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OF THE FINANCIAL PROMOTION ORDER, OR (4) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS PROSPECTUS IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE DISTRIBUTED TO, ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS PROSPECTUS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

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Confirmation of Your Representation: By accepting electronic delivery of and accessing this document and accessing this document, you are deemed to have confirmed to VAA – Vista Alegre Atlantis, SGPS, S.A. (“**VAA**” or the “**Issuer**”) and Visabeira Indústria SGPS, S.A. (“**Visabeira Indústria**” or the “**Offeror**”) and anyone acting for VAA and/or Visabeira Indústria that you consent to electronic delivery of the attached document and (i) either you and any customers you represent are outside the United States; (ii) if you are resident in a member state of the European Economic Area, you are a Qualified Investor within the meaning of the law of that state implementing the Prospectus Directive, and, if you are in the UK, you are also a Relevant Person; (iii) you are not in Australia, Canada or Japan; and (iv) you are a person into whose possession the attached document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

The attached document must not be acted on or relied on by any other class of persons.

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The attached document is not a prospectus for the purposes of the Prospective Directive. Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

None of the Global Coordinators of the Offer or any of their respective affiliates, or any of their respective directors, officers, employees or agents accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by it, or on its behalf, in connection with the issuer or the offer. The Global Coordinators of the Offer and any of their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Global Coordinators of the Offer or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in this document.

The Global Coordinators of the Offer are acting exclusively for the Issuer and the Offeror and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the offer and will not be responsible to anyone other than the Issuer and the Offeror for providing the protections afforded to their clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the securities have been subject to a product approval process, which has determined that the securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the securities may decline and investors could lose all or part of their investment; the securities offer no guaranteed income and no capital protection; and an investment in the securities is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only approach investors who meet the criteria of professional clients and eligible counterparties in EEA member states other than Portugal.

FOR THE AVOIDANCE OF DOUBT, THE TARGET MARKET ASSESSMENT DOES NOT CONSTITUTE: (A) AN ASSESSMENT OF SUITABILITY OR APPROPRIATENESS FOR THE PURPOSES OF MIFID II; OR (B) A RECOMMENDATION TO ANY INVESTOR OR GROUP OF INVESTORS TO INVEST IN, OR PURCHASE, OR TAKE ANY OTHER ACTION WHATSOEVER WITH RESPECT TO THE OFFER SECURITIES. EACH DISTRIBUTOR IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE OFFER SECURITIES AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

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(This is a translation of the original document, in Portuguese, and in case of doubt, the Portuguese version must prevail. This English version was not subject to the CMVM's approval)

VISABEIRA INDÚSTRIA, SGPS, S.A.

Limited Liability Company
Registered Office: Rua do Palácio do Gelo, no. 1, Palácio do Gelo Shopping, floor 3, Ranhados, Viseu
Share Capital: 14,357,690.00 Euros
Registered at the Commercial Registry Office of Viseu
Under the sole taxpayer and legal person number 505.234.793
(Offeror)

GRUPO VISTA ALEGRE | ATLANTIS

VAA – VISTA ALEGRE ATLANTIS, SGPS, S.A.

Public Limited Liability Company
Registered Office: Lugar da Vista Alegre, Ílhavo
Share Capital: 121,927,316.80 Euros
Registered at the Commercial Registry Office of Ílhavo
Under the sole taxpayer and legal person number 500.978.654
(Issuer)

PROSPECTUS OF

PUBLIC OFFER OF

SALE OF 4,572,275 ORDINARY BOOK-ENTRY NOMINATIVE SHARES, WITH THE NOMINAL VALUE OF 0.80 EUROS, REPRESENTING 2.63% OF THE SHARE CAPITAL OF VAA – VISTA ALEGRE ATLANTIS, SGPS, S.A. (AFTER THE SHARE CAPITAL INCREASE)

AND

SUBSCRIPTION OF 4,572,275 ORDINARY BOOK-ENTRY NOMINATIVE SHARES, WITH THE NOMINAL VALUE OF 0.80 EUROS, REPRESENTING 2.63% OF THE SHARE CAPITAL OF VAA – VISTA ALEGRE ATLANTIS, SGPS, S.A. (AFTER THE SHARE CAPITAL INCREASE) AND ADMISSION TO TRADING IN THE REGULATED MARKET EURONEXT LISBON OF 21,772,735 ORDINARY BOOK-ENTRY NOMINATIVE SHARES, WITH THE NOMINAL VALUE OF 0.80 EUROS, REPRESENTING 12.5% OF THE SHARE CAPITAL OF VAA – VISTA ALEGRE ATLANTIS, SGPS, S.A. (AFTER THE SHARE CAPITAL INCREASE)

Global Coordinators

Caixa BI | **Millennium Investment banking**

CaixaBI Banco de Investimento | Millennium investment banking

This Prospectus shall be read together with the documents referred to herein, which are an integral part thereof.

27 November 2018

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WARNINGS

This prospectus for a public offer for the sale and subscription and the admission to trading (the "Prospectus") is made pursuant to Articles 134 and 236 of the Portuguese Securities Code, approved by Decree-Law no. 486/99, 13th November, as subsequently amended (the "PSC"). Its structure and content comply with what is provided under the PSC, in Regulation (EC) no. 809/2004 of the Commission, 29th April 2004, in its current wording, (the "Regulation 809/2004") and in further applicable legislation.

This Prospectus is prepared within the public offer accompanied simultaneously by an institutional offer of (i) sale of 8,709,094 ordinary, book-entry nominative shares, with a nominal value of 0.80 Euro, representing 5% of VAA – Vista Alegre Atlantis, SGPS, S.A.'s share capital, to be sold by Visabeira Indústria, SGPS, S.A. (the "Offeror" or "Visabeira"), and (ii) subscription and request for the admission to trading in the regulated market Euronext Lisbon, managed by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. ("Euronext"), of 21,772,735 ordinary, book-entry nominative shares, each with a nominal value of 0.80 Euro, representing 12.5% of the share capital of VAA – Vista Alegre Atlantis, SGPS, S.A. (the "Issuer" or "VAA").

This Prospectus was subject to the approval of the Portuguese Securities' Market Commission (*Comissão do Mercado de Valores Mobiliários*) (the "CMVM") and is available for consultation in the locations mentioned in Chapter 18 – "Documentation Accessible to the Public", namely in electronic format, on CMVM's website www.cmvm.pt, and on VAA's website, www.vistaalegre.com.

The entities which, pursuant to Articles 149 and 243 of the PSC, are responsible for the sufficiency, truthfulness, updating, clearness, objectivity and lawfulness of the information included in this Prospectus are indicated in Chapter 3 – "Persons responsible for the information".

Paragraph 5 of Article 118 of the PSC provides that the approval of the Prospectus "is the action that requires the assessment of whether the information fulfills the demands of completeness, truthfulness, updating, clearness, objectivity and lawfulness". Paragraph 7 of Article 118 of the PSC provides that the approval of the Prospectus does not involve "any guarantee regarding the content of the information, the economic or financial situation of the offeror, the issuer or the guarantor, the offer's feasibility or the quality of the securities".

Under paragraph 2 of Article 234 of the PSC, the decision by Euronext of admission of securities to trading "does not involve any guarantee regarding the content of the information, the economic and financial situation of the issuer, its feasibility and the quality of the admitted securities".

Besides the Offeror and the Issuer, no other entity has been authorized to provide information or to make any statement which is not contained in this Prospectus or that is contradictory to the information contained therein. If a third party makes such a statement, it shall not be deemed as authorized by or made in the name of the Issuer or the Offeror and, as such, shall not be deemed trustworthy.

The existence of this Prospectus does not assure that the information contained herein stays unaltered from the date of its publication. Nonetheless, if, from the date of its approval until the date of admission to trading of the New Shares, any failure is detected in the Prospectus or some new event takes place, or some previous fact not considered in the Prospectus is learned, which are relevant for the decision to be made by its recipients, the Issuer and the Offeror shall request immediately from the CMVM the approval of addenda supplement or an adjustment of the Prospectus.

The risks associated with the Issuer's activity and sector, its shareholder structure, the offer, VAA's shares, the market and the recent acquisitions and investment (CAPEX) are referred to in Chapter 2 – "Risk Factors". Potential investors must carefully consider the abovementioned risks and further caveats included in this Prospectus before making any investment decisions.

Concerning any questions that may persist regarding these matters, potential investors must seek advice from their legal and financial advisors. Potential investors must also collect information on the tax and legal implications applicable to them in their country of residence arising from the acquisition, holding or sale of the shares.

Without prejudice to its preparation and approval constituting a legal duty, this Prospectus is not a recommendation of the Offeror or the Issuer. This Prospectus is also not an analysis to the quality of the shares to be sold or subscribed nor is it a recommendation for their acquisition.

Any investment decision must be based on the information provided by the Prospectus as a whole and made after an independent analysis of the Issuer's economic condition, financial situation and further elements regarding the Issuer. No investment decision shall be made without a prior analysis, by the potential investor and their potential advisors, of the Prospectus as a whole, even if the relevant information is provided through the reference to another part of this Prospectus or to other documents incorporated therein.

The distribution of this Prospectus may be restricted under certain jurisdictions. Those in possession of this Prospectus must seek information and comply with any such restrictions.

This section must be considered as an introduction to the Prospectus and does not substitute the reading of the full document. It also does not substitute the reading of the Prospectus in conjunction with the information elements incorporated by reference to other documents, which should be regarded as a part of this Prospectus.

FORWARD-LOOKING STATEMENTS

This Prospectus may include forward-looking statements or information. Some of these statements or information may be identified by words or expressions such as "anticipates," "believes," "expects," "plans," "intends," “contemplates," "estimates," “projects”, “will”, “seeks (to)”, “looks forward (to)”, “predicts”, “forecasts”, “prospects” and other similar expressions. Except for the statements about past events contained in this Prospectus, any information contained in this Prospectus, including, but not limited to, financial position, revenues and profitability (including any financial or operating projections or forecasts), business strategy, management prospects, plans and objectives for future operations, constitute forward-looking statements or information. These forward-looking statements, or any other projects contained in the Prospectus, involve known and unknown risks, uncertainties (in particular as to their respective effects) and other factors which may cause VAA’s profits, effective performance or achievement of its objectives or the results of the sector to significantly differ from those contained in or implied by the forward-looking statements. These statements or information regarding the future are based on a multiplicity of assumptions, beliefs, expectations, estimates and projections of VAA regarding its current and future business strategies and the context in which the Group expects to develop its business in the future, which are not totally or partially controllable by VAA. Considering this situation, potential investors should carefully consider these forward-looking statements or information prior to making any investment decisions regarding VAA shares.

Pursuant to article 8(1) of the PSC, an annual audit report shall be prepared by a statutory auditor or statutory audit firm in relation to the annual financial information contained in an accounting document or in a prospectus which (i) must be submitted to the CMVM or (ii) must be published as part of the application for admission to trading on a regulated market. In the event that the quarterly or half-yearly information has been subject to an audit or limited review, according to Article 8(4) of the PSC, the audit report or revision report is included or, if it has not been included, this fact must be stated.

Various factors may cause the Group's future performance or profits to differ significantly from those expressly or implicitly indicated in forward-looking statements or information, including the following:

(i) development in terms of innovation and design in the Group's business sector;
(ii) changes in VAA’s competitive environment;
(iii) changes in consumption habits;
(iv) other factors that are described in Chapter 2 − "Risk Factors"; and
(v) factors that are not currently known to VAA or to the Offeror.

If any of these risks or uncertainties take place unfavourably, or any of the assumptions prove to be incorrect, the future prospects described or mentioned in this Prospectus may not be fully or partially verified and the actual results may be significantly different from those anticipated, expected, forecast or estimated in this Prospectus. These forward-looking statements or information refer only to the date of this Prospectus. VAA and the Offeror do not undertake or commit to disclose any updates or revisions to any forward-looking statement contained in this Prospectus in order to reflect any change in their expectations arising out of any changes in the facts, conditions or circumstances upon which the Prospectus is based, except if, between the date of approval of the Prospectus and the admission to trading of the New Shares, any error is detected in the Prospectus or any new event occurs, or any previous event that was not considered in the Prospectus becomes known and is relevant to the decision to be taken by those to whom this Prospectus is addressed. In such a case the Issuer and Offeror shall immediately request that the CMVM approves a supplement to or rectification of the Prospectus.

PROFIT FORECASTS OR ESTIMATES

This Prospectus does not contain any future-profit forecasts.

PRESENTATION OF FINANCIAL INFORMATION

The financial information contained in this Prospectus for the financial years ended 31st December 2017, 31st December 2016 and 31st December 2015 was prepared based on the Issuer's consolidated financial statements for those accounting years, which were subject to statutory audits and audit reports by Ernst & Young, Audit & Associados, SROC, S.A. for the financial years ended 31st December 2016 and 2015 and by Deloitte & Associados, SROC, S.A. for the financial year ended 31st December 2017.

The financial information contained in this Prospectus for the nine-month period ended 30th September 2017 and 30th September 2018 (including comparative data with 30th September 2017) was prepared from the condensed consolidated financial statements for that period which was not audited. The information regarding the nine-month period ended 30th September 2018 was subject to a limited review by Deloitte & Associados, SROC, S.A.

The mentioned annual and interim financial statements are incorporated by reference in this Prospectus, as set forth in Chapter 5 – "Selected Financial Data of the Issuer".

The analysis of the consolidated economic and financial information presented in this Prospectus should be read together with the mentioned financial statements incorporated by reference.

The mentioned annual and interim financial statements were prepared in accordance with IFRS, as adopted by the EU, pursuant to Regulation (EC) no. 1606/2002 of 19th July, and applicable pursuant to Decree-Law no. 35/2005 of 17th February, as amended. The interim financial statements were prepared in accordance with IAS 34 – Interim Financial Reporting.

For more information regarding the accounting policies adopted by VAA during the periods covered by the consolidated financial statements incorporated by reference in this Prospectus, the notes referring to these consolidated financial statements should be consulted.

Pro forma consolidated unaudited financial information was also included in this Prospectus and in Annex thereto, prepared in compliance with IFRS, as adopted by the EU. That information refers to 31st December 2017 and 30th September 2018 and was subject to a reliability assurance report issued by Deloitte & Associados, SROC, S.A. on 16th November 2018, which takes into account, for the purposes of the mentioned twelve-month and nine-month periods, the Recent Acquisitions of Cerutil and Bordalo Pinheiro and the sale of VA Grupo, which took place on 31st August 2018, in the context of the corporate restructuring undertook by the Issuer, as detailed in Chapter 6 – “Pro-Forma Financial Information” of this Prospectus.

The financial data from 31st December 2017 and 30th September 2018 included in this Prospectus shall only assume pro-forma quality when expressly indicated therein. In any other case, it corresponds to historical financial information, prepared based on (i) the Issuer’s audited consolidated financial statements for the period ended 31st December 2017 and (ii) the unaudited condensed consolidated financial statements for the nine-month period ended 30th September 2018, which were subject to a limited review.

Unless stated otherwise, the financial and statistical information relating to the Issuer contained in this Prospectus is presented on a consolidated basis.

The Issuer presents its consolidated financial information in thousands of Euros, unless otherwise specified or if a specific context so otherwise requires.

Certain values, numerical information and percentages presented in this Prospectus have been rounded off to the nearest whole number and as a result, the totals of said values, numerical information and percentages may vary slightly from the actual arithmetic totals of such information.

Throughout this Prospectus (including the Summary) some alternative performance indicators related to the Issuer (i.e. financial indicators of financial performance, financial position or cash flows, which are not a financial indicator defined or specified in the applicable financial reporting framework (for the Issuer, the IFRS-EU standards) are included. The alternative performance indicators are usually determined from or based upon the financial statements prepared in accordance with the applicable financial standards, usually through the addition or subtraction of amounts to or from the amounts presented in the financial statements.

DEFINITIONS

Unless expressly stated otherwise, the following terms shall have, in this Prospectus, the meaning described hereunder:

"1st Offer Period"
The period from 29th November 2018 until and including 5th December 2018, relevant for the purposes of the preferential conditions for the allocation of VAA Shares subject to the Offer with a higher coefficient in the case of pro rata allocation, described in section 8.2.2. c) – "Allocation criteria for the Offer and rounding off" of Chapter 8 – "Description of the Offer" of this Prospectus.

"2nd Offer Period"
The period from 6th December 2018 until 12th December 2018, relevant for the conditions of the allocation of VAA Shares subject to the Offer with a lower coefficient in the case of pro rata allocation, described in section 8.2.2. c) – "Allocation Criteria for the Offer and Rounding off" of Chapter 8 – "Description of the Offer" of this Prospectus.

"Shares for Sale"
The 8,709,094 VAA Shares already issued and admitted to trading in the regulated market Euronext Lisbon, to be sold by the Offeror within the Offer (4,572,275 shares) and the Institutional Offer (4,136,819 shares), the final amount of which shall be determined taking into account the Offeror's ability to increase the number of VAA Shares already issued to be sold in the Institutional Offer in up to 13,063,641 VAA Shares, until the 12th December 2018 after the end of the Offer Period, by its own exclusive initiative, after consulting VAA and the Offer's Global Coordinators and taking into account market conditions.

"VAA Shares"
Ordinary, book-entry and nominative shares, each with the nominal value of EUR 0.80, at any time representing the Issuer's share capital, which on the present date correspond to 152,409,146 shares and, after the Share Capital Increase, shall correspond to 174,181,881 shares.

"Recent Acquisitions"
The acquisition in the context of a corporate restructuring executed on 31st August 2018 of Cerutil's entire share capital by VAA and, indirectly, the acquisition of Bordalo Pinheiro (the latter through Bordalgest, which is fully owned by Cerutil which, in turn, holds a stake of 83.99% in Bordalo Pinheiro), following the entering into the share purchase agreement with Visabeira Group SGPS, S.A..

"General Shareholders Meeting"
The Company's general shareholders meeting.

"Share Capital Increase"
Share capital increase in the amount of EUR 17,418,188.00, corresponding to 21,772,735 VAA Shares to be issued by the Company (the New Shares), to be subscribed in the Offer and the Institutional Offer, with the suppression of pre-emption rights and without incomplete subscription and to be carried out in cash. VAA's share capital shall be EUR 139,345,504.80, represented by 174,181,881 shares, as a result of this increase.

"Bordalgest"
Bordalgest, S.A., a limited liability company, with its registered office at Avenida Gago Coutinho, no. 78, 1700 - 031 Lisbon, with the share capital of EUR 1,000,000.00, registered at the Commercial Registry Office of Lisbon under the sole taxpayer and legal person number 508.897.220.

"Bordalo Pinheiro"
Faianças Artísticas Bordalo Pinheiro, S.A., limited liability company, with its registered office at Rua Rafael Bordalo Pinheiro, no. 53, Caldas da Rainha, with the share capital of EUR

2,571,814.44, registered at the Commercial Registry Office of Caldas da Rainha under the sole taxpayer and legal person number 500.108.684.

“CAPEX”
Alternative performance measure of the Company (unaudited) concerning the aggregate amount of the investment in the period/fiscal year, recorded as fixed tangible assets and/or intangible assets.

“**CAGR**”
Alterative performance measure concerning the compound annual growth rate calculated by (Final Value/Initial Value) ^ (1/number of years) – 1.

“Cerutil”
Cerutil – Cerâmicas Utilitárias, S.A., limited liability company, with its registered office at Rua do Palácio do Gelo, no. 1, Palácio do Gelo Shopping, floor 3 at Ranhados, Viseu, with the share capital of EUR 3,000,000.00, registered at the Commercial Registry Office of Sátão under the sole taxpayer and legal person number 502.325.569.

“CMVM”
Portuguese Securities’ Market Commission.

“Corporate Income Tax Code”
Corporate Income Tax Code, approved by Decree-Law no. 442-B/88, of 30th November, as subsequently amended.

“PSC”
The Portuguese Securities Code, approved by the Decree-Law no. 486/99, of 13th November, as subsequently amended.

“Assistance and Placement Agreement of the Offer”
The agreement entered by the Issuer, the Offeror and the Offer’s Global Coordinators for the purposes of the placement of the Offer.

“**Board of Directors**”
The Company’s board of directors.

“Fiscal Board”
The Company’s fiscal board.

“Offer’s Global Coordinators”
Banco Comercial Português, S.A. and Caixa – Banco de Investimento, S.A..

“PCC”
Portuguese Companies Code, approved by Decree-Law no. 262/86, of 2nd September, as subsequently amended.

“CVM”
Securities’ Central, operated by Interbolsa, with its registered office at Avenida da Boavista, 3433, 4100-138 Porto, Portugal.

“Adjusted EBITDA”
Alternative performance measure of the Company (unaudited) calculated as the aggregate amount of operational results, amortizations / impairments / provisions of the financial year and non-depreciable assets’ impairments and deducting the increase/decrease in fair-value.

“Issuer”, “Company”, “Enterprise”, “VAA” or “Vista Alegre”
VAA – Vista Alegre Atlantis, SGPS, S.A., public limited liability company with registered office at Lugar da Vista Alegre, parish of Ílhavo (São Salvador), Ílhavo, with the share capital of EUR 121,927,316.80, registered at the Commercial Registry Office of Ílhavo, under the sole taxpayer number 500.978.654.

“Syndicated Loan”
A syndicated loan obtained by the subsidiary of the Issuer Vista Alegre Atlantis, S.A. and by the Offeror from Caixa Geral de Depósitos, S.A. and Banco Comercial Português, S.A., with the outstanding principal amount of 5.2 million Euros on 30th September 2018 in what relates to that subsidiary of VAA and the outstanding capital of 25.7 million Euros on 30th September 2018 regarding the Offeror.

“Indebtedness”
Alternative performance measure of the Company (unaudited), calculated as the aggregate amount of loans/funding taken up with financial institutions, loans/funding taken up with IKEA Supply AG and Ikea Industry, S.A., reimbursable subsidies obtained from AICEP – Portuguese Investment and Foreign Trade Agency (*Agência para o Investimento e Comércio Externo de Portugal*), account payable to TF Turismo Fundos – SGFII, S.A., loan obtained from IFDR – Instituto Financeiro para o Desenvolvimento Regional, I.P. and account payable to shareholders concerning funding/loans.

“Counter guaranteed Indebtedness”
Alternative performance measure of the Company (unaudited), corresponding to short-term Indebtedness in which a limit of credit with use is established as a current account, with multiple uses and amortizations, with respect for the defined credit limit, which works in connection with the demand deposit account, with the use of a parallel account (current account) or as an overdraft, and counter-guaranteed by note guaranteed by the majority shareholder (deposit).

“Short-Term Indebtedness” or “Current Indebtedness”
Alternative performance measure of the Company (unaudited), corresponding to the Indebtedness for which the maturity period is less than a year by reference to the reporting date of the financial statements.

“Long-Term Indebtedness” or “Non-current Indebtedness”
Alternative performance measure of the Company (unaudited), corresponding to the Indebtedness for which the maturity period is over a year by reference to the reporting date of the financial statements.

“Secured Indebtedness”
Alternative performance measure of the Company (unaudited) corresponding to the Indebtedness in relation to which the occurrence of an event of default by VAA would determine the settlement by a third party which has assumed that responsibility or through the sale of assets given as collateral, namely through a mortgage, pledge or equivalent guarantee.

“**Net Indebtedness**”
Alternative performance measure of the Company (unaudited) corresponding to cash and cash equivalents and bank deposits deducted of Indebtedness.

“Operational Indebtedness”
Alternative performance measure of the Company (unaudited) including current cash-flow support Indebtedness, redeemable in less than a year, which includes factoring agreements, delivery discounts, export documentation and guaranteed payment to suppliers (express bill).

“Articles of Association”
The Issuer’s updated Articles of Association.

“Euro”, “euro” or “EUR”
The currency of the Member-States which are a part of the European Economic and Monetary Union’s 3rd phase.

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

“Euronext Lisbon”
The regulated market operated by Euronext.

“Working Capital”
Alternative performance measure of the Company (unaudited) corresponding to the difference between the total current assets and the total current liabilities as evidenced in the consolidated financial statement (corresponding to the working capital).

“VAA Group”, “Vista Alegre Group” or “Group”
VAA – Vista Alegre Atlantis, SGPS, S.A. and its affiliates.

“Visabeira Group”
Grupo Visabeira, SGPS, S.A. and its affiliates.

“IFRS”
International Financial Reporting Standards, as adopted by the European Union.

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

“Pro-Forma Financial Information”
Unaudited consolidated pro-forma financial information, prepared in accordance with the IFRS by reference to 31st December 2017 and 30th September 2018 and subject to a reliability assurance report issued by Deloitte & Associados, SROC, S.A. on 16th November 2018, which takes into account, for the purposes of the abovementioned 12 month and 9 month periods, the Recent Acquisitions and the sale of VA Grupo, occurred on 31st August 2018, within the context of a corporate restructuring process undertook by the Issuer, as mentioned in Chapter 6 – “Pro-Forma Financial Information” of this Prospectus.

“Qualified Investors”
Persons or entities described in paragraphs 1) to 4) of Section I of Annex II of the Directive 2014/65/EU of the European Parliament and of the Council, of 15th May 2014, regarding the financial instruments’ markets, as well as the persons or entities deemed, at their request, as professional clients under annex II of the Directive 2014/65/EU, or recognized as eligible counterparts under Article 30 of the abovementioned Directive 2014/65/EU, unless they have requested to be deemed as non-professional clients.

“**Corporate Income Tax**”
Corporate Income Tax, approved by Decree-Law no. 442-B/88, of 30th November, as amended.

“**Income Tax**”
Personal Income Tax, approved by Decree-Law no. 442-A/88, of 30th November, as amended.

“ISIN”
International Securities Identification Number.

“Adjusted EBITDA Margin”
Alternative performance measure of the Company (unaudited) calculated as Adjusted EBITDA / Sales and services provided.

“New Shares”
The 21,772,735 ordinary, book-entry and nominative shares, each with the nominal value of 0.80 Euro each, representing 12.5% of the Issuer’s share capital (after the Share Capital Increase), to be issued by the Issuer in the Share Capital Increase, which shall be admitted to trading in the regulated market Euronext Lisbon.

"**Offeror", "Visabeira Indústria" or "Visabeira"**
Visabeira Indústria, SGPS, S.A., public company, with its registered office at Rua do Palácio do Gelo, no. 1, Palácio do Gelo Shopping, floor 3, Ranhados, Viseu, with the share capital of EUR 14,357,690.00, registered at the Commercial Registry Office of Viseu, under the sole taxpayer and legal person number 505.234.793.

"**Offer**"
Public offer of 9,144,550 shares representing VAA's share capital, including an offer of (i) subscription of 4,572,275 New Shares, to be issued within the Share Capital Increase, and (ii) sale by the Offeror of 4,572,275 Shares for Sale already issued. Given the intercommunication mechanisms between the Offer and the Institutional Offer described in Chapter 8.2.4 – "Intercommunication Mechanisms", the Offer may reach a maximum of up to 19,144,550 VAA Shares and a theoretical minimum of 0 VAA Shares (in this case due to the fact that all the VAA Shares which are not subscribed/sold in the Offer may pass to the Institutional Offer).

"**Institutional Offer**"
Private offer of distribution of 21,337,279 VAA Shares, including the offer of (i) subscription of 17,200,460 New Shares, to be issued within the Share Capital Increase, and (ii) sale by the Offeror of 4,136,819 Shares for Sale already issued, to be held simultaneously with the Offer, and addressed to a group of Qualified Investors selected by the Company and by the Offeror in conjunction with the Offer's Global Coordinators (with the Offeror's ability to increase this institutional offer of sale in up to 13,063,641 VAA Shares until 12th December 2018 after the end of the Offer Period, on its own exclusive initiative, after consulting VAA and the Offer's Global Coordinators and taking into account market conditions). Given the intercommunication mechanisms between the Offer and the Institutional Offer described in Chapter 8.2.4 – "Intercommunication Mechanisms", and the Offeror's ability to increase the Institutional Offer, the Institutional Offer may reach a maximum of 43,545,470 VAA Shares and a minimum of 11,337,279 VAA Shares.

"**Offer Period**"
The period of the Offer which shall take place from 8:30 a.m. of 29th November 2018 to and including 3:00 p.m. of 12th December 2018.

"**Offer Price**"
The acquisition price of the Shares for Sale and the subscription price of the New Shares, to be set by the Issuer (regarding the offer of subscription) and by the Offeror (regarding the offer of sale), between the minimum amount of 1.00 Euro and the maximum amount of 1.30 Euro, which shall be applicable both to the Offer and the Institutional Offer.

"**Placing Agreement**" or "**Institutional Placement Agreement**"
The institutional placement agreement entered into on 27th November 2018 between the Issuer, the Offeror, the Offer's Global Coordinators and Nau Securities Limited, for the purposes of the placement of the Institutional Offer.

"**Subscription Proceeds**"
Net proceeds of the Offer and Institutional Offer in the component of offer of subscription of New Shares.

"**Sale Proceeds**"
Net proceeds of the Offer and Institutional Offer in the part of offer of sale of Shares for Sale.

"**Prospectus**"
This prospectus regarding the Offer and the admission to trading of the New Shares.

"**Regulation 809/2004**"
Regulation (EC) no. 809/2004 of the Commission, of 29th April 2004, which establishes application norms for the Directive no. 2003/71/EC of the European Parliament and the Council, of 4th November 2003, in what regards the information included in the prospectuses,

as well as the respective models, the incorporation by reference, the publishing of the mentioned prospectuses and the disclosing of advertisements, as amended.

"**Statutory Auditor**"
The Company's Statutory Auditor.

"GDPR"
Regulation (EU) no. 2016/679 of the European Parliament and of the Council, of 27th April 2016, also known as General Data Protection Regulation.

"**VA Grupo**"
VA Grupo – Vista Alegre Participações, S.A., limited liability company, with its registered office at Lugar da Vista Alegre, Ílhavo (São Salvador), Ílhavo, with the share capital of EUR 249,500.00, registered at the Commercial Registry Office of Ílhavo under the sole taxpayer and legal person number 500.104.530.

"**Sale of VA Grupo**"
The sale of VA Grupo to Visabeira Imobiliária (belonging to Visabeira Group) by VAA, occurred on 31st August 2018, in the context of the corporate restructuring process undertook by the Issuer.

"**Visabeira Imobiliária**"
Visabeira Imobiliária, S.A., limited liability company, with its registered office at Rua do Palácio do Gelo, no. 1, Palácio do Gelo Shopping, floor 3, at Ranhados, Viseu, with the share capital of EUR 25,000,000.00, registered at the Commercial Registry Office of Viseu under the sole taxpayer and legal person number 505.939.380.

CHAPTER 1 – SUMMARY

This Summary is based on disclosure requirements known as "Elements". These elements are numbered in sections from A to E (A.1 to E.7).

This Summary contains all the Elements that should be included in a summary for the type of securities and the issuer concerned. The numbering of the Elements may not be sequential as there are Elements whose inclusion is not, in this case, demandable.

Even if a certain Element should be inserted in the Summary considering the type of securities and issuer, there may not be any relevant information to include in relation to such element. In this case, a brief description of the Element will be included with the words "Not Applicable".

Section A – Introduction and warnings		
A.1	**Warnings**	This Summary should be understood as an introduction to this prospectus ("Prospectus"), and not substitute its full reading, considering that the information included in it is summarized and not intended to be exhaustive. In addition, this Prospectus should be read and interpreted in conjunction with all the information elements incorporated in it by reference to other documents, such documents being an integral part of the Prospectus. Any investment decision on the securities should be based on an analysis of the whole Prospectus by the investor. Whenever a claim concerning the information contained in the Prospectus is made in court, the complaining investor may have, in accordance with the domestic law of the Member States, to bear the cost of translating the Prospectus prior to the initiation of judicial proceedings. Only persons who have submitted the Summary, , including any translation thereof, shall be held responsible and only when the Summary in question is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or fails to provide, when read together with the other parts of the Prospectus, the key information to help investors decide whether to invest in these securities.
A.2	**Resale Authorizations**	Not Applicable. The use of this Prospectus for a subsequent resale of shares is not authorized.
Section B – Issuer		
B.1	**Legal and commercial name of the Issuer**	VAA – Vista Alegre Atlantis, SGPS, S.A. ("VAA", "Company" or "Issuer").
B.2	**Domicile and legal form of the Issuer, legislation under which the Issuer operates and its country of incorporation**	The Issuer is a public company with office at Lugar da Vista Alegre, Ílhavo and is registered with the Commercial Registry Office of Ílhavo under the single legal person and tax identification number 500.978.654. The Issuer as a public limited company is regulated by the PCC and is also subject to the legal framework for holding companies provided by Decree-Law no. 495/88, of 30th December, as amended and as a publicly traded company with securities admitted to trading, the Issuer is subject to the provisions of the PSC, and CMVM and Euronext regulations are applicable to it. The Issuer's business shall furthermore be regulated by European Union legislation, by the respective Member States and by legislation of other States, according to the place of activity.
B.3	**Nature of the Issuer's current operations and its principal activities**	VAA's corporate purpose is to manage shareholdings as an indirect form of exercising economic activities. Its subsidiaries carry out activity in the following business areas: **Porcelain and complementary** (approximately 51% and 49% of turnover on 2017 and September 2018): This business area includes the domestic/decorative sub-segments intended primarily for the home, both for table and decoration, and the hotel sub-segment for the catering industry, being extremely competitive, (with VAA's main competitors being large European groups of the medium and medium-high ranges and in the mid-low segment, VAA competes with Asian producers). Both Vista Alegre and its factory (at Ílhavo) benefit from high recognition and the brand's prestige[5]. Portugal remains the main geographic market in this area, followed by Spain (with sales and service provision of approximately 55% and 14% on 2017 and 50% and 14% in September 2018). **Crystal and manual glass** (approximately 14% of turnover in 2017 and September 2018):

The manufacturing facilities are in Alcobaça and markets crystal articles (handmade and semi-automatic) and manual glass under the Atlantis brand and outsourced customer brands. The use of labour with high know-how, a demanding control process and a focus on design have ensured the high quality[2] of its products and their positioning in the highest value segment on the market. The Portuguese market is the main geographic market in this area, the French market is also relevant (with sales and services provision in Portugal about 44% in 2017 and 38% in September 2018, and in France of 29% and 37% in 2017 and in September 2018).

Oven stoneware (approximately 14% and 16% of turnover in 2017 and September 2018): This sub-segment has high levels of competitiveness, wherever product quality levels[2], brand prestige[5], maintenance of good customer relationships and market knowledge have allowed VAA to assure its sales and provision of services in this segment, mainly in European markets, highlighting Germany (from 59% in 2017 and 37% on September 2018). Taboeira's factory unit mainly produces oven tableware made of stoneware.

Table stoneware (approximately 22% and 21% of turnover in 2017 and September 2018): VAA set up the Ria Stone company, which, starting in 2014, began the production and sale of pieces of table stoneware intended for one specific customer, IKEA, which allows direct export to countries like Germany, Spain, France and Italy. In 2017, more than 90% of its production was allocated to international markets. In 2018 Ria Stone is expected to complete the expansion of its factory unit.

Earthenware (approximately 1% of turnover on September 2018): With the acquisition of Bordalo Pinheiro, VAA autonomised this business area, with 70% and 67% of sales and services in the Portuguese market on 2017 and on September 2018. The earthenware's offer is produced in the factory units of Caldas da Rainha and Aradas by Bordalo Pinheiro, a company with a strong notoriety[1], which plays a fundamental role in relaunching Portuguese ceramics.

VAA's production is mainly distributed through three distribution channels:

Horeca: includes direct sales and services (of 14% in 2017 and about 15% on September 2018) to hotels, restaurants, airlines, yachts, cruise ships and other companies of this channel, in Portugal and abroad.

Retail: includes sales and services (of approximately 42% on 2017 and 43% on September 2018) to retail, on own stores, outlets, corners, independent stores and online.

Private label: includes sales and services (of approximately 44% in 2017 and 42% on September 2018) in the scope of corporate business (B2B) and decorators, under their own brands.

VAA believes that its business benefits from the following strengths: (i) high-quality product offerings and process innovation[2], (ii) broad international presence[3], (iii) national market leadership and growing international relevance[4] as well as a global brand[5], and (iv) positive evolution of turnover and Adjusted EBITDA Margin[6].

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[1]The prestige and notoriety of the Bordallo Pinheiro earthware are recognized in prizes and distinctions obtained (with emphasis on 2 German Design Award - Winners, 3 German Design Award - Special Mentions with the collections "Sardinhas made by You" and "Packaging Figurões").

[2] This quality is evident in the porcelain and complementary and in the crystal segments, for the design awards obtained by the VAA collections between 2016 and September 2018. In most of the segments, this quality also accrues from the process of quality control and certifications obtained. VAA has also invested with special focus on innovation in order to update production processes and maintain a high standard of quality and design (as evidenced by its investment projects in the last 3 years and in progress).

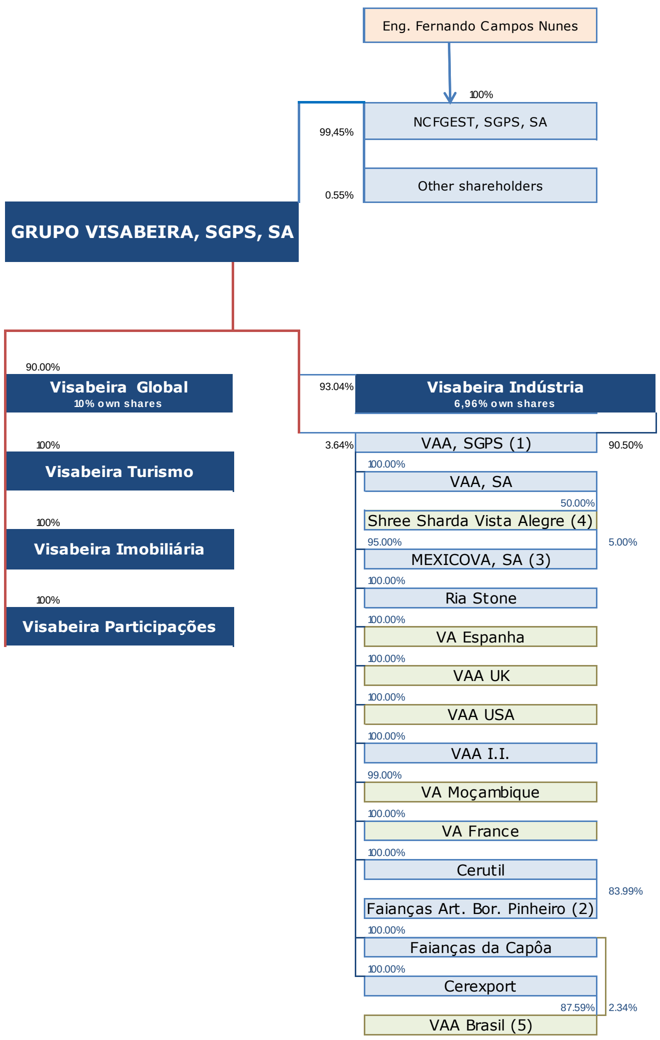
[3] Currently, most of VAA's sales and services are carried out in foreign markets, with a focus on European countries (such as Spain, Germany, France, Italy and the United Kingdom) and its presence in other countries such as Brazil, United States of America, Mexico, Mozambique and India. On 2017 and September 2018, the exportations (mainly Europe and Asia) represented 64% and 67% of the total sales.

[4] Regarding the national market, based on the analysis of the Issuer, having as criterion the annual revenues indicated in the report and accounts of 2017 of the following companies in the sector of utilitarian and decorative ceramics (there are no players in the crystal sector in Portugal): Ceragês, Cerammiupe, Green Coast, Favicri, Grestel, Matcerâmica, Porcel, Primagera and Spal. Regarding the international market, based on the analysis of the Issuer, based on criteria of turnover, EBITDA and EBITDA margin on 2017 of the following international companies in the utilitarian and decorative ceramics and crystal sector (information contained in their respective reports and accounts and websites and Bloomberg): Baccarat, BHS Tabletop (includes equipment and technology segment), Churchill China, Degrenne, Fiskars, Libbey, Noritake, Portmeirion and Villeroy & Boch.

[5] The prestige and recognition obtained from the prizes and distinctions (highlighting 19 international design distinctions attributed only in 2017 and its recognition as a Portuguese consumers' brand of confidence by *Superbrand*s 2017), combined with the Issuer's international expansion, allow the building of Vista Alegre's global scale and brand awareness.

[6] As shown (i) by the positive evolution of the Adjusted EBITDA Margin (Adjusted EBITDA / Sales and Services) increased from 9.5% in 2015 to 16% in 2017; (ii) by the growth of turnover from 54.2 million Euros on 2013 to 85 million Euros on 2017 (according to reports and accounts) and (iii) by the positive evolution boosted by the diversification of segments and greater international reach. Regarding Adjusted EBITDA, see below footnote 7.

B.4a	**Most significant recent trends affecting the Issuer and the industries in which it operates**	In this highly competitive sector, innovation and customer relations, translated in the satisfaction of customers' needs, the quality, the design and differentiation of the products, together with technological updates and new production methods, are critical factors to increase productivity and efficiency levels and to promote sustainable growth. The commitment to internationalization has also driven the diversification and the offer of new products to different markets and segments, giving rise to new productive challenges focused on process and product innovation. VAA's strategy is based essentially on products' innovation, quality and added value, reinforcement of its commercial strategy and positioning as a global and premium brand and modernization of the production process. In this line, in the first nine months of 2018, the Issuer continued the trend of increase in sales and services (in 5% compared to the same period), as well as an improvement in the operating performance (increase of Adjusted EBITDA[7] of approximately 22% when compared to the same period).
B.5	**Description of the group and the Issuer's position within the group**	The Issuer integrates the following group and is the parent entity of the cluster formed by VAA and the companies mentioned below (which depend on VAA and with whom they consolidate their accounts) as at the date of this Prospectus:



(1) The majority shareholder of VAA is Visabeira Indústria, which in turn is 93% owned by Grupo Visabeira, SGPS, S.A., in which the majority shareholder, NCFGEST, SGPS, S.A., holds 99.45%, the latter being totally owned by the individual partner Fernando Campos Nunes, to whom the shares and respective voting rights corresponding to 94.14% of VAA are imputed.
(2) Bordalo Pinheiro is 83.99% owned by Bordalgest, S.A., which in turn is 100% owned by Cerutil.
(3) MEXICOVA, S.A. is also directly owned by Vista Alegre Atlantis S.A.
(4) Shree Sharda Vista Alegre is owned directly by Vista Alegre Atlantis S.A.
(5) Vista Alegre Brasil is directly owned by Cerexport - Cerâmica de Exportação, S.A. and Faianças da Capôa - Indústria de Cerâmica, S.A..

[7] Alternative performance measure of the Company (unaudited) calculated as a sum of the operational results, depreciation/ impairments / provision of the year and impairments of non-depreciable assets and deducing increase/reduction of fair value.

B.6 **Major shareholders**

The following table contains information about VAA's structure of qualified participations as at the date of this Prospectus, to the best of its knowledge and the legislation in force:

	Shares		(in euros)
Shareholders	Nº of shares	% vote rights	Accounting value
Grupo Visabeira, SGPS, SA (1)			
Directly (Own portfolio)	5,548,417	3.64%	4,438,733.60
by Visabeira Indústria, SGPS, SA	137,933,854	90.50%	110,347,082.80
Total attributable to Grupo Visabeira, SGPS, SA	*143,482,271*	*94.14%*	*114,785,816.40*
Caixa Geral de Depósitos, SA:			
Directly (Own portfolio)	4,188,830	2.75%	3,351,064.00
by FCR Grupo CGD CAPITAL	987,364	0.65%	789,891.20
Total attributable to Caixa Geral Depósitos, SA	*5,176,194*	*3.40%*	*4,140,955.20*
Free Float	3,750,572	2.46%	3,000,457.20
Sub-total	**152,409,036**	**100.00%**	**121,927,228.80**
Own shares	110		88.00
Total	**152,409,146**	**100.00%**	**121,927,316.80**

(1) VAA's majority shareholder is Visabeira Indústria SGPS, S.A., which in turn is 93% owned by Grupo Visabeira, SGPS, S.A., in which the majority shareholder, NCFGEST, SGPS, S.A., holds 99.45% thereof. The latter company is fully owned by Fernando Campos Nunes, to whom the shares and respective voting rights, corresponding to 94.14% of VAA', are imputed.

B.7 **Selected historical key financial information regarding the Issuer**

Consolidated income statement by natures

	31st december (audited)			30th september (unaudited)	
(values in thousand euros)	2015	2016	2017	2017	2018
Sales and services rendered	71,831	75,439	84,981	60,906	63,921
Cost of goods sold and materials consumed	-24,217	-22,728	-26,068	-18,915	-19,673
Production variation	3,540	690	-447	-241	2,018
Gross margin	**51,154**	**53,400**	**58,466**	**41,750**	**46,266**
Works for the company	0	0	1,148	1,681	1,868
External supplies and services	-16,618	-16,896	-17,292	-12,453	-13,873
Personnel costs	-27,398	-27,203	-28,995	-21,791	-23,192
Amortizations	-5,502	-5,554	-6,414	-4,328	-4,593
Impairment	24	102	-163	26	-57
Provisions for the year	-638	-25	372	-555	0
Other revenue and operating income	-1,673	-1,767	-1,908	-1,192	-1,186
Impairment of non depreciable assets	-30	45	-54	-1	0
Increases/(Reductions) of fair value	2,064	1,416	375	0	0
Other revenues and operating income	1,360	2,014	2,168	1,340	1,505
Operating income	**2,742**	**5,531**	**7,701**	**4,478**	**6,738**
Interest and similar expenses	-3,357	-3,540	-3,078	-2,429	-1,994
Interest and similar income	3	0	22	22	86
Financial result	**-3,354**	**-3,540**	**-3,056**	**-2,407**	**-1,908**
Result before taxes	**-612**	**1,992**	**4,645**	**2,071**	**4,830**
Income tax	-203	-251	-428	-203	-1,178
Consolidated result for the period	**-814**	**1,741**	**4,218**	**1,868**	**3,652**
Attributable:					
Shareholders	-813	1,797	4,258	1,885	3,730
Non-controlling interests	-1	-56	-40	-17	-78

Consolidated statement of financial position

	31st december (audited)			30th september (unaudited)	
(values in thousand euros)	2015	2016	2017	2017	2018
ASSETS					
Non-current assets					
Tangible fixed assets	79,704	81,043	89,715	80,054	116,759
Goodwill	4,711	4,711	4,711	4,711	4,711
Investment properties	30,209	29,993	19,013	24,534	1,435
Intangible fixed assets	1,546	1,748	1,403	1,896	1,295
Investment in associated companies	175	224	172	225	215
Deferred tax assets	6,685	6,037	4,941	5,780	4,305
Total non-current assets	**123,029**	**123,756**	**119,955**	**122,658**	**128,721**
Current assets					
Inventories	33,973	35,141	33,531	35,398	39,389
Clients and others debtors	11,386	12,992	17,386	12,146	18,570
Deferred assets	1,070	1,323	1,515	1,415	2,369
State and other public entities	1,149	1,014	629	1,053	2,135
Cash and cash equivalents	2,220	1,593	4,800	943	3,776
Total current assets	**49,798**	**52,063**	**57,861**	**50,956**	**66,238**
TOTAL ASSETS	172,827	175,819	177,816	173,614	194,959
EQUITY CAPITAL					
Equity	92,508	92,508	121,927	92,508	121,927
Own shares	-2	-2	-2	-2	-2
Premium shares	0	0	22,065	0	22,065
Other equity instruments	38,182	38,182	38,182	38,182	38,182
Reserves and retained earnings	-102,345	-101,440	-104,104	-100,053	-139,207
Net income	-813	1,797	4,258	1,885	3,730
Equity capital without non-controlling interests	**27,529**	**31,045**	**82,326**	**32,520**	**46,694**
Non-controlling interests	229	241	271	292	655
Total equity capital	**27,758**	**31,286**	**82,598**	**32,812**	**47,350**
LIABILITIES					
Non-current liabilities					
Long-term bank loans	26,170	24,214	21,799	15,307	23,132
Shareholders loans	60,906	60,216	370	53,203	13,471
Subsidies	2,196	2,763	3,779	2,988	3,947
Provisions	555	538	369	538	308
Provisions of retirement pensions	2,917	2,363	1,465	2,024	1,325
Deferred tax liabilities	12,003	12,304	12,216	12,165	9,313
Total non-current liabilities	**104,746**	**102,398**	**39,997**	**86,224**	**51,496**
Current liabilities					
Short-term bank loans	8,803	7,469	24,209	14,257	39,618
Shareholders loans	750	750	0	750	13,446
Suppliers and other creditors	28,921	32,192	29,325	38,138	40,642
State and other public entities	1,849	1,723	1,688	1,434	2,408
Total current liabilities	**40,323**	**42,134**	**55,221**	**54,578**	**96,113**
Total liabilities	**145,069**	**144,532**	**95,219**	**140,803**	**147,609**
TOTAL EQUITY CAPITAL AND LIABILITIES	172,827	175,819	177,816	173,614	194,959

Consolidated cash flows statement

Items	2015	2016	2017	2017	2018
	31st december (audited)			30th september (unaudited)	
Cash flow from operating activities	4,724	8,986	11,012	10,642	9,668
Cash flow from investment activities	-9,884	-1,975	-3,420	255	-13,805
Cash flow from financing activities	5,499	-7,637	-4,347	-11,548	2,645
VARIATION OF CASH AND CASH EQUIVALENTS	339	-627	3,245	-650	-1,493
EFFECT OF EXCHANGE DIFFERENCES	0	0	-39	0	-8
INITIAL CASH AND CASH EQUIVALENTS	1,881	2,220	1,593	1,593	4,800
CHANGE OF CONSOLIDATION PERIMETER	0	0	0	0	477
FINAL CASH AND CASH EQUIVALENTS	2,220	1,593	4,800	943	3,776

Other Financial and Operational Data

	31st december (audited)			30th september (unaudited)	
(values in thousand euros)	2015	2016	2017	2017	2018
Sales and services provided	71.831	75.439	84.981	60.906	63.921
Porcelain and other products	38.479	36.606	43.378	30.577	31.210
Earthenware	-	-	-	-	491
Stoneware / Oven to Tableware	6.251	11.254	11.658	8.374	10.195
Stoneware / Tableware	15.370	16.854	18.415	13.663	13.386
Crystal and Glass	11.731	10.725	11.529	8.291	8.638
Portugal	25.598	27.465	30.468	19.435	21.346
Rest of Europe	36.811	38.071	44.590	33.952	35.330
Others	9.422	9.903	9.923	7.519	7.245
Results					
Gross Margin	51.154	53.400	58.466	41.750	46.266
Operating income	2.742	5.531	7.701	4.478	6.738
Financial result	-3.354	-3.540	-3.056	-2.407	-1.908
Consolidated result for the period	-814	1.741	4.218	1.868	3.652
Balance sheet					
Total Assets	172.827	175.819	177.816	173.614	194.959
Non-current assets	123.029	123.756	119.955	122.658	128.721
Equity capital	27.758	31.286	82.598	32.812	47.350
Total liabilities	145.069	144.532	95.219	140.803	147.609
Non-current liabilities	104.746	102.398	39.997	86.224	51.496
Indebtedness (12)	96.629	92.649	46.377	83.517	89.667

	31st december (unaudited)			30th september (unaudited)	
(values in thousand euros)	2015	2016	2017	2017	2018
Adjusted EBITDA (7)	6,825	9,547	13,586	9,335	11,388
Operating income	2,742	5,531	7,701	4,478	6,738
Amortizations	-5,502	-5,554	-6,414	-4,328	-4,593
Provisions for the year	-638	-25	372	-555	0
Impairment	24	102	-163	26	-57
Impairment of non depreciable assets	-30	45	-54	-1	0
Increases/(Decreases) of fair value	2,064	1,416	375	0	0
Average number of employees	1,701	1,665	1,671	1,655	2,153
Economics and Financials Indicators					
Adjusted EBITDA (7) / Sales and services provided	9.5%	12.7%	16.0%	15.3%	17.8%
Operating results / Operating income (8)	3.5%	6.9%	8.7%	7.0%	10.0%
Indebtedness (12) / Total Assets	55.9%	52.7%	26.1%	48.1%	46.0%
Equity / Total Assets	16.1%	17.8%	46.5%	18.9%	24.3%
Total Liabilities / Total Assets	83.9%	82.2%	53.5%	81.1%	75.7%

The historical financial information contained in this Prospectus for the financial years of 2017, 2016 and 2015 was prepared from the audited consolidated financial statements. The historical financial information contained in this Prospectus for the nine-month interim period ended on 30th September 2018 (including comparative data as of 30th September 2017) was prepared from the unaudited financial statements and, as of 30th September 2018, subject to a limited review. The annual and interim financial statements were prepared in accordance with the EU-IFRS and the interim financial statements prepared in accordance with IAS 34 - Interim Financial Reporting.

Throughout the Summary some alternative performance measures related to the Issuer (i.e. financial indicators of financial performance, financial position or cash flows, which are not a financial indicator defined or specified in the applicable financial reporting framework (for the Issuer, the IFRS-EU standards) are included.

		From 2015 to 2017, the amount of sales and services grew at a CAGR[8] of 8.8%. In effect, the turnover for the last 3 years has increased from 71.8 million Euros in 2015 to 85 million Euros in 2017 (in accordance with the annual report regarding these financial years). The Adjusted EBITDA's[7] growth in 41.1% CAGR[9] during the same period is also relevant. The Adjusted EBITDA[7] throughout this period increased from 6.8 million Euros in 2015 to approximately 13.6 million Euros in 2017. In the nine-month period ended on 30**th** September 2018, an improvement in Adjusted EBITDA[7] of 22% was recorded, compared to its equivalent period in 2017, from 9.3 million Euros to 11.4 million Euros. In the period covered by historical financial information, the following transactions resulted in significant changes to VAA's equity: (i) On December 2017, VAA concluded a share capital increase of 29,4 million Euros through the issuance of new shares, which also included an issue premium of 22.1 million Euros, such transaction having been essentially made through the conversion of shareholder loans in the amount of 50 million Euros, meaning a strengthening of equity and a reduction of Indebtedness[12]; and (ii) The acquisition on 31st August 2018 of Cerutil - Cerâmicas Utilitárias, S.A. ("Cerutil") and indirectly of Faianças Artísticas Bordalo Pinheiro, S.A. ("Bordalo Pinheiro"), for the price of 48.5 million Euros, which was accounted for in accordance with the pooling of interests method (because of it being a combination of business activities under a common control), having resulted in a reduction of the consolidated equity of 39.2 million Euros. This acquisition, together with the sale of VA Grupo - Vista Alegre Participações, S.A. ("VA Grupo") for 21.7 million Euros has resulted in a debt of VAA towards Grupo Visabeira of 26.9 million Euros as of 30**th** September 2018 (VAA's Indebtedness[12] being, on that date, 89.7 million Euros).
B.8	**Selected key pro-forma financial information[9]**	The pro forma financial information has been prepared to reflect a hypothetical situation and is not intended to represent, and does not represent, VAA's consolidated results, nor is it indicative of future results of operations or financial condition. *Unaudited pro-forma consolidated income statement of the financial year ended 31st December 2017*

(values in thousand euros)	Vista Alegre Group	Cerutil, S.A.	Bordalo Pinheiro, S.A.	Bordalgest, S.A.	Pro-forma adjustments: Elimination of the Sale of VAA Group by Cerutil	VA Grupo contribution elimination	VA Grupo sale	Intra-group adjustments	Pro-forma accounts
Sales and services rendered	84,981	7,330	6,087	0	0	0	0	-5,737	92,661
Cost of goods sold and materials consumed	-26,068	-2,691	-871	0	0	0	0	5,160	-24,469
Production variation	-447	153	-134	0	0	0	0	0	-428
Gross margin	**58,466**	**4,793**	**5,081**	**0**	**0**	**0**	**0**	**-577**	**67,764**
Works for the company	1,148	0	0	0	0	0	0	0	1,148
External supplies and services	-17,292	-942	-893	-8	0	41	0	522	-18,572
Personnel costs	-28,995	-2,610	-2,853	0	0	0	0	0	-34,457
Amortizations	-6,414	-307	-330	0	0	0	0	0	-7,052
Impairment	-163	-37	-24	0	0	0	0	0	-224
Provisions for the year	372	0	0	0	0	61	0	0	433
Other revenue and operating income	-1,908	-188	-99	0	0	50	0	3	-2,143
Impairment of non depreciable assets	-54	0	0	0	0	0	0	0	-54
Increases/(Reductions) of fair value	375	0	0	0	0	-519	0	0	-144
Other revenues and operating income	2,168	174,205	138	6	-174,167	-122	795	22	3,044
Operating income	**7,701**	**174,914**	**1,020**	**-2**	**-174,167**	**-490**	**795**	**-30**	**9,741**
Interest and similar expenses	-3,078	-640	-113	0	0	0	0	1,204	-2,627
Interest and similar income	22	1,328	0	45	0	-182	0	-1,204	11
Financial result	**-3,056**	**689**	**-113**	**45**	**0**	**-182**	**0**	**0**	**-2,616**
Result before taxes	**4,645**	**175,603**	**907**	**43**	**-174,167**	**-672**	**795**	**-30**	**7,125**
Income tax	-428	-13,208	-92	-9	12,930	120	0	7	-681
Consolidated result for the period	**4,218**	**162,395**	**815**	**34**	**-161,238**	**-552**	**795**	**-23**	**6,444**
Attributable:									
Shareholders	4,258	162,395	685	34	-161,238	-548	795	-23	6,357
Non-controlling interests	-40	0	131	0	0	-4	0	0	86

[8] Alternative performance measure corresponding to the compound annual growth rate calculated by (Final Amount/Initial Amount) ^ (1/number of years)-1.

[9] Unaudited pro-forma consolidated financial information, prepared in accordance with IFRS with reference to 31st December 2017 and 30 September 2018, which considers, for the purposes of the mentioned periods of twelve and nine months, the acquisition of Cerutil – Cerâmicas Utilitárias, S.A. ("Cerutil") and Faianças Artísticas Bordalo Pinheiro, S.A. ("Bordalo Pinheiro"), subject to a reliability assurance report by Deloitte & Associados, SROC, S.A..

Unaudited pro-forma consolidated income statement of the period of nine months ended 30th September 2018

(values in thousand euros)	Vista Alegre Group (september 2018)	Pro-forma adjustments (january to august 2018)				Pro-forma accounts
		Cerutil, S.A.	Bordalo Pinheiro, S.A.	Bordalgest, S.A.	Intra-group adjustments	
Sales and services rendered	63,921	6,635	4,150	0	-4,260	70,445
Cost of goods sold and materials consumed	-19,673	-3,009	-633	0	3,861	-19,453
Production variation	2,018	39	19	0	0	2,076
Gross margin	**46,266**	**3,664**	**3,536**	**0**	**-399**	**53,067**
Works for the company	1,868	96	200	0	0	2,164
External supplies and services	-13,873	-778	-598	-5	399	-14,856
Personnel costs	-23,192	-1,920	-2,179	0	0	-27,292
Amortizations	-4,593	-145	-217	0	0	-4,954
Impairment	-57	-250	-203	0	0	-510
Provisions for the year	0	0	0	0	0	0
Other revenue and operating income	-1,186	-121	-52	0	0	-1,359
Impairment of non depreciable assets	0	0	0	0	0	0
Increases/(Reductions) of fair value	0	0	0	0	0	0
Other revenues and operating income	1,505	24	103	0	0	1,632
Operating income	**6,738**	**570**	**590**	**-6**	**0**	**7,892**
Interest and similar expenses	-1,994	-447	-69	-5	1,204	-1,312
Interest and similar income	86	1,894	0	11	-1,204	788
Financial result	**-1,908**	**1,447**	**-69**	**6**	**0**	**-524**
Result before taxes	**4,830**	**2,017**	**521**	**0**	**0**	**7,368**
Income tax	-1,178	-501	-109	0	0	-1,788
Consolidated result for the period	**3,652**	**1,516**	**412**	**0**	**0**	**5,581**
Attributable:						
Shareholders	3,730	1,516	346	0	0	5,592
Non-controlling interests	-78	0	66	0	0	-12

B.9 **Profit forecast or estimate**

Not Applicable. This Prospectus does not contain any future-profit forecasts.

B.10 **Qualifications in the audit report on the historical financial information**

Not Applicable. The VAA's consolidated annual financial statements for the financial years of 2015, 2016 and 2017 were audited and the report contains no qualifications or disclaimers.

B.11 **Issuer's working capital**

The Issuer believes that, regarding all the companies that make up the consolidation perimeter of the VAA Group, its Working Capital[10] shall be sufficient for its current needs, i.e. for a period of 12 months from the date of publication of this Prospectus, taking into account the projections available for that twelve-month period (namely considering the acquisitions of Cerutil and Bordalo Pinheiro, as well as the significant increase in the activity of Ria Stone, with a positive impact in terms of the release of operational cash flows) and the available financial resources or to which the Issuer can have access, either in a scenario of successful completion of the Offer and the Institutional Offer as defined in section E.3. (that is to realize the financial contribution resulting from the net proceeds of the subscription offer), or in the absence of such successful outcome (taking the payment term of the shareholder indebtedness applicable in this scenario into account).

Section C – Securities

C.1 **Type and the class of the securities being offered / admitted to trading**

The securities that comprise the Offer (as defined in section E.3) are 9,144,550 ordinary, book-entry and nominative shares, with a nominal value of 0.80 euros each, representing 5.25% of the VAA's share capital, after the share capital increase described in section E.

The 21,772,735 new shares referred to in C.2 below shall be subject to admission to trading on the Euronext Lisbon market. The new shares referred to in C.2 below will have the same codes (ISIN PTVAA0AM0019 and CFI ESRUFR) as the common shares representing VAA's share capital already admitted to trading at the date of this Prospectus.

Taking into account the mechanism created to facilitate the simultaneous settlement of all the shares subject to the Offer and Institutional Offer (as defined under section E.3), the respective physical settlement, scheduled for 17th December 2018, shall be made fully with VAA shares already issued and admitted to trading, thus assuring the equal treatment to all the investors. This way, all the participants in the abovementioned Offer and Institutional Offer shall receive shares with the codes ISIN PTVAA0AM0019 and CFI ESRUFR, such as

10 VAA alternative performance measure (unaudited) corresponding to the difference between total current assets and total current liabilities as evidenced by the consolidated financial situation statement (corresponding to working capital).

		the other VAA shares.
C.2	**Currency of the securities issued**	The shares issued within the capital increase described in section E. ("New Shares") will be issued in Euros.
C.3	**Number of shares issued and fully paid and the par value**	At the date of this Prospectus, the Issue's share capital is 121.927.316,80 Euros, fully subscribed and paid up, represented by 152.409.146 ordinary, book-entry and nominative shares with a nominal value of EUR 0.80 each.
C.4	**Rights attached to the securities**	All VAA shares are in the same category and the New Shares will also belong to this category. Under the terms of the PCC and VAA's Articles of Association, the holder of a VAA share takes on, with its acquisition, the status of shareholder of the VAA, with all the rights and obligations inherent provided in the PCC and VAA's Articles of Association, namely, the right to share in profits, the right to participate in the General Shareholders Meeting, the right to share the assets in the event of winding up, the pre-emption right in the subscription of new shares in case of share capital increases through capital contributions in cash in which the respective right is not limited or suppressed, the right to receive new shares of the Company in share capital increase operations through the incorporation of reserves, and right to information
C.5	**Restrictions on the free transferability of the securities**	There are no statutory and/or legal restrictions on the transfer of VAA shares, which are transferred free of encumbrances and charges at the settlement date of the Offer and the Institutional Offer (as defined in section E.3).
C.6	**Admission to trading**	VAA shares are not admitted to trading on any other regulated market other than Euronext Lisbon. Euronext Lisbon has been requested to accept the New Shares, which is expected to occur on 19th December 2018 or in a near date (subject to commercial registration and favourable decision of Euronext Lisbon).
C.7	**Dividend policy**	In recent years, namely during the period covered by this Prospectus, due to accrued losses and major investments made in the scope of the Issuer's restructuring and also due to the restrictions arising from the syndicated loan entered into by Vista Alegre Atlantis, S.A. and the Offeror with Caixa Geral de Depósitos, S.A. and Banco Comercial Português, S.A., no dividend policy was established nor were dividends distributed to shareholders. As per section E.2a, in case of success of the Offer and the Institutional Offer (defined in section E.3), the Issuer intends to apply the net product of the subscription offer and Visabeira Indústria, SGPS, S.A. ("Offeror") intends to apply the net proceed of the offer of sale in the repayment of the loan entered into by Vista Alegre Atlantis, S.A. and the Offeror with Caixa Geral de Depósitos, S.A. and Banco Comercial Potuguês, S.A., according to which VAA is subject to restrictions on the distribution of dividends (i. e. to the full reimbursement by Vista Alegre Atlantis, S.A. and a partial by the Offeror). Thus, and subject to the conditions described under section E.3 of the Offer and the Institutional Offer (as defined under section E.3), as well as the release from the abovementioned restrictions (the negotiation of which has already begun), VAA's Board of Directors approved a policy of stable and sustainable growth of the dividends for the financial year 2019 and subsequent years envisaging that VAA will declare and pay dividends that represent at least 30% of its net income, adjusted to non-recurring items and determined in its respective financial, year, applicable in a scenario of success of those offers and the assumption of said revenue allocation and the release of the VAA from those restrictions. In any case, the payment of dividends is subject to the legislation in force and to the articles of association, which state that the distribution of profits for the year, after deduction from or reinforcement of the provisions and reserves required by law, will be dependent on a proposal of the managing body prepared and approved based on the accounts for the year which requires a favourable resolution at the General Shareholders Meeting, by simple majority of the votes cast, taking into account the dividend policy that is in force at each moment. VAA's Board of Directors may adjust such dividend policy in the future, if necessary or convenient to the corporate interest, in order to reflect, among other things, changes to the business strategy and capital needs, any future dividends depending on the conditions verified in that moment, including consolidated and individual net income, gains, financial situation, reserves, availability of legally distributable funds and future prospects, and therefore no guarantee can be given that in a given year dividends will be proposed, declared and/or distributed. Furthermore, and considering that the scope of VAA's activity is the management of shareholdings as an indirect form of economic activity, its ability to pay dividends substantially depends on its operating subsidiaries earning profits and distribution to VAA.

Section D – Risks		
D.1	**Key information on the key risks that are specific to the Issuer or its industry**	Investing in VAA shares involves risks of several types. Potential investors should consider all information contained in this Prospectus, or included in it by reference, and particularly the risks described below before making any investment decision. The risk factors described below are those that VAA and the Offeror consider to be material, yet they may not be the only risk factors and uncertainties inherent to VAA and to the investment in VAA. This Prospectus also contains forward-looking statements about factors that involve risks and uncertainties. **Risks related to Issuer's business and industry** - The Issuer's business is subject to macroeconomic developments, and therefore the negative effect that the macroeconomic environment may have on reducing demand in the markets in which the Issuer operates may have material adverse consequences on VAA's business, financial situation or operating results; - VAA may not be able to achieve positive operating profits and cash flows in the future, which associated in particular with its negative Working Capital[11] may determine VAA's inability to face its debt service as well as carry out its investment plan with potentially adverse and significant consequences on VAA's business, financial situation and/or operating results; - VAA has a significant level of Indebtedness[12], which may lead to operational and treasury constraints (with a possible negative impact on VAA's ability to implement its strategy and on its activity and financial situation), namely in the event of a future default in the debt service associated with such Indebtedness[11]; - VAA may not be able to generate sufficient cash flows and/or obtain the funding it needs to implement the defined strategic guidelines, and therefore it may be forced to reduce or defer the necessary investments (CAPEX[12]) with negative impact on its activity, financial situation and results; - VAA may not be able to avoid significant concentrations of credit risk, which may have a significant impact on the Issuer's activity and its financial condition and/or operational results; - The specific risks associated with the crystal and manual glass segment introduce an additional degree of variability to the assumptions considered by the Issuer for the recovery of the performance of this segment (with negative Adjusted EBITDA[7] in the recent years), which may have a significant impact on Issuer's performance; - The Issuer operates in a highly competitive market and the increased competition, coupled with a recovering macroeconomic environment and eventual changes in the European regulatory environment, could adversely affect its sales, services and results; - The business carried out by VAA needs constant investments (CAPEX[13]), and therefore if VAA does not have the necessary funds, the development of its business and the strategic guidelines may suffer changes or delays with long-term impact; - VAA cannot guarantee the loyalty of its customer base, its results and financial situation depending on its ability to maintain high levels of customer loyalty (notably IKEA), mainly through the quality and competitiveness of its portfolio and the implementation of ongoing investment projects; - VAA is exposed to changes in consumer habits and design trends, and therefore it may have to adjust its strategy accordingly; - VAA operates in a constantly evolving sector in terms of innovation and design, which implies the need to maintain an ability to keep up with technological changes to maintain its competitiveness, otherwise such inability may adversely affect its activity, financial situation and operational results; - VAA has contracted, under licence, the use of information systems to make its business function properly and any failure in such services may have a material adverse effect on VAA's financial situation and operational results; - Information technology (IT) system failures could affect VAA's operations, which could have an impact on its financial position and operational results; - VAA may not be able to monetize investments (CAPEX[13]) in innovation and marketing; - VAA faces risks associated with protecting its brands, and the inability to preserve the reputation and value of the trademarks and associated intellectual property rights may

[11] Alternative performance measure of the company (unaudited), calculated as the sum of loans/financing from financial institutions, loans/financing from the entities IKEA Supply AG and Ikea Industry, S.A., repayable subsidies obtained from AICEP, account payable to TF Turismo Fundos - SGFII, S.A., a loan obtained from the IFDR - Financial Institute for Regional Development, I.P. and account payable to shareholders regarding financing/loans.

[12] VAA alternative performance measure (unaudited) referring to the sum of the investments made in the period/year, recorded as tangible fixed assets and/or intangible assets.

		adversely affect its position; - The potential execution of the pledge over equipment and the pledge over the brands constituted to guarantee a relevant part of VAA's Indebtedness[12] may adversely affect VAA's production, sales and services and profitability; - VAA is exposed to risks inherent to the fair value of investment properties and tangible assets, and the respective negative changes may have a negative impact on its financial situation; - VAA is exposed to reputational risks, particularly emerging from rumours that may affect its image and customer relationships; - VAA may have difficulties in recruiting and retaining qualified staff, which may have an impact on the execution of its business strategy; - VAA is subject to strategy risks and may not be able to successfully execute the strategic guidelines of its established operational and financial strategy - VAA may be a party to mergers and/or acquisitions, partnerships and/or divestitures, which may have medium- and long-term effects; - VAA incurs risks associated with changes in interest rates which may have a negative impact on the Company's results and financial situation; - VAA incurs risks associated with changes in exchange rates which may have a negative impact on the Company's results and its financial situation vis-à-vis the exports to countries outside the Euro Zone; - VAA is subject to operational risks, and any potential failure to implement the risk management and control policies of the Group could have a material adverse effect on VAA's financial situation; - Issuer's assets may be damaged by natural or man-made catastrophes and VAA and its responsible people may incur in civil, criminal or contravention liability arising therefrom and not covered by insurance, as well as seeing its reputation affected, which may have a negative impact on VAA's business plan, activity, financial situation and results; - VAA may be exposed to unidentified risks or to an unexpected level of risk which, in the absence of effective risk management systems, could have material adverse consequences on VAA's business, financial situation or operational results; - Production activities are subject to environmental and health and safety regulations, and can cause industrial accidents and environmental, safety and/or other risks with material impact; - Changes to tax laws and regulations and increased taxes or reduced tax benefits could have an adverse effect on VAA's business; - VAA is a party to litigation (and may be subject to certain litigation) whose negative outcome may have a negative impact on VAA's financial situation and results; - VAA may incur future costs related to defined benefit retirement plans and may need to make additional contributions to such plans in the future, which may exert an adverse pressure on VAA cash flows; - VAA may face labour stoppages that interfere with its operations and activity and consequently negatively impact its results; - VAA, as a holding company, has as its sole corporate scope the management of stakes in other companies as an indirect form of economic activity, so that the fulfilment of the obligations assumed by the company depends on the access to the cash flows generated by their subsidiaries; - If VAA or those with whom VAA shares information do not comply with legal obligations regarding personal data, VAA may be subject to the payment of substantial fines and its reputation may be affected which may generate losses in the future; **Risks related to the Issuer's shareholder structure** - Grupo Visabeira exercises significant control over VAA and its interests may differ from the interests of other shareholders, affecting the Company's strategy and/or the VAA shares' market price; - VAA may not be able to maintain the funding and credit support from the Visabeira Group that it currently benefits from and/or obtain further funding, which may have negative material effects on the implementation of VAA's strategic plan and on its financial situation or operational results - The minority shareholders' rights may be limited under Portuguese law **Risks related to recent acquisitions and investments** - VAA may incur unexpected losses or an increase in costs in connection with the acquisition of Cerutil and its subsidiaries or may not be able to successfully integrate it, which may affect the relevant business segments' business valuation and operational results; - The unaudited pro-forma consolidated financial information is presented only for illustrative purposes and may not be an indication of VAA's financial condition or of its operational results following the Recent Acquisitions and the sale of VA Grupo.
D.3	**Key**	**Risks related to the Offer (described in E.3), with VAA's shares and with the market**

	information on the key risks that are specific to the securities	- The Offer is subject to certain conditions, being without effect in case any of those conditions to which the Issuer and the Offeror subjected the Offer is not fulfilled. In case the Offer is without effect, that fact may have an adverse significant effect on VAA's business, financial condition, operational results and prospects and determine the maintenance of a low liquidity of the VAA share; - The termination of the institutional placement agreement determines that the Offer shall be without effect, which may have a negative effect on the VAA's situation and prospects and the maintenance of a very low liquidity of the VAA Shares - VAA shares' market price may be inferior to the Offer price and the market volatility could trigger a fall in the price of VAA Shares and the value of the investment; - The tax regime inherent to the holding and disposal of the VAA shares may be changed, which may have an adverse effect on the investment on VAA Shares; - VAA may not be able to pay dividends, in particular due to restrictions provided under financing agreements and the conditions of the respective dividend's policy; - Shareholders from countries that have not adopted the euro face additional investment risk arising from exchange rate fluctuations in relation to their stakes in VAA's capital stock; - The sale of a substantial number of VAA shares on a regulated market or outside of it may lead to a reduction in the price of VAA shares; - VAA Shares' secondary market has low liquidity, which may impair the investors' ability to sell their VAA shares or reduce VAA shares' market price; - The rights of the shareholders under Portuguese law may differ from the rights granted to shareholders in other jurisdictions; - Changes to VAA's shareholder structure may result in changes in its strategy and consequently affect its profits; - Any future increases in VAA's share capital may have a negative impact on VAA shares' price and existing shareholders may suffer dilution of the capital they hold to the extent that they are not able to participate in such capital increases; - The Offer shall include in its subscription offer component a dilution of current VAA shareholders; - VAA may not guarantee to the investors that the physical settlement of the Offer and the Institutional Offer (described in E.3) will occur under the terms expected (by the timely transmission of the shares free of encumbrances and/or charges), which, if not verified, could determine that the Offer be without effect. Equally, VAA may not guarantee the commercial registration of the share capital increase and the subsequent admission to trade of the New Shares will take place on the envisaged dates. Any of the abovementioned situations may cause a negative effect in VAA's situation and prospects and determine the maintenance of a low liquidity of VAA Shares; - Absence of rating.
Section E - Offer		
E.1	**Total net proceeds and an estimate of the total expenses of the Offer, including estimated expenses charges to the investor by the Issuer or the Offeror**	The price of the offer, both for the subscription of New Shares and for the sale of shares by the Offeror, will be defined in date after the publication of this Prospectus and after the closing of the Offer, within the range of prices defined in this Prospectus (between 1.00 Euros and 1.30 Euros), thus, it is not possible in the present date to indicate the total net amount of the revenue of the offer. In any case, assuming as the offer price the minimum point of the defined range of prices (of 1.00 Euros) not considering the ability of the Offeror to decide the increase in the Institutional Offer's dimension (described in E.3) and deducting all the expenses associated to the Offer and the Institutional Offer (described in E.3), the respective total net amount of proceeds will be approximately 20.8 million Euros for the Issuer and approximately 8.3 million Euros for the Offeror. On the other hand, assuming as the offer price the maximum point of the defined range of prices (of 1.30 Euros) not considering the ability of the Offeror to decide the increase in the Institutional Offer's dimension and deducting all the expenses associated to said Offer and the Institutional Offer, the total net amount of proceeds of the Offer and of the Institutional Offer will be approximately 27.1 million Euros for the Issuer and approximately 10.8 million Euros for the Offeror. To such revenues arising from the Offer and the Institutional Offer have been deducted the commissions and further expenses associated therewith (respective applicable taxes added) to be incurred by the Issuer and the Offeror in the proportion of the proceeds received by each of them within that scope (as an example, assuming as the offer price the medium point of the defined range of prices (of 1.15 Euros) these correspond to an amount of approximately 1.5 million Euros). The Issuer and the Offeror shall charge no expenses to the investor.
E.2a	**Reasons for the Offer, Use of proceeds,**	With the Offer and the Institutional Offer (described in E.3) including the offer of sale and of subscription (the latter with the elimination of pre-emption right in the subscription of New Shares), the idea is to increase the dispersion of Issuer's capital and to optimize the

	estimated net amount of the proceeds	financing sources. The Issuer intends to apply the net proceeds of subscription: (i) a maximum of up to 83% for reinforcement of its financial situation and of balance sheet and for optimization of the financing sources, by indebtedness reduction, (a) giving priority to the full repayment of the loan acquired through its subsidiary Vista Alegre Atlantis, S.A. to the Caixa Geral de Depósitos, S.A. and to the Banco Comercial Português, S.A. (with the outstanding principal amount of 5.2 million Euros on 30th September 2018 and the other amounts such as interest, commissions and others that may be necessary for the full repayment and cancellation of the debt of this borrower being paid through its respective treasury), and (b) the remaining of those up to 83% will be used for the partial payment of the shareholder indebtedness entered into by VAA with the Offeror (VAA repaying at least 11.9 million Euros); and (ii) apply a minimum of 17% on the implementation of the measures foreseen in its strategic plan. In turn, the Offeror intends to repay a part (of, at least, 20.2 million Euros) of the same syndicated loan with the outstanding principal amount of 25.7 million Euros on 30th September 2018, using for that purpose: (i) the net total proceeds of sale; (ii) the amount that may be received from the Issuer, pursuant to the terms referred to in the last paragraph and (iii) its treasury for the payment of any other amounts such as interest, commissions and others that may be necessary for the purposes of such partial reimbursement. This revenue allocation has as one of its principal objectives the release of VAA from the current contractual restrictions resulting from the abovementioned syndicated loan, *i.e.*, the restrictions to the distribution of dividends by VAA until 2026 and to the free disposability of brands and assets held by VAA Group. So, if the offers succeed, VAA and the Offeror intend to reimburse said loan according to the terms mentioned and, in this context, obtain the release of VAA from said contractual restrictions (the negotiation for the release of such restrictions has already begun).
E.3	**Terms and conditions of the Offer**	**Offer Conditions** Offer comprises a public offer for the sale of 4,572,275 shares already issued and a public offer for subscription of 4,572,275 New Shares addressed to the general public ("Offer"), and, together with an institutional offer, which have as object 17,200,460 New Shares to be subscribed within the share capital increase, and 4,136,819 shares already issued to be sold by the Offeror, addressed to a group of qualified investors selected by the Issuer and the Offeror (the "Institutional Offer") (*vide* Intercommunication Mechanisms below in this section E.). The Offeror may also, until the 12th December 2018 after the end of the Offer Period and on its own initiative, after consulting the Issuer and the Offer's Global Coordinators, and taking into account the market conditions, increase the number of Shares for Sale to be offered in the Institutional Offer up to a maximum of 13,063,641 VAA shares. The Institutional Offer would then comprise up to 34,400,920 VAA Shares for sale and, in conjunction with the Offer, entail a dispersion with investors of a global amount of up to 43,545,470 VAA shares, with a nominal value of 0.80 euros each, representing up to 25% of Company's share capital, after said share capital increase. The Offer is subject to the following conditions: (i) The definition, after the Offer and the Institutional Offer are closed, of the offer price within the price range defined as maximum and minimum values (the Company shall set the subscription price for the New Shares, and the Offeror shall set the sale price of the shares for sale) ("Offer Price"); (ii) The institutional placement agreement has not been terminated, resolved or ceased its effects before the date of the Offer and the Institutional Offer's financial settlement; and (iii) The existence of a demand for all VAA shares subject to the Offer and Institutional Offer, i.e. for a minimum of 30,481,829 VAA (corresponding to 17.5% of share capital after the increase), of which at least 11,337,279 VAA Shares must result from the demand occurred in the Institutional Offer, regardless of the exercise or not by the Offeror of the option to increase the number of VAA shares part of the Institutional Offer. Particularly, concerning the condition (iii) above, the Offer and Institutional Offer are subject to the subscription of all the New Shares (21,7772,735 shares representative of 12.5% of VAA's share capital, after the share capital increase) and to the sale of 8,709,094 shares for sale (5% of VAA's share capital, after the share capital increase). If any of these conditions is not met, both the Offer and the Institutional Offer, in their components of share capital increase and offer for the subscription of New Shares and offer for the sale of shares by the Offeror shall be without effect. Given the Offeror's ability to decide to increase the Institutional Offer and the intercommunication mechanisms mentioned below, the Offer may reach a maximum of up to 19,144,550 VAA shares and a theoretical minimum of 0 VAA shares and the Institutional

Offer may reach a maximum of 43,545,470 VAA shares and a minimum of 11,337,279 VAA shares.
This Offer, like any offer qualifying as public under the PSC, may be subject to any of the events referred to in articles 128 *et seq.* of the PSC.

Offer Period
The VAA Shares included in the Offer, including the New Shares and the Shares for Sale subject to the Offer, may be object of orders of subscription/acquisition ("Orders") during the period from 8:30 a.m. on 29th November 2018 and up to and including 3:00 p.m. on 12th December 2018 (the "Offer Period"), as detailed in "Planned Calendar" ahead. Orders may be revoked up to 5 days before the expiration of the Offer deadline (that is, until and including 7th December 2018)**.**

Method, payment terms and delivery of shares in the Offer
The payment of the Offer Price will be in cash, predictably, on second business day following the special regulated market session, in other words, on 17th December 2018.
For the purposes of the simultaneous physical settlement of the New Shares and of the shares for sale, which are subject of the Offer and the Institutional Offer, a set of formalities/obligations has been defined. Particularly, the Issuer and the Offeror agreed that the latter shall deliver to Caixa – Banco de Investimento, S.A. ("CaixaBI") (on its own behalf and on behalf of the Issuer up to 43,545,470 VAA shares free of encumbrances and charges, in the terms following described, CaixaBI shall be responsible for operating the physical settlement both of shares for sale (obligation of the Offeror) and as well of the New Shares (obligation of the Issuer), by virtue of the mentioned VAA shares already existing and held by the Offeror. Thereby, when the physical settlement of the New Shares takes place, the Offeror will be subrogated in the right to receive the New Shares.
The VAA shares to be delivered by the Offeror for the purposes of the physical settlement of the Offer and of the Institutional Offer under the terms referred to are subject, at the date hereof, to a financial pledge, granted as a guarantee for the purposes of the syndicated loan entered into with Caixa Geral de Depósitos, S.A. and Banco Comercial Português, S.A., which will be in place until the business day immediately prior to the date of the physical settlement. The abovementioned financing banks irrevocably represented to cancel the pledge on the business day preceding the date of physical settlement of the Offer, if: (i) as a result of the Offer and the Institutional Offer, the relevant VAA shares (in whole or in part) should be transferred to the respective acquirers and, to that extent, subject to transfer within the settlement of the Offer and the Institutional Offer; and (ii) a demand is verified in the Offer and Institutional Offer that, in accordance with this Prospectus, allows for a gross revenue for VAA and the Offeror in the amount of, at least, 30,481,829.00 Euros (i.e. the equivalent to the sale of 30,481,829 VAA Shares, at the minimum price provided for in the price range of the Offer and the Institutional Offer). For the abovementioned purposes, CaixaBI will have to notify the registering entity and the financing banks referred to of the results and the registering entity will have to proceed to the transfer of the VAA shares necessary for the full settlement of the Offer and of the Institutional Offer, free of encumbrances and/or charges, to CaixaBI.

Calculation and publication of the results of the Offer
A request was made to Euronext to hold a Special Regulated Market Session to determine the results of the Offer, which is expected to take place on 13th December 2018, at a time to be indicated in the respective Notice of Special Regulated Market Session. The results will be released shortly after their calculation and published on the CMVM website at www.cmvm.pt and in the Euronext Prices Bulletin.

Planned Calendar
The most relevant dates for the Offer and the admission are as follows:

Main stages	Planned date
Publication of the Prospectus	From 27th November 2018
Period for the Receipt of Orders	29th November 2018 to 12th December 2018
1st Offer Period	29th November 2018 to 5th December 2018
2nd Offer Period	6th December 2018 to 12th December 2018
Date after which the Orders in the Offer become irrevocable (inclusive)	8th December 2018
Bookbuilding period for the Institutional Offer	29th November 2018 to 12th December 2018
Dispatch by the financial intermediaries to Euronext of the Orders received for the Offer	Daily from 8:00 a.m. to 6:00 p.m. from 29th November 2018 to 11th December 2018 and until 4:30 p.m. on 12th December 2018
Announcement of the final price of the Offer and of	13th December 2018

the Institutional Offer	
Allocation of shares in the Institutional Offer	13th December 2018
Date of the Special Regulated Market Session to determine the results of the Offer	13th December 2018
Date of physical and financial settlement date of the shares acquired in the Offer and in the Institutional Offer	17th December 2018
Expected date for commercial registration of the share capital increase(1)	18th December 2018
Estimated date for admission to trading of New Shares(2)	19th December 2018

(1) The occurrence of this event on the date indicated herein is dependent on obtaining the commercial registration of the share capital increase with the Commercial Registry Office on the scheduled date, i.e. on 18th December 2018. The Issuer, although undertaking to make all reasonable efforts to achieve the commercial registration by the date indicated, cannot however guarantee that the definitive registration will be made on that same day.

(2) The occurrence of this event on the date indicatively mentioned depends on the favourable decision of Euronext. The Issuer, although undertaking to make all reasonable efforts to obtain the admission to trading by the date indicated, cannot however guarantee that it will take place on that same day.

Allocation criteria for the Offer and rounding off

Within the Offer investors may individually submit Orders for a minimum number of 10 shares and up to a maximum of 1,000,000 shares, which shall be placed in multiples of 10 shares (if this limit is not respected, the Orders will be reduced to that maximum limit).

After the contingent operation of the intercommunication mechanisms as described below, and, in any case, if pro rata allocation is necessary, the following criteria for the attribution of shares shall be followed. In any case, the attribution of VAA shares to each Order shall be made in batches of 10 shares, in accordance with the following principles:

(i) The set of Orders transmitted during the 1st Offer Period shall benefit from an allocation coefficient 100% greater in relation to the set of Orders transmitted during the 2nd Offer Period;

(ii) The VAA Shares to be assigned to each Order shall be equal to the greatest whole multiple of 10 obtained from the multiplication of the respective coefficient by the quantity of the Order (*i.e.*, rounding down);

(iii) The VAA Shares remaining, as a result of the attribution process provided for in the previous paragraphs, shall be allocated in batches of 10 shares, by means of drawing, first among all the Orders transmitted during the 1st Offer Period and, after each one of them has been satisfied with one batch each, among the other Orders.

Intercommunication Mechanisms

Provision is also made for intercommunication mechanisms between the Offer and the Institutional Offer, which may determine the reallocation to the Institutional Offer of batches of VAA shares (including batches of New Shares) that were initially allocated to the Offer, and, also, the reallocation to the Offer of batches of shares initially allocated to the Institutional Offer. Such mechanisms are usually referred to as “clawforward” and “clawback” mechanisms. Given these mechanisms and the Offeror’s ability to decide to increase the Institutional Offer, the Offer may reach a maximum of up to 19,144,550 VAA Shares and a theoretical minimum of 0 VAA shares and the Institutional Offer may reach a maximum of 43,545,470 VAA shares and a minimum of 11,337,279 VAA shares.

Setting Prices for the Offer and the Institutional Offer

The Offer and the Institutional Offer are initiated based on a range of prices, minimum and maximum, within which the Offer Price will be set. This price range, between 1.00 Euro and 1.30 Euro, was defined by VAA (for the purposes of the subscription offer) and by the Offeror (concerning the sale offer). Accordingly, as a result of the issue of the New Shares, there will be a premium corresponding to the positive difference between the nominal value of the VAA shares and the Offer Price within that range. This means that the premium will be between 0.20 Euro and 0.50 Euro. The setting of the Offer Price will be carried out by the Company (for the purposes of the subscription offer) and by the Offeror (for the purposes of the sale offer). The Offer Price is set using the bookbuilding method considering the domestic and international markets. The Offer Price will be disclosed to the public on the day of the Special Regulated Market Session, in a moment prior to that session, through an announcement published on CMVM’s and the Issuer’s websites.

Assistance, Placement and Underwriting

Banco Comercial Português, S.A. and CaixaBI (“Offer’s Global Coordinators”) are the financial intermediaries responsible for providing assistance services to the Offeror and to the Issuer in the Offer, under the terms and for the purposes of article 337 of the PSC. Under the terms and for the purposes of articles 338 and 341 of the PSC, a consortium was set up for the placement of the shares in the Offer with the public in Portugal, and the

		corresponding Assistance and Placement Agreement was entered into by the Company, the Offeror and the members of the placement consortium identified below: Heads of Consortium: CaixaBI and Banco Comercial Português, S.A.; Co-leaders: Caixa Geral de Depósitos, S.A., Banco ActivoBank, S.A., Novo Banco, S.A., Best – Banco Electrónico de Serviço Total, S.A., Caixa Económica Montepio Geral, Caixa Económica Bancária S.A., Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C.R.L. and Banco Santander Totta, S.A.. The Offer is not subject to underwriting, nor does it have guaranteed placement. The institutional placement agreement was also entered into by the Company, the Offeror and the following institutions: Offer's Global Coordinators: Banco Comercial Português, S.A., and CaixaBI and as Co-leader Nau Securities Limited. Any financial intermediary duly authorised and registered for this purpose may assume the role of Order receiver and provide the service of registration of the shares.
E.4	**Interests that are material to the Offer and conflicting interests**	Regarding both the Offer and the Institutional Offer, the Issuer and the Offeror will pay in proportion to the revenue received by each of them to the Offer's Global Coordinators and to the other financial institutions that are members of the Offer and/or Institutional Offer consortium, a maximum aggregate commission of 796 thousand Euros, plus applicable taxes. Caixa Geral de Depósitos, S.A. majority shareholder of CaixaBI and Banco Comercial Português, S.A. are creditors of a subsidiary of the Issuer and the Offeror, part of the net proceeds of the Offer and the Institutional Offer being expected to be used to reimburse these credits. Furthermore, Caixa Geral de Depósitos, S.A., majority shareholder of CaixaBI, is also a shareholder of the Issuer, 3.40% of its voting rights being attributed, under Article 20 PSC. Nuno Maria Pinto de Magalhães Fernandes Thomaz, VAA Director, is also a Director of NAU Securities Limited, which, in turn, is Co-Leader in the Institutional Offer and provider of services to VAA related to investor relations, studies on the evolution of the stock and the market and transactions on VAA shares. Besides receiving the revenue corresponding to the sale of the shares that it will sell, the Offeror will receive from VAA part of the proceeds arising from the New Shares, as a partial payment of the shareholder indebtedness contracted by VAA to the Offeror.
E.5	**Name of the person or entity offering to sell the security. Lock-up agreements**	The Offeror of the shares for sale is Visabeira Indústria SGPS, S.A.. The Offeror undertakes not to, in the context of the institutional placement agreement, without the prior written consent of the Offer's Global Coordinators (which shall not be refused or delayed without reasonable cause), during the period of 180 days from the date of the admission to trading of the New Shares, and subject to certain exceptions, offer, sell, promise to sell, assign or sell any options or acquisition or selling rights, to grant any acquisition rights or warrants or in any other way transfer or sell, directly or indirectly any VAA Shares or securities convertible in or exchangeable for VAA Shares, or enter into swaps or other agreements which transfer totally or partially any economic effects arising from holding VAA shares (independently of the fact that any of these instruments is subject to financial or physical settlement), or in any other way sell or enter into an agreement aimed at the sale of VAA shares, and not to announce or communicate with the intention of undertaking any of the actions abovementioned. Moreover, the Company has undertaken not to, without the prior written consent of the Offer's Global Coordinators (which shall not be refused or delayed without reasonable cause), during the period of 180 days from the date of admission to trading of the New Shares, and subject to certain exceptions, directly or indirectly issue, offer, cede, sell, promise to sell, or issue, sell any options or acquiring, selling or issuing rights, grant any call options, rights or warrants, lend or in any other way transfer or dispose of any VAA shares or securities convertible into or exchangeable for VAA Shares, or any substantially similar instruments, nor enter into swaps or other agreements or transactions which transfer totally or partially transfer any economic effects arising from holding VAA shares (regardless of whether any of these instruments or rights be subject to financial or physical settlement).
E.6	**The amount and percentage of immediate dilution resulting from the Offer**	Within the Offer and the Institutional Offer, in the respective component of offer for subscription, 21,772,735 New Shares will be issued in a share capital increase with the elimination of current shareholders' pre-emption right. This will entail a dilution of the current shareholders in favour of the investors to which the New Shares will be offered, unless the current shareholders also participate in the Offer and the Institutional Offer by subscribing the New Shares or acquiring the shares for sale that would be necessary to maintain their respective stake. The stake in VAA's capital held by shareholders which do not subscribe the New Shares or acquire the shares for sale that would be necessary to maintain their respective stakes will be diluted with the issue of the New Shares. Such dilution will be equivalent to 12.5%, as a result of the quotient between the number of new shares issued and the total number of

		shares representing the Issuer's share capital after the Offer and the Institutional Offer. As an example, for the current shareholders which do not subscribe the New Shares or acquire the shares for sale that would be necessary to maintain their respective stakes, a stake in the share capital corresponding to 1.0% will be reduced to around 0.875% after the share capital increase, assuming the total subscription thereof. On the date of this Prospectus, the Offeror holds directly 137,933,854 VAA shares corresponding to 90.50% of the Issuer's share capital. In the case of disposal of the said minimum number of shares for sale within the Offer and the Institutional Offer, following its conclusion as well the share capital increase, the stake attributable to the Offeror will be of 129,224,760 VAA shares, representing 74.19% of VAA's share capital and voting rights. In turn, in case the sale of the maximum number of shares for sale in the Offer and the Institutional Offer occurs, following its conclusion as well as the conclusion of the share capital increase, the stake attributable to the Offeror will become 116,161,119 VAA shares, representing 66.69% of VAA's share capital and voting rights.
E.7	**Estimated expenses charged to the investor by the Issuer or the Offeror**	No expenses will be charged to the investor by the Issuer or the Offeror. Commissions or other charges payable by investors may apply over the Price of the Offer. The potential expenses with the transmission of orders and the maintenance of securities registration accounts depend on what is set in the price lists of the financial intermediaries, available on the CMVM website at www.cmvm.pt, and must be indicated by the institution that receives the orders.

CHAPTER 2 - RISK FACTORS

Investing in VAA Shares involves risks of several types. Potential investors should consider all information contained in this Prospectus, or incorporated in it by reference, and particularly the risks described below before making any investment decision. The occurrence of any of the following events may adversely affect VAA's business, financial situation or operating results. In such a case, the market value of VAA Shares may decline and investors may lose all or part of their investment in VAA Shares.

The risk factors described below are those that VAA and the Offeror consider to be material, yet they may not be the only risk factors and uncertainties inherent to VAA and to the investment in VAA. It is possible that other risk factors, currently unknown or not considered material, may have material adverse consequences on VAA's business, financial situation or operating profits, or cause other events that may lead to a decrease in value of VAA Shares.

VAA cannot guarantee that, in the event of adverse scenarios, the policies and procedures it uses to identify, monitor and manage risks are effective. The order in which the following risk factors are presented does not indicate the probability of their occurrence or magnitude of their impact.

This Prospectus also contains forward-looking statements about factors that involve risks and uncertainties. Actual results may differ significantly from those set forth in these forward-looking statements due to certain factors, including the risks faced by VAA, described below and elsewhere in this Prospectus.

2.1. Risks related to Issuer's business and industry

Issuer's business is subject to macroeconomic developments, and therefore the negative effect that the macroeconomic environment may have on reducing demand in the markets in which the Issuer operates may have material adverse consequences on VAA's business, financial situation or operating results

The economy and the financial system have experienced a period of significant turbulence and uncertainty at the global level. The European Union and specifically some Euro zone countries, such as Portugal and Spain, have been particularly affected.

Oscillations in the macroeconomic environment affect consumer behaviour and interfere in the evolution of demand in the markets in which Issuer operates. In addition, the level of investment (CAPEX) that has been made by the Company in recent years makes the Company vulnerable to developments in the macroeconomic environment. VAA cannot predict how the economic cycle will develop in the short term or in the coming years or whether there will be further deterioration of the global economic cycle in the countries where it operates.

According to the forecasts presented in the Economic Bulletin of June 2018 of the Bank of Portugal, the growth of the Portuguese economy is expected to continue in the coming years. After a 2.7% increase in 2017, economic activity should continue to grow over the forecast horizon, albeit at a progressively slower pace (2.3%, 1.9% and 1.7%, respectively in 2018, 2019 and 2020). At the end of the forecast horizon, the Portuguese GDP is expected to be around 5% above the level registered before the international financial crisis. It is expected that the projected growth rates will be higher than the average estimates of the potential growth of the Portuguese economy and should translate into a positive output gap in the coming years. According to these forecasts, GDP growth in Portugal will be very close to the euro area average over the forecast horizon (2017-2020). In terms of GDP *per capita*, real convergence vis-à-vis the euro area is expected to gradually continue in the coming years, partly reflecting the reduction in the population in Portugal. According to the Economic Bulletin of October 2018, the level of growth registered in the first semester of 2018 carried a GDP recuperation for the levels pre-international crisis.

Currently, most of Issuer's sales and services provided are in foreign markets, with particular influence in European countries (such as Spain, Germany, France, Italy and United Kingdom) as well as other countries such as Brazil, United States of America, Mexico, Mozambique and India, among others (having subsidiaries in Spain, United Kingdom, France, Brazil, United States of America, Mexico, Mozambique, India). Among other factors, any significant changes in the political framework, in monetary policies, in legislation or regulation, in the levels of consumer acceptance, in cost increases or reduced demand, on the economic situation in those foreign markets or in Portugal, may significantly limit the ability to generate revenues and may have adverse impacts on VAA's business, financial situation or operating results.

In 2017, the foreign market is highlighted as a strong driver of sales and service provision, with emphasis on the reach of new markets, mainly in Europe and Asia, where exports reached 64% of the global sales and services provided by the Issuer, more precisely 54.5 million euros.

On 30th September 2018, the foreign market remained a strong driver of sales and provision of services, where exports accounted for 67% of the global sales and services provided by the Issuer, more precisely 42.6 million euros.

An unfavourable domestic and international economic environment in those markets may have material adverse consequences on Issuer's business, financial situation or operating results.

VAA may not be able to achieve positive operating profits and cash flows in the future, which associated in particular with its negative Working Capital may determine VAA's inability to face its debt service as well as to carry out its investment plan with potentially adverse and significant consequences on VAA's business, financial situation and/or operating results

The development and implementation of the strategy defined for the Issuer has involved high levels of investment (CAPEX), having the resulting financing needs been taken care of, in particular because of the capital increase transactions carried out. VAA regularly surveys and monitors the markets in which it operates to measure the impacts of possible changes in its sales and services, seeking to implement management measures that avoid degradation of its profitability; however, VAA cannot guarantee the future profitability of the respective investments (CAPEX).

Additionally, on 30th September, VAA's Working Capital is negative in 29.9 million Euros (see Chapter 12.3 - "Issuer's Statement Relating to the Sufficiency of Working Capital"). The variation of the Working Capital vis-à-vis 31st December 2017 results largely from the acquisition and sale operations carried out in VAA Group's restructuring process, from which a debt to Visabeira Group amounting to 26.9 million Euros as of 30th September 2018 resulted (on this matter, see Chapter 10.7 - "Acquisition of Cerutil and Bordalo Pinheiro"), as well as the strong level of investment (CAPEX) during the year 2018.

VAA seeks to carry out adequate and efficient liquidity and cash flow risk management to promote the financing of the assets through terms and at rates appropriate to their needs, as well as the timely settlement of their financial commitments. In this respect, efforts have been made to contract financing with a longer maturity date to allow the permanent capital to be strengthened. However, given the nature of the Issuer's businesses, which contain a large fixed-cost component, any variation in sales margins may have a significant effect on the businesses' profitability and cash flows.

Failure to generate operational results and positive cash-flows in the future, particularly associated with the negative Working Capital, may result in VAA's inability to face its debt service (including debt to the Visabeira Group) and to carry out its investment plan, with potentially adverse and significant consequences on VAA's business, financial situation and/or operating results.

VAA has a significant level of Indebtedness, which may lead to operational and treasury constraints (with a possible negative impact on VAA's ability to implement its strategy and on its activity and financial situation), namely in the event of a future default in the debt service associated with such Indebtedness

VAA also has a significant level of Indebtedness, associated with the large investments (CAPEX) that it has made in recent years.

On 31st December 2017, Short-Term Indebtedness amounted to 24.2 million euros and the medium to long-term debt to 22.2 million euros. The share capital increase carried out in December 2017 in the amount of 29,419,455.12 euros and with a share premium of 22,064,591.34 euros allowed the reduction of these Indebtedness levels vis-à-vis 2016, with a strengthening of equity.

In turn, on 30th June 2018, Short-Term Indebtedness amounted to 28.4 million euros, and the medium to long-term to 21.6 million euros. Whereas on 30th September 2018, Short-Term Indebtedness amounted to 53.1 million euros and the medium to long-term debt to 36.6 million euros. The Indebtedness increase of the last quarter of 2018 is largely due to the effect of the Recent Acquisitions and the sale of the VA Grupo. Indebtedness on 30th September 2018 includes the amount of 26.9 million Euros payable to the shareholder Visabeira Indústria. Short-term shareholder Indebtedness on 30th September 2018 amounted to 13.4 million Euros, and the medium to long-term to 13.5 million Euros.

VAA's debt may still require a significant portion of the cash flows generated by its activities, by decision of the VAA management, to be allocated to the periodic amortization of principal and the payment of interest thereon, thereby limiting its ability to develop its business and to plan for or react to changes in its business and industry, thus increasing VAA's vulnerability to adverse economic and industry conditions. In addition, the terms governing VAA's Indebtedness impose commitments that limit its performance and may restrict VAA's flexibility and have a negative impact on its ability to implement its strategy and to distribute dividends (see schedule of Indebtedness on Chapter 12.2 – "Financial Resources" and Chapter 2.3 – "Risks related to the Offer, with VAA Shares and with the market", "*VAA may not be able to pay dividends, namely due to restrictions provided under financing agreements and the terms of its dividend policy*").

The conditions and obligations to which VAA and/or other entities of the Group are subject, as well as the amounts and dates associated with these commitments are detailed in note 18 of the consolidated report and accounts of the 3rd quarter of 2018 and in Chapter 12.2 - "Financial Resources". Particularly in relation to the commitment made regarding the payment plan to the Offeror arising from the acquisition and sale operations, see Chapter 10.7 - "Acquisition of Cerutil and Bordalo Pinheiro".

In view of the foregoing and particularly the associated debt service, the level of Indebtedness constitutes an operational and cash-flow constraint and may continue to adversely affect VAA's business and financial situation, namely in the event of a future default in the debt service.

VAA may not be able to generate sufficient cash flows and/or obtain the funding it needs to implement the defined strategic guidelines, and therefore it may be forced to reduce or defer the necessary investments (CAPEX) with a negative impact on its activity, financial situation and results

VAA expects to finance a portion of the necessary investments (CAPEX) with the cash flows generated by its activities, bank loans, shareholder funding and/or other means of financing. However, should the Issuer's operations fail to generate sufficient cash flows, VAA may have to make more extensive use of external sources to finance certain investments (CAPEX), namely through bank loans or capital markets. VAA cannot give any assurance that it will be able to raise the necessary funding for the necessary investments (CAPEX) on acceptable or optimal terms or that it will even be able to raise them. In addition, financial market conditions may adversely affect VAA's ability to obtain financing. If VAA is unable to raise such funding, it may be forced to reduce or defer the required investments (CAPEX), which may have material adverse consequences on VAA's business, financial situation or operating profits.

VAA may not be able to avoid significant concentrations of credit risk, which may have a significant impact on the Issuer's activity and on its financial condition and/or operational results

The Issuer is exposed to several diversified risks, and the importance of credit risk management and the protection of its cash flow is recognised, as well as the importance of credit insurance, both in the domestic and foreign markets. Being aware of the importance of adopting an active management of the diverse financial risks to minimize their potential negative impacts on cash flow, results and on the value of the companies that comprise it, the Issuer seeks to manage these risks by formulating hedging strategies.

Credit risk is an important and complex aspect that is present in VAA's business. Risk assessments imply credit decision-making, based on sometimes incomplete information, in a scenario filled with uncertainties and constant changes. The definition of credit risk reflects the multiplicity, quality and origin of the information available to the credit analyst.

The greater restrictions on the external hedging of the granted credit imply a greater exigency and limitation in the appraisal of requests for granting internal credit.

If the Issuer cannot avoid significant concentrations of credit risk, these may have significant adverse effects on its business, financial situation and/or operating results.

The specific risks associated with the crystal and manual glass segment introduce an additional degree of variability to the assumptions considered by the Issuer for the recovery of the performance of this segment (with negative Adjusted EBITDA in the recent years), which may have a significant impact on Issuer's performance

The crystal and manual glass segment has had an importance of 13.5% in the total Issuer sales and services on 30th September 2018. This segment is subject to relevant risks *vis-à-vis* the remaining Issuer's segments, due to the consumers preferences evolution (forcing VAA to adapt to a demand in this segment focused in premium products) and negative Adjusted EBITDA of recent years (which has recently been recovering, thus minimizing such risks). The recovery of performance in this segment is due to new contracts and technological innovation regarding the productive process, thus allowing the foresight of an improvement in the operational performance of this segment in the next years with the reversal of that negative cycle.

A potential failure in VAA's adaptation to premium demand and a failure in the recovery of the crystal and glass segment's performance may have significant adverse consequences on the Issuer's business, financial situation and/or operational results.

The Issuer operates in a highly competitive market and the increased competition, coupled with a recovering macroeconomic environment and possible changes in the European regulatory environment, could adversely affect its sales, services and results

The Issuer operates in markets characterized by high competitiveness, facing traditional players in Portugal and the rest of Europe, as well as the entry of Asian and Eastern European producers, which compete mainly in the lower segments.

The entry of Asian producers and their competitive pressure may increase in the European market in case the European Union's anti-dumping measures applicable to the porcelain segment regarding some products coming from China change, notably in the context of a review of the expiry of such measures initiated by the European Commission at the request of the European Federation of Industries of Porcelain and Table Earthenware and Ornamentation ("FEPF"). Following the publication in 2017 of a notice of imminent expiration of the existing anti-dumping remedies (according to this notice, unless a review was started, the remedies resulting from the Implementing Regulation (UE) no. 412/2013 of Council, of 13

May, which establishes a definitive anti-dumping right and establishes the definitive charge of provisory right concerning the import of items for table or kitchen service, ceramics, originated in China), the European Commission received a request for the review in February 2018 from FEPF, based on the fact that the expiration of the remedies may lead to the continuation of the relevant dumping and the continuation or relapse of losses for the Union's industry. Following this request, the European Commission started a process of revision of the expiration (the respective inquiry takes place for 15 months from the publication in May of the notice of the revision's beginning) which may give rise to the termination or the maintenance of the remedies concerned.

The increase in competition that has been verified, coupled with a still recovering macroeconomic environment in the main markets where the Issuer operates and the potential changes to European regulatory framework, namely on anti-dumping matters, may negatively affect its sales, service provision and profits.

The business carried out by VAA needs constant investments (CAPEX), and therefore if VAA does not have the necessary funds, the development of its business and the strategic guidelines may suffer changes or delays with long-term impact

The Issuer carries out its business in markets based on high levels of competition and in constant development, both in technological terms and because of changes in consumer habits and design trends, and also because of the legislative or regulatory changes imposing constraints regarding products or production processes, which require the maintenance of constant and recurring investments (CAPEX). VAA is thus required to have enhanced capabilities to keep up with changes and to maintain adequate levels of competitiveness, which, in turn, necessarily obliges it to allocate financial resources (see, regarding this subject, Chapter 10.13 – "Investments (CAPEX)" of the Prospectus).

However, VAA cannot guarantee that the funds required for these investments (CAPEX) and the implementation of the strategic guidelines for the development of the Company will be obtained or that such investments will have the desired conditions.

If VAA does not have the necessary funds, business development objectives or business plans may need to be changed or deferred and strategic guidelines may not be successfully pursued, which may adversely affect VAA's business, financial situation and operating profits, with long-term impact.

VAA cannot guarantee the loyalty of its customer base, their results and financial situation being dependent on its ability to maintain high levels of customer loyalty (notably IKEA), mainly through the quality and competitiveness of its portfolio and the implementation of ongoing investment projects

VAA's success depends on its ability to maintain high customer loyalty levels by providing its customers with a wide range of competitive, innovative and top-quality products, particularly Issuer's relations with customers with whom the Issuer has significant contracts identified in Chapter 15.4 – "Significant contracts" (highlighting a greater concentration in IKEA customer which represents 21% of VAA's turnover and corresponds to the total sales and services of the table stoneware segment). The agreement entered into with the customer IKEA may be resolved under certain circumstances, namely (i) in case of a change in shareholder structure of Ria Stone, S.A. ("Ria Stone"), (ii) Ria Stone is declared insolvent, or (iii) Ria Stone breaches any of the terms of the agreement the breach of which is serious or significant.

The various current investment projects (CAPEX) aimed at improving the productive processes with innovation and diversification of the industrial equipment, making available to the customers a wider range of products while maintaining the quality of the product portfolio are some of the aspects taken into consideration by VAA to maintain high levels of loyalty within its customer base. The success of VAA's customer retention is thus very dependent on the degree of implementation of such projects (including, among others, the projects intended to Ria Stone's factory expansion in the table stoneware).

Failure to maintain high customer loyalty levels, to provide competitive, diversified and superior quality products, or in implementing its investment projects (CAPEX), or even the resolution of the significant contracts mentioned above, may adversely affect VAA's business, financial situation and operating profits.

VAA is exposed to changes in consumer habits and design trends, and therefore it may have to adjust its strategy accordingly

VAA may need to adjust its strategy on a commercial basis to offset the reduction in margins for its products as a result of changes in consumer habits and design trends, given that consumers have been showing a growing preference for more practical, functional, innovative products with a strong focus on design, which have a shorter life cycle and are marketed at lower prices and margins than current Issuer products.

VAA operates in a constantly evolving sector in terms of innovation and design, which implies the need to maintain an ability to keep up with technological changes to maintain its competitiveness, otherwise such incapability may adversely affect its business, financial situation and operational results

The technologies used in the ceramic industry are in constant change and rapid development. In order to remain competitive, VAA has to adapt to the technological changes that make it possible to meet new needs and consumption habits, especially in terms of innovation and design. In the event that VAA is not able to keep up with current and future technological changes in the industry in an effective and timely manner, it may suffer material adverse effects on its business, financial situation and operating profits.

VAA has contracted, under licence, the use of information systems to make its business function properly, and any failure in such services may have a material adverse effect on its financial situation and operational results

In the Vista Alegre Group, shared services processes are supported by SAP, a tool licenced to a company within Grupo Visabeira SGPS, S.A.. The Vista Alegre Group uses this tool to ensure the most efficient processing of information, in order to optimize resources and use best practices when carrying out processes. Another complementary programme, used under licence granted to VAA, is the store management programme (billing) called "Retail Management".

Any failure or malfunction of the above information systems (particularly in those external to VAA) may have a material adverse effect on the Issuer's business, financial situation and/or operating profits.

Information technology (IT) system failures could affect VAA's operations, which could have an impact on its business, financial situation and operational results

VAA's IT systems are critical for supporting all its business activities. Potential failures in VAA's IT systems may result from technical faults, human error, lack of system capacity, security breaches or software for which VAA has acquired licences over which it has no control. The introduction of new technologies and the development of new uses, such as social media, expose VAA to new threats. In addition, the cyber-attacks and hacking attempts of which companies may be victims are increasingly targeted and carried out by specialists. Any failure or malfunction of VAA's IT systems may have a material adverse effect on VAA's business, financial situation and operating profits.

VAA may not be able to monetize investments (CAPEX) in innovation and marketing

Innovation and marketing are critical success factors to create value for VAA brands, which are key strategic pillars for the development of the Company's activity. Thus, to maintain and increase the value of VAA's brands, VAA will have to continue to invest in these areas, even though such investments (CAPEX) have uncertain future returns. If investments (CAPEX) in innovation and marketing do not provide the expected future profitability, this may have a material adverse effect on VAA's business, financial situation and operating profits.

VAA faces risks associated with protecting its brands, and the inability to preserve the reputation and value of the trademarks and associated intellectual property rights may adversely affect its position

VAA has the Vista Alegre brand as the Group's image, as well as other brands such as Atlantis, Casa Alegre and Cook&Serve. Notwithstanding that brand dependence is mitigated by its customers' own brand component, such as the IKEA contract (where the risk associated with any of the above mentioned brands has no effect on the operational performance of the customer's own brand sales since they are self-contained businesses, i.e. none of the abovementioned brands are used), and other proprietary brands of everyday products, such as those described in section 10.14 – "Research and development, patents and licences" of this Prospectus, VAA cannot guarantee that their trademarks will not be adversely affected by events beyond their control, including those relating to counterfeiting, and that any failure to properly preserve the reputation and value of the trademarks and associated intellectual property rights may adversely affect VAA's business, financial situation and operating profits.

The potential execution of the pledge over equipment and the pledge over the brands constituted to guarantee a relevant part of VAA's Indebtedness may adversely affect VAA's production, sales and services and profitability

There is (i) a pledge over equipment, industrial and other belonging to VAA, essential for VAA's production activity, as collateral of VAA's Indebtedness (in the amount of 3.1 million Euros on 30th September 2018), as well as (ii) a pledge over the four brands of VAA Group referred to in Chapter 10.14 – "Research and development, patents and licences" essential to VAA's commercial activity, as a collateral in the context of the Syndicated Loan entered into with Caixa Geral de Depósitos, S.A. and Banco Comercial Português, S.A. (with the global outstanding principal amount of 30.9 million Euros as of 30th September 2018).

In a situation of default of the guaranteed obligations provided for in said financing contracts and consequent execution of said equipment and/or brands pledges, VAA may not be able to maintain normal levels and conditions neither of production nor of sales, and may be restricted to continue to operate said brands in the current terms, which may substantially affect VAA's business, production and sales and services, the recognition of Issuer's identity and its reputation with consumers, as well as its financial situation and operational results.

Regarding the pledge over the brands of the VAA Group referred to in Chapter 10.14 – "Research and development, patents and licences", the Issuer and the Offeror intend to proceed to the reimbursement of the Syndicated Loan concerned in the terms described in Chapter 4.2 – "Use of proceeds" and, in that context, obtain the release of this pledge.

VAA is exposed to risks inherent to the fair value of investment properties and fixed tangible assets, and the respective negative changes may have a negative impact on its financial situation

Investment properties, which correspond to real estate assets held for income or for capital appreciation, or both, and not for use in the production or supply of goods and services or for administrative purposes, are recorded at fair value, determined by a valuation carried out by an independent specialized entity. Changes in the fair value of investment properties are recognized in the consolidated income statement for the year in which they are generated, in the caption increase/(decrease) in fair value.

As of 31st August 2018, the sale to Visabeira Imobiliária of the stake held by VAA in VA Grupo, company which held exclusively various estate assets not directly related with VAA's operations, which are valued at their respective fair value. The sale of VA Grupo determined the reduction of those assets' relevance in the VAA context, representing 0.7% of the assets on 30th September 2018. In any case, the evolution of the real estate market shall have an impact regarding these assets, since a market downturn may determine a reduction on these real estate assets' market value, determining the need to recognize impairments.

In turn, tangible assets include the pieces of "Espólio Cultural" of Vista Alegre's museum are relevant, as they represent a VAA non-operational asset worth 5.8 million euros, as of 30th September 2018. The evolution of the art market shall have an impact regarding these assets, since a market downturn may determine a reduction on the pieces of "Espólio Cultural" of Vista Alegre's market value, determining the need to recognize impairments.

Negative changes in fixed tangible assets and in fair value of investment properties may have a negative impact on VAA's business, financial situation and operating profits.

VAA is exposed to reputational risks, particularly emerging from rumours that may affect its image and customer relationships

Reputational risk is inherent to VAA's business. Any negative publicity or negative public opinion may adversely affect the Issuer's ability to maintain and attract customers, as well as manage the relationship with other stakeholders, engage in financing, and generally implement its business plan, causing a materially adverse effect on VAA's business, financial situation and operating profits.

VAA may have difficulties in recruiting and retaining qualified staff, which may have an impact on the execution of its business strategy

VAA's ability to successfully implement its business strategy depends, among other factors, on its ability to recruit and retain members of its board of directors and the most qualified and competent employees for each role in Portugal and in other countries where it undertakes its activity. Although the Group's human resources policy is geared towards achieving these objectives, it is not possible to guarantee that there will be no future limitations in this area. The inability to attract and retain members of its board of directors and the most qualified and competent employees for each role may limit or delay the execution of its business strategy, which may have a negative effect on VAA's business, financial situation and operating profits.

VAA is subject to strategy risks and may not be able to successfully execute the strategic guidelines of its established operational and financial strategy

VAA is exposed to strategic risks, and there is the possibility of it making inadequate strategic decisions, failing to implement decisions or lacking capacity to respond to the evolution of market conditions.

VAA's ability to successfully execute the strategic guidelines it has defined is dependent on several factors, including its ability to implement its business strategy, increase its product portfolio and operate successfully in the various markets where it is present, the ability to adapt its range of products to the needs of consumers and to maintain its economic and financial balance. The ability to implement strategic guidelines is also subject to several additional risks, including those referred to in this Chapter. In addition, many of these risk factors are related to matters that are beyond VAA's control. In this regard, VAA cannot guarantee that it will be able to successfully execute its operational and financial strategy and achieve the set targets within the defined deadlines, which may have adverse impact on VAA's business, financial situation and operating results.

VAA may be a party to mergers and/or acquisitions, partnerships and/or divestitures, which may have medium- and long-term effects

VAA may participate in mergers, acquisitions and/or asset sales in Portugal or elsewhere should such opportunities arise. VAA intends to evaluate each potential investment based on extensive financial and market analysis, which may include certain assumptions. There can be no assurance that such transactions are made in a timely and efficient manner or that VAA will not suffer losses because of such transactions. Additional investments or divestitures may have an adverse and substantial effect on VAA's business, financial situation, prospects or operating profits.

VAA incurs risks associated with changes in interest rates which may have a negative impact on the Company's results and financial situation

VAA’s remunerated indebtedness is subject to changes in interest rates, and this risk is not covered by hedging instruments. In addition, if interest rates deteriorate more than forecasted, or if obtaining new sources of financing proves to be more expensive than in the past, its business, financial situation and operating profits may be adversely and significantly affected. Therefore, adverse changes in interest rates may have a negative impact on the Company's profits and financial situation.

VAA incurs risks associated with changes in exchange rates which may have a negative impact on the Company's results and its financial situation vis-à-vis exports to countries outside the Euro Zone

VAA’s business is subject to variations in the euro’s exchange rate against other currencies, which are due, on the one hand, to its export activity to other countries, and, on the other, to the subsidiaries’ activity in other countries.

Although exports to non-euro countries are a relatively small part of their total sales and services, VAA seeks to mitigate this risk, particularly by carrying out its exports in euros, as changes in exchange rates may have material adverse consequences on VAA's business, financial situation and operating profits.

The subsidiaries’ activity in Brazil, Mozambique, the United States of America, Mexico and India, through which VAA sells in the respective markets in a currency other than the euro, gives rise to a consolidated balance risk originated by the incorporation of the respective financial statements.

VAA is subject to operational risks, and any potential failure to implement the risk management and control policies of the Group could have a material adverse effect on VAA’s financial situation

In the normal course of VAA's activity and because of its organizational structure, the Group is subject to certain operational risks, including service interruptions or service delays, fraud attributable to third parties, omissions, errors, and delays in the implementation of the requirements for risk management. These risks are monitored by VAA on an ongoing basis through administrative and information systems, among others, and some operational risks are covered by insurance policies. However, it cannot be guaranteed that continuous monitoring and prevention of these risks will be sufficient (and that VAA will not be subject to the payment of higher insurance premiums), particularly in circumstances outside the Company’s control. Failure to implement the Group’s risk management and control policies may have a negative effect on VAA's business, financial situation and operating results.

Issuer’s assets may be damaged by natural or man-made catastrophes and VAA and its responsible people may incur in civil, criminal or contravention liability arising therefrom and not covered by insurance, as well as seeing its reputation affected, which may have a negative impact on VAA's business plan, activity, financial situation and results

Issuer’s assets include land, buildings (factories, warehouses, retail stores and offices), vehicles and other related equipment.

These assets may be damaged by natural phenomena or natural catastrophes (for instance, floods, strong winds and earthquakes) as well as by flaws in the maintenance and operation of the equipment, acts of vandalism, theft, terrorism, explosions, by other natural catastrophes and/or man-made (for instance, forest fires).

Despite the fact that VAA seeks to take preventive measures against such catastrophes and keep disaster recovery strategies and/or assure the insurance coverage levels deemed adequate from a commercial standpoint, in case some damage occurs, and it be substantial, VAA may incur losses and damage not covered by its existing insurance policies, which may affect negative and significantly, its activity, financial situation and operational results.

VAA and its responsible people may also incur civil, criminal or contravention liability related to the damage caused to third parties by said natural and/or man-made catastrophes and by any failure in the maintenance and operation of its assets.

These liabilities may lead to VAA paying indemnities which are not covered by its insurance policies or which exceed the amount covered in such policies. Such payments may affect, negative and significantly VAA's business, financial situation and operational results. Such facts may also represent another kind of risk for VAA, namely reputational risk, and may have a negative impact in the confidence of the population in businesses like that of VAA, which may have a negative impact on the development of VAA's business plan.

VAA may be exposed to unidentified risks or to an unexpected level of risk, which, in the absence of effective risk management systems, may have material adverse consequences on VAA's business, financial situation or operational results

In addition to the risks specified above, the Issuer is also exposed to several currently unidentified risks, including liquidity risks, commodity and accessory goods price risks (such as gas, electricity, litharge and paper for packaging) and others, not identified at present moment.

Although management methodologies have been implemented for each type of risk to which the Issuer is exposed, in the face of exceptionally adverse scenarios, the policies and the procedures used by VAA to identify, monitor and manage risks may prove to not be fully effective, which may have material adverse consequences on VAA's business, financial situation or operational results.

Production activities are subject to environmental, health and safety regulations, and are able to cause industrial accidents and environmental, safety and/or other risks with material impact

The Issuer's production activity is subject to various laws and regulations regarding safety and environmental protection, and there are several aspects of its activities, including those of an industrial nature, subject to laws and regulations for the control of hazardous activities. These laws and regulations require the Issuer to obtain and maintain licences and permits and to implement health and safety programmes and procedures to control risks associated with its industrial activity, as well as to manage its day-to-day operations.

VAA incurs and will continue to incur investment (CAPEX) expenses and operating expenses and other costs in the normal course of business to comply with applicable environmental and safety rules and regulations. Although significant capital expenditures to comply with environmental regulations are not currently anticipated outside the normal course of business, VAA cannot guarantee that such expenses (which may be significant) will not occur or be required in the future.

Changes in health and safety legislation or regulations may have future implications for the design of industrial units or other facilities, and may adversely affect VAA's operating performance or profitability, with significant consequences for VAA's business, financial situation and operating profits.

The Issuer's production activity involves an underlying risk of industrial accidents occurring. Employees or third parties may suffer bodily harm because of such accidents. Although VAA believes that its industrial units are adequately constructed and considers that they are subject to rigorous safety and quality control testing, and that their design, manufacturing and construction process is controlled, there is no guarantee that no accidents will occur during the production process.

Additionally, industrial units and other facilities may be subject to damage occurring outside the normal scope of the activity, including as a result of natural disasters and natural or man-made catastrophes. Such accidents or events may cause serious damage to industrial units and other facilities, requiring major repairs or replacement of expensive equipment, meaning that the operating and production capacity of such facilities may be limited for a period of time. The insurance coverage that exists at any time may become unavailable or insufficient to cover losses or liabilities related to some of these risks.

In addition, these events can give rise to environmental, health and pollution hazards, and cause damages to the neighbouring populations. VAA may also be required to pay compensation, penalties or fines, to clean up environmental damage, or to close industrial plants or other facilities to comply with environmental or health and safety regulations.

The occurrence of any of these events may adversely reflect on VAA's business, financial situation and operating results.

Changes to tax laws and regulations and increased taxes or reduced tax benefits could have an adverse effect on VAA's business

VAA may be adversely affected by changes in legislation and other tax regulations applicable in Portugal, the European Union and other countries where it operates, as well as by the competent tax authorities changing their interpretation of such legislation and regulations. Significant changes in tax legislation in Portugal, in the European Union or in those third countries where VAA does business, or difficulties in implementing or complying with new tax laws and regulations may have a significant adverse impact on VAA's business, financial situation and operating profits.

VAA is a party to litigation (and may be subject to certain litigation) the negative outcome of which may have a negative impact on VAA's financial situation and results

As a consequence of the normal course of business, VAA is currently, and may in the future, be part in lawsuits, claims and disputes related to its activities. These disputes may include environmental claims, licence appeals, employment claims, contractual disputes, personal injury or property damage claims arising out of or related to products marketed by VAA or lawsuits filed by regulatory and tax authorities, among others.

VAA cannot guarantee that it will be successful in any of these litigations or that it has taken adequate precautions or has taken out adequate insurance against any loss.

Certain litigation may have material adverse financial consequences for VAA, which may not have adequate own funds to cover any losses associated with litigation that are not covered by insurance. In addition, any negative outcome of any litigation VAA is involved in may adversely affect its reputation and economic and financial standing.

Particularly, a lawsuit is currently pending against the subsidiary Faianças da Capôa, in an amount of approximately 4 million euros.

Additionally, the Issuer has in its consolidated statement of financial position as of 30th September 2018 a provision regarding its actuarially estimated responsibility for the payment of the pension complement of a former director, based on the actuarial calculation made by Futuro, Sociedade Gestora de Fundos de Pensões, S.A., in the amount of approximately 865 thousand euros. In December 2014, the Supreme Court of Justice sentenced VAA to pay a complement to the pension of that former director. Detailed information on this dispute can be found in Chapter 10.17 – "Judicial and arbitral proceedings" of this Prospectus.

From February 2018, the date in which the above mentioned former director has reached the normal retirement age and taking into consideration the analysis of Vista Alegre Group's legal advisors, the amount of the pension granted to the former director was reduced under certain legal provisions.

In May 2018, the former director posed an enforcement request regarding the payment of the gap between the amount which VAA was sentenced to pay and the amount effectively paid by VAA from February 2018 onwards, which Vista Alegre has opposed, and is now awaiting the judicial decision.

The negative outcome of the abovementioned disputes may have a negative impact on VAA's financial situation and operating profits.

VAA may incur future costs related to defined benefit retirement plans and may need to make additional contributions to such plans in the future, which may exert an adverse pressure on VAA's cash flows

The Issuer has several defined benefit pension plans in place, some managed by the pension fund (Futuro - Sociedade Gestora de Fundos de Pensões, S.A.) and others by the Group itself. The liabilities arising from the defined benefit plan managed by the Group are directly assumed by the Group and are actuarially estimated at the date of annual accounts closing by an external specialised entity. The remaining liabilities arising from defined retirement benefit plans are covered by an autonomous pension fund managed by a specialised entity (Futuro - Sociedade Gestora de Fundos de Pensões, S.A.).

The most critical risks related to the accounting of retirement benefit plans are often associated with the return of the benefit plan assets and the discount rate used to assess the present value of the liabilities to be paid in the future to the respective beneficiaries.

In addition, the amount recorded in the consolidated accounts for retirement benefits is based on certain mortality assumptions; beneficiaries of the benefit plans may live longer than expected and, as such, benefit from the plan beyond the provision made for this purpose. Thus, liabilities related to retirement benefit plans may exert adverse pressure on VAA's cash flows. If the level of coverage of benefit plan liabilities is insufficient, VAA may need to make additional contributions in the future, which may adversely affect its business, financial situation and operating profits.

VAA may face labour stoppages that interfere with its operations and activity and consequently negatively impact its results

Despite VAA's belief that it maintains satisfactory employment relationships with its employees, VAA is subject to the risk of conflicts and disputes with its employees, or trade unions, which may result in a decrease or disruption of its operational activity and consequently adversely and materially affect VAA's business, financial situation and operating profits.

Although no significant labour disputes or stoppages have occurred in the recent past at VAA, it is not possible to guarantee that no strikes or work stoppages or any other similar trade union action will occur at any of VAA's facilities in the future. Any labour stoppage or other labour dispute may materially and adversely affect VAA's business, financial situation and operating profits.

VAA, as a holding company, has as its sole corporate scope the management of stakes in other companies as an indirect form of economic activity, so that the fulfilment of the obligations assumed by the company depends on the access to the cash flows generated by their subsidiaries

VAA, as a holding company, has as its main assets equity stakes, and thus depends on the possible distribution of dividends by its subsidiaries, the payment of interest on and repayment of loans granted, and other cash flows distributed by these companies.

The ability of these investees to make funds available to VAA will depend in part on their ability to generate positive cash flows. The ability of these companies, on the one hand, to distribute dividends, and on the other, to pay interest and repay loans granted by VAA, is subject, among other things, to statutory and tax restrictions, to their respective profits, to available reserves, to their financial structure and to compliance with contractual obligations and restrictions.

If VAA or those with whom VAA shares information do not comply with legal obligations regarding personal data, VAA may be subject to the payment of substantial fines and its reputation may be affected which may generate losses in the future

The use of personal data in the context of VAA's activity and its partners' is regulated both at a European Union level and at a national level. These legal and regulatory provisions may be interpreted and applied differently over time and in different jurisdictions and may be interpreted and applied in terms that adversely affect VAA's business. Since 25th May 2018, the GDPR has entered into force and is directly applicable in Portugal. A significant increase in the resources needed to comply with this new regulation, and any others that may be implemented in the future, may have an adverse effect on VAA's activity. VAA Group is currently in the process of implementing policies and procedures for the processing of personal data to comply with all the rules and obligations of the GDPR. If VAA breaches any of the obligations described in the GDPR, it may be subject to fines in up to EUR 20,000,000.00 or up to 4% of its worldwide annual turnover for the previous financial year, depending on which amount is the highest. Any changes to the applicable legal provisions may impose more demanding compliance requirements and impose significant penalties in the event of non-compliance. If VAA or those with whom VAA shares information do not comply with such legal and regulatory provisions, VAA's reputation may be affected and may generate future losses.

2.2. Risks related to the Issuer's shareholder structure

Grupo Visabeira exercises significant control over VAA and its interests may differ from the interests of other shareholders, affecting the Company's strategy and/or VAA Shares' market price

At the date of this Prospectus, the Visabeira Group directly and indirectly holds more than 94.14% of VAA's share capital and voting rights. Immediately after the Offer and the Institutional Offer, and assuming its integral acceptance (including the exercise by the Offeror of its ability to increase the Institutional Offer in a way that both comprise, in conjunction, 25% of VAA's share capital), Visabeira Group shall continue to hold more than 69% of VAA's share capital and voting rights. Consequently, Visabeira Group shall continue to be able to substantially influence all matters requiring approval by VAA shareholders, including the declaration of dividends, the election of members of corporate bodies, including the Board of Directors (which makes the main decisions regarding VAA's business and may appoint an Executive Committee), the adoption of amendments to the Articles of Association and its capital stock, as well as merger or demerger operations, as well as the strategic conduct of the Company. The Visabeira Group will also be able to introduce or prevent a change in VAA's shareholder structure and/or in VAA´s control, for example, promoting or preventing transactions involving VAA Shares.

The interest of Visabeira Group can differ from the VAA´s interests of interests of other Company's shareholders, and the possible divergence can affect the VAA Group, namely through the exercise of the respective voting rights in the General Shareholders Meeting considering factors different from the key factors for the other shareholders and/or discouraging the potential transactions (by VAA or in relation to the VAA Shares) which could benefit the others shareholders, or promoting potential transactions (by VAA or in relation to the VAA Shares) which do not benefit the other shareholders, in any case, VAA Group's strategy and its implementation as well as VAA Shares' market price may be affected.

VAA may not be able to maintain the funding and credit support from the Visabeira Group that it currently benefits and/or obtain further funding, which may have negative material effects on the implementation of VAA's strategic plan and on its financial situation or operational results

Although the Visabeira Group has been supporting VAA in terms of credit concession, it is not contractually obliged to grant credit to VAA or to do so under market conditions. Bank Indebtedness and Indebtedness obtained from other entities (as indicated in the charts included in Chapter 12.2 – "Financial Resources"), except for that obtained from IKEA Supply AG and Ikea Industry, S.A. – corresponding to a total amount of 40.6 million Euros as of 30th September 2018 – is guaranteed through an endorsement granted by the Offeror, Visabeira Group SGPS, S.A. and/or by the majority individual shareholder of the latter.

In particular, the Syndicated Loan entered into with Banco Comercial Português, S.A. and Caixa Geral de Depósitos, S.A., with capital outstanding from Vista Alegre Atlantis, S.A. in the amount of 5.2 million Euros as of 30th September 2018, is also guaranteed by (i) mortgage over assets pertaining to VA Grupo, a company which is not included in VAA's consolidation perimeter (sold to Visabeira Imobiliária on 31st August 2018), (ii) financial pledge over VAA Shares held by the Offeror (or that come to be attributed to the Offeror), (iii) financial pledge on balances of the Offeror's bank accounts, (iv) pledge of credits held by the Offeror over the Issuer and Vista Alegre Atlantis, S.A. and (v) promise of pledge over certain credits which Grupo Visabeira SGPS, S.A may hold over the Issuer.

Regarding this subject, see chart included in Chapter 12.2 – "Financial Resources" about the existing guarantees in the scope of VAA's Indebtedness.

To the extent that, within the Offer and the Institutional Offer, a full subscription of the Share Capital Increase may take place, through the subscription of New Shares, and the sale by Visabeira of at least 8,709,094 Shares for Sale, the Issuer and the Offeror intend to proceed to the repayment of the abovementioned Syndicated Loan under the terms described in Chapter 4.2 – "Use of proceeds" and in that context obtain the release from the guarantees granted by Grupo Visabeira regarding the borrower Vista Alegre Atlantis, S.A..

VAA's Indebtedness to the Visabeira Group on 30th September 2018 amounted to 26.9 million Euros (payable to the shareholder Visabeira Indústria).

In any case, there is no guarantee that the Visabeira Group will continue to provide financing to VAA, to support its financing from third parties or that early maturity clauses in existing financing agreements will not be triggered. If the Visabeira Group ceases to provide financing to VAA or does not do so at market rates, the Company may be obliged to seek alternative sources of financing from third parties in the form of bank loans or recourse to capital markets, which may have to be carried out on terms less favourable than those financing sources currently in existence. Even if such financing is shown to be unnecessary for the current activity, VAA cannot give any guarantee that it will be able to raise the required funding for the necessary investments (CAPEX) on acceptable or optimal terms or that it will even be able to raise them.

Therefore, there is a risk of VAA not being able to maintain the current funding from financial institutions and other entities and the funding support provided by Visabeira Group, as well obtain further funding from third parties to carry out planned investments (CAPEX). Failure to maintain the current funding and support referred to above, as well as the non-obtaining of funding from third parties, will have negative material effects on the implementation of VAA's strategic growth plan and consequently on its financial situation or operational results.

The minority shareholders' rights may be limited under Portuguese law

Minority shareholders' rights, as well as any other issues which influence such rights, may be different in Portugal from those found in other countries and the ability of an investor to exercise such rights may be limited. VAA is a Portuguese company, its shares are admitted to trading in a regulated market located in Portugal, and the rights of the shareholders are regulated by Portuguese law and by VAA's Articles of Association (see Chapter 15 – "Information on the Issuer and its organisational structure". In addition, the proceedings filed against VAA or any members of its corporate bodies, in courts outside of Portugal may not be enforceable in Portugal or its enforcement may only take place under limited conditions.

2.3. Risks related to the Offer, with VAA Shares and with the market

The Offer is subject to certain conditions, being without effect in case any of those conditions to which the Issuer and the Offeror subjected the Offer is not fulfilled. In case the Offer is without effect, that may have an adverse significant effect on VAA's business, financial condition, operational results and prospects and determine the maintenance of a low liquidity of the VAA share

The Offer is subject to the following conditions:

(i) The definition, after the Offer and the Institutional Offer are closed, of the Offer Price within the price range defined as maximum and minimum values for the Offer Price (the Company shall set the subscription price for the New Shares, and the Offeror shall set the sale price of the Shares for Sale);
(ii) The Institutional Placement Agreement not having been terminated, resolved or ceased its effects before the date of the Offer and the Institutional Offer's financial settlement; and
(iii) The existence of demand for the entirety of the VAA Shares subject to the Offer and the Institutional Offer, i.e. for a minimum of 30,481,829 VAA Shares (corresponding to 17.5% of the share capital after the Share Capital Increase), of which at least 11,337,279 VAA Shares must result from the demand occurred within the Institutional Offer, regardless of the exercise by the Offeror or lack thereof of the ability to increase the number of VAA Shares subject to the Institutional Offer.

Particularly regarding the condition mentioned in (iii), the Offer and the Institutional Offer are subject to the subscription of all New Shares (corresponding to 21,772,735 shares representing 12.5% of VAA's share capital, after the Share Capital Increase) and to the sale of 8,709,094 Shares for Sale (corresponding to 5% of VAA's share capital, after the Share Capital Increase) within the Offer and the Institutional Offer.

If any of these conditions is not met, both the Offer and the Institutional Offer, in their components of both Share Capital Increase and offer for the subscription of New Shares and offer for the sale of VAA Shares by the Offeror, shall be without effect. In case the termination of the Offer occurs, the amount retained in the investors' account at the time of the issuance of the acquisition/subscription order shall be immediately made available to them by the financial intermediaries near whom they have issued such order and the investment by the investors will not be carried out, and the orders made shall be without effect.

In addition, if the Offer becomes void, it may have a substantial adverse effect on the business, financial conditions, operational results and VAA's prospects and determine the maintenance of a reduced liquidity of the VAA Shares.

The termination of the Institutional Placement Agreement determines that the Offer shall be without effect, which may have a negative effect on VAA's situation and prospects and the maintenance of a very low liquidity of VAA Shares

Under the Institutional Placement Agreement, the Offer's Global Coordinators and Nau Securities Limited undertake, under the terms and subject to the conditions described in such contract, to make placing efforts before Qualified Investors to place the shares in the Institutional Offer.

The obligations of the Offer's Global Coordinators and Nau Securities Limited under the Institutional Placement Agreement and the term of the referred agreement are subject to certain conditions, inter alia: (i) the condition that all of the representations and warranties made by the Issuer and by the Offeror in the Institutional Placement Agreement be, as of the date to which they correspond, true and correct; (ii) the compliance by the Issuer and by the Offeror of all the obligations resulting for them from the Institutional Placement Agreement; and (iii) the non-fulfilling of circumstances which constitute an adverse material change (including to the Group's or the Issuer's situation – financial, operational, legal, or other – or to the profits, business, solvability or prospects), or correspond to the verification of adverse conditions in the international markets or material changes of tax nature, in any case, that makes the placement of the Shares for Sale and the New Shares impractical or not advisable. The Institutional Placement Agreement may cease, namely, if that termination is notified by the Offer's Global Coordinators in case those conditions are not met.

If the Institutional Placement Agreement ceases, the Offer shall be without effect, which may have a negative and significant effect on VAA's business, financial status, operational results and prospects, and determine the maintenance of a reduced liquidity of VAA Shares.

VAA Shares' market price may be inferior to the Offer Price and the market volatility could trigger a fall in the price of VAA Shares and the value of the investment.

VAA is not able to guarantee to the potential investors that VAA Shares' market price will remain the same as or will be higher than the Offer Price. VAA is also not able to guarantee to the investors that, after subscribing or acquiring the shares, the investors may sell such shares at a price equal or higher than the Offer Price.

VAA Shares are traded on the Euronext Lisbon regulated market. The price of VAA Shares may vary.

VAA Shares' price may prove to be volatile. Factors such as legislative, regulatory and tax changes in Portugal and other jurisdictions in which the Issuer operates, fluctuations in VAA's operating profits and investor expectations in this regard, variations in analysts' recommendations regarding VAA or the industry in which it operates, as well as changes in the conditions of the financial and capital markets in general may have a negative effect on the market price of VAA Shares.

Besides, if a significant number of VAA Shares is acquired by a limited number of institutional investors, the number of holders of VAA Shares may be reduced, which consequently may have a negative impact on the liquidity of the shares. As a result, VAA Shares' price may be altered and the investors may not be able to buy or sell VAA Shares for the price expected at the time and, particularly, VAA Shares' price may be higher or lower than the Offer Price.

The negotiation price of VAA Shares may also be subject to a significant volatility in response, among others, to the following aspects: changes in the financial estimates and in the recommendations of the financial analysts; announcements made by VAA or its competitors about significant contracts, agreements regarding mergers and acquisitions, new services and products, any important operational event or issue or future VAA Shares sale; changes in the investors' perception concerning VAA and the investment environment; changes in VAA's prices or its competitors'; liquidity of the VAA Shares' market; and the economic factors in general.

The tax regime inherent to the holding and disposal of VAA Shares may be changed, which may have an adverse effect on the investment on VAA Shares

Holders of VAA Shares are subject to withholding tax on the distribution of dividends or other amounts to be paid as a result of holding such shares. In addition, the holders of VAA Shares may be subject to taxation for capital gains resulting from the sale of the VAA Shares. See Chapter 9 - "Tax Framework" of this Prospectus.

Thus, changes to tax laws and regulations and increased taxes or reduced tax benefits could have an adverse effect on investment in VAA Shares.

VAA may not be able to pay dividends, in particular due to restrictions provided under financing agreements and the conditions of the respective dividend's policy

In addition to depending on the proposal of the management body regarding the application of results and the correspondent resolution approved by the shareholders, taking into account the valid dividend policy at any time and being subordinated to legislation in force and to the Articles of Association, the payment of future dividends will depend on the conditions verified at each moment, including net profits, income, financial situation, availability of distributable reserves, future prospects, business conditions and other relevant factors. There is no guarantee that VAA will be able to make dividend distributions in the future.

VAA expects that the main source of income for the payment of dividends to its shareholders will be dividends paid by its current or future subsidiaries. The ability to pay dividends is determined independently by the relevant governing bodies of each subsidiary in accordance with the dividend distribution rules applicable to each of the subsidiaries involved, and according to the situation, namely financial, accounting and operational, and to the prospects of each subsidiary.

In addition, financing agreements entered or to be entered by VAA and/or its subsidiaries include and may in the future include provisions that limit or restrict the payment of dividends or impose an early repayment of the amounts repaid based on the profits obtained, which may limit or restrict VAA's ability to pay dividends.

Currently, under the agreement entered into in the scope of the Syndicated Loan, VAA is unable to distribute dividends, reimburse internal investments or provide other forms of remuneration to its shareholders as long as these restrictions are in force, i.e. until the end of 2026.

In a situation of success of the Offer and the Institutional Offer and assuming (i) the application of part of the Subscription Proceeds and of the whole of the Sale Proceeds to the repayment (even if only partial in the case of the Offeror) of the Syndicated Loan obtained by Vista Alegre Atlantis, S.A. and by the Offeror, and (ii) the release of VAA from the constraints arising from the abovementioned agreement entered into in the scope of the Syndicated Loan, in both cases under the terms better described in Chapter 4.2 – "Use of proceeds", VAA's Board of Directors has approved a stable and sustainable increase in the dividends policy related to the accounting year of 2019 and subsequent years aiming at the declaration and payment by the Company of dividends that represent, at least 30% of VAA's net income adjusted to non-recurring items and calculated in the respective accounting year. In any case, the dividends' distribution is subject to the abovementioned conditions and aspects and such policy may still be subject to adjustments in the future, to reflect, among other aspects, changes to business strategy and capital needs. For further details, see Chapter 10.12 – "Dividend policy" of this Prospectus.

Shareholders from countries that have not adopted the euro face additional investment risk arising from exchange rate fluctuations in relation to their stakes in VAA's capital stock

VAA Shares are denominated and traded in euros and the New Shares will be admitted to trading in euros. Any future dividend payments on VAA Shares will be made in euros. The value of VAA Shares, any dividends paid by VAA or any proceeds from any sale of VAA Shares may be affected by their conversion into US dollars or other local currency for investors from other countries that have not adopted the Euro.

The sale of a substantial number of VAA Shares in or out of a regulated market may lead to a reduction in the price of VAA Shares

The occurrence of the sale of a substantial number of VAA Shares in or out of a regulated market, or the perception that such a sale may occur, namely regarding the concentration of VAA's capital and voting rights held by Visabeira Group, may adversely affect the VAA Shares' market price or the company's ability to raise capital through a future share offering.

The Offeror and VAA have assumed the obligation, unless authorized to do so by the Offer's Global Coordinators and subject to certain exceptions, not to perform certain actions aimed at the sale or the disposal of VAA Shares during the Selling Shareholder's Lock-up Period and the Company's Lock-up Period in terms better described in Chapter 8.3 – "Sale by holders of securities" of this Prospectus. After the end of the Selling Shareholder's Lock-up Period, the Offeror may sell the remaining VAA Shares which it holds. Any future sales of VAA Shares by the Offeror, or any rumours related to such sales, may cause a reduction of VAA Shares' price.

VAA Shares' secondary market has low liquidity, which may impair the investors' ability to sell their VAA Shares or reduce VAA Shares' market price

The Visabeira Group directly and indirectly owns more than 90% of VAA's share capital and voting rights. Currently, VAA Shares' secondary market is illiquid. Despite the purpose of enhancing the free float with the Offer and Institutional Offer, no guarantee can be given that, after their conclusion and the admission to trading of the New Shares, a liquid secondary market will emerge for VAA Shares.

Lack of an active market may undermine the ability of investors to sell their VAA Shares at a time when they wish to do so or at a price they deem reasonable.

The lack of an active market may also reduce the market value of VAA Shares. Active and liquid markets generally result in lower price volatility and more efficient execution of purchase and sale orders for the investor. An inactive market may also undermine VAA's ability to raise capital through the sale of shares or other securities and may undermine VAA's ability to acquire other companies using VAA Shares in return.

The rights of the shareholders under Portuguese law may differ from the rights granted to shareholders in other jurisdictions

VAA is a public company governed by Portuguese law and the rights of its shareholders are derived from VAA's Articles of Association and Portuguese corporate and securities rights, regardless of the domestic law applicable to the respective shareholders.

Shareholders' rights, as well as other matters that influence those rights, may differ in Portugal from other jurisdictions whose legislation is applicable to VAA shareholders. In addition, the possibility of shareholders bringing lawsuits against VAA and its directors under foreign legal regimes and the enforceability of judicial or arbitral decisions delivered against the Company or any of its officers outside Portugal is subject to the verification of certain legal requirements and may be subject to certain limitations.

Changes to VAA's shareholder structure may result in changes in its strategy and consequently affect its profits

VAA is a listed company with shares admitted to trading on a regulated market and, to that extent, is subject to particularities arising, among others, from the regime of public takeover bids or the loss of listed company status.

Changes to VAA's shareholder structure, in particular as a result of a takeover bid and/or a change of control, may cause changes in the Company's strategy, with an impact on its business and profits.

Any future increases in VAA's capital may have a negative impact on VAA Shares' price and existing shareholders may suffer dilution of the capital they hold to the extent that they are not able to participate in such capital increases

VAA may in the future further increase its share capital by cash or in kind, particularly to finance any acquisitions or investments (CAPEX), or to strengthen its balance sheet. Such a capital increase may have a negative impact on the price of VAA Shares. Under Portuguese law, shareholders have a proportional pre-emptive right to subscribe to capital increases through cash inflows, in the case of issuance of new shares or other securities that give the holder the possibility of acquiring new shares. This right may be limited or suppressed by resolution approved at a general meeting. In these cases, the shareholders' equity interest in VAA may be diluted.

The exercise of pre-emptive rights in the subscription by certain shareholders not resident in Portugal may also be restricted by applicable law, as well as by practices or other rules, and such shareholders may be prevented from exercising those rights. Shareholders in jurisdictions outside Portugal who cannot or are unable to exercise their pre-emptive rights in the subscription in case of a future capital increase may suffer dilution of the capital they hold.

The pre-emption right to be exercised in the subscription may be limited or suppressed, through a resolution made by the General Shareholders' Assembly. In these cases, the stake of the shareholders in the share capital of the Issuer may suffer a dilution.

The Offer shall include in its subscription offer component a dilution of current VAA shareholders

A part of the shares included in the Offer are New Shares which, through a resolution of the VAA General Shareholders' Assembly shall be issued under the Share Capital Increase with the suppression of the current shareholders' pre-emption right which shall determine a dilution of the current shareholders in favour of the investors to whom the New Shares shall be offered, except if the current shareholders also take part in the Offer, subscribing New Shares or acquiring enough Shares for Sale to maintain their respective stake.

The stake in VAA's share capital of shareholders who do not subscribe the New Shares or acquire the Shares for Sale that would be necessary to maintain their respective stake will be diluted with the issue of the New Shares, the dilution being equivalent to 12.5%, resulting from the quotient between the number of New Shares issued and the total number of shares representing the Issuer's share capital after this Offer and Institutional Offer.

As an example, for the current shareholders which do not subscribe the New Share or do not acquire the necessary VAA Shares to maintain their respective stake, a stake which corresponds to 1.0% shall be reduced to approximately 0.875% after the Share Capital Increase.

VAA may not guarantee that the physical settlement of the Offer and the Institutional Offer will occur under the terms expected (through the timely transmission of shares free of encumbrances or charges), which, if not verified, may determine that the Offer be without effect. VAA may also not guarantee that the commercial registration of the Share Capital Increase and the subsequent admission to trading of the New Shares will take place on the envisaged date. Any of the situations referred to may cause a negative effect in VAA's situation and prospects and determine the maintenance of a low liquidity of VAA Shares

The VAA Shares to be delivered by the Offeror for the purposes of the physical settlement of the Offer and of the Institutional Offer are, on the date hereof, subject to a financial pledge, granted as a guarantee of the Syndicated Loan entered into with Caixa Geral de Depósitos, S.A. and Banco Comercial Português, S.A., which will be in place until the business day immediately prior to the date of the physical settlement. The abovementioned financing banks irrevocably represented to cancel the pledge, if: (i) as a result of the Offer and the Institutional Offer, the relevant VAA Shares (in whole or in part) should be transferred to the respective acquirers and, to that extent, subject to transfer within the settlement of the Offer and the Institutional Offer; and (ii) a demand is verified in the Offer and Institutional Offer that, in accordance with this Prospectus, allows for a gross revenue for VAA and the Offeror in the amount of, at least, 30,481,829.00 Euros (i.e. the equivalent to the sale of 30,481,829 VAA Shares, at the minimum price provided for in the price range of the Offer and the Institutional Offer). For the abovementioned purposes, CaixaBI will have to notify the registering entity and the financing banks referred to of the calculation of the results and the registering entity will have to proceed to the transfer of the VAA Shares necessary for the full settlement of the Offer and of the Institutional Offer, free of encumbrances and/or charges, to CaixaBI's account. VAA cannot assure that all formalities/obligations necessary for the transmission of VAA Shares free from encumbrances or charges will occur under the terms described in Chapter 8 - "Description of the Offer" in this Prospectus regarding the settlement of the Offer and the Institutional Offer, which may give rise to the termination of the Institutional Placement Agreement (following notification by any of the parties, in particular if there is a lack of verification/fulfilment of formalities/obligations related to the settlement of the Offer and the Institutional Offer). The termination of this agreement determines that the Offer and the Institutional Offer be without effect and, as a result, it may have a material adverse impact on VAA's business, financial condition, operational results and prospects, and determine the maintenance of a low liquidity of the VAA Share.

Additionally, the admission to trade in the Regulated Market Euronext Lisbon of the New Shares to issue under the Offer and the Institutional Offer, presupposes the registration of the corresponding VAA's share capital increase in the Commercial Registry Office (which is due to take place on 18th December 2018 following the financial liquidation of the Offer and the Institutional Offer, the referred admission to trade being scheduled to take place on 19th December 2018. VAA is not able to guarantee that such registration shall take place when prescribed. In addition, the completion of such registration is equally subject to the interpretation of the applicable legislation, of VAA's Articles of Association and its relevant societal resolutions from the Portuguese commercial registry offices. In turn, the admission to trading of the New Shares is dependent on the favourable decision of Euronext.

Both the delays in the commercial registration and in the admission to trade of the New Shares may affect the liquidity of VAA Shares.

Absence of rating

VAA is not rated and, therefore, investors may not evaluate the risk of investing in VAA Shares based on such rating.

2.4. Risks related to acquisitions and recent investments (CAPEX)

VAA may incur unexpected losses or an increase in costs in connection with the acquisition of Cerutil and its subsidiaries or may not be able to integrate it successfully, which may affect the relevant business segments' business valuation and operational results

On September 2018, VAA informed the market of the conclusion of the restructuring process involving the acquisition of 100% of Cerutil's share capital. This company, in turn, holds 100% of the share capital of Bordalgest, which, in turn, holds 83.99% of the share capital of the company Bordalo Pinheiro, as detailed in Chapter 10.7 "Acquisition of Cerutil and Bordalo Pinheiro".

The operational integration of Cerutil in VAA may not occur according to VAA's expectations and the Company may not be able to extract all the costs and/or revenues synergies totally or partially associated with such Recent Acquisitions.

The acquisition of Cerutil was based upon a set of assumptions about its future investments and costs which may come to prove to be incorrect to a certain degree and may have an impact on the business evaluation as defined by VAA and the operational results of the business segments at stake.

The unaudited pro-forma consolidated financial information is presented only for illustrative purposes and may not be an indication of VAA's financial condition or of its operational results following the Recent Acquisitions and the sale of VA Grupo.

Taking into consideration the importance of the Recent Acquisitions and the sale of VA Grupo, VAA has included in this Prospectus Pro-Forma Financial Information which corresponds to pro-forma and unaudited consolidated financial information regarding the year ended as of 31st December 2017 and the nine-month period ended as of 30th September 2018, which was subject to a reliability assurance report issued by Deloitte & Associados, SROC, S.A. on 16th November 2018. The Pro forma Financial Information referred to was prepared to illustrate, on a pro-forma basis, the impact of the Recent Acquisitions and the sale of VA Grupo in VAA's consolidated income statement in the accounting year ended as of 31st December 2017 and of the nine-month period ended as of 30th September 2018.

The unaudited Pro-forma Consolidated Financial Information was prepared to reflect an hypothetical situation and, consequently, is not meant to represent and does not represent the Issuer's consolidated results, in case the Recent Acquisitions and the sale of VA Grupo had occurred on the dates indicated therein or on any other date, nor is it intended to be indicative of the Company's future operational results or financial status.

CHAPTER 3 – PERSONS RESPONSIBLE FOR THE INFORMATION

The form and contents of this Prospectus comply with the provisions set forth in the PSC, in Regulation 809/2004 and other applicable legislation.

3.1. Identification of those responsible for the information contained in the Prospectus

The entities indicated below are, within the scope of responsibility assigned to each of them under the provisions of Articles 149 and 243 of the PSC, liable for the sufficiency, truthfulness, up-to-dateness, clarity, objectivity and lawfulness of the information contained in this Prospectus on the date of its publication, under the terms set forth below.

a) The Offeror:

Visabeira Indústria, SGPS, S.A., a limited liability company with registered office at Rua do Palácio do Gelo, no. 1, Palácio do Gelo Shopping, piso 3, Ranhados, in Viseu, with share capital of EUR 14,357,690, registered at the Viseu Commercial Registry Office under the single company registration and legal person number 505.234.793.

b) The current members of the Offeror's Board of Directors:

Chairman:

NUNO MIGUEL RODRIGUES TERRAS MARQUES

Members:

PAULO JORGE LOURENÇO PIRES (Chief Executive Officer)
JOÃO MANUEL PISCO DE CASTRO
ALEXANDRA DA CONCEIÇÃO LOPES (Member of the Executive Committee)
PAULO ALEXANDRE RODRIGUES FERRAZ (Member of the Executive Committee)

c) The Issuer:

VAA – Vista Alegre Atlantis, SGPS, S.A., a public company with registered office at Vista Alegre, Ílhavo parish (São Salvador), Ílhavo municipality, with share capital of EUR 121,927,316.80, registered at the Ílhavo Commercial Registry Office under the single company registration and legal person number 500.978.654.

d) The current members of the Issuer's Board of Directors:

Chairman:

NUNO MIGUEL RODRIGUES TERRAS MARQUES

Vice chairman:

PAULO JORGE LOURENÇO PIRES (Chief Executive Officer)

Members:

ALEXANDRA DA CONCEIÇÃO LOPES (Member of the Executive Committee)
NUNO MIGUEL FERREIRA DE ASSUNÇÃO BARRA (Member of the Executive Committee)
PAULO JOSÉ ANTUNES SOARES (Member of the Executive Committee)
ALDA ALEXANDRA ABRANTES COSTA (Member of the Executive Committee)

JOÃO MANUEL PISCO DE CASTRO
NUNO MARIA PINTO DE MAGALHÃES FERNANDES THOMAZ
JORGE PAULO SACADURA ALMEIDA COELHO

CRISTINA ISABEL SOUSA LOPES
TEODORICO FIGUEIREDO PAIS

e) At the date of approval of the accounts for the year 2017, the Issuer's Board of Directors was composed of the following members:

Chairman:
NUNO MIGUEL RODRIGUES TERRAS MARQUES

Vice chairman:
PAULO JORGE LOURENÇO PIRES (Chief Executive Officer)

Members:
ALEXANDRA DA CONCEIÇÃO LOPES (Member of the Executive Committee)
NUNO MIGUEL FERREIRA DE ASSUNÇÃO BARRA (Member of the Executive Committee)
PAULO JOSÉ ANTUNES SOARES (Member of the Executive Committee)
ALDA ALEXANDRA ABRANTES COSTA (Member of the Executive Committee)
JOÃO MANUEL PISCO DE CASTRO
MARIA FILOMENA DIAS PASTOR

At the date of approval of the accounts for the year 2016, the Issuer's Board of Directors was composed of the following members:

Chairman:
JOÃO MANUEL PISCO DE CASTRO (Chief Executive Officer)

Members:
ALEXANDRA DA CONCEIÇÃO LOPES (Member of the Executive Committee)
ALDA ALEXANDRA ABRANTES COSTA
PAULO JOSÉ ANTUNES SOARES (Member of the Executive Committee)
PAULO JORGE LOURENÇO PIRES (Member of the Executive Committee)
NUNO MIGUEL FERREIRA DE ASSUNÇÃO BARRA (Member of the Executive Committee)
MARIA FILOMENA DIAS PASTOR

At the date of approval of the accounts for the year 2015, the Issuer's Board of Directors was composed of the following members:

Chairman:
JOÃO MANUEL PISCO DE CASTRO

Vice chairman:
LÁZARO FERREIRA DE SOUSA (Chief Executive Officer)

Members:
ALEXANDRA DA CONCEIÇÃO LOPES (Member of the Executive Committee)
ÁLVARO MANUEL CARVALHAS DA SILVA TAVARES
PAULO JORGE LOURENÇO PIRES (Member of the Executive Committee)
MARIA FILOMENA DIAS PASTOR

f) The current members of the Issuer's Fiscal Board, the Statutory Auditor and the External Auditor are:

Chairman:
ALBERTO HENRIQUE DE FIGUEIREDO LOPES

Members:

ANTÓNIO AUGUSTO ALMEIDA TRABULO
MARIA JOÃO MARTINS PARREIRA FERREIRA LEITE

Alternate:

JOSÉ MANUEL VARANDAS MARQUES

Statutory Auditor:

DELOITTE & ASSOCIADOS, SROC, S.A., represented by MIGUEL NUNO MACHADO CANAVARRO FONTES

External auditor:

DELOITTE & ASSOCIADOS, SROC, S.A., represented by MIGUEL NUNO MACHADO CANAVARRO FONTES (responsible for the limited review report of the financial statements concerning the nine-month period ended on 30th September 2018 and for the reliability assurance report about the Pro-Forma Financial Information)

g) At the date of approval of the accounts for the year 2017, the members of the Issuer's Fiscal Board, the Statutory Auditor and the External Auditor were:

Chairman:

ALBERTO HENRIQUE DE FIGUEIREDO LOPES

Members:

ANTÓNIO AUGUSTO ALMEIDA TRABULO
MANUEL DUARTE DOMINGUES

Alternate:

JOSÉ MANUEL VARANDAS MARQUES

Statutory Auditor:

DELOITTE & ASSOCIADOS, SROC, S.A., represented by MIGUEL NUNO MACHADO CANAVARRO FONTES, responsible for the legal certification of the consolidated annual financial statements for the year ended on 31st December 2017)

External auditor:

DELOITTE & ASSOCIADOS, SROC, S.A., represented by MIGUEL NUNO MACHADO CANAVARRO FONTES (responsible for the audit concerning the consolidated annual financial statements for the year ended on 31st December 2017)

At the date of approval of the accounts for the year 2016, the members of the Issuer's Fiscal Board, the Statutory Auditor and the External Auditor were:

Chairman:

ALBERTO HENRIQUE DE FIGUEIREDO LOPES

Members:

JOÃO CARLOS MONTEIRO DE MACEDO
ANTÓNIO AUGUSTO ALMEIDA TRABULO

Alternate:

PEDRO MIGUEL ALÃO CABRITA

Statutory Auditor:

ERNST & YOUNG, AUDIT & ASSOCIADOS, SROC, S.A., represented by RUI ABEL SERRA MARTINS (responsible for the legal certification of the annual consolidated financial statements for the year ended on 31st December 2016)

External Auditor:

ERNST & YOUNG, AUDIT & ASSOCIADOS, SROC, S.A., represented by RUI ABEL SERRA MARTINS (responsible for the audit of the consolidated annual financial statements for the year ended on 31st December 2016)

At the date of approval of the accounts for the financial year 2015, the members of the Issuer's Fiscal Board, the Statutory Auditor and External Auditor were:

Chairman:

JOÃO CARLOS MONTEIRO DE MACEDO

Members:

PEDRO MIGUEL ALÃO CABRITA
HERNÂNI JOÃO DIAS BENTO

Alternate:

MARIA JOSÉ NOGUEIRA DE ALBUQUERQUE VAZ CALDAS

Statutory Auditor:

ERNST & YOUNG, AUDIT & ASSOCIADOS, SROC, S.A., represented by RUI MANUEL CUNHA VIEIRA (responsible for the legal certification of the consolidated annual financial statements for the year ended on 31st December 2015)

External Auditor:

ERNST & YOUNG, AUDIT & ASSOCIADOS, SROC, S.A., represented by RUI MANUEL CUNHA VIEIRA (responsible for the audit concerning the consolidated annual financial statements for the year ended on 31st December 2015)

The financial intermediary responsible for providing assistance services for the Offer

Caixa – Banco de Investimento, S.A. ("CaixaBI"), with registered office at Av. João XXI, no. 63, 1000-300 Lisbon, and Banco Comercial Português, S.A., acting through its investment banking section ("Millennium investment banking"), with office at Avenida Prof. Dr. Cavaco Silva (Tagus Park), Building 2, Floor 2 A, 2744-002 Porto Salvo, are the financial intermediaries responsible for providing assistance services in the offering.

3.2. Relevant legal provisions on liability for information

Pursuant to article 149(3) of the PSC, applicable directly and *ex vi* article 243 of the PSC, the liability of the abovementioned persons is excluded if they prove that the recipient was or should have been aware of the Prospectus' content deficiency at the time of issue of its contractual declaration or on a moment when its termination was still possible.

Pursuant to Article 149(4) of the PSC, liability is also excluded if any damage results solely from the summary of the Prospectus or any of the translations thereof, unless it contains, when read together with the other documents comprising the Prospectus, misleading, inaccurate or incoherent statements or fails to provide the key information to enable investors to determine whether and when to invest in the shares. Pursuant to Article 149(2) of the PSC, any fault shall be assessed in accordance with high standards of professional diligence.

Pursuant to article 150, sub-paragraph b) of the PSC, the Issuer shall be liable regardless of any fault, if the members of its board of directors, supervisory body and statutory audit firm, or the entities appointed as responsible for any information contained in this Prospectus, are found to be liable. Pursuant to article 150, sub-paragraph a) of the PSC, the Offeror shall be liable regardless of any fault, if the members of its board of directors, the financial intermediaries responsible for the assistance of the offering, or the entities appointed as responsible for any information contained in this Prospectus, are found to be liable.

With respect to this Offer, under the terms of article 153 of the PSC, the right to compensation "*shall be exercised within six months after becoming aware of the deficiency of the contents of the prospectus and terminates, in any case, two years after the prospectus' term of validity.*" With respect to the admission for trading of New Shares under article 243, sub-paragraph b) of the PSC, the right to compensation must be claimed within six months after becoming aware of the deficiency of the Prospectus or of its alteration and it terminates, in any case, two years after the publication of the admission Prospectus or of the alteration that contains the defective information or provision.

3.3. Statement issued by those responsible for the information contained in the Prospectus

The persons and entities mentioned in Chapter 3.1 – "Identification of those responsible for the information contained in the Prospectus" above, in their capacity as responsible for the information contained herein, state that, to their knowledge, after having taken all reasonable steps to ensure that this is the case, the information contained in this Prospectus or parts thereof for which each of them is responsible in accordance with the applicable legal provisions, is in accordance with the facts and there are no omissions that may affect its import.

CHAPTER 4 – REASONS FOR THE OFFER, USE OF PROCEEDS AND DILUTION

4.1. Reasons for the Offer

The aim of the Offer and the Institutional Offer, including the components of offer of sale and of subscription (the latter with the suppression of the pre-emption right in the subscription of New Shares), is an increase in the dispersion of Issuer's capital and an optimization of the Issuer's financing sources.

In fact, with the Offer and Institutional Offer, the shareholder structure of the Company is expected to become broader and more diversified (widening the base of retail investors and Qualified Investors in the national and international markets), and the dispersion of capital in the stock market and the liquidity of VAA Shares is expected to increase, reinforcing their attractiveness to potential investors.

The Offer and Institutional Offer are also aimed at optimizing the financing sources of the strategy of the Issuer through the use of the Subscription Proceeds in implementing the measures foreseen in its strategic plan, as well as reinforcing its financial position and balance sheet through the reduction of Indebtedness.

4.2. Use of proceeds

The Offer Price, either for the subscription of New Shares or for the sale of Shares for Sale by the Offeror, will be defined in a date after the publication of this Prospectus and after the closing of the Offer, within the range of prices defined in this Prospectus (between 1.00 Euros and 1.30 Euros). Thus, it is not possible in the present date to indicate the final net amount of the proceeds of the Offer. In any case, assuming as the Offer Price the minimum point of the defined range of prices (of 1.00 Euros), not considering the ability of the Offeror to decide the increase in the Institutional Offer's dimension and deducting all the expenses associated to the Offer and the Institutional Offer, the total net amount of proceeds of the Offer and of the Institutional Offer will be approximately 20.8 million Euros for the Issuer and approximately 8.3 million Euros for the Offeror. On the other hand, assuming as the Offer Price the maximum point of the defined range of prices (of 1.30 Euros), not considering the ability of the Offeror to decide the increase in the Institutional Offer's dimension and deducting all the expenses associated to the Offer and the Institutional Offer, the total net amount of proceeds of the Offer and of the Institutional Offer will be approximately 27.1 million Euros for the Issuer and approximately 10.8 million Euros for the Offeror.

The Issuer and Offeror will receive the total gross revenue resulting from the subscription of New Shares and from the sale of Shares for Sale within the Offer and the Institutional Offer, respectively. The expenses associated with the Offer and the Institutional Offer to be borne by the Issuer and the Offeror will be deducted from such revenues arising from the Offer and from the Institutional Offer in proportion to the revenue received by each of them (as an example, assuming as the Offer Price the medium point of the defined range of prices (of 1.15 Euros), such expenses comprise, namely, the commission in the total amount of 640.2 thousand Euros - including the applicable taxes - owed to the Offer's Global Coordinators and other financial institutions forming part of the consortium of the Offer and/or the Institutional Offer, and a remaining total amount of 884.1 thousand Euros, including the applicable taxes, regarding essentially the costs with other advisors, marketing and publicity and with the admission of the New Shares to trading, including the costs inherent to the Offer and the Institutional Offer, the estimated expenses in this scope thus amounting to approximately 1.5 million Euros).

The Issuer intends to apply the Subscription Proceeds in the following way:

(i) application of a maximum of up to 83% of the Subscription Proceeds to the reinforcement of its financial situation and balance sheet and to the optimization of the financing sources, through a reduction of indebtedness, (a) giving priority to the full repayment of the Syndicated Loan entered into by its subsidiary Vista Alegre Atlantis, S.A. with Caixa Geral de Depósitos, S.A. and Banco Comercial Português, S.A. (with the outstanding principal amount of 5.2 million Euros on 30th September 2018 and the interest and commissions and other amounts that may be necessary for the full repayment and cancellation of the debt of this borrower being paid through its respective treasury), and (b) using the remaining of those up to 83% for the partial payment of the shareholder indebtedness entered into by VAA with Visabeira Indústria (VAA repaying at least 11.9 million Euros of such shareholder indebtedness); and

(ii) application of a minimum of 17% of the Subscription Proceeds to the implementation of the measures foreseen in its strategic plan (for further details please see Chapter 10.2 – "The Market"), including most notably the performance of investments (CAPEX) in the commercial and operational sides, which execution will then result from the use of that percentage of the Subscription Proceeds, as well as of own funds and external financing as detailed in Chapter 10.13 – "Investments (CAPEX)".

In turn, the Offeror intends to make a partial repayment (of, at least, 20.2 million Euros) of the Syndicated Loan entered into by the Offeror with Caixa Geral de Depósitos, S.A. and Banco Comercial Português, S.A., with the outstanding principal amount of 25.7 million Euros as of 30th September 2018, using for that purpose: (i) the total amount of Sale Proceeds; (ii) the amount that may be received from the Issuer, pursuant to what is mentioned in the last paragraph (following the partial repayment of VAA's shareholder indebtedness by VAA in the amount of at least 11.9 million euros, through the Subscription Proceeds); and (iii) the treasury of the Offeror for the payment of any interests, commissions and other amounts that may be necessary for the purposes of such partial reimbursement by the Offeror.

The abovementioned allocation of the net proceeds of the Offer and Institutional Offer has as one of its principal objectives the release of VAA from the current contractual restrictions resulting from the abovementioned Syndicated Loan agreement, *i.e.*, the restrictions to the distribution of dividends by VAA until 2026 and to the free disposability of brands and assets held by VAA Group.

In this context, and to the extent that, within the Offer and the Institutional Offer, the full subscription of the Share Capital Increase occurs, and the sale by Visabeira of at least 8,709,094 Shares for Sale (corresponding to a gross revenue for the Issuer and the Offeror of at least 30,481,829.00 Euros as a result of the subscription/sale at the minimum price in the price range defined for the Offer and the Institutional Offer and allowing the allocation of an amount of, at least, 25,370,679.22 Euros of that revenue to the repayment of the Syndicated Loan), the Issuer intends to fully reimburse such Syndicated Loan in respect of the borrower Vista Alegre Atlantis, S.A. and the Offeror intends to partially reimburse the abovementioned Syndicated Loan in the terms described above and, within that scope, to obtain the release of VAA from said contractual restrictions resulting from the referred to Syndicated Loan agreement. The negotiation for the release of such restrictions has already begun in the context of the consent obtained from the financing banks regarding the execution of the Offer and of the Institutional Offer pursuant to the declaration of cancellation of the pledge referred to in Chapter 8 - "Description of the Offer" and with the allocation of proceeds referred to herein.

Regarding this matter, see also Chapters 7 – "Capitalization and Indebtedness", 10.12 – "Dividend Policy", 10.14 – "Research and development, patents and licenses" and 10.15 – "Real Estate, facilities and equipment" of this Prospectus.

4.3. Dilution

Within the Offer and the Institutional Offer, in the respective component of offer for subscription, 21,772,735 New Shares will be issued in the context of the Share Capital

Increase with suppression of the pre-emption rights of the current shareholders, which will entail a dilution of the current shareholders in favor of the investors to whom the New Shares will be offered, except if the current shareholders also participate in the Offer and in the Institutional Offer by subscribing the New Shares or acquiring the Shares for Sale necessary for the maintenance of their respective stake.

The stake in VAA's share capital of shareholders who do not subscribe the New Shares nor acquire the Shares for Sale necessary for the maintenance of their respective stake will be diluted by the issuance of New Shares. Such dilution will be equivalent to 12.5% arising from the ratio between the number of New Shares issued and of the total amount of the shares representing the Issuer's share capital after the Offer and Institutional Offer. As an example, for the current shareholders who do not subscribe the New Shares nor acquire the Shares for Sale necessary for the maintenance of their respective stake, a stake in the share capital corresponding to 1.0% will be reduced to around 0.875 % after the Share Capital Increase.

On the date of this Prospectus, the Offeror is the direct holder of 137,933,854 VAA Shares corresponding to 90.50% of the Issuer's share capital. The minimum number of Shares for Sale in the Offer and in the Institutional Offer is 8,709,094 VAA Shares and the maximum number of Shares for Sale in the Offer and in the Institutional Offer is 21,772,735 VAA Shares.

In the case of disposal of said minimum number of Shares for Sale within the Offer and the Institutional Offer, following its conclusion and of the Share Capital Increase, the stake attributable to the Offeror will be of 129,224,760 VAA Shares, representing 74.19% of the Issuer's share capital and voting rights. In turn, in the case of the sale of the abovementioned maximum number of Shares for Sale within the Offer and the Institutional Offer, following their conclusion as well as the conclusion of the Share Capital Increase, the stake attributable to the Offeror will become 116,161,119 VAA Shares, representing 66.69% of the Issuer's share capital and voting rights.

Please see also Chapter 14 – "Major shareholders and transactions with specially related third parties" regarding the attribution of the voting rights corresponding to the shares held by the Offeror.

CHAPTER 5 – SELECTED FINANCIAL DATA OF THE ISSUER

The selected financial data presented in this Chapter, concerning financial years 2015, 2016 and 2017 and of interim nine-month periods ended 30th September 2017 and 30th September 2018, were prepared based on VAA's audited consolidated financial statements for 2015, 2016 and 2017, and VAA's unaudited condensed consolidated financial statements for the interim nine-month periods ended 30th September 2017 and 2018 (VAA's consolidated financial statements for the nine-month period ended in 30th September 2018 subject to limited review).

The present economic-financial and operational information shall be read jointly with the Chapter 11 – "Analysis of the Issuer's operation and financial situation" of the Prospectus and with the mentioned financial statements incorporated by reference.

Consolidated income statement by nature

	31st december (audited)			30th september (unaudited)	
(values in thousand euros)	2015	2016	2017	2017	2018
Sales and services rendered	71,831	75,439	84,981	60,906	63,921
Cost of goods sold and materials consumed	-24,217	-22,728	-26,068	-18,915	-19,673
Production variation	3,540	690	-447	-241	2,018
Gross margin	**51,154**	**53,400**	**58,466**	**41,750**	**46,266**
Works for the company	0	0	1,148	1,681	1,868
External supplies and services	-16,618	-16,896	-17,292	-12,453	-13,873
Personnel costs	-27,398	-27,203	-28,995	-21,791	-23,192
Amortizations	-5,502	-5,554	-6,414	-4,328	-4,593
Impairment	24	102	-163	26	-57
Provisions for the year	-638	-25	372	-555	0
Other revenue and operating income	-1,673	-1,767	-1,908	-1,192	-1,186
Impairment of non depreciable assets	-30	45	-54	-1	0
Increases/(Reductions) of fair value	2,064	1,416	375	0	0
Other revenues and operating income	1,360	2,014	2,168	1,340	1,505
Operating income	**2,742**	**5,531**	**7,701**	**4,478**	**6,738**
Interest and similar expenses	-3,357	-3,540	-3,078	-2,429	-1,994
Interest and similar income	3	0	22	22	86
Financial result	**-3,354**	**-3,540**	**-3,056**	**-2,407**	**-1,908**
Result before taxes	**-612**	**1,992**	**4,645**	**2,071**	**4,830**
Income tax	-203	-251	-428	-203	-1,178
Consolidated result for the period	**-814**	**1,741**	**4,218**	**1,868**	**3,652**
Attributable:					
Shareholders	-813	1,797	4,258	1,885	3,730
Non-controlling interests	-1	-56	-40	-17	-78

Consolidated statement of financial position

(values in thousand euros)	31st december (audited) 2015	2016	2017	30th september (unaudited) 2017	2018
ASSETS					
Non-current assets					
Tangible fixed assets	79,704	81,043	89,715	80,054	116,759
Goodwill	4,711	4,711	4,711	4,711	4,711
Investment properties	30,209	29,993	19,013	24,534	1,435
Intangible fixed assets	1,546	1,748	1,403	1,896	1,295
Investment in associated companies	175	224	172	225	215
Deferred tax assets	6,685	6,037	4,941	5,780	4,305
Total non-current assets	**123,029**	**123,756**	**119,955**	**122,658**	**128,721**
Current assets					
Inventories	33,973	35,141	33,531	35,398	39,389
Clients and others debtors	11,386	12,992	17,386	12,146	18,570
Deferred assets	1,070	1,323	1,515	1,415	2,369
State and other public entities	1,149	1,014	629	1,053	2,135
Cash and cash equivalents	2,220	1,593	4,800	943	3,776
Total current assets	**49,798**	**52,063**	**57,861**	**50,956**	**66,238**
TOTAL ASSETS	172,827	175,819	177,816	173,614	194,959
EQUITY CAPITAL					
Equity	92,508	92,508	121,927	92,508	121,927
Own shares	-2	-2	-2	-2	-2
Premium shares	0	0	22,065	0	22,065
Other equity instruments	38,182	38,182	38,182	38,182	38,182
Reserves and retained earnings	-102,345	-101,440	-104,104	-100,053	-139,207
Net income	-813	1,797	4,258	1,885	3,730
Equity capital without non-controlling interests	**27,529**	**31,045**	**82,326**	**32,520**	**46,694**
Non-controlling interests	229	241	271	292	655
Total equity capital	**27,758**	**31,286**	**82,598**	**32,812**	**47,350**
LIABILITIES					
Non-current liabilities					
Long-term bank loans	26,170	24,214	21,799	15,307	23,132
Shareholders loans	60,906	60,216	370	53,203	13,471
Subsidies	2,196	2,763	3,779	2,988	3,947
Provisions	555	538	369	538	308
Provisions of retirement pensions	2,917	2,363	1,465	2,024	1,325
Deferred tax liabilities	12,003	12,304	12,216	12,165	9,313
Total non-current liabilities	**104,746**	**102,398**	**39,997**	**86,224**	**51,496**
Current liabilities					
Short-term bank loans	8,803	7,469	24,209	14,257	39,618
Shareholders loans	750	750	0	750	13,446
Suppliers and other creditors	28,921	32,192	29,325	38,138	40,642
State and other public entities	1,849	1,723	1,688	1,434	2,408
Total current liabilities	**40,323**	**42,134**	**55,221**	**54,578**	**96,113**
Total liabilities	**145,069**	**144,532**	**95,219**	**140,803**	**147,609**
TOTAL EQUITY CAPITAL AND LIABILITIES	172,827	175,819	177,816	173,614	194,959

Consolidated cash flows statement

Items	31st december (audited) 2015	2016	2017	30th september (unaudited) 2017	2018
Cash flow from operating activities	**4,724**	**8,986**	**11,012**	**10,642**	**9,668**
Cash flow from investment activities	**-9,884**	**-1,975**	**-3,420**	**255**	**-13,805**
Cash flow from financing activities	**5,499**	**-7,637**	**-4,347**	**-11,548**	**2,645**
VARIATION OF CASH AND CASH EQUIVALENTS	339	-627	3,245	-650	-1,493
EFFECT OF EXCHANGE DIFFERENCES	0	0	-39	0	-8
INITIAL CASH AND CASH EQUIVALENTS	1,881	2,220	1,593	1,593	4,800
CHANGE OF CONSOLIDATION PERIMETER	0	0	0	0	477
FINAL CASH AND CASH EQUIVALENTS	**2,220**	**1,593**	**4,800**	**943**	**3,776**

Other Financial and Operational Data

(values in thousand euros)	31st december (audited) 2015	2016	2017	30th september (unaudited) 2017	2018
Sales and services provided	71.831	75.439	84.981	60.906	63.921
Porcelain and other products	38.479	36.606	43.378	30.577	31.210
Earthenware	-	-	-	-	491
Stoneware / Oven to Tableware	6.251	11.254	11.658	8.374	10.195
Stoneware / Tableware	15.370	16.854	18.415	13.663	13.386
Crystal and Glass	11.731	10.725	11.529	8.291	8.638
Portugal	25.598	27.465	30.468	19.435	21.346
Rest of Europe	36.811	38.071	44.590	33.952	35.330
Others	9.422	9.903	9.923	7.519	7.245
Results					
Gross Margin	51.154	53.400	58.466	41.750	46.266
Operating income	2.742	5.531	7.701	4.478	6.738
Financial result	-3.354	-3.540	-3.056	-2.407	-1.908
Consolidated result for the period	-814	1.741	4.218	1.868	3.652
Balance sheet					
Total Assets	172.827	175.819	177.816	173.614	194.959
Non-current assets	123.029	123.756	119.955	122.658	128.721
Equity capital	27.758	31.286	82.598	32.812	47.350
Total liabilities	145.069	144.532	95.219	140.803	147.609
Non-current liabilities	104.746	102.398	39.997	86.224	51.496
Indebtedness	96.629	92.649	46.377	83.517	89.667

(values in thousand euros)	31st december (unaudited) 2015	2016	2017	30th september (unaudited) 2017	2018
Adjusted EBITDA	6,825	9,547	13,586	9,335	11,388
Operating income	2,742	5,531	7,701	4,478	6,738
Amortizations	-5,502	-5,554	-6,414	-4,328	-4,593
Provisions for the year	-638	-25	372	-555	0
Impairment	24	102	-163	26	-57
Impairment of non depreciable assets	-30	45	-54	-1	0
Increases/(Decreases) of fair value	2,064	1,416	375	0	0
Average number of employees	1,701	1,665	1,671	1,655	2,153
Economics and Financials Indicators					
Adjusted EBITDA / Sales and services provided	9.5%	12.7%	16.0%	15.3%	17.8%
Operating results / Operating income [1]	3.5%	6.9%	8.7%	7.0%	10.0%
Indebtedness / Total Assets	55.9%	52.7%	26.1%	48.1%	46.0%
Equity / Total Assets	16.1%	17.8%	46.5%	18.9%	24.3%
Total Liabilities / Total Assets	83.9%	82.2%	53.5%	81.1%	75.7%

1) Operating income = Own work + Sales and services + Fair value increases / (reductions) + Other operating income and expenses

CHAPTER 6 – PRO FORMA FINANCIAL INFORMATION

6.1. Pro forma consolidated financial information

The unaudited pro forma consolidated financial information presented in this Chapter, for the financial year ended as of 31st December 2017 and for the interim nine months period ended as of 30th September 2018, was extracted from the Annex of this Prospectus correspondent to the Pro Forma Financial Information.

Pro Forma Financial Information was prepared to provide information about how the Recent Acquisitions and the Sale of VA Grupo could have affected the VAA's consolidated income statement of the twelve-month period ended as of 31st December 2017 and VAA's consolidated income statement of the nine months period ended as of 30th September 2018, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union.

Since the Pro Forma Financial Information is prepared to reflect a hypothetical situation, it is not intended to represent, and does not represent, VAA's consolidated results, nor means to be indicative information of the operational results or future financial situation of the Company.

These Recent Acquisitions reinforce Grupo Vista Alegre's positioning in the ceramics market and aim at a greater diversity for their business segments, in line with the strategy disclosed to the market, as well as strengthen its financial situation. Because of such measures, the Company currently has a turnover of 92.7 million Euros and 70.4 million Euros as of, respectively, December 2017 and September 2018, corresponding to an Adjusted EBITDA of 16.8 million Euros and 13.4 million Euros and to an Adjusted EBITDA Margin of 18.1% and 19.0% as of, respectively, December of 2017 and September 2018 (in unaudited pro-forma amounts).

Deloitte & Associados, SROC, S.A. was responsible for the issuance of the reliability assurance report about the consolidated pro forma financial Information of 16th November 2018, based on ISAE 3420 – Works of Reliability Assurance about the Compilation Process of Pro Forma Financial Information included in the Prospectus for the financial year ended 31st December 2017 and the nine months period ended as of 30th September 2018 respectively, under the terms of the applicable law.

The consolidated pro forma financial information included below shall be read jointly with the Annex of the Prospectus which includes, namely, information about the financial data used as basis for the compilation of the Pro-Forma Financial Information, as well as the assumptions and adjustments used in its drafting. Also, it shall be read jointly with the reliability assurance report issued by Deloitte & Associados. SROC, S.A. on 16th November 2018.

Unaudited pro forma consolidated income statement of the financial year ended 31st December 2017

(values in thousand euros)	Vista Alegre Group	Cerutil, S.A.	Bordalo Pinheiro, S.A.	Bordalgest, S.A.	Pro-forma adjustments: Elimination of the Sale of VAA Group by Cerutil	Pro-forma adjustments: VA Grupo contribution elimination	Pro-forma adjustments: VA Grupo sale	Pro-forma adjustments: Intra-group adjustments	Pro-forma accounts
Sales and services rendered	84,981	7,330	6,087	0	0	0	0	-5,737	92,661
Cost of goods sold and materials consumed	-26,068	-2,691	-871	0	0	0	0	5,160	-24,469
Production variation	-447	153	-134	0	0	0	0	0	-428
Gross margin	**58,466**	**4,793**	**5,081**	**0**	**0**	**0**	**0**	**-577**	**67,764**
Works for the company	1,148	0	0	0	0	0	0	0	1,148
External supplies and services	-17,292	-942	-893	-8	0	41	0	522	-18,572
Personnel costs	-28,995	-2,610	-2,853	0	0	0	0	0	-34,457
Amortizations	-6,414	-307	-330	0	0	0	0	0	-7,052
Impairment	-163	-37	-24	0	0	0	0	0	-224
Provisions for the year	372	0	0	0	0	61	0	0	433
Other revenue and operating income	-1,908	-188	-99	0	0	50	0	3	-2,143
Impairment of non depreciable assets	-54	0	0	0	0	0	0	0	-54
Increases/(Reductions) of fair value	375	0	0	0	0	-519	0	0	-144
Other revenues and operating income	2,168	174,205	138	6	-174,167	-122	795	22	3,044
Operating income	**7,701**	**174,914**	**1,020**	**-2**	**-174,167**	**-490**	**795**	**-30**	**9,741**
Interest and similar expenses	-3,078	-640	-113	0	0	0	0	1,204	-2,627
Interest and similar income	22	1,328	0	45	0	-182	0	-1,204	11
Financial result	**-3,056**	**689**	**-113**	**45**	**0**	**-182**	**0**	**0**	**-2,616**
Result before taxes	**4,645**	**175,603**	**907**	**43**	**-174,167**	**-672**	**795**	**-30**	**7,125**
Income tax	-428	-13,208	-92	-9	12,930	120	0	7	-681
Consolidated result for the period	**4,218**	**162,395**	**815**	**34**	**-161,238**	**-552**	**795**	**-23**	**6,444**
Attributable:									
Shareholders	4,258	162,395	685	34	-161,238	-548	795	-23	6,357
Non-controlling interests	-40	0	131	0	0	-4	0	0	86

Unaudited pro forma consolidated income statement of the period of nine months ended 30th September 2018

(values in thousand euros)	Vista Alegre Group (September 2018)	Pro-forma adjustments (january to august 2018) Cerutil, S.A.	Bordalo Pinheiro, S.A.	Bordalgest, S.A.	Intra-group adjustments	Pro-forma accounts
Sales and services rendered	63,921	6,635	4,150	0	-4,260	70,445
Cost of goods sold and materials consumed	-19,673	-3,009	-633	0	3,861	-19,453
Production variation	2,018	39	19	0	0	2,076
Gross margin	**46,266**	**3,664**	**3,536**	**0**	**-399**	**53,067**
Works for the company	1,868	96	200	0	0	2,164
External supplies and services	-13,873	-778	-598	-5	399	-14,856
Personnel costs	-23,192	-1,920	-2,179	0	0	-27,292
Amortizations	-4,593	-145	-217	0	0	-4,954
Impairment	-57	-250	-203	0	0	-510
Provisions for the year	0	0	0	0	0	0
Other revenue and operating income	-1,186	-121	-52	0	0	-1,359
Impairment of non depreciable assets	0	0	0	0	0	0
Increases/(Reductions) of fair value	0	0	0	0	0	0
Other revenues and operating income	1,505	24	103	0	0	1,632
Operating income	**6,738**	**570**	**590**	**-6**	**0**	**7,892**
Interest and similar expenses	-1,994	-447	-69	-5	1,204	-1,312
Interest and similar income	86	1,894	0	11	-1,204	788
Financial result	**-1,908**	**1,447**	**-69**	**6**	**0**	**-524**
Result before taxes	**4,830**	**2,017**	**521**	**0**	**0**	**7,368**
Income tax	-1,178	-501	-109	0	0	-1,788
Consolidated result for the period	**3,652**	**1,516**	**412**	**0**	**0**	**5,581**
Attributable:						
Shareholders	3,730	1,516	346	0	0	5,592
Non-controlling interests	-78	0	66	0	0	-12

CHAPTER 7 – CAPITALISATION AND INDEBTEDNESS

The tables below show VAA's capitalisation and Indebtedness as of 30th September 2018 (unaudited information and subject to limited review in respect of the information extracted from the financial statements regarding the nine-month period ended on 30th September 2018).

This information, with reference to 30th September 2018, has been prepared in accordance with IFRS and should be read together with the financial statements contained in this Prospectus, including the analysis of the operation and the financial situation in Chapter 11 – "Analysis of the Issuer's operation and financial situation", together with the other financial information included for reference in this Prospectus.

7.1 Capitalisation and Indebtedness

The following table shows the capitalisation and total Indebtedness of VAA on 30th September 2018:

(values in thousand euros)	30th september 2018	30th september 2018 Adjusted *
A. Current financial debt (B) + (C) + (D) + (E)	**53,064**	**43,644**
B. Guaranteed	24,333	14,913
C. Secured	0	0
D. Operational	15,285	15,285
E. Shareholders	13,446	13,446
F. Non-current finacial debt (G) + (H) + (I)	**36,603**	**46,023**
G. Guaranteed	23,132	32,552
H. Secured	0	0
I. Shareholders	13,471	13,471
J. Total finacial debt (A) + (F)	**89,667**	**89,667**
K. To end		
L. Short term	53,064	43,644
M. Medium / long term	36,603	46,023
N. Equity Capital		
O. Equity	121,927	121,927
P. Own shares	-2	-2
Q. Premium shares	22,065	22,065
R. Other equity instruments	38,182	38,182
S. Reserves and retained earnings	-139,207	-139,207
T. Consolidated result for the period (shareholders)	3,730	3,730
U. **Non-controlling interests**	**655**	**655**
V. Total of Equity Capital (O) + (P) + (Q) + (R) + (S) + (T) + (U)	**47,350**	**47,350**
W. Total Capitalization (J) + (V)	**137,017**	**137,017**

* The information in this column is pro-forma and intends to present the VAA Indebtedness stated in the consolidated statement of financial position as of 30th September 2018, adjusted in order to reflect the reclassification of a part of the current component of the Indebtedness to the non-current component of Indebtedness, reflecting as of such date the rescheduling of the maturity of some bank loans that took place effectively in October 2018 (see Chapter 12.2 – "Financial Resources" about the referred rescheduling aimed to the replacement of short-term financing into medium and long-term financing). As pro-forma information, this information does not reflect the effective financial position as of 30th September 2018 nor was subject to audit or limited review.

Regarding indirect Indebtedness, it should be noted that there are no guarantees provided by the Issuer regarding financing of companies outside the Vista Alegre Group, apart from the guarantees provided under the Syndicated Loan contracted by Vista Alegre Atlantis, S.A. and the Offeror referred to in Chapter 7.2 - "Net Debt".

As of the date of this Prospectus, VAA's share capital is represented by 152,409,146 VAA Shares.

The table above highlights in Equity, supplementary capital provided by the shareholder Visabeira Indústria in a total amount of EUR 38,182,000 as of 30th September 2018. In accordance with legal requirements, the reimbursement of supplementary capital to the shareholder shall not take place if, after that reimbursement, VAA's (individual) equity is less than the sum of the share capital and the legal reserve.

7.2 Net Debt

The following table shows the VAA's Net Indebtedness on 30th September 2018:

(values in thousand euros)	**30th september 2018**
A. Cash	7
B. Bank deposits	3,769
C. Short term Cash and cash equivalents (A) + (B)	**3,776**
D. Current bank loans	24,333
E. Operational Indebtedness	15,285
F. Current Shareholders loans	13,446
G. Short term current Indebtedness (D) + (E) + (F)	**53,064**
H. Current net Indebtedness (G) - (C)	**49,288**
I. Non-current bank loans	23,132
J. Non-current Shareholders loans	13,471
K. Long term current Indebtedness (I) + (J)	**36,603**
L. Net Indebtedness (H) + (K)	**85,891**

The amount qualified above as "Shareholder Loans – Current and Non-Current" on 30th September 2018 was the result of a sequence of credit transfer movements among the various companies of Visabeira Group, notably due to the process of acquisition of Cerutil and its subsidiaries (the Recent Acquisitions) in the amount of 48.5 million euros and the sale of VA Grupo in the amount of 21.7 million euros, thus concentrating all the shareholder debt in the Offeror. This balance has a current payment plan in the amount of 13.4 million euros which will occur until 31st December 2018, to which 234 thousand euros of interest accrue. The payment of the remaining balance, in the amount of 13.5 million euros, shall be deferred in 12 quarterly instalments from 30th January 2020 until 30th September 2023, bearing interest at a 12-month Euribor rate, when positive, adding a fixed margin of 4%.

Regarding the item of the "Current Shareholder Indebtedness" as classified in the table above, Visabeira Indústria issued a declaration dated 29th October 2018, expressly and irrevocably stating that the Issuer is not required to pay immediately that portion of the shareholder indebtedness in the amount of 13.4 million euros, in the event that the subscription proceeds expected as a result of the Share Capital Increase are not sufficient, then the remaining settlement terms included in the payment agreement entered into between the two parties (the start of settlement occurring only from 30th January 2020 until 30th September 2023) shall apply to that part.

The amount of financial commitments included in the Consolidated Statement of Financial Position with guarantees and sureties (*cauções*) is EUR 24.7 million and EUR 19.8 million on 30th September 2018 and 31st December 2017, respectively.

The amount of guarantees and sureties (*cauções*) provided to cover financial commitments not included in the Consolidated Statement of Financial Position is 0.5 million Euros and 2.8 million Euros on 30th September 2018 and 31st December 2017, respectively, as referred to in the sections 10.15 – "Real Estate, facilities and equipment", 10.17 – "Judicial and arbitration proceedings" and 11.2 – "Main Items of the Consolidated Income Statement" of this Prospectus.

The guarantees granted by Vista Alegre to ensure its Indebtedness include: (i) financial pledge of balances of bank accounts; (ii) mortgages on property; (iii) pledge over equipment and promissory pledge over equipment to be obtained; (iv) pledge over the brands; (v) financial pledge of representative shares of Vista Alegre Atlantis, S.A.'s share capital held by the Issuer; and (vi) bank guarantees.

To the extent that, within the Offer and the Institutional Offer, there will be a full subscription of the Share Capital Increase, through the subscription of the New Shares, and the sale by Visabeira of at least 8,709,094 Shares for Sale, the Issuer and the Offeror intend to reimburse that Syndicated Loan under the terms described in Chapter 4.2 - "Use of proceeds" and in this context obtain the release of VAA from the guarantees resulting from said Syndicated Loan agreement. The negotiation of the release of such guarantees has already begun in the context of the consent obtained from the financing banks regarding the execution of the Offer and the Institutional Offer pursuant to the declaration of cancellation of the pledge referred to in Chapter 8 - "Description of the Offer" and with the revenues allocation mentioned in Chapter 4.2 - " Use of proceeds " in this Prospectus.

Additionally, as mentioned in Chapter 2.2 – "Risks related to the Issuer's shareholder structure", the bank and other entities Indebtedness (as indicated in the tables in Chapter 12.2 - "Financial Resources"), except for that contracted with IKEA Supply AG and Ikea Industry, S.A. - corresponding to a total amount of 40.6 million Euros on 30th September 2018 - is secured in the form of a guarantee provided by the Offeror, by Grupo Visabeira SGPS, S.A. and/or by the individual controlling shareholder of this Company.

Particularly, the Syndicated Loan with Banco Comercial Português, S.A. and Caixa Geral de Depósitos, S.A., with capital owed by Vista Alegre Atlantis, S.A. in the amount of EUR 5.2 million on 30th September 2018, is also secured by (i) a mortgage of assets belonging to VA Grupo, a company not included in the consolidation perimeter of VAA (sold to Visabeira Imobiliária on 31st August 2018), (ii) financial pledge of representative shares of VAA's share capital, held by the Offeror (or to be attributed to it); (iii) financial pledge of the Offeror's of bank account balance; (iv) pledge of credits held by the Offeror over the Issuer and Vista Alegre Atlantis, S.A. and (v) promissory pledge on certain credits that Grupo Visabeira SGPS, S.A. holds over the Issuer. To the extent that, within the Offer and the Institutional Offer, there is a full subscription of the Share Capital Increase, through the subscription of the New Shares, and the sale by Visabeira of at least 8,709,094 Shares for Sale, the Issuer and Offeror intend to reimburse the mentioned Syndicated Loan under the terms described in Chapter 4.2 - " Use of proceeds" and in this context obtain the release of the guarantees provided by the Visabeira Group in relation to this borrower regarding this matter.

The guarantees and other conditions for the negotiated loans related to the Table Stoneware business segment (Ria Stone subsidiary), in the total amount of 15.4 million Euros, are the following: (i) guarantee of the Offeror, of Grupo Visabeira SGPS, S.A. and the major individual shareholder of this company, as well as of Vista Alegre; (ii) obligation to submit a bank guarantee by said subsidiary, under the terms and conditions provided by the Payment Rule applicable to projects approved under the QREN Incentive Systems; and (iii) the obligation for the subsidiary to present, until 31st January 2015, a mortgage, in IKEA's favour, of equipment belonging to Ria Stone already defined in the loan agreement. The mentioned mortgage was presented within the stipulated date.

The reimbursable subsidies of the AICEP – Agency for External Trade and Investment of Portugal for the projects completed have associated bank guarantees of 25% of the amount (in the amount of 3.9 million Euros), except with regards to Ria Stone, the guarantee of which was mentioned in the previous paragraph.

VAA Group has two investment (CAPEX) support strands, one under the framework of the Portugal 2020 Community funds project, in the form of an incentive totalling EUR 20.5 million and, the other, a bank credit line of EUR 13.2 million for investment support (CAPEX). On 30th September 2018, approximately EUR 4.7 million and EUR 5.5 million had been used, respectively.

The Group also has access to other debt instruments for treasury support in the form of factoring, discount on export consignments and payment to suppliers (confirming) amounting to EUR 26 million, with approximately EUR 22.6 million used as of 30th September 2018.

CHAPTER 8 – DESCRIPTION OF THE OFFER

8.1 Information on the Securities subject to the Offer and Admission to Trading

8.1.1 Type and category of securities

The Offer and the Institutional Offer are composed of (i) an offer for the subscription of VAA Shares, to be issued by the Company as part of its Share Capital Increase, which shall be in the amount of 17,418,188.00 Euro, corresponding to 21,772,735 VAA Shares to be issued (the New Shares) and without the possibility of incomplete subscription, and (ii) an offer for the sale of Shares for Sale already issued, in the scope of which the Offeror will sell 8,709,094 Shares for Sale.

The object of the Offer is 4,572,275 New Shares to be issued and 4,572,275 Shares for Sale already issued (corresponding, respectively, to 2.63% and 2.63% of VAA's share capital after the Share Capital Increase).

Accordingly, the securities comprised in the Offer are 9,144,550 ordinary, book-entry and nominative shares, with a nominal value of 0.80 euros each, representing 5.25% of the Company's share capital, after the Share Capital Increase.

In turn, simultaneously with the Offer, there will be an Institutional Offer that comprises 17,200,460 New Shares to be subscribed as part of the Share Capital Increase, and 4,136,819 Shares for Sale already issued to be sold by the Offeror, totalling 21,337,279 VAA Shares.

The Offeror may also, until the 12th December 2018 after the end of the Offer Period and by its own sole initiative, after consulting the Issuer and the Offer's Global Coordinators, and taking into consideration the market conditions, increase the number of Shares for Sale to be offered within the Institutional Offer up to a maximum of 13,063,641 VAA Shares. The Institutional Offer will thus comprise up to 34,400,920 VAA Shares and, in conjunction with the Offer, will then correspond to a dispersion among investors of a global amount of up to 43,545,470 VAA Shares, representing up to 25% of the Company's share capital, after the Share Capital Increase.

The number of shares of the Offer and of the Institutional Offer mentioned above may vary taking into account the Intercommunication mechanism of shares between the Offer and the Institutional Offer as described in the Chapter 8.2.4 – "Intercommunication Mechanisms".

The securities to be admitted to trading on Euronext Lisbon, managed by Euronext, are 21,772,735 New Shares (i.e. all the New Shares) representing 12.5% of VAA's share capital, after the Share Capital Increase.

Taking into account the mechanism created to facilitate the simultaneous physical settlement of the New Shares and of the Shares for Sale described in paragraph c) of Chapter 8.2.1 – "Offer conditions and statistics, planned calendar and forms of share subscription and acquisition", the physical settlement of the Offer and of the Institutional Offer, due on 17th December 2018, will be entirely made with VAA Shares already issued and admitted to trading in the regulated market Euronext Lisbon, thus assuring the equality of treatment among all the investors.

This way, all the participants in the Offer will receive shares with the ISIN codes PTVAA0AM0019 and CFI ESRUFR, as the remaining VAA Shares.

8.1.2 Legislation according to which the securities were created

All VAA Shares, including those that are included in the Offer and the Institutional Offer, have been and will be created under the terms set forth in applicable Portuguese law, notably in accordance with the rules contained in the PCC and the PSC that govern the creation of securities representing the share capital of limited liability companies incorporated under Portuguese law. The form of representation of the shares and integration into a centralised system, including as required for trading in a regulated market, is in accordance with the legal provisions and requirements of the PSC and other applicable regulations.

8.1.3 Methods and forms of representation of the securities

VAA Shares are ordinary, book-entry and nominative shares and those already issued are integrated in a centralised system organised by CVM, with the ISIN PTVAA0AM0019 and CFI ESRUFR codes.

The New Shares will be integrated into the centralised system organised by CVM when they are issued, then acquiring the same identification codes as the existing VAA Shares.

CVM is managed by Interbolsa, which address is Avenida da Boavista, 3433, in Porto.

The admission to trading of all New Shares, i.e. 21,772,735 VAA Shares, on the Euronext Lisbon, managed by Euronext has been requested. Once admitted to trading on the said market, which is expected to happen on 19th December 2018 or on an approximate date, the New Shares will be traded under the VAF symbol, just as the already existing VAA Shares. The Issuer may not, however, guarantee the admission to trading of the New Shares on the abovementioned date, such admission being subject to a favourable resolution from Euronext.

After the admission to trading in the regulated market Euronext Lisbon, the New Shares will be fungible with the other existing VAA Shares and shall have the same codes (ISIN PTVAA0AM0019 and CFI ESRUFR) as the VAA Shares already admitted to trading as of the date of this Prospectus and will grant its holders the same rights as the other existing ordinary shares.

8.1.4 Currency in which VAA Shares are issued

The VAA Shares that currently represent the share capital of VAA are issued in Euro. The New Shares will also be issued in Euro.

8.1.5 Rights, including possible restrictions thereof, inherent to VAA Shares and procedure to be followed for the exercise of these rights

All VAA Shares are in the same category and the New Shares will also belong to such category. Under the terms of the PCC and VAA's Articles of Association, the holder of a VAA Share takes on, with the respective acquisition, the status of shareholder of the Company, with all the inherent rights and obligations provided in the PCC and in VAA's Articles of Association.

The holders of VAA Shares have, in accordance with VAA's Articles of Association and the law, notably, the right to share in profits (after deduction of the amounts necessary for the formation or restoration of the legal reserve and as decided by the General Shareholders Meeting), the right to participate in the General Shareholders Meeting and to exercise their right to vote therein, the right to share in the assets in the event of winding up, the pre-emption right in the subscription of new shares in share capital increases through capital contributions in cash in which such right is not limited or suppressed, the right to receive new shares of the Company in share capital increase operations through the incorporation of reserves, and the right to information.

The holding or ownership of one or more VAA Shares requires a shareholder to be subject to the content of the Articles of Association, without prejudice to its right to challenge provisions which he deems inconsistent with the mandatory legal rules applicable to the Company, in the legally provided terms and deadlines.

For more detailed information on the rights and restrictions inherent to VAA Shares, see Chapter 15.3.1 – "Description of the main rights and restrictions inherent to VAA Shares". Regarding the tax framework applicable to the ownership and transfer of VAA shares, see Chapter 9 – "Tax Framework".

8.1.6 Statement on the resolutions, authorisations and approvals under which the Shares for Sale will be sold and the New Shares will be issued, offered and admitted to trading

Within the scope of the statutory authorisation granted by the General Shareholders Meeting of 12th October 2018, VAA's Board of Directors resolved, under the legal and statutory terms, to proceed with the Share Capital Increase and issue of New Shares on 27th November 2018, with the prior favourable opinion of its Fiscal Board. This resolution was supplemented by a series of acts carried out by the Company's directors and attorneys, onto whom the Board of Directors had delegated all powers to make all other decisions and to perform all other acts convenient or necessary to the implementation of this Offer.

In addition to the abovementioned statutory authorisation, the suppression of the shareholders' pre-emption rights in the subscription of the share capital increase to take place following that authorisation was also resolved – in the General Shareholders Meeting held on 12th October 2018.

Additionally, the sale of Shares for Sale included within the Offer and Institutional Offer, as well as the terms and conditions under which it is carried out, were the object of a resolution of the Offeror's Board of Directors adopted on 27th November 2018. This resolution was supplemented by a series of acts carried out by the Offeror's directors and attorneys, onto whom the Board of Directors had delegated all powers to make all other decisions and to perform all other acts convenient or necessary for the implementation of this Offer.

In particular, the sale of 8,709,094 VAA Shares already issued within the Offer and Institutional Offer was subject to a resolution of the Offeror's Board of Directors on that date. The Offeror's Board of Directors delegated powers within the scope of the same resolution for the purposes of the exercise of the Offeror's ability to, until the 12th December 2018 after the end of the Offer Period, increase the number of VAA Shares already issued to be sold within the Institutional Offer in up to 13,063,641 VAA Shares, on its sole initiative, after consulting VAA and the Offer's Global Coordinators and taking into consideration the market conditions (the Offer and the Institutional Offer to sell by the Offeror then comprising up to 21,772,735 VAA Shares, should such ability be exercised).

The Issuer and the Offeror declare that the Offer is in accordance with the resolutions referred to above.

8.1.7 Potential restrictions on the free transfer and encumbrance of VAA Shares

There are no statutory and/or legal restrictions on the transfer of VAA Shares, which will be transferred free of encumbrances and charges on the settlement date of the Offer and the Institutional Offer as described in Chapter 8.2.1 – "Offer conditions and statistics, planned calendar and forms of share subscription and acquisition".

8.1.8 Potential mandatory public offer of acquisition

Since VAA is a public company under Article 13 of the PSC, it is subject to the regime applicable to voluntary and mandatory public tender offers, to compulsory acquisition and to the loss of public company status, in accordance with such code.

Mandatory Public Tender Offer

The legal framework applicable to mandatory public tender offers is laid down in the PSC, which transposes into national law the rules laid down in Directive 2004/25/EC of the

European Parliament and of the Council of 21st April 2004 (in its current wording), relating to public tender offers.

Pursuant to article 187 of the PSC, the obligation to launch a mandatory public tender offer for the acquisition of all the shares representing the share capital of a public company and other securities issued by that company which grant the right to subscribe or acquire its shares arises for any natural or legal person which, directly or as provided by article 20(1) of the PSC, acquires shares exceeding one-third or one-half of the voting rights corresponding to the share capital of that company. If the one-third limit is exceeded, the person that would be obliged to launch the public tender offer may demonstrate to the CMVM that it does not control the referred company nor is it in a group relationship with it and, therefore, is not required to launch the public tender offer.

In accordance with article 20(1) of the PSC, for the calculation of the voting rights attributable to a shareholder in the share capital of a public company, the shares it owns or over which it has usufruct are taken into account, as well as the voting rights:

a) Held by third parties in their own name(s), but on the account of the shareholder;

b) Held by a company that is in a control or group relationship with the shareholder, in accordance with article 21 of the PSC;

c) Held by holders of voting rights with whom the shareholder has entered into an agreement regarding the exercise of such rights, unless it is bound to follow the instructions of a third party under the same agreement;

d) Held, if the shareholder is a company, by the members of its management and supervisory bodies;

e) That the shareholder may acquire by an agreement entered into with the respective holders or through a financial instrument with the characteristics set forth in article 20(1) sub-paragraph e) of the PSC;

f) Inherent to shares held as collateral by the shareholder or managed or deposited with the shareholder, if the voting rights have been attributed to the shareholder;

g) Held by holders of voting rights that have granted discretionary powers to the shareholder to exercise those rights;

h) Held by persons that have entered into an agreement with the shareholder aiming at taking control of the company or preventing the change of ownership or, in any other way, constituting an instrument for the concerted exercise of influence over the investee company. In accordance with article 20(4 and 5) of the PSC, agreements regarding the transferability of the shares representing the share capital of the public company in which the stake is held are presumed to be instruments for this concerted exercise of influence, such presumption being however rebuttable vis-à-vis the CMVM;

i) Inherent to shares underlying financial instruments held by the shareholder, with financial settlement, linked to the shares mentioned in sub-paragraph e) and with an economic effect similar to the holding of shares referred to in that same sub-paragraph;

j) Attributable to any of the persons referred to in one of the preceding sub-paragraphs through the application, with due adaptations, of one of the criteria contained in any of the other sub-paragraphs.

For the purposes of sub-paragraphs e) and i) above, financial instruments are also considered to include those set out in the list drawn up by the European Securities and Markets Authority in accordance with the second paragraph of Article 13(1-B) of Directive No.

2004/109/EC of the European Parliament and of the Council of 15th December 2004, notably any agreements, with physical or financial settlement, having economic effects similar to the holding of shares or instruments referred to in sub-paragraph e).

The number of voting rights attributable under sub-paragraphs e) and i) above due to holding of financial instruments is calculated as follows:

a) Based on the total number of shares underlying the financial instrument, except for the instruments referred to in the following sub-paragraph;
b) In the case of instruments exclusively with financial settlement, on a delta adjusted basis, by multiplying the total number of underlying shares by the delta of the instrument, in accordance with Article 5 of Delegated Regulation (EU) No. 2015/761 of the Commission, of 17th December 2014. Only the long positions, which should not be offset by short positions related to the same issuer of the underlying asset, are taken into consideration;
c) In the case of financial instruments linked to a basket of shares or an index, in accordance with Article 4 of Commission Delegated Regulation (EU) No. 2015/761 of the Commission, of 17th December 2014.

Pursuant to article 188(1) of the PSC, the consideration for a mandatory public tender offer cannot be less than the higher of the following amounts:

a) The highest price paid by the offeror or any of the persons that, in relation to the offeror, are in any of the situations provided by article 20(1) of the PSC, for the acquisition of securities of the same category, within the six months immediately prior to the date of publication of the preliminary offer announcement;

b) The weighted average price of these securities ascertained in a regulated market during the same period.

However, under article 188(2) of the PSC, if the consideration cannot be calculated using the criteria indicated above or if the CMVM deems that the consideration proposed by the offeror, in cash or securities, is not adequately justified or is not fair because it is insufficient or excessive, the minimum consideration shall be set, at the offeror's expense, by an independent auditor appointed by the CMVM.

Pursuant to Article 188(3) of the PSC, the consideration, in cash or securities, proposed by the offeror for a mandatory public tender offer is presumed to be unfair if:

a) the highest price has been set by agreement between the buyer and the seller through private negotiation;

b) the securities in question have reduced liquidity by reference to the regulated market on which they are admitted to trading;

c) it has been established based on the market price of the securities in question and such market or the regulated market on which they are admitted to trading have been affected by exceptional events.

Finally, as provided under Article 188(5) of the PSC, the consideration for the mandatory public tender offer may consist of cash or securities. However, securities may only be used as consideration provided that two cumulative conditions are met: (i) the securities offered as consideration are of the same kind as those that are the subject of the public tender offer; (ii) such securities are admitted or are of the same category of securities of proven liquidity admitted to trading on a regulated market. However, regardless of whether the referred conditions are met, if the offeror or persons in any of the situations provided for in Article 20(1) of the PSC have acquired, in cash, during the six months prior to the preliminary announcement and until the end of the public tender offer, any shares representing the share capital of the company that is the target of the public tender offer, an equivalent consideration in cash must be offered.

Compulsory acquisition and sale

Pursuant to article 194 of the PSC, following the launch of a general public tender offer targeted at a public company governed by Portuguese law, any person that reaches or exceeds, directly or in accordance with article 20(1) of the PSC, 90% of the voting rights corresponding to the share capital until the calculation of the results of the public offer of acquisition and 90% of the voting rights encompassed by that public tender offer may, within the subsequent three months, acquire the remaining shares for a fair cash consideration. That consideration is calculated in accordance with article 188 of the PSC.

The controlling shareholder that decides to undertake a compulsory acquisition (squeeze-out) must immediately publish a preliminary announcement (depositing the consideration with a credit institution, in the name of the holders of the remaining shares) and send it to the CMVM for registration purposes.

In accordance with the provisions of article 195 of the PSC, the compulsory acquisition takes effect from the publication by the interested party of the registration with the CMVM. This entails the immediate loss of the company's public status and exclusion from trading on a regulated market of the company’s shares and the securities giving rights over shares. These shares and securities are barred from readmission for one year.

Each holder of the remaining shares may exercise, as legally provided (article 196 of the PSC), in the three months following the publication of the results of said public tender offer, the right to compulsory sale. The holder of such shares must previously, in this regard and within eight days, send a written invitation to the controlling shareholder for him to make a proposal for the acquisition of the shares. In the absence of such a proposal (or if it is not considered satisfactory), any holder of the remaining shares may decide upon a compulsory sale, through a declaration to the CMVM accompanied by a document proving the deposit or blocking of the shares to be sold and indication of the consideration calculated in accordance with Article 194(1 and 2) of the PSC. Once the sale requirements are verified by the CMVM, it takes effect upon notification by the CMVM to the controlling partner.

Loss of publicly traded company status

Pursuant to article 27(1) of the PSC, a public company may lose that status when a) a shareholder, as a result of a public tender offer, holds more than 90% of the voting rights calculated in accordance with article 20(1) of the PSC; or when b) the loss of said status is decided at a general shareholders meeting of the company by a majority of no less than 90% of the share capital and at meetings of holders of special shares and other securities conferring the right to the subscription or acquisition of shares, by a majority of no less than 90% of the relevant securities; or when c) one year has passed since the date the shares were excluded from trading on a regulated market, based on the lack of capital dispersion in the market.

The loss of public company status may be requested by the company to CMVM and, in the case mentioned in a) of the preceding paragraph, it may also be requested by the offeror.

Pursuant to article 27(3) of the PSC, in the case mentioned in b) above, i.e. the resolution to lose said status, the company must nominate a shareholder who undertakes to acquire, within three months after the approval by the CMVM, the securities belonging, on that date, to persons who did not vote in favour of any of the resolutions adopted at the general shareholders meeting, and to guarantee this obligation through a bank guarantee or cash deposit made with a credit institution. In these cases, the consideration for acquisition is calculated in accordance with article 188 of the PSC.

Pursuant to article 29 of the PSC, the loss of public status shall take effect from the publication of its approval by the CMVM. It entails the immediate exclusion of the company's shares and of the securities giving right to the subscription or acquisition of shares from trading on a regulated market. These securities will be prevented from readmission for one year.

This section is a summary of the most relevant aspects of the relevant legal framework. Investors are not exempt from consulting the applicable legislation and/or obtaining legal advice on the matter.

8.1.9 Public tender offers launched by third parties during the last financial year and the current financial year

No public tender offers of VAA Shares were launched by third parties during the last financial year or in the current financial year.

8.2 Offer Conditions

8.2.1. Offer conditions and statistics, planned calendar and forms of share subscription and acquisition

a) Offer Conditions

Offer comprises a public offer for the sale of 4,572,275 Shares for Sale already issued and a public offer for subscription of 4,572,275 New Shares addressed to the general public, thus totalling 9,144,550 VAA Shares.

There will be, simultaneously with the Offer, an Institutional Offer of VAA shares comprising an offer to sell 4,136,819 Shares for Sale already issued and an offer to subscribe 17,200,460 New Shares, addressed to a group of Qualified Investors selected by the Company and the Offeror, within the Institutional Offer, together with the Global Coordinators of the Offer, thus totalling 21,337,279 VAA Shares.

The Offer and the Institutional Offer aim to promote a dispersion with investors of a minimum global amount of 30,481,829 VAA Shares representing 17.5% of the Company's share capital, after the Share Capital Increase.

The Offeror may also, until the 12th December 2018 after the end of the Offer Period and on its own initiative, increase the number of Shares for Sale to be offered within the Institutional Offer up to a maximum amount of 13,063,641 Shares for Sale. The Institutional Offer would then comprise 34,400,920 VAA Shares and, in conjunction with the Offer, entail a dispersion with investors of a global amount of up to 43,545,470 VAA Shares, representing up to 25% of the Company's share capital, after the Share Capital Increase.

The possible exercise of the abovementioned ability by the Offeror shall be disclosed to the public on the date of the Special Regulated Market Session (13th December 2018), prior to this session, through a press release published on the websites of CMVM and of the Issuer and simultaneously with the disclosure of the Offer Price.

The Offer and the Institutional Offer aim to promote a dispersion of VAA Shares which allows the Issuer's free float to increase and enables a subsequent admission to trading on Euronext Lisbon of all the New Shares to be issued.

The Offer is subject to the following conditions:

(i) The definition, after the Offer and Institutional Offer is closed, of the Offer Price within the price range defined as maximum and minimum values for the Offer Price (the Company shall set the subscription price for the New Shares, and the Offeror shall set the sale price of the Shares for Sale);
(ii) The Institutional Placement Agreement not having been terminated, resolved or ceased its effects before the date of the financial settlement of the Offer and of the

Institutional Offer (see, on this subject, Chapter 8.2.3 – "Institutional Offer" concerning the Institutional Placement Agreement, including in what regards the circumstances which may lead to its termination); and

(iii) The existence of demand for the entirety of the VAA Shares subject to the Offer and the Institutional Offer, i.e. for a minimum of 30,481,829 VAA Shares (corresponding to 17.5% of the share capital after the Share Capital Increase), of which at least 11,337,279 VAA Shares shall result from demand related to the Institutional Offer, regardless of the exercise by the Offeror or lack thereof of the ability to increase the number of VAA Shares subject to the Institutional Offer.

Particularly regarding the condition mentioned in (iii), the Offer and the Institutional Offer are subject to the verification of a full demand within the Offer and the Institutional Offer for an amount of 30,481,829 VAA Shares (corresponding to 17.5% of the share capital after the Share Capital Increase).

This way, if this condition is not met or, in other words, if there is no demand for a total subscription of the Share Capital Increase through the subscription of the total amount of New Shares (corresponding to 21,772,735 VAA Shares, representing 12.5% of VAA's share capital, after the Share Capital Increase) and for the sale of at least 8,709,094 Shares for Sale to be sold by the Offeror (corresponding to 5% of VAA's share capital, after Share Capital Increase), both the Offer and the Institutional Offer shall be without effect.

If any of the abovementioned conditions is not met, both the Offer and the Institutional Offer, in their components of both Share Capital Increase and offer for the subscription of New Shares and offer for the sale of VAA Shares by the Offeror, shall be without effect.

There is no guarantee of placement or underwriting of the Shares for Sale in the public offer for sale or of the New Shares subject to the public subscription offer.

In the context of the Offer the investors may individually present Orders of a minimum of 10 shares and up to a maximum amount of 1,000,000 VAA Shares, these Orders being expressed in multiples of 10 VAA Shares (should this limit not be respected, the Orders shall be reduced to such maximum limit).

This Offer, like any offer qualifying as public under the PSC, may be subject to any of the events referred to in articles 128 *et seq.* of the PSC, which are described below.

The Offer and the Institutional Offer are intercommunicable, by virtue of the intercommunication mechanisms between these offers as described below. Some of the VAA Shares that are not placed within the Institutional Offer may be added to the VAA Shares intended for the Offer, up to a maximum of 10,000,000 VAA Shares, and the VAA Shares that may not be placed within the Offer may be added to the VAA Shares to be sold in the Institutional Offer, up to a maximum of 9,144,550 VAA Shares, i.e., up to a maximum limit corresponding to the total of the shares initially meant for the Offer (including both New Shares and Shares for Sale). This mechanism is described briefly in Chapter 8.2.4 – "Intercommunication Mechanisms".

If the VAA Shares of the Offer and of the Institutional Offer are fully subscribed and sold, it is estimated that the total proceeds from the Offer and the Institutional Offer will be between EUR 30.5 million and EUR 39.6 million, considering the minimum and maximum prices of the price range of the Offer and of the Institutional Offer (i.e. between EUR 1.00 and EUR 1.30 per share) and the minimum amount of 30,481,829 VAA Shares subject to such offers (such amounts become EUR 43.5 million and EUR 56.6 million, respectively, taking into account the maximum amount of 43,545,470 VAA Shares subject to such offers).

For a description of the addressees of the Offer see Chapter 8.2.2 – "Share Distribution and Allocation Plan".

b) Offer period and share subscription and acquisition process

The VAA Shares included in the Offer, including the New Shares and the Shares for Sale subject to the Offer, may be object of Orders during the period from 8:30 a.m. on 29th November 2018 and up to and including 3:00 p.m. on 12th December 2018 (the "Offer Period").

The first period of the Offer, which is relevant for the purposes of the preferential allocation terms for shares with the highest coefficient in case of Allocation described in section 8.2.2 c) - "Allocation criteria for the Offer and rounding off" in this Chapter, will run from 29th November 2018 and up to and including 5th December 2018 ("1st Offer Period"). The 2nd period of the Offer will run from 6th December 2018 until 12th December 2018 ("2nd Offer Period").

Orders may be revoked up to 5 days before the expiration of the Offer deadline, by means of communication to the financial intermediary that received the order, i.e., they are revocable up to and including 7th December 2018. During the period of irrevocability, Orders may only be changed to increase the amount ordered.

Orders may be submitted to financial intermediaries legally qualified to provide the services of reception, transmission and execution of orders for third parties. Templates of bulletins for the transmission of Orders will be made available to financial intermediaries that wish to receive them. Their use, however, remains optional provided that an equivalent transmission mechanism of the Orders is assured.

Orders may also be transmitted to the aforementioned financial intermediaries by telephone, as well as via the internet, in cases where this is accepted by the financial intermediary to which the Orders are submitted.

The financial intermediaries that receive the Orders are responsible for controlling the truthfulness and authenticity of the data presented by investors, as well as the capacity in which those placing orders act, considering the requirements imposed by the conditions of the present operation. They cannot, however, except in cases of wilful misconduct or gross negligence, be held liable for their possible falsehood.

The financial intermediaries will daily transmit to Euronext during the Offer Period, through the Centralised Order Service for Public Offers, between 8:00 a.m. and 6:00 p.m., the Orders collected, as well as any revocations, cancellations and/or changes to the Orders collected, except on the last day of the Offer Period, in which the Orders shall be transmitted between 8:00 a.m. and 4:30 p.m. The confirmation of the Orders transmitted will be made available by Euronext, through the same system, immediately after the dispatch of the file by the financial intermediaries. Financial intermediaries must also send to the Offer's Global Coordinators, from the first day of the order transmission period, the daily result of the respective transmission of orders.

Investors that transmit their Orders during the 1st Offer Period shall benefit from a 100% higher rate of allocation, in relation to those investors that transmit their Orders during the 2nd Offer Period.

If an Order transmitted during the "1st Offer Period" is changed to a higher number of shares during the "2nd Offer Period", the preferential conditions applicable to the "1st Offer Period" shall only apply to the shares for which the order was transmitted during the "1st Offer Period". If an Order transmitted during the "1st Offer Period" is changed to a lower number of shares during the "2nd Offer Period", the investor shall be entitled to the preferential conditions for the final number of shares.

If several Orders are transmitted by the same entity, only the largest order shall be considered valid and, under the same circumstances, priority shall be given to the Order submitted during the 1st Offer Period. If the circumstances remain the same after the application of these criteria, only the order submitted first shall be considered valid.

c) Method, payment terms and delivery of shares in the Offer

The physical and financial settlement of the Offer is predicted to occur on the second business day following the Special Regulated Market Session, i.e., on 17th December 2018.

The physical settlement of the Offer will be made through the registration of the shares in the individual securities registry accounts of the respective purchasers, domiciled with financial intermediaries legally qualified to register and deposit book-entry securities which have an account open with the CVM.

For the purposes of the simultaneous physical settlement of the New Shares and of the Shares for Sale, which are the object of the Offer and Institutional Offer, a set of formalities/obligations was designed, as described below (in the context of consent obtained with financing banks of the Syndicated Loan related to the Offer and the Institutional Offer as prescribed in the declaration of pledge cancellation mentioned below and with the use of proceeds mentioned in the mentioned Chapter 4.2 – "Use of Proceeds".

The Issuer and the Offeror agreed that the latter shall deliver to CaixaBI on the business day preceding the date of physical and financial settlement of the Offer, as settlement agent within the Offer and the Institutional Offer (on its own account and on account of the Issuer) up to 43,545,470 VAA Shares free of encumbrances or charges under the terms described hereunder. CaixaBI will be responsible for operating such physical settlement of both the Shares for Sale (Offeror's obligation) and the New Shares (Issuer's obligation) through the abovementioned existing VAA Shares held by the Offeror. After the physical settlement of the New Shares, the Offeror will be subrogated in the right to receive the New Shares, once issued by VAA and admitted to trading.

The VAA Shares to be delivered by the Offeror for the purposes of the physical settlement of the Offer and of the Institutional Offer under the terms of the previous paragraph are, at the date hereof, subject to a financial pledge, granted as a guarantee for the purposes of the Syndicated Loan entered into with Caixa Geral de Depósitos, S.A. and Banco Comercial Português, S.A., which will be in place until the business day immediately prior to the date of the physical settlement. The abovementioned financing banks irrevocably represented to cancel the pledge, if: (i) as a result of the Offer and the Institutional Offer, the relevant VAA Shares (in whole or in part) should be transferred to the respective acquirers and, to that extent, subject to transfer within the settlement of the Offer and the Institutional Offer; and (ii) a demand is verified in the Offer and Institutional Offer that, in accordance with this Prospectus, allows for a gross revenue for VAA and Visabeira in the amount of, at least, EUR 30,481,829.00 (i.e. the equivalent to the sale of 30,481,829 VAA Shares, representing 17.5% of the share capital after the Share Capital Increase, at the minimum price provided for in the price range of the Offer and the Institutional Offer). For the abovementioned purposes, CaixaBI will have to notify the registering entity and the financing banks referred to of the results and the registering entity will have to proceed to the transfer of the VAA Shares necessary for the full physical settlement of the Offer and of the Institutional Offer, free of encumbrances and/or charges, to CaixaBI, as settlement agent of the Offer and Institutional Offer.

The physical settlement of the Offer and of the Institutional Offer, expected to take place on 17th December 2018, shall be fully made with VAA Shares already issued and admitted to trading in the regulated market Euronext Lisbon, thus being assured equal treatment of all the investors.

On the date of the settlement of the Offer and of the Institutional Offer, the financial intermediaries in charge of the placement of the Institutional Offer and of the settlement of the Offer, in compliance with the obligations assumed under the Assistance and

Placement Agreement and the Institutional Placement Agreement, will transfer the amount corresponding to the value of the subscription of all the New Shares to the Issuer, in order to allow VAA in the performance of the Share Capital Increase and the registration of the Share Capital Increase with the competent Commercial Registry Office.

After this commercial registration, the Issuer shall adopt the necessary proceedings for the New Shares issued to be registered with Interbolsa, so that they can be admitted to trading on Euronext Lisbon.

The payment of the Offer Price shall be made in cash.

The investor shall bear any encumbrances that may be charged by the financial intermediary with which the investor has placed its Order. Thus, fees or other charges owed by the investors may be added to the Offer Price. The potential expenses for the transmission of orders and maintenance of securities registration accounts depend on the amounts set out, at each moment, on the price lists of the respective financial intermediaries for this type of service, available on CMVM's website at www.cmvm.pt. These price lists shall be disclosed by the financial institution receiving the orders.

The amount provisioned for cash payment corresponding to the value of the ordered but not allocated shares, which will be defined according to the maximum value of the price range, will be available in the financial intermediary with which the respective Order has been placed.

d) Calculation and publication of the results of the Offer

A request was made to Euronext to hold a Special Regulated Market Session to determine the results of the Offer, which is expected to take place on 13th December 2018, at a time to be indicated in the respective Notice of Special Regulated Market Session. The results will be released shortly after their calculation and published on the CMVM website at www.cmvm.pt and in the Euronext Prices Bulletin.

Also, on 13th December 2018, Euronext will inform all financial intermediaries of the amounts allocated to each of their investors so that each financial intermediary may communicate this information to each investor, in accordance with the legal and contractual conditions agreed between each financial intermediary and its respective clients, and then undertake the respective physical and financial settlement on 17th December 2018.

e) Timeframe and circumstances in which the Offer may be changed, withdrawn or suspended

The Offer is subject to the following conditions:

(i) The definition, after the Offer and Institutional Offer is closed, of the Offer Price within the price range defined as maximum and minimum values for the Offer Price (the Company shall set the subscription price for the New Shares, and the Offeror shall set the sale price of the Shares for Sale);

(ii) The Institutional Placement Agreement not having been terminated, resolved or ceased its effects before the date of the Offer and Institutional Offer's financial settlement (see, on this subject, Chapter 8.2.3 – "Institutional Offer" concerning the Institutional Placement Agreement, including in what regards the circumstances which may lead to its termination); and

(iii) The existence of demand for the entirety of the VAA Shares subject to the Offer and the Institutional Offer, i.e. for a minimum of 30,481,829 VAA Shares, of which 11,337,279 VAA Shares shall result from demand recorded within the Institutional Offer, regardless of the exercise by the Offeror or lack thereof of the ability to increase the number of VAA Shares subject to the Institutional Offer (on this subject, see section 8.2.1 a) – "Offer Conditions" in this Chapter).

In particular, concerning the condition referred to in (iii), the Offer and the Institutional Offer are thus subject to the subscription of all the New Shares (corresponding to 21,772,735 shares, representing 12.5% of VAA's share capital, after the Share Capital Increase) and to the sale of 8,709,094 Shares for Sale (corresponding to 5% of VAA's share capital, after the Share Capital Increase).

If any of these conditions is not met, both the Offer and the Institutional Offer, in their components of both Share Capital Increase and offer for the subscription of New Shares, and offer for the sale of VAA Shares by the Offeror, shall be without effect.

If the Offer is without effect, the Issuer and the Offeror shall promptly notify the CMVM and Euronext Lisbon and shall immediately make a public announcement to this effect.

If the termination of the Offer occurs, the amount captive in the investors' account, at the time the Order is issued (as described above in sub-paragraph c) of this Chapter 8.2.1), shall be immediately placed at their disposal by the financial intermediaries with which they placed their Order after publication of the announcement informing that the Offer is without effects.

In the event of termination of the Offer and without prejudice to the foregoing, investors may incur the costs with commissions, depending on the terms of the legal and contractual conditions existing between each financial intermediary and its respective clients.

On the other hand, pursuant to article 128 of the PSC, in the event of an unforeseeable and substantial change in the circumstances on which, knowingly to its addressees, the decision to launch the Offer was based, exceeding the Offer's inherent risks, the Issuer and the Offeror may, within a reasonable period of time and with authorisation from the CMVM, modify or revoke the Offer.

Pursuant to article 129(1) of the PSC, the modification of the Offer may be a basis for the extension of the Offer Period, decided by the CMVM at its own initiative or at the request of the Issuer or the Offeror. In this case, and as provided for in article 129(2) of the PSC, the Orders placed in the Offer prior to its modification shall be considered effective for the modified Offer, without prejudice to the possibility of their revocation by the investors.

Pursuant to article 131 of the PSC, the CMVM must order the withdrawal of the Offer if it finds that it contains any irremediable illegality or breach of regulations. The withdrawal decision shall be published, at the expense of the Issuer and the Offeror, by the same means used to publish the Offer Prospectus. The revocation and withdrawal of the Offer entail the lack of effects thereof and that of the Orders placed before or after the revocation or withdrawal. Everything delivered or handed over shall be returned, as set forth in article 132 of the PSC.

Pursuant to article 133 of the PSC, the CMVM shall suspend the Offer when it finds any illegality or breach of regulation that may be remedied. The suspension of the Offer entitles the recipients to revoke their Orders up to the fifth day after the end of the suspension, with the right to refund of what they have paid/delivered. Each suspension period of the Offer may not exceed 10 business days. Once this period has expired without the breaches that caused the suspension having been remedied, the CMVM shall order the Offer to be withdrawn.

Pursuant to article 142 of the PSC, if between the date of its approval and the date of admission to trading of the New Shares, a deficiency is detected in the Prospectus or any new event occurs or any previous event not considered in the Prospectus becomes known, which are relevant to the decision to be taken by the addressees of the Offer, the Issuer and the Offeror shall immediately request that the CMVM approves an addendum to or correction of the Prospectus.

The addendum or correction to the Prospectus shall be approved within seven days of the request or of the supplementary information requested from the applicant and must be published by the same means used to publish the Prospectus.

Investors that accepted the Offer prior to publication of the addendum or correction have the right to revoke their acceptance within a period of no less than two business days after the disclosure of the addendum or correction, provided that the deficiency, the new or past event, is detected, known or occurs before the expiry of the Offer and the delivery of the VAA Shares subject to the Offer. The addendum must indicate the final date by which investors can exercise the right to revoke their Order.

f) Planned Calendar

The following table sets out the planned dates considered most relevant for the main steps of the Offer and the Institutional Offer and the admission to trading process:

Main stages	**Planned date**
Publication of the Prospectus	From 27th November 2018
Period for Receipt of Orders under the Offer	29th November 2018 to 12th December 2018
1st Offer Period	29th November 2018 to 5th December 2018
2nd Offer Period	6th December 2018 to 12th December 2018
Date after which the Orders in the Offer become irrevocable (inclusive)	8th December 2018
“Bookbuilding” period for the Institutional Offer	29th November 2018 to 12th December 2018
Dispatch by the financial intermediaries to Euronext of the Orders received for the Offer	Daily from 8:00 a.m. to 6:00 p.m. from 29th November 2018 to 11th December 2018 and until 4:30 p.m. on 12th December 2018
Announcement of the final price of the Offer and of the Institutional Offer	13th December 2018
Allocation of shares in the Institutional Offer	13th December 2018
Date of the Special Regulated Market Session to determine the results of the Offer	13th December 2018
Date of financial settlement of the shares acquired in the Offer and in the Institutional Offer	17th December 2018
Date of physical settlement of the shares acquired in the Offer and in the Institutional Offer	17th December 2018
Expected date for commercial registration of the Share Capital Increase (1)	18th December 2018
Estimated date for admission to trading of New Shares (2)	19th December 2018

Notes:

(1) The occurrence of this event on the date indicated herein is dependent on obtaining the commercial registration of the Share Capital Increase with the Commercial Registry Office on the scheduled date, i.e. on 18th December 2018. The Issuer, although undertaking to make all reasonable efforts to achieve the commercial registration by the date indicated, cannot however guarantee that the definitive registration will be made on that same day.

(2) The occurrence of this event on the date indicatively mentioned depends on the favourable decision of Euronext. The Issuer, although undertaking to make all reasonable efforts to obtain the admission to trading by the date indicated, cannot however guarantee that it will take place on that same day.

8.2.2. Share Distribution and Allocation Plan

a) Categories of potential investors that may participate in the Offer

Any person may participate in the Offer as it is addresses to the general public.

b) Pre-allocation information

A batch of 9,144,550 VAA Shares are set aside for the Offer, of which 4,572,275 are Shares for Sale already issued and intended to be sold under the public sale offer, and 4,572,275 are New Shares to be issued as part of the Share Capital Increase.

The VAA Shares subject to the Offer are intended to be acquired/subscribed by the general public and such number of shares may be increased up to a maximum of 10,000,000 VAA Shares or reduced up to a maximum of 9,144,550 VAA Shares, should the clawforward or clawback mechanism described below be put into action, respectively.

An initial batch of 21,337,279 VAA Shares is allocated to the Institutional Offer. This initial batch of VAA Shares may be increased up to a maximum of 9,144,550 VAA Shares or reduced up to a maximum amount of 10,000,000 VAA Shares, depending on whether the clawforward mechanism or the clawback mechanism, described below, are respectively applied.

Thus, the Offer can achieve a maximum of up to 19,144,550 VAA Shares and a theoretical minimum of 0 VAA Shares (in this case since all the VAA Shares which are not subscribed/sold in the Offer may pass to the Institutional Offer) and the Institutional Offer may reach a maximum of 43,545,470 VAA Shares and a minimum of 11,337,279 VAA Shares.

In the context of the Offer the investors may individually present Orders of a minimum of 10 shares and up to a maximum amount of 1,000,000 VAA Shares, these Orders being expressed in multiples of 10 VAA Shares (should this limit not be respected, the number of relevant Orders shall be reduced to such maximum limit).

These Orders are subject to pro rata allocation, if necessary, under the terms referred to in sub-paragraph c) of this Chapter 8.2.1.

c) Allocation criteria for the Offer and rounding off

After the contingent operation of the intercommunication mechanisms described below and, in any case, if pro rata allocation is necessary, the following criteria for the attribution of shares shall be followed. In any case, the attribution of VAA Shares to each Order shall be made in batches of 10 VAA Shares, in accordance with the following principles:

(iv) The set of Orders transmitted during the 1st Offer Period shall benefit from an allocation coefficient 100% greater in relation to the set of Orders transmitted during the 2nd Offer Period;

(v) The VAA Shares to be assigned to each Order shall be equal to the greatest whole multiple of 10 obtained from the multiplication of the respective coefficient by the quantity of the Order (*i.e.*, rounding down);

(vi) The VAA Shares remaining as a result of the attribution process provided for in the previous paragraphs shall be allocated in batches of 10 VAA Shares, by means of drawing, first among all the Orders transmitted during the 1st Offer Period and, after each one of them has been satisfied with one batch each, among the other Orders.

8.2.3. Institutional Offer

The Offer will occur simultaneously with an Institutional Offer of VAA Shares, on the domestic and international markets, addressed to Qualified Investors.

As mentioned above, this Institutional Offer has as its object 21,337,279 VAA Shares, including New Shares and Shares for Sale, which number may be increased or decreased depending on the possible activation of the clawforward and clawback mechanisms described below.

In addition, the Offeror may also, until the 12th December 2018 after the end of the Offer Period and on its own exclusive initiative, after consulting with the Issuer and the Offer's Global Coordinators, and taking into account the market conditions, increase the number of Shares for Sale to offer in the context of the Institutional Offer up to a maximum of 13,063,641 VAA Shares, the Institutional Offer then comprising up to 34,400,920 Shares for Sale. The possible exercise by the Offeror of the abovementioned ability shall be disclosed to the public on the date of the Special Regulated Market Session (13th December 2018), prior to that session, through a press release published on the websites of CMVM and the Issuer and simultaneously with the disclosure of the Offer Price.

Given the abovementioned intercommunication mechanisms and the Offeror's ability to decide to increase the Institutional Offer, the Offer may reach a maximum of up to 19,144,550 VAA shares and a theoretical minimum of 0 VAA shares and the Institutional Offer may reach a maximum of 43,545,470 VAA shares and a minimum of 11,337,279 VAA shares.

This Institutional Offer is the object of the Institutional Placement Agreement between the Offeror, the Company and the Offer's Global Coordinators and Nau Securities Limited.

The obligations of the Offer's Global Coordinators and of Nau Securities Limited under the Institutional Placement Agreement and the effectiveness of the agreement referred to are subject to certain conditions, among others: (i) that all representations and warranties made by the Issuer and by the Offeror in the Institutional Placement Agreement are, as of the date to which they refer, true and correct; (ii) the fulfilling by the Issuer and the Offeror of all the obligations arising for them from the Institutional Placement Agreement; and (iii) the non-verification of circumstances which constitute an adverse material change (including to the situation – financial, operational, legal or other – or to the profits, business, solvability or business prospects of the Group or of the Issuer), or correspond to the verification of adverse international market conditions or material changes of tax nature, in any of the cases, which renders the placement of the Shares for Sale and the New Shares impossible or not advisable. The Institutional Placement Agreement may terminate, notably if such termination is notified by the Offer's Global Coordinators in case those conditions are not met, or if such termination is notified by any of the parties in case the formalities/obligations related to the settlement of the Offer and the Institutional Offer are not met/complied with.

8.2.4. Intercommunication Mechanisms

Provision is also made for intercommunication mechanisms between the Offer and the Institutional Offer, which may determine the reallocation to the Institutional Offer of batches of VAA Shares (including batches of New Shares) that were initially allocated to the Offer, and also the reallocation to the Offer of batches of VAA Shares initially allocated to the Institutional Offer. Such mechanisms are usually referred to as "clawforward" and "clawback" mechanisms.

Some of the VAA Shares that are not placed within the Institutional Offer may be added to the VAA Shares intended for the Offer, up to a maximum of 10,000,000 VAA Shares, and the VAA Shares that may not be placed within the Offer may be added to the VAA Shares to be sold in the Institutional Offer, up to a maximum of 9,144,550 VAA Shares, in both cases including New Shares.

Thus, if demand in the Institutional Offer exceeds the VAA Shares available thereunder, the batch allocated to the Institutional Offer may be increased in a number up to 9,144,500 VAA Shares, i.e. up to a maximum limit corresponding to all the shares initially allocated to the Offer, in such a case, the VAA Shares allocated to the Offer being reduced in the corresponding amount (clawforward mechanism).

On the other hand, if the demand verified in the Offer exceeds the number of VAA Shares allocated to it, the batch allocated to the Institutional Offer may be reduced by a maximum of 10,000,000 VAA Shares, the number of VAA Shares withdrawn from the Institutional Offer being then added to the Offer (clawback mechanism).

Therefore, the Offer may reach a maximum of up to 19,144,550 VAA Shares and a theoretical minimum of 0 VAA Shares (in this case since all the VAA Shares which are not subscribed/sold in the Offer may pass to the Institutional Offer) and the Institutional Offer may reach a maximum of 43,545,470 VAA Shares and a minimum of 11,337,279 VAA Shares.

The decision to exercise one of the mechanisms described in the previous paragraph will be taken by the Offeror and by the Company, after analysing the demand recorded for the Offer and the Institutional Offer and the recommendations of the Offer's Global Coordinators, always with the purpose of transferring the number of VAA Shares sufficient for the fulfilment of the conditions for the Offer's success.

8.2.5. Supplementary allocation and purchase option (greenshoe option)

Not applicable.

8.2.6. Setting Prices for the Offer and the Institutional Offer

The Offer is addressed to the general public and the Institutional Offer is addressed to Qualified Investors based in the domestic and international markets. The Offer Price is set using the bookbuilding method.

The bookbuilding method is a method of setting a market price for the shares based on extensive consultation with certain Qualified Investors, both domestic and foreign, in order to assess the interest in the acquisition of shares, thus allowing the acquisition price of the shares to reflect the result of this extensive consultation. This process aims at adapting the conditions of the Offer and the Institutional Offer to the corresponding demand, allowing the market to dictate the final price of the shares.

The Offer and the Institutional Offer will be initiated based on a range of prices, minimum and maximum, within which the Offer Price will be set. This price range, between EUR 1.00 and EUR 1.30 Euro, was defined by the Company's Board of Directors (for the purposes of the subscription offer) and by the Offeror's Board of Directors (concerning the sale offer). Accordingly, as a result of the issue of the New Shares, there will be a premium corresponding to the positive difference between the nominal value of the VAA Shares and the Offer Price within that range. This means that the premium will be between EUR 0.20 and EUR 0.50.

The setting of the Offer Price will also be carried out by the Company (for the purposes of the subscription offer) and by the Offeror (for the purposes of the sale offer). The Offer Price will take into account the conditions of the domestic and international markets and will be within the price range of this Offer. The Offer Price will be disclosed to the public on the day of the Special Regulated Market Session, prior to such session, through an announcement published on CMVM's and the Issuer's websites, as provided for in Article 159 (2) of the PSC (and simultaneously with the disclosure of the possible exercise by the Offeror of its ability to increase the number of Shares for Sale in the context of the Institutional Offer).

8.2.7. Assistance, Placement and Underwriting

Banco Comercial Português, S.A., with registered office at Praça D. João I, no. 28, in Porto and Caixa – Banco de Investimento, S.A., with registered office at Avenida João XXI, no. 63, in Lisbon, are the financial intermediaries responsible for providing assistance services to the Offeror and to the Issuer in the Offer, under the terms and for the purposes of article 337 of the PSC. These encompass the services necessary for preparing, launching and executing the Offer and assisting on the process for admitting the New Shares to trading on Euronext Lisbon.

Under the terms and for the purposes of articles 338 and 341 of the PSC, a consortium was set up for the placement of the VAA Shares in the Offer with the public in Portugal, and the corresponding Assistance and Placement Agreement was entered into by the Company, the Offeror and the members of the placement consortium identified below:

Heads of the Consortium:
Caixa – Banco de Investimento, S.A.;
Banco Comercial Português, S.A.

Co-leaders:

- Caixa Geral de Depósitos, S.A.;
- Banco ActivoBank, S.A.;
- Novo Banco, S.A.;
- BEST – Banco Electrónico de Serviço Total, S.A.;
- Caixa Económica Montepio Geral, Caixa Económica Bancária, S.A.;
- Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C.R.L.;
- Banco Santander Totta, S.A..

The Offer is not subject to underwriting, nor does it have guaranteed placement.

The Institutional Placement Agreement was also entered into by the Company, the Offeror and the following financial institutions:

Offer's Global Coordinators:	• Banco Comercial Português, S.A., with registered office at Praça D. João I, no. 28, in Porto • Caixa – Banco de Investimento, S.A., with registered office at Avenida João XXI, no. 63, in Lisbon
Co-leader:	• Nau Securities Limited, with registered office in 2 Eaton Gate, London, in the UK.

Any financial intermediary duly authorised and registered for this purpose may assume the role of Order receiver and provide the service of registration of the shares.

8.2.8. Interests of Natural and Legal Persons Involved in the Offer and in the Institutional Offer

The Company and the Offeror will pay, in the proportion of their respective cash inflow, to the Offer's Global Coordinators and to the other financial institutions that are members of the Offer and/or Institutional Offer consortium a maximum aggregate commission of 796 thousand Euro, plus applicable taxes, with respect to both the Offer and the Institutional Offer.

In addition, on the one hand, Caixa Geral de Depósitos, S.A. majority shareholder of CaixaBI, and Banco Comercial Português, S.A. are creditors of a subsidiary of the Issuer and the Offeror, part of the net proceeds of the Offer and the Institutional Offer being expected to be used to reimburse these credits as better described in Chapter 4.2 – "Use of proceeds"; and, on the other hand, Caixa Geral de Depósitos, S.A., majority shareholder of CaixaBI, is also a shareholder of the Issuer, 3.40% of its voting rights being attributable to it under Article 20 PSC.

Nuno Maria Pinto de Magalhães Fernandes Thomaz, member of the Issuer's Board of Directors, is also a Director of NAU Securities Limited, which, in turn, is Co-Leader in the Institutional Offer and provides services to the Issuer related to investor relations, studies on the evolution of the stocks and the market and transactions over VAA Shares.

In addition, further to receiving the revenue corresponding to the sale of VAA Shares that it will sell, the Offeror will receive from the Issuer a part of the revenues arising from the New Shares, as a partial payment of the shareholder indebtedness entered into between the Issuer and the Offeror.

8.3 Sale by holders of securities

The Offeror of the Shares for Sale is Visabeira Indústria, SGPS, S.A., with registered office at Rua do Palácio do Gelo, no. 1, Palácio do Gelo Shopping, piso 3, Ranhados, in Viseu.

The Offeror is a holding company with a share capital of 14,357,690 Euro and its corporate object is the management of the holdings in other companies, as an indirect form of exercise of an economic activity.

The Offeror undertakes not to, without the prior written consent of the Offer's Global Coordinators (which shall not be refused or delayed without reasonable cause), during the period of 180 days from the date of the admission to trading of the New Shares referred to below ("Selling Shareholder's Lock-up Period"), and subject to certain exceptions, offer, sell, promise to sell, assign or sell any options or acquisition or selling rights, to grant any acquisition rights or warrants or in any other way transfer or sell, directly or indirectly any VAA Shares or securities convertible in or exchangeable for VAA Shares, or enter into swaps or other agreements which transfer in whole or in part any economic effects arising from holding VAA Shares (independently of the fact that any of these instruments is subject to financial or physical settlement), or in any other way sell or enter into an agreement aimed at the sale of VAA Shares, and not to announce or communicate the intention of undertaking any of the actions abovementioned. These obligations of the Offeror are applicable regarding any VAA Shares (i) held by the Offeror or of which the Offeror is the beneficial owner, or which the Offeror in any other way controls or holds as of the date of the admission of the New Shares, (ii) issued after the date of Institutional Placement Agreement following the conversion of warrants, options or similar instruments into VAA Shares held by the Offeror at the date of the issue and (iii) granted to the Offeror due to its rights as beneficial owner, holder or controlling entity of VAA Shares at the date of admission of the New Shares.

Moreover, the Company has undertaken not to, without the prior written consent of the Offer's Global Coordinators (which shall not be refused or delayed without reasonable cause), during the period of 180 days from the date of admission to trading of the New Shares ("Company's Lock-up Period"), and subject to certain exceptions, directly or indirectly issue, offer, cede, sell, promise to sell, or issue, sell any options or acquiring, selling or issuing rights, grant any call options, rights or warrants, lend or in any other way transfer or dispose of any VAA Shares or securities convertible into or exchangeable for VAA Shares, or any substantially similar instruments, nor enter into swaps or other agreements or transactions which transfer in whole or in part any economic effects arising from holding VAA Shares (regardless of whether any of these instruments or rights be subject to financial or physical settlement).

The commitments by the Company and the Issuer shall not apply with regard to (i) any action carried out in the context of the Offer or Institutional Offer; (ii) to the granting of any guarantees; nor to (iii) any transactions between the entities in control or group relationships with the Offeror or the Company (as long as the acquiring entity is bound to comply with the restrictions mentioned above). The commitments undertaken by the Company shall not also be applicable to the issue of New Shares under the Offer and the Institutional Offer.

8.4 Admission to Trading and Forms of Trading

8.4.1. Admission to Trading

VAA Shares are admitted to trading on the Euronext Lisbon regulated market, with the ISIN PTVAA0AM0019.

The admission to trading on Euronext Lisbon of 21,772,735 New Shares has been requested. These are ordinary, book-entry and nominative Shares, with a nominal value of 0.80 Euro, representing 12.5% of the Issuer's share capital, after the Share Capital Increase.

When admitted to trading on the abovementioned market, which is expected to occur on or around 19th December 2018, the New Shares will be traded under the symbol VAF (similarly to the remaining VAA Shares, the New Shares being fungible with the VAA Shares already issued and admitted to trading). The Issuer may not, however, guarantee the admission to trading of the New Shares on the abovementioned date, which is subject to the commercial registration of the Share Capital Increase and to a favourable resolution by Euronext.

Despite the request for admission to trading having been presented, it may be rejected. Accordingly, and pursuant to article 163 of the PSC, the addressees of the Offer may terminate their agreements to acquire VAA Shares if the admission is denied on grounds attributable to the Issuer, the Offeror, the Offer's Global Coordinators, or to persons with whom these entities are in any of the situations provided for in article 20(1) of the PSC.

The termination by the investor shall be communicated to the Issuer or to the Offeror, as applicable, until up to 60 days after the refusal of admission to the regulated market, and the Issuer or the Offeror, as applicable, shall reimburse the amounts received within 30 days of receipt of the statement of termination.

The financial service of the shares, notably regarding the payment of dividends, will be provided by the financial intermediary appointed for this purpose. Commissions may be charged for this service, as well as for the share registration service. These amounts shall be those set, at each moment, on the price lists of the respective financial intermediaries for this type of service, available on the CMVM website at www.cmvm.pt, and they must be disclosed by the legally qualified financial institution.

8.4.2. Markets on which VAA Shares have already been admitted

VAA Shares are not admitted to trading on any other regulated market other than Euronext Lisbon.

8.4.3. Subscription or private placement of VAA Shares

Except for the private placements of shares contemplated within the Institutional Offer described in Chapter 8.2 – "Offer Conditions", particularly in Chapters 8.2.3 – "Institutional Offer" and 8.2.6 – "Setting Prices for the Offer and the Institutional Offer", no other subscription or private placement of the VAA Shares will be made.

8.4.4. Market makers and stabilisation

No liquidity or market making contract has been entered into, nor is there any expected price stabilisation activity related to the Offer.

CHAPTER 9 – TAX FRAMEWORK

This Chapter is a summary of the tax framework applicable in Portugal as at the date of this Prospectus to the income from shares issued by an entity domiciled in Portugal, to the capital gains obtained during their sale, and to their transfer without consideration. The framework described is general and is subject to change, including retroactive changes. This Chapter does not represent a complete analysis of the potential tax impact of the decision to acquire or hold shares. No potentially applicable transitional arrangements have been considered. Potential investors should consult their own advisors on the consequences and implications of acquiring, holding and transferring shares in light of their particular circumstances, including the implications of other legal systems. The tax consequences may vary according to the provisions of double taxation conventions entered into by Portugal (the "Conventions") or the specific characteristics of the investors.

The Issuer assumes responsibility for the withholding tax on income that is applicable under the tax regime indicated in this Chapter, to the extent that this obligation is imposed by law, particularly based on its capacity as a registering entity, depositary or debtor of income subject to withholding tax, as the case may be.

Tax framework for shares issued by a company domiciled in Portugal

9.1 Natural persons resident and non-resident with a permanent establishment in Portugal to which the income derived from shares is attributable

Income derived from ownership of shares

Dividends placed at the disposal of shareholders are taxable at the IRS (Personal Income Tax) rate. IRS is withheld, at the rate of 28%, at the time it is made available, this withholding tax being an upfront payment.

The holders of dividends may choose to aggregate this income with their general earnings, declaring it together with the other income earned, provided that it is obtained outside the scope of business and professional activities. In this case, only half the amount of dividends shall be taxed, at the rate resulting from applying the progressive taxation of the overall income of the year in question, up to 48% (plus an additional solidarity rate of 2.5% and 5%, which is levied upon taxable income in excess of EUR 80,000 and EUR 250,000, respectively), the withholding tax being deemed as an advance payment of the final tax due.

The withholding tax rate is 35% and is considered an upfront payment when dividends are paid or made available in accounts opened in the name of one or more holders but on behalf of unidentified third parties. If the beneficial owner is identified, the general rules described above apply.

Non-resident shareholders who have a permanent establishment in Portugal to which the income is attributable are subject to withholding income tax at the rate of 28% as an advance tax payment on the final tax due at an autonomous rate of 25%.

Capital gains and losses realised in the transfer of shares for consideration

The positive annual balance between capital gains and losses realised on the disposal of shares (and other securities and financial assets) is taxed at the special IRS rate of 28%, without prejudice to its aggregation with other earnings chosen by the respective holders, and at progressive rates up to 48% (plus an additional solidarity rate of 2.5% and 5%, which is levied upon taxable income in excess of EUR 80,000 and EUR 250,000, respectively).

The positive annual balance between capital gains and losses realised on the disposal of shares (and other securities and financial assets) by non-residents with a permanent establishment to which they are attributable is taxed at the special IRS rate of 25%.

For the purposes of calculating the positive or negative balance mentioned in the preceding paragraphs, the losses determined are not considered relevant when the counterparty to the transaction is subject to a clearly more favourable tax regime in the country, territory or region in which it is domiciled for tax purposes, as defined by law.

In the event of a negative balance between the gains and losses arising from transactions carried out in the same year, the reporting of the negative balance may be made for income of the same nature over the next five years, provided that the aggregation of income regime is chosen.

The acquisition value for shares listed on the stock exchange is the documented cost or, failing that, the lowest price recorded in the two years prior to the date of sale, if any other lower price is not declared. The necessary and effectively incurred expenses inherent to the acquisition and the sale are added to the acquisition cost of the shares.

The acquisition value is adjusted according to coefficients, for calculating capital gains or losses. These are approved for that purpose by Ministerial Order from the member of Government responsible for finance, whenever more than 24 months have elapsed between the date of acquisition and the date of sale.

Acquisition of shares without consideration

The acquisition of shares without consideration (due death or in life) by individuals resident for tax purposes in Portugal is subject to Stamp Duty at a rate of 10%. The spouse, unmarried registered partner, relatives or descendants benefit from Stamp Duty exemption on such acquisitions. Acquisition without consideration of the shares (due to death or in life) by natural persons not resident for tax purposes in Portugal with a permanent establishment in Portugal is not subject to Stamp Duty.

9.2 Natural persons who are non-residents for tax purposes in Portugal without a permanent establishment to which the income derived from shares is attributable

Income from ownership of shares

Dividends placed at the disposal of shareholders are taxable at the IRS (Personal Income Tax) rate. IRS is withheld, at the rate of 28%, at the time it is made available, with this withholding tax being an upfront payment.

The rate referred to above may be reduced under a Convention in force between Portugal and the country of residence of the shareholder if the substantive conditions for the application of such a reduction are fulfilled and if the formalities provided for by Portuguese tax legislation are complied with.

The withholding tax rate corresponds to 35% and is an upfront payment when dividends are paid or made available:

(i) in accounts opened in the name of one or more holders but on behalf of unidentified third parties. If the beneficial owner is identified, the general rules described above apply; or
(ii) non-resident entities without a permanent establishment in Portuguese territory, domiciled in a country, territory or region subject to a clearly more favourable tax regime, listed in Ministerial Order no. 150/2004 of 13th February.

Capital gains and losses realised in the transfer of shares for consideration

Capital gains on the transfer of shares for consideration obtained by non-resident natural persons are subject to IRS. The positive annual balance between capital gains and losses from the disposal of shares (and other securities and financial assets) is taxed at the special IRS rate of 28%.

The capital gains realised on the transfer of shares for consideration obtained by non-resident natural persons, however, are exempt from IRS, except in the case of (i) natural persons domiciled in a country, territory or region subject to a more favourable tax regime, set out in Ministerial Order no. 150/2004, of 13th February; or (ii) more than 50% of the assets of the company whose shares are sold comprise real estate located in Portugal.

Under the terms of the Conventions, the Portuguese State is generally limited in its powers to tax the capital gains referred to in this point, but such tax treatment according to an agreement should be assessed case by case.

Acquisition of shares without consideration

The acquisition of the shares without consideration (due to death or in life) by individuals not resident for tax purposes and without a permanent establishment in Portugal is not subject to Stamp Duty.

9.3 Legal persons resident for tax purposes in Portugal or non-resident legal persons with a permanent establishment in Portugal to which the income derived from shares is attributable

Income from ownership of shares

The dividends placed at the disposal of the shareholders are taxable under IRC (Corporate Income Tax). IRC is withheld at the rate of 25%, at the time it is made available, this withholding tax being deemed as an advance payment of the final tax amount due. IRC is levied at a rate of 21% or at a rate of 17% on the first EUR 15,000 of the taxable income in the case of small and medium-sized companies. Municipal taxes may be added at a variable rate in accordance with the municipal authorities' decision each year, which may be up to 1.5% of taxable income. A state surcharge at the rate of 3% is also applicable on the part of the taxable income that exceeds EUR 1,500,000 and up to EUR 7,500,000; at the rate of 5% on the part of the taxable income that exceeds EUR 7,500,000 and up to EUR 35,000,000; and at a rate of 9% on the part of the taxable income that exceeds EUR 35,000,000.

If the shareholder is not an entity subject to the tax transparency regime and directly or indirectly holds shares representing at least 10% of the share capital, dividends do not contribute to the calculation of taxable income, provided that the shares remain under its ownership for an uninterrupted period of one year. If a minimum holding period of one year has elapsed at the time the dividends are made available, IRC withholding tax is waived.

There is no obligation to withhold, in whole or in part, the profits made available to taxable persons exempt from corporate income tax, such as, for example, pension funds, retirement savings funds, education savings and retirement savings/education funds, venture capital funds and savings funds in shares, provided that, in any case concerning the funds, they are set up and operate in accordance with Portuguese legislation.

Autonomous taxation is levied at a rate of 23% on profits distributed by entities subject to IRC to entities that benefit from total or partial exemption from IRC (including, in the latter case, income from capital) if the shares are not held by such entities for an uninterrupted period of at least one year, which may be completed after making them available. This rate is increased by 10 percentage points in the case of entities which submit tax losses during the taxation period in which the income is made available.

The withholding tax rate is set at 35%, as an upfront payment, when dividends are paid or made available in accounts opened in the name of one or more holders but on behalf of unidentified third parties. If the beneficial owner is identified, the general rules described above apply.

Capital gains and losses realised in the transfer of shares for consideration

The gains and losses realised contribute to the formation of taxable income under IRC. IRC is levied at a rate of 21% or at a rate of 17% on the first EUR 15,000 of the taxable income in the case of small and medium-sized companies. Municipal taxes may be added at a variable rate in accordance with the municipal authorities' decision each year, which may be up to 1.5% of taxable income. Also applicable is a state surcharge at the rate of 3% on the part of the taxable income that exceeds EUR 1,500,000 and up to EUR 7,500,000; at the rate of 5% on the part of the taxable income that exceeds EUR 7,500,000 and up to EUR 35,000,000; and at a rate of 9% on the part of the taxable income that exceeds EUR 35,000,000.

For the purposes of calculating tax gains and losses, the acquisition cost of the shares held for at least two years on the date of the transfer for consideration is updated through the application of monetary devaluation coefficients approved annually by Ministerial Order of the Ministry of Finance.

The gains and losses realised through transfer for consideration do not contribute to the calculation of the taxable income, regardless of the reason for the transfer and the percentage of the shareholding transferred, and provided the shares are uninterruptedly held for a period of not less than one year. The shareholder must also not be subject to the tax transparency regime provided for in article 6 of the IRC Code and directly, or directly and indirectly, holds a stake of not less than 10% of the issuer's share capital.

The capital losses and other losses relating to parts of capital are also not deductible for the purposes of determining the taxable income under IRC, in the part of the amount corresponding to the distributed profits or the capital gains realised through the transfer of shares for consideration of the same which have respectively benefited from the deduction for the purpose of eliminating double taxation or the exemption for capital gains referred to above, in the taxation period itself or in the previous four periods.

Acquisition of shares without consideration

Positive variations not reflected in the profit/loss of the financial year arising from the acquisition of shares without consideration by legal persons subject to IRC, as well as by permanent establishments of non-resident entities to which it is attributable, are considered taxable income under IRC. IRC is levied at a rate of 21% or at a rate of 17% on the first EUR 15,000 of the taxable income in the case of small and medium-sized companies. Municipal taxes may be added at a variable rate in accordance with the municipal authorities' decision each year, which may be up to 1.5% of taxable income. Also applicable is a state surcharge at the rate of 3% on the part of the taxable income that exceeds EUR 1,500,000 and up to EUR 7,500,000; at the rate of 5% on the part of the taxable income that exceeds EUR 7,500,000 and up to EUR 35,000,000; and at a rate of 9% on the part of the taxable income that exceeds EUR 35,000,000.

9.4 Legal persons not resident for tax purposes in Portugal without a permanent establishment to which the income derived from shares is attributable

Income derived from ownership of shares

Dividends made available to shareholders are taxable under IRC. IRC is withheld, at the rate of 25%, at the time it is made available, with this withholding tax being an upfront payment.

The rate referred to above may be reduced under a Convention in force between Portugal and the country of residence of the shareholder if the substantive conditions for the application of such a reduction are fulfilled and if the formalities provided for by Portuguese tax legislation to invoke a Convention are complied with.

At the request of the beneficiary, the IRC withheld and paid may be returned in the amount that is greater than which would result from the application of the general rates of this tax and the state tax to which the entity resident in another EU Member State or the European

Economic Area is subject, in the latter case provided that there is an administrative cooperation obligation in tax matters equivalent to that established in the EU and that the conditions set forth in article 2 of Council Directive 2011/96/EU of 30th November 2011 are fulfilled. In this case, all income, including that obtained in Portuguese territory, shall be taken into account.

Dividends placed at the disposal of a company domiciled (i) in another EU Member State, (ii) in a Member State of the European Economic Area which is bound by administrative cooperation in the field of taxation equivalent to that established in the framework of the European Union, or (iii) in a State with which Portugal has concluded an agreement for the avoidance of double taxation that is in force and provides for the exchange of information, are exempt from IRC when the company concerned meets the conditions set forth in article 2 of Directive 2011/96/UE of 30th November 2011 (with the necessary adaptations, when applicable) or exempt from a tax of the same or similar nature to IRC, provided that, in the situations provided for in (iii), the statutory rate applying to the entity is not less than 60% of the IRC rate (i.e. 12.6%), and it directly, or directly and indirectly, holds shares representing at least 10% of the company's share capital for an uninterrupted period of at least one year. If that period has already elapsed on the date the profits are made available, the IRC withholding tax shall be waived. If it is only completed after the date it is made available, the IRC withheld at source shall be refundable. For exemption from IRC withholding tax at source or its reimbursement, depending on the cases, it is necessary to comply with the formalities provided for in Portuguese tax legislation.

The rate of withholding tax is set at 35%, as an upfront payment, when dividends are paid or made available:

(i) in accounts opened in the name of one or more holders but on behalf of unidentified third parties. If the beneficial owner is identified, the general rules described above apply; or
(ii) non-resident entities without a permanent establishment in Portuguese territory, domiciled in a country, territory or region subject to a clearly more favourable tax regime, listed in Ministerial Order no. 150/2004 of 13th February.

Dividends obtained by pension funds on shares held uninterruptedly for at least one year are exempt from corporate income tax, provided that the funds are set up, operate in accordance with the law and are established in another Member State of the EU or of the European Economic Area, and in the latter case provided that State is bound to exchange information in the field of taxation equivalent to that established in the EU, which are not attributable to a permanent establishment situated in Portuguese territory, and provided that they exclusively guarantee the payment of old-age or invalidity retirement, widow(er), pre-retirement or early retirement pensions, and post-employment health benefits and, when supplementary and ancillary to these benefits, the award of death payments, provided they are managed by institutions for the provision of occupational retirement which are subject to Directive 2003/41/EC of the European Parliament and of the Council of 3rd June 2003, and are the beneficial owner of the income.

Capital gains and losses realised in the transfer of shares for consideration

The positive annual balance between capital gains and losses arising from the transfer of shares for consideration and other financial assets carried out by legal entities not resident in Portugal and without a permanent establishment in Portugal to which they are attributable is subject to IRC at the rate of 25%.

Nevertheless, the capital gains realised through transfer of shares for consideration are exempt from taxation, except in the following situations:

(i) more than 25% of the selling entity is directly or indirectly held by resident entities for tax purposes in Portuguese territory and it does not cumulatively fulfil the following requirements and conditions:

a) It is a resident in another Member State of the European Union, in a Member State of the European Economic Area which is bound to administrative cooperation in the field of taxation equivalent to that established in the framework of the European Union or in a State with which a convention has been concluded to avoid double taxation, which is in force and provides for the exchange of information;

b) It is subject to, and not exempt from a tax referred to in article 2 of Council Directive 2011/96/EU of 30th November, or a tax of an identical or similar nature to IRC, provided that the legal rate applying to the entity is not less than 60% of the IRC rate;

c) Directly or indirectly holds a stake of not less than 10% of the share capital or voting rights of the company being sold, uninterruptedly, during the year prior to the sale;

d) It is not part of an artificial construction, or series of artificial constructions, with the main objective or one of the main objectives of obtaining tax advantages.

(ii) the selling entity is resident for tax purposes in a country, territory or region, subject to a clearly more favourable tax regime, as set forth in Ministerial Order no. 150/2004 of 13th February; or

(iii) more than 50% of the assets of the company whose shares are sold comprise real estate located in Portugal.

Under the terms of the Conventions, the Portuguese State is generally limited in its powers to tax the capital gains referred to in this point, but such tax treatment according to an agreement should be assessed case by case.

Capital gains obtained by pension funds which are incorporated, operate in accordance with the law and are established in another EU Member State or the European Economic Area are exempt from IRC, under the conditions referred to in relation to the exemption applicable to dividends in respect of the nature, applicable legislation and guaranteed benefits.

Acquisition of shares without consideration

The equity increase resulting from the acquisition of shares without consideration by non-resident legal entities without a permanent establishment to which the shares are attributable is taxed at the rate of 25%.

Under the terms of the Conventions, the Portuguese State is generally limited in its powers to tax that income, but such conventional tax treatment should be assessed case by case.

CHAPTER 10 - DESCRIPTION OF THE ISSUER'S BUSINESS

10.1. Industry

The ceramic industry is large and heterogeneous, covering the production of objects with clay that are burned/baked with fire. The transformation of clay into ceramics takes place during the burning process. The basic raw material of this industry exists all over the Earth's surface, with some types of clay being found in the open-cast locations and others in underground mines or deposits. The production of clayey aggregates for each category of ceramic production requires the addition or removal of elements to/from their composition, according to its intended use, to avoid cracking and shattering.

Ceramic putty is produced from the many types of clay that exist, which are used in structural ceramics, floor and wall tiles, sanitary ware ceramics, utilitarian ceramics, decorative ceramics and special ceramics (electrical insulators and refractory products).

VAA is present in the subsector of utilitarian and decorative ceramics, which includes the production of porcelain and stoneware items. This subsector of the ceramics industry has a centuries-old tradition and great exporting potential, especially to Spain, Germany, Italy, France and Brazil.

The evolution of utilitarian and decorative ceramics in Portugal, which is extremely dependent on external markets, is determined by the ability of companies to compete in international markets in terms of quality, design and brand, to be able to compete with products from countries in Far East and Eastern Europe countries, which are characterised by their low price. As a labour-intensive and high-energy consumption subsector, the increase of its competitiveness will also be achieved through the increase of specialist work and the reduction of energy costs.

VAA is also present in the crystal (manual, automatic and semi-automatic) and manual glass industries.

Crystal is made from sand and lead oxide. These raw materials are fused in an incandescent fire mass that is shaped by the craftsmen blowing and their hand movements.

Labour and energy costs (electricity and natural gas) are also very significant in this industry, and it is essential to improve the harnessing rates of crystal and glass to achieve greater profitability. There is a strong export market in this sector, particularly to France and Spain.

10.2. The Market

VAA is present in tableware[13], ovenware[14] and giftware[15] markets by producing and marketing porcelain, oven and table stoneware and crystal and manual glass.

The tableware European market has been suffering significant changes at structure level of supply and demand, namely with the entry of Asian and East European producers, as well with the gradual change of consuming habits.

The end of customs barriers and of restrictions on the entry of several products from Asian producers, in the case of porcelain, and East European countries, in the case of crystal, lead

[13] Term used to define the business segment consisting of glass, ceramic, metal and other products used in the dining tables, such as glasses, plates, cutlery, etc.
[14] Term used to define the business segment consisting of glass, ceramic and other products, developed for use at high temperatures (e.g. ovens, etc.).
[15] Term used to define the business segment comprised of products usually purchased for offer.

to an accentuated increase in European market's competition, carrying great competitive pressure on European traditional producers.

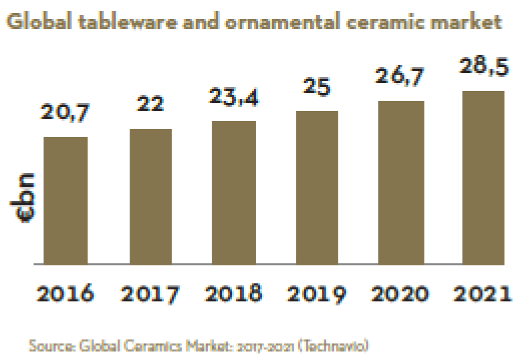
The gradual change in consumption habits (reduction in the number of meals at home and the consequent increase in the weight of the horeca[16] channel in the tableware market and the growing demand for decoration products and giftware), coupled with the greater value attributed by consumers to differentiation in this type of products (design, concept and innovation are distinctive factors vis-a-vis players and markets with an offer focused on price, with the consumers having an increasing availability to follow recent and growing trends in the field of interior design as well as to purchase unique pieces), led to a reduction in the product life cycle and gave to the "novelty" effect a key attribute for success.

These changes at supply and demand level in the European market have given rise to internal reorganization processes of the main players, to respond to the increase of competitiveness and to obtain a better adaptation to the new drivers of the market.

According to Technavio's study about "*Global Ceramics Market 2017-2021*":

- The ceramic market is expected to grow by a CAGR of 6.6% until 2021, while production in Europe is expected to increase by approximately 1.4% per year by 2020;
- In 2016, the United States (one of the foreign markets where VAA operates) was the main importer of such products (representing 45% of imports), while China led exports at 58%;
- Portugal has been increasing its exports by around 12% per year between 2012 and 2016.

The following chart illustrates the evolution of the tableware and decorative ceramics global market between 2016 and 2021 according to the Global Ceramics Market Study 2017-2021 (Technavio):



The tableware and giftware market in Europe is characterized by the prevailing position of each country's main producer in its domestic market, namely the Limoges and Pillivuyt producers in France, the Villeroy & Boch in Germany, Belgium, the Netherlands and Luxembourg, the Waterford Wedgwood, Steelite, Dudson and RAK Ceramics in the UK and Ireland and in Scandinavia, Royal Copenhagen, Kosta Boda and Orrefors in the Netherlands.

The internationalization that has marked the recent evolution of VAA is made evident by the strong dispersion of its geographic markets. In 2017, the domestic market represented a little more than a third of total sales and services which fell slightly at the end of the third quarter of 2018. Thus, although there is still some relevance of the domestic market in the porcelain segment, there are other business areas where other markets are very important, namely

[16] Expression that abbreviates and refers to the channels of hotel business, restaurants and catering.

stoneware, whose main destinations are countries such as Germany, Italy, France, Spain and the Netherlands, where the customer's own brand sales also play an important role.

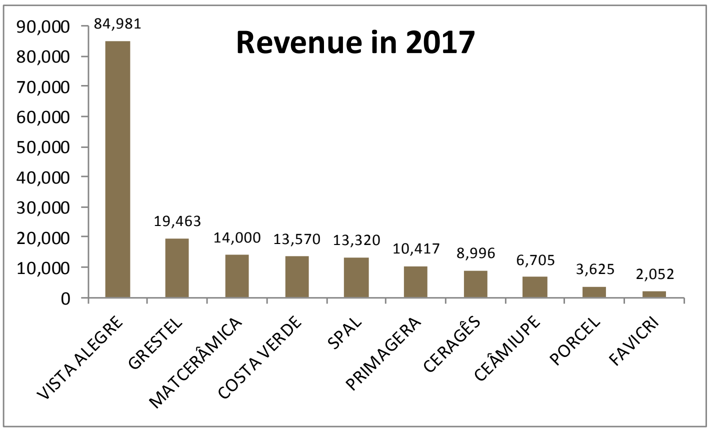
In the case of the crystal and manual glass segment, in addition to Portugal, there are countries such as France, Spain, the United States of America and the United Kingdom where sales and services have been important. More precisely at the level of the crystal area, the production and sale of parts with other brands is also relevant and has allowed the entrance into other market segments, namely in the luxury crystal packaging sector.

Among the main competitors of VAA in the porcelain area and in the domestic and hotel segments are SPAL, S.A. (Portugal), Bonvida - Porcelana de Portugal, S.A. (Portugal), Porcel - Indústria Portuguesa de Porcelanas, S.A. (Portugal), Villeroy & Boch (Germany) and Rosenthal (Germany), the last one only in the domestic segment. Only for the hotel segment are Porcelanas da Costa Verde, S.A. (Portugal), Churchill China plc. (England) and the BHS Group (Germany). In the supply of large stores, the main competitors are Faianças Primagera, S.A. (Portugal), Matcerâmica - Fábrica de Louça, S.A. (Portugal) and imports from all over East.

VAA's main competitors in the stoneware are the Portuguese Barbotina – Fábrica de Artigos Cerâmicos, S.A., Faianças Primagera, S.A. (large stores), Grestel – Produtos Cerâmicos S.A. and Faria & Bento Lda., the French Revol, the glass products named "pirex" and imports from all over East.

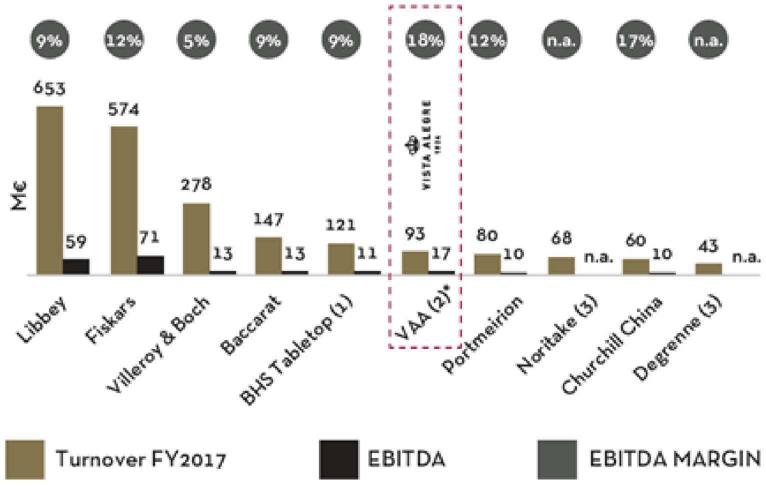
Regarding crystal and manual glass, in domestic segment, VAA faces competition from companies such as Bohemia Crystal (Czech Republic), Rogaska (Slovenia), Baccarat (France), Saint-Louis and Lalique (France) and Orrefors (Sweden).

In this context, VAA assumes a leading position in the utilitarian and decorative ceramic and crystal markets in Portugal, which results from the analysis by the Issuer of the annual revenues value in 2017 referred to in the reports and accounts of the following main national companies in those markets (in Portugal there aren't players in the crystal segment besides VAA):



Source: Companies Reports 2017

VAA is also one of the most relevant players in the international utilitarian and decorative ceramic and crystal markets (based on the Issuer's analysis, using as criteria the turnover, EBITDA, and the EBITDA margin for 2017 of the international companies present in such markets, as referred to below, as defined/indicated in the information included in the respective Annual Reports and Accounts and websites, and Bloomberg's website), and in 2017 the Adjusted EBITDA Margin and the Issuer's sales and services are among the highest compared to those of the abovementioned listed companies in the international arena:



(1) Includes a Tools and Technology segment

(2) Values include Cerutil and Bordalo Pinheiro, considering Adjusted EBITDA and Adjusted EBITDA Margin

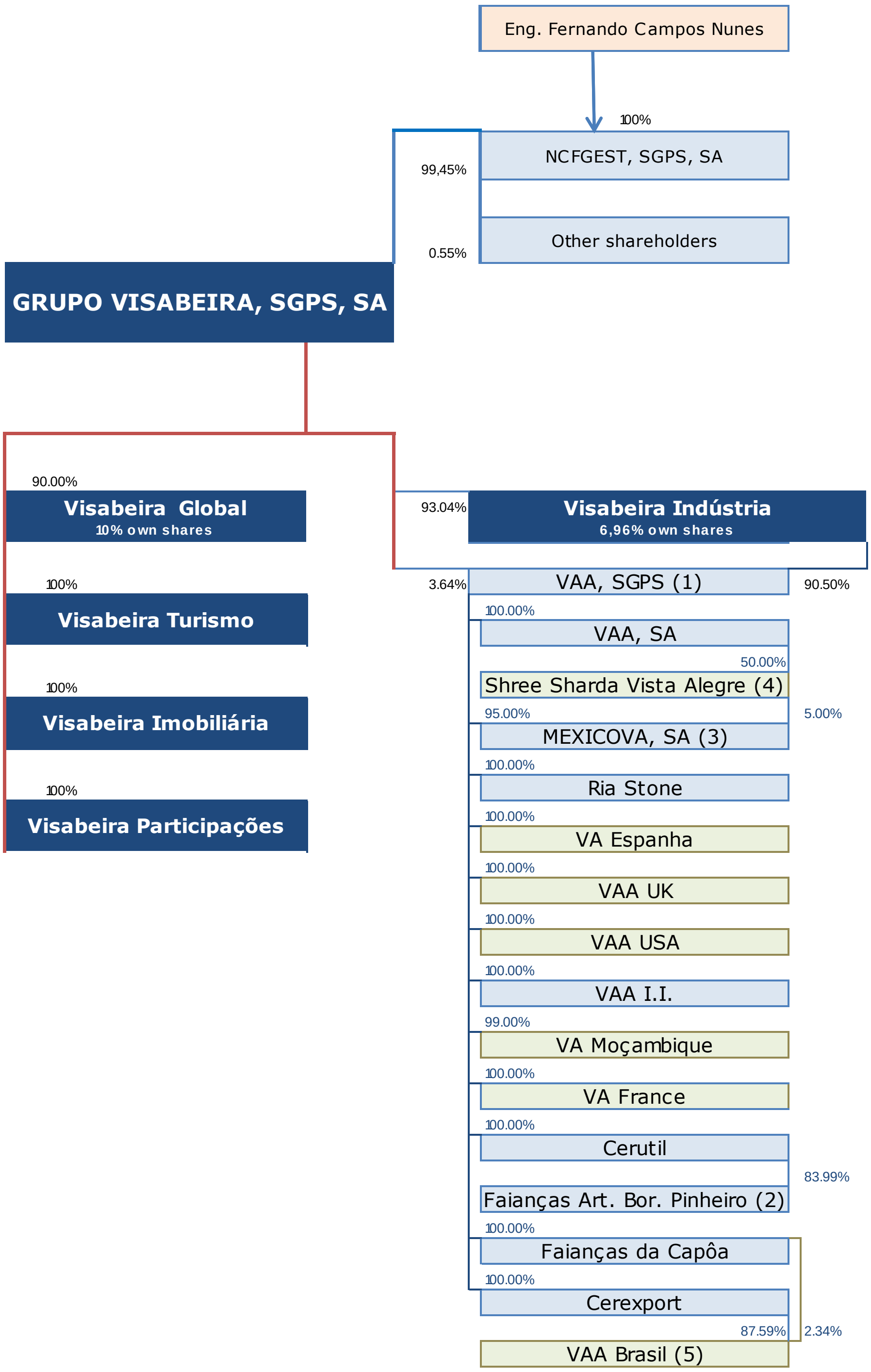
(3) FY Mar17-Mar18

N.B.: Figures exclude, where possible, business segments that are not comparable to VAA

Sources: Bloomberg, Companies Reports and websites.

10.3. Organogram

The structure of the Issuer at the date of this Prospectus is as follows:



(1) VAA's majority shareholder is Visabeira Indústria which, in turn, is 93% held by Grupo Visabeira, SGPS, S.A.. NCGFEST, SGPS, S.A. is Grupo Visabeira, SGPS, S.A.'s majority shareholder, with a stake of 99.45%. This company is wholly held by the individual shareholder Fernando Campos Nunes, to whom the shares and respective voting rights corresponding to 94.14% of VAA are attributed.
(2) Cerutil owns 100% of Bordalgest which, in turn, owns an 83.99% stake in Bordalo Pinheiro.
(3) MEXICOVA SA is also directly held by Vista Alegre Atlantis S.A.
(4) Shree Sharda Vista Alegre is directly held by Vista Alegre Atlantis S.A.
(5) Vista Alegre Brasil is directly held by Cerexport – Cerâmica de Exportação, S.A. and Faianças da Capôa – Indústria de Cerâmica, S.A.

10.4. General aspects

According to its history, VAA, in addition to being a reference in Portugal for the utilitarian and decorative ceramics sector and owning one of the best and most automated porcelain factories in the world, continues to develop and to preserve the porcelain made and crafted by hand, extolling its history and tradition.

Founded in 1824, the Vista Alegre factory was the first industrial unit dedicated to the production of porcelain in Portugal. In 2001, because of the merger with the Atlantis group, it formed the largest national tableware group and one of the largest in the world in this sector. In 2009, the VAA Group became part of the Visabeira Group brand portfolio and, after a repositioning process, strengthened its commitment to an expansion strategy, both in terms of markets and target audiences.

The Visabeira Group conducts a diversified set of activities in various industries, particularly the provision of services to infrastructure operators for telecommunications, electricity and gas, its core business since 1980. The Visabeira Group is also present in the industrial and real estate sector, particularly the operation of shopping centres and in the hotel and restaurant sectors, among others.

10.5. History

Vista Alegre began as the Ferreira Pinto & Filhos company, authorised by royal licence in 1824, devoted to the manufacture of porcelain, glass and chemical processes.

Just five years later, Vista Alegre received the title of *Real Fábrica* (Royal Factory), a recognition of its art and industrial success.

The Vista Alegre brand rapidly assumed an image of quality and distinctiveness in the utilitarian and decorative ceramics industry, receiving for the first time a universal prize at the Paris Universal Exhibition in 1867. As the quality of ceramics produced by Vista Alegre increased, less attention was paid to glass and crystal, production of which was definitively discontinued in 1880.

On its centenary, Vista Alegre began a restructuring process aimed at transforming the company into a limited company by quotas, modernising the factory's structures and renewing its services. Parallel to the productive and technological development, there is also an artistic renewal, where renowned artists bring new ideas and models to its painting school. The items produced in this period reach the level of their most notable European rivals.

From 1947 until 1968, international contacts, the training of specialised technical staff and the acquisition of other companies led Vista Alegre to the desired level of technical and industrial development, as well as the expansion of its products into new markets.

During the 1970s and 1980s, Vista Alegre maintained a strategy of sales and services focused on the domestic market, with surplus capacity being used to serve, quite selectively, a limited number of customers outside of Portugal. These exports comprised only a tiny part of its business.

In 1980, the Ferreira Pinto & Filhos company was transformed into a private limited company by quotas with the trading name Fábrica de Porcelana da Vista Alegre, Lda., and at the end of 1987 it became a publicly traded company listed on the Lisbon and Porto Stock Exchanges.

At the end of the 1980s, the Vista Alegre brand began to see a progressive decline in its growth and a small and not very mature market made a strategy of geographic diversification inevitable.

Thus, as Spain is a priority market as a natural extension of the Portuguese market, a subsidiary in Spain, Vista Alegre España, was established in 1986.

In the 1990s, there was an increase in the installed productive capacity, allowing the development of a consistent internationalisation policy, the main aspects of which were the identification of markets with cultural affinities and/or geographic proximity and which simultaneously possessed the growth, size and competitiveness with the high potential necessary for Vista Alegre's investment plan.

Subsequently, following the acquisition of Cerexport in the 1990s, the company entered the German market directly through a local company.

At the same time, it experienced a diversification of its business areas, including crockery for the horeca channel, earthenware (through the acquisition of the company Faianças da Capôa), stoneware and porcelain ovenware, ceramic insulators and electrical material (Electro Cerâmica and Cerisol).

In the late 1990s, it acquired a manufacturing unit in Brazil and a minority stake of 25% in Royal Worcester & Spode Limited, a British company producing and marketing ceramic products.

In 2001, a business restructure and merger process brought together two large-scale business groups in the tableware and giftware segments – the VAA group (porcelain, earthenware and stoneware) and the Atlantis group (crystal and glass), creating the largest Portuguese tableware group and the world's sixth largest in this sector. It was also under this process that VAA emerged, with the Company taking on its current name and corporate purpose.

Atlantis was founded in 1944, producing chandeliers in a small factory in Alcobaça and then diversifying into decoration and tableware.

In the 1970s, Atlantis' activities were segmented into two strands: (i) Full Lead Crystal (a higher quality and manually produced product) and (ii) sodium glass (automated manufacture of household products). Subsequently, the automated production was spun off to the Crisal company, which was sold in 2005 when Atlantis had already merged with Vista Alegre.

In the 90s, Atlantis expanded its range of quality glass products of varying colours through mergers with companies engaged in the production and marketing of handmade glass articles, Neovidro – Indústria e Tecnologia do Vidro, S.A. and Nova Ivima – Indústria do Vidro S.A. (company founded in 1885 and with a long tradition in the production of manual glass).

In 2001, the restructuring and merger of Vista Alegre with Atlantis, which aimed to take advantage of the potential synergies that would be associated with a single platform for the production and distribution of complementary "Table Art" brands, marked the beginning of an in-depth and complex process of strategic reorientation and restructuring for the VAA Group.

In a period marked by economic recession in Portugal, by rapid penetration of ceramic and glass products from Asia and Eastern European countries, as well as by changes in consumption habits and lifestyles, VAA also began to face economic and financial difficulties.

The increase in liabilities due to the use of bank Indebtedness to finance the restructuring and a sharp fall in revenues led to the need for a new strategic direction to reduce the number of business areas, focusing only on those with the best growth prospects.

In 2009, the VAA Group is acquired by Cerutil, a company of the Visabeira Group. The Company, in serious financial difficulties, gained a new direction and momentum.

The following year, in July 2010, to implement the strategy drawn up for the Company's recovery and future viability, a share capital increase of VAA was carried out.

This transaction was clearly a key factor in the success of the Company's corporate restructuring. The inflow of funds aimed at restoring the Company's financial balance, fostering the expansion of its shareholder base and broadening its base for raising funds, creating the conditions for strengthening the Company's equity.

The strengthening of VAA's equity structure made it possible to finance the business development strategy and the implementation of the guidelines for the Company's financial and operational restructuring, particularly regarding the necessary replacement and expansion investments (CAPEX).

In the context of the economic and financial restructuring of the VAA Group, which was made possible within the new shareholder framework, a set of initiatives was outlined and implemented that reflected the ambitious strategy set out for the Company's recovery and future viability. This favoured cost rationalisation, brand rejuvenation, the capture of new target-markets and the intensive acceleration of the internationalisation process.

This repositioning was also largely achieved through collaborations and partnerships established with Portuguese and international artists, creators and designers, clearly showing the brand's global vision.

VAA's performance has been guided ever since by a clear commitment to productive investment (CAPEX), research and development of new products and processes, the redefinition of its commercial strategy, both in the domestic market, where a demanding cost-cutting plan and renewal of the image of its network of shops was outlined and implemented, and in international markets, which have been the object of renewed impetus.

More recently, in 2014, Ria Stone began operating. It is a VAA Group company founded as a result of a procurement process by the Swedish company IKEA, which wanted a strategically located production unit capable of ensuring the manufacture of a set of brand references, while complying with strict quality standards. Ria Stone was the company selected to carry out this challenge, having signed a 7-year contract with the multinational IKEA to produce stoneware articles.

The creation of Ria Stone is closely linked to technological innovation and has emerged as a reflection of an innovative solution through the design of a highly competitive and innovative production system based on a single-firing process. The economic prioritisation of these new products strongly matches Ria Stone's global strategy and that of the Group of which it is part.

As mentioned, Ria Stone inaugurated its production facilities, in 2014, with an overall investment (CAPEX) of around 25 million euros, resulting in the creation of over 150 new jobs in the Aveiro region.

This unit also technologically stands out for its adoption of innovative, state-of-the-art equipment, featuring isostatic presses, a fully automated warehouse, without any human intervention and also automated glazing lines. It operates with two kilns (86 and 55 metres long), including conveyor belts that automatically carry articles to each section, simplifying the production processes.

The unit thus produces in a highly automated fashion, with a fully functional factory able to respond to high-production volumes with the necessary efficiency.

As a result of its historic evolution, VAA now has a technologically advanced production facility and intends to maintain its innovative spirit and strengthen its position in the different markets in which it operates, optimising its production for profit while honouring its history and tradition.

At the end of 2016, for strategic reasons of VAA and in the context of changes in this segment of the market, especially due to decreasing in the demand for these type of products, the earthenware segment was reallocated and merged into the oven stoneware segment.

In 2016, the VAA Group adopted a common insignia and a new visual identity through which the porcelain, crystal and glass articles produced at the VAA plant in Ílhavo and the Atlantis plant in Alcobaça were marketed under the brand name Vista Alegre, both in Portugal and in foreign markets.

In 2017, the existing contract between the Swedish IKEA and VAA Group's Ria Stone company (a contract that initially envisaged a tie-up until 2021) was extended for another 5 years until 2026. This year, an international contract is being drafted in the crystal business segment for the supply of luxury bottles.

With almost 200 years of history, VAA continues to be internationally recognised for its innovative design and character, as evidenced by the 19 international design awards it won in 2017 alone.

The VAA Group's latest results further reflect the strong investment (CAPEX) made to reposition the brand internally and externally and the Company's significant international expansion, indicated in particular by the creation of new subsidiaries in Brazil, the United Kingdom, Mozambique, the United States of America, India and France, and the establishment of partnerships that have allowed the opening of stores or points of sale in diverse regions, thus promoting the global dissemination of the brand and its products.

VAA thus demonstrates a further increase in the growth of the Company's profits and brand awareness, with a global vocation, driven by a clear commitment to international expansion and to the continuous improvement and operational efficiency processes and its growing innovation, as well as resulting from several prizes and awards received (as described in this Chapter and in Chapters 10.5 – "History", 10.6 – "Issuer's Business", 10.10 – "Trend Information" and 10.11 – "Strengths and Strategy" of this Prospectus)[17].

The new shareholder framework and the efforts made since then have made it possible to reverse the trajectory of accumulated losses and to make profits for the first time in 2016, with a positive net result of 1.7 million euros, compared with the previous year, in 2015, with a negative net result of 814 thousand euros.

Following VAA's reorganisation programme, which included the share capital increase carried out in December 2017, VAA followed up this process in 2018 with the acquisition of Cerutil and indirectly of Bordalo Pinheiro (through Bordalgest, which is wholly owned by Cerutil and which, in turn, has an 83.99% stake in Bordalo Pinheiro), as well as the sale of VA Grupo.

These transactions aimed to concentrate all the stakes in the ceramics sector in VAA and enhance the Company's positioning in the context of the sector and competing companies, giving VAA greater size, to diversify and to allow for the exploitation of the centennial "Bordallo Pinheiro" brand.

10.6. Issuer's Business

VAA's corporate purpose is to manage shareholdings in other companies as an indirect form of economic activity. Its subsidiaries are engaged in the production, distribution and sale of porcelain and complementary, crystal and manual glass, table and oven stoneware and earthenware, through the horeca, retail and private label distribution channels.

[17] The prestige and recognition arising from the prizes and awards obtained (highlighting 19 international design distinctions attributed only in 2017 and its recognition as a brand to be trusted by the Portuguese consumers by Superbrands 2017), together with the Issuer's international expansion allow for the strengthening of Vista Alegre brand's global scale and notoriety.

As of 30th September 2018, VAA has nine production units in Portugal (following the Recent Acquisitions described in Chapter 10.7 - "Acquisition of Cerutil and Bordalo Pinheiro") and sells mostly in Eurozone countries, especially in Portugal, Spain, Germany, France and Italy.

Business Areas

Porcelain and complementary

The porcelain business area includes the domestic/decorative sub-segments intended primarily for the home, both for table and decoration, and the hotel sub-segment for the catering industry.

All of these sub-segments are extremely competitive, with VAA 's main competitors being large European groups of the medium and medium-high ranges. In the mid-low segment, VAA competes with Asian producers that in recent years have been placing large quantities of products at very low prices in the European and United States markets.

The Vista Alegre brand enjoys high national and international recognition and is considered a prestigious porcelain brand, as a result of its acquired global scale and the several prizes and awards it has received. Its porcelain factory is considered one of the most advanced and best equipped in the industry.

There are also Vista Alegre brand objects in several museums around the world, including the National Museum of Ancient Art, the Espírito Santo Silva Foundation Museum, the Victoria and Albert Museum (London) and the Metropolitan Museum of Art (New York), in addition to the Vista Alegre Museum itself.

Vista Alegre porcelain articles are made from high-quality raw materials, possessing glazes with excellent whiteness, translucency and resistance. The quality of the products of this segment[18] is continuously monitored and tested throughout the production process, and laboratory tests are performed to gauge mechanical resistance, washing, glazing wear, metal marking and abrasion to ensure the quality of the products. Similarly, innovation and research and technological development projects are undertaken internally to enable the best techniques to be developed to improve the quality of the articles and their materials.

VAA produces its porcelain at the Ílhavo plant, which covers 57,900 m² and has an installed capacity of 12,500,000 articles/year.

VAA has been investing in the exploitation of new market segments, namely in the horeca and promotional channels, in Portugal and Spain.

In the mid-low segment, VAA markets porcelain products under the EMA brand.

Portugal is still the main geographic market for the porcelain business area, representing around 55% as of 31st December 2017 (compared to 50% on 30th September 2018), followed by Spain with 14% at 31st December 2017 (compared to the same 14% on 30th September 2018), where VAA stands out due to its two own brand stores. It is also present in the territory through its El Corte Inglés shops.

This segment represents approximately 51.0% and 48.8% of VAA's sales and services as at 31st December 2017 and 30th September 2018, and 43.1% and 40.8% of sales and services as at 31st December 2017 and 30th September 2018 according to the (unaudited) Pro Forma

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[18] This product quality is shown in the porcelain and complementary segment, by the design awards obtained by VAA collections between 2016 and September of 2018. Such a quality also derives from the quality control process and from the certificates obtained (see Chapter 10.11 – "Strengths and Strategy"). Furthermore, VAA has been investing with a special focus on innovation in order to update the productive processes and sustain a high quality and design standard (as shown by the investment projects of the last 3 years and the investment projects underway).

Financial Information prepared with reference to 31st December 2017 and 30th September 2018.

Crystal and manual glass

VAA operates in the production and marketing of (handmade and semi-automatic) crystal and manual glass articles under the Atlantis brand and outsourced customer brands.

The manufacturing facilities are in Alcobaça, in a factory complex covering 147,208 m² and an annual installed capacity of 1,000,000 articles, where crystal and manual glass have been manufactured since 1970. The crystal produced stands out for being of superior lead with a strong handmade component, using the mould and the blowing tube.

Although the production of crystal is currently carried out in an electric furnace that allows the production of molten crystal with a high degree of purity and quality, the production process continues to use blowing techniques and a strong crafting component.

The use of labour with high know-how, a demanding control process and a focus on design have ensured the high quality of Vista Alegre[19] products and their positioning in the highest value segment on the market.

The development of this business area has been based on design, with the objective of following the market trends and renewing the catalogue with articles in a contemporary style through the contribution of Portuguese and foreign designers. Likewise, the association with luxury brands allows the development of articles with higher added value and a greater technical component, which serve as inspiration for the manufacture of new articles with bolder designs, once the manufacturing techniques are mastered.

From June 2016, VAA began to market all its products under the Vista Alegre brand, although there are still Atlantis branded and packaged products in circulation. It also trades under the Casa Alegre brand, which likewise belongs to VAA.

It should be noted that, since 2003, the Alcobaça factory has produced crystal under the Sèvres brand. Due to the difficulty of applying crystal to everyday uses and the appearance of alternative products with much lower prices, such as high-quality automatic and coloured crystal and high-quality automatic glass, the sales and provision of services for handmade crystal have declined in Europe and the United States of America, their place taken by automatically produced articles, thus facilitating the entry into the segment of luxury products, with greater added value and technical accuracy, namely perfumery and premium bottles.

In Portugal, the continuous and rapid reduction of sales and provision of services for handmade crystal has forced VAA to redefine its industrial policy in this business area, focusing more on partnerships with renowned international brands (Remy Martin, Martell, Havana Club and Hennessy). Similarly, and keeping the handmade component that gives it the added value and prestige for which it is nowadays noted, VAA has tried to innovate in its manufacturing processes to achieve greater flexibility in the crystal and glass segment, in terms of the design of the articles it markets.

In this sense, the production for other brands and the extension to new market segments, namely the luxury crystal container segment, has assumed increasing importance in this business, boosting exports and improving profitability through greater use of the available industrial capacity.

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[19] This product quality is shown in the crystal and manual glass segment, by the design awards obtained by VAA collections between 2016 and September of 2018. Such a quality also derives from the quality control process and from the certificates obtained (see Chapter 10.11 – "Strengths and Strategy"). Furthermore, VAA has been investing with a special focus on innovation in order to update the productive processes and sustain a high quality and design standard (as shown by the investment projects of the last 3 years and the investment projects underway).

At the productive level, the project for reconstructing the crystal kiln channels, started at the end of 2009, stands out. This allowed a significant improvement in usage levels for crystal products. Likewise, between 2011 and 2013, significant investments (CAPEX) were also made in glass, in addition to crystal, financed under the NSRF community funds project, with emphasis on the purchase of new equipment to improve the application of fine materials (such as gold) in crystal articles, with a positive and immediate impact on business profits.

On 31st December 2017, the Portuguese market accounted for around 44% of VAA 's total sales and services of crystal and manual glass products. It is also relevant that the French market stood at 29%, and the Spanish at 8% (which compares with 38%, 37% and 7% respectively in each of these markets on 30th September 2018).

This segment represents approximately 13.6% and 13.5% of VAA’s sales and services on 31st December 2017 and 30th September 2018, and 12.4% and 12.2% of sales and services, according to the (unaudited) Pro Forma Financial Information prepared with reference to 31st December 2017 and 30th September 2018.

<u>Oven Stoneware</u>

VAA’s oven stoneware is produced at a factory located in Taboeira (Aveiro) and, through the acquisition of Cerutil, it also produces in a production unit in Sátão (Viseu).

From its beginnings, VAA has manufactured oven stoneware pieces at the Taboeira factory. This plant is 37,219 m² and possesses an installed capacity of 5,800,000 articles/year. This sub-segment has high levels of competitiveness, suffering mainly from imports from the East and the marketing of substitute products. However, VAA’s product quality[20] levels, brand prestige, maintenance of good customer relationships and market knowledge have allowed it to assure its sales and provision of services in this segment.

Cerutil owns a manufacturing unit in Sátão, with over 15,000 sqm of production area, in an optimized layout that represents a national reference in the manufacture of table and oven stoneware. Using the most advanced technologies, Cerutil produces for several international markets: France, England, Germany, Italy and the United States.

VAA’s stoneware production manufacturing processes are based on a single-firing, emphasizing the saving of energy resources while ensuring the quality of products.

This segment represents about 13.7% and 15.9% of VAA's sales and services at 31st December 2017 and 30th September 2018, and 18.0% and 21.4% of sales and services according to the (unaudited) Pro Forma Financial Information prepared with reference to 31st December 2017 and 30th September 2018.

Among the external markets, the sales and services for European markets should be especially noted, with special relevance to Germany (where such sales and services reach 59% on 31st December 2017 and 37% on 30th September 2018).

However, since table stoneware is on the rise in households and in hotels in several markets, the beginning of production of these articles in this segment was justified. Thus, since the beginning of 2017, it is worth mentioning the entrance of this factory into the tableware segment with stoneware articles for the table and not just the oven.

The major customers of the articles produced at the Taboeira factory are IKEA, the German companies Zwilling and Brand Loyalty and the British company TCC.

[20] Such a quality derives from the quality control process and from the certificates obtained (see Chapter 10.11 – “Strengths and Strategy”). Furthermore, VAA has been investing with a special focus on innovation in order to update the productive processes and sustain a high quality and design standard (as shown by the investment projects of the last 3 years and the investment projects underway).

More recently, emphasis has been placed on innovation in the production of this type of stoneware, with the study of the use of coloured pastes and transparent glazing to reduce production costs, a significant improvement in product quality (more attractive colours, higher strength and durability) and greater productive flexibility, in addition to the current manufacture of pieces with white paste, where the colour is applied using glazes. This project, still under development, is funded under the Portugal 2020 community funds project.

Table Stoneware

VAA's table stoneware is produced at a factory located on the Mota Industrial Estate (Ílhavo).

VAA set up the Ria Stone company, which, starting in 2014, began the production and sale of pieces of table stoneware intended for one specific customer, IKEA. Ria Stone is installed in an area of 40,000 m² in a building of 16.000 m² and has a production capacity of 30,000.000 articles per year.

Ria Stone is an example of a company that, using innovative production techniques, managed to establish itself in the market to produce large series, allocating more than 90% of its production to international markets. More recently, VAA has begun expanding Ria Stone's plant by a further 10.000 m² of building area to accommodate an increase in production capacity to 18,000,000 articles a year, being installed in an area of about 60,000 m².

The sole customer of this business area is IKEA, which allows direct export to countries such as Germany, Spain, France and Italy. Also noteworthy are US customers. VAA has already entered into marketing agreements with large retailers such as William Sonoma, Crate&Barrel, Anthropologie and House of Fraser, in 2017.

This segment accounts for approximately 22% of VAA's sales and services at 31st December 2017 (compared to 21% on 30th September 2018). In 2017, over 90% of its production in this segment was meant for external markets. The main market in this segment is the French one, accounting for 24% of sales and services, followed by the Italian market with 22%, the Spanish market with 20% and the German market with 17%, all as of 31st December 2017 (compared to 25%, 26%, 21% and 14%, respectively, on 30th September 2018). According to the (unaudited) Pro Forma Financial Information made with reference to 31st December 2017 and 30th September 2018 this segment represents approximately 19.8% and 19.0%, respectively.

Earthenware

VAA made the earthenware (tableware, giftware and special editions) into an autonomous business area with the incorporation of Bordalo Pinheiro (described in Chapter 10.7 - "Acquisition of Cerutil and Bordalo Pinheiro") on 31st August 2018, with 70% and 67% of sales and services in the Portuguese market, as of 31st December 2017 and 30th September 2018.

The earthenware is produced by Bordalo Pinheiro, a company with a strong notoriety[21] that incorporates the creativity and critical thinking of its founder Raphael Bordallo Pinheiro and adopts a modern business approach, playing a fundamental role in relaunching Portuguese ceramics. VAA's total sales and service provision for September 2018 in this segment corresponds to 0.8% of VAA's total sales and services on 30th September 2018.

This new segment represents 0.8% of VAA's total sales and services as of 30th September 2018 and *circa* 6.6% and 6.5% of VAA's total sales and services according to the (unaudited) Pro Forma Financial Information prepared respectively on 31st December 2017 and 30th September 2018.

[21] The prestige and notoriety of the earthenware produced by Bordalo Pinheiro, under the Bordallo Pinheiro brand, are recognized in prizes and awards obtained (from which 2 German Design Award – Winners, 3 German Design Award – Special Mentions with the collections "Sardinhas made by You" and "Packaging Figurões" should be highlighted).

VAA now also owns production units in Portugal located in Caldas da Rainha and Aradas in this business area.

Real Estate

This segment, which is included in note 6.1 of the notes to the annual report and accounts for 2017, aggregates the activity related to the investment properties held by VAA Group that do not generate sales and services and have no relation to the retail trade. However, on 31st August 2018, the VA Grupo was sold, which represented a significant part of this segment, remaining in the scope of this segment just a residual amount of investment properties (1.4 million Euros) pertaining to the subsidiary Vista Alegre Atlantis, S.A. which also has only a residual business in this segment.

Sales and services rendered by business area, distribution channels and geographical areas

Sales and services rendered by business area

The main business areas of the VAA Group are (i) the porcelain and complementary which, on 30th September 2018, accounted for *circa* 49% of the Group's total sales and services, (ii) the oven and table stoneware business which, on the same date, accounted for around 16% and 21%, respectively, of the Group's total sales and services, and (iii) crystal/ manual glass which, on 30th September 2018 accounted for about 14% of the Group's total sales and services.

The following table shows the sales and services provided by each business area during the last 3 years and in the nine-month periods ended 30th September 2017 and 2018:

(values in thousand euros)	31st december (audited)						30th september (unaudited)			
Sales and services provided	2015		2016		2017		september 2017		september 2018	
Porcelain and other products	38,479	53.6%	36,606	48.5%	43,378	51.0%	30,577	50.2%	31,210	48.8%
Earthenware	-	-	-	-	-	-	-	-	491	0.8%
Stoneware / Oven to Tableware	6,251	8.7%	11,254	14.9%	11,658	13.7%	8,374	13.7%	10,195	15.9%
Stoneware / Tableware	15,370	21.4%	16,854	22.3%	18,415	21.7%	13,663	22.4%	13,386	20.9%
Crystal and Glass	11,731	16.3%	10,725	14.2%	11,529	13.6%	8,291	13.6%	8,638	13.5%
Total	**71,831**	**100.0%**	**75,439**	**100.0%**	**84,981**	**100.0%**	**60,906**	**100.0%**	**63,921**	**100.0%**

Adjusted EBITDA by business area

The following shows Adjusted EBITDA and its weight in relation to each business area during the last 3 years and in the nine-month periods ended 30th September 2017 and 2018:

(values in thousand euros)	31st december (audited)						30th september (unaudited)			
Segments	2015		2016		2017		september 2017		september 2018	
Porcelain and other products	7,295	106.9%	7,704	80.7%	7,703	56.7%	4,343	46.5%	5,067	44.5%
Earthenware	-	-	-	-	-	-	-	-	255	2.2%
Stoneware / Oven to Tableware	-59	-0.9%	-295	-3.1%	1,135	8.4%	1,194	12.8%	947	8.3%
Stoneware / Tableware	2,627	38.5%	4,713	49.4%	6,050	44.5%	4,121	44.1%	4,845	42.5%
Crystal and Glass	-3,083	-45.2%	-2,475	-25.9%	-1,168	-8.6%	-208	-2.2%	367	3.2%
Real Estate	45	0.7%	-101	-1.1%	-134	-1.0%	-116	-1.2%	-94	-0.8%
Adjusted EBITDA	**6,825**	**100.0%**	**9,547**	**100.0%**	**13,586**	**100.0%**	**9,335**	**100.0%**	**11,388**	**100.0%**

Adjusted EBITDA Margin

Below is the Adjusted EBITDA Margin for each business area during the last 3 years and in the nine-month periods ended 30th September 2017 and 2018:

Segments	31st december (audited) 2015	2016	2017	30st september (unaudited) september 2017	september 2018
Porcelain and other products	19.0%	21.0%	17.8%	14.2%	16.2%
Earthenware	-	-	-	-	51.9%
Stoneware / Oven to Tableware	-0.9%	-2.6%	9.7%	14.3%	9.3%
Stoneware / Tableware	17.1%	28.0%	32.9%	30.2%	36.2%
Crystal and Glass	-26.3%	-23.1%	-10.1%	-2.5%	4.3%
Adjusted EBITDA Margin	**9.5%**	**12.7%**	**16.0%**	**15.3%**	**17.8%**

Distribution channels:

VAA's production is mainly distributed through three distribution channels:

- **Horeca**: direct sales and services to hotels, restaurants, airlines, yachts, cruise ships and other horeca channel companies, in Portugal and abroad (14% and 14.5% of sales on 31st December 2017 and 30th September 2018, and 12,7% and 13.1% of sales according to (unaudited) Pro-Forma Financial Information prepared with reference to 31st December 2017 and 30th September 2018, respectively);

- **Retail**: the sales and services to retail in the scope of own stores, outlets, corners, independent stores and online as previously detailed (42.3% and 43.2% of sales on 31st December 2017 and 30th September 2018, and 45.0% and 42.2% of sales according to (unaudited) Pro Forma Financial Information prepared with reference to 31st December 2017 and 30th September 2018, respectively); and

- **Private label**: the sales and services to B2B and decorators, under their own brands (43.7% and 42.3% of sales on 31st December 2017 and 30th September 2018, and 42.3% and 44.7% of sales according to (unaudited) Pro-Forma Financial Information prepared with reference to 31st December 2017 and 30th September 2018, respectively).

Retail

Complementing the business areas, VAA has an important retail chain in Portugal with 32 stores, of which 25 are VAA stores (2 of them located in factories) and 7 outlet stores (2 of them located in factories). Most of the stores are in shopping centres.

As such, the Group's current store network comprises three distinct concepts for the promotion of its brands:

- "Outlets" or Factory Stores: these are commercial spaces located next to the Group's industrial facilities in Ílhavo, Aveiro and Alcobaça; there are 8 spaces of this type;

- "Vista Alegre Atlantis Stores": is a store concept integrated with all segments of porcelain, glass and crystal that aims to encompass Vista Alegre and Atlantis store concepts in a single space and with its own image, providing a greater diversity of products and seeking to foster synergies between the various brands;

- "Corners/Department Stores": is a multi-brand stores concept in the VA segment, inserted in large department stores which allows the Vista Alegre brand to be present in a wider geographical area[22].

[22] Currently, most of the Issuer's sales and services take place in foreign markets. In particular, in European countries (such as Spain, Germany, France, Italy and United Kingdom) as well as in other countries such as Brazil, United States of America, Mexico, Mozambique and India, among others (having subsidiaries in Spain, United Kingdom, France, Brazil, United States of America, Mexico, Mozambique and India).

The retail network itself represents an important contribution to VAA 's total sales and services, accounting for around 42.5% of total sales and services in 2017, compared to 43.4% as of 30th September 2018 (compared to 41.3% according to (unaudited) Pro-Forma Financial Information prepared with reference to 30th September 2018.

In turn, the own retail network (through Vista Alegre Atlantis' stores and outlets) accounted for 43.5% of VAA's total sales and services in 2017, compared to 42.4% on 30th September 2018 (compared to 41.3% according to (unaudited) Pro-Forma Financial Information prepared with reference to 30th September 2018.

Subsidiaries

VAA operates in three broad geographical areas - Portugal, the rest of Europe and other countries. Distribution of sales and services based on the country in which the customer is located is presented below:

Subsidiárias

(values in thousand euros)	31st december (audited)						30th september (unaudited)			
Sales and services provided	2015		2016		2017		september 2017		september 2018	
Portugal	25,598	35.6%	27,465	36.4%	30,468	35.9%	19,435	31.9%	21,346	33.4%
Rest of Europe	36,811	51.2%	38,071	50.5%	44,590	52.5%	33,952	55.7%	35,330	55.3%
Others	9,422	13.1%	9,903	13.1%	9,923	11.7%	7,519	12.3%	7,245	11.3%
Total	**71,831**	**100.0%**	**75,439**	**100.0%**	**84,981**	**100.0%**	**60,906**	**100.0%**	**63,921**	**100.0%**

On 30th September 2018, VAA's sales and services provided in Portugal accounted for approximately 33% of the total, with the rest being exported mainly to European countries, including Spain, France, Italy and Germany.

VAA also has several internationally-based subsidiaries, from which VA - Vista Alegre España, S.A. ("Vista Alegre España"), VAA Brasil – Comércio, Importação e Exportação S.A. ("Vista Alegre Brasil"), Vista Alegre Atlantis Moçambique, Lda, Vista Alegre Atlantis UK LTD, Vista Alegre USA Corporation ("Vista Alegre USA"), Shree Sharda Vista Alegre Private Limited ("Shree Sharda Vista Alegre"), Vista Alegre France, SAS, and MEXICOVA, S.A., stand out. The sales of the abovementioned subsidiaries represent 14,2% of VAA's total sales in 2017, compared to 12,5% on 30th September 2018.

Vista Alegre España, which guarantees Spanish market coverage, due to its geographic proximity, plays a particularly important role in porcelain exports, accounting for approximately 6.6% of the Group's sales and services on 30th September 2018. Currently, Vista Alegre España manages about 40 spaces in the El Corte Inglés department stores, and it has focused on the development of the horeca channel and on the sales and services for retailers in Spain. The activity in this market has assumed a fundamental role in the consolidation of VAA as a benchmark player in the Iberian tableware market and is a key vector for the Group's development. It has presented consistent and continuous growth rates in recent years, which justifies the current existence of two street stores in the country, in the main cities of Madrid and Barcelona.

Vista Alegre Brasil has also assumed a leading role in recent years, contributing about 2.9% on 30th September 2018, to the VAA Group's sales and services, especially porcelain exports. The expansion of the activity in this market also justified the opening of a store under the Vista Alegre brand.

Seeking greater proximity to its customers, the VAA Group also has, through its subsidiaries, two open commercial spaces (stores) in Maputo, as well as a showroom in New York. In 2017, VAA strengthened its presence in the French market through the opening of 3 corners in the prestigious Printemps chain. In addition, the Group is represented in several geographical areas worldwide through the establishment of partnerships with local investors to foster and sustain international expansion. The existence of VAA sales outlets in Angola, Namibia, Belarus, Macao, Beijing, Kuwait, Tunisia, Mexico and the United Arab Emirates are to be highlighted in this regard (as detailed in Chapter 10.11 – “Strengths and Strategy”).

Sales and services for reference periods (ended on 31st December 2015, 2016 and 2017 and on 30th September 2018)

2015

In 2015, the Group's consolidated results continued to show a positive trend compared to the same period last year, with sales and services totalling 71.8 million euros and adjusted EBITDA showing strong growth, reaching 6.8 million euros.

With reference to December 2015, foreign markets continued to absorb most sales and services, accounting for 64% of the total. This performance was mainly due to the porcelain segment and the focus on the table stoneware segment, which was intended essentially for the European market, at that time. In sales and services for the domestic market, the porcelain segment was also dominant, accounting in that year for 74% of VAA’s total sales and services.

The continuity of the strong commitment to promoting its products in international markets led the VAA Group to the world's leading fairs in the retail and hotel sectors. These campaigns were vital in boosting the Group's presence in international markets, with a focus on expanding the distribution network and increasing its contribution to export growth.

2016

The highlight in 2016 was the strengthening of VAA's focus on international markets. In fact, sales and services to the VAA Group's export markets grew by 4% compared to the same period of 2015. As for the domestic market, this showed a very positive evolution of 7%, as a result of the business growth strategy based on its own brand stores. Overall, VAA recorded net growth of 5% in 2016.

Consolidated sales and services reached 75.4 million euros, in 2016, with the foreign market accounting for 64% of this amount. The strengthening of the commercial teams and the presence at the sector’s main international fairs raised the brand’s notoriety[23] and boosted the growth of the sales and services in the most diverse countries. In addition to the traditional destination markets for VAA Group products, such as Spain, France, Germany, Italy and Brazil, others emerged, including the Czech Republic, Colombia and Morocco.

Analysing sales and services by segment, porcelain, considered the main business of the VAA Group, with 49% of total sales and services, grew by 5%. The oven stoneware segment also saw sales and service growth that exceeded 14%.

Vista Alegre brand’s new collections achieved international recognition and have received several international design awards and won diverse prizes. All these distinctions are the result of the Company's strategic design commitment, which underlies the ambitious global expansion plan and brand repositioning through the launch of unique articles and outstanding collections in the segments of porcelain and complementary and crystal in 2016. The "Orchestra" and "Trace” collections were victorious in one of the most prestigious international competitions, the German Design Awards, being a German Design Award Winner. The 4 collections of the brand, "Carrara", "Gargoyles", "Jazz" and "Love Who You Want” received Special Mentions. The latter is the result of a successful partnership between Vista Alegre and Christian Lacroix Maison. In the crystal segment, the “Garland” collection with the German Design Award Winner prize and the collections “Swinging” and “Odeon” distinguished as the brand German Design Award Nominee 2018 should be highlighted.

[23] The prestige and recognition arising from the prizes and awards obtained (highlighting 19 international design distinctions attributed only in 2017 and its recognition as a brand to be trusted by the Portuguese consumers by Superbrands 2017), together with the Issuer’s international expansion allow for the strengthening of Vista Alegre brand’s global scale and notoriety.

2017

In 2017, the design of Vista Alegre products was once again a winner at the Red Dot Design Awards (with two prizes awarded to the “Calçada Portuguesa” and “Carrara” collections), the *Fuera de Série* prize (for the “Folkifunki” collection by Jaime Hayon) and the German Design Awards (with nine collections distinguished with the German Design Awards 2018 Nominee seal and the award of two German Design Awards 2018 – Winner prize and one for the “Precious” articles).

The “Printemps” and “Midnight” articles received for the first time Iconic Awards - Innovative Interior prizes. The “Printemps” table centrepiece, an article created by Carsten Gollnick, and the “Midnight” collection, created by the German designer Mendel Heit, Vista Alegre’s cultural heritage, contemporary design and innovative decorative techniques such as the use of sandblasting, were chosen for mention by the German Design Council at the Iconic Awards - Innovative Interior, which award iconic and innovative pieces in all areas of interior design.

In the crystal segment, the distinction of Special Mention was awarded to three collections at the German Design Award, for the articles “Frosty”, “OZ”, “Piet”.

Thus, the VAA Group maintains a strong commitment to the development of new products and new collections, based on respect for tradition and culture, with a strong connection to design and innovative character in the segment of porcelain and complementary and the segment of crystal and manual glass in 2016. Whether through collaboration with international designers or through internally developed work, Vista Alegre has managed to win market share due to its identity. The diverse innovation, research and development projects also reflect this consolidated commitment to a more diversified range and adapted for different markets.

One of Vista Alegre's most recent ventures, which may soon be translated into a new business area, is the recently introduced ceramic and crystal lighting collection. The new Vista Alegre lighting collection marks a new milestone in the brand's range by promoting a differentiated and innovative approach to decorative lighting. This new collection is composed of four lamps that are distinguished by having an organic and contemporary design.

The presence in the crystal business area has also been enhanced by combining innovative and distinctive decorating techniques to offer differentiated and reinvented articles in delicate crystal. In this segment it is important to highlight the recent strategic focus on the luxury packaging market, namely bottles of cognac. The potential for growth in this segment is significant, and may branch out into other types of products, such as other spirits and perfumes.

A collection was also recently presented in the glass segment that consists of a set of articles created from the combination of contemporary design with ancestral techniques of handmade production of coloured glass and crystal, marked by colours, silhouettes and textures without using moulds in the production.

The year of 2017 was a positive year for VAA, marked by the strengthening of the Group's results and enhanced recognition and global scale of the Vista Alegre brand[24]. International expansion, the development of continuous improvement processes and the improvements implemented in operational efficiency, as well as the focus on innovation, made a positive impression on the year 2017.

It should be noted that the good operational performance of the VAA Group in 2017 was a result of its sustained growth, reflected in a consolidated net profit of 4.2 million euros. The

[24] The prestige and recognition arising from the prizes and awards obtained (highlighting 19 international design distinctions attributed only in 2017 and its recognition as a brand to be trusted by the Portuguese consumers by Superbrands 2017), together with the Issuer’s international expansion allow for the strengthening of Vista Alegre brand’s global scale and notoriety.

foreign market is a strong driver of sales and services, where exports reached 64% of the VAA Group's global sales and service, more precisely 54.5 million euros, mainly in Europe and Asia.

September 2018

As of 30th September 2018, Vista Alegre has once again been internationally recognised and awarded with 16 prizes, among which four in the crystal and glass segment. Among these prizes, the European Product Design Awards, with the collections “Cannaregio”, “Hyrb”, “Maya” and the glasses “Bicos Bicolor” should be highlighted. VAA’s innovative design as a Portuguese brand of crystal and glass has once again surprised the jury of that international contest. Likewise, until this date, Bordalo Pinheiro has achieved 2 German Design Award – Winners and 3 German Design Award – Special Mentions with the collections “Sardinha made by You” and “Packaging Figurões”.

In the nine-month period ended 30th September 2018, Vista Alegre continued to perform well in the first semester of the year, with net profits of 3.7 million euros, continuing the good results achieved at the end of 2017. Sales and services increased 5% to 63.9 million euros and the Adjusted EBITDA increased by 22% to 11.4 million euros on 30th September 2018, when compared to that of 30th September 2017.

The foreign market continues to be the great driver of this good performance, with 42.6 million euros in sales and services on 30th September 2018, representing 66.6% of Vista Alegre’s sales and services, an increase of 5% compared to 30th September 2017. This increase is explained by the growth of the business in new markets, especially in Europe and Asia. In Europe, France and Italy are the fastest growing countries. In the domestic market and with reference to 30th September 2018 the value of sales and services was 21.3 million euros, based on the business of its own brand stores and Vista Alegre’s strategy of consolidation, which focused on this channel in Portugal.

It should be noted that VAA Group’s business is subject to some seasonality, which occurs for sales and services rendered in its own brand stores. In December, sales and services are about 3 times the averages recorded for the same channel in the other months of the year. The sales and services of this channel totalled 11.3 million euros in the nine months of 2018, while in December they usually reach values equal to or greater than the sum of the first full quarter (in December 2017, sales and services reached 3.8 million euros).

10.7. Acquisition of Cerutil and Bordalo Pinheiro

Following VAA's reorganization program, which included the capital increase carried out in December 2017, VAA continued this process with the recent acquisition of Cerutil and the Bordalo Pinheiro (through Bordalgest, which is totally owned by Cerutil and has, in turn, a 83.99% stake in Bordalo Pinheiro), as well as the disposal of VA Grupo on 31st August 2018, thus having completed in September 2018 the aforementioned reorganization program.

The objective of these operations was to concentrate all the stakes in the ceramics sector in VAA, to strengthen the Company's position in the context of the sector and the competing companies, giving VAA a greater dimension, diversification and provide the exploitation of the centenary brand "Bordallo Pinheiro".

With these acquisitions, Cerutil and Bordalo Pinheiro have maintained their shared services agreement with Grupo Visabeira (accounting, financial, legal, logistics, human resources, information systems areas) unaltered.

Cerutil

Cerutil is a company created in 1992 and has a modern factory in Sátão, which has more than 15,000 m^2 of production area, specialized in the production of oven and table stoneware, which seeks to offer customized solutions for the specific characteristics of each market.

Bordalo Pinheiro

Bordalo Pinheiro is the owner of the Bordallo Pinheiro brand and the Fábrica de Faianças Artísticas Bordallo Pinheiro (Bordallo Pinheiro Artisan Earthenware Factory), founded in 1884 in Caldas da Rainha. Throughout its 134 years of existence, the company has established itself as a brand responsible for the conception and production of a gallery of technical high-quality, artistic and creative utilitarian ceramics pieces, including tiles, panels, vases, table's center pieces, basins, bowls, mugs, plates, bottles of perfume and giant animals, which have become an artistic reference worldwide. Adopting a modern and entrepreneurial attitude, the Bordalo Pinheiro plays an essential role in the national and international revitalization of Portuguese ceramics and the artistic heritage of the Fábrica de Faianças Artísticas's founder Raphael Bordallo Pinheiro.

Both Cerutil and Bordalo Pinheiro have shown strong growth and increasing profitability in recent years.

Acquisition and disposal operations in the scope of VAA's reorganization

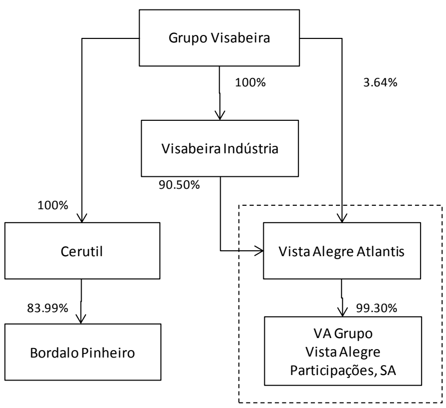
The acquisition of Cerutil, Bordalgest and Bordalo Pinheiro from the company Grupo Visabeira SGPS, S.A. was accomplished for the global price of 48.5 million Euros. On the other hand, the operation of disposal of 100% of the VA Grupo's share capital to the company Visabeira Imobiliária was carried out for a total amount essentially corresponding to the fair value of the various non-operational real estate assets held by VA Grupo, for a total of 21.7 million Euros.

In net terms, the Recent Acquisitions and the Sale of VA Grupo generated an account payable to companies of the Visabeira Group amounting to 26.9 million Euros (corresponding to the difference between the prices of the transactions referred to in the previous paragraph), thus resulting in shareholder’s credits in this amount as counterpart for VAA.

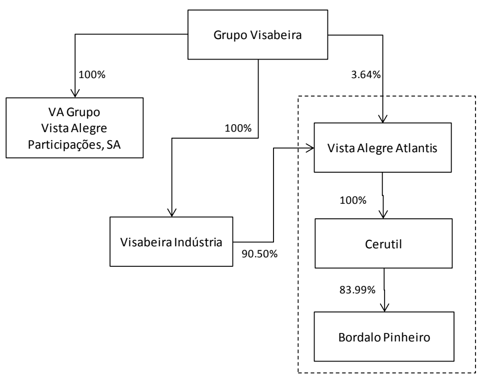
Furthermore, from the referred acquisition and sale operations resulted a debt of VAA towards Visabeira Group in the amount of 26.9 million Euros on 30th September 2018. This amount has a payment plan of 50% (13.4 million euros) until 31st December 2018 to which 234 thousand euros in interest accrue, and the payment of the remaining 50% (13.5 million euros) shall be deferred in 12 quarterly payments, from 30th January 2020 until 30th September 2023, accruing interest at a 12-month Euribor rate, when positive, adding a fixed margin of 4%, the amount to be paid until 31st December 2018 being 13.4 million Euros (concerning the payment plan of this balance, we refer to Chapter 12.2 – “Financial Resources”).

The relationship between VAA, the acquired companies and the Visabeira SGPS, SA Group undergoes a summary restructuring according to the following scheme of related interests:

Participation before reorganization



Participation after reorganization



The Pro Forma Financial Information included in this Prospectus present the impact of the operations resulting from the reorganization process described with reference to 31st December 2017 and 30th September 2018 (see Chapter 6 - "Pro Forma Financial Information").

<u>Products and Markets after the Recent Acquisitions</u>

With the incorporation of Cerutil and Bordalo Pinheiro into the VAA universe, the company's activity is now organized in five business areas: porcelain and complementary (including tableware, decoration, giftware, special editions, hotelware and cutlery), crystal and manual glass (which includes crystalware, decoration and glassware), table stoneware (tableware), oven stoneware (tableware and hotelware) and earthenware (tableware, giftware and special editions).

These recent acquisitions reinforce its position in the oven and table stoneware markets and aim to give greater diversification to its business segments in line with the strategy disclosed to the market, as well as to strengthen the financial position of the Vista Alegre Group. With the integration of Cerutil and Bordalo Pinheiro, the Company's turnover reached 92.7 million Euros and 70.4 million Euros as of, respectively, December 2017 and September 2018, corresponding to an Adjusted EBITDA of 16,8 Million Euros and 13.4 million Euros and to an Adjusted EBITDA Margin of 18.1% and 19.0% by reference, respectively, to December 2017 and September 2018 (in unaudited pro forma figures).

Still following the Recent Acquisitions, VAA now has 9 production units in Portugal located in Ílhavo, Caldas da Rainha, Marinha Grande, Sátão, Aradas and Esgueira.

The new segment of the earthenware represents approximately 6.6% and 3.5% (in unaudited pro-forma amounts) respectively on 31st December 2017 and 30th September 2018 of VAA's total sales and services, while the porcelain and complementary segment remains as the most relevant.

The following table illustrates VAA's total sales and services provided by segment with reference to 30th September 2018 (in unaudited pro-forma amounts):

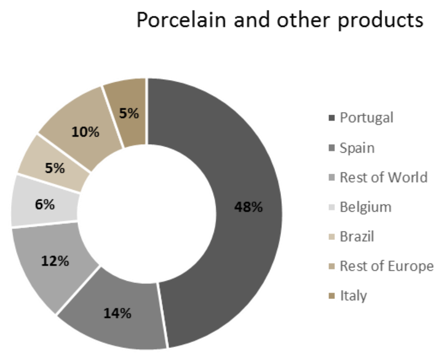
	Sales and services provided		EBITDA Adjusted	
Segments	**Value**	**%**	**Value**	**Margin**
Porcelain and other products	28.8	40.8%	5.1	17.8%
Stoneware / Oven to Tableware	13.4	19.0%	4.9	36.2%
Stoneware / Tableware	15.1	21.4%	1.9	12.7%
Crystal and Glass	8.6	12.2%	0.4	4.3%
Earthenware	4.6	6.5%	1.1	23.7%
Total	**70.4**	**100.0%**	**13.4**	**19.0%**

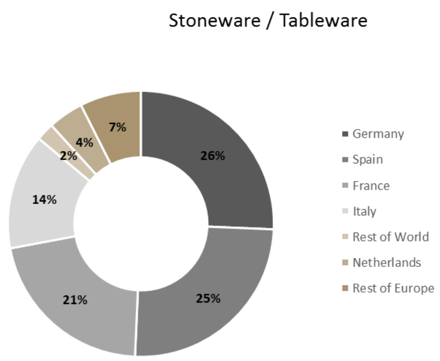
As a company with a significant export orientation, VAA after the Recent Acquisitions presents a turnover outside Portugal corresponding to around 67% and 70% of total sales (in unaudited pro forma amounts for 2017 and 30th September 2018). The most significant segments in terms of foreign markets are table stoneware, oven stoneware and crystal and manual glass, as detailed in the following table, with reference to 30th September 2018 (in pro forma and unaudited amounts):

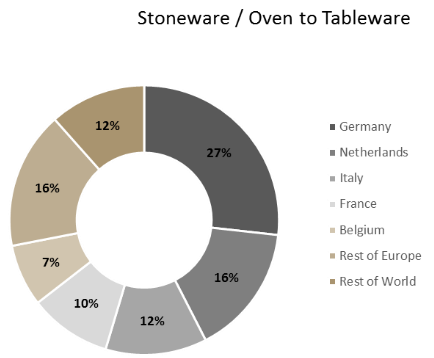
Markets	Total	Porcelain and other products	Stoneware / Tableware	Stoneware / Oven to Tableware	Crystal and Glass	Earthenware
Portugal	31%	48%	3%	5%	38%	67%
Rest of Europe	57%	35%	95%	84%	56%	24%
Others	12%	17%	2%	12%	6%	9%

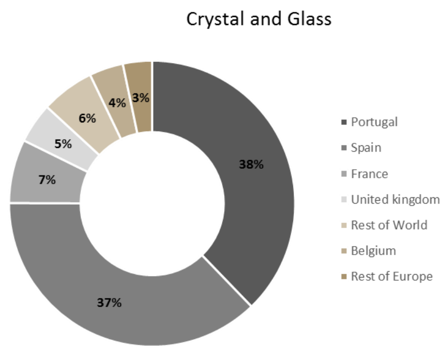
Although Portugal continues to be the main market in the segments of porcelain and complementary, earthenware and crystal and manual glass, stoneware production is mainly focused on foreign markets. Spain (12% and 16%), Germany (11% and 11%), France (11% and 8%) and Italy (8% and 8%) are VAA's main external markets (in unaudited pro-forma amounts on 31st December 2017 and 30th September 2018).

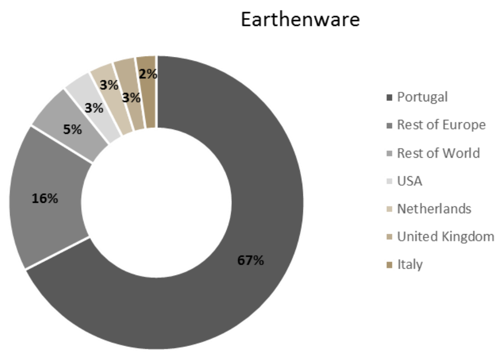
The distribution of sales volume and services rendered by geography and business segment is broken down in the graphs below (in unaudited pro-forma figures on 30th September 2018):











The acquisitions of Cerutil and Bordalo Pinheiro have brought increment in the quantities produced, with these factories having a productive capacity of 4 and 1 million pieces, respectively.

In turn, after the Recent Acquisitions, the weight of operating costs in the VAA Group is as follows (in unaudited pro-forma amounts as of 30th September 2018)[1]:

Pro-forma (% total costs)	30th september 2018
Raw material	25.8%
Energy (Electricity and Gas)	8.8%
Personnel costs	43.3%
Marketing	1.7%
Rentals	3.7%

[1] The remaining 16.7% of the operational costs are divided by several items: Commissions, Maintenance and Repair costs; Merchandise Transportation; Specialized Labor; Travelling and Accommodation expenses and further Supplies and Services.

10.8. Legislation Applicable to the Issuer's Business

The Issuer's business, as a public limited company, is regulated by the PCC and other applicable legislation, as well as by its Articles of Association.

The Issuer is also subject to the legal scheme for holding companies contained in Decree-Law no. 495/88, of 30th December, as amended.

As a publicly traded company with securities admitted to trading, the Issuer is subject to the provisions of the PSC, and the CMVM and Euronext regulations applicable to it.

The Issuer's business is also regulated, according to the place of activity, by the directives and regulations of the European Union, by the laws of the Member States and of other States, to the extent applicable.

10.9. Main Events

On 22nd December 2017, VAA concluded a share capital increase in the amount of EUR 29,419,455.12, through the issue of 367,743,189 new shares representing VAA's share capital at the subscription price of EUR 0.14 each, of which:

- Cerutil subscribed 357,142,858 shares in the form of contributions in kind through the conversion of credits that it held over VAA in the amount of EUR 50,000,000.12, and also 5,975,974 shares offered for public subscription following the commitment it assumed to subscribe all left-over shares after subscription by the remaining shareholders;

- The remaining 4,624,357 shares were subscribed as part of the public offering for subscription through the exercise of rights and requests for additional subscription through apportionment by the shareholders that comprise VAA's free float.

Subsequently, on 27th December 2017, Visabeira Indústria acquired from Cerutil in a transaction outside the stock exchange 1,252,453,447 shares representing VAA's share capital, becoming the direct holder of 1,253,923,847 shares representing 82.27% of VAA's share capital.

Through a purchase and sale agreement entered into on 28th December 2017, Visabeira Indústria acquired, on that date, from Portugal Capital Ventures - Sociedade de Capital de Risco, S.A. company, as the managing entity of the FCR Portugal Ventures Grandes Projetos de Investimento venture capital fund, a total of 125,000,000 shares representing 8.20% of VAA's share capital. Because of this acquisition, Visabeira Indústria became the direct holder of 1,378,923,847 shares representing 90.48% of VAA's share capital.

In August 2018, VAA acquired from the company Visabeira Group, SGPS, S.A. 100% of the share capital of the company Cerutil, a company which holds 100% of the share capital of Bordalgest, which, in turn, holds 83.99% of the share capital of Bordalo Pinheiro, for the total price of EUR 48,500,000 (forty-eight million five hundred thousand euros).

The sale of 100% of the share capital of the VA Grupo to Visabeira Imobiliária, SGPS, S.A. was also completed, for a total price of 21,7 million euros. The company in question is the sole owner of several non-commercial properties, which are valued at their respective fair value.

The net value of the abovementioned Recent Acquisitions and the VA Grupo sale (intragroup transactions) corresponds to EUR 26.8 million in favour of the Visabeira Group's companies.

On 29th August, 2018, the General Meeting of the VAA resolved to (i) reduce the capital stock by 0.24 euros to 121,927,316.80 Euros, represented by 1,524,091,460 shares, with a nominal value of 0.08 Euros, upon cancellation of the 3 own shares of VAA that had been donated by its shareholder Visabeira Indústria and, after this capital reduction, (ii) to proceed, pursuant to Article 23 of the PSC, to the re-grouping of the 1,524,091,460 shares representing the share capital of the company, by applying a regrouping coefficient of 1:10, corresponding to every 10 (ten) shares 1 (one) new share, with a rounding by excess for the nearest whole number except in the case of Visabeira Indústria. The regrouping took effect on 17**th** September 2018.

Within the scope of the statutory authorization granted by the General Meeting on 12th October, 2018 (in which it was also decided to eliminate the pre-emptive rights of shareholders in the subscription of the capital increase that would take place) of 27th November 2018, VAA's Board of Directors resolved this capital increase in the amount of EUR 17,418,188.00 (seventeen million, four hundred and eighteen thousand, one hundred and eighty-eight Euros), through the issuance of 21.772.735 shares representing 12.5% of VAA's share capital, to subscribe within the Offer and the Institutional Offer, with the suppression of the pre-emptive right of the shareholders and with no incomplete subscription, with VAA's share capital becoming EUR 139,345,504.80 (one hundred and thirty-nine million, three hundred and forty-five thousand, five hundred and four Euros and eighty cents), represented by 174,181,881 shares.

In addition, the disposal of 8,709,094 VAA Shares already issued also within the Offer and the Institutional Offer, was subject to a resolution of the Offeror's Board of Directors adopted on 27th November of 2018 (the Board of Directors having delegated powers, in the scope of the same resolution, for the purposes of exercising the Offeror's ability to, until 12th December of 2018 after the end of the Offer Period, increase the number of VAA Shares, on its own exclusive initiative, after consulting with VAA and the Offer's Global Coordinators and taking into account the market conditions (the Offer and the Institutional Offer to sell from the Offeror will then comprise 21,772,735 VAA Shares, should such ability be exercised).

10.10. Trend information

The Company's strategic vision, throughout the period of more than 190 years of its history, has remained dedicated to the Vista Alegre brand's global recognition as one of the world's leading brands for prestige, quality and design. In this sphere, it has strengthened its commitment to internationalisation and relevant strategic partnerships to create added value for customers and shareholders, while maintaining a strong connection to its culture and design.

Innovation and customer relations in this highly competitive sector, translated into the satisfaction of customers' needs, the quality and differentiation of the products, together with constant technological updates, are critical factors to increase productivity and efficiency levels and to promote sustainable growth.

VAA has sought to maintain a proactive attitude in addressing its main competitive challenges. Accordingly, the latest years have been guided by a strong and coherent focus on the modernisation of different productive processes with the introduction of innovative products to its range. It is essential, in order to maintain competitiveness, to continue to evolve and to redesign key production processes that incorporate technological developments in manufacturing processes. On the other hand, it is important not only to improve the levels of productivity in processes that still form part of a more traditional matrix, but also to maintain the "added value" character that these processes contribute to Vista Alegre articles, as well as being equipped with the necessary mechanisms to intensify its internationalisation strategy.

This commitment to internationalisation has fostered the development of new products and the diversification of solutions and articles for different markets and business segments, giving rise to new productive challenges. Likewise, increasing competitiveness, customer demand levels and product specifications are constant challenges that have led to the search for new, more efficient, expeditious and rigorous manufacturing processes. These ensure the Company maintains a constant search for new knowledge.

The development of new, better optimised and innovative production processes affords the Company greater, faster responsiveness, with a key focus on increasing efficiency and sustainability, able to respond to the intensification of the strategy and commercial efforts.

Thus, to flexibly respond to the growing diversity of markets and products, it is necessary to enhance its capacity to develop solutions adapted to the needs of its markets, and to constantly evolve, supported by the commitment to process and product innovation.

VAA understands that, to strengthen its position in the value chain, it must focus on a range that respects the highest quality standards and that adds value to the final products, based on a close and permanent relationship with its customers and partners that associate their name to the Vista Alegre brand.

Vista Alegre's growth strategy for the coming years is based on the following main vectors, maintaining the aim of being one of the benchmark brands in its segments at international level:

- Development of new products in the current segments and entry into new segments, adding value and differentiation, which it treats as a constant concern;
- Reinforcement of the Vista Alegre brand’s positioning as a premium brand and the launch of Casa Alegre and Cook & Serve as secondary brands;
- Positioning Vista Alegre in international trend-setting centres by establishing partnerships with prestigious brands and collaborating with internationally renowned designers, fine artists, architects, illustrators, filmmakers, sculptors, and writers;
- Constant updating and modernisation of its own brand points of sale, adjusting them to global retail trends;
- Exploitation of new sales channels and continuing the focus on internationalisation (France, Italy, Mexico and India being the priority markets in which VAA will continue to make its efforts);
- Strengthening commercial teams in the main markets and channels;
- Decreased dependence on sales through third party retailers in each channel, for greater control of processes and customers through new online and offline points of sale;
- Customer Relationship Management policy oriented towards customer loyalty;
- Communication through collaboration with opinion makers and presence on social networks;
- Focus on constant innovation and research to create highly differentiated and value-added products;
- Modernisation of the productive process, maintaining a balance between classic methods and manufacturing using new productive methods.

In the first nine months of 2018, the Issuer continued its upward trend in results, with a 5% increase in sales and services in relation to the previous year, as well as an improvement in operating performance, with an increase in Adjusted EBITDA of 22% in relation to its equivalent period.

Internationalisation continues to be the Issuer’s focus, so it is expected that the completion of the various investment projects (CAPEX) in progress will afford an increase in international sales and services and improve productivity and operational efficiency, allowing it to achieve improved profitability levels and, consequently, better results.

10.11. Strengths and Strategy

In the context of the Issuer's economic and financial reorganisation process, with the change in the consolidation perimeter, several initiatives were implemented within the framework of the restructuring guidelines, because of which there have been significant positive impacts on the Group’s performance and current situation.

The Issuer's main strategic objectives are sustained growth, the internationalisation and differentiation of its products, based on the knowledge it has regarding its manufacturing processes and markets. The growing focus on quality and the incorporation of new designs in its products have been crucial for the rejuvenation and modernisation of the brand, fostering the loyalty and broadening of its customer base. The set of actions identified in the previous item thus falls within this global perspective and within a clearly oriented vision for the growth and strengthening of VAA’s market positioning in its core business sectors.

VAA aims to take advantage of the opportunities presented by the new consumption and growth trends that the different markets offer, reinforcing its position in existing markets and exploring repositioning in new markets to take advantage of its widely recognised strengths.

Strengths

VAA believes that its business benefits from the following strengths:

Portfolio of high-quality products

In line with ever-changing consumer preferences and the growing consumer trend for more sophisticated purchases that focus on design and quality, VAA has remained true to its values and principles to produce a portfolio of high-quality products.

Such a quality is forthwith revealed in the porcelain and crystal segments by the international design prizes with which VAA has been awarded. Only in 2017, the Company received 19 international awards in 2017, including honours from the Red Dot Awards, Good Design Awards and German Design Awards. In the first nine months of 2018 Vista Alegre has been internationally recognized and awarded again, this time at the European Product Design Awards, with the collections “Cannaregio”, “Hyrb”, “Maya” and the glasses “Bicos Bicolor”. For further details regarding such distinctions, see Chapter 10.6 – “Issuer’s Business” in which this information is presented with reference to the accounting years of 2016 and 2017 and to the interim period ended 30th September 2018.

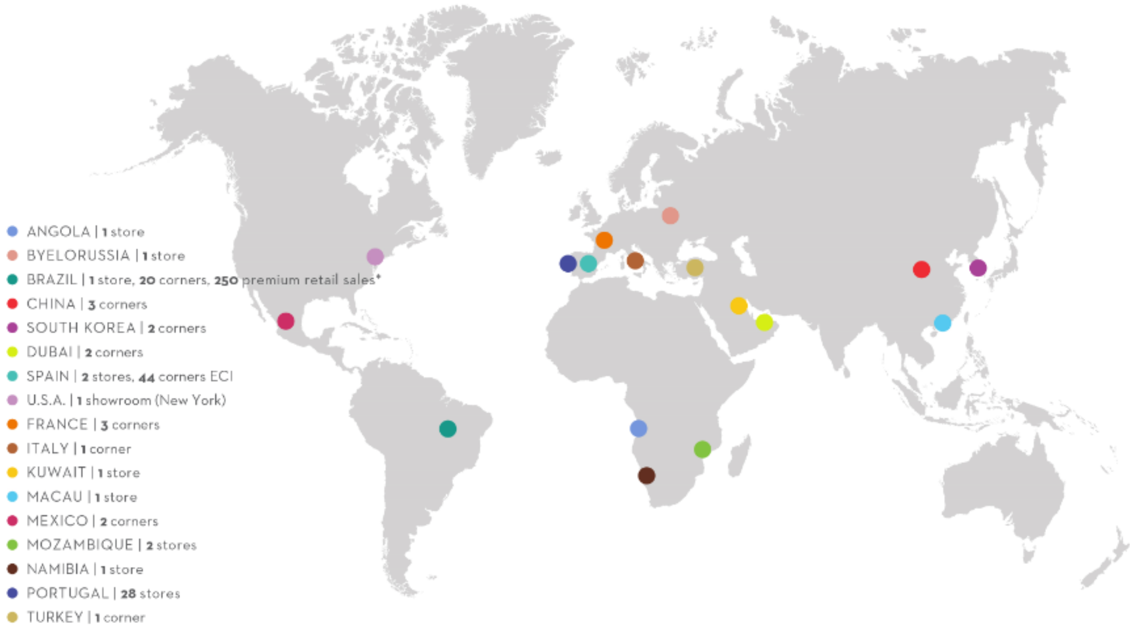
The general quality of VAA’s business segments is also due to the Company’s quality control process. The Company's quality control examines the products throughout all phases of the production process, including laboratory testing, product characteristics control and product shipment audits. In addition, VAA is certified by several of its main customers, constituting a requirement for the continuity of these agreements, especially in terms of environmental and social impact, hygiene, and safety. These efforts have enabled VAA’s Quality Management System to be certified by an independent entity (ISO 9001 Certificate) and for the brand to be recognised by Portuguese consumers as a Superbrand.

Finally, VAA’s portfolio shows the diversity of products it offers, particularly tableware, bar and wine, decoration, giftware, lighting, cookware, cutlery and artistic articles.

Extensive international presence

VAA’s exports in 2017 accounted for approximately 64% of total sales, reflecting VAA's business plan with a strong focus on internationalisation (compared to 67% on 30th September 2018). It is worth mentioning the existence of a renewed, extensive retail network, and well-located points of sale with good geographic coverage, affording VAA an extensive worldwide presence (82 countries).

VAA's international presence extends to the United States, Brazil, Mexico, India, Spain and France, as well as to other countries in Europe, South America, the Middle East, Asia Pacific and Commonwealth of Independent States. Its products are marketed through three main distribution channels (retail, horeca channel and private label), as detailed in Chapters 10.5 "History", 10.6 "Issuer's Business" and 11 - "Analysis of the Issuer's operation and financial situation" of this Prospectus and in the table below:



*Premium segment resellers

National market leadership, growing international relevance and a global brand

Vista Alegre enjoys high prestige, along with recognition of the quality associated with its products. These characteristics cut across the diverse segments in which VAA is positioned, from retail to the more specialised and demanding segments.

This prestige is demonstrated by the many awards and distinctions that the Vista Alegre brand has won over the last few years (described above and in Chapters 10.5 – "History" and 10.6 – "Issuer´s Business" and emphasising 19 international design distinctions attributed only in 2017 and its recognition as a confidence brand for the Portuguese consumers by Superbrands also in 2017). This affords great visibility and has therefore been a crucial factor in positioning VAA as a highly relevant competitor in the context of the utilitarian and decorative ceramics and crystal industry.

In effect, VAA's competitors throughout its entire product line are local and international brands, with a growing presence of Asian producers.

VAA has maintained a leading position in Portugal[25] in utilitarian and decorative ceramics and crystal market, as well as a large relevance in the international markets[26], where its broad presence and sales growth in recent years have enabled the Company to compete directly with the largest companies in the sector.

[25] Based on the Issuer's analysis taking into consideration the amount of annual revenues in 2017 of the main national companies of the utilitarian and decorative sector, as better describer in Chapter 10.2 – "The Market".
[26] Based on the Issuer's analysis taking into consideration the turnover, EBITDA and EBITDA Margin in 2017 of the main international companies in the utilitarian and decorative ceramics and crystal sector, as better described in Chapter 10.2 – "The Market".

The strategy focused on improving operational efficiency and productivity is now reflected in an Adjusted EBITDA Margin higher than that of most of its major international competitors (as better described in Chapter 10.2 - "The Market").

The abovementioned prestige and recognition arising from the awards and distinctions obtained, together with the referred to international expansion, allow for a support of the global scale and notoriety of the Vista Alegre brand (see, for further detail, this Chapter and Chapters 10.5 – "History", 10.6 - "Issuer's Business", 10.10 – "Trend information" and 10.11 – "Strengths and Strategy" (portfolio of high-quality products).

Positive evolution of turnover and Adjusted EBITDA Margin

VAA's strategic focus on providing an increasingly diversified portfolio of high-quality products, enhancing brand recognition, boosting its international presence, expanding partnerships and investing in innovation and efficiency has enabled the Company to make positive financial progress in recent years.

The value of sales and services grew at a compound annual growth rate (CAGR) of 8.8% from 2015 to 2017. In effect, the turnover has increased in the last 5 years from 54.2 million Euros in 2013 to 85 million euros in 2017 (in accordance with the annual report and accounts concerning these accounting years).

Adjusted EBITDA growth of 41.1% in CAGR over the same period is also significant. The Adjusted EBITDA Margin also improved, increasing from 9.5% in 2015 to 16% in 2017 (for further details on the financial and economic evolution see "Other financial and operational data" in Chapter 5 – "Selected financial data of the Issuer"), because of recent improvements in operating efficiency, economies of scale and cost reduction initiatives. As detailed in Chapter 10.13 – "Investments (CAPEX)", VAA maintains ongoing investments that seek to continue its operating and productivity improvement in diverse segments and enable production with higher added value.

VAA's abovementioned positive evolution is due to: (i) a evolution of the Adjusted EBITDA Margin from 9.5% in 2015 to 16% in 2017; (ii) the growth in turnover from 54.2 million Euros in 2013 to 85 million Euros in 2017 (in accordance with the annual reports); and (iii) the diversification of market segments (Porcelain, Table Stoneware, Oven Stoneware, Earthenware and Crystal/Glass) and a broader international coverage.

Innovation

In a context of increasing market competition, VAA has continuously invested with a special focus on innovation to update production processes and to maintain quality and design standards that outmatch those of its competitors.

VAA stresses a commitment to fuse craft methods with the most advanced technology, and to invest in research and development projects, as done in recent years.

In 2015, VAA began automating the Ria Stone plant and started the "Decorglass" project, in partnership with the University of Aveiro, that focuses on the limitations of glass decoration techniques and the development of a new range of glass.

The following year, VAA modernised the Vista Alegre factory to enable better storage, management and logistics. New porcelain production technologies were implemented that have resulted in improved quality, productivity and energy efficiency benefits. The "M2G2" R&D project began with the aim of developing new pieces of high value-added earthenware, created using top quality pastes and varnishes, while the Casa project sought to develop new tableware products.

New manufacturing methods were introduced in 2017, using single-firing and digitally decorated table stoneware units. Fundamental changes were also made at the Ílhavo plant.

The Company has introduced several technologies in 2018, particularly for process improvement by incorporating several phases of the production process into one, creating unique product forms, circular economies or process automation and energy savings.

These strengths have generated a sustained competitive advantage which, together with the brand's value, enable added value to be created.

Strategy

VAA's strategy for the coming years and detailing the strategic lines set out in Chapter 10.10 – "Trend information", is based on three fundamental pillars that aim to strengthen the Group's position in the market and consequently make VAA a reference in various segments:

- **Commercial**, through: (i) consolidating its presence in markets where already operates while simultaneously expanding its presence to new markets by opening its own stores in cities such as Paris, New York, Milan, London, Dubai, Hong Kong and Tokyo; (ii) strengthening local business teams, with a view to continuing to improve management, deepen market knowledge and expand trade relations (including reinforcing its trade efforts in South Korea, China, Russia and the Middle East); (iii) improvement of its communication strategy, taking advantage of the visibility provided by social networks; (iv) the development of the horeca channel through the continuous search for partnerships with luxury hotel chains and restaurants and the development of its online sales channel; (v) the development and quality of its portfolio of distinctive and value-added products, for example in relation to high-quality lighting;

- **Operational**, focusing on innovation in its products, processes and management practices, through: (i) new product development projects in collaboration with suppliers, designers and knowledge centres; (ii) the development and installation of new equipment to improve efficiency, in terms of quality and productivity, energy efficiency, safety and environmental sustainability; (iii) focus on the continuous monitoring of all equipment and processes, in order to monitor the key performance indicators and objectives in real time, which enables an improvement in operational performance;

- **Partnerships/Design**, to maintain and obtain new important partnerships with luxury brands in diverse areas such as fashion, watchmaking, decoration and furniture, namely Oscar de la Renta, Lacroix, Pineda Covalin, among others, and also to continue to collaborate with internationally renowned artists.

A strategic plan is also defined for the diverse segments in which the Group operates:

- **Porcelain and complementary**, where the focus is increasingly on the luxury segments and product differentiation, through establishing partnerships with renowned artists in the fields of painting, sculpture, architecture and literature and the focus on decoration and house products (such as textiles, glasses, candles, cutlery and furniture), in order to foster the ongoing commitment to the creation and production of distinctive articles with high added value, and the inclusion of Lifestyle products in the brand's portfolio.
- **Oven stoneware**, with a focus on impulse purchases, through the opening of small stores located in areas with heavy footfall numbers, and also to develop a line of kitchen accessories.
- **Table stoneware**, where it intends to maintain the partnership with IKEA through its Ria Stone subsidiary, the contract for which was recently renewed until 2026.
- **Crystal and manual glass**, with the main goal being the diversification of the luxury segment, through the introduction of new elements such as lighting and blends based on gold, silver and porcelain, as well as the expansion of the Company's performance in the B2B segment through partnerships with international luxury product brands.

- **Earthenware**, through the increase and diversification of its portfolio focused on hotels, originating from the distinctive pieces created and produced at Bordalo Pinheiro. This segment came with the purchase of Bordalo Pinheiro (a subsidiary of Cerutil).

The Issuer's goals regarding its investments (CAPEX) have always been (i) to improve the Group's competitiveness in the market, (ii) to attain an ever greater international recognition of the Vista Alegre brand, through the manufacture of products with high added value, allowing better sales at reduced costs and (iii) to improve the production processes, by reducing waste and scrap and further increasing their strength and quality, while also improving efficiency and production capacity with a shorter production time.

Internationalisation and innovation are the Group's primary focus which guides its business strategy. It aims to increase international sales and services, improve productivity and operational efficiency, and reinforce its global positioning, ensuring improved profitability levels and consequently better results.

10.12. Dividend policy

In the last years, namely during the period covered by this Prospectus, due to the accrued losses and substantial investments (CAPEX) made in the scope of the restructuring of the Issuer and also to the restrictions arising from the Syndicated Loan obtained by Vista Alegre Atlantis, S.A. and the Offeror from Caixa Geral de Depósitos, S.A. and Banco Comercial Português, S.A., no dividend policy was defined nor were dividends distributed to shareholders.

In particular, under the terms of the Syndicated Loan, VAA is subject to restrictions on dividends' distribution, reimbursement of shareholder loans and/or provision of other forms of remuneration to its shareholders as they are in force, i.e., until the end of 2026.

As mentioned in Chapter 4.2 - "Use of proceeds" of the Prospectus, the Issuer intends to apply part of the Subscription Proceeds to the full repayment of that Syndicated Loan obtained by Vista Alegre Atlantis, S.A. and at least 11.9 million Euros to the payment of part of the shareholder debt obtained from the Offeror and, in turn, the latter intends to apply the whole of the Sale Proceeds and the abovementioned 11.9 million Euros to the partial repayment of the abovementioned Syndicated Loan (in, at least, 20.2 million Euros).

In this context, and to the extent that, within the Offer and the Institutional Offer, the full subscription of the Share Capital Increase and the sale by Visabeira of at least 8,709,094 Shares for Sale takes place (corresponding to a gross revenue by the Issuer and the Offeror of at least 30,481,829.00 Euros as a result of the subscription/sale at the minimum price provided by the price range of the Offer and the Institutional Offer and allowing the allocation of an amount of, at least 25,370,679.22 Euros of that revenue to the repayment of the Syndicated Loan), the Issuer intends to proceed to the full repayment of that Syndicated Loan regarding the borrower Vista Alegre Atlantis, S.A. and the Offeror intends to make a partial repayment of the abovementioned Syndicated Loan, under the terms described in Chapter 4.2 – "Use of proceeds", and within that scope obtain the release of VAA from the abovementioned contractual restrictions arising from the Syndicated Loan agreement. The negotiation of the release from such restrictions has already started in the context of the consent obtained from the financing banks as to the execution of the Offer and the Institutional Offer under the terms of the declaration of pledge cancellation mentioned in Chapter 8 – "Description of the Offer" and with the revenue allocation mentioned in said Chapter 4.2.

Thus, VAA's Board of Directors approved a policy of stable and sustained growth of the dividends referring to the accounting year 2019 and subsequent years, envisaging that the company shall declare and pay dividends that represent at least 30% of VAA's net profit adjusted to non-current items and ascertained in the respective accounting year, applicable in a situation of success of the Offer and the Institutional Offer and assuming the application of part of the Subscription Proceeds and of the whole of the Sale Proceeds to the repayment (full from Vista Alegre Atlantis, S.A. and partial from the Offeror) and of VAA's release of the abovementioned constraints arising from the Syndicated Loan (in both cases under the terms better described in Chapter 4.2 – "Use of proceeds") and still subject to further terms provided in the following paragraphs of this Chapter.

In any case, the distribution of dividends is subject to the legislation in force and to the Articles of Association, which determine that the distribution of profits for the year, after deduction or reinforcement of provisions and reserves imposed by law, will be dependent on a proposal from the management body prepared and approved based on the accounts for the year and is subject to a favourable resolution of the General Shareholders Meeting by a simple majority of the votes cast, taking the dividend policy existing at any moment into account.

VAA's Board of Directors may adjust such dividend policy in the future, if necessary or convenient to the corporate interest, in order to reflect, among other things, changes to the business strategy and capital needs, so any future dividends depends from the conditions verified in that moment, including consolidated and individual net income, gains, financial situation, reserves, availability of legally distributable funds and future prospects, and therefore no guarantee can be given that in a given year will be proposed, declared and/or distributed dividends.

Furthermore, and considering that the scope of VAA's activity is the management of shareholdings as an indirect form of economic activity, its ability to pay dividends substantially depends on its operating subsidiaries earning profits and distribution to VAA (which is independently determined by each subsidiary's competent corporate bodies, in accordance with dividend distribution rules applicable to each of the involved subsidiaries and according to the situation, namely financial, accounting and operational, and to the prospects of each subsidiary).

10.13. Investments (CAPEX)

Following the acquisition of the Issuer by the Visabeira Group in 2009, an ambitious restructuring and investment process (CAPEX) was launched. It focused on different aspects of the Company, particularly operational, productive or commercial, among others.

The share capital increase operation that followed contributed decisively to the Company's ability to implement that investment plan (CAPEX) which focused primarily on:

- Restructuring its own retail network in Portugal and Spain;
- Investments (CAPEX) in marketing and promotion, namely participation in international fairs and exhibitions and in the construction of permanent showrooms;
- Industrial investments (CAPEX) for the development of new products, maintenance of equipment and buildings and the implementation of productivity, innovation and research projects.

These investments (CAPEX) were essentially aimed at restoring the Company's productive capacity and, at the same time, providing it with new and improved skills for stronger performance in different locations and their markets.

In addition, the Issuer's operational activity is subject to constant technological updating, which implies the need for periodic replacement investments (CAPEX) aimed at restoring the production capacity of kilns and other equipment.

It should be noted that there was significant investment (CAPEX) between 2013 and 2015, related to the construction of the new Ria Stone plant, designed with a high degree of automation throughout the production process and a production capacity of 30 million articles per annum. This project allowed VAA to increase its production curve and contributed significantly to the Group's turnover and profitability.

The following are the investments (CAPEX) by business area in the last 3 years and on 30th September 2018 (amounts unaudited):

Investiments	2015	2016	2017	30th september 2018
Porcelain and other products	7,365	3,941	1,451	1,638
Earthenw are	-	-	-	68
Stonew are / Oven to Tablew are	189	788	1,166	1,131
Stonew are / Tablew are	997	393	1,104	10,479
Crystal and Glass	202	463	1,986	4,157
Total	**8,753**	**5,585**	**5,708**	**17,473**

values in thousand euros

2015

The VAA Group invested (CAPEX) EUR 8.8 million during 2015, of which EUR 7.4 million was in porcelain and complementary, EUR 1.3 million were allocated to Vista Alegre Spain and approximately EUR 1 million to Ria Stone.

In 2015, VAA continued to concentrate on research and development projects, with a special focus on crystal, through the “Decorglass” project – a partnership between VAA and the University of Aveiro. That project aims to overcome the technical limitations in the decoration of glass, through research/development of new materials and decoration techniques, to develop a new range of glass articles, with high added value, especially in terms of design, quality and safety.

2016

The value of investments reached EUR 5.6 million on 2016, the majority of which was destined to the porcelain and complementary segment.

The investments (CAPEX) in the expansion and modernisation of the VAA plant continued during 2016. Of note in this regard are the painting studio, offices and warehouse, the purpose of which is to provide greater storage capacity, optimising the shipping of products and organising logistics for finished products. The investment (CAPEX) in the new kiln to the porcelain and complementary segment is significant which, together with the introduction of innovative technologies, has made it possible to obtain significant gains in quality, productivity and energy efficiency.

In addition, in terms of research and development, three ongoing projects have been maintained in the areas of glass, table stoneware and ceramics. This year, we highlight the “M2Gres2” project at Ria Stone, whose objective is the development of new high value-added stoneware based on significantly improved pastes and glazes. Project Casa was maintained, with its objective focused on the development of a new, finer tableware product, in partnership with Mota II Soluções Cerâmicas, and the “DecorGlass” Project described above.

2017

The investments (CAPEX) in 2017 were chiefly in the stoneware (oven and table) and crystal segments.

The projects implemented, called "CerexCor and CristalLux" and "DecorRia", aimed to develop optimised and innovative production processes that allow the expansion of the VAA Group's product range.

The "CerexCor and CristalLux" project encompasses two Vista Alegre plants: the first is developed in the Taboeira oven stoneware factory and the second in the Alcobaça crystal and glass factory. While CerexCor focused on a new production line for table stoneware, CristalLux aimed at more efficient production of high-quality and distinctively designed luxury crystal containers (such as the recent agreement to supply luxury crystal bottles for cognac).

In addition to these two projects, Vista Alegre has begun expanding the Ria Stone factory to increase its capacity by more than 60% to an annual production of over 48 million articles of digitally decorated table stoneware manufactured using a single-firing process. It is estimated that this investment (CAPEX) will be completed until the end of 2018.

Other short-term projects were carried out internally throughout the year, mostly designed to improve production processes to optimise the manufacturing of articles with significantly lower levels of investment (CAPEX).

The VAA Group also has teams dedicated to research projects that seek to find innovative solutions for both products and production processes. Examples are the CASA Project in the area of table stoneware, the “DecorGlass” Project in the decorated Crystal area, and the M2G2 Project at Ria Stone, a company dedicated to the production of stoneware that intends to enhance the product’s performance when used, paying special attention to the legal constraints for utilitarian dishes.

Vista Alegre began investing (CAPEX) in another innovation project at the end of 2017, this time at its porcelain factory in Ílhavo. This project aims to strengthen the Company's competitiveness in the porcelain and complementary segment through process innovation, by fundamentally changing the manufacturing processes for this product.

September 2018

The investments (CAPEX) made during the first nine months of 2018 were mainly in the table stoneware and crystal and manual glass segments (including the expansion of the Ria Stone plant and continuing the "CerexCor & CristalLux" projects) and in the earthenware segment (starting the InovBordallo project), totalling 17.5 million euros.

The following table shows the geographical distribution of the investments (CAPEX) made in the nine and twelve-month periods ended 30th September 2018 and 31st December 2017 (unaudited amounts).

Total investments by market		
	30th september 2018	31st december 2017
Portugal	17,325	5,608
Rest of Europe	97	2
Others	51	98
	17,473	**5,708**

In terms of financing methods, these projects are mainly financed from equity. In addition, the Group receives support from Community funds, which take the form of external financing with no associated interest rate. Finally, the Group also uses bank financing and own capital whenever it deems this necessary.

An investment (CAPEX) of EUR 11.4 million is predicted by the end of 2018 to implement all ongoing projects described below, as well as the “Next4” and “New Shapping Stoneware” projects also already underway, concerning the porcelain and complementary and oven stoneware segments, respectively.

The projects underway are scheduled to be completed by 2021, and an investment (CAPEX) of EUR 41.9 million is forecast during these four years.

Investments (CAPEX) by segment for the new consolidation perimeter after the Recent Acquisitions are as follows by reference to 30th September 2018 (unaudited and pro forma information):

Capex	30th september 2018
Porcelain and other products	1,725
Stoneware / Oven to Tableware	4,457
Stoneware / Tableware	1,913
Crystal and Glass	10,479
Earthenware	4,055
Total	**22,629**

values in thousand euros

Projects Underway

Below are the projects in progress by business segment and project, indicating the value of the total and future investment (CAPEX), also the amounts covered by subsidies:

Company	Segment	Project	Total Investment	Future Investment*	Subsidies
Vista Alegre	Porcelain and other products	Next4	5.3 M€	4.7 M€	2.1 M€
	Stoneware / Oven to tableware	Cerexcor	1.9 M€	0.4 M€	0.3 M€
	Crystal and Glass	Cristalux	10.2 M€	6.4 M€	3.2 M€
Ria Stone	Stoneware / Tableware	DecorRia	20.3 M€	9.5 M€	5.7 M€
Cerutil	Stoneware / Oven to tableware	New Shapping Stoneware	3.8 M€	3.4 M€	1.5 M€
Bordalo Pinheiro	Earthenware	Inov Bordallo	8.3 M€	3.7 M€	2.9 M€
Total			**49.8 M€**	**28.0 M€**	**15.7 M€**

*Values at 30th september 2018

Regarding the subsidies mentioned above, it should be noted that they relate to subsidies already contracted with AICEP - Portugal's Investment and Foreign Trade Board. These incentives correspond to zero interest rate repayable subsidies, which incorporate a "realization bonus" component that determines that there is no refund of a portion of those repayable subsidies if a set of contractually defined objectives and metrics are met. Apart from the values of the already mentioned subsidies, the remainder of the financing of the ongoing projects shall be funded through bank loans.

Initiatives by segment

The VAA Group has several projects underway to increase capacity and improve production processes, as follows:

Porcelain and complementary

Investments (CAPEX) in global production processes are underway until December 2019 to promote the diversification and added value of the portfolio of products in this segment and their quality and strength, as detailed below on the “Next4” project.

Oven stoneware

The diversification of products, increased production capacity and the operational efficiency measures being implemented in this segment allow an increase in production capacity of *circa* 30% (1,2 million pieces per year from July 2019), as detailed below about the projects "Cerexcor", "New Shapping" and "Stoneware".

Table stoneware

Investment (CAPEX) in increasing production capacity by more than 60%, introducing new technologies to improve productivity (an additional 18 million pieces a year from January 2019) as well as the quality, as detailed below of the "DecorRia" project.

Crystal and manual glass

Investments (CAPEX) are underway until 2020 that, through new equipment and technologies, allow the development of a portfolio with differentiated and competitive designs and high quality, as detailed below about the "CristalLux" project.

Earthenware

Investments (CAPEX) are underway to optimize production processes, by means of more automation and energy efficiency, and thus increase production capacity by 50% (an additional 500,000 pieces a year from January 2019) and promote expansion of international markets in this segment, as detailed below on the "InovBordallo" project.

The projects underway and the increase of capacities per production unit are presented below:

Factory	Location	Products	Families	Capacity (Mio pcs)	Ocupation	Capacity increase	Future Capacity	When
Ria Stone	Ílhavo	Stoneware	Tableware	30	100%	60%	48	Jan-19
Cerutil	Sátão - Viseu	Stoneware	Oven to tableware	4	100%	30%	5.2	Jul-19
Bordalo	Caldas Raínha	Earthenware	Decorative, Hand painted, Giftware	1	100%	50%	1.5	Jan-19

This investment plan (CAPEX) aims to achieve a sustained growth in VAA's Adjusted EBITDA Margin (a management objective is to increase this indicator by 7 p. p. over the next two years), on the one hand, by increasing the productive capacity and diversity of the VAA Group's portfolio, leading to a growth in company's turnover and, on the other, to the operational and energy efficiencies obtained through the introduction of new state of the art technologies and equipment.

These projects demonstrate the Company's ability to innovate in the processes and products of its different business areas, aiming to improve product quality and development, while promoting the streamlining of processes and manufacturing methods. These projects are briefly described below:

"CerexCor & CristalLux" Project

The "CerexCor & CristalLux" project is part of VAA's strategy to boost its competitiveness. It is based on new knowledge that enables the Company to develop optimised and innovative production processes, increasing productivity and efficiency and thus enlarging its portfolio of products, marketing differentiated products and ensuring continuous growth of the Company in international markets.

This project is developed in two distinct manufacturing units, one focused on stoneware (CerexCor) (Aveiro factory) and on process innovation aimed at the diversification of its production, and the other focused on crystal (CristalLux) (Alcobaça factory) and on changes to the overall production process.

CerexCor will introduce a new stoneware product line not previously made at this facility, and the manufacturing processes for the current articles of stoneware will be changed. CristalLux, in turn, will give priority to more efficient production of very high-quality luxury crystal packaging with differentiated design through the adoption of a new single pass moulding technology. This uses an even more automated process that allows the manufacture of unique geometric shapes of variable thicknesses, with a view to obtaining products with precise shapes and of superior quality (differentiating and competitive designs).

In both cases, coloured pastes will be introduced to the production process, which will optimise production and promote differentiated products, by concentrating on innovative processes and products, improved technical characteristics and greater added value.

The "CerexCor & CristalLux" project includes the strategic investment (CAPEX) in new equipment, the adoption of new technologies and the development of new materials that favour greater flexibility and introduce diversified products with high added value into the VAA portfolio.

"DecorRia" Project

The "DecorRia" project promotes the expansion of Ria Stone's current plant, aiming to increase its production capacity by 60% and increase its sales and services to its only customer - IKEA.

This new project embodies product innovation, with emphasis on single-firing digital decoration. It should be noted that the introduction of this new decoration technology can only be applied to automated production lines, as it is incompatible with the handling of the product. It should also be noted that the flexibility and high automation introduced in the production cycle will allow for faster and more environmentally innovative production processes, reducing production phases, thus attaining lesser energy and material consumption.

In addition to the inherent competitive advantages, the project also provides very significant improvement in product quality and strength, with high performance requirements. With current production at full capacity, the Company will only be able to enlarge its range through the acquisition of new equipment and expansion of its infrastructure, with new product ranges that boast greater added value.

"InovBordallo" Project

The "InovBordallo" project focuses on a set of new investments (CAPEX) that will optimise production processes by introducing significant improvements in existing production methods, namely through the introduction of tailor-made equipment, designed together with the suppliers, specifically to respond to the needs and specificities of the sector, envisaging the increase in production capacity by 50% and the promotion of the expansion into new international markets.

Bordallo Pinheiro will use new technologies, new knowledge and qualified personnel, which will allow greater flexibility and differentiation through the introduction of innovative and environmentally-friendly processes (principally simultaneous production of large articles, small series and made-to-order products for customers), creating conditions for the development of new products and extending the value chain. This project will result in an increase in the number of articles produced and, in their diversity, – reinforcing the production mix.

The implementation of the "InovBordallo" project will give the Company a high-productivity plant, more automation and greater energy efficiency, with a significantly greater production capacity (by about 50%) that has more flexibility, which will allow it to reach new market segments and new international markets, ensuring Bordalo Pinheiro's standards of quality and unique differentiation.

"Next4" Project

The "Next4" project aims to fundamentally change overall production processes with a view to the modernization of the factory through the adoption of innovative processes, encompassing the diversity of VAA's porcelain articles, with impact on cups (with integrated handle and superior quality – technology Isocup), horeca articles (in cream and extra white paste), larger articles (over 30 cm) and articles decorated by digital decal methods – Digital Print technology.

It aims to achieve this by general changes to all stages of production covering the use of pastes, the filling section, the pressing area, polishing, glazing, decals, laboratory, industry 4.0, energy efficiency, firing, decoration and storing. The project also provides for economising on manual labour and reducing waste.

Within this project, the acquisition of a new hollow-pieces firing kiln which made the development of an innovative, technically better and more resistant ceramic product possible should be highlighted.

The project contributes to the expansion of VAA's portfolio of porcelain and complementary products, allowing the marketing of differentiated products with greater quality and strength, with high added value, ensuring the Company's continuous growth in world markets.

"New Shapping Stoneware" Project

The purpose of the "New Shapping Stoneware" project is to enhance the Company in international and domestic markets through alterations to the production processes - optimizing layouts and production floes - that enable, on the one hand increased production capacity, making manufacturing processes faster and, on the other, bring innovative products to the world market, creating pieces of unique formats.

In this regard, the project aims to modernise the Cerutil's factory and increase its capacity by about 30% by introducing a greater automation, namely through a new isostatic pressing technology, produce innovative oven stoneware products with complex geometries and with new functionalities (application of non-stick surfaces), and reduce waste through scrap recovery, greater production controls, reduction of work cycles, greater flexibility, energy and production efficiencies, and industry 4.0 adoption.

10.14. Research and development, patents and licences

VAA has a strategy of constantly developing new products and improving quality, with the aim of increasing customer satisfaction and improving the efficiency of its production processes.

The Company's fundamental concern regarding investment (CAPEX) in research and development is to introduce innovative solutions to the market that meet the expectations of its customers. In this context, it possesses the experience and crucial values to strengthen its position in the sector and seek to keep abreast of innovations in the sectors in which it operates. It promotes research and development projects with this aim. There was no investment (CAPEX) in research and development in 2015 and 2016. The investment (CAPEX) on research and development at 31st December 2017 was EUR 619,000. On 30th September 2018, the company's expenditure on research and development was EUR 379,000 so far this year.

VAA currently has three research and development projects in progress, which it develops in partnership with suppliers and entities from the Scientific and Technological System. It has teams dedicated to research projects that seek to find innovative solutions for both production processes and products.

Examples are (i) the "Casa" Project in the area of stoneware tableware, the objective of which is centred on the development of a new, finer tableware product, in partnership with Mota II Soluções Cerâmicas, (ii) the "Decorglass" Project in the area of decorated crystal, developed in partnership with the University of Aveiro and whose objective is to overcome the currently existing technical limitations in the application of differentiating colours to glass, and finally (iii) the "M2Gres2" Project related to Ria Stone, which intends to improve the product's performance in terms of use and which is developed in partnership with the University of Aveiro and the suppliers Vitricer and Adelino Duarte da Mota.

In 2018, the Company also focused on introducing several new technologies into its production, with particular regard to:

- improvement processes involving greater control and flexibility;
- reduction of the time between manufacturing cycles;
- state-of-the-art equipment (addressing environmental concerns);
- new production systems and optimisation of layouts;

- merger of several stages of production into one;
- creation of unique product formats;
- reuse of raw materials and investment in the circular economy; and
- energy efficiency and process automation.

VAA's manufacturing units are certified by the NP EN ISO 9001 standard, which is based on 8 principles that aim to improve organisational performance: customer focus, leadership (unambiguous definition of responsibilities, annual review of the system), involvement of people, process approach (with definition of the process manager and objectives to be aligned with the organisation's strategy/policy), systematic approach to management, continuous improvement (adoption of the PDCA tool, Plan, Do, Control, Act), factual approach to decision-making (objective data) and mutually beneficial supplier relations.

This organisational model places emphasis on customer satisfaction, process management and measurement, and continuous improvement with greater involvement from senior management.

Certification is a strategic option for the Company and consists of evaluation by an accredited external entity of the degree of compliance of the implemented management system with the requirements set out in the reference standard. The certifying entity is currently SGS – Société Générale de Surveillance S.A.

VAA is also certified by some of its key customers for compliance with environmental, hygiene and safety and social responsibility requirements, fundamental to the continuity of business with these customers.

From June 2016, the crystal and glass products produced at the Casal da Areia factory came to be branded Vista Alegre, as did the porcelain articles. This has therefore become the only brand under which the range of porcelain and complementary, crystal and manual glass products is marketed. The Atlantis brand will remain in the Company's possession and will be used for special projects.

This change brought with it no further alterations, with the brand's prestige/luxury positioning, the name of the Company, the range of products, the manufacturing units, the production methods and the teams being maintained.

The VAA Group owns rights to 4 brands registered in various locations around the world (including the European Union, USA, China and others). The Group is thus the owner of the brands (i) Vista Alegre and Atlantis, which operate in a premium/luxury segment, (ii) Casa Alegre, which operates in a more casual and middle-market-oriented segment, and (iii) Cook&Serve, a reference in the ovenware segment. Each brand has its own position and is an important asset that contributes significantly to the Company's total value.

Under the Syndicated Loan entered into with Caixa Geral de Depósitos, S.A. and Banco Comercial Português, S.A., with a global outstanding capital of 30.9 million Euros as of 30th September 2018, the abovementioned brands are pledged in favour of the same banks (the Issuer and the Offeror intend to proceed to the repayment of that Syndicated Loan under the terms described in Chapter 4.2 – "Use of proceeds" and in that context obtain the release from this pledge).

10.15. Real Estate, facilities and equipment

VAA owns, directly and indirectly, a group of properties, which include the various industrial facilities and a group of other properties not directly related to the activity, because of the business reorganizations that have occurred in recent years.

As of 30th September 2018, the list of properties owned by VAA and related to the activity is as follows:

Properties	Property Owner	Location	Size (m2) Terrain	Size (m2) Construction	Size (m2) Terrain and Construction
Tangible fixed assets					
VAA, SA factory	Vista Alegre Atlantis, SA	Ílhavo	59,349	61,648	120,997
Atlantis factory	Vista Alegre Atlantis, SA	Cós Alcobaça	90,000	57,208	147,208
Capoa factory	Faianças da Capôa - Indústria Cerâmica, SA	Aradas - Aveiro	16,367	16,000	32,367
Cerexport factory	Cerexport - Cerâmica de Exportação, SA	Tabueira -Esgueira	21,616	15,603	37,219
Braga store	Vista Alegre Atlantis, SA	Praceta Stª Bárbara - Braga		75	75
Massarelos/Galiza building store	Vista Alegre Atlantis, SA	R. Piedade - Massarelos		231	231
Ria Stone factory	Ria Stone, SA	Zona Industrial da Mota - Ílhavo	40,000	16,000	56,000
Quinta Nova factory	Vista Alegre Atlantis, SA	Ílhavo	45,810	31,894	77,704
Cerutil factory	Cerutil, SA	Sátão	43,347	12,343	55,690
Bordalo Pinheiro factory	Faianças Artísticas Bordalo Pinheiro, Lda	Caldas da Rainha	20,100	10,604	30,704

As of 30th September 2018, the list of properties no related to the activity held by VAA is as follows:

Properties	Property Owner	Location	Size (m2) Terrain	Size (m2) Construction	Size (m2) Terrain and Construction
Investment properties					
Angolana factory	Vista Alegre Atlantis, SA	Marinha Grande	14,762	5,800	20,562
Pinhais	Vista Alegre Atlantis, SA	Alcobaça	37,062		37,062

In August 2018, the sale by VAA to the company Visabeira Imobiliária of the share in the VA Grupo, which exclusively owns several extra-exploration properties valued at its fair value, was concluded. Thus, with the sale of VA Grupo, investment properties became less relevant in the VAA universe, representing, on 30th September 2018, 0.7% of total consolidated assets.

Under the existing loan agreements, the following properties are mortgaged: Pinhais; Cerexport factory; Quinta Nova factory; (VAA, SA) factory; Atlantis factory; Capôa factory; Ria Stone factory; and Braga shop.

See Chapters 4.2 – “Use of proceeds” and 7.2 – “Net Debt” of this Prospectus regarding the repayment of the Syndicated Loan entered into with Caixa Geral de Depósitos, S.A. and Banco Comercial Português, S.A. under the terms described therein (the Issuer and the Offeror intend to proceed to such repayment and in that context obtain the release from such encumbrances over assets held by VAA Group under the terms described in the abovementioned Chapters).

Moreover, and as is clear from note 31 (Contingencies) of the Issuer's report and accounts for 2017, were established guarantees in favour of the respective landlords and under the terms of the respective lease agreements of the following commercial establishments:

- VA Chiado Store;
- VA Cascais Store;
- VA Porto Store;
- Atlantis Braga Store;
- Atlantis Porto Store;
- Atlantis Cascais Store.

In the course of its activity, on 30th September 2018, VAA uses the above-identified properties and approximately 41 leased stores (of which 35 are located in Portugal, 3 in Spain, 2 in Mozambique and 1 in Brazil). The rent paid amounted to 1,999 thousand Euros in 2017 and 1,498 thousand Euros on 30th September 2018.

The list of properties leased by VAA related to the activity, on 30th September 2018, is as follows:

PROPERTIES	LOCATION	COUNTRY	Store size (m2)
EL CORTE INGLÉS GAIA	VILA NOVA DE GAIA	PORTUGAL	84.10
EL CORTE INGLÉS LISBOA	LISBOA	PORTUGAL	88.50
LOJA VA FÓRUM ALMADA	ALMADA	PORTUGAL	64.00
LOJA BARCELONA	BARCELONA	SPAIN	600.00
LOJA BP BRAGA	BRAGA	PORTUGAL	44.00
LOJA BP ÍLHAVO	ÍLHAVO	PORTUGAL	70.00
LOJA BP ROMA	ROMA	PORTUGAL	49.60
LOJA BP VISEU	VISEU	PORTUGAL	220.00
LOJA INDY	MAPUTO	MOZAMBIQUE	93.00
LOJA MADRID	MADRID	SPAIN	185.63
LOJA SÃO PAULO	SÃO PAULO	BRAZIL	180.00
LOJA VA ALCOBAÇA	ALCOBAÇA	PORTUGAL	50.00
LOJA VA ALGARVE SHOPPING	FARO	PORTUGAL	79.19
LOJA VA ALMA SHOPPING COIMBRA	COIMBRA	PORTUGAL	158.00
LOJA VA ALVALADE	LISBOA	PORTUGAL	66.00
LOJA VA AMOREIRAS	LISBOA	PORTUGAL	74.15
LOJA VA BRAGA PARQUE	BRAGA	PORTUGAL	91.40
LOJA VA CASCAIS SHOPPING	CASCAIS	PORTUGAL	96.56
LOJA VA CHIADO	LISBOA	PORTUGAL	784.73
LOJA VA CLÉRIGOS SHOPPING	PORTO	PORTUGAL	502.94
LOJA VA COLOMBO	LISBOA	PORTUGAL	101.68
LOJA VA FUNCHAL	FUNCHAL	MADEIRA	93.00
LOJA VA GAIA SHOPPING	VILA NOVA DE GAIA	PORTUGAL	102.50
LOJA VA GALIZA	PORTO	PORTUGAL	230.80
LOJA VA ÍLHAVO	ÍLHAVO	PORTUGAL	590.00
LOJA VA NORTE SHOPPING	SENHORA DA HORA	PORTUGAL	122.50
LOJA VA OEIRAS	OEIRAS	PORTUGAL	68.00
LOJA VA PALÁCIO DO GELO VISEU	VISEU	PORTUGAL	182.85
LOJA VA VASCO DA GAMA	LISBOA	PORTUGAL	72.57
OUTLET ALCOBAÇA	ALCOBAÇA	PORTUGAL	434.00
OUTLET CAMPERA	CARREGADO	PORTUGAL	190.50
OUTLET ÍLHAVO	ÍLHAVO	PORTUGAL	338.00
OUTLET LOULÉ	LOULÉ	PORTUGAL	224.39
OUTLET STRADA	ODIVELAS	PORTUGAL	169.25
OUTLET VILA DO CONDE	VILA DO CONDE	PORTUGAL	186.25
OUTLET VISEU	VISEU	PORTUGAL	162.00
SHOWROOM VA USA	NEW YORK	USA	233.00

Regarding the companies based in the United Kingdom, India and France (Paris), there is no real estate property owned or leased by VAA.

Under existing loan agreements, there are pledges over equipment, the net book value of which, as of 30th September 2018 amounted to 5.5 million Euros.

Within the scope of the Guaranteed Debt agreements for the ongoing projects, in the framework of Portugal 2020, in the companies Vista Alegre, Cerutil, Bordalo Pinheiro and Ria Stone, there is also a promise to pledge the goods to be acquired.

For the next years, investments (CAPEX) are predicted to grant VAA with modern and high-tech equipment to improve the efficiency of the production process to respond to more demanding high-quality standards in this sector. Thus, as a way to increase national and international competitiveness the purchase of new equipment are predicted, among which stand out (i) regarding to the production of stoneware in the Aveiro plant: a new high-pressure cell, tools, equipment for glazing, laboratory, metal marking and refractory equipment; and (ii) to production of crystal at the Alcobaça plant: mould treatment and cleaning machines, reap machines and automatic channels in the oven, cornuas, a crystal oven and automatic lapping equipment. Some investments (CAPEX) should also be highlighted in the porcelain factory in Ílhavo, to improve productivity and modernize manufacturing processes. Investments (CAPEX) in buildings and other constructions are contemplated in Ria Stone, due to the expansion planned in this factory, along with the installation of a new furnace with three glazing lines, preceded by a new storage system automatic, presses and silos for storage of paste, new lines of control quality and packaging and enlargement of the finished product warehouse.

VAA's industrial activity is subject to general environmental legislation, which implies, particularly, certain restrictions on the emission levels of effluents. Regarding this, VAA seeks to ensure all aspects related to environmental quality in order to maintain its competitive position in a context of sustainability and environmental responsibility.

10.16. Significant dependencies

VAA is the owner of the Vista Alegre brand and is also the owner of other brands such as Atlantis, Casa Alegre and Cook & Serve. About trademarks owned by VAA, see Chapter 10.14 - "Research and development, patents and licences" of this Prospectus.

VAA holds a licence to produce, on its premises, Sèvres-branded crystal products, by paying royalties on sales and services rendered.

Ria Stone, VAA's subsidiary, has a partnership with IKEA for the exclusive sale of all its production (table stoneware), which recently saw the contract renewed until 2026.

VAA's information systems are managed through a subcontracted company belonging to Grupo Visabeira.

There are no other significant dependencies in relation to any patent or licence, industrial contracts, commercial or financial, or new manufacturing processes, which had or may have significant importance in the VAA activity.

10.17. Judicial and arbitral proceedings

In 2003, Sociedade de Porcelanas, S.A. filed a lawsuit against the company Faianças da Capôa, in the amount of approximately 4 million Euros. This action originated the legal registration of a mortgage on its property in Aradas, Aveiro, of equal value, which amount is solely and exclusively the responsibility of the debtor.

Regarding this lawsuit, the Issuer maintains a provision recorded as of 31st December 2017 and as of 30th September 2018, in the amount of approximately 225,000 Euros, and it is not estimated that the outcome thereof will result in material impacts for the Group.

The Issuer also maintains a provision recognized as of 31st December 2017 and as of 30th September 2018, which refers to the retirement pension obligations of a former director of the Vista Alegre Group, based on an actuarial calculation made by the entity Futuro, Sociedade Gestora de Fundos de Pensões, S.A., in the amount of approximately 957,000 Euros and 865,000 Euros, respectively. On December 2014, the Supreme Court of Justice sentenced VAA and VA Grupo to pay a lifelong retirement supplement to a former director on a total annual amount of approximately EUR 231,000, payable in 12 monthly instalments, annually updated in accordance with the official inflation index. At the date of this Prospectus, the amounts due up to February 2018 have already been paid.

Considering the analysis of the legal advisors of the Vista Alegre Group, the amount of the retirement pension complement attributed to the aforementioned former director was reduced (from 20,800 Euros to 7,500 Euros) as from February 2018 onwards, based on certain legal provisions, in particular the provision prohibiting commercial companies from granting retirement pension complements to their directors in excess of the salary of the executive director with the highest remuneration.

In May 2018, the abovementioned former director submitted an executive request for payment of the difference between the amount that VAA was ordered to pay and the amount paid by VAA from February 2018 onwards, so Vista Alegre presented its opposition and currently awaits for the court's decision.

In addition to the abovementioned, there are no administrative, judicial or arbitrage claims (including pending litigation or claims that may be filed of which the Issuer is aware) from the last 12 months that may have or have had, in the recent past, a significant impact on the Issuer's or VAA Group's financial situation or profitability.

10.18. Insurance

VAA has contracted insurance coverage for the amounts that it considers adequate given the structure of its business and given the specific risks inherent to the activities carried out by the Group's companies. VAA cannot guarantee that its policies will insure all future risks and losses that may arise, or that the amounts of coverage it has under various policies will be sufficient to avoid any material loss or damage in all circumstances.

Insurance coverage generally includes occupational accidents, buildings and contents, transportation, civil liability, loss of profit from mechanical breakdown or fire, motor vehicle insurance and others that are considered relevant to VAA's business activities.

10.19. Business stoppages

No stoppages have occurred or are expected to occur which have had or are likely to have a material impact on the Issuer's economic and financial situation.

CHAPTER 11 - ANALYSIS OF THE ISSUER'S OPERATION AND FINANCIAL SITUATION

The present analysis of VAA's financial position and operating results should be read together with the consolidated financial statements, including the respective notes, included by reference in this Prospectus. The consolidated financial statements with reference to the years ended 31st December 2017, 31st December 2016 and 31st December 2015, as well as for the nine-month periods ended 30th September 2018 and 30th September 2017 have been prepared in accordance with IFRS. The annual consolidated financial statements were subject to audit and the condensed consolidated financial statements referring to the nine-month periods have not been audited. In turn, VAA's condensed consolidated financial statements in respect of the nine-month period ended 30th September 2018, have been subject to limited review.

The analysis of the consolidated financial and operational information presented in this Chapter should be carried out in conjunction with the other financial information contained in this Prospectus, as well as with the financial information included for reference.
VAA was, on 30th September 2018, the parent company of a group which includes the following 16 companies:

- Vista Alegre Atlantis, S.A.;
- VA – Vista Alegre España, S.A.;
- Cerexport – Cerâmica de Exportação, S.A.;
- Faianças da Capôa – Indústria de Cerâmica, S.A.;
- VAA Brasil – Comércio, Importação e Exportação, S.A.;
- Vista Alegre Atlantis UK LTD;
- Ria Stone – Fábrica de Louça de Mesa em Grés, S.A.;
- Vista Alegre Atlantis Moçambique, Lda;
- Vista Alegre USA Corporation;
- VAA II – Sociedade Imobiliária, S.A.;
- Shree Sharda Vista Alegre Private Limited;
- Vista Alegre France, SAS;
- Cerutil – Cerâmicas Utilitárias, S.A.;
- Bordalgest, S.A.;
- Faianças Artísticas Bordalo Pinheiro, S.A.;
- MEXICOVA, SA.

For a description of the Group's business areas, see Chapter 10 - "Description of the Issuer's business" above.

11.1 Factors Affecting Operating Results

Price of Production Factors

The ceramics industry uses clay, some types of which being found in the open-cast locations and others in underground mines or deposits, for each category of ceramic production. The production of clayey aggregates requires the addition or removal of elements from their composition, according to their application, in order to avoid cracking and shattering. As a labour-intensive and high-energy consumption subsector, the Company's results depend on the control over the cost of the production factors, namely, the cost of raw materials, increase of productivity and of qualified workers and by reducing energy costs.

Macroeconomic Situation

Sales of products and services by VAA are influenced by the macroeconomic situation of the geographical areas in which it operates, especially in Portugal, which represents its main market.

Competition

The evolution of VAA’s business in the market segments in which it operates, namely in Portugal, is highly dependent on external markets, as it is determined by its ability to compete in international markets in terms of quality, design and brand, in order to be able to deal with products from Far Eastern and Eastern European countries, characterised by their low price.

Technological Development and Innovation Capacity

The adaptation to technological changes, especially in terms of innovation and design in order to meet the new needs and consumption habits of the customers, are decisive for the Company’s competitiveness. As such, investment (CAPEX) in these areas is fundamental to maintain and to increase the value of the brand.

Exchange Rates

Exchange rate fluctuations may have an impact on VAA’s operating results owing to its export business to other countries.

Interest Rates

The evolution of interest rates has a direct impact on VAA’s results, namely regarding the level of financial costs in view of the significant Indebtedness of the Company.

11.2 Main Items of the Consolidated Income Statement

Sales and Services

Sales and services correspond to the recognition of revenue from the sale of goods and services, net of taxes and discounts and after the elimination of internal sales and services provided. This item includes sales of wholesale goods, where there may be a rappel percentage dependent on the volume of purchases and different payment terms agreed with customers, and retail, where sales are made in cash or credit card, recognising the gross sale value and the expenses with the use of bank cards.

VAA’s sales and services provided include: direct sales and services (wholesalers, independent retailers, partner stores, horeca channel suppliers, etc.), through its own brand retail stores and through its subsidiaries.

VAA's sales and services include products of various categories, depending on the different business areas in which they are present: porcelain and complementary, ceramic table, ceramic ovenware, and crystal and manual glass and earthenware.

Cost of Goods Sold and Materials Consumed

The cost of goods sold and materials consumed represents the costs of the different products commercialized by VAA and adjustments to inventories.

Gross Margin

The gross margin reflects the difference between sales and services provided and the cost of goods sold and materials consumed, plus production variation. The gross margin also includes the effects of impairments and impairment reversals in inventories, which are shown in the sections of the consolidated income statement “cost of goods sold and materials consumed” and “production variation”.

Operating costs

Operating costs and losses include:

External services and supplies: These include non-personnel costs, such as specialized work, travel and accommodation, hiring and rentals, energy, transport of goods, maintenance and repair, fuel, insurance, and tools and utensils.

Personnel Expenses: They include all staff-related costs, mainly wages, salaries, social security and post-employment benefits.

Amortisations: These relate to the depreciation of tangible and intangible fixed assets with a defined useful life.

Impairments: It represents a loss on the amount to be received from third-party accounts and other non-financial assets, when VAA estimates that they may not be fully received or recoverable.

Provisions for the Financial Year: This item mainly represents provisions for contingencies.

Impairment of Non-Depreciable Assets: Corresponds to the recognition of a loss in terms of goodwill and financial investments whenever the amount for which the asset is registered is higher than the recoverable amount.

Other Expenses and Operating Losses: These include miscellaneous costs, such as bad debts, losses on fixed assets, fines and penalties, awarded prompt payment discounts, unfavourable exchange differences, commissions on payments in stores, among others.

Fair value increases/(decreases)

Includes changes in the fair value of investment properties resulting from valuations.

Other Earnings and Operating Income

These consist mainly of earnings and proceeds from supplementary revenue, prompt payment discount, favourable exchange differences, gains in non-financial investments, corrections from prior periods and allocation of investment subsidies.

Adjusted EBITDA

VAA calculates the Adjusted EBITDA as a sum of the operational results, amortisations / impairments / provisions for the financial year and impairment of non-depreciable assets and deducting increases/decreases in fair value. The Adjusted EBITDA does not constitute an item recognised by IFRS and may be calculated differently by companies. The Adjusted EBITDA presented herein may not be comparable to an indicator with the same name used by other companies.

Financial Results

These consist essentially of financial income resulting from interest on loans granted, discounts obtained for prompt payments and favourable exchange differences less interest paid resulting from loans contracted and bank guarantees.

Income Tax

The amounts of provisions for taxes are based on the calculation of the result before tax, in accordance with the tax rules in force in Portugal and in the other countries in which the Company operates, adjusted for deferred taxes.

Non-controlling interests

These amounts reflect the non-controlling interests (minority shareholders) held by third parties in the subsidiaries that VAA considers in the consolidation exercise using the full consolidation method.

11.3 Operating Results

- ### Consolidated Income Statement by Natures

(values in thousand euros)	31st december (audited) 2015	2016	2017	30th september (unaudited) 2017	2018
Sales and services rendered	71,831	75,439	84,981	60,906	63,921
Cost of goods sold and materials consumed	-24,217	-22,728	-26,068	-18,915	-19,673
Production variation	3,540	690	-447	-241	2,018
Gross margin	**51,154**	**53,400**	**58,466**	**41,750**	**46,266**
Works for the company	0	0	1,148	1,681	1,868
External supplies and services	-16,618	-16,896	-17,292	-12,453	-13,873
Personnel costs	-27,398	-27,203	-28,995	-21,791	-23,192
Amortizations	-5,502	-5,554	-6,414	-4,328	-4,593
Impairment	24	102	-163	26	-57
Provisions for the year	-638	-25	372	-555	0
Other revenue and operating income	-1,673	-1,767	-1,908	-1,192	-1,186
Impairment of non depreciable assets	-30	45	-54	-1	0
Increases/(Reductions) of fair value	2,064	1,416	375	0	0
Other revenues and operating income	1,360	2,014	2,168	1,340	1,505
Operating income	**2,742**	**5,531**	**7,701**	**4,478**	**6,738**
Interest and similar expenses	-3,357	-3,540	-3,078	-2,429	-1,994
Interest and similar income	3	0	22	22	86
Financial result	**-3,354**	**-3,540**	**-3,056**	**-2,407**	**-1,908**
Result before taxes	**-612**	**1,992**	**4,645**	**2,071**	**4,830**
Income tax	-203	-251	-428	-203	-1,178
Consolidated result for the period	**-814**	**1,741**	**4,218**	**1,868**	**3,652**
Attributable:					
Shareholders	-813	1,797	4,258	1,885	3,730
Non-controlling interests	-1	-56	-40	-17	-78

- ### Economic and Financial Indicators

(values in thousand euros)	31st december (unaudited) 2015	2016	2017	30th september (unaudited) 2017	2018
Average number of employees	1.701	1.665	1.671	1.655	2.153
Economics and Financial Indicators					
Adjusted EBITDA / Sales and services provided	9,5%	12,7%	16,0%	15,3%	17,8%
Operating results / Operating income (1)	3,5%	6,9%	8,7%	7,0%	10,0%
Indebtedness / Total Assets	55,9%	52,7%	26,1%	48,1%	46,0%
Equity / Total Assets	16,1%	17,8%	46,5%	18,9%	24,3%
Total Liabilities / Total Assets	83,9%	82,2%	53,5%	81,1%	75,7%

(1) Operating Income = Own work capitalised + Sales and services + Increases/(reductions) of fair value + Other operating income and gains

- ### Comparison between the nine-month periods ended 30th September 2017 and 2018 and the years ended 31st December 2015, 2016 and 2017

  - #### Sales and Services

In 2016, sales and services increased by around EUR 3,608,000, i.e. 5.0%, from EUR 71,831,000 in 2015 to EUR 75,439,000 in 2016. This variation was mainly due to an increase in sales and services in England (+25.1%) and the United States of America (+10.2%).

In 2017, there was an increase of 12.6% in sales and services comparing to the same period in 2016, i.e. from EUR 75,439,000 to EUR 84,981,000. This increase in sales and services was mainly due to sales and services in Germany (+51.8%), France (+15.1%), and Brazil

(+192%). The worst-performing product range was the ceramic oven, where sales and services increased by 3.6%. On the other hand, sales and services for porcelain and complementary and tableware increased significantly by 18.5% and 9.3% respectively.

In the nine-month period ended 30th September 2018, there was an increase of 5% in sales and services comparing to the same period in 2017, i.e. from EUR 60,906,000 to EUR 63,921,000. This increase in sales and services was mainly due to sales and services in Belgium (+111%), in Netherlands (+80%), and, also, in France (+15%). The range of products that showed the best performance was oven stoneware, for which sales and services increased by 22%, with reference to the same date.

- **Cost of Goods Sold and Materials Consumed**

In 2016, there was a reduction in the cost of goods sold and materials consumed of EUR 1,489,000 (-6.1%), from EUR 24,217,000 in 2015 to EUR 22,728,000 in 2016.

In 2017, the cost of goods sold and materials consumed increased by EUR 3,340,000 over the previous year, from EUR 22,728,000 to EUR 26,068,000.

In the nine-month period ended 30th September 2018, the cost of goods sold and materials consumed increased comparing to the same period of the previous year, from EUR 18,915,000 to EUR 19,673,000.

- **Gross Margin**

In 2016, the gross margin increased by EUR 2,246,000 (+ 4.4%), from EUR 51,154,000 in 2015 to EUR 53,400,000 in 2016. The increase in sales and services contributed to the increase in the gross margin; however, it is important to mention the negative effect of the production variation item, which reflects non-operating costs resulting from a correction tc standard valuation of the products.

The gross margin calculated as a percentage of sales and services remained stable between 2015 and 2016, at 71.2% and 70.8% respectively.
In 2017, the gross margin grew by EUR 5,066,000, from EUR 53,400,000 to EUR 58,466,000. The gross margin as a percentage of sales and services fell slightly in 2017 comparing to 2016, from 70.8% to 68.8%.

In the nine-month period ended 30th September 2018, the gross margin grew by EUR 4,516,000, from EUR 41,750,000 to EUR 46,266,000. The gross margin as a percentage of sales and services also increased in the nine-month period ended 30th September 2018 compared to the same period in 2017, from 68.5% to 72.4%.

- **Operating costs**

In 2016, operating costs decreased by EUR 536,000 (-1%), from EUR 51,835,000 in 2015 to EUR 51,299,000 in 2016. This reduction was mainly due to the decrease of the amortisation/impairment/provisions for the year, -10.2% and -15% respectively.

In 2017, operating costs increased in comparison with 2016, (+6.2%), from EUR 51,299,000 to EUR 54,400,000.

In the nine-month period ended 30th September 2018, operating costs increased comparing to the same period in 2017 (+6.5%), from EUR 40,293,000 to EUR 42,901,000 which is mainly due to the increase in the costs of supplies and external services (11%). VAA has always had clear objectives for cost savings and control of purchase prices in order to improve its operational performance.

- **Operating Income and Adjusted EBITDA**

In 2016, operating income increased by EUR 2,788,000, from EUR 2,743,000 in 2015 to EUR 5,531,000 in 2016.

In 2017, there was an improvement in operating income (+39.2%) compared to 2016, due to a better operational performance in terms of costs and mainly due to the significant increase in business volume.

The evolution of Adjusted EBITDA has accompanied the positive operational performance demonstrated by VAA. This has contributed to the growth in business in a context of increased efficiency and the strong investment (CAPEX) of the years under analysis.

In 2016, the VAA Group's Adjusted EBITDA showed a significant improvement, consolidating the performance verified in previous years, increasing from EUR 2,723,000 to EUR 9,547,000 (+40%).

In 2017, VAA Group's Adjusted EBITDA amounted to EUR 13,586,000, an increase of EUR 4,039,000 (+42.3%) compared to the previous year.

In the nine-month period ended 30th September 2018, operating results improved by 50% comparing to the same period of 2017, due to better operational performance in terms of costs and mainly due to the increase in business volume.

The ceramics area segments have suffered continuous improvement in terms of profitability, due to the operational and commercial dynamism verified in domestic and foreign markets, expressed in the increase in sales and services through its diverse distribution channels, and also accompanied by growth in business and expansion of its subsidiaries. We highlight, in this period, the commencement of sales of Ria Stone (2014) products, which had a very positive impact on VAA's profitability. The crystal and manual glass segment, for its part, showed a less positive performance, with a reduction in the level of production resulting from the investment (CAPEX) made in the glass kiln (2014); however, in the period in question, it presented a sustained improvement in its profitability, thus making a positive contribution to improving VAA's overall performance.

- **Financial Results**

In 2015, financial results deteriorated slightly by EUR 90,000 to record a loss of EUR 3,354,000.

In 2016, there was a slight decline in financial results of around EUR 185,000 to record a loss of EUR 3,540,000.

In 2017, comparing to the previous year, financial losses were reduced by EUR 484,000 to EUR 3,056,000, benefiting from the reduction of reference rates for the calculation of interest on financing.

In the nine-month period ended 30th September 2018, when comparing to the equivalent period of the previous year, the financial losses decreased from EUR 2,407,000 to EUR 1,908,000, benefiting from the reduction of the reference rates for the calculation of interest on financing in this quarter.

- **Income Tax**

Income tax amounted to EUR 251,000 of recognised cost in 2016, an increase of EUR 48,000 compared to recognised cost in 2015 (which was EUR 203,000).

In 2017, income tax amounted to about EUR 428,000, showing a significant increase comparing to the EUR 251,000 recognised as a cost in 2016. This increase is justified by the increase in deferred taxes, which was mostly caused by the revaluation of tangible fixed assets/fair value of investment properties and the use of tax credits.

Estimates for income tax for the nine-month period ended 30th September 2018 amount to approximately EUR 1,178,000, showing an increase of EUR 203,000 compared to the estimated for the equivalent period of the previous year.

- **Consolidated Net Profit for the Financial Year**

In 2016, there was a significant improvement in operating results as a result of the Group's positive business activity, with net profits of EUR 1,741,000, which allowed VAA to return to profitability after 5 years, although improvements are yet to be made when it comes to financial results.

In 2017, the consolidated net profit amounted to EUR 4,218,000, which represents an increase of 142.3% in relation to the previous year.

In the nine-month period ended 30th September 2018, the consolidated net profit grew by 96% comparing to the same period last year, reaching EUR 3,652,000.

11.4 Financial situation

	31st december (audited)			30th september (unaudited)	
(values in thousand euros)	2015	2016	2017	2017	2018
ASSETS					
Non-current assets					
Tangible fixed assets	79,704	81,043	89,715	80,054	116,759
Goodwill	4,711	4,711	4,711	4,711	4,711
Investment properties	30,209	29,993	19,013	24,534	1,435
Intangible fixed assets	1,546	1,748	1,403	1,896	1,295
Investment in associated companies	175	224	172	225	215
Deferred tax assets	6,685	6,037	4,941	5,780	4,305
Total non-current assets	**123,029**	**123,756**	**119,955**	**122,658**	**128,721**
Current assets					
Inventories	33,973	35,141	33,531	35,398	39,389
Clients and others debtors	11,386	12,992	17,386	12,146	18,570
Deferred assets	1,070	1,323	1,515	1,415	2,369
State and other public entities	1,149	1,014	629	1,053	2,135
Cash and cash equivalents	2,220	1,593	4,800	943	3,776
Total current assets	**49,798**	**52,063**	**57,861**	**50,956**	**66,238**
TOTAL ASSETS	172,827	175,819	177,816	173,614	194,959
EQUITY CAPITAL					
Equity	92,508	92,508	121,927	92,508	121,927
Own shares	-2	-2	-2	-2	-2
Premium shares	0	0	22,065	0	22,065
Other equity instruments	38,182	38,182	38,182	38,182	38,182
Reserves and retained earnings	-102,345	-101,440	-104,104	-100,053	-139,207
Net income	-813	1,797	4,258	1,885	3,730
Equity capital without non-controlling interests	**27,529**	**31,045**	**82,326**	**32,520**	**46,694**
Non-controlling interests	229	241	271	292	655
Total equity capital	**27,758**	**31,286**	**82,598**	**32,812**	**47,350**
LIABILITIES					
Non-current liabilities					
Long-term bank loans	26,170	24,214	21,799	15,307	23,132
Shareholders loans	60,906	60,216	370	53,203	13,471
Subsidies	2,196	2,763	3,779	2,988	3,947
Provisions	555	538	369	538	308
Provisions of retirement pensions	2,917	2,363	1,465	2,024	1,325
Deferred tax liabilities	12,003	12,304	12,216	12,165	9,313
Total non-current liabilities	**104,746**	**102,398**	**39,997**	**86,224**	**51,496**
Current liabilities					
Short-term bank loans	8,803	7,469	24,209	14,257	39,618
Shareholders loans	750	750	0	750	13,446
Suppliers and other creditors	28,921	32,192	29,325	38,138	40,642
State and other public entities	1,849	1,723	1,688	1,434	2,408
Total current liabilities	**40,323**	**42,134**	**55,221**	**54,578**	**96,113**
Total liabilities	**145,069**	**144,532**	**95,219**	**140,803**	**147,609**
TOTAL EQUITY CAPITAL AND LIABILITIES	172,827	175,819	177,816	173,614	194,959

- **Comparison between the nine-month periods ended 30th September 2017 and 2018 and the financial years ended 31st December 2015, 2016 and 2017**

  - **Assets**

In 2015, the value of total assets increased by around 4.0% to EUR 172,827,000, distributed between EUR 123,029,000 of non-current assets (71.2% of the total) and EUR 49,798,000 of current assets (28.8% of the total). This increase is mainly due to the investment (CAPEX) made during the year, which contributed to the growth of net fixed assets.

Similarly, total net assets increased again (albeit to a lesser extent) by 1.7% in 2016, to EUR 175,819,000, largely as a result of growth in inventories (+3.4%), and of accounts receivable (14.9%), both increases justified by the increase in business volume that has occurred in recent years. This year, non-current assets amounted to EUR 123,756,000 (70.4% of the total) and current assets totalled EUR 52,063,000 (29.6% of the total). The change in the investment properties item is justified by the fair value variation of the properties and the sale of the "Nova Ivima" factory.

In 2017, net assets amounted to EUR 177,816,000, distributed between EUR 119,955,000 of non-current assets (67.5% of the total) and EUR 57,861,000 of current assets (32.5% of the total). In the last year, net assets increased by 1.1%. The change in the investment properties item is justified by the reclassification of the museum's assets to other non-current assets.

On 30th September 2018, net assets represent a total of EUR 194,959,000, distributed between EUR 128,721,000 of non-current assets (66% of the total) and EUR 66,238,000 of current assets (34% of the total). During the nine-month period ended 30th September 2018, net assets increased by 10%.

  - **Equity**

The share capital of VAA as of 31st December 2016 was EUR 92,508,000, represented by 1,156,348,274 ordinary, book-entry and nominative shares, with a nominal value of EUR 0.08 each, all with the same rights and obligations. Of these shares, 33,832,693 were listed on the Euronext Lisbon exchange.

The Company's equity value is EUR 31,286,000 at 31st December 2016. The following contributed to this situation: treasury shares of -EUR 2,000, additional capital contributions of EUR 38,182,000, reserves and retained earnings of -EUR 101,440,000, consolidated net profit of EUR 1,797,000 and also non-controlling interests (minority interests) of EUR 241,000.

In 2017, the equity value increased to EUR 82,598,000, following the share capital increase at the end of the year.

On 30th September 2018, the equity value is EUR 47,350,000. The significant reduction in equity vis-à-vis 31st December 2017 is essentially a result of the business activities' concentration process regarding the acquisition of Cerutil and its subsidiaries Bordalgest and Bordalo Pinheiro. This acquisition, dated 31st August 2018, for 48.5 million Euros, having been dealt with in accordance with the common interest method (by virtue of being a business activities concentration under common control), resulting in the reduction of consolidated equity of 39,234 thousand Euros.

  - **Liabilities**

The weight of non-current liabilities stands out in the composition of total liabilities, representing 72.2% in 2015, 70.8% in 2016 and 42.0% in 2017.

At the same time, the Company showed a steady capacity to finance its Working Capital needs through the use of credit from suppliers, given that the weight of this item remained relatively stable, in both absolute and relative terms, with only a single significant increase in 2016 (11.3%).

It should also be noted the changes occurred in 2016 in terms of liabilities, where there was a reduction of bank loans (-9.4%), which amounted to a total of EUR 31,683,000 (EUR 24,214,000 non-current and EUR 7,469,000 current) at 31st December 2016.

In 2017, total liabilities equalled 53.5% of total assets which is a decrease comparing to 2016 (82.2%). This decrease was mainly due to the increase in share capital at the end of 2017, which allowed a very significant reduction of existing shareholders loans (from EUR 60,966,000 in 2016 to EUR 370,000 in 2017).

At the end of the nine-month period ended 30th September 2018, total liabilities equalled 76% of total assets, a decrease compared to the equivalent period of 2017 (81%).

11.5 Audit of Annual Historical Financial Information

The Issuer attests that VAA's annual consolidated financial statements for the years ended 31st December 2015, 2016 and 2017, which are included by reference in this Prospectus, have been audited and that the respective report does not contain any qualifications or statements of exemption of liability.

11.6 Period Covered by Most Recent Financial Information

Consolidated financial information was prepared for the nine-month period ended as of 30th September 2018, which has not been audited and was subject to a limited review by Deloitte & Associados, SROC, S.A.

Deloitte & Associados, SROC, S.A. was also responsible for producing the reliability assurance report on the compilation of pro forma consolidated financial information (included as an Annex to the Prospectus), based on ISAE 3420 – Assurance Reports on the Process to Compile Pro Forma Financial Information Included in the Prospectus for the accounting year ended 31st December 2017 and the nine-month period ended 30th September 2018, dated 16th November 2018.

11.7 Significant Changes in the Issuer's Financial or Commercial Situation

On 29th August 2018, VAA's General Shareholders Meeting resolved on (i) a reduction of share capital in the amount of EUR 0.24 to EUR 121,927,316.80, represented by 1,524,091,460 shares, each with the nominal value of EUR 0.08, through the extinction of the 3 VAA's own shares that had been donated by its shareholder Visabeira Indústria as well as, after this capital reduction, (ii) to proceed, pursuant to article 23-E of the PSC, to a reverse stock split of the 1,524,091,460 shares representing the Company's share capital, through the application of a stock split coefficient of 1:10. Every 10 (ten) shares were replaced by 1 (one) new share, rounded up to the nearest integer, except regarding Visabeira Indústria. The reverse stock split took effect on 17th September 2018.

Within the scope of the statutory authorisation granted by the General Shareholders Meeting on 12th October 2018 (at which the suppression of the shareholders' pre-emption rights in the subscription of the share capital increase that would take place was also resolved), on 27th November 2018, VAA's Board of Directors resolved on this share capital increase in the amount of 17,418,188.00 euros (seventeen million, four hundred and eighteen thousand, a hundred and eighty eight euros), through the issue of 21,772,735 shares representing 12.5% of VAA's share capital, to be subscribed as part of the Offer and the Institutional Offer, with the suppression of the shareholders' pre-emption rights, as a result of which VAA's share capital is increased to 139,345,504.80 Euros (one hundred and thirty-nine million, three hundred and forty-five thousand, five hundred and four Euros and eighty cents), represented by 174,181,881 shares.

Except for those mentioned above, there have been no significant changes in VAA's financial or commercial position since the last (unaudited) interim financial information for the nine-month period ended 30th September 2018 and the date of approval of this Prospectus.

CHAPTER 12 - LIQUIDITY AND CAPITAL RESOURCES

12.1 Description of Cash Flows

The following tables show the audited Consolidated Cash Flows Statements for the accounting years ended 31st December 2015, 2016 and 2017, and unaudited Consolidated Cash Flows Statements for the nine-month periods ended 30th September 2017 and 2018. The unaudited Consolidated Cash Flows Statements regarding the nine-month period ended 30th September 2018 was subject to a limited review. All the above mentioned Consolidated Cash Flows Statements were prepared in accordance with IFRS:

	31st december (audited)						30th september (unaudited)			
Items	2015		2016		2017		2017		2018	
1. OPERATIONAL ACTIVITIES:										
Receivables from customers		78,975		84,532		93,273		70,283		65,550
Payments to suppliers		-47,080		-48,739		-53,976		-36,355		-35,134
Payments to employee		-27,073		-26,551		-28,658		-20,322		-22,361
Flows generated by operations		4,822		9,243		10,638		13,605		8,055
Other payments / receivables		-98		-256		374		-2,963		1,613
Cash flow from operating activities		**4,724**		**8,986**		**11,012**		**10,642**		**9,668**
2. INVESTMENT ACTIVITIES:										
Receivables from:										
Investment properties			1,620		0		0			
Investment subsidies	667		1,301		1,740		1,613		1,472	
Dividends		**667**	2	**2,924**	0	**1,740**	0	**1,613**		**1,472**
Payments regarding:										
Intangible assets					-297					
Tangible fixed assets	-10,551		-4,899		-4,863		-1,358		-15,278	
Others		-10,551		-4,899		-5,160		-1,358		-15,278
Cash flow from investment activities		**-9,884**		**-1,975**		**-3,420**		**255**		**-13,805**
3. FINANCING ACTIVITIES:										
Receivables from:										
Loans granted	30,122		16,992		12,662		9,390		22,277	
Interests	43		0		0		0			
Capital increases, supplementary benefits					1,484					
		30,164		16,992		14,146		9,390		22,277
Payments regarding:										
Loans granted	-21,393		-20,971		-17,241		-18,523		-18,515	
Amortization of financial leasing contracts	-68		-156		-42		-37		-83	
Interests and similar expenses	-3,205	-24,666	-3,503	-24,630	-1,211	-18,493	-2,378	-20,938	-1,035	-19,633
Cash flow from financing activities		**5,499**		**-7,637**		**-4,347**		**-11,548**		**2,645**
4. VARIATION OF CASH AND CASH EQUIVALENTS		339		-627		3,245		-650		-1,493
5. EFFECT OF EXCHANGE DIFFERENCES						-39				-8
6. INITIAL CASH AND CASH EQUIVALENTS		1,881		2,220		1,593		1,593		4,800
7. CHANGE OF CONSOLIDATION PERIMETER										**477**
8. FINAL CASH AND CASH EQUIVALENTS		**2,220**		**1,593**		**4,800**		**943**		**3,776**

The changes in cash flows identified in the table above are explained by the following flows:

Flows from operating activities

Cash flows from operating activities arise, particularly, from receipts from customers for sales and services, from payments to current suppliers and to staff, and from payments, or receipts, of Value Added Tax (VAT) and Corporate Income Tax (IRC).

In the three-year period 2015-2017, the (net) cash flows from operating activities improved significantly from 4,724,000 euros to 11,012,000 euros. The increase is mainly due to the variation in cash flows generated by operations, namely the combined effects of the larger increase in customer receipts (+18.1%), compared to payments to suppliers (+14.6%) and staff (+5.9%).

When compared to the those from the same period of 2017, (net) cash flows from operating activities in the first nine months of 2018 changed from EUR 10,642,000 to EUR 9,668,000. This variation was caused by the decrease in customer receipts (-7%) and the increase in payments to employees (+10%).

Flows from investment activities

The cash flows from investment activities consist of receipts related to the sale of tangible assets (property, plant and equipment), investment subsidies and prompt-payment discounts obtained, minus payments corresponding to the acquisition of financial investments (share capital and financing loans) and fixed assets (plant, equipment and contractual rights).

During the three-year period 2015-2017 (net) cash flows from investment activities showed a positive trend, from minus 9,884,000 euros to minus 3,420,000 euros. This variation is justified because, in 2015, the investment (CAPEX) in the new plant of the Ria Stone subsidiary was in the final stages of completion. In addition, conversely, a non-commercial asset, the Nova Ivima Factory, located in Marinha Grande, was sold for the sum of 1,620,000 euros.

Compared to the same period of 2017, (net) cash flows from investment activities expended in the first nine months of 2018 fell from EUR 255,000 to negative EUR 13,805,000.

Flows from financing activities

The flows of financing activities originate from supported debt servicing and from the amortisation of financial lease agreements regarding tangible assets.

In the three-year period 2015-2017, (net) cash flows from financing activities showed a very significant decrease, falling from 5,499,000 euros in 2015 to minus 4,347,000 euros in 2017. This evolution reflects the recovery of the Company's operating performance and consequently the ability to release funds to meet its financial commitments. In addition, interest and similar costs declined by around 62.2%, from 3,205,000 euros in 2015 to 1,211,000 euros in 2017.

In equivalent net terms, the cash flows from financing activities for the nine-month period ended 30th September 2018 increased from negative EUR 11,548,000 to EUR 2,645,000 (123%). This performance is mainly due to the increase in receipts from loans (+137%), from EUR 9,390,000 to EUR 22,277,000. For more information, see Chapter 12.2 – "Financial Resources" of this Prospectus.

12.2 Financial Resources

VAA’s liquidity requirements relate primarily to debt servicing, working capital needs and investment activity. The Company's main sources of liquidity are cash in hand, the generation of funds through its business activity, long-term debt and short-term bank credit lines.

The funding of VAA’s activity, whether short, medium or long-term, is centralised in VAA.

VAA’s amount of consolidated Indebtedness on 31st December 2017 and 30th September 2018 is as follows:

(values in thousand euros)	31st december 2017 (audited)	30th september 2018 (unaudited)
Non-current Indebtedness *	**22,169**	**36,604**
Indebtedness (Bank and other entities)	17,475	17,267
Indebtedness (other)	4,324	5,866
Indebtedness (Shareholders loans)	370	13,471
Current Indebtedness *	**24,209**	**53,064**
Indebtedness (Operational)	10,245	15,285
Indebtedness (Bank and other entities)	8,119	15,666
Indebtedness (other)	5,844	8,667
Indebtedness (Shareholders loans)	0	13,446
Total	**46,377**	**89,667**

* Shareholder indebtedness includes loans obtained from the majority shareholder Visabeira Indústria, SGPS, S.A. (see note 20 to the consolidated report and accounts for 2017 and note 18 of the interim consolidated report and accounts for the nine months ended 30th September 2018 (Obtained Funding))

Repayable subsidies included in bank and other entities' Indebtedness are the result of investment projects (CAPEX) contracts financed by community and domestic funds. In this case, the amount is distributed among several Group companies, with various repayment periods provided for.

It should be noted that, following the share capital increase completed in December 2017, Cerutil's credits amounting to 50,000,000 euros were converted into share capital, and the Company thus strengthened its capital structure.

Regarding the item of the "Current Shareholder Indebtedness" as classified in the table above, Visabeira Indústria issued a declaration dated 29th October 2018, expressly and irrevocably stating that the Issuer is not required to pay immediately that portion of the shareholder indebtedness in the amount of 13.4 million euros, in the event that the subscription proceeds expected as a result of the Share Capital Increase are not sufficient, then the remaining settlement terms included in the payment agreement entered into between the two parties (the start of settlement occurring only from 30th January 2020 until 30th September 2023) apply to that part.

Loans obtained and not amortised at 30th September 2018 had the following repayment terms (amounts in thousands of Euros):

Entities	Typology	Debt	Up to 12 months	12 to 24 months	24 to 36 months	> 36 months
Various	Commercial paper	850	0	0	0	850
Various	Accounts Receivable	5,439	5,439	0	0	0
Various	Loans	26,644	10,227	9,007	7,409	0
	Bank indebtedness and other entities	**32,933**	**15,666**	**9,007**	**7,409**	**850**
Various	Loans "Express Bill"	669	669	0	0	0
Various	Discount on export shipments	13,624	13,624	0	0	0
Various	Factoring	992	992	0	0	0
	Operational loans	**15,285**	**15,285**	**0**	**0**	**0**
FRME *	Other loans	883	126	378	378	0
FIEAE **	Other loans	1,200	0	0	1,200	0
Grupo Visabeira	Other loans	2,920	2,920	0	0	0
AICEP ***	Reimbursable grants	9,075	5,483	2,270	700	622
	Other loans	**14,078**	**8,529**	**2,648**	**2,278**	**622**
	Leasings	**455**	**138**	**136**	**134**	**47**
Total	**Grand total**	**62,750**	**39,618**	**11,791**	**9,822**	**1,519**

*FRME – Fundo para a Revitalização e Modernização do tecido Empresarial, SGPS, S.A. (Fund for the Revitalization and Modernization of the Corporate fabric, SGPS, S.A.)
**FIEAE – Fundo Imobiliário Especial de Apoio às Empresas (Special Real Estate Fund for Business Support)
***AICEP – Agência para o Investimento e Comércio Externo de Portugal (Agency for Foreign Investment and Trade of Portugal)

The bank and other entities' Indebtedness secured under endorsement granted by Visabeira Indústria, SGPS, S.A., by Grupo Visabeira SGPS, S.A. and/or by individual majority shareholder of this company Eng. Fernando Campos Nunes is as follows:

Typology	Warranties
Commercial paper	850
Accounts Receivable	5,439
Loans	18,740
Bank indebtedness and other entities	**25,028**
Loans "Express Bill"	669
Discount on export shipments	13,624
Factoring	992
Operating Loans	**15,285**
Leasings	**246**
Total	**40,559**

Note 18 (Obtained Funding) from the Issuer's condensed consolidated financial statements for the nine-month period ended in September 2018 contains information on the Issuer's borrowing conditions and Indebtedness structure.

The financial capacity of the VAA Group can be summarised in terms of the following ratios:

	31st december (audited)			30th september (unaudited)	
Economic-Financial Ratio	**2015**	**2016**	**2017**	**2017**	**2018**
A. Equity Capital	27,758	31,286	82,598	32,812	47,350
B. Total Assets	172,827	175,819	177,816	173,614	194,959
Debt Equity Ratio = (A) / (B)	**16.1%**	**17.8%**	**46.5%**	**18.9%**	**24.3%**
C. Total current assets	49,798	52,063	57,861	50,956	66,238
D. Total current liabilities	40,323	42,134	55,221	54,578	96,113
Liquidity Ratio = (C) / (D)	**123.5%**	**123.6%**	**104.8%**	**93.4%**	**68.9%**
E. Equity Capital	27,758	31,286	82,598	32,812	47,350
F. Total Liabilities	145,069	144,532	95,219	140,803	147,609
Solvency Ratio = (E) / (F)	**19.1%**	**21.6%**	**86.7%**	**23.3%**	**32.1%**
G. Total Liabilities	145,069	144,532	95,219	140,803	147,609
H. Total Assets	172,827	175,819	177,816	173,614	194,959
Indebtedness Ratio = (G) / (H)	**83.9%**	**82.2%**	**53.5%**	**81.1%**	**75.7%**
I. Equity Capital	27,758	31,286	82,598	32,812	47,350
J. Total Non-current liabilities	104,746	102,398	39,997	86,224	51,496
Medium/Long term indebtedness capacity = (I) / ((I) + (J))	**20.9%**	**23.4%**	**67.4%**	**27.6%**	**47.9%**

VAA's Working Capital as of 30th September 2018 is negative in EUR 29.9 million, compared to negative EUR 3.6 million as of 30th September 2017.

In October 2018 there was a rescheduling of the maturity of some bank loans (replacing current bank Indebtedness by non-current bank Indebtedness), particularly, those affected to ongoing investment projects, which as of 30th September 2018 were deemed as current liabilities, from which the following should be highlighted: (i) a financing to Ria Stone of approximately EUR 4.3 million which will be reimbursed in 16 quarterly equal instalments between 2021 and 2024; (ii) a financing to Vista Alegre Atlantis, S.A. of approximately EUR 1.9 million to be reimbursed in a six-year period with quarterly and continuous installments starting in December 2019; (iii) a financing to Cerutil of approximately EUR 323,000, which will be reimbursed with monthly amortizations during a period of 72 months starting in June 2019; and (iv) a financing to Bordalo Pinheiro of approximately EUR 2.9 million to be reimbursed through biannual amortizations from January 2021 until October 2025.

Besides the mentioned rescheduling of the maturity of bank loans in the amount of EUR 9.4 million in October 2018 and the availability of credit facilities obtained and not used by the Issuer, in the amount of EUR 3.9 million as of 30th September 2018, the Issuer still has the ability to resort to external financing in case it is necessary for its projected activities and investments (even though there is currently no ongoing additional indebtedness).

12.3 Issuer's Statement Relating to the Sufficiency of Working Capital

The Issuer is convinced that, regarding all the companies that make up VAA Group's consolidation perimeter, its Working Capital shall be sufficient for its current needs, i.e. for a twelve-month period starting from the date of publication of this Prospectus, considering the available projections for that twelve-month period (in particular considering the acquisitions of Cerutil and Bordalo Pinheiro, as well as the significant increase of Ria Stone's activities, with a positive impact in terms of the release of operational cash flows) and the available financial resources or to which the Issuer can access, either in the situation of a successful conclusion of the Offer and the Institutional Offer (i.e. with the financial income resulting from Subscription Proceeds), or in the absence of such a successful conclusion (taking into consideration the payment term applicable to the shareholder's Indebtedness in this scenario).

Please see particularly Chapters 4.2 – "Use of proceeds", 7.2 – "Net debt", and 12.2 – "Financial Resources" concerning the referred scenarios of conclusion of the Offer and the Institutional Offer.

CHAPTER 13 – BOARD OF DIRECTORS, SUPERVISORY BOARD AND STAFF

13.1 Composition of the Board of Directors

According to the Articles of Association, the Board of Directors is composed of a minimum of five and a maximum of eleven members, elected by the General Shareholders Meeting.

The Board of Directors currently in office, elected at the VAA's General Shareholders Meeting for the year 2018, is composed of the following eight (11) members:

		Election / Beginning of term of office
Chairman:	Nuno Miguel Rodrigues Terras Marques	18.05.2018
Vice-Chairman	Paulo Jorge Lourenço Pires *(Chairman of the Executive Committee)*	18.05.2018
Directors:	Alexandra da Conceição Lopes *(Member of the Executive Committee)*	18.05.2018
	Nuno Miguel Ferreira de Assunção Barra *(Member of the Executive Committee)*	18.05.2018
	Paulo José Antunes Soares *(Member of the Executive Committee)*	18.05.2018
	Alda Alexandra Abrantes Costa *(Member of the Executive Committee)*	18.05.2018
	João Manuel Pisco de Castro	18.05.2018
	Nuno Maria Pinto de Magalhães Fernandes Thomaz	18.05.2018
	Jorge Paulo Sacadura Almeida Coelho	18.05.2018
	Cristina Isabel Sousa Lopes	18.05.2018
	Teodorico Figueiredo Pais	12.10.2018]

By a resolution approved on 18th May 2018, the Board of Directors decided to delegate onto the Executive Committee the broadest management powers allowed by law and which the Board of Directors deemed convenient and necessary, in order to ensure the necessary autonomy for the current and operational management of the Company.

The Executive Committee undertakes to perform the day-to-day management of the Company, monitoring business activity and fostering strategic decisions by the Board of Directors in accordance with its powers and within the scope of the delegation of powers.

For the purposes of exercising their role of the members of the Board of Directors, their professional domicile is the registered office, located at Lugar da Vista Alegre, parish of Ílhavo (São Salvador), Ílhavo.

A brief description follows of the background and qualifications of members of the Board of Directors:

- **Nuno Miguel Rodrigues Terras Marques – Chairman of the Board of Directors**

  Mr. Marques is a graduate (2000) in Electrotechnical Engineering, Faculty of Engineering of the University of Porto (FEUP), with his 5th year spent at the Catholic Institute of Arts and Industries (ICAI), University of Comillas in Madrid, through the Erasmus program. Mr. Marques' additional qualifications include having completed a Management Control and Performance Evaluation Course (2006) and Executive MBA (2009), both at the Management School of Porto – EGP UPBS.
  In 1992, Mr. Marques obtained a certification from the University of Toulouse, for oral and written French skills (6 years). That same year, Mr. Marques also obtained a certification from the University of Cambridge for oral and written English skills (6 years). To these Mr. Marques added, in 1998, a certification from the University of Comillas for oral and written Spanish.
  Mr. Marques was previously CEO of Visabeira Global and Managing Director of Constructel France and Constructel Belgique.
  At the General Shareholders Meeting on 6th May 2016, Mr. Marques was elected to the position of Member of VAA's Board of Directors for the year 2016.
  At the General Shareholders Meeting on 24th March 2017, Mr. Marques was elected to the position of Chairman of VAA's Board of Directors for the year 2017.
  At the General Shareholders Meeting on 18th May 2018, Mr. Marques was re-elected to the position of Chairman of VAA's Board of Directors for the year 2018.

- **Paulo Jorge Lourenço Pires – Vice-Chairman of the Board of Directors and Chairman of the Executive Committee**
  Duties: responsible for strategy, management of industrial operations, institutional representation of VAA (technical and operations), promotion of research, development and innovation, continuous improvement of production methods and processes, customer service, logistics and the environment and quality management system

  Mr. Pires is a graduate in Industrial Engineering and Management from the University of Minho (1995). In 1998/9 Mr. Pires attended the Advanced Management Programme for Executives (PAGE) at the Portuguese Catholic University. Mr. Pires began his professional career (1995) at General Electric, where he was responsible for the implementation of "Lean Manufacturing" methodologies. Mr. Pires was responsible for the transfer to Portugal of a production unit located in another European country, where he was in charge of production. Mr. Pires was also responsible for customer service and continuous improvement. In 1997, Mr. Pires joined the VAA Group as Managing Director of the Earthenware business (and also Managing Director of Capôa and of Sociedade de Porcelanas). In 2001, Mr. Pires took charge of the Industrial Direction of the Earthenware business, assuming the position of Industrial Director of the Capôa Unit. Since 2005, Mr. Pires has been in charge of the Industrial Ceramics Department, which includes 3 industrial units. Mr. Pires is responsible for the industrial Porcelain, Ovenware and Earthenware operations. In January 2013, Mr. Pires was appointed Managing Director of Ria Stone, being responsible for the development and implementation of the project. In October 2013, Mr. Pires was nominated as a member of the VAA Board of Directors for the remainder of the current mandate (2013).
  At the General Shareholders Meeting on 26th May 2014, Mr. Pires was re-elected to the position of Member of the VAA Board of Directors for the year 2014. At the General Shareholders Meeting on 20th May 2015, Mr. Pires was re-elected to the position of Member of the VAA Board of Directors for the year 2015.
  At the General Shareholders Meeting on 24th March 2017, Mr. Pires was elected to the position of Vice-Chairman of the VAA Board of Directors for the year 2017.
  At the General Shareholders Meeting on 18th May 2018, Mr. Pires was re-elected to the position of Vice-Chairman of the VAA Board of Directors for the year 2018.

- **Alexandra da Conceição Lopes – Member of the Board of Directors and Executive Committee**
  Duties: responsible for the administrative area, procurement/purchasing, accounting, management control, risk analysis, financing/funding, treasury, tax, legal, investor contact, human resources and business management and monitoring

  Ms. Lopes holds a degree in economics from the Faculty of Economics at the University of Coimbra, and a postgraduate course in management from the School of Business Studies in Beiras.
  Ms. Lopes began her career at the Visabeira Group in 1999. Until 2002, she held positions in the Visabeira Group linked to the Internal Control and Management Control departments.
  From 2002 to 2005, Ms. Lopes served as an advisor to the Chairman of the Visabeira Group Board of Directors. Between 2005 and 2011, she was the Director of Operational Efficiency and Cost Reduction for the Visabeira Group. In May 2011, Ms. Lopes became Chairwoman of Visabeira Pro – Gestão de Serviços Partilhados, S.A. Board of Directors. In 2013, she became a member of the Visabeira Group Board of Directors. At the General Shareholders Meeting of 22nd May 2013, Ms. Lopes was elected a member of the VAA Board of Directors to complete the year 2013.
  At the General Shareholders Meeting on 26th May 2014, she was re-elected to the position of Member of the VAA Board of Directors for the year 2014. At the General Shareholders Meeting on 20th May 2015, Ms. Lopes was re-elected to the position of Member of the VAA Board of Directors for the year 2015. At the General Shareholders Meeting on 6th May 2016, she was again re-elected to the position of Member of the VAA Board of Directors for the year 2016.
  At the General Shareholders Meeting on 24th March 2017, she was re-elected to the position of Member of the VAA Board of Directors for the year 2017.
  At the General Shareholders Meeting on 18th May 2018, she was re-elected to the position of Member of the VAA Board of Directors for the year 2018.

- **Alda Alexandra Abrantes Costa – Member of the Board of Directors and Executive Committee**
  Duties: responsible for internal auditing, process improvement, administrative coordination and industrial costing

  Ms. Costa holds a degree in Business Organisation and Management from the University of the Azores (1991) and an MBA from Porto Business School (1994). In 1991, Ms. Costa began her career at the Regional Department for Housing, Public Works, Transport and Communications of the Regional Government of the Azores, as a Senior Technician. At the same time, she was a professor at the University of the Azores. Ms. Costa joined the VAA Group in 1994 as a Deputy Director of the Financial Department and took charge of the Management Control Department in 1997. Later on, Ms. Costa expanded her functions, and has been head of the Group's Financial Department since 2001. At the General Shareholders Meeting on 22nd May 2013, she was elected to the position of Member of the VAA Board of Directors for the year 2013. At the General Shareholders Meeting on 26th May 2014, she was elected to the position of Member of the VAA Board of Directors for the year 2014. By resolution of the VAA Board of Directors on 25th August 2016, she was appointed to the position of Member of the Board of Directors for the remainder of the current mandate (2016).
  At the General Shareholders Meeting on 24th March 2017, she was re-elected to the position of Member of the VAA Board of Directors for the year 2017.
  At the General Shareholders Meeting on 18th May 2018, she was re-elected to the position of Member of the VAA Board of Directors for the year 2018.

- **Nuno Miguel Ferreira Assunção Barra – Member of the Board of Directors and Executive Committee**
  Duties: responsible for marketing and design, hotel trade area – domestic market, institutional representation of VAA (commercial and marketing)

Mr. Barra holds a degree in Economics from the Faculty of Economics at the University of Coimbra in 1995 and completed an MBA in 1996 from INDEG/ISCTE with a specialisation in Marketing and International Business. From 1996 to 1998, he studied for his Master's Degree in Business Sciences specialising in Management, Strategy and Business Development with a main focus on Marketing and International Business at INDEG/ISCTE. In 2015, he completed the Executive Course "Aligning Strategy & Sales" at Harvard Business School.
In 1997, Mr. Barra began his professional activity as assistant professor for the 3rd year of the "Marketing II" course at the Leiria Higher Education College of Technology and Management (ESTGL). From 1997 to 2000, he held three consecutive roles at TAP-Air Portugal, SA, as Network Development Manager, Marketing Manager and Revenue Manager in the Network Department of the General Commercial Directorate. From 2000 to 2001, he taught the subject "International Tourism" on the "Tourism Products Management" postgraduate course at INDEG/ISCTE. From 2000 to 2002, Mr. Barra also served as a Senior Consultant at PricewaterhouseCoopers Consulting (PwC Consulting) in the areas of Strategic Change and Customer Relationship Management (CRM). From 2002 to 2005, he was a Senior Consultant at KPMG Consulting in the areas of Strategic Marketing (Strategic and Operational Marketing, Brand Management and Customer Strategy) and Corporate Strategy. In 2005, Mr. Barra assumed the position of Director of Marketing & Communication (CMO) at the Visabeira Group. In 2008, he was appointed Managing Director of the Visabeira Imobiliária sub-holding, a position he held until 2009. In 2010, Mr. Barra assumed the position of Director of Marketing & External Design at Vista Alegre and Bordalo Pinheiro, which he continues to hold. At the General Shareholders Meeting on 6th May 2016, he was elected to the position of Member of the VAA Board of Directors for the year 2016.
At the General Shareholders Meeting on 24th March 2017, he was re-elected to the position of Member of the VAA Board of Directors for the year 2017.
At the General Shareholders Meeting on 18th May 2018, he was re-elected to the position of Member of the VAA Board of Directors for the year 2018.

- **Paulo José Antunes Soares: – Member of the Board of Directors and of the Executive Committee**
  Duties: responsible for the commercial area of subcontracts (crystal, glass and ceramics), business brand department, hotel industry – external market department

Mr. Soares holds a degree in Business Management from the College of Technology and Management, and has a specialisation in Marketing from the Portuguese Catholic University. Between 1997 and 2006, he performed the roles of (i) Foreign Market Manager at Ivima, a company that produces manual glass, where he restructured the International Distribution division, doubling sales and services in 3 years; (ii) Commercial Director of the Atlantis S.A.'s glass unit, where he was responsible for defining the entire commercial policy for the domestic and external markets; (iii) Crisal's Export Director, the only automatic table glass manufacturing facility in Portugal; and subsequently (iv) as the Export Director of Atlantis with the mission of identifying and exploring new business opportunities and the management of 4 trademarks, namely the French brand Crystal de Sèvres with offices and a commercial team covering the whole world from France. In that period, he acquired solid skills in identifying opportunities in new markets in the table art sector and creating partnerships.
In 2006, Mr. Soares started working at Vista Alegre Atlantis, in the domestic market, carrying out the restructuring of the domestic market and the redesign of the store chain and the independent retail, a task concluded in 2012. From 2013 until the end of 2015, he led the business channel for products destined for the horeca channel, which in this period achieved significant growth in sales and services. Mr. Soares is currently Director of Vista Alegre Atlantis S.A., in charge of restructuring the international distribution and development of large accounts for the porcelain, crystal, oven, glass and ceramics units.
At the General Shareholders Meeting on 6th May 2016, he was elected to the position of Member of the VAA Board of Directors for the year 2016.
At the General Shareholders Meeting on 24th March 2017, he was re-elected to the position of Member of the VAA 1 Board of Directors for the year 2017.

At the General Shareholders Meeting on 18th May 2018, he was re-elected to the position of Member of the VAA Board of Directors for the year 2018.

- **João Manuel Pisco de Castro – Member of the Board of Directors**

Mr. Castro holds a Master's Degree in Business Administration (MBA) from the Faculty of Economics of the University of Lisbon (1990), and a Bachelor's Degree in Electrical Engineering, Telecommunications and Electronics, from the Lisbon Technical University (1983).

Mr. Castro currently performs the following functions: Chairman of the Board of Directors of Visabeira Indústria SGPS, S.A, MOB – Indústria de Mobiliário, S.A., Pinewells, S.A., Visagreen, S.A., Visa House – Sociedade de Mediação Imobiliária, S.A., Real Life – Tecnologias de Informação, S.A., Bordalgest S.A., Vista Alegre Atlantis, S.A., VA Grupo – Vista Alegre Participações, S.A., VAA - Empreendimentos Turísticos, S.A., VA I.I. – Sociedade Imobiliária, S.A., Faianças da Capôa – Indústria de Cerâmica, S.A., Cerexport – Cerâmica de Exportação, S.A., Vista Alegre USA, VA Vista Alegre España, S.A.; Vice Chairman of the Board of Directors of the Grupo Visabeira, SGPS, S.A; and Director of Visacasa S.A., PCI – Parque de Ciência e Inovação, S.A., Constuctel (France), Constructel (Belgium), Constructel Sweden AB, Constructel (Russia), Constructel (UK) and Constructel GmbH.

Mr. Castro was Chairman of the Institute for Finance and Infrastructure of Justice (Instituto de Gestão Financeira e de Infra-Estruturas da Justiça, I.P.) (2007-2009).

Mr. Castro joined Visabeira Group in 1989, where he has held the following roles: Member of the Grupo Visabeira SGPS, S.A. Board of Directors. (2002-2007); Director of Ifervisa, S.A. and Director of Viatel, S.A. (2005-2007); Manager of Visabeira, Lda. (2004-2007); Director of Figueira Paranova, S.A. (2005-2006); Director of Visabeira Telecomunicações e Construção SGPS, S.A. (2002-2006); Director of Visacasa, SA and Director of Visabeira Serviços SGPS, S.A. (2003-2005); Director of Beiragás, S.A. (2000-2003); Advisor to the Board (1995-2000); Managing Director in the Azores (1993-1995); Regional Director in Lisbon (1989-1993).

At Lisbon and Porto Telephones (TLP), he was Head of Distribution at the Carcavelos Operating Centre (1985-1989); and Specialist in Production Management (1983-1985).

He was a teacher at the Salesian School in Estoril (1981-1983); managing partner and teacher at the Externato das Neves School, Viana do Castelo (1977-1981); high school teacher in the Externato do Forte School, Vila Nova de Cerveira, 1976.

At the General Shareholders Meeting on 26th May 2014, he was elected to the position of Vice Chairman of the VAA Board of Directors for the year 2014. At the General Shareholders Meeting on 20th May 2015, he was re-elected to the position of Chairman of the VAA Board of Directors for the year 2015.

At the General Shareholders Meeting on 6th May 2016, he was again re-elected to the position of Chairman of the VAA Board of Directors for the year 2016.

At the General Shareholders Meeting on 24th March 2017, he was re-elected to the position of Member of the VAA Board of Directors for the year 2017.

At the General Shareholders Meeting on 18th May 2018, he was re-elected to the position of Member of the VAA Board of Directors for the year 2018.

- **Nuno Maria Pinto de Magalhães Fernandes Thomaz – Member of the Board of Directors**

Mr. Thomaz holds a degree in Business Administration and Management from the Higher Institute of Management and postgraduate course from Harvard Business School.

He currently performs the following functions: Director of SOGEPOC SGPS, S.A., Senior Partner of Core Capital – Sociedade Capital de Risco, S.A., Chairman of Centromarca – Associação Portuguesa de Empresas de Produtos de Marca, Corporate Director of NAU Securities (London), Chairman of the Portuguese-Brazilian Foundation (Fundação Luso-Brasileira); Director of the Portuguese Chamber of Commerce and Industry, Professor at the Higher Institute of Management, Guest Professor at NOVA SBE, member of the Advisory Board of the Harvard Club of Portugal and member of the Management Committee of LIDE Portugal.

Between 2013 and 2016, Mr. Thomaz served as Vice Chairman of the Executive Committee of Banco Caixa Geral de Depósitos, S.A., Chairman of the Managing Board of Caixa Geral de Aposentações, Chairman of the Board of Directors of Caixa - Banco de Investimento, S.A., Chairman of the Board of Directors of Caixa Capital - Sociedade de Capital de Risco, S.A., Chairman of the Board of Directors of Caixa Desenvolvimento, SGPS, S.A., Chairman of the Board of Directors of Banco Caixa Geral Angola, Chairman of the Board of Directors of Banco Caixa Geral Brasil, Chairman of the Board of Directors of BNU - Banco Nacional Ultramarino, S.A. (China -Macau), Chairman of the Board of Directors of Mercantile Bank, Ltd (South Africa) - CGD Group, Vice Chairman of the Board of Directors of BCI - Banco Comercial e de Investimentos, S.A. (Mozambique), Chairman of the Board of Directors of Parbanca, SGPS, S.A., Chairman of the Board of Directors of Partang, SGPS, S.A., Member of the Board of Directors of Caixa Seguros e Saúde, SGPS, S.A., Member of the Board of Directors of Cares - Companhia de Seguros, S.A., Member of the Board of Directors of Fidelidade - Companhia de Seguros, SA, Member of the Board of Directors of Multicare - Seguros de Saúde, SA, Member of the Board of Directors of Sociedade Grupo Visabeira, SGPS, SA, Chairman of the Board of the General Shareholders Meeting of CGD Pensões - Sociedade Gestora Fundo de Pensões, S.A., Vice Chairman of the Portuguese-Chinese Chamber of Commerce, Vice Chairman of ELO, Portuguese Association for Economic Development and Cooperation, among others.
Mr. Thomaz was a member of the XVI Constitutional Government of Portugal, as Secretary of State for Maritime Affairs (2004-2005). In 2011, he was appointed by the Government to the Working Group on Economic Diplomacy.
Mr. Thomaz was distinguished by the Chamber of Commerce and Industry of Rio de Janeiro with the Banker of the Year Award in 2013.
At the General Shareholders Meeting on 18th May 2018, he was elected to the position of Member of the VAA Board of Directors for the year 2018.

- **Jorge Paulo Sacadura Almeida Coelho – Member of the Board of Directors**

Mr. Coelho holds a degree in Business Organisation and Management from the Higher Institute of Economics and Management (1983).
Mr. Coelho currently performs the following functions: Managing Partner of Horizone, Lda., Managing Partner of Green Horizone, Lda., Managing Partner of Sociedade Agro-Industrial Terras de Azurara, Lda., Chairman of the Strategic Advisory Board of the Mota-Engil Group, Member of the Supervisory Board of Mota-Engil Angola, Member of the Advisory Board of AICEP, Member of the Advisory Board of Banco de Investimento Global (BIG), Chairman of the General Shareholders Meeting of Mota-Engil Indústria e Inovação, Chairman of the General Shareholders Meeting of AIRV (Business Association of the Viseu Region), President of the Strategic Business Council of Sintra, and a member of the Board of the Higher Institute of Economics and Management.
Mr. Coelho was a member of the Portuguese parliament and President of the Oeiras municipal parliament in the legislatures of 1991-1995 and 2001-2006.
He was a Deputy Minister of the Portuguese Government (1995-1997).
Between 1997 and 1999, he held the positions of Minister of the Presidency and Internal Affairs of the Portuguese Government, and member of the Supreme Council of National Defence and of the Supreme Council of Internal Security.
Between 1999 and 2001, Mr. Coelho held the positions of Minister of State and Social Infrastructure of the Portuguese Government, President of the European Conference of Ministers of Transport, and President of the Council of Ministers of Transport during the Portuguese Presidency of the European Union.
Mr. Coelho was a member of the Council of State between 2005 and 2008.
At the General Shareholders Meeting on 18th May 2018, he was elected to the position of Member of the VAA Board of Directors for the year 2018.

- **Cristina Isabel Sousa Lopes – Member of the Board of Directors**

Ms. Lopes holds a degree in Business Management from the Viseu School of Technology – Polytechnic Institute of Viseu (2007).
She is currently the Director of Palácio de Gelo Shopping and is in charge of the Collection and Litigation Departments of several Visabeira Group companies.

Between 2007 and 2016, Ms. Lopes held various positions at Visabeira Group companies: Financial Administrator (2007-2009), Financial Manager (2009-2010), in charge of the Project Process and Monitoring Department (2014) and Deputy Director of the Financial Planning, Funding and Risk Department (2014-2016).
At the General Shareholders Meeting on 18th May 2018, she was elected to the position of Member of the VAA Board of Directors for the year 2018.

- **Teodorico Figueiredo Pais – Member of the Board of Directors**

Mr. Pais is a graduate in Porcelain and Glass Engineering from Aveiro University (1991) and holds an Executive MBA in Management from the Business School of Porto (2005).
Mr. Pais is currently engineer at Vista Alegre's Porcelain Factory and Industrial Director of the Porcelain and Glass Units.
Mr. Pais was Country Manager of the subsidiary Vista Alegre Espanha between 2010 and 2014. From 2008 and 2010 he was Brand Manager for "Vista Alegre Hotelware", a position held in conjunction with Brand Manager for the horeca channel, which he holds since 2005.
At the General Shareholders Meeting on 12th October 2018, he was elected to the position of Member of the VAA Board of Directors for the current mandate.

13.2 Composition of the supervisory board

The oversight of the business is entrusted to a Fiscal Board and a Statutory Auditor or a Firm of Statutory Auditors that is not a member of that body, elected at a General Shareholders Meeting.

i. Fiscal Board

The Fiscal Board is composed of 3 (three) sitting members and 1 (one) alternate member. The General Shareholders Meeting shall appoint one of its sitting members to serve as chairman, to whom a casting vote is awarded.

Currently, the Fiscal Board, elected at the General Shareholders Meeting held on 18th May 2018 for the year 2018 and in office since that date, has the following composition:

Chairman:
Alberto Henrique de Figueiredo Lopes

Members:
António Augusto Almeida Trabulo
Maria João Martins Parreira Ferreira Leite

Substitute:
José Manuel Varandas Marques

For the purposes of exercising the role of members of the Fiscal Board, their professional domicile is the registered office, located at Lugar da Vista Alegre, parish of Ílhavo (São Salvador), Ílhavo.

A brief description follows of the background and qualifications of the members of the Fiscal Board:

- **Alberto Henrique de Figueiredo Lopes - Chairman**

Mr. Lopes is a graduate in Economics from the Faculty of Economics of the University of Porto in 1970. He completed compulsory military service from January 1971 to December 1973, as a militia officer – Air Force Quartermaster and Accounting Service. Between 1971 and 1972, while undertaking his compulsory military service, Mr. Lopes served as an economist at the COMUNDO, SA Group, in the management control of commercial and service companies department.

Inspector of Finance, from 1974 to 1989, at the Company Inspection Service of the General Inspectorate of Finance, Mr. Lopes held a long-term licence as a Senior Inspector of Finance between 1990 and 2010, from which he retired in August 2010. He was responsible for the Central Portugal Office. Between 1980 and 1990, he served as a business consultant, authorised by the Secretary of State for Finance.
Mr. Lopes taught for several years as professor of Taxation at the Portuguese Catholic University, Viseu campus.
Statutory Auditor since the beginning of 1990, Mr. Lopes is currently a member of "A. Figueiredo Lopes, M. Figueiredo & Associados, SROC, Lda." Statutory Auditors company, where he is partner and founding director of the company originally named "A. Figueiredo Lopes & José Soutinho, SROC."
Mr. Lopes was appointed Chairman of VAA's Fiscal Board at an Extraordinary General Shareholders Meeting held on 22nd December 2016 and re-elected to the same position at the Annual General Shareholders Meeting held on 24th March 2017.
At the General Shareholders Meeting of 18th May 2018, he was re-elected Chairman of VAA's Fiscal Board.

- **António Augusto Almeida Trabulo - Member**

Mr. Trabulo holds a degree in Economics from the Faculty of Economics of Porto (1982), a Postgraduate qualification in Accounting and Business Finance from Universidade Aberta (1998) and has a Diploma of Research Competence in Financial Economics and Accounting from the University of Valladolid (2003). He is currently studying for a PhD in Management and Business Administration at the University of Valladolid, having completed the teaching component (now in the final stage of his thesis). Mr. Trabulo is also a qualified Statutory Auditor (1999). He began his professional career as a high school teacher (1980). He was head of finance at several companies (1986 – 1990). Mr. Trabulo was the Director of Management Control, Administrative and Tax Affairs at the Sonae Imobiliária, SGPS, S.A. group of companies (1990 – 1998). He was the Director of the tax consulting department of the Ernst & Young Porto office (1998 – 2001). He taught several subjects on the Statutory Auditor Training Course at the Portuguese Association of Statutory Auditors (1998 – 1999), on the Postgraduate Course in Business Finance at Lusíada University (1998 – 2001), and on the Postgraduate Course in Management at the University of Porto's School of Management (2007 – 2008). Mr. Trabulo was a member of the Technical Commission on Securities of the Portuguese Association of Statutory Auditors (2006 – 2012). He co-authored the book Financial Calculus (published by Porto Editora). Since 1999, he has been working as a Statutory Auditor.
Mr. Trabulo was appointed member of VAA's Fiscal Board at an Extraordinary General Shareholders Meeting held on 22nd December 2016 and re-elected to the same position at the Annual General Shareholders Meeting held on 24th March 2017.
At the General Shareholders Meeting of 18th May 2018, he was re-elected to the position of Member of VAA's Fiscal Board.

- **Maria João Martins Parreira Ferreira Leite - Member**

Ms. Leite holds a Law Degree (with an extension in legal and economic sciences) from the Law Faculty of the University of Lisbon, a Postgraduate Degree in European Studies from the European Institute of the Faculty of Law of the University of Lisbon, and is a lawyer enrolled with the Portuguese Bar Association.
She currently serves as a member of P.R.I.M.E Finance – Panel of Recognised Market Experts in Finance and on the Audit Committee of Core Capital – Sociedade de Capital de Risco, S.A.
Ms. Leite has teaching experience at the Faculty of Law of the University of Lisbon, at the Higher Institute of Labour and Business Sciences at the Modern University, and at the Institute of Economic, Financial and Tax Law at the Faculty of Law of the University of Lisbon.
Ms. Leite has held positions at the National Development Bank, EP (1988-1990), General Inspectorate of Finance (1990-1994), Office of the Secretary of State for the Treasury (1992-1994), Office of the Secretary of State for Finance (1994-1995), in the Legal Department of the General Directorate of the Treasury (1995-1997), on the Governing

Board of the Institute of Public Credit Management-IGCP, IP (1997-2012), at the International Monetary Fund – Resident Representative Office in Portugal (2012-2014), and at the Treasury and Public Debt Management Agency, IGCP, E.P.E (2014).
At the General Shareholders Meeting of 18th May 2018, she was appointed Member of VAA's Fiscal Board.

- **José Manuel Varandas Marques - Alternate**

  Mr. Marques holds a degree in Economics from the Faculty of Economics of Porto (1980) and is enrolled on the List of Statutory Auditors (1990) with number 722. From 1981 to 1986 he served as administrative and financial director at Empresa Industrial de Chapelaria, Lda., located in S. João da Madeira. From 1987 to March 1990, Mr. Marques worked as a professional consultant and performed audit work. His main client was the "Sonae Group". From March 1990 to June 1991, he worked as a self-employed statutory auditor, as a sole practitioner.
  From July 1991 to December 1995, Mr. Marques held the position of statutory auditor as a partner of the company named "Duarte Silva & Varandas Marques, SROC".
  Since 1995, he has worked as a statutory auditor as a partner at "Velosa, Nadais & Associados, SROC", which changed its name in January 2006 to "Velosa, Silva e Marques – SROC", and in 2013 to "Velosa, Silva, Marques e Trabulo – SROC".
  Mr. Marques was appointed as the alternate member of VAA's Fiscal Board on 24th March 2017 and re-elected to the same position at the General Shareholders Meeting on 18th May 2018.

ii. Statutory Auditor and External Auditor

The Statutory Auditor chosen for 2015 and 2016 was the audit firm Ernst & Young Audit & Associados, SROC, S.A., with registered office at Avenida da República, 90 – 6, 1600-206 Lisbon, registered at the Portuguese Association of Statutory Auditors under no. 178 and registered with the CMVM under no. 20161480.

During 2015 and 2016, Ernst & Young Audit & Associados, SROC, S.A. performed the functions of the Issuer's External Auditor and prepared the audit reports on the annual consolidated financial statements for the years ending 31st December 2015 and 31st December 2016.

During that period, this audit firm was represented in its functions by Rui Manuel Cunha Vieira (ROC no. 1154 and registered with the CMVM under no. 20160766) in 2014 and 2015, and by Rui Abel Serra Martins (ROC no. 1119 and registered with the CMVM under no. 20160731), in the year 2016.

Deloitte & Associados, SROC S.A., with registered office at Avenida Engenheiro Duarte Pacheco, no. 7, 1070-100 Lisbon, registered at the Portuguese Association of Statutory Auditors under no. 43 and registered with the CMVM under no. 20161389, represented by Miguel Nuno Machado Canavarro Fontes, registered at the Portuguese Association of Statutory Auditors under no. 1397 and registered with the CMVM under no. 20161007, was chosen to become the Issuer's Statutory Auditor during the 2017/2018 biennium, on General Shareholders Meeting on 24th March 2017.

Deloitte & Associados, SROC S.A. was also hired as the Issuer's External Auditor during the 2017/2018 biennium and prepared the audit report on the annual consolidated financial statements for the period ended at 31st December 2017.

Deloitte & Associados, SROC, S.A. was also hired to prepare the limited review of VAA's condensed consolidated financial information regarding the nine-month period ended 30**th** September 2018

Deloitte & Associados, SROC, S.A., represented by Miguel Nuno Machado Canavarro Fontes, was also responsible for producing the independent assurance reports on the compilation of the consolidated pro forma financial information (included as an annex to this

Prospectus) based on ISAE 3420 – Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus for the year ended 31st December 2017 and the nine-month period ended 30th September 2018, both dated 16th November 2018.

13.3 Remuneration and other benefits

The members of the governing bodies shall have the fixed and/or variable remuneration set by the General Shareholders Meeting or by a Remuneration Committee composed of 3 (three) members, elected jointly with the other governing bodies.

The variable remuneration that may be awarded to the Board of Directors may be constituted by a portion, not exceeding 25% (twenty-five per cent) overall, of the net profits for the year.

The remuneration of the members of the Board of Directors is not directly dependent on the evolution of VAA Shares' price.

There are no contracts between the Company or its subsidiaries and the members of the Board of Directors besides the applicable legislation and the Articles of Association. Likewise, there is no policy for compensation to be awarded to the members of the Board of Directors in the event of dismissal or early termination of their roles. In such cases, the relevant legislation and the Articles of Association apply.

The gross remuneration of the members of the Board of Directors, in all VAA Group companies processed in the 2017 financial year, was as follows:

Directors	EUR 268,252
Former Members (Pensions)	EUR 656,483

The annual remuneration individually earned by the members of the Board of Directors in office as of 31st December 2017 was as follows:

Director	Executive	Fixed Remuneration (€)
Alexandra da Conceição Lopes	Yes	37,800.00
Paulo José Antunes Soares	Yes	76,452.23
Nuno Miguel Ferreira Assunção Barra	Yes	77,000.00
Alda Alexandra Abrantes Costa	Yes	77,000.00

The non-executive member of VAA's Board of Directors, João Manuel Pisco de Castro, received no remuneration from any of the VAA Group companies during the 2017 financial year.

In 2017, the following members of VAA's Board of Directors earned the following remuneration paid by other companies of the Group where they also perform management functions:

Director	Company	Fixed Remuneration (€)
Paulo Jorge Lourenço Pires	Ria Stone	101,388.63

As has been the case since 2003, no variable remuneration was paid in the 2017 financial year. It should be noted that there are no:

- Plans for incentive systems based on attributing shares to the members of the Board of Directors;

- Compensations paid or due to former directors in connection with termination of their roles during the 2017 financial year; and
- Non-pecuniary benefits deemed as remuneration.

The following effective members of VAA's Fiscal Board, elected at the Annual General Shareholders Meeting on 24th March 2017, received the following remuneration for performing their roles during the 2017 term of office:

Name	Fixed Remuneration (€)
Alberto Henrique de Figueiredo Lopes	8,216.45
António Augusto Almeida Trabulo	8,216.45
Manuel Duarte Domingues	6,340.91

Regarding the Statutory Auditor's remuneration, the sum paid in 2017 for legal auditing services was 59.500 euros. No additional amounts related to tax or other consultancy services were paid to the Statutory Auditor or to other companies within its network.

13.4 VAA Shares held by members of the management and supervisory bodies

At the date of this Prospectus, neither the members of the management and supervisory bodies of VAA nor their respective spouses held any VAA Shares.

13.5 Terms of office for the management and supervisory bodies

Pursuant to article 22 of the Articles of Association, except for the statutory auditor, whose term is biennial, the members of the Board of Directors and of the Fiscal Board are elected annually. They may be re-elected, as established by law.

The members of the corporate bodies are deemed to be sworn in as soon as they are elected and will remain in the performance of their roles until the election of those who will replace them.

The current mandate is for 2018, in the case of the Board of Directors and the Fiscal Board and, in the case of the Statutory Auditor, for the 2017/2018 biennium.

The members of the management bodies are not currently bound to the Company or to any of its subsidiaries by an effective and enforceable employment contract (taking into account, in particular, that the directors Paulo Jorge Lourenço Pires, Alexandra da Conceição Lopes, Paulo José Antunes Soares and Nuno Miguel Ferreira de Assunção Barra, at the date of their appointment, held an employment relationship with subsidiaries of VAA, and this is suspended, under the provisions of article 398(2) of the CA), as such, they only perform the roles for which they were elected by the General Shareholders Meeting. There are no plans to grant any benefit thereto at the end of their respective terms of office. The members of the Fiscal Board have no employment bond with VAA, only performing the roles for which they were elected by the General Shareholders Meeting, and there are no plans to grant any benefit thereto at the end of their respective terms of office.

13.6 Information on the Remuneration Committee

The Remuneration Committee, composed of 3 (three) members, is elected by the General Shareholders Meeting, together with the other corporate bodies. Its main functions are to determine the remuneration status of the various members of the corporate bodies, in its fixed and variable components, in compliance with the remuneration policy approved by the General Shareholders Meeting and taking into consideration the roles performed and the

Company's economic situation. The chairman, chosen by the General Shareholders Meeting, has a casting vote.

The Remuneration Committee, elected at the General Shareholders Meeting on 18th May 2018 for the 2018 mandate, is composed of the following members:

Chairman:

Visabeira Indústria, represented by Mr. Carlos Manuel Mafra Valverde

Members:

Grupo Visabeira, SGPS, S.A., represented by Mr. Paulo Alexandre Rodrigues Ferraz
Cerutil, represented by Mr. Márcio Gabriel Pina Pereira

13.7 Information about the Company Secretary

The Company Secretary and Alternate Company Secretary, with the powers attributed thereto by law, re-elected by the Board of Directors by decision of 18th May 2018 for the 2018 mandate, are:

Marta Sofia Cunha Albuquerque Santos Temudo (Secretary)
Bernardo Miguel Carrilho da Silva Malha (Alternate)

13.8 Statements concerning members of the management and supervisory bodies

In relation to the persons identified as members of the Issuer's management and supervisory bodies, the Statutory Auditor and the External Auditor, and to the best of the Issuer's knowledge, the following statements are made:

- None of the aforementioned persons have any convictions relating to fraudulent conduct in the last 5 years;
- The aforementioned persons, occupying one of the positions listed, have not been involved in any bankruptcy, insolvency or liquidation proceedings in the last 5 years;
- None of the aforementioned persons are subject to any formal charges and/or penalties imposed by legal or regulatory authorities (including professional bodies), nor have these persons been prevented by a court from acting as members of a board of directors, management or supervision of an issuer or from managing or directing an issuer in the last 5 years.

To the best of the Issuer's knowledge, and in its understanding, there are no potential conflicts of interest between the obligations of any member of the Issuer's management and supervisory bodies or those of another Group company and their private interests or other obligations. In any case, for the sake of transparency, Nuno Maria Pinto de Magalhães Fernandes Thomaz – Member of the Issuer's Board of Directors is also Director of Nau Securities Limited (London) which, in turn, is co-Leader in the Institutional Offer and provides to the Issuer services related to investor relations, studies on the evolution of the stock and of the market and transactions on VAA Shares.

13.9 Compliance with obligations under the corporate governance regime

VAA is a publicly traded company and issuer of securities admitted to trading on the Euronext Lisbon regulated market.

In accordance with the provisions of article 2(1) of CMVM Regulation no. 4/2013, regarding the governance of issuers of shares admitted to trading on a regulated market located or operating in Portugal, VAA adopts the "Corporate Governance Code", approved by the CMVM in July 2013, available at www.cmvm.pt. It has not opted to comply with any other code of recommendations in that respect.

VAA's Corporate Governance Report, the full version of which is included for reference, and which is available for consultation at the locations indicated in Chapter 18.1 - "Locations for Consultation" of this Prospectus, is organised in accordance with the provisions of article 1(4) of CMVM Regulation no. 4/2013. As such, it complies with the template set out in Annex I to that regulation. Similarly, in the aforementioned VAA Corporate Governance Report, detailed information on the current situation regarding the adoption of the CMVM's recommendations on Corporate Governance for Listed Companies can be found by reference to the year ended 31st December 2017. VAA is responsible for assessing its own compliance with those recommendations. It has not been subject to assessment or approval by the CMVM.

13.10 Other Corporate Bodies

The Board of the General Shareholders Meeting comprises a Chairman and a Secretary, elected by the General Shareholders Meeting, from Shareholders or non-Shareholders, who may be re-elected under the terms established by law.

The members of the Board of the General Shareholders Meeting, elected at the General Shareholders Meeting on 18th May 2018 for the 2018 mandate, are:

Chairman: José Ângelo Ferreira Correia
Secretary: Marta Sofia Cunha Albuquerque Santos Temudo

13.11 Representative for Market Relations

The Investor Support Office is the responsibility of director Alexandra da Conceição Lopes, who is also the representative designated by the Company for relations with the market.

The investor support office can be contacted by telephone or by e-mail at the following address: alexandralopes@vistaalegre.com.

13.12 Staff

During the year 2017 and until the end of the nine-month period ended 30th September 2018, VAA Group employed an average of 2,153 employees, which represented an increase of about 28.8% compared to its average number of employees in 2017. More precisely, at the end of the nine-month period ended 30th September 2018, its staff comprised a total of 2,216 employees (473 of which due to the Recent Acquisitions), showing an increase of about 27.4% compared to the end of 2017. The VAA Group does not employ a significant number of temporary staff.

	30th september 2018	31st december 2017	31st december 2016	31st december 2015
Personnel expenses	18,753	22,931	22,242	16,205
Wages and other short-term benefits of the Administration	80	370	476	432
Retirement pensions paid to former administrators	8	656	660	505
Compensation charges	4,352	5,038	5,583	4,593
Works for the company	0	0	-1,758	-1,323
Total	**23,192**	**28,995**	**27,203**	**20,411**

Average number of employees	30th september 2018	31st december 2017	31st december 2016	31st december 2015
Cerutil - Cerâmicas Utilitárias, SA	221	-	-	-
Faianças Artísticas Bordalo Pinheiro, SA	252	-	-	-
VAA Vista Alegre Atlantis SGPS	9	5	5	7
Vista Alegre Atlantis, SA	1,418	1,408	1,406	1,432
Vista Alegre France, SAS	2	-	-	-
VA - Vista Alegre España, SA	53	55	57	56
VAA Brasil – Comércio, Importação e Exportação SA	11	14	14	14
Vista Alegre Atlantis USA	2	3	2	0
Vista Alegre Atlantis Moçambique, Lda	5	5	5	5
Ria Stone Fábrica de Louça de Mesa em Grés, SA	180	181	176	187
Total	**2,153**	**1,671**	**1,665**	**1,701**

VAA changed the form of presenting "Own Work Capitalised" in the accounting year of 2017. It came to consider this as an autonomous revenue item in the consolidated income statement.

CHAPTER 14 – MAJOR SHAREHOLDERS AND TRANSACTIONS WITH SPECIALLY RELATED THIRD PARTIES

14.1 Shareholder Structure

At the date of this Prospectus, VAA's share capital is EUR 121,927,316.80 fully subscribed and paid up, represented by 152,409,146 ordinary, book-entry and nominative shares with a nominal value of EUR 0.80 each.

To the best of its knowledge, VAA's structure of qualified stakes at the date of this Prospectus, calculated in accordance with Article 20(1) of the PSC, is as follows:

	Shares		*(in euros)*
Shareholders	**Nº of shares**	**% vote rights**	**Accounting value**
Grupo Visabeira, SGPS, SA (1)			
Directly (Own portfolio)	5,548,417	3.64%	4,438,733.60
by Visabeira Indústria, SGPS, SA	137,933,854	90.50%	110,347,082.80
Total attributable to Grupo Visabeira, SGPS, SA	*143,482,271*	*94.14%*	*114,785,816.40*
Caixa Geral de Depósitos, SA:			
Directly (Own portfolio)	4,188,830	2.75%	3,351,064.00
by FCR Grupo CGD CAPITAL	987,364	0.65%	789,891.20
Total attributable to Caixa Geral Depósitos, SA	*5,176,194*	*3.40%*	*4,140,955.20*
Free Float	3,750,572	2.46%	3,000,457.20
Sub-total	**152,409,036**	**100.00%**	**121,927,228.80**
Own shares	110		88.00
Total	**152,409,146**	**100.00%**	**121,927,316.80**

(1) VAA's majority shareholder is Visabeira Indústria which, in turn, is 93% held by Grupo Visabeira, SGPS, S.A.. NCGFEST, SGPS, S.A. is Grupo Visabeira, SGPS, S.A.'s majority shareholder, with a stake of 99.45%. This company is wholly held by the individual shareholder Fernando Campos Nunes, to whom the shares and respective voting rights corresponding to 94.14% of VAA are attributed.

Prior to the reverse stock split transaction, the number of VAA shares was 1,524,091,460, becoming 152,409,146 from the production of effects of the regrouping (17th September 2018), as better described in Chapter 10.9 – "Main Events" of this Prospectus.

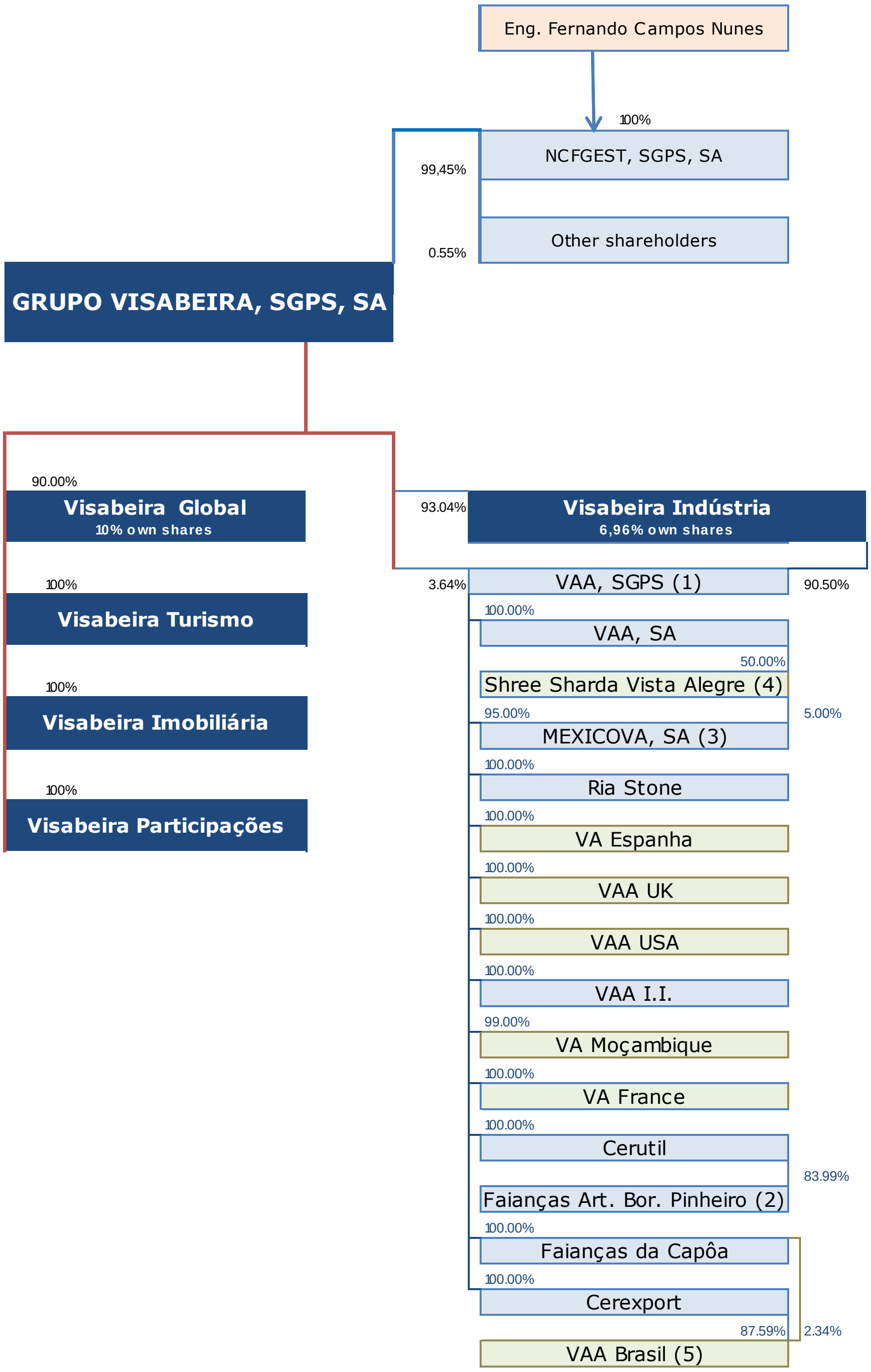
VAA Shares grant identical voting rights, i.e. they do not grant distinct voting rights. Thus, the Issuer's main shareholders do not have different voting rights.

In order to guarantee the independence of the Issuer vis-à-vis its shareholders and to ensure that their potential control over VAA is not exercised in an abusive manner, the Issuer seeks to ensure total transparency in mutual relations through strict compliance with the applicable legal and regulatory standards, namely those regarding disclosure duties, shareholders' right to information (including those detailed in Chapter 15.3.1 – "Description of main rights and restrictions inherent to VAA Shares" in this Prospectus), transactions with related third parties and preventing potential conflicts of interest.

Particularly, it should be noted that the Issuer has the duty to provide the market and its shareholders with true, complete, current, clear, impartial and lawful information, and to comply with the obligation to disclose the annual financial information through the publication of management reports and accounting documents in accordance with the law.

Besides those arising from legal and regulatory obligations, the Issuer has implemented no other specific measures to ensure the Issuer's independence from the shareholders.

Visabeira Group's organisation chart is, as of the date of this Prospectus, as follows:



(1) VAA's majority shareholder is Visabeira Indústria which, in turn, is 93% held by Grupo Visabeira, SGPS, S.A.. NCFGEST, SGPS, S.A. is Grupo Visabeira, SGPS, S.A.'s majority shareholder, with a stake of 99.45%. This company is wholly held by the individual shareholder Fernando Campos Nunes, to whom the shares and respective voting rights corresponding to 94.14% of VAA are attributed.
(2) Bordalo Pinheiro is 83.99% owned by Bordalgest, which in turn is 100% owned by Cerutil;
(3) MEXICOVA SA is also directly held by Vista Alegre Atlantis S.A.
(4) Shree Sharda Vista Alegre is directly held by Vista Alegre Atlantis S.A.
(5) Vista Alegre Brasil is directly held by Cerexport – Cerâmica de Exportação, S.A. and Faianças da Capôa – Indústria de Cerâmica, S.A.

14.2 Transactions with Related Third Parties

(values in thousand euros)	30th september 2018		31st december 2017		31st december 2016		31st december 2015	
	Related purchases (COSTS)	Related sales (PROFITS)	Related purchases (COSTS)	Related sales (PROFITS)	Related purchases (COSTS)	Related sales (PROFITS)	Related purchases (COSTS)	Related sales (PROFITS)
Grupo CGD	688	0	734	0	806	0	313	0
Grupo Visabeira	3,885	1,365	6,886	2,387	4,706	1,175	6,244	1,179
AMBITERMO - ENG. E EQUIP. TERMICOS,	0	0	0	3	0	0	0	0
BENETRONICA - IND. COM. COMP. ELECT	117	692	180	321	12	225	58	182
CERUTIL - CERAMICAS UTILITARIAS, LDA *	978	301	2,925	716	169	157	1,620	194
CONSTRUCTEL	4	0	1	1	4	0	0	0
EDIVISA - EMPRESA DE CONSTRUCOES, S	290	11	497	4	727	0	2,430	5
EMPREENDIMENTOS TUR. MONTE BELO, S.	29	29	35	100	28	0	45	16
FAIANÇAS ARTISTICAS BORDALO PINHEIRO *	1,815	241	2,644	747	3,257	499	1,595	173
GRANBEIRA, SOC. EXPL. COM. GRANITOS	1	0	2	0	1	0	0	0
GRUPO VISABEIRA - S.G.P.S., SA	16	2	0	4	0	1	5	0
IFERVISA, S.A.	0	0	0	1	0	0	0	0
IMOVISA - IMOBILIARIA DE MOCAMBIQUE	1	0	1	0	0	0	1	0
MERCURY COMERCIAL,LDA	4	0	2	0	5	0	1	0
MERCURY COMERCIAL SOUTH AFRICA	0	0	0	0	0	0	0	75
MOB	39	17	37	16	12	0	2	0
MOVIDA	69	0	90	0	88	0	91	0
MUNDICOR - VIAGENS E TURISMO, SA	150	0	86	0	82	0	60	0
PDT- PROJECTOS DE TELECOMUNICAÇÕES,	1	4	2	4	0	3	6	0
PINEWELLS, SA	0	0	0	1	0	1	0	0
VISABEIRAHOUSE, S.A.	1	0	0	0	0	0	0	0
AUTOVISA - SERVIÇOS AUTO, S.A.	0	0	0	0	0	0	0	0
VISABEIRA MOÇAMBIQUE,SA	0	0	0	0	0	0	13	0
VISABEIRA IMOBILIARIA, SA	0	0	0	0	0	0	0	0
PORTO SALUS AZEITÃO - RESIDENCIAS	0	2	0	2	0	0	0	1
VISABEIRA INDUSTRIA, SGPS, S.A.	8	0	0	0	0	0	6	0
TELEVISA, LDA	0	0	2	0	0	0	0	0
SOGITEL	45	0	0	0	0	0	0	0
TV CABO, LDA	1	0	0	0	0	0	2	0
TURVISA - EMPREENDIMENTOS TURISTICOS,LDA	8	0	16	0	0	0	30	0
VAA-EMPREENDIMENTOS TURISTICOS,S.A	45	35	75	386	51	282	2	501
VIATEL - TECNOLOGIA DE COMUNICACOES	95	9	85	37	51	0	36	2
VISABEIRA - SOC. TEC. OBRAS E PROJ.	10	3	12	1	11	0	3	3
VA GRUPO	4	0	0	0	0	0	0	0
VISABEIRA GLOBAL SGPS, SA	0	1	0	1	0	6	0	10
VISABEIRA HOUSE, SA	1	0	0	0	0	0	0	0
VISABEIRA IMOBILIARIA, SA	9	0	12	1	7	0	0	0
VISABEIRA MOÇAMBIQUE, S.A	8	0	12	0	0	0	0	0
VISABEIRA PRO - ESTUDOS E INVEST. S	95	16	116	38	139	0	122	13
VISACASA, S.A.	38	0	51	0	59	0	100	0
ZAMBEZE - RESTAURAÇAO, S.A.	3	1	2	3	4	0	15	3

* On 30th September 2018, the transactions referred to herein correspond to eight months of activity, from January to August 2018.

For more information, see note 34 of VAA's consolidated report and accounts for 2017 and note 30 of VAA's consolidated report and accounts for 2018's third quarter.

14.3 Agreements for change of control of the Issuer

Notwithstanding what is described in Chapter 14.1 – "Shareholder Structure" above, VAA is not aware, at the date of this Prospectus, of any agreements that may give rise to a change in the current shareholder structure after the publication of this Prospectus or any other agreements regarding the exercise of rights inherent to VAA Shares. The Company is not aware of any shareholder agreements entered into between its shareholders.

The Articles of Association do not include any provisions relating to the transfer of qualified stakes, provisions that have the effect of postponing, deferring or preventing a change in shareholder control, including, but not limited to, provisions that determine a maximum number of shares to be held by a shareholder.

CHAPTER 15 – INFORMATION ON THE ISSUER AND ITS ORGANISATIONAL STRUCTURE

15.1 Identification of the Issuer

The Company was incorporated in 1980, as a limited company by quotas, with the trading name Porcelain Factory of Vista Alegre, Lda. Its purpose was business in the porcelain and other ceramic products industry. Subsequently, this company was transformed and currently corresponds to the name "VAA – Vista Alegre Atlantis, SGPS, S.A.". As a holding company, its corporate purpose is the management of holdings in other companies as an indirect form of economic activity, and of its respective subsidiaries. Its subsidiaries carry out the activities of production, distribution and sale of porcelain and complementary, crystal and manual glass, tableware, ovenware and earthenware, with the horeca, retail and private label distribution channels.

The Issuer is a public limited company with share capital that is open to public investment (publicly traded company). It operates from its registered office at Lugar da Vista Alegre, parish of Ílhavo (São Salvador), in Ílhavo, with telephone no. 234320600. VAA is registered with the Ílhavo Commercial Registry Office under the single legal person and company registration number 500.978.654.

15.2 Share capital

15.2.1. Value and representation

VAA's share capital at the date of this Prospectus is EUR 121,927,316.80, fully subscribed and paid up and represented by 152,409,146 ordinary, book-entry and nominative shares with nominal value of EUR 0.80 each.

The share capital evolved as follows during the accounting year of 2018:

	Total VAA Shares	Accounting value VAA Shares
1st january 2018	**1,524,091,463**	**121,927,317.04**
Donation of 3 shares *	-3	-0.24
29th august 2018	**1,524,091,460**	**121,927,316.80**
Reverse-split	Regrouping of shares with coefficient of 1:10	
At the date of the prospect	**152,409,146**	**121,927,316.80**

(*) This donation by Visabeira Indústria to VAA was made in the context of the resolution to reduce the share capital adopted on 29th August 2018, the relevant shares having been extinguished. Visabeira Indústria thus became the direct holder of 137,933,854 shares representing 90.50% of VAA's share capital and voting rights.

15.2.2. Evolution of share capital

The General Shareholders Meeting held on 10th March 2006 approved the following changes to VAA's share capital, which were registered at the competent Commercial Registry Office on the same day:

- reduction of the Company's share capital in the amount of EUR 36,765,094, from EUR 53,954,745.00 to EUR 17,189,651.00, intended exclusively to cover losses, to be implemented through the extinction of 36,765,094 shares, each with a nominal value of EUR 1.00;
- change in the nominal value of each share representing the share capital, being represented by shares with a nominal value of EUR 0.20 each and subsequent

renominalisation of shares, with the capital being divided into 85,948,255 shares with a nominal value of EUR 0.20 each.

Subsequently, at the General Shareholders Meeting held on 31st May 2006, a share capital increase was approved from EUR 17,189,651 to EUR 29,007,998, to be fully subscribed by Caixa Geral de Depósitos, S.A., Banco BPI, S.A. and Banco Comercial Português, S.A., the amount of EUR 11,818,347 of the increase being made through contributions in kind, via the conversion of credits into capital. As a result of this transaction, VAA's share capital was represented by 145,039,990 shares, each with a nominal value of EUR 0.20.

On 8th June 2010, the General Shareholders Meeting resolved to reduce the share capital from EUR 29,007,998 to EUR 11,603,199.20 by reducing the nominal value of all the shares representing its share capital from EUR 0.20 to EUR 0.08 and the corresponding constitution of a special reserve with restrictions similar to those of legal reserve, in the amount of EUR 17,404,798.80, with the special purpose of enabling a capital increase through new inflows in cash and in kind. This reduction of capital was registered at the competent Commercial Registry Office on 11th June 2010.

Also on 8th June 2010, a capital increase was approved from EUR 11,603,199.20 to EUR 92,507,861.92, with no premium, through the issuance of 1,011,308,284 new shares, with a nominal value of EUR 0.08 each, comprising (i) 125,000,000 shares, totalling EUR 10,000,000, to be subscribed by AICEP Capital Global Grandes Projetos de Investimento venture capital fund through new cash inflows, with the suppression of the Company shareholders' pre-emptive rights, (ii) 562,500,000 shares to be subscribed by Cerutil through contributions in kind by conversion of Cerutil credits over the Company in the amount of 45 million euros, and (iii) the remainder, a total of 323,808,284 shares, to be subscribed by the shareholders through the exercise of their pre-emptive rights (the pre-emption right pertaining to the shareholders Cerutil and Visabeira Indústria).

On 4th December 2017, an increase in the share capital was approved from EUR 92,507,861.92 to EUR 121,927,317.04, through the issue of 367,743,189 new ordinary, book-entry and nominative shares, with a nominal value of EUR 0.08, to be carried out through the subscription of 367,743,189 new shares, of which (i) 357,142,858 shares were intended to be subscribed by Cerutil through contributions in kind by conversion of Cerutil's credits over the Company in the amount of EUR 50,000,000.12, and (ii) 10,600,331 shares were reserved for VAA shareholders whose pre-emptive rights were not suppressed under the terms of the aforementioned resolution. This last tranche of the increase was to be made in cash, and the increase was limited to the subscriptions collected in the case of incomplete subscription.

The shares admitted under the aforementioned share capital increase were offered at the subscription price of EUR 0.14, corresponding to the sum of the nominal value (EUR 0.08) and a premium of EUR 0.06 per new share.

On 29th August 2018, the Issuer's General Shareholders Meeting resolved decided accept the Offeror's donation of 3 (three) shares representing the share capital of Vista Alegre and, for the purpose of adjusting the number of VAA shares, the share capital of VAA was reduced in the amount of EUR 0.24, from EUR 121,927,317.04, represented by 1,524,091,463 shares, with a nominal value of EUR 0.08, to EUR 121,927,316.80, represented by 1,524,091,460 shares with a nominal value of EUR 0.08, through the extinction of 3 of the Company's own shares acquired from the Offeror pursuant to articles 94. and 463 of the PCC.

It was also decided to proceed with the reverse stock split without reduction of the share capital, in accordance with the provisions of article 23.-E of the PSC, from 1,524,091,460 (one billion five hundred twenty-four million ninety-one thousand four hundred and sixty) shares representing Vista Alegre's share capital, by applying a stock-split ratio of 1:10. This meant that every 10 (ten) shares held by shareholders on the date of the stock split were substituted by 1 (one) new share. Following the reverse stock split, which took effect on 17th September 2018, VAA's share capital amounted to EUR 121,927,316.80, represented by 152,409,146 shares, with a nominal value of EUR 0.80 each. In addition, each shareholder is allocated shares in the amount corresponding to the division of the number of shares held on the date of the reverse stock split by the said ratio, rounded up to the nearest whole number, except for the Offeror to which the remaining new shares are allocated after the allocation to other shareholders.

These resolutions were registered on 7th September 2018, notwithstanding the aforementioned reverse stock split having taken effect on 17th September 2018.

There are no convertible or exchangeable securities or securities accompanied by warrants, nor any securities issued by companies that are owned by VAA or whose issue is approved, which grant the right to the allocation or subscription of shares that represent VAA's share capital.

15.2.3. Treasury shares

The Company holds 110 treasury shares, representing approximately 0.0000722% of the share capital. These would entitle the company to 11 votes, if such were applicable to them.

15.3 Articles of Association

The following sections describe the main provisions of the Articles of Association, which can be consulted, upon request and free of charge, at the Company's registered office at Lugar da Vista Alegre, parish Ílhavo (São Salvador) and at www.vistaalegre.com.

15.3.1. Description of the main rights and restrictions inherent to VAA Shares

VAA Shares' holders have, particularly, the right to information, the right to share in profits, the right to attend General Shareholders Meetings and voting rights therein, and the right to share in assets in the event of liquidation, in accordance with the law and the Articles of Association.

A. Right to information

Articles 288 to 293 of the CA regulate shareholders' right of access to information and other holders of the right to information about the Company's business and financial situation. This involves, for holders of at least 1% of the share capital, the right to consult certain corporate documents related to the management and supervision of the Company, namely minutes of the General Shareholders Meetings, amounts of remuneration paid to members of corporate bodies and to employees with higher remuneration, and also the share registration document.

Shareholders must be able to consult, at the Company's registered office, preparatory information for the General Shareholders Meeting, and equally information on the matters to be discussed and voted on at the meeting must also be provided.

Shareholders holding at least 10% of the share capital may request information on corporate matters, which, in principle, cannot be refused.

If any shareholder is unduly denied the exercise of the right to information, the same may request the Court to conduct an inquiry into the Company.

Because the Issuer is a publicly traded company, its shareholders also enjoy the rights to information set forth in articles 244 to 251 of the PSC and CMVM Regulation no. 5/2008, as amended by CMVM Regulation no. 5/2010.

B. Right to profit sharing

Article 21(1) sub-paragraph a) of the PCC enshrines the right of shareholders to share in the company's profits. In accordance with Article 294 of the said Code:

"1 - Except as provided in a contractual clause or a resolution taken by a three-quarter majority of the votes corresponding to the share capital at the General Shareholders Meeting

called for this purpose, half of the profits of the financial year that, by law, are distributable must be distributed to shareholders.
2 - The shareholder's credit from its share in the profits shall become due 30 days after the resolution on the attribution of profits, unless the shareholder consents to deferral and without prejudice to legal provisions that prohibit payment before certain formalities are observed. If the company is shown to be in an exceptional situation, the period may be extended by up to another 60 days, if the shares are not admitted to trading on a regulated market.
3 - If, under the articles of association, members of the respective corporate bodies are entitled to profit sharing, this may only be paid after profits are paid to the shareholders."

In accordance with Article 21 of the Articles of Association:

"One – The net profits for each year shall be allocated as follows:
a) coverage of losses carried forward;
b) creation or reconstitution of legal reserve;
c) creation or reconstitution of special reserves;
d) payment of the priority dividend that is due to privileged shares, namely non-voting preferred stock, that the Company may have issued;
e) payment of the Board of Directors' variable remuneration, if applicable;
f) distribution to all Shareholders, unless the General Shareholders Meeting decides by simple majority to allocate, in whole or in part, the portion of the net profits to be distributed to the Shareholders to the creation and/or reconstitution of any reserves, or to the realisation of any other specific applications in the Company's interest.

Two – During the financial year, the General Shareholders Meeting, after obtaining the favourable opinion from the Fiscal Board and in compliance with the other legal requirements, may resolve to make advance payments on profits to the Shareholders."

C. Right to participate in the General Shareholders Meeting and Voting Rights

Pursuant to article 379(1) of the PCC, shareholders who, according to the law and the contract, are entitled to at least one vote have the right to be present at the General Shareholders Meeting and to vote therein.

In accordance with Article 12 of the Articles of Association:

"One – Only shareholders who, on the Registration Date, at 0:00 (GMT) on the 5th trading day prior to the holding of the Meeting, hold no less than 10 shares are entitled to be present at and to participate in the General Shareholders Meeting, or in each of its sessions, in the case of suspension, and discuss and vote therein.

Two – The exercise of the rights referred to in the preceding paragraph is not impaired by the transfer of the shares after the Registration Date, nor does it depend on the blocking thereof between that date and the date of the General Shareholders Meeting.

Three – Shareholders who intend to participate in the General Shareholders Meeting must state their intention in writing to the Chairman of the Board of the General Shareholders Meeting and to the financial intermediary with which the individual registration account is open, no later than the day before the date referred to in paragraph one of this article. They may use e-mail for this purpose.

Four – Those who have declared their intention to participate in the General Shareholders Meeting, under the terms of the previous paragraph, and transfer ownership of shares between the Registration Date and the end of the General Shareholders Meeting, shall immediately notify the Chairman of the Board of the General Shareholders Meeting and the Portuguese Securities Market Commission.

Five – Shareholders who, considering what is set forth in paragraph 1 above, do not have the number of shares required to be present, participate in and vote at the General Shareholders

Meeting may form a shareholder group in order to achieve such number, and shall appoint by agreement one person of such group to represent them at the General Shareholders Meeting.

Six –Shareholders with no voting rights and bondholders may not attend the General Shareholders Meeting. They shall be represented thereat by their common representatives.

Seven – Shareholders who are natural persons may be represented at the General Shareholders Meeting by another Shareholder or by persons whom the law permits.

Eight – Shareholders who are legal persons will be represented at the General Shareholders Meeting by the person they appoint for this purpose.

Nine – The powers of attorney provided for in the previous paragraphs shall be addressed to the Chairman of the Board of the General Shareholders Meeting and delivered to the Company at least five days before the date indicated for the General Shareholders Meeting.

Ten – Postal voting is allowed.

Eleven – Postal votes shall count towards the formation of the quorum constituting the General Shareholders Meeting and shall also be valid for the second convocation of the General Shareholders Meeting for which they were issued. It shall be the responsibility of the Chairman of the Board of the General Shareholders Meeting or his substitute to verify their authenticity and validity, in the terms that are publicised in the notice to the General Shareholders Meeting, as well as to ensure their confidentiality until voting is held.

Twelve – If the Shareholder or its representative is present at the General Shareholders Meeting, any postal vote shall be deemed to have been revoked.

Thirteen – Postal votes shall be counted as negative votes on proposals for resolutions submitted after the date on which those votes were cast."

In accordance with Article 13 of the Articles of Association:

"One – Without prejudice to the provisions of the law and these Articles of Association, resolutions of the General Shareholders Meeting shall be taken by a majority of the votes cast.

Two – Resolutions on changes to the Articles of Association, transformation, merger, spin-off and dissolution of the Company shall be taken by a qualified majority of at least two-thirds of the votes cast.

Three – The decision to elect the Board of Directors must be approved by votes corresponding to at least 90% of the share capital;

Four – The provisions of the previous paragraph shall not apply, and the proposal to elect a Board of Directors that collects the majority of the votes cast or, if there are several proposals, the highest number of votes, shall be approved, if:
a) such a proposal includes the persons who have been nominated as directors, in the terms referred to in the following paragraph; or
b) there are no nominees under the terms of the following paragraph.

Five – For the purposes of the preceding paragraph, only nominations made by a holder of at least 10% of the capital shall be considered relevant. These shall be submitted by letter addressed to the Chairman of the Board of the General Shareholders Meeting within ten days of the publication of the notice calling the General Shareholders Meeting, accompanied by an appropriate document proving the aforementioned stake on a date not prior to the publication of this notice, as well as of the elements required by art. 289(1) sub-paragraph d) of the PCC. The letters sent in accordance with this article shall be made available for the shareholders to consult at the Company's registered office, starting on the 10^{th} day after publication of the notice of meeting and up to the date of the General Shareholders Meeting.

Six – Every ten shares correspond to one vote."

Postal voting is allowed according to these Articles of Association.

When the General Shareholders Meeting is called, shareholders have been being informed that:
a. Postal votes shall only be considered if they are received up to 24 hours before the General Shareholders Meeting at the company's registered office, in a sealed envelope, sent by registered mail with acknowledgement of receipt, addressed to the Chairman of the Board of the General Shareholders Meeting, without prejudice to proof that the voter is a shareholder, under the established terms.
b. The statement of vote shall be signed by the shareholder. The shareholder, if he/she is a natural person, must provide with the slip a certified copy of his/her National Identity Card; if the shareholder is a legal person, it must have the signature notarised in terms of the capacity and powers for the act.
c. Statements of vote shall only be considered valid when expressly and unambiguously state: an indication of the item or items on the agenda to which it refers; the precise and unconditional voting indication for each proposal.
d. Postal votes shall count towards the formation of the quorum constituting the General Shareholders Meeting and shall also be valid for the second convocation of the General Shareholders Meeting for which they were issued. It shall be the responsibility of the Chairman of the Board of the General Shareholders Meeting or his substitute to verify their authenticity and validity, as well as to ensure their confidentiality until voting is held. Statements of vote not accepted shall be considered as votes not cast.
e. If the Shareholder or its representative is present at the General Shareholders Meeting, any postal vote shall be deemed to have been revoked.
f. Postal votes shall be counted as negative votes on proposals for resolutions submitted after the date on which those votes were cast.
g. Postal votes shall be checked by the Board of the General Shareholders Meeting and added to the votes cast in the Meeting.

Although the Articles of Association do not provide for a term between the receipt of the postal vote and the date of the General Shareholders Meeting, it has been communicated in the notice of the General Shareholders' Meeting and it is the Company's practice, when there are postal votes, that postal votes will be considered, provided that they are received at least 24 hours before the General Shareholders Meeting at the Company's registered office in a sealed envelope, sent by registered mail with acknowledgement of receipt, addressed to the Chairman of the Board of the General Shareholders Meeting, without prejudice to providing proof that the voter is a shareholder.

The right to vote by electronic means is not provided for in the Articles of Association and has not been exercised.

D. Winding up and liquidation of the Company

Pursuant to article 13(2) of the Articles of Association, resolutions on the winding up of the Company shall be taken by a qualified majority of at least two-thirds of the votes cast.

According to law, shareholders shall be entitled to share in the Company's liquidation remainder in proportion to the shares they hold.

15.3.2. Issuer's corporate purpose, objectives and targets

As set forth in its Articles of Association, VAA's corporate purpose is the management of shareholdings as an indirect form of economic activity. The Company may also carry out activities that, in accordance with the legal provisions applicable thereto, may be exercised in tandem with the aforementioned activity. By resolution of the Board of Directors, the Company may associate itself with other legal entities, namely to form new companies, complementary groupings of companies, European economic interest groupings, consortia and joint ventures.

For more detail regarding the Issuer’s objectives and targets, see Chapter 10 – "Description of the Issuer's business" in this Prospectus.

15.3.3. Share capital, other securities, pre-emption rights and right to receive new shares issued within the scope of a capital increase by incorporation of reserves

The Articles of Association provide that the shares representing the Company’s share capital shall be registered, represented by certificates or by book entries. In the event of being certificates, the shares may be represented by securities of 1, 10, 100, 1,000, 10,000 or 100,000 shares. The securities must be signed by one or two directors. Their signatures may be stamped as authorised by the same, or by authorised representatives of the Company appointed for this purpose (see Article 6 of the Articles of Association).

VAA may issue shares that benefit from a fixed or variable equity privilege, namely non-voting preferred stock. The respective resolution may determine that such shares are subject to remission, at a fixed date or when the General Shareholders Meeting so decides. The remission may be made for the respective nominal value or for this amount plus a premium, which will be set by the resolution of issue or remission (see Article 7 of the Articles of Association).

The Company may issue autonomous warrants, under the terms established by law and under the conditions established by resolution of the shareholders or the Board of Directors (see Article 8 of the Articles of Association).

VAA may also issue any type of legally permitted debt, particularly bonds convertible into shares and bonds with subscription rights for shares. The Board of Directors, with prior favourable opinion of the Fiscal Board shall decide on their issue, except in the case of bonds convertible into shares and of bonds with subscription rights for shares, the issue of which is the exclusive competence of the General Shareholders Meeting (see Article 9 of the Articles of Association).

15.3.4. Main statutory provisions regarding the management and supervisory bodies

The Board of Directors is composed of an odd number of members, which may vary between five and eleven, depending on the resolution adopted by the General Shareholders Meeting. The General Shareholders Meeting also elects the members of the Board of Directors and elects the Chairman (see articles 13, 14 and 15 of the Articles of Association).

Regarding the powers of the Board of Directors, Article 16 of the Articles of Association determines:
"One – The Board of Directors has the broadest powers of management and representation of the Company, and it is incumbent thereupon to perform all acts necessary or convenient for the pursuit of the corporate purpose.
Two – The Board of Directors may:
a) delegate to one or more of its members powers and competences to carry out certain acts or categories of acts for the management of business affairs;
b) delegate the day-to-day management of the Company to one or more of its members or to an Executive Committee composed of two-thirds or fewer of its members;
c) appoint representatives to carry out certain acts or categories of acts, within the scope of the respective instruments conferring powers.
Three – In the case of delegation of the day-to-day management of the Company to an Executive Committee, the Board of Directors or the Members of the Executive Committee shall appoint the Chairman of the Executive Committee, to whom a casting vote is awarded.”

The oversight of the business is entrusted to a Fiscal Board and a Statutory Auditor or a Firm of Statutory Auditors that is not a member of that body, elected by the General Shareholders Meeting.

The Fiscal Board is composed of three sitting members and one alternate member. The General Shareholders Meeting shall appoint one of its sitting members to serve as President, to whom a casting vote is awarded (see Article 19 of the Articles of Association).

Among other matters, the Fiscal Board is required to issue an opinion prior to a resolution to issue bonds, except in the case of bonds convertible into shares and bonds with subscription rights for shares, the issue of which is the exclusive competence of the General Shareholders Meeting, as well as to issue an opinion prior to a resolution to make advance payments on the profits to the Company's shareholders (see articles 9 and 21 of the Articles of Association).

15.4 Significant contracts

In addition to the agreements entered into in the ordinary pursuit of its business activity and those identified in Chapter 2 – "Risk Factors" – "*VAA has contracted, under licence, the use of information systems for the proper functioning of its business, any failures of the same can cause a substantial adverse effect in its financial situation and operating results*". VAA considers that there are no other contracts with suppliers or customers that significantly condition its operating activity.

The most significant contracts for VAA are:

- Contract with IKEA entered into by Ria Stone on 1st August 2017 and renewed until 2026, subject to possible renewal by agreement between the parties, with an expected total sales volume of EUR 250 million and an increase in manufacturing capacity from 31.5 million to 48.5 million articles per year. This is expected to cause an increase in sales of approximately 57%. This contract may be terminated under certain circumstances, namely (i) in the event of a change in Ria Stone's shareholder structure, (ii) Ria Stone is declared bankrupt, or (iii) Ria Stone breaches a provision of any of the agreement's terms, if such breach is serious or significant. The IKEA customer represents, as of 30th September 2018, 21% of VAA's turnover.
- Contract with Hennessy entered into by Vista Alegre Atlantis, S.A. on 1st January 2017 and valid for three years, subject to possible renewal by agreement between the parties, with an estimated total sales volume of EUR 16 million for the supply of cognac crystal bottles in a luxury segment. This agreement may be terminated because of a serious default by any of the parties of any of the obligations arising therefrom.
- Proposal from Remy Martin addressed to Vista Alegre Atlantis, S.A., through the placing of an order made in 2018 for the provision by the latter of a supply of cognac crystal bottles, in a luxury segment, until 2021, corresponding to an estimated annual volume of sales of EUR 2.7 million in 2019 (the production of these bottles is already underway), being additional orders concerning sales estimated in circa EUR 3.2 million Euros in 2020 and 6.1 million Euros in 2021 still in a negotiation stage, concerning which Remy Martin has expressed its interest.
- Contract with Club Med entered into by Vista Alegre Atlantis, S.A. to supply oven stoneware to 73 resorts spread across 22 countries worldwide. This agreement was entered into on 29th June 2018 and is valid until 28th February 2021, with possible renewal by agreement between the parties for one or two more years. This contract may be terminated under certain circumstances, namely (i) in an event of default or faulty compliance from the other party and (ii) disagreement between the parties regarding a potential revaluation of the prices outside the conditions established in the agreement.

15.5 Recent developments with an impact on the assessment of the Issuer's solvency

The share capital increase decided at the General Shareholders Meeting of 4th December 2017 proposed a share capital increase from EUR 92,507,861.92 to EUR 121,927,317.04 through the issue of 367,743,189 new ordinary, book-entry and nominative shares, at a price of EUR 0.14 euros each, comprising two forms:

- direct public offering to the shareholders whose right was not suppressed or limited in the context of the aforementioned General Shareholders Meeting, with the respective subscription to be made in cash;
- contributions in kind through the conversion of shareholder credits over VAA.

In the scope of the calculated results, all 10,600,331 shares in the offer were subscribed at the unit subscription price of EUR 0.14, corresponding to the sum of the nominal value (EUR 0.08) with a premium of EUR 0.06 for each new share. This resulted in gross proceeds of EUR 1,484,046.34 for VAA.

Also, in connection with the aforementioned increase in VAA's share capital, 357,142,858 shares were subscribed by the shareholder Cerutil in the form of contributions in kind. The entry comprised the conversion of credits of this company over the Issuer in the amount of 50,000,000.12 euros.

On 22nd December 2017, the aforementioned increase in VAA's share capital was registered in the competent Commercial Registry Office.

The aforementioned share capital increase resulted in an issue premium, which also results in the strengthening of the Issuer's equity.

On 29th August 2018, the VAA's General Shareholders Meeting resolved on (i) a reduction of share capital in the amount of EUR 0.24 to EUR 121,927,316.80, represented by 1,524,091,460 shares, each with the nominal value of EUR 0.08, through the extinction of the 3 VAA's own shares that had been donated by its shareholder Visabeira Indústria as well as, after this capital reduction, (ii) to proceed, pursuant to article 23-E of the PSC, with a reverse stock split of the 1,524,091,460 shares representing the company's share capital, by applying a stock split coefficient of 1:10. Every 10 (ten) shares were replaced by 1 (one) new share, rounded up to the nearest whole number, except for Visabeira Indústria. The reverse stock split took effect on 17th September 2018.

As best described in Chapter 10.9 – "Main Events" and in Chapter 7.2 – "Net Debt", on 31st August 2018, VAA acquired the entire share capital of Cerutil – including its subsidiaries Bordalgest and Bordalo Pinheiro – for the sum of EUR 48.5 million. It thus concentrated all of the stakes in the ceramics sector, in order to strengthen its position in the market and strengthen the Vista Alegre Group's financial and economic situation. On the same date, VAA sold the VA Grupo for EUR 21.7 million. These transactions resulted in a net balance payable to the Visabeira Group of EUR 26.8 million (corresponding to the difference between the prices of the transactions referred to).

Moreover, within the scope of the statutory authorisation granted by the General Shareholders Meeting on 12th October 2018 (at which the suppression of the shareholders' pre-emption rights in the subscription of the capital increase that would take place was also resolved), on 27th November 2018, VAA's Board of Directors decided to undertake this share capital increase in the amount of 17,418,188.00 euros (seventeen million, four hundred and eighteen thousand, a hundred and eighty eight euros), through the issue of 21,772,735 shares representing 12.5% of VAA's share capital, to be subscribed as part of the Offer and the Institutional Offer, with the suppression of the shareholders' pre-emption right, meaning that VAA's capital stock increased to EUR 139,345,504.80 (one hundred and thirty nine million, three hundred and forty five thousand, five hundred and four euros and eighty cents) represented by 174,181,881 shares.

CHAPTER 16 – INFORMATION ON THE HOLDING OF SHARES

The Issuer as of the date of this Prospectus directly holds the following stakes, which are included in the Issuer's consolidation perimeter and are likely to have a significant effect on the valuation of the Issuer's assets and liabilities, financial position, profits and losses:

Companies	Ref.	% Direct participation	% Indirect participation
Bordalgest, SA	BG		100,00%[(1)]
Cerexport - Cerâmica de exportação, SA	CXP	100.00%	
Cerutil - Cerâmicas Utilitárias, SA	CRT	100.00%	
Faianças Artísticas Bordalo Pinheiro, Lda	BP		83,99%[(2)]
Faianças da Capôa - Indústria Cerâmica, SA	CP	100.00%	
MEXICOVA, SA de CV	MEX	95.00%	5,00%[(3)]
Ria Stone Fábrica de Louça de Mesa em Grés, SA	RS	100.00%	
Shree Sharda Vista Alegre Private Limited	SSVA		50,00%[(4)]
VA - Vista Alegre España, SA	VAE	100.00%	
VAA Brasil – Comércio, Importação e Exportação, SA	VAB		89,93%[(5)]
VAA I.I. – Sociedade Imobiliária, SA	VAA II	100.00%	
Vista Alegre Atlantis Moçambique, Lda	VAM	99.00%	
Vista Alegre Atlantis UK LTD	VAUK	100.00%	
Vista Alegre Atlantis, SA	VAA	100.00%	
Vista Alegre France, SAS	VAF	100.00%	
Vista Alegre USA Corporation	VAUSA	100.00%	

(1) Cerutil has a direct stake in Bordalgest (100%)
(2) Bordalgest has a direct stake in Bordalo Pinheiro (83.99%)
(3) Vista Alegre Atlantis S.A. also has a direct stake in MEXICOVA SA (5.00%)
(4) Vista Alegre Atlantis S.A. has a direct stake in Shree Sharda Vista Alegre (50.00%)
(5) Cerexport – Cerâmica de Exportação, S.A. (87.59%) and Faianças da Capôa - Indústria de Cerâmica, S.A. (2.34%) have direct stakes in Vista Alegre Brasil.

Vista Alegre Atlantis, S.A., a company incorporated under Portuguese law that owns all the Group's productive activity (porcelain, glass, ovenware, earthenware and manual glass), national chain stores and real estate not connected to the business.

Vista Alegre España, a company incorporated under Spanish law which operates in that country as distributor and retailer. It owns the points of sale in El Corte Inglés stores, in addition to its two own brand stores.

Faianças da Capôa – Indústria de Cerâmica, S.A., a company incorporated under Portuguese law, owner of the Aradas/Aveiro plant.

Cerexport – Cerâmica de Exportação, S.A., a company incorporated under Portuguese law, owner of the Esgueira/Taboeira/Aveiro building in which VAA carries out the industrial production of ovenware.

VAA Brasil, a company incorporated under Brazilian law with its registered office in the city of Vitória, Espírito Santo state, is 87.59% owned by Cerexport-Cerâmica de Exportação, S.A., 2.34% by Faianças da Capôa-Indústria de Cerâmica, S.A., and 10% by a local partner. This company was incorporated in July 2011.

Vista Alegre Atlantis UK LTD, a company incorporated under English law established in Kent in the United Kingdom. It was founded in February 2012 with the purpose of strengthening the Group's presence in this market.

Ria Stone, a company incorporated under Portuguese law with its registered office in Ílhavo, incorporated in June 2012, its corporate purpose is the manufacture of tableware and articles for domestic use in stoneware, earthenware and ceramics.

Vista Alegre Atlantis Moçambique, Lda, a Mozambican company based in Maputo, incorporated in December 2012, with the objective of carrying out the trade in porcelain, earthenware and similar articles, and of crystal and glass for the home, to establish a local presence in this country.

Vista Alegre USA Corporation is an American company based in New York, where a showroom is installed. It is the brand's first space in the United States of America.

VAA I.I. - Sociedade Imobiliária S.A. is a company based in Portugal that will engage in the real estate and tourism area.

Shree Sharda Vista Alegre is a company based in India that engages in the Group's commercial activity in that country (porcelain, crystal, ovenware, earthenware and manual glass).

Vista Alegre France SAS is a company based in Paris that engages in the Group's commercial activity in France (porcelain, crystal, ovenware, earthenware and manual glass).

MEXICOVA, S.A. is a company based in Mexico City that engages in the Group's commercial activity in Mexico (porcelain, crystal, ovenware, earthenware and manual glass).

Cerutil is a company incorporated under Portuguese law with its registered office in Sátão, whose corporate purpose is to produce and sell utility ceramics.

Bordalgest is a company incorporated under Portuguese law with its registered office in Lisbon, whose corporate purpose is the management of its own and third parties' real estate.

Bordalo Pinheiro is a company incorporated under Portuguese law with its registered office in Caldas da Rainha, whose corporate purpose is to exploit the special artistic earthenware branch of the ceramics industry.

The following tables provide information on the aforementioned companies whose figures are reported at 30th September 2018.

VISTA ALEGRE ATLANTIS, S.A.	
Registered Office	Ílhavo
Activity	Manufacture and distribution of porcelain, crystal, manual glass, ovenware and earthenware
Share capital	EUR 10,000,000.00
Subscribed Capital	100.00%
% Direct Stake	100.00%
% Direct and Indirect Stake	100.00%
Book Value of Stake	EUR 115,919,657.89
Reserves + Retained Earnings	EUR 935,642.16
Net Profit	EUR 1,663,836.01
Credits to the Issuer	EUR 27,445,299.72
Debts to the Issuer	EUR 1,551,277.58
Dividends received	EUR 0.00

VA - VISTA ALEGRE ESPAÑA, S.A.

Registered Office	Madrid
Activity	Distribution and retail trade
Share capital	EUR 1,693,874.20 [27]
Subscribed Capital	100.00%
% Direct Stake	100.00%
% Direct and Indirect Stake	100.00%
Book Value of Stake	EUR 5,887,727.83
Reserves + Retained Earnings	EUR (5,285,801.46)
Net Profit	EUR 149,701.50
Credits to the Issuer	EUR 790,000.00
Debts to the Issuer	EUR 0.00
Dividends received	EUR 0.00

CEREXPORT – CERÂMICA DE EXPORTAÇÃO, S.A.

Registered Office	Taboeira Aveiro
Activity	Owner of the Esgueira/Aveiro building, in which VAA carries out the industrial activity of producing ovenware
Share capital	EUR 1,290,000.00
Subscribed Capital	100.00%
% Direct Stake	100.00%
% Direct and Indirect Stake	100.00%
Book Value of Stake	EUR 1,814,753.22
Reserves + Retained Earnings	EUR (2,792,420.57)
Net Profit	EUR 15,350.87
Credits to the Issuer	EUR 666,567.69
Debts to the Issuer	EUR 436.81
Dividends received	EUR 0.00

[27] The VA - Vista Alegre España, S.A. carried out a capital reduction in the respective balance sheet in the amount of EUR 1,049,513.78, the accounting capital having become EUR 644,360.42, however, the registry of the mentioned reduction together with the Spanish competent entity for the respective commercial registry - Registro Mercantil - is still being concluded. Therefore, the share capital amount shown in the commercial registry is still the amount indicated in the table above.

FAIANÇAS DA CAPÔA – INDÚSTRIA DE CERÂMICA, S.A.

Registered Office	Aradas Aveiro
Activity	Owner of the Aradas/Aveiro factory where VAA carries out the industrial activity of earthenware production
Share capital	EUR 650,000.00
Subscribed Capital	100.00%
% Direct Stake	100.00%
% Direct and Indirect Stake	100.00%
Book Value of Stake	EUR 2,402,248.86
Reserves + Retained Earnings	EUR (4,957,877.35)
Net Profit	EUR 28,350.87
Credits to the Issuer	EUR 235.00
Debts to the Issuer	EUR 3,726.73
Dividends received	EUR 0.00

VAA BRASIL – COMÉRCIO, IMPORTAÇÃO E EXPORTAÇÃO, S.A.

Registered Office	São Paulo
Area of activity	Distribution and retail trade
Share capital	EUR 1,055,455.34
Subscribed Capital	100.00%
% Indirect Stake	89.93%
% Direct and Indirect Stake	89.93%
Book Value of Stake	EUR 1,648,711.54
Reserves + Retained Earnings	EUR (1,558,455.82)
Net Profit	EUR (1,132,470.46)
Credits to the Issuer	EUR 0.00
Debts to the Issuer	EUR 0.00
Dividends received	EUR 0.00

VISTA ALEGRE ATLANTIS UK LTD

Registered Office	London
Area of activity	Distribution and retail trade
Share capital	EUR 112.36
Subscribed Capital	100.00%
% Direct Stake	100.00%
% Direct and Indirect Stake	100.00%
Book Value of Stake	EUR (338,853.00)
Reserves + Retained Earnings	EUR (336,952.39)
Net Profit	EUR (980.75)
Credits to the Issuer	EUR 41,889.44
Debts to the Issuer	EUR 0.00
Dividends received	EUR 0.00

RIA STONE – FÁBRICA DE LOUÇA DE MESA EM GRÉS, S.A.

Registered Office	Ílhavo
Area of activity	Production and distribution of table stoneware
Share capital	EUR 4,550,000.00
Subscribed Capital	100.00%
% Direct Stake	100.00%
% Direct and Indirect Stake	100.00%
Book Value of Stake	EUR 7,019,674.12
Reserves + Retained Earnings	EUR 6,044,325.69
Net Profit	EUR 2,998,669.97
Credits to the Issuer	EUR 1,000.00
Debts to the Issuer	EUR 10,239,704.42
Dividends received	EUR 0.00

VISTA ALEGRE ATLANTIS MOÇAMBIQUE, LDA

Registered Office	Maputo
Area of activity	Distribution and retail trade
Share capital	EUR 42,719.83
Subscribed Capital	100.00%
% Direct Stake	99.00%
% Direct and Indirect Stake	99.00%
Book Value of Stake	EUR 157,275.40
Reserves + Retained Earnings	EUR (218,500.51)
Net Profit	EUR (3,089.98)
Credits to the Issuer	EUR 0.00
Debts to the Issuer	EUR 0.00
Dividends received	EUR 0.00

VISTA ALEGRE USA CORPORATION

Registered Office	New York
Area of activity	Distribution and retail trade
Share capital	EUR 43,192.81
Subscribed Capital	100.00%
% Direct Stake	100.00%
% Direct and Indirect Stake	100.00%
Book Value of Stake	EUR (54,248.00)
Reserves + Retained Earnings	EUR (723,697.53)
Net Profit	EUR (25,589.79)
Credits to the Issuer	EUR 0.00
Debts to the Issuer	EUR 0.00
Dividends received	EUR 0.00

VAA II - SOCIEDADE IMOBILIÁRIA, S.A.	
Registered Office	Ílhavo
Area of activity	Purchase, sale and resale of real estate. Management of its own real estate and other properties and their sale.
Share capital	EUR 50,000.00
Subscribed Capital	100.00%
% Direct Stake	100.00%
% Direct and Indirect Stake	100.00%
Book Value of Stake	EUR 50,000.00
Reserves + Retained Earnings	EUR (5,333.84)
Net Profit	EUR (1,385.78)
Credits to the Issuer	EUR 6,917.30
Debts to the Issuer	EUR 0.00
Dividends received	EUR 0.00

SHREE SHARDA VISTA ALEGRE PRIVATE LIMITED	
Registered Office	New Delhi
Area of activity	Distribution and retail trade
Share capital	EUR 263,782.00
Subscribed Capital	50.00%
% Indirect Stake	50.00%
% Direct and Indirect Stake	50.00%
Book Value of Stake	EUR 134,891.00
Reserves + Retained Earnings	EUR (12,317.25)
Net Profit	EUR 0.00
Credits to the Issuer	EUR 0.00
Debts to the Issuer	EUR 0.00
Dividends received	EUR 0.00

VISTA ALEGRE FRANCE, SAS	
Registered Office	Paris
Area of activity	Distribution and retail trade
Share capital	EUR 30,000.00
Subscribed Capital	100.00%
% Direct Stake	100.00%
% Direct and Indirect Stake	100.00%
Book Value of Stake	EUR 30,000.00
Reserves + Retained Earnings	EUR (2,693.10)
Net Profit	EUR (121,507.25)
Credits to the Issuer	EUR 0.00
Debts to the Issuer	EUR 0.00
Dividends received	EUR 0.00

MEXICOVA, S.A.	
Registered Office	Mexico City
Area of activity	Distribution and retail trade
Share capital	EUR 7,014.40
Subscribed Capital	100.00%
% Direct Stake	95.00%
% Direct and Indirect Stake	100.00%
Book Value of Stake	EUR 6,663.68
Reserves + Retained Earnings	EUR 0.00
Net Profit	EUR 0.00
Credits to the Issuer	EUR 0.00
Debts to the Issuer	EUR 0.00
Dividends received	EUR 0.00

CERUTIL – CERÂMICAS UTILITÁRIAS, S.A.	
Registered Office	Ranhados, Viseu
Area of activity	Production and sale of utility ceramics
Share capital	EUR 3,000,000.00
Subscribed Capital	100.00%
% Direct Stake	100.00%
% Direct and Indirect Stake	100.00%
Book Value of Stake	EUR 48,500,000.00
Reserves + Retained Earnings	EUR 4,236,765.15
Net Profit	EUR 192,666.86
Credits to the Issuer	EUR 0.00
Debts to the Issuer	EUR 528,353.77
Dividends received	EUR 0.00

BORDALGEST, S.A.	
Registered Office	Lisbon
Area of activity	Management of its own and third-party real estate
Share capital	EUR 1,000,000.00
Subscribed Capital	100.00%
% Direct Stake	0.00%
% Direct and Indirect Stake	100,00%
Book Value of Stake	EUR 1,039,657.15
Reserves + Retained Earnings	EUR 392,771.02
Net Profit	EUR 1,460.51
Credits to the Issuer	EUR 0.00
Debts to the Issuer	EUR 0.00
Dividends received	EUR 0.00

FAIANÇAS ARTÍSTICAS BORDALO PINHEIRO,S.A.

Registered Office	Caldas da Rainha
Area of activity	Exploration of the special artistic earthenware branch of the ceramics industry.
Share capital	EUR 2,571,814.44
Subscribed Capital	100.00%
% Direct Stake	0.00%
% Direct and Indirect Stake	83.99%
Book Value of Stake	EUR 1,713,855.97
Reserves + Retained Earnings	EUR 1,393,740.05
Net Profit	EUR 227,594.27
Credits to the Issuer	EUR 0.00
Debts to the Issuer	EUR 0.00
Dividends received	EUR 0.00

CHAPTER 17 – STATISTICAL INFORMATION, THIRD PARTY INFORMATION, STATEMENTS FROM EXPERTS AND CONSULTANTS AND STATEMENTS OF POSSIBLE INTERESTS

This Prospectus contains statistical information and replicates third party projections. It is a conviction of the Issuer and the Offeror that the statistical information and the third-party projections included in this Prospectus are useful to the understanding of the sector's main trends and of the patterns of the market in which the Issuer undertakes its activities. The statistical information included in this Prospectus must be carefully evaluated. To the extent possible, such information and projections have been extracted from trustworthy sources of third parties, such as the Bank of Portugal, Bloomberg and Reports and websites made available by other companies.

VAA confirms that the information obtained from third parties included in this Prospectus has been accurately reproduced and that, to the best of its knowledge and to the extent it can be verified, based on documents published by the third parties concerned, no facts have been omitted that could make the information less accurate or misleading.

Without prejudice to the foregoing, the Issuer and the Offeror do not guarantee the accuracy and completeness of the third-party information, estimates and projections included in this Prospectus nor do they assure that values estimated therein shall be accomplished or correspond to the real situation. Third party information, estimates and projections must be carefully evaluated by this Prospectus' recipients (namely to the extent that these relate to forward-looking statements and incorporate subjective judgments subject to risks and uncertainties). The Issuer and the Offeror do not assume any obligation to update such third-party information, estimates and projections, unless legally bound to do so.

CHAPTER 18 – DOCUMENTATION ACCESSIBLE TO THE PUBLIC

18.1. Locations for Consultation

The following documents are available for consultation while this Prospectus remains valid, upon request and free of charge, at VAA's registered office and at www.vistaalegre.com:

- The Articles of Association (https://investidores.vistaalegre.com/pt/estatutos);
- VAA's reports and accounts, including the audited individual and consolidated financial statements for the years ended 31st December 2015, 31st December 2016 and 31st December 2017, accompanied by the statutory audit reports and auditor's report and reports of the supervisory body and the notes to the financial statements, and the reports on corporate governance (https://investidores.vistaalegre.com/en/informaca-financial/anual);
- VAA's unaudited consolidated financial statements for the nine-month period ended 30th September 2018, which was subject to a limited review (https://investidores.vistaalegre.com/pt/informacao-financeira);
- The Prospectus (https://investidores.vistaalegre.com/pt/comunicados).

These documents, except for the Articles of Association, are also available on the CMVM website at www.cmvm.pt.

This Prospectus is available for consultation, upon request and free of charge, at the following locations:

- VAA's registered office, located in the Lugar da Vista Alegre, parish of Ílhavo (São Salvador), Ílhavo;
- Visabeira's registered office, located at Rua do Gelo, no. 1, Palácio do Gelo Shopping, piso 3, Ranhados, Viseu;
- Euronext, located at Avenida da Liberdade, no. 196 – 7.th, 1250-147 Lisbon;
- VAA's website at www.vistaalegre.com;
- The CMVM's official website at www.cmvm.pt.

18.2. Information Included by Reference

- The Articles of Association, available at www.vistaalegre.com;
- VAA's reports and accounts, including the audited individual and consolidated financial statements for the years ended 31st December 2015, 31st December 2016 and 31st December 2017, accompanied by the statutory audit reports and auditor's report and reports of the supervisory body and the notes to the financial statements, and the reports on corporate governance are available at www.vistaalegre.com and www.cmvm.pt;
- VAA's unaudited consolidated financial information for the nine-month period ended 30th September 2018, subject to a limited review, including the referred limited review report , are available at www.vistaalegre.com and www.cmvm.pt;

18.3. Communications

All communications to the Company shall be addressed to VAA – Vista Alegre Atlantis, SGPS, S.A., for the attention of Ms. Alexandra Conceição Correia Lopes, Rua Palácio do Gelo, No. 1, Piso 3 – 3500-606 Viseu (tel. 926 906 828, fax: 232 483 100 and email: alexandralopes@vistaalegre.com).

All communications to the Offeror shall be addressed to Rua Palácio do Gelo, no. 1, Piso 3 – 3500-606 Viseu.

ANNEX

Pro-forma consolidated financial information on 31st December 2017 and 30th September 2018, prepared in accordance with Regulation (EC) no. 809/2004 of the European Commission, of 29th April 2004, as amended and with ESMA's updates on the CESR's recommendations for the consistent implementation of that Regulation (ESMA/21003/319)

Consolidated pro-forma income statement for the financial year ended on 31st December 2017

(values in thousand euros)	Vista Alegre Group	Cerutil, S.A.	Bordalo Pinheiro, S.A.	Bordalgest, S.A.	Pro-forma adjustments: Elimination of the Sale of VAA Group by Cerutil	Pro-forma adjustments: VA Grupo contribution elimination	Pro-forma adjustments: VA Grupo sale	Pro-forma adjustments: Intra-group adjustments	Pro-forma accounts
Sales and services rendered	84,981	7,330	6,087	0	0	0	0	-5,737	92,661
Cost of goods sold and materials consumed	-26,068	-2,691	-871	0	0	0	0	5,160	-24,469
Production variation	-447	153	-134	0	0	0	0	0	-428
Gross margin	**58,466**	**4,793**	**5,081**	**0**	**0**	**0**	**0**	**-577**	**67,764**
Works for the company	1,148	0	0	0	0	0	0	0	1,148
External supplies and services	-17,292	-942	-893	-8	0	41	0	522	-18,572
Personnel costs	-28,995	-2,610	-2,853	0	0	0	0	0	-34,457
Amortizations	-6,414	-307	-330	0	0	0	0	0	-7,052
Impairment	-163	-37	-24	0	0	0	0	0	-224
Provisions for the year	372	0	0	0	0	61	0	0	433
Other revenue and operating income	-1,908	-188	-99	0	0	50	0	3	-2,143
Impairment of non depreciable assets	-54	0	0	0	0	0	0	0	-54
Increases/(Reductions) of fair value	375	0	0	0	0	-519	0	0	-144
Other revenues and operating income	2,168	174,205	138	6	-174,167	-122	795	22	3,044
Operating income	**7,701**	**174,914**	**1,020**	**-2**	**-174,167**	**-490**	**795**	**-30**	**9,741**
Interest and similar expenses	-3,078	-640	-113	0	0	0	0	1,204	-2,627
Interest and similar income	22	1,328	0	45	0	-182	0	-1,204	11
Financial result	**-3,056**	**689**	**-113**	**45**	**0**	**-182**	**0**	**0**	**-2,616**
Result before taxes	**4,645**	**175,603**	**907**	**43**	**-174,167**	**-672**	**795**	**-30**	**7,125**
Income tax	-428	-13,208	-92	-9	12,930	120	0	7	-681
Consolidated result for the period	**4,218**	**162,395**	**815**	**34**	**-161,238**	**-552**	**795**	**-23**	**6,444**
Attributable:									
Shareholders	4,258	162,395	685	34	-161,238	-548	795	-23	6,357
Non-controlling interests	-40	0	131	0	0	-4	0	0	86

Consolidated pro-forma income statement for the nine-month period ended 30th September 2018

(values in thousand euros)	Vista Alegre Group (September 2018)	Pro-forma adjustments (january to august 2018): Cerutil, S.A.	Pro-forma adjustments (january to august 2018): Bordalo Pinheiro, S.A.	Pro-forma adjustments (january to august 2018): Bordalgest, S.A.	Pro-forma adjustments (january to august 2018): Intra-group adjustments	Pro-forma accounts
Sales and services rendered	63,921	6,635	4,150	0	-4,260	70,445
Cost of goods sold and materials consumed	-19,673	-3,009	-633	0	3,861	-19,453
Production variation	2,018	39	19	0	0	2,076
Gross margin	**46,266**	**3,664**	**3,536**	**0**	**-399**	**53,067**
Works for the company	1,868	96	200	0	0	2,164
External supplies and services	-13,873	-778	-598	-5	399	-14,856
Personnel costs	-23,192	-1,920	-2,179	0	0	-27,292
Amortizations	-4,593	-145	-217	0	0	-4,954
Impairment	-57	-250	-203	0	0	-510
Provisions for the year	0	0	0	0	0	0
Other revenue and operating income	-1,186	-121	-52	0	0	-1,359
Impairment of non depreciable assets	0	0	0	0	0	0
Increases/(Reductions) of fair value	0	0	0	0	0	0
Other revenues and operating income	1,505	24	103	0	0	1,632
Operating income	**6,738**	**570**	**590**	**-6**	**0**	**7,892**
Interest and similar expenses	-1,994	-447	-69	-5	1,204	-1,312
Interest and similar income	86	1,894	0	11	-1,204	788
Financial result	**-1,908**	**1,447**	**-69**	**6**	**0**	**-524**
Result before taxes	**4,830**	**2,017**	**521**	**0**	**0**	**7,368**
Income tax	-1,178	-501	-109	0	0	-1,788
Consolidated result for the period	**3,652**	**1,516**	**412**	**0**	**0**	**5,581**
Attributable:						
Shareholders	3,730	1,516	346	0	0	5,592
Non-controlling interests	-78	0	66	0	0	-12

EXPLANATORY NOTES ON THE CONSOLIDATED PRO-FORMA FINANCIAL STATEMENTS ON 31st DECEMBER 2017 AND ON 30th SEPTEMBER 2018

The amounts are expressed in thousands of euros, except where stated

1. DESCRIPTION OF THE TRANSACTIONS

On 31st August 2018, VAA – Vista Alegre Atlantis, SGPS, S.A. ("VAA") informed the market, through the Securities Market Commission's website ("CMVM") on conclusion of the acquisition to the company Grupo Visabeira, SGPS, S.A. ("Grupo Visabeira") of 100% of the share capital of the company Cerutil – Cerâmicas Utilitárias, S.A. ("Cerutil"). This company holds 100% of the share capital of Bordalgest, S.A. ("Bordalgest"), which, in turn, holds 83.99% of the share capital of the company Faianças Artísticas Bordalo Pinheiro, S.A. ("Bordalo Pinheiro"), for a global price of 48.5 million euros. These three companies shall henceforth be designated as "Cerutil Group" and the acquisitions as "Recent Acquisitions".

In addition, VAA announced on the same date to the market the conclusion of the sale of 100% of the share capital of VA Grupo – Vista Alegre Participações, S.A. ("VA Grupo") to the company Visabeira Imobiliária, SGPS, S.A. for a global price of 21.7 million euros. This company is the sole holder of several real estate assets not used in Grupo Vista Alegre's operational activity.

The pro-forma consolidated financial information was prepared exclusively to provide information on how the Recent Acquisitions and the sale of VA Grupo could have affected VAA's consolidated income statement on 31st December 2017 and the consolidated income statement for the nine-month period ended 30th September 2018, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("IFRS-EU") ("Pro-forma Consolidated Financial Information").

As this pro-forma consolidated financial information is prepared to reflect a hypothetical situation, it is not intended to represent, and does not represent, the consolidated results of VAA, Cerutil, Bordalo Pinheiro and Bordalgest, nor is it intended to be information indicative of the VAA's operating results or future financial condition.

The grounds set by VAA for the preparation of the Pro-Forma Consolidated Financial Information are detailed below and consist of the sources of the presented financial information, the standardization adjustments and the used assumptions.

2. SOURCES OF THE PRESENTED PRO-FORMA CONSOLIDATED FINANCIAL INFORMATION

The Pro-forma Consolidated Financial Information was prepared in compliance with paragraph 20.2 of Annex I and Annex II of Regulation (EC) no. 809/2004 of the European Commission, of 29th April 2004, as amended (hereinafter, "Prospectus Regulation"), and based upon ESMA's updates on CESR's recommendations (ESMA/2013/319) on the consistent implementation of that regulation and on the hypothesis and assumptions indicated in the following sections, in the context and for the purposes of (i) a share capital increase, to be made by new contributions in cash through a public offer for the subscription of shares, and of (ii) a public offer of acquisition of shares already issued, including VAA´s pro-forma consolidated financial information on 31st December 2017 and on 30th September 2018, and reflecting the effects of the Recent Acquisitions and the sale of VA Grupo on VAA, among other related adjustments described along this annex.

The financial information used as the basis for the collection of this pro-forma consolidated financial information was the following:

- VAA's consolidate financial statements on 31st December 2017 prepared in accordance with IFRS-EU. These consolidated financial statements were subject to a Legal Accounts Certificate and an Audit Report issued by Deloitte & Associados, SROC, S.A. dated 26th April 2018, which includes no qualifications or highlights and includes a paragraph on other matters.

- Cerutil's individual financial statements on 31st December 2017 prepared in accordance with IFRS-EU. These financial statements were subject to a Legal Accounts Certificate issued by Ernst & Young Audit & Associados, SROC, S.A. on 8th May 2018, which includes no reservations or highlights.

- Bordalgest's individual financial statements, on 31st December 2017 prepared in accordance with IFRS-EU. These financial statements were subject to a Legal Accounts Certificate issued by Ernst & Young Audit & Associados, SROC, S.A. on 29th March 2018, which includes no reservations or highlights.

- Bordalo Pinheiro's individual financial statements, on 31st December 2017 prepared in accordance with IFRS-EU. These financial statements were subject to a Legal Accounts Certificate issued by Ernst & Young Audit & Associados, SROC, S.A. on 14th March 2018, which includes no reservations or highlights.

- VAA's condensed consolidated financial statements on 30**th** September 2018 prepared in accordance with International Accounting Standard 34 – "Interim Financial Report". These condensed consolidated financial statements were subject to a Limited Review Report issued by Deloitte & Associados, SROC, S.A. dated 26th October 2018, which includes no reservations or highlights.

- Cerutil's, Bordalgest's and Bordalo Pinheiro's (unaudited) individual financial statements, on 31st August 2018 prepared in accordance with IFRS-EU and approved by their respective Boards of Directors on 28**th** September 2018.

The pro-forma consolidated income statement for the period ended on 31st December 2017 was prepared through: (i) the aggregation of VAA's consolidated income statement for the period ended on 31st December 2017, disregarding the affiliate VA Grupo's consolidation since 1st January 2017; (ii) including Cerutil's, Bordalgest's and Bordalo Pinheiro's income statement for the period ended on 31st December 2017; as well as (iii) the respective pro-forma adjustments, estimated as if the transactions referred to in the note 1 of this annex had been made with reference to 1st January 2017.

The pro-forma consolidated income statement for the nine-month period ended 30**th** September 2018 was prepared through: (i) the aggregation of VAA's consolidated income statement for the nine-month period ended 30**th** September 2018, disregarding the consolidation of the affiliate VA Grupo since 1st January 2018; (ii) including Cerutil's, Bordalgest's, and Bordalo Pinheiro's individual income statements for the eight-month period ended on 31st August 2018; as well as (iii) the respective pro-forma adjustments, estimated as if the transactions had been made with reference to 1st January 2018 (with the exception of the advantage resulting from the sale of VA Grupo (non-current) the effect of which was only reflected on the pro-forma consolidated income statement of the period ended on 31st December 2017 mentioned in the paragraph above).

The accounting criteria used by VAA's Board of Directors in the collection of the pro-forma consolidated financial information are consistent with the accounting criteria and policies used in the preparation of VAA's consolidated financial statements of 31st December 2017 and 30**th** September 2018.

3. USED HYPOTHESES AND ASSUMPTIONS

The following assumptions were used in the preparation of the Pro-Forma Consolidated Financial Information:

- Regarding the pro-forma consolidated income statements for the period ended on 31st December 2017 and for the nine-month period ended 30**th** September 2018, the fact that the effect of Recent Acquisitions was reported to 1st January 2017 and 1st January 2018, respectively was taken into consideration. This was aimed at showing the impact of a full twelve-month period and of a nine-month period.

- Still concerning the pro-forma consolidated income statements for the period ended on 31st December 2017 and the nine-month period ended 30th September 2018, it was also considered the fact that the sale of VA Grupo is reported to 1st January 2017, having generated capital gains of approximately 795 thousand Euro. This gain arises from a transaction that will not have a recurrent nature in future accounting years. The consideration of this sale in the pro-forma consolidated income statement of the period ended on 31st December 2017 did not generate any tax effects, given that the relevant gain is not eligible for the purposes of Corporate Income Tax.

4. ADJUSTMENTS FOR THE CONVERGENCE OF ACCOUNTING POLICIES

As indicated on note 2 above, the financial information used in the preparation of Pro-forma Consolidated Financial Information refers to VAA's consolidated financial statements for the period ended on 31st December 2017 and for the nine-month period ended 30th September 2018, prepared in accordance with IFRS-EU, and to Cerutil's, Bordalgest's and Bordalo Pinheiro's financial information for the period ended on 31st December 2017 and 31st August 2018, also prepared in accordance with IFRS-EU. There are no differences in the accounting policies used in the preparation of the financial statements mentioned above which have an impact on the preparation of the Pro-Forma Consolidated Financial Information, which is why no adjustments for the convergence of accounting policies were considered.

5. PRO-FORMA ADJUSTMENTS

5.1. Adjustments related to the sale of VA Grupo

On 31st August 2018, VAA approved the sale of its whole stake (100%) in VA Grupo's share capital to Visabeira Imobiliária, SGPS, S.A., for a global price of 21.7 million Euro. This company is the exclusive holder of several real estate assets not used in the operational activity of Grupo Vista Alegre, which were included by the fair value method in the respective VAA statutory financial statements and statutory consolidated financial statements until the date of the sale.

For the purposes of the pro-forma consolidated income statement on 31st December 2017, said sale was considered as if having occurred on 1st January 2017, with the arising gain in the amount of 795 thousand Euro, being included in that pro-forma consolidated income statement, under the section "Other operational proceeds and revenues", as a non-current issue. On the other hand, the pro-forma consolidated income statement for the period ended on 31st December 2017 and the nine-month period ended 30th September 2018 disregard VA Grupo's activity's contribution concerning those periods.

5.2. Removal of the sale of VAA by Cerutil in December 2017

Pro-forma consolidated income statement for the accounting year ended on 31st December 2017 includes the annulment of Cerutil's gain from the sale of its stake in VAA, which took place on 27th December 2017. This adjustment corresponds to a reduction in the net profit of approximately EUR 161,000,000 (considering the corresponding tax effect). This adjustment was made by charge to equity, given the fact that, for the purposes of preparing the Pro-Forma Consolidated Financial Information and the "adjusted" consolidation perimeter, that stake was considered on 1st January 2017 as own shares, directly as a deduction to the pro-forma consolidated equity.

6. INTRAGROUP ADJUSTMENTS

Intragroup adjustments considered in the pro-forma consolidated income statements for the period ended on 31st December 2017 and the nine-month period ended on 30th September 2018 correspond to the removal of all the transactions between Grupo Vista Alegre and the companies Cerutil, Bordalgest, and Bordalo Pinheiro, as well as the removal of the margin generated by inventory sales between the companies Bordalo Pinheiro and Cerutil and Vista Alegre Atlantis, S.A.