Saúde manages two units: Braga Hospital since September 2009 and Vila Franca de Xira Hospital since June 2011, both part of the National Health Service.

The Issuer also has interests in the following fields, through the respective entities:

- Safety and Health at Work, through SAGIES – Segurança, Higiene e Saúde no Trabalho, S.A.;
- Imo-health – Investimentos Imobiliários, S.A., established on 3 December 2012 with the corporate purpose of purchasing and selling property, the resale of property acquired for that purpose, and the exchange and lease of properties;
- Infrahealth - Gestão de infraestruturas, Lda., established on 22 January 2009 with the corporate purpose of operating, managing and marketing healthcare infrastructure, commercial areas and car parks;
- Digihealth, S.A., established on 29 December 1995 with the corporate purpose of providing management services and consulting in healthcare;
- Academia CUF, Lda., established on 26 April 2013, with the corporate purpose of providing training services to develop skills through the qualified training of people in the health sector, notably, nursing and clinical services in all their aspects, the promotion of the trainee participation in specific programmes, namely within the scope of the organisation, and entrepreneurship, innovation and research;

- Loja Saúde CUF – Produtos e Serviços de Saúde e Bem Estar, S.A., established on 16 January 2010 with the corporate purpose of selling parapharmaceutical products.

Principal markets

The Issuer focuses its activity in Portugal.

The Portuguese healthcare market is highly fragmented. Although there are four main operators (the Issuer, Lusíadas Saúde, Luz Saúde, S.A., Sociedade Aberta and G.T.S. - Grupo Trofa Saúde, SGPS, S.A.), the market includes a significant number of private clinics, mainly providing medical appointments, and of small diagnostic test and treatment units, mostly related to radiology and clinical analysis.

Most of these small market players are strongly dependent on the Portuguese State and on costs directly borne by patients. Over the last few years, we have witnessed a concentration of the market due to the main operators' acquisition of these small clinics, thus gaining negotiation power with the insurers and geographically spreading their presence.

Adversely, the four largest market players have developed a model based on general hospitals (providing the full cycle of care), supplemented by small clinics operated on an outpatient basis and other auxiliary services. These operators are less dependent on the Portuguese State than the small market players, as a result of a wide range of arrangements with insurance companies and health care subsystems. Such arrangements saw significant growth over the last decade due to the introduction of professional management, highly skilled clinical teams and cutting-edge technology.

The increase in private consumption and decrease in unemployment led to the current favourable economic situation in Portugal and to greater private health revenues, improving margins and balancing the increase in costs and price pressures.

Nevertheless, the current economic situation in Portugal has also resulted in greater competition among private health care providers, pushing companies to improve the quality of their services, as a differentiating factor, and to cut prices given the reduction in available household income.

Cost savings in the public health sector, as well as its saturation, are amongst the main factors leading to the expansion of private healthcare, since its users give most value to fast service access and personalised care.

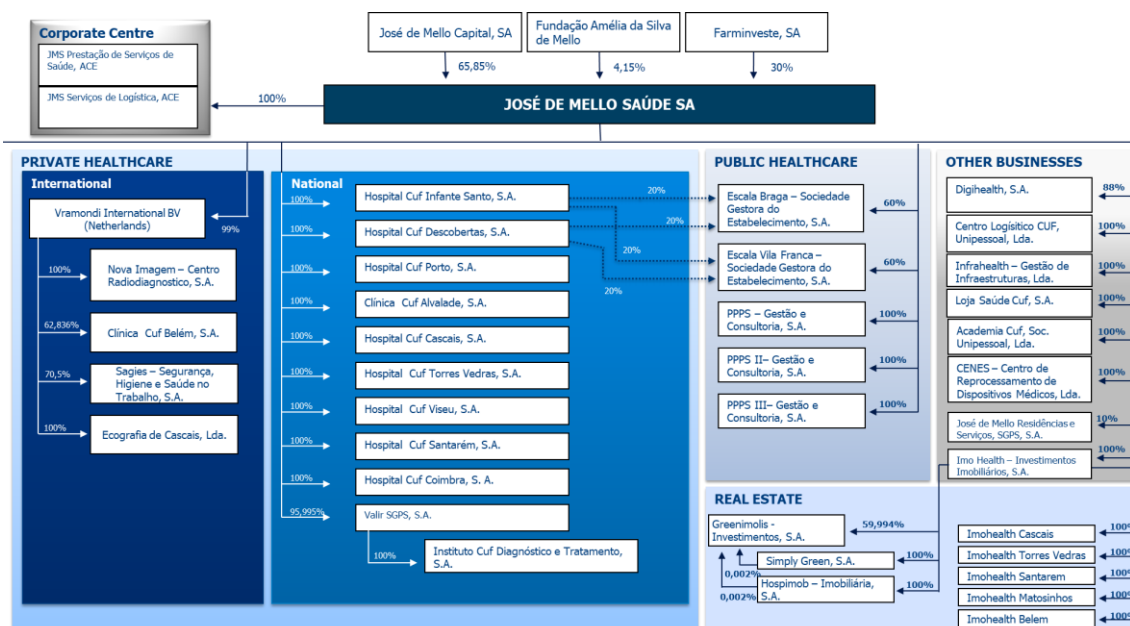
Other factors have also been favourable to private health sector activity, such as the increase in average life expectancy and broader penetration of health care insurance policies.

Despite this context, the private healthcare sector continues to present favourable perspectives of development due to increasing average life expectancy, broader penetration of healthcare insurance and the difficulties experienced by the public healthcare sector in suitably meeting demand with acceptable levels of quality.

Lastly, the economic crisis, the significant budget cuts implemented by the Ministry of Health in recent years and the higher pressure by insurance companies to reduce prices paid to private healthcare providers, led to the disappearance of some small private health care providers and increased concentration in the industry.

4.3 ISSUER'S ORGANISATIONAL STRUCTURE

Organisational Structure



Dependency on other entities

The Issuer does not depend on any other entity.

Issuer's position within the group

The Issuer's share capital is majority-owned by José de Mello Capital, S.A., its parent company, which publishes consolidated financial statements complying with IFRS and, consequently, the Issuer's operations and transactions are influenced by the decisions of the José de Mello Capital, S.A. Group.

4.4 TREND INFORMATION

Trends, Uncertainties, Requests, Commitments or other circumstances likely to significantly affect the Issuer's future perspectives

The Issuer does not foresee that any trend, uncertainty, request, commitment or circumstance is likely to significantly affect its economic and financial situation in the current fiscal year, beyond the situations provided for in Chapter 2 (*Risk Factors*).

Recent Developments

There are no recent developments that may impact on the Issuer's activity.

4.5 PROFIT FORECAST OR ESTIMATE

This Prospectus does not contain any forecast or estimate of future profits.

4.6 ISSUER'S CORPORATE STRUCTURE

The Issuer's corporate structure is composed of a Board of Directors, a Supervisory Board, the General Meeting and the Auditor, which is one of the corporate structures legally valid under Portuguese law.

Board of Directors

The Board of Directors is the competent board to represent the Issuer and to carry out all acts and activities necessary to ensure its business.

In accordance with the Issuer's by-laws, the Board of Directors comprises a maximum of fifteen members appointed by the General Meeting.

Currently, the Issuer has a Board of Directors composed of thirteen members, including a chairman, two deputy chairmen and ten members.

In accordance with the Issuer's by-laws, the Board of Directors, in addition to its duties established by law, is specifically responsible for resolving on the following matters:

- (a) To manage the company's businesses and perform all operations regarding its corporate scope;
- (b) To represent the company, both before a court of law and out, active and passively, being allowed to confess, withdraw and settle matters and to compromise within arbitration proceedings, as well as to appoint any proxies through power of attorney;
- (c) To acquire, dispose of or encumber any assets or rights, movable or immovable, including own or third party-obligations, under the terms legally foreseen;
- (d) To execute and uphold the law, the company's by-laws, as well as all duly taken General Meeting resolutions.

The members of the Issuer's Board of Directors have their business address at Avenida do Forte, no. 3, Edifício Suécia III, Piso 2, 2790-071, Carnaxide parish, municipality of Oeiras, Portugal.

Composition of the Board of Directors, corresponding to the triennium 2016-2018:

- Mr. Salvador Maria Guimarães José de Mello (Chairman)
- Mr. Pedro Maria Guimarães José de Mello (Deputy-Chairman)
- Mr. João Gonçalves da Silveira (Deputy-Chairman)
- Mr. Rui Alexandre Pires Diniz (Member)
- Mr. Rui Manuel Assoreira Raposo (Member)

- Mr. Vasco Luís José de Mello (Member)
- Mr. Inácio António da Ponte Metello de Almeida e Brito (Member)
- Mr. Guilherme Barata Pereira Dias de Magalhães (Member)
- Mr. Paulo Jorge Cleto Duarte (Member)
- Mr. Luís Eduardo Brito Freixial de Goes (Member)
- Ms. Vera Margarida Alves Pires Coelho (Member)
- Ms. Céline Dora Judith Abecassis-Moedas (Member)
- Mr. Raul Catarino Galamba de Oliveira (Member)

Executive Committee

The Board of Directors has delegated the day-to-day management of the company to the Executive Committee.

Composition of the Executive Committee, corresponding to the triennium 2016-2018:

- Mr. Salvador Maria Guimarães José de Mello (Chairman)
- Mr. Rui Alexandre Peris Diniz (Deputy-Chairman)
- Mr. Rui Manuel Assoreira Raposo (Member)
- Mr. Vasco Luís José de Mello (Member)
- Mr. Inácio António da Ponte Metello de Almeida e Brito (Member)
- Mr. Guilherme Barata Pereira Dias de Magalhães (Member)

Supervisory Board

Supervision of the company is exercised by a Supervisory Board and an Auditor, which is an Official Accountant for Firm of Official Accountants, who shall perform the duties prescribed by the law and by the Issuer's by-laws.

The Supervisory Board is appointed by the General Meeting and comprises a minimum of three full members, the majority of whom must be independent.

Composition of the Supervisory Board, corresponding to the triennium 2016-2018:

Chairman: José Manuel Gonçalves de Moraes Cabral

Members: José Luís Bonifácio Lopes and João Filipe de Moura-Braz Corrêa da Silva

Alternate Member: Miguel Luís Cortês Pinto de Melo

The members of the Issuer's Supervisory Board have their business address at Avenida do Forte, no. 3, Edifício Suécia III, Piso 2, 2790-071 Carnaxide parish, municipality of Oeiras, Portugal

Auditor

The Issuer's auditor for the triennium 2016/2018 is Ernst & Young Audit & Associados – SROC, S.A., with registered office at Avenida da República, no. 90-6, 1600-206 Lisboa, registered with the professional body *Ordem dos Revisores Oficiais de Contas* as SROC no. 178 and registered with the CMVM with the no. 20161480, being represented by Luís Miguel Gonçalves Rosado, ROC no. 1607 and CMVM registration no. [20161217](#).

General Meeting

Chairman: Mr. Vasco Vieira de Almeida

Secretary: Mr. João Vieira da Almeida

Company Secretary

Mr. Rui Manuel da Costa Ramalhal

Principal Activities of the members of the Issuer's boards that also have duties outside of the Issuer (as of 31 December 2018)

The members of the Issuer's Board of Directors are also directors in all of José de Mello Saúde's healthcare units.

Potential conflicts of interests between the duties of the Issuer's Board of Directors, its Supervisory Board and Auditor

There are no potential conflicts of interest between the duties of any of the members of the Board of Directors or of the Supervisory Board, or of the Auditor,,,,, towards the Issuer or towards their private interests or other duties.

Corporate Governance

The Issuer complies with all legal and regulatory requirements set out in the Portuguese framework applicable to its corporate boards and relevant members.

4.7 MAIN SHAREHOLDERS OF THE ISSUER

Shareholder structure

The share capital of the Issuer is €53,000,000.00, fully subscribed and paid-up, represented by 10,600,000 ordinary shares with the nominal value of 5 (five) euro each. These shares are not admitted to trading.

As of 31 December 2018, the structure of the Issuer's holdings known to it is the following:

Shareholder	No. of shares	% Capital	% Voting rights
José de Mello Capital, S.A.	6,980,100	65.85%	65.85%
Fundação Amélia da Silva de Mello	439,900	4.15%	4.15%
Farminveste – Investimentos, Participações e Gestão, S.A.	3,180,000	30.00%	30.00%
Total	10,600,000	100.00%	100.00%

The Issuer maintains in place measures to hinder abuses by the main shareholders and adopts all necessary procedures to ensure the protection of its minority shareholders, specifically by granting access to the Issuer's relevant information and complying with all applicable laws in this regard.

Agreements with impact on the shareholder structure

To the best of the Issuer's knowledge, there are no shareholders' agreements regarding the exercise of corporate rights in the Issuer.

4.8 ISSUER'S FINANCIAL INFORMATION

Financial documents of the Issuer incorporated by reference

The Issuer's consolidated audited financial statements (including the auditor's report thereon and notes thereto) in respect of the years ended 31 December 2017 and 31 December 2018 (prepared in accordance with IFRS-EU) shall be deemed to be incorporated by reference in, and to form a part of, this Prospectus.

Copies of the documents specified above as containing information in line with the cross-reference table provided below may be inspected, free of charge, at the registered office of the Issuer (Avenida do Forte, no. 3, Edifício Suécia III, Piso 2, 2790-071 Carnaxide, Portugal) and at the Specified Offices of the Paying Agent.

This Prospectus, as well as the information incorporated by reference, has been published on the websites of the Issuer (www.josedemellosaude.pt) and of the Luxembourg Stock Exchange (www.bourse.lu).

Selected audited financial information of the Issuer

At the date of this Prospectus, the last year in relation to which there is audited financial information of the Issuer is the year ended on 31 December 2018.

Besides the information incorporated by reference in this Prospectus, there is no other information on the Issuer audited by the auditor.

INCOME AND OTHER CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Of the Financial Year Ended on 31 December 2018

(Amounts in euros)	31-12-2018	31-12-2017
Operating income:		
Sales and services rendered	673 596 559	627 691 418
Other operating income	9 511 554	9 752 114
Total operating income	683 108 114	637 443 532
Operating costs:		
Cost of sales	(126 408 599)	(116 516 108)
External supplies and services	(257 564 928)	(242 738 087)
Personnel costs	(225 304 356)	(202 594 517)
Amortisations and depreciations	(32 828 436)	(27 731 514)
Provisions and impairment losses, net	(7 142 251)	(1 687 795)
Other operating costs	(2 672 590)	(3 582 693)
Total operating costs	(651 921 161)	(594 850 714)
Operating profit	31 186 953	42 592 818
Financial expenses and losses	(15 496 821)	(12 194 236)
Financial income and gains	703 590	956 355
Profit/loss of associates	133 169	666 471
Profit/loss of investment activities	6 066 595	82 900
Financial results	(8 593 467)	(10 488 510)
Pre-tax profit	22 593 486	32 104 308

Income tax	(6 764 402)	(8 809 655)
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Consolidated net profit for the year	15 829 084	23 294 653
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Net profit for the year attributable to non-controlling interests	235 260	474 455
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Net profit for the year attributable to equity holders	15 593 823	22 820 198
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INCOME AND OTHER CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Of the Financial Year Ended on 31 December 2018

(Amounts in euros)

31-12-2018

31-12-2017

Other items of Comprehensive Income:

Other income and expenses directly recognised in equity that will not be reclassified to profit:

Revaluation of tangible fixed assets	7 897 397	7 034 104
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Other income and expenses directly recognised in equity that might be reclassified to profit:

Changes in fair value of hedging instruments	305 173	521 975
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8 202 570

7 556 080

Consolidated comprehensive income

24 031 654

30 850 733

Comprehensive income for the year attributable to non-controlling interests

235 260

474 455

Comprehensive income for the year attributable to equity holders

23 796 393

30 376 278

Earnings per share:

Basic	1,47	2,15
Diluted	1,47	2,15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

(Amounts in euros)

Non-current assets:

	31-12-2018	31-12-2017
Goodwill	45 569 249	43 885 257
Intangible assets	10 282 000	13 357 220
Tangible fixed assets	438 929 426	378 408 792
Investments in associates	265 123	233 956
Other investments	2 140 842	770 384
Deferred tax assets	4 611 108	3 786 717
Other non-current debtors	553 720	-
Other non-current assets	2 167 744	8 296 945
Total non-current assets	504 519 212	448 739 272

Current assets:

Inventories	12 720 583	14 216 580
Trade receivables and advances to suppliers	99 517 916	122 870 558
Other current debtors	10 919 726	3 316 536
State and other public entities	4 034 011	16 737 792
Other current assets	82 994 606	52 749 441
Other financial instruments	35 150 000	35 150 000
Cash and cash equivalents	67 395 706	47 894 297

Total current assets	312 732 549	292 935 205
Non-current assets held for sale	-	3 735 465
TOTAL ASSETS	817 251 760	745 409 942

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

(Amounts in euros)

	31-12-2018	31-12-2017
Equity:		
Share capital	53 000 000	53 000 000
Legal reserve	7 289 353	5 811 644
Fair value reserve	(956 220)	(1 261 393)
Other Reserve and Retained earnings	24 020 701	21 919 399
Consolidated net income	15 593 823	22 820 198
Interim dividends	(4 200 000)	(14 100 000)
Equity attributable to shareholders	94 747 657	88 189 849
Non-controlling interests	4 152 041	4 228 716
Total equity	98 899 699	92 418 565
Non-current liabilities:		
Borrowings	284 362 461	295 514 364
Finance lease creditors	55 931 803	60 177 688
Employee benefits	1 282 326	1 355 216
Provisions	15 624 091	12 259 474
Other creditors	8 214 560	3 358 340
Deferred tax liabilities	13 345 792	11 735 363

Other non-current liabilities	1 057 696	1 627 604
Non-current liabilities	379 818 728	386 028 049
Current liabilities:		
Borrowings	97 845 229	56 119 722
Finance lease creditors	8 768 776	9 794 327
Trade payables and advances from clients	121 062 391	94 542 001
State and other public entities	10 455 256	21 958 566
Other current creditors	10 778 215	7 476 112
Other current liabilities	89 623 466	77 072 601
Total current liabilities	338 533 333	266 963 328
TOTAL LIABILITIES	718 352 062	652 991 378
TOTAL EQUITY AND LIABILITIES	817 251 760	745 409 942

CONSOLIDATED CASH FLOW STATEMENTS

Of the Financial Year Ended on 31 December 2018

(Amounts in euros)

OPERATING ACTIVITIES:

	31-12-2018	31-12-2017
Cash receipts from clients	696 520 607	613 868 804
Cash paid to suppliers	(386 983 372)	(388 190 670)
Cash paid to employees	(211 827 437)	(196 604 636)
Income tax received/paid	(8 898 767)	(9 825 346)
Other cash receipts/payments relating to operating activities	3 784 042	(395 668)
Net cash from operating activities (1)	92 595 073	18 852 483

INVESTMENT ACTIVITIES:

Cash receipts relating to:

Financial assets and other investments	9 743 053	195 542
Tangible fixed assets	139 780	227 036
Interest and similar income	405 101	573 661
Dividends	-	266 347
	10 287 934	1 262 585

Payments regarding:

Financial assets and other investments	(2 930 500)	(47 982 884)
Tangible fixed assets	(48 466 507)	(40 655 580)
Intangible assets	(470 039)	(960 949)
	(51 867 046)	(89 599 414)
Net cash from investment activities (2)	(41 579 112)	(88 336 829)

FINANCING ACTIVITIES:***Cash receipts relating to:***

Borrowings	535 321 014	466 638 200
Borrowings to related party	2 434 626	1 853 458
Additional capital paid in	20 000	34 077
Other financial instruments	-	13 500 000
Financial derivative instruments	-	269 774
	537 775 639	482 295 509

Payments regarding:

Borrowings	(511 909 653)	(341 999 911)
Other borrowings	(7 360 000)	(3 150 267)
Payment of finance lease liabilities	(15 532 593)	(10 407 471)
Interest and similar expenses	(16 551 983)	(10 592 310)
Dividends paid and profit distributed	(18 014 791)	(21 333 803)
	(569 369 019)	(387 483 760)
Net cash from financial activities (3)	(31 593 380)	94 811 749

Changes in cash and equivalents (4)=(1)+(2)+(3)	19 422 581	25 327 403
Effect of change in consolidation perimeter	33 635	6 742 179
Cash and cash equivalents at the start of the period	47 884 243	15 814 660
Cash and cash equivalents at the end of the period	67 340 459	47 884 243

Litigation

There are no, nor have there been any governmental, legal or arbitration proceedings involving the Issuer (and, as far as the Issuer is aware, no such proceedings are pending or threatened) which may have, or have had, during the twelve months prior to the date of this Prospectus, a significant effect on the financial position of the Issuer.

Material adverse change on the financial position of the Issuer

There has been no material adverse change in the prospects of the Issuer since 31 December 2018 and no significant change in the financial or trading position of the Issuer since 31 December 2018.

4.9 MATERIAL CONTRACTS

Beyond the agreements entered into by the Issuer within the context of its normal business or the arrangements described in this Prospectus, the Issuer is not a party to any other relevant arrangements which may affect its ability to comply with its obligations before the Noteholders.

CHAPTER 5

FORM OF THE NOTES

Form of the Notes

The Notes are represented in dematerialised book-entry form ("*forma escritural*"), integrated and registered in the Portuguese Central Securities Clearing System – the Central de Valores Mobiliários or "**CVM**", and are book-entry notes ("*nominativas*"), which means that Interbolsa, at the Issuer's request, can ask the Affiliate Member of Interbolsa for information regarding the identity of the holders of the Notes and transmit such information to the Issuer. The Notes will be held through the accounts of Affiliate Members of Interbolsa, the manager of the CVM.

The appropriate International Securities Identification Number of the Notes is the ISIN code PTJLLKOM0009 and the common code 200558065.

Clearing and Settlement

Interbolsa manages the operation of CVM, the central securities clearing system in Portugal, known as *sistema centralizado*, which all securities in book-entry form admitted to trading on a regulated market to be centrally cleared and settled in Portugal must be registered (the "**Book-Entry Registry**"). The CVM is composed of interconnected securities accounts, through which securities (and inherent rights) are created, held and transferred. This allows Interbolsa to control the amount of securities created, held and transferred. Issuers of securities, financial intermediaries which are Affiliate Members of Interbolsa and the Bank of Portugal all participate in the CVM.

The CVM provides for all the procedures which allow the owners of securities to exercise their rights. In relation to each issue of securities, CVM comprises *inter alia*, (i) the issue account, opened by the issuer in the CVM and which reflects the full amount of securities issued; and (ii) the control accounts opened by each of the financial intermediaries which participate in Interbolsa's centralised system, and which reflect, at all times, the aggregate nominal amount of securities held in the individual securities accounts opened by holders of securities with each of the Affiliate Members of Interbolsa. Title to the Notes passes upon registration in the records of an Affiliate Member of Interbolsa. Each person shown in the records of an Affiliate Member of Interbolsa as having an interest in the Notes shall be treated as the holder of the principal amount of the Notes recorded.

"**Affiliate Member of Interbolsa**" means a financial institution licensed to act as a financial intermediary for the purposes of the Portuguese Securities Code and which is entitled to hold control accounts with Interbolsa on behalf of Noteholders. For the avoidance of doubt, Affiliate Members of Interbolsa include any depository banks appointed by: (i) Euroclear and Clearstream, for the purposes of holding accounts on behalf of Euroclear and Clearstream with Interbolsa; or (ii) other financial intermediaries that do not hold control accounts directly with

Interbolsa.

One or more certificates in relation to the Notes (each a “**Certificate**”) will be delivered by the relevant Affiliate Member of Interbolsa in respect of its registered holding of Notes upon the request by the relevant Noteholder, in accordance with the procedures of such Affiliate Member of Interbolsa and pursuant to article 78 of the Portuguese Securities Code.

Any Noteholder will, except as otherwise required by law, be treated as the absolute owner of the relevant Notes for all purposes regardless of the theft or loss of the Certificate issued in respect of such Notes, and no person will be liable for so treating any relevant Noteholder.

Notes registered with Interbolsa have been attributed an International Securities Identification Number (ISIN) code through Interbolsa’s codification system and are accepted for clearing through CVM, the clearing system managed by Interbolsa, as well as through the clearing systems operated by Euroclear and Clearstream and settled by Interbolsa’s settlement system.

Payments

Payment of principal and interest in respect of the Notes will be (i) credited, according to the procedures and regulations of Interbolsa, to TARGET2 payment current accounts held in the payment system of TARGET2 by Affiliate Members of Interbolsa whose accounts with Interbolsa are credited with such Notes, and thereafter (iii) credited by such Affiliate Members of Interbolsa from the respective above mentioned payment current accounts to the accounts of the Noteholders or of Euroclear or Clearstream, Luxembourg with said Affiliate Members of Interbolsa, as the case may be.

The Issuer must give Interbolsa advance notice of all payments and provide all necessary information for that purpose, notably, the identity of the financial intermediary registered with Interbolsa appointed by the Issuer to act as the paying agent in respect of the Notes (the “**Paying Agent**”) and to perform the relevant payments.

Prior to any payment, the Paying Agent shall provide Interbolsa with a statement of acceptance of its role of Paying Agent. Interbolsa must notify the Paying Agent of the amounts to be settled, which will be determined by Interbolsa on the basis of the balances of the accounts of the Affiliate Members of Interbolsa.

On the date on which any payment in respect of the Notes is to be made, the corresponding entries and counter-entries will be made by Interbolsa in the relevant current accounts held by the Paying Agent and by the Affiliate Members of Interbolsa.

References to Clearstream and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system.

Authorisation

The creation, issue and listing of the Notes has been authorised by a resolution of the Issuer’s Board of Directors dated 3 May 2019.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Note are incorporated by reference into each such Note and consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” below.

Yield

The yield for the Notes will be calculated on the compound annual rate of return if the relevant Notes were to be purchased at the Issue Price on the Issue Date and held to maturity. Set out below is a formula for the purposes of calculating the yield of the Notes.

$$\text{Issue Price} = \frac{\text{Interest Rate}}{m} \times \frac{1 - \left[\frac{1}{\left(1 + \frac{\text{Yield}}{m}\right)^{m \times n}} \right]}{\frac{\text{Yield}}{m}} + \left[\text{Principal Amount Outstanding} \times \left[\frac{1}{\left(1 + \frac{\text{Yield}}{m}\right)^{m \times n}} \right] \right]$$

Where,

“Issue Price” means an amount equal to 100 per cent of the Principal Amount Outstanding of the Notes; and

“m” means the number of interest payments in a year; and

“n” means the number of years to maturity.

CHAPTER 6

TERMS AND CONDITIONS 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 (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (a) 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, on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“**MiFID II**”), (b) a customer within the meaning of Directive 2016/97/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (c) not a qualified investor as defined in 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 offered to the public or admitted to trading and amending Directive 2001/34/EC (as amended, the “**Prospectus Directive**”). Consequently, no key information document (“**KID**”) under Regulation (EU) No. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, on key information documents for packaged retail and insurance-based investment products (the “**PRIIPs Regulation**”) has been prepared by the Issuer and by 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 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 manufacturers’ 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 manufacturers’ target market assessment) and determining appropriate distribution channels.

The €35,000,000 Floating Rate Notes due May 2025 (the “**Notes**”, which expression shall include, in these Conditions and unless the context otherwise requires, any further notes issued pursuant to Condition 11 and forming a single series with the Notes) of José de Mello Saúde, S.A. (the “**Issuer**”) were issued on the Issue Date (as defined in Condition 15) and subject to and with the benefit of (i) a private placement agreement (*Contrato de Colocação Particular*) entered into between the Issuer, Banco Invest, S.A., Banco Santander Totta, S.A. and Caixa – Banco de Investimento, S.A. on 16 May 2019 (such agreement, as amended and/or

supplemented and/or restated from time to time, the “**Private Placement Agreement**”), and (ii) a paying agency agreement (*Contrato de Agente Pagador*) entered into by the Issuer and Banco Invest, S.A. on 16 May 2019 (such agreement, as amended and/or supplemented and/or restated from time to time, the “**Paying Agency Agreement**”) under which Banco Invest, S.A. (the “**Paying Agent**”) is appointed by the Issuer as the paying agent for the Notes.

1. FORM, DENOMINATION, TITLE AND TRANSFER

1.1 Form and Denomination

The Notes were issued in dematerialised book-entry form (“*forma escritural*”) “*nominativas*” in the denomination of €10,000 each.

The Notes are “*nominativas*” which means that Interbolsa, at the Issuer's request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the holders of the Notes and transmit such information to the Issuer.

The Notes will be registered by, and held through, Interbolsa, as management entity of the CVM.

1.2 Title

Title to the Notes will be evidenced by book-entries in individual securities accounts held with the relevant Affiliate Member of Interbolsa, in accordance with the Portuguese Securities Code and the regulations issued by, or otherwise applicable to, Interbolsa.

Title to the Notes held through Interbolsa is subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law.

No physical document of title will be issued in respect of the Notes held through Interbolsa.

1.3 Holder Absolute Owner

Each person shown in the individual securities accounts of an Affiliate Member of Interbolsa as having an interest in the Notes shall (except as otherwise required by law) be deemed for all legal purposes as the holder of the principal amount of the Notes recorded (each, a “**Noteholder**”).

One or more certificates in relation to the Notes (each, a “**Certificate**”) will be delivered by the relevant Affiliate Member of Interbolsa in respect of a registered holding of Notes upon request by the relevant Noteholder and in accordance with that Affiliate Member of Interbolsa's procedures, pursuant to article 78 of the Portuguese Securities Code.

The Issuer and the Paying Agent may (to the fullest extent permitted by the applicable laws) deem and treat the person or entity registered in each individual securities account of an Affiliate Member of Interbolsa as the holder of any Note and the

absolute owner for all purposes. Proof of such registration is made by means of a Certificate.

1.4 Transfer of Notes

No Noteholder will be able to transfer the Notes, or any interest therein, except in accordance with Portuguese laws and regulations. Notes may only be transferred upon registration in the relevant individual securities accounts held with the relevant Affiliate Member of Interbolsa, in accordance with the applicable procedures established by the Portuguese Securities Code and regulations issued by the CMVM, Euronext or Interbolsa, as the case may be.

2. STATUS OF THE NOTES AND ISSUER UNDERTAKINGS

2.1 Status of the Notes

The Notes are direct, senior, unconditional and unsecured (subject to the provisions of Condition 2.2 (a)) and unsubordinated obligations of the Issuer and rank *pari passu*, without any preference among themselves (and save for certain obligations required to be preferred by law), equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

2.2 Issuer Undertakings

(a) Negative Pledge

So long as any Note remains outstanding, the Issuer shall not create or permit the subsistence of any Security Interest to secure any indebtedness without at the same time, or prior thereto (a) securing the Notes through the creation of equivalent Security Interests in favour of the Noteholders or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

(b) Financial Covenant

So long as the Notes remain outstanding, the Issuer shall ensure at all times that the Net Debt / EBITDA is lower or equal to 6x.

(c) Trading of the Notes in the regulated market of the Bourse de Luxembourg and Euronext Lisbon

So long as the Notes remain outstanding, the Issuer shall perform all and every acts available to it to ensure continued trading of the Notes on the Bourse de Luxembourg and/or Euronext Lisbon regulated markets, or on any other regulated market as the Issuer and the Noteholders may agree on from time to time.

(d) Set-off

All payments required to be made by the Issuer under the Notes shall be calculated without reference to any set-off or counterclaim that the Issuer may hold against any

of the parties thereto or against the Noteholders, and shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim the Issuer may hold against the Noteholders.

3. INTEREST

3.1 Accrual of interest

Interest on the Notes, calculated in accordance with the Interest Rate, is payable in euro in arrear on each Interest Payment Date to or on behalf of the Noteholders registered in the individual securities accounts of each relevant Affiliate Member of Interbolsa, commencing on the First Interest Payment Date. For the avoidance of doubt, interest accrues on the Notes on a daily basis irrespective of whether such day is a Business Day.

3.2 Cessation of interest

Interest (if any) will cease to accrue on each Note on the due date for redemption thereof, unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until the day on which all sums due in respect of such Note are received by or on behalf of the relevant Noteholder.

3.3 Default interest

Interest on overdue principal and interest on the Notes, if any, will accrue from the due date up to the date of actual payment at a rate 3 per cent. higher than the Interest Rate then applicable to the Notes.

3.4 Screen rate determination

The Interest Rate applicable to the Notes for each Interest Period will be determined by the Paying Agent on the following basis:

- (i) the Paying Agent will determine the Euribor on the relevant Interest Determination Date;
- (ii) if such rate does not appear on that page or if the Screen Page is unavailable, the Paying Agent will:
 - (A) request to the principal Euro-zone office of each of the Reference Banks to provide a quotation of the Euribor at approximately 11.00 a.m. (Brussels time) on such Interest Determination Date; and
 - (B) determine the arithmetic mean of such quotations; and
 - (C) if fewer than two such quotations are provided as requested, the Paying Agent will determine the arithmetic mean of the rates quoted by leading banks in the Euro-zone for loans in euros for a period equal to the Interest

Period to leading European banks, determined by the Paying Agent, at approximately 11.00 a.m. (Brussels time) on such Interest Determination Date, after request of the principal office in the principal financial centre of the relevant Participating Member State of each such leading, and the Interest Rate for such Interest Period shall be the sum of the Margin and the rate so determined, such Margin corresponding to the minimum Interest Rate;

provided, however, that if the Paying Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to the Notes during such Interest Period will be the sum of the Margin and the rate last determined in relation to the Notes in respect of a preceding Interest Period, such Margin corresponding to the minimum Interest Rate.

3.5 Calculation of Interest Amount

The Paying Agent will, as soon as practicable after the time at which the Interest Rate is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period.

The Interest Amount will be calculated by applying the Interest Rate for such Interest Period to the Principal Amount Outstanding, multiplying the product by the relevant Day Count Fraction, and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

Interest on the Notes will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of the entitled Noteholders in accordance with Interbolsa's standard rules and operating procedures.

3.6 Publication

The Issuer will cause each Interest Rate and Interest Amount determined by the Paying Agent, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by the Paying Agent together with any relevant payment date(s), to be notified to each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, as soon as practicable after such determination but (in the case of each Interest Rate, Interest Amount and Interest Payment Date) in any event not later than the fourth Business Day of the relevant Interest Period. Notice thereof shall also

promptly be given by the Issuer to the Noteholders. The Paying Agent will be entitled to recalculate any Interest Amount (based on the foregoing provisions) without providing notice in the event of an extension or shortening of the relevant Interest Period.

3.7 Notifications, etc.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Paying Agent will (in the absence of manifest error) be binding on the Issuer and the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

4. PAYMENTS

4.1 Payments in respect of the Notes

Payment of principal and interest in respect of the Notes will be (i) credited, according to the procedures and regulations of Interbolsa, by the Paying Agent to the payment current account the Paying Agent uses for payments in respect of securities held through Interbolsa, (ii) transferred, on the relevant payment date, from the payment current account which the Paying Agent uses for payments in respect of securities held through Interbolsa to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the relevant Affiliate Members of Interbolsa whose control accounts with Interbolsa are credited with such Notes, and thereafter (iii) transferred by such Affiliate Members of Interbolsa from the respective above mentioned payment current accounts to the accounts of the Noteholders or of Euroclear or Clearstream, Luxembourg held with said Affiliate Members of Interbolsa, as the case may be.

4.2 Notification of non-payment

If the Issuer determines that it will not be able to pay the full amount of principal and/or interest in respect of the Notes on the relevant due date, the Issuer will, in accordance with Condition 9, promptly give notice to the Noteholders of its inability to make such payment.

4.3 Notification of late payment

If the Issuer expects to pay the full amount in respect of the Notes at a date later than the date on which such payments are due, the Issuer will, in accordance with Condition 9, give notice of such late payment to the Noteholders.

4.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject, in all cases, to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 6.

4.5 Payments on Business Days

If the date for payment of any amount in respect of any Note is not a Business Day, the Noteholder thereof shall not be entitled to payment until the next following Business Day and shall not be entitled to further interest or other payment in respect of such delay.

4.6 Paying Agent

The paying agent appointed by the Issuer in connection with the Issue of the Notes is Banco Invest, S.A., with head office at Avenida Eng. Duarte Pacheco, Torre 1, 11^º, 1070-101 Lisbon, Portugal (the “**Paying Agent**”).

The Issuer reserves the right to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents in case the Paying Agent fails to comply with any obligation under the Paying Agency Agreement and provided that there will, at all times, be a Paying Agent in Portugal capable of making payments in respect of the Notes, as contemplated by these Conditions, the Paying Agency Agreement and applicable Portuguese laws and regulations.

Notice of any termination or appointment and of any changes in specified offices will be promptly given to the Noteholders by the Issuer, in accordance with Condition 9.

5. REDEMPTION AND PURCHASE

5.1 Redemption on the Maturity Date

Unless the Notes are previously redeemed or purchased and cancelled as provided below, each Note shall be finally redeemed by the Issuer on the Maturity Date at its Principal Amount Outstanding.

5.2 Purchase

Subject to the applicable laws and regulations in force from time to time, the Issuer may, at any time, purchase Notes in the secondary market or otherwise at any price.

5.3 Cancellations

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer will forthwith be cancelled by Interbolsa, and accordingly, said Notes may not be held, reissued or resold and shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders, for the purposes of Condition 10.1 or for the purposes of the Paying Agency Agreement.

6. TAXATION

6.1 Payments of Interest without Withholding or Deduction

All payments in respect of the Notes by or on behalf of the Issuer will be made without any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of a Relevant Jurisdiction, unless the withholding or deduction of such Taxes is required by law.

In such event, the Issuer will pay such additional amounts to ensure the receipt by the relevant Beneficiaries of the amounts that would have been received by them had no such withholding or deduction been required, except that no additional amounts shall be payable in relation to any payment in respect of any Note:

- (a) to, or to a third party on behalf of, a Beneficiary who is liable to the Taxes in respect of the Note by reason of having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or
- (b) to, or to a third party on behalf of, a Beneficiary in respect of whom the information required in order to comply with Decree-Law no. 193/2005, of 7 November 2005, as amended (“**Debt Securities Taxation Act**”), and any implementing legislation, is not received by the Affiliate Member of Interbolsa with which securities are registered in the name of the Beneficiary, no later than the first Business Day prior to the Relevant Date (as defined in Condition 6.2.(a)), or which does not comply with the formalities to benefit from tax treaty benefits, when applicable; or
- (c) to, or to a third party on behalf of, a Beneficiary (i) resident for tax purposes in the Relevant Jurisdiction or when the investment income is imputable to a permanent establishment of the Beneficiary located in Portuguese territory, or (ii) resident in a tax haven jurisdiction, as defined in Ministerial Order (“*Portaria*”) 150/2004, of 13 February 2004, as amended from time to time, with the exception of (a) central banks and governmental agencies, as well as international institutions recognised by the Relevant Jurisdiction, of those tax haven jurisdictions, and (b) tax haven jurisdictions which have a double taxation treaty in force or a tax information exchange agreement in force with the Relevant Jurisdiction; or
- (d) to, or to a third party on behalf of, (i) a Portuguese resident legal entity subject to Portuguese corporate income tax, with the exception of entities that benefit from a waiver of Portuguese withholding tax or from Portuguese income tax exemptions, or (ii) a legal entity not resident in Portuguese territory acting with respect to the holding of the Notes through a permanent establishment in Portuguese territory, with the exception of entities that benefit from a waiver

of Portuguese withholding tax (for the avoidance of doubt, an Affiliate of Interbolsa holding Notes on behalf of a Noteholder should not be considered as having a permanent establishment in Portuguese territory); or

- (e) presented for payment by or on behalf of a Noteholder who would not be liable for or subject to the withholding or deduction by making a declaration of non-resident or other similar claim for exemption to the relevant tax authority; and/or
- (f) presented for payment into an account held on behalf of undisclosed beneficial owners when such beneficial owners are not disclosed for purposes of payment and such disclosure is required by law.

6.2 Interpretation

In these Conditions:

- (a) **“Relevant Date”** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Paying Agent on or before the due date, it means the date on which, the full amount of the money having been received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 9;
- (b) **“Relevant Jurisdiction”** means the Republic of Portugal or any political subdivision or any authority thereof or therein having power to tax, or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer, as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes; and
- (c) **“Beneficiary”** means the holder of the Notes who is the effective beneficiary of the income arising thereto.

6.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 6 or under any undertakings given in addition to, or in substitution for, this Condition 6.

7. PRESCRIPTION

Claims against the Issuer in respect of the Notes will become void unless made within periods of 20 (twenty) years in the case of principal, and 5 (five) years in the case of interest from the Relevant Date (as defined in Condition 6.2. (a)) in respect of the Notes.

8. EVENTS OF DEFAULT

8.1 If any of the following events occurs and is continuing:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal or interest in respect of the Notes, unless the failure is remedied, in the case of principal, within 3 (three) Business Days after the Maturity Date or, in the case of interest, within 10 (ten) Business Days after the relevant Interest Payment Date; or
- (b) *Breach of other obligations or undertakings*: the Issuer fails to perform any other obligation relating to the Notes, unless the relevant failure, being reparable, is remedied within 30 (thirty) days (or in a longer period allowed by the common representative of the Noteholders (if any) or by the Noteholders), as from the date on which notice to this effect is given to the Issuer; or
- (c) *Cross acceleration*: the occurrence of an event of default under any loan, credit facility, guarantee or other commitment with financial implications, entered into by the Issuer or a Relevant Subsidiary with the Portuguese financial system or abroad, or under obligations arising from the issue of securities or monetary values of any kind by the Issuer or a Relevant Subsidiary, provided that the amount in question exceeds €10 million (or its equivalent in another currency), considered individually or in aggregate; or
- (d) *Proceedings*: one or more final judicial or administrative decisions in respect of the Issuer or a Relevant Subsidiary where there is no possibility for defence or appeals or the filing of one or more judicial or administrative proceedings in respect of the Issuer or a Relevant Subsidiary, unless the Issuer or the Relevant Subsidiary fully pays the value in question within 60 (sixty) days of the filing of the court proceedings or notice of the tax or Social Security debt assessment, or the existence of a tax or Social Security debts enforcement proceeding in respect of the Issuer or a Relevant Subsidiary, unless (i) the Issuer or such Relevant Subsidiary, as the case may be, provides a suitable guarantee to suspend such enforcement proceeding or (ii) such proceeding is being contested by appropriate means by the Issuer or such Relevant Subsidiary, as the case may be, and the Issuer or such Relevant Subsidiary, as the case may be, has been advised by recognised independent legal advisers of good repute that it is reasonable to do so. Additionally, in any of the cases above whenever the decision or proceedings determines the Issuer or such Relevant Subsidiary's responsibility in an amount exceeding €10 million (or its equivalent in another currency), considered individually or in aggregate; or
- (e) *Enforcement proceedings*: the filing of an enforcement proceeding imposed on all or a substantial part of the assets of the Issuer or a Relevant Subsidiary,

unless (i) the Issuer or such Relevant Subsidiary, as the case may be, provides a suitable guarantee to suspend such proceeding or (ii) such proceeding is being contested by appropriate means by the Issuer or such Relevant Subsidiary, as the case may be, and the Issuer or such Relevant Subsidiary, as the case may be, has been advised by recognised independent legal advisers of good repute that it is reasonable to do so; or

- (f) *Insolvency*: (i) the Issuer or a Relevant Subsidiary expressly acknowledges the impossibility of fully and duly paying its debts as they fall due, or if the Issuer or a Relevant Subsidiary cease payments in general; (ii) the Issuer or Relevant Subsidiary requests its insolvency declaration, or declaration of insolvency of the Issuer or a Relevant Subsidiary is requested by a third party, unless the Issuer or the Relevant Subsidiary submits its statement of defence within the legal timeframe and has been advised by recognised independent legal advisers of good repute that it is reasonable to do so; (iii) the Issuer or Relevant Subsidiary is declared insolvent by a competent judicial court or, in the scope of an insolvency proceeding, an agreement is concluded with, or assigned to the benefit of, general creditors of the Issuer or Relevant Subsidiary; or (iv) an insolvency administrator or other equivalent entity is appointed for the Issuer or a Relevant Subsidiary in relation to the whole or a substantial part of the Issuer or Relevant Subsidiary's assets; or
- (g) *Pari passu and Issuer undertakings*: the Issuer breaches any of the undertakings set forth in Condition 2.1 and 2.2; or
- (h) *Change of control*: (i) José de Mello Capital, S.A. ceases to hold, directly or indirectly, the majority of the share capital and/or voting rights of the Issuer, or (ii) the Issuer ceases to hold, directly or indirectly, the majority of the share capital and/or voting rights of any Relevant Subsidiary; or
- (i) *Validity*: the validity of the Notes is contested by the Issuer or the Issuer denies any of its obligations under the Notes (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise), or it is or becomes unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Notes, or any such obligations are or become unenforceable or invalid, in each case as a result of any law or regulation in the Portuguese Republic or any ruling of any court in the Portuguese Republic whose decision is final and unappealable; or
- (j) *Cessation of business*: If the Issuer or a Relevant Subsidiary ceases all or a substantial part of its business, or if an event occurs (including the approval of resolutions by the competent boards or the loss or suspension of any license or authorisation relevant to the exercise of its business) which (i) determines,

under the applicable law, the dissolution or liquidation of the Issuer or a Relevant Subsidiary, except if such event occurs in the context of a solvent corporate reorganisation involving the Issuer, or (ii) causes a material adverse change in the normal business activities carried out by the Issuer or a Relevant Subsidiary; or

- (k) *Analogous event*: any event occurs which the Issuer has, directly or indirectly, caused and which has an analogous effect to any of the events referred to in this Condition 8.1.

then (i) the holder of any Note may declare such Note immediately due and payable, or (ii) the Noteholders may, by means of an Extraordinary Resolution, declare all the Notes – in each case by written notice addressed to the Issuer and delivered to the Issuer and to the Paying Agent – immediately due and payable, whereupon, in the case of paragraph (i) above, such Note and, in the case of paragraph (ii) above, all the Notes, shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.

- 8.2 Immediately upon becoming aware of the occurrence of an Event of Default, or of any event likely to cause an Event of Default, the Issuer shall forthwith notify the Noteholders.

9. NOTICES

Notices to the Noteholders shall be valid if published on the Luxembourg Stock Exchange official bulletin and/or the CMVM's website and/or the Euronext's official bulletin. Any notice shall be deemed to have been given on the date of publication or, if published more than once or on different dates, on the date of first publication, or, if applicable, on the day after being mailed.

10. MEETINGS OF NOTEHOLDERS AND MODIFICATION

10.1 Meetings of Noteholders

Meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation of any of these Conditions by Extraordinary Resolution and the appointment or dismissal of a common representative, are governed by the Portuguese Commercial Companies Code.

Request for Meetings

Meetings may be convened by a common representative (if any) or by the chairman of the general meeting of shareholders of the Issuer before the appointment of, or in case of refusal to convene the meeting by, a common representative, and when the common representative and the chairman of the general meeting of shareholders refuse to convene a meeting, Noteholders holding not less than 5 (five) per cent. in

principal amount of the Notes for the time being outstanding may petition the court to order the convening of a meeting.

Quorum

The quorum required for a convened meeting to pass a resolution other than an Extraordinary Resolution will be any person or persons holding or representing the Notes then outstanding, regardless of the principal amount thereof; and an Extraordinary Resolution will require the attendance of a person or persons holding or representing at least 50 (fifty) per cent. of the principal amount of the Notes then outstanding or, at any adjourned meeting, the attendance of a person or persons holding or representing the Notes then outstanding, independently of the principal amount thereof.

Majorities

The majority required to pass a resolution other than an Extraordinary Resolution is the majority of the votes cast at the relevant meeting; the majority required to pass an Extraordinary Resolution, including, without limitation, a resolution relating to the modification or abrogation of certain provisions of these Conditions, is of at least 50 (fifty) per cent. of the principal amount of the Notes then outstanding or, at any adjourned meeting, 2/3 (two thirds) of the votes cast at the relevant meeting.

Resolutions passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting or have voted against the approved resolutions.

Resolutions involving the increase of charges to Noteholders require unanimity to be approved.

10.2 Appointment, dismissal and substitution of common representative

Pursuant to, and in accordance with, the relevant provisions of the Portuguese Commercial Companies Code, a common representative may be appointed after the Issue Date.

The dismissal and substitution of a common representative, pursuant to the relevant provisions of the Portuguese Commercial Companies Code, shall be made by way of a resolution passed by the Noteholders for such purpose, pursuant to these Conditions and the relevant provisions of the Portuguese Commercial Companies Code.

All fees, commissions and expenses related to the functions of the common representative shall be borne by the Issuer.

10.3 Notification to the Noteholders

Any modification, abrogation, waiver or authorisation, in accordance with this Condition 10, shall be binding on all Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter, in accordance with Condition 9.

11. FURTHER ISSUES

The Issuer is at liberty from time to time, subject to the Conditions and without the consent of the Noteholders to create and issue further notes or bonds either ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes).

12. GOVERNING LAW AND SUBMISSION TO JURISDICTION

12.1 Governing Law

The Notes, and any non-contractual obligations arising out of or in connection with them, are governed by, and will be construed in accordance with, Portuguese law.

12.2 Jurisdiction

The courts of Lisbon, Portugal shall have jurisdiction to settle any proceedings arising out of or in connection with the Notes.

13. ADMISSION OF THE NOTES TO TRADING ON THE REGULATED MARKET

The Notes shall be admitted to trading on the Bourse de Luxembourg regulated market on the Listing Date, being subject to dual-listing in the Euronext Lisbon regulated market at a later date, as soon as reasonably possible.

14. SUBSCRIPTION AND SALE

The minimum subscription amount in the primary market has been €100,000 per Noteholder and any offer, sale, distribution or transfer, in any way, of the Notes in the secondary market must at all times be made in accordance with the laws and regulations applicable in the relevant jurisdiction where such offer, sale, distribution or transfer is made or deemed to be made, including in what concerns public offers.

15. DEFINITIONS

In these Conditions the following expressions have the following meanings:

“Affiliate Member of Interbolsa” means any financial intermediary licensed to act as such and entitled to hold control accounts with Interbolsa;

“Bourse de Luxembourg” means the Luxembourg Stock Exchange regulated market;

“Business Day” means, in relation to any place, 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 Lisbon and the

Trans-European Automated Real-Time Gross Settlement Express Transfer (**TARGET2**) System is open;

“**Clearstream**” means Clearstream Banking, société anonyme;

“**CMVM**” means the *Comissão do Mercado de Valores Mobiliários*, the Portuguese Securities Market Commission;

“**CSSF**” means the *Commission de Surveillance du Secteur Financier*, the Luxembourg Securities Market Commission;

“**CVM**” means the *Central de Valores Mobiliários*, the Portuguese Centralised System of Registration of Securities managed by Interbolsa;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), Actual/360, i.e. the actual number of days in the Calculation Period divided by 360, provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“**EBITDA**” means the consolidated profit of the Issuer before interest, taxes, depreciations, provisions and other non-operating expenses and incomes for any 12 (twelve) month period ending on the last day of audited financial statements for each financial year;

“**Euribor**” means, on any Interest Determination Date, the offered quotations for euro interbank term deposits for six months by reference to the Screen Page as at or about 11.00 a.m. (Brussels time) on that date, provided, however, that if any such rate is below 0% (zero per cent.), the relevant rate for the purposes of these Conditions shall be 0% (zero per cent.);

“**Euronext**” means NYSE Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.;

“**Euronext Lisbon**” means Euronext Lisbon, a regulated market managed by Euronext;

“**Euroclear**” means Euroclear Bank SA/NV;

“**Event of Default**” means any of the events listed in Condition 8;

“**Extraordinary Resolution**” means a resolution passed at a meeting of Noteholders in respect of any of the following matters: (i) change in any date fixed for payment of principal or interest in respect of the Notes, reduction of the amount of principal or interest due on any date in respect of the Notes, or variation in the method of calculating the amount of any payment in respect of the Notes on redemption or maturity; (ii) to change the currency in which amounts due in respect of the Notes are payable; (iii) to approve the modification or abrogation of any of the provisions of these Conditions; (iv) to approve any amendment of this definition; and (v) to approve

any other matter in respect of which these Conditions require an Extraordinary Resolution to be passed;

“First Interest Payment Date” means 30 November 2019;

“Interbolsa” means Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.;

“Interest Amount” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“Interest Determination Date” means the second Target2 Business Day prior to the Issue Date or any Interest Payment Date of the relevant Interest Period, as the case may be;

“Interest Payment Date” means the First Interest Payment Date and the date that falls every six months after the First Interest Payment Date (up to and including the Maturity Date);

“Interest Period” means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the First Interest Payment Date or the next Interest Payment Date, as the case may be;

“Interest Rate” means an annual rate equal to the Euribor plus the Margin per annum, payable semi-annually in arrear;

“Issue Date” means 30 May 2019;

“Listing Date” means the date on or around 31 May 2019;

“Margin” means 3.75 per cent. per annum;

“Maturity Date” means the Interest Payment Date falling on 30 May 2025;

“Net Debt” means any type of short, medium and long term indebtedness duly remunerated, notably debts to credit institutions, bonds, commercial paper programmes, refundable incentives subject to the payment of interests or not, recourse factoring, leasing, discounted bills and other loans, deducting all cash, bank deposits and other financial instruments;

“Noteholder” means each person shown in the individual securities accounts of an Affiliate Member of Interbolsa as having an interest in the Notes;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Portuguese Commercial Companies Code” means Decree-Law no. 262/86, of 2 September, as amended from time to time;

“Portuguese Securities Code” means Decree-Law no. 486/99, of 13 November, as amended from time to time;

“Principal Amount Outstanding” means, on any day, (i) in relation to a Note, the principal amount of that Note upon issue; and (ii) in relation to the Notes outstanding at any time, the aggregate amount in (i) with respect to all Notes outstanding;

“Reference Banks” means four leading banks active in the Euro-zone Interbank Market selected by the Paying Agent;

“Relevant Subsidiary” means any company in a group relationship (*relação de grupo*) with the Issuer due to the fact that the issuer is the sole shareholder thereof and that on each given moment complies with one of the following requirements:

- (i) whose EBITDA, according with the latest audited annual accounts approved by the General Meeting, is equal to or greater than 10 (ten) per cent. of the consolidated EBITDA of the Issuer (according to the latest audited consolidated annual accounts approved by the General Meeting), or
- (ii) whose total assets, according to the latest audited annual accounts approved by the General Meeting, are equal to or greater than 10 (ten) per cent. of the total consolidated assets of the Issuer (according to the latest audited annual consolidated accounts approved by the General Meeting annual consolidated accounts), or
- (iii) whose operating income, according to the latest audited annual accounts approved by the General Meeting, is equal to or greater than 10 (ten) per cent. of the total consolidated operating income of the Issuer (according to the latest audited consolidated annual accounts approved by the General Meeting).

“Screen Page” means the display as quoted on Reuters screen page “EURIBOR” or any other page, section or part as may come to replace it on that information service or any other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to Euribor;

“Security Interest” means any mortgage, charge, pledge, lien or other security interest (*“garantia real”*) including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction, created upon the whole or any part of the Issuer’s undertaking or assets, present or future, which represent more than 25 (twenty five) per cent. of the Issuer’s consolidated net assets, except:

- (i) if such Security Interest is securing any indebtedness incurred in relation to any asset for the purpose of financing the whole or any part of the acquisition, creation, construction, improvement or development of such asset, where the

financial institutions to whom such indebtedness is owed have recourse solely to the applicable project borrower and/or such asset and/or the shares held in such project borrower and any similar transaction in nature;

- (ii) security existing as at the date hereof and any that is or will be created to secure obligations of the Issuer arising in connection with the Notes;
- (iii) security created with the prior consent of the Noteholders, granted through an Extraordinary Resolution of Noteholders; and
- (iv) security created upon assets to be acquired by the Issuer or for its benefit, to the extent that (i) the relevant acquisition does not correspond to a mere substitution of assets, it being understood that the investment in assets forming part of the real estate assets of the Issuer which are obsolete or deteriorated will not be deemed a mere substitution of assets, and (ii) the security is created to secure the payment of the relevant acquisition price or is otherwise associated with any credit extended for such purpose.

To this effect, consolidated net assets (*“ativo líquido consolidado”*) means the total assets evidenced by the consolidated financial position statement (*“demonstração da posição financeira consolidada”*).

“TARGET2 Business Day” means any day on which TARGET2 is open for the settlement of payments in euro.

CHAPTER 7

TAXATION

Prospective purchasers of Notes are advised to consult their tax advisers as to the tax consequences, under the tax laws of the country in which they are resident, of a purchase of Notes, including, but not limited to, the consequences of receipts deriving from interest, as well as from the sale or redemption of Notes.

The following descriptions are general summaries of certain taxation matters based on applicable law and practice currently in effect in the relevant jurisdictions. Nothing in this section constitutes tax, legal or financial advice, and the summaries contained herein are of a general nature and do not cover all aspects of taxation in the relevant jurisdictions that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications for them of an investment in the Notes.

Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg. It is neither intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies to Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or any tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, or is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the “**Law**”), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Payments of interest under the Notes coming within the scope of the Law will be subject to a withholding tax at a rate of 20 per cent.

Portuguese Taxation

The economic advantages deriving from interest, amortisation, reimbursement premiums and other types of remuneration arising from the Notes issued by private entities are qualified as investment income for Portuguese tax purposes and is considered to be Portuguese sourced income and generally subject to taxation in Portugal.

General Tax Regime applicable to Debt and Equity securities

Resident individuals

Investment income (including dividends and interest) obtained from the Notes by a Portuguese resident individual are subject to individual income tax. If the payment of 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 for to aggregate his taxable income, subject to tax at the current progressive income tax rates of up to 48 per cent.. In the latter case 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. Investment is deemed a payment on account of the final tax due. 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 and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Capital gains obtained by Portuguese resident individuals on the repayment or transfer of Notes are taxed at a special tax rate of 28 per cent. levied on the excess of such gains (and gains on other securities) over the losses on securities, unless the individual elects to aggregate that same balance to his taxable income, subject to tax at the current progressive rates of up to 48 per cent. In the latter case, 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 €50,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding €250,000. The amount of accrued interest on the date of the transfer qualifies as interest, rather than capital gains, for tax purposes.

Legal persons resident in Portugal those and non-resident but with a permanent establishment

to which the income derived from the Notes is attributable

Investment income deriving from the Notes and capital gains deriving from the transfer of the Notes by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable income and are subject to corporate income tax at a 21 per cent. rate or at a 17 per cent. rate on the first €15,000 in the case of small and medium-sized enterprises, to which a municipal surcharge ("*derrama municipal*") may be added of up to 1.5 per cent. of its taxable income. A state surcharge ("*derrama estadual*") also applies at 3 per cent. on taxable profits in excess of €1,500,000 and up to €7,500,000, 5 per cent. on taxable profits in excess of €7,500,000 and up to €35,000,000 and 9 per cent. on taxable profits in excess of €35,000,000.

As a general rule, withholding tax at a rate of 25 per cent. applies on interest and other investment income, which is deemed a payment on account of the final tax due.

Interest payments made to financial institutions, pension funds, retirement and/or education savings funds, share savings funds, venture capital funds and collective investment undertakings incorporated and operating under the laws of Portugal and some other exempt entities are not subject to withholding tax.

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 and as a consequence, the tax rates applicable to such beneficial owner(s) will apply.

Non-resident individuals and legal persons without a permanent establishment to which the income derived from the Notes is attributable

Without prejudice to the Debt Securities Taxation Act further described below, the general tax regime on debt and equity securities applicable to non-resident entities is the following:

Investment income obtained by non-resident individuals without permanent establishment in Portugal to which the income is attributable is subject to withholding tax at a rate of 28 per cent., which is the final tax on that income. Investment income obtained by non-resident legal persons without permanent establishment in Portugal to which the income is attributable is subject to withholding tax at a rate of 25 per cent., which is the final tax on that income.

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 and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

A withholding tax rate of 35 per cent. applies in the case of investment income payments

made to non-resident individuals or non-resident legal persons without permanent establishment in Portugal to, which the income is attributable to which are resident in a country, territory or jurisdiction subject to a clearly more favourable tax regime included in the “low tax jurisdiction” list approved by Ministerial Order (*Portaria*) No. 150/2004 of 13 February 2004, as amended from time to time.

Under the tax treaties entered into by Portugal, which are in full force and effect on the date of this Prospectus, the applicable withholding tax rate may be reduced to 15, 12, 10 or 5 per cent., depending on the applicable treaty and provided that the relevant formalities (including certification of residence by the tax authorities of the beneficial owners of the interest and other investment income) are met. The reduction may apply at source or through the refund of the excess tax. The forms currently applicable for these purposes may be available for viewing and downloading at www.portaldasfinancas.gov.pt.

Capital gains derived from the transfer of the Notes by non-resident individuals without permanent establishment in Portugal, to which the gains are attributable to, are exempt from Portuguese capital gains taxation, unless the non-resident individual is resident in a country, territory or jurisdiction subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial Order (*Portaria*) no. 150/2004, of 13 February, as amended from time to time, are exempt from personal income tax. Capital gains derived by non-resident individuals that are not entitled to said exemption will be subject to taxation at a 28 per cent. flat rate. Under the tax treaties entered into by Portugal, such capital gains are usually not subject to Portuguese personal income tax, but the applicable rules should be confirmed on a case-by-case basis. The amount of accrued interest on the date of the transfer qualifies as interest, rather than capital gains, for tax purposes.

Capital gains deriving from the transfer of Notes by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable to are exempt from Portuguese capital gains taxation, unless the share capital of the non-resident entity is more than 25 per cent. directly or indirectly held by Portuguese resident entities or the beneficial owner is resident in a country, territory or jurisdiction subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial Order (*Portaria*) No. 150/2004 of 13 February 2004, as amended from time to time. The 25 per cent. threshold referred above will not be applicable when the following cumulative requirements are met by the seller: (i) the seller is an entity resident in the European Union or in the European Economic Area State which is bound to cooperate with Portugal under an administrative cooperation agreement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or in any country with which Portugal has a double tax treaty in force that foresees the exchange of information; (ii) such entity is subject and not exempt from a tax referred to in article 2 of the Council Directive 2011/96/EU, of 30 November 2011, or a tax of similar nature with a rate not lower than 60 per cent. of the Portuguese corporate income tax rate; (iii) it

holds at least 10 per cent. of the share capital or voting rights regarding the entity subject to disposal for at least one year uninterruptly; and (iv) is not intervenient in an artificial arrangement or a series of artificial arrangements that have been put into place for the main purpose, or one of the main purposes, of obtaining a tax advantage. Although the abovementioned cumulative requirements are in full force and effect since 31 March 2016 and apply to securities in general, the law is not clear on the application thereof for holders of debt representative securities, as some of the alluded requirements appear not to apply to debt representative securities.

If the exemption does not apply, the gains will be subject to corporate income tax at a rate of 25 per cent. Under the tax treaties entered into by Portugal, such capital gains are usually not subject to Portuguese corporate income tax, but the applicable rules should be confirmed on a case-by-case basis.

Debt Securities Taxation Act

Resident Individuals

Investment income obtained on Notes by a Portuguese resident individual is subject to individual income tax. If the payment of 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. In this case, the tax withheld will be creditable against the recipient's final tax liability. The relevant tax shall be withheld by the relevant direct registering entity.

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 and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Capital gains obtained by Portuguese resident individuals on the transfer of Notes are taxed at a special tax rate of 28 per cent. levied on the positive difference between such gains and gains on other securities and losses on securities unless the individual chooses to aggregate his taxable income, subject to tax at the current 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 accrued on the date of the transfer qualifies as interest, rather than as capital gains, for tax purposes.

Legal persons resident in Portugal and those non-resident but with a permanent establishment to which the income derived from the Notes is attributable

Investment income derived from Notes and capital gains obtained from the transfer of Notes by legal persons resident for tax purposes in Portugal and by non-resident legal persons with permanent establishment in Portugal to which the income or gains are attributable are included in their taxable income and are subject to Corporate Income Tax at a rate of 21 per cent., or at a 17 per cent. tax rate on the first €15,000 in the case of small and medium-sized enterprises, to which a municipal surcharge (*derrama municipal*) may be added of up to 1.5 per cent. of its taxable income. A state surcharge (*derrama estadual*) also applies at 3 per cent. on taxable profits in excess of €1,500,000 and up to €7,500,000, 5 per cent. on taxable profits in excess of €7,500,000 and up to €35,000,000 and 9 per cent. on taxable profits in excess of €35,000,000.

As a general rule, withholding tax at a rate of 25 per cent. applies on investment income, which is deemed a payment on account of the final tax due. The relevant tax shall be withheld by the relevant direct registering entity. Payments to financial institutions subject to tax in Portugal, 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 some other exempt entities are not subject to Portuguese withholding tax.

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 and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Non-resident individuals

Pursuant to the Debt Securities Taxation Act, investment income paid on, as well as capital gains derived from a repayment, sale or other disposition of the Notes, to non-resident beneficial owners will be exempt from Portuguese income tax provided that the debt securities are integrated in (i) a centralised system for securities managed by an entity resident for tax purposes in Portugal (such as CVM, managed by Interbolsa), or (ii) an international clearing system operated by a managing entity established in an EU Member State other than Portugal 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 Debt Securities Taxation Act, and the beneficiaries are:

- (i) central banks or governmental agencies; or

- (ii) international bodies recognised by the Portuguese State; or
- (iii) entities resident in countries or jurisdictions with whom Portugal has a double tax treaty or a tax information exchange agreement in force; or
- (iv) other entities without headquarters, effective management or permanent establishment in Portuguese territory to which the relevant income is attributable and which are not resident in a country, territory or jurisdiction subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial Order (“*Portaria*”) No. 150/2004, of 13 February 2004, as amended from time to time.

For the purposes of application at the source of this tax exemption regime, the Debt Securities Taxation Act requires the completion of certain procedures and provision of certain information. Under these procedures (which are aimed at verifying the non-resident status of the Noteholder), the Noteholder is required to hold the Notes through an account held with one of the following entities:

- (i) a direct registering entity, with which the debt securities accounts integrated in the centralised system are opened;
- (ii) an indirect registering entity, which, although not assuming the role of the “direct registering entity”, is its client; or
- (iii) an international clearing system, which proceeds, in the international market, to clear, settle or transfer securities integrated in centralised systems or in their own registration systems.

The special regime approved by the Debt Securities Taxation Act sets out the detailed rules and procedures to be followed for the proof of non-residence by the beneficial owners of the Instruments to which it applies.

Under these rules, the direct registering entity is required to obtain and retain proof, in the form described below, that the beneficial owner is a non-resident entity entitled to the exemption. As a general rule, proof of non-residence should be provided to, and received by, the direct registering entities prior to the relevant date for payment of any interest and, in the case of domestically cleared Notes, prior to the transfer of Notes, as the case may be.

The following is a general description of the rules and procedures pertaining to the proof required the exemption to apply at the source, as they currently stand at the date of this Prospectus.

(a) *Domestically Cleared Notes*

The beneficial owner of the Notes must provide proof of non-residence in Portuguese territory substantially in the terms set forth below:

- (i) if the beneficial owner of the Notes is a central bank, a public law entity or agency or an international organisation recognised by the Portuguese State, a declaration

of tax residence issued by the beneficial owner of the Notes, duly signed and authenticated or proof pursuant to the terms of paragraph (iv) below;

- (ii) if the beneficial owner of the Notes is a credit institution, a financial company, a pension fund or an insurance company domiciled in any of the Organisation for Economic Co-operation and Development (“OECD”) countries or in a country with which Portugal has entered into a double taxation treaty and is subject to a special supervision regime or administrative registration, 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 immediately inform the direct registering entity of any change in the requisite conditions that may prevent the tax exemption from applying residence, pursuant to the terms of paragraph (iv) below;
- (iii) if the beneficial owner of Notes is either an investment fund or other type of collective investment scheme undertaking domiciled in any OECD country, or in a any country or jurisdiction with which Portugal has entered into a double tax treaty in force or a tax information exchange agreement in force, it shall make proof of its non-resident status by providing certification by means of any of the following documents: (a) a declaration issued by the entity which is responsible for its supervision or registration or by the relevant tax authorities, confirming its legal existence, domicile and the 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 only once, its periodical renewal is not necessary, and the beneficial owner should inform the direct registering entity immediately of any change in the requisite conditions that may prevent from applying the tax exemption;
- (iv) Other investors will be required to make proof of their non-resident status by way of: (a) a certificate of residence or equivalent document issued by the relevant tax authorities; or (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 certifying the residence. For these purposes, an identification document, such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit), is not acceptable. The rules on the authenticity and validity of the

documents state in particular that the Noteholder 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 3 (three) years prior to the relevant payment or maturity dates or, if issued after the relevant payment or maturity dates, within the following 3 (three) months. The Noteholder must inform the registering entity immediately of any change in the requirement conditions that may eliminate the tax exemption, the residence certificate or equivalent document. This document must be issued up to until 3 (three) months after the date on which the withholding tax would have been applied and will be valid for a 3 (three) year period starting on the date such document is issued.

In cases referred to in paragraphs (i), (ii) and (iii) above, proof of non-residence is required only once; however, the beneficial owner of the Notes is required to immediately inform the registering entity of any changes that impact the entitlement to the tax exemption.

(b) *Internationally Cleared Notes*

If the Notes are registered in an account with an international clearing system, prior to the relevant date for payment of any interest, the entity managing such system is required to provide to the direct registering entity or its representative the identification and number of securities, as well as the income and, when applicable, the tax withheld, itemised by type of beneficial owner, as follows:

- (i) Portuguese resident entities or permanent establishments of non-resident entities to which the income is attributable which are not exempt from tax and are subject to withholding tax;
- (ii) entities resident in a country, territory or jurisdiction subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial Order (*Portaria*) No. 150/2004 of 13 February 2004, as amended by Ministerial Order (*Portaria*) No. 292/2011 of 8 November 2011 and by Ministerial Order (*Portaria*) No. 345-A/2016, of 30 December 2016, which are not exempt from tax and are subject to withholding tax;
- (iii) other non-Portuguese resident entities;

In addition, the international clearing system managing entity is to provide to the direct registering entity, in relation to each income payment, at least the following information concerning each of the beneficiaries mentioned in (i), (ii) and (iii) above: name and address, tax identification number, if applicable, identification of the securities held and amount thereof and amount of income.

No Portuguese exemption shall apply at source under the special regime approved by the Debt Securities Taxation Act if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply as described above.

If the conditions for an exemption to apply are met, but, due to inaccurate or insufficient information, tax is withheld, a special refund procedure is available under the regime approved by the Debt Securities Taxation Act. The refund claim is to be submitted to the direct registering entity of the Notes within 6 (six) months from the date the withholding took place. A special form for these purposes is yet to be approved.

The refund of withholding tax after the above 6 (six) months period is to be claimed to the Portuguese tax authorities through an official form available at <http://www.portaldasfinancas.gov.pt>, within 2 (two) years from the end of the year in which tax was withheld. The refund is to be made within 3 (three) months after which interest is due.

Administrative cooperation in the field of taxation

Council Directive 2014/107/EU of 9 December 2014, which amended Council Directive 2011/16/EU of 15 February 2011 implemented a new automatic exchange of information under the administrative cooperation in the field of taxation, which is based on the format established by the OECD called Common Reporting Standard (“CRS”).

The Council Directive 2014/107/EU of 9 December 2014 regarding the mandatory automatic exchange of information in the field of taxation was transposed into the Portuguese Law through the Decree-Law no. 64/2016, of 11 October. Under such law, as amended from time to time, the Issuer will be required to collect information regarding certain accountholders and report such information to Portuguese Tax Authorities – under forms which, in turn, will report such information to the relevant Tax Authorities of EU Member States or States which have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information for the Common Reporting Standard.

In view of the regime enacted through Decree-Law no. 64/2016 of 11 October, which was amended by Law no. 98/2017, of 24 August and by Law no. 17/2019, of 14 February, all information regarding the registration of the financial institution, the procedures to comply with the reporting obligations arising thereof and the forms to use to that end were provided by the Ministry of Finance, through Order (*Portaria*) no. 302-B/2016, of 2 December 2016, Order (*Portaria*) no. 302-C/2016, of 2 December 2016, Order (*Portaria*) no. 302-D/2016, of 2 December 2016 and Order (*Portaria*) no. 302-E/2016, of 2 December 2016, all as amended from time to time.

Foreign Account Tax Compliance Act

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 passthru payments**”) to persons that fail to meet certain

certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes.

A number of jurisdictions (including Portugal) 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. 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 or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date.

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 signed the IGA with the United States on 6 August 2015, and has implemented through Law no. 82-B/2014, of 31 December 2014, the legal framework based on the reciprocal exchange of information with the United States on financial accounts subject to disclosure. The IGA has entered into force in 10 August 2016, and through the Decree-Law no. 64/2016, of 11 October 2016, which was amended by Law no. 98/2017, of 24 August, and by Law no. 17/2019, of 14 February, and Ministerial Order ("Portaria") no. 302-A/2016, of 2 December 2016, as amended by Ministerial Order ("Portaria") no. 169/2017, of 25 May, the Portuguese government approved the complementary regulation required to comply with FATCA. Under the referred legislation the Issuer is 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 IRS.

Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

The proposed financial transaction tax ("FTT")

On 14 February 2013, the European Commission has published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**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 Commission's Proposal FTT has a very broad scope and could, if introduced, apply to certain dealings in financial instruments (including secondary market transactions) under certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside 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.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may also decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

CHAPTER 8

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in, and to form part of, this Prospectus:

- The by-laws of the Issuer; and
- The consolidated audited financial statements (including the auditor's report thereon and notes thereto) of the Issuer in respect of the years ended 31 December 2017 and 31 December 2018 (prepared in accordance with IFRS-EU).

For the life of the Prospectus, copies of the documents incorporated by reference and the Prospectus itself will be available for inspection during normal business hours at the registered office of the Issuer (without charge) and may also be obtained from the websites of the Issuer (www.josedemellosoaude.pt) and of the Luxembourg Stock Exchange (www.bourse.lu).

For the avoidance of doubt, the content of the Issuer's website or any other website referred to in this Prospectus does not form a part of the Prospectus, except the content of the list of documents incorporated by reference.

Cross reference table

2017 Consolidated audited financial statements (English Version)

Management Report	Pages 75 to 80
Consolidated statement of financial position	Pages 149 to 150
Consolidated statement of comprehensive income	Page 148
Consolidated changes in shareholders statement	Pages 151 to 152
Consolidated cash flow statement	Pages 153 to 154
Notes to the financial statements	Page 155 to 225
Auditor's report	Pages 233 to 240

2018 Consolidated audited financial statements (English Version⁷)

Management Report	Pages 73 to 79
Consolidated statement of financial position	Page 149 to 150
Consolidated statement of comprehensive income	Page 148
Consolidated changes in shareholders statement	Pages 151 to 152
Consolidated cash flow statement	Page 153
Notes to the financial statements	Pages 154 to 233
Auditor's report	Pages 239 to 245

The information incorporated by reference that is not included in the cross-reference list is considered additional information and is not required by the relevant schedules of Commission Regulation (EC) no. 809/2004, as amended from time to time.

⁷ Please note that the page numbering in the footing does not match the total number of pages; in this sense, the number of pages herein refers to the total number of pages.

CHAPTER 9

GLOSSARY OF DEFINED TERMS

“Affiliate Member of Interbolsa” means any financial intermediary licensed to act as such and entitled to hold control accounts with Interbolsa;

“Banco Invest” means Banco Invest, S.A., a credit institution with registered office at Avenida Eng. Duarte Pacheco, Torre 1, 11^o floor, Lisbon;

“Banco Santander Totta” means Banco Santander Totta, S.A., a credit institution with registered office at Rua Áurea, no. 88, 1100-063, Lisbon;

“Bourse de Luxembourg” means the regulated market of the Luxembourg Stock Exchange;

“Business Day” means, in relation to any place, 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 Lisbon and the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open;

“Caixa – Banco de Investimento” means Caixa - Banco de Investimento, S.A., a credit institution with registered office at Avenida João XXI, no. 63, 1000-300, Lisbon;

“Clearstream” means Clearstream Banking, société anonyme;

“CMVM” means the *Comissão do Mercado de Valores Mobiliários*, the Portuguese Securities Market Commission;

“CSSF” means the *Commission de Surveillance du Secteur Financier*;

“CVM” means the *Central de Valores Mobiliários*, the Portuguese Centralised System of Registration of Securities managed by Interbolsa;

“Day Count Fraction” means, in respect of the calculation of an amount for any period of time (the **“Calculation Period”**), Actual/360, i.e. the actual number of days in the Calculation Period divided by 360, provided, however, that in such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“EBITDA” means the consolidated profit of the Issuer before interest, taxes, depreciations, provisions and other non-operating expenses and incomes for any 12 (twelve) month period ending on the last day of the period covered by its audited financial statements for each financial year;

“Euribor” means, on any Interest Determination Date, the offered quotations for euro interbank term deposits for six months by reference to the Screen Page as at or about 11.00 a.m. (Brussels time) on that date, provided, however, that if any such rate is below 0%

(zero per cent.), the relevant rate for the purposes of these Conditions shall be 0% (zero per cent.);

“Euronext” means NYSE Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.;

“Euronext Lisbon” means Euronext Lisbon, a regulated market managed by Euronext;

“Euroclear” means Euroclear Bank SA/NV;

“Event of Default” means any of the events listed in Condition 8;

“Extraordinary Resolution” means a resolution passed at a meeting of Noteholders in respect of any of the following matters: (i) to change any date fixed for payment of principal or interest in respect of the Notes, reduction of the amount of principal or interest due on any date in respect of the Notes, or variation in the method of calculating the amount of any payment in respect of the Notes on redemption or maturity; (ii) to change the currency in which amounts due in respect of the Notes are payable; (iii) to approve the modification or abrogation of any of the provisions of these Conditions; (iv) to approve any amendment of this definition; and (v) to approve any other matter in respect of which these Conditions require an Extraordinary Resolution to be passed;

“First Interest Payment Date” means 30 November 2019;

“Interbolsa” means Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., with registered office at Avenida da Boavista, 3433, 4100-138, Porto, Portugal;

“Interest Amount” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“Interest Determination Date” means the second Target2 Business Day prior to the Issue Date or any Interest Payment Date of the relevant Interest Period, as the case may be;

“Interest Payment Date” means the First Interest Payment Date and the date that falls every six months after the First Interest Payment Date (up to and including the Maturity Date);

“Interest Period” means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the First Interest Payment Date or the next Interest Payment Date, as the case may be;

“Interest Rate” means an annual rate equal to the Euribor plus the Margin per annum, payable semi-annually in arrear;

“Issue Date” means 30 May 2019;

“José de Mello Saúde” means José de Mello Saúde, S.A. and the other companies in which it, directly or indirectly, participates, including the Issuer;

“Listing Date” means the date on or around 31 May 2019;

“Margin” means 3.75 per cent. per annum;

“Maturity Date” means the Interest Payment Date falling on 30 May 2025;

“Net Debt” means any type of short, medium and long term indebtedness duly remunerated, notably, debts to credit institutions, bonds, commercial paper programmes, refundable incentives subject to the payment of interests or not, recourse factoring, leasing, discounted bills and other loans, deducting all cash, bank deposits and other financial instruments;

“Noteholder” means each person shown in the individual securities accounts of an Affiliate Member of Interbolsa as having an interest in the Notes;

“Paying Agent” means Banco Invest, S.A.;

“Paying Agency Agreement” means the agreement entered into between the Issuer and the Paying Agent, on 16 May 2019, in connection with the issue of the Notes;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Portuguese Commercial Companies Code” means Decree-Law no. 262/86, of 2 September, as amended from time to time;

“Portuguese Securities Code” means Decree-Law no. 486/99, of 13 November, as amended from time to time;

“Principal Amount Outstanding” means, on any day, (i) in relation to a Note, the principal amount of that Note upon issue; and (ii) in relation to the Notes outstanding at any time, the aggregate amount (i) in respect of all Notes outstanding;

“Prospectus” means this Prospectus for admission to trading of the Notes;

“Prospectus Directive” means Directive 2003/71/EC of the European Parliament and of the Council, of 4 November 2003, as amended from time to time;

“Prospectus Regulation” means Regulation (CE) no. 809/2004 of the Commission, of 29 April 2004, as amended from time to time;

“Reference Banks” means four leading banks active in the Euro-zone Interbank Market selected by the Paying Agent;

“Relevant Subsidiary” means any company in a group relationship (*relação de grupo*) with the Issuer due to the fact that the issuer is the sole shareholder thereof and that on each given moment complies with one of the following requirements:

- (i) whose EBITDA, according with the latest audited annual accounts approved by the General Meeting, is equal to or greater than 10 (ten) per cent. of the consolidated EBITDA of the Issuer (according to the latest audited consolidated annual accounts approved by the General Meeting), or

- (ii) whose total assets, according to the latest audited annual accounts approved by the General Meeting, are equal to or greater than 10 (ten) per cent. of the total consolidated assets of the Issuer (according to the latest audited consolidated annual accounts approved by the General Meeting annual), or
- (iii) whose operating income, according to the latest audited annual accounts approved by the General Meeting, are equal to or greater than 10 (ten) per cent. of the total consolidated operating income of the Issuer (according to the latest audited consolidated annual accounts approved by the General Meeting).

“Security Interest” means any mortgage, charge, pledge, lien or other security interest (*“garantia real”*) including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction, created upon the whole or any part of the Issuer’s undertaking or assets, present or future, which represent more than 25 (twenty five) per cent. of the Issuer’s consolidated net assets, except:

- (i) if such Security Interest is securing any indebtedness incurred in relation to any asset for the purpose of financing the whole or any part of the acquisition, creation, construction, improvement or development of such asset, where the financial institutions to whom such indebtedness is owed have recourse solely to the applicable project borrower and/or such asset and/or the shares held in such project borrower and any similar transaction in nature;
- (ii) security existing as at the date hereof and any that is or will be created to secure obligations of the Issuer arising in connection with the Notes;
- (iii) security created with the prior consent of the Noteholders, granted through an Extraordinary Resolution of Noteholders; and
- (iv) security created upon assets to be acquired by the Issuer or for its benefit, to the extent that (i) the relevant acquisition does not correspond to a mere substitution of assets, it being understood that the investment in assets forming part of the real estate assets of the Issuer which are obsolete or deteriorated will not be deemed a mere substitution of assets, and (ii) the security is created to secure the payment of the relevant acquisition price or is otherwise associated with any credit extended for such purpose.

To this effect, consolidated net assets (*“ativo líquido consolidado”*) means the total assets evidenced by the consolidated financial position statement (*“demonstração da posição financeira consolidada”*);

“TARGET2 Business Day” means any day on which TARGET2 is open for the settlement of payments in euro.

ANNEX – ALTERNATIVE PERFORMANCE MEASURES

In addition to the financial information contained in this Prospectus prepared in accordance with the financial reporting framework applicable to the Issuer, some Alternative Performance Measures (“**APMs**”), in accordance with ESMA Guidelines on Alternative Performance Measures dated 5 October 2015 (ESMA/2015/1415en) (the “**ESMA Guidelines**”), are disclosed in this annex. The Issuer discloses these APMs for better understanding of its financial performance. These APMs constitute additional financial information and shall not, in any circumstance, replace the financial information produced under the applicable reporting framework. The definition and calculation of APMs by the Issuer may differ from the definition and calculation of APMs used by other companies and may not be comparable.

ESMA Guidelines define an APM as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. Following the recommendations of ESMA Guidelines, the following APMs are used on this Prospectus. The following APMs are based upon information included in the Issuers’ financial information prepared in accordance with the IFRS-EU.

EBITDA and EBITDA Margin

EBITDA is calculated by adding back to Operating Profit (as presented on pages 12 and 13 of the Issuer’s Integrated Report for the year ended 2018) the deduction made in relation to Provisions and Impairment Losses and Depreciations and Amortisations (as presented on the same page of the Issuer’s Integrated Report for the year ended 2018).

EBITDA Margin is expressed as percentage and is calculated by dividing EBITDA by the Operating Income (as presented on pages 24 and 25 of the Issuer’s Integrated Report for the year ended 2018).

Net Debt

Net Debt is calculated by deducting to the aggregate nominal amount of the Issuer’s Financial Debt the amount of Cash and Bank Deposits and Other Financial Instruments (as the latter are presented on page 144 of the Consolidated Financial Statements within the the Issuer’s Financial Statements Report for the year ended 2018).

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