BASE PROSPECTUS

REN – Redes Energéticas Nacionais, SGPS, S.A.

and

REN FINANCE B.V.

EUR 5,000,000,000
Euro Medium Term Note Programme

Under this EUR 5,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), REN – Redes Energéticas Nacionais, SGPS, S.A. ("**REN**") and REN Finance B.V. ("**REN B.V.**" and together with REN, the "**Issuers**" and each an "**Issuer**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below).

The Notes issued by REN B.V. will not be guaranteed by REN but REN B.V. has the benefit of the Keep Well Agreement executed by REN as more fully described herein under "*Relationship of REN B.V. with REN*".

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 5,000,000,000, subject to increase as described herein. The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the relevant Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

This Base Prospectus has been approved by the Central Bank of Ireland as competent authority under Directive 2003/71/EC, as amended, (the "**Prospectus Directive**"). The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area ("**EEA**"). Application has been made to The Irish Stock Exchange plc (the "**Irish Stock Exchange**") for Notes issued during the period of 12 months from the date hereof to be admitted to the official list of the Irish Stock Exchange (the "**Official List**") and to trading on its regulated market. The Programme provides that Notes may also be listed or admitted to trading on the regulated market of Euronext Lisbon. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the relevant Issuer. The Irish Stock Exchange's regulated market and Euronext Lisbon's regulated market are each regulated markets ("**Regulated Markets**") for the purposes of Directive 2004/39/EC on markets in financial instruments. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Irish Stock Exchange or Euronext Lisbon.

Notes issued under the Programme will have a maturity of one year or more.

Notes issued by REN will be issued in dematerialised book-entry form (*forma escritural*) ("**Book-Entry Notes**") and will be *nominativas* (which means that Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**"), at the Issuer's (REN's) request, can ask the affiliate members of Interbolsa (the "**Affiliate Members of Interbolsa**") for information regarding the identity of the Noteholders and transmit such information to the Issuer). Book-Entry Notes will be registered by Interbolsa as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) ("**CVM**").

Notes issued by REN B.V. will be issued in bearer form (which may initially be in the form of a temporary global note, exchangeable for a permanent global note, which is exchangeable for definitive bearer Notes or a registered Note in definitive form in certain limited circumstances) or registered form (which may initially be in the form of registered global note, exchangeable for registered Notes in definitive form in certain limited circumstances) ("**Non-Book-Entry Notes**").The provisions governing the exchange of interests in Global Notes are described in "*Form of the Notes, Clearing Systems, Exercise of Rights and Listing*".

The Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under Directive 2003/71/EC, as amended by Directive 2010/73/EU (the "**Prospectus Directive**") will be EUR 1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

This Base Prospectus constitutes a base prospectus for the purposes of article 5.4 of the Prospectus Directive.

Each of Moody's Investors Service Ltd ("**Moody's**"), Standard & Poor's CMSE (Credit Market Services Europe) ("**Standard & Poor's**") and Fitch Ratings Ltd. ("**Fitch**") has rated REN and the Programme (see pages 6-7 and 23).

Each of Moody's, Standard & Poor's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such, each of Moody's, Standard & Poor's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

Tranches of Notes may be rated or unrated. If a Tranche of Notes is rated, the applicable rating(s) will be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to the relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**") will be disclosed in the Final Terms.

Arrangers

Barclays | **Caixa – Banco de Investimento**

Dealers

Banco Bilbao Vizcaya Argentaria, S.A. | **Banco BPI, S.A.**
Banco Comercial Português, S.A. | **Banco Santander Totta, S.A.**
Barclays | **BNP PARIBAS**
BofA Merrill Lynch | **Caixa – Banco de Investimento**
Citigroup | **Deutsche Bank**
Haitong Bank | **J.P. Morgan**
ICBC Standard Bank | **NatWest Markets**
UBS Investment Bank

This Base Prospectus is dated 7 December 2017

IMPORTANT NOTICES

Responsibility for this Base Prospectus

REN B.V. as Issuer and REN in its capacities as Issuer and as Keep Well Provider each accept responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge and belief of REN and REN B.V. (the "**Responsible Persons**") (each having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Final Terms/Drawdown Prospectus

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**").

Public Offers of Notes in the European Economic Area

Certain Tranches of Notes with a denomination of less than EUR 100,000 (or its equivalent in any other currency) may, subject as provided below, be offered in any Member State in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to in this Base Prospectus as a "**Public Offer**".

This Base Prospectus has been prepared on a basis that it permits Public Offers of Notes in Ireland. In addition, the Issuers have requested the Central Bank of Ireland to provide a certificate of approval in accordance with Article 18 of the Prospectus Directive (a "**passport**") in relation to the passporting of the Base Prospectus to the competent authority of Portugal (the "**Host Member State**" and, together with Ireland, each a "**Public Offer Jurisdiction**"). Even though the Issuer has passported the Base Prospectus into the Host Member State, it does not mean that it will choose to make any Public Offer in the Host Member State. Investors should refer to the Final Terms for any issue of Notes to see whether the relevant Issuer has selected to make a Public Offer of Notes in the Host Member State and the period during which it intends to make such a Public Offer in the Host Member State. Any person making or intending to make a Public Offer of Notes in a Public Offer Jurisdiction on the basis of this Base Prospectus must do so only with the consent of the Responsible Persons – see "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" below.

If after the date of this Base Prospectus the Issuers intend to add one or more Member States to the list of Public Offer Jurisdictions for any purpose, they will prepare a supplement to this Base Prospectus specifying such Member State(s) and any relevant additional information required by the Prospectus Directive. Such supplement will also set out provisions relating to the consent of the Responsible Persons to the use of this Base Prospectus in connection with any Public Offer in any such additional Public Offer Jurisdiction.

Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)

In the context of any Public Offer of Notes in a Public Offer Jurisdiction, the Responsible Persons accept responsibility in that Public Offer Jurisdiction, for the content of this Base Prospectus in relation to any person (an "**Investor**") who purchases any Notes in a Public Offer made by a Dealer or an Authorised Offeror (as defined below), where that offer is made during the Offer Period (as defined below).

Except in the circumstances described below, the Responsible Persons have not authorised the making of any offer by any offeror or consented to the use of this Base Prospectus by any other person in connection with any offer of the Notes in any jurisdiction. Any offer made without the consent of the Responsible Persons is unauthorised and neither the Responsible Persons nor, for the avoidance of doubt, the Trustee or any of the Dealers accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Base Prospectus for the purpose of the relevant Public Offer and, if so, who that person is.

If an Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents, the Investor should take legal advice.

Consent to the use of this Base Prospectus

Common conditions to Consent

The conditions to the consent of the Responsible Persons are (in addition to the conditions described in either sub-paragraph (a) (*Specific Consent*) or sub-paragraph (b) (*General Consent*) under "*Consent*" below) that such consent:

i. is only valid in respect of the relevant Tranche of Notes;

ii. is only valid during the Offer Period specified in the applicable Final Terms; and

iii. only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Notes in such of the Public Offer Jurisdictions as are specified in the applicable Final Terms.

The consent referred to above relates to Public Offers occurring within 12 months from the date of this Base Prospectus.

Specific Consent and General Consent

Subject to the conditions set out above under "*Common Conditions to Consent*", each of the Responsible Persons consents to the use of this Base Prospectus in connection with a Public Offer of Notes in any Public Offer Jurisdiction by:

(a) *Specific Consent:*

(i) the Dealers specified in the relevant Final Terms;

(ii) any financial intermediaries specified in the applicable Final Terms, and

(iii) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the website of the Keep Well Provider (www.ren.pt) and identified as an Authorised Offeror in respect of the relevant Public Offer, and

(b) *General Consent:*

If General Consent is specified in the relevant Final Terms as applicable, any other financial intermediary which:

(i) is authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, including under any applicable implementing measure in each relevant jurisdiction ("**MiFID**"); and

(ii) accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) (the "**Acceptance Statement**"):

*"We, [insert legal name of financial intermediary], refer to the offer of [insert title of relevant Notes] (the "**Notes**") described in the Final Terms dated [insert date] (the "**Final Terms**") published by [ISSUER] (the "**Issuer**").*

*In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [insert name(s) of relevant Public Offer Jurisdiction(s)] during the Offer Period in accordance with the **Authorised Offeror Terms** (as specified in the Base Prospectus), we accept the offer by the Issuer. We confirm that we are authorised under MiFID to make, and are using the Base Prospectus in connection with, the Public Offer accordingly.*

Terms used herein and otherwise not defined shall have the same meaning as given to such terms in the Base Prospectus.

Any financial intermediary falling within sub-paragraph (b) above who wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period specified in the applicable Final Terms, to publish a duly completed Acceptance Statement on its website.

Authorised Offerors

The financial intermediaries referred to in sub-paragraphs (a)(ii) and (a)(iii) and sub-paragraph (b) above are together referred to herein as the "Authorised Offerors".

Arrangements between an Investor and the Authorised Offeror who will distribute the Notes

Neither the Issuers nor, for the avoidance of doubt, the Trustee or any of the Dealers has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT ARRANGEMENTS. NEITHER OF THE ISSUERS WILL BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE RELEVANT AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUERS, THE TRUSTEE OR THE DEALERS HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

IN THE EVENT OF AN OFFER BEING MADE BY A FINANCIAL INTERMEDIARY, SUCH FINANCIAL INTERMEDIARY WILL PROVIDE INFORMATION TO INVESTORS ON THE TERMS AND CONDITIONS OF THE OFFER AT THE TIME THE OFFER IS MADE.

Public Offers: Issue Price and Offer Price

Notes to be offered pursuant to a Public Offer will be issued by the relevant Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by such Issuer in consultation with the relevant Dealer(s) at the time of the relevant Public Offer and will depend, amongst other things, on the interest rate applicable to the Notes and prevailing market conditions at that time. The offer price of such Notes will be the Issue Price or such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Notes to such Investor. Neither of the Issuers will be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Notes to such Investor.

Other relevant information

This Base Prospectus is to be read in conjunction with any supplements hereto and with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*") and, in relation to any Tranche of Notes, must be read and construed together with the relevant Final Terms. The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Copies of Final Terms in relation to Non-Book-Entry Notes will be available from the registered office of REN B.V. and the specified office set out below of each of the Paying Agents (other than the Portuguese Paying Agent) and copies of Final Terms in relation to Book-Entry Notes will be available from the registered office of REN and the specified office set out below of the Portuguese Paying Agent.

The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuers during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

Unauthorised information

No person is or has been authorised by the Issuers, the Trustee or any of the Dealers to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, any of the Dealers or the Trustee.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein is correct at any time subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuers since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same.

Restrictions on distribution

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuers, the Dealers, the Trustee or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuers.

None of Issuers, the Dealers or the Trustee represents that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuers, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Base 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 Base 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 Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Portugal) and Japan, see "*Subscription and Sale*".

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 should:

(i) have 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 Base Prospectus or any applicable supplement;

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

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

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

IMPORTANT – EEA RETAIL INVESTORS If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 5,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Programme Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement as defined under "*Subscription and Sale*".

Certain definitions

In this Base Prospectus, unless otherwise specified, all references to "**U.S. dollars**", "**U.S.$**" and "**$**" refer to United States dollars; all references to "**Sterling**" and "**£**" refer to pounds sterling; all references to "**Japanese Yen**" and "**¥**" refer to Japanese yen; all references to "**Swiss francs**" and "**CHF**" refer to Swiss francs; all references to "**euro**", "**EUR**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

Alternative Performance Measures

The Issuer includes certain Alternative Performance Measures, which are not required by or presented in accordance with the International Financial Reporting Standards, as established by the European Union ("**IFRS-EU**"), in this Base Prospectus. It presents Alternative Performance Measures because it is believed that these metrics provide useful information for investors, securities analysts and other interested parties in order to better understand the Issuer's business, financial position, profitability, results of operations, the quality of its loan portfolio, the amount of equity per share and their progression over time. Other companies in the industry may calculate similarly titled measures differently, such that disclosure of similarly titled measures by other companies may not be comparable with that of the Issuer. Investors are advised to review these Alternative Performance Measures in conjunction with the Group's audited consolidated financial statements and accompanying notes which are incorporated by reference in this Base Prospectus. Such measures should not be considered as a substitute to profit or loss attributable to REN or any other performance measures derived in accordance with IFRS-EU or as an alternative to cash flow from operating, investing and financing activities as a measure of our liquidity. For more information see "*Alternative Performance Measures."*

Unaudited Consolidated Pro Forma Financial Information

On 4 October 2017 REN acquired the whole share capital of EDP Gas and its subsidiaries EDP Gas Distribuição, S.A. and EDP Gas GPL – Comércio de Gás de Petróleo Liquefeito, S.A. (together, "**EDP Gas Group**" and the "**Acquired Business**") (renamed thereafter as REN Gás Distribuição SGPS, S.A., REN Portgás Distribuição, S.A. and REN Portgás GPL, S.A., respectively), from EDP Iberia, S.L.U (the "**Acquisiton**"). The Acquired Business holds the second largest gas distribution network in Portugal, with 4,707 km of network, a regulated asset base ("**RAB**") of approximately EUR451.6 million at 31 December 2016, and a 2016 EBITDA of EUR48.5 million. Given the significance of the Acquisition and subsequent integration of the Acquired Business, mention has been included in this Base Prospectus of unaudited consolidated pro forma financial information for the year ended 31 December 2016 and as of and for the nine months ended 30 September 2017. Such unaudited consolidated pro forma financial information has been prepared to illustrate, on a pro forma basis, the impact of the Acquisition on REN's consolidated balance sheet as of 30 September 2017 and on its consolidated income statement for the year ended 31 December 2016 and for the nine months ended 30 September 2017, of the Acquisition. See Annexes A and B - "*Unaudited Pro forma consolidated financial information as of and for the Nine Months Ended 30 September 2017"* and "*Unaudited Pro Forma Consolidated Financial Information as of and for the Year Ended 31 December 2016"*. The unaudited consolidated pro forma financial information is presented solely for illustrative purposes and reflects estimates and certain assumptions made by REN's management that are considered reasonable under the circumstances and information existing as of the date of preparation of such unaudited consolidated pro forma financial information. Actual adjustments may differ materially from the information presented in the unaudited consolidated pro forma financial information. This unaudited consolidated pro forma financial information was prepared from audited consolidated historical financial information for (i) REN, prepared in conformity with IFRS-EU and (ii) pro forma financial information for EDP Gas, prepared in accordance with IFRS-EU. See Annexes A and B - "*Unaudited Pro forma consolidated financial information as of and for the Nine Months Ended 30 September 2017*" and "*Unaudited Pro Forma Consolidated Financial Information as of and for the Year Ended 31 December 2016*" for additional information on the basis of preparation of the unaudited consolidated pro forma financial information included in this Base Prospectus. The pro forma financial information for EDP Gas is also included herein as Annexes C and D – "*Unaudited Pro forma consolidated financial statements for EDP Gas as of and for the Nine Months Ended 30 September 2017"* and "*Unaudited Pro forma consolidated financial statements for EDP Gas as of and for the Year Ended 31 December 2016"*.

The unaudited consolidated pro forma financial information relates to a hypothetical situation and therefore does not purport to represent, and does not represent what the consolidated financial situation or the consolidated results of operations of the enlarged group would have been had the Acquisition occurred on the dates indicated therein or any other date, nor is the unaudited consolidated pro forma financial information indicative of our future results of operations or our financial position. In particular, the unaudited consolidated pro forma financial information has been prepared assuming the acquisition of a 100 per cent. stake in the Acquired Business occurred as of the beginning of the relevant period for purposes of REN's statement of profit and loss and as of the relevant balance sheet date. The unaudited consolidated pro forma financial information at 30 September 2017 has been prepared assuming the acquisition of a 100 per cent. stake in the Acquired Business occurred on 1 January 2017 for purposes of REN's income statement and on 30 September 2017 for purposes of REN's balance sheet. The unaudited consolidated pro forma financial information has been prepared by us using the acquisition method specified in IFRS-EU. In accordance with Annex II of Regulation (EC) 809/2004, the adjustments included in the unaudited consolidated pro forma financial information are those directly attributable to the acquisition and are factually supportable and are complete and admissible for the purposes for which the unaudited consolidated pro forma financial information is presented. Please see the notes to our unaudited consolidated pro forma financial information for a more detailed discussion about pro forma adjustments.

The unaudited consolidated pro forma financial information included in this Base Prospectus should be read in conjunction with our consolidated financial statements and the information set forth under "*Risk Factors*".

Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms 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 relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of 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.

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SUMMARY OF THE PROGRAMME

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 the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in these Listing Particulars have the same meanings in this summary.

Section A – Introduction and warnings

Element	Title	
A.1	Introduction and Warning:	**This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any information incorporated by reference. Following the implementation of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus, including any information incorporated by reference or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member States, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.**
A.2	Consent by Issuers for use of the Base Prospectus:	[The Issuers consent to the use of this Base Prospectus in connection with a Public Offer of the Notes by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) on the following basis: (a) the relevant Public Offer must occur during the period from and including [•] to but excluding [•] (the "**Offer Period**"); (b) the relevant Authorised Offeror must publish an Acceptance Statement, as contained in the Base Prospectus, on its website [and satisfy the following additional conditions: [•]].] [The Issuers consent to the use of this Base Prospectus in connection with a Public Offer of the Notes by [•] on the following basis: (a) the relevant Public Offer must occur during the period from and including [•] to but excluding [•] (the "**Offer Period**"); (b) the relevant Authorised Offeror must satisfy the following conditions: [•].]
		Authorised Offerors will provide information to Investors on the terms and conditions of the Public Offer of the relevant Notes at

Element	Title	
		the time such Public Offer is made by the Authorised Offeror to the Investor.]

Section B – Issuers and Keep Well Provider

Elemen	Title	
B.1	Legal and commercial names of the Issuers:	REN – Redes Energéticas Nacionais, SGPS, S.A. ("**REN**") REN Finance B.V. ("**REN B.V.**")
B.2	Domicile/ legal form/ legislation/ country of incorporation:	REN is a listed company organised as a "*Sociedade Gestora de Participações Sociais*" and a "*Sociedade Anónima*" under the laws of the Portuguese Republic and domiciled in the Portuguese Republic. REN B.V. is a limited liability company incorporated under Dutch law and domiciled in The Netherlands.
B.4b	Trend information:	Not Applicable; there are no known trends affecting the Issuers and the industries in which they operate.
B.5	Description of the Group:	REN is the parent company of the Group. REN B.V. is a wholly owned subsidiary of REN.
B.9	Profit forecast or estimate:	Not Applicable; no profit forecast or estimate is made by either Issuer.
B.10	Audit report qualifications:	Not Applicable; there are no qualifications in the audit reports on the historical financial information of either Issuer.
B.12	Selected Key Financial Information:	

Income Statement

The table below sets out summary information extracted from the Group's audited income statement for each of the two years ended 31 December 2016 and 31 December 2015 and the unaudited statement for each of the nine month periods ended 30 September 2017 and 30 September 2016:

Consolidated Income Statement

	Nine months ended 30 September		**Year ended 31 December**	
	2017	**2016**	**2016**	**2015**
	Unaudited (thousands of Euro)		*Audited (thousands of Euro)*	
Operating income................................	**512,332**	**493,455**	**739,452**	**819,144**
Operating costs...................................	**(310,502)**	**(296,370)**	**(477,708)**	**(539,049)**
Operating profit..................................	**201,831**	**197,083**	**261,743**	**280,095**
Financial Results.................................	**(44,774)**	**(63,830)**	**(80,341)**	**(98,572)**
Profit before income tax.......................	**157,057**	**133,253**	**181,403**	**181,523**
Net profit for the year..........................	**88,867**	**70,453**	**100,183**	**116,115**
Attributable to:				

Elemen	Title

Equity holders of the company................	**88,867**	**70,453**	**100,183**	**116,115**
Non controlling interests........................	-	-	-	-
Earnings per share attributable to the equity holders of the company during the year (expressed in euro per share)	0.17	0.13	0.19	0.22

Statement of Financial Position

The table below sets out summary information extracted from the Group's audited statement of financial position as at 31 December 2016 and 31 December 2015 and from the Group's unaudited statement of financial position as at 30 September 2017 and 30 September 2016:

Consolidated Statement of Financial Position

	As at 30 September		As at 31 December	
	2017	**2016**	**2016**	**2015**
(thousands of euro)	*Unaudited (thousands of Euro)*		*Audited (thousands of Euro)*	
ASSETS				
Non-current assets	4,192,573	4,087,871	4,087,871	4,252,682
Current assets	362,225	461,954	461,954	337,271
Total assets..	**4,554,789**	**4,549,825**	**4,549,825**	**4,589,953**
EQUITY				
Shareholders' equity	1,145,856	1,159,217	1,159,217	1,161,289
Total equity..	**1,145,856**	**1,159,217**	**1,159,217**	**1,161,289**
LIABILITIES				
Non-current liabilities	2,597,577	2,833,735	2,833,735	2,455,086
Current liabilities	811,364	556,873	556,873	973,579
Total liabilities....................................	**3,408,941**	**3,390,608**	**3,390,608**	**3,428,664**
Total equity and liabilities....................	**4,554,798**	**4,549,825**	**4,549,825**	**4,589,953**

Statement of Profit and Loss for the years ended 31 December 2016 and 31 December 2015 of REN B.V.

	Year ended 31 December	
	2016	**2015**
	(thousands of euro)	
Interest income gross	40,219	42,940
Total interest income..	40,219	**42,940**
Interest expense	(34,739)	(37,531)

Elemen	Title			
	Gross margin		5,480	**5,409**
	Other income		1.857	764
	Other expenses		(2,371)	(1,220)
	Profit before taxation		**4,966**	**4,953**
	Income tax		(1,232)	(1,228)
	Net profit for the year		**3,734**	**3,725**

Statement of financial position as of 31 December 2016 and 31 December 2015 of REN B.V.

	As at 31 December	
	2016	**2015**
	(thousands of euro)	
ASSETS		
Non-current assets	1,356,086	743,800
Current assets	150,847	77,786
Total assets	**1,506,933**	**821,586**
EQUITY AND LIABILITIES		
EQUITY		
Shareholders' equity	120,501	66,146
Total equity	**120,501**	**66,146**
LIABILITIES		
Non-current liabilities	1,347,951	739,635
Current liabilities	38,481	15,805
Total liabilities	1,386,432	755,440
Total equity and liabilities	**1,506,933**	**821,586**

Save as disclosed under 'Risk Factors - *Risks related to the business and industry of REN - REN's significant indebtedness could adversely affect its financial condition and ability to withstand adverse developments*'; 'Risk Factors- *Risks Related to Recent Acquisitions and Investments*'; and 'Recent Developments', there has been no significant change in the financial or trading position of REN B.V. since 31 December 2016 and there has been no material adverse change in its financial position or prospects since 31 December 2016.

Save as disclosed under 'Risk Factors - *Risks related to the business and industry of REN - REN's significant indebtedness could adversely affect its financial condition and ability to withstand adverse developments*'; 'Risk Factors- *Risks Related to Recent Acquisitions and Investments*'; and 'Recent Developments', there has been no significant change in the financial or trading position of the Group since 30 September 2017 and there has been no material adverse change in the financial position or prospects of REN since 31 December 2016.

Selected Key Consolidated Unaudited Pro Forma Financial Information:

The consolidated unaudited pro forma financial information included below should be read jointly with Annexes A and B - "*Unaudited Pro forma consolidated financial information as of and for the Nine Months Ended 30 September 2017*" and "*Unaudited Pro Forma Consolidated Financial Information as of and for the Year Ended 31 December 2016*", which

Elemen	Title	

include, notably, information on the financial data used as a basis to compile this proforma financial information, hypotheses, assumptions and adjustments used in the preparation of such information. This information was exclusively prepared to provide information about the impact of the Acquisition on REN's consolidated income statement and consolidated statement of financial position for the year ended 31 December 2016 and on its consolidated income statement and consolidated statement of financial position as of and for the nine months ended 30 September 2017, which have been prepared in accordance with IFRS-EU.

Given that the unaudited consolidated pro forma financial information relates to a hypothetical situation, such information does not purport to represent, and does not represent, the consolidated financial situation or the consolidated results of operations of REN and EDP Gas.

Consolidated Pro Forma Income Statement

The table below sets out summary information extracted from the Group's consolidated unaudited pro forma income statements for the year ended 31 December 2016 and for the nine month period ended 30 September 2017:

Consolidated Pro Forma Income Statement

	Nine months ended 30 September	Year ended 31 December
	2017	**2016**
	Unaudited (thousands of Euro)	*Unaudited (thousands of Euro)*
Operating income................................	**574,154**	**829,173**
Operating costs....................................	**(354,220)**	**(539,427)**
Operating results..................................	**219,934**	**289,746**
Financial results...................................	**(41,979)**	**(77,174)**
Profit before income tax.......................	**177,955**	**212,572**
Net profit for the year..........................	**103,795**	**130,360**
Attributable to:		
Equity holders of the company	**103,795**	**130,360**
Non controlling interests.........................	**-**	**-**
Earnings per share attributable to the equity holders of the company during the year (expressed in euro per share)	**0.16**	**0.17**

Consolidated Pro Forma Statement of Financial Position

The table below sets out summary information extracted from the Group's consolidated unaudited pro forma statement of financial position as at 31 December 2016 and as at 30 September 2017:

	As at 30 September	As at 31 December
	2017	**2016**
	Unaudited (thousands of Euro)	*Unaudited (thousands of Euro)*
ASSETS		

Elemen	Title	

Non-current assets	4,798,468	4,698,388
Current assets	386,870	486,710
Total assets...	**5,185,339**	**5,185,097**
EQUITY		
Shareholders' equity	1,390,174	1,403,531
Total equity...	**1,390,174**	**1,403,531**
LIABILITIES		
Non-current liabilities	2,952,096	3,195,774
Current liabilities	842,531	585,792
Total liabilities.....................................	**3,794,626**	**3,781,566**
Total equity and liabilities....................	**5,185,339**	5,185,097

B.13	Events impacting the Issuers' solvency:	Not Applicable; there are no recent events particular to either of the Issuers which are to a material extent relevant to the evaluation of the Issuers' solvency.
B.14	Dependence upon other group entities:	**REN:** Not Applicable; REN is not dependent upon other entities within the Group. **REN B.V.:** REN B.V. is a funding vehicle for the Group. In order to meet its financial obligations, REN B.V. relies on funds received from long term loans from external entities and short term loans from the other Group companies. It does not have any other sources of revenue.
B.15	Principal activities:	REN's principal activities consist of the management of shareholdings in other companies which carry out activities in the areas of transmission of electricity, transmission and storage of natural gas and of reception, storage and regasification of liquefied natural gas and other related activities. Being a holding company (*Sociedade Gestora de Participações Sociais*), REN does not directly perform operational activities. The principal activity of REN B.V. is to assist REN and the Group in raising funds and on-lending monies to companies in the Group.
B.16	Controlling persons:	REN is neither directly nor indirectly owned or controlled by any one party. REN B.V. is directly owned and controlled by REN.
B.17	Ratings assigned to the Issuer(s) or their Debt Securities:	As at the date of this Base Prospectus, REN has a long-term debt rating of Baa3 (stable outlook) from Moody's Investors Service Ltd. ("**Moody's**"), BBB- (positive outlook) from Standard & Poor's CMSE (Credit Market Services Europe) ("**Standard & Poor's**") and BBB (stable outlook) from Fitch Ratings Ltd. ("**Fitch**"). The Programme has been rated Baa3 (stable outlook) by Moody's, BBB- (positive outlook) by Standard & Poor's and BBB (stable outlook) by Fitch.
		Each of Moody's, Standard & Poor's and Fitch is established in the EEA and registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**").

Elemen	Title	
		Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA and registered (or which has applied for registration and not been refused) under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms.
B.18	Description of the Keep Well Agreement:	REN has entered into a Keep Well Agreement with REN B.V., pursuant to which REN has agreed that, for so long as REN B.V. has any Notes outstanding under the Programme, it will make available to REN B.V. funds sufficient to meet its payment obligations or repay borrowings then maturing to the extent that REN B.V.'s funds or other liquid assets are insufficient to meet its payment obligations or repay its borrowings. Under the terms of the Keep Well Agreement the Trustee may, on behalf of holders of any Notes issued by REN B.V. under the Programme, enforce REN B.V.'s rights under the Keep Well Agreement against REN. Noteholders do not have any direct rights against REN. The Keep Well Agreement is not a guarantee and REN has no obligation to pay any amounts due under the Notes issued by REN B.V.
B.19	Information about the Keep Well Provider:	REN – Redes Energéticas Nacionais, SGPS, S.A. ("**REN**") is a listed company organised as a "*Sociedade Gestora de Participações Sociais*" and a "*Sociedade Anónima*" under the laws of the Portuguese Republic. There are no known trends affecting REN and the industries in which it operates. REN is the parent company of the Group. No profit estimate or forecast is made regarding REN. There are no qualifications in the audit reports on the historical financial information of REN. Historical key financial Information about REN as Keep Well Provider is the same as the historical key information about REN in its capacity as Issuer. There are no recent events particular to REN which are to a material extent relevant to the evaluation of the Keep Well Provider's solvency. REN is not dependent upon other entities within the Group. REN's principal activities consist of the management of shareholdings in other companies which carry out activities in the areas of transmission of electricity, transmission and storage of natural gas and of reception, storage and regasification of liquefied natural gas and other related activities. Being a holding company (*Sociedade Gestora de Participações Sociais*), REN does not directly perform operational activities. As at the date of this Base Prospectus, REN has a long-term debt rating of Baa3 (Stable Outlook) from Moody's, BBB- (Positive Outlook) from

Elemen	Title	
		Standard & Poor's and a long-term debt rating of BBB (Stable Outlook) from Fitch. Each of Moody's, Standard & Poor's and Fitch is established in the EEA and registered under the CRA Regulation.

Section C – Securities

Element	Title	
C.1	Type and Class of Securities:	**Issuance in Series** Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations. ***Issue-specific summary*** [*The Notes are issued as Series number [•], Tranche number [•].*] [*The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as specified in the relevant Final Terms.*] **Forms of Notes** ***Non-Book-Entry Notes*** ***Bearer Notes***: Notes issued by REN B.V. may be issued in bearer form. Notes in bearer form may initially either be in the form of a Temporary Global Note exchangeable for a Permanent Global Note, or in the form of a Permanent Global Note, which is exchangeable for definitive bearer Notes or a registered Note in definitive form in certain limited circumstances. Temporary Global Notes may also be issued which are exchangeable for definitive bearer Notes or registered Notes on or after a specified date. Bearer Notes in definitive form will, if interest bearing, have Coupons attached and, where the Notes have more than 27 coupon payments, Talons for further Coupons. Each Bearer Global Note will be issued in either "**Classic Global Note**" (or "**CGN**") form or in "**New Global Note**" (or "**NGN**") form. CGN Notes will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and/or any other relevant clearing system and NGN Notes will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. ***Registered Notes***:

<table>
<tr><th>Element</th><th>Title</th><th></th></tr>
<tr><td></td><td></td><td>
Notes issued by REN B.V. may be issued in registered form.
Notes may initially be in the form of a Registered Global Note, registered in the name of (i) a common depositary for Euroclear and Clearstream, Luxembourg; or (ii) a common safekeeper for Euroclear and Clearstream, Luxembourg, and such Notes will be exchangeable for registered Notes in definitive form in certain limited circumstances.
Each Tranche of Notes represented by a Registered Global Note may or may not be held under the new safekeeping structure ("New Safekeeping Structure" or "NSS"). Notes that are not held under NSS will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Registered Global Note will be deposited on or about the issue date with the common depositary. Notes that are held under the NSS, will be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Registered Global Note will be deposited on or around the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.
Book-Entry Notes
Notes issued by REN will be issued in dematerialised Book-Entry form ("forma escritural").
Such Notes will be nominativas (which means that Interbolsa, at the Issuer's request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Noteholders and transmit such information to the Issuer). Form and title to the Book-Entry Notes will be evidenced by book entries.
Issue-specific summary
<table>
<tr><td>Aggregate Nominal Amount:</td><td>[ ].</td></tr>
<tr><td>Form of the Notes:</td><td>[ ].</td></tr>
<tr><td>Type of Notes:</td><td>[ ] Notes.</td></tr>
<tr><td>ISIN:</td><td>[ ].</td></tr>
<tr><td>Common Code:</td><td>[ ].</td></tr>
<tr><td>[Financial Instrument Short Name (FISN Code):</td><td>[ ]]</td></tr>
<tr><td>Classification of Financial Instruments Code (CFI Code): [•]]</td><td>[ ]]</td></tr>
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Element	Title	
C.2	Currency:	With the exception of Book-Entry Notes, Notes may be denominated in any currency agreed between the relevant Issuer and the relevant Dealer(s) at the time of the issue of such Series of Notes (the "**Specified Currency**"); and the Book-Entry Notes will be denominated in euro or such other currency as can be settled through Interbolsa, in all cases subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. ***Issue-specific summary*** Specified Currency: [ ].
C.5	Transferability:	The Issuers and the Dealers have agreed restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, to Retail EEA Investors, the United Kingdom, Japan, Portugal and The Netherlands.
C.8	Conditions of the Notes including Ranking and Limitations to those Rights	Notes issued under the Programme will be subject to, amongst others, the following terms and conditions: **Status** Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of the Issuers' negative pledge below) unsecured obligations of the relevant Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding. **Taxation** All payments in respect of Notes will be made without deduction for or on account of withholding taxes imposed by the relevant Issuer's country of incorporation. In the event that any such deduction is made, the relevant Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted. **Negative pledge** The terms of the Notes will contain a negative pledge provision which restricts the right of the Issuers to create or have outstanding any mortgage, lien, pledge or other charge or to otherwise secure any obligations (subject to certain conditions and exceptions) over the whole or any part of their assets whilst any Notes remain outstanding. **Events of default** The terms of the Notes will contain Events of Default including those relating to (i) non-payment, (ii) breach of other obligations, (iii) cross default subject to a threshold of EUR 40,000,000, (iv) winding-up, (v) cessation of business, (vi) insolvency, (vii) enforcement proceedings, (viii) unlawful compliance with terms of the notes, (ix) expiry of consents, (x) suspension of concessions awarded to REN, (xi) assignment of assets to third parties, (xii) REN's loss of control of certain subsidiaries, (xiii) any event occurs which, under the laws of the Republic of Portugal or, in the case of Notes issued by REN B.V., the laws of The Netherlands, has or may have, an analogous effect to any of the events referred to in (iv) to (vii) above, and (xiv) cessation

Element	Title	
		or non-enforceability of the Keep Well Agreement. The provisions include certain minimum thresholds and grace periods. In addition, Trustee certification that certain events would be materially prejudicial to the interests of the Noteholders of Non-Book-Entry Notes is required before certain events will be deemed to constitute Events of Default. **Meetings** The conditions of the Notes will contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.
C.9	Conditions of the Notes (continued), including Information as to Interest, Maturity, Yield and the Representative of the Holders:	**Interest** The terms of the relevant Series of Notes will be agreed between the relevant Issuer and the relevant Dealer(s) at the time of the issue of such Series of Notes. Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate based upon EURIBOR or LIBOR. In respect of each Tranche of Notes, the date from which interest becomes payable and the due dates for interest, the maturity date the repayment procedures and an indication of yield will be specified in the relevant Final Terms. ***Issue-specific summary*** *[Interest: The Notes bear interest from [•] at a fixed rate of [•] per cent. per annum payable in arrear on [•].]* [*Interest: The Notes bear interest from [•] at a rate equal to the sum of [•] per cent. per annum and [period] /[currency][EURIBOR/LIBOR] determined in respect of each Interest Period on the day which is [•[] [London business days] before] the first day of the Interest Period and payable in arrear on [•].[EURIBOR in respect of a specified currency and a specified period is the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation]/[LIBOR in respect of a specified currency and a specified period is the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over administration of that rate).]*] [*Interest: The Notes do not bear interest.*] ***Maturities***: Any maturity of not less than one year, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. Notes issued under the Programme will have a maximum maturity of 50 years.

Element	Title	
		Issue-specific summary [*Maturity Date: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [•].*] ***Redemption***: Notes may be redeemable at par or at such higher Redemption Amount as may be specified in the relevant Final Terms. ***Issue-specific summary*** [Final Redemption Amount: Unless previously redeemed, or purchased and cancelled, each Note will be redeemed at its Final Redemption Amount of [[•] per [•]/[Par].] ***Optional Redemption***: Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms. ***Issue-specific summary*** [*Redemption at the Option of the Issuer: The Notes may be redeemed at the option of the Issuer [in whole]/[in whole or in part] on [•] at [•], plus accrued interest (if any) to such date, on the Issuer's giving not less than [15] nor more than [30] days' notice to the Noteholders or such other period(s) as may be specified in the relevant Final Terms. If specified in the relevant Final Terms, the Issuer will have the option to redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date, at the Make-Whole Redemption Amount.*] [*Redemption following a Substantial Purchase Event: If specified in the relevant Final Terms, and the Substantial Purchase Event has occurred, the Issuer will have the option to redeem the Notes, in whole but not in part, at any time at their principal amount, together with any accrued and unpaid interest up to (but excluding) the date of redemption or purchase.*] [*Residual Maturity Call Option: If specified in the relevant Final Terms, the Issuer will have the option to redeem the Notes, in whole but not in part, at any time at their principal amount, together with any accrued and unpaid interest up to (but excluding) the date of redemption or purchase.*] [*Redemption at the Option of the Noteholders: The Issuer shall, at the option of the holder of any Note redeem such Note on [•] at [•] together with interest (if any) accrued to such date.*] ***Tax Redemption***: Except as described in "*Optional Redemption*" above, early redemption will only be permitted if the Issuer has paid or will become obliged to pay certain additional amounts in respect of the Notes as a result of any change in the tax laws of a Relevant Jurisdiction. ***Yield***: The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant Issue Price at the relevant Issue Date. ***Issue-specific summary***

Element	Title	
		[*Yield: Based upon the Issue Price of [•], at the Issue Date the anticipated yield of the Notes is [•] per cent. per annum.*] Non-Book-Entry Notes: The Trustee, who represents the Noteholders, is: Deutsche Trustee Company Limited. Book-Entry Notes: Not applicable. Holders of Book-Entry Notes may appoint a common representative.
C.10	Derivative component:	Not Applicable; the Notes will not have a derivative component.
C.11 **C.21**	Admission to trading / distribution:	Application has been made by the Issuer (or on its behalf) for the Notes to be admitted during the period of 12 months after the date hereof to trading on the regulated market of [the Irish Stock Exchange with effect from [•]] [Euronext Lisbon with effect from [•]]. The Programme also permits Notes to be issued on the basis that they will not be admitted to trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.
		Issue-specific summary [*Application has been made for the Notes to be admitted to listing on the Regulated Market of [the Irish Stock Exchange with effect from [•]] [Euronext Lisbon with effect from [•]].*] [*Application has been made for the Notes to be admitted to listing, trading and/or quotation by [•].*] [*The Issuer does not intend to make any application for the Notes to be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.*]

Section D – Risks

Element	Title	
D.2	Key risks regarding the Issuers:	The key risks that are specific to the Issuers are as follows: *Regulation and Tariffs* – REN's business is affected by laws and regulations (including but not limited to environmental regulations and tax legislation) that are subject to amendment, review and changes in interpretation, which creates uncertainty and the risk that any amendments to such laws and regulations could have a material adverse effect on the Group's business and results of operations. REN's profitability may also be affected by changes in the tariff and remuneration regime which is established by the energy sector independent regulator (ERSE). *Network construction project delays* – The large-scale network construction projects that REN undertakes present certain risks, such as delays in completion due to several factors, such as, for instance, the obtaining of regulatory approvals (including environmental permits) and opposition to energy infrastructure development by political or other groups. Delays in the completion of REN's construction projects or commencement of operations may increase the cost of contemplated projects. An inability to recover the increased costs through higher tariffs on a timely basis could have a material

Element	Title	
		adverse effect on REN's business, financial condition and results of operations. *Interest rate fluctuations* – The rate of return for REN's electricity and natural gas businesses is established according to the Portuguese Republic's credit default swaps and is susceptible to any decline in bond yields. Interest rates also affect REN's costs of borrowing. *Potential further downgrades to its credit rating* - A downgrade in credit ratings for Portugal, as well as any downgrade in REN's own credit rating, may impact REN's ability to raise funding and could materially adversely affect its business, financial condition and results of operations. *Failure to meet investment plans and to finance capital expenditures* – REN's ability to achieve its strategic objectives may be at risk if there is a delay in the approval of its investment plans or any changes to such plans by the relevant regulatory entity or by any other competent entity. *International growth* - REN has announced its intention to make significant investments outside of Portugal to expand its operations internationally. REN's ability to successfully implement this strategy is subject to risks and uncertainties. *Concessions and PPAs* – REN is party to important concessions, permits and licences, the termination of such could have a material adverse effect on the business of the Group. Such concessions may be terminated early under certain circumstances. *Operational and information technology risks* – REN is subject to operational risks such as health and safety risks. REN's IT is critical in supporting all of its business activities and any failure to its systems could have a material adverse effect on its business, financial condition, results of operations and reputation. *External risks* - REN's assets could be damaged by natural and man-made disasters and REN could face civil liabilities as a result thereof. REN relies on expropriation and rights of way over land in building its networks and storage facilities and REN may face public opposition or lack of public support from communities established in the vicinities of existing and/or projected electricity and natural gas transmission networks which could have a material adverse affect on its business and results of operations. *Real estate registration* - A substantial portion of REN's real estate assets have not been registered at the land registry or with the tax authority. In regard to land registry the ownership of real estate assets is subject to mandatory registration, failing which ownership of such assets may be challenged by third parties. *Macroeconomic climate* – The global economy and financial system have experienced uncertainty in relation to sovereign debt which has impacted the economies of certain EU countries, including Portugal, where REN's operations are based. REN is unable to predict how the economic cycle will evolve and any deterioration in the economic or financial system in which REN operates could have a material adverse effect on REN's business, financial condition, prospects or results of operations.

Element	Title	
D.3	Key risks regarding the Notes:	The key risks that are specific to the Notes are as follows: *Notes issued by REN B.V. are not guaranteed* – Notes issued by REN B.V. are not guaranteed and, although the Trustee may enforce REN B.V.'s rights under the Keep Well Agreement against REN on behalf of the holders of Non-Book-Entry Notes, such Noteholders do not have any direct rights against REN. *Notes subject to optional redemption by the Issuer* – An optional redemption feature is likely to limit the market value of the Notes. *Fixed/Floating Rate Notes* – An issuer's ability to convert such Notes will affect the secondary market and the market value of such Notes. *Notes issued at a substantial discount or premium* – The market value of Notes of this type tends to fluctuate more in relation to general changes in interest rates than the prices of conventional interest-bearing securities. *Notes which are linked to "benchmarks"* – LIBOR, EURIBOR and other interest rate or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions or result in other consequences in respect of any Notes linked to such benchmark (including but not limited to Floating Rate Notes whose interest rates are linked to LIBOR). Any such consequence could have a material adverse effect on the value of and return on any such Notes.

Section E – Offer

Element	Title	
E.2b	Reasons for the offer and use of proceeds:	The net proceeds from each issue of Notes issued by REN, will be applied by REN for its general corporate purposes. The proceeds of Notes issued by REN B.V. will be on-lent to, or invested in, Group companies.

Element	Title	
E.3	Terms and conditions of the offer:	Notes may be issued at any price as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The Terms and Conditions of any Authorised Offer shall be published by the relevant Authorised Offeror on its website at the relevant time. ***Issue-specific summary*** Offer Price: [ ] Conditions to which the offer is subject: Public Offers may only be made in Portugal or Ireland and must be made during the Offer Period. Only [ ] for as long as they are authorised to do so under the Markets in Financial Instruments Directive or any financial intermediary which is authorised to do so under the Markets in Financial Instruments Directive may make a Public Offer of the Notes so long as they comply with the following conditions: [ ] Offer Period: [ ] Description of the application process: [ ] Details of the minimum and/or maximum amount of application: [ ] Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [ ] Details of the method and time limits for paying up and delivering the Notes: [ ] Manner in and date on which results of the offer are to be made public: [ ] Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [ ] Whether tranche(s) have been reserved for certain countries: [ ]

Element	Title	
		Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [ ] Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [ ] Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [ ]
E.4	Interests material to the issue/offer:	There are no interest(s) material to any issuance of Notes under the Programme, save for any fees payable to the Dealer(s) acting as underwriters of issuances of Notes. Any Dealer and its affiliates may also have engaged, and may in the future engage in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuers and their affiliates in the ordinary course of business. The Issuers have appointed Banco Bilbao Vizcaya Argentaria, S.A., Banco BPI, S.A., Banco Comercial Português, S.A., Banco Santander Totta, S.A., Barclays Bank PLC, BNP Paribas, Caixa – Banco de Investimento, S.A., Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Haitong Bank, S.A., ICBC Standard Bank Plc, J.P. Morgan Securities plc, Merrill Lynch International, The Royal Bank of Scotland plc (trading as NatWest Markets) and UBS Limited (the "**Dealers**") as Dealers for the Programme. The arrangements under which Notes may from time to time be agreed to be sold by an Issuer to, and purchased by, Dealers are set out in the Programme Agreement made between the Issuer and the Dealers. ***Issue-specific summary*** *[A description of any interest that is material to the issuer/offer including conflicts of interest] [Not Applicable]* *Syndicated Issue: The Issuer has appointed [•], [•] and [•] (the "**Managers**") as Managers of the issue of the Notes. The arrangements under which the Notes are sold by the Issuer to, and purchased by, Managers are set out in the Subscription Agreement made between the Issuer and the Managers.* *Non-Syndicated Issue: The Issuer has appointed [•] (the "**Dealer**") as Dealer in respect of the issue of the Notes. The arrangements under which the Notes are sold by the Issuer to, and purchased by, the Dealer are set out in the Programme Agreement made between, amongst others, the Issuer and the Dealer.* [*Stabilisation Manager(s): [•] [and [•]*.]
E.7	Expenses charged to the investor by	No expenses will be chargeable by the Issuers to an Investor in connection with any offer of Notes. Any expenses chargeable by an Authorised Offeror to an Investor shall be charged in accordance

Element	Title	
	the Issuer or an Offeror:	with any contractual arrangements agreed between the Investor and such Authorised Offeror at the time of the relevant offer.

RISK FACTORS

The Issuers believe that the following factors may affect their ability to fulfil their respective obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuers are not in a position to express a view on the likelihood of any such contingency occurring.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should note that the risks relating to the Issuers, the industries in which each of them operates and the Notes summarised in the section of this Base Prospectus headed "Summary" are the risks that the Issuers believe to be the most relevant to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Issuers face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Base Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

The Issuers believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuers based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

The risk factors set out below are applicable to REN B.V. as Issuer and as a member of the REN Group, and to REN as Issuer, holding company of the REN Group, and (if relevant) the Keep Well Provider.

Risks related to the business and industry of REN

REN is highly regulated and its results of operations are affected by Portuguese and European laws and regulations, including regulations regarding the remuneration REN may receive for electricity transmission and natural gas activities

As public service providers, REN companies operate in a highly regulated environment. Laws, regulations and policies, as well as decisions of the European Union (the "**EU**"), the Portuguese government and the Portuguese administrative and regulatory authorities have a material effect on REN's business, financial condition and results of operations. REN cannot predict to what extent technical, administrative and regulatory changes will be made in the future or, if any such changes are made, the effects these changes would have on its business, financial condition and results of operations. In addition, policies adopted and regulatory innovation implemented in other EU countries could also have an influence in the Portuguese framework applicable to REN.

Some REN companies are subject to public procurement rules when entering into supply, works and services agreement. Public procurement rules may be subject to administrative and regulatory changes (which may also result from the development of case law or newly approved EU law) and whilst these companies believe that they comply with such legislation, if any such changes are made, this may affect REN's business, financial condition and results of operations.

Portugal has established an independent regulator, the Entidade Reguladora dos Serviços Energéticos ("**ERSE**") to regulate the electricity and natural gas industries in Portugal. The ERSE tariff codes define the remuneration that REN may receive within the scope of its regulated activities in these two regulated sectors. ERSE also sets out the operating service levels that REN is obliged to maintain. In attempting to achieve an appropriate balance between the interests of electricity and natural gas consumers, as well as the interests of REN and those of other participants in the energy sector in generating an appropriate remuneration, ERSE may take action that has an adverse impact on REN's profitability. Portugal could also pass laws or take other actions that could have a material impact on REN's business and profitability.

In addition, REN's electricity and natural gas businesses' ten-year development plan is subject to ERSE's evaluation, discussion in the Portuguese Parliament and final approval by the member of the Government responsible for the energy sector; the licensing of REN's main grid expansion projects is subject to environmental evaluation by the Agência Portuguesa do Ambiente ("**APA**"); and proposed grid development projects to the electricity and natural gas infrastructure managed by REN are subject to final evaluation on an administrative and licencing perspective, by the Director General for Energy and Geology (*Direcção Geral de Energia e Geologia*) ("**DGEG**"). The DGEG is the energy sector's supervisory body and has primary responsibility for the formation, promotion and evaluation of policies concerning energy and geological resources with the aim of assisting sustainable development and a secure energy supply in Portugal. Whilst carrying out its responsibilities, the DGEG must consider, among others, the following national objectives: (i) guaranteed energy supply; (ii) energy diversification; (iii) energy efficiency; (iv) favourable environmental declaration by APA (which is the environmental evaluation authority for REN's projects); and (v) favourable declarations issued by other administrative or regulatory entities within their applicable scope of responsibilities. If REN is unable to obtain the required approvals, it may not be able to expand or maintain its transmission network, which impacts its RAB and may affect the quality of its service.

As operators of the Portuguese National Mainland Electricity Transmission Network (the "**RNT**") and of the Portuguese national high pressure natural gas transportation network (the "**RNTGN**") under the relevant Portuguese and European regulations, REN – Rede Eléctrica Nacional, S.A. ("**REN Rede Eléctrica**") and REN Gasodutos, S.A. ("**REN Gasodutos**") have undergone a process of certification by ERSE, with consultation by the European Commission, to be an "OU operator" (ownership unbundling operator). As OU operators, both REN Rede Eléctrica and REN Gasodutos must comply with separation rules and maintain legal and actual independence in conducting the business from generation and supplying electricity and natural gas activities. In this context, the relevant authorities may impose any conditions that they deem necessary to ensure the required separation and the legal and actual independence for certification.

On 9 September 2014, ERSE issued a decision regarding the certification of REN - Rede Eléctrica and REN Gasodutos as electricity transmission and natural gas grid operators, respectively, under a full legal and ownership unbundling, subject to the satisfaction of a set of certification conditions aiming at granting the operators independence (the "**Decision**"). Such conditions were deemed satisfied by ERSE on 31 July 2015, as disclosed to the market by REN on 4 August 2015. See "*Regulation – ERSE Certification*" for further details on the conditions imposed by the Decision.

Failure by REN or its subsidiaries to comply with such conditions in the future may result in adverse regulatory action, including termination of the relevant concession and it could therefore materially adversely affect REN's business, financial condition and results of operations.

REN's future profitability may be adversely affected by recent and future changes in the tariff and remuneration regime established by ERSE and by any other relevant law or regulation

The vast majority of revenues generated by REN relate to its electricity and natural gas activities, recovered by regulated tariffs. Tariffs are set annually by ERSE within the parameters of regulatory frameworks it establishes, which are revised every three years at the start of the regulatory period.

On 13 October 2017, ERSE published a proposal for tariffs and prices for electricity and other services for 2018, as well as parameters for the 2018-2020 regulatory period, which will be subject to the tariff council’s non-binding opinion, due by 15 November 2017. Upon evaluation of said opinion, ERSE will approve the final tariff values, which are to be published on 15 December 2017. ERSE’s proposal establishes a remuneration rate for the electricity transmission assets of 5.50 per cent. for 2018 indexed to the average daily ten-year Portuguese Republic treasury bond yield, corresponding to an average yield for the year ended 30 September 2017 of 2.70 per cent.. This rate is calculated on a definitive basis when the actual amounts of the index are known.

Regarding natural gas, in June 2016, ERSE published a final document entitled "*Regulation parameters for gas year from 2016-2017 to 2018-2019*" that established a rate of return for high pressure natural gas infrastructure assets of 5.9 per cent., also indexed to the average ten-year Portuguese Republic treasury bond yield, corresponding to an average annual yield of 2.78 per cent. This rate is calculated on a definitive basis when the actual amounts of the index are known. Nevertheless, REN cannot ensure that ERSE will not materially modify the regulatory framework or set tariffs in a manner that could have a material adverse effect on REN's business, financial condition and results of operations.

In addition, under the 2017 Budget Law, any costs incurred in relation to the municipal charges for land use cannot be reflected in the tariffs charged to end-consumers. Nevertheless, it is currently not entirely clear how will the applicable provision be applied.It is also worthwhile to note that the relevant provision is only applicable to the year of 2017 and should the Portuguese State intend to apply such rule in subsequent years, its inclusion in the relevant yearly Budget Law will be required for its application to each specific year. For the purposes of REN’s activity, this measure bears impact primarily on the natural gas distribution infrastructure. REN has sought contractual protection for these additional costs within the SPA for the Acquired Business, with the right to be compensated in the event of having to bear such additional costs.

Furthermore, REN may be obliged to make payments to other stakeholders in the system (including power generation plants) in relation to the system’s balance mechanisms, such as the power guarantee mechanism, and repayment of such amounts is reflected in the tariffs to be charged to the end-consumers. Timings for the effective payment depends on a decision by ERSE or the Government.

A part of REN’s remuneration is linked to the general economic interest costs concerning electricity and the tariffs for access to network concerning natural gas and is made through the National Electricity System Sustainability Fund, rather than being reflected in the tariffs charged to end-consumers. Consequently, if the National Electricity System Sustainability Fund does not have sufficient funds to make the relevant payments, an alternative payment mechanism would have to be implemented by ERSE or the Government in order to reflect these costs in the tariffs to be charged to end-consumers. There is no assurance that such alternative mechanism would result in REN receiving the same revenue as under the existing regime. In the anouncement of the tariffs for 2018, ERSE confirmed that it has not considered these figures for the tariffs of 2018 as in the last three years such transfers were residual compared with the foreseen amounts.

The tariffs REN receives for electricity transmission and for the natural gas regulated activities are based on a number of parameters, which may prove to be improperly defined

REN's regulated activities have as their main remuneration drivers the return on the RAB and the recovery of operational costs. The return on RAB is based on a rate of return ("**RoR**") defined at the beginning of each three-year regulatory period and its yearly evolution is indexed to the ten-year Portuguese Republic bond yield.

The electricity regulatory model started in 2009 and introduced several efficiency incentives, both for capital expenditure ("**capex**") and operational expenditure ("**opex**"). In the current regulatory period and regarding capex, for most of the electricity projects, the actual investment cost to REN is compared with a "reference cost" defined by the regulator that takes into account the technical characteristics of the project. If the project is considered efficient under this mechanism, a 75 basis point premium will accrue to the RoR applied to these electricity assets. In addition to the RoR premium, if the investments are efficient, the value considered for RAB purposes will be higher than REN's real cost (only for remuneration and depreciation purposes).

On the other hand, the amount of allowed opex is based on a "revenue-cap" formula, meaning that there is an annual maximum limit. This annual amount evolves with the GDP price deflator rate, the efficiency targets imposed by the regulator and the infrastructure expansion. The opex induced by the activity and infrastructure expansion is also subject to a cap mechanism.

In 2010, ERSE introduced opex efficiency incentives for the high-pressure natural gas industry (excluding system management activities), extending these incentives to underground storage in 2013 and to system management in 2016 but only to a small fraction of the costs. The rationale behind the opex efficiency mechanism defined for natural gas mirrors the electricity efficiency mechanism explained above. Unlike electricity, no capex efficiency incentives were defined for natural gas.

If the parameters that influence REN's remuneration are not defined properly, (if, for instance, overly demanding efficiency targets are set) REN's business, financial condition and results of operations could be materially adversely affected.

Fluctuations in tariff deviations may adversely affect regulatory decisions and adversely affect REN's credit metrics

The allowed revenues from REN's regulated activities are set annually by ERSE, considering several assumptions regarding REN's various remuneration drivers. These allowed revenues are charged to the users of the infrastructure and grids through tariffs which are established considering REN's estimated annual allowed revenues and expected energy consumption.

Since tariffs are calculated based on forecasts, deviations between the actual values and the values forecasted (e.g. costs and differences in demand) may occur. This gap between the amount actually received and the amount that should have been received is called a "tariff deviation" and is recovered or returned two years after it has occurred, through its recording in the relevant year. The deviation is reflected in the financial statements of the year to which it refers as a receivable or a payable, as applicable. A tariff deviation stock increase means an increase in the amount that REN has pending to receive from tariffs. This may lead to pressure on the regulator to defer revenue recovery in order to control tariff levels, in particular due to the imposition of a deferral of the profits to limit the tariff levels. If the tariff deviation increases, REN may be required to issue additional debt to cover its working capital needs, leading to increases in net debt and interest expense, negatively impacting REN's credit ratings.

If the tariff deviation decreases due to recovery from the tariffs, REN's net debt may also decrease, positively impacting credit ratings. However, in this situation, REN has to recognise deferred taxes resulting in an increase in the taxes considered for Funds From Operations ("**FFO**") calculation purposes. This tax increase leads to a negative impact on FFO, and consequently on FFO/Net Debt, an indicator that is widely used by rating agencies. Most of the time, the negative impact on FFO due to deferred taxes is more significant than the positive effect on net debt.

High tariff deviation fluctuations may lead to a significant deterioration of credit ratings, which in turn can adversely affect REN's credit rating and increase its borrowing costs. See "*Risks related to the business and industry of REN – REN may be affected by downgrades in its credit rating*".

REN could be adversely affected by a change in tax laws, rules and regulations and increased taxes or decreased tax benefits, in particular those resulting from Energy Sector Extraordinary Contribution" ("ESEC")

Changes to tax laws, rules and regulations by Portuguese tax authorities or other governmental bodies, including changes in the interpretation or implementation thereof, could have a material adverse effect on REN's business, financial condition and results of operations. For example, legislation was enacted in 2013 requiring that energy operators in Portugal pay an ESEC.

The ESEC is levied on the net book value of REN's assets in the following categories:

- tangible fixed assets;
- intangible assets (with some exceptions); and
- financial assets assigned to concessions or licensed activities.

With regard to regulated activities, the ESEC is applied to net assets considering the higher value of the following: (i) relevant regulated assets (as recognised and used by ERSE for the purposes of determining the allowed revenues for the following year); or (ii) the net book value of such assets as of 1 January of the relevant economic year. The ESEC is levied at a rate of 0.85 per cent. The ESEC cannot be, directly or indirectly, passed-through to tariffs nor can it be considered for purposes of determining the respective capital cost of REN's regulated assets. In addition, the ESEC is not deductible for corporate tax purposes.

REN's subsidiaries REN Rede Eléctrica, REN Gasodutos and REN – Armazenagem, SA ("**REN Armazenagem**") are affected by ESEC and paid the ESEC for 2016 in the amount of EUR 25.9 million but each disputes the legality of the ESEC and has started legal proceedings (REN Rede Eléctrica and REN Gasodutos on 15 June 2015 and REN Armazenagem on 15 May 2015) to contest such payments based on the unlawfulness of the contribution, requesting the refund of the payments already made. As at the date hereof, legal proceedings are still ongoing. At 30 September 2017, the ESEC amounted to EUR 25.8 million and will have a corresponding impact on REN's net profit.

In this regard, in 2017 the amount of ESEC was EUR 3.8 million for the Acquired Business. REN is entitled to reimbursement by the seller under the agreement entered into for the acquisition of the Acquired Business.

It is possible that the ESEC will remain in force in future years, and there is also no assurance that a similar, or higher tax will not be imposed in the future, whether on an extraordinary or permanent basis. The maintenance or extension of the ESEC (or imposition of similar or higher taxes) could have a material adverse effect on REN's business, financial condition and results of operations and could adversely affect its ability to pay dividends.

This risk is also present with respect to the regulated assets included in the gas distribution business of EDP Gas SGPS, S.A. ("**EDP Gas**") and its subsidiaries acquired by REN Gás, S.A. ("**REN Gas**") on 4 October 2017.

Approval of any law excluding REN from system management activities would adversely affect the Company

There have been discussions in the Portuguese Parliament intending to exclude REN from the system management activities, which comprises in particular the dispatch and the planning of the grid. A new law proposed by a political party (Bloco de Esquerda) to that effect was rejected by Parliament in June 2017. However, proposals to exclude REN from system management activities may be put forward again in the future, which, if successful, would eliminate one of REN's sources of revenue and adversely affect the Company's business, financial condition and results of operations.

REN's significant indebtedness could adversely affect its financial condition and ability to withstand adverse developments

REN has a significant amount of indebtedness and debt service obligations. As of 30 September 2017, REN had total outstanding net financial indebtedness of EUR 2,540.6 million. In addition, REN entered into a short-term EUR 532 million facility agreement on 11 May 2017 (which was drawn on 4 October 2017) to finance the acquisition by REN Gas of the entire share capital of EDP Gas and its subsidiaries EDP Gas Distribuição, S.A. and EDP Gas GPL – Comércio de Gás de Petróleo Liquefeito, S.A., through the execution of a share purchase agreement (the "**SPA**") with EDP Iberia, S.L.U. on 7 April 2017 (the "**Acquisition**") for an initial term of seven months with an option of extension to be exercised by REN for two additional periods of six months each, which has already been extended once (the "**Bridge Loan**"). REN may be required to dedicate a substantial portion of cash flows from activities to make periodic principal and interest payments on its indebtedness, thereby limiting its ability to develop its business and plan for, or react to, changes in its business and industry. This could potentially increase REN's vulnerability to adverse economic and industry conditions. In addition, the terms of REN's indebtedness include standard provisions which may, in certain circumstances (such as a change of control, rating downgrades, revocation of licenses and concessions or a change in law having a material impact on REN's activity), trigger an early redemption of such indebtedness. In addition, REN's indebtedness contains restrictive covenants including financial leverage covenants that may restrict REN's flexibility and adversely impact its ability to implement its strategy.

REN may be adversely affected by interest rate fluctuations and the lack of available financing on favourable terms

Interest rate fluctuations have an effect on both REN's revenue and financing costs. Firstly, ERSE establishes the RoR for REN's electricity and natural gas businesses on the basis of indexation to the average ten-year Portuguese Republic treasury bond yield, with base rates determined for each regulatory period. Accordingly, if bond yields decline, the RoRs on REN's electricity and natural gas businesses automatically decline in tandem.

Interest rates affect REN's costs of borrowing. As of 30 September 2017, 40.5 per cent. of REN's indebtedness was subject to floating rate interest. If interest rates increase more than anticipated, or if obtaining new financing proves more expensive than in the past (for example, due to a downgrade in its credit ratings), REN's interest expense would increase and its business, financial condition and results of operations may be materially adversely affected. In addition, REN has not fully hedged its exposure to changes in interest rates, and as a result such changes could have a material adverse effect on REN's business, financial condition and results of operations.

REN may be affected by further downgrades in its credit rating

REN's ability to obtain funding on favourable terms or at all depends on various factors including its financial position and credit ratings assigned by internationally recognised credit agencies, in particular Fitch, S&P and Moody's (all registered under the CRA Regulation). Since 14 October 2015, REN has been rated Baa3 (stable outlook), BBB- (positive outlook) and BBB (stable outlook) by Moody's, Standard & Poor's and Fitch, respectively.

REN's credit rating may be subject to change, which may impact REN's ability to raise funding or the respective cost thereof or trigger mandatory early redemption or acceleration clauses or other covenants in existing financing agreements including, for example, the provision or increase of collateral, any of which could materially adversely affect its business, financial condition and results of operations.

REN may be adversely affected by downgrades in the Portuguese Republic's credit rating

Credit rating agencies Fitch, S&P, Moody's and DBRS assess the credit rating of the Portuguese Republic for short and long term debt. In September 2017 the Portuguese Republic had credit ratings of Ba1 from Moody's, BB+ from Fitch, BBB- from S&P and BBBL from DBRS. The outlook for the Portuguese Republic is stable according to the aforementioned credit rating agencies.

However, the credit rating agencies may, in the future, downgrade the Portuguese Republic's sovereign debt rating, whether due to pressures on public finances if there is a weaker performance of the Portuguese economy, if the measures of budgetary consolidation and structural reforms carried out by the Portuguese Republic are insufficient or for other reasons.In the case of a decrease in the sovereign debt rating, REN's credit rating and its financing costs could be adversely impacted.

REN may not be able to finance its planned capital expenditures or other investments

REN's existing business activities require significant capital expenditures. REN expects to finance a substantial part of these capital expenditures out of cash flow from its operating activities. If, however, REN's operations do not generate sufficient cash flow, it may have to finance more of its planned capital expenditures from external sources, including bank borrowings and offerings in the capital markets. REN may not be able to raise the financing required for its planned capital expenditures or international expansion on acceptable terms or at all. If REN is unable to raise the necessary financing, REN may have to reduce its planned capital expenditures or other investments, which could frustrate REN's ability to implement its strategy or materially adversely affect its business, financial condition and results of operations.

REN may not be able to successfully execute its business strategy, particularly if it experiences delays in the approval of its investment plans

REN's ability to successfully execute its business strategy depends on a number of factors, including its ability to achieve its objectives of focusing on regulated electricity and natural gas activities in Portugal, improving operating performance and quality of service, creating an integrated energy infrastructure platform, and optimising its capital structure.

REN may not succeed in achieving its strategic objectives. If REN fails to achieve these strategic objectives, its results of operations may decline adversely affecting its financial position. REN's ability to achieve these objectives is subject to a variety of risks, including the specific risks related to its current strategic plan, namely the risks regarding the delay in the approval of investment plans or any changes to such plans by the relevant regulatory entity or by any other competent entity.

In particular in relation to its investment plans in March 2017, REN presented its preliminary ten-year development and investment plans for the electricity and natural gas networks. After review and comment by ERSE and DGEG and at the end of the period of public comment, revised plans will be submitted. Then DGEG has 30 days, counted from the date it receives the final proposal, to send its recommendation to the member of the Government responsible for the energy sector, who then issues the final decision within a subsequent 30 day period. Such Government member may reasonably refuse the approval of the plan if the final proposal does not include the necessary developments and investments to comply with energy policy goals or fails to adopt the amendments imposed by DGEG or ERSE. Pursuant to recent legislative amendments, prior to the decision of the member of the Government responsible for the energy sector, the

Portuguese Parliament must discuss these investment plans. Recent practice shows that there have been delays in complying with some of the deadlines established in relevant legislation.

The risk of delays in the approval of REN's investment plans, or any amendments thereto by the relevant regulatory or other authorities could cause significant delays in approval of the projects, or delay or prevent their construction thereby being able to materially adversely affect REN's business, financial condition and results of operations.

In turn, and regarding specifically replacement investments, REN is obliged by the concession agreements with the Portuguese Republic to act and take measures to ensure the security and quality of the service, to provide measures to meet energy policy goals and to maintain the transmission grid and its assets in adequate conditions of operation, both in terms of safety of people and assets and in terms of service quality and security of the supply. To meet these requirements, REN has been developing and refurbishing the transmission grid, according to the relevant parts in the Ten-Year Electricity Network Development and Investment Plan (*Plano Decenal de Desenvolvimento e Investimento da Rede de Transporte de Eletricidade*, "**PDIRT**") and the Indicative Ten-Year Natural Gas Transportation, Infrastructure and Storage Network Development and Investment Plan (*Plano Decenal Indicativo de Desenvolvimento e Investimento da Rede Nacional de Transporte, Infraestruturas de Armazenamento de Gás Natural e Terminais De GNL em Portugal Continental*, "**PDIRGN**") proposals, for which and when applicable, it has been requesting the corresponding administrative licences. Failure to obtain such licences in the future could affect REN's ability to maintain the transmission grid and other assets in appropriate conditions and materially adversely affect REN's business, results of operations and financial condition.

REN's strategy for international growth may fail

REN has announced its intention to make significant investments outside of Portugal to expand its operations internationally. REN's ability to successfully implement this strategy is subject to risks and uncertainties. REN's experience outside of Portugal is limited and its capacity to acquire know-how and ability to operate in foreign markets and other regulatory environments may require a period of time and the usage of significant resources as well as the acquisition of assets, the entry into partnerships and the recruitment and retention of local expertise. REN may fail to successfully develop expansion opportunities and may also fail to properly integrate any such acquired assets, or select suitable partners or recruit and retain local expertise in an efficient, effective and timely manner. REN may also incur costs and delays or other unanticipated challenging conditions in foreign countries, including adverse commercial, economic, political, social and regulatory conditions. REN may fail to obtain financing in foreign markets, as well as be subject to exchange rate risks, in amounts and on terms that are adequate or favourable to it.

Any of these factors may adversely impact REN's ability to properly execute its international strategy and achieve its growth goals, and depending on the circumstances and the resources REN has invested, may have a material adverse effect on REN's results of operations and financial condition.

The non-renewal, the expiry, early termination or unilateral changes of REN's concessions, permits or licences may prevent REN from realising the full value of certain assets and cause REN to lose future profits without adequate compensation

REN conducts its electricity and natural gas businesses pursuant to concessions and licences granted by the Portuguese Republic. REN's concession to operate the RNT has a term of 50 years from 15 June 2007, and REN's three natural gas concessions have each been granted for terms of 40 years from 26 September 2006. The concession of Enondas to explore the pilot area intended to produce tidal power has a term of 45 years from 20 November 2010. These concessions are however subject to early termination or unilateral changes by the Portuguese Republic. These concessions include compensation systems intended to safeguard the recovery of REN's investments. The recovery of these investments is conditional upon the formulation and stability of the concession frameworks in the medium and long term, which is generally beyond REN's control.

In the context of those concessions, several assets of REN may be considered essential strategic assets for the purposes of Decree-Law no. 138/2014, of 15 September 2014, under which the execution of transactions over such assets and involving entities outside the EU or to the EEA may be limited or prevented by opposition from the Government.

Furthermore, the non-renewal, early termination or unilateral changes of the concessions, authorisations or licences, may affect, adversely and materially, the operational results of REN. In the case of non-renewal or termination of REN's concessions, for any reason, as foreseen in the applicable legal and contractual frameworks, the assets and means allocated to the concession would revert to the Portuguese Republic.

Additionally, failure to comply with the terms of a concession may result in the termination of that concession. If a concession is terminated by the Portuguese Republic on the grounds that REN has breached the terms of such concession, the concession assets would revert to the Portuguese Republic. In such case, the transmission to the grantor of the assets and means allocated to the concession will be made without charge and the Portuguese Republic may be entitled to indemnities against civil liability. The loss of any of REN's concession assets could have a material adverse effect on its business, financial condition and results of operations. The risk is also present with respect to the regulated assets included in the Acquired Business.

The termination of the partnerships entered into between REN and State Grid International Development Limited ("SGID") and Oman Oil Company S.A.O.C. ("OOC") may adversely affect REN capacity to implement its international strategy and financing

REN has significant potential for growth through partnerships with SGID and OOC, particularly in Portuguese-speaking countries in Africa and Latin America, in China and the GCC countries (Gulf Cooperation Council, including Oman), as well as in the Iberian market interconnections of Europe and North Africa. In the event these partnerships are terminated, such potential for growth may be affected, in particular decreasing REN's ease of access to these markets and local know-how. Additionally, the termination of REN's partnership with SGID may impair its financing capacity, ending assistance by SGID to REN regarding financing from Chinese banks. Any termination of any partnership may materially adversely affect REN's business, financial condition and results of operations.

Network construction project delays could materially and adversely affect REN's business, financial condition and results of operations

The large-scale network construction projects that REN undertakes present certain risks, such as shortages of materials and labour, increased costs of financing or inability to obtain financing delays in obtaining administrative and regulatory approvals, including environmental permits, opposition to energy infrastructure development by political or other groups, licencing, expiration and/or renewal of existing rights in real property, malfeasance by REN's contractors and subcontractors, insolvency of REN's contractors, subcontractors or other third-party suppliers and disruptions, either resulting from adverse weather conditions or from unforeseen technical or environmental problems. Any of these factors may cause delays (or significant postponements) in the completion of REN's construction projects or commencement of operations and may increase the cost of contemplated projects. An inability to complete network construction projects on a timely basis could have a material adverse effect on REN's business, financial condition and results of operations.

REN is subject to operational risks

In the ordinary course of its business, REN is subject to certain operational risks, including interruptions of service, errors, fraud by third parties, and delays in providing services. REN continually monitors these risks by means of, among other things, administrative and information systems and insurance coverage in respect of certain operational risks. Any failure in its risk management systems and control policies with respect to operational risks could have a material adverse effect on its business, financial condition and results of operations.

REN's operations may be exposed to significant health and safety incidents

REN's operations present a number of health and safety risks and the potential for major accidents, which may cause property damage, personal injury or loss of life. Failure to comply with safety and operational procedures for equipment, in particular, could lead to such accidents. The occurrence of any such accidents and the resulting harm to people or property may expose REN to liability and damage to its and their reputation, potentially having a material adverse effect on its business, financial condition and results of operations.

Information technology ("IT'') system failures could adversely affect REN's operations

REN's IT system is critically important in supporting all of its business activities. Failures in REN's IT system could result from technical malfunctions, human error, lack of system capacity, security breaches or software for which it has acquired operating licences and over which it has no control. The introduction of new technologies and the development of new uses, such as social networking, expose REN to new threats. In addition, the cyber-attacks and hacking attempts to which companies may fall victim are increasingly targeted and carried out by specialists. Any failure or malfunctioning of REN's IT systems could result in breaches of confidentiality, delays or loss of data and have a material adverse effect on REN's business, financial condition, results of operations and reputation.

Technological changes and innovations in the energy sector may negatively impact REN

The technologies used in the energy sector change and will continue to change and evolve in the future. Techniques for generating, transmitting and distributing electricity and natural gas are constantly improving and becoming more complex. In order for REN to maintain its competitiveness and to expand its business, it must effectively adjust to changes in technology.

In addition, the expansion of the use of renewable energy sources, namely wind and solar, can create challenges for the Transmission System Operator. As the availability of wind and sunlight is partially unpredictable, the integration of these sources into the electricity grid involves a more complex management of the whole system.

Additionally, further challenges may arise from increasingly decentralised production, as more and more industrial and residential consumers install their own generation infrastructure and have the opportunity to sell energy to the grid. Other future technological developments, such as the implementation of smart grids and/or energy storage, may also add complexity to the system, as well as produce changes in the industry's structure and fundamentals.

In addition, technological improvements that allow end-consumers to efficiently manage their energy consumptions and may lead to energy savings, contributing to a stabilisation of energy consumption, and, consequently, reducing the need for growth or changing the nature of the required investments in the power grids. Furthermore, increased use of technologies, like renewable generation and energy storage, have the potential to negatively impact the demand for gas and electricity, and thereby the need for and utilisation of gas and electricity infrastructure.

Consequently, if REN is not able to adapt its strategy and its operations to future technological changes and innovations, REN's grids may become more difficult to design, develop, operate and manage which may adversely affect the quality of REN's operations and REN's financial position.

REN may incur future costs related to its retirement, survivor and medical assistance pension plan

REN contributes to retirement, early retirement and survivor pensions (the "**Pension Plan**") and offers to its retirees and pensioners a plan of medical care and other benefits on the same terms offered to its active employees (the "**Health Care Plan**"). As of 30 September 2017, REN's consolidated statement of financial position included amounts of EUR 79.6 million and EUR 42.0 million, respectively, in relation to its obligations under the Pension Plan and Health Care Plan. The Pension Plan is a defined benefit plan, with an established and autonomous fund which is responsible for covering the liabilities which fall due in each period. The liabilities assumed by REN are estimated annually by independent actuaries according to the projected unit credit method. The liabilities assumed in relation to the Health Care Plan are not funded and are covered by a specific provision. The measurement and recognition of the liabilities relating to this plan are identical to those for the Pension Plan, except with respect to plan assets.

The actuarial assumptions used in the calculation of these post-employment benefits are those that REN and the specialised actuaries consider appropriate to meet the commitments made. However, REN cannot guarantee that there will be no changes in the future to the actuarial assumptions relating to those plans. Such changes in actuarial assumptions may lead to actuarial differences, may determine that the level of coverage of such liabilities becomes insufficient and may imply additional costs for REN. The most critical risks related to accounting for pensions are often related to the return of the pension plan assets, to the discount rate used to evaluate the present value of future payments and to the mortality tables and other demographic assumptions.

In addition, the value of the assets of REN's pension fund depends on the future evolution of capital markets. A downturn in the capital markets may render the value of the assets in the portfolio insufficient to cover the liabilities assumed by the fund.

REN's obligations in relation to the Pension Plan and the Health Care Plan may have a significant impact on its cash flows, which could adversely affect its business, financial condition and results of operations.

REN may face labour disruptions that could interfere with its operations and business

As at 31 December 2016, 41 per cent. of REN's employees were members of unions. REN believes it maintains satisfactory working relationships with its employees; however, REN remains subject to the risk of labour disputes and adverse employee relations that could disrupt its business operations and materially adversely affect such operations, its business and its financial condition. REN has not recently experienced any significant labour disputes or work stoppages, but its existing labour agreements may not prevent a strike or work stoppage at any of its facilities in the future. Any work stoppage, for these or any other reason, could have a material adverse effect on REN's business, financial condition and results of operations. The integration of the employees of the Acquired Business may entail additional risks with respect to labour relations.

REN's success depends on having an experienced and qualified management team

REN's success relies on an experienced and qualified management team and its ability to maintain its competitive position and execute its strategy depends to a large degree on the services performed by its management. Any inability to attract and retain management with sufficient qualifications could limit or delay REN's business development efforts. In addition, if any key member of REN's senior management were to leave his or her position and REN could not find a suitable replacement in a timely manner, its business, results of operations and financial condition may be materially adversely affected.

REN is exposed to the uncertainty of the macroeconomic climate

The global economy and the global financial system have experienced a period of significant turbulence and uncertainty, including a very severe dislocation of the financial markets and stress to the sovereign debt and economies of certain EU countries. This market dislocation has also been accompanied by recessionary conditions and trends in many economies throughout the EU, including Portugal, the market in which REN almost exclusively operates. REN is not able to predict how the economic cycle is likely to develop in the short term or the coming years or whether there will be a further deterioration in this recessive phase of the global and Portuguese economic cycle. Any further deterioration or continuation of the current economic situation in Portugal could have a material adverse effect on REN's business, financial condition, prospects or results of operations.

REN is exposed to credit risk, which may be heightened by macroeconomic conditions

REN's reliance on energy distribution and supply companies to collect tariffs from end-consumers of electricity and natural gas and deliver to it the amounts collected in respect of the remuneration of its activities exposes REN to credit risk, which may increase during periods of difficult macroeconomic conditions. If such energy distribution and supply companies fail to collect tariffs effectively and deliver to REN the amounts collected in a timely manner, or at all, or if they ceased to operate or became subject to insolvency proceedings, REN's earnings and cash flow could be significantly reduced, which could have a material adverse effect on REN's business, financial condition and results of operations.

Furthermore, REN's credit risk is concentrated in a small number of these regulated energy distribution and supply companies, and it may generally be required to continue to supply the services even if they failed to pay for energy services provided by REN.

This situation is monitored closely by ERSE and measures to mitigate this risk are currently under consideration. The warranty system is currently under review by ERSE and has been the subject of a public consultation process.

In general, REN only collects tariffs directly from regulated energy supply companies or distribution companies. In the gas sector, energy supply companies pay REN for their direct use of gas infrastructure, the LNG terminal at Sines, underground storage facilities and network entry tariffs, or their supply to clients directly connected to the high-pressure network (e.g., combined cycle power plants and industries and users). Tariffs applied at delivery points to the distribution networks are paid to REN by regulated distribution companies. In the electricity sector, invoicing is performed by the distribution company to suppliers except for energy producers who have a specific network supply tariff for injecting electricity in the grid, who pay directly to REN, in the case of main power plants, or, in the case of renewable energy and cogeneration plants, who pay through the regulated last resort supplier.

REN's assets could be damaged by natural and human made disasters and REN and its representtives could face civil, criminal or administrative liability as a result thereof

REN's assets include cutting, sectionising, and transition stations, electrical substations, overhead and underground very high voltage electrical transmission lines, telecommunication security networks, including radio relay repeaters, natural gas calibration and measurement stations, natural gas transportation grids, natural gas pressure reduction stations, natural gas and LPG distribution urban grids, LPG storage facilities, natural gas compression and storage underground facilities, the LNG Terminal at Sines, national and regional dispatch and grid operation centers and related infrastructure, buildings, vehicles and other equipment.

These assets could be damaged by natural phenomena or catastrophes (e.g. floods, strong winds and earthquakes), by malfunctions in maintenance and operation of the assets, acts of vandalism, theft or terrorism, pipeline ruptures, gas explosions or damages caused by ships in the transport of natural gas and other natural and/or man-made disasters (e.g. forest fires).

While REN seeks to take precautions against such disasters, maintain disaster recovery strategies and/or purchase levels of insurance coverage that it regards as commercially appropriate, should any damage occur and be substantial, REN could incur losses and damages not recoverable under insurance policies in force, which could have a material adverse effect on its business, financial condition and results of operations. Any of the foregoing events could also affect REN’s reputation, and result in a lower level of confidence in REN’s abilities, which could potentially affect REN’s business, financial condition and results of operations.

REN may also face civil liabilities or fines in the ordinary course of its business as a result of damages to third parties caused by the natural and/or man-made disasters mentioned above and by malfunctions in maintenance and operation on the assets. These liabilities may require REN to make indemnification payments not covered by its insurance policies or that may exceed applicable insurance policy limits.

REN's operations are subject to extensive environmental regulation

REN is subject to extensive environmental regulation under EU directives and Portuguese law, which, among other things, raises the possibility of fines and civil litigation in the event of non-compliance. Such regulations and laws also require REN to perform environmental impact studies on future projects that fall within the applicable legal framework, to obtain administrative licences, environmental declarations, permits and other approvals and to comply with the requirements and conditions imposed by such licences, environmental impact declarations, permits and regulations.

As such, REN is subject to the risks that:

- these environmental impact studies may not be approved by the environmental evaluation authorities or other governmental authorities;
- the environmental impact declarations may be unfavourable;
- public opposition may result in delays or modifications to any proposed project; or
- laws or regulations may change or be interpreted in a manner that increases the costs of REN's activities or requires REN to significantly change its operations or its plans for the companies in which it has an investment.

In recent years, environmental requirements and regulations have become stricter in the EU and consequently in Portugal. Although REN has been making the necessary investments to comply with these requirements, and is up to date regarding the national and EU framework evolution, the future evolution of environmental regulation may have a material adverse effect on its business, financial condition and results of operations.

If REN is unable to comply with existing environmental regulations or requirements or changes in such regulations or requirements or the interpretation or enforcement thereof, this could have a material adverse effect on its business, financial condition and results of operations.

REN relies on expropriation and rights of way over land in building its networks and storage facilities

In order to build or extend its electricity and natural gas transmission networks in mainland Portugal, REN can request the expropriation for public purposes of, or the establishment of easements for REN's benefit on, the land on which the network is to be constructed. This includes land used for electrical substations, overhead and underground transmission lines and land used for natural gas pipelines, dispatching centres, operation and maintenance centres and pipeline stations, as well as the necessary permits for the development of new salt cavity underground storage caverns. Objections by landowners and environmental and other groups may prevent REN from obtaining necessary expropriation or rights of way over the land, which may cause the process to be more expensive and may cause delays, any of which could adversely affect the expansion and upgrading of REN's electricity and natural gas transmission networks.

REN may face public opposition or lack of public support from communities established in the vicinities of existing and/or projected electricity and natural gas transmission networks

If the communities established in the vicinities of existing and/or projected electricity and natural gas transmission networks were to mobilise against existing transmission networks and/or against the construction of new transmission networks or mount legal challenges to the maintenance of existing transmission networks or the construction of new transmission networks, REN may find it to be more difficult, or even impossible, to maintain and/or obtain all necessary licences, permits and/or authorisations necessary to the maintenance and/or construction of such transmission networks, which could have a material adverse effect on REN's business, financial condition and results of operations.

REN has been in the past, and might be in the future, subject to local communities mobilisation against the construction of new transmission networks. Some of these mobilisations have evolved into legal proceedings that are still pending and that have stalled the construction of some of REN's projected transmission networks. As a general rule, the licences and permits granted to REN are enforceable only to the extent that they do not conflict with third parties' civil rights (such as the right to peaceful enjoyment of property or ownership rights). In case of dispute, a Portuguese court may decide that such civil rights prevail over the rights of REN under the relevant licences. These circumstances could have a material adverse effect on REN's business, financial condition and results of operations.

Part of REN's real estate assets have not been registered in the land registry or with the tax authority

A substantial portion of REN's real estate assets have not been registered in the land registry or with the tax authority. With regard to the land registry the ownership of real estate assets is subject to mandatory registration, failing which ownership of such assets may be challenged by third parties.

Furthermore, there is a legal presumption that the land registry is correct and no rights over real estate may be transferred by REN to third parties if they are not registered in REN's name.

Consequently, if the entities in whose name the real estate assets are currently registered in the land registry were to sell or encumber those properties to third parties acting in good faith and the latter registers them in the real estate register prior to REN doing so, they would become the lawful owners of such real estate or encumbrances, as applicable. These circumstances could have a material adverse effect on REN's business, financial condition, results of operations and future prospects.

The Natural Gas Consumption Management Agreement entered into by REN Trading and Galp Gás Natural, S.A. ("Galp Gás Natural") includes a provision which may be understood as a "most favoured nation clause" that may be considered to be in breach of competition rules

REN Trading currently has in force a Natural Gas Consumption Management Agreement which it entered into with Galp Gás Natural concerning the supply of natural gas to the Tapada do Outeiro power station. In such agreement, Galp Gás Natural has undertaken not to sell natural gas to third parties at better conditions and prices than those established in the agreement. To the extent that this type of clause may have the effect of harmonisation of prices and other trading conditions, it may be argued that this agreement is in breach of competition rules.

If this type of clause is found to be in breach of applicable competition law, it could be declared void and subject to fines, allowing Galp Gás Natural to utilise prices which could have a material adverse effect on REN's business, financial condition and results of operations.

REN may be impacted by an investigation of alleged corruption offences and unlawful enrichment during the liberalisation of the electricity market in Portugal

On 2 June 2017, the Portuguese police (National Anti-Corruption Unit) and the Public Prosecutor's Office conducted searches at REN's headquarters in the context of a criminal investigation into alleged corruption and unlawful enrichment during the privatisation of EDP and the liberalisation of the electricity market in Portugal. In particular, the Public Prosecutor alleges that certain current directors and officers of EDP, a REN director and a REN senior officer, and former members of the Portuguese government may have been involved in a scheme to unlawfully benefit EDP, the former state-owned electricity monopoly, in connection with the early termination of certain power purchase agreements during the period 2004-2007.

REN is not a defendant in the proceeding and currently faces no charges. The reasons that led the authorities to name a member of the board of directors of REN as well as a director of REN as defendants are not clear, but REN is currently working to help in the assessment of all relevant facts. REN has offered full cooperation to the authorities and has made itself available to provide additional information.

REN cannot predict the outcome of this investigation or any related proceedings. Any negative development in such proceedings affecting REN's officials or REN could harm REN's reputation with the public and with relevant stakeholders, and could materially and adversely affect its business, results of operations and financial condition.

Risks Related to Recent Acquisitions and Investments

REN may incur unanticipated losses or increased costs in connection with the Acquisition or may not be able to integrate the Acquired Business successfully

On 7 April 2017, REN's subsidiary REN Gás entered into the SPA for the acquisition of the entire share capital of EDP Gas, which holds Portugal's second largest gas distribution network, with a 4,760 km network and a RAB of EUR451.6 million for the year 2016. The Acquisition completed on 4 October 2017 after all necessary competition authority clearances and government authorisations were obtained.

The operational integration of the Acquired Business into REN's Group could prove to be difficult and complex, and the benefits and synergies obtained from that integration may not be in line with expectations. REN could, for example, face difficulties as a consequence of the existence of conflicts between, among others, the respective control structures, procedures, standards, business cultures and policies, or compensation structures of REN and those of the Acquired Business or the need to implement, integrate and harmonise diverse business operating procedures and systems, financial, accounting, reporting, information technology and other systems.

The Acquisition was based on a number of assumptions about the Acquired Business' future investments and costs that may prove incorrect and may affect the valuation of the business as was set by REN.

Also, the significant demands on the attention of management arising from the integration of the Acquired Business could result in other areas of REN's business not receiving the attention they require, which could have an adverse effect on its business.

Furthermore, if the proceeds from the share capital increase through a rights offering are lower than expected, it may not be able to immediately repay the indebtedness incurred to finance the Acquisition, which could result in a downgrade of REN's credit rating.

REN may incur previously unknown potential liabilities resulting from the Acquisition

Despite the legal and business due diligence review conducted in respect of the Acquired Business in connection with the Acquisition, REN may uncover information that was not known to it and which may give rise to significant new contingencies or to contingencies in excess of the projections made by REN. Although it is REN's understanding that it has adequate protection under the SPA, any losses incurred by REN as a result of the occurrence of any contingencies relating to the Acquisition for which REN is not otherwise compensated could have a material adverse effect on its business, financial condition, results of operations and prospects.

In particular, the Acquired Business is subject to municipal charges for the use of underground space by its gas infrastructure. The Acquired Business has until now been able to pass such charges through to users, but it is not clear if the tariffs to be paid by users will continue to reflect such charges. The outcome of that discussion is not yet clear, although REN believes the SPA contains adequate protection for any change in the law or its interpretation in the short and medium term. In addition, if the Acquired Business is not permitted to pass these costs through to users of its infrastructure, it may be entitled to the economic and financial rebalance of the concession.

Notwithstanding the foregoing, if such charges are no longer allowed to be passed through to customers, and its contractual protections fail to cover such increase in costs, business, financial condition, results of operations could be materially adversely affected.

REN may be subject to new risks relating to entering the natural gas distribution business

In addition to the risks enumerated elsewhere in this section, the Acquired Business is subject to specific risks, including long-term demand behaviour, energy prices, level of saturation of connected homes in urban or suburban areas regarding the number of active network supply contracts, public opinion objections induced by general perceived risk of natural gas usage, technological competition with other fuels or energy sources, among others. Industrial development and requirements for natural gas supply may affect forecasts and further natural gas development. Additionally, some municipalities have been challenging the ownership of the distribution networks pursuant to allotment processes and located in public roadways by claiming they are the owners of such networks. Although the Company believes that the concession area of the Acquired Business is one of the most promising for natural gas consumption in Portugal, the single price policy of ERSE for the Acquired Business may result in tariffs that may hinder growth in the concession area due to investments performed in other natural gas distribution businesses in Portugal.

Following the acquisition of a 42.5 per cent. stake in Electrogas S.A., REN is exposed to the risks of operating in the Latin America region

On 7 February 2017, REN announced the acquisition of a 42.5 per cent. indirect stake in Electrogas, a gas transportation company in Chile, for U.S.$ 180 million (equivalent to EUR 169 million at 7 February 2017). Colbun SA and Empresa Nacional del Petróleo (ENAP) (a company fully owned by the Chilean government) hold the remaining 42.5 per cent. and 15 per cent. of Electrogas, respectively.

Before acquiring a stake in Electrogas, REN made various assumptions regarding future revenues, with the assistance of specialised consultants, Take-or-Pay and other contracts origination/renewal/termination, operations costs, profitability, asset quality, global, regional and domestic natural gas sector evolution and other matters relating to Electrogas which may prove to be incorrect. Electrogas' performance in future periods may differ materially from REN's expectations or the expectations of research analysts, which could result in a decline in the value of REN's investment in Electrogas.

In addition, REN is exposed to foreign exchange risk relating to the Chilean peso and the U.S. dollar. In particular, the depreciation or appreciation of the Chilean peso against the euro will result in changes in REN's reported earnings, assets and liabilities on a consolidated basis regardless of the performance of Electrogas, which could in turn adversely affect REN's business, financial condition, results of operations and prospects. In operational terms, the foreign exposure to the U.S. dollar is mainly related to the indexation of the take-or-pay contracts tariffs to United States inflation.

Moreover, REN's stake in Electrogas exposes REN to risks related to the economic, political and regulatory conditions in Chile in particular and in Latin America more broadly. Emerging markets like Latin America are generally subject to greater risks than more developed markets (for example, there is typically a greater risk of loss from unfavourable political and economic developments, social and geopolitical instability and changes in governmental policies, including expropriation, nationalisation, international ownership legislation, interest rate caps and tax policies). In addition, emerging markets are affected by conditions in global financial markets and some are particularly affected by commodity price fluctuations, which in turn may affect financial market conditions through exchange rate fluctuations and interest rate volatility and deposits volatility. In addition, since REN owns a non-controlling stake in Electrogas, the other two shareholders (including an entity owned by the government of Chile) may adopt decisions regarding the business of Electrogas that are not in REN's best interests.

Furthermore, despite the legal and business due diligence review conducted on Electrogas, REN may subsequently uncover information that was not known to REN and which may give rise to significant new contingencies or to contingencies in excess of the projections made by REN. Any losses incurred by REN as a result of the occurrence of any contingencies for which REN is not otherwise compensated could have a material adverse effect on its business, financial condition, results of operations and prospects.

REN may pursue additional international opportunities in the medium term

While not currently planning additional international acquisitions, taking into account the acquisition of a stake in Electrogas in particular, whose investment is in line with REN's strategic plan for the medium and long-term international projects, REN continues to evaluate potential opportunities for the medium term and may decide to pursue such opportunities if it finds them complementary to its strategy. REN's ability to successfully execute any such transaction is subject to risks and uncertainties. REN's experience outside of Portugal is limited and its capacity to acquire know-how and to operate in foreign markets and other regulatory environments may require a period of adjustment and significant resources, as well as the entry into partnerships and the recruitment and retention of local expertise. REN may fail to successfully develop expansion opportunities and may also fail to properly integrate any such acquired assets, or select suitable partners or recruit and retain local expertise in an efficient, effective and timely manner. REN may also incur costs and delays or other unanticipated challenging conditions in foreign countries, including adverse commercial, economic, political, social and regulatory conditions. REN may fail to obtain financing in foreign markets in amounts and on terms that are adequate or favourable to it and may become further exposed to exchange rate risks.

The unaudited consolidated pro forma financial information is presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the Acquisition

Given the significance of the Acquisition, this Base Prospectus includes unaudited consolidated pro forma financial information for the year ended 31 December 2016 and as of and for the nine months ended 30 September 2017. Such unaudited consolidated pro forma financial information has been prepared to illustrate, on a pro forma basis, the impact on REN's consolidated balance sheet as of 30 September 2017 and on its consolidated income statement for the year ended 31 December 2016 and for the nine months ended 30 September 2017, of the Acquisition. See Annexes A and B - "*Unaudited Pro forma consolidated financial information as of and for the Nine Months Ended 30 September 2017*" and "*Unaudited Pro Forma Consolidated Financial Information as of and for the Year Ended 31 December 2016*". The unaudited consolidated pro forma financial information is presented solely for illustrative purposes and reflects estimates and certain assumptions made by REN's management that are considered reasonable under the circumstances and information existing as of the date of preparation of such unaudited consolidated pro forma financial information. Actual adjustments may differ materially from the information presented in the unaudited consolidated pro forma financial information.

The unaudited consolidated pro forma financial information relates to a hypothetical situation and therefore does not purport to represent, and does not represent what the consolidated financial situation or the consolidated results of operations of the enlarged group would have been had the Acquisition occurred on the dates indicated therein or any other date, nor is the unaudited consolidated pro forma financial information indicative of our future results of operations or our financial position.

Risks Related to Macroeconomic Conditions

REN is highly sensitive to developments in the Portuguese economy, whose signs of recovery are still not enough to ensure a sustainable growth trend

REN's revenues are principally generated in Portugal, and the concentration of REN´s revenues in Portugal has increased further as a result of the Acquisition. Therefore, REN is affected, at several levels, by the developments of the Portuguese economy. Further, even though REN's revenues and operating results are related to the extent of its RAB, and not with the amounts of electricity and gas transmitted, REN's RAB may fail to grow as a consequence of the stagnation in the consumption of energy (in 2016 the electricity consumption increased 0.6 per cent.) due to downturns in the economic activity or as a consequence of the reduction (or delay) in the main projects related with the goals established for the energy policy.

Portuguese macroeconomic conditions have remained challenging and a set of structural reforms designed to help to promote competitiveness have still not proven to be effective in pushing GDP growth upwards in a sustainable way. In the short term, these structural reforms and readaptation of the productive structure had a negative impact on economic activity, which contracted by 7.0 per cent., in accumulated terms (source: Portugal's National Statistics Institute, August 2016), between 2011 and 2013.

As the structural reforms and the fiscal consolidation started to bear results, the economic situation improved. In this sense, since the last quarter of 2013, the year-on-year GDP growth rates have turned positive, beginning a period of moderate recovery of the economic activity, which has been supported by growth of exports, alongside an improving trend in domestic demand. In line with the economy's recovery, the unemployment rate declined to 10.5 per cent. in the third quarter of 2016 (source: Portugal's National Statistics Institute, November 2016). The consolidated value of the gross debt of the public administration in 2015 stabilised at 129.0 per cent. of GDP in 2015 (source: Portugal's National Statistics Institute, August 2016) and the public deficit, which was 11.2 per cent. of GDP in 2010, decreased to 4.4 per cent. in 2015 (source: Portugal's National Statistics Institute, September 2016). Although it is slightly above the Excessive Deficit Procedure target, it represents an important effort of budgetary consolidation. This result was largely due to an increase in revenues, amid the growth in economic activity, efforts to reduce tax evasion and measures to control expenditure. The restructuring of balance sheets in both the public and private sectors and growth in exports helped to reduce the external imbalance, leading to significant improvements in current and capital account balances, which have been recording consecutive surpluses since 2012 (source: Banco de Portugal, December 2016).

In spite of recent improvements, the economic context remains challenging for Portugal. A significant degree of uncertainty persists regarding the ability of Portuguese issuers to obtain funding from abroad.

External risks relate, in particular, to the possibility of a global economic slowdown in a context of greater volatility in international financial markets and to political uncertainty associated with the fears regarding the integrity of the EU, amid negotiations for the United Kingdom's exit from the EU.

These aspects, combined with internal risks related to the process of reducing private and public sector debt and the potential need to implement further structural reforms in the labour and products and services markets, the pressure of a high tax burden on the real disposable income of families and companies and the possibility of political turbulence associated with the governmental solution reached after the October 2015 parliamentary elections in Portugal, which did not give a parliamentary absolute majority to any of the parties, represent a challenging economic and political environment.

Against this background, the Bank of Portugal forecasts that the economic recovery shall continue at a moderate pace, as the GDP growth of 1.8 per cent. and 1.5 per cent. recorded in 2015 and 2016 (source: Economic *Boletim* of the Bank of Portugal for October 2017) is expected to be followed by an annual growth pace of 2.5 per cent. in 2017 (source: Forecasts for the Portuguese Economy 2017-2019, published by the Bank of Portugal in June 2017). This growth is unlikely to increase disposable income and domestic demand in a material way or drastically reduce the still elevated levels of unemployment. Furthermore, economic performance may fall short of expectations. If these risks to economic growth were to materialise, demand for energy would predictably fall, which could affect REN's business, financial condition, results of operations and prospects.

Unemployment, low levels of business profitability and increased insolvency of companies and/or households had and may continue to negatively influence demand for energy. Finally, taking into account Caixa Geral de Depósitos' recapitalisation, among other things, Portugal remains at risk of failing to comply with the deficit target, which could lead to repercussions from the EU level, including fines. Failure by Portugal to comply with the deficit target, and the resulting repercussions, could have a material adverse effect on REN's business, financial condition, results of operations and prospects.

Additional measures may be enforced by the Portuguese Republic in order to limit the increase in energy prices

The measures implemented by the Portuguese Republic for the energy industry were aimed to ensure the sustainability of the National Electric System ("**SEN**"). The Portuguese Republic has set out a plan to eliminate the tariff deficit.

As part of the evolution of its budget, the Portuguese Republic may implement measures to reduce energy sector costs. Although the scope and the specific terms and conditions of such measures and implementation are not known, and notwithstanding the reduced proportion of REN's tariffs in the final cost of the energy to the consumers, and the negligible impact of its investments in the global tariffs, when and if implemented and depending on its terms, such measures may materially and adversely affect REN's business, results of operations and financial condition.

The EU regulatory and supervision framework may adversely affect Portugal

The Treaty on Stability, Coordination and Governance (also called "**Budgetary Pact**") entered into force on 1 January 2013 in the Economic and Monetary Union. This treaty is intended to reinforce budget discipline by means of the introduction of a "balanced budget rule" and an automatic mechanism for the adoption of corrective measures. Specifically, this treaty provides that the structural budget deficit of each member state should not exceed 0.5 per cent. of the GDP at market prices.

Moreover, the budgets of the member states must comply with the specific medium-term objectives defined by the Budgetary Pact, which are monitored annually. In the event that a member state does not comply with the defined objectives, an automated correction mechanism will be activated. The "balanced budget rule" and the automated correction mechanisms have been transposed into the domestic legislation of each member state by 1 January 2014.

Furthermore, the debt criteria foreseen in the Budgetary Pact are taking on greater importance and, accordingly, member states whose public debt exceeds 60 per cent. of GDP are required to adopt corrective measures to reduce their debt at a pre-defined pace (with an average rate of one-twentieth per year), even if their deficits are at levels below 3 per cent. of GDP (the reference value for the EU). Any limitation imposed on the Portuguese Republic as a consequence thereof may have a material adverse effect on the Portuguese economy and consequently on our business, financial condition, results of operations and prospects.

Financial market conditions may adversely affect our ability to obtain financing, increase our exposure to liquidity risks and significantly increase our cost of debt

REN uses cash generated from its operations, together with borrowings under its credit facilities and issued debt securities, to fund its capital requirements. Since the beginning of the financial crisis, events in the global and European financial markets have increased the uncertainty and volatility of the financial markets, leading to a significant increase in execution and price risk in financing activities, continued deleveraging in the banking sector and limited supply of credit. As a result of the disruptions in the credit markets, many lenders have increased interest rates, enacted tighter lending standards, required more restrictive terms (including higher collateral ratios for advances, shorter maturities and smaller loan amounts) or refused to refinance existing debt at all or on terms similar to pre-crisis conditions. Despite a more recent positive trend, and the fact that financial institutions have resumed giving more loans and under less restrictive and onerous conditions, credit concessions patterns have not – and it is not certain whether this will happen – returned to pre-financial crisis patterns.

These factors or other adverse events in Portugal or elsewhere could adversely affect our ability to obtain future financing to fund our operations and capital needs and adversely impact the terms that REN is able to obtain in any new bank financing or issuance of debt securities and thereby negatively impact our liquidity.

Acts of terrorism, natural disasters, pandemics and global conflicts may have a negative impact on REN's business and operations

Acts of terrorism, natural disasters, pandemics, global conflicts or other similar catastrophic events could have a negative impact on REN's business, financial condition, results of operations and prospects. Such events could damage REN's infrastructure, disrupt or delay the normal operations of its business (including communications and technology), result in harm or cause travel limitations on REN's employees, and have a similar impact on its customers. These events could also negatively impact the demand for energy to the extent that those acts or conflicts result in reduced general economic activity. In addition, war, terror attacks, political unrest, global conflicts, the national and global efforts to combat terrorism and other potential military activities and outbreaks of hostilities may negatively impact economic growth, which could have an adverse effect on REN's business, results of operations, financial condition and prospects, besides other adverse effects on REN in ways that REN is unable to predict.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Notes issued by REN B.V. are not guaranteed by REN, and investors do not have any direct rights to enforce payment on the Notes against REN in case of default by REN B.V.

Notes issued by REN B.V. are obligations of REN B.V. and not of REN. REN has no obligation to pay any amounts due under Notes issued by REN B.V. REN has entered into a Keep Well Agreement with REN B.V., which is not a guarantee. Under the Keep Well Agreement, REN has agreed that, for so long as REN B.V. has any Notes outstanding under the Programme, it will make available to REN B.V. funds sufficient to meet its payment obligations or repay borrowings then maturing to the extent that REN B.V.'s funds or other liquid assets are insufficient to meet its payment obligations or repay its borrowings. Although under the terms of the Keep Well Agreement the Trustee may, on behalf of holders of any Notes issued by REN B.V. under the Programme, enforce REN B.V.'s rights under the Keep Well Agreement against REN, Noteholders do not have any direct rights against REN.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features.

Notes subject to optional redemption by the Issuers

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the relevant Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Risks related to floating rate Notes which are linked to "benchmarks"

Notes may be issued under the Programme with interest accruing at a floating rate based upon the London Interbank Offered Rate ("**LIBOR**") or the Euro Interbank Offered Rate ("**EURIBOR**"). LIBOR, EURIBOR, and other reference rates and indices are deemed to be "benchmarks", which are the subject of ongoing national and international regulatory reform. For example, on 27 July 2017, the UK Financial Conduct Authority ("**FCA**") announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which may have a material adverse effect that cannot be predicted. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to floating rate Notes whose interest rates are linked to LIBOR). Any such consequence could have a material adverse effect on the value of and return on any such Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

As any Global Notes issued by REN B.V. under the Programme are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued by REN B.V. under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or common safekeeper, as applicable, for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or paying agent (in the case of a New Global Note) for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

Modification

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Non-Book-Entry Notes also provide that the Trustee may, without the consent of Holders of Non-Book-Entry Notes and without regard to the interests of particular Holders of Non-Book-Entry Notes (1) agree to any modification of the Non-Book-Entry Notes, the Receipts, the Coupons or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Holders of such Non-Book-Entry Notes; (2) agree to any modification of the Non-Book-Entry Notes, the Receipts, the Coupons or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law; or (3) determine that any Event of Default (as defined in the Trust Deed) shall not be treated as such which, in any such case, is not, in the opinion of the Trustee, materially prejudicial to the interests of the Holders of Non-Book-Entry Notes, in the circumstances described in Condition 16 (*Meetings of Holders of Notes*) of the conditions of the Notes.

Change of law

Save for the form (*representação formal*) and transfer of the Book-Entry Notes, the creation (if any) of security over Book-Entry Notes and the Interbolsa procedures for the exercise of rights under such Notes, which are governed by Portuguese law in effect as at the date of this Base Prospectus, the terms and conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English or, as the case may be, Portuguese and/or Dutch law or administrative practice after the date of this Base Prospectus.

Risks related to withholding tax

Under Portuguese tax law, interest and other types of investment income derived from Notes issued by Portuguese resident entities are generally subject to Portuguese domestic withholding tax, currently assessed at the rate of 28 per cent. for individuals and 25 per cent. for corporate investors, irrespective of the beneficiaries being resident or non-resident. However, in the case of resident corporate entities, as well as for non-resident investors holding a Portuguese permanent establishment to which the income is allocated, such withholding tax rate is withheld on account of the final income tax due, while in the case of individuals and non-residents without a Portuguese permanent establishment to which the income is allocated, such withholding tax will be deemed as final, unless a withholding tax exemption applies.

Interest and other types of investment income paid or made available to (i) individuals or companies domiciled in a "tax law jurisdiction" list approved by Ministerial Order No. 150/200, as amended, or (ii) accounts opened in the name of one or several accountholders acting on behalf of undisclosed third parties is subject to a withholding tax rate of 35 per cent., except where the beneficial owner(s) of such income is/are disclosed, in which case the general rules will apply.

Notwithstanding the above, said non-resident investors (both individual and corporate) without a Portuguese permanent establishment to which the income may be attributable, eligible for the debt securities special tax exemption regime which was approved by Decree-Law No. 193/2005, of 7 November (Decree-Law 193/2005), as amended from time to time, may benefit from an upfront withholding tax exemption, *provided that* certain formal procedures and requirements are met (see "*Taxation – Portugal - 2. Tax Treatment of Notes under the Special Tax Regime for Debt Securities*", for these formal procedures and certification requirements). Failure to comply with these procedures and certifications will result in the application of the standard Portuguese domestic withholding rate of 25 per cent., for corporate investors, and 28 per cent. for individuals investors (or the withholding tax rate of 35 per cent.) or, when applicable, in the application of reduced withholding tax rates, pursuant to tax treaties signed by Portugal, *provided that* the formal procedures and certification requirements established by the relevant treaties are complied with (see "*Taxation – Portugal - 2. Tax Treatment of Notes under the Special Tax Regime for Debt Securities*").

Risks related to procedures for collection of Noteholders' details

It is expected that the direct registering entities, the participants and the clearing systems will follow certain procedures to facilitate the collection from the Noteholders of the information referred to in "*Risks related to withholding tax*" above required to comply with the procedures and certifications required by Decree-Law 193/2005. Under the Decree-Law 193/2005, the obligation of collecting from the Noteholders proof of their non-Portuguese resident status and of the compliance with the other requirements for the exemption rests with the direct registering entities, the participants and the entities managing the international clearing systems. A summary of those procedures is also set out in "*Taxation – Portugal - 2. Tax Treatment of Notes under the Special Tax Regime for Debt Securities*". Such procedures may be revised from time to time in accordance with applicable Portuguese laws and regulations, further to clarifications from the Portuguese tax authorities regarding such laws and regulations and the operational procedures of the clearing systems. While the Notes are registered by Interbolsa, Noteholders must rely on such procedures in order to receive payments under the Notes free of any withholding, if applicable.

Noteholders must seek their own advice to ensure that they comply with all applicable procedures and to ensure the correct tax treatment of their Notes. None of the Issuers, the Dealers, the Agent or the clearing systems assumes any responsibility.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including uncertainty of macroeconomic climate, liquidity risk, exchange rate risk, interest rate risk and credit risk:

The uncertainty of the macroeconomic climate

The global economy and the global financial system have experienced a period of significant turbulence and uncertainty, including a very severe dislocation of the financial markets and stress to the sovereign debt and economies of certain EU countries. In addition, downgrades of the sovereign debt of Greece, Portugal, Spain, France and Italy (amongst others) have caused further volatility in the capital markets. This market dislocation has also been accompanied by recessionary conditions and trends in many economies throughout the EU, including Portugal.

REN is not able to predict how the economic cycle is likely to develop in the short term or the coming years or whether there will be a further deterioration in this recessive phase of the global and Portuguese economic cycle. Any further deterioration or continuation of the current economic situation in Portugal could have a negative impact on the business, prospects, financial condition and results of operations of REN and the Group.

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuers will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified ratings agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in the "*Recent Developments*" of this Base Prospectus and will be disclosed in the Final Terms.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) a direct and accurate English translation of the auditor's limited review report and unaudited consolidated financial statements of the Group for the nine month period ended 30 September 2017, contained on pages 13 to 69 (inclusive) and on page 70 of the consolidated financial statements of the Group for the nine months period ended 30 September 2017, available for viewing at https://www.ren.pt/files/2017-11/2017-11-08122243_4c65f7f1-2e56-4968-a1af-585420fa64e0$$b3edfb98-5647-4140-871b-39688561509c$$4c7555d4-4968-4fe2-b812-dbd6342e4082$$en_gb__file$$pt$$1.pdf;https://www.ren.pt/files/2017-08/2017-08-04171605_4c65f7f1-2e56-4968-a1af-585420fa64e0$$b3edfb98-5647-4140-871b-39688561509c$$d3b6e844-14f5-465a-8c94-8d22daf3f423$$en_gb__file$$pt$$1.pdf

(b) a direct and accurate English translation of the audited consolidated financial statements, the notes thereto and the auditors' report in respect thereof for the financial year ended 31 December 2016 contained on pages 162 to 367 (inclusive) of the audited consolidated annual report and accounts of the Group for the financial year ended 31 December 2016, available for viewing at http://relatorioecontas2016.ren.pt/media/105029/rc_ren-2016_ing_completo.pdf;

(c) a direct and accurate English translation of the audited consolidated financial statements, the notes thereto and the auditors' report in respect thereof for the financial year ended 31 December 2015 contained on pages 143 to 259 (inclusive) and on pages 260 and 261 of the audited consolidated annual report and accounts of the Group for the financial year ended 31 December 2015, available for viewing at http://relatorioecontas2015.ren.pt/media/35673/ren-rc2015-ing-completo.pdf;

(d) a direct and accurate English translation of the audited financial statements of REN B.V. for the financial year ended 31 December 2016, contained on pages 7 to 28 (inclusive) of the audited financial statement of REN B.V. for the financial year ended 31 December 2016, available for viewing at https://www.ren.pt/files/2017-05/2017-05-24171454_4c65f7f1-2e56-4968-a1af-585420fa64e0$$398db5f7-0776-4087-8ba6-a9123d15b2ef$$c7004fd6-8fdf-42b0-8825-3adb4df0d57f$$en_gb__file$$pt$$1.pdf;

(e) a direct and accurate English translation of the audited financial statements of REN B.V. for the financial year ended 31 December 2015, contained on pages 7 to 28 (inclusive) of the audited financial statement of REN B.V. for the financial year ended 31 December 2015, available for viewing at http://www.ren.pt/files/2016-05/2016-05-12143958_4c65f7f1-2e56-4968-a1af-585420fa64e0$$398db5f7-0776-4087-8ba6-a9123d15b2ef$$9ff315e3-89c1-4414-a353-7a8416a5289e$$en_gb__file$$pt$$1.pdf; and

(f) the Terms and Conditions of the Notes contained in the Base Prospectus dated 9 September 2008, pages 34 to 52 (inclusive); the Base Prospectus dated 26 June 2012, pages 60 to 81 (inclusive); prepared by REN and, in the case of the Base Prospectuses dated 30 July 2013, 21 July 2014 and 3 October 2016, REN B.V., in connection with the Programme, each of which is available for viewing at http://www.ren.pt/investidores/prospetos/?culture=en-GB

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are covered elsewhere in the Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuers and from the specified offices of the Issue and Paying Agent, for the time being in London, and the Portuguese Paying Agent for the time being in Lisbon.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

The Issuers will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuers and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

FORM OF THE NOTES, CLEARING SYSTEMS, EXERCISE OF RIGHTS AND LISTING

Form of the Notes

The Notes of each Series issued by REN B.V. will be in either bearer form, with or without interest coupons ("**Coupons**") attached, or registered form, without Coupons attached. Bearer Notes and Registered Notes will be offered and sold outside the United States in offshore transactions to non-U.S. persons in reliance on Regulation S. When the Issuer is REN, the Notes will be issued in book-entry form.

Bearer Global Notes issued by REN B.V. - Form and Exchange

(1) TEFRA D or TEFRA C: The Final Terms shall specify whether U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA D Rules**") or U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA C Rules**") shall apply. Each Tranche of Bearer Notes is represented upon issue by a temporary global Note (a "**Temporary Global Note**"), unless the Final Terms specify otherwise and the TEFRA C Rules apply.

Where the Final Terms applicable to a Tranche of Bearer Notes specifies that the TEFRA C Rules apply, such Tranche is represented upon issue by a Permanent Global Note.

The Global Notes will:

(i) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear and Clearstream, Luxembourg; and

(ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary for, Euroclear and Clearstream, Luxembourg.

Interests in a Temporary Global Note may be exchanged for:

(i) interests in a permanent global Note (a "**Permanent Global Note**"); or

(ii) if so specified in the Final Terms, definitive Notes in bearer form ("**Definitive Notes**") and/or (if so specified in the Final Terms) Registered Notes.

Exchanges of interests in a Temporary Global Note for Definitive Notes or, as the case may be, a Permanent Global Note will be made only on or after the Exchange Date (as specified in the Final Terms) and provided certification as to the non-U.S. beneficial ownership thereof as required by U.S. Treasury Regulations (in such form as is customarily issued in such circumstances by the relevant clearing system) has been received. An exchange for Registered Notes will be made at any time or from such date as may be specified in the Final Terms, in each case, without any requirement for certification.

(2) *Limitation on entitlement under a Temporary Global Note after Exchange Date*: Holders of interests in any Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole but not in part only) for a Permanent Global Note or for delivery of Definitive Notes and/or Registered Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Notes represented by such Temporary Global Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

(3) *Certification of non-U.S. beneficial ownership*: Unless the Final Terms specify that the TEFRA C Rules are applicable to the Notes and subject to paragraph (2) above, if any date on which a payment of interest is due on the Notes of a Tranche occurs whilst any of the Notes of that Tranche

are represented by a Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the non-U.S. beneficial ownership thereof as required by U.S. Treasury Regulations (in such form as is customarily issued in such circumstances by the relevant clearing system) has been received by Euroclear or Clearstream, Luxembourg, or any other relevant clearing system which may be specified in the Final Terms. Payments of amounts due in respect of a Permanent Global Note or (subject to paragraph (2) above) a Temporary Global Note (if the Final Terms specify that the TEFRA C Rules are applicable to the Notes) will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.

(4) *Exchange for Definitive Notes*: Interests in a Permanent Global Note will be exchanged (subject to the period allowed for delivery as set out in (i) below), in whole but not in part only and at the request of the holder of such Global Note, for Definitive Notes and/or (if so specified in the Final Terms) Registered Notes (a) if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available, or (b) an Event of Default (as defined in Condition 10 (*Events of Default*)) occurs. The circumstances described in (a) and (b) are each herein referred to as an "**Exchange Event**". Whenever a Permanent Global Note is to be exchanged for Definitive Notes and/or Registered Notes, REN B.V. as Issuer shall procure the prompt delivery of such Definitive Notes and/or Registered Notes, duly authenticated and where and to the extent applicable, with Coupons and Talons attached (each as defined in Condition 1.2 (*Form and Denomination – Coupons and Talons*)), in an aggregate nominal amount equal to the nominal amount of such Permanent Global Note to the Holder of the Permanent Global Note against its surrender at the specified office of the Issue and Paying Agent within 30 days of the Holder requesting such exchange.

Registered Global Notes issued by REN B.V. - Form of Exchange

(1) *Registered Global Note*: Registered Notes held in Euroclear and/or Clearstream, Luxembourg (or other clearing system) will be represented by a Registered Global Note which will be deposited with a common depositary or common safekeeper if the Registered Note is held under the NSS, as the case may be, for Euroclear and Clearstream, Luxembourg and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper if the Registered Notes are held under the NSS, as specified in the Final Terms (or registered in the name of a nominee of, and deposited with, a common depositary for such other relevant clearing system).

(2) *Exchange*: The Registered Global Note will become exchangeable in whole, but not in part, for individual Registered Notes if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and, in any such case no successor clearing system satisfactory to the Trustee is available or (b) an Event of Default (as defined in Condition 10 (*Events of Default*)) occurs. The circumstances described in (a) and (b) are each herein referred to as an "**Exchange Event**".

Whenever the Registered Global Note is to be exchanged for individual Registered Notes, such individual Registered Notes will be issued in an aggregate nominal amount equal to the nominal amount of the Registered Global Note within five business days of the delivery, by or on behalf of the registered Holder of the Registered Global Note, Euroclear and/or Clearstream, Luxembourg, to the Registrar or the Transfer Agent (as the case may be) of such information as is required to complete and deliver such individual Registered Notes (including, without limitation, the names and addresses of the persons in whose names the Registered Notes are to be registered and the nominal amount of each such person's holding) against the surrender of the Registered Global Note at the specified office of the Registrar or the Transfer Agent (as the case may be). Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Noteholder, but against such indemnity as the Registrar or the Transfer Agent (as the case may be) may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Bearer and Registered Global Notes issued by REN B.V.

Initial Issue of Notes

If the Global Notes or Registered Global Note are stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), on or prior to the original issue date of the Tranche the Global Notes or Registered Global Notes will be delivered to a Common Safekeeper and Euroclear and Clearstream, Luxembourg will be informed whether or not the Notes are intended to be held as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem ("**Eurosystem eligible collateral**").

Depositing the Global Notes or the Registered Global Notes intended to be held as Eurosystem eligible collateral with a Common Safekeeper does not necessarily mean that the Notes will be recognised as Eurosystem eligible collateral either upon issue, or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met. In the case of Notes issued in NGN form or to be held under the NSS (as the case may be) which are not intended to be held as Eurosystem eligible collateral as of their issue date, should the Eurosystem eligibility criteria be amended in the future so that such Notes are capable of meeting the eligibility criteria, such Notes may then be deposited with Euroclear or Clearstream, Luxembourg as Common Safekeeper.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note (which expression includes a Temporary Global Note and a Permanent Global Note) must look solely to Euroclear, Clearstream, Luxembourg or such other clearing system (as the case may be) for such person's share of each payment made by the Issuer (REN B.V.) to the bearer of such Global Note (or the registered holder of the Registered Global Note, as the case may be), and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such other clearing system (as the case may be). Such persons shall have no claim directly against the Issuers in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Registered Global Note and such obligations of the Issuer (REN B.V.) will be discharged by payment to the bearer of such Global Note (or the registered holder of the Registered Global Note, as the case may be), in respect of each amount so paid. References in these provisions relating to the Notes in global form to "holder" or "accountholder" are to those persons shown in the records of the relevant clearing system as the holder of a Note.

Amendment to Conditions of Registered and Bearer Global Notes

The Temporary Global Notes, Permanent Global Notes and Registered Global Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

(1) *Meetings*: The holder of a Permanent Global Note or the registered holder of a Registered Global Note shall (unless such Permanent Global Note or Registered Global Note represents only one Note) be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Global Note may be exchanged.

(2) *Cancellation*: Cancellation of any Note represented by a Permanent Global Note or Registered Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by a reduction in the nominal amount of the relevant Permanent Global Note or Registered Global Note.

(3) *Purchase*: Notes represented by a Permanent Global Note or Registered Global Note may only be purchased by REN B.V. as Issuer or by any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

(4) *Payments*: Payments of amounts (principal, interest or otherwise) due in respect of Registered Notes when in global form, shall be made at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date for such payment.

(5) *Exercise of Call Options*: Any redemption at the option of the relevant Issuer provided for in the Conditions of the Notes while such Notes are represented by a Permanent Global Note or a Registered Global Note shall be exercised by REN B.V. as Issuer giving notice to the holders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of REN B.V. as Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

(6) *Exercise of Put Options*: Any redemption at the option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or a Registered Global Note may be exercised by the holder of such Permanent Global Note or Registered Global Note, giving notice to the Issue and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent (other than the Portuguese Paying Agent) or the Registrar, in the case of a Registered Global Note substantially in the form of the notice available from any Paying Agent (other than the Portuguese Paying Agent), or the Registrar (in the case of a Registered Global Note), except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting for notation the Permanent Global Note or the Registered Global Note to the Issue and Paying Agent, or to a Paying Agent acting on behalf of the Issue and Paying Agent, or the Registrar, in the case of a Registered Global Note.

(7) *Notices*: Notwithstanding Condition 15 (*Notices*), so long as the Notes of any Series are represented by a Permanent Global Note or Registered Global Note and such Permanent Global Note or Registered Global Note is held on behalf of a clearing system (i) notices to the holders of that Series may be given by delivery of the relevant notice to the clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions and any such notice shall be deemed to have been given to the holders on the day after the date on which it is given to the clearing system and (ii) notices to be given by any holder of the Series may be given to the Issue and Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Issue and Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Book-Entry Notes issued by REN

Notes to be issued under the Programme by REN will be represented in dematerialised book-entry form (*forma escritural*) and will be *nominativas* (which means that *Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.* ("**Interbolsa**"), at the Issuer's (REN) request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Noteholders and transmit such information to the Issuer).

Book-Entry Notes will be tradable in integral multiples of their denomination and will be held through the accounts of Affiliate Members of Interbolsa, as operator and manager of CVM (*Central de Valores Mobiliários*).

Clearing and Settlement

CVM is the centralised system (*sistema centralizado*) for the registration and control of securities in Portugal, (the "**Book-Entry Registry**" and each entry a "**Book-Entry**"). 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 (Direct Registration Entities) of Interbolsa (as defined below) and the Bank of Portugal, all participate in this centralised system.

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*, (a) the issue account, opened by the relevant issuer in CVM and which reflects the full amount of securities issued; (b) the individual accounts, opened in the Affiliate Members of Interbolsa (as defined below) by their respective customers; and (c) 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.

Each person shown in the records of an Affiliate Member of Interbolsa as having an interest in Book-Entry Notes shall be treated as the holder of the principal amount of the Book-Entry Notes recorded.

The expression "**Affiliate Member of Interbolsa**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by Euroclear and Clearstream**,** Luxembourg for the purposes of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

Book-Entry Notes registered with Interbolsa will be attributed an International Securities Identification Number ("**ISIN**") code through Interbolsa's codification system and will be accepted for registration and clearing through the system operated at Interbolsa and settled by Interbolsa's settlement system.

Exercise of Financial Rights

Payment of principal and interest in respect of the Notes will be subject to Portuguese laws and regulations, notably the regulations from time to time issued and applied by the *Comissão do Mercado de Valores Mobiliários* (the Portuguese Securities Market Commission) and Interbolsa.

The Issuer (REN) must give Interbolsa advance notice of all payments and provide all necessary information for that purpose, notably the identity of the financial intermediary integrated in Interbolsa appointed by the Issuer to act as the paying agent in respect of the Notes responsible for the relevant payment.

Prior to any payment such paying agent shall provide Interbolsa with a statement of acceptance of its role of Paying Agent.

Interbolsa must notify such paying agent of the amounts to be settled, which will be determined by Interbolsa on the basis of the account 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 (i) in the Bank of Portugal current accounts held by such paying agent and by the Affiliate Members of Interbolsa in the case of payments in euro or (ii) in the Caixa Geral de Depósitos, S.A. ("**CGD**") current accounts held by such paying agent and by the Affiliate Members of Interbolsa in the case of payments in currencies accepted by Interbolsa other than euro.

Whilst the Notes are held through Interbolsa, payment of principal and interest in respect of the Notes will be (i) if made in euro (a) credited, according to the procedures and regulations of Interbolsa, by the Portuguese Paying Agent (acting on behalf of the Issuer (REN)) to the payment current accounts used by the Affiliate Members of Interbolsa for payments in respect of securities held through Interbolsa and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; or (ii) if made in currencies other than euro (a) transferred, on the payment date and according to the procedures and regulations of Interbolsa, from the account held by the Portuguese Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by CGD to the relevant accounts of the relevant Affiliate Members of Interbolsa and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the beneficial owners of Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

Listing

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to be admitted to trading on its regulated market. Notes may also be listed or admitted to trading, as the case may be, on Euronext Lisbon or by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the relevant Issuer.

FORM OF FINAL TERMS – MINIMUM DENOMINATION OF LESS THAN EUR 100,000

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended[, from 1 January 2018,][1] to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (as defined below). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][2]

Final Terms dated: *[Date]*

[REN – Redes Energéticas Nacionais, SGPS, S.A./REN Finance B.V.]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the EUR 5,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS[3]

[Any person making or intending to make an offer of the Notes may only do so[:

(i) in those Public Offer Jurisdictions mentioned in Paragraph 8(vi) of Part B below, provided such person is a Dealer or Authorised Offeror (as such term is defined in the Base Prospectus) and that such offer is made during the Offer Period specified for such purpose therein and that any conditions relevant to the use of the Base Prospectus are complied with; or

(ii) otherwise] in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU **provided, however, that** all references in this document to the "Prospectus Directive" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and include any relevant implementing measure in the relevant Member State.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 7 December 2017 [and the supplement to the Base Prospectus dated [•] (the "**Supplement**")] which [together] constitute[s] a base prospectus for

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[1] *This date reference should not be included in Final Terms for offers concluded on or after 1 January 2018.*

[2] *Legend to be included on front of the Final Terms (i) for offers concluded on or after 1 January 2018 if the Notes potentially constitute "packaged" products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable" (ii) for offers concluded before 1 January 2018 at the option of the parties.*

[3] *When preparing Final Terms in relation to an issuance of Notes to be listed on a non-regulated market, Prospectus Directive references are to be removed.*

the purposes of Directive 2003/71/EC as amended (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [and the Supplement]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms [and] the Base Prospectus [and the Supplement]. The Base Prospectus [and the Supplement] [is/are] available for viewing [at [*website*]] [and] during normal business hours at [REN – Redes Energéticas Nacionais, SGPS, S.A., Avenida Estados Unidos da América, 55, 1749-061 Lisbon] [REN Finance B.V., De Cuserstraat 93, Unit 205, 1081 CN Amsterdam, The Netherlands] [and copies may be obtained from [*address*]]. A summary of this issue of Notes is annexed to these Final Terms. The Base Prospectus has been published in accordance with Article 14 of the Prospectus Directive on the website of the Central Bank of Ireland at:

www.centralbank.ie

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated [9 September 2008 / 26 June 2012 / 30 July 2013 / 21 July 2014 / 3 October 2016] [which are incorporated by reference in the Base Prospectus dated 7 December 2017]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 7 December 2017 [and the supplement to the Base Prospectus dated [•] (the "**Supplement**")] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are set forth in the base prospectus dated [9 September 2008 / 26 June 2012 / 30 July 2013 / 21 July 2014 / 3 October 2016] and are incorporated by reference in this Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms[,] [and] the Base Prospectus dated 7 December 2017 [and the Supplement]. Copies of such Base Prospectus are available for viewing [at [*website*]] [and] during normal business hours at [REN – Redes Energéticas Nacionais, SGPS, S.A., Avenida Estados Unidos da América, 55, 1749-061 Lisbon] [REN Finance B.V., De Cuserstraat 93, Unit 205, 1081 CN Amsterdam, The Netherlands] [and copies may be obtained from [*address*]]. A summary of this issue of Notes is annexed to these Final Terms. The Base Prospectus has been published in accordance with Article 14 of the Prospectus Directive on the website of the Central Bank of Ireland at:

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1.	(a)	Issuer:	[REN – Redes Energéticas Nacionais, SGPS, S.A./ REN Finance B.V.]
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	[(c)	Date on which the Notes will be consolidated and form a single Series:	[Not Applicable/The Notes will be consolidated, to form a single series and be interchangeable for trading purposes with Tranche [*identify earlier tranches*] on [*insert date*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [21] below [which is expected to occur on or about [*insert date*]]].]]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*]]
6.	Specified Denominations:		[ ]

7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[/Issue Date/Not Applicable]
8.		Maturity Date:	[Fixed Rate – [ ] Floating Rate - Interest Payment Date falling in or nearest to [ ]]
9.		Interest Basis:	[[ ] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate] [Zero Coupon] (see paragraph 14/15/16 below)
10.		Redemption/Payment Basis:	[Instalment] [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ]/[100] per cent. of their nominal amount]
11.		Change of Interest Basis or Redemption/Payment Basis:	[See item [14/15/17/18/19/20/21/22]] [Not Applicable]
12.		Put/Call Options:	[Investor Put] [Issuer Call] [Make-whole Amount] [Substantial Purchase Event] [Residual Maturity Call Option] [(see paragraph 17/18/19/20 below)] [Not Applicable]
13.		Date Board approval for issuance of Notes obtained:	[ ]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.		Fixed Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable [annually/semi-annually/quarterly] in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date
	(c)	Fixed Coupon Amount(s):	[ ] per [ ]
	(d)	Broken Amount(s):	[[ ] per [ ], payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable]
	(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f)	[Determination Date(s):	[[ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual(ICMA)*)]]

15.	Floating Rate Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a)	Specified Period(s) / Specified Interest Payment Dates:	[ ]
	(b)	First Interest Payment Date:	[ ]
	(c)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
	(d)	Additional Business Centre(s):	[Not Applicable] [ ]
	(e)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(f)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[[ ] shall be the Calculation Agent]
	(g)	Screen Rate Determination:	
		• Reference Rate:	[ ] month [LIBOR/EURIBOR]
		• Interest Determination Date(s):	[ ]
		• Relevant Screen Page:	[ ]
	(h)	ISDA Determination:	
		• Floating Rate Option:	[ ]
		• Designated Maturity:	[ ]
		• Reset Date:	[ ]
	(i)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*).]
	(j)	Margin(s):	[+/-][ ] per cent. per annum
	(k)	Minimum Rate of Interest:	[ ] per cent. per annum
	(l)	Maximum Rate of Interest:	[ ] per cent. per annum
	(m)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/Actual Actual/365 (Fixed) Actual/365 (Sterling)

			Actual/360
			30/360
			360/360
			Bond Basis
			30E/360
			Eurobond Basis
			30E/360 (ISDA)]
16.	Zero Coupon Note Provisions:		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Accrual Yield:	[ ] per cent. per annum
	(b)	Reference Price:	[ ]

PROVISIONS RELATING TO REDEMPTION

17.	Issuer Call:			[Applicable/Not Applicable]
				(If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(a)	Optional Redemption Date(s):		[ ]
	(b)	Optional Redemption Amount of each Note:		[[ ] per [ ]]/[Make-whole Amount]
	(c)	Make-whole Amount:		[Applicable/Not Applicable]
				(If not applicable, delete the remaining sub-paragraphs of this paragraph)
		(i)	Reference Note:	[[ ]/[Not Applicable]]
				(If not applicable, delete the remaining sub-paragraphs of this paragraph)
			Redemption Margin:	[ ]
			Financial Adviser:	[ ]
			Quotation Time:	[ ]
		(ii)	Discount Rate:	[[ ]/[Not Applicable]]
		(iii)	Make-whole Exemption Period:	[Not Applicable]/[From (and including) [ ] to (but excluding) [ ]/the Maturity Date]

	(d) If redeemable in part:	
	(i) Minimum Redemption Amount:	[ ]
	(ii) Maximum Redemption Amount:	[ ]
	(e) Notice period:	[ ] days
18.	Residual Maturity Call Option:	[Applicable/Not Applicable]
	(i) Notice Period:	[ ]
	(ii) Date fixed for redemption:	[ ]
19.	Substantial Purchase Event:	[Applicable/Not Applicable]
	(i) Notice Period:	[ ]
	(ii) Percentage:	[ ] per cent.
20.	Investor Put:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a) Optional Redemption Date(s):	[ ]
	(b) Optional Redemption Amount of each Note:	[ ] per [ ]
21.	Final Redemption Amount:	[ ] per [ ]/[Par]
22.	Early Redemption Amount payable on redemption for taxation reasons or on event of default or other early redemption:	[ ] per [ ]/[Par]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23.	Form of Notes:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Bearer Notes and/or Registered Notes only upon an Exchange Event] [Temporary Global Note exchangeable for definitive Bearer Notes and/or Registered Notes on and after the Exchange Date] [Permanent Global Note exchangeable for definitive Bearer Notes and/or Registered Notes only upon an Exchange Event] [Registered Global Note ([ ] nominal amount ( )) [registered in the name of a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]

		exchangeable for Registered Notes only upon an Exchange Event] [Book-entry form held through Interbolsa: Nominativas]
24.	New Global Note:	[Yes/No]
25.	Additional Financial Centre(s):	[Not Applicable/*give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub paragraph 15(d) relates*]
26.	Talons for future Coupons or Receipts to be attached to definitive Bearer Notes:	[No. / [Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
27.	Details relating to Instalment Notes:	
	(a) Instalment Amount(s):	[Not Applicable][ ]
	(b) Instalment Date(s):	[Not Applicable][ ]
28.	Redenomination applicable:	Redenomination [not] applicable

[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading.].

Signed on behalf of [**REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A. / REN FINANCE B.V.**]

By: ....
Duly authorised

By: ....
Duly authorised

PART B – OTHER INFORMATION

1.	**LISTING AND ADMISSION TO TRADING**	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of [the Irish Stock Exchange with effect from [•]] [Euronext Lisbon with effect from [•]].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of [the Irish Stock Exchange with effect from [•]] [Euronext Lisbon with effect from [•]].] [Not Applicable] [Fungible Notes of the same Series admitted to trading on [•]]
2.	**RATINGS**	[The Notes to be issued have not been specifically rated.]/[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:
	Ratings:	[Moody's: [ ]] [Standard & Poor's: [ ]] [Fitch: [ ]] Each of Moody's, Standard & Poor's and Fitch is established in the EU and is registered under Regulation No 1060/2009 (as amended) *[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]* *(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below.)

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.] [ ] (*Amend as appropriate if there are other interests.*)

[*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i)	Reasons for the offer:	[ ] *(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*]
[(ii)]	Estimated net proceeds:	[ ] *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
[(iii)]	Estimated total expenses:	[ ] [*Include breakdown of expenses*]

5. **YIELD** ***(Fixed Rate Notes only)***

Indication of yield:	[ ] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. **[*Floating Rate Notes only* - HISTORIC INTEREST RATES]**

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters / [ ].]

7. **OPERATIONAL INFORMATION**

(i)	ISIN:	[ ]
(iii)	Other Codes:	Common Code: [•] [Financial Instrument Short Name (FISN Code): [•]] [Classification of Financial Instruments Code (CFI Code): [•]][1]
(iii)	Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking, S.A., Luxembourg and/or Interbolsa-Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. as operator of the Central de Valores Mobiliários [and the relevant identification number(s)]:	[Not Applicable] [ ]
(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[ ]

[1] *Include FISN and/or CFI Code only if so required by applicable clearing system.*

(vi)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes][No] [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [[(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [*include this text for registered notes*]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [[(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [*include this text for registered notes*]]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated:	
	(A) Names and addresses of Dealers and underwriting commitments / quotas:	[Not Applicable/*give names, addresses and underwriting commitments*] (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Dealers*)
	(B) Date of [Subscription] Agreement:	[ ]
	(C) Stabilisation Manager(s) if any:	[Not Applicable/*give name*]
(iii)	If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]

(iv)	Indication of the overall amount of the underwriting commission and of the placing commission:	[ ] per cent. of the Aggregate Nominal Amount
(v)	U.S. Selling Restrictions:	[Reg. S Compliance Category [1/2]; TEFRA D/TEFRA C/TEFRA not applicable]
(vi)	Public Offer:	[Applicable][Not Applicable] (*If not applicable, delete the remaining placeholders of this sub-paragraph (vi) and also paragraph 9 below*)
	Offer period:	[*Specify date*] until [*specify date*]
	Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the conditions in it:	[*Insert names and addresses of financial intermediaries receiving consent (specific consent)*]
	General Consent:	[Not Applicable][Applicable]
	Other Authorised Offeror Terms:	[Not Applicable][*Add here any other Authorised Offeror Terms*] (*Authorised Offeror Terms should only be included here where General Consent is Applicable*)
(vii)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute "packaged" products, "Applicable" should be specified.*)

9. TERMS AND CONDITIONS OF THE OFFER

Offer Price:	[Issue Price] [ ]
Conditions to which the offer is subject:	[Not applicable/*give details*]
Description of the application process:	[Not applicable/*give details*]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not applicable/*give details*]
Details of the minimum and/or maximum amount of application:	[Not applicable/*give details*]

Details of the method and time limits for paying up and delivering the Notes:	[Not applicable/*give details*]
Manner in and date on which results of the offer are to be made public:	[Not applicable/*give details*]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not applicable/*give details*]
Whether tranche(s) have been reserved for certain countries:	[Not applicable/*give details*]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not applicable/*give details*]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not applicable/*give details*]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	[None/*give details*]

SUMMARY OF THE ISSUE

*This summary relates to [insert description of Notes] described in the final terms (the "**Final Terms**") to which this summary is annexed. This summary contains that information from the summary set out in the Base Prospectus which is relevant to the Notes together with the relevant information from the Final Terms. Words and expressions defined in the Final Terms and the Base Prospectus have the same meanings in this summary.*

[Insert completed summary by completing the summary of the base prospectus as appropriate to the terms of the specific issue].

FORM OF FINAL TERMS – MINIMUM DENOMINATION OF AT LEAST EUR 100,000

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended[, from 1 January 2018,][1] to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**") or (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][2]

[Date]

[REN – Redes Energéticas Nacionais, SGPS, S.A./REN Finance B.V.]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the EUR 5,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS[3]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 7 December 2017 [and the supplement to the Base Prospectus dated [•] (the "**Supplement**")] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC as amended (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [and the Supplement]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms [and] the Base Prospectus [and the Supplement]. The Base Prospectus [and the Supplement] [is/are] available for viewing [at [*website*]] [and] during normal business hours at [REN – Redes Energéticas Nacionais, SGPS, S.A., Avenida Estados Unidos da América, 55, 1749-061 Lisbon] [REN Finance B.V., De Cuserstraat 93, Unit 205, 1081 CN Amsterdam, The Netherlands] [and copies may be obtained from [*address*]]. The Base Prospectus has been published in accordance with Article 14 of the Prospectus Directive on the website of the Central Bank of Ireland at: www.centralbank.ie

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated [9 September 2008 / 26 June 2012 / 30 July 2013 / 21 July 2014 / 3 October 2016] [which are incorporated by reference in the Base Prospectus dated 7 December 2017]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 7 Deecmber 2017 [and the supplement to the Base Prospectus dated [•] (the "**Supplement**")] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are set forth in the base prospectus dated [9 September 2008 / 26 June 2012 / 30 July 2013 / 21 July 2014 / 3 October 2016] and are incorporated by reference in this Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms[,] [and] the Base Prospectus dated 7 December 2017 [and the Supplement]. Copies of such Base Prospectuses are available for viewing [at [*website*]] [and] during normal business hours at [REN – Redes Energéticas Nacionais, SGPS, S.A., Avenida Estados

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1 *This date reference should not be included in Final Terms for offers concluded on or after 1 January 2018.*

2 *Legend to be included on front of the Final Terms (i) for offers concluded on or after 1 January 2018 if the Notes potentially constitute "packaged" products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable" (ii) for offers concluded before 1 January 2018 at the option of the parties.*

3 *When preparing Final Terms prepared in relation to an issuance of Notes to be listed on a non-regulated market, Prospectus Directive references are to be removed.*

Unidos da América, 55, 1749-061 Lisbon] [REN Finance B.V., De Cuserstraat 93, Unit 205, 1081 CN Amsterdam, The Netherlands] [and copies may be obtained from [*address*]].] The Base Prospectus has been published in accordance with Article 14 of the Prospectus Directive on the website of the Central Bank of Ireland at:

www.centralbank.ie

1.	Issuer:		[REN – Redes Energéticas Nacionais, SGPS, S.A./REN Finance B.V.]
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	[(c)	Date on which the Notes will be consolidated and form a single Series:	[Not Applicable/The Notes will be consolidated, to form a single series and be interchangeable for trading purposes with Tranche [*identify earlier tranches*] on [*insert date*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [21] below [which is expected to occur on or about [*insert date*]]].]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*]]
6.	Specified Denominations:		[ ]
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[/Issue Date/Not Applicable]
8.	Maturity Date:		[Fixed Rate [ ] Floating Rate — Interest Payment Date falling in or nearest to [ ]]
9.	Interest Basis:		[[ ] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [•] per cent. Floating Rate] [Zero Coupon] (see paragraph 14/15/16 below)
10.	Redemption/Payment Basis:		[Instalment] [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ]/[100] per cent. of their nominal amount]
11.	Change of Interest Basis or Redemption/Payment Basis:		[ ] [Not Applicable]

12.	Put/Call Options:	[Investor Put] [Issuer Call] [Make-whole Amount] [Substantial Purchase Event] [Residual Maturity Call Option] [(see paragraph 17/18/19/20 below)] [Not Applicable]
13.	Date Board approval for issuance of Notes obtained:	[ ]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[•] per cent. per annum payable [annually/semi-annually/quarterly] in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[[ ] in each year up to and including the Maturity Date]
	(c)	Fixed Coupon Amount(s):	[ ] per [ ]
	(d)	Broken Amount(s):	[[ ] per [ ], payable on the Interest Payment Date falling [in/on] [ ]] [*Not Applicable*]
	(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f)	[Determination Date(s):	[[ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual(ICMA)*)]]
15.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(b)	First Interest Payment Date:	[ ]
	(c)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(d)	Additional Business Centre(s):	[Not Applicable] [ ]
	(e)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]

(f)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ] shall be the Calculation Agent
(g)	Screen Rate Determination:	
	• Reference Rate:	[ ] month [LIBOR/EURIBOR]
	• Interest Determination Date(s):	[ ]
	• Relevant Screen Page:	[ ]
(h)	ISDA Determination:	
	• Floating Rate Option:	[ ]
	• Designated Maturity:	[ ]
	• Reset Date:	[ ]
(i)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(j)	Margin(s):	[+]/[+/-] [ ] per cent. per annum
(k)	Minimum Rate of Interest:	[ ] per cent. per annum
(l)	Maximum Rate of Interest:	[ ] per cent. per annum
(m)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/Actual Actual/365 (Fixed) Actual/365(Sterling) Actual/360 30/360 360/360 Bond Basis 30E/360 Eurobond Basis 30E/360 (ISDA)]

16.	Zero Coupon Note Provisions:	[Applicable/Not Applicable]
		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(a)	Accrual Yield:	[ ] per cent. per annum
(b)	Reference Price:	[ ]

PROVISIONS RELATING TO REDEMPTION

17.	Issuer Call:		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(a)	Optional Redemption Date(s):		[ ]
(b)	Optional Redemption Amount of each Note:		[[ ] per [ ]]/[Make-whole Amount]
(c)	Make-whole Amount:		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Reference Note:	[[ ]/Applicable/Not Applicable]
			(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
		Redemption Margin:	[ ]
		Financial Adviser:	[ ]
		Quotation Time:	[ ]
	(ii)	Discount Rate:	[[ ]/Not Applicable]
	(iii)	Make-whole Exemption Period:	[Not Applicable]/[From (and including) [ ] to (but excluding) [ ]/the Maturity Date]
(d)	If redeemable in part:		
	(i)	Minimum Redemption Amount:	[ ]
	(ii)	Maximum Redemption Amount:	[ ]
(e)	Notice period:		[ ] days
18.	Residual Maturity Call Option:		[Applicable/Not Applicable]
(i)	Notice period:		[ ]
(ii)	Date fixed for redemption:		[ ]

19.	Substantial Purchase Event:	[Applicable/Not Applicable]
	(i) Notice period:	[ ]
	(ii) Percentage:	[ ] per cent.
20.	Investor Put:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a) Optional Redemption Date(s):	[ ]
	(b) Optional Redemption Amount of each Note:	[ ] per [ ]
21.	Final Redemption Amount:	[ ] per [ ]/[Par]
22.	Early Redemption Amount payable on redemption for taxation reasons or on event of default or other early redemption:	[ ] per [ ]/[Par]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23.	Form of Notes:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Bearer Notes and/or Registered Notes only upon an Exchange Event] [Temporary Global Note exchangeable for definitive Bearer Notes and/or Registered Notes on and after the Exchange Date] [Permanent Global Note exchangeable for definitive Bearer Notes and/or Registered Notes only upon an Exchange Event] [Registered Global Note ([ ] nominal amount ([ ])) [registered in the name of a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Registered Notes only upon an Exchange Event] [Book-entry form held through Interbolsa: Nominativas]
24.	New Global Note:	[Yes/No]
25.	Additional Financial Centre(s):	[Not Applicable/*give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(d) relates*]
26.	Talons for future Coupons or Receipts to be attached to definitive Bearer Notes:	[No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]

27. Details relating to Instalment Notes:

(a)	Instalment Amount(s):	[Not Applicable][ ]
(b)	Instalment Date(s):	[Not Applicable] [ ]

28. Redenomination applicable: Redenomination [not] applicable

[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading.].

Signed on behalf of **[REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A./REN FINANCE B.V.]**

By: ....
Duly authorised

By: ....
Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of [the Irish Stock Exchange with effect from [•]] [Euronext Lisbon with effect from [•]].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of [the Irish Stock Exchange with effect from [•]] [Euronext Lisbon with effect from [•]].] [Not Applicable] [Fungible Notes of the same Series admitted to trading on [•]]
(ii)	Estimate of total expenses related to admission to trading:	[ ]

2. **RATINGS**

[The Notes to be issued have not been specifically rated.]/[[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

Ratings:

[Moody's: [ ]]

[Standard & Poor's: [ ]]

[Fitch: [ ]]

Each of Moody's, Standard & Poor's and Fitch is established in the EU and is registered under Regulation No 1060/2009 (as amended)

[*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*]

(*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*)

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.] [ ] (*Amend as appropriate if there are other interests.*)

[*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*]

4. **YIELD (*Fixed Rate Notes Only*)**

Indication of yield:	[ ]
	The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. **OPERATIONAL INFORMATION**

(i)	ISIN:	[ ]
(ii)	Other Codes:	Common Code: [•] [Financial Instrument Short Name (FISN Code): [•]] [Classification of Financial Instruments Code (CFI Code): [•]][1]
(iii)	Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking, société anonyme and/or Interbolsa-Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. as operator of the Central de Valores Mobiliários [and the relevant identification number(s)]:	[Not Applicable] [ ]
(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
(vi)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes][No] [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [[(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [*include this text for registered notes*]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the

[1] *Include FISN and/or CFI Code only if so required by applicable clearing system.*

		future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [[(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [*include this text for registered notes*]]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

6. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated:	
	(A) Names of Dealers:	[Not Applicable/*give names*]
	(B) Stabilisation Manager(s) (if any):	[Not Applicable/*give names*]
(iii)	If non-syndicated, name of Dealer:	[Not Applicable/*give names*]
(iv)	U.S. Selling Restrictions:	[Reg. S Compliance Category [1/2]; TEFRA D/TEFRA C/TEFRA not applicable]]
(v)	Prohibition of Sales to EEA Retail Investors:	[Applicable/ Not Applicable] (*If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute "packaged" products, "Applicable" should be specified.*)

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be applicable to each Note (as defined below) and agreed by the relevant Issuer and the relevant Dealer at the time of issue. The applicable Final Terms in relation to any Tranche of Notes will complete the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be applicable to each Note. Reference should be made to "Form of Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

Each Note is one of a Series (as defined below) of Notes issued by an Issuer (the "**Issuer**") which will be, as specified in the Final Terms (as defined below), either REN-Redes Energéticas Nacionais, SGPS, S.A. ("**REN**") or REN Finance B.V. ("**REN B.V.**") and (except in the case of Notes issued by REN in book-entry form ("**Book-Entry Notes**")) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated on or around 7 December 2017 made between REN B.V., REN and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include any successor as Trustee). Book-Entry Notes are integrated in the Interbolsa book-entry system and governed by these conditions and a deed poll given by REN in favour of the Book-Entry Noteholders dated on or around 7 December 2017 (the "**Interbolsa Instrument**"). REN will only issue Book-Entry Notes.

References herein to the Notes shall be references to the Notes of this Series.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 7 December 2017 and made and agreed between the Issuers, Deutsche Bank AG, London Branch as issue and paying agent in respect of Non-Book-Entry Notes and agent bank (the "**Issue and Paying Agent**", which expression shall include any successor agent), Deutsche Bank Luxembourg, S.A. as registrar and transfer agent in respect of Notes in registered form and as paying agent (the "**Registrar**" and "**Transfer Agent**", which expression shall include any additional or successor registrar and/or transfer agents, as applicable), Caixa – Banco de Investimento, S.A. as the paying agent in Portugal in respect of Book-Entry Notes (the "**Portuguese Paying Agent**" and, together with the Issue and Paying Agent and the other paying agents named in the Agency Agreement, unless the context otherwise requires, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and the Trustee.

The final terms for each Note (or the relevant provisions thereof) complete these Terms and Conditions. References to the "applicable Final Terms" are to Part A of the Final Terms (or the relevant provisions thereof), in the case of Non-Book-Entry Notes, attached to or endorsed on the Note.

In respect of Notes issued by REN B.V., REN B.V. has the benefit of a Keep Well Agreement (the "**Keep Well Agreement**") dated 21 July 2014 made between REN and REN B.V.

The Trustee acts for the benefit of the holders of the Bearer Notes (as defined below) for the time being of the Note, of the Receipts (as defined below) and of the Coupons (as defined below) (which expression shall, unless the context otherwise requires, include the holders of the Talons (as defined below)) and of the holders of the Registered Notes (as defined below), all in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed, the Agency Agreement and the Keep Well Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee (being at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom) and at the specified office of each of the Paying Agents, other than the Portuguese Paying Agent. Copies of the Agency Agreement and the Interbolsa Instrument are available for inspection during normal business hours at the specified office of the Portuguese Paying Agent. Copies of the applicable Final Terms in respect of the Non-Book-Entry Notes are obtainable during normal business hours at the specified office of the Paying Agents, other than the Portuguese Paying Agent. Copies of the applicable Final Terms in respect of the Book-Entry Notes are obtainable during normal business hours at the specified office of the Portuguese Paying Agent. The Non-Book-Entry Noteholders are deemed to have notice of, and are entitled to the benefit of, all the applicable provisions of the Trust Deed, the Agency Agreement, the Keep Well Agreement and the applicable Final Terms. The Book-Entry Noteholders are deemed to have notice of, and are entitled to the benefit of, all the applicable provisions of the Agency Agreement, the Interbolsa Instrument and the applicable Final Terms. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed (in the case of Non-Book-Entry Notes) or the Interbolsa Instrument (in the case of Book-Entry Notes).

Words and expressions defined in the Trust Deed, the Interbolsa Instrument or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and *provided that*, (i) in the case of Non-Book-Entry Notes, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and in the event of inconsistency between the Trust Deed, the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail; and (ii) in the case of Book-Entry Notes, in the event of inconsistency between the Interbolsa Instrument and the Agency Agreement, the Interbolsa Instrument will prevail and in the event of inconsistency between the Interbolsa Instrument, the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM AND DENOMINATION

Non-Book-Entry Notes

1.1 ***Form:*** Non-Book-Entry Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"), as specified in the Final Terms and are serially numbered. Registered Notes are not exchangeable for Bearer Notes.

1.2 ***Coupons and Talons:*** Interest-bearing Bearer Notes have attached thereto, at the time of their initial delivery, coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. In addition, if so specified in the Final Terms, such Notes which have more than 27 Coupon payments have attached thereto, at the time of their initial delivery, a talon ("**Talon**") for further coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.

1.3 ***Interest Basis:*** Each Non-Book-Entry Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

1.4 ***Redemption/Payment Basis:*** Each Non-Book-Entry Note may be an Instalment Note, if so specified in the applicable Final Terms. "**Instalment Note**" means a Note, the principal amount of which is repayable by instalments.

1.5 ***Instalment Notes:*** Bearer Notes which are Instalment Notes have attached thereto, at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

1.6 ***Denomination of Bearer Notes:*** Bearer Notes are in the Specified Denomination or Denominations (each of which denominations is integrally divisible by each smaller denomination) specified in the applicable Final Terms *provided that* the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR 1,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). Bearer Notes of one denomination may not be exchanged for Bearer Notes of any other denomination.

1.7 ***Specified Denomination of Registered Notes:*** Registered Notes are in the minimum Specified Denomination specified in the applicable Final Terms or integral multiples thereof *provided that* the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR 1,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

1.8 ***Currency of Notes:*** The Non-Book-Entry Notes are denominated in such Specified Currency as may be specified in the applicable Final Terms. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Book-Entry Notes

1.9 ***Form***: The Book-Entry Notes are held through Interbolsa in book-entry form (*forma escritural*) and 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 Noteholders and transmit such information to the Issuer).

1.10 ***Registration***: The Book-Entry Notes will be registered by Interbolsa as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) ("**CVM**"). Each person shown in the relevant individual securities accounts held with an Affiliate Member of Interbolsa as having an interest in Book-Entry Notes shall be treated as the Holder of the principal amount of the Book-Entry Notes recorded therein. One or more certificates in relation to the Book-Entry Notes (each a "**Certificate**") will be delivered by the relevant Affiliate Member of Interbolsa in respect of its holding of Notes upon the request by the relevant Noteholder and in accordance with that Affiliate Member of Interbolsa's procedures and pursuant to article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários*).

1.11 ***Interest Basis***: Each Book-Entry Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

1.12 ***Redemption/Payment Basis***: Each Book-Entry Note may be an Instalment Note, if so specified in the applicable Final Terms.

1.13 ***Denomination of Book-Entry Notes***: Book-Entry Notes are in the Specified Denomination or Denominations specified in the applicable Final Terms *provided that* the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR 1,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). Book-Entry Notes of one denomination may not be exchanged for Book-Entry Notes of any other denomination.

1.14 ***Currency of Notes***: The Book-Entry Notes will be denominated in euro or in such other currency as can be settled through Interbolsa, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

2. **TITLE AND TRANSFERS OF NOTES**

2.1 ***Title to Bearer Notes:*** Title to Bearer Notes, Receipts and Coupons is transferred by delivery.

2.2 ***Title to Registered Notes:*** Title to Registered Notes is transferred by registration in the register which the Issuer shall procure to be kept by the Registrar outside the United Kingdom (the "**Register**").

2.3 ***Holder as Owner:*** The Holder of any Bearer Note, Receipt, Coupon or Registered Note will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

2.4 ***Transfer of Registered Notes:*** A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only (*provided that* such part is, or is an integral multiple of, the minimum Specified Denomination) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

2.5 ***Exchange of Bearer Notes:*** If so specified in the applicable Final Terms, a Holder of Bearer Notes may exchange the same for the same aggregate nominal amount of Registered Notes upon the terms and subject to the conditions set forth in the Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Registrar or of any Transfer Agent together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Receipts and Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 2.6) where the exchange date would, but for the provisions of Condition 2.6, occur between the Record Date (as defined in Condition 6.4) for such payment of interest and the date on which such payment of interest falls due.

2.6 ***New Registered Notes:*** Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within five Relevant Banking Days of the transfer date or, as the case may be, the exchange date, be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar or a Transfer Agent after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or a Transfer Agent until the day following the due date for such payment. For the purposes of these Terms and Conditions:

(a) "**Relevant Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to a Transfer Agent, in the place where the specified office of such Transfer Agent is located;

(b) the "**exchange date**" shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with Condition 2.5; and

(c) the "**transfer date**" shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.4.

2.7 ***No Charges upon Transfer or Exchange:*** The issue of new Registered Notes on transfer or on the exchange of Bearer Notes for Registered Notes will be effected without charge by or on behalf of the Issuer, the Registrar or Transfer Agent, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Registrar or such Transfer Agent may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

2.8 ***Transfer of Book-Entry Notes:*** Title to the Book-Entry Notes is transferred upon registration in the relevant individual securities accounts held with an Affiliate Member of Interbolsa. Any Book-Entry Noteholder will (except as otherwise required by law) be treated as its absolute owner for all purposes and no person will be liable for so treating the Book-Entry Noteholder.

Any reference herein to Interbolsa, Euroclear or Clearstream, Luxembourg shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms. The Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS OF THE NOTES

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the relevant Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured (subject to the provisions of Condition 4 (*Negative Pledge*)) and unsubordinated obligations of such Issuer from time to time outstanding.

4. NEGATIVE PLEDGE

So long as any of the Notes remain outstanding (as defined in the Agency Agreement) neither the Issuer nor, if REN B.V. is the Issuer, REN will create, save by operation of law, or have outstanding any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") other than any Permitted Security, as defined below, upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer or, if the Issuer is REN B.V., REN, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(a) all amounts payable by the Issuer under the Notes and, if applicable, REN's obligations under the Keep Well Agreement, are secured by the Security Interest equally and rateably with the Relevant Indebtedness (in the case of Non-Book-Entry Notes, to the satisfaction of the Trustee); or

(b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as the Trustee, in the case of Non-Book-Entry Notes, shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or, in the case of both Book-Entry and Non-Book-Entry Notes, which shall be approved by an Extraordinary Resolution (as defined in the Trust Deed in relation to Non-Book-Entry Notes and as defined in the Interbolsa Instrument in relation to Book-Entry Notes) of the Noteholders.

In these Terms and Conditions:

"**Relevant Indebtedness**" means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities (not including for the avoidance of doubt, preference shares or other equity securities) which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness.

"Permitted Security" means:

(i) in the case of a consolidation or merger of REN with or into another company (the "**Combining Company**") any Security Interest over assets of REN if it is the surviving company or the company (if other than REN) surviving or formed by such consolidation or merger *provided that*: (i) such Security Interest was created by the Combining Company over assets owned by it, (ii) such Security Interest is existing at the time of such consolidation or merger, (iii) such Security Interest was not created in contemplation of such consolidation or merger and (iv) the amount secured by such Security Interest is not increased thereafter; or

(ii) any Security Interest on or with respect to assets (including but not limited to receivables) of the Issuer or, if the Issuer is REN B.V., REN, which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the indebtedness secured by such Security Interest or the indebtedness in respect of any guarantee or indemnity which is secured by such Security Interest is limited to the value of such assets; or

(iii) any Security Interest 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 (where such project borrower is formed solely or principally for the purpose of the relevant project) and/ or such asset (or any derivative asset thereof) and/or the shares held in such project borrower.

5. INTEREST

5.1 *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount set out in the applicable Final Terms. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

In these Terms and Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction specified in the Final Terms, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these Terms and Conditions, "**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

(i) if Actual/Actual (ICMA) is specified in the applicable Final Terms:

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the Accrual Period) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

1. the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

2. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if 30/360 is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 ***Interest on Floating Rate Notes***

(A) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an Interest Payment Date) which falls in the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(i) in any case where Specified Periods are specified in accordance with Condition 5.2(A)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(ii) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(iii) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(iv) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions:

"**Additional Business Centre**" means the city or cities specified as such in the relevant Final Terms.

"**Book-Entry Noteholders**" shall mean the holders of the Book-Entry Notes;

"**Business Day**" means a day which is both:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre(s) specified in the applicable Final Terms; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency (if other than London and Lisbon and any Additional Business Centre(s)) and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open.

"**Non-Book-Entry Noteholders**" shall mean the holders of the Non-Book-Entry Notes;

"**Non-Book-Entry Notes**" shall mean the Bearer Notes and the Registered Notes; and

"**Noteholders**" or "**Holders**" shall mean:

(i) in the case of Bearer Notes, the holders of the Bearer Notes;

(ii) in the case of Registered Notes, the persons in whose name the Registered Notes are registered;

(iii) in the case of Book-Entry Notes, the person in whose name a Book-Entry Note is registered in the relevant individual securities accounts held with an Affiliate Member of Interbolsa (as defined in Condition 21 (*Definitions*)) in accordance with Portuguese law and the relevant Interbolsa procedures and, for the purposes of Condition 8 (*Taxation*), the effective beneficiary of the income attributable thereto;

and "**holder**" and "**holder of Notes**" and related expressions shall (where appropriate) be construed accordingly,

(B) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes:

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this Condition, "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Issue and Paying Agent (or other person specified in the applicable Final Terms) under an interest rate swap transaction if the Issue and Paying Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006

ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

1. the Floating Rate Option is as specified in the applicable Final Terms;

2. the Designated Maturity is the period specified in the applicable Final Terms;

3. the relevant Reset Date is the first day of that Interest Period; and

4. if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, Linear Interpolation is specified to be applicable in respect of that period for the swap transaction ***provided, however, that*** if there is no rate available for a period of time next shorter or, as the case may be, next longer, than such period the Calculation Agent shall determine the Floating Rate for such period at such time and by reference to such sources as it determines appropriate.

For the purposes of this Condition 5.2(B), Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity, Linear Interpolation and Reset Date have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

In these Terms and Conditions:

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor).

"**LIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor).

(ii) Screen Rate Determination for Floating Rate Notes:

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

1. the offered quotation; or

2. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (EURIBOR or LIBOR as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page specified in the applicable Final Terms (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR (the "**Specified Time**")) on the Interest Determination Date specified in the applicable Final Terms in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes) or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Issue and Paying Agent, the Portuguese Paying Agent or Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) or, as applicable, the relevant Calculation Agent, of such offered quotations.

If the Relevant Screen Page is not available, or if no offered quotation appears or fewer than three offered quotations appear, in each case as at the Specified Time, the Issuer shall appoint a Determination Agent and the Determination Agent shall request each of the Reference Banks to provide it with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Determination Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Determination Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Determination Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Determination Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Determination Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Determination Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the relevant Issuer suitable for the purpose) informs the Determination Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In these Terms and Conditions:

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London offices of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone offices of four major banks in the Euro-zone inter-bank market, in each case selected by the Determination Agent; and

"**Determination Agent**" means a leading investment bank which is an active market participant in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), in each case as selected by the Issuer.

(iii) Linear Interpolation:

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and Linear Interpolation is specified in the applicable Final Terms as applicable in respect of an Interest Period, the Rate of Interest for that Interest Period shall be calculated by the Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes) or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified, by straight-line linear interpolation by reference to two rates (each determined in the same manner as set out above for the Reference Rate) which appear on the Relevant Screen Page specified in the applicable Final Terms as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date specified in the applicable Final Terms, where:

(A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period,

plus or minus (as indicated in the applicable Final Terms) the Margin (if any), ***provided, however, that*** if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(C) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5.2 above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5.2 above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(D) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes) or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Calculation Agent, if any, will notify the Issue and Paying Agent or the Portuguese Paying Agent, as applicable, of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes) or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified, will calculate the amount of interest payable on the Floating Rate Notes in respect of each Specified Denomination (each an Interest Amount) for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period:

(i) if Actual/Actual (ISDA) or Actual/Actual is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if Actual/365 (Fixed) is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if Actual/365 (Sterling) is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if Actual/360 is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if 30/360, 360/360 or Bond Basis is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if 30E/360 or Eurobond Basis is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if 30E/360 (ISDA) is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case D_2 will be 30.

(E) *Notification of Rate of Interest and Interest Amounts*

The Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes) or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified, will cause the Rate of

Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee (in the case of Non-Book-Entry Notes), the Issue and Paying Agent or the Portugese Paying Agent, as the case may be (if the Calculation Agent is an entity other than the Issue and Paying Agent or the Portugese Paying Agent, as the case may be) and to any Stock Exchange or other relevant competent listing authority or quotation systemon which the relevant Floating Rate Notes are for the time being listed, quoted and/or traded (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the fourth Lisbon Business Day thereafter in the case of Book-Entry Notes or, in the case of Non-Book-Entry Notes, the fourth Lisbon and London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to each Stock Exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing or trading and to the Noteholders in accordance with Condition 15 (*Notices*). For the purposes of this paragraph, the expression Lisbon Business Day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Lisbon; and the expression London Business Day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(F) *Determination or calculation by Trustee*

In the case of Non-Book-Entry Notes, if for any reason at any time the Issue and Paying Agent or the Calculation Agent (as applicable) defaults in its obligations to determine the Rate of Interest or in its obligation to calculate any Interest Amount in accordance with the provisions of this Condition, as the case may be, and in each case, in accordance with paragraph (D) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum or Maximum Rate of Interest specified in the Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Issue and Paying Agent or the Calculation Agent (as applicable).

(G) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes), the Calculation Agent or the Trustee (if applicable) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, REN (if the Issuer is REN B.V.), the Trustee and the Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes), the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer, REN (if the Issuer is REN B.V.) or the Noteholders shall attach to the Issue and Paying Agent, the Portuguese Paying Agent, or, if applicable, the Calculation Agent or the Trustee, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 ***Accrual of interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, if applicable, or, in the case of a Book-Entry Note presentation of the relevant Certificate in respect thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed (in relation to Non-Book-Entry Notes) and as provided in the Interbolsa Instrument (in relation to Book-Entry Notes).

6. **PAYMENTS**

6.1 ***Method of payment***

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee; and

(iii) payments in US dollars will be made by a transfer to a US dollar account maintained by the payee with a bank outside the United States (which expression as used in this Condition 6 (*Payments*), means the United States of America which includes the States, and the District of Columbia, and its possessions). All payments of interest will be made to accounts outside the United States except as may be permitted by US tax law in effect at the time of such payment without detriment to the Issuer.

6.2 ***Payments in relation to Book-Entry Notes***

Payments of principal and interest in respect of Book-Entry Notes may only be made in euro, U.S. dollars, Sterling, Japanese Yen and Swiss francs until such date as Interbolsa accepts registration and clearing of securities denominated in other currencies.

Whilst the Book-Entry Notes are held through Interbolsa, payment of principal and interest in respect of the Notes will be (i) if made in euro (a) credited, according to the procedures and regulations of Interbolsa, by the Portuguese Paying Agent (acting on behalf of the Issuer) to the payment current-accounts used by the Affiliate Members of Interbolsa for payments in respect of securities held through Interbolsa and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current-accounts to the accounts of the beneficial owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; or (ii) if made in currencies other than euro (a) transferred, on the payment date and according to the procedures and regulations of Interbolsa, from the account held by the Portuguese Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by the CGD to the relevant accounts of the relevant Affiliate Members of Interbolsa and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the beneficial owners of Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the owners of Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

6.3 ***Payments in relation to Bearer Notes, Receipts and Coupons***

Payments of principal in respect of Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only, where applicable, against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Bearer Notes, and payments of interest in respect of Bearer Notes will (subject as provided below) be made as aforesaid only, where applicable, against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent (other than the Portuguese Paying Agent) outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in bearer form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from and including the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Bearer Note.

6.4 ***Payments in relation to Registered Notes***

Payments of amounts (including accrued interest) due on the final redemption of Registered Notes will be made against presentation and, save in the case of a partial redemption, surrender of the relevant Registered Notes at the specified office of the Registrar.

Payments of amounts (whether principal, interest or otherwise) due in respect of Registered Notes will be paid to the Holders thereof (or, in the case of joint Holders, the first-named) as appearing in the Register as at closing of business (Luxembourg time) on the Luxembourg business day (the "**Record Date**") before the due date for such payment *provided that* the amounts due in respect of Registered Notes under Condition 10 (*Events of Default*) will be paid to the Holders thereof (or, in the case of joint Holders, the first-named) as appearing in the Register as at opening of business (Luxembourg time) on the date on which such payment is made.

6.5 ***Payment Subject to Fiscal Laws***

Payments will be subject in all cases to (i) any clearing system regulations, fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

6.6 ***Payment Day***

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the Holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, Payment Day means any day which (subject to Condition 9 (*Prescription*)) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Financial Centre specified in the applicable Final Terms; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.7 ***Interpretation of principal and interest***

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*);

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

(iv) the Optional Redemption Amount(s) (if any) of the Notes;

(v) in relation to Notes redeemable in instalments, the Instalment Amounts (as set out in the applicable Final Terms);

(vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5); and

(vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*) or (in the case of Non-Book-Entry Notes) under any undertakings or covenants given in addition thereto or in substitution thereof pursuant to the Trust Deed.

7. **REDEMPTION AND PURCHASE**

7.1 ***Redemption at maturity***

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms, in the relevant Specified Currency on the Maturity Date.

7.2 ***Redemption for Tax Reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Issue and Paying Agent (in the case of Non-Book-Entry Notes), or to the Portuguese Paying Agent (in the case of Book-Entry Notes), and in each case, in accordance with Condition 15 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

and, in the case of Non-Book-Entry Notes, the Issuer satisfies the Trustee immediately prior to giving such notice that the requirement referred to in (i) above will apply and cannot be so avoided, *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (in the case of Non-Book-Entry Notes) or to the Portuguese Paying Agent (in the case of Book-Entry Notes) (a) a certificate signed by two Directors of REN stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the requirement referred to in (i) above will apply and cannot be avoided by the Issuer taking reasonable measures available to it, and (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in which event they shall be conclusive and binding on the Non-Book-Entry Noteholders.

Notes redeemed pursuant to this Condition 7.2 (*Redemption and Purchase – Redemption for Tax Reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 7.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 ***Redemption at the option of the Issuer (Issuer Call Option)***

If Issuer Call Option is specified in the applicable Final Terms, the Issuer may, having given (unless otherwise specified, in the applicable Final Terms) not less than 15 nor more than 30 days' notice to the Issue and Paying Agent and the Trustee (in the case of Non-Book-Entry Notes) or the Portuguese Paying Agent (in the case of Book-Entry Notes), and in each case in accordance with Condition 15 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) redeem all or some only (as specified in the applicable Final Terms) of the Notes then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the nominal amount of all outstanding Notes will be reduced proportionally.

If Make-whole Amount is specified in the applicable Final Terms, the Optional Redemption Amount will be the higher of (a) 100 per cent. of the principal amount outstanding of the Notes to be redeemed; and (b) the sum of the present values of the principal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis at (i) the Reference Note Rate plus the Redemption Margin; or (ii) the Discount Rate, in each case as may be specified in the applicable Final Terms. If the Make-whole Exemption Period is specified as applicable and the Issuer gives notice to redeem the Notes during the Make-whole Exemption Period, the Optional Redemption Amount will be 100 per cent. of the principal amount outstanding of the Notes to be redeemed.

In the case of a partial redemption of Non-Book-Entry Notes, the Non-Book-Entry Notes to be redeemed ("**Redeemed Notes**") will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 (*Notices*) not less than 15 days prior to the date fixed for redemption.

In the case of Book-Entry Notes partial redemption will be done in accordance with Interbolsa rules.

In these Conditions:

"**Discount Rate**" will be as set out in the applicable Final Terms.

"**FA Selected Note**" means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes.

"**Financial Adviser**" means the entity so specified in the applicable Final Terms or, if not so specified or such entity is unable or unwilling to act, any financial adviser selected by the Issuer and in the case of Non-Book Entry Notes only, notified by it to the Trustee.

"**Make-whole Exemption Period**" will be as set out in the applicable Final Terms.

"**Redemption Margin**" will be as set out in the applicable Final Terms.

"**Reference Note**" shall be the note so specified in the applicable Final Terms or, if not so specified or if no longer available, the FA Selected Note.

"**Reference Note Price**" means, with respect to any date of redemption: (a) the arithmetic average of the Reference Government Note Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Note Dealer Quotations; or (b) if the Financial Adviser obtains fewer than four such Reference Government Note Dealer Quotations, the arithmetic average of all such quotations.

"**Reference Note Rate**" means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Note, assuming a price for the Reference Note (expressed as a percentage of its nominal amount) equal to the Reference Note Price for such date of redemption.

"**Reference Date**" will be set out in the relevant notice of redemption, such date to fall no earlier than the date falling 30 days prior to the date of such notice.

"**Reference Government Note Dealer**" means each of five banks selected by the Issuer or, if the Issuer is REN BV, REN, which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate note issues.

"**Reference Government Note Dealer Quotations**" means, with respect to each Reference Government Note Dealer and any date for redemption, the arithmetic average, as determined by the Agent, of the bid and offered prices for the Reference Note (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Calculation Agent by such Reference Government Note Dealer.

"**Remaining Term Interest**" means with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer in accordance with this Condition.

7.4 ***Redemption following a Substantial Purchase Event***

If a Substantial Purchase Event is specified in the relevant Final Terms as being applicable and a Substantial Purchase Event has occurred, then the Issuer may, subject to having given not less than 30 nor more than 60 days notice (or such other period of notice as may be specified in the relevant Final Terms) to the Issue and Paying Agent and the Trustee (in the case of Non-Book Entry Notes) or the Portuguese Paying Agent (in the case of Book Entry Notes) and, in each case, in accordance with Condition 15 (*Notices*) the Noteholders redeem or purchase (or procure the purchase of), at its option, the Notes comprising the relevant Series in whole, but not in part, in accordance with these Conditions at any time, in each case at their principal amount, together with any accrued and unpaid interest up to (but excluding) the date of redemption or purchase.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

A "**Substantial Purchase Event**" shall be deemed to have occurred at the point in time at which at least 80 per cent. or such higher percentage as may be specified in the relevant Final Terms of the aggregate principal amount of the Notes of the relevant Series originally issued (which for these purposes shall include any further Notes of the same Series issued subsequently) is purchased by REN B.V., REN or any subsidiary of REN (and in each case is cancelled in accordance with Condition 7.10);

7.5 ***Residual Maturity Call Option***

If a Residual Maturity Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving not less than 15 nor more than 30 days' notice (or such other period of notice as may be specified in the relevant Final Terms) to the Issue and Paying Agent and the Trustee (in the case of NCN Back Entry Notes) or the Portuguese Paying Agent (in the case of Book Entry Notes) and, in each case, in accordance with Condition 15 (*Notices*) the Noteholders (which notice shall specify the date fixed for redemption (the "**Residual Maturity Call Option Redemption Date**")), redeem the Notes comprising the relevant Series, in whole but not in part, at their principal amount together with any accrued and unpaid interest up to (but excluding) the date fixed for redemption, which shall be no earlier than (i) three months before the Maturity Date in respect of Notes having a maturity of not more than ten years or (ii) six months before the Maturity Date in respect of Notes having a maturity of more than ten years; or in either case, such shorter time period as may be specified in the Final Terms.

For the purpose of the preceding paragraph, the maturity of not more than ten years or the maturity of more than ten years (or such shorter maturity as may be specified in the Final Terms) shall be determined as from the Issue Date of the first Tranche of the relevant Series of Notes.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

7.6 ***Redemption at the option of the Holders of Notes (Investor Put)***

If Investor Put Option is specified in the applicable Final Terms, upon the Holder of any Note giving to the Issuer in accordance with Condition 15 (*Notices*) not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount as specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the Holder of this Note must deliver (1) (in the case of Non-Book-Entry Notes in definitive form) to the specified office of any Paying Agent (other than the Portuguese Paying Agent) at any time during normal business hours of such Paying Agent falling within the notice period a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (other than the Portuguese Paying Agent); or (2) (in all other cases) in the case of Non-Book-Entry Notes, a notice to the Issue and Paying Agent or Transfer Agent or Registrar (as the case may be); or, in the case of Book-Entry Notes, a notice to the Portuguese Paying Agent, in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and/or Interbolsa (as applicable) or any common depositary or custodian for them stating the principal amount of the Notes in respect of which such option is exercised (a "**Put Notice**") in which the Holder must specify a bank account to which payment is to be made under this Condition together in the case of Bearer Notes with the Notes. Any Put Notice given by a Holder of any Note pursuant to this paragraph shall be irrevocable. No deposit of Notes will be required in respect of Book-Entry Notes. For Book-Entry Notes held through Interbolsa, the right to require redemption will be exercised directly against the Issuer, through the Portuguese Paying Agent.

7.7 ***Early Redemption Amounts***

For the purpose of Condition 7.2 above and Condition 10 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

(i) in the case of a Note with a Final Redemption Amount equal to the Issue Price of the first Tranche of the Series, at the Final Redemption Amount thereof;

(ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or

(iii) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

Early Redemption Amount = $RP \times (1 + AY)^y$

where:

"**RP**" means the Reference Price; and

"**AY**" means the Accrual Yield expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360.

7.8 ***Instalments***

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7.7.

7.9 ***Purchases***

Subject to applicable provisions of Portuguese or Dutch law, as applicable, the relevant Issuer and, if the Issuer is REN B.V., REN or any subsidiary of REN may at any time purchase or otherwise acquire Notes (*provided that*, in the case of Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the relevant Issuer and, if the Issuer is REN, B.V., REN or the relevant subsidiary (as the case may be), cancelled.

7.10 ***Cancellation***

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes (together with all unmatured Receipts, Coupons and Talons cancelled therewith) purchased and cancelled pursuant to Condition 7.9 above shall be cancelled by Interbolsa (in the case of Book-Entry Notes) or the Issue and Paying Agent (in the case of Non-Book-Entry Notes) and cannot be held, reissued or resold.

7.11 ***Late payment on Zero Coupon Notes***

If the amount payable in respect of any Zero Coupon Note, upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3, 7.4, 7.5 or 7.6 above or upon its becoming due and repayable as provided in Condition 10 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.7(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Issue and Paying Agent or the Trustee (in the case of Non-Book-Entry Notes) or the Portuguese Paying Agent (in the case of Book-Entry Notes), and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

8. **TAXATION**

8.1 ***Payment of interest without Withholding***

All payments in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature ("**Taxes**") imposed or levied by or on behalf of any of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the holders of Notes, Receipts or Coupons after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note, Receipt or Coupon:

(i) to, or to a third party on behalf of, a holder who is liable to the Taxes in respect of the Note, Receipt or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or

(ii) presented for payment in the case of a Bearer Note, in the Relevant Jurisdiction; or

(iii) presented for payment in the case of Bearer Notes more than 30 days after the Relevant Date (as defined below) except to the extent that the Holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6 (Payments)); or

(iv) to, or to a third party on behalf of, a holder of Notes issued by REN, that may qualify for the application of Decree Law No. 193/2005, of 7 November, as amended from time to time, and in respect of whom the information (which may include certificates) required in order to comply with the said Decree-Law No. 193/2005 of 7 November, and any implementing legislation, is not received or which does not comply with the formalities in order to benefit from tax treaty benefits, when applicable; or

(v) to, or to a third party on behalf of, a holder of Notes issued by REN, resident for tax purposes in the Relevant Jurisdiction, or a resident in a country, territory or region subject to a clearly more favourable tax regime (a tax haven jurisdiction) as defined in the Ministerial Order ("*Portaria*") No. 150/2004, of 13 February, as amended from time to time, with the exception of central banks and governmental agencies located in those black-listed jurisdictions; or

(vi) in the case of Notes issued by REN to, or to a third party on behalf of (i) a Portuguese resident legal entity subject to Portuguese corporation tax with the exception of entities that benefit from an exemption of Portuguese withholding tax or from Portuguese income tax exemptions, or (ii) a legal entity not resident in Portugal with a permanent establishment in Portugal to which the income or gains obtained from the Notes, Receipts or Coupons are attributable; or

(vii) presented for payment in the case of Bearer Notes by or on behalf of a holder of Notes, Receipts or Coupons who would not be liable for or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority.

Notwithstanding anything to the contrary in the preceding paragraph, none of the Issuers, any paying agent or any other person shall be required to pay any additional amounts with respect to any withholding or deduction imposed on or in respect of any Note pursuant to Section 1471 to 1474 of the Code ("**FATCA**"), any treaty, law, regulation or other official guidance implementing FATCA, or any agreement between the Issuer, a paying agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA.

For the purposes of this Condition 8:

(i) **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Issue and Paying Agent or the Trustee (in the case of Non-Book-Entry Notes) or the Portuguese Paying Agent (in the case of Book-Entry Notes), on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders of Notes in accordance with Condition 15 (*Notices*); and

(ii) **Relevant Jurisdiction** means, where REN is the Issuer, the Republic of Portugal or any political subdivision or any authority thereof or therein having power to tax, and where REN B.V. is the Issuer, The Netherlands or any political subdivision or any authority thereof or therein having power to tax or, in each case, any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which REN or, as the case may be, REN B.V., becomes subject in respect of payments made by it of principal and interest on the Notes, Receipts or Coupons.

8.2 ***Additional Amounts***

Any reference in these Terms and 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.

9. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless presented for payment within ten years (in the case of principal) and five years (in the case of interest) in each case from the date on which such payment first becomes due, subject in each case to the provisions of Condition 6 (*Payments*).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6 (*Payments*) or any Talon which would be void pursuant to Condition 6 (*Payments*).

10. EVENTS OF DEFAULT

10.1 *Events of Default*

If any one or more of the following events (each an "**Event of Default**") shall occur and be continuing:

(i) default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or

(ii) the Issuer (and, if the Issuer is REN B.V., REN) fails to perform or observe any of its other obligations under these Terms and Conditions, the Trust Deed and (in the case of Book-Entry Notes only) the Interbolsa Instrument, and, (A) in the case of Non-Book-Entry Notes (a) such failure is, in the opinion of the Trustee, incapable of remedy or in respect of which, in the opinion of the Trustee, remedial action satisfactory to the Trustee cannot be taken, or (b) such failure is, in the opinion of the Trustee capable of remedy or in respect of which, in the opinion of the Trustee, such remedial action can be taken and the failure continues for the period of 30 days (or such longer period as the Trustee may permit) after the Trustee has given written notice to the Issuer requiring the same to be remedied; or (B) in the case of Book-Entry Notes, the failure continues for the period of 30 days following the service by a Noteholder on REN of notice requiring the same to be remedied, except in any case where the failure is incapable of remedy when no such continuation or notice will be required; or

(iii) (a) any Indebtedness for Borrowed Money (as defined below) of REN B.V. (if REN B.V. is the Issuer) or REN or any of its Material Subsidiaries is declared due and repayable prematurely by reason of an event of default (however described); or (b) REN B.V. (if REN B.V. is the Issuer) or REN fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment and the failure continues for five days in case of principal and ten days in case of interest; or (c) any security given by REN B.V. (if REN B.V. is the Issuer) or REN for any Indebtedness for Borrowed Money becomes enforceable; or (d) default is made by REN B.V. (if REN B.V. is the Issuer) or REN in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person *provided that* the aggregate amount of Indebtedness for Borrowed Money in respect of which one or more of the events listed in (a) to (d) of this paragraph have occurred equals or exceeds EUR 40,000,000 or its equivalent; or

(iv) any order is made by any competent court or resolution passed for the winding up or dissolution of REN B.V. (if REN B.V. is the Issuer), REN or any of its Material Subsidiaries, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution or any operation falling within the definition of Permitted Reorganisation, (as defined below); or

(v) REN B.V. (if REN B.V. is the Issuer), REN or any of its Material Subsidiaries ceases to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution or any operation falling within the definition of Permitted Reorganisation, (as defined below); or REN B.V. (if REN B.V. is the Issuer), REN or any of its Material Subsidiaries stops payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(vi) proceedings are initiated against REN B.V. (if REN B.V. is the Issuer), REN or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to REN B.V. (if REN B.V. is the Issuer), REN or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrance takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them, unless (other than in the case of the appointment of an administrator) (A) such proceedings or applications are frivolous or vexatious and contested in good faith and appropriately by REN B.V. (if REN B.V. is the Issuer) or REN having been advised by recognised independent legal advisers of good repute that it is reasonable to do so, and/or (B) are discharged within 60 days; or

(vii) REN B.V. (if REN B.V. is the Issuer), REN or any of its Material Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors); or

(viii) it is or will become unlawful for REN B.V. (if REN B.V. is the Issuer) or REN to perform or comply with any of its material obligations under or in respect of the Notes; or

(ix) any regulation, decree, consent, approval, licence or other authority necessary to enable REN B.V. (if REN B.V. is the Issuer) or REN to perform its obligations under the Notes, or for the validity or enforceability thereof expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified in a manner which materially impairs the ability of REN B.V. (if REN B.V. is the Issuer) or REN to comply with its obligations under the Notes, the Trust Deed or the Keep Well Agreement (as applicable), or is materially prejudicial to the interests of the Noteholders; or

(x) any of the concessions previously awarded to REN is suspended, terminated or revoked and such suspension, termination or revocation has, as a direct result, a material adverse effect on the business or results of operations of REN or any of its Material Subsidiaries and continues for a period of 30 days; or

(xi) except in the context of a reorganisation of the Group, all of the assets of any Material Subsidiary are transferred, sold, assigned or contributed to a third party or parties (whether associated or not) otherwise than for full consideration received by REN or the Material Subsidiary on an arm's length basis and such transfer, sale, assignment or contribution has a material adverse effect on the financial condition, assets or liabilities of the Group; or

(xii) except in the context of a reorganisation of the Group, REN ceases to control or have power to control, whether by ownership of share capital or voting rights, contract, the power to appoint or remove members of the governing body or otherwise, any of its Material Subsidiaries; or

(xiii) any event occurs which, under the laws of the Republic of Portugal or, in the case of Notes issued by REN B.V., the laws of The Netherlands, has or may have, an analogous effect to any of the events referred to in subparagraphs (iv) to (vii) above; or

(xiv) the Keep Well Agreement is terminated or any provision of the Keep Well Agreement is amended or waived in circumstances where such amendment or waiver would be, in the opinion of the Trustee, materially prejudicial to the interests of the Non-Book-Entry Noteholders or is not enforced in a timely manner by REN B.V. or is breached by REN *provided that* in the case of such non-enforcement or breach this would be, in the opinion of the Trustee, materially prejudicial to the interests of the Non-Book-Entry Noteholders,

then

(a) in respect of Non-Book-Entry Notes, the Trustee at its discretion may, and if so requested in writing by the Holders of at least one-quarter in nominal amount of the Non-Book-Entry Notes then outstanding or if so directed by an Extraordinary Resolution of the Non-Book-

Entry Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give written notice to the Issuer that the Non-Book-Entry Notes are, and they shall accordingly thereupon immediately become, due and repayable at the Early Redemption Amount, together with accrued interest (if any) as provided in the Trust Deed *provided that*, in the case of any Event of Default other than those described in paragraphs (i), (iv) (in the case of a winding up or dissolution of REN B.V. (if REN B.V. is the Issuer) or REN, (ix), (xii) and (xiv) above, the Trustee shall have certified to the Issuer that, in its opinion, such Event of Default is materially prejudicial to the interests of the Noteholders; and

(b) in respect of Book-Entry Notes, any Book-Entry Noteholder may give notice to REN and to the Portuguese Paying Agent at their respective specified offices, effective upon the date of receipt thereof by the Portuguese Paying Agent, that the Book-Entry Notes held by such Book-Entry Noteholders are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount, together with accrued interest (as provided in the Interbolsa Instrument).

10.2 ***Interpretation***

For the purposes of this Condition 10:

"**Group**" means REN and its Subsidiaries;

"**IFRS**" means International Financial Reporting Standards adopted by the International Accounting Standards Board (IASB);

"**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any bank loan or acceptance or acceptance credit;

"**Material Subsidiary**" means at any time any Subsidiary of REN:

(a) whose total assets or revenues (consolidated in the case of a company which itself has subsidiaries) represent not less than 10 per cent. of the consolidated total assets or consolidated revenues of the Group taken as a whole, all as calculated by reference to the then most recent financial statements and in accordance with IFRS (consolidated or, as the case may be, unconsolidated) of that Subsidiary and the most recent consolidated financial statements of the Group; or

(b) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which, immediately prior to such transfer, is a Material Subsidiary;

"**Permitted Reorganisation**" means a reorganisation, reconstruction, amalgamation, merger, consolidation or transfer of assets and/or activities between or among REN and its Subsidiaries (a "**Reorganisation**"), in each case where:

(a) such Reorganisation does not result in any change to the legal status of REN as a limited liability company ("*Sociedade Anónima*" under the laws of the Portuguese Republic) or, in the case of Notes issued by REN B.V., any change to the legal status of REN B.V. (a private company with limited liability under the laws of The Netherlands (*besloten vennootschap met beperkte aansprakelijkheid*));

(b) the aggregate amount of the assets of the Group owned, controlled or otherwise held, directly or indirectly, by REN, as determined by reference to the last publicly available audited consolidated financial statements of REN prior to the date of the first public announcement of such Reorganisation, is no less than the corresponding amount of assets owned, controlled or otherwise held, directly or indirectly, by REN following the date of completion of such Reorganisation; and

(c) no internationally recognised rating agency has made any announcement or issued any notice to REN or REN B.V. or any other party to the effect that, as a result of the

Reorganisation, it will downgrade, or is contemplating the possibility of downgrading, the rating it has previously assigned to the Notes (including the Notes being placed on a negative rating watch or a negative outlook being applied to the Notes) or REN; and

"**Subsidiary**" means an entity from time to time in respect of which REN (a) has the right to appoint the majority of the members of the board of directors or similar board or (b) owns directly or indirectly more than 50 per cent. of (i) the share capital or similar right of ownership or (ii) voting rights (by contract or otherwise).

10.3 ***Reports***

A report by two Directors of REN whether or not addressed to the Trustee that in their opinion a Subsidiary of REN is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

In respect of Non-Book-Entry Notes, in connection with Condition 10.1(iv) and (v) above, the Trustee shall be entitled to accept without any further enquiry (i) an opinion of independent legal advisers of recognised standing procured by the relevant Issuer to the effect that paragraph (a) of the definition of Permitted Reorganisation is satisfied and (ii) a certificate signed by two directors of the relevant Issuer confirming that paragraphs (b) and (c) of the definition of Permitted Reorganisation are satisfied as sufficient evidence that any operation falls within the definition of Permitted Reorganisation, in which event it shall be conclusive and binding on the Non-Book-Entry Noteholders.

11. **ENFORCEMENT**

11.1 ***Enforcement by the Trustee***

In the case of Non-Book-Entry Notes, the Trustee may, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under the Trust Deed and the Non-Book-Entry Notes and any related Receipts or Coupons or the obligations of REN under the Keep Well Agreement, but it shall not be bound to take any such proceedings or any other action unless (a) it shall have been so directed by an Extraordinary Resolution of the Non-Book-Entry Noteholders or so requested in writing by the Holders of at least one-quarter in nominal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

11.2 ***Limitation on Trustee actions***

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or, if in its opinion based on such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

11.3 ***Enforcement by Book-Entry Noteholders***

The Trustee may not, but the Book-Entry Noteholders may, at any time, take such proceedings against REN as they may think fit to enforce the provisions of the Book-Entry Notes and/or the Interbolsa Instrument.

11.4 ***Enforcement by the Non-Book-Entry Noteholders***

Non-Book-Entry Noteholders shall not be entitled to proceed directly against REN B.V. or REN unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure is continuing.

12. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Non-Book-Entry Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying Agent (other than the Portuguese Paying Agent) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Non-Book-Entry Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled (in the case of Non-Book-Entry Notes, with the prior written approval of the Trustee) to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, *provided that*:

(i) in the case of Non-Book-Entry Notes there will at all times be an Issue and Paying Agent and, in respect of Registered Notes, a Registrar;

(ii) in the case of Book-Entry Notes, there will at all times be a Portuguese Paying Agent;

(iii) so long as any of the Book-Entry Notes are registered with Interbolsa there will at all times be a Paying Agent having a specified office in such place of registration and complying with any requirements that may be imposed by the rules and regulations of Interbolsa; and

(iv) so long as any of the Notes are listed on any Stock Exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant Stock Exchange or as the case may be, other relevant authority.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in the case of Non-Book-Entry Notes, in certain limited circumstances, of the Trustee, and in all cases do not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent (other than the Portuguese Paying Agent) in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

15. NOTICES

All notices regarding the Notes will be deemed to be validly given if published in accordance with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading.

All notices regarding Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the Register, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day.

The Issuer shall comply with disclosure obligations applicable to listed companies under Portuguese law in respect of Notices relating to the Book-Entry Notes, which are integrated in and held through Interbolsa in dematerialised form.

Any notice shall be deemed to have been given on the date of publication or, if so published more than once or on different dates, on the date of the first publication. In the case of Non-Book-Entry Notes, if publication as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Notices to be given by any Noteholder shall be in writing and given by lodging the same either with the Issuer or with the Issue and Paying Agent in the case of Non-Book-Entry Notes, or the Portuguese Paying Agent in the case of Book-Entry Notes.

16. MEETINGS OF HOLDERS OF NOTES

Book-Entry Notes

The Interbolsa Instrument contains provisions for convening meetings of the Book-Entry Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Terms and Conditions or any of the provisions of the Interbolsa Instrument.

The quorum at any meeting convened to vote on: (i) a resolution not regarding a Reserved Matter will be any person or persons holding or representing whatever the nominal amount of the Book-Entry Notes so held or represented; or (ii) an Extraordinary Resolution regarding a Reserved Matter of the Book-Entry Notes, will be any person or persons holding or representing at least 50 per cent. in nominal amount of the Book-Entry Notes for the time being outstanding or, at any adjourned meeting, any person being or representing whatever the nominal amount of the Book-Entry Notes so held or represented. Each Book-Entry Note grants its holder one vote.

The majorities required to approve a resolution at any meeting convened in accordance with the applicable rules shall be: (i) if in respect to a resolution not regarding a Reserved Matter, the majority of the votes cast at the relevant meeting; or (ii) if in respect to an Extraordinary Resolution regarding a Reserved Matter, at least 50 per cent. in nominal amount of the Book-Entry Notes for the time being outstanding or, at any adjourned meeting two-thirds of the votes cast at the relevant meeting.

For the purposes of these Terms and Conditions, a "**Reserved Matter**" means any proposal: (i) to change any date fixed for payment of principal or interest in respect of the Book-Entry Notes of all or of a given Series, (ii) to reduce the amount of principal or interest due on any date in respect of the Book-Entry Notes of all or of a given Series or to alter the method of calculating the amount of any payment in respect of the Book-Entry Notes of all or of a given Series on redemption or maturity; (iii) to effect the exchange, conversion or substitution of the Book-Entry Notes of all or of a given Series into, shares, bonds or other obligations or securities of REN or any other person or body corporate formed or to be formed; (iv) to change the currency in which amounts due in respect of the Book-Entry Notes of all or of a given Series are payable; (v) to alter the priority of payment of interest or principal in respect of the Book-Entry Notes of all or of a given Series; (vi) to amend this definition; and (vii) any other changes to the conditions of the credits held by the Book-Entry Noteholders.

(A) A resolution approved at any meeting of the Book-Entry Noteholders of a Series shall, be binding on all the Book-Entry Noteholders of such Series, whether or not they are present at the meeting.

(B) Any such meeting to consider a resolution may be convened by the Chairman of the General Meeting of Shareholders of REN, by a common representative (if appointed by the Noteholders) or if the Chairman of the General Meeting of Shareholders of REN refuses to convene the meeting, then 5 per cent. of the Book-Entry Noteholders of any Series may petition the court to order a meeting to be convened.

(C) A resolution approved at any meeting of the Book-Entry Noteholders of all Series shall be binding on all Book-Entry Noteholders of all Series, whether or not they are present at the meeting.

(D) In connection with any meeting of the Book-Entry Noteholders of more than one Series where such Book-Entry Notes are not denominated in euro, the nominal amount of the Book-Entry Notes of any Series not denominated in euro shall be converted into euro at the relevant exchange rate at the date of the meeting.

Non-Book-Entry Notes

The Trust Deed contains provisions for convening meetings of the holders of Non-Book-Entry Notes to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Non-Book-Entry Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by REN B.V. or the Trustee and shall be convened by REN B.V. if required in writing by holders of Non-Book-Entry Notes holding not less than 10 per cent. in nominal amount of the Non-Book-Entry Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Non-Book-Entry Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing holders of Non-Book-Entry Notes whatever the nominal amount of the Non-Book-Entry Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Non-Book-Entry Notes, the Receipts, the Coupons or the Trust Deed (including modifying any date of payment, reducing or cancelling the amount of principal or the rate of interest payable in respect of Non-Book-Entry Notes or altering the currency of payment of the Non-Book-Entry Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Non-Book-Entry Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Non-Book-Entry Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in nominal amount of the Non-Book-Entry Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed at any meeting of the holders of Non-Book-Entry Notes shall be binding on all the holders of Non-Book-Entry Notes, whether or not they are present at the meeting and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the holders of Non-Book-Entry Notes, to:

(A) any modification of the Non-Book-Entry Notes, the Receipts, the Coupons or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the holders of Non-Book-Entry Notes; or

(B) any modification of the Non-Book-Entry Notes, the Receipts, the Coupons or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

The Trustee may also, without any consent as aforesaid, waive or authorise any breach or proposed breach by REN B.V. of any of the covenants or provisions contained in the Trust Deed, or determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such which, in any such case, is not in the opinion of the Trustee, materially prejudicial to the interests of the holders of Non-Book-Entry Notes.

Any such modification, waiver, authorisation or determination shall be binding on the holders of Non-Book-Entry Notes and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the holders of Non-Book-Entry Notes as a class but shall not have regard to any interests arising from circumstances particular to individual holders of Non-Book-Entry Notes (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual holders of Non-Book-Entry Notes (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from REN B.V. any indemnification or payment in respect of any tax consequence of any such exercise upon individual holders of Non-Book-Entry Notes except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date on which interest starts to accrue, and so that the same shall be consolidated and form a single Series with the outstanding Notes of such Series. In relation to Non-Book-Entry Notes, the Trust Deed and, in relation to Book-Entry Notes, the Interbolsa Instrument, contain provisions for convening a single meeting of the Noteholders and the Holders of Notes of other series in certain circumstances where, in the case of Non-Book-Entry Notes, the Trustee so decides.

18. INDEMNIFICATION OF TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from any obligation to take proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security. The Trustee may enter into business transactions with the Issuer or any person or body corporate associated with the Issuer without accounting for any profit made or benefit received.

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. GOVERNING LAW AND SUBMISSION TO JURISDICTION

20.1 *Governing law*

The Trust Deed, the Interbolsa Instrument, the Agency Agreement, the Keep Well Agreement, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Interbolsa Instrument, the Agency Agreement, the Keep Well Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law save that, with respect to Book-Entry Notes only, the form (*representação formal*) and transfer of the Book-Entry Notes, creation of security (if any) over the Book-Entry Notes, the Interbolsa procedures for the exercise of rights under the Book-Entry Notes and the procedures for meetings of Book-Entry Noteholders are governed by, and shall be construed in accordance with, Portuguese law.

20.2 ***Submission to jurisdiction***

Each of REN B.V. and REN has in the Trust Deed and, in the case of REN, the Interbolsa Instrument, irrevocably and unconditionally agreed, for the benefit of the Trustee and the Noteholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Interbolsa Instrument, the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Interbolsa Instrument, the Notes, the Receipts and/or the Coupons) and accordingly submits to the exclusive jurisdiction of the English courts.

Each of REN B.V. and REN waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Noteholders may take any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Notes against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

To the extent permitted by applicable law, REN irrevocably and unconditionally waives with respect to the Notes any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

20.3 ***Appointment of Process Agent***

Each of REN B.V. and REN appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London, EC2V 7EX, United Kingdom, as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

21. **DEFINITIONS**

In these Terms and Conditions, the following defined terms have the meanings set out below:

"**Affiliate Member of Interbolsa**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg, for the purposes of holding accounts on behalf of Euroclear and Clearstream, Luxembourg;

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme;

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

"**Euro**", "**EUR**" or "**euro**" means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty;

"**Euroclear**" means Euroclear Bank SA/NV;

"**Final Terms**" means, in relation to each Tranche, the applicable final terms attached to, or endorsed on, such Notes;

"**Interbolsa**" means Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., as operator of the Central de Valores Mobiliários;

"**Portuguese Securities Code**" means the Código dos Valores Mobiliários approved by Decree Law 486/99 of 13 November as amended;

"**Prospectus Directive**" means Directive 2003/71/EC, as amended;

"**Resolution**" means a resolution adopted at a duly convened meeting of Noteholders and approved in accordance with the applicable provisions;

"**Stock Exchange**" means the Irish Stock Exchange or any other stock exchange where Notes may be listed as per the relevant Final Terms;

"**Terms and Conditions**" means in relation to the Notes, the terms and conditions applicable to the Notes and any reference to a particular numbered Condition shall be construed in relation to the Notes accordingly; and

"**Treaty**" means the treaty establishing the European Communities, as amended by the Treaty on European Union.

USE OF PROCEEDS

The net proceeds resulting from each issue of Notes will be applied by REN for general corporate purposes. The proceeds of Notes issued by REN Finance B.V. will be on-lent to, or invested in, Group companies.

KEEP WELL AGREEMENT

REN has entered into a Keep Well Agreement dated 21 July 2014 with REN Finance B.V. (the "**Keep Well Agreement**") governed by English law. The following is the text of the Keep Well Agreement:

This Keep Well Agreement (the "**Deed**") is executed by way of deed poll and is made on 21 July 2014 by and between:

(1) REN – Redes Energéticas Nacionais, SGPS, S.A. ("**REN**"); and

(2) REN FINANCE B.V. ("**REN B.V.**").

WHEREAS:

(A) REN B.V. is a direct wholly-owned subsidiary of REN;

(B) Deutsche Trustee Company Limited (the "**Trustee**", which expression shall, wherever the context so admits include any successor as trustee for holders of the Notes as defined below), REN and REN B.V. (each an "**Issuer**" and together the "**Issuers**") have entered into a trust deed dated 30 July 2013 (as amended and/or restated and/or supplemented from time to time) (the "**Trust Deed**") relating to the EUR 5,000,000,000 Euro Medium Term Note Programme (the "**Programme**");

(C) REN B.V. may issue Notes after the date hereof pursuant to the Programme (the "**Notes**", which expression as used herein shall include Notes either in global or definitive form (and any receipts, coupons or talons appertaining to such Notes), which will be constituted by the Trust Deed as modified and/or supplemented and/or restated from time to time;

(D) REN B.V. may also hereafter assume from time to time obligations under swap agreements which will be related to the Notes issued by REN B.V. (any obligation of REN B.V. in respect of each swap agreement entered into by REN B.V. and any Notes issued by REN B.V. under the Programme being herein referred to as a "**Debt Obligation**" and such obligations together being herein referred to as "**Debt Obligations**"); and

(E) REN B.V. entered into the Programme as Issuer for its own benefit and also for the benefit of REN.

INTERPRETATION

In this Deed, unless the contrary intention appears, a reference to:

(A) an amendment includes a supplement, restatement or novation and amended is to be construed accordingly;

(B) a provision of a law is a reference to that provision as extended, amended or re-enacted;

(C) a person includes its successors and assigns; and

(D) a document is a reference to that document as amended from time to time.

NOW, **THEREFORE**, **REN** and **REN B.V.** hereby covenant and agree as follows:

1. REN shall own, directly or indirectly, all of the issued and outstanding share capital of REN B.V. and will control the composition of the board of directors of REN B.V. so long as any Debt Obligation is outstanding and shall not pledge, grant a security interest in, encumber or dispose of any of such share capital.

2. For so long as REN B.V. has outstanding Notes under the Programme, REN shall, with effect on and from the date of this Deed, cause REN B.V. to maintain a Tangible Net Worth (as hereinafter defined), as determined in accordance with generally accepted accounting principles in The Netherlands applied on a consistent basis, of at least one euro.

   "**Tangible Net Worth**" shall mean the total assets of REN B.V. less the sum of intangible assets and total liabilities of REN B.V. A certificate of the auditors of REN B.V. as to the amount of Tangible Net Worth shall, in the absence of manifest error, be final and conclusive.

3. For so long as REN B.V. has outstanding Notes under the Programme, if REN B.V. at anytime shall have insufficient funds or other liquid assets to meet its payment obligations (including in respect of any Debt Obligations) or to repay borrowings then maturing or subsequently to mature, upon receipt of notice from REN B.V. to such effect, REN shall make, or have made, available to REN B.V., before the due date of such payment obligations or borrowings, funds sufficient to enable REN B.V. to meet such payment obligations or to repay such borrowings, as the case may be, in full as they fall due. REN B.V. shall use the funds made available to it by REN hereunder solely for the fulfilment of its payment obligations and the repayment at maturity of its borrowings.

4. Any and all funds from time to time provided by REN to REN B.V. pursuant to Clause 3 above shall, at the option of REN, be either *(i)* by way of subscription for and payment of share capital (other than redeemable share capital) of REN B.V., or *(ii)* by way of subordinated loan, i.e., a loan which, and interest on which, is not permitted to be, and is not capable of being, repaid or paid unless all other debt of REN B.V. has been fully satisfied and is subordinated on a winding-up of REN B.V. to all of the unsecured and unpreferred creditors of REN B.V. other than REN.

5. REN warrants and agrees that its payment obligations which may arise hereunder constitute unsecured and unsubordinated obligations of REN and rank *pari passu* with all other unsecured and unsubordinated obligations of REN other than those obligations which are preferred by law.

6. This Deed is not, and nothing herein contained and nothing done by REN pursuant hereto shall be deemed to constitute, a guarantee, direct or indirect, by REN of any Debt Obligation or any other debt of REN B.V. (or of any subsidiary of REN B.V.) or of any instrument issued by REN B.V. or of any subsidiary of REN B.V.

7. If REN B.V. shall be in liquidation, administration or receivership or other analogous proceedings (including if REN B.V. is declared bankrupt ("*faillissement*") or is granted a moratorium of payment ("*surséance van betaling*") or enters into winding-up proceedings ("*ontbinding*"), and REN shall be in default of its obligations hereunder, REN shall be liable to REN B.V. by way of liquidated damages for such default in an amount equal to the sum that REN would have paid had it performed in full all of its obligations hereunder, and REN B.V. and any liquidator, administrator or receiver of REN B.V. or other analogous officer or official shall be entitled to claim accordingly.

8. This Deed may be modified, amended or terminated only by the written agreement of REN and REN B.V. provided, however, that no such modification, amendment or termination shall be made which may be materially prejudicial to the interests of the holders of any Debt Obligation while such Debt Obligation is outstanding.

9. REN and REN B.V. each hereby covenant and agree as follows:

(i) it will not consent, either orally or in writing, to any modification, amendment or termination of this Deed which may be materially prejudicial to the interests of the holders of the Notes issued by REN B.V. or the holders of any other Debt Obligation taken as a whole while any Notes issued by REN B.V. or other Debt Obligation remains outstanding;

(ii) it will give written notice to the Trustee on behalf of the holders of the Notes issued by REN B.V. and to the holders of any other Debt Obligation at least 30 days prior to any proposed modification, amendment or termination of this Deed;

(iii) it will fully and promptly perform its obligations and exercise its rights under this Deed and, in the case of REN B.V. (without limitation to the foregoing) exercise its right to enforce performance of the terms of this Deed by REN; and

(iv) it will consent to the giving of an order of specific performance or similar relief by any court of competent jurisdiction in the event that any action is brought in respect of this Deed.

10. This Deed:

(i) shall take effect for the benefit of the Trustee on behalf of the holders of the Notes issued by REN B.V., and the holders of any other Debt Obligation. Apart from the parties to this Deed, the Trustee and the holders of any Debt Obligation, no other person, firm, company or association (unincorporated or incorporated) shall be entitled to any benefit under this Deed whatsoever, and has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed. REN and REN B.V. hereby further acknowledge and covenant that, in accordance with the terms of the Trust Deed, the Trustee shall be entitled on behalf of the holders of the Notes, and the holder of any Debt Obligation other than any Note shall be entitled on behalf of itself, to enforce the obligations set out in this Deed against REN and REN B.V., if and only insofar as at the time the proceedings for such enforcement are instituted, any Notes or the other relevant Debt Obligation, as the case may be, which have become due and payable remain unpaid in whole or in part;

(ii) shall be deposited with and held by the Trustee for so long as the Trust Deed is in force and, if thereafter, any other Debt Obligation remains outstanding it will be deposited with and held by a reputable financial institution on behalf of the holder(s) of such other Debt Obligation. Both REN and REN B.V. hereby acknowledge the right of the holder of any Debt Obligation to obtain from either party a copy of this Deed.

(iii) The term "holder" herein has the same meaning in relation to each Note as the term "Holder" in the Terms and Conditions of such Note.

11. This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

12. This Deed and any non-contractual obligations arising out of or in connection with this Deed shall be governed by, and construed in accordance with, the English law.

13. Each of REN and REN B.V. irrevocably agrees that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Deed (including a dispute relating to any non-contractual obligations arising out of or in connection with this Deed) and accordingly submit to the exclusive jurisdiction of the English courts.

14. Each of REN and REN B.V. waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

15. Nothing contained herein shall limit any right to take any suit, action or proceeding (together referred to as "**Proceedings**") arising out of or in connection with this Deed (including any Proceedings relating to any non-contractual obligations arising out of or in connection with this Deed) in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

16. Each of REN and REN B.V. appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London, EC2V 7EX, United Kingdom, as its agent for service of process and agrees that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing in this clause shall affect the right to serve process in any other manner permitted by law.

17. If REN B.V. is represented by an attorney or attorneys in connection with the signing and/or execution and/or delivery of this Deed or any agreement or document referred to herein or made pursuant hereto and the relevant power or powers of attorney is or are expressed to be governed by the laws The Netherlands, it is hereby expressly acknowledged and accepted by the other parties hereto that Netherlands law shall govern the existence and extent of such attorney's or attorney' authority and the effects of the exercise thereof.

18. To the extent permitted by applicable law, REN irrevocably and unconditionally waives with respect to this Deed any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

IN WITNESS whereof this Deed has been executed as a deed poll by REN and REN B.V. and entered into and delivered on the day and year above written.

EXECUTED as a **DEED** by
REN - Redes Energéticas Nacionais, SGPS, S.A.
acting by) ....
acting under the authority of that company in the)
presence of:) ....

Witness' Signature:

Witness' Name:

Address:

EXECUTED as a **DEED** by
REN - Redes Energéticas Nacionais, SGPS, S.A.
acting by) ....
acting under the authority of that company in the)
presence of:) ....

Witness' Signature:

Witness' Name:

Address:

EXECUTED as a **DEED** by
REN FINANCE B.V.
acting by) ....
acting under the authority of that company in the)
presence of:) ....

Witness' Signature:

Witness' Name:

Address:

EXECUTED as a **DEED** by
REN FINANCE B.V.
acting by) ....
acting under the authority of that company in the)
presence of:) ....

Witness' Signature:

Witness' Name:

Address:

REN FINANCE B.V.

REN Finance B.V. ("**REN B.V.**"), a wholly-owned subsidiary of REN, was incorporated and operates under Dutch law as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) in Amsterdam, The Netherlands, on 10 May 2013, for an unlimited period of time.

REN B.V. is notably governed by the following Dutch legislation: (i) Book 2 of the Civil Code (*Burgerlijk Wetboek Boek 2*) of 22 July 1976 (*Stb*. 1976, 395, as amended), which sets out, amongst others, the legal framework applicable to public companies (*naamloze vennootschappen*) and prívate companies with limited liability (*besloten vennootschappen*); and (ii) the Financial Supervision Act (*Wet op het financieel toezicht*) of 28 September 2006 (*Stb*. 2006, 475, as amended) which sets out, amongst others, the legal framework applicable to companies which have issued securities that are or will be admitted to trading on a regulated market within the EEA.

REN B.V. has its registered office at De Cuserstraat 93, Unit 205, 1081 CN Amsterdam, The Netherlands (telephone number +31 20 521 4777), and its corporate seat is in Amsterdam, The Netherlands. REN B.V. is registered in the Commercial Register of the Dutch Chamber of Commerce under file number: 57903093.

The main objective is to assist REN and the Group in raising funds and on-lending monies to companies within the Group.

REN B.V.'s issued capital amounts to twenty thousand euro (EUR 20,000) divided into twenty thousand (20,000) shares, issued at par and fully paid-up in cash.

Management

The management of REN B.V. is conducted by a management board that may consist of one or more members. Members of the management board are elected by the general meeting of the shareholders of REN B.V. and may be recalled from this position at any time.

The current management board is composed of four members: Gonçalo João Figueira Morais Soares, Nuno Miguel da Silva Alves do Rosário, elected in 2013, Patrick Marinus Blöte, elected in 2014 and Edwin Marinus van Ankeren, elected in 2015.

The details of the individual directors of REN B.V. are as follows:

Name	Age	Function
Gonçalo João Figueira Morais Soares	46	Managing Director A
Nuno Miguel da Silva Alves do Rosário	45	Managing Director A
Patrick Marinus Blöte	45	Managing Director B
Edwin Marinus van Ankeren	49	Managing Director B

REN B.V. may be legally represented by the management board or by one Managing Director A and by one Managing Director B acting jointly.

The members of the management board of REN B.V. do not have any conflicts, or any potential conflicts, between their duties to REN B.V. and their private interest or other duties. Each of the members of the management board exercises his management functions at REN B.V.'s head office at De Cuserstraat 93, Unit 205, 1081 CN Amsterdam, The Netherlands.

The Audit Committee of REN acts as audit committee for REN B.V., and REN B.V. complies with the corporate governance code of The Netherlands.

Annual General Meeting of the Shareholders

During each financial year, at least one general meeting of shareholders shall be held in Amsterdam, The Netherlands (where REN B.V. has its corporate seat). Each outstanding share is entitled to one vote.

Financial statements and the distribution of profits

REN B.V.'s fiscal year coincides with the calendar year. The management board is authorised to reserve the profits, or a part thereof, as these appear from the adopted annual accounts. Subsequently the general meeting is authorised to resolve to distribute or to reserve the remainder of the profits, or a part thereof.

Statement of financial position of REN B.V.

	Audited information Year ended 31 December 2016	Audited information Year ended 31 December 2015
	(thousands of euro)	*(thousands of euro)*
ASSETS		
Non-current assets	1,356,086	743,800
Current assets	150,847	77,786
Total assets	**1,506,933**	**821,586**
EQUITY AND LIABILITIES		
EQUITY		
Shareholders' equity	120,501	66,146
Total equity	**120,501**	**66,146**
LIABILITIES		
Non-current liabilities	1,347,951	739,635
Current liabilities	38,481	15,805
Total liabilities	**1,386,432**	**755,440**
Total equity and liabilities	**1,506,933**	**821,586**

Statement of Cash flows of REN Finance B.V.

	Audited information Year ended 31 December 2016	Audited information Year ended 31 December 2015 (Restated)
	(thousands of euro)	*(thousands of euro)*
Net cash flows (used in)/from operating activities	(715)	(3,086)
Net cash flows (used in)/from investing activities	(505,343)	(171,460)
Net cash flows (used in)/from financing activities	506,189	168,472
Net increase/(decrease) in cash and cash equivalents	**131**	**98**
Cash and cash equivalents at the beginning of the period	241	143
Cash and cash equivalents at the end of the period	**373**	**241**

REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A.

REN – Redes Energéticas Nacionais, SGPS, S.A. ("**REN**") is a public company organised as a "*Sociedade Gestora de Participações Sociais*" and a "*Sociedade Anónima*". As a holding company, REN indirectly pursues its economic activity through the management of holdings in other companies.

REN is notably governed by the following Portuguese legislation: (i) the Decree-Law No. 495/88, of 30 December, as amended, applicable to holding companies ("*sociedades gestoras de participações sociais*"); (ii) the Portuguese Companies Code, approved by the Decree-Law No. 262/86, of 2 September, as amended, which sets out the legal framework applicable to share limited liability companies ("*sociedades anónimas*"); (iii) the Portuguese Securities Code, approved by Decree-Law No. 486/99, of 13 November, as amended, which sets out the legal framework applicable to public companies ("*sociedades abertas*"); and (iv) regulations of the Portuguese Securities Market Commission applicable to public companies.

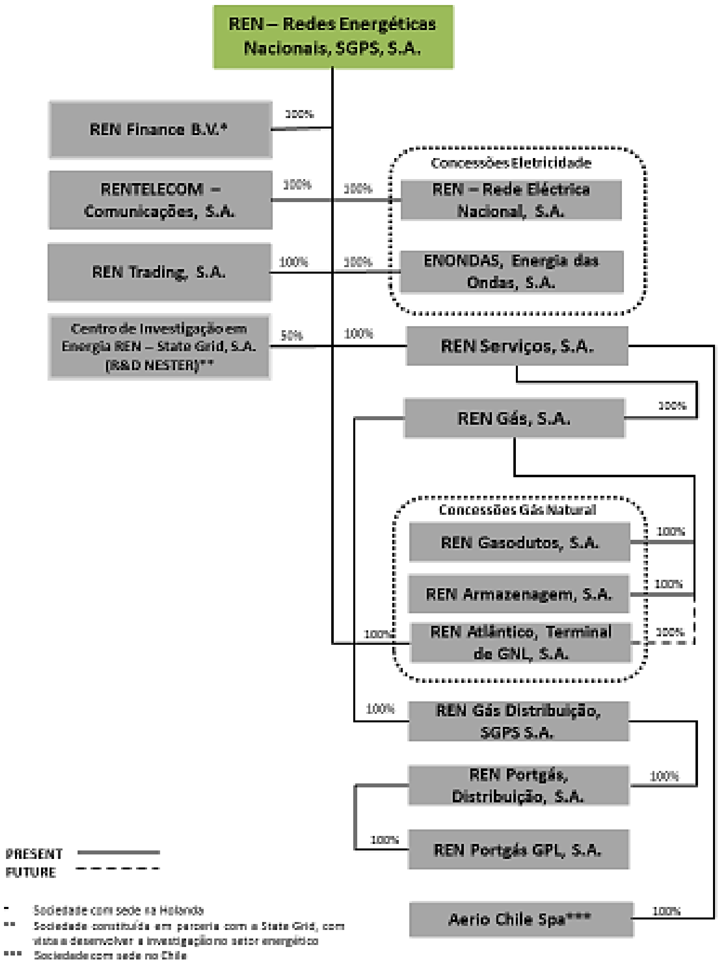
REN has its registered office at Avenida Estados Unidos da América, No. 55, Lisbon, Portugal (Telephone: +351 21 001 35 00) and is registered at the Lisbon Commercial Registry Office of Lisbon under taxpayer and commercial registration number 503.264.032. As per article 3 of its articles of association, REN's purpose consists of the management of shareholdings in other companies which carry out activities in the areas of transmission of electricity, transmission and storage of natural gas and of reception, storage and regasification of liquefied natural gas and other related activities. Being a holding company (*Sociedade Gestora de Participações Sociais)*, REN does not directly perform operational activities.

REN was incorporated on 18 August 1994 under the name of REN – Rede Eléctrica Nacional, S.A. ("**REN Rede Eléctrica**") as a result of the spin-off of a business unit of EDP – Energias de Portugal, S.A. ("**EDP**"). In November 2000, the Portuguese Republic acquired a 70 per cent. stake in REN from EDP as part of the liberalisation of the domestic energy market, which required the legal separation of electricity transmission, distribution and generation companies. Until September 2006, REN's core business was the operation and technical management of the National Electricity Transmission Grid in Portugal (the "**RNT**"), acting also as a sole purchaser of electricity, through the long-term PPAs executed between 1993 and 1996 with the hydro and thermal electricity generation plants in mainland Portugal. In September 2006, REN acquired certain assets and companies relating to the transportation and underground storage of natural gas and the liquefied natural gas ("**LNG**") terminal and regasification facility in Sines from Transgás as defined above.

On 5 January 2007, REN changed its by-laws to reorganise the group (the "**Group**"), becoming a holding company that operates electricity and gas businesses through its subsidiaries. It also changed its name to REN – Redes Energéticas Nacionais, SGPS, S.A.

On 1 July 2007, the majority of the PPAs were terminated early and REN's activity as sole purchaser of electricity was replaced with a new trading activity in the context of a market environment, involving the two PPAs that were kept in force.

The diagram below sets out the structure of the Group as at the date of this Base Prospectus:



Present
Future
* Company incorporated under the laws of The Netherlands
** This Company is a result of a partnership between REN and State Grid regarding R&D in the energy sector.
*** Company incorporated under the laws of Chile.

In July 2007 two new companies were incorporated by REN: REN Trading, S.A. ("**REN Trading**"), which manages the two remaining PPAs (entered into with Turbogás – Produtora Energética, S.A. ("**Turbogás**") and Tejo Energia, S.A. ("**Tejo Energia**")) and sells the energy acquired pursuant to those PPAs in the market (operating since 1 July 2007); and REN Serviços, S.A. ("**REN Serviços**"), which provides back office services to the Group.

In October 2010, a new company Enondas, Energia das Ondas, S.A. ("**Enondas**"), whose share capital is fully owned by REN, was incorporated for the operation of a pilot zone for the generation of electric energy from sea waves, under a concession agreement entered into on 20 October 2010 with the Portuguese Republic for a duration of 45 years.

REN Gás, S.A. ("**REN Gás**") of which 100 per cent. is held by REN Serviços, was incorporated in March 2011. REN Gás holds, as at the date of this Base Prospectus, the entire share capital of REN Gasodutos, S.A. and REN Armazenagem, and is expected to hold in the near future the entire share capital of REN Atlântico, Terminal GNL, S.A. ("**REN Atlântico**"). This was the result of a corporate restructuring, which aimed to rationalise the organisation's structure and improve flexibility. The corporate restructuring placed particular emphasis on the organisation of the Group's main business areas and on the reinforcement of the Group's institutional image. The restructuring did not affect the substance of the Group's main activities nor the ownership of its assets and main holdings.

In May 2012, the Portuguese Republic concluded the sale of 40 per cent. of REN's share capital to two strategic international partners, State Grid International Development ("**SGID**") (25 per cent.) and OOC (15 per cent.).

In July 2012, REN completed the acquisition of 7.5 per cent. of the share capital and voting rights of Hidroeléctrica de Cahora Bassa, S.A. ("**HCB**") in Mozambique.

In May 2013, REN incorporated its wholly owned subsidiary, REN Finance B.V., for the purpose of raising funds in the capital markets and financing the companies within the Group.

In June 2014, the Portuguese Republic concluded the sale of 11 per cent. of REN's share capital in the market through a public offering in Portugal of 11,748,000 shares to retail investors and by way of a private placement of 46,992,000 shares to institutional investors within and outside of Portugal in reliance on Regulation S under the U.S. Securities Act of 1933, as amended.

Since 25 May 2016, the date in which 213,600,000 shares held by State Grid Europe Limited and Mazoon B.V. were admitted to trading, all of REN's shares are admitted to trading in Euronext Lisbon, regulated market managed by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A., with ISIN code PTREL0AM0008.

On 7 February 2017, REN acquired a participation of 42.5 per cent. in the share capital of Electrogas S.A., which operates a gas pipeline in central Chile 165.6 km long.

On 4 October 2017 REN acquired the whole share capital of the EDP Gas Group from EDP Iberia, S.L.U., which held the second largest gas distribution network in Portugal, with 4,707 km of network, a RAB of EUR451.6 million at 31 December 2016 and an EBITDA of EUR48.5 million in 2016. The purchase price (corresponding to the enterprise value) was EUR 530.3 million.

Business Overview

REN engages in two principal lines of business: (i) electricity transmission and system operation where it operates the RNT; and (ii) natural gas, where it is engaged in the operation of the national high-pressure natural gas transportation network, reception, storage and regasification of LNG, and underground storage of natural gas. REN holds concession rights to the entire infrastructure operated under public concessions relating to electricity transmission and natural gas transportation in Portugal until the end of each relevant concession period.

REN's businesses are the result of the liberalisation of the electricity and natural gas industries in Portugal. This involved, in the case of electricity, the unbundling of certain regulated functions previously carried out by EDP (the vertically integrated electricity company in Portugal) into separate companies. In the case of natural gas, the regulated activities of Transgás (a former subsidiary of GALP Energia, S.A. ("**GALP**")) were split up under a reorganisation that included, among other things, the segregation of the natural gas regulated infrastructure for transport, underground storage and reception, storage and regasification of LNG.

REN's electricity transmission business is conducted through its subsidiary REN Rede Eléctrica, which holds a concession to operate the electricity transmission network in Portugal (renewed for a 50-year period commencing on 15 June 2007). Pursuant to this concession, REN provides a public utility service in Portugal, which includes planning, constructing, operating and maintaining the electricity transmission network and managing the technical aspects of the national electricity system.

REN's natural gas business comprises the ownership and operation of (i) the high-pressure natural gas transportation network in Portugal; (ii) the LNG terminal in Sines, which is engaged in the reception, storage and regasification of LNG; (iii) the natural gas distribution network in the northern coastal region of Portugal through the acquisition of REN Gás, SGPS, S.A.; and (iv) the underground storage and related facilities in Carriço. REN operates these businesses through 40-year concessions, granted by the Portuguese Republic on 26 September 2006 (and in the case of the acquisition of EDP Gás, SGPS, S.A. on 1 January 2008). REN acquired EDP Gás, SGPS, S.A. from EDP Iberia, S.L.U. in 4 October 2017. EDP Gás, SGPS, S.A. holds the second largest gas distribution network in Portugal, with a network of 4,760 km, a RAB of approximately EUR451.6 million at the end of 2016, and an EBITDA of EUR48.5 million in 2016.

In addition, in February 2017, REN acquired a stake of 42.5 per cent. in the share capital of Electrogas, S.A., a Chilean company, through a company with registered office in Chile (Aerio Chile SpA), a wholly owned REN subsidiary. This transaction was an important milestone in REN's internationalisation.

REN also operates certain other businesses that complement its core electricity and natural gas businesses: a telecommunications business through RENTELECOM which markets the excess telecommunications capacity of its electricity and natural gas networks, an energy trading business for the two remaining PPAs, a business piloting the production of electricity from sea waves through ENONDAS and a business providing engineering and advisory services to third parties through REN Serviços.

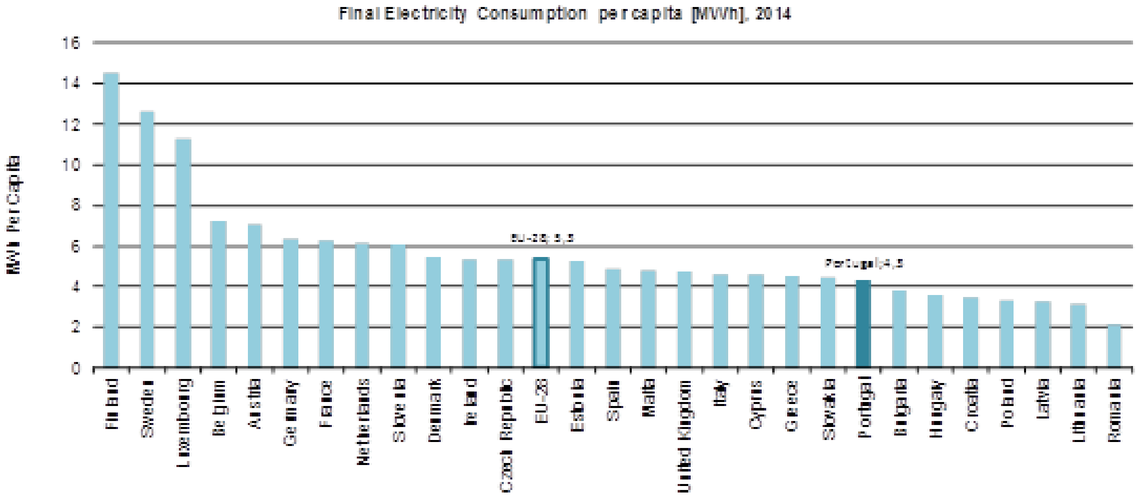
In addition, REN holds other strategic stakes, in particular within the implementation of the agreement between the Portuguese Republic and Kingdom of Spain in relation to the incorporation of an Iberian electrical energy market and other relevant stakes.

For the year ended 31 December 2016, REN's total operating income, total operating results and net profit were EUR 739.45 million, EUR 261.74 million and EUR 100.18 million, respectively, in comparison to figures of EUR 819.14 million, EUR 280.10 million and EUR 116.12 million for the year ended 31 December 2015.

ELECTRICITY INDUSTRY

As a consequence of the financial and economic crisis and of energy efficiency measures put in place by the Portuguese Republic, electricity consumption in Portugal has had a negative or close to zero growth in recent years. According to REN's internal data, in 2016, electricity consumption increased 0.6 per cent. compared to an increase of 0.3 per cent. in 2015 and a decrease of 0.7 per cent. in 2014.

Portugal has one of the lowest electricity consumption per capita in the EU. The graph below indicates the final electricity consumption per capita in the EU countries listed below:



Source: based on Eurostat data for final electricity consumption and population

In 2015, the electricity consumption per capita in Portugal amounted to 4.4 MWh, compared with 5.0 MWh in Spain and 5.4 MWh across all other EU countries. Between 2005 and 2015, the compound annual growth rate of the electricity consumption per capita was 0.2 per cent. in Portugal, -1.0 per cent. in Spain and -0.4 per cent. in the EU countries.

The table below illustrates the growth in annual electricity consumption by source in Portugal between 2007 and 2016:

Consumption by source (TWh)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Coal	11.7	10.4	11.9	6.6	9.1	12.1	11.0	11.1	13.7	11.7
Large Hydro	9.0	5.8	7.0	14.4	10.1	4.4	11.8	13.6	7.3	13.8
Gas	10.5	12.6	11.5	10.7	10.3	5.6	1.5	1.4	5.2	7.4
Fuel	1.3	0.8	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wind	4.0	5.7	7.5	9.0	9.0	10.0	11.8	11.8	11.3	12.2
Others	6.2	5.9	6.9	8.9	9.2	8.9	10.3	10.1	9.1	9.3
Imports	7.5	9.4	4.8	2.6	2.8	7.9	2.8	0.9	2.3	-5.1
TOTAL	**50.1**	**50.6**	**49.9**	**52.2**	**50.5**	**49.1**	**49.2**	**48.8**	**49.0**	**49.3**

Source: REN

Portugal has experienced an increase in the diversification of its energy sources. Coal-fired and hydroelectric plants remain significant contributors to electricity production and whilst there has been no growth in the installed capacity of coal-fired power plants, significant reinforcements have been made to large hydroelectric power plants already in service.

There has been a strong increase in electricity generation from renewable resources, in particular, from wind power.

Currently the Portuguese systems use a wide range of primary energy sources and technologies (namely coal, gas, water, wind, biomass and solar). The main electricity generators in Portugal are currently EDP – Gestão da Produção de Energia, Tejo Energia and Turbogás. REN - Rede Eléctrica Nacional operates the national transmission network in mainland Portugal connecting generators and distributors to consumers and matching supply with demand. As of the date of this Base Prospectus, REN is the only electricity transmission company in mainland Portugal.

Electricity transmission and distribution are activities carried out under public service concessions. Electricity distribution companies distribute electricity received from the RNT directly to consumers.

EDP Distribuição - Energia, S.A. ("**EDP Distribuição**"), a subsidiary of EDP is, as at the date of this Base Prospectus, the sole high and medium voltage distribution concessionaire in Portugal and the largest low voltage distribution company.

Electricity supply companies are responsible for managing relationships with customers, including billing and customer service.

The current national electricity system

Under the current electricity industry framework, the SEN is divided into six major activities: generation, transmission, distribution, supply, logistics for switching suppliers and operation of the organised electricity markets.

Each of these activities have to comply with the unbundling criteria established according to market structure models, as per EU Directive 2009/72/EC of the Parliament and the Council, 13 July 2009 (the "**Electricity Directive**"). The TSO of the SEN was unbundled from EDP and from any other company carrying out generation, transmission, distribution or supply activities in the SEN or in the National Natural Gas System ("**SNGN**"). Strict unbundling criteria between transmission and generation and supply are set forth in the current electricity framework. Further limits regarding the holding of direct or indirect participations in the TSO of the SEN were set by the industry's legal framework. Distribution activity is unbundled from a legal, accounting and decision making standpoint. Generation and supply activities are also unbundled from a legal and accounting standpoint.

Electricity generation

Electricity generation is, as of the date of this Base Prospectus, fully open to competition, subject to only obtaining the mandatory licences and approvals for the implementation of the project and carrying out the activity.

Electricity generation is divided into two regimes: (i) the ordinary regime generation, referring to the generation that is not covered by the special legal framework, not including power plants with power purchase agreements ("**PPAs**"), power plants that benefit from compensation payments corresponding to the costs for the maintenance of contractual equilibrium and power plants that have capacity payments; and (ii) the special regime generation, referring to the generation of electricity from alternative endogenous renewable and non-renewable sources, or those that are covered by a special legal framework such as cogeneration, micro-generation, mini-generation and generation without power injection to the grid. Special regime generation can benefit from incentives to the use of endogenous resources or to the promotion of energy efficiency through combined heat and power generation, on the terms and conditions and for the period provided by the applicable law.

Under the current electricity framework, the Last Resort Supplier of the SEN (currently EDP Serviço Universal S.A. or "**EDP Serviço Universal**") to most of mainland Portugal, with the exception of a few specific locations and in respect of a limited number of consumers, is obliged to purchase all electricity generated by special regime generation that benefits from guaranteed remuneration. Renewable source electricity generators that do not benefit from a guaranteed remuneration can choose to sell their electricity in the market, at market prices, in which case no "feed-in" tariff is applied.

Under the current electricity framework, centralised planning of power generators has been replaced by the influence of market forces and of the private sector, with intervention of the electricity system manager only coming into play to ensure the continuity of the electricity supply.

As mentioned above, electricity supply in Portugal is produced from a number of thermal sources, including coal and natural gas from hydroelectric and other renewable sources, mainly wind. In addition, depending on the EU electricity market conditions, the national system may export or import through the interconnections with Spain.

The base load in Portugal in 2016 was mainly provided by coal-fired and natural gas-fired power plants, which met 43 per cent. of total consumption in 2016, according to REN's internal estimates. The remaining demand was met by large hydroelectric power plants and by other renewable sources, and co-generation. Hydroelectric power plants have low operating costs and offer a quick solution when needed; however hydroelectric supply depends greatly on meteorological conditions and therefore fluctuates widely based on the availability and amount of available water storage capacity.

In 2016, as a result of above average hydrological conditions, renewable energy production (including large hydroelectric power plants) accounted for approximately 57 per cent. of total national consumption plus net exports in 2016, compared to 47 per cent. in 2015. Exports of electricity outweighed imports for the first time since 1999, also reaching their all-time high, amounting to 10 per cent. of consumption.

Natural gas-fired and coal-fired plants, as well as co-generation plants fired by fossil fuel (mainly natural gas), represented 42 per cent. of total consumption in 2016.

Electricity transmission

Electricity transmission activities are carried out through the RNT, by means of an exclusive concession granted by the Portuguese Republic to REN Rede Eléctrica, a wholly owned subsidiary of REN, on 15 June 2007 for a 50-year period The activities carried out under this concession are described below in greater detail.

Electricity distribution

Electricity distribution is carried out through the operation of the national distribution grid, which consists of a medium and high voltage network, and through the operation of the low voltage distribution grids. The national distribution network in mainland Portugal is operated through an exclusive public service concession granted by the Portuguese Republic.

Currently, the exclusive concession for the activity of electricity distribution in high and medium voltage belongs to EDP Distribuição, as a result of the conversion into a concession agreement of the former licence held by this company. The low voltage distribution grids continue to be operated under concession agreements granted by the municipalities. The existing concession agreements have been amended to comply with the unbundling criteria set out under the new regime, as applicable and described in more detail in "Regulation". EDP is also the major low voltage distributor in Portugal, together with a limited number of local low voltage distributors.

Electricity supply

The supply of electricity is open to competition, subject only to obtaining a license or, in the cases forseen in law, to prior communication to the administrative authorities with competent jurisdiction. Suppliers are free to purchase and supply electricity. For this purpose they have the right of access to the transmission and distribution grids upon payment of access fees set by the sector's regulator, the ERSE. Under the current electricity framework, consumers are free to choose their supplier, and may switch suppliers without incurring any additional charges.

Suppliers are subject to certain commercial service standards in respect of the quality of service and are required to provide access to information in simple and understandable terms.

In addition, the Last Resort Supplier of the SEN, which is subject to regulation set out by ERSE, has been undertaken by EDP Serviço Universal and by a limited number of local low voltage distribution concessionaires. EDP Serviço Universal is responsible for the general supply of electricity for so long as the regulated tariffs and the transitory tariffs set forth by law are in place and, once these are eliminated, will also supply electricity to economically vulnerable consumers.

Operation of the organised electricity markets

The Iberian electricity market ("**MIBEL**"), a joint initiative of the Portuguese and Spanish states, is in operation, with the spot market making (day-ahead and intraday transactions). It also has a forwards market making daily transactions on derivatives contracts available to market agents.

The objective of MIBEL is to develop a competitive and efficient market for the benefit of consumers. MIBEL has, as at the date of this Base Prospectus, two market operators incorporated respectively, in Spain and in Portugal.

Electricity activities and Tariffs

Electricity tariffs are uniform across mainland Portugal and are set "ex-ante" by ERSE, on an annual basis, based on estimated investments by the regulated companies of the electricity sector (such as SEN's TSO and Distribution System Operators ("**DSOSs**")), incentives for generation, and quantity forecasts, according to the rules set out in the Tariff Regulation of the SEN.

On 1 July 2007, with the beginning of the Iberian electricity spot market, the majority of the PPAs were subject to early termination, except for two long-term PPAs, which are still effective.

As a consequence, REN (through the RNT concessionaire, REN Rede Eléctrica) ceased acting as a "single buyer" of electricity and focused on its regulated activities, as follows:

- electricity transmission activity, which ensures:
    - the transmission of electricity through the RNT for delivery to the distributors in medium and high voltage, to the consumers connected to the RNT and to very high voltage networks to which the RNT is connected;
    - the planning, design, construction, operation and maintenance of all the RNT infrastructure and of the interconnections to the international networks with which it is connected with the aims of safety, reliability and quality of service; and
    - the maintenance of the RNT in mainland Portugal to ensure safety, reliability and quality of service.
- the global use of the system activity, under which REN:
    - manages electricity flows within the network, ensuring interoperability with the networks to which it is connected;
    - contracts services through efficient, transparent and competitive mechanisms for operational reserve of the system and remuneration and compensation of electricity production and consumption deviations;
    - receives from market agents information in relation to both the materialisation of bilateral agreements established and of the quantities traded by each participant in the organised markets;
    - users' settlement system services;
    - calculates adjustments to the maintenance costs for the contractual balance related to the PPAs ("**CMEC**");
    - monitors the security of supply; and
    - pays the global costs as included in the overall system use tariff.

In electricity, REN's regulated activities recover allowed revenues through the application of the transmission grid tariff ("**URT**") and of the global use of system tariffs ("**UGS**"). The legislation and the Tariff Regulation of the Electricity Sector establish the allowed revenues applicable to REN, in its role of

TSO. Likewise, they set out the level of compensation for the activities carried out by REN Trading as "commercial agent" under the two remaining PPAs.

The mechanisms to incentivise the efficient optimisation of the management of these agreements may give REN Trading revenues up to an amount of EUR 3.3 million per year.

On 13 October 2017, ERSE published a proposal for tariffs and prices for electricity and other services for 2018 and parameters for the 2018-2020 regulatory period, which will be subject to the tariff council's non-binding opinion, due by 15 November 2017. Upon evaluation of said opinion, ERSE will approve the final tariff values, which are to be published on 15 December 2017.

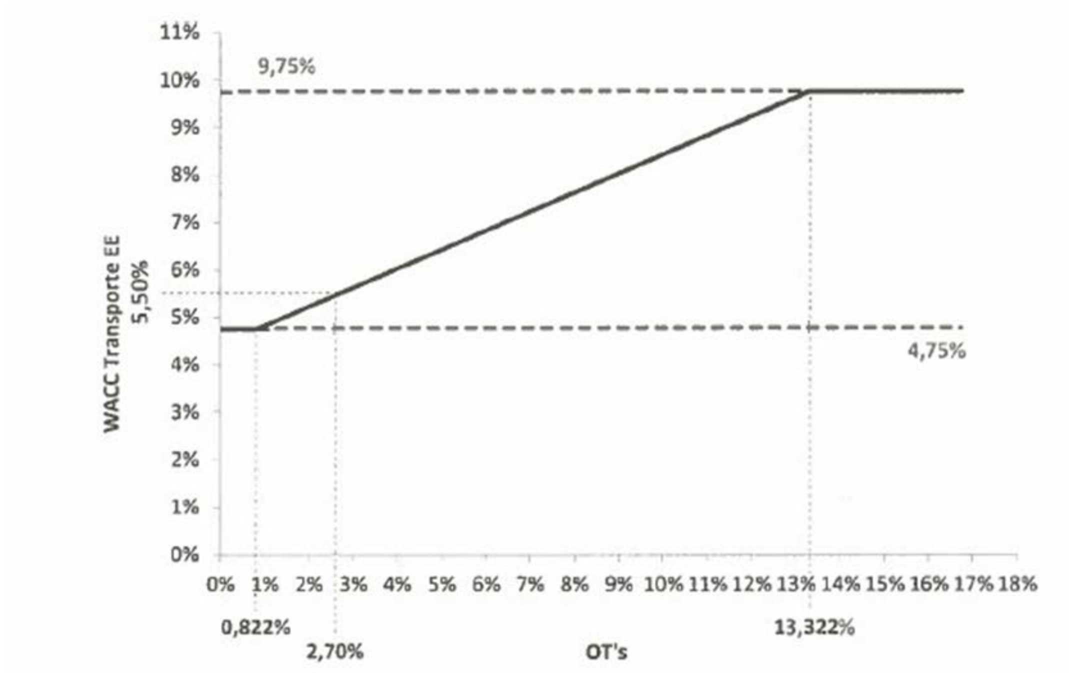
The efficiency factor in ERSE's proposal applicable to REN in 2019 and 2020 is set at 1.5 per cent. for the activities of Global System Management and Energy Transportation.

The key elements of ERSE's proposal for the regulatory period 2018-2020 with an impact on the RoR are presented below.

- The base RoR defined for 2018 is 5.50 per cent;
- The RoR is indexed to the arithmetic average of the daily quotation of the Portuguese Republic 10-year Treasury bond yield as reported by the Bank of Portugal;
- The starting point of the index is 2.70 per cent. The value was obtained calculating the arithmetic daily average of the daily 10-year Portuguese Republic treasury bond yield, in September 2017;
- For the purpose of calculation of the RoR of year t, it will be considered the average of the daily quotations of the index from October year t-1 up to September of year t. The average shall be filtered by eliminating the 1/12 of highest quotation and the 1/12 lowest quotation;
- There is a linear relation between the Portuguese Republic treasury bond yield and the RoR;
- A variation of 1 per cent. in the RoR is based on a variation in the Portuguese Republic treasury bond yield of 2.5 per cent;
- The minimum RoR is set at 4.75 per cent, based on an average of the Portuguese Republic treasury bond yields of 0.822 per cent;
- The maximum RoR is set at 9.75 per cent., based on an average of the Portuguese Republic treasury bond yields of 13.322 per cent.;
- For average Portuguese Republic treasury bond yields below 0.822 per cent, the RoR is set at 4.75 per cent;
- For average Portuguese Republic treasury bond yields above 13.322 per cent, the RoR is set at 9.75 per cent.

The assets valued at reference costs benefit from a premium of 0.75pp, i.e., a cost of capital of 6.25 per cent.

The following chart represents the indexation methodology of the base RoR for REN's electricity's regulated activities.



Source: ERSE, Bank of Portugal, Reuters

REN's Electricity Transmission Business

Overview

As mentioned above, the exclusive concession for electricity transmission in mainland Portugal was granted to REN Rede Eléctrica by the Portuguese Republic, under a public service and exclusivity regime, as per the concession agreement entered into on 15 June 2007 for a 50-year period. Under number 4 of Article 34 of Decree-Law No. 172/2006 of 23 August which was reviewed by Decree-Law No. 78/2011, of 20 June and reviewed and republished by Decree-Law No. 215-B/2012, of 8 October, the concession assets are owned by REN Rede Eléctrica until the concession reverts to the Portuguese Republic in exchange for the net book value of the assets. Such legal package also includes the most recent Decree-Law No. 38/2017, of 31 March.

The concession includes the planning, design, construction, operation, maintenance and decommissioning of the RNT and the global technical management of the SEN, to ensure the coordination of electricity generation, distribution and electricity transmission infrastructure, together with the management of the transnational interconnections, such as those with the Spanish transmission grid, to protect the continuity and security of supply and ensure the integrated and efficient operation of the SEN.

As the concessionaire for the RNT, REN Rede Eléctrica is obliged to ensure the security of electricity and supply, thereby meeting operational, quality and safety standards established in national and European laws and regulations. ERSE has recently approved a revision of the Quality-of-Service Regulation for the Electricity Sector that seeks to enhance the quality of service provided by agents within the SEN, in which REN Rede Eléctrica plays a role.

REN Rede Eléctrica is a member of the European and Mediterranean associations of Transmission System Operators, the European Network of Transmission System Operators and the Mediterranean Transmission System Operators (respectively "**ENTSO-E**" and "**MED-TSO**").

The RNT

The RNT covers Portugal's mainland and is interconnected with the Spanish electricity system (managed by REE) by means of ten high and very high voltage lines, including six at 400 kV (Minho and Galicia (2), Douro International, Tejo International, Alentejo e Estremadura and Algarve), three at 220 kV (Douro International) and one at 130 kV (Minho and Galicia).

Interconnection capacity depends on a variety of factors related to the real operation conditions of the network. REN/REE average interconnection capacity for commercial purposes in 2016 was approximately 2,400 and 1,940 MW (exporting and importing average capacity during working days). This interconnection capacity is expected to grow further as a result of the entering into operation of a new 400 kV interconnection line between the regions of Minho (Portugal) and Galicia (Spain), which is planned for 2019/2020.

As at 31 December 2016, the RNT consisted of 2,670 kilometres of 400 kV power lines, 3,611 kilometres of 220 kV power lines and 2,582 kilometres of 150 kV power lines, totalling 8,863 kilometres of power lines and a total transformation capacity of 36,636 MVA, of which 13,890 MVA is auto-transformation.

The very high voltage grid is based on 400 kV lines running in a north-south direction near the coast, from the Alto Lindoso power plant in the north of Portugal, to the Tavira substation in the south. Starting from this axis, the other 400 kV lines run from west to east into Spain: the Alto Lindoso-Cartelle double circuit interconnection; the diagonally spanning branch from Paraimo (close to the Anadia municipality, 30 km inland) connecting Vermoim (Porto) to Armamar via Recarei and from Armamar to Spain through the Lagoaça-Aldeadavila interconnection; the lines from Rio Maior and Batalha entering Spain through the Falagueira-Cedillo interconnection; the line from Sines entering Spain through the Alqueva-Brovales interconnection; and the line from Portimão entering Spain through the Tavira-P.Guzmán interconnection. This 400 kV transmission network structure is complemented by 220 kV lines, mainly between Lisbon and Oporto, and diagonally from Pereiros (close to the city of Coimbra) to the Miranda power plant (close to the municipality of Miranda do Douro). The 150 kV lines grid is distributed through scattered centres interconnected with the 220 and 400 kV network, providing further coverage to the very high voltage grid, in the northwest in a small area in central Portugal and in the south supporting Setúbal, Alentejo and Algarve's regions. In 2016, a set of infrastructure designed to strengthen the RNT was put into service, aiming to increase the energy reception capacity and the security and reliability of the global system and the supply of electricity to the distribution networks. In the substations of Pocinho, Chafariz, Rio Maior and Carregado four transformers of 220/60 kV were installed and in the substation of Porto Alto, one of 150/60 KV was installed. In the substation of Pedralva, an inductor of 150 Mvar was installed, at the voltage level of 400 kV, for the purposes of controlling voltage profiles.

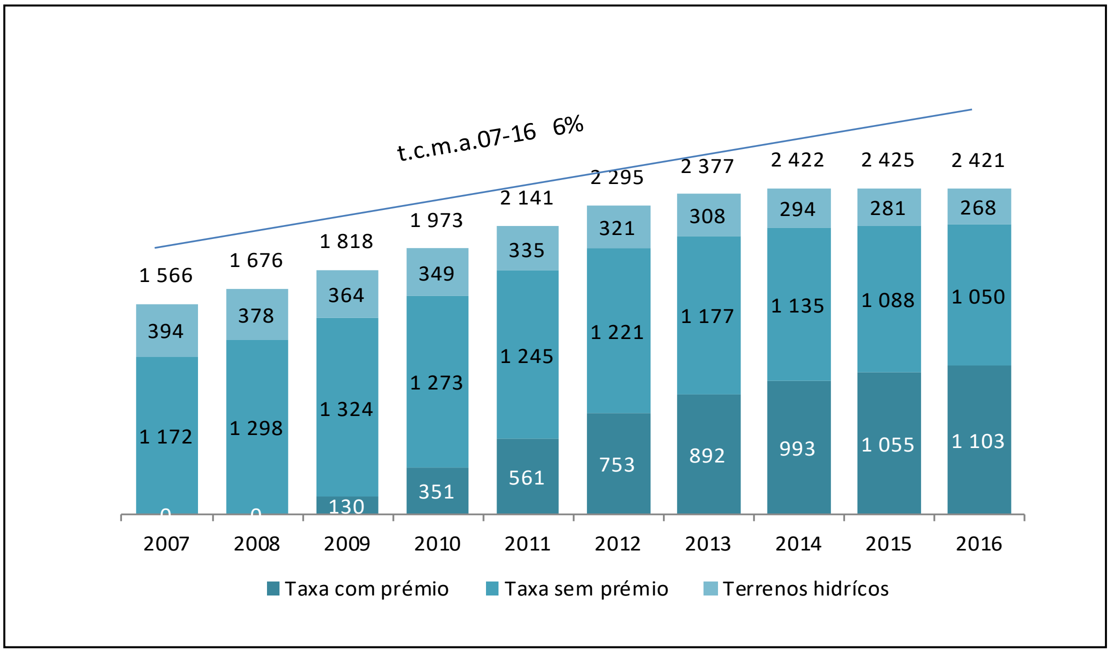
Regarding lines, the new connection of 400 kV between the substation of Pedralva and the area of Ponte de Lima is expected to ensure, together with other related infrastructure still to be implemented, the flow of energy generated by the Cávado hydroelectric power plants. The opening of the line of 150 kV between Terras Altas de Fafe-Riba d'Ave and the substation of Fafe is expected to improve the supply to consumers connected to that delivery point.

On 31 December 2016, the RNT had 66 transformer substations and 15 step-down switching and sectioning posts. These substations and switching stations connect the different parts of the RNT and provide the entry and exit points at which the power plants, distributors and some large consumers, as well as international interconnections, are connected to the RNT.

The majority of RNT primary equipment has an average estimated useful lifespan of between 30 and 40 years as of the date of the commencement of their operation. The expansion of the RNT started during the early 1950s and has been subject to a continuous process of monitoring, regular maintenance, upgrading and reinforcement, including the systematic upgrading of all of REN's oldest transmission lines. The majority of these lines have been replaced since their initial construction.

In 2016, REN’s electricity sector average RAB was composed of an electricity average RAB with premium rate of EUR1,103 million, an electricity average RAB without premium rate of EUR1,050 million and hydroelectric power plants land average RAB of EUR268 million.

The following graph shows the evolution of REN's electricity average RAB in the period from 2007 to 2016:

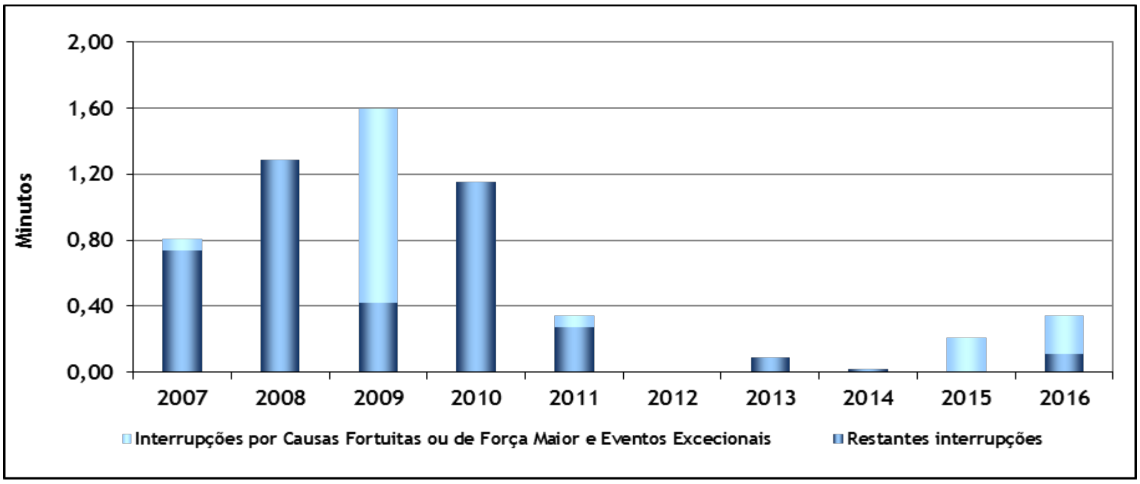


Source: REN

Quality of service of the national transmission network

During the course of 2016, REN recorded three service interruptions exceeding three minutes. The equivalent interruption time ("**EIT**"), the overall performance indicator of service continuity, was 0.34 minutes. This number predominantly (67.7 per cent.) resulted from a single interruption that has already been classified by ERSE under the provisions of the Quality of Service Regulation as an "exceptional event". The six general continuity-of-service indicators established in the Quality of Service Regulation achieved positive values, suggesting that the general guidelines that REN have been adopting for asset management support an adequate performance in view of the risks inherent in the operation and exploitation of this type of infrastructure, in line with REN's international counterparts.

The following chart shows the EIT for the period from 2007 to 2016, including a generic separation of the causes of such interruptions:



Source: REN

136 incidents occurred in relation to the overall performance of substations, equipment and systems in 2015, eight of which (6 per cent. of the total) had an impact on supply of power to end users, while two of them caused outages lasting more than three minutes. As a consequence of the current RNT development, as well as at suitable policies and strategies of operation and maintenance, the availability rates again reached a high value in 2016. The combined availability rate, introduced in 2009 by ERSE, reached a value of 98.33 per cent. in 2016, in comparison to 98.44 per cent. in 2015, each above ERSE's reference threshold of 97.5 per cent.

Quality of the voltage wave

REN has set up and implemented a monitoring plan to evaluate the quality of the voltage wave, under which tests are carried out on a continuous basis to measure harmonic content, three-phase system imbalance, deviation effective value of voltage and frequency in the busbars of 50 substations and RNT interconnection points, which covers all the delivery points where measurement is feasible.

In 2015, the completion rate of the monitoring plan was 95 per cent., maintaining the already achieved improvement in 2014, when compared to the 90 per cent. recorded in 2013. The few deviations from the plan were due to anomalies in systems operations.

In 2014, the completion rate of the monitoring plan was 92 per cent., maintaining the already achieved improvement in 2013, when compared to the 76 per cent. recorded in 2012. The few deviations from the plan were due to anomalies in systems operations.

In general, the average values of the disturbances are relatively low and the (indicative) regulatory limits were fulfilled, except in a few cases in which there were slight and non-continuous deviations from the market standards.

Significant Dependencies

REN depends on the regulatory environment in which it acts, particularly on concession agreements and on the applicable legislative and regulatory framework. Investments in REN's electricity transmission network in the nine months ended 30 September 2017, amounted to EUR 74,8 million in electricity transmission infrastructure, as compared to EUR 68.6 million in the nine months ended 30 September 2016

The following are the significant investments made in the nine months ended 30 September 2017:

- North Zone: investment in the substation of Riba d'Ave, in order to remodel the protection and command systems and in the Foz Tua Armamar 400kV line, for connection to the Foz Tua hydroelectric plant;

- Center Zone: investment in the remodeling and reinforcing of Lavos line – Rio Maior, 400kV; and

- Greater Lisbon Zone: investment in the construction of the new substation 400/60kV of Alcochete, supporting the guarantee of supply to consumers of districts of Montijo, Alcochete and part of Palmela.

The following is a list of significant investments made by REN in 2016:

- investment in Minho region, building the Pedralva Line 400 kV – Ponte de Lima zone, which will continue south until the current substation of Vila Nova de Famalicão, in order to discharge the new production located in Cávado / Alto Minho and to facilitate the international exchanges;

- completion, in Minho region, of the opening to the substation of Fafe line 150 kV Terras Altas of Fafe – Riba d'Ave, improving the safety of supply to consumers in the municipalities of Fafe, Guimarães, Vizela and Felgueiras;

- set up of five new transformers, four of 220/60 kV and one of 150/60 kV;

- to control the tension profile of RNT, investment in three shunt reactances of 150 Mvar, at the 400 kV voltage level of the substation of Pedralva; and

- remodelling of the substations of Carregado and Porto Alto, the protection, automation and control systems, in several substations as well as some lines.

Update and expansion of the RNT

REN Rede Eléctrica aims to upgrade, modernise and expand the RNT in response to concession contract requirements, ensuring the transmission grid conditions meet the continuous balance between production and demand, while accounting for its dynamics. The following are the main drivers for its current expansion and modernisation plans for the RNT:

- *increasing transmission capacity in pace with evolution in electricity consumption:* Despite the uncertain international economic situation and the reduction of national demand in the past years, REN believes that long-term growth in electricity consumption in Portugal will recover, although with rates lower than last decade. Nonetheless, demand varies greatly across the entire transmission grid, and whilst total annual demand may have decreased in past years, the load has increased in several specific geographic areas and its patterns have changed, in some cases requiring reinforcement of the transmission grid and specific projects to support the distribution grid. This context will require development in RNT transmission capacity, new reactive power management systems, new direct connections to final consumers at Very High Voltage ("**VHV**") levels and the establishment of new transmission to distribution substations.

- *facilitating connections to new power plants, namely renewable*: The EU and national goals for renewable energy could lead to the integration of a growing number of new generators using renewable sources, especially the endogenous ones, which have a rather dispersed geographical distribution, demanding new transmissions grid axis to be developed. Installed electricity production capacity from renewable sources in Portugal is expected to increase from 12,014 MW in 2015 (of which 6,146 MW consisted of hydro and 4,836 MW consisted of wind generation), according to REN's internal estimates, to circa 14,300 MW by 2020 (of which it is predicted that 7,000 MW will consist of hydro, already accounting for the recent update of the National Dam ("big hydro") Plan, and 5,300 MW will consist of wind generation) (*source:* National Plan of Action for the Renewable Energies for the period 2013-2020, Strategy for the Renewable Energies – PNAER 2020 (*Plano Nacional de Acção para as Energias Renováveis para o período 2013-2020, Estratégia para as Energias Renováveis – PNAER 2020), approved by Resolution of the Council of Ministers No. 20/2013, of 10 April*). Installed capacity might also be expected to increase in the solar component taking into account recent power producer promoters' initiatives).

- *preparation of the required infrastructure framework that will be needed to respond to changes in the European power grid driven by EU energy policies and grid codes*: One of the main goals will be the development of conditions to match supply-side volatility inherent to some renewable energy, with demand-side flexibility.

- *increasing interconnection capacity with the Spanish transmission grid, aiming for an integrated Iberian market with fewer constraints and ultimately, an integrated European market for electricity:* As at the date of this Base Prospectus, REN Rede Eléctrica is planning to put into operation one further 400 kV interconnection with Spain. This interconnection is currently expected to be in operation in 2018. According to REN's internal estimates, this new interconnection is expected to assure an interconnection commercial capacity of 3,000 MW (for both export and import), which complies with the agreement between Portugal and Spain, and with the conclusions of the European Council of 21 March 2014, as it will result in a net transfer capacity above 10 per cent. of the installed electricity generation capacity.

- *refurbishment of obsolete end-of-life assets, namely full bulk transmission grid substations, a set of overhead power lines and substation VHV/HV apparatus, power transformers and protection and automation systems in order to assure adequate quality of supply indexes and to achieve operational efficiency.*

- *improving the current social and environmental impact of the existing network, namely in the metropolitan areas of Lisbon and Porto, in order to achieve better integration of electrical infrastructure in consolidated urban areas and non-urban zones as in UNESCO protected areas*

Global technical management of the SEN

In addition to managing the construction and operation of the RNT, REN Rede Eléctrica is also the system operator of the SEN.

In Portugal, this role involves the technical validation of the market scheduling on a daily basis in order to ensure the balance between supply and demand. The system operator has to verify if all the power flows remain within safe operational limits and control the RNT and the available system services in real time so as to correct any dynamic imbalances. As part of system management, REN Rede Eléctrica is also responsible for controlling the scheduling of imports and exports from and to Spain as defined by the market, and it manages, together with REE, the mechanisms to cope with interconnection congestions.

NATURAL GAS INDUSTRY

Industry Overview

The first supplies of natural gas to Portugal arrived in January 1997 from Algeria through Morocco via the Europe–Maghreb pipeline. As a result, Portugal was one of the latest EU Member States to receive natural gas with its gas market being one of the newest in the European Union. This is reflected in the regulatory framework, which places no emphasis on pre-existing competition.

The natural gas industry demand in mainland Portugal was of 55.8 TWh of energy in 2016 and can be divided into two main market segments:

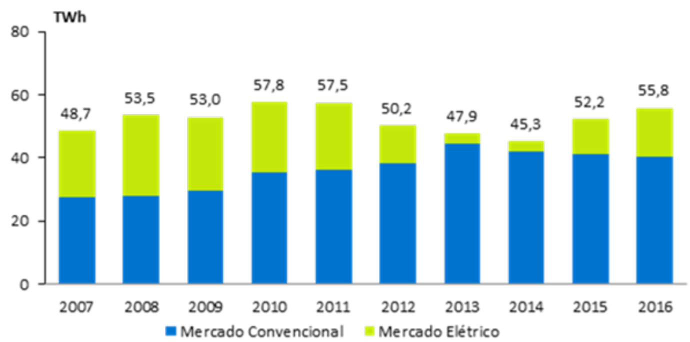
- combined cycle power plants, under an ordinary regime, and
- the conventional market segment, which comprises large industrial consumers connected directly to the high pressure network and customers from the industrial, services and residential sectors connected through the regional distribution networks.

The supply of natural gas to large combined cycle natural gas-fired electricity power plants was approximately 15.4 TWh (about 28 per cent. of the market) in 2016, according to REN's internal estimates. Natural gas demand for this segment varies from year to year depending on the availability of other generating sources, particularly hydroelectric and wind power, and is also influenced by the international price of coal vis-à-vis natural gas and carbon pricing on the Emissions Trading Scheme (EU-ETS), as these prices impact the competitiveness of coal-fired power generation.

Due to the fact that 2016 was an exceptional year in terms of the exports of electric energy to Spain, the proportion of the total fossil-based thermal electricity generation was higher, which was a key factor for the four combined-cycle power plants operating in Portugal to have shown an increase of 40 per cent. in natural gas consumption as compared to 2015, a year deemed as dry and with a wind index of less than one (reference value).

In 2015, Natural gas used in the conventional market segment comprised approximately 40.4 TWh, representing about 72 per cent. of the total demand.

The table below illustrates natural gas demand evolution in mainland Portugal from 2007 to 2016:



Source: REN

The development of electricity generation using natural gas combined cycle gas turbine power plants ("**CCGT**") is of particular importance to the growth in demand for natural gas. This technology consists of utilising natural gas combustion in a gas turbine cycle combined with a "Rankine" cycle, which uses the steam produced by heat of the exhaust gases of the gas turbine to generate additional electricity in the steam turbine. These two processes are complementary and enable high efficiency levels to be reached as energy is extracted from the fuel in two stages, expanding the potential of both cycles. Electricity generation using CCGT is therefore both efficient and has minimal environmental impact. It is the main technology used for large-scale electricity generation projects currently being implemented in developed countries due to its low initial costs, high efficiency and low carbon dioxide emissions as compared to other fuels.

Due to the increasing share of Portugal's energy supply provided by renewable energy sources, low coal prices, and the failure of the EU Emissions Trading System to value CO2 emissions at an adequate level, the role of CCGT power plants in the country's electricity supply mix has changed rapidly over recent years. CCGTs are now regarded as a secure back-up for periods of drought or no wind, are valued for their ability to quickly respond to the ancillary system needs of the power grid and are no longer the main source of gas consumption. As at the date of this Base Prospectus, they represent no more than 10 to 20 per cent. of Portugal's demand for gas, according to REN's internal estimates. However, despite this development, CCGTs still require the same gas transmission capacity to be available to the power grid when operating. This change in paradigm has been accompanied by an increase in electricity generation by a few large combined heat and power projects that are connected to the country's largest industrial consumers, such as Portugal's two oil refineries and the major paper pulp producers.

The domestic use of natural gas (conventional market) has grown as the gas distribution companies connect more users to the distribution grids, particularly in newly developed urban areas, although this has started to stabilise in recent years.

As is the case for many European countries, Portugal is not a producer of natural gas. Natural gas is purchased from other countries pursuant to long-term supply contracts. Natural gas is fed into Portugal through three entry points in the RNTGN: the Campo Maior entry point, which receives natural gas from Spain; the LNG terminal located at Sines, which receives shipments of LNG from methane tankers, and the Valença do Minho entry point, which also receives a negligible amount of natural gas from Spain.

The national natural gas system (the "SNGN – Sistema Nacional de Gás Natural")

With regard to SNGN activities, REN is an unbundled TSO, global system manager ("**SO**"), underground storage operator and LNG terminal operator and, therefore, an independent provider of third party access to the gas network, from a legal, functional and financial point of view. This assists with the implementation of a true gas market in the Iberian Peninsula, as stated by both the Spanish and Portuguese governments in the creation of the "MIBGÁS" (the Iberian Gas Market).

The SNGN is divided into six major activities: reception, storage and regasification of LNG; underground storage of natural gas; transportation of natural gas; distribution of natural gas; supply of natural gas; and operation of the natural gas market. As with electricity, each of these functions must be operated under the EU unbundling criteria, as transposed into Portuguese legislation.

In much the same manner as the national electricity system, an integrated SNGN has been established, in which the supply of natural gas and management of the organised markets are open to competition, subject to obtaining the required applicable licences and authorisations.

Activities relating to the reception, storage and regasification of LNG and the transportation and underground storage of natural gas are carried out under 40-year period public service concessions granted by the Portuguese Republic and are subject to the public service regime pursuant to Decree-Law No. 140/2006, of 26 July (as subsequently amended). REN's natural gas activities are identified below in greater detail.

These concessions incorporate the Portuguese high pressure natural gas infrastructure and provide third party access at regulated tariffs applicable to all eligible consumers, that directly request access, gross energy traders and supply companies within the Portuguese natural gas system. Tariffs must be applied objectively without discrimination to all system users, without prejudice to entering into any long-term supply contracts in compliance with competition law provisions.

REN's regulated activities are remunerated through four tariffs related to the use of the infrastructure:

- the tariff for the use of the reception, storage and regasification terminal, applied to its users by REN Atlântico as the LNG terminal operator, which should provide the allowed revenues for the activity of reception, storage and regasification of LNG;

- the tariff for the use of underground storage is applied by REN Armazenagem (who is the sole owner of the Carriço underground storage facilities since May 2015) as operator of the underground storage facilities, which shall provide the allowed revenues for this activity;

- the global system use tariff is applied by the transmission grid TSO (REN) to all gas supplied to distribution grid operators, licensed operators, privately-owned LNG client plants (autonomous gas units or "**UAGs**"), and clients directly connected to the transmission grid. This tariff provides the allowed revenues for the activity of global technical management of the national natural gas sector; and

- the tariff for the use of the transmission network is applied by the grid's TSO to all gas input into the network at all connecting points and international deliveries, as well as high pressure and LNG deliveries to the distribution networks, deliveries of client-owned UAGs, and backflow deliveries to the LNG reception, storage and regasification terminal and, ultimately, to international interconnections. This tariff provides the allowed revenue for the natural gas TSO.

Reception, storage and regasification of LNG

In the Sines terminal, LNG is offloaded from LNG tankers and sent to storage tanks at a low temperature, where it remains until a nomination or programmed gas flow is requested by the respective gas owner to the terminal operator. LNG undergoes regasification prior to being injected in the high-pressure RNTGN. The Sines terminal also has the appropriate facilities to fill up cryogenic LNG tanker trucks which supply satellite autonomous regasification units.

Underground storage of natural gas

Natural gas can be stored for future use. Underground storage in Portugal involves natural gas compression and injection into underground salt gas caverns, where the compressed gas is stored until it is reintroduced into the RNTGN upon user request. These types of caverns have a high deliverability to stored volume ratio and allow for a quick response to market requirements. This provides increased flexibility and storage capacity for users to manage their trade business.

Transportation of natural gas

Natural gas is transported through various high-pressure gas pipelines forming the National Natural Gas Transportation Network ("**NNGTN**"), which is connected to the high-pressure Spanish network located upstream and supplies gas through regulation and metering stations to high-pressure customers and delivers it to medium-pressure networks operated by distribution companies. Then these networks supply gas to end users connected to lower pressure levels in the distribution network, including those in the services and residential sectors.

REN Gasodutos, as the operator of the NNGTN, is certified, by decision of ERSE of 31 July 2015, as complying with the requirement of full ownership unbundling.

Distribution of natural gas

The distribution of natural gas through medium and low-pressure pipelines is carried out through concessions or licences granted by the Portuguese Republic by public tender. The entities operating the natural gas distribution grid at the date of enactment of Decree-Law No. 30/2006, of 15 February, as subsequently amended, have maintained their right to operate the natural gas distribution grid as concessionaires or licensed entities under an exclusive public service regime with territorial delimitation.

Third party access to the natural gas distribution network must be ensured by the relevant concessionaires based on published tariffs applicable to all eligible customers, that request access, as well as to supply companies, and applied objectively without discrimination among system users.

Certain local distributors also carry out regasification in cryogenic facilities with limited capacity, the autonomous gas units (the "**UAGs**"). In this context, LNG is transported by truck and delivered in those UAGs to supply customers who are not connected to the national natural gas transportation grid.

Following the acquisition of EDP Gas, the natural gas segment of REN also includes the distribution of natural gas in the northern coast region of Portugal.

Supply of natural gas

The natural gas supply activity is open to competition and is subject to a prior registration regime.

The liberalisation of the natural gas supply began in 2007 (with respect to power plants) and was extended to consumers of over one million cubic metres of natural gas per year in 2008, and to consumers of over ten thousand cubic metres of natural gas per year in 2009. Since 1 January 2010, every consumer is free to choose his own natural gas supplier in an open market environment.

As is the case with electricity, the regulated tariffs published by ERSE regarding the natural gas sector are set annually by the ERSE directives.

Gas suppliers are subject to certain public service obligations and are required to ensure the quality and continuous supply of natural gas. In addition, the role of the "Last Resort Supplier" has been created and will be in place until the liberalised market is fully efficient. This new role has been assumed by a wholly-owned subsidiary of GALP for wholesale customers and by all other present concessionaires or licensed natural gas distributors within their area of coverage for retail customers, subject to licensing requirements.

Under market conditions, consumers are free to choose their natural gas supplier and are exempt from any payment when switching suppliers. In order to manage the operation of switching suppliers, an independent logistics operator was created in 2017 by Law no. 42/2016 and Decree-Law no. 38/2017. This new entity, the ADENE, is independent from other entities in the SNGN, in a legal and functional sense, and is subject to ERSE's regulation. Before this new legal regime was established, ERSE had determined that the process for switching operators was to be managed and carried out by the concessionaire of the transport business (currently, REN Gasodutos). The transition between the old system and the new one is ongoing.

At the end of 2016, the total number of registered customers amounted to 1.4 million, with more than 76 per cent. of the national total on a free market basis. In terms of consumption, in December 2016, the corresponding value in the free market amounted to 96 per cent. of the total demand in Portugal.

Operation of the natural gas markets

The natural gas markets in Portugal are operated on an open market basis, subject to authorisations to be jointly granted by the Minister of Finance and by the Minister responsible for the Energy sector.

The entity managing the organised market is also subject to authorisation granted by the Minister responsible for the energy sector and, whenever required by law, the Minister of Finance.

In 2015, following several initiatives which were ratified in jointly succeeding summits of the Portuguese and Spanish governments, a stable framework was put in place to allow the participants in gas systems from both Portugal and Spain to carry on their activities across the Iberian Peninsula. The Spanish Government, by approving Ley 8/2015, of 21 May, of the Spanish Government ("**Ley 8/2015**"), constituted and appointed the operator of the organised market – the company MIBGAS.

MIBGAS is authorised to work as the management entity of the organized natural gas market in Portugal by means of Order No. 643/2015, of 21 August, from the Office of State Secretary of the Energy sector ("**Portaria No. 643/2015**") and ERSE's Directives nos. 18/2016, of 28 September, and 20/2016, of 9 December. This order stipulates that the constitution, organisation, functioning and regulation of the organised natural gas market is subject to specific regulation to be approved by the member of the Government responsible of the Energy sector, by *Direção Geral de Energia e Geologia* or by *Entidade Reguladora dos Serviços Energéticos* according to the respective powers.

The global participation of the share capital of MIBGAS, S.A. held by Portuguese and Spanish natural gas system operators will be 20 per cent. of the total share capital. The Spanish and Portuguese system operators hold, 2/3 and 1/3 of that 20 per cent. stake, respectively.

REN's Natural Gas Business

REN is the concessionaire of the RNTGN for 40 years (until 2046), when, according to the concession agreement, REN will have the right to receive the net accounting value of the assets covered by the concession. REN acquired the assets associated with its natural gas activities in 2006 with the restructuring of the natural gas business.

In 2006, the natural gas business was restructured: reception, storage and regasification of LNG, underground storage of natural gas and natural gas transport are now carried out by three entities fully owned by REN under three different concessions:

- as mentioned above, REN Gasodutos is the concessionaire for transportation of natural gas through its high pressure grid. This concession also includes the technical global management of the SNGN and the coordination of the natural gas distribution and natural gas transportation infrastructure, in order to ensure the continuity and security requirements of supply, the integrated and efficient operation and development of the SNGN;

- REN Atlântico is the concessionaire for the reception, storage and regasification of LNG at Sines LNG terminal;

- REN Armazenagem is the concessionaire for the underground storage of natural gas in Carriço, in the municipality of Pombal; and

- the Acquired Business through which the concession for natural gas distribution in the northern coastal region of Portugal (including Porto) was acquired.

The agreements for these four concessions between the Portuguese State and the respective concessionaires were entered into on 26 September 2006 (in the case of the first three) and on 11 April 2008 (in the case of the Acquired Business concession), all of them for a period of 40 years.

In May 2015 the partial transfer of a natural gas underground storage concession from GALP in Carriço, Pombal, to REN Armazenagem was completed. The partial transmission integrates two existing cavities, the rights to build two new cavities and other rights and obligations associated with these assets, as at the date of this Base Prospectus explored by Transgás Armazenagem and now transferred to REN.

As a result of this operation, the relationship between the users and the infrastructure operator for natural gas storage will be simplified to the extent that the management and publication of existing and operating storage capacity will be unified into a single entity, also providing the benefit of a direct business relationship, thus meeting a goal that sector's authorities have always sought to implement.

Transportation of natural gas

The RNTGN concession includes the transportation of high pressure natural gas through the network, including:

- the reception, transportation and delivery of natural gas through the network;

- the construction, operation and maintenance of the RNTGN infrastructure, its connections to networks and the premises necessary for such operation;

- the planning, development, expansion and technical management of the RNTGN;

- the operation and maintenance of the connections between the RNTGN and the international natural gas pipelines, underground storage infrastructure and LNG terminals;

- the infrastructure planning of the national LNG reception, storage and regasification facilities;

- global technical management of the SNGN; and

- the monitoring of natural gas safety strategic security reserves.

The RNTGN consists of high pressure pipelines totalling 1,375 kilometres, which is divided into eight route sections, with pipes ranging from a nominal size of 150 mm to 800 mm in diameter, of which more than half are 700 mm in diameter. In 2016, the RNTGN transported 56.7 TWh of natural gas, including the total gas injection into the underground storage system. The RNTGN includes 203 pipeline stations, which consist of 45 block valve stations, 66 junction stations for branched derivation, five T-branch connection stations, 85 gas regulating and metering stations, and two custody transfer stations. The RNTGN's main dispatching centre is located in Bucelas (Loures) and it also has a redundant emergency dispatching centre in Pombal, which functions as a standby for the first centre and is located in a different seismic zone to the main dispatching centre. Operation and maintenance field activities are carried out by technical staff of REN Gasodutos distributed by the territory and supported by operational centres located at Ermesinde (Valongo), Pombal, Bucelas (Loures) and Portal. As the construction of the RNTGN only started in 1994, it is one of the newest grids in Europe and accordingly incorporates the latest technology, including cathodic corrosion protection, double-block-and-bleed ball valves, a supervisory control and data acquisition system, a transmission system simulator with a built-in leak detection system, and a redundant telecommunications system.

At the time of the first injection of natural gas in January 1997, the NNGTN had a total length of 649 kilometres. As of 31 December 2016, its total length was of 1,375 kilometres.

In 2016, REN's high-pressure gas transportation activity provided a very good service level, with no supply interruptions and with all performance within the limits set out in the Quality of Service Regulations published by ERSE.

In 2016, the indicator for the cumulative frequency of incidents affecting the transmission network per 1,000 km of exposed infrastructure was 0.043, taking into account the length and the total operating time of the various pipeline sections commissioned since 1997. Considering only the last five years, this indicator was 0.147. In comparison, considering the equivalent indicator of the European Gas Pipeline Incident Data Group ("**EGIG**"), which only considers the gas leakage incidents, and is calculated for all transmission operators adhering to the initiative (including REN Gasodutos), its value was 0.177 incidents per 1,000 km and per year for the last five years.

Reception, storage and regasification of LNG

REN operates the reception, storage and regasification concession for LNG, which is subject to the public service regime. This concession involves the reception, storage, regasification and delivery of LNG to the RNTGN. REN Atlântico, under the terms of the concession, also performs the activities of loading and dispatching tanker trucks, marine tankers and also the construction, operation, maintenance and expansion of its own infrastructure.

The Sines LNG terminal entered the first phase of its commercial operation in January 2004. As at the date of this Base Prospectus, the LNG terminal consists a jetty suitable for docking methane carriers with capacities ranging from 40,000 cubic metre up to 216,000 cubic metre LNG, with an average unloading time of 19 hours for a 140,000 cubic metre LNG shipment and the three storage tanks, two of which with a capacity of 120,000 cubic metres each, and the third tank with a capacity of 150,000 cubic metres. The LNG terminal has a guaranteed nominal send out capacity of natural gas into the RNTGN of 1,125,000 normal cubic metres per hour, equivalent to 7.6 billion cubic metres per year (considering a load factor of 0.77), with a peak technical send out capacity of 1,350,000 normal cubic metres per hour, and is able to load tanker trucks at 175m3/h rate.

Underground storage of natural gas

REN operates an underground storage site, comprising (as of the date of this Base Prospectus) of six caverns in operation, with a maximum technical working volume of 3.97 TWh of natural gas, as a result of the conclusion in 2015 of the business acquisition of two caverns that were previously the property of Transgás Armazenagem. Since May 2015 REN is the sole owner of the Carriço underground storage facilities. Subject to the Portuguese Republic's authorisation, REN has the right to build and acquire additional natural gas caverns for the expansion of the system. REN Armazenagem holds these rights. REN Armazenagem's underground storage concession includes:

- the injection of gas from the RNTGN, the underground storage of natural gas in the gas caverns and the withdrawal, treatment and delivery of natural gas to the RNTGN; and

- the construction, operation, maintenance and expansion of the facilities and infrastructure related to the natural gas storage.

The gas caverns are constructed by leaching salt out of existing salt formations at a depth of more than 1,000 metres. Fresh or salt water is pumped through a well lined with concentric steel piping for in-depth saturation which dissolves the salt in a controlled manner over time, gradually creating a cavern as the salt is dissolved (the resulting brine is removed via the same well). Typically, eight cubic metres of fresh water are required for each cubic metre of dissolved salt. The cavern undergoes a leakage test after the leaching phase and an inner pipe string is lowered into the cavern to remove as much brine as possible. Finally, a subsurface safety valve is installed at a depth of approximately 50 metres in order to prevent unintentional gas release out of the cavern.

Control systems

As mentioned above, REN's natural gas infrastructure was recently constructed using the latest technology. It is monitored by modern systems employing fibre-optic based telecommunication technology connecting the remote stations in the pipeline to the dispatch centres of the infrastructure, as well as the LNG terminal in Sines and the underground storage facilities in Carriço (Pombal).

REN Gasodutos relies on the Supervisory Control and Data Acquisition ("**SCADA**") system and onsite maintenance teams to keep the pipelines and the remote stations secure. The SCADA system, which has available redundancy, allows for early problem diagnosis and quick response to any malfunctions. The onsite maintenance teams regularly inspect the corridor along which the pipeline stretches and the existing stations that ensure its compliance with safety requirements, minimising the risk of interference with, or damage to, the infrastructure. Data is electronically collected, reducing the margin for human error, and recorded both on the remote terminal units in the stations and centrally, on the SCADA database, allowing analyses to be conducted at a later stage on equipment performance to detect malfunction trends and to anticipate problems. REN Atlântico and REN Armazenagem have both developed automated monitoring and control systems specific to their facilities (namely distributed control systems). For example, the truck loading bay at the LNG terminal of REN Atlântico is fully automated.

Technical global management of SNGN

The technical global management of the SNGN involves the systematic coordination of the functioning and usage of the different infrastructure of the National Transportation Network, Storage, Infrastructure and Terminals (*Rede Nacional de Transporte, Infrastruturas de Armazenamento e Terminais*) ("**RNTIAT**") to ensure free and non-discriminatory access to the infrastructure, as well as the monitoring capacity, planning capacities and the management of the SNGN in order to avoid the occurrence of jams and to ensure the reliable performance of the infrastructure.

As technical manager of the system of the SNGN, REN Gasodutos is responsible for overseeing the third party access process to the gas infrastructure in its different cycles, including managing the nominating process and gas metering for each user, with the view to promoting an efficient and cost-effective use of the network.

From a technical perspective, REN Gasodutos must ensure that the pipelines have enough capacity to meet user demand by managing the varying pressures and flows in order to maintain the responsiveness and availability of the network and managing the balance between inflows and outflows of gas on the RNTGN. In addition, REN is also responsible for monitoring the compliance of participants operating in the SNGN with legal and operational obligations in relation to the security of supply.

Investments in natural gas infrastructure

In the first nine months of 2017, REN invested a total value of EUR5.4 million in the natural gas infrastructure, compared with a total value of EUR4.7 million invested in the first nine months of 2016. In the first nine months of 2017, the most significant investments consisted of refurbishment and substitution of equipment.

In 2016, REN continued the execution of the PDIRGN. This plan, which includes projects in development and expansion, as well as projects of refurbishment and modernisation of the infrastructure, represented in 2016 an investment of approximately EUR13.8 million in natural gas.

The most significant investments of 2016 were the following:

- In REN Gasodutos, cathodic protection remote control project, infrastructure cladding status study, conclusion of project to move battery banks to dedicated buildings, improvement of metering chains, installation of condensate and quality chromatograms, software upgrade for remote control units ("**RTU**"), conclusion of the integrated project for the odorisation system, installation of the second filtering line and heat exchangers at eight stations, replacement of UPS (Uninterruptible Power Supply), RTU robots and flow computers at the end of working life.

- REN Armazenagem made a series of investments with a view to ensuring supply security and capacity for natural gas storage. This included conclusion of the Cathodic Protection Remote Control Project, sonar inspection and checking of production tubing to verify the integrity of infrastructure, replacement of UPS at the end of working life, and finally the conclusion of the first stage of the Compression System Upgrade, corresponding circuit lay-out changes for the withdrawal of gas from cavities in order to permit the functioning of the compression of extracted gas for introduction in the transmission network.

- In 2016, only small investment projects were undertaken by REN Atlântico.

In 2016 and within the scope of the project of the third Portugal-Spain interconnection, REN Gasodutos, together with the Spanish TSO, successfully applied for the renewal of the status of PCI – Project of Common Interest, to be part of the third list of PCI Projects of EU and thus maintaining for another two years eligibility to obtain EU funds within the programme Connecting Europe Facility (CEF). Base engineering and cartography studies, such as the environmental impact study (EIA), were also made, for which a grant of 50 per cent. was awarded for costs incurred, in recognition of this project's interest. With the execution of these studies, REN has started a licensing procedure next to DGEG, and REN is currently waiting for Agência Portuguesa do Ambiente ("**APA**") to issue an environmental study.

Tariffs

The regulatory gas year for tariff purposes starts on 1 July of each year and ends on 30 June of the following year. The regulatory period lasts three years and tariffs are reviewed annually. The regulatory system allows for the use of gas infrastructure by market participants holding a valid contract. Different tariff arrangements may apply, but they are all defined and published by the regulator. The settlement of physical or contractual congestion is accomplished through auctions. Tariffs are set ex-ante and deviations are corrected ex-post after two years. A tariff "smoothing system" until 2017 will be set out for REN Atlântico and is described in greater detail below.

Tariffs are calculated based on the allowed revenues for the period for each activity and function and then divided by the estimate of the variables that measure its use.

On 1 July 2013, the tariff code for the next regulatory period (2013 – 2016) was published by ERSE. To ease audited financial reporting to ERSE, the revenues are calculated on a fiscal year basis (January to December) in accordance with guidelines published by the regulator for each semester of that year. As the tariffs still apply to the gas year, their calculation is based on an average of two consecutive semesters from each relevant fiscal year. Tariffs for the 2016 – 2017 gas year are based on the allowed revenues of the second semester of 2016 and the first semester of 2017 forecasts.

In July 2016, a new three-year regulatory period started, which will last until the end of the first semester of 2019. During this regulatory period, the RoR remains indexed to the 10-year Portuguese Republic Treasury Bond yield and limits to the remuneration rate for the period 2016-2019 between 5.4 per cent. and 9 per cent. have been implemented. Notwithstanding this, some changes were introduced by the regulator, such as: (i) a change in the indexation on Treasury Bonds by reference to the calendar year; (ii) an extension of regulation by incentives to the activity of the global use of the system (limited to intra-group operations), similar to the activities of high-pressure natural gas transportation and of reception, storage and regasification of LNG, and of natural gas storage; and (iii) the extension of the mitigation mechanism of tariff ajustments to natural gas storage (it has already been implemented in the activity of reception, storage and regasification of LNG), in order to reduce the impact on the implemented annual tariffs; and (iv) end of the smoothing mechanism implemented in the activity of reception, storage and regasification of LNG, beginning on the second semester of 2017.

In general, the allowed revenues for a given fiscal year are calculated by adding the forecasted allowed operational costs to the remuneration of the RAB, net of accumulated regulatory amortisations and subsidies, at a previously approved rate of return, plus the amortisations of the regulated asset for the year, net of subsidies. This value deducted from the allowed operational costs is referred to by ERSE as the "cost with capital" for that year. The relevant RAB for the year is the average of the RAB values at the beginning and end of that year.

In the context of remuneration for the activities carried out by the operator of the Sines LNG terminal, a "smoothing mechanism" of the profits associated with the tariff for use of the reception, storage and regasification LNG terminal ("**UTRAR**") has been in force since 2007 and continues until 2017. According to this mechanism, the tariff variations which would be necessary to recover the RAB remuneration in each year (reflecting amortisations and incremental investments), are standardised in the remainder period, while ensuring that all profits are recovered in this period. The tariff changes are, therefore, distributed periodically with a discount rate associated with profits recovered in each year.

Any deviation between projected return and actual return is transferred to the calculations of the allowed revenues for the consecutive year.

In this three-year regulatory period, an efficiency incentive was applied to the global system management costs in addition to the requirements in place for the underground storage activity (carried out by REN Armazenagem), the reception, storage and regasification of LNG (by REN Atlântico), and for the natural gas transportation (by REN Gasodutos).

OTHER BUSINESSES

Telecommunications

REN established RENTELECOM – Comunicações, S.A. ("**RENTELECOM**") in 2002 as a wholly-owned subsidiary to manage the commercial exploitation of the surplus capacity available on the telecommunications safety network. RENTELECOM focuses on providing telecommunications carrier services within the public telecommunications grid as a licensed operator. In 2006, that capacity was increased with the integration of the fiber optic network of the national natural gas transportation grid.

RENTELECOM revenues, which are external to the Group, have grown from EUR 1.9 million in 2004 to EUR 5.5 million in 2016.

Management of the PPAs

In connection with the phasing out of the PPAs, the Portuguese Republic has stipulated that PPAs not terminated when the single buyer was abolished would be managed by REN Trading, incorporated by REN in July 2007, until the expiration of their respective terms.

REN Trading was incorporated to manage the two remaining PPAs, one entered into with Tejo Energia, in relation to the 600 MW coal fired power plant in Pego with a termination date in 2021, and the other with Turbogás, in relation to the 990 MW natural gas combined cycle power plant in Tapada do Outeiro with a termination date in 2024.

As the PPA is an agreement which determines the remuneration of the generator, the benefits or losses of implementing the agreement's terms are transferred to the system. REN Trading works, therefore, as an intermediary, aiming to minimise costs and to maximise the revenues from selling energy on the energy markets. In the regulated part of this business, the benefits obtained through this activity are stipulated by ERSE in its Directive No. 2/2014, of 3 January.

The regulated revenues, which correspond to an incentive framework based on the performance targets defined by ERSE, are limited to a maximum of EUR 3.3 million.

ENONDAS

ENONDAS was created in 2010 and a concession was granted to REN by the Portuguese Republic in the same year. ENONDAS is a public service company, holding a 45-year pilot area concession to support the development of energy production from the ocean, manage the marine area between Figueira da Foz and Nazaré, and promote the necessary infrastructure for the development of marine energy.

Consultancy and Commercial Services

In addition to providing support and back office services to the Group's concessions, REN also provides engineering and advisory services to third parties, taking advantage of the Group's experience and expertise, through REN Serviços. This business segment is strategically oriented for international growth.

REN Serviços is responsible for identifying and establishing business cooperation agreements with other Portuguese and international companies for public electricity and gas services. In 2015, consultancy and commercial services revenues reached EUR 1 million.

International operations – Electrogas (Chile)

On 7 February 2017, REN entered the gas transportation market in Chile with the acquisition of a 42.5 per cent. stake in the share capital of Electrogas S.A. for U.S.$180 million. The remaining shareholders of Electrogas are Colbun S.A. (42.5 per cent.) and the Empresa Nacional del Petróleo (ENAP), which is totally held by the Chilean State (15 per cent.). The relationship between the parties is governed through a shareholders' agreement. REN financed the acquisition with commercial paper fully backed by available long-term credit lines. Electrogas' natural gas transportation system consists of two main gas pipelines, linking the Gas Andes, a gas pipeline from Argentina, with the LNG Terminal GNLof Quintero and an extension line for power electricity thermal power plants and refineries.

The acquisition is in accordance with REN's strategic plan, which considers international expansion as one of the key growth drivers of the company. Entry into Chile allows REN to expand its growth paths and diversify business risk, reducing the dependency on the domestic market.

Electricity Derivatives Trading Platform

In 2003, REN established OMIP, the Portuguese marketplace for the exchange of Iberian electricity derivatives, following the approval of the Despacho No. 12596/2003 of the Ministry of Economy. As referenced above, the Portuguese and the Spanish governments have joined OMIP and OMIE, the Spanish branch of MIBEL, and have established limitations on the share capital of OMIP. REN currently holds a 40 per cent. stake in OMIP and intends to reduce its holding to an equivalent 10 per cent. stake, in line with what has been established by the Portuguese and Spanish governments.

In 2004, OMIClear, a company fully owned by OMIP, was incorporated to be the clearing agent and central counterparty for operations entered into in the electricity market.

EMPLOYEES

In 2016, the number of employees decreased by 5 per cent. As at 31 December 2016, the number of employees was 608 (in comparison to 641 in 2014). The decrease in the number of employees between 2014 and 2016 is primarily due to early retirement plans and natural attrition. In the last three years, the average employee age has remained at 44 years old.

	As at 31 December			**30 September**
	2014	**2015**	**2016**	**2017**
Employees:				
Permanent and Fixed Term Contracts	640	620	605	606
Professional Internships	1	–	3	0
Total	**641**	**620**	**608**	606

In 2016, approximately 37.7 per cent. of REN's employees were employed in REN's electricity business, 21.2 per cent. were employed in REN's natural gas business, and 41.1 per cent. were employed for other activities. 70 per cent. of those employees are employed in the greater Lisbon region, 22 per cent. in the northern and central regions, 8 per cent. in the southern region.

It is expected that approximately 15 per cent. of the employees of REN will retire during the next five years and that this number will increase to around 24 per cent. during the next 10 years.

The following table sets forth the percentage of RENs employees employed in each segment as of the dates indicated.

	As of 31 December			30 September
	2014	2015	2016	2017
		(in %)		
Employees:				
Electricity	36.8	36.9	37.7	36.2
Natural Gas	20.1	21.3	21.2	21.1
Others	43.1	41.8	41.1	42.7
Total	**100.0**	**100.0**	**100.0**	**100.0**

The following table sets forth the percentage of RENs employees employed in each geographical area as of the dates indicated.

	As of 31 December			As of the date of this Prospectus
	2014	2015	2016	2017
		(in %)		
Employees:				
GreaterLisbon	36.8	36.9	37.7	36.2
North and Centre	20.1	21.3	21.2	21.1
South	43.1	41.8	41.1	42.7
Total	**100.0**	**100.0**	**100.0**	**100.0**

In relation to the nature of employment contracts, approximately 98 per cent. of REN's employees had a permanent employment contract in 2016, and of these, 98.5 per cent. were covered by a collective bargaining agreement (in Portuguese, ACT). 62 per cent. of the employees have a high level of education.

A new collective bargaining agreement ("**CBA**"), entered into by all the unions which represent REN's employees, has been effective as of 1 February 2015. With the implementation of this CBA it was possible to uniformise the human resources policy, as well as the practices and procedures that contributed to an increase in efficiency of the proceedings and more transparency in working relationships. In 2016, 98.5 per cent. of REN's employees were covered by the CBA.

Management believes that REN maintains good relationships with the workers committee, which meets regularly with the Executive Committee. Meetings are also held with unions, either through REN's initiative or upon the request of the unions, which represent 41 per cent. of REN's employees as at 31 December 2016.

ENVIRONMENTAL

REN regularly reviews the environmental impact of its business and seeks to minimise the environmental consequences of its activities by promoting the rational use of natural resources, preventing pollution and supporting the development of renewable energy sources. In fulfilling its mission of providing a public service in the Portuguese energy sector, the Board of Directors of REN considers that the creation of value for shareholders and society cannot be dissociated from real environmental protection.

REN's environmental actions include a continuous monitoring of compliance with current environmental laws, the identification and minimisation of environmental impact and setting environmental improvement goals. REN's work to protect the environment is integrated with other areas of social corporate responsibility such as the occupational health and safety components of quality and safety management, and the prevention of serious accidents. As a corollary of work in these areas, the scope of the quality, environment and safety certification of the REN management systems (which included REN – Rede Eléctrica Nacional, REN Serviços and REN Trading) was extended to REN Gasodutos and REN Atlântico in May 2009 and to REN Armazenagem and RENTELECOM in December 2009 and to ENONDAS and REN – State Grid, S.A. Energy Investigation Centre (Centro de Investigação em Energia REN – State Grid, S.A., "**R&D Nester**") in December 2014.

REN participates in multiple energy associations at the national and international level that focus on issues relevant to the energy sector, including several international groups specifically focused on climate change. REN is also subject to legal compliance at both national and European levels in matters related to climate change, specifically in regard to use of fluorinated greenhouse gases in its high-voltage switchgears and refrigeration gases used in the refrigeration and fire extinguishing systems at several of its facilities. In response, REN introduced stricter technical specifications on new equipment and services ordered and set an internal maintenance policy for its high-voltage equipment to reduce sulphur hexafluoride leakage. REN is also subject to the EU Emissions Trading Scheme ("**EU-ETS**") as a result of its participation in REN Trading. Until the end of the second phase of the EU-ETS, REN Trading was responsible for managing the portfolio of CO2 emission allowances allocated to two power plants, Pego (Tejo Energia) and Turbogás, and for establishing a management strategy for these environmental obligations.

On 30 November 2016, the EU Commission presented a new package of measures ("Clean Energy for All Europeans") destined to show that the transition to clean energy is where the industry's future growth lies. The legislative proposals presented encompass energy efficiency, renewable sources, the configuration of the electricity market, security of electricity supply and the governing rules for the Energy Union. The EU pledged itself to reduce the CO2 emissions by at least 40 per cent. by 2030.

RESEARCH AND DEVELOPMENT ("R&D")

REN's R&D investments for the period 2014-2016 amounted to approximately EUR2 million.

In the context of R&D Nester (see below), investments for the same period amounted to approximately EUR4 million, including operating costs.

Partnerships and cooperation with external entities such as national and/or international academic institutions and other entities recognised by the National Scientific and Technological System, continues to be seen as a strategic issue.

As a TSO, REN understands the importance of participation in European projects. In particular, in 2015 REN participated in the conclusion of the E-Highway 2050 Project (2012-2015) and the iTesla Project (2012-2015), as part of the 7th European Commission Framework Programme (FP7).

REN also participates in the EUPORIAS (2012-2017) – European Provision of Regional Impacts Assessments on Seasonal and Decadal Timescales, coordinated by the MET OFFICE (UK) involving 24 participants, including REN as a stakeholder.

At a national level some of the projects are also being set out within "R&D Nester". R&D Nester (Centro de Investigação em Energia REN – State Grid, S.A) is an energy research centre formally constituted on 24 May 2013, as a result of a partnership established between REN and CEPRI - China Electric Power Research Institute (representing State Grid International Development).

R&D Nester has been in operation since July 2013 with facilities in Lisbon, Portugal. The main mission is to provide an international platform for knowledge, delivering innovative solutions, approaches and methods to be applied into energy systems. The main role is to develop innovative ideas from the concept phase until its demonstration phase in small pilots when applicable. Once the pilots are validated, R&D Nester is able to support REN in large scale implementation and deployment.

The main research fields are focused in renewable energy management, power systems simulation, smart grid technologies and in energy markets and economics, where four main projects are being developed: Renewable Energy Dispatch (focusing on tools for renewable prediction), Substation of the Future (focusing on protection, automation, control, monitoring and metering systems within the scope of smart grids), Energy Storage (investigating new storage technologies and management) and AC/DC Power Grids with Renewables (aiming to create a powerful simulation centre that also accounts for large scale hybrid power grids).

During 2016 and 2017 to date, R&D Nester invested in R&D Projects and related activities, namely in the above R&D Projects and in a laboratorial facility equipped with real-time power simulation and testing capabilities.

Furthermore, R&D Nester secured projects and funding from the EU R&D funding research programme H2020, from the European Space Agency and from the European INTERREG Atlantic Area programme.

So far, some of the main public results achieved were the following: R&D Nesteris, a certified company by the standards, NP EN ISO 9001 (Quality Management System), NP EN ISO 14001 (Environmental Management System) and NP 4397 (Health and Safety at Work Management System), which allowed integration into the current systemof Quality, Environment and Safety Management in effect at REN.

R&D Nester has been recognised in the field of R&D for the technical-scientific knowledge domain of conception and energy grid field solutions development by the Ministry of Science and Education and at the end of 2015, acquired the status of certified company in Research, Development and Innovation (RDI), in accordance with the Portuguese standard NP 4457:2007. A new tool for forecasting the production of photovoltaic solar energy was developed and is operational at the national control centre; several scientific papers were published; and national and international networking with external players in the energy sector, including academia and industrial field is being reinforced, with the signature of MoUs and Protocols. R&D Nester is currently part of several European innovation networks, such as The European Energy Research Alliance (EERA), SmartGrids European Research Area Network and EnergyIN.

Examples of national and European collaborative projects underway in which R&D Nester participates include SusCity-Urban - data driven models for creative and resourceful urban transitions (an MIT Portugal project funded by the FCT Fundação para a Ciência e Tecnologa) and ISSWIND Project - Integrated Supporting Services for the WIND Power industry (promoted by European Space Agency).

PATENTS AND INTELLECTUAL PROPERTY

REN owns certain software which is protected by registered copyright. This software was developed, internally or as works-for-hire. REN also owns several registered trademarks and logotypes. Certain publications, marketing materials, images and other audio-visual contents used in the course of REN's business are also protected by copyright owned by REN.

REN does not hold any patents, registered designs or any other registered intellectual property rights other than those mentioned above.

R&D Nester owns a registered trademark and logotype. Certain publications, marketing materials, images and other audio-visual contents used in the course of its business activity are also protected by copyright owned by R&D Nester.

Recently, R&D Nester has three ongoing patent applications related to internally developed projects.

MATERIAL CONTRACTS

The main material contracts to which REN is a party are described below:

Electricity transmission and global management of the system

The concession for the use of the National Electricity Transportation Network ("**NETN**") was initially granted to REN Rede Eléctrica, pursuant to Decree-law no. 182/95 of 27 July (Article 64), for the purpose of managing the public electricity supply system, using the NETN, as well as developing the necessary infrastructure.

This initial concession agreement was amended and replaced by the amended concession agreement entered into between REN Rede Eléctrica and the Portuguese State on 15 June 2007 (as amended on 21 February 2012) for a period of 50 years from the date of its execution, under the terms of Decree-law no. 172/2006, of 23 August, as subsequently amended.

The scope of this concession agreement consists of the following activities: (i) establishment and operation of the NETN, ensuring the transmission of electricity, and (ii) the global system management.

REN Rede Eléctrica may carry out other activities, directly or through subsidiary companies, when so authorised by the Portuguese Republic, if in the best interest of the concession or its clients.

The concession of the electricity transmission activity is carried out in accordance to a public service concession regime and exclusively through the operation of the NETN.

Except when required to finance the activity under concession and, even in that case, subject to certain conditions, the encumbrance or transfer of the shares representing the share capital of the concessionaire requires the prior authorisation from the Government member overseeing the energy sector, which lacking, any such encumbrance or transfer will be deemed as null and void.

REN Rede Eléctrica must maintain the good operating performance, maintenance and security of the assets and related means during the concession period, carrying out all repairs, renovations and adaptations necessary to maintain the assets in the required technical conditions. Pursuant to the concession agreement and to the relevant legal framework, the concessionaire must maintain financing adequate to the development of the concession activities, whilst simultaneously maintaining, at the end of each year, a financial autonomy ratio above 20 per cent.

REN Rede Eléctrica has the right to operate the concession's assets until termination of the concession. The assets may only be used for the purposes of the concession.

Termination of the concession involves transfer to the Portuguese State of the concession assets and the related rights and obligations. The concession can be terminated by agreement between the parties, early termination, redemption or expiry of its term.

The concession agreement may be terminated early by the Portuguese State whenever any of the following events occur and have a significant impact on the concession activities, including but not limited to: deviation from the scope of the concession or suspension of the concession activity; repeated opposition to the grantor's supervision and breach of the grantor's resolutions, or violation of applicable laws and regulations; refusal to make necessary repairs or perform maintenance on the concession assets, or to make necessary expansions to the network; applicability of tariffs higher than those set by the sector's regulatory authority; and non-authorised transfer of the concession or subconcession. In this case, the termination shall entail the gratuitous transfer of all the concession assets and the related rights and obligations to the grantor, without the concessionaire benefiting from any right to compensation. The concessionaire will further lose the security it rendered to guarantee contractual compliance, all without prejudice to the Portuguese State being indemnified for losses suffered, as per general law.

REN Rede Eléctrica may also terminate the concession early on the grounds of a serious breach of the grantor's obligations, if such breach jeopardises the carrying out of the concession activity. Such a termination by the concessionaire entails the transfer of all the concession assets and related rights and obligations to the grantor, but the concessionaire retains the right to receive compensation for losses it incurs, including for the amount of its investments and loss of profits.

The grantor may redeem the concession on justifiable grounds of public interest, at any time after ten years from the date of the beginning of the concession term. The concessionaire has the right to receive an indemnity in case of such redemption, which shall take into account the book value of the reverting assets as at the relevant redemption date, as well as loss of profits. On the concession termination date, by expiry of its term, the concession assets and the related rights and obligations shall revert to the Portuguese State in accordance with the contractual terms, which include compensation to REN Rede Eléctrica corresponding to the net book value of the assets covered by the concession.

Transportation of gas and global system management

The concession for the use of the NNGTN was granted to REN Gasodutos by the Portuguese State via a concession agreement dated 26 September 2006 (as amended on 21 February 2012), for a period of 40 years from its execution date, under Decree-Law no. 140/2006, of 26 July, as subsequently amended.

This concession contract governs the management of the SNGN, the operation of the high pressure NNGTN and the development of its necessary related infrastructure, all under the public service regime.

The scope of the concession agreement of REN Gasodutos comprises the following activities: (i) global management of the SNGN; and (ii) operation of the NNGTN, by ensuring the reception, transportation and supply of natural gas in high pressure, among others.

Except when required to finance the activity under concession, and even in that case, it being subject to certain conditions, the encumbrance or transfer of the shares representing the share capital of the concessionaire requires the prior authorisation of the Government member overseeing the energy sector, in default of which any such encumbrance or transfer will be deemed as null and void.

REN Gasodutos has the right to operate the concession's assets until its termination. The assets may only be used for the purposes of the concession.

Pursuant to the concession agreement and to the relevant legal framework, the concessionaire must maintain adequate financing for the concession activities, whilst simultaneously maintaining, at the end of each year, a financial autonomy ratio above 20 per cent..

Termination of the concession involves transfer to the Portuguese State of the concession assets and the related rights and obligations. The concession can be terminated by agreement between the parties, early termination, redemption or expiry of the term.

The concession agreement may be terminated early by the Portuguese State whenever any of the following events occur and have a significant impact on the concession activities, including, but not limited to: deviation from the scope of the concession or suspension of the concession activity; repeated opposition to the grantor's supervision and breach of the grantor's resolutions, or violation of applicable laws and regulations; refusal to make necessary repairs or perform maintenance on the concession assets, or to make necessary expansions to the grid; refusal or inability of REN Gasodutos to resume the concession after sequestration of the same or maintenance of the events which originally gave rise to it; applicability of tariffs higher than those set by the sector's regulatory authority; non-authorised transfer or encumbrance of the concession; and refusal to timely restore the security provided by way of guarantee of the concessionaire's obligations. In this case, the termination shall entail the gratuitous transfer of all the concession assets and the related rights and obligations to the grantor, without the concessionaire benefiting from any right to compensation. The concessionaire will further lose the security it had rendered to guarantee contractual compliance, all without prejudice to the Portuguese State being indemnified for losses suffered, as per general law.

REN Gasodutos may also terminate the concession early on the grounds of a serious breach of the grantor's obligations, if such breach jeopardises the carrying out of the concession activity. Such a termination by the concessionaire entails the transfer of all the concession assets and related rights and obligations to the grantor, but the concessionaire retains the right to receive compensation for losses it incurs, including for the amount of its investments and loss of profits.

The Portuguese State may redeem the concession on justifiable grounds of public interest, at any time after 15 years from the date of the beginning of the concession term. The concessionaire has the right to receive an indemnity in case of such redemption, which shall take into account the book value of the reverting assets as at the relevant redemption date, as well as loss of profits.

Thus, on the concession termination date, by expiry of its term, REN Gasodutos' concession assets and the related rights and obligations revert to the Portuguese Republic in accordance with the contractual terms, which include compensation to REN Gasodutos corresponding to the net book value of the assets covered by the concession.

If, upon termination of the concession, it is not renewed or the new entity responsible for the concession has not yet been chosen, the concession agreement can be extended for a maximum period of one year, under the public services regime or any other legal form of public agreement.

Reception, storage and regasification of natural gas

The concession of the reception, storage and regasification of LNG (in a LNG terminal) was granted to REN Atlântico by the Portuguese State via a concession agreement dated 26 September 2006 (as amended on 21 February 2012), for a period of 40 years from its execution date, under Decree-Law no. 140/2006, of 26 July, as subsequently amended.

The main scope of this agreement covers the performance of the following activities under the public service regime: (i) reception, storage, treatment and regasification of LNG; (ii) injection of high pressure natural gas into the NNGTN or its loading and dispatch by trucks specific for such purpose or by methane tankers; (iii) the construction, operation, exploration, maintenance and expansion of the LNG terminal infrastructure (buildings, tanks, gas pipelines, etc.)

Except when required to finance the activity under concession and, even in that case, it being subject to certain conditions, the encumbrance or transfer of the shares representing the share capital of the concessionaire requires the prior authorisation of the Government member overseeing the energy sector, in default of which any such encumbrance or transfer will be deemed as null and void.

The concession agreement is modelled to reflect investment, operating and maintenance costs related to the assets covered by the concession in the tariffs applicable to the concessionaire. Pursuant to the concession agreement and to the relevant legal framework, the concessionaire must maintain adequate financing for the development of the concession activities and, at the end of each year, a financial autonomy ratio of over 20 per cent..

REN Atlântico must maintain the good operating performance, maintenance and security of the assets and related means during the concession period, carrying out all repairs, renovations and adaptations necessary to maintain the assets in the required technical conditions.

REN Atlântico has the right to operate the concession's assets until termination of the concession. The assets may only be used for the purposes of the concession.

Termination of the concession involves transfer to the Portuguese State of the assets and the related rights and obligations. The concession can be terminated by agreement between the parties, early termination, redemption or expiry of the term.

The concession contract may be terminated early by the Portuguese State if any of the following events of serious breach of REN Atlântico's contractual obligations – if not remedied or impossible to remedy – ,occur, including but not limited to: deviation from the scope of the concession or unjustified suspension or interruption of the concession activity; repeated opposition to the grantor's supervision and breach of the grantor's resolutions, or violation of applicable laws and regulations; refusal to make necessary repairs or perform maintenance on the concession assets; refusal or inability of REN Atlântico to resume the concession after sequestration of the same or maintenance of the events which originally gave rise to it; applicability of tariffs higher than those set by the sector's regulatory authority; non-authorised transfer or encumbrance of the concession; and refusal to timely restore the security provided by way of guarantee of the concessionaire's obligations. In this case, the termination shall entail the gratuitous transfer of all of the concession assets and the related rights and obligations to the grantor, without the concessionaire benefiting from any right to compensation. The concessionaire will further lose the security it had rendered to guarantee contractual compliance, all without prejudice to the Portuguese State being indemnified for losses suffered, as per general law.

REN Atlântico may also terminate the concession early on the grounds of a serious breach of the grantor's obligations, if such breach jeopardises the carrying out of the concession activity. Such a termination by the concessionaire entails the transfer of all the concession assets and related rights and obligations to the grantor, but the concessionaire retains the right to receive compensation for losses it incurs, including for the amount of its investments and loss of profits.

The Portuguese State may redeem the concession on justifiable grounds of public interest, at any time after 15 years from the date of the beginning of the concession term. The concessionaire has the right to receive an indemnity in case of such redemption, which shall take into account the book value of the reverting assets as at the relevant redemption date, as well as loss of profits.

On the concession termination date, by expiry of its term, the concession assets and the related rights and obligations revert to the Portuguese Republic in accordance with the contractual terms, which include compensation to REN Atlântico corresponding to the net book value of the assets covered by the concession.

If, upon termination of the concession, this latter is not renewed or the new entity responsible for the concession has not yet been chosen, the concession agreement can be extended for a maximum period of one year, under the public service regime or any other legal form of public agreement.

Furthermore, on 30 October 2000, a concession contract for private use was executed between REN Atlântico and the *Administração do Porto de Sines, S.A.*, which grants the former the private use of a plot of land in the public domain of the Portuguese State (and of the *Administração do Porto de Sines, S.A.*) for construction of the LNG Sines terminal. The duration of this private use concession is linked to the duration of the gas public service concession. Upon expiry of the concession, the works executed on the land and the fixed installations of the terminal shall revert to the Portuguese State.

Underground storage of natural gas

The concession of the underground storage was granted to REN Armazenagem by the Portuguese State by means of a concession agreement dated 26 September 2006 (as amended on 21 February 2012), for a period of 40 years from its execution date, under Decree-Law no. 140/2006, of 26 July 2006, as subsequently amended.

The main scope of this agreement covers the performance of the following activities under the public service regime: (i) reception, injection, underground storage, extraction, treatment and delivery of natural gas, so as to create or maintain natural gas security reserves or for delivery to the NNGTN; and (ii) construction, operation, use, maintenance and expansion of the underground storage tanks.

Except when required to finance the activity under concession and, even in that case, subject to certain conditions, the encumbrance or transfer of the shares representing the share capital of the concessionaire requires the prior authorisation of the Government member responsible for the energy sector, in default of which any such encumbrance or transfer will be deemed as null and void.

The concession agreement is modelled to reflect investment, operating and maintenance costs related to the assets covered by the concession in the tariffs applicable to the concessionaire. Pursuant to the concession agreement and to the relevant legal framework, the concessionaire must maintain adequate financing for the purpose of development of the concession activities, as well as a financial autonomy ratio of 20 per cent. at the end of each year.

REN Armazenagem must maintain the good operating performance, maintenance and security of the assets and related networks during the concession period, carrying out all repairs, renovations and adaptations necessary to maintain the assets in the required technical condition.

REN Armazenagem has the right to operate the concession's assets until termination of the concession. The assets may only be used for the purposes of the concession.

Termination of the concession involves transfer to the Portuguese State of the assets and the related rights and obligations. The concession can be terminated by agreement between the parties, early termination, redemption or expiry of the term.

The concession agreement may be terminated early by the Portuguese State in case any of the following events of serious breach – not remedied or impossible to remedy – of REN Armazenagem's contractual obligations, namely, but without limitation, is verified: deviation from the scope of the concession or suspension of the concessioned activity; reiterated opposition to the supervision and breach of the resolutions of the grantor or violation of laws or applicable regulations; refusal to entail repairs and maintenance to the concession infrastructure or to execute the respective necessary amplifications; refusal or impossibility for REN Armazenagem to resume the concession after sequestration of the same or maintenance of the events which originally gave rise to it; applicability of tariffs higher than the ones determined by the sector's regulatory authority; non-authorised transfer or encumbrance of the concession; and refusal of the concessionaire to timely reinforce the security provided by way of guarantee of compliance with its obligations. In this case, the termination shall implicate the gratuitous transfer of all the concession assets and the related rights and obligations to the grantor, without the concessionaire having the right to receive any indemnity. The concessionaire further loses the security rendered by way of guarantee of compliance with the agreement, all without prejudice to the Portuguese State being indemnified for losses suffered, as per general law.

REN Armazenagem may also terminate the concession early on the grounds of a serious breach of the grantor's obligations, if such breach jeopardises the continued operation of the concession activity. Such a termination by the concessionaire entails the transfer of all the concession assets and related rights and obligations to the grantor, but the concessionaire retains the right to receive compensation for losses it incurs, including the amount of its investments and loss of profits.

The grantor may redeem the concession on justifiable grounds of public interest, at any time after 15 years from the date of the beginning of the concession term. The concessionaire has the right to receive an indemnity in case of such redemption, which shall take into account the book value of the reverting assets as at the relevant redemption date, as well as possible loss of profits.

On the concession termination date, by expiry of its term, the concession assets and the related rights and obligations revert to the Portuguese State in accordance with the terms of the agreement, which includes compensation to REN Armazenagem corresponding to the net book value of the assets covered by the concession.

If, upon termination of the concession, it is not renewed or the new entity responsible for the concession has not yet been chosen, the concession agreement can be extended for a maximum period of one year, under the public service regime or any other legal form of public agreement.

Operation of a pilot zone for the generation of electric energy from sea waves

The Portuguese State granted us in 2010, under the terms of Article 5(3) of Decree-law no. 5/2008, of 8 January, and Decree-law no. 238/2008, of 15 December, a concession to operate a pilot zone to generate electricity from the energy of ocean waves through Enondas, REN's wholly owned subsidiary.

In accordance with Decree-Law no. 238/2008, of 15 December, as amended by Decree-Law no. 15/2012, of 23 January, this concession has a duration of 45 years (which ends in 2055) and includes the authorisation to (i) install the infrastructure to connect to the public service electricity network; (ii) use of the public water resources; (iii) monitoring of the use by third parties of the water resources necessary to generate electricity from ocean waves energy; as well as (iv) the power to grant licences for the establishment and operation of the generation of electricity and related monitoring.

In accordance with the concession agreement and applicable legislation, Enondas will have the right to an adequate remuneration for the concession, through the acknowledgement of the costs of investment, operation and maintenance, provided that these latter are approved in advance by the Government minister overseeing the energy sector, and subject to the binding opinion of ERSE.

The concession contract may be early terminated by the Portuguese State in case any of the following events of serious breach of Enonda's contractual obligations – if not remedied or impossible to remedy –, namely but without limitation, occur: deviation from the scope of the concession; non-observance of the contractual delay for commencement of operation of the Pilot Zone (area identified and demarcated for carrying out the concession activity), whenever imputable to the concessionaire; unjustified prolonged interruption or abandonment of the concession activity for a period longer than one year; reiterated opposition to the supervision and breach of the resolutions of the grantor or violation of applicable laws or regulations; refusal to entail repairs and maintenance to the concession infrastructure; lack of payment of the concessions' consideration for a period longer than one year; non-authorised transfer, assignment, sale or encumbrance of the concession; and lack of payment of contractual penalties by the concessionaire. In this case, the termination shall implicate the gratuitous transfer of all concession assets and the related rights and obligations to the grantor, as well as the loss of the preservation and renewal fund (funded by 5 per cent. of the concessionaire's annual profits). In such case the concessionaire shall have no right to receive any compensation, all without prejudice to the possible civil liability of the concessionaire and of the respective contractual penalties.

Enondas may also early terminate the concession with grounds on serious breach of the grantor's obligations, if such breach jeopardises the carrying out of the activity included in the concession. This termination by the concessionaire implicates the transfer of all the concession assets and related rights and obligations to the grantor, without prejudice of the concessionaire's right to receive compensation for losses caused to it, including for the amount of investments it effectively funded and loss of profit.

Enondas has a further right to terminate the concession agreement from the fifth year after the Pilot Zone begins operation, should Enondas suffer a verifiable loss of more than EUR6 million, as per the calculation parameters described in the agreement, despite the contractual mechanisms for Enondas remuneration. In such case, the Portuguese State may opt either to provide financial compensation to the concessionaire, in financial neutrality conditions, or to indemnify the concessionaire for the accumulated net losses, accrued of the amount of the investment provided for the agreement, as long as it is made by the concessionaire and is not amortised, up to the maximum amount of EUR6 million. The concessionaire shall not have the right to be compensated for loss of profit.

The Portuguese State may unilateraly redeem the concession on justifiable grounds of public interest, after one year from the date of the notice to the concessionaire of such redemption intention. The concessionaire has the right to receive an indemnity in case of such redemption, which shall be calculated having as basis an evaluation to be performed by two well-known entities, always taking into account the book value of the investments executed and effectively funded by the concessionaire.

On the concession termination date, by expiry of its term, the assets and the related rights and obligations shall revert to the Portuguese Republic at no charge, having the concessionaire no right to any indemnity. Nonetheless, the assets subject to reversion which were acquired by the concessionaire with recourse to financing of the concessioned activity – which are not amortised – shall have to be paid by its book and non-amortised value, conditioned to the respective acquisition having been previously approved by the grantor.

Addenda to the concession agreements

On 21 February 2012, the following addenda to the concession agreements in force between the Portuguese State and REN's companies were executed, namely: (i) the concession agreement concerning the transmission of electricity through the NETN entered into by REN Rede Eléctrica; (ii) the concession agreement regarding the transport of natural gas through the NNGTN entered into by REN Gasodutos; (iii) the concession agreement regarding the reception, storage and regasification of the LNG terminal in Sines entered into by REN Atlântico; and (iv) the concession agreement regarding the underground storage of natural gas, entered into by REN Armazenagem.

These concession agreements were amended with the main purposes of: (i) detailing the functions of the operators of the NETN and NNGTN; (ii) developing arrangements for monitoring and supervising the activities of the concessionaires by the Portuguese State; and (iii) specifying the terms applicable to the provision of information by each of the concessionaires, adapting the respective contractual clauses to the legal provisions and regulations that entered into force in the meantime, in particular Decree-Laws no.77/2011 and 78/2011, both of 20 June.

PROPERTY, PLANT AND EQUIPMENT

Companies in REN's group are owners and lessees of several properties located in Portugal, which, other than the surface right constituted in favour of Turbogás in relation to the property of the electric generation centre of natural gas combined cycle from Tapada do Outeiro for the duration of the respective PPA are free of significant encumbrances.

REN's principal properties are related to its electricity and gas infrastructure, as well as certain office buildings. REN's properties are for the most part held free of encumbrances. In general, REN's properties will revert to the Portuguese Republic or to the municipalities, as the case may be, upon the termination of its concessions. Despite the fact that REN holds the right to receive compensatory amounts in relation to these assets, the loss of such assets may have a negative impact on its business.

INSURANCE

REN believes that it maintains the types and amounts of insurance customary in the industries in which it operates, including coverage for third-party liability, employee-related accidents and injuries, property damage, environment and directors' and officers' liability.

REGULATION

REN operates primarily in the electricity and natural gas sectors, and additionally in the telecommunications sector. As a result, its activities are subject to legislation and regulation on a number of fronts. In particular REN is subject to EU legislation applying to the electricity and natural gas industries. REN is also subject to extensive Portuguese legislation applying to the electricity sector such as Decree-Law No. 215 A/2012 of 8 October, concluding the transposition of the Directive No. 2009/72/EC of the European Parliament and of the Council of 13 July, and Decree-Law No. 172/2006, of 23 August, which established the new basis, principles and model of organisation and functioning of the electricity sector in Portugal in accordance with the relevant EU legislation and was amended and republished by the Decree-Law No. 215-B/2012, of 8 October.

REN is also subject to extensive Portuguese legislation applying to the natural gas sector such as Decree-Law No. 230/2012 of 26 October, transposing the Directive No. 2009/73/EC of the European Parliament and of the Council of 13 July. The Decree-Law No. 140/2006, of 26 July which established the new basis, principles and model of organisation and operation of the natural gas sector in Portugal in accordance with the relevant EU legislation was reviewed and republished by the Decree-Law No. 231/2012, of 26 October.

REN is subject to the supervision and regulation of the DGEG and ERSE and, in particular, to several regulatory codes issued by these entities for both the electricity and natural gas sectors. These regulatory codes include; (i) the Quality of Service Code; (ii) the Tariff Code; (iii) the Commercial Relations Code; (iv) the Grid Operations Regulation; (v) the Access to the Grid and Interconnections Code; and (vi) the Transmission Grid Regulation and Distribution Grid Regulation in respect of the electricity sector. In respect of the natural gas sector the regulatory codes are: (i) the Quality of Service Code; (ii) the Tariff Code; (iii) the Commercial Relations Code; (iv) the Access to the Grid, Infrastructure and Interconnections Code; (v) the Infrastructure Operation Regulation; (vi) the Project, Construction, Use and Maintenance of the Underground Storage Technical Regulation; (vii) the Project, Construction, Use and Maintenance of the LNG Reception, Storage and Regasification Terminal Technical Regulation; and (viii) the Project, Construction, Use and Maintenance of the National Natural Gas Transmission Network Technical Regulation.

On 9 September 2014, ERSE issued a decision regarding the certification of REN - Rede Eléctrica and REN Gasodutos as electricity transmission and natural gas grid operators, respectively, under a full ownership unbundling, subject to the satisfaction of a set of certification conditions aiming at granting the operators independence (the "**Decision**"). Such conditions were deemed satisfied by ERSE on 31 July 2015, as disclosed to the market by REN on 4 August 2015.

The following conditions are imposed by the Decision:

(i) restrictions concerning REN shareholders: without prejudice to the right of receiving dividends, the shareholders that control companies whose object is the generation or supply of electricity or the production or supply of natural gas are prevented from exercising any rights held in REN, unless ERSE (as the relevant certifying entity) attests to the absence of any conflicts of interest;

(ii) restrictions concerning the members of the boards of directors or of the supervisory boards of REN and of the TSOs, i.e., REN Rede Eléctrica and REN Gasodutos, which:

    (a) cannot be appointed by shareholders that control or hold rights over companies whose object is the generation or supply of electricity or the production or supply of natural gas; or

    (b) are not allowed to be part of corporate bodies in companies whose object is the production and supply of electricity or the production or supply of natural gas;

(iii) amendment to the REN by-laws, in order to comply with the restrictions included in the two bullets above; and

(iv) communication to ERSE, in a timely manner, of any material change that involves the conditions that were analysed within the certification proceedings.

REN by-laws were amended in order to convey the certification condition mentioned in item (iii). above, by means of a resolution of the shareholders general meeting passed last 17 April 2015.

The Decision defines additional measures of functional unbundling, as per the situation of REN Trading, and of supervision of the activities developed by REN Group and also makes reference to the current shareholders of REN and the members of the boards of directors and of the supervisory boards of REN and of the TSOs.

In fact, concerning REN Trading, the Decision notably establishes that the following shall be ensured:

(i) measures aiming at reinforcing the transparency of the governance model are implemented. It shall be particularly ensured that changes to the board of directors of REN Trading board of directors and of the supervisory board are communicated to ERSE in a timely manner. Such changes must be grounded and it shall take into account that the members of the board of directors and of the supervisory board:

   a. are neither part of the corporate bodies of REN Rede Eléctrica or REN Gasodutos nor of companies carrying out the production or supply of electricity or of natural gas;

   b. have no labour relationship with REN Rede Eléctrica or REN Gasodutos;

   c. do not, directly or indirectly and irrespective of the form, render any services to REN Rede Eléctrica or REN Gasodutos or to companies carrying out the production or supply of electricity or of natural gas; and

   d. ERSE may issue a bounding decision on the early termination of the agreements or term of offices, as applicable. For such purposes, ERSE will take into account the directors duties and skills for the normal performance of functions and the level of accomplishment of goals;

(ii) REN Trading cannot share IT equipment and systems, buildings or access safety systems with REN Rede Eléctrica or with REN Gasodutos. Similarly, REN Trading cannot hire the same consultants or external service providers for the IT equipment or systems or for the access safety systems; and

(iii) REN Trading cannot use the joint services of REN Rede Eléctrica or REN Gasodutos (notably accounting and legal services) or use the same consultants or external service providers, without prejudice to the use of common structures of a purely administrative nature.

REN Trading activities on the supply or production of electric energy cannot be renewed after the expiry of the current PPAs.

Business of the Acquired Business

The Acquired Business' distribution concession agreement was executed in 2008 for a period of 40 years (until 1 January 2048) and covers 29 municipalities, in three different districts: Porto, Braga and Viana do Castelo. The Acquired Business' distribution system is based on its primary network which, linked with REN's gas pipelines through 11 connections, aims to bring gas to all 29 municipalities of its concession area. This primary network allows gas transportation to consumption areas whereas secondary networks make the final connection to the consumer.

Currently, the Acquired Business distribution activity covers 28 municipalities within its concession area, with only the connection to Paredes de Coura municipality still pending.

The density of consumers connected to EDP Gas' distribution networks currently stands at 81 consumption points per km of network.

The Acquired Business also operates Liquefied Petroleum Gas (LPG or propane) distribution networks, aiming to convert consumption units to natural gas, particularly in urban areas already covered by the natural gas distribution network. The propane business allows the supply of customers in areas not covered by natural gas distribution networks. In 2015, EDP Gas supplied approximately 3,000 customers with propane gas, mostly in the residential segment.

As of the date of this Base Prospectus, the Acquired Business's distribution network has an extension of 4,707 km, of which 90.7 per cent. in polyethylene, 8.7 per cent. in steel and 0.5 per cent. in cooper, with an estimated useful life of 50 to 75 years. Since this is a modern infrastructure, with an average age of 12 years, no medium-term replacement investments are currently expected. In 2016, the Acquired Business had 346,000 connection points and distributed 7,090 GWh. The Acquired Business currently employs 86 employees.

The Acquired Business is remunerated in accordance with the concession agreement which determines criteria for the first five regulatory periods and for the periods following this latter.

Once the five regulatory periods lapse, the remuneration rates for the remaining periods of the concession may be reviewed by ERSE. For this purpose, ERSE shall consider the remuneration of other reference assets (namely the assets allocated to the activities of electricity distribution or high-pressure transport of natural gas) determining the applicable remuneration.

In general, allowed revenues are set annually by the regulator, in accordance with a set of parameters defined at the beginning of each three-year regulatory period. These allowed revenues comprise (i) the remuneration of the RAB, as per a rate of return determined by the regulator. For the 2016-2019 period, the reference rate of return is 6.2 per cent., with a floor of 5.7 per cent. and a cap of 9.3 per cent.. The rate is annually adjusted according to the (i) evolution of the Portuguese Treasury ten-year bond; (ii) allowed operating expenses, which relates to the recovery of capped operating expenditures, annually adjusted for inflation and to an efficiency rate (from which the performance rate set by the regulator is subtracted); (iii) annual recovery of the regulatory asset depreciation; and (iv) the recovery of tariff deviations from previous years.

RECENT DEVELOPMENTS

On 16 September 2016, REN announced that, following the entry into force of Decree-Law 22/2016, of 3 June (*Decreto-Lei n.º 22/2016, de 3 de junho*), which sets out the option for non-financial listed companies to disclose or cease to disclose the quarterly financial information, REN will continue to disclose the quarterly financial information.

On 7 October 2016, REN B.V. agreed the terms of the issue of a new tranche of notes in an amount of EUR 200,000,000, to be issued under its EUR 5,000,000,000 Euro Medium Term Note Programme. This tranche of notes matures on 12 February 2025 and bears an interest rate equal to the mid swap rate for the maturity plus a 1.35 per cent. spread.

On 4 November 2016, REN disclosed to the market its consolidated results report for the first nine months of 2016.

On 19 December 2016, REN disclosed that it entered into an agreement for the acquisition of a 42.5 per cent. stake in the share capital of Electrogas S.A. from ENEL Generación Chile S.A. ("**ENEL**"), for the price of U.S.$180,000,000. Electrogas S.A. owns a gas pipeline in the central region of Chile, with a length of 165.6 Km, which is a material pipeline in the country, connecting Quintero's regasification terminal to both Santiago and Valparaíso. REN further informed that the acquisition would be performed through a company of REN's group (REN Serviços, S.A. and a special purpose vehicle incorporated under the laws of Chile, Aerio Chile Spa) and that it would be subject to the satisfaction of a set of conditions precedent, in particular the non-exercise of a pre-emption right by the other shareholders of Electrogas S.A.

Following the announcement of 19 December 2016, on 7 February 2017, REN acquired the aforementioned 42.5 per cent. indirect stake in Electrogas S.A. from ENEL, for the price referred to in the previous paragraph. For funding purposes, REN used long term credit lines available in REN's group. The accomplishment of this acquisition represented an important milestone in REN's international expansion and fits the strategic plan approved for 2015-2018. With this acquisition, REN achieved one of its medium and long-term objectives, by acquiring a relevant stake in an asset which is part of a sector where REN has large experience.

On 30 March 2017, REN disclosed to the market its 2016 annual consolidated results.

On 7 April 2017, REN disclosed that its subsidiary REN Gás, S. A. entered into a purchase agreement with EDP Iberia, S.L.U. for the acquisition of the entire share capital of EDP Gás, S.G.P.S., S.A. and its subsidiaries, EDP Gás Distribuição, S.A. and EDP Gás GPL – Comércio de Gás de Petróleo Liquefeito, S.A. (together, "**EDP Gás**"). The agreed transaction was subject to certain conditions precedent and did not include any natural gas supply activities, in particular, due to regulatory restrictions. For this reason, the natural gas last resort supplier – EDP Gás, Serviço Universal, S.A. – is subject to a carve out of the current EDP Gás perimeter before completion. The funding structure of this transaction consists of credit facilities and a share capital increase via new cash contributions. Such share capital increase is to be implemented through a rights issue with estimated proceeds of up to EUR 250,000,000, fully underwritten through a stand-by agreement executed on this date by REN and Banco Santander, CaixaBI and J.P. Morgan, together acting as Joint Global Coordinators and Joint Bookrunners, and pursuant to which the latter have undertaken to underwrite the rights issue at a later stage and subject to certain customary market conditions being met. The price offered by REN for this acquisition corresponded to an enterprise value of EUR532.4 million. With this transaction REN envisaged to achieve a further integration in core domestic natural gas infrastructure. The transaction also maintains REN's strong financial and credit profile.

On 11 May 2017, REN disclosed to the market its first quarter 2017 results.

On 11 May 2017, the Annual Shareholders Meeting of REN took place and among other customary resolutions, the approval of an amendment to the Articles of Association of REN and of the granting of authorisation to the Board of Directors of REN to approve a share capital increase towards the acquisition of EDP Gás was passed.

On 11 May 2017, following the announcement of the acquisition of the share capital of EDP Gás, REN and REN B.V. entered into a short term financing agreement (seven months, with two six-month extension options, both at REN and REN B.V.'s option) in the amount of EUR 532,000,000, with a syndicate of banks consisting of J.P. Morgan Limited, Banco Santander Totta, S.A. and Caixa – Banco de Investimento, S.A, as arrangers. The purpose of this short term financing is to finance the acquisition of EDP Gás, pursuant to the agreement entered into between REN Gás, S.A. and EDP Iberia, S.L.U.

On 15 May 2017, REN disclosed to the market its consolidated results report for the first quarter of 2017. On 16 May 2017, REN announced the payment of dividends following the approval of the allocation of profits resolved at REN's Annual General Shareholders' Meeting held on 11 May 2017.

On 2 June 2017, the Portuguese Judicial Police conducted searches in the head office of the subsidiary of REN - REN – Rede Eléctrica Nacional, S.A. - and, according to the information available, the inquiry behind the searches covered the period between 2004 and 2014 and related to the introduction in the Portuguese framework of the identified as Costs for Maintenance of the Contractual Balance ("*Custos para Manutenção do Equilíbrio Contratual* (CMEC)"). REN also announced that it had not been appointed as suspect ("*arguida*") and had actively cooperated with the authorities and would keep, according to its duties, such attitude of full cooperation.

On 28 June 2017, REN announced that it had received a notice from EDP - Energias de Portugal, S.A. on its intention to sell a total of 18,690,000 shares representing 3.50 per cent. of the share capital and voting rights of REN, directly held by said company.

On 28 June 2017, REN announced that it had received a notice from EDP - Energias de Portugal, S.A. on the completion of the private placement by means of non-secure exclusive accelerated bookbuilding exclusively addressed to qualified investors mentioned above. Such notice received by REN also stated that, upon completion of this transaction, said company would no longer hold any participation in REN's share capital and its settlement would take place on 30 June 2017.

On 27 July 2017, REN disclosed to the market its first half 2017 results.

On 1 August 2017, REN announced that it had received a notice from Lazard Asset Management LLC informing of its holding of 6.917 per cent. of REN’s share capital and the respective voting rights.

On 4 August 2017, REN disclosed to the market its consolidated financial statements for the first half of 2017.

On 21 September 2017, REN disclosed to the market that the conditions precedent for the purpose of the Acquisition had been fulfilled.

On 4 October 2017, REN disclosed to the market the completion on such date of the Acquisition.

On 10 October 2017, REN announced to the market that it had received a notice from OMAM INC. notifying of its holding of an indirect qualified shareholding in REN’s share capital.

On 27 October 2017, REN announced to the market that it had received a notice from Lazard Asset Management LLC, informing of its holding of an indirect qualified shareholding corresponding to 6.75 per cent. of REN’s share capital and the respective voting rights, while also revising the previous information communicated by REN to the market and general public on the 1 August 2017.

On 2 November 2017, REN announced to the market that it had received a notice from OMAM INC. informing that it did not hold a qualified shareholding in REN and amending the previous announcement made to the market, and to the public in general, on 10 October 2017.

On 3 November 2017, REN disclosed to the market its first nine months of 2017 results.

On 13 November 2017, REN announced to the market that its Board of Directors had resolved, on 10 November 2017, to increase the nominal share capital of REN, from EUR 534,000,000 to up to EUR 667,191,262, through an offering to existing holders of REN’s ordinary shares pursuant to their respective pre-emption rights, and other investors who acquire subscription rights, to subscribe for up to 133,191,262 new ordinary, book-entry and registered shares, with nominal value of EUR 1.00 each. Assuming successful completion of the Rights Offering, the resulting number of ordinary shares of REN will be 667,191,262.

MANAGEMENT

Board of Directors

Members

The full list of directors as at the date of this Base Prospectus is as follows:

Name	Age	Function	Year originally elected	Date of expiry of term
Mr. Rodrigo Costa	57	Chairman and CEO	2014	2017
Mr. João Faria Conceição	43	Executive Director and COO	2009	2017
Mr. Gonçalo Morais Soares	46	Executive Director and CFO	2012	2017
Mr. Guangchao Zhu (appointed by State Grid International Development Limited)	49	Vice-Chairman	2012	2017
Ms. Mengrong Cheng	48	Director	2012	2017
Mr. Longhua Jiang	50	Director	2014	2017
Mr. Omar Al-Wahaibi	51	Director	2015	2017
Mr. Jorge Magalhães Correia	59	Director	2015	2017
Mr. José Luís Arnaut (independent)	54	Director	2012	2017
Mr. Manuel Sebastião (independent)	67	Director and Chairman of the Audit Committee	2015	2017
Mr. Gonçalo Gil Mata (independent)	46	Director and member of the Audit Committee	2015	2017
Ms. Maria Estela Barbot (independent)	58	Director and member of the Audit Committee	2015	2017

All the members of the corporate bodies were elected at the Shareholders General Meeting held on 17 April 2015 for the term-of-office 2015-2017.

Each of the members of the Board of Directors exercises his management functions at REN's head office at Avenida Estados Unidos da América, No. 55, Lisbon, Portugal.

There are no family ties between the members of the Board of Directors or between the members of the Board of Directors and the statutory auditor.

Corporate Governance

In accordance with the corporate governance structure adopted by REN (the so-called "**Anglo-Saxon structure**"), its management is attributed to the Board of Directors (without prejudice of the delegation of powers to the Executive Committee regarding the day to day management) and its supervision is attributed to the Audit Committee (exclusively composed of non-executive directors) and to a statutory auditor, as set out in article 278(1)(b) of the Portuguese Companies Code.

REN adopts the majority of the Recommendations of the Portuguese Securities Market Commission ("**CMVM**") on the Corporate Governance of Listed Companies, as stated in REN's corporate governance report which is annexed to its audited consolidated annual report and accounts of the Group for the financial year ended 31 December 2016. REN is the entity responsible for the appraisal of compliance with the recommendations. The CMVM has not approved or evaluated the appraisal made by REN.

The following functions outside REN are currently exercised by its directors:

Name	Functions
Mr. Rodrigo Costa	Chairman of the REN Rede Eléctrica Nacional, S.A. Board of Directors
	Chairman of the REN - Gasodutos, S.A. Board of Directors
	Chairman of the REN Atlântico – Terminal de GNL, S.A. Board of Directors
	Chairman of the REN - Armazenagem, S.A. Board of Directors
	Chairman of the REN Serviços, S.A. Board of Directors.
	Chairman of the RENTELECOM – Comunicações, S.A. Board of Directors
	Chairman of the ENONDAS, Energia das Ondas, S.A. Board of Directors
	Chairman of the REN Gás, S.A. Board of Directors
Mr. João Faria Conceição	Member of the REN - Rede Eléctrica Nacional, S.A. Board of Directors
	Member of the REN Gasodutos, S.A. Board of Directors
	Member of the REN Atlântico – Terminal de GNL, S.A. Board of Directors
	Member of the REN - Armazenagem, S.A. Board of Directors
	Member of the REN Serviços, S.A. Board of Directors
	Member of the RENTELECOM – Comunicações, S.A. Board of Directors
	Member of the ENONDAS, Energia das Ondas, S.A. Board of Directors
	Member of the REN Gás, S.A. Board of Directors
	Member of the Board of Directors of Centro de Investigação em Energia REN – State Grid S.A.
	Member of the Board of Directors of HCB – Hidroeléctrica de Cahora Bassa S.A.
Mr. Gonçalo Morais Soares	Member of the REN - Rede Eléctrica Nacional, S.A. Board of Directors
	Member of the REN Gasodutos, S.A. Board of Directors.
	Member of the REN Atlântico – Terminal de GNL, S.A. Board of Directors
	Member of the REN - Armazenagem, S.A. Board of Directors
	Member of the REN Serviços, S.A. Board of Directors
	Member of the ENONDAS, Energia das Ondas, S.A. Board of Directors
	Member of the REN Gás, S.A. Board of Directors
	Chairman of the REN Finance B.V. Board of Directors
	Member of the RENTELECOM – Comunicações, S.A. Board of Directors
Mr. Guangchao Zhu	Deputy Chief Engineer of State Grid Corporation of China
	Director General of International Cooperation Department of State Grid Corporation of China
Mr. Mengrong Cheng	Deputy Director General of International Cooperation Department of State Grid Corporation of China

Name	Functions
	President of the SGCC U.S. Office
	Member of the Chinese Expert Committee of IEC/MSB
Mr. Longhua Jiang	D Executive Vice President of China Electric Power Equipment and Technology Co. LTD
Mr. Omar Al-Wahaibi	CEO at Electricity Holding Group
	Group CEO at Nama Group
	Member of the Board of Oman Broad Band Company
	Member of the Board of Gulf Cooperative Council Interconnection Authority
Mr. Jorge Magalhães Correia	Vice-Chairman of the Board of Directors and CEO of Fidelidade - Companhia de Seguros, S.A
	Vice-Chairman of the Board of Directors and CEO of Fidelidade Assistência - Companhia de Seguros, S.A
	Chairman of the Fidelidade – Property Europe, S.A. Board of Directors
	Chairman of the Fidelidade – Property International, S.A Board of Directors
	Vice-Chairman of the Board of Directors and CEO of Multicare - Seguros de Saúde, S.A.
	Chairman of the Luz Saúde SGPS Board of Directors and Member of the Advisory Board
	Vice-President of the Portuguese Insurers Association
	Member of the Remunerations Committee of Via Directa - Companhia de Seguros, S.A.
	Member of the Geneva Association
Mr. José Luís Arnaut	Member of the MOP, SA Board of Directors
	Member of the Discovery Portugal Real Estate Fund Board of Directors
	Chairman of the General Meeting of the Portuguese Football Federation
	Chairman of the General Meeting of ANA - Aeroportos de Portugal (VINCI Airports)
	Consultant of VINCI Concessions (France)
	Chairman of the General Meeting of SIEMENS Portugal
	Member of the Advisory Board of Goldman Sachs International (London)
	Member of the Advisory Board of AON
	Member of the Conseil des Sages of the Foundation – Doha Freedom of Information Center (Qatar)
	Chairman of the Portugal-Qatar Friendship Association
	Member of the Advisory Board of the European Observatory on Infringements of Intellectual Property Rights (OHIM - Office for Harmonisation in the Internal Market (Brussels))
	Managing Partner of CMS Rui Pena, Arnaut & Associados
	Member of the Executive Committee of CMS Legal (Frankfurt)
	Chairman of the General Meeting of Portway (Vinci Airports)

Name	Functions
Mr. Manuel Sebastião	Professor of Economics, Catholic University of Lisbon
	Adviser, International Advisory Board, Banco Finantia
Mr. Gonçalo Gil Mata	Executive Partner/ Board Member at Capital Criativo - Soc. Capital de Risco (Private Equity / Venture Capital)
	Partner of Capital Criativo Corporate, Lda.
	Member of the Board of Directors of Capital Criativo Corporate II, S.A.
	As Executive Director of Capital Criativo - Soc. Capital de Risco (Private Equity / Venture Capital), it is also Board Member (non-executive) at Arquiled, SA (LED lighting solutions, Summer Portugal, S.A., Findings VI SGPS, S.A., da Vilamonte – Desenvolvimento de Exploração Turística, S.A., Montinho de Monchique, S.A. and Caminhos de Santiago – Imobiliária, S.A..
	Manager at Goma Consulting, Lda. (business consulting)
Mrs. Maria Estela Barbot	Director at Instituição Financeira para o Desenvolvimento
	Managing Partner at ALETSE, LDA (Real estate and Management Consulting)
	Senior Adviser at Young network, Marketing e Comunicação, Lda. (Communication, Press Relations, Public Relations, Creativity, Digital Advertising, Events and Production)
	Member of the Audit Committee of Casa da Música
	Member of the Management Committee of LIDE – Grupo de Líderes Empresariais
	Member of the Advisory Board of Instituto Português de Corporate Governance
	Member of the Advisory Board of Ar.Co – Centro de Arte e Comunicação Visual
	Member of the Board of Founders and of the Remunerations Committee of Museu de Arte Moderna da Fundação de Serralves
	Member of the Board of Directors of Fórum Portugal Global – FPG
	Member of the General Board of FAE – Fórum de Administradores de Empresas
	Member of the Audit Committee of Instituição Financeira de Desenvolvimento (IFD)
	Member of the Supervisory Board of Portugal Capital Ventures – Sociedade de Capital de Risco, S.A.

Conflicts of interest

No potential conflicts exist between the private interests and/or other duties of the members of the Board of Directors or the supervisory bodies and their duties to REN or to any company of the Group.

Executive Committee

Members

The members of the Executive Committee are Rodrigo Jorge de Araújo Costa, João Caetano Carreira Faria Conceição and Gonçalo Morais Soares.

Remuneration Committee

Members

The Remuneration Committee is composed of the following members elected by the General Shareholders' Meeting held on 17 April 2015, for the 2015-2017 term of office: Paulo Pimenta (Chairman), Manuel de Lancastre and Fernando Neves de Almeida.

SUPERVISORY BODIES

Audit Committee

Members

The Audit Committee consists of three independent non-executive directors: Manuel Sebastião (Chairman), Gonçalo Gil Mata and Maria Estela Barbot. The members of the Audit Committee were elected by the General Shareholders' Meeting held on 17 April 2015, for the 2015-2017 term of office. The Audit Committee ordinarily meets once a month at the head offices of REN and may convene any collaborators of REN to attend the meetings, whenever deemed necessary. Furthermore, the Audit Committee has access to independent professional advice, as it may deem necessary.

The Audit Committee has the powers and the obligations set forth in the applicable law and in the Articles of Association of REN, therefore being particularly accountable for:

- supervising the management of REN and compliance with the law, the Articles of Association and principles of governance;
- drawing up an annual report on their supervisory action and issue an opinion on the report, accounts and proposal to distribute profits presented by management;
- supervising the effectiveness of the risk management, internal control and internal audit systems;
- verifying the accuracy of books, accounting records and documents they use as support;
- verifying, when and in the manner they see fit, cash in all its forms and stocks of any type of assets or values belonging to REN or received by REN as a guarantee, deposit or in other form;
- verifying if the accounting policies and the valuation criteria adopted by REN lead to a correct evaluation of property and results;
- verifying the accuracy of the accounting documents prepared by the Board of Directors and overseeing the respective review;
- supervising the preparation and disclosure of financial information;
- receiving whistleblowing communications submitted by shareholders, company employees or third parties;
- proposing the appointment of the Statutory Auditor to the General Meeting (particularly with regard to proposing the external auditor, the respective remuneration and its resignation if there are grounds to propose such resignation);
- inspecting the independence of the Statutory Auditor, more specifically with regard to the provision of additional services;
- inspecting the review of accounts in accounting documentation;
- contracting the services of experts who will assist one or several of its members in exercising their duties; and
- convening the General Meeting whenever the Chairman of the Board of the General Meeting fails to do so, despite this obligation.

Statutory auditor

Members

The Statutory Auditor is Deloitte & Associados, SROC S.A., represented by Jorge Carlos Batalha Duarte Catulo until 28 November 2016 and by Pedro Miguel Gonçalves Carreira Mendes from that date onwards. The Alternate Statutory Auditor is Carlos Luís Oliveira de Melo Loureiro.

OTHERS

Secretary of REN

REN's Board of Directors appointed Marta Almeida Afonso as REN's Secretary and Diogo Macedo Graça as Deputy Secretary for the period 2015/2017. They will perform these functions in accordance with the provisions of the Portuguese Companies Code.

Their term of office ceases with the end of the current term of office of the Board of Directors.

Market Relations Representative

Gonçalo João Figueira Morais Soares is REN's market relations representative.

Main Shareholders

As of the date of this Prospectus, the major shareholders in REN's share capital were the following:

Shareholders	Head Office	No of shares	Per cent. Capital
State Grid Europe Limited (1)	20-22 Bedford Row, London (UK)	133,500,000	25.00
Oman Oil (2)	200 Claredon Street, 53rd Street, Boston, Massachusetts 02116 (USA)	80,100,000	15.00
Lazard Asset Management LLC (3)	30 Rockefeller Plaza, New York, NY 10112 (USA)	36,043,972	6.75
Fidelidade – Companhia de Seguros, S.A. (4)	Largo do Calhariz, n.º 30, 1249-001 Lisboa (Portugal)	28,370,665	5.31
Red Eléctrica Corporación, S.A. (5)	Paseo del Conde de los Gaitanes, 177, Alcobendas, Madrid (Spain)	26,700,000	5.00
The Capital Group Companies, Inc.(6)	333 South Hope Street Los Angeles, California 90071-1406 (USA)	25,365,000	4.75
Great-West Lifeco, Inc. .(7)	100 Osborne Street North, Winnipeg, R3C 3A5, 204-946-1190 (Canada)	10,980,987	2,06

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(1) This shareholding is attributed to the companies (i) SGEL, as direct holder, (ii) SGID, as dominant shareholder of SGEL, (iii) State Grid Corporation of China, as company which fully controls SGEL and, (iv) People's Republic of China as controller of State Grid Corporation of China; State Grid Europe Limited is a wholly-owned subsidiary of State Grid International Development Limited and controlled by State Grid Corporation of China.

(2) This shareholding attributed to the companies (i) Mazoon BV, as direct holder, (ii) Oman Oil, which fully owns the former, and to (iii) Sultanate of Oman as controller of the later. Mazoon, B.V. is a wholly, indirectly-owned subsidiary of Oman Oil Company S.A.O.C.

(3) This shareholding is held by Lazard Asset Management LLC, on behalf of clients and attributed to the later as it has agreed with the the exercise of the relevant voting rights. The qualified holding is also attributed to (i) Lazard Freres &Co, which fully owns the former; (ii) Lazard Group LLC, which fully owns the later; and (iv) Lazard Limited, company with shares admitted to trading at NYSE market, as controller of the later.

(4) Fidelidade holds 28,115,216 shares directly, and indirectly the following ones: 95,816 shares through Via Directa – Companhia de Seguros, S.A., 30,000 shares through Companhia Portuguesa de Resseguros, S.A., 78,907 shares through Fidelidade Assistência – Companhia de Seguros, S.A., and 50,726 shares through Multicare – Seguros de Saúde, S.A.. This qualified holding, calculated in accordance with Article 20 of Cód.VM, is also attributed to LongRun Portugal, SGPS, S.A., Millenium Gain Capital, Fosun Financial Holdings Limited, Fosun International Limited, Fosun Holdings Limited, Fosun International Holdings, Ltd. and to Mr. Guo Guangchang, as individuals and legal persons direct and indirect controllers of Fidelidade - Companhia de Seguros, S.A.; This qualified holding is directly owned by its subsidiary Red Eléctrica Internacional, S.A.U.

(5) Shareholdering directly held through its subsidiary Red Eléctrica Internacional, S.A.U.

(6) This qualified holding derives from the aggregation of participations of several funds in which Capital Research and Management Company ("CRMC"), controlled by Capital Group Companies, Inc, is the proxy. One of this funds (SMALLCAP World Fund, Inc.) owns a qualified holding approximately of 3,76 per cent., included in the participation referred to above of CRMC.

(7) This qualified holding results from the aggregation of the holdings of several collective investment undertakings managed by companies which have a controlling relationship with Great-West Lifeco Inc.

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Significant Shareholders

State Grid International Development Limited, holding a stake representing 25 per cent. of REN's share capital and Oman Oil Company S.A.O.C., holding a stake representing 15 per cent. of REN's share capital are the most significant of REN's shareholders as at the date of this Base Prospectus.

Voting Rights

REN's share capital is represented by 534,000,000 shares with the nominal value of one euro each, fully issued and subscribed.

- According to No. 3 of article 12 of REN's by-laws, the voting rights exercised by a single holder of shares for themselves or on behalf of another shareholder are limited to a maximum of 25 per cent. of the aggregate voting rights of the share capital. For purposes of computing the voting rights held by a participant in a General Shareholders' Meeting, according to No. 1 of article 20 of the Portuguese Securities Code, the following voting rights are aggregated:

    - those held by the participant as a shareholder or of which the participant has the usufruct;those held by third parties in their own name, but on behalf of the participant;

    - those held by a company with which the participant is in a control or group relationship;

    - those held by holders of voting rights with whom the participant has entered into a voting agreement, except if, by virtue of this same agreement, the participant is bound to follow a third party's instructions;

    - those held, if the participant is a company, by members of its management and supervisory bodies;

    - those that the participant may acquire pursuant to an agreement executed with the respective holders or pursuant to a financial instrument:

        - which grants, by virtue of a binding agreement, an unconditional right to acquire, or a call option over, shares with voting rights already issued by an issuer which shares are admitted to trading in a regulated market; and

        - with physical settlement, not covered by subparagraph i) above, but indexed to shares herein mentioned and with an economical effect similar to the holding of shares or instruments mentioned in subparagraph above;

    - those attaching to shares held by way of security or managed by or deposited with the shareholder if the voting rights have been attributed to the shareholder;

    - those held by holders of voting rights which have granted discretionary powers to the shareholder to exercise them;

    - those held by persons that have entered into any agreement with a shareholder aimed at either acquiring control of REN or frustrating any changes to its control or otherwise constituting an instrument of concerted exercise of influence over REN;

    - those attaching to shares underlying cash settled financial instruments held by the participant, indexed to the shares mentioned above with economic effect similar to owning the shares and the instruments mentioned in such paragraph; and

    - those attributable to any individual or entity described in one of the previous paragraphs by application, with due adaptations, of the criteria described in any of the other paragraphs.

In accordance with article 13 of REN's by-laws, the shareholders should, for the purposes of computing the percentage of the share capital held, provide the Board of Directors with the information requested by the Board, in a true, objective and complete manner. Should shareholders fail to comply with such obligation, the voting rights inherent to shares exceeding 25 per cent. of the share capital are not able to be exercised.

FINANCIAL STATEMENTS OF REN

The following financial information is extracted without material adjustment from the audited consolidated financial statements of REN as at 31 December 2016 and 31 December 2015 prepared in accordance with International Financial Reporting Standards; from the unaudited consolidated financial statements of REN as at 30 September 2017 and 30 September 2016, prepared in accordance with recognition and measurement requirements of International Financial Reporting Standards; and from the unaudited consolidated pro forma financial information contained in Annexes A and B (*"Unaudited Pro forma consolidated financial information as of and for the Nine Months Ended 30 September 2017" and "Unaudited Pro Forma Consolidated Financial Information as of and for the Year Ended 31 December 2016"*) to this Base Prospectus, prepared to provide information about the impact of the Acquisition on the Issuer's consolidated income statement and consolidated statement of financial position for the year ended 31 December 2016 and on its consolidated income statement and consolidated statement of financial position as of and for the nine months ended 30 September 2017, which have been prepared in accordance with IFRS-EU.

1. Consolidated Statement of Profit and Loss

	Audited Information Year ended 31 December	
	2016	**2015**
	(thousands of euro)	
Sales	569	552
Services rendered	544,672	536,544
Revenue from construction of concession assets	171,247	240,002
Gains from associates and joint ventures	1,314	768
Operating grants	-	-
Other operating income	21,649	41,279
Operating income	**739,452**	**819,144**
Cost of goods sold	(450)	(562)
Cost of construction of concession assets	(155,217)	(222,602)
External supplies and services	(44,328)	(42,636)
Personnel costs	(49,583)	(51,673)
Amortisation and depreciation	(214,761)	(209,303)
Reversals/(Increases) of Provisions	(516)	302
Impairment	(258)	(683)
Other operating expenses	(12,595)	(11,893)
Operating costs	**(477,708)**	**(539,049)**
Operating profit	**261,743**	**280,095**
Financial costs	(91,182)	(110,503)
Financial income	5,291	6,339
Investment income – dividends	5,550	5,592
Financial Results	**(80,341)**	**(98,572)**
Profit before income tax	**181,403**	**181,523**
Income tax expense	(55,282)	(39,963)
Energy sector extraordinary contribution	(25,938)	(25,445)
Net profit for the year	**100,183**	**116,115**
Attributable to:		
Equity holders of the company	100,183	116,115
Non-controlling interests	-	-
	100,183	**116,115**
Earnings per share attributable to the equity holders of the company during the year (expressed in euro per share)	0.19	0.22

	Unaudited Information 9 months ended 30 September	
	2017	2016
	(thousands of euro)	
Sales	23	201
Services rendered	408,058	403,632
Revenue from construction of concession assets	80,161	73,320
Gains from associates and joint ventures	4,469	983
Other operation income	19,621	15,320
Operating income	**512,332**	**493,455**
Cost of goods sold	(146)	(250)
Cost with construction of concession assets	(67,800)	(61,910)
External supplies and services	(32,253)	(26,283)
Employee compensation and benefit expense	(37,031)	(37,563)
Amortisation and depreciation	(162,809)	(160,529)
Provisions	27	(322)
Impairment	(293)	120
Other operating expenses	(10,197)	(9,633)
Operating costs	**(310,502)**	**(296,372)**
Operating profit	**201,831**	**197,083**
Financial costs	(54,353)	(74,001)
Financial income	4,566	5,911
Investment income – dividends	5,013	4,260
Financial results	**(44,774)**	**(63,830)**
Profit before income tax	**157,057**	**133,253**
Income tax expense	(42,392)	(36,862)
Energy sector extraordinary contribution	(25,798)	(25,938)
Net profit for the period	**88,867**	**70,453**
Attributable to:		
Equity holders of the company	88,867	70,453
Non-controlling interests	-	-
	88,867	**70,453**
Earnings per share attributable to the equity holders of the company during the year (expressed in euro per share)	0.17	0.13

2. Consolidated Statement of Financial Position

	Audited information as of 31 December	
	2016	2015
	(thousands of euro)	
ASSETS		
Non-current assets		
Property, plant and equipment	578	695
Goodwill	3,397	3,774
Intangible assets	3,825,712	3,869,085
Investments in associates and joint ventures	14,657	14,588
Available-for-sale financial assets	150,118	154,862
Derivative financial instruments	20,425	10,157
Other financial assets	14	7
Trade and other receivables	10,145	133,676
Deferred tax assets	62,825	65,838
	4,087,871	**4,252,682**
Current assets		
Inventories	1,028	2,985
Trade and other receivables	448,826	263,766
Available-for-sale financial assets	-	-
Current income tax recoverable	–	5,358
Other financial assets	1,317	1,510
Cash and cash equivalents	10,783	63,652
	461,954	**337,271**

	Audited information as of 31 December	
	2016	2015
	(thousands of euro)	
Total assets	**4,549,825**	**4,589,953**
EQUITY		
Equity attributable to equity holders of the company		
Share capital	534,000	534,000
Own shares	(10,728)	(10,728)
Other reserves	319,204	325,619
Retained earnings	216,527	196,253
Other changes in equity	30	30
Net profit for the year	100,183	116,115
	1,159,217	**1,161,289**
Non-controlling interests	-	-
Total equity	**1,159,217**	**1,161,289**
LIABILITIES		
Non- current liabilities		
Borrowings	2,289,543	1,891,245
Liability for retirement benefits and others	125,673	129,217
Derivative financial instruments	12,212	8,426
Provisions	6,154	5,717
Trade and other payables	318,126	332,232
Deferred tax liabilities	73,027	88,249
	2,833,735	**2,455,086**
Current liabilities		
Borrowings	216,594	650,755
Provisions	801	1,171
Trade and other payables	311,539	315,735
Income tax payable	26,875	-
Derivative financial instruments	1,063	5,918
	556,873	**973,579**
Total liabilities	**3,390,608**	**3,428,664**
Total equity liabilities	**4,549,825**	**4,589,953**

	Unaudited information 9 months ended 30 September 2017	Audited Information Year ended 31 December 2016
	(thousands of euro)	
ASSETS		
Non-current assets		
Property, plant and equipment	498	578
Goodwill	3,114	3,397
Intangible assets	3,742,511	3,825,712
Investments in associates and joint ventures	165,211	14,657
Available for sale	150,574	150,118
Derivative financial instruments	9,431	20,425
Other financial assets	24	14
Trade and other receivables	49,545	10,145
Deferred tax assets	71,666	62,825
	4,192,573	**4,087,871**
Current assets		
Inventories	1,204	1,028
Trade and other receivables	354,648	448,826
Available-for-sale financial assets	-	-
Current income tax recoverable	-	-

	Unaudited information 9 months ended 30 September 2017	Audited Information Year ended 31 December 2016
	(thousands of euro)	
Other financial assets	-	1,317
Cash and cash equivalents	6,372	10,783
	362,225	**461,954**
Total assets	**4,554,798**	**4,549,825**
EQUITY		
Equity attributable to equity holders of the company		
Share capital	534,000	534,000
Own shares	(10,728)	(10,728)
Other reserves	307,317	319,204
Retained earnings	226,369	216,527
Other changes in equity	30	30
Net profit for the year	88,867	100,183
Total equity	**1,145,856**	**1,159,217**
LIABILITIES		
Non-current liabilities		
Borrowings	2,055,911	2,289,543
Liability for retirement benefits and others	121,653	125,673
Derivative financial instruments	7,615	12,212
Provisions	6,347	6,154
Trade and other payables	352,484	318,126
Deferred tax liabilities	53,567	73,027
	2,597,577	**2,833,735**
Current liabilities		
Borrowings	505,460	216,594
Provisions	-	801
Trade and other payables	270,517	311,539
Income tax payable	35,388	26,875
Derivative financial instruments	-	1,063
	811,364	**556,873**
Total liabilities	**3,408,941**	**3,390,608**
Total equity and liabilities	**4,554,798**	**4,549,825**

3. Consolidated Statement of Cash Flows

	Audited information Year ended 31 December	
	2016	2015
	(thousands of euro)	
Cash flow from operating activities		
Cash receipts from customers	1,872,348[(a)]	1,951,951[(a)]
Cash paid to suppliers	(1,388,869)[(a)]	(1,514,879)[(a)]
Cash paid to employees	(64,113)	(62,508)
Income tax received/ (paid)	(34,453)	(39,229)
Other (payments)/receipts relating to operating activities	(70,206)	(95,865)
Net flows from operating activities	**314,706**	**239,469**
Cash flow from investing activities		
Receipts related to:		
Available-for-sale financial instruments	128	63,278
Property, plant and equipment	-	3
Other financial assets	-	100,857
Grants related to assets	2,172	10,380
Interest and other similar income	7	174
Dividends	5,466	5,513
Payments related to:		
Capital contributions in associates and joint ventures	-	-
Available-for-sale financial investments	(202)	(208)

	Audited information Year ended 31 December	
	2016	2015
	(thousands of euro)	
Purchase of property, plant and equipment	(20)	(2)
Intangible assets – Concession assets	(153,900)	(225,414)
Net cash used in investing activities	**(146,349)**	**(45,419)**
Cash flow from financing activities		
Receipts related to:		
Borrowings	5,546,236	3,043,500
Derivative financial instruments	-	15,007
Interest and other similar income	17,757	-
Payments related to		
Borrowings	(5,570,474)	(3,110,844)
Interest and similar expenses	(124,084)	(100,122)
Dividends	(90,650)	(90,650)
Net cash used in financing activities	**(221,216)**	**(243,110)**
Net (decrease)/increase in cash and cash equivalents	**(52,859)**	**(49,060)**
Cash and cash equivalents at the beginning of the year	63,539	112,599
Cash and cash equivalents at the end of the year	**10,680**	**63,539**

(a) These amounts include payments and receipts relating to operations in which REN acts as agent, of which the income and costs are reversed in the consolidated statement of profit and loss.

	Unaudited information 9 months ended 30 September	
	2017	2016
	(thousands of euro)	
Cash flow from operating activities		
Cash receipts from customers	1,801,293 [(a)]	1,385,544 [(a)]
Cash paid to suppliers	(1,315,949) [(a)]	(1,036,350) [(a)]
Cash paid to employees	(50,171)	(47,828)
Income tax received/ (paid)	(63,381)	(21,858)
Other (payments)/receipts relating to operating activities	(8,532)	(32,844)
Net flows from operating activities	**363,261**	**246,663**
Cash flow from investing activities		
Receipts related to:		
Other financial assets	1,309	-
Grants related to assets	5,647	100
Interests and similar income	12	5
Dividends	9,250	5,466
Payments related to:		
Capital contributions in associates and joint ventures	(169,285)	-
Available-for-sale financial investments	-	(202)
Purchase of property, plant and equipment	(239)	(19)
Intangible assets	(130,460)	(110,462)
Net cash used in investing activities	**(283,766)**	**(105,111)**
Cash flow from financing activities		
Receipts related to:		
Borrowings	3,618,800	4,313,500
Interests and other similar income	-	-
Payments related to:		
Borrowings	(3,581,052)	(4,267,284)
Interests and similar expenses	(46,293)	(101,697)
Interests and similar expenses	(90,650)	(90,650)
Net cash (used in)/from financing activities	**(99,196)**	**(146,132)**
Net (decrease)/increase in cash and cash equivalents	-19,701	-4,580
Effect of exchange rates	1,582	-
Cash and cash equivalents at de beginning of the year	10,680	63,539
Cash and cash equivalents at the end of the year	**-7,440**	**58,960**

(a) These amounts include payments and receipts relating to activities in which the Group acts as agent, income and costs being reversed in the consolidated statement of profit and loss.

4. Unaudited Consolidated Pro forma Financial Information

The unaudited consolidated pro forma financial information included below should be read jointly with Annexes A and B - "*Unaudited Pro forma consolidated financial information as of and for the Nine Months Ended 30 September 2017*" and "*Unaudited Pro Forma Consolidated Financial Information as of and for the Year Ended 31 December 2016*", to this Base Prospectus which includes, notably, information on the financial data used as a basis to compile this pro forma financial information, hypotheses, assumptions and adjustments used in the preparation of such information. This information was exclusively prepared to provide information about the impact of the Acquisition on the Issuer's consolidated income statement and consolidated statement of financial position for the year ended 31 December 2016 and on its consolidated income statement and consolidated statement of financial position as of and for the nine months ended 30 September 2017, which have been prepared in accordance with IFRS-EU.

Given that the unaudited consolidated pro forma financial information relates to a hypothetical situation, such information does not purport to represent, and does not represent, the consolidated financial situation or the consolidated results of operations of REN and EDP Gas.

A) Unaudited consolidated pro forma income statement for the year ended 31 December 2016

	REN	EDP Gás	Pro forma adjustments: Uniformity adjustments	Pro forma adjustments: Transaction costs	Pro forma adjustments: Financing expenses	Pro forma adjustments: Amortization	Intra group Adjustments	Pro forma
			4.2	5.1	5.2	5.5	6	
Sales	569	2,680	-	-	-	-	-	3,249
Services rendered	544,672	99,846	(22,063)	-	-	-	(18,420)	604,035
Revenue from construction of concession assets	171,247	-	23,677	-	-	-	-	194,924
Gains / (loses) from associates and joint ventures	1,314	-	-	-	-	-	-	1,314
Other operating income	21,649	4,001	-	-	-	-	-	25,650
Operating income	**739,452**	**106,527**	**1,614**	**-**	**-**	**-**	**(18,420)**	**829,173**
Cost of goods sold	(450)	(41,349)	22,063	-	-	-	18,420	(1,316)
Cost with construction of concession assets	(155,217)	-	(22,063)	-	-	-	-	(177,280)
External supplies and services	(44,328)	(9,621)	-	(1,764)	-	-	-	(55,713)
Personnel costs	(49,583)	(3,853)	(1,614)	-	-	-	-	(55,049)
Depreciation and amortizations	(214,761)	(16,093)	-	-	-	(2,694)	-	(233,548)
Provisions	(516)	9	-	-	-	-	-	(507)
Impairments	(258)	-	-	-	-	-	-	(258)
Other expenses	(12,595)	(3,160)	-	-	-	-	-	(15,755)
Operating costs	**(477,708)**	**(74,068)**	**(1,614)**	**(1,764)**	**-**	**(2,694)**	**18,420**	**(539,427)**
Operating results	**261,744**	**32,459**	**-**	**(1,764)**	**-**	**(2,694)**	**-**	**289,746**
							-	
Financial costs	(91,182)	(6,480)	-	-	(8,980)	-	-	(106,642)
Financial income	5,291	221	-	-	-	-	-	5,512
Investment income - dividends	5,550	18,406	-	-	-	-	-	23,956
Financial results	**(80,341)**	**12,147**	**-**	**-**	**(8,980)**	**-**	**-**	**(77,174)**
Profit before income tax	**181,403**	**44,607**	**-**	**(1,764)**	**(8,980)**	**(2,694)**	**-**	**212,572**
Income tax expense	(55,282)	(1,052)	-	494	2,515	754	-	(52,571)
Energy sector extraordinary contribution (ESEC)	(25,938)	(3,704)	-	-	-	-	-	(29,641)
							-	
Net profit for the year	**100,183**	**39,851**	**-**	**(1,270)**	**(6,466)**	**(1,939)**	**-**	**130,360**
Attributable to:								
Equity holders of the Company								130,360
Non-controlled interest								-
Consolidated profit for the year								**130,360**
Earnings per share (expressed in euro per share)								0.17

B) Unaudited consolidated pro forma statement of financial position as at 31 December 2016

	REN	EDP Gás	Uniformity adjustments	Cost of acquisition of EDP Gas and transaction costs	Capital increase and financing	Adjustments to purchase price	Adjustment to the value of fixed assets	Business Combinations	Intra group Adjustments	Pro forma
		7	4.1; 4.3	5.1	5.2	5.3	5.4	5.5	6	
ASSETS										
Non-current assets										
Property, plant and equipment	578	7,240	-	-	-	-	(3,100)	-	-	4,718
Goodwill	3,397	26,665	-	-	-	-	-	(26,665)	-	3,397
Intangible assets	3,825,712	435,488	53,631	-	-	-	-	86,196	-	4,401,027
Investments in associates and joint ventures	14,657	-	-	380,304	-	(12,646)	-	(367,658)	-	14,657
Available-for-sale financial assets	150,118	5	-	-	-	-	-	-	-	150,122
Derivative financial instruments	20,425	-	-	-	-	-	-	-	-	20,425
Other financial assets	14	-	-	-	-	-	-	-	-	14
Trade and other receivables	10,145	54,897	(53,631)	120,000	-	12,646	-	-	(120,000)	24,057
Deferred tax assets	62,825	-	17,145	-	-	-	-	-	-	79,970
	4,087,871	**524,295**	**17,145**	**500,304**	**-**	**-**	**(3,100)**	**(308,127)**	**(120,000)**	**4,698,388**
Current assets										
Inventories	1,028	1,476	-	-	-	-	-	-	-	2,503
Trade and other receivables	448,826	24,568	-	26,018	-	-	-	-	(29,759)	469,653
Current income tax recoverable	-	674	-	-	-	-	-	-	-	674
Other financial assets	1,317	-	-	-	-	-	-	-	-	1,317
Cash and cash equivalents	10,783	10,236	-	(528,085)	519,629	-	-	-	-	12,562
	461,954	**36,954**	**-**	**(502,067)**	**519,629**	**-**	**-**	**-**	**(29,759)**	**486,710**
Total assets	**4,549,825**	**561,249**	**17,145**	**(1,764)**	**519,629**	**-**	**(3,100)**	**(308,127)**	**(149,759)**	**5,185,097**
EQUITY										
Share capital	534,000	73,200	-	-	133,191	-	-	(73,200)	-	667,191
Share premium	-	-	-	-	116,809	-	-	-	-	116,809
Own shares	(10,728)	-	-	-	-	-	-	-	-	(10,728)
Reserves	319,204	-	-	-	-	-	-	-	-	319,204
Retained earnings	216,527	-	-	-	(4,416)	-	-	-	-	212,111
Other changes in equity	30	-	-	-	-	-	-	-	-	30
Reserves and retainde earnings	-	222,905	-	-	-	-	(2,232)	(220,673)	-	-
Net profit for the year	100,183	39,851	-	(1,270)	-	-	-	(39,851)	-	98,913
Total equity	**1,159,217**	**335,956**	**-**	**(1,270)**	**245,584**	**-**	**(2,232)**	**(333,724)**	**-**	**1,403,531**
LIABILITIES										
Non- current liabilities										
Borrowings	2,298,543	130,996	-	-	275,762	-	-	-	(120,000)	2,585,301
Liability for retirement benefits and others	125,673	446	-	-	-	-	-	-		126,119
Derivative financial instruments	12,212	-	-	-	-	-	-	-	-	12,212
Provisions	6,154	1,372	-	-	-	-	-	-	-	7,526
Trade and other payables	318,126	22,902	-	-	-	-	-	-	-	341,028
Deferred tax liabilities	73,027	8,687	17,145	-	-	-	(868)	25,597	-	123,588
	2,833,735	**164,403**	**17,145**	**-**	**275,762**	**-**	**(868)**	**25,597**	**(120,000)**	**3,195,774**
Current liabilities										
Borrowings	216,594	28,674	-	-	-	-	-	-	(26,018)	219,250
Provisions	801	-	-	-	-	-	-	-	-	801
Trade and other payables	311,539	28,241	-	-	-	-	-	-	(3,741)	336,039
Income tax payable	26,875	3,975	-	(494)	(1,717)	-	-	-	-	28,639
Derivative financial instruments	1,063	-	-	-	-	-	-	-	-	1,063
	556,873	**60,890**	**-**	**(494)**	**(1,717)**	**-**	**-**	**-**	**(29,759)**	**585,792**
Total liabilities	**3,390,608**	**225,293**	**17,145**	**(494)**	**274,045**	**-**	**(868)**	**25,597**	**(149,759)**	**3,781,566**
Total equity and liabilities	**4,549,825**	**561,249**	**17,145**	**(1,764)**	**519,629**	**-**	**(3,100)**	**(308,127)**	**(149,759)**	**5,185,097**

C) Unaudited consolidated pro forma income statement for the nine-month period ended 30 September 2017

	REN	EDP Gás	Uniformity adjustments	Transaction costs	Financing expenses	Adjustment of fixed assets depreciation	Amortization	Intercompany Adjustments	Pro forma
			Pro forma adjustments						
		7	4.2	5.1	5.2	5.4	5.5	6	
Sales	23	1,721	-	-	-	-	-	-	1,744
Services rendered	408,058	68,017	(14,005)	-	-	-	-	(11,873)	450,197
Revenue from construction of concession assets	80,161	-	15,215	-	-	-	-	-	95,376
Gains / (loses) from associates and joint ventures	4,469	-	-	-	-	-	-	-	4,469
Other operating income	19,621	2,747	-	-	-	-	-	-	22,368
Operating income	**512,332**	**72,485**	**1,210**	**-**	**-**	**-**	**-**	**(11,873)**	**574,154**
Cost of goods sold	(146)	(26,867)	14,005	-	-	-	-	11,873	(1,135)
Cost with construction of concession assets	(67,800)	-	(14,005)	-	-	-	-	-	(81,805)
External supplies and services	(32,253)	(7,078)	-	(1,351)	339	-	-	-	(40,343)
Personnel costs	(37,031)	(2,540)	(1,210)	-	-	-	-	-	(40,781)
Depreciation and amortizations	(162,809)	(12,101)	-	-	-	200	(2,021)	-	(176,731)
Provisions	27	(17)	-	-	-	-	-	-	10
Impairments	(293)	-	-	-	-	-	-	-	(293)
Other expenses	(10,197)	(2,946)	-	-	-	-	-	-	(13,143)
Operating costs	**(310,502)**	**(51,549)**	**(1,210)**	**(1,351)**	**339**	**200**	**(2,021)**	**11,873**	**(354,220)**
Operating results	**201,831**	**20,936**	**-**	**(1,351)**	**339**	**200**	**(2,021)**	**-**	**219,934**
Financial costs	(54,353)	(3,958)	-	-	(5,388)	-	-	-	(63,700)
Financial income	4,566	12,141	-	-	-	-	-	-	16,707
Investment income - dividends	5,013	-	-	-	-	-	-	-	5,013
Financial results	**(44,774)**	**8,183**	**-**	**-**	**(5,388)**	**-**	**-**	**-**	**(41,979)**
Profit before income tax	**157,057**	**29,119**	**-**	**(1,351)**	**(5,049)**	**200**	**(2,021)**	**-**	**177,955**
Income tax expense	(42,392)	(4,457)	-	378	1,414	(56)	566	-	(44,547)
Energy sector extraordinary contribution (ESEC)	(25,798)	(3,815)	-	-	-	-	-	-	(29,613)
Net profit for the year	**88,867**	**20,847**	**-**	**(973)**	**(3,635)**	**144**	**(1,455)**	**-**	**103,795**
Attributable to:									
Equity holders of the Company									103,795
Non-controlled interest									-
Consolidated profit for the year									**103,795**
Earnings per share (Basic and diluted)									0.16

D) Unaudited consolidated pro forma statement of financial position as at 30 September 2017

	REN	EDP Gás	Uniformity adjustments	Pro forma adjustments: Cost of acquisition of EDP Gas and transaction costs	Pro forma adjustments: Share capital increase and credit lines	Pro forma adjustments: Adjustments to the acquisition price	Pro forma adjustments: Adjustments to the tangible assets value	Business Combinations	Intercompany Adjustments	Pro forma
		7	4.1; 4.3	5.1	5.2	5.3	5.4	5.5	6	
ASSETS										
Non-current assets										
Property, plant and equipment	498	6,595	-	-	-	-	(2,900)	-	-	4,193
Goodwill	3,114	26,665	-	-	-	-	-	(26,665)	-	3,114
Intangible assets	3,742,511	434,027	57,824	-	-	-	-	77,681	-	4,312,043
Investments in associates and joint ventures	165,211	-	-	383,238	-	(12,646)	-	(370,592)	-	165,211
Available-for-sale financial assets	150,574	5	-	-	-	-	-	-	-	150,579
Derivative financial instruments	9,431	-	-	-	-	-	-	-	-	9,431
Other financial assets	24	-	-	-	-	-	-	-	-	24
Trade and other receivables	49,545	62,987	(57,824)	143,000	-	12,646	-	-	(143,000)	67,354
Deferred tax assets	71,666	-	14,854	-	-	-	-	-	-	86,520
	4,192,573	**530,279**	**14,854**	**526,238**	**-**	**-**	**(2,900)**	**(319,576)**	**(143,000)**	**4,798,468**
Current assets										
Inventories	1,204	1,454	-	-	-	-	-	-	-	2,658
Trade and other receivables	354,648	15,986	-	4,105	-	-	-	-	(6,872)	367,867
Current income tax recoverable	-	3,852	-	-	-	-	-	-	-	3,852
Other financial assets	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	6,372	13,824	-	(531,693)	523,989	-	-	-	-	12,492
	362,225	**35,116**	**-**	**(527,588)**	**523,989**	**-**	**-**	**-**	**(6,872)**	**386,870**
Total assets	**4,554,798**	**565,395**	**14,854**	**(1,351)**	**523,989**	**-**	**(2,900)**	**(319,576)**	**(149,872)**	**5,185,339**
EQUITY										
Share capital	534,000	73,200	-	-	133,191	-	-	(73,200)	-	667,191
Share premium	-	-	-	-	116,809	-	-	-	-	116,809
Own shares	(10,728)	-	-	-	-	-	-	-	-	(10,728)
Reserves	307,317	-	-	-	-	-	-	-	-	307,317
Retained earnings	226,369	-	-	-	(4,416)	-	-	-	-	221,954
Other changes in equity	30	-	-	-	-	-	-	-	-	30
Reserves and retainde earnings	-	250,794	-	-	-	-	(2,232)	(248,562)	-	-
Net profit for the year	88,867	20,847	-	(973)	244	-	144	(20,991)	-	88,139
Total equity	**1,145,857**	**344,841**	**-**	**(973)**	**245,828**	**-**	**(2,088)**	**(342,753)**	**-**	**1,390,714**
LIABILITIES										
Non- current liabilities										
Borrowings	2,055,911	151,907	-	-	279,783	-	-	-	(143,000)	2,344,601
Liability for retirement benefits and others	121,653	459	-	-	-	-	-	-	-	122,112
Derivative financial instruments	7,615	-	-	-	-	-	-	-	-	7,615
Provisions	6,347	1,387	-	-	-	-	-	-	-	7,734
Trade and other payables	352,484	16,409	-	-	-	-	-	-	-	368,893
Deferred tax liabilities	53,567	10,353	14,854	-	-	-	(812)	23,178	-	101,139
	2,597,577	**180,515**	**14,854**	**-**	**279,783**	**-**	**(812)**	**23,178**	**(143,000)**	**2,952,096**
Current liabilities										
Borrowings	505,460	6,748	-	-	-	-	-	-	(4,105)	508,103
Provisions	-	-	-	-	-	-	-	-	-	-
Trade and other payables	270,517	26,906	-	-	-	-	-	-	(2,767)	294,656
Income tax payable	35,388	6,385	-	(378)	(1,622)	-	-	-	-	39,772
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
	811,364	**40,039**	**-**	**(378)**	**(1,622)**	**-**	**-**	**-**	**(6,872)**	**842,531**
Total liabilities	**3,408,941**	**220,554**	**14,854**	**(378)**	**278,160**	**-**	**(812)**	**23,178**	**(149,872)**	**3,794,626**
Total equity and liabilities	**4,554,798**	**565,395**	**14,854**	**(1,351)**	**523,989**	**-**	**(2,900)**	**(319,576)**	**(149,872)**	**5,185,339**

TAXATION

Portugal

The following is a summary of certain tax consequences with respect to the Notes based on the tax laws of Portugal as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date, including changes that could have retroactive effect. It is not a complete analysis of all of the potential tax effects relevant to a decision to invest in REN Notes. Potentially applicable transitional rules have not been considered. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular Noteholder, including tax considerations that arise from rules of general application or that are generally assumed to be known to Noteholders. The following summary neither takes into account nor discusses investors' individual circumstances or the tax laws of any country other than Portugal, and it relates only to the position of persons who are absolute beneficial owners of the Notes.

Prospective investors in the Notes should consult their professional advisers with respect to particular circumstances and the effects of state, local or foreign laws to which they may be subject. Noteholders who are in doubt as to their tax position should consult their professional advisers.

1. General Tax Treatment

Interest and other types of investment income obtained on Notes by a Portuguese resident individual, who is a beneficial owner, is subject to Portuguese Personal Income Tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects for aggregation to his taxable income, subject to Portuguese Individual Income Tax, at the progressive rates of up to 48 per cent. In this latter case, an additional Portuguese Individual Income tax rate will be due on the part of the taxable income exceeding EUR 80,000 up to EUR 250,000, as follows: 2.5 per cent. on the part of the taxable income exceeding EUR 80,000 up to EUR 250,000 and 5 per cent. on the part of the taxable income exceeding EUR 250,000. Furthermore, in case the option for the income aggregation is made, a surtax of progressive rates up to 3.21 per cent. on the taxable income exceeding the annual amount of the minimum guaranteed wage shall also apply if the income was obtained during 2016. In this case, the tax withheld will be creditable against the recipient's final tax liability.

Where the Notes are redeemed, the difference between the subscription cost and the redemption value is qualified as capital gain and will be subject to Portuguese Personal Income Tax at a special flat rate of 28 per cent. unless the individual elects for aggregation to his taxable income, pursuant to the same tax regime as described above.

Notwithstanding the above, interest and other types of investment income paid or made available to accounts opened in the name of one or several accountholders acting on behalf of undisclosed third parties is subject to a withholding tax rate of 35 per cent., except where the beneficial owner(s) of such income is/are disclosed, in which case the general rules shall apply.

Capital gains obtained by Portuguese resident individuals on the transfer of Notes are computed as the difference between the sales proceeds and the acquisition cost, net of interest accrued from the last interest payment date or from the date of issue, placement or endorsement if payment has not occurred, to the date of transfer. Such capital gains are subject to Portuguese Personal Income Tax, at a special flat rate of 28 per cent., which is levied on any positive balance between any realised capital gains and losses made on the sale of shares, bonds, derivatives, warrants and other financial securities occurred in a given tax year. The respective beneficiary may also opt for the aggregation of said capital gains to his taxable income, in which case the capital gains obtained will be subject to tax at the progressive Portuguese Individual Income Tax rates of up to 48 per cent. and above described additional Personal Income surtaxes (if the corresponding amount exceeds the referred thresholds).

On the other hand, interest and other investment income, as well as capital gains obtained on the redemption or transfer of Notes, when earned by any corporate entities resident for tax purposes in Portugal, or by non-resident corporate entities with a permanent establishment in Portugal to which the income or gains are attributable, are subject to Portuguese Corporate Income Tax. In such case, the applicable taxation will be a 21 per cent. tax rate. In addition, a municipal surcharge ("*derrama municipal*") of up to 1.5 per cent. of the beneficiary's taxable profits may be added, as well as a 3 per cent. State surtax ("*derrama estadual*") levied on the part of the taxable profits exceeding EUR 1.5 million up to EUR 7.5 million, 5 per cent. on the part of the taxable profits exceeding EUR 7.5 million up to EUR 35 million and a 7 per cent. on the part of the taxable profits exceeding EUR 35 million. Withholding tax, at a rate of 25 per cent. on account of the final tax liability applies on interest and other investment income.

Financial institutions, pension funds, retirement and/or education savings funds, share savings funds, venture capital funds and some exempt entities, among other entities, are not subject to withholding tax.

Interest and other types of investment income obtained by non-resident individuals, or by non-resident corporate entities, in both cases without a Portuguese permanent establishment to which the income is attributable, are liable to a final withholding tax rate of 28 and 25 per cent., respectively.

However, interest and other types of investment income paid or made available to (i) individuals or companies domiciled in a country, territory or region 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, or (ii) to accounts opened in the name of one or several accountholders acting on behalf of undisclosed third parties is subject to a withholding tax rate of 35 per cent., except where the beneficial owners of such income are disclosed, in which case the general rules shall apply.

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

Pursuant to the EU Directive on Interest and Royalties (Directive No. 2003/49/EC of the Council, of 3 June), no withholding tax shall be applicable on interest paid to an associated company of an Issuer who is resident in the European Union.

For these purposes, an associated company of the Portuguese Issuer is:

(i) a company which is subject to one of the taxes on profits listed in Article 3(a)(iii) of the EU Directive on Interest and Royalties without being exempt; which takes one of the legal forms listed in the Annex to the said Directive; and which is considered to be resident in an EU Member State and is not, within the meaning of a double taxation convention on income concluded with a third State, considered to be resident for tax purposes outside the EU;

(ii) which holds a minimum direct holding of 25 per cent. in the share capital of the Issuer; or is directly held by the Issuer in at least 25 per cent.; or, together with the Issuer, are both held in at least 25 per cent. by a company; and

(iii) provided that the holding has been maintained for an uninterrupted period of at least two years. If the minimum holding period is met after the date the withholding tax becomes due, a refund may be obtained.

The associated company of the Issuer to which payments are made must be the beneficial owner of the interest, which will be the case if it receives the interest for its own account and not as an intermediary, either as a representative, a trustee or authorised signatory, for some other person.

The exemption of the withholding tax rate may take place at source or through the refund of excess withholding tax. The forms currently applicable for the exemption from withholding tax rate and for the refund of excess withholding tax where the minimum holding period is met after withholding tax becomes due are available for viewing and downloading at www.portaldasfinancas.gov.pt.

Capital gains realised by non-resident individuals on the transfer of Notes are subject to a 28 per cent. special flat rate. Again, and as referred to above, accrued interest do not qualify as capital gains for tax purposes. However, and provided the above mentioned conditions apply, such capital gains may be exempt under Portuguese domestic laws, or being out of the scope of Portuguese Individual Tax legislation whenever a tax treaty applies granting full taxing rights to the beneficiary's State of Residency.

Gains obtained on the disposal of Notes by a corporate entity non-resident for tax purposes in Portugal and without a permanent establishment in the Portuguese territory to which gains are attributable, are exempt from Portuguese capital gains taxation, unless:

(i) the share capital of the beneficial owner is more than 25 per cent. directly or indirectly held by Portuguese resident entities (the exemption will still apply even if the non-resident entity is held in more that 25 per cent. by Portuguese resident entities provided that the seller meets all the following requireemnts (A) is resident in another EU Member State or any State with whom Portugal has concluded a double tax treaty which foresees the exchange of information mechanism; (B) is liable to a tax mentioned in Article 2 of the Council Directive 2011/96/EU of 30 November or a tax with similar nature to Corporate Income Tax, provided that the applicable legal rate is not lower than 60 per cent. of the Portuguese Standard Corporate Income Tax rate; (C) is not part of an artificial structure created with the sole or proincipal objective of obtaining tax advantages); or

(ii) whenever the beneficial owner is resident in a country, territory or region 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. Where the exemption does not apply, the respective gains will then be subject to Corporate Income Tax at a rate of 25 per cent. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case-by-case basis.

Stamp Duty at a rate of 10 per cent. applies to the acquisition of Notes through gift or inheritance by an individual who is domiciled in Portugal. An exemption applies to transfers in favour of the spouse, parents/grandparents and children.

On the other hand, gratuitous transfers of Notes in favour of a Portuguese resident corporate entity, or of a non-resident corporate entity acting through a Portuguese permanent establishment, both subject to Corporate Income Tax, are exempt from Stamp Duty. However, such gratuitous transfers will trigger at the Portuguese beneficiary's level, a positive variation in worth (*variação patrimonial positiva*), the same being taxable for Corporate Income Tax purposes at the rate of 21 per cent. tax rate. As referred to above, in addition to such taxation a municipal surcharge ("*derrama municipal*") of up to 1.5 per cent. of the beneficiary's taxable profits may be added, as well as a 3 per cent., State surtax ("*derrama estadual*") levied on the part of the taxable profits exceeding EUR 1.5 million, 5 per cent. on the part of the taxable profits exceeding EUR 7.5 million up to EUR 35 million and a 7 per cent. on the part of the taxable profits exceeding EUR 35 million.

Transfers by a non-resident of Notes by gift or at death will not be subject to Portuguese Stamp Duty provided the beneficiary is also a non-resident or if the beneficiary is the respective spouse, parent or child. However, where the Notes have been issued by a Portuguese entity and the beneficiary is a corporate entity, Portuguese Corporate Income Tax shall be due at the standard 25 per cent. tax rate. Notwithstanding, such taxation may be prevented whenever a tax treaty applies *provided that* the same tax treaty expressly grants the State in which the non-resident beneficiary is domiciled the exclusive authority to tax any income derived from securities issued by Portuguese companies.

There is neither wealth nor estate tax in Portugal.

2. Tax Treatment of Notes under the Special Tax Regime for Debt Securities

The regime described in paragraph one above corresponds to the general taxtreatment of investment income and capital gains on Notes issued by a Portuguese entity, and to the acquisition through gift or inheritance of such Notes.

Nevertheless, pursuant to the Special Tax Regime for Debt Securities, approved by Decree-Law No. 193/2005, of 7 November, as amended from time to time (hereafter "the special regime approved by Decree-Law No. 193/2005"), investment income and gains on the disposal of debt securities issued by Portuguese resident entities, such as the Notes subscribed by non-resident beneficial owners (individuals and corporate entities), are exempt from Portuguese income tax *provided that* the debt securities are integrated in (i) a centralised system recognised under the Securities Code and complementary legislation and managed by a an entity resident for tax purposes in Portugal (such as the Central de Valores Mobiliários, managed by Interbolsa) or (ii) in an international clearing system managed by an entity with head-office or place of effective management in an EU Member State or EEA Country 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 authorised by the Portuguese Government, and:

(i) the beneficial owners are central banks or governmental agencies; or

(ii) the beneficial owners are international bodies recognised by Portugal; or

(iii) the beneficial owners are resident in a country with which the Republic of Portugal has entered into a double tax treaty or exchange of information on tax matters; or

(iv) the beneficial owners are entities without residence, head office, place of effective management or a permanent establishment in the Portuguese territory to which the income is attributable and which are not domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the list approved by the Ministerial Order (Portaria) No. 150/2004, of 13 February, as amended.

The special regime approved by Decree-Law No. 193/2005 (as amended by Law No. 83/2013) sets out the detailed rules and procedures to be followed on the proof of non-residence of the beneficial owners of the Notes.

Under these procedures (which are aimed at verifying the non-resident status of the Noteholders), each Noteholder is required to hold the Notes through an account with one of the following entities:

(i) A direct registered entity, which is an entity affiliated with the clearing system recognised by the Portuguese Securities Code;

(ii) An indirect registered entity, which, although not assuming the role of the direct registered entities, is a client of the latter; or

(iii) Entities managing an international clearing system, which are entities operating with the international market to clear and settle securities transactions.

Under the above mentioned set of rules, the direct register entity (i.e. the entity affiliated to the centralised system where the securities are integrated), as the entity holding the relevant account with the relevant centralised system in which the Notes are integrated, will be under the obligation to obtain and keep proof, in the form described below, that the relevant beneficial owner is a non-resident entity that is entitled to the exemption. The evidence of non-residence status must be provided to, and received by, the direct registration entity prior to (i) the relevant date on which the interest coupon is paid, and (ii) the respective redemption date, or prior to the transfer of Notes' date, as the case may be.

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

(a) **Domestic Cleared Notes – held through a direct or indirect registered entity**

Direct registered entities are required, for purposes of Decree-Law No. 193/2005, as amended, to register the Noteholders in one of two accounts: (A) an exempt account or (B) a non-exempt account.

The beneficial owner of 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, an international body recognised as such by the Portuguese Republic, or a public law entity and respective agencies, a declaration of tax residence issued by the beneficial owner of the Notes itself, duly signed and authenticated or proof pursuant to paragraph (iv) below. The corresponding proof of non-residence in Portugal is provided once, without any periodical renewal obligation. However, the beneficial owner should immediately inform the direct registered entity of any change that may prevent the tax exemption from applying.

(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 OECD country or in a country with which Portugal has entered into a double taxation treaty, the respective certification shall be made by providing the following documentation: (a) its tax identification or (b) a tax certificate issued by the entity responsible for its supervision or registration confirming the legal existence of the beneficial owner of the Notes and its domicile; or proof of non-residence status pursuant to paragraph (iv) below. The corresponding proof of non-residence in Portugal is provided once, without any periodical renewal obligation. However, the beneficial owner should immediately inform the direct registered entity of any change that may prevent the tax exemption from applying.

(iii) If the beneficial owner of the Notes is either an investment fund, or another type of collective investment undertaking, domiciled in any OECD country or in a country with which Portugal has entered into a double tax treaty or an agreement for exchange of information regarding tax matters, certification shall be provided by means of any of the following documents: declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence, the law of incorporation and domicile; or by proof of non-residence status pursuant to paragraph (iv) below. The corresponding proof of non-residence in Portugal is provided once, without any periodical renewal obligation. However, the beneficial owner should immediately inform the direct registered entity of any change that may prevent the tax exemption from applying.

(iv) In any other case, confirmation must be made by way of providing a certificate of residence, or equivalent document, issued by the relevant tax authorities; or by providing a document issued by the relevant Portuguese consulate certifying the beneficial owner's residence abroad; or a document specifically issued by a public administration entity (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the non-residence status and existence of the respective beneficial owner.

In addition to the above mentioned documentation, Decree-Law No. 193/2005 also sets out specific rules to be followed in order to assure the authenticity and validity of the documents mentioned in paragraph (iv) above, in particular that the beneficial owner of the Notes must provide an original, or a certified copy of the respective residence certificate or equivalent document. This document must be issued up until three months after the date on which the withholding tax would have been applied and will be valid for a three-year period starting on the date such document is issued. The beneficial owner of the Notes must always inform the direct registered entity of any change of his respective status that may prevent the tax exemption from applying.

(b) **Internationally Cleared Notes – held through an entity managing an international clearing system**

If the Notes are registered in an account held through an entity managing an international clearing system recognised by the Portuguese Minister of Finance (such as Euroclear, or Clearstream, Luxembourg), and the management entity of such international clearing system undertakes not to provide registration services (i) to residents for tax purposes in Portugal which do not benefit from either an exemption from Portuguese taxation, or an exemption from Portuguese withholding tax, as well as (ii) to non-resident entities for tax purposes which do not benefit from the above Portuguese income tax exemption; special rules apply regarding the documentation to be provided. In such case, on each interest payment date, the necessary proof of non-residence will be made through documents provided by the respective beneficial owners to the direct register entity or to its Portuguese appointed representative, whenever the former is a non-resident for tax purposes in Portugal, and with respect to all accounts under its management, broken down by the following categories of beneficiaries:

(i) Entities with residence, headquarters, effective management or permanent establishment in Portugal to which the income is attributable, which are non-exempt and subject to withholding tax;

(ii) Entities resident in a country, territory or region 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, which are non-exempt and subject to withholding tax;

(iii) Entities with residence, headquarters, effective management or permanent establishment in Portugal to which the income is attributable, which are exempt from or not subject to withholding tax;

(iv) Other entities which do not have residence, headquarters, effective management or permanent establishment in Portugal to which the income is attributable.

In each interest payment date, the following information regarding the beneficiaries referred in a), b) and c) above shall also be communicated:

- Name and address;
- Tax identification number, if applicable;
- Identification and quantity of the Notes held; and
- Amount of income paid on the Notes.

The information above may be communicated in any format, provided that is made available to the Portuguese tax authorities whenever it is required.

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the special regime approved by Decree Law No. 193/2005, as amended. The refund claim is to be submitted by the Noteholder to the direct register entity, to its Portuguese appointed representative (whenever the direct registering entity is a non-Portuguese resident) or to the indirect registering entity (the latter will forward the claim to the former) within six months from the date in which the tax was unduly withheld. A special tax form for these purposes was approved and must be used (Form Mod 25-RFI, available at www.portaldasfinancas.gov.pt).

After the six month period has elapsed, the refund of tax unduly withheld is to be claimed from the Portuguese tax authorities within two years counted from the end of the year in which the tax was unduly withheld.

The absence of evidence of non-residence in respect to any non-resident entity which benefits from the above mentioned tax exemption regime, shall result in the loss of the tax exception and consequent submission to the above applicable Portuguese general tax provisions.

No Portuguese exemption shall apply at source under the special regime approved by Decree-Law No. 193/2005 if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply as described above.

The Netherlands

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of this summary it is assumed that no individual or non-resident entity holding a Note has or will have a substantial interest, or - in the case of a holder of a Note being an entity - a deemed substantial interest, in the Issuer and that no connected person (verbonden persoon) to the holder of a Note has or will have a substantial interest in the Issuer.

Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has, or is deemed to have or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent. or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent. or more of either the annual profit or the liquidation proceeds of such company.

Generally speaking, a non-resident entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent. or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent. or more of either the annual profit or the liquidation proceeds of such company. An entity holding a Note has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note or otherwise being regarded as owning a Note for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Prospective investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of a Note.

1. **WITHHOLDING TAX**

All payments made by the Issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

2. **TAXES ON INCOME AND CAPITAL GAINS**

Residents

Resident entities

An entity holding a Note which is, or is deemed to be a resident in The Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from a Note at the prevailing statutory rates.

Resident individuals

An individual holding a Note who is or is deemed to be a resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from a Note at rates up to 52 per cent. if:

(i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or

(ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, an individual holding a Note will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Note. For 2017 the deemed return ranges from 2.87 per cent. to 5.39 per cent. of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Note). The applicable rates will be updated annually on the basis of historic market yields. Subject to application of certain allowances, the deemed return will be taxed at a rate of 30 per cent.

Non-residents

A holder of a Note which is not or is not deemed to be a resident in The Netherlands for the relevant tax purposes will not be subject to taxation in the Netherlands on income or a capital gain derived from a Note unless:

(i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in The Netherlands and the holder of a Note derives profits from such enterprise (other than by way of the holding of securities); or

(ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

3. **GIFT AND INHERITANCE TAXES**

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

(i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

4. **VALUE ADDED TAX**

There is no Dutch value added tax payable by a holder of a Note in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes, or the transfer of the Notes.

5. **OTHER TAXES AND DUTIES**

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a holder of a Note in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

6. **RESIDENCE**

A holder of a Note will not be, or deemed to be, resident in The Netherlands for Dutch tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Note or the execution, performance, delivery and/or enforcement of a Note.

Irish Tax Considerations

The following is a summary of the Irish withholding tax treatment of the Notes. It is based on the laws and practice of the Revenue Commissioners of Ireland currently in force in Ireland as at the date of this Prospectus and may be subject to change. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under any laws applicable to them.

1. **Withholding Tax**

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source income. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes should not be treated as having an Irish source unless:

(i) the Issuer is resident in Ireland for tax purposes; or

(ii) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or

(iii) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

The mere offering of the Notes to Irish investors or the listing of the Notes on the Irish Stock Exchange will not cause the interest to have an Irish source.

It is anticipated that, (i) the Issuers are not and will not be resident in Ireland for tax purposes; (ii) the Issuers will not have a branch or permanent establishment in Ireland; (iii) that bearer Notes will not be physically located in Ireland; and (iv) the Issuers will not maintain a register of any registered Notes in Ireland.

In any event, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act 1997 of Ireland for certain interest bearing securities ("**quoted Eurobonds**") issued by a body corporate (such as the Issuers) which are quoted on a recognised stock exchange (which would include the Irish Stock Exchange).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

(a) the person by or through whom the payment is made is not in Ireland; or

(b) the payment is made by or through a person in Ireland, and either:

(i) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear and Clearstream, Luxembourg are so recognised); or

(ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as an Irish paying agent) in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in Euroclear and/or Clearstream, Luxembourg, interest on the Notes can be paid by the Issuers and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

2. Taxation of Noteholders

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income or corporation tax (and, in the case of individuals, the universal social charge on such interest if (i) such interest has an Irish source (as discussed in "Withholding Tax" above); or (ii) the Noteholder is resident or (in the case of a person other than a body corporate) ordinarily resident in Ireland for tax purposes (in which case there would also be a social insurance ("**PRSI**") liability for an individual in receipt of interest on the Notes); or (iii) the Notes are attributed to a branch or agency in Ireland. Credit against Irish tax on interest received many be available in respect of any foreign withholding tax deduction by an Issuer.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a relevant territory (a member state of the European Union (other than Ireland) or in a country with which Ireland has a comprehensive double taxation agreement) provided either (i) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above; or (ii) if the Notes are not or cease to be quoted Eurobonds exempt from withholding tax and the recipient of the interest is a company resident in a relevant territory that generally taxes foreign source interest.

Ireland operates a self-assessment system in respect of income and corporation tax and each person must assess its own liability to Irish tax.

3. Irish Encashment Tax

Payments on any Notes paid by a paying agent in Ireland or collected or realised by an agent in Ireland acting on behalf of the beneficial owner of Notes will be subject to Irish encashment tax at the standard rate of Irish tax (currently 20 per cent.), unless it is proved, on a claim made in the required manner to the Revenue Commissioners of Ireland, that the beneficial owner of the Notes entitled to the interest or distribution is not resident in Ireland for the purposes of Irish tax and such interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is resident in Ireland.

4. Capital Gains Tax

A holder of Notes may be subject to Irish tax on capital gains on a disposal of Notes unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade in Ireland through a branch or agency in respect of which the Notes are used or held. Reliefs and allowances may be available in computing the liability of the holder of the Notes.

5. Capital Acquisitions Tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland. Bearer notes are generally regarded as situated where they are physically located at any particular time. Registered Notes are generally regarded as situated where the principal register of Noteholders is maintained or is required to be maintained, but the Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register as they represent a debt owed by an Irish incorporated debtor which may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponer or the donee/successor.

6. **Stamp Duty**

Any document transferring title to the Notes is potentially subject to 1 per cent. if (i) the Notes are regarded as property situate in Ireland; or (ii) a document of transfer of the Notes is executed in Ireland; or (iii) the transfer relates to Irish property or to any matter or thing done or to be done in Ireland. However, if the terms of the loan capital exemption are satisfied no stamp duty is payable. There are four conditions that must be satisfied to avail of this exemption:

(a) the Notes must not carry a right of conversion into shares of an Irish incorporated company;

(b) the Notes must not carry rights similar to those attaching to shares, including voting rights, entitlement to a share of profits or a share in surplus on liquidation of the Issuer;

(c) the Notes must be issued for a price which is not less than 90 per cent. of the nominal value of the Notes; and

(d) the Notes must not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any document relating to the Notes.

The proposed financial transactions tax ("FTT")

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

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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

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 EU Member States may decide to participate.

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

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" 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. A number of jurisdictions (including the jurisdictions of the Issuers) 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 (as described under "Terms and Conditions—Further Issues") 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. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (the "**Programme Agreement**") dated 7 December 2017, agreed with the Issuers a basis upon which they or any of them may from time to time agree to subscribe Notes. Any such agreement will extend to those matters stated under "*Form of Final Terms*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuers have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment, and any future update, of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. If in the case of any Tranche of Notes the method of distribution is an agreement between an Issuer and a single Dealer for that Tranche to be issued by that Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between an Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilisation Manager in relation to that Tranche) will be set out in the relevant Final Terms.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

From 1 January 2018, unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, 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 Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. 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**");

(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 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.

Prior to 1 January 2018 and from that date, if the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, *provided that* any such prospectus has subsequently been completed by the final terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; and/or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes in any Relevant Member State means 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, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

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

(a) ***Financial promotion:*** it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) ***General compliance***: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Portugal

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to warrant and agree, that the Notes may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários* "**CVM**") enacted by Decree Law No. 486/99 of 13 November, 1999 (as amended from time to time) unless the requirements and provisions applicable to the public offerings in Portugal are met and registration, filing, approval or recognition procedure with the Portuguese Securities Market Commission ("*Comissão do Mercado de Valores Mobiliários*", "**CMVM**") is made. In addition, each Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that (i) it has not directly or indirectly taken any action or offered, advertised, marketed invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer ("*oferta pública*") of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; and (ii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Base Prospectus or any other offering material relating to the Notes to the public in Portugal other than in compliance with all applicable provisions of the CVM, the Prospectus Regulation implementing the Prospectus Directive (as applicable following the publication of Regulation (EU) 2017/1129), and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including the compliance with the Rules and regulations that require the publication of a Base Prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

The Netherlands

In addition and without prejudice to the relevant restrictions set out under *Public Offer Selling Restriction under the Prospectus Directive* above, Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the relevant Issuer or a member firm of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations (the "**Savings Certificates Act**").

No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Global Note; (b) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals who do not act in the conduct of a business or profession; (c) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof; or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series or Tranche are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter.

In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with.

As used herein "**Zero Coupon Notes**" are Notes that are in bearer form and that constitute a claim for a fixed sum against the relevant Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuers nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuers and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL CONSENT – THE AUTHORISED OFFEROR TERMS

These terms (the "**Authorised Offeror Terms**") will be relevant in the case of any Tranche of Notes, if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable". They are the Authorised Offeror Terms which will be referred to in the "**Acceptance Statement**" to be published on the website of any financial intermediary which (a) is authorised to make such offers under MiFID and (b) accepts such offer by publishing an Acceptance Statement on its website.

1. **General**

The relevant financial intermediary:

(a) *Applicable Rules:* acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**") including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor;

(b) *Subscription and sale:* complies with the restrictions set out under "*Subscription and Sale*" in this Base Prospectus which would apply as if it were a relevant Dealer and with any further relevant requirements as may be specified in the applicable Final Terms;

(c) *Fees, commissions and benefits:* ensures that any fee, commission, benefits of any kind, rebate received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and is fully and clearly disclosed to Investors or potential Investors;

(d) *Licences, consents, approvals and permissions:* holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules;

(e) *Violation of Rules:* it will immediately inform the Issuers and any relevant Dealer if at any relevant time it becomes aware or suspects that it is or may be in violation of any Rules;

(f) *Anti-money laundering, bribery and corruption:* complies with, and takes appropriate steps in relation to, applicable anti-money laundering, anti-bribery, prevention of corruption and "know your client" Rules, and does not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the purchase monies;

(g) *Record-keeping:* retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the Issuers and the relevant Dealer or directly to the appropriate authorities with jurisdiction over the Issuers and/or the relevant Dealer in order to enable the Issuers and/or the relevant Dealer to comply with anti-money laundering, anti-bribery and "know your client" Rules applying to the Issuers and/or the relevant Dealer;

(h) *Breach of Rules:* does not, directly or indirectly, cause the Issuers or the relevant Dealer to breach any Rule or subject the Issuers or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

(i) *Publicity names:* does not use the legal or publicity names of the Issuers or the relevant Dealer(s) or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Notes;

(j) *Information:* does not give any information other than that contained in this Prospectus (as may be amended or supplemented by the Issuer from time to time) or make any representation in connection with the offering or sale of, or the solicitation of interest in, the Notes;

(k) *Communications:* agrees that any communication in which it attaches or otherwise includes any announcement published by the Issuer at the end of the Offer Period will be consistent with the Base Prospectus, and (in any case) must be fair, clear and not misleading and in compliance with the Rules and must state that such Authorised Offeror has provided it independently from the Issuer and must expressly confirm that the Issuer has not accepted any responsibility for the content of any such communication;

(l) *Legal or publicity names:* does not use the legal or publicity names of the relevant Dealer, any Issuer or any other name, brand or logo registered by any entity within their respective groups or any material over which any such entity retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Notes; and

(m) *Any other conditions:* agrees to any other conditions set out in paragraph 8(vi) of Part B of the relevant Final Terms;

2. **Indemnity**

The relevant financial intermediary agrees that if either of the Issuers incurs any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses and any value added tax thereon) (a "**Loss**") arising out of, in connection with or based on any inaccuracy of any of the foregoing representations and warranties or any breach of any of the foregoing undertakings then the relevant financial intermediary shall pay to the relevant Issuer on demand an amount equal to such Loss.

3. **Governing Law and Jurisdiction**

The relevant financial intermediary agrees that:

(a) the contract between the Issuers and the financial intermediary formed upon acceptance by the financial intermediary of the offer of the Issuers to use this Base Prospectus with their consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;

(b) the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) and accordingly the relevant financial intermediary submits to the exclusive jurisdiction of the English courts;

(c) each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit but, subject to this, a person who is not a party to the Authorised Offeror Contract has no right to enforce any term of the Authorised Offeror Contract; and

(d) the parties to the Authorised Offeror Contract do not require the consent of any person not a party to the Authorised Offeror Contract to rescind or vary the Authorised Offeror Contract at any time.

ALTERNATIVE PERFORMANCE MEASURES

The Issuer considers the following metrics to constitute Alternative Performance Measures as defined in the ESMA Guidelines introduced on 3 July 2016 (ESMA Guidelines) on Alternative Performance Measures, that are not required by, or presented in accordance with, IFRS-EU.

The Issuer considers that these metrics provide useful information for investors, securities analysts and other interested parties in order to better understand the Group's business, financial position, profitability, results of operations, the quality of its loan portfolio, the amount of equity per share and their progression over time.

Such measures should, however, not be considered as a substitute to profit or loss attributable to the Group or any other performance measures derived in accordance with IFRS-EU or as an alternative to cash flow from operating, investing and financing activities as a measure of the Group's liquidity.

Other companies in the industry may calculate similarly titled measures differently, such that disclosure of similarly titled measures by other companies may not be comparable with that of the Issuer and the Consumer Finance Group. Investors are advised to review these alternative performance measures in conjunction with the Group's audited consolidated financial statements and accompanying notes which are incorporated by reference in this Prospectus.

Terms relating to profitability and return on investment measure the ratio of results on capital, assets and risk weighted assets in accordance with the definitions set out in the table below.

Terms relating to the non-performance of loans measure the quality of the loan portfolio and the percentage of the non-performing portfolio that is covered by provisions for defaults, in accordance with the definitions set out in the table below.

Alternative Performance Measures:

RoR

RoR (Rate of Return) is the rate established by the regulator to calculate REN's return on the regulated asset base. The rate of return is one of the major drivers of REN's regulated revenues.

At the beginning of each regulatory period, the rate of return is calculated by the regulator as a Weighted Average Cost of Capital (WACC), nominal, pre-tax, and its evolution is indexed to the 10 years Portuguese Treasury bond yields, subject to a cap and a floor.

The regulator defines different rates of return for the different types of REN's regulated assets (see *Electricity base RoR* and *Natural Gas RoR*).

Electricity base RoR

Electricity base RoR is the rate of return of electricity assets without premium. Its starting point, as well as its upper and lower limits, are defined at the beginning of each electricity regulatory period and its evolution is indexed to the ten-year Portuguese Government bond yields.

	2015	**2016**	**9 months ended 30 September 2017**
Electricity base RoR	**5.99%**	**6.13%**	**6.33%**

Natural Gas RoR

Natural Gas RoR is the rate of return of REN's natural gas assets infrastructures (excluding natural gas distribution assets for which REN recently signed a purchase agreement). Similarly to electricity RoR, its starting point, as well as its upper and lower limits, are defined at the beginning of each natural gas regulatory period and its evolution is indexed to the ten-year Portuguese Government bond yields.

	2015	2016	9 months ended 30 September 2017
Natural Gas RoR	**7.20%**	**6.70%**	**6.13%**

CAPEX

CAPEX (Capital Expenditures) refers to the amount spent by REN in order to build/purchase new assets, or upgrade the existing ones, plus capitalised own works. Capex is a measure of the investment in the asset base and is a leading indicator for the growth of regulated asset base, over which the remuneration is calculated. The remuneration of the investment is the main driver of allowed revenues. In this way, Capex is used by REN's management in order to assess the organic growth in its existing businesses. Note that REN doesn't include the amounts spent in M&A operations in the capex indicator.

According to the international accounting standard IFRIC 12, the construction of infrastructure by the operator, arising from the concession arrangements, is a service that it provides to the grantor. Consequently, both the income and costs are recognised in the income statement. Accordingly, the operator's construction expenses (capex at external direct costs) are recorded as operating costs against the record as income of the operator's capex at total cost (after addition of own works capitalized on investment). Capex also includes other capital expenses regarding concession assets.

The tables below show the reconciliation of capex with statutory accounts.

Values in EUR million	2015	2016	9 months ended 30 September 2017
+ Revenue from construction of concession assets	240.002	171.247	80.161
+ Other expenses	0.362	0.214	0.126
Capex	**240.364**	**171.461**	**80.287**

Values in EUR million	2015	2016	9 months ended 30 September 2017
+ Cost from construction of concession assets	222.602	155.217	67.800
+ Own works capitalized: financial expenses	3.633	2.951	1.913
+ Own works capitalized: overhead and management costs	13.767	13.079	10.448
+ Other expenses	0.362	0.214	0.126
Capex	**240.364**	**171.461**	**80.287**

OPEX

OPEX (Operating Expenditures) is a measure of the costs associated with the company's operating activities. The opex is other important driver of allowed revenues that have been subject to a Revenue-Cap mechanism. In this sense, as REN's management strives to accomplish the efficiency targets imposed by the regulator in order to not prejudice REN's financial performance the opex indicator is regularly monitored.

Operating expenditures are a management indicator, which are calculated as the sum of the Costs of Goods Sold, External Supplies and Services, Personnel Costs and Other Expenses, including the effect of provisions for staff costs. The reconciliation of operating expenditures for 2015, 2016 and the first nine months of 2017 is as follows.

Values in EUR million	2015	2016	9 months ended 30 September 2017
+ Costs of Goods Sold	0.562	0.450	0.146
+ External Supplies and Services	42.636	44.328	32.253

Values in EUR million	2015	2016	9 months ended 30 September 2017
+ Personnel Costs	50.460	49.583	37.031
+ Other Expenses	11.893	12.595	10.197
+ Others[1]	0.510	0.550	0.000
Opex	**106.060**	**107.506**	**79.626**

EBIT

EBIT (Earnings before Interest and Taxes) measures the company's income without considering debt interests and taxes. By excluding the effect of interest and tax expenses, EBIT focuses on the company's ability to generate earnings from its operations. Given that, EBIT is used to measure the company's operational performance as a proxy for operating results.

EBIT is calculated by adding to the operating results the effect of the revenues from the interconnection capacity auctions between Spain and Portugal, known as FTRs (Financial Transaction Rights), which are classified as financial income in the statutory accounts. The reconciliation of EBIT for 2015, 2016 and the first nine months of 2017 is shown in the table below.

Values in EUR million	2015	2016	9 months ended 30 September 2017
+ Operating results	280.095	261.743	201.831
+/- FTRs	0.272	-0.465	-0.279
EBIT	**280.367**	**261.279**	**201.551**

EBITDA

EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) is an indicator that measures the REN's income before deducting debt interests, taxes, depreciations and amortizations. As EBITDA ignores the impact of interest and tax expenses as well as the impact of depreciation and amortization, which have no effect on cash outflow and are dependent on the size of the asset base, this indicator is widely used by management and analysts to measure the operational performance of the company and compare it with peers.

EBITDA is calculated by adding back the depreciations and amortizations to the operating results adjusted by the effect of the revenues from the interconnection capacity auctions between Spain and Portugal, known as FTRs (Financial Transaction Rights), which are classified as financial income in the statutory accounts. The reconciliation of EBITDA for 2015, 2016 and the first nine months of 2017 is shown in the table below.

Values in EUR million	2015	2016	9 months ended 30 September 2017
+ Operating results	280.095	261.743	201.831
+ Depreciation and amortizations	209.303	214.761	162.809
+/- FTRs	0.272	-0.465	-0.279
EBITDA	**489.670**	**476.040**	**364.361**

Recurrent net income

Recurrent net income is defined by the net profit of the company excluding the non-recurring items of the period under analysis. An item is considered as non-recurring if it is one-off or extraordinary amount at current activity of REN. This indicator allows management, analysts and investors to compare the

[1] Includes provisions for staff costs

performance of the company over time, only considering the items that are fully comparable with each other.

Recurrent net income is calculated by subtracting the non-recurring items to the net profit. The reconciliation of recurrent net income for 2015, 2016 and the first nine months of 2017 is as follows.

Values in EUR million	2015	2016	9 months end 30 September 2017
+ Net profit	116.115	100.183	88.867
+ Energy sector extraordinary contribution	25.445	25.938	25.798
- Capital gains with Sale of Enagás stake	-16.094		
- Tax recovery	-9.652		
+ cost of carry of EIB escrow	2.252		
+ Electrogas acquisition stamp duty			0.739
+ Costs related to Electrogas and EDPG acquisition		0.262	1.470
Recurrent net income	**118.066**	**126.383**	**116.874**

Financial results adjusted

Financial results adjusted refer to the financial results without considering the revenues from the interconnection capacity auctions between Spain and Portugal, known as FTRs (Financial Transaction Rights), which are classified as financial income in the statutory accounts. This indicator measures the ability of the company to manage its debt expenses, adding the effect of the financial income and the dividends received from associated companies. .

The reconciliation of financial results adjusted for 2015, 2016 and the first nine months of 2017 is as follows.

Values in EUR million	2015	2016	9 months ended 30 September 2017
+ Financial results	-98.572	-80.341	-44.774
+/- FTRs	-0.272	0.465	0.279
Financial Results adjusted	**-98.844**	**-79.876**	**-44.495**

Operating cash flow

Operating cash flow aims at measure the amount of cash generated by REN's operations, before deducting capital, debt and tax expenditures and dividends payment. REN's management uses this indicator to compare the strength of REN's operations cash flows over time.

Operating cash flow can be obtained by direct method or indirect method. Under the direct method, the operating cash flow includes the amounts for cash from customers, cash paid to suppliers, cash paid to employees and other receipts/payments relating to operating activities.

In contrast, in indirect method, the operating cash flow is estimated excluding from EBITDA the relevant non-cash items, such as own works and other relevant cash items that don't come directly from operations, such as the cash inflow from the sale of REN's stakes in associate companies.

The reconciliation of operating cash flow for 2015, 2016 and the first nine months of 2017 is shown in the table below. For detailed analysis regarding EBITDA reconciliation with statutory accounts, please see *EBITDA*.

Values in EUR million	2015	2016	9 months ended 30 September 2017
EBITDA	**489.670**	**476.039**	**364.361**

- Own works capitalized: financial expenses	-3.633	-2.951	1.913
- Own works capitalized: overhead and management costs	-13.767	-13.079	10.448
- Subsidies recognition	-18.021	-18.124	13.515
- Capital gain from Enagás	-20.083		
Operating cash flow	**434.166**	**441.886**	**338.485**

FFO

FFO (Funds from Operations) is a measure of the cash generated by the company, after deducting both debt and tax expenditures. FFO is usually used in order to assess the operating performance of REN, and compare it with its peers, and to estimate the ratios that are used to measure REN's credit risk (see *FFO/Net Debt*).

FFO is calculated as follows in the table below.

Values in EUR million	**2015**	**2016**	**9 months ended 30 September 2017**
+ Net profit	116.115	100.183	88.867
+ Specialization of CESE	0.000	0.000	6.449
+/- Gains and losses in associates	-0.768	-1.314	-4.469
+ Electrogas dividends			4.545
+/- Deferred taxes	-2.150	-11.296	-29.449
+ Depreciations and amortizations	209.303	214.761	162.809
+/- Impairments	0.600	0.258	293
+/- Fair value luso carbon	-0.022	0.193	-226
+/- Provisions	-0.302	0.516	-27
+/- Inefficacies of derivatives	0.000	0.000	-541
- Subsidies recognition	-18.012	-18.124	-13.515
+/- Gains and losses in assets	-0.327	0.031	-229
- Own works capitalized: financial expenses	-3.633	-2.951	-1.913
FFO	**300.803**	**282.258**	**212.596**

FFO/Net Debt

FFO/Net Debt is defined as the funds from operations divided by net debt (for further details regarding FFO and/or net debt, please see *FFO* and *Net Debt*, respectively). This ratio is commonly used to measure REN's credit risk and, therefore it is strictly controlled by REN's management. The higher the FFO/Net Debt ratio, the stronger is the position of the company to pay its debt from its funds from operations.

	2015	**2016**	**9 months ended 30 September 2017**
FFO/Net Debt	**12.2%**	**11.4%**	**11.2%**

Net Debt/EBITDA

Net Debt/EBITDA is defined as the net debt divided by EBITDA (for further details regarding net debt and/or EBITDA, please see *Net Debt*, and *EBITDA*, respectively). Similarly to FFO/Net Debt, this ratio is as an indicator of REN's credit risk and it is regularly monitored by REN's management. The lower the Net Debt/EBITDA ratio, the stronger is the position of the company to pay its debt from its EBITDA.

	2015	**2016**	**9 months ended 30 September 2017**

Net Debt/EBITDA	**5.0**	**5.2**	**5.2**

Dividend per share:

Dividend per share is defined as the dividends to shareholders of accumulated reserves proposed and approved by REN's Board of Directors to the General Shareholders Meeting divided by REN's total shares.

EUR /share	**2015**	**2016**	**9 months ended 30 September 2017**
Dividend per share	**0.171**	**0.171**	**Not applicable**

Dividend yield

Dividend yield is defined as the dividend per share divided by the indicated price per share. The indicator measures the attractiveness of REN's shares and allows REN's management, investors and analysts to compare it with national and international peers.

	2015	**2016**	**9 months ended 30 September 2017**
Dividend yield	**6.1%**	**6.3%**	**6.2%**

Net Debt

Net debt is calculated as total borrowings (including current and non-current borrowings as presented in the consolidated statement of financial position), adjusted by the amounts of cash and cash equivalents and hedge derivatives.

The reconciliation of Net Debt for 2015, 2016 and the first nine months of 2017 is shown in the table below.

Values in EUR million	**2015**	**2016**	**9 months ended 30 September 2017**
Gross debt	2,542.0	2,515.1	2,561.4
- Minus hedging swaps	12.8	26.6	14.4
- Minus cash and cash equivalents	63.7	10.8	6.4
Net Debt	**2,465.5**	**2,477.7**	**2,540.6**

Liquidity

The Group measures Liquidity as the total of cash and cash equivalents and undrawn long and short-term committed credit facilities; these correspond to facilities granted by financial institutions, which may be drawn down by the company in instalments.

The reconciliation of liquidity for 2015, 2016 and the first nine months of 2017 is shown in the table below.

Values in EUR million	**2015**	**2016**	**9 months ended 30 September 2017**
Cash and cash equivalents	63	10	6
Undrawn Commercial Paper	471	470	480
Undrawn other credit facilities	435	498	485
Liquidity	**969**	**978**	**971**

Average cost of debt

The Group measures the average cost of debt as the debt related interest charges, including the credit margin, the cost of hedging instruments and liquidity cost, divided by the weighted average nominal financial debt of the current period.

Enterprise Value (EV):

Enterprise Value (EV) is a measure of the company's total value which is estimated by the sum of the equity and debt market values. This indicator provides a more accurate evaluation of the firm's value compared to Market Capitalization which only takes into consideration the equity market value.

Earnings per share (EPS):

Earnings per share (EPS) is defined as the net income divided by the number of outstanding shares of common stock. This indicator is widely used by REN's management, investors and analysts as a measure of the company's profitability.

	2015	2016	9 months ended 30 September 2017
Earnings per share	0.22	0.19	0.17

Payout Ratio:

Payout Ratio is defined as the earnings paid out divided by the net income. The indicator measures the percentage of net income that is distributed as dividends to the shareholders, and it is used by REN's management, investors and analysts to assess the sustainability of the company's dividend policy.

	2015	2016	9 months ended 30 September 2017
Payout Ratio	78.6%	91.1%	Not applicable

Total Shareholder Return (TSR):

Total Shareholder Return (TSR) is defined as the combined return to shareholders over a period of time arising from changes in stock price and dividends. The TSR is computed as:

$(\text{Price}_{\text{End of period}} - \text{Price}_{\text{Begin of period}} + \text{Dividends}) / \text{Price}_{\text{Begin of period}}$

Similarly to Dividend yield, this indicator measures the attractiveness of REN to shareholders and allows REN's management, investors and analysts to compare it with peers.

GENERAL INFORMATION

Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of REN dated 23 July 2008 and this update of the Programme has been duly authorised by resolutions of the Executive Committee of REN dated 18 October 2017 and by the Board of Directors of REN dated 31 July 2015, and by the Board of Directors of REN B.V. dated 17 October 2017. Each issue of Notes shall be duly authorised by a specific resolution of the relevant Issuer.

Listing of Notes

Application has been made to the Irish Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to trading on its Regulated Market. The Irish Stock Exchange's Regulated Market is a regulated market for the purposes of MiFID.

Documents Available

For the period of 12 months following the date of this Base Prospectus, physical copies of the following documents will, when published, be available for inspection from the registered office of the Issuers and from the specified office of the Issue and Paying Agent which is, as at the date of this Base Prospectus, in London, and from the specified office of the Portuguese Paying Agent which is, as at the date of this Base Prospectus, in Lisbon:

(a) the constitutional documents (with a direct and accurate English translation thereof) of each of the Issuers;

(b) the audited consolidated financial statements of the Group in respect of the financial year ended 31 December 2016 and the audited consolidated financial statements of the Group in respect of the financial year ended 31 December 2015 (with an accurate English translation thereof), in each case together with a direct and accurate English translation of the audit reports prepared in connection therewith. REN currently prepares audited consolidated financial statements on an annual basis;

(c) the most recently published audited annual financial statements of the Group and the most recently published interim financial statements (if any) of the Group (with a direct and accurate English translation thereof), in each case together with any audit or review reports prepared in connection therewith (and a direct and accurate English translation thereof). REN currently prepares consolidated interim accounts on a quarterly basis;

(d) a direct and accurate English translation of the audited financial statements of REN Finance B.V. for the financial year ended 31 December 2016, 31 December 2015 and its audited balance sheet of incorporation;

(e) the unaudited consolidated pro forma accounts of REN as at and for the year ended 31 December 2016 and as at and for the nine month period ended 30 September 2017, and respective reports on the compilation of pro forma financial information issued by the auditor in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus;

(f) the Trust Deed, the Interbolsa Instrument, the Keep Well Agreement, the Agency Agreement and the forms of the Notes, the Receipts, the Coupons and the Talons;

(g) a copy of this Base Prospectus; and

(h) any future base prospectuses, prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a Holder of such Note and such Holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, this Base Prospectus is also available at the website of the Regulatory News Service operated by the Irish Stock Exchange at:

www.ise.ie

and the documents referred to at (b), (c), (d) and (f) above may be viewed on the following website: www.ren.pt.

In relation to the documents referred to at (a), (b) and (c) above, the Issuers confirm that the translations thereof are true and accurate, however, in case of a discrepancy between the original document and the English translation thereof, the original document will prevail.

Clearing Systems

The Notes (other than Book-Entry Notes) have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping records in respect of such Notes). The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Final Terms relating thereto.

Book-Entry Notes will be cleared through the clearing system (CVM) operated by Interbolsa. The appropriate identification reference for a Tranche of Book-Entry Notes will be specified in the applicable Final Terms. Book-Entry Notes will also be eligible for clearing and settlement through Euroclear and Clearstream, Luxembourg holding Notes through a custodian that is an Affiliate Member of Interbolsa.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of Interbolsa is Avenida da Boavista, 343314100-138 Porto, Portugal.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

Save as disclosed under 'Risk Factors - *Risks related to the business and industry of REN - REN's significant indebtedness could adversely affect its financial condition and ability to withstand adverse developments*'; 'Risk Factors- *Risks Related to Recent Acquisitions and Investments*'; and 'Recent Developments', there has been no significant change in the financial or trading position of REN B.V. since 31 December 2016 and there has been no material adverse change in its financial position or prospects since 31 December 2016.

Save as disclosed under 'Risk Factors - *Risks related to the business and industry of REN - REN's significant indebtedness could adversely affect its financial condition and ability to withstand adverse developments*'; 'Risk Factors- *Risks Related to Recent Acquisitions and Investments*'; and 'Recent Developments', there has been no significant change in the financial or trading position of the Group since 30 September 2017 and there has been no material adverse change in the financial position or prospects of REN since 31 December 2016.

Litigation

Tejo Energia – Produção e Distribuição de Energia Eléctrica, S.A. ("**Tejo Energia**") has initiated a dispute settlement proceeding against REN Rede Eléctrica and REN Trading, S.A. ("**REN Trading**") regarding the repayment of the social tariff.

This procedure is foreseen under the Dispute Resolution Procedure of the Power Purchase Agreement ("**PPA**"), dated 24th November 1993 (later amended). Under that PPA, Tejo Energia acts as generator and seller and REN Trading as purchaser of the power produced in the coal-fired power station operated by Tejo Energia at Pego, Portugal. REN Rede Eléctrica is jointly and severally liable with REN Trading, with respect to the performance of the PPA towards Tejo Energia.

Though the scope of the dispute is not yet formally defined, it is expected that Tejo Energia will claim the existence of an obligation by REN Trading (and REN Rede Eléctrica as joint and severally liable) to reimburse Tejo Energia for the payments made and related with the social tariff. The amount at stake as of September 2017 would correspond to approximately EUR5.8 million, plus interest.

In addition, REN Rede Eléctrica, REN Gasodutos and REN Armazenagem paid the ESEC in the amount of EUR25.1 million for 2014, EUR25.4 million for 2015 and EUR25.9 million in 2016, without prejudice that all companies aforementioned have contested the legality of such contribution by means of various legal proceedings which are in different stages (out-of-court, judicial and arbitration), in order to claim the reimbursement of the payment made. So far, there is only one arbitration decision regarding REN Armazenagem, relating to 2014 ESEC in the amount of EUR774.554,19, which was unfavourable to REN and from which it filed an appeal to the Constitutional Court of Portugal. No decision on the various legal proceedings has yet become final and unappealable. Since REN Rede Eléctrica, REN Gasodutos and REN Armazenagem have paid the ESEC, the result of these proceedings might have a significant but positive effect in REN's financial situation. It is estimated that in 2017 the ESEC amount due will be EUR25.8 million. The total value of ESEC paid by the Group and being claimed in these legal proceedings amounts to around EUR76 million.

Save as disclosed above, there are no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuers are aware) in the 12 month preceding the date of this Base Prospectus which may have or have had in the recent past significant effects on the Issuers and/or the Group's financial position or profitability.

Auditors

The auditors of REN B.V. since its date of incorporation (10 May 2013) are Deloitte Accountants B.V., member of the Netherlands Institute for Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants* (NBA)). Deloitte Accountants B.V. have audited the balance sheet of incorporation of REN B.V. as of 10 May 2013, its accounts for the period from its date of incorporation until 31 December 2013, and its accounts for the following years, without qualification, in accordance with applicable auditing standards.

The auditors of REN since 1 January 2009 are Deloitte & Associados S.R.O.C. S.A. members of *Ordem dos Revisores Oficiais de Contas* (Institute of Statutory Auditors), and have audited REN's financial statements without qualification, in accordance with applicable auditing standards, in the Republic of Portugal for the financial years ended on 31 December 2016 and 31 December 2015. REN's audit committee (the "**Audit Committee**") has also issued a report on the audited consolidated financial statements for each of the two financial years ended on 31 December 2016 and on 31 December 2015. Deloitte & Associados S.R.O.C. S.A., members of *Ordem dos Revisores Oficiais de Contas* (Institute of Statutory Auditors), has issued the legal certification of accounts for each of the two financial years ended on 31 December 2016 and on 31 December 2015 and is therefore responsible for the legal certification of accounts under the Portuguese Securities Code.

Regarding the unaudited consolidated pro forma financial information included in this Base Prospectus, Deloitte & Associados S.R.O.C., S.A. issued a report on the compilation of the pro forma financial information in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, dated 12 October 2017 in respect of the unaudited consolidated pro forma financial information as at and for the nine month period ended 30 September 2017, and dated 12 October 2017 in respect of the consolidated pro forma financial information as at and for the year ended 31 December 2016.

Post-issuance information

The Issuers do not intend to provide any post-issuance information in relation to any issues of Notes.

Dealers transacting with the Issuers

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuers and their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuers and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

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

Third party information

Where information in this Base Prospectus has been sourced from third parties, such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Issue Price and Yield

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

Report on the Pro Forma Information

Deloitte & Associados S.R.O.C., S.A. has given and not withdrawn its written consent to the inclusion of its report set out in the Annexes A and B - "*Unaudited Pro forma consolidated financial information as of and for the Nine Months Ended 30 September 2017*" and "*Unaudited Pro Forma Consolidated Financial Information as of and for the Year Ended 31 December 2016*", of this Base Prospectus in the form and context in which it is included.

ISSUERS

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Canary Wharf
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United Kingdom

Merrill Lynch International

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London EC1A 1HQ
United Kingdom

The Royal Bank of Scotland plc
(trading as NatWest Markets)
250 Bishopsgate
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United Kingdom

UBS Limited
5 Broadgate
London EC2M 2QS
United Kingdom

ANNEXES

ANNEX A - Unaudited Pro forma consolidated financial information as of and for the Nine Months Ended 30 September 2017

ANNEX B - Unaudited Pro Forma consolidated financial information as of and for the Year Ended 31 December 2016.

ANNEX C - Unaudited Pro forma consolidated financial statements for EDP Gas as of and for the Nine Months Ended 30 September 2017

ANNEX D - Unaudited Pro forma consolidated financial statements for EDP Gas as of and for the Year Ended 31 December 2016

ANNEX A: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AS OF AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

REN - Redes Energéticas Nacionais, SGPS, S.A.

Consolidated Pro Forma Financial Information at 30 September 2017 prepared in accordance with the European Commission Regulation (EC) Nº 809/2004 of 29 April 2004 and with the ESMA update of the Committee of European Securities Regulator (CESR) recommendations for the consistent implementation of the aforementioned Regulation (ESMA/2013/319)

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1. CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

Pro forma consolidated statement of financial position
as at 30 September 2017

(Amounts expressed in thousands of Euros)

	REN	EDP Gás	Uniformity adjustments	Pro forma adjustments: Cost of acquisition of EDP Gas and transaction costs	Pro forma adjustments: Share capital increase and credit lines	Pro forma adjustments: Adjustments to the acquisition price	Pro forma adjustments: Adjustments to the tangible assets value	Pro forma adjustments: Business Combinations	Intercompany Adjustments	Pro forma
		7	4.1; 4.3	5.1	5.2	5.3	5.4	5.5	6	
ASSETS										
Non-current assets										
Property, plant and equipment	498	6,595	—	—	—	—	(2,900)	—	—	4,193
Goodwill	3,114	26,665	—	—	—	—	—	(26,665)	—	3,114
Intangible assets	3,742,511	434,027	57,824	—	—	—	—	77,681	—	4,312,043
Investments in associates and joint ventures	165,211	—	—	383,238	—	(12,646)	—	(370,592)	—	165,211
Available-for-sale financial assets	150,574	5	—	—	—	—	—	—	—	150,579
Derivative financial instruments	9,431	—	—	—	—	—	—	—	—	9,431
Other financial assets	24	—	—	—	—	—	—	—	—	24
Trade and other receivables	49,545	62,987	(57,824)	143,000	—	12,646	—	—	(143,000)	67,354
Deferred tax assets	71,666	—	14,854	—	—	—	—	—	—	86,520
	4,192,573	**530,279**	**14,854**	**526,238**	**—**	**—**	**(2,900)**	**(319,576)**	**(143,000)**	**4,798,468**
Current assets										
Inventories	1,204	1,454	—	—	—	—	—	—	—	2,658
Trade and other receivables	354,648	15,986	—	4,105	—	—	—	—	(6,872)	367,867
Current income tax recoverable	—	3,852	—	—	—	—	—	—	—	3,852
Other financial assets	—	—	—	—	—	—	—	—	—	—
Cash and cash equivalents	6,372	13,824	—	(531,693)	523,989	—	—	—	—	12,492
	362,225	**35,116**	**—**	**(527,588)**	**523,989**	**—**	**—**	**—**	**(6,872)**	**386,870**
Total assets	**4,554,798**	**565,395**	**14,854**	**(1,351)**	**523,989**	**—**	**(2,900)**	**(319,576)**	**(149,872)**	**5,185,339**

	REN	EDP Gás	Uniformity adjustments	Pro forma adjustments: Cost of acquisition of EDP Gas and transaction costs	Pro forma adjustments: Share capital increase and credit lines	Pro forma adjustments: Adjustments to the acquisition price	Pro forma adjustments: Adjustments to the tangible assets value	Pro forma adjustments: Business Combinations	Intercompany Adjustments	Pro forma
		7	4.1; 4.3	5.1	5.2	5.3	5.4	5.5	6	
EQUITY										
Share capital	534,000	73,200	—	—	133,191	—	—	(73,200)	—	667,191
Share premium	—	—	—	—	116,809	—	—	—	—	116,809
Own shares	(10,728)	—	—	—	—	—	—	—	—	(10,728)
Reserves	307,317	—	—	—	—	—	—	—	—	307,317
Retained earnings	226,369	—	—	—	(4,416)	—	—	—	—	221,954
Other changes in equity	30	—	—	—	—	—	—	—	—	30
Reserves and retainde earnings	—	250,794	—	—	—	—	(2,232)	(248,562)	—	—
Net profit for the year	88,867	20,847	—	(973)	244	—	144	(20,991)	—	88,139
Total equity	**1,145,857**	**344,841**	**—**	**(973)**	**245,828**	**—**	**(2,088)**	**(342,753)**	**—**	**1,390,714**
LIABILITIES										
Non-current liabilities										
Borrowings	2,055,911	151,907	—	—	279,783	—	—	—	(143,000)	2,344,601
Liability for retirement benefits and others	121,653	459	—	—	—	—	—	—	—	122,112
Derivative financial instruments	7,615	—	—	—	—	—	—	—	—	7,615
Provisions	6,347	1,387	—	—	—	—	—	—	—	7,734
Trade and other payables	352,484	16,409	—	—	—	—	—	—	—	368,893
Deferred tax liabilities	53,567	10,353	14,854	—	—	—	(812)	23,178	—	101,139
	2,597,577	**180,515**	**14,854**	**—**	**279,783**	**—**	**(812)**	**23,178**	**(143,000)**	**2,952,096**
Current liabilities										
Borrowings	505,460	6,748	—	—	—	—	—	—	(4,105)	508,103
Provisions	—	—	—	—	—	—	—	—	—	—
Trade and other payables	270,517	26,906	—	—	—	—	—	—	(2,767)	294,656
Income tax payable	35,388	6,385	—	(378)	(1,622)	—	—	—	—	39,772
Derivative financial instruments	—	—	—	—	—	—	—	—	—	—
	811,364	**40,039**	**—**	**(378)**	**(1,622)**	**—**	**—**	**—**	**(6,872)**	**842,531**
Total liabilities	**3,408,941**	**220,554**	**14,854**	**(378)**	**278,160**	**—**	**(812)**	**23,178**	**(149,872)**	**3,794,626**
Total equity and liabilities	**4,554,798**	**565,395**	**14,854**	**(1,351)**	**523,989**	**—**	**(2,900)**	**(319,576)**	**(149,872)**	**5,185,339**

Pro forma consolidated income statement for the nine-month period ended 30 September 2017

(Amounts expressed in thousands of Euros)

	REN	EDP Gás	Uniformity adjustments	Pro forma adjustments: Transaction costs	Pro forma adjustments: Financing expenses	Pro forma adjustments: Adjustment of fixed assets depreciation	Pro forma adjustments: Amortization	Intercompany Adjustments	Pro forma
		7	4.2	5.1	5.2	5.4	5.5	6	
Sales	23	1,721	—	—	—	—	—	—	1,744
Services rendered	408,058	68,017	(14,005)	—	—	—	—	(11,873)	450,197
Revenue from construction of concession assets	80,161	—	15,215	—	—	—	—	—	95,376
Gains / (loses) from associates and joint ventures	4,469	—	—	—	—	—	—	—	4,469
Other operating income	19,621	2,747	—	—	—	—	—	—	22,368
Operating income	**512,332**	**72,485**	**1,210**	**—**	**—**	**—**	**—**	**(11,873)**	**574,154**
Cost of goods sold	(146)	(26,867)	14,005	—	—	—	—	11,873	(1,135)
Cost with construction of concession assets	(67,800)	—	(14,005)	—	—	—	—	—	(81,805)
External supplies and services	(32,253)	(7,078)	—	(1,351)	339	—	—	—	(40,343)
Personnel costs	(37,031)	(2,540)	(1,210)	—	—	—	—	—	(40,781)
Depreciation and amortizations	(162,809)	(12,101)	—	—	—	200	(2,021)	—	(176,731)
Provisions	27	(17)	—	—	—	—	—	—	10
Impairments	(293)	—	—	—	—	—	—	—	(293)
Other expenses	(10,197)	(2,946)	—	—	—	—	—	—	(13,143)
Operating costs	**(310,502)**	**(51,549)**	**(1,210)**	**(1,351)**	**339**	**200**	**(2,021)**	**11,873**	**(354,220)**
Operating results	**201,831**	**20,936**	**—**	**(1,351)**	**339**	**200**	**(2,021)**	**—**	**219,934**
Financial costs	(54,353)	(3,958)	—	—	(5,388)	—	—	—	(63,700)
Financial income	4,566	12,141	—	—	—	—	—	—	16,707
Investment income—dividends	5,013	—	—	—	—	—	—	—	5,013
Financial results	**(44,774)**	**8,183**	**—**	**—**	**(5,388)**	**—**	**—**	**—**	**(41,979)**
Profit before income tax	**157,057**	**29,119**	**—**	**(1,351)**	**(5,049)**	**200**	**(2,021)**	**—**	**177,955**
Income tax expense	(42,392)	(4,457)	—	378	1,414	(56)	566	—	(44,547)
Energy sector extraordinary contribution (ESEC)	(25,798)	(3,815)	—	—	—	—	—	—	(29,613)
Net profit for the year	**88,867**	**20,847**	**—**	**(973)**	**(3,635)**	**144**	**(1,455)**	**—**	**103,795**
Attributable to:									
Equity holders of the Company									103,795
Non-controlled interest									—
Consolidated profit for the year									**103,795**
Earnings per share (Basic and diluted)									0.16

2. NOTES TO THE CONSOLIDATED PRO FORMA FINANCIAL INFORMATION AS OF 30 SEPTEMBER 2017

1 DESCRIPTION OF THE ACQUISITION

On 7 April 2017, REN – Redes Energéticas Nacionais, SGPS, S.A. ("REN"), through an event communication published at Comissão do Mercado de Valores Mobiliários ("CMVM"), informed the market and the general public that its subsidiary REN Gás, S.A. ("Ren Gás") entered into a purchase agreement with EDP Iberia, S.L.U. for the acquisition of the entire share capital of EDP Gás, SGPS, S.A. ("EDP Gás", denominated as REN Gás Distribuição SGPS, S.A. since 4 October 2017) and its subsidiaries, EDP Gás Distribuição, S.A. (denominated as REN Portgás Distribuição, S.A. since 4 October 2017) and EDP Gás GPL – Comércio de Gás de Petróleo Liquefeito, S.A. (denominated as REN Portgás GPL, S.A. since 4 October 2017), hereinafter referred as "EDP Gás Group".

According to the communication from REN to CMVM, this transaction was completed on 4 October 2017, after obtaining the required regulatory approvals.

The pro forma consolidated financial information has been prepared solely to provide information on how the acquisition mentioned above could have affected the consolidated financial statements of REN as of 30 September 2017 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU"), for interim financial reporting purposes (IAS 34).

Since this pro forma financial information was prepared to reflect a hypothetical situation, it is not intended to represent, and does not represent, the consolidated financial position or the consolidated results of REN and EDP Gás.

The bases defined by REN are detailed below and consist of the sources of the information presented, the uniformity adjustments and assumptions used.

2 SOURCES OF THE PRO FORMA FINANCIAL INFORMATION PRESENTED

The pro forma information has been prepared to comply with Annex II of the Prospectus Regulation, as a result of the Share Capital Increase with Public Offering of New Ordinary Shares includes consolidated pro forma financial information of REN and EDP Gás for the nive-month period ended 30 September 2017.

The financial information used as the basis for the compilation of this pro forma financial information was as follows:

- Consolidated financial statements of REN and of its subsidiaries as of 30 September 2017 prepared in accordance with the IFRS-EU, for interim financial reporting purposes (IAS 34). These consolidated financial statements were object of a limited review report issued by Deloitte & Associados, SROC, S.A., dated 3 November 2017, which does not include qualifications.
- Pro forma consolidated statement of financial position as of 30 September 2017, pro forma consolidated income statement for the nive-month period ended 30 September 2017 and corresponding notes, related with the EDP Gás Group ("pro forma consolidated financial information of EDP Gás at 30 September 2017"). Regarding that pro forma consolidated financial information, KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. issued a report on the compilation of pro forma financial information in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, dated 31 October 2017.

  The financial information used as the basis for the compilation of this pro forma consolidated financial information were the financial statements at 30 September 2017 of those entities, for which KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. issued a limited review report dated:

  - 31 October 2017, regarding EDP Gás, which does not include qualifications;
  - 31 October 2017, regarding EDP Gás Distribuição, S.A., which does not include qualifications; and

- 31 October 2017, regarding EDP Gás GPL—Comércio de Gás Liquefeito, S.A., which includes a scope limitation, transcribed and translated as follows: *"The caption Tangible assets includes, as of 30 September 2017, the amount of approximately 2,900 thousand Euros, net of depreciations and impairments, (2016: 3,100 thousand Euros) related to reservoirs installed in customers of the business segment Express Propane. In accordance with note 2 a), the Entity recognizes impairment losses when customers cancel their contracts and when customers do not consume for a period exceeding 24 months, which totalize 487 thousand Euros (2016: 334 thousand Euros) as of 30* September *2017. According to IAS 36, an entity shall assess at each reporting date whether there is any indicator that an asset may be impaired and, if any indicator exist, the entity shall estimate the recoverable amount of the asset, which was not performed because the Entity is still concluding an estimate of future individual cash flows for each cash-generating unit. On this basis, we are not in conditions to conclude on the eventual need to increase the amount of impairment already recorded over these assets with reference to 30* September *2017."*

This matter, described above, was object of an adjustment on the pro forma consolidated financial information of EDP Gás GPL, as described in note 5.4. below.

The pro forma consolidated statement of financial position at 30 September 2017 was prepared by aggregating the consolidated of financial position at 30 September 2017 of REN to the pro forma consolidated statement of financial position of the EDP Gás Group at 30 September 2017, plus the uniformity and pro forma adjustments estimated as if the transaction had been carried out at that date.

The pro forma consolidated income statement for the six-month period ended 30 June 2017 was prepared by aggregating the consolidated income statement of REN for the nine-month period ended 30 September 2017 to the pro forma consolidated income statement for the nine-month period ended 30 September 2017 of the EDP Gás Group at 30 September 2017, plus the uniformity and pro forma adjustments estimated as if the transaction had been carried out with reference to 1 January 2017.

REN used EDP Gás Group's financial information on a pro forma basis, given that, due to regulatory restrictions, one of EDP Gás Group's subsidiaries (EDP Gás—Serviço Universal, S.A.) could not have been sold to REN (this entity was in the meantime sold by EDP Gás to another company of Group EDP on 9 August 2017). So, EDP Gás Group prepared pro forma consolidated financial information to illustrate the effects of the exclusion of the aforementioned subsidiary, considering that it never has been part of the consolidation perimeter.

Accordingly, the pro forma financial information and the accompanying explanatory notes were based on the pro forma consolidated financial information of EDP Gás at 30 September 2017.

The pro forma consolidated financial information at 30 September 2017 presented by REN was prepared in accordance with the European Commission Regulation (EC) Nº 809/2004 of 29 April 2004 and with the ESMA update of the Committee of European Securities Regulator (CESR) recommendations for the consistent implementation of that Regulation (ESMA/2013/319) and the hypotheses and assumptions mentioned in the following section.

The accounting policies used by the Board of Directors of REN in the compilation of the consolidated pro forma financial information are consistent with the accounting policies used in the preparation of the consolidated financial statements of REN at 30 September 2017.

3 HYPOTHESES AND ASSUMPTIONS USED

The following assumptions were used in preparing the pro forma financial information:

- For the purpose of the pro forma consolidated statement of financial position the acquisition of 100% shares of EDP Gás and its subsidiaries', EDP Gás Distribuição, S.A. and EDP Gás GPL—Comércio de Gás de Petróleo Liquefeito, S.A., shares, by REN was considered to have taken place at 30 September 2017.
- When preparing the pro forma consolidated income statement it was considered the effect that the transaction had carried out on the pro forma results for the nine-month period ended 30 September 2017, if it was performed on 1 January 2017.

- To perform this transaction (described in note 5.1.), the Board of Directors of REN estimated expenses amounting to 1,764 thousand Euros, namely 1,250 thousand Euros related to financial advisory services and 514 thousand Euros related to legal and consulting services. For purposes of the consolidated statement of pro forma financial position as of 30 September 2017 and for purposes of the pro forma consolidated income statement for the nine-month period ended 30 September 2017 and given that the amount of 413 thousand Euros was already reflected in the basic financial information of REN, an adjustment of 1,351 thousand Euros was made, so that this estimate would be fully reflected in those statements.
- To settle the transaction, the Board of Directors of REN assumed to use credit lines in the amount of approximately 279,783 thousand Euros (net of 560 thousand Euros related to deferred expenses associated with the signing of those credit lines) and an increase in the share capital of REN with new cash inflows, subject to the approval of the relevant corporate bodies of REN. Such capital increase, to be carried out through a Public Offering of New Ordinary Shares, with preference right of the current shareholders, will have an estimated amount of up to 250,000 thousand Euros and is expected to be fully subject to an final underwriting agreement to be entered into with Banco Santander, S.A., Caixa – Banco de Investimento, S.A. and JP Morgan Securities Plc, and for that purpose a standby underwriting agreement was already concluded, subject to the usual market conditions. Based on the projection made, the Board of Directors of REN estimated expenses, related to the capital increase, in a total amount of 6,133 thousand Euros, namely (i) 4,750 thousand Euros related to commissions and fees related to the underwriting agreement, (ii) 1,323 thousand Euros related to legal, consulting and audit services and (iii) 60 thousand Euros related to other services.
- The credit lines above mentioned, amounting to 279,783 thousand Euros, were considered for the pro forma consolidated statement of financial position at 30 September 2017 which was prepared as if the transaction occurred in that date. For the pro forma consolidated income statement for the six-month period ended 30 September 2017, which was prepared as if the transaction had occurred on 1 January 2017, the credit lines considered for calculating financial costs amounted to 275,672 thousand Euros (net of 560 thousand Euros related to deferred expenses associated with the signing of those credit lines).
- As an assumption for the preparation of the pro forma consolidated income statement it was considered an average interest rate of 2.6% (which corresponds to the average debt rate of REN Group for the nine-month period ended 30 June 2017), resulting in financial expenses of 5,388 thousand Euros, in the nine-month period ended 30 September 2017 (considering the assumption that the acquisition would have occurred on 1 January 2017 for the purpose of the pro forma consolidated income statement for the six-month period ended 30 September 2017).
- Regarding the tax effects of the adjustments related to the described transaction, an average tax rate of 28% was considered.

4 UNIFORMITY ADJUSTMENTS

As indicated in Note 2 above, the financial information used in the preparation of the pro forma financial information related to the consolidated financial statements of REN at 30 September 2017, prepared in accordance with IFRS-EU for interim financial reporting purposes (IAS 34), and the pro forma consolidated financial information of EDP Gás at 30 September 2017, prepared in accordance with IFRS-EU for interim financial reporting purposes (IAS 34).

Since no significant differences exist in the accounting policies used in the preparation of the consolidated financial statements of REN as of 30 September 2017 and in the preparation of the pro forma consolidated financial information of EDP Gás at 30 September 2017, the following adjustments only refer to uniformity adjustments of presentation. As a result of these adjustments, it is intended that REN's pro forma consolidated financial statements as of 30 September 2017 follows the accounting policies and the presentation format that were adopted by REN in its consolidated financial statements as of 30 September 2017.

4.1. IFRIC 12—Service Concession Arrangements

IFRIC 12—Service Concession Arrangements, adopted by both companies, applies to public service concession contracts in which the conceding entity controls/regulates the services to be rendered through the use of the infrastructure and at what price and also controls any significant residual interest over the infrastructure.

This interpretation establishes the general principles for the recognition and measurement of the rights and obligations under the concession contracts with the features mentioned earlier and define the following models:

i. Financial asset model—when the operator has the unconditional contractual right to receive cash or other financial asset from the conceding entity, corresponding to specific or determinable amounts, the operator must record a financial asset (receivable). In this model the conceding entity has few or no discretionary power to avoid the payment, as the agreement is usually legally binding.

ii. Intangible asset model—when the operator receives from the conceding entity the right to collect a tariff based on use of the structure, it must record an intangible asset.

iii. Bifurcated/mixed model—this model applies when the concession includes simultaneously commitments of guaranteed remuneration by the conceding entity and commitments of remuneration dependent on the level of utilization of the concession infrastructures.

Considering the nature of concession of the REN Group, as regards the legal nature of its concessions, REN decided that the best model for its business case is the intangible model due essentially to the risk of changes in the tariff regulation imposed by the regulator ERSE.

In turn, the recognition and measurement model adopted in the pro forma consolidated financial information of EDP Gás the mixed model, although the concession of EDP Gás Distribuição presents similar characteristics to the concessions of REN Group. Thus, EDP Gás records in its accounts an intangible asset, as well as a financial asset at amortized cost.

So, and to uniform the criteria for presentation of the pro forma financial statements, the following reclassification was made, so that all the components present the intangible asset model followed by REN:

- The amounts to be received by EDP Gás related to the residual value of the concession assets (corresponding to the net book value of the concession assets at the end of the concession) (57,824 thousand Euros), included in the caption of non-current assets “Trade and other receivables” was reclassified to the caption of non-current assets “Intangible assets”.

4.2. Revenue/ Costs from construction of concession assets

In accordance with IFRIC 12, construction of the infrastructure by the operator is a service that it provides to the conceding entity, distinct from the operation and maintenance service and, as such, will be remunerated by it. In the financial statements of REN, construction costs and income relating to construction are recorded in the consolidated statement of profit and loss for the year, considering the requirements of IFRIC 12 in the captions “revenue from construction of concession assets” and “costs with construction of concession assets”.

In its consolidated income statement, REN presents revenue and costs related with the construction of concession assets in separate captions.

In the pro forma consolidated financial information of EDP Gás at 30 September 2017, the amounts of revenue from construction of concession assets (14,005 thousand Euros) and costs with construction of concession assets (14,005 thousand Euros) are presented in the captions “Sales and Services rendered” and “Cost of goods sold”, respectively.

So, and to uniform the presentation criteria of such revenue and costs, a reclassification was made of the above mentioned amounts to the captions “Revenue from construction of concession assets” and “Costs with construction of concession assets”.

Additionally, a balance of 1,210 thousand Euros, having the nature of work for the entity itself, included in the pro forma consolidated financial information of EDP Gás at 30 September 2017, was reclassified from the caption “Personnel costs” to the caption “Revenue from construction of concession assets”.

4.3. Deferred tax assets and liabilities

In the pro forma consolidated financial information of EDP Gás at 30 September 2017 the deferred tax assets and liabilities are presented as a net liability.

Therefore, in order to standardize the presentation of these amounts, it was reclassified the deferred tax of EDP Gás and their subsidiaries with the nature of deductible tax income, in the amount 14,854 thousand Euros, to the caption deferred tax assets.

5 PRO FORMA ADJUSTMENTS

5.1. Acquisition of 100% shares of EDP Gás SGPS, S.A. and its subsidiaries, EDP Gás Distribuição, S.A. and EDP Gás GPL – Comércio de Gás de Petróleo Liquefeito, S.A.

As indicated in Note 1, REN settled an agreement for the acquisition:

(i) of the total share capital of EDP Gás and its subsidiaries, EDP Gás Distribuição, S.A. and EDP Gás GPL—Comércio de Gás de Petróleo Liquefeito, S.A., from the seller EDP Iberia, S.L.U.; and

(ii) credit rights that EDP Iberia, S.L.U. holds as shareholder of EDP Gás, namely shareholder's loan in the amount of 147,105 thousand Euros (146,018 thousand Euros at 31 December 2016) and supplementary capital contribution in the amount of 44,726 thousand Euros.

That acquisition agreement refers that the acquisition value is defined with reference to 31 December 2016 (526,322 thousand Euros) plus contractually defined interest incurred between that date and the transaction completion date and a set of adjustments to the agreed price between the parties. Thus, the value of 530,343 thousand Euros corresponds to the estimated acquisition price.

Considering that the pro forma consolidated statement of financial position as of 30 September 2017 was prepared with the assumption that the acquisition was carried out at 30 September 2017, the values presented in the pro forma consolidated financial information related with the acquisition were:

	30/09/2017
Investments in associates and joint ventures	383,238
Trade and other receivables—Non-current	143,000
Trade and other receivables—Current	4,105
	530,343

Based on the projection of expenses incurred by the Board of Directors of REN, expenses amounting to 1,764 thousand Euros (1,270 thousand Euros deducted from the tax effect) were considered, related to expenses associated with the acquisition which are non-recurring in future years.

The pro forma consolidated statement of financial position at 30 June 2017 was prepared as if the transaction had been carried out at that date. In the consolidated statement of financial position at 30 September 2017 of REN and its subsidiaries, considered as base financial information for the compilation of this pro forma financial information, expenses were already recorded in the amount of 413 thousand Euros (297 thousand Euros deducted from the tax effect), having REN adjusted 1,351 thousand Euros (973 thousand Euros net of tax effect) in the pro forma consolidated statement of financial position at 30 September 2017 so that the pro forma consolidated statement of financial position included the total estimated costs of the transaction.

The pro forma consolidated income statement for the nine-month period ended 30 September 2017, was prepared as if the transaction had been carried out with reference to 1 January 2017. Thus, the adjustment, in the amount of 1,351 thousand Euros (973 thousand Euros net of tax effect), made in the pro forma consolidated income statement for the six-month period ended 30 September 2017 relates to the expenses associated to the transaction, considering that the amount of 413 thousand Euros was already recorded in REN's base accounts.

5.2. Share capital increase and credit lines

The acquisition described in Note 5.1. will be settled through (i) a capital increase of REN corresponding to new cash inflows in the amount of 250,000 thousand Euros, to be carried out through a Public Offering of New

Ordinary Shares, with preference right of the current shareholders, and (ii) credit lines by the remaining amount, approximately 280,343 thousand Euros (279,783 thousand Euros net of 560 thousand Euros related to deferred expenses associated with the signing of those credit lines) (276,322 thousand Euros at 31 December 2016).

The share capital increase will be made through the issuance of 133,191,262 new ordinary shares with nominal value of 1 Euro each and the subscription price was set at 1.877 Euros per share, representing a share capital increase of 133,191 thousands of Euros and a share premium of 116,809 thousand Euros.

As an assumption for the preparation of the pro forma consolidated income statement, it was considered an average interest rate of 2.6% (which corresponds to the average debt rate of REN Group for the nine-month period ended 30 September 2017), resulting in financial expenses of 5,388 thousand Euros, for the nine-month period ended 30 September 2017 (considering the assumption that the acquisition would have occurred on 1 January 2017 and credit lines agreed amounted to 276,322 thousand Euros).

Based on the projection of expenses made by the Board of Directors of REN, it was also estimated expenses related to the capital increase of 6,133 thousand Euros (4,416 thousand Euros net of taxes), which were recorded in the equity caption “Reserves”, in the pro forma consolidated statement of financial position at 30 September 2017. These expenses are non-recurring in future years.

In the consolidated financial statements of REN and its subsidiaries at 30 June 2017, considered as base financial information for the compilation of this pro forma financial information, expenses related to the capital increase were recorded, in the amount of 339 thousand Euros (244 thousand Euros net of the tax effect). Therefore, in the pro forma consolidated statement of financial position at 30 September 2017 and in the pro forma consolidated income statement for the nine-month period ended 30 September 2017, REN annulled these expenses in order to adjust these statements to the assumptions considered.

5.3. Adjustments to the acquisition price

The acquisition agreement indicated in Note 5.1. also considers correction to the acquisition price within the scope of EDP Gás Distribuição. Based on its best estimate to date, the Board of Directors of REN recorded these contingent components of the price at their fair value, as follows:

i. Record of an account receivable in the amount of 1,354 thousand Euros, arising from future obligations to return tariff deviations related with periods prior to 2012, which will be reimbursed by REN EDP Iberia, S.L.U. to REN.

ii. Record of an account receivable in the amount of 11,292 thousand Euros, due to estimated obligations resulting from the payment in 2017, 2018 and 2019, of the Extraordinary Contribution of the Energy Sector (CESE) that will be reimbursed by EDP Iberia, S.L.U. to REN.

5.4. Adjustment to the tangible assets value / Adjustment to the depreciation of tangible assets value

This adjustment reduces the value of tangible fixed assets, at 30 September 2017, related to reservoirs installed in clients of the Express Propane business segment, in the amount of 2,900 thousand Euros (3,100 thousand Euros at 31 December 2016) to reflect, prudently, the best estimate of the Board of Directors of REN, taking into account the available information, of the matter referred to in the scope limitation included in the report on review of the financial statements as of 30 September 2017 of EDP Gas GPL—Comércio de Gás de Petróleo Liquefeito, SA, issued by KPMG & Associados—Sociedade de Revisores Oficiais de Contas, SA, dated 31 October 2017, and was considered in the purchase price allocation process.

5.5. Business Combinations

The fair value of the identifiable assets and liabilities of EDP Gás at the acquisition date were estimated using objective criteria considered appropriate pursuant to the IFRS 3 – Business Combinations, using as basis the information included in EDP Gas’s audited financial statements at 30 September 2017.

As required by IFRS 3, these values were determined on a provisional basis, taking into account exclusively the information contained in the pro forma consolidated information of REN Gás as of 30 September 2017. In accordance with IFRS 3, the measurement period for determining the definitive fair value must not exceed one year from the effective acquisition date.

In the execution of the purchase price allocation process (PPA), the Board of Directors of REN considered that the unrealized gains associated with this acquisition are related to the concession held by EDP Gás Distribuição. In determining the fair value of the assets associated with that concession, REN used a discounted cash flow model, with the following assumptions being considered: 31-year projection period (corresponding to the remaining term of the concession) and growth of the regulated asset base in line with the investment plan 2017/2021 submitted by EDP Gás Distribuição to regulatory entities and with a target penetration rate of the long-term distribution network of approximately 35%.

Based on the estimated fair value of the concession assets as of 30 September 2017, estimated by the Board of Directors of REN by 569,532 thousand Euros, and on the net book value of those (corresponding to the capital contributed thereto) in the amount of 491,851 thousand Euros (434,027 thousand Euros plus 57,824 thousand Euros (Note 4.1.)), the unrealized gains associated were estimated by 77,681 thousand Euros, before tax, as follows:

	Thousands of Euros
Fair value of concession as of 30 September 2017	569,532
Capital contributed EDP Gas as of 30 September 2017	491,851
Unrealized gains at September 30, 2017	77,681
Tax effect	(23,178)
Unrealized net gains at September 30, 2017	54,503

The unrealized gains related to the acquisition and associated with the concession will be amortized by a total period of 31 years (remaining period of the concession at 1 January 2017). Considering that the pro forma consolidated income statement for the nine-month period ended 30 September 2017 was prepared as if the transaction had occurred at 1 January 2017, annual amortization was estimated considering the estimated amount of unrealized gains at that date, corresponding to an annual amortization of 2,694 thousand Euros (2,021 thousand Euros for the nine-month period at 30 September 2017).

6 INTERCOMPANY ADJUSTMENTS

The intercompany adjustments correspond to the elimination of all balances and transactions between the companies of REN and of EDP Gás.

Intercompany transactions:

The adjustment of 11,873 thousand Euros in the captions "Sales and Services rendered" and "Cost of goods sold" refers to the elimination of the invoicing issued by REN to Group EDP Gás, related to natural gas transportation services rendered.

Intercompany balances:

The balances between group companies eliminated on 30 September 2017 correspond to:

- Shareholders' loans in the amount of 147,105 thousand Euros, between REN and EDP Gás recorded in the captions "Trade and other receivables" and "Borrowings", respectively.
- Balance of 2,355 thousand Euros in the caption "Trade and other receivables" and "Trade and other payables" related to the elimination of the balances related to the invoicing issued by REN to EDP Gás.

7 OTHER INFORMATIONS—PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF EDP GÁS

As indicated in Note 2 above, the financial information used as the basis for the compilation of this pro forma consolidated financial information were the pro forma consolidated financial information of EDP Gás as of 30 September 2017.

Trade and other receivables are detailed as follows:

	30/09/2017
Non current	
Receivable on concessions—IFRIC 12	57,824
Tariff deviations	4,073
Underground occupancy rates (TOS)	1,088
Others receivables	2
	62,987
Current	
Trade receivables	9,627
Underground occupancy rates (TOS)	4,252
Tariff deviations	925
Others receivables	2,804
	17,608
Impairment of trade receivables	(569)
Impairment of other receivables	(1,053)
	(1,622)
	15,986
	78,973

Borrowings are detailed as follows:

	30/09/2017
Non current	
Intercompany loan	143,000
Bank Borrowings	8,907
	151,907
Current	
Intercompany loan	4,105
Bank Borrowings	2,643
	6,748
	158,655

The caption "Trade and other payables" is detailed as follows:

	30/09/2017
Non current	
Autonomous taxation on revaluations	2,153
Other payables[(i)]	14,256
	16,409
Current	
Tariff deviations	7,690
Suppliers	5,849
Fixed assets supliers	4,561
Other payables	8,806
	26,906
	43,315

(i) In this item, the amount of 13,891 refers to the best estimate of the contingent price, to be settled as contractually established, following the acquisition of 25.3% and 2.7% of EDP Gás Distribuição, S.A. by EDP Gás, SGPS, S.A..

Services rendered are detailed as follows:

	30/09/2017
Gas and network access	44,804
Revenue from construction of concession assets	14,005
Tariff deviations	8,806
Others sercives rendered	402
	68,017

The caption "Cost of goods sold" is detailed as follows:

	30/09/2017
Cost with construction of concession assets	14,005
Gas and network access	12,181
Others	681
	26,867

Financial costs and financial income are detailed as follows:

	30/09/2017
Financial costs	
Interest income	(3,878)
Other interest income	(46)
Other financial investments	(34)
	(3,958)
Financial income	
Sale of financial investments[i]	11,962
Others borrowing interests	179
	12,141
	8,183

(i) This amount refers to the capital gain related with the sale of EDP Gás—Serviço Universal, S.A..

Lisbon, 15 November 2017

THE EXECUTIVE COMMITTEE

Deloitte & Associados, SROC S.A.
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ASSURANCE REPORT ON THE CONSOLIDATED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS OF CAPITAL INCREASE WITH PUBLIC OFFERING OF SUBSCRIPTION AND ADMISSION TO TRADING

(Translation of a report originally issued in Portuguese)

To the Board of Directors of
REN – Redes Energéticas Nacionais, SGPS, S.A.

We have completed our assurance engagement to report on the consolidated pro forma financial information of REN – Redes Energéticas Nacionais, SGPS, S.A. (the Entity) (included in the Appendix denominated "Pro Forma Financial Information" of the prospectus of capital increase with public offering of subscription and admission to trading of REN – Redes Energéticas Nacionais, SGPS, S.A. ("Prospectus")), prepared by the Board of Directors of the Entity. The consolidated pro forma financial information consists of the pro forma consolidated statement of financial position as at 30 September 2017, the pro forma consolidated income statement for the nine month period ended 30 September 2017 and related notes. The applicable criteria on the basis of which the Board of Directors of the Entity has compiled the consolidated pro forma financial information are specified: (i) in the European Commission Regulation (EC) Nº 809/2004; (ii) in the European Securities and Markets Authority (ESMA) update of the Committee of European Securities Regulator (CESR) recommendations for the consistent implementation of the aforementioned Regulation (ESMA/2013/319); and (iii) in the hypotheses and assumptions described in note 3 of the consolidated pro forma financial information of the Entity (together designated "Applicable Criteria").

The consolidated pro forma financial information has been compiled by the Board of Directors of REN – Redes Energéticas Nacionais, SGPS, S.A. to illustrate the impact of the planned acquisition of 100% of REN Gás Distribuição SGPS, S.A. (formerly denominated EDPG Gás, SGPS, S.A.) and its subsidiaries REN Portgás Distribuição, S.A. (formerly denominated EDP Gás Distribuição, S.A.) and REN Portgás GPL, S.A. (formerly denominated EDP Gás GPL – Comércio da Gás de Petróleo Liquefeito, S.A.), described in Note 1, as if the acquisition had taken place at 30 September 2017 to prepare the pro forma consolidated statement of financial position as at 30 September 2017, and at 1 January 2017 to prepare the pro forma consolidated income statement for nine month period ended 30 September 2017.

As indicated in Note 2, the information used as the basis for compiling the consolidated pro forma financial information has been extracted by the Board of Directors of the Entity from:

— The consolidated financial statements of REN – Redes Energéticas Nacionais, SGPS, S.A. and its subsidiaries as of 30 September 2017 prepared in accordance with the International Financial Reporting Standards as adopted in the European Union ("IFRSs"), for interim financial reporting purposes (IAS 34). We issued a limited review report on these consolidated financial statements, dated 3 November 2017, which does not includes qualifications.

— The pro forma consolidated statement of financial position at 30 September 2017, the pro forma consolidated income statement for the nine month period 30 September 2017 and related notes, related with the group that includes EDPG SGPS and its subsidiaries EDP Gás Distribuição, S.A. and EDP Gás GPL – Comércio da Gás de Petróleo Liquefeito, S.A. That pro forma consolidated financial information has been subject of a report in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by another auditor on 31 October 2017.

Responsibility of the Board of Directors for the Consolidated Pro Forma Financial Information

The Board of Directors of REN – Redes Energéticas Nacionais, SGPS, S.A. is responsible for the preparation and content of the consolidated pro forma financial information in accordance with the criteria specified: (i) in the European Commission Regulation (EC) Nº 809/2004; (ii) in the European Securities and Markets Authority (ESMA) update of the Committee of European Securities Regulator (CESR) recommendations for the consistent implementation of the aforementioned Regulation (ESMA/2013/319); and (iii) in the hypotheses and assumptions described in note 3 of the consolidated pro forma financial information of the Entity.

Independence and Quality Control

In our engagement, we have complied with the applicable requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibilities

Our responsibility is to issue the report required in Annex II item 7 of the European Commission Regulation (EC) Nº 809/2004, which under no circumstances may be considered to be an audit of financial statements, about whether the consolidated pro forma financial information was adequately prepared on the basis indicated and if that basis is consistent with the accounting policies of REN – Redes Energéticas Nacionais, SGPS, S.A.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standards requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the consolidated pro forma financial information on the basis of the Applicable Criteria.

For purposes of this report, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the consolidated pro forma financial information, nor are we responsible to express any other opinion on the consolidated pro forma financial information, nor have we performed an audit or review of the financial information used for that compilation.

The purpose of consolidated pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the specified dates would have been as presented.

A reasonable assurance engagement to report on whether the consolidated pro forma financial information has been compiled, in all material respects, on the basis of the Applicable Criteria, involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The pro forma adjustments give appropriate effect to those criteria; and

- The consolidated pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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Registo na CMVM nº 20161389

The procedures performed depend on our professional judgment, having regard to our understanding of the nature of the Entity, the event or transaction in respect of which the consolidated pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the consolidated pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated pro forma financial information has been adequately prepared on the basis indicated and this basis is consistent with the accounting policies of REN – Redes Energéticas Nacionais, SGPS, S.A.

This report was prepared at the request of the board of Directors of REN – Redes Energéticas Nacionais, SGPS, S.A. in relation to the process of capital increase with public offering of subscription and admission to trading of shares of REN – Redes Energéticas Nacionais, SGPS, S.A. and, therefore, it must not be used for any other purpose or in any other market, or published in any other prospectus without our express consent.

Lisbon, 15 November 2017

Deloitte & Associados, SROC S.A.
Represented by Pedro Miguel Gonçalves Carreira Mendes, ROC

ANNEX B: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2016.

REN—Redes Energéticas Nacionais, SGPS, S.A.

Consolidated Pro Forma Financial Information at 31 December 2016 prepared in accordance with the European Commission Regulation (EC) Nº 809/2004 of 29 April 2004 and with the ESMA update of the Committee of European Securities Regulator (CESR) recommendations for the consistent implementation of the aforementioned Regulation (ESMA/2013/319)

INDEX

1. CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

Pro forma consolidated statement of financial position as at 31 December 2016

(Amounts expressed in thousands of Euros)

	REN	EDP Gás	Uniformity adjustments	Cost of acquisition of EDP Gas and transaction costs	Capital increase and financing	Adjustments to purchase price	Adjustment to the value of fixed assets	Business Combinations	Intra group Adjustments	Pro forma
		7	4.1; 4.3	5.1	5.2	5.3	5.4	5.5	6	
ASSETS										
Non-current assets										
Property, plant and equipment	578	7,240	—	—	—	—	(3,100)	—	—	4,718
Goodwill	3,397	26,665	—	—	—	—	—	(26,665)	—	3,397
Intangible assets	3,825,712	435,488	53,631	—	—	—	—	86,196	—	4,401,027
Investments in associates and joint ventures	14,657	—	—	380,304	—	(12,646)	—	(367,658)	—	14,657
Available-for-sale financial assets	150,118	5	—	—	—	—	—	—	—	150,122
Derivative financial instruments	20,425	—	—	—	—	—	—	—	—	20,425
Other financial assets	14	—	—	—	—	—	—	—	—	14
Trade and other receivables	10,145	54,897	(53,631)	120,000	—	12,646	—	—	(120,000)	24,057
Deferred tax assets	62,825	—	17,145	—	—	—	—	—	—	79,970
	4,087,871	**524,294**	**17,145**	**500,304**	**—**	**—**	**(3,100)**	**(308,127)**	**(120,000)**	**4,698,388**
Current assets										
Inventories	1,028	1,476	—	—	—	—	—	—	—	2,503
Trade and other receivables	448,826	24,568	—	26,018	—	—	—	—	(29,759)	469,653
Current income tax recoverable	—	674	—	—	—	—	—	—	—	674
Other financial assets	1,317	—	—	—	—	—	—	—	—	1,317
Cash and cash equivalents	10,783	10,236	—	(528,085)	519,629	—	—	—	—	12,562
	461,954	**36,954**	**—**	**(502,067)**	**519,629**	**—**	**—**	**—**	**(29,759)**	**486,710**
Total assets	**4,549,825**	**561,248**	**17,145**	**(1,764)**	**519,629**	**—**	**(3,100)**	**(308,127)**	**(149,759)**	**5,185,097**

	REN	EDP Gás	Uniformity adjustments	Cost of acquisition of EDP Gas and transaction costs	Capital increase and financing	Adjustments to purchase price	Adjustment to the value of fixed assets	Business Combinations	Intra group Adjustments	Pro forma
		7	4.1; 4.3	5.1	5.2	5.3	5.4	5.5	6	
EQUITY										
Share capital	534,000	73,200	—	—	133,191	—	—	(73,200)	—	667,191
Share premium	—	—	—	—	116,809	—	—	—	—	116,809
Own shares	(10,728)	—	—	—	—	—	—	—	—	(10,728)
Reserves	319,204	—	—	—	—	—	—	—	—	319,204
Retained earnings	216,527	—	—	—	(4,416)	—	—	—	—	212,111
Other changes in equity	30	—	—	—	—	—	—	—	—	30
Reserves and retainde earnings	—	222,905	—	—	—	—	(2,232)	(220,673)	—	—
Net profit for the year	100,183	39,851	—	(1,270)	—	—	—	(39,851)	—	98,913
Total equity	**1,159,217**	**335,956**	**—**	**(1,270)**	**245,584**	**—**	**(2,232)**	**(333,724)**	**—**	**1,403,531**
LIABILITIES										
Non- current liabilities										
Borrowings	2,298,543	130,996	—	—	275,762	—	—	—	(120,000)	2,585,301
Liability for retirement benefits and others	125,673	446	—	—	—	—	—	—		126,119
Derivative financial instruments	12,212	—	—	—	—	—	—	—	—	12,212
Provisions	6,154	1,372	—	—	—	—	—	—	—	7,526
Trade and other payables	318,126	22,902	—	—	—	—	—	—	—	341,028
Deferred tax liabilities	73,027	8,687	17,145	—	—	—	(868)	25,597	—	123,588
	2,833,735	**164,403**	**17,145**	**—**	**275,762**	**—**	**(868)**	**25,597**	**(120,000)**	**3,195,774**
Current liabilities										
Borrowings	216,594	28,674	—	—	—	—	—	—	(26,018)	219,250
Provisions	801	—	—	—	—	—	—	—	—	801
Trade and other payables	311,539	28,241	—	—	—	—	—	—	(3,741)	336,039
Income tax payable	26,875	3,975	—	(494)	(1,717)	—	—	—	—	28,639
Derivative financial instruments	1,063	—	—	—	—	—	—	—	—	1,063
	556,873	**60,890**	**—**	**(494)**	**(1,717)**	**—**	**—**	**—**	**(29,759)**	**585,792**
Total liabilities	**3,390,608**	**225,293**	**17,145**	**(494)**	**274,045**	**—**	**(868)**	**25,597**	**(149,759)**	**3,781,566**
Total equity and liabilities	**4,549,825**	**561,248**	**17,145**	**(1,764)**	**519,629**	**—**	**(3,100)**	**(308,127)**	**(149,759)**	**5,185,097**

Pro forma consolidated income statement for the year ended 31 December 2016

(Amounts expressed in thousands of Euros)

				Pro forma adjustments				
	REN	EDP Gás	Uniformity adjustments	Transaction costs	Financing expenses	Amortization	Intra group Adjustments	Pro forma
		7	4.2	5.1	5.2	5.5	6	
Sales	569	2,680	—	—	—	—	—	3,249
Services rendered	544,672	99,846	(22,063)	—	—	—	(18,420)	604,035
Revenue from construction of concession assets	171,247	—	23,677	—	—	—	—	194,924
Gains / (loses) from associates and joint ventures	1,314	—	—	—	—	—	—	1,314
Other operating income	21,649	4,001	—	—	—	—	—	25,650
Operating income	**739,452**	**106,527**	**1,614**	**—**	**—**	**—**	**(18,420)**	**829,173**
Cost of goods sold	(450)	(41,349)	22,063	—	—	—	18,420	(1,316)
Cost with construction of concession assets	(155,217)	—	(22,063)	—	—	—	—	(177,280)
External supplies and services	(44,328)	(9,621)	—	(1,764)	—	—	—	(55,713)
Personnel costs	(49,583)	(3,853)	(1,614)	—	—	—	—	(55,049)
Depreciation and amortizations	(214,761)	(16,093)	—	—	—	(2,694)	—	(233,548)
Provisions	(516)	9	—	—	—	—	—	(507)
Impairments	(258)	—	—	—	—	—	—	(258)
Other expenses	(12,595)	(3,160)	—	—	—	—	—	(15,755)
Operating costs	**(477,708)**	**(74,068)**	**(1,614)**	**(1,764)**	**—**	**(2,694)**	**18,420**	**(539,427)**
Operating results	**261,744**	**32,459**	**—**	**(1,764)**	**—**	**(2,694)**	**—**	**289,746**
Financial costs	(91,182)	(6,480)	—	—	(8,980)	—	—	(106,642)
Financial income	5,291	4,194	—	—	—	—	—	5,512
Investment income—dividends	5,550	14,433	—	—	—	—	—	23,956
Financial results	**(80,341)**	**12,147**	**—**	**—**	**(8,980)**	**—**	**—**	**(77,174)**
Profit before income tax	**181,403**	**44,607**	**—**	**(1,764)**	**(8,980)**	**(2,694)**	**—**	**212,572**
Income tax expense	(55,282)	(1,052)	—	494	2,515	754	—	(52,571)
Energy sector extraordinary contribution (ESEC)	(25,938)	(3,704)	—	—	—	—	—	(29,641)
Net profit for the year	**100,183**	**39,851**	**—**	**(1,270)**	**(6,466)**	**(1,939)**	**—**	**130,360**
Attributable to:								
Equity holders of the Company								130,360
Non-controlled interest								—
Consolidated profit for the year								**130,360**
Earnings per share (expressed in euro per share)								0.20

2. NOTES TO THE CONSOLIDATED PRO FORMA FINANCIAL INFORMATION AS OF 31 DECEMBER 2016

1 DESCRIPTION OF THE ACQUISITION

On 7 April 2017 , REN—Redes Energeticas Nacionais, SGPS, S.A. ("REN"), through an e vent communication published at Comissao do Mercado de VaJores Mobiliarios ("CMYM"), informed the market and the generaJ public that its subsidiary REN Gas, S.A. ("Ren Gas") entered into a purchase agreement with EDP Iberia, S.L.U. for the acquisition of the entire share capital of EDP Gas, SGPS, S.A. ("EDP Gas", denominated as REN Gas Distribuiyao SGPS, S.A. since 4 October 2017) and its subsidiaries, EDP Gas Distribuiyao, S.A. (denominated as REN Portgas Distribuiyao, S.A. since 4 October 2017) and EDP Gas GPL—Comercio de Gas de Petr61eo Liquefeito, S.A. (denominated as REN Portgas GPL, S.A. since 4 October 2017), hereinafter referred as "EDP Gas Group".

According to the communication from REN to CMVM, this transaction was completed on 4 October 2017, after obtaining the required regulatory approvals.

The pro forma consolidated financial information has been prepared solely to provide information on how the acquisition mentioned above could have affected the consolidated financial statements of REN as of 31 December 2016 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU").

Since this pro forma financial information was prepared to reflect a hypothetical situation, it is not intended to represent, and does not represent, the consolidated financial position or the consolidated results of REN and EDP Gás.

The bases defined by the directors of REN are detailed below and consist of the sources of the information presented, the uniformity adjustments and assumptions used.

2 SOURCES OF THE PRO FORMA FINANCIAL INFORMATION PRESENTED

The pro forma information has been prepared to comply with Annex II of the Prospectus Regulation, as a result of the Share Capital Increase with Public Offering of New Ordinary Shares includes consolidated pro forma financial information of REN and EDP Gás for 2016.

The financial information used as the basis for the compilation of this pro forma financial information was as follows:

- Consolidated financial statements of REN and its subsidiaries as of 31 December 2016 prepared in accordance with IFRS-EU. Deloitte & Associados, SROC, S.A. issued a statutory audit certification and audit report on these consolidated financial statements, dated 30 March 2017, which does not include qualifications.
- Pro forma consolidated statement of financial position as at 31 December 2016, pro forma consolidated income statement for the year ended 31 December 2016 and related notes, related with the EDP Gás Group ("pro forma consolidated financial information of EDP Gás at 31 December 2016"). Regarding that Pro forma consolidated financial information, KPMG issued a report in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, dated 4 August 2017.

The financial information used as the basis for the compilation of this pro forma consolidated financial information were the financial statements at 31 December 2016 of those entities, for which KPMG & Associados—Sociedade de Revisores Oficiais de Contas, S.A. issued a statutory audit certification dated:

- 31 March 2017, regarding EDP Gás, which does not include qualifications;
- 22 March 2017, regarding EDP Gás Distribuição, S.A., which does not include qualifications; and
- 29 March 2017, regarding EDP Gás GPL—Comércio de Gás Liquefeito, S.A., which includes a scope limitation, transcribed and translated as follows: "The caption Tangible assets includes, as

of 31 December 2016, the amount of approximately 3,100 thousand Euros (net of depreciations and impairments) related to reservoirs installed in customers of the business segment Express Propane. In accordance with note 2 c), the Entity recognizes impairment losses when customers cancel their contracts and when customers do not consume for a period exceeding 24 months, having the Entity recognized impairment losses, in 2016, of 334 thousand Euros, which totalize 455 thousand Euros as of 31 December 2016. According to IAS 36, an entity shall assess at each reporting date whether there is any indicator that an asset may be impaired and, if any indicator exist, the entity shall estimate the recoverable amount of the asset, which was not performed because the Entity is still concluding an estimate of future individual cash flows for each cash-generating unit. On this basis, we are not in conditions to conclude on the eventual need to increase the amount of impairment already recorded over these assets with reference to 31 December 2016."

This matter, described above, was object of an adjustment on the pro forma consolidated financial information of the EDP Gás GPL, as described in note 5.4. below.

The pro forma consolidated statement of financial position at 31 December 2016 was prepared by aggregating the consolidated of financial position at 31 December 2016 of REN to the pro forma consolidated statement of financial position of the EDP Gás Group at 31 December 2016, plus the uniformity and pro forma adjustments estimated as if the transaction had been carried out at that date.

The pro forma consolidated income statement for the year ended 31 December 2016 was prepared by aggregating the consolidated income statement of REN for the year ended 31 December 2016 to the pro forma consolidated income statement for the year ended 31 December 2016 of the EDP Gás Group at 31 December 2016, plus the uniformity and pro forma adjustments estimated as if the transaction had been carried out with reference to 1 January 2016.

REN used EDP Gás Group's financial information on a pro forma basis, given that, due to regulatory restrictions, one of EDP Gás Group's subsidiaries (EDP Gás—Serviço Universal, S.A.) will be excluded from the current EDP Gás Group perimeter before the transaction is completed. So, EDP Gás Group prepared pro forma consolidated financial information to illustrate the effects of the exclusion of the aforementioned subsidiary from the consolidation perimeter.

Accordingly, the pro forma financial information and the accompanying explanatory notes were based on the pro forma consolidated financial information of EDP Gás at 31 December 2016.

The pro forma consolidated financial information at 31 December 2016 presented by REN was prepared in accordance with the European Commission Regulation (EC) Nº 809/2004 of 29 April 2004 and with the ESMA (ESMA/2013/319) update of the Committee of European Securities Regulator (CESR) recommendations for the consistent implementation of that Regulation and the hypotheses and assumptions mentioned in the following section.

The accounting policies used by the Board of Directors of REN in the compilation of the consolidated pro forma financial information are consistent with the accounting policies used in the preparation of the consolidated financial statements of REN at 31 December 2016.

3 HYPOTHESES AND ASSUMPTIONS USED

The following assumptions were used in preparing the pro forma financial information:

- For the purpose of the pro forma consolidated statement of financial position the acquisition of 100% shares of EDP Gás SGPS, S.A. and its subsidiaries EDP Gás Distribuição, S.A. and EDP Gás GPL—Comércio de Gás de Petróleo Liquefeito, S.A. by REN was considered to have taken place at 31 December 2016.
- When preparing the pro forma consolidated income statement it was considered the effect that the transaction had carried out on the pro forma results, if it was performed on 1 January 2016, to present the impact of a full twelve-month period.

- To perform this transaction (note 5.1), the Board of Directors of REN estimated expenses amounting to 1,764 thousand Euros, namely 1,250 thousand Euros related to financial advisory services and 514 thousand Euros related to legal and audit services.
- To settle the transaction, the Board of Directors of REN assumed to use credit lines in the amount of approximately 275,762 thousand Euros (net of 560 thousand Euros related to deferred expenses associated with the signing of those credit lines) and an increase in the share capital of REN with new cash inflows, subject to the approval of the relevant corporate bodies of REN. Such capital increase, to be carried out through a Public Offering of New Ordinary Shares, with preference right of the current shareholders, will have an estimated amount of up to 250,000 thousand Euros and is expected to be fully subject to an underwriting agreement to be entered into with Banco Santander, S.A., Caixa—Banco de Investimentos, S.A. and J.P. Morgan Securities Plc, and for that purpose a standby underwriting agreement was already concluded, subject to the usual market conditions. Based on the projection made, the Board of Directors of REN estimated expenses, related to the capital increase, in a total amount of 6,133 thousand Euros, namely (i) 4,750 thousand Euros related to commissions and fees related to the underwriting agreement, (ii) 1,323 thousand Euros related to legal, consulting and audit services and (iii) 60 thousand Euros related to other services.
- As an assumption for the preparation of the pro forma consolidated income statement it was considered an average interest rate of 3.25% (which corresponds to the average debt rate of REN Group), resulting in financial expenses of 8,980 thousand Euros, in 2016 (considering the assumption that the acquisition would have occurred on 1 January 2016 for the purpose of the pro forma consolidated income statement for the year ended 31 December 2016).
- Regarding the tax effects of the adjustments related to the described transaction, an average tax rate of 28% was considered.

4 UNIFORMITY ADJUSTMENTS

As indicated in note 2 above, the financial information used in the preparation of the pro forma financial information related to the consolidated financial statements of REN at 31 December 2016, prepared in accordance with IFRS-EU and the pro forma consolidated financial information of EDP Gás at 31 December 2016, prepared in accordance with IFRS-EU.

Since no significant differences exist in the accounting policies used in the preparation of the consolidated financial statements of REN as of 31 December 2016 and in the preparation of the pro forma consolidated financial information of EDP Gás at 31 December 2016, the following adjustments only refer to uniformity adjustments of presentation. As a result of these adjustments, it is intended that REN's pro forma consolidated financial statements as of 31 December 2016 follows the accounting policies and the presentation format that were adopted by REN in its consolidated financial statements as of 31 December 2016.

4.1. IFRIC 12—Service Concession Arrangements

IFRIC 12—Service Concession Arrangements, adopted by both companies, applies to public service concession contracts in which the conceding entity controls/regulates the services to be rendered through the use of the infrastructure and at what price and also controls any significant residual interest over the infrastructure.

This interpretation establishes the general principles for the recognition and measurement of the rights and obligations under the concession contracts with the features mentioned earlier and define the following models:

i. Financial asset model—when the operator has the unconditional contractual right to receive cash or other financial asset from the conceding entity, corresponding to specific or determinable amounts, the operator must record a financial asset (receivable). In this model the conceding entity has few or no discretionary power to avoid the payment, as the agreement is usually legally binding.

ii. Intangible asset model—when the operator receives from the conceding entity the right to collect a tariff based on use of the structure, it must record an intangible asset.

iii. Bifurcated/mixed model—this model applies when the concession includes simultaneously commitments of guaranteed remuneration by the conceding entity and commitments of remuneration dependent on the level of utilization of the concession infrastructures.

Considering the nature of concession of the REN Group, as regards the legal nature of its concessions, REN decided that the best model for its business case is the intangible model due essentially to the risk of changes in the tariff regulation imposed by the regulator ERSE.

In turn, the recognition and measurement model adopted in the pro forma consolidated financial information of EDP Gás the mixed model, although the concession of EDP Gás Distribuição presents similar characteristics to the concessions of REN Group. Thus, EDP Gás records in its accounts an intangible asset, as well as a financial asset at amortized cost.

So, and to uniform the criteria for presentation of the pro forma financial statements, the following reclassification was made, so that all the components present the intangible asset model followed by REN:

- The amounts to be received by EDP Gás related to the residual value of the concession assets (corresponding to the net book value of the concession assets at the end of the concession) (53,631 thousand Euros), included in the caption of non-current assets "Trade and other receivables" was reclassified to the caption of non-current assets "Intangible assets".

4.2. Revenue/ Costs from construction of concession assets

In accordance with IFRIC 12, construction of the infrastructure by the operator is a service that it provides to the conceding entity, distinct from the operation and maintenance service and, as such, will be remunerated by it. In the financial statements of REN, construction costs and income relating to construction are recorded in the consolidated statement of profit and loss for the year, considering the requirements of IFRIC 12 in the captions "revenue from construction of concession assets" and "costs with construction of concession assets".

In its consolidated income statement REN presents revenue and costs related with the construction of concession assets in separate captions.

In the pro forma consolidated financial information of EDP Gás at 31 December 2016, the amounts of revenue from construction of concession assets (22,063 thousand Euros) and costs with construction of concession assets (22,063 thousand Euros) are presented in the captions "Sales and Services rendered" and "Cost of goods sold", respectively.

So, and to uniform the presentation criteria of such revenue and costs, a reclassification was made of the above mentioned amounts to the captions "Revenue from construction of concession assets" and "Costs with construction of concession assets".

Additionally, a balance of 1,614 thousand Euros, having the nature of work for the entity itself, included in the pro forma consolidated financial information of EDP Gás at 31 December 2016, was reclassified from the caption "Personnel costs" to the caption "Revenue from construction of concession assets".

4.3. Deferred tax assets and liabilities

In the pro forma consolidated financial information of EDP Gás at 31 December 2016 the deferred tax assets and liabilities are presented as a net liability.

Therefore, in order to standardize the presentation of these amounts, it was reclassified the deferred tax of EDP Gás and their subsidiaries with the nature of deductible tax income, in the amount 17,145 thousand Euros, to the caption deferred tax assets.

5 PRO FORMA ADJUSTMENTS

5.1. Acquisition of 100% shares of EDP Gás SGPS, S.A. and its subsidiaries, EDP Gás Distribuição, S.A. and EDP Gás GPL—Comércio de Gás de Petróleo Liquefeito, S.A.

As indicated in Note 1, REN settled an agreement for the acquisition, by 526,322 thousand Euros:

(i) of the total share capital of EDP Gás and its subsidiaries, EDP Gás Distribuição, S.A. and EDP Gás GPL—Comércio de Gás de Petróleo Liquefeito, S.A., from the seller EDP Iberia, S.L.U.; and

(ii) credit rights that EDP Iberia, S.L.U. holds as shareholder of EDP Gás, namely shareholder's loan in the amount of 146,018 thousand Euros and supplementary capital contribution in the amount of 44,726 thousand Euros.

Considering that the pro forma consolidated statement of financial position as of 31 December 2016 was prepared with the assumption that the acquisition was carried out at 31 December 2016, the values presented in the pro forma consolidated financial information related with the acquisition were:

	31/12/2016
Investments in associates and joint ventures	380,304
Trade and other receivables—Non-current	120,000
Trade and other receivables—Current	26,018
	526,322

By other side, based on the projection of expenses estimated by the Board of Directors of REN, expenses amounting to 1,764 thousand Euros related to the acquisition were recorded in the pro forma consolidated income statement for 2016. These expenses are non-recurring in future years.

5.2. Share capital increase and credit lines

The acquisition described in Note 5.1. will be settled through (i) a capital increase of REN corresponding to new cash inflows in the amount of 250,000 thousand Euros, to be carried out through a Public Offering of New Ordinary Shares, with preference right of the current shareholders, and (ii) credit lines by the remaining amount (approximately 276,322 thousand Euros).

The share capital increase will be made through the issuance of 133,191,262 new ordinary shares with nominal value of 1 Euro each and the subscription price was set at 1.877 Euros per share, representing a share capital increase of 133,191 thousands of Euros and a share premium of 116,809 thousand Euros.

As an assumption for the preparation of the pro forma consolidated income statement, it was considered an average interest rate of 3.25% (which corresponds to the average debt rate of REN Group), resulting in financial expenses of 8,980 thousand Euros in 2016 (considering the assumption that the acquisition would have occurred on 1 January 2016 for the purpose of the pro forma consolidated income statement for the year ended 31 December 2016).

Based on the projection of expenses made by the Board of Directors of REN, it was also estimated expenses related to the capital increase of 6,133 thousand Euros (4,416 thousand Euros net of taxes), which was recorded in the equity caption "Reserves". These expenses are non-recurring in future years.

5.3. Adjustments to the acquisition price

The acquisition agreement indicated in Note 5.1. also considers correction to the acquisition price within the scope of EDP Gás Distribuição. Based on its best estimate to date, the Board of Directors of REN recorded these contingent components of the price at their fair value, as follows:

i. Record of an account receivable in the amount of 1,354 thousand Euros, arising from future obligations to return tariff deviations related with periods prior to 2012, which will be reimbursed by REN EDP Iberia, S.L.U. to REN.

ii. Record of an account receivable in the amount of 11,292 thousand Euros, due to estimated obligations resulting from the payment in 2017, 2018 and 2019, of the Extraordinary Contribution of the Energy Sector (CESE) that will be reimbursed by EDP Iberia, S.L.U. to REN.

5.4. Adjustments to the tangible assets value

This adjustment reduces the value of tangible fixed assets related to reservoirs installed in clients of the Express Propane business segment, in the amount of 3,100 thousand Euros to reflect, prudently the best estimate of the

Board of Directors of REN, taking into account the information available, of the matter referred to in the scope limitation included in the statutory audit certification on the financial statements as of 31 December 2016 of EDP Gas GPL—Comércio de Gás de Petróleo Liquefeito, SA, issued by KPMG & Associados—Sociedade de Revisores Oficiais de Contas, SA, dated 29 March 2017, having been considered in the purchase price allocation process.

5.5. Business Combinations

The fair value of the identifiable assets and liabilities of EDP Gás at the acquisition date were estimated using objective criteria considered appropriate pursuant to the IFRS 3—Business Combinations, using as basis the information included in EDP Gas's audited financial statements of 2016.

As required by IFRS 3, these values were determined on a provisional basis, taking into account exclusively the information contained in the pro forma consolidated information of REN Gás as of 31 December 2016. In accordance with IFRS 3, the measurement period for determining the definitive fair value must not exceed one year from the effective acquisition date.

In the execution of the purchase price allocation process (PPA), the Board of Directors of REN considered that the unrealized gains associated with this acquisition are related to the concession held by EDP Gás Distribuição. In determining the fair value of the assets associated with that concession, REN used a discounted cash flow model, with the following assumptions being considered: 31-year projection period (corresponding to the remaining term of the concession) and growth of the regulated asset base in line with the investment plan 2017/2021 submitted by EDP Gás Distribuição to regulatory entities and with a target penetration rate of the long-term distribution network of approximately 35%.

Based on the estimated fair value of the concession assets as of 31 December 2016, estimated by the Board of Directors of REN by 575,314 thousand Euros, and on the net book value of those (corresponding to the capital contributed thereto) in the amount of 489,119 thousand Euros (435,488 thousand Euros plus 53,631 thousand Euros (Note 4.1.)), the unrealized gains associated were estimated by 86,196 thousand Euros, before tax, as follows:

	Thousands of Euros
Fair value of concession as of December 31, 2016	575,314
Capital amount invested EDP Gas as of December 31, 2016	489,119
Unrealized gains at December 31, 2016	86,196
Tax effect	(25,597)
Net unrealized gains at December 31, 2016	60,599

The unrealized gains related to the acquisition and associated with the concession will be amortized by a total period of 32 years (remaining period of the concession as of 1 January 2016), corresponding to an annual amortization of 2,694 thousand Euros.

6 INTERCOMPANY ADJUSTMENTS

The intercompany adjustments correspond to the elimination of all balances and transactions between the companies of REN and of EDP Gás.

Intercompany transactions:

The adjustment of 18,420 thousand Euros in the captions "Sales and Services rendered" and "Cost of goods sold" refers to the elimination of the invoicing issued by REN to EDP Gás, related to natural gas transportation services rendered.

Intercompany transactions:

The balances between group companies eliminated on 31 December 2016 correspond to:

- Shareholders' loans in the amount of 146,018 thousand Euros, between REN and EDP Gás recorded in the captions "Trade and other receivables" and "Borrowings", respectively.
- Balance of 3,741 thousand Euros in the caption "Trade and other receivables" and "Trade and other payables" related to the elimination of the balances related to the invoicing issued by REN to EDP Gás.

7 OTHER INFORMATIONS—PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF EDP GÁS

As indicated in Note 2 above, the financial information used as the basis for the compilation of this pro forma consolidated financial information were the pro forma consolidated financial information of EDP Gás as of 31 December 2016.

Trade and other receivables are detailed as follows:

	31/12/2016
Non current	
Receivable on concessions—IFRIC 12	53,631
Underground occupancy rates (TOS)	1,088
Tariff deviations	176
Others receivables	2
	54,897
Current	
Trade receivables	11,854
Underground occupancy rates (TOS)	5,509
Amount receivable from the sale of the financial interest in Enagás	4,754
Tariff deviations	691
Others receivables	3,305
	26,113
Impairment of trade receivables	(491)
Impairment of other receivables	(1,054)
	(1,545)
	24,568
	79,465

Borrowings are detailed as follows:

	31/12/2016
Non current	
Intercompany loan	120,000
Bank Borrowings	10,996
	130,996
Current	
Intercompany loan	26,018
Bank Borrowings	2,656
	28,674
	159,670

The caption "Trade and other payables" is detailed as follows:

	31/12/2016
Non current	
Autonomous taxation on revaluations	2,153
Tariff deviations	6,202
Other payables[(i)]	14,547
	22,902
Current	
Tariff deviations	6,183
Fixed assets supliers	6,735
Suppliers	5,063
Other payables	10,260
	28,241
	51,143

(i) In this item, the amount of 13,891 refers to the best estimate of the contingent price, to be settled as contractually established, following the acquisition of 25.3% and 2.7% of EDP Gás Distribuição, S.A. by EDP Gás, SGPS, S.A..

Services rendered are detailed as follows:

	31/12/2016
Gas and network access	74,079
Revenue from construction of concession assets	22,063
Tariff deviations	3,211
Others sercives rendered	493
	99,846

The caption "Cost of goods sold" is detailed as follows:

	31/12/2016
Cost with construction of concession assets	22,063
Gas and network access	18,400
Others	886
	41,349

Financial costs and financial income are detailed as follows:

	31/12/2016
Financial costs	
Interest income	(6,361)
Other interest income	(83)
Other financial investments	(36)
	(6,480)
Financial income	
Sale of financial investments[(i)]	3,973
Others borrowing interests	221
	4,194
Dividends of subsidiaries	
Enagás, SGPS, S.A.	14,433
	12,147

(i) This balance includes: (a) the capital gain related with the sale of EDP Gás—Serviço Universal, S.A. in the amount of 11,962 thousand Euros; and (b) the capital loss related with the sale of 60% participation in Enagás in the amount of (7,989) thousand Euros.

8 ADDITIONAL NOTE

In 2016, EDP Gás sold a 60% stake in Enagás, which resulted in a loss of 7,989 thousand Euros, having also been recorded a financial income of 14,433 thousand Euros related with dividends received. This net amount recorded in the pro forma consolidated income statement for the year ended 31 December 2016 does not present a recurring effect in future years, as a result of the aforementioned sale.

Lisbon, 15 November 2017

THE EXECUTIVE COMMITTEE

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ASSURANCE REPORT ON THE CONSOLIDATED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS OF CAPITAL INCREASE WITH PUBLIC OFFERING OF SUBSCRIPTION AND ADMISSION TO TRADING

(Translation of a report originally issued in Portuguese)

To the Board of Directors of
REN – Redes Energéticas Nacionais, SGPS, S.A.

We have completed our assurance engagement to report on the consolidated pro forma financial information of REN – Redes Energéticas Nacionais, SGPS, S.A. (the Entity) (included in the Appendix denominated "Pro Forma Financial Information" of the prospectus of capital increase with public offering of subscription and admission to trading of REN – Redes Energéticas Nacionais, SGPS, S.A. ("Prospectus")), prepared by the Board of Directors of the Entity. The consolidated pro forma financial information consists of the pro forma consolidated statement of financial position as at 31 December 2016, the pro forma consolidated income statement for the year ended 31 December 2016 and related notes. The applicable criteria on the basis of which the Board of Directors of the Entity has compiled the consolidated pro forma financial information are specified: (i) in the European Commission Regulation (EC) Nº 809/2004; (ii) in the European Securities and Markets Authority (ESMA) update of the Committee of European Securities Regulator (CESR) recommendations for the consistent implementation of the aforementioned Regulation (ESMA/2013/319); and (iii) in the hypotheses and assumptions described in note 3 of the consolidated pro forma financial information of the Entity (together designated "Applicable Criteria").

The consolidated pro forma financial information has been compiled by the Board of Directors of REN – Redes Energéticas Nacionais, SGPS, S.A. to illustrate the impact of the planned acquisition of 100% of REN Gás Distribuição SGPS, S.A. (formerly denominated EDPG Gás, SGPS, S.A.) and its subsidiaries REN Portgás Distribuição, S.A. (formerly denominated EDP Gás Distribuição, S.A.) and REN Portgás GPL, S.A. (formerly denominated EDP Gás GPL – Comércio da Gás de Petróleo Liquefeito, S.A.), described in Note 1, as if the acquisition had taken place at 31 December 2016 to prepare the pro forma consolidated statement of financial position as at 31 December 2016, and at 1 January 2016 to prepare the pro forma consolidated income statement for the year ended 31 December 2016.

As indicated in Note 2, the information used as the basis for compiling the consolidated pro forma financial information has been extracted by the Board of Directors of the Entity from:

— The consolidated financial statements of REN – Redes Energéticas Nacionais, SGPS, S.A. and its subsidiaries as of 31 December 2016 prepared in accordance with the International Financial Reporting Standards as adopted in the European Union ("IFRSs"). We issued a statutory audit certification and audit report on these consolidated financial statements, dated 30 March 2017, which does not includes qualifications.

— The pro forma consolidated statement of financial position at 31 December 2016, the pro forma consolidated income statement for the year ended 31 December 2016 and related notes, related with the Group that includes EDPG Gás, SGPS, S.A. and its subsidiaries EDP Gás Distribuição, S.A. and EDP Gás GPL – Comércio da Gás de Petróleo Liquefeito, S.A. prepared in accordance with the International Financial Reporting Standards as adopted in the European Union. That consolidated pro forma financial information has been subject of a report in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by another Auditor on 4 August 2017.

Responsibility of the Board of Directors for the Consolidated Pro Forma Financial Information

The Board of Directors of REN – Redes Energéticas Nacionais, SGPS, S.A. is responsible for the preparation and content of the consolidated pro forma financial information in accordance with the criteria specified: (i) in the European Commission Regulation (EC) Nº 809/2004; (ii) in the European Securities and Markets Authority (ESMA) update of the Committee of European Securities Regulator (CESR) recommendations for the consistent implementation of the aforementioned Regulation (ESMA/2013/319); and (iii) in the hypotheses and assumptions described in note 3 of the consolidated pro forma financial information of the Entity.

Independence and Quality Control

In our engagement, we have complied with the applicable requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibilities

Our responsibility is to issue the report required in Annex II item 7 of the European Commission Regulation (EC) Nº 809/2004, which under no circumstances may be considered to be an audit of financial statements, about whether the consolidated pro forma financial information was adequately prepared on the basis indicated and if that basis is consistent with the accounting policies of REN – Redes Energéticas Nacionais, SGPS, S.A.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standards requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the consolidated pro forma financial information on the basis of the Applicable Criteria.

For purposes of this report, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the consolidated pro forma financial information, nor are we responsible to express any other opinion on the consolidated pro forma financial information, nor have we performed an audit or review of the financial information used for that compilation.

The purpose of consolidated pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the specified dates would have been as presented.

A reasonable assurance engagement to report on whether the consolidated pro forma financial information has been compiled, in all material respects, on the basis of the Applicable Criteria, involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The pro forma adjustments give appropriate effect to those criteria; and

- The consolidated pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures performed depend on our professional judgment, having regard to our understanding of the nature of the Entity, the event or transaction in respect of which the consolidated pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the consolidated pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated pro forma financial information has been adequately prepared on the basis indicated and this basis is consistent with the accounting policies of REN – Redes Energéticas Nacionais, SGPS, S.A.

This report was prepared at the request of the board of Directors of REN – Redes Energéticas Nacionais, SGPS, S.A. in relation to the process of capital increase with public offering of subscription and admission to trading of shares of REN – Redes Energéticas Nacionais, SGPS, S.A. and, therefore, it must not be used for any other purpose or in any other market, or published in any other prospectus without our express consent.

Lisbon, 15 November 2017

Deloitte & Associados, SROC S.A.
Represented by Pedro Miguel Gonçalves Carreira Mendes, ROC

ANNEX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS FOR EDP GAS AS OF AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

EDP Gás, S.G.P.S., S.A.

Pro Forma Consolidated Financial Statements
as of 30 September 2017

This Information is intended to be included in the Information Prospectus
for the capital increase of REN—Redes Energéticas Nacionais, SGPS, S.A.,
following the sale by EDP Iberia, S.L.U.,
of 100% of EDP Gás S.G.P.S., S.A. to REN Gás, S.A.

1 Introductory Note

The Pro Forma Consolidated Financial Statements of EDP Gás SGPS, S.A. presented here is intended to illustrate the sale by EDP Energias de Portugal, S.A., through its indirect subsidiary EDP Iberia, SLU, of 100% of EDP Gás SGPS, S.A. ("EDP Gás") to REN Gás, S.A., disclosed to the market on 7 April 2017. This operation covers the entities EDP Gás and its direct and indirect subsidiaries EDP Gás Distribuição, S.A. and EDP Gás GPL, S.A.

The agreed transaction does not include any natural gas trading activities. In this sense, and due to regulatory restrictions, the natural gas last resort supplier—EDP Gás—Serviço Universal, SA—will be excluded from the current perimeter of EDP Gás before the conclusion of the transaction and, therefore, there will be no impact on the relationship of EDP with natural gas customers in Portugal.

During the third quarter, the conditions precedent have been fulfilled (including the necessary regulatory approvals) for the purpose of the disposal by EDP Iberia, SLU of the entire share capital of EDP Gás, SGPS, S.A. and its subsidiaries, EDP Gás Distribuição, S.A. and EDP Gás GPL—Comércio de Gás de Petróleo Liquefeito, S.A. to REN Gás, S.A., and the onerous assignment of all the credits they hold over that company. The transaction is scheduled for 4 October 2017.

This Pro Forma Consolidated Financial Statements has been drawn up for illustrative purposes only and therefore, by its nature, it relates to a hypothetical situation and does not represent the actual consolidated financial position of EDP Gás or its results.

2 Significant accounting policies

a) Basis of presentation

The Pro Forma Consolidated Financial Statements of EDP Gás, drawn up for illustrative purposes, which is hereby presented, reflects the result of operations of its subsidiaries and the pro forma adjustments for the nine-month period ended 30 September 2017. Taking into account that the agreed transaction does not include EDP Gás—Serviço Universal, S.A., this subsidiary was excluded from the scope of consolidation.

The Pro Forma Consolidated Financial Statements of EDP Gás for the nine-month period ended 30 September 2017 was prepared in accordance with IFRS, as adopted by the European Union as of 30 September 2017, based on the unadjusted and unaudited historical financial information, as disclosed in the condensed financial statements for the nine-month period ended 30 September 2017, prepared in accordance with IAS 34—Interim Financial Reporting, and the pro forma adjustments.

The accounting policies presented were applied consistently by all companies within the scope of consolidation.

The Pro Forma Consolidated Financial Statements has been prepared under the historical cost convention, modified by the application of fair value accounting to derivative financial instruments, financial assets and liabilities at fair value through profit or loss. Liabilities for defined benefit plans are recognised at present value of the obligation net of plan assets fair value.

The preparation of the Pro Forma Consolidated Financial Statements in conformity with IFRS requires the Board of Directors to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgement or complexity, or where assumptions and estimates are considered to be significant, are presented in Note 3 (Critical accounting estimates and judgements in preparing the financial statements).

b) Basis of consolidation

The Pro Forma Consolidated Financial Statements, hereby presented, reflects the assets, liabilities and results of EDP Gás and its subsidiaries, with the exception of EDP Gás—Serviço Universal, S.A. (Group) and the equity and results attributable to the Group.

In accordance with IFRS 3—Business combinations, the purchase price allocation in a business combination is determined at fair value of assets acquired and liabilities assumed. Goodwill arising from the acquisition of participations in subsidiaries is defined as the difference between the cost of acquisition and the corresponding share of the fair value of the net assets acquired.

The recoverable amount of the goodwill in subsidiaries is assessed annually, regardless of the existence of any impairment triggers. Potential impairment losses are recognised in the income statement for the period. The recoverable amount is determined based on the value in use of the assets, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

Entities where the Group has control

Investments in subsidiaries where the Group has control are fully consolidated from the date the Group assumes control over their financial and operating activities until the moment that control ceases to exist. Control is presumed to exist when the Group is exposed or has the right to variable returns arising from its involvement in the subsidiary, and has the ability to influence those returns due to the power over its subsidiary, regardless of the percentage held over their equity.

Balances and transactions eliminated on consolidation

Inter-company balances and transactions within the Group, as well as any unrealised gains and losses arising from those transactions, are eliminated in preparing the Pro Forma Consolidated Financial Statements.

c) Financial liabilities

A financial instrument is classified as a financial liability when there is a contractual obligation for the issuer to liquidate capital and/or interests, through delivering cash or other financial asset, regardless of its legal form. Financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest method.

d) Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or other financial asset to another entity, regardless of its legal form, and there is a residual interest in the assets of an entity after deducting all its liabilities.

Costs directly attributable to the issuance of equity instruments are recognised in equity, as a deduction to the amount issued. Amounts paid or received relating to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Distributions related to equity instruments are deducted from equity, as dividends, when declared.

e) Property, plant and equipment and intangible assets

Property, plant and equipment is stated at acquisition cost less accumulated depreciation and impairment losses. The cost includes the eligible financial costs and the costs that are directly attributable to the acquisition of assets.

The Group's intangible assets are booked at acquisition cost less accumulated amortisation and impairment losses.

Government grants and investment

Government grants are initially booked as deferred revenue, under non-current liabilities only when there is reasonable certainty that the grant will be received and that the Group will fulfil the grant term conditions. Grants that compensate the Group for expenses incurred are booked in the income statement on a linear basis, on the same period in which the expenses are incurred.

The gross value of grants and reimbursements of fixed assets obtained on assets assigned to concessions and deemed as a deduction from the gross value of Amounts receivable from concessions—IFRIC12 and the amortisation of these grants and contributions is recognised in the accumulated amortisation of Amounts receivable from concessions—IFRIC 12

Subsequent costs

Subsequent costs are recognised as property, plant and equipment only when it is probable that future economic benefits associated with the item will flow to the Group. Repair and maintenance costs are charged in the income statement as incurred, according to the accrual principle.

Amortisations and useful life

Amortisations are calculated according to the following expected useful life of assets:

	Number of years
Buildings and other constructions	8 to 50
Basic equipment	4 to 16
Basic equipment—new networks	45
Basic equipment—used networks	16 to 43
Transport equipment	4 to 25
Tools and utensils	4 to 12
Office equipment and tools	4 to 10
Other property, plant and equipment	5 to 10

Until the end of 2004, amortisation relating to distribution networks was calculated by the straight-line method, on a duodecimal basis, based on the respective start-up. As for the remaining tangible fixed assets, amortisation was calculated by the straight-line method, on an annual basis.

Since 2005, the Group adopted the straight-line method, on a duodecimal basis, for all elements of its fixed assets. The useful life considered for the distribution networks is 45 years, according to the option taken in 1998. For the distribution networks acquired in state of use, the same useful life was taken in account, having deducted the years that have elapsed since the respective start of use.

The Group requested authorisation for the procedure described above to the Secretary of State for Fiscal Affairs, on 17 December 1998, and no express approval was granted.

According to IFRS, the estimated useful life of assets must be revised if the expected economic benefits, as well as the planned technical use of assets differ from previous estimates. Changes in amortisation for the year are accounted for on a prospective basis.

Impairment of assets

The Group performs impairment tests if any event or change results in an indication that the book value exceeds its recoverable amount, and, if it occurs, it is recognised in the income statement. The recoverable amount is determined as the higher of its net selling price and its value in use, which is calculated based on the present value of the estimated future cash flows expected to be derived from the continued use of the asset and its disposal at the end if its useful life.

Concession rights on distribution of gas

The concession rights on distribution of gas in Portugal are recorded as intangible assets and amortised on a straight-line basis over the concessions period (31 December 2047).

f) Tangible and intangible assets in progress

Fixed assets in progress are valued at acquisition cost, which includes, in addition to their purchase price, any costs directly attributable to the placement of assets at the target under the necessary conditions for its proper functioning.

In the case of fixed assets in progress for gas distribution networks, the directly attributable costs mentioned above include personnel costs directly associated with the completion of the investment activities.

g) Inventories

Inventories are measured at the lower of acquisition cost and net realisable value. The cost of inventories includes purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

The quantities leaving storage (consumptions) are valued at weighted average cost.

h) Accounts receivable

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost and being presented in the statement of financial position net of impairment losses which are associated.

Impairment losses are recorded based on the regular assessment of the existence of objective evidence of impairment resulting from doubtful accounts receivable as of the balance sheet date. Impairment losses are recognised in the income statement, being subsequently reversed through the income statement if the estimated losses decrease, in a later period.

i) Employee benefits

Pensions

The Group grants post-retirement benefits to employees covered by the EDP's Collective Labour Agreement (CLA) 2014 under defined benefit and defined contribution plans, namely pension plans that grant complementary retirement benefits for old age, disability or survivors, and early retirement pensions.

Defined benefit plans

The defined benefit plan is assured by (i) a closed pension fund managed by an external entity, covering responsibilities with benefits that are complementary to those provided under the Social Security System (namely retirement and early retirement pensions), and (ii) by a complementary specific provision, recognised in the Group's statement of financial position.

The Group's pension plans correspond to defined benefit plans, since they define the criteria for determining the amount of pension an employee will receive during retirement, usually dependent on one or more factors such as age, years of service and remuneration on retirement.

Liabilities with retirement pensions are calculated by independent experts annually, for each plan, at the balance sheet date, using the projected unit credit method. The discount rate used in the calculation is determined based on market interest rates of high quality corporate bonds that have similar maturity to the related pension liability.

Actuarial gains and losses resulting from: (i) differences between financial and actuarial assumptions used and actual amounts; and (ii) changes in the actuarial assumptions are recognised as reserves.

The increase in past service costs arising from early retirements (retirements before the normal retirement age) or plan amendments are recognised in the income statement when incurred.

The Group recognises as operational results, in the income statement, current and past service costs. Net interest on the net defined benefit liability (asset) is recognised in financial results.

The assets of the plan comply with the recognition criteria established by IFRIC 14—IAS 19 and the minimum funding requirements established by law or by contract.

Defined contribution plans

The Group also have defined contribution social benefit plans that complement those granted by the Social Security System, under which it pays an annual contribution to the plans, calculated in accordance with the rules established in each plan. These contributions represent a percentage of the fixed and variable remuneration of the employees included in this plan and are accounted for as cost for the period in which they are due.

Other benefits granted

Medical benefits and other benefits

The Group also provide medical benefits and other benefits during the retirement or early retirement period, through mechanisms that that complement those granted by the Social Security System. These medical benefits plans are classified as defined benefit plans, and their liabilities are covered by provisions booked in the Group's statement of financial position. Measurement and recognition of the medical benefits liabilities are similar to the defined benefit pension plans liabilities, as explained above.

Variable remuneration paid to employees

The company's shareholders approve in the Annual General Meeting a variable remuneration to be paid to the management and employees, following a proposal made by the Board of Directors. The variable remuneration is charged to the income statement in the year to which it relates.

The Group offers a social plan, referred to as "EDP Flex", which has a fixed benefit component, not susceptible to change by the employee, and a flexible component, whose application depends on a set of options by the employee. Some of the benefits of "EDP Flex" may be extended to the employee's spouse and offspring.

The fixed component consists of a defined contribution pension plan, where the Group guarantees a monthly contribution to the pension fund equal to 3% of the employee's reference wage. The Group's contribution may be increased by a further 1% if the employee also contributes with a percentage of his remuneration. Life insurance, personal accident insurance, health insurance and electricity plan are also part of "EDP Flex" plan.

The flexible component of "EDP Flex" comprises the contribution on the part of the company of an amount corresponding to 5% of the employee's reference wage as "flex credits" to be applied in various benefits.

The cost of this defined contribution plan is recorded in personnel costs.

According to the new CLA entered into force by the end of 2014, the employees covered by the "EDP Flex" plan start having assigned premiums for length of service in the year they complete 25 years of service and a premium for entering retirement. The cost of the service, the net interest on liabilities (assets) net of this benefit and any remuneration of the net liabilities (assets) of a defined benefit is recorded in the income statement for the year, under employee benefits and financial costs, in the component with respect to interest.

j) Provisions

Provisions are recognised when: (i) the Group has a present legal, or constructive obligation; (ii) it is probable that settlement will be required in the future; and (iii) a reliable estimate of the obligation can be made.

Possible obligations arising from past events, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not fully under the control of the Group, are disclosed only in the attached notes and are not recognised in the Balance Sheet, to the extent that:

(i) it is not likely that an outflow of resources embodying economic benefits will be necessary to settle the obligation, or

(ii) the amount of the obligation cannot be measured reliably.

k) Recognition of costs and revenues

Costs and revenues are recognised in the period to which they relate regardless of when paid or received, in accordance with the accrual basis. Differences between amounts received and paid and the corresponding revenue and costs are recognised under Other assets or other liabilities, as they are receivables or payables.

Revenue comprises the amounts invoiced in the sale of products or services rendered net of value added tax, rebates and discounts and after elimination of sales between companies of the Group. Revenue is essentially generated by the sale of access to the natural gas distribution and trading network.

Revenues from sales of access to networks are recognised when invoices are issued, based on actual meter readings or on estimated consumptions based on historical data of each consumer. Revenues related to access to be invoiced, for consumptions occurred up to the balance sheet date are recorded based on estimates, which consider the average consumption in previous periods.

i) Financial results

Financial results include interest costs on borrowings and interest income on funds invested. Interest is recognised on an accrual basis.

m) Tariff adjustments

Sale of access to the natural gas distribution network

In the sale of access to the natural gas (NG) distribution network, subject to regulation, the regulator establishes, through the tariff adjustment mechanism, the criteria to recognise gains or losses of one period in future periods. The tariff adjustments accounted for in the EDP Gás Distribuição financial statements represent the difference between the amounts invoiced (based on the applicable tariffs published by ERSE in June of the previous gas year) and the regulated revenue calculated based on actual costs. The assets or liabilities resulting from the tariff adjustments are recovered or returned through the gas tariffs charged to customers in the subsequent period and compensation between operators.

Recognition of tariff adjustments

Decree-Law 287/2011 was published in the Portuguese official gazette on 18 July 2011, establishing the regime applicable to the recognition and transfer of regular tariff adjustments due to regulated entities in the natural gas sector.

Decree-Law 87/2011 confirmed the unconditional right of the regulated operators of the natural gas sector to recover the tariff adjustments. The publication of this diploma has established the transferability regime, this is, the authorisation to assign the right to receive, through natural gas tariffs, the amount of positive tariff adjustments.

According to the aforementioned Decree-Law, tariff adjustments established in each year that are due to regulated companies are maintained even in the event of insolvency or cessation of trading of each entity, and ERSE shall take the necessary measures to ensure that the holder of these rights continues to recover the amounts due up to their full payment.

According to Article 5, the regime introduced by the aforementioned Decree-Law applies to the tariff adjustments established prior to its entry into force.

In view of this legislative amendment, (i) tariff adjustments ceased to be contingent and dependent on the future provision of services, and (ii) control over the asset was legally defined.

Therefore, the Group recognises in its financial statements the amount of tariff adjustments and respective interest, as well as the corresponding tax impact.

n) Allowed revenues—Sale of access to the natural gas distribution network

The formula for calculating the net operating costs of the natural gas distribution business for the current regulatory period is defined in accordance with Article 74 of the Tariff Regulations in force, resulting from this calculation the allowed revenues for the distribution system operator. A price-cap methodology is applied, and the following variables are defined:

(i) The cost basis to consider,

(ii) The weight of the fixed and variable components of operating costs,

(iii) The cost drivers to consider for the regulatory period (number of supply points and volume conveyed), and

(iv) The efficiency targets for the fixed and variable terms of operating costs.

According to the tariff regulation, the allowed revenues are defined taking into account the various businesses in which EDP Gás Distribuição is a market participant, with the distribution business being that for which the Group is remunerated. Thus, the allowed revenues of EDP Gás Distribuição are essentially presented as the allowed margin of the distribution business. This activity is essentially remunerated by the capital costs, as shown in the following table:

Concept	Form of regulation	Main costs	Regulatory Parameters for the regulatory period 2016-2019	Revenue recovery
Natural gas distribution	OPEX Regulation by price cap Provisional adjustment after one year and final after two, taking into account the amount of NG distributed and number of supply points CAPEX Asset base at historical cost (considering depreciation). Regulation by accepted costs. Asset base adjustment	a) Operating and investment costs b) Gradual reinstatement of financial neutrality c) Differential costs in medium pressure in the scope of the supply in high pressure	2% efficiency factor in 2016-19 applicable to controllable operating costs Asset base at historical cost (considering depreciation) and initial reassessment Fixed asset remuneration rate indexed to yields on 10-year Treasury Bonds Penalty mechanism applied to investment	Distribution Network Usage Tariff
Global System Use	a) Revenues to be recovered by application of instalments I, II> and II< of the Global System Use Tariff cost pass through b) Provisional adjustments after one year and final after two, taking into account the actual costs and revenues	a) Costs arising from instalments I, II> and II< of the Global System Use b) Over-revenue by application of the transitional tariff c) Financing of the Social Tariff		Global System Use Tariff

Concept	Form of regulation	Main costs	Regulatory Parameters for the regulatory period 2016-2019	Revenue recovery
Transport Network Use	a) Allowed revenues by application of the Transport Network Use Tariff cost pass through b) Provisional adjustments after one year and final after two, taking into account the actual costs and revenues	a) Costs for the use of the transport network b) Compensation for the application of the Transport Network Use tariff		Transport Network Use Tariff

Annually, for calculating the allowed revenue, the variable component (cost drivers) and the fixed component are applied the respective efficiency factors. The rate of return on the RAB is indexed to the average yields of 10-year Portuguese Treasury Bonds, in the period between 1 April and 30 March prior to the beginning of each regulatory year, with a minimum of 5.7% ad a maximum of 9.3% for the regulatory period 2016-19. The preliminary rate of return for the year 2017 is 6.65%.

o) Income taxes

Income tax recognised in the income statement includes current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is also recognised in equity

Deferred taxes arising from cash flow hedge derivatives recognised in equity are recognised in the income statement in the period the results that originated the deferred taxes are recognised.

Current tax is the tax expected to be paid on the taxable income for the period, using tax rates enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the balance sheet liability method, based on the statement of financial position, considering temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis, using the tax rates enacted or substantively enacted at the balance sheet date for each jurisdiction and that are expected to be applied when the temporary difference is reversed.

Deferred tax liabilities are recognised for all taxable temporary differences except for goodwill not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not be reversed in the future. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available to absorb deductible temporary differences for taxation purposes.

With effect from January 2012, EDP Gás Distribuição (parent company), EDP Gás GPL and EDP Gás SU will be taxed under the Special Taxation of Group Companies (RETGS), pursuant to Article 699 and subsequent articles of the Company Tax (IRC) Code, with 2012 being the first year of application of this regime.

p) Cash and cash equivalents

Cash and cash equivalents include balances with maturity of less than three months from the balance sheet date, including cash and deposits in banks.

q) Group concession activities

The International Financial Reporting Interpretations Committee (IFRIC) issued in July 2007 the interpretation IFRIC 12—Service Concession Arrangements. This interpretation was approved by the European Commission on 25 March 2009 and is applicable for the annual periods beginning after that date.

In the case of EDP Gás Distribuição, this standard was applied prospectively since it was impracticable to apply it retrospectively. It should be noted that the retrospective application would have an equivalent effect to the prospective application.

IFRIC 12 is applicable to public-private concession contracts in which the public entity controls or regulates the services rendered through the utilisation of certain infrastructure as well as the price for such services and also controls any significant residual interest in the infrastructure.

According to IFRIC 12, the infrastructures allocated to concessions are not recognised by the operator as tangible fixed assets or as financial leases, as the operator does not control the assets. These infrastructures are recognised according to one of the following accounting models, depending on the type of remuneration commitment of the operator assumed by the grantor within the terms of the contract.

Financial Asset Model

This model is applicable when the operator has an unconditional right to receive certain monetary amounts regardless the level of use of the infrastructure within the concession and results in a financial asset recognition, booked at amortised cost.

Intangible Asset Model

This model is applicable when the operator, within the concession, is remunerated on the basis of the level of use of the infrastructure (demand risk) and results in an intangible asset recognition.

Mixed Model

This model is applicable when the concession includes simultaneously guaranteed remuneration and remuneration based on the level of use of the infrastructure within the concession. Under the terms of concession contracts of the Group to which IFRIC 12 is applicable, construction activities are outsourced to external specialised entities, and therefore the Group has no margin associated with the construction of assets assigned to concessions. Therefore, the revenue and the expenditure from the acquisition of these assets are equivalent.

Intangible assets within concessions are amortised over their respective useful lives during the concession period.

The Group carries out impairment tests to the intangible assets within concessions whenever events or circumstances may indicate that the book value of an asset exceeds its recoverable amount, being any impairment recognised in the income statement.

Grants received from customers related to assets within concessions are delivered to the Group on a definitive basis, and, therefore, are not reimbursable. These grants are deducted from the value of the assets allocated to each concession.

The concession contracts that exist currently in Group are based in the mixed model.

r) Foreign currency transactions

Foreign currency transactions are translated at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into Euros at the exchange rates at the balance sheet date. These exchange differences arising on translation are recognised in the income statement.

Foreign currency non-monetary assets and liabilities accounted for at historical cost are translated using the exchange rates at the dates of the transactions. Foreign currency non-monetary assets and liabilities stated at fair value are translated into Euros at the exchange rates at the dates the fair value was determined.

s) Leases

The Group classifies its lease transactions as finance leases or operating leases based on the substance of the transaction rather than its legal form. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases

Lease payments made by the Group under operating lease contracts are recognised as an expense in the period to which they relate.

Finance leases

Finance leases are recognised by the lessee, at the inception of the lease, as assets and liabilities at the fair value of the leased assets which is equivalent to the present value of the future lease payments.

Lease payments include the interest charges and the amortisation of the outstanding principal. The interest charges are recognised as costs over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

t) Subsequent events

Events occurring after the balance sheet date that provide further information on conditions that exist at that date are reflected in the Pro Forma Consolidated Financial Statements. Events occurring after the balance sheet date that provide information on conditions occurring after the balance sheet date, if materially relevant, are disclosed in the explanatory notes.

3 Critical accounting estimates and judgements

IFRS require the use of judgement and the making of estimates in the decision process regarding certain accounting treatments, with impact in total assets, liabilities, equity, costs and income. The actual effects may differ from these estimates and judgements, namely in relation to the effect of actual costs and income.

The main accounting estimates and judgements used in applying the accounting policies are discussed in this note in order to improve the understanding of how its application affects the Group's reported results and disclosures. A broader description of the main accounting policies employed by the Group is disclosed in note 2.

Considering that in many cases there are alternatives to the accounting treatment adopted, the reported results could differ if a different treatment was chosen. The Board of Directors believes that the choices made are appropriate and that the financial statements present fairly the Group operations in all material respects.

Impairment of long term assets and concession rights

Impairment tests are performed whenever there is a trigger that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of the assets.

On an annual basis, the Group reviews the assumptions used to assess the existence of impairment in concession rights. The assumptions used are sensitive to changes in macroeconomic indicators and business assumptions used by management. Considering the uncertainties regarding the recoverable amount of property, plant and equipment, and intangible assets as they are based on the best information available at the date, changes in the assumptions could result in changes on the determination of the amount of impairment and, consequently, in the Group's results.

In 2016, the Group performed impairment tests on its intangible assets associated with the gas concession in Northern Portugal. The assessment was based on the discounted cash flows methodology.

For the purposes of these tests, the EDP Gás Distribuição Group defined a set of assumptions in order to determine the recoverable value of the main investments made:

- The pre-tax discount rate used for the purpose of impairment tests was 6.7%,
- For operating costs, projections have taken into account current operating costs projected on the basis of the acquired experience and taking into account internal analysis models,
- For activities subject to regulation, in particular gas distribution, the remuneration of assets currently in force or approved was taken into account, and the updating mechanisms were applied as provided for in regulation.

Sensitivity analyses were carried out on the impairment tests results, in particular on key variables, such as discount rates. The results of the sensitivity analyses carried out concluded that an increase of 50 base points in the different discount rates used does not determine the existence of indications of impairment.

Revenue recognition

Gas sales revenue is recognised when the monthly energy invoices are issued, based on actual meter readings or estimated consumption based on the historical data of each consumer. Revenue relating to gas to be invoiced, regarding consumption up to the balance sheet date but not measured, is booked based on estimates that take into consideration factors such as consumption in prior periods and analysis relating to the energy balance of the operations. Tariff adjustments are recognised as revenue and correspond to the differential, whether positive or negative, between revenue invoiced and allowed revenue regulated for each year of the natural gas business.

The use of different estimates and assumptions could affect the Group's revenue and, consequently, its reported results.

Income taxes

The Group is subject to income taxes in Portugal. Certain interpretations and estimates are required in determining the global amount of income tax.

There are several transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates could result in a different level of income taxes, current and deferred, recognised in the period.

The tax authorities are entitled to review Group's determination of their annual taxable earnings for a period of four years. In case of tax losses carried forward, this period is twelve years for annual periods starting from 2014, five years for 2012 and 2013. As a result, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, the Group do not anticipate any significant changes to the income tax booked in the financial statements.

4 Consolidation perimeter and assumptions

Scope of consolidation

Subsidiaries included in the scope of consolidation by application of the full consolidation method, as of 30 September 2017, are presented below:

Subsidiaries	Registered Office	Share Capital / Currency	Assets 30-sep-17 Euro 000	Liabilities 30 sep 17 Euro 000	Equity 30 sep 17 Euro 000	Total Income 30 sep 17 Euro 000	Net Results 30 sep 17 Euro 000	% Group
EDP Gás SGPS S.A. . . .	Lisbon	73 200 000 EUR	309 192	163 609	145 583	6 277	166	100.00%
EDP Gás Distribuição S.A.	Porto	7 909 150 EUR	450 666	209 849	240 817	82 746	22 214	100.00%
EDP Gás GPL— Comércio de Gás de Petróleo Liquefeito S.A.	Porto	549 998 EUR	7 758	519	7 239	1 925	219	100.00%

Consolidation assumptions

The Pro Forma Consolidated Financial Statements, hereby presented, reflects the assets, liabilities and results of EDP Gás SGPS and its aforementioned direct and indirect subsidiaries. It was considered that EDP Gás SU has never integrated this scope of consolidation. This stake was sold by EDP Gás Distribuição, SA on 9 August 2017, for the amount of 13,012 thousand euros, as defined in the contract, determining the cancellation of the financial investment individually recorded of 1050 thousand euros and the clearance of an individual added value of 11,962 thousand euros recognised in financial income. On this date, there was also the liquidation of supplies grants, plus interest, in the amount of 5,430 thousand euros and the balance of the Group's financial system of 21,032 thousand euros. Given the assumption that EDP Gás SU has never integrated the scope of consolidation, the individual added value was also reflected in the Pro Forma Consolidated Financial Statements for the nine-month period ended 30 September 2017.

5 Unadjusted historical financial information

The unadjusted historical financial information hereby presented was taken from the unaudited individual condensed financial statements of EDP Gás SGPS, S.A., of EDP Gás Distribuição, S.A. and of EDP Gás GPL, S.A. for the nine-month period ended 30 September 2017, which were drawn up in accordance with IAS 34—Interim Financial Reporting, as adopted in the European Union. These individual condensed financial statements will be subject to limited review by KPMG—Sociedade de Revisores Oficiais de Contas, S.A.

6 Explanatory notes on pro forma adjustments

The pro forma adjustments considered in the preparation of the Pro Forma Consolidated Financial Statements are as follows:

i) Intra-group adjustments

Intra-group adjustments correspond to the elimination of balances and transactions between the companies included in the scope of consolidation (see note 4).

The amounts adjusted in this column also include the cancellation of the gains/losses generated by divestments of gas distribution assets from EDP Gás GPL to EDP Gás Distribuição, in the total amount of 2,371 thousand euros and the consequent period amortisation of 17 thousand euros. In accordance with the consolidation principles, the historical costs of assets are retained when they enter the scope of consolidation. These gains/losses are amortised according to the initial useful life of assets. On this basis, it was also considered as deferred tax assets on cancellations of unrealised margins at the rate of 26.5%, for a total amount of 631 thousand euros.

ii) Allocation of fair values in the scope of the acquisition of EDP Gás Distribuição S. A.

This column shows the effect of the allocation of the acquisition price to the fair values of assets and liabilities identified upon acquisition by EDP Distribuição Group, S A, according to the rules in force at the acquisition dates. The fair value of the concession right was determined at the date of acquisition at 138 euros, being amortised at the end of the concession of the gas distribution networks in Northern Portugal until 31 December 2047. In the period it is approximately 2,358 thousand euros. This column also includes the effect of deferred tax at the rate of 26.5%.

iii) Other adjustments

Taking into account that deferred tax assets and deferred tax liabilities refer to income taxes released by the same tax authority, they are shown by the net tax, and this effect is reflected in this column as Other adjustments.

iv) Elimination of financial investments

This column reflects the capital consolidation adjustments, namely the elimination of the respective financial investment against equity of each of the subsidiaries.

7 Other Information

Debtors and other assets from commercial activities—Non-Current are analysed as follows:

	Euro '000
	sep-17
Receivables for tariff adjustments	4 073
Subsoil occupancy rates	1 088
Receivables for concessions—IFRIC 12	57 824
	62 985

Other debtors and other assets—Non-Current are analysed as follows:

	sep-17
Other debtors and sundry operations	2
	2

Debtors and other assets from commercial activities—Current are analysed as follows

	sep-17
Customers	9 627
Advances to suppliers	102
Receivables for tariff adjustments	925
Subsoil occupancy rates	4 252
Other debtors and sundry operations	2 659
	17 565
Impairment for customers	-569
Impairment for debtors of commercial activities	-1 053
	-1 622
	15 943

The item **Other debtors and other assets—Current** is analysed as follows

	sep-17
Other debtors and sundry operations	43
	43

Trade and other payables from commercial activities—Non-Current are analysed as follows

	sep-17
Property, plant and equipment suppliers	233
Grants and contributions of fixed assets	10
Collateral received	122
	365

Other liabilities and other payables—Non-Current are analysed as follows

	sep-17
Autonomous taxation on reassessments	2 153
Other liabilities[(i)]	13 891
	16 044

(i) **Other liabilities** refer to the best estimate of the contingent contractual price to be settled following the acquisition of the shares of 25.3% and 2.7% of EDP Gás Distribuição, S.A.

Trade and other payables from commercial activities—Current are analysed as follows:

	sep-17
Payables for tariff adjustments	7 690
Property, plant and equipment suppliers	4 561
Suppliers	5 849
Employees	1 344
Accrued costs	492
Other creditors and sundry operations	5 653
	25 589

Other liabilities and other payables—Current are analysed as follows

	sep-17
Income tax—consolidated	1 267
Group's financial system—Cashpooling	50
	1 317

Pro Forma Consolidated Statement of Financial Position

	Unadjusted historical financial information							Euro '000
	EDP GÁS SGPS	**EDP GÁS DISTRIBUIÇÃO**	**EDP GÁS GPL**	**i) Intragroup adjustments**	**ii) Allocation of fair values under acquisition**	**iii) Other adjustments**	**iv) Cancellation of financial investments**	**EDP GÁS SGPS (PRO FORMA)**
Assets								
Property, plant and equipment	149	2,421	4,025	—	—	—	—	**6,595**
Intangible assets	23	341,254	2	-2,371	95,119	—	—	**434,027**
Goodwill	—	—	—	—	26,665	—	—	**26,665**
Investments in subsidiaries	143,032	550	—	—	—	—	-143,593	**—**
Available for sale investments	—	5	—	—	—	—	—	**5**
Deferred tax assets	50	14,081	92	631	—	-14,854	—	**—**
Debtors and other assets from commercial activities	—	62,985	—	—	—	—	—	**62,9852**
Other debtors and other assets	150,413	—	—	-150,411	—	—	—	**—**
Total Non-Current Assets	**293,678**	**421,296**	**4,119**	**-152,151**	**121,784**	**-14,854**	**-143,593**	**530,279**
Inventories	—	1,129	325	—	—	—	—	**1,454**
Debtors and other assets from commercial activities	2,528	15,201	603	-2,389	—	—	—	**15,943**
Other debtors and other assets	8,300	62	2,699	-11,018	—	—	—	**43**
Current tax assets	3	3,837	12	—	—	—	—	**3,852**
Cash and cash equivalents	4,683	9,141	—	—	—	—	—	**13,824**
Assets held for sale	—	—	—	—	—	—	—	**—**
Total Current Assets	**15,514**	**29,370**	**3,639**	**-13,407**	**—**	**—**	**—**	**35,116**
Total Assets	**309,192**	**450,666**	**7,758**	**-165,558**	**121,784**		**-143,593**	**565,395**
Equity								
Share capital	73,200	7,909	550	—	—	—	-8,459	**73,200**
Share premium	—	30	—	—	—	—	-30	**—**
Supplementary payments	44,726	—	—	—	—	—	—	**44,726**
Reserves and retained earnings	27,491	210,664	6,470	-1,763	98,310	—	-135,104	**206,068**
Net profit attributable to equity holders	166	22,214	219	-19	-1,733	—	—	**20,847**
Total Equity	**145,583**	**240,817**	**7,239**	**-1,782**	**96,577**	**—**	**-143,593**	**344,841**
Liabilities								
Financial debt	143,000	8,907	—	—	—	—	—	**151,907**
Employee benefit	214	235	10	—	—	—	—	**459**
Provisions for liabilities and charges	15	1,371	1	—	—	—	—	**1,387**
Deferred tax liabilities	—	—	—	—	25,207	-14,854	—	**10,353**
Trade and other payables from commercial activities	134	227	4	—	—	—	—	**365**
Other liabilities and other payables	13,891	152,564	—	-150,411	—	—	—	**16,044**
Total Non-Current Liabilities	**157,254**	**163,304**	**15**	**-150,411**	**25,207**	**-14,854**	**—**	**180,515**
Financial debt	4,105	2,643	—	—	—	—	—	**6,748**
Trade and other payables from commercial activities	2,032	25,455	438	-2,336	—	—	—	**25,589**
Other liabilities and other payables	126	12,159	61	-11,029	—	—	—	**1,317**
Current tax liabilities	92	6,288	5	—	—	—	—	**6,385**
Total Current Liabilities	**6,355**	**46,545**	**504**	**-13,365**	**—**	**—**	**—**	**40,039**
Total Liabilities	**163,609**	**209,849**	**519**	**-163,776**	**25,207**	**-14,854**	**—**	**220,554**
Total Equity and Liabilities	**309,192**	**450,666**	**7,758**	**-165,558**	**121,784**	**-14,854**	**-143,593**	**565,395**

LISBON, 3 OCTOBER 2017 **THE BOARD OF DIRECTORS**

[signed]

Pro Forma Consolidated Income Statement

	Unadjusted historical financial information			i)	ii)	Euro '000
	EDP GÁS SGPS	EDP GÁS DISTRIBUIÇÃO	EDP GÁS GPL	Intragroup adjustments	Allocation of fair values under acquisition	EDP GÁS SGPS (PRO FORMA)
Revenues from energy sales and services and other	2,023	67,828	1,724	-1,837	—	**69,738**
Cost of energy sales and other	—	-26,191	-676	—	—	**-26,867**
	2,023	**41,637**	**1,048**	**-1,837**	**—**	**42,871**
Other income	23	2,796	183	-255		**2,747**
Supplies and services	-1,045	-7,539	-543	2,049	—	**-7,078**
Personnel costs and employee benefits	-1,141	-1,276	-123	—	—	**-2,540**
Other expenses	-60	-2,820	-66	—	—	**-2,946**
	-2,223	**-8,839**	**-549**	**1,794**	**—**	**-9,817**
	-200	**32,798**	**499**	**-43**	**—**	**33,054**
Provisions	-9	-8				**-17**
Amortisation and impairment	-60	-9,467	-233	17	-2,358	**-12,101**
	-269	**23,323**	**266**	**-26**	**-2,358**	**20,936**
Financial income	4,231	12,122	18	-4,230		**12,141**
Financial expenses	-3,755	-4,433	—	4,230	—	**-3,958**
Profit before income tax and CESE	**207**	**31,012**	**284**	**-26**	**-2,358**	**29,119**
Income tax expense	-41	-4,983	-65	**7**	625	**-4,457**
Extraordinary contribution to the energy sector (CESE)	—	-3,815	—	—	—	**-3,815**
Net profit for the period	**166**	**22,214**	**219**	**-19**	**-1,733**	**20,847**

LISBON, 3 OCTOBER 2017

THE BOARD OF DIRECTORS

[signed]

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Report on the Compilation of Pro Forma Financial Information

**(This report is a free translation to English from the original Portuguese version.
In case of doubt or misinterpretation the Portuguese version will prevail.)**

1 We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of EDP Gás S.G.P.S., S.A. (EDP Gás) prepared by the Board of Directors. The pro forma consolidated financial information consists of the pro forma consolidated statement of financial position as at 30 September 2017, the pro forma consolidated income statement for the nine month period ended 30 September 2017, and related notes as set out on pages 1 to 9 of the document EDP Gás, S.G.P.S., S.A.—Pro forma consolidated financial information as of 30 September 2017 ("EDP Gás S.G.P.S., S.A.—Informação Financeira Consolidada Pró-forma em 30 de Setembro de 2017"). The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are described in Note 6 of the document EDP Gás, S.G.P.S., S.A.—Pro forma consolidated financial information as of 30 September 2017.

2 The pro forma consolidated financial information has been compiled by the Board of Directors to illustrate the assets, liabilities and the financial performance of EDP Gás, S.G.P.S., S.A., its direct subsidiary EDP Gás Distribuição, S.A. and EDP Gás GPL—Comércio de Gás de Petróleo Liquefeito, S.A. wholly owned by EDP Gás Distribuição, S.A., as if the scope of consolidation of EDP Gás, S.G.P.S., S.A. had never included EDP Gás Serviço Universal, S.A. as described in notes 4 and 6 of the document EDP Gás, S.G.P.S., S.A.—Pro forma consolidated financial information as of 30 September 2017. As part of this process, information about the companies' financial position and financial performance has been extracted by the Board of Directors from the companies' condensed interim financial statements for the nine month period ended 30 September 2017, on which limited review reports have been published.

Responsibility for the Pro Forma Financial Information

3 The Board of Directors is responsible for compiling the pro forma financial information on the basis of the criteria disclosed in Note 6 of the document EDP Gás, S.G.P.S., S.A.—Pro forma consolidated financial information as of 30 September 2017.

Independence and Quality Control

4 We have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

5 The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

6 Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the Board of Directors on the basis of the criteria disclosed in Note 6 of the document EDP Gás, S.G.P.S., S.A.—Pro forma consolidated financial information as of 30 September 2017.

7 We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board and further technical and ethical standards and guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information on the basis of the criteria disclosed in Note 6 of the document EDP Gás, S.G.P.S., S.A.—Pro forma consolidated financial information as of 30 September 2017.

8 For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

9 The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the transaction had been undertaken or the event had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2017 would have been as presented.

10 A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

11 The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

12 The engagement also involves evaluating the overall presentation of the pro forma financial information.

13 We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

14 In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the criteria disclosed in Note 6 of the document EDP Gás, S.G.P.S., S.A.—Pro forma consolidated financial information as of 30 September 2017.

Lisbon, 31 October 2017

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr 189)
represented by
Vítor Manuel da Cunha Ribeirinho (ROC nr 1081)

ANNEX D: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS FOR EDP GAS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2016

EDP Gás, S.G.P.S., S.A.

Pro Forma Consolidated Financial Statements
as of 31 December 2016

This Information is intended to be included in the Information Prospectus for the capital increase of REN - Redes Energéticas Nacionais, SGPS, S.A., following the sale by EDP Iberia, S.L.U., of 100% of EDP Gás S.G.P.S., S.A. to REN Gás, S.A.

1 Introductory Note

The Pro Forma Consolidated Financial Statements of EDP Gás SGPS, S.A. presented here is intended to illustrate the sale by EDP Energias de Portugal, S.A., through its indirect subsidiary EDP Iberia, SLU, of 100% of EDP Gás SGPS, S.A. ("EDP Gás") to REN Gás, S.A., disclosed to the market on 7 April 2017. This operation covers the entities EDP Gás and its direct and indirect subsidiaries EDP Gás Distribuição, S.A. and EDP Gás GPL, S.A.

The agreed transaction does not include any natural gas trading activities. In this sense, and due to regulatory restrictions, the natural gas last resort supplier – EDP Gás – Serviço Universal, SA – will be excluded from the current perimeter of EDP Gás before the conclusion of the transaction and, therefore, there will be no impact on the relationship of EDP with natural gas customers in Portugal.

During the third quarter, the conditions precedent have been fulfilled (including the necessary regulatory approvals) for the purpose of the disposal by EDP Iberia, SLU of the entire share capital of EDP Gás, SGPS, S.A. and its subsidiaries, EDP Gás Distribuição, S.A. and EDP Gás GPL – Comércio de Gás de Petróleo Liquefeito, S.A. to REN Gás, S.A., and the onerous assignment of all the credits they hold over that company. The transaction is scheduled for 4 October 2017.

This Pro Forma Consolidated Financial Statements has been drawn up for illustrative purposes only and therefore, by its nature, it relates to a hypothetical situation and does not represent the actual consolidated financial position of EDP Gás or its results.

2 Significant accounting policies

a) Basis of presentation

The Pro Forma Consolidated Financial Statements of EDP Gás, drawn up for illustrative purposes, which is hereby presented, reflects the result of operations of its subsidiaries and the pro forma adjustments for the period ended 31 December 2016. Taking into account that the agreed transaction does not include EDP Gás – Serviço Universal, S.A., this subsidiary was excluded from the scope of consolidation.

The Pro Forma Consolidated Financial Statements of EDP Gás for the period ended 31 December 2016 was prepared in accordance with IFRS, as adopted by the European Union as of 31 December 2016, based on the unadjusted and unaudited historical financial information, as disclosed in the individual Accounts and Reports, and the pro forma adjustments.

The accounting policies presented were applied consistently by all companies within the scope of consolidation.

The Pro Forma Consolidated Financial Statements has been prepared under the historical cost convention, modified by the application of fair value accounting to derivative financial instruments, financial assets and liabilities at fair value through profit or loss. Liabilities for defined benefit plans are recognised at present value of the obligation net of plan assets fair value.

The preparation of the Pro Forma Consolidated Financial Statements in conformity with IFRS requires the Board of Directors to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgement or complexity, or where assumptions and estimates are considered to be significant, are presented in Note 3 (Critical accounting estimates and judgements in preparing the financial statements).

b) Basis of consolidation

The Pro Forma Consolidated Financial Statements, hereby presented, reflects the assets, liabilities and results of EDP Gás and its subsidiaries, with the exception of EDP Gás – Serviço Universal, S.A. (Group) and the equity and results attributable to the Group.

In accordance with IFRS 3 – Business combinations, the purchase price allocation in a business combination is determined at fair value of assets acquired and liabilities assumed. Goodwill arising from the acquisition of participations in subsidiaries is defined as the difference between the cost of acquisition and the corresponding share of the fair value of the net assets acquired.

The recoverable amount of the goodwill in subsidiaries is assessed annually, regardless of the existence of any impairment triggers. Potential impairment losses are recognised in the income statement for the period. The recoverable amount is determined based on the value in use of the assets, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

Entities where the Group has control

Investments in subsidiaries where the Group has control are fully consolidated from the date the Group assumes control over their financial and operating activities until the moment that control ceases to exist. Control is presumed to exist when the Group is exposed or has the right to variable returns arising from its involvement in the subsidiary, and has the ability to influence those returns due to the power over its subsidiary, regardless of the percentage held over their equity.

Balances and transactions eliminated on consolidation

Inter-company balances and transactions within the Group, as well as any unrealised gains and losses arising from those transactions, are eliminated in preparing the Pro Forma Consolidated Financial Statements.

c) Financial liabilities

A financial instrument is classified as a financial liability when there is a contractual obligation for the issuer to liquidate capital and/or interests, through delivering cash or other financial asset, regardless of its legal form. Financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest method.

d) Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or other financial asset to another entity, regardless of its legal form, and there is a residual interest in the assets of an entity after deducting all its liabilities.

Costs directly attributable to the issuance of equity instruments are recognised in equity, as a deduction to the amount issued. Amounts paid or received relating to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Distributions related to equity instruments are deducted from equity, as dividends, when declared.

e) Property, plant and equipment and intangible assets

Property, plant and equipment is stated at acquisition cost less accumulated depreciation and impairment losses. The cost includes the eligible financial costs and the costs that are directly attributable to the acquisition of assets.

The Group's intangible assets are booked at acquisition cost less accumulated amortisation and impairment losses.

Government grants and investment

Government grants are initially booked as deferred revenue, under non-current liabilities only when there is reasonable certainty that the grant will be received and that the Group will fulfil the grant term conditions. Grants that compensate the Group for expenses incurred are booked in the income statement on a linear basis, on the same period in which the expenses are incurred.

The gross value of grants and reimbursements of fixed assets obtained on assets assigned to concessions and deemed as a deduction from the gross value of Amounts receivable from concessions – IFRIC12 and the amortisation of these grants and contributions is recognised in the accumulated amortisation of Amounts receivable from concessions – IFRIC 12

Subsequent costs

Subsequent costs are recognised as property, plant and equipment only when it is probable that future economic benefits associated with the item will flow to the Group. Repair and maintenance costs are charged in the income statement as incurred, according to the accrual principle.

Amortisations and useful life

Amortisations are calculated according to the following expected useful life of assets:

	Number of years
Buildings and other constructions	8 to 50
Basic equipment	4 to 16
Basic equipment – new networks	45
Basic equipment – used networks	16 to 43
Transport equipment	4 to 25
Tools and utensils	4 to 12
Office equipment and tools	4 to 10
Other property, plant and equipment	5 to 10

Until the end of 2004, amortisation relating to distribution networks was calculated by the straight-line method, on a duodecimal basis, based on the respective start-up. As for the remaining tangible fixed assets, amortisation was calculated by the straight-line method, on an annual basis.

Since 2005, the Group adopted the straight-line method, on a duodecimal basis, for all elements of its fixed assets. The useful life considered for the distribution networks is 45 years, according to the option taken in 1998. For the distribution networks acquired in state of use, the same useful life was taken in account, having deducted the years that have elapsed since the respective start of use.

The Group requested authorisation for the procedure described above to the Secretary of State for Fiscal Affairs, on 17 December 1998, and no express approval was granted.

According to IFRS, the estimated useful life of assets must be revised if the expected economic benefits, as well as the planned technical use of assets differ from previous estimates. Changes in amortisation for the year are accounted for on a prospective basis.

Impairment of assets

The Group performs impairment tests if any event or change results in an indication that the book value exceeds its recoverable amount, and, if it occurs, it is recognised in the income statement. The recoverable amount is determined as the higher of its net selling price and its value in use, which is calculated based on the present value of the estimated future cash flows expected to be derived from the continued use of the asset and its disposal at the end if its useful life.

Concession rights on distribution of gas

The concession rights on distribution of gas in Portugal are recorded as intangible assets and amortised on a straight-line basis over the concessions period (31 December 2047).

f) Tangible and intangible assets in progress

Fixed assets in progress are valued at acquisition cost, which includes, in addition to their purchase price, any costs directly attributable to the placement of assets at the target under the necessary conditions for its proper functioning.

In the case of fixed assets in progress for gas distribution networks, the directly attributable costs mentioned above include personnel costs directly associated with the completion of the investment activities.

g) Inventories

Inventories are measured at the lower of acquisition cost and net realisable value. The cost of inventories includes purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

The quantities leaving storage (consumptions) are valued at weighted average cost.

h) Accounts receivable

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost and being presented in the statement of financial position net of impairment losses which are associated.

Impairment losses are recorded based on the regular assessment of the existence of objective evidence of impairment resulting from doubtful accounts receivable as of the balance sheet date. Impairment losses are recognised in the income statement, being subsequently reversed through the income statement if the estimated losses decrease, in a later period.

i) Employee benefits

Pensions

The Group grants post-retirement benefits to employees covered by the EDP's Collective Labour Agreement (CLA) 2014 under defined benefit and defined contribution plans, namely pension plans that grant complementary retirement benefits for old age, disability or survivors, and early retirement pensions.

Defined benefit plans

The defined benefit plan is assured by (i) a closed pension fund managed by an external entity, covering responsibilities with benefits that are complementary to those provided under the Social Security System (namely retirement and early retirement pensions), and (ii) by a complementary specific provision, recognised in the Group's statement of financial position.

The Group's pension plans correspond to defined benefit plans, since they define the criteria for determining the amount of pension an employee will receive during retirement, usually dependent on one or more factors such as age, years of service and remuneration on retirement.

Liabilities with retirement pensions are calculated by independent experts annually, for each plan, at the balance sheet date, using the projected unit credit method. The discount rate used in the calculation is determined based on market interest rates of high quality corporate bonds that have similar maturity to the related pension liability.

Actuarial gains and losses resulting from: (i) differences between financial and actuarial assumptions used and actual amounts; and (ii) changes in the actuarial assumptions are recognised as reserves.

The increase in past service costs arising from early retirements (retirements before the normal retirement age) or plan amendments are recognised in the income statement when incurred.

The Group recognises as operational results, in the income statement, current and past service costs. Net interest on the net defined benefit liability (asset) is recognised in financial results.

The assets of the plan comply with the recognition criteria established by IFRIC 14 – IAS 19 and the minimum funding requirements established by law or by contract.

Defined contribution plans

The Group also have defined contribution social benefit plans that complement those granted by the Social Security System, under which it pays an annual contribution to the plans, calculated in accordance with the rules established in each plan. These contributions represent a percentage of the fixed and variable remuneration of the employees included in this plan and are accounted for as cost for the period in which they are due.

Other benefits granted

Medical benefits and other benefits

The Group also provide medical benefits and other benefits during the retirement or early retirement period, through mechanisms that that complement those granted by the Social Security System. These medical benefits plans are classified as defined benefit plans, and their liabilities are covered by provisions booked in the Group’s statement of financial position. Measurement and recognition of the medical benefits liabilities are similar to the defined benefit pension plans liabilities, as explained above.

Variable remuneration paid to employees

The company’s shareholders approve in the Annual General Meeting a variable remuneration to be paid to the management and employees, following a proposal made by the Board of Directors. The variable remuneration is charged to the income statement in the year to which it relates.

The Group offers a social plan, referred to as “EDP Flex”, which has a fixed benefit component, not susceptible to change by the employee, and a flexible component, whose application depends on a set of options by the employee. Some of the benefits of “EDP Flex” may be extended to the employee’s spouse and offspring.

The fixed component consists of a defined contribution pension plan, where the Group guarantees a monthly contribution to the pension fund equal to 3% of the employee’s reference wage. The Group’s contribution may be increased by a further 1% if the employee also contributes with a percentage of his remuneration. Life insurance, personal accident insurance, health insurance and electricity plan are also part of “EDP Flex” plan.

The flexible component of “EDP Flex” comprises the contribution on the part of the company of an amount corresponding to 5% of the employee’s reference wage as “flex credits” to be applied in various benefits.

The cost of this defined contribution plan is recorded in personnel costs.

According to the new CLA entered into force by the end of 2014, the employees covered by the “EDP Flex” plan start having assigned premiums for length of service in the year they complete 25 years of service and a premium for entering retirement. The cost of the service, the net interest on liabilities (assets) net of this benefit and any remuneration of the net liabilities (assets) of a defined benefit is recorded in the income statement for the year, under employee benefits and financial costs, in the component with respect to interest.

j) Provisions

Provisions are recognised when: (i) the Group has a present legal, or constructive obligation; (ii) it is probable that settlement will be required in the future; and (iii) a reliable estimate of the obligation can be made.

Possible obligations arising from past events, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not fully under the control of the Group, are disclosed only in the attached notes and are not recognised in the Balance Sheet, to the extent that:

(i) it is not likely that an outflow of resources embodying economic benefits will be necessary to settle the obligation, or

(ii) the amount of the obligation cannot be measured reliably.

k) Recognition of costs and revenues

Costs and revenues are recognised in the period to which they relate regardless of when paid or received, in accordance with the accrual basis. Differences between amounts received and paid and the corresponding revenue and costs are recognised under Other assets or other liabilities, as they are receivables or payables.

Revenue comprises the amounts invoiced in the sale of products or services rendered net of value added tax, rebates and discounts and after elimination of sales between companies of the Group. Revenue is essentially generated by the sale of access to the natural gas distribution and trading network.

Revenues from sales of access to networks are recognised when invoices are issued, based on actual meter readings or on estimated consumptions based on historical data of each consumer. Revenues related to access to be invoiced, for consumptions occurred up to the balance sheet date are recorded based on estimates, which consider the average consumption in previous periods.

i) Financial results

Financial results include interest costs on borrowings and interest income on funds invested. Interest is recognised on an accrual basis.

m) Tariff adjustments

Sale of access to the natural gas distribution network

In the sale of access to the natural gas (NG) distribution network, subject to regulation, the regulator establishes, through the tariff adjustment mechanism, the criteria to recognise gains or losses of one period in future periods. The tariff adjustments accounted for in the EDP Gás Distribuição financial statements represent the difference between the amounts invoiced (based on the applicable tariffs published by ERSE in June of the previous gas year) and the regulated revenue calculated based on actual costs. The assets or liabilities resulting from the tariff adjustments are recovered or returned through the gas tariffs charged to customers in the subsequent period and compensation between operators.

Recognition of tariff adjustments

Decree-Law 287/2011 was published in the Portuguese official gazette on 18 July 2011, establishing the regime applicable to the recognition and transfer of regular tariff adjustments due to regulated entities in the natural gas sector.

Decree-Law 87/2011 confirmed the unconditional right of the regulated operators of the natural gas sector to recover the tariff adjustments. The publication of this diploma has established the transferability regime, this is, the authorisation to assign the right to receive, through natural gas tariffs, the amount of positive tariff adjustments.

According to the aforementioned Decree-Law, tariff adjustments established in each year that are due to regulated companies are maintained even in the event of insolvency or cessation of trading of each entity, and ERSE shall take the necessary measures to ensure that the holder of these rights continues to recover the amounts due up to their full payment.

According to Article 5, the regime introduced by the aforementioned Decree-Law applies to the tariff adjustments established prior to its entry into force.

In view of this legislative amendment, (i) tariff adjustments ceased to be contingent and dependent on the future provision of services, and (ii) control over the asset was legally defined.

Therefore, the Group recognises in its financial statements the amount of tariff adjustments and respective interest, as well as the corresponding tax impact.

n) Allowed revenues – Sale of access to the natural gas distribution network

The formula for calculating the net operating costs of the natural gas distribution business for the current regulatory period is defined in accordance with Article 74 of the Tariff Regulations in force, resulting from this calculation the allowed revenues for the distribution system operator. A price-cap methodology is applied, and the following variables are defined:

(i) The cost basis to consider,

(ii) The weight of the fixed and variable components of operating costs,

(iii) The cost drivers to consider for the regulatory period (number of supply points and volume conveyed), and

(iv) The efficiency targets for the fixed and variable terms of operating costs.

According to the tariff regulation, the allowed revenues are defined taking into account the various businesses in which EDP Gás Distribuição is a market participant, with the distribution business being that for which the Group is remunerated. Thus, the allowed revenues of EDP Gás Distribuição are essentially presented as the allowed margin of the distribution business. This activity is essentially remunerated by the capital costs, as shown in the following table:

Concept	Form of regulation	Main costs	Regulatory Parameters for the regulatory period 2016-2019	Revenue recovery
Natural gas distribution	OPEX Regulation by price cap Provisional adjustment after one year and final after two, taking into account the amount of NG distributed and number of supply points CAPEX Asset base at historical cost (considering depreciation). Regulation by accepted costs. Asset base adjustment	a) Operating and investment costs b) Gradual reinstatement of financial neutrality c) Differential costs in medium pressure in the scope of the supply in high pressure	1.5% efficiency factor in 2013-15 and 2% efficiency factor in 2016-19 applicable to controllable operating costs Asset base at historical cost (considering depreciation) and initial reassessment Fixed asset remuneration rate indexed to yields on 10-year Treasury Bonds, with an initial rate of 6.2% Penalty mechanism applied to investment	Distribution Network Usage Tariff

Concept	Form of regulation	Main costs	Regulatory Parameters for the regulatory period 2016-2019	Revenue recovery
Global System Use	a) Revenues to be recovered by application of instalments I, II> and II< of the Global System Use Tariff cost pass through b) Provisional adjustments after one year and final after two, taking into account the actual costs and revenues	a) Costs arising from instalments I, II> and II< of the Global System Use b) Over-revenue by application of the transitional tariff c) Financing of the Social Tariff		Global System Use Tariff
Transport Network Use	a) Allowed revenues by application of the Transport Network Use Tariff cost pass through b) Provisional adjustments after one year and final after two, taking into account the actual costs and revenues	a) Costs for the use of the transport network b) Compensation for the application of the Transport Network Use tariff		Transport Network Use Tariff

Annually, for calculating the allowed revenue, the variable component (cost drivers) and the fixed component are applied the respective efficiency factors. The rate of return on the RAB is indexed to the average yields of 10-year Portuguese Treasury Bonds, in the period between 1 April and 30 March prior to the beginning of each regulatory year, with a minimum of 7.83% and a maximum of 11% for the regulatory period 2016-19, and between 5.7% and 9.3% for the regulatory period 2016-19. The preliminary rate of return for the year 2016 is 7.1%.

o) Income taxes

Income tax recognised in the income statement includes current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is also recognised in equity

Deferred taxes arising from cash flow hedge derivatives recognised in equity are recognised in the income statement in the period the results that originated the deferred taxes are recognised.

Current tax is the tax expected to be paid on the taxable income for the period, using tax rates enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the balance sheet liability method, based on the statement of financial position, considering temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis, using the tax rates enacted or substantively enacted at the balance sheet date for each jurisdiction and that are expected to be applied when the temporary difference is reversed.

Deferred tax liabilities are recognised for all taxable temporary differences except for goodwill not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not be reversed in the future. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available to absorb deductible temporary differences for taxation purposes.

With effect from January 2012, EDP Gás Distribuição (parent company), EDP Gás GPL and EDP Gás SU will be taxed under the Special Taxation of Group Companies (RETGS), pursuant to Article 699 and subsequent articles of the Company Tax (IRC) Code, with 2012 being the first year of application of this regime.

p) Cash and cash equivalents

Cash and cash equivalents include balances with maturity of less than three months from the balance sheet date, including cash and deposits in banks.

q) Group concession activities

The International Financial Reporting Interpretations Committee (IFRIC) issued in July 2007 the interpretation IFRIC 12 – Service Concession Arrangements. This interpretation was approved by the European Commission on 25 March 2009 and is applicable for the annual periods beginning after that date.

In the case of EDP Gás Distribuição, this standard was applied prospectively since it was impracticable to apply it retrospectively. It should be noted that the retrospective application would have an equivalent effect to the prospective application.

IFRIC 12 is applicable to public-private concession contracts in which the public entity controls or regulates the services rendered through the utilisation of certain infrastructure as well as the price for such services and also controls any significant residual interest in the infrastructure.

According to IFRIC 12, the infrastructures allocated to concessions are not recognised by the operator as tangible fixed assets or as financial leases, as the operator does not control the assets. These infrastructures are recognised according to one of the following accounting models, depending on the type of remuneration commitment of the operator assumed by the grantor within the terms of the contract.

Financial Asset Model

This model is applicable when the operator has an unconditional right to receive certain monetary amounts regardless the level of use of the infrastructure within the concession and results in a financial asset recognition, booked at amortised cost.

Intangible Asset Model

This model is applicable when the operator, within the concession, is remunerated on the basis of the level of use of the infrastructure (demand risk) and results in an intangible asset recognition.

Mixed Model

This model is applicable when the concession includes simultaneously guaranteed remuneration and remuneration based on the level of use of the infrastructure within the concession. Under the terms of concession contracts of the Group to which IFRIC 12 is applicable, construction activities are outsourced to external specialised entities, and therefore the Group has no margin associated with the construction of assets assigned to concessions. Therefore, the revenue and the expenditure from the acquisition of these assets are equivalent.

Intangible assets within concessions are amortised over their respective useful lives during the concession period.

The Group carries out impairment tests to the intangible assets within concessions whenever events or circumstances may indicate that the book value of an asset exceeds its recoverable amount, being any impairment recognised in the income statement.

Grants received from customers related to assets within concessions are delivered to the Group on a definitive basis, and, therefore, are not reimbursable. These grants are deducted from the value of the assets allocated to each concession.

The concession contracts that exist currently in Group are based in the mixed model.

r) Foreign currency transactions

Foreign currency transactions are translated at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into Euros at the exchange rates at the balance sheet date. These exchange differences arising on translation are recognised in the income statement.

Foreign currency non-monetary assets and liabilities accounted for at historical cost are translated using the exchange rates at the dates of the transactions. Foreign currency non-monetary assets and liabilities stated at fair value are translated into Euros at the exchange rates at the dates the fair value was determined.

s) Leases

The Group classifies its lease transactions as finance leases or operating leases based on the substance of the transaction rather than its legal form. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases

Lease payments made by the Group under operating lease contracts are recognised as an expense in the period to which they relate.

Finance leases

Finance leases are recognised by the lessee, at the inception of the lease, as assets and liabilities at the fair value of the leased assets which is equivalent to the present value of the future lease payments.

Lease payments include the interest charges and the amortisation of the outstanding principal. The interest charges are recognised as costs over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

t) Subsequent events

Events occurring after the balance sheet date that provide further information on conditions that exist at that date are reflected in the Pro Forma Consolidated Financial Statements. Events occurring after the balance sheet date that provide information on conditions occurring after the balance sheet date, if materially relevant, are disclosed in the explanatory notes.

3 Critical accounting estimates and judgements

IFRS require the use of judgement and the making of estimates in the decision process regarding certain accounting treatments, with impact in total assets, liabilities, equity, costs and income. The actual effects may differ from these estimates and judgements, namely in relation to the effect of actual costs and income.

The main accounting estimates and judgements used in applying the accounting policies are discussed in this note in order to improve the understanding of how its application affects the Group's reported results and disclosures. A broader description of the main accounting policies employed by the Group is disclosed in note 2.

Considering that in many cases there are alternatives to the accounting treatment adopted, the reported results could differ if a different treatment was chosen. The Board of Directors believes that the choices made are appropriate and that the financial statements present fairly the Group operations in all material respects.

Impairment of long term assets and concession rights

Impairment tests are performed whenever there is a trigger that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of the assets.

On an annual basis, the Group reviews the assumptions used to assess the existence of impairment in concession rights. The assumptions used are sensitive to changes in macroeconomic indicators and business assumptions used by management.

Considering the uncertainties regarding the recoverable amount of property, plant and equipment, and intangible assets as they are based on the best information available at the date, changes in the assumptions could result in changes on the determination of the amount of impairment and, consequently, in the Group's results.

In 2016, the Group performed impairment tests on its intangible assets associated with the gas concession in Northern Portugal. The assessment was based on the discounted cash flows methodology.

For the purposes of these tests, the EDP Gás Distribuição Group defined a set of assumptions in order to determine the recoverable value of the main investments made:

– The pre-tax discount rate used for the purpose of impairment tests was 6.7%,
– For operating costs, projections have taken into account current operating costs projected on the basis of the acquired experience and taking into account internal analysis models,
– For activities subject to regulation, in particular gas distribution, the remuneration of assets currently in force or approved was taken into account, and the updating mechanisms were applied as provided for in regulation.

Sensitivity analyses were carried out on the impairment tests results, in particular on key variables, such as discount rates. The results of the sensitivity analyses carried out concluded that an increase of 50 base points in the different discount rates used does not determine the existence of indications of impairment.

Revenue recognition

Gas sales revenue is recognised when the monthly energy invoices are issued, based on actual meter readings or estimated consumption based on the historical data of each consumer. Revenue relating to gas to be invoiced, regarding consumption up to the balance sheet date but not measured, is booked based on estimates that take into consideration factors such as consumption in prior periods and analysis relating to the energy balance of the operations. Tariff adjustments are recognised as revenue and correspond to the differential, whether positive or negative, between revenue invoiced and allowed revenue regulated for each year of the natural gas business.

The use of different estimates and assumptions could affect the Group's revenue and, consequently, its reported results.

Income taxes

The Group is subject to income taxes in Portugal. Certain interpretations and estimates are required in determining the global amount of income tax.

There are several transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates could result in a different level of income taxes, current and deferred, recognised in the period.

The tax authorities are entitled to review Group's determination of their annual taxable earnings for a period of four years. In case of tax losses carried forward, this period is twelve years for annual periods starting from 2014, five years for 2012 and 2013. As a result, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, the Group do not anticipate any significant changes to the income tax booked in the financial statements.

4 Consolidation perimeter and assumptions

Scope of consolidation

Subsidiaries included in the scope of consolidation by application of the full consolidation method, as of 30 September 2017, are presented below:

Subsidiaries	Registered Office	Share Capital / Currency	Assets 31-dec-16 Euro 000	Liabilities 31 dec 16 Euro 000	Equity 31 dec 16 Euro 000	Total Income 31 dec 16 Euro 000	Net Results 31 dec 16 Euro 000	% Group	% Individual
EDP Gás SGPS S.A.	Lisbon	73,200,000 EUR	309,899	164,432	145,417	23,503	6,674	100.00%	—
EDP Gás Distribuição S.A.	Porto	7,909,150 EUR	450,425	231,822	218,603	103,863	23,248	100.00%	—
EDP Gás GPL – Comércio de Gás de Petróleo Liquefeito S.A.	Porto	549,998 EUR	7,979	959	7,020	3,134	444	100.00%	100.00%

Consolidation assumptions

The Pro Forma Consolidated Financial Statements, hereby presented, reflects the assets, liabilities and results of EDP Gás SGPS and its aforementioned direct and indirect subsidiaries. It was considered that EDP Gás SU has never integrated this scope of consolidation and that this stake was sold by EDP Gás Distribuição, SA.

In addition, it was also considered that Enagas SGPS, S.A. (Enagas) has never integrated this scope of consolidation. It should be noted that this subsidiary was sold at the end of 2016, in a sales operation of 60,000 shares representing 60% of the share capital of said company, having generated losses in the amount of 7,989 thousand euros shown in the item gains/(losses) from the sales of financial assets. In 2016, EDP Gás also obtained revenue from its stake in the share capital of Enagas, in the amount of 14,433 thousand euros, as shown in Dividend income.

5 Unadjusted historical financial information

The unadjusted historical financial information hereby presented was taken from the unaudited individual condensed financial statements of EDP Gás SGPS, S.A., of EDP Gás Distribuição, S.A. and of EDP Gás GPL, S.A. for the period ended 31 December 2016, which were drawn up in accordance with IAS 34 – Interim Financial Reporting, as adopted in the European Union. These individual condensed financial statements will be subject to limited review by KPMG – Sociedade de Revisores Oficiais de Contas, S.A.

6 Explanatory notes on pro forma adjustments

The pro forma adjustments considered in the preparation of the Pro Forma Consolidated Financial Statements are as follows:

i) Carve out of EDP Gás SU

Considering that the agreed transaction does not include EDP Gás SU, this column considers that this entity has never integrated the scope of consolidation of EDP Gás, and that EDP Gás Distribuição sells the entire stake held in EDP Gás SU for the amount of 13,012 thousand euros, determining the elimination of the financial investment of 1,050 thousand euros and the clearance of a gain of 11,062 thousand euros, resulting in a financial input of 2,178 thousand euros, recognised as cash and cash equivalents.

On 31 December 2016, EDP Gás SU has credits and debits over EDP Gás Distribuição S.A. related to the tax consolidation Group in the amount of 3,741 thousand euros and 4,032 thousand euros, respectively. Pro forma accounts consider that these balances are settled simultaneously, therefore they are presented net.

ii) Intra-group adjustments

Intra-group adjustments correspond to the elimination of balances and transactions between the companies included in the scope of consolidation (see note 4).

The amounts adjusted in this column also include the cancellation of the gains/losses generated by divestments of gas distribution assets from EDP Gás GPL to EDP Gás Distribuição, in the total amount of 2,399 thousand euros (2016 248 thousand euros) and the consequent period amortisation of 22 thousand euros. In accordance with the consolidation principles, the historical costs of assets are retained when they enter the scope of consolidation. These gains/losses are amortised according to the initial useful life of assets. On this basis, it was also considered as deferred tax assets on cancellations of unrealised margins at the rate of 26.5%, for a total amount of 636 thousand euros.

iii) Allocation of fair values in the scope of the acquisition of EDP Gás Distribuição S. A.

This column shows the effect of the allocation of the acquisition price to the fair values of assets and liabilities identified upon acquisition by EDP Distribuição Group, S A, according to the rules in force at the acquisition dates. The fair value of the concession right was determined at the date of acquisition at 138,354 thousand euros, being amortised at the end of the concession of the gas distribution networks in Northern Portugal until 31 December 2047. On an annual basis, approximately 3,144 thousand euros are amortised. This column also includes the effect of deferred tax at the rate of 26.5%.

iv) Other adjustments

Taking into account that deferred tax assets and deferred tax liabilities refer to income taxes released by the same tax authority, they are shown by the net tax, and this effect is reflected in this column as Other adjustments.

v) Elimination of financial investments

This column reflects the capital consolidation adjustments, namely the elimination of the respective financial investment against equity of each of the subsidiaries.

7 Other Information

Debtors and other assets from commercial activities – Non-Current are analysed as follows:

	Euro '000 dec-16
Receivables for tariff adjustments	176
Subsoil occupancy rates	1,088
Receivables for concessions – IFRIC 12	53,631
	54,895

Other debtors and other assets – Non-Current are analysed as follows:

	dec-16
Other debtors and sundry operations	2
	2

Debtors and other assets from commercial activities – Current are analysed as follows

	dec-16
Customers	11,854
Advances to suppliers	91
Receivables for tariff adjustments	691
Subsoil occupancy rates	5,509
Other debtors and sundry operations	2,499
	20,644
Impairment for customers	491
Impairment for debtors of commercial activities	-1,054
	-1,545
	19,099

The item **Other debtors and other assets – Current** is analysed as follows

	dec-16
Receivables for the sale of the stake in Enagas	4,754
Income tax – consolidated	639
Other debtors and sundry operations	76
	5,469

Trade and other payables from commercial activities – Non-Current are analysed as follows

	dec-16
Payables for tariff adjustments	6,202
Property, plant and equipment suppliers	222
Grants and contributions of fixed assets	332
Collateral received	102
	6,858

Other liabilities and other payables – Non-Current are analysed as follows

	dec-16
Autonomous taxation on reassessments	2,153
Other liabilities (i)	13,891
	16,044

(i) **Other liabilities** refer to the best estimate of the contingent contractual price to be settled following the acquisition of the shares of 25.3% and 2.7% of EDP Gás Distribuição, S.A.

Trade and other payables from commercial activities – Current are analysed as follows:

	dec-16
Payables for tariff adjustments	6,183
Property, plant and equipment suppliers	6,735
Suppliers	5,063
Employees	1,600
Accrued costs	543
Other creditors and sundry operations	8,089
	28,213

Other liabilities and other payables – Current are analysed as follows

	dec-16
Group's financial system – Cashpooling	28
	28

EDP Gás, S.G.P.S., S.A.

Pro Forma Consolidated Statement of Financial Position

	Unadjusted historical financial information			i)	ii)	iii)	iv)	v)	Euro '000
	EDP GÁS SGPS	**EDP GÁS DISTRIBUIÇÃO**	**EDP GÁS GPL**	**Sale of EDP Gás SU**	**Intragroup adjustments**	**Allocation of fair values under acquisition**	**Other adjustments**	**Cancellation of financial investments**	**EDP GÁS SGPS (PRO FORMA)**
Assets									
Property, plant and equipment	206	2,757	4,277	—	—	—	—	—	**7,240**
Intangible assets	26	340,381	3	—	-2,399	97,477	—	—	**435,488**
Goodwill	—	—	—		—	26,665	—	—	**26,665**
Investments in subsidiaries	143,043	1,600	—	-1,050	—	—	—	-143,593	**—**
Available for sale investments	—	5	—	—	—	—	—	—	**5**
Deferred tax assets	43	16,417	49	—	636	—	-17,145	—	**—**
Debtors and other assets from commercial activities	—	54,895	—	—	—	—	—	—	**54,895**
Other debtors and other assets	132,413	5,414	—	-5,414	-132,411	—	—	—	**2**
Total Non-Current Assets	**275,731**	**421,469**	**4,329**	**-6,464**	**-134,174**	**124,142**	**-17,145**	**-143,593**	**524,295**
Inventories	—	1,168	308	—	—	—	—	—	**1,476**
Debtors and other assets from commercial activities	598	18,314	1,141	—	-954	—	—	—	**19,099**
Other debtors and other assets	30,120	4,192	2,201	-3,741	-27,303	—	—	—	**5,469**
Current tax assets	187	487	—	—	—	—	—	—	**674**
Cash and cash equivalents	3,2633	4,795	—	2,178	—	—	—	—	**10,236**
Total Current Assets	**34,168**	**28,956**	**3,650**	**-1,563**	**-28,257**	**—**	**—**	**—**	**36,954**
Total Assets	**309,899**	**450,425**	**7,979**	**-8,027**	**-162,431**	**124,142**		**-143,593**	**561,249**
Equity									
Share capital	73,200	7,909	550	—	—	—	—	-8,459	**73,200**
Share premium	—	30	—	—	—	—	—	-30	**—**
Supplementary payments	44,726	—	—	—	—	—	—	—	**44,726**
Reserves and retained earnings	20,817	210,664	6,026	—	-1,763	98,310	—	-135,104	**206,068**
Net profit attributable to equity holders	6,674	22,214	444	11,962	-19	-1,733	—	—	**20,847**
Total Equity	**145,417**	**240,817**	**7,020**	**11,962**	**-1,782**	**96,577**	**—**	**-143,593**	**344,841**
Liabilities									
Financial debt	120,000	10,996	—	—	—	—	—	—	**130,996**
Employee benefit	213	223	10	—	—	—	—	—	**446**
Provisions for liabilities and charges	7	1,363	2	—	—	—	—	—	**1,372**
Deferred tax liabilities	—	—	—	—	—	25,832	-17,145	—	**8,687**
Trade and other payables from commercial activities	134	6,717	7	—	—	—	—	—	**6,858**
Other liabilities and other payables	13,891	134,564	—	—	-132,411	—	—	—	**16,044**
Total Non-Current Liabilities	**134,245**	**153,863**	**19**	**—**	**-132,411**	**25,832**	**-17,145**	**—**	**164,403**
Financial debt	26,018	2,656	—	—	—	—	—	—	**28,674**
Trade and other payables from commercial activities	4,140	24,350	684	—	-961	—	—	—	**28,213**
Other liabilities and other payables	28	47,126	159	-19,989	-27,296	—	—	—	**28**
Current tax liabilities	51	3,827	97	—	—	—	—	—	**6,385**
Total Current Liabilities	**30,237**	**77,959**	**940**	**-19,989**	**-28,257**	**—**	**—**	**—**	**60,890**
Total Liabilities	**164,482**	**231,822**	**959**	**-19,989**	**-160,668**	**25,832**	**-17,145**	**—**	**225,293**
Total Equity and Liabilities	**309,899**	**450,425**	**7,979**	**-8,027**	**-162,431**	**124,142**	**-17,145**	**-143,593**	**561,249**

LISBON, 2 AUGUST 2017 **THE BOARD OF DIRECTORS**

[signed]

EDP Gás, S.G.P.S., S.A.

Pro Forma Consolidated Income Statement

	Unadjusted historical financial information			i)	ii)	iii)	Euro '000
	EDP GÁS SGPS	**EDP GÁS DISTRIBUIÇÃO**	**EDP GÁS GPL**	**Sale of EDP Gás SU**	**Intragroup adjustments**	**Allocation of fair values under acquisition**	**EDP GÁS SGPS (PRO FORMA)**
Revenues from energy sales and services and other	2,288	99,648	2,683	—	-2,093	—	**102,526**
Cost of energy sales and other	—	-40,471	-878	—	—	—	**-41,349**
	2,288	**59,177**	**1,805**	**—**	**-2,093**	**—**	**61,177**
Other income	38	4,023	430	—	-490	—	**4,001**
Supplies and services	-865	-10,379	-721	—	2,344	—	**-9,621**
Personnel costs and employee benefits	-1,668	-2,032	-153	—	—	—	**-3,853**
Other expenses	-43	-2,961	-147	—	-9	—	**-3,160**
	-2,538	**-11,349**	**-591**	**—**	**1,845**	**—**	**-12,633**
	-250	**47,828**	**1,214**	**—**	**-248**	**—**	**48,544**
Provisions	16	-7	—	—	—	—	**9**
Amortisation and impairment	-76	-2,264	-631	—	22	-3,144	**-16,093**
	-310	**35,557**	**583**	**—**	**-226**	**-3,144**	**32,460**
Dividend income	14,433	—	—	—	—	—	**14,433**
Gains/(losses) from the sales of financial assets	-7,989	—	—	11,962	—	—	**3,973**
Financial income	6,744	192	21	—	-6,736	—	**211**
Financial expenses	-6,089	-7,126	-1	—	6,736	—	**-6,480**
Profit before income tax and CESE	**6,789**	**28,623**	**603**	**11,962**	**-226**	**-3,144**	**44,607**
Income tax expense	-115	-1,671	-159	—	60	833	**-1,052**
Extraordinary contribution to the energy sector (CESE)	—	-3,704	—	—	—	—	**-3,704**
Net profit for the period	**6,674**	**23,248**	**444**	**11,962**	**-166**	**-2,311**	**39,851**

LISBON, 2 AUGUST 2017 **THE BOARD OF DIRECTORS**

[signed]

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Report on the Compilation of Pro Forma Financial Information

(This report is a free translation to English from the original Portuguese version. In case of doubt or misinterpretation the Portuguese version will prevail.)

1 We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of EDP Gás S.G.P.S., S.A. (EDP Gás) prepared by the Board of Directors. The pro forma consolidated financial information consists of the pro forma consolidated statement of financial position as at 31 December 2016, the pro forma consolidated income statement for the period ended 31 December 2016, and related notes as set out on pages 1 to 9 of the document EDP Gás, S.G.P.S., S.A. – Pro forma consolidated financial information as of 31 December 2016 ("EDP Gás, S.G.P.S., S.A. – Informação Financeira Consolidada Pró-forma em 31 de Dezembro de 2016"). The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are described in Note 6 of the document EDP Gás, S.G.P.S., S.A. – Pro forma consolidated financial information as of 31 December 2016.

2 The pro forma consolidated financial information has been compiled by the Board of Directors to illustrate the assets, liabilities and the financial performance of EDP Gás, S.G.P.S., S.A., its direct subsidiary EDP Gás Distribuição, S.A. and EDP Gás GPL – Comércio de Gás de Petróleo Liquefeito, S.A. wholly owned by EDP Gás Distribuição, S.A., and to illustrate the effects of the carve-out of EDP Gás Serviço Universal, S.A., wholly owned by EDP Gás Distribuição, S.A., for the period ended 31 December 2016, as if the scope of consolidation of EDP Gás, S.G.P.S., S.A. had never included EDP Gás Serviço Universal, S.A. as described in notes 4 and 6 of the document EDP Gás, S.G.P.S., S.A. – Pro forma consolidated financial information as of 31 December 2016. As part of this process, information about the companies' financial position and financial performance has been extracted by the Board of Directors from the companies' financial statements for the period ended 31 December 2016, on which audit reports have been published.

Responsibility for the Pro Forma Financial Information

3 The Board of Directors is responsible for compiling the pro forma financial information on the basis of the criteria disclosed in Note 6 of the document EDP Gás, S.G.P.S., S.A. – Pro forma consolidated financial information as of 31 December 2016.

Independence and Quality Control

4 We have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

5 The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

6 Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the Board of Directors on the basis of the criteria disclosed in Note 6 of the document EDP Gás, S.G.P.S., S.A. – Pro forma consolidated financial information as of 31 December 2016

7 We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board and further technical and ethical standards and guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information on the basis of the criteria disclosed in Note 6 of the document EDP Gás, S.G.P.S., S.A. – Pro forma consolidated financial information as of 31 December 2016.

8 For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

9 The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the transaction had been undertaken or the event had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2016 would have been as presented.

10 A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

11 The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

12 The engagement also involves evaluating the overall presentation of the pro forma financial information.

13 We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

14 In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the criteria disclosed in Note 6 of the document EDP Gás, S.G.P.S., S.A. – Pro forma consolidated financial information as of 31 December 2016.

Lisbon, 4 August 2017

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr 189)
represented by
Vítor Manuel da Cunha Ribeirinho (ROC nr 1081)