



Empresa de Desenvolvimento
e Infra-estruturas do Alqueva, S.A.

REPORT & ACCOUNTS

FISCAL YEAR 2019





EDIA

Empresa de Desenvolvimento
e Infra-estruturas do Alqueva, S.A.



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MANAGEMENT REPORT

CUBA-ESTE PHOTOVOLTAIC PLANT



MESSAGE FROM THE CHAIRMAN



♦♦♦ JORGE VAZQUEZ, JOSÉ PEDRO SALEMA, AUGUSTA DE JESUS CACHOUPO

The Empresa de Desenvolvimento e Infra-estruturas do Alqueva (EDIA) belongs to the state business sector under the authority of the Ministry of Agriculture, and its mission is to design, build, explore and promote the Alqueva Multipurpose Project (EFMA).

In 2019, Alqueva showed, once again, its importance in the Alentejo region, ensuring the reinforcement of water supply destined for both populations and, mainly, a modern and efficient irrigation area that already exceeds 100 thousand hectares (ha).

EFMA covers an area of influence of about one third of the Alentejo. In addition to its essential hydro-agricultural benefit, the large size, scope and modernity of the implemented hydraulic infrastructure allows for hydroelectric production in a reversible system; public and industrial supply; torrential regularization and correction; environmental and patrimonial preservation and development and territorial planning.

An approximately 50 thousand ha EFMA expansion project is underway, as part of the National Irrigation Program. During this period, projects in these neighboring areas continued, such as the development of the hydraulic circuit projects in Vidigueira and Cabeça-Gorda – Trindade, and the connection to the Monte da Rocha reservoir, among others. The Alqueva Observation and Command Post / Interpretation Centre project was also concluded.

At the end of the year, contracting procedures were carried out for the construction works regarding the Morgavél adduction system connection; the Viana do Alentejo hydraulic circuit and block; the Cuba-Odivelas block and the Évora blocks.

On the other hand, 2019 was marked by the construction of the first photovoltaic plants for self-consumption in the pumping stations from which the Vidigueira and São Bento expansion areas originate. In the first case, the photovoltaic panels are installed on floating structures in the Cuba-Este reservoir, constituting the largest floating solar plant in the country.

The success of the Alqueva project's hydro-agricultural component is now utterly unequivocal. This is illustrated by adherence levels and numbers, alongside the size of new projects. This year, the area effectively irrigated by Alqueva increased by 14%, and water consumption (also conditioned by a very hot and dry summer) increased by about 35% to a total of 375 million cubic metres delivered. Essentially, this justifies the increase in turnover by 14% to EUR 33 million, and EBITDA by 16% to EUR 10 million.

Cost increase for external supplies and services to EUR 25 million essentially pertains to greater energy needs regarding the large increase in water volume pumped by the system's pumping stations.

The reduction in financial charges continued its positive trend, as a result of low interest rates and the debt reduction along with capital increases from the shareholder. Thus, financial results improved by EUR 2 million and the company's equity situation was also strengthened with equity reaching EUR 40 million positive.



CUBA-ESTE PHOTOVOLTAIC PLANT

The year's net result followed the same trend, improving by around EUR 1.3 million, maintaining, however, a negative value of EUR 2.7 million due to the weight of financial results, investment impairments and depreciation.

It's worth highlighting the beginning of the URSA Project – Alqueva By-products Recirculation Units' experimental period, in 2019, with the implementation of the URSA experimental unit in the Herdade da Abóbada, Serpa. This project aims to enhance waste/by-products, thus improving the transition into circular economy, through agriculture aligned with the principles of this new paradigm. This demonstration unit is intended for the transformation of agricultural by-products into compost – a stable and balanced organic fertilizer for subsequent soil application.

In 2020, several projects are expected to start, which will translate into a considerable increase in investment to be made, compared to previous years. As new areas are progressively put into service, operational activity will also tend to grow significantly in the coming years.

The large-scale photovoltaic project is also expected to begin, aimed at reducing energy costs and decarbonizing water distribution. We are pursuing the dream of being able to locally produce all energy needs using solar energy and, to this end, a tender will be launched for the installation of solar production units for self-consumption near primary network pumping stations with a combined power of over 50 MWp. Once completed, it will be the largest floating photovoltaic project in Europe.

We believe that the planned enlargement of the benefited area, along with completion of the ambitious project for production of photovoltaic energy for self-consumption aimed at reducing energy costs – the system's most significant operating costs –, should be the Alqueva project's development vectors for the purposes of long term sustainability.

At a moment of assessment, we owe a word of thanks to our clients, to financing entities, to the shareholder, to suppliers, and to all entities that contributed to the accomplishment of our mission. A special thanks is due to our collaborators – the great laborers of the Alentejo's transformation into a



José Pedro Salema

Chairman of the Board of Directors of EDIA

INTRODUCTORY NOTE

In Alqueva, the region's future is prepared every day, making it more sustainable and appealing to national and foreign investors, qualifying its offer, and generating development from its greatest natural wealth: WATER.

Reality shows that where there is water there are people and, therefore, potential for the region's economic and social development, reducing the risks of depopulation and desertification. It is in this context that the National Program of Irrigation (PNRegadios) emerges, a Government initiative that will create an additional 90,000 ha of irrigation by 2022, and which includes the expansion of 50,000 ha of EFMA.

After the approval of PNRegadios by the Portuguese State in October 2018 ¹, whose implementation is supported by community funding, in 2019, it is worth highlighting the operation and launch of the 1st Notice to submit applications for this Program.

In this context, on January 29th, Ordinance No. 38/2019 (Diário da República No. 20/2019, Series I) was issued, which regulates the support scheme to be granted to projects provided for in the PNRegadios, making funds available for new irrigation projects.

On March 27th, the Order no. 3378 (Diário da República no. 61/2019, Series II), opens the 1st Notice of PNRegadios applications. Following this, PNRegadios publishes the Opening Notice no. 01/DRE/2019, of April 29th, regarding 'Efficient Irrigation Development Operations', and EDIA, throughout May, presented the following applications:

- Cuba-Odivelas hydraulic circuit and its block;
- Morgavél hydraulic circuit and its block;
- Évora hydraulic circuit and its block;
- Viana hydraulic circuit and its block;
- Reguengos hydraulic circuit and its block;
- 2nd phase of the Loureiro-Alvito pumping station;
- 2nd phase of São Pedro pumping station;
- Vidigueira hydraulic circuit and its block;
- São Bento hydraulic circuit and its block; and
- 2nd phase of Pedrogão – Right Bank pumping station.

1. Council of Ministers Resolution No. 133/2018 of 12 October – approves PNRegadios and regulates the operationalization of the Project Execution Unit (UEP).

Regarding infrastructure, work continued on the construction contract for the power reinforcement of the Álamos pumping station, as well as on the construction and equipment supply contract for the installation of three additional groups at the São Pedro pumping station, consigned at the end of the previous year. It is also worth mentioning the completion of the power reinforcement contract for the Loureiro-Alvito block's pumping station.

At the end of the year, the regulatory procedures for the contracts for the construction of the Morgavél adduction system connection and the Viana do Alentejo hydraulic circuit (primary network) were completed. On the secondary network, contracts were also carried out for the works at the Cuba-Odivelas and Évora blocks, and also the Viana do Alentejo main adductor and respective block. In parallel, the preparation of tender procedures for the construction and equipment supply for the Pedrógão – Right Bank (2nd phase) lifting system and the duplication of the Álamos-Loureiro siphons continued.

2019 was marked, on the other hand, by the start of the construction of the first photovoltaic plants for self-consumption (Lage and Cuba-Este) in the pumping stations where the Vidigueira and São Bento expansion areas begin. The consignment of these works took place at the beginning of the year.

During this period, the projects of the bordering areas were also carried out, and, among others, one should mention the development of the revision works for the Reguengos and Póvoa-Moura hydraulic circuits and respective irrigation blocks execution projects, as well as the development of the Vidigueira and Cabeça-Gorda-Trindade hydraulic circuit projects, and connection to Monte da Rocha reservoir. The Alqueva Observation and Command Post (POC Alqueva) and the Alqueva surroundings projects are also underway.

At the end of 2019, EDIA started the preparation of the competition for the largest floating photovoltaic project in Europe. This project includes the supply, installation and licensing of 10 Production Units for Self-Consumption (UPAC) at the EFMA Primary network pumping stations. The tender will also include maintenance and operation for the first 5 years. This project, of the 10 floating photovoltaic plants, will have a total installed power of 50 MWp, which will occupy an approximately 50 ha area over water, and it is estimated that more than 127 thousand photovoltaic panels will be needed, which will avoid the emission of approximately 30 thousand tons of CO₂ per year. With an estimated production of 90 GWh/year, the energy obtained by all these photovoltaic plants would be enough to supply approximately 2/3 of the entire Baixo Alentejo population.

In parallel with Alqueva Global Water Supply System management, and the guarantee of EFMA's water supply – the Enterprise's main asset, for its various valences, one should reference, on the other hand, to the efforts made by EDIA for the development of strategies within the scope of asset management of the various infrastructures that integrate it.

During this period, the proposal prepared by the National Laboratory of Civil Engineering (LNEC) to extend the scope of the *Pedrógão Subsystem Infrastructure Heritage Management Study* to the Alqueva and Ardila subsystems was received and analyzed.

In 2019, the start of the trial period for the URSA Project – Alqueva By-products Recirculation Units should be highlighted, currently in progress with the implementation of the URSA experimental unit at the Abóbada estate located in the Serpa municipality, in the Baixo Alentejo region. This project presents a structure based on the efficient use of resources, namely in the protection of soil and water, and the valorization of waste/by-products, contributing to accelerate its transition into circular economy, through an agriculture in line with the principles of this new paradigm.



Alqueva reveals the largest riparian forest in Portugal. When EDIA created the Pedrógão reservoir 15 years ago, 65 thousand trees of native riparian species were planted as a compensation measure for the area to be submerged in the Ardila river. There are three species of trees that make up this forest and occupy a continuous area of approximately 200 ha along this river's banks, today Pedrógão reservoir: Choupos, Freixos and Lódãos.

In 2019, Alqueva was visited by international investors. These potential investors, interested in the agri-food industry and tourism, came to Portugal at the invitation of EDIA and NERBE/AEBAL, as part of the strategy to promote and internationalize the *Alqueva Project* titled '*Alqueva, uma nova terra de oportunidades*' (Alqueva, a new land of opportunities), the object of an application to the *Collective Action Support System*, and financed by the *European Regional Development Fund/Alentejo 2020*.

One should also mention the Alqueva Agricultural Yearbook 2018, as well as the Letter of Irrigation Suitability, both available on EDIA's website. These are tools through which the Company continues its policy of free decision support tools for agricultural investors.

In 2019, one should also reference the amendment to the constitution of the Alqueva Irrigation Monitoring Committee (CARAlqueva), with the purpose of monitoring the operation of the Project's hydro-agricultural component. ²

In relation to the analysis of adhesion values and water consumption in EFMA perimeters, there was an increase of 13.78% (11,406 ha) in overall adhesion values, and an increase of approximately 48.83% (96,239,995m³) in water consumption. Overall, in terms of consumption values, this trend was generalized to almost all perimeters, being largely justified by the climatic drought that settled in the Portuguese territory in 2019, and more precisely in the EFMA area.

BENEFITTED AREA and REGISTERED AREA: ha / CONSUMPTION: m³

Alqueva Perimeters	2019			2018		
	Benefitted Area	Registered Area	Consumption	Benefitted Area	Registered Area	Consumption
Alqueva Subsystem	56.005	47.953	148.416.312	56.005	41.855	106.113.264
Ardila Subsystem	28.562	23.892	67.698.371	28.562	20.882	41.101.100
Pedrogão Subsystem	23.913	22.359	77.231.567	23.913	20.059	49.891.891
TOTAL	108.480	94.203	293.346.250	108.480	82.797	197.106.255

EDIA's team currently holds 179 employees, with a higher education level adapted to the work activity. EDIA's employees are mostly local and are divided through the company's technical areas such as engineering, economy, management, law, biology, environment, archaeology, among others.

On December 31st, 2019, the Company's Share Capital, fully subscribed and paid up, amounts to EUR 838,810,320 (composed of 167,762,064 shares), and is held 100% by the Portuguese State, through DGTF. The variation in 2019 (EUR 29,275,440 and 5,855,088 new shares) is due to the following issues of shares with a par value of 5 EUR each:

- September 2019: Issue of 3,355,088 new shares, with a par value of EUR 5 each, made in cash. The amount subscribed and paid-up was EUR 16,775,440 (September 3rd); and
- September 2019: Issue of 2,500,000 new shares, with a par value of EUR 5 each, paid in cash. The amount subscribed and paid-up was EUR 12,500,000 (September 11th).

The Investment made this year, not including the capitalization of structure and financial charges, amounted to EUR 8,661.28, EUR 544.47 in the 1st phase of the EFMA and EUR 8,116.81 in the 2nd phase. Thus, the total investment in the EFMA, from 1995 to the end of 2019 is EUR 2,364,168.67.

2. An advisory body to the member of the Government responsible for agriculture and rural development, CARAlqueva is composed of representatives of various entities. Created in 2014 had its structure modified for the first time in 2016.

EDIA INTRODUCTION

EMPRESA DE DESENVOLVIMENTO E INFRA-ESTRUTURAS DO ALQUEVA (EDIA)

Founded in 1995, EDIA is a publicly owned limited company, part of the State-owned Industries Sector (SEE), and is under the sectorial tutelage of the Ministry of Agriculture and under the financial tutelage of the Ministry of Finance.

The Alqueva Multipurpose Project (EFMA) consists of a group of 70 dams, reservoirs and weirs, interconnected by more than 2,000 km of ducts and channels, with an area of influence of approximately 10,000 km², divided by the districts of Beja, Évora, Portalegre and Setúbal, covering a total of 20 municipalities.

Based in the city of Beja, centre of the benefited region, EDIA's orientation is aimed at the success of the Alqueva Project. This project sees the Alqueva dam as the Mother of the whole Project, and its reservoir as the instrument that guarantees the region's future, Water. Its set of infrastructures allows the realization of the biggest dream for the Alentejo and make one of the most disadvantaged regions in Europe viable from an economic and social standpoint.

As manager of the Alqueva project, EDIA's mission is to contribute to the dynamization of the economy, social development and preservation of the environment, developing management actions that enhance the territory, value water resources and promote irrigation.

An area of 120,000 hectares of irrigation is currently in operation, the total foreseen in the initial project of the Global Water Supply System of Alqueva, and the necessary procedures are being developed to increase this area by approximately 50,000 hectares in bordering areas.

CHARACTERISATION OF THE MAIN INFRASTRUCTURES

EFMA is a system composed of the following infrastructures:

ALQUEVA HYDROELECTRIC USE

Dam	Reservoir
Type – concrete double curvature arch dam	Maximum Capacity – 4.150 hm ³
Height – 96 m	Useful Capacity – 3.150 hm ³
Crest Length – 458 m	Maximum Storage Level – quota 152 m
	Minimum Operating Level – quota 130 m
Hydroelectric Station	Water Surface – 250 km ²
Type – toe of the dam	Reservoir Length – 83 Km
Installed Power – 520 MW (Alqueva I and II – 2 x 260MVA)	Banks – 1.160 km

PEDRÓGÃO HYDROELECTRIC USE

Dam	Reservoir
Type – gravity, part conventional concrete and part RCC	Maximum Capacity – 106 hm ³
Height – 43 m	Useful Capacity – 54 hm ³
Crest Length – 448 m	Water Surface – 11 km ²
	Reservoir Length – 23 km
Hydroelectric Station	Banks – 118 km
Type – toe of the dam	
Installed Power – 10 MW	

GLOBAL WATER SUPPLY SYSTEM OF ALQUEVA

Global Water Supply System of Alqueva, which benefits an area of approximately 120,000 ha, consists of 70 dams, reservoirs and weirs, 46 pumping stations, 5 mini-hydroelectric plants and 1 photovoltaic plant.

This system is divided into three subsystems, according to the different water sources, namely Alqueva, Ardila and Pedrógão. A 593 ha irrigated area was also equipped next to the new village of Luz, sourcing its water directly from the Alqueva reservoir.

Global Water Supply System of Alqueva

	1 st Network	2 nd Network	TOTAL
Subsystems – Alqueva, Ardila and Pedrógão		3	3
Mini-Hydro Plants	5	-	5
Regulatory Structures	27	-	27
Primary and Secondary Pumping Stations	13	33	46
Primary and Secondary Dams/Reservoirs/Weirs	47	23	70
Km of Canals	-	127	127
Km of Pipelines	225	1.591	1.815
Km of Tunnels, Siphons and Cut-and-Cover	35	-	35
Km of Access and Service Paths	327	581	908
Km of Drainage Ditches	-	461	461
Retention Basins	11	-	11
Water Inlets	82	21	103
Floodgates	139	6	145
Bottom Discharges	358	3.291	3.649
Hydrants	18	3.711	3.729
Irrigation Valves	-	7.533	7.533
Isolation Valves	222	1.098	1.320
Suction Pads	380	3.445	3.825
Irrigated/Equipped Area (thousand ha)	-	118	118

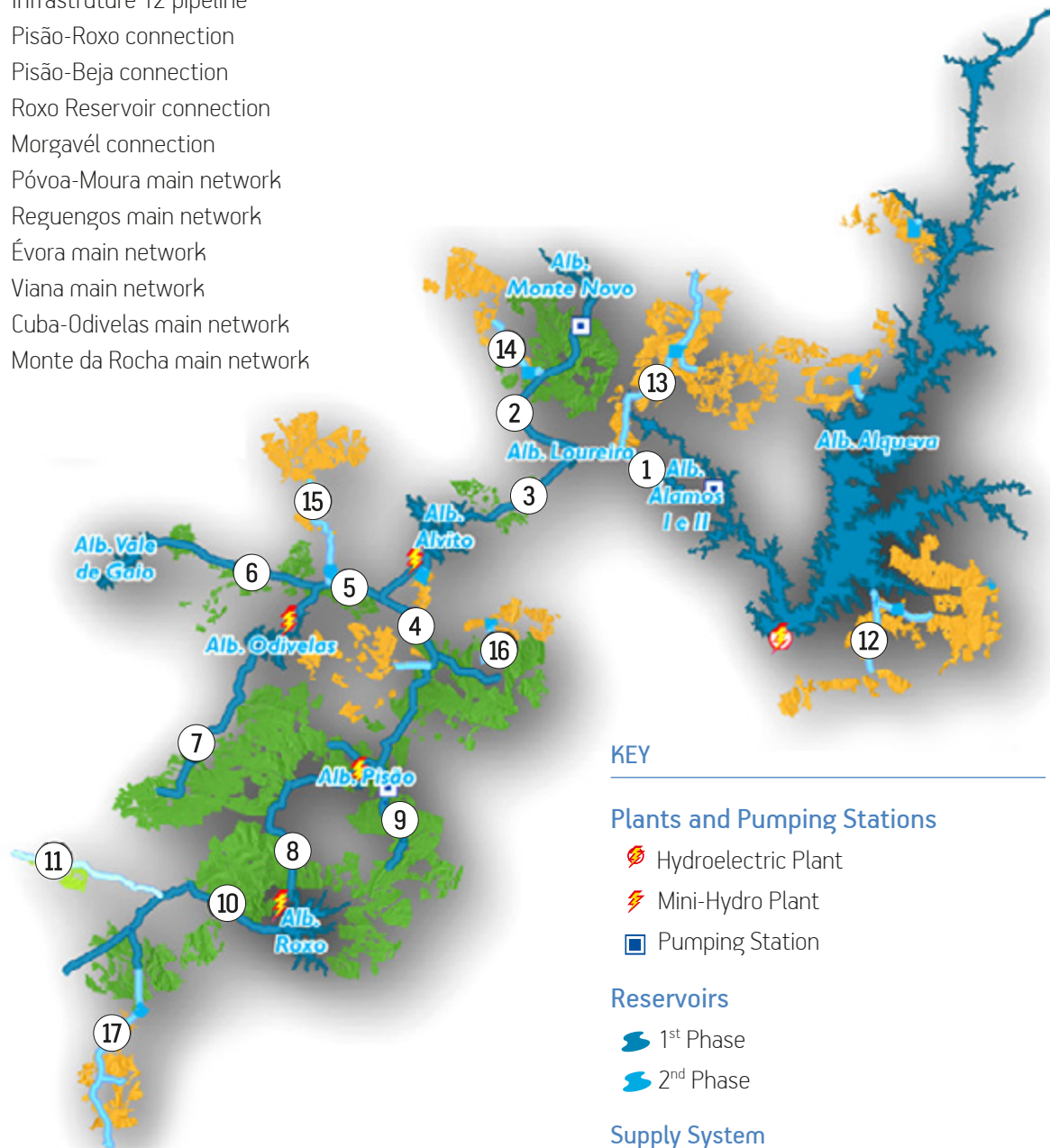
ALQUEVA SUBSYSTEM

Sourcing its water from the Alqueva reservoir, the Alqueva subsystem develops from the Álamos pumping station and is the largest of EFMA's three subsystems. This infrastructure allows for the water to be raised up to a height of 90 m, through an 850 m long penstock with a 3.2 m diameter, to the Alamos reservoirs, thus ensuring water distribution to the entire Alqueva subsystem, benefiting areas west of Beja and in the centre of Alentejo.

This subsystem consists of a set of hydraulic circuits connecting the region's main reservoirs: Monte Novo, Alvito, Odivelas, Vale de Gaio and Roxo. The Alamos canal connects to the Loureiro dam, from where the Loureiro-Monte Novo canal derives, stretching to the Monte Novo dam. The Loureiro-Alvito tunnel develops to the south from the Loureiro dam, ensuring the supply of the Alvito dam.




LINKS

1. Álamos-Loureiro connection
2. Loureiro-Monte Novo connection
3. Loureiro-Alvito connection
4. Alvito-Pisão connection
5. Odivelas Reservoir pipeline circuit
6. Vale do Gaio connection
7. Infrastrutur 12 pipeline
8. Pisão-Roxo connection
9. Pisão-Beja connection
10. Roxo Reservoir connection
11. Morgavél connection
12. Póvoa-Moura main network
13. Reguengos main network
14. Évora main network
15. Viana main network
16. Cuba-Odivelas main network
17. Monte da Rocha main network





KEY




Plants and Pumping Stations

-  Hydroelectric Plant
-  Mini-Hydro Plant
-  Pumping Station



Reservoirs

-  1st Phase
-  2nd Phase

Supply System

-  1st Phase. Existing
-  1st Phase. Projected
-  2nd Phase

EFMA Irrigated Area

-  1st Phase
-  2nd Phase

From the Alvito dam, it follows the Alvito-Pisão canal, which connects to the Pisão dam, and then reaches the Roxo dam through the Pisão-Roxo canal. From the Alvito-Pisão canal derivation, infrastructures were installed to connect to the Odivelas and Vale de Gaio reservoirs.

These canals are surrounded by the development of the perimeters of Monte Novo, Loureiro-Alvito, Alvito-Pisão, Pisão, Ferreira Figueirinha and Valbom, Alfundão, Cinco Reis-Trindade, Ervidel, Pisão-Beja, Vale de Gaio and Roxo-Sado.

The mini hydroelectric power plants of Alvito, Odivelas, Pisão and Roxo were built among the reservoir's primary network and pipelines, with a total installed power of 7 MW, further optimizing the entire system with energy efficiency gains when economically feasible.

ALQUEVA SUBSYSTEM

63.5 thousand ha of irrigated area

44 dams and reservoirs

219 km of existing primary network and about 24 km projected

916 km of secondary network pipelines

25 pumping stations – 4 from the primary network and 21 from the secondary network

1 hydroelectric plant (Alqueva) and 4 mini hydroelectric plants

Irrigation blocks – Alfundão, Alvito-Pisão, Beringel-Beja, Cinco Reis-Trindade, Ervidel, Ferreira, Loureiro-Alvito, Monte Novo, Pisão, Vale do Gaio

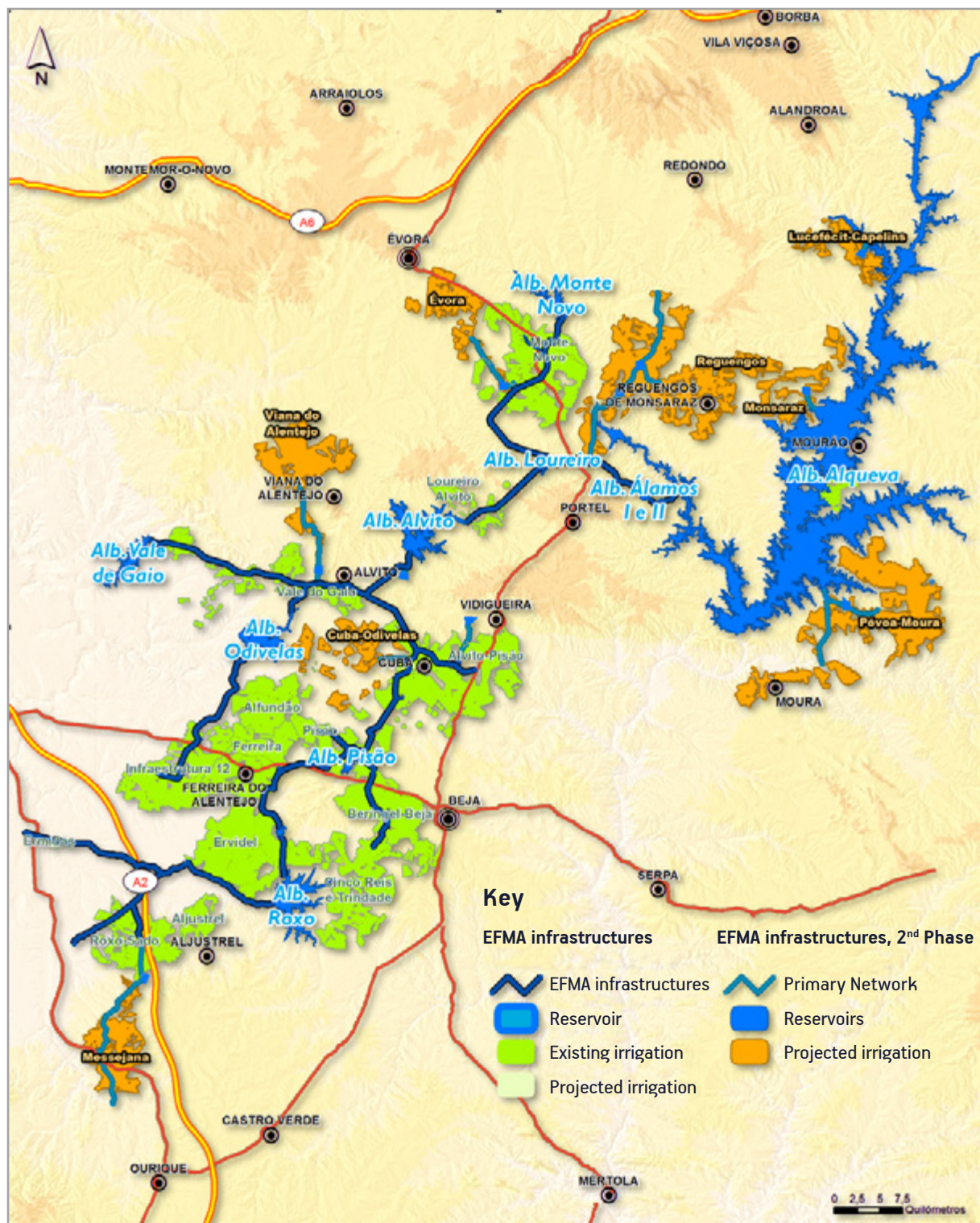
blocks managed by other entities – Luz village, Aljustrel and Infrastructure 12



As part of EFMA's second phase infrastructure works, the following new irrigated areas were identified in the Alqueva subsystem:

Primary Network
Reguengos hydraulic circuit
Viana do Alentejo hydraulic circuit
Monsaraz hydraulic circuit
Vidigueira hydraulic circuit
Póvoa-Moura hydraulic circuit
Luçefécit-Capelins hydraulic circuit
Hydraulic circuit connecting to the Monte da Rocha reservoir

Secondary Network
Reguengos block
Évora block
Cuba-Odivelas block
Viana do Alentejo block
Monsaraz block
Vidigueira block
Póvoa-Moura block
Luçefécit-Capelins block
Messejana blocks



ARDILA SUBSYSTEM

Situated on the left bank of the Guadiana River, the Ardila subsystem services a region that cyclically faces severe water shortages. Sourcing its water from the Pedrógão reservoir, this subsystem benefits left bank areas in the Moura and Serpa municipalities. It's comprised of a set of 15 dams or reservoirs, and extends over 62 km of primary network (62.4 km), 391.6 km of secondary network pipelines, 13 pumping stations (6 in the primary network and 7 in the secondary network), 1 hydroelectric plant (Pedrógão), and 1 mini hydroelectric power plant (Serpa).

The Ardila subsystem encompasses the perimeters of Orada-Amoreira, Brinches-Enxoé, Serpa, Pias, Caligos-Machados, and Caligos-Moura) Moura, Gravítico e Alvarrão) (located in the Moura and Serpa municipalities), and covers a total irrigated area of about 30 thousand hectares.



AMOREIRA DAM



LINKS

1. Pedrógao pipeline
2. Brinches-Enxoé pipeline
3. Amoreira-Calços pipeline
4. Calços-Pias pipeline
5. Calços-Machados pipeline
6. Serpa pipeline
7. S. Bento main network



ARDILA SUBSYSTEM

- 29.5 thousand hectares of irrigated area
- 15 dams and reservoirs
- 62.4 km of the primary network
- 391.6 km of secondary network pipelines
- 13 pumping stations – 6 from the primary network and 7 from the secondary network
- 1 hydroelectric power station (Pedrógão) and 1 mini hydroelectric power station (Serpa)
- Irrigation blocks – Orada-Amoreira, Brinches, Brinches-Enxoé, Serpa, Pias, Caliços-Machados, and Caliços-Moura (Moura Gravíticos and Alvarrão)

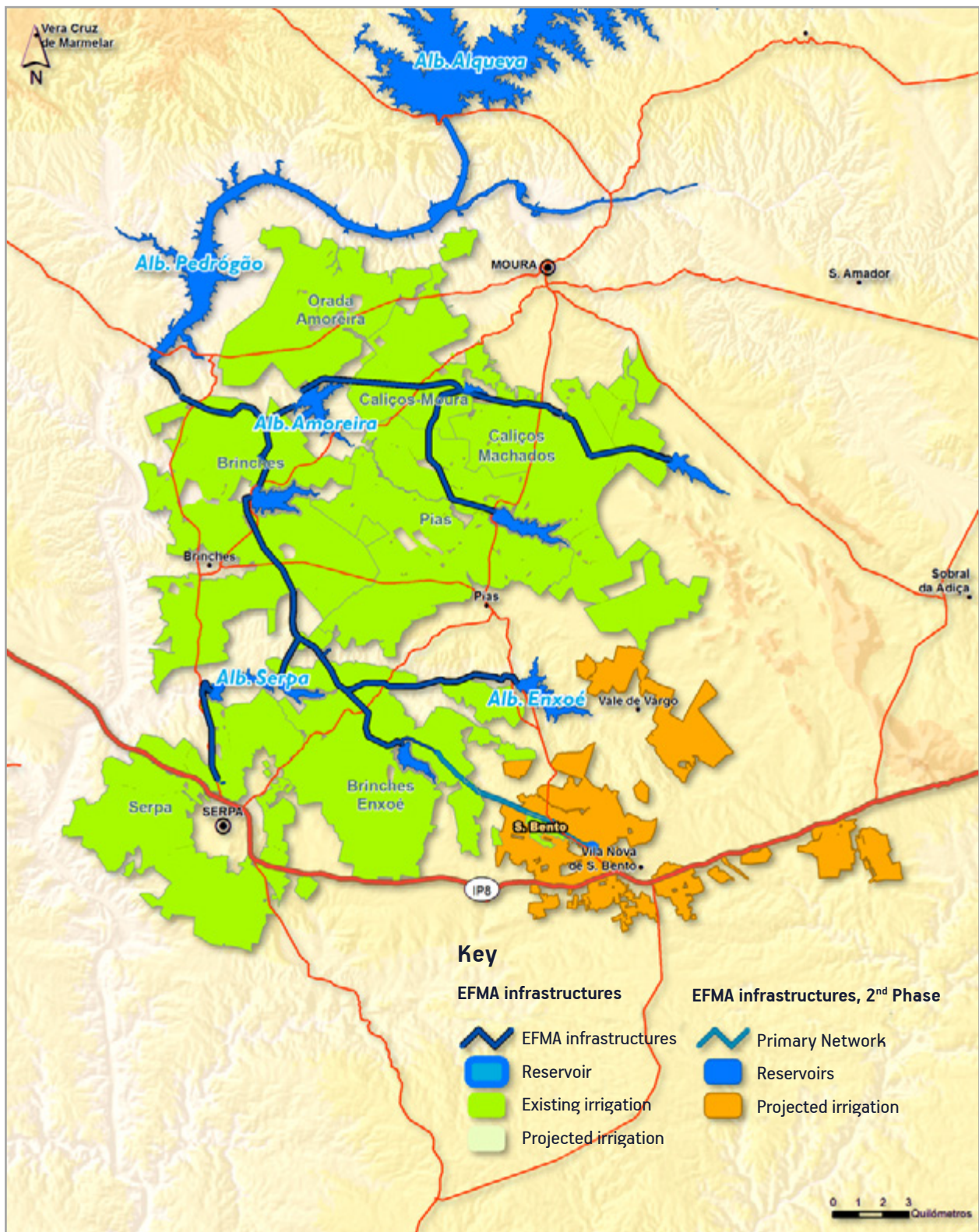
As part of the EFMA's second phase infrastructure works, the following new irrigated areas were identified in the Ardila subsystem:

Primary Network

São Bento hydraulic circuit

Secondary Network

São Bento blocks



PEDRÓGÃO SUBSYSTEM

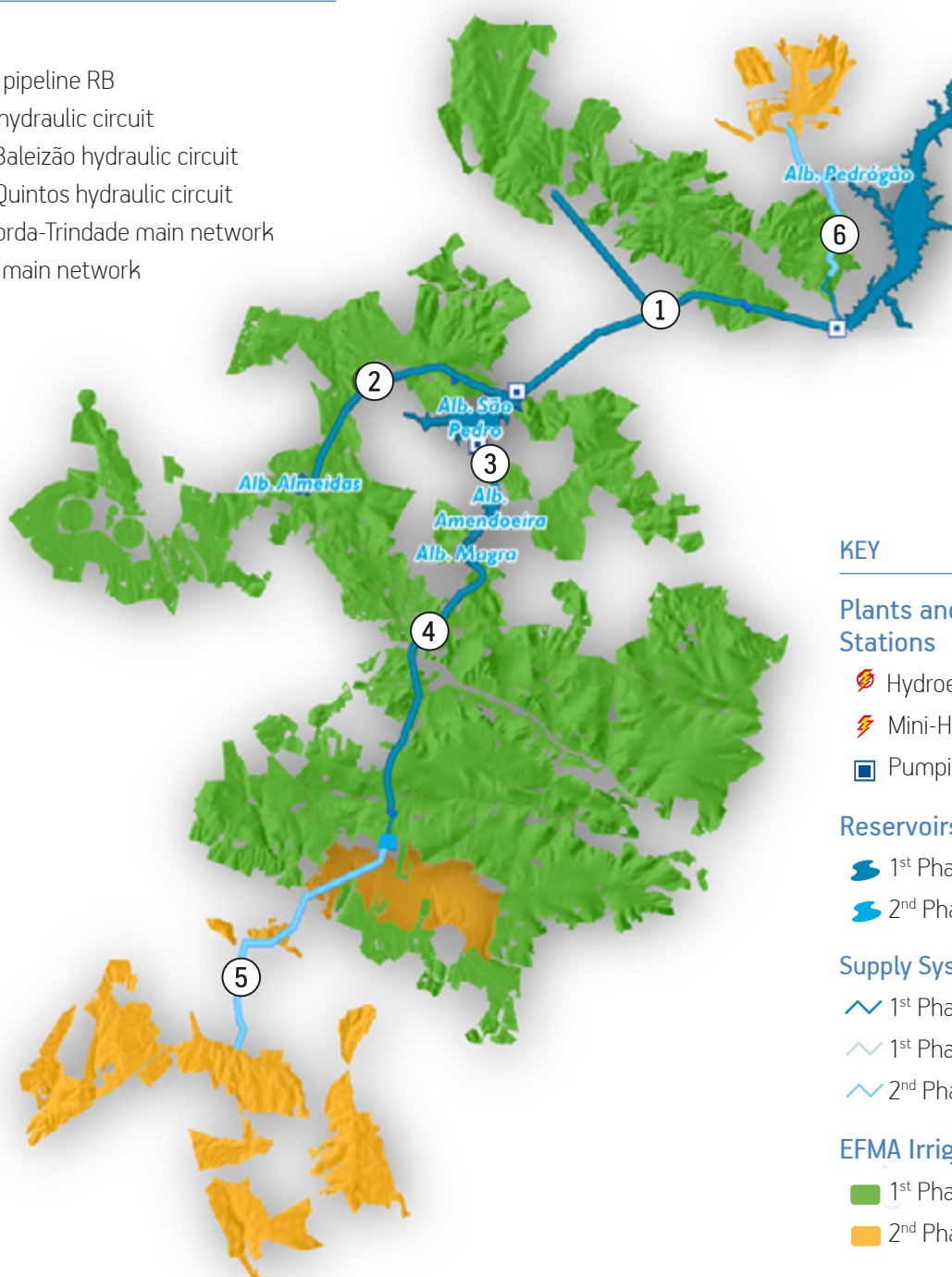
The Pedrógão subsystem benefits an area of about 24.5 thousand ha. It starts at the Pedrógão – Right Bank (Pedrógão reservoir) pumping station, comprising a total of 11 dams or reservoirs, 8 pumping stations, more than 46 km of primary network length and pipelines, in the region east of Beja, on the right bank of the Guadiana River.

This subsystem also includes the Pedrógão, São Matias, São Pedro-Baleizão, Baleizão-Quintos irrigation blocks.

KEY




Links

1. Pedrógão pipeline RB
2. S. Matias hydraulic circuit
3. S. Pedro-Baleizão hydraulic circuit
4. Baleizão-Quintos hydraulic circuit
5. Cabeça Gorda-Trindade main network
6. Marmelar main network





KEY




Plants and Pumping Stations

-  Hydroelectric Plant
-  Mini-Hydro Plant
-  Pumping Station



Reservoirs

-  1st Phase
-  2nd Phase

Supply System

-  1st Phase. Existing
-  1st Phase. Projected
-  2nd Phase

EFMA Irrigated Area

-  1st Phase
-  2nd Phase

PEDRÓGÃO SUBSYSTEM

24.5 thousand hectares of irrigated area

11 dams and reservoirs

46 km of primary network

283 km of secondary network pipelines

8 pumping stations – 3 from the primary network and 5 from the secondary network

Irrigation blocks – Pedrógão, São Matias, São Pedro-Baleizão, Baleizão-Quintos

As part of EFMA's second phase of infrastructure works, the following new irrigated areas were identified in the Pedrógão subsystem (primary and secondary networks):

Primary Network

Cabeça Gorda-Trindade hydraulic circuit

Marmelar hydraulic circuit

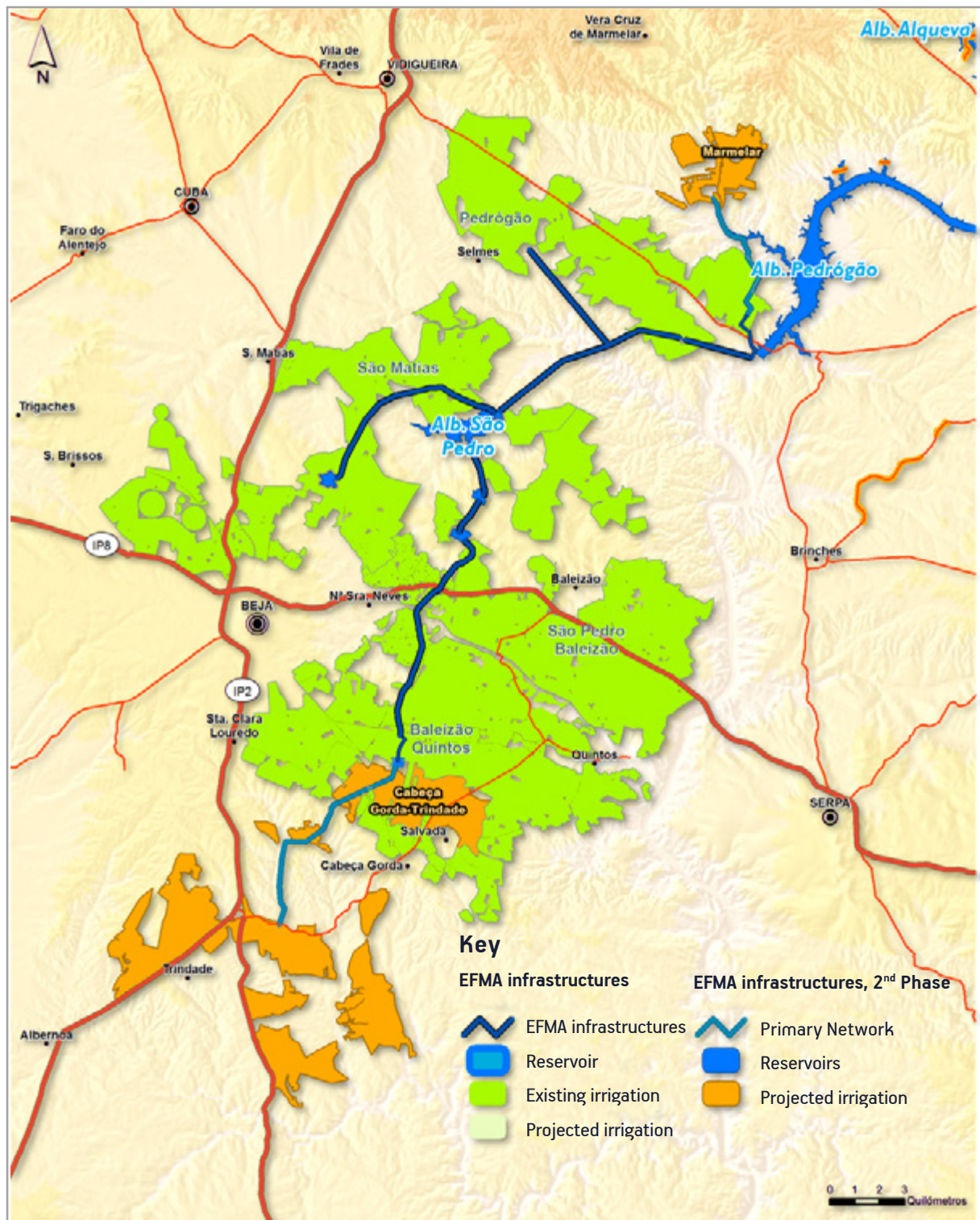
Secondary Network

Cabeça Gorda-Trindade block

Marmelar block

SÃO PEDRO PUMPING STATION





EDIA'S MAIN LEGAL INSTRUMENTS

Summarized below are the main legal and management instruments of EDIA's history since its inception on March 24th, 1995:

DECREE-LAW NO. 32/95 (FEBRUARY 11TH)

Within the scope of its creation by Decree-Law no. 32/95 of February 11th, EDIA was granted ownership of rights and obligations that previously belonged to the respective Installing Committee. Through its corporate objectives, EDIA was entrusted with the responsibility of designing, executing, building and operating the EFMA, and promoting the economic and social development of its area of intervention.

DECREE-LAW NO. 42/2007 (FEBRUARY 22ND)

Decree-Law no. 42/2007, of February 22nd, defines the legal regime applicable to the management, operation, maintenance and conservation of the infrastructures that incorporate EFMA. By modifying EDIA's statutes, this legislation, which proceeded once operation of some of the Project's infrastructures began, repeals Decree-Laws no. 32/95, of February 11th, no. 33/95, of February 11th, and No. 335/2001, of December 24th, to incorporate the Company's corporate objectives into four fundamental axes:

- a) Use of the public water domain under the Project for the purposes of irrigation and hydroelectric exploitation (concession contract entered into pursuant to Law no. 58/2005, of December 29th);
- b) Design, execution and construction of the infrastructures that integrate the Project's primary system, as well as its management, operation, maintenance and conservation;
- c) Design, execution and construction of the infrastructures that integrate the secondary network pertaining to the Project, in representation of the State, in accordance with the instructions received from the Minister for Agriculture; and
- d) Promotion, development and pursuit of other economic activities that contribute to improving the conditions of use of the resources assigned to the Project.

DECREE-LAW NO. 313/2007 (SEPTEMBER 17TH)

The bases for the concession contract between EDIA and the Portuguese State regarding the use of the public water domain pertaining to EFMA for the purposes of irrigation and hydroelectric exploitation were approved. EDIA was granted concession of the management and exploitation of the Project and exclusive ownership of rights of private use of the public water domain pertaining to the EFMA for the purposes of irrigation and hydroelectric exploitation, for a period of 75 years.

Administering the public water domain pertaining to EFMA in the scope of its activity; assigning titles related to water abstraction for irrigation and production of electric energy; and supervising its use by third parties, establishing, instructing and sanctioning infraction proceedings; these now constitute EDIA's powers and competences within the scope of this legal framework.

AGREEMENT BETWEEN ALQUEVA AND PEDRÓGÃO HYDROELECTRIC POWER STATIONS (OCTOBER 25TH, 2007)

The contract for the exploitation of the Alqueva and Pedrógão hydroelectric power stations, and the sub-concession of the public water domain (for a period of 35 years) was formalised with EDP on October 25th, 2007. This document stipulated the terms of exploitation of the hydroelectric component, and the sub-concession of the rights for private use of the associated public water domain (for the purposes of producing electricity and implementing electricity production infrastructures).

DECREE-LAW NO. 36/2010 (APRIL 16TH)

Through Decree-Law no. 36/2010, of April 16th, the Decree-Law no. 42/2007, of February 22nd was amended. The Project's legal framing in view of the new legal framework for the management and use of water resources in the Water Law, in the regime for the use of water resources (Decree-Law no. 226-A/2007, of May 31st) and in the economic and financial regime of water resources (Decree-Law no. 97/2008, of June 11th), was one of the goals when setting a differentiated and more flexible tariff, following the start of operation of EFMA's first perimeters. The published legislation also aimed to clarify the contextualisation of the economic and financial environment in order to optimize resource management and guarantee EDIA's and EFMA's future economic sustainability.

CONCESSION CONTRACT CONCERNING THE MANAGEMENT, OPERATION, MAINTENANCE AND CONSERVATION OF EFMA'S SECONDARY NETWORK INFRASTRUCTURES (APRIL 8TH, 2013)

Conclusion of the concession contract for the management, operation, maintenance and conservation of EFMA's secondary network infrastructures on April 08th, 2013, with the Directorate-General for Agriculture and Rural Development (DGADR) and the Ministry of Agriculture, Sea, Environment and Territorial Planning (MAMAOT).

ORDINANCE NO. 3025/2017 (APRIL 11TH)

It establishes a new tariff system for Alqueva, in which, among other aspects, it sets specific values for operation and conservation fees, and incorporates a price reduction at the end of the primary network with the repercussions derived from the remaining tariffs, thus changing the discount system defined in 2010 and defining the tariff system pertaining to precarious irrigators and direct abstraction. This ordinance also established the value of water tariffs for uses other than irrigation for agricultural use. Regarding the discount system, once perimeter operations begin, the new version considers that these will be valid for 3 years, as follows (% water tariff payable by consumers): Year 1 (40%); Year 2 (60%); Year 3 (80%); Year 4 (100%). Thus, the discount system will be considered for perimeters that went into operation after 2014.



ALQUELVA MULTIPLE PURPOSE PROJECT CHRONOLOGY

2019

- Publication of the 1st PNRegadios application notice, on April 29th, 2019, approved by the Portuguese State and financed through the EIB and CEB
- Loan contract with CEB to finance the Alqueva Photovoltaic Project

2018

- Contract signing between the Portuguese State and the EIB and CEB to finance PNRegadios
- Publication of the Resolution of the Council of Ministers no. 133/2018, dated October 12th, approving PNRegadios – 2nd Phase of EFMA

2017

- Beginning of the preliminary procedures for the 2nd phase of EFMA infrastructure works, with the construction of over 50 thousand hectares of new irrigation systems

2016

- Completion of the 1st phase of the Alqueva Project
- Expression of Interest with the European Investment Bank in the ambit of the Junker Plan to finance PNRegadios

2015

- 20-year celebration of EDIA, with the exhibition "*Alqueva: 20 anos de obra, 200 milénios de história*" (Alqueva: 20 years of labour, 200 millennia of history), at the Torre Oca of the Jerónimos Monastery

2014

- Signing of the final construction contracts related to the 1st Phase of the EFMA Global Water Supply System

2013

- Presentation of the "Alqueva" brand
- Signing of the concession contract for the management, operation, maintenance and conservation of the EFMA secondary network infrastructures

2010

- Alqueva dam reservoir reached Maximum Quota (152.00 m) on January 12
- Connection of Alqueva to all public supply reservoirs in the EFMA area completed

2009

- Beginning of the water transfer process to the Alvito reservoir

2008

- Beginning of the water transfer process to the Monte Novo reservoir

2007

- Public water domain concession contract
- Operating contract for the Alqueva and Pedrógão hydroelectric plants to EDP

2006

- Inauguration of the Pedrógão hydroelectric plant
- International award "Puente de Alcântara"

2004

- Beginning of water supply for irrigation, by Infrastructure 12

2003

- Beginning of electricity production at the Alqueva plant, during testing period

2002

- Closing of the Alqueva floodgates

1998

- Beginning of concreting at the Alqueva dam

1995

- Creation of EDIA, S.A.

1993

- Decision to resume works

1978

- Interruption of works

1976

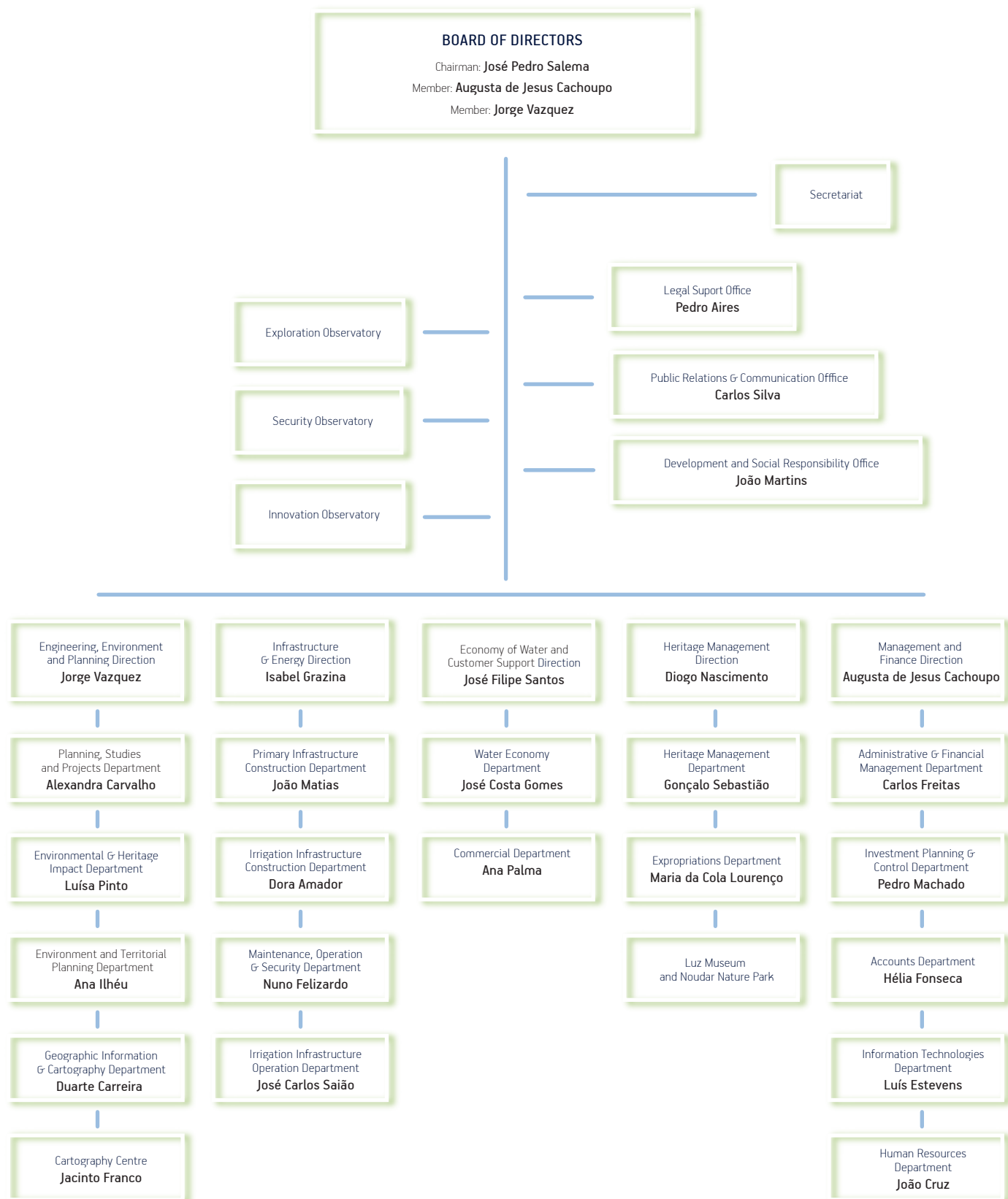
- Beginning of preliminary works

1957

- Alentejo irrigation plan



COMPANY ORGANIZATION CHART



MANAGEMENT BODIES

EDIA's Management Bodies were appointed for the 2018-2020 triennium at the General Assembly held in 2018.

Management Bodies – EDIA	
GENERAL ASSEMBLY	<p>Chairman Henrique António de Oliveira Troncho</p> <p>Secretaries Ana Luísa Louro da Graça Peixito Soares José António Sequeira Brito Ramos</p>
BOARD OF DIRECTORS	<p>Chairman José Pedro Mendes Barbosa da Costa Salema</p> <p>Members Augusta Manuel Pereira de Jesus Cachoupo Jorge Manuel Vazquez Gonzalez</p>
SUPERVISORY BOARD	<p>Chairman Sara Alexandra Pereira Simões Duarte Ambrósio</p> <p>Members Nelson Manuel Costa dos Santos Hugo Alberto Cordeiro Lobo (1)</p> <p>Alternate Member Cristina Maria Pereira Mascarenhas Vieira Sampaio</p>
STATUTORY AUDITOR	RCA – Rosa, Correia e Associados, SROC, S.A., represented by Dr. Paulo Fernando da Silva Pereira

(1) Appointed on October 21st, 2019, to replace Mr. Gonçalo Leal who left office on September 20th, 2018.

CONTEXT

Located in Alentejo, the EFMA's area of direct influence is distributed over 20 municipalities in the districts of Beja, Évora, Setúbal and Portalegre. EFMA is a structuring project, mobilizing a diverse set of activities, supporting an integrated development process.

The Alentejo corresponds to approximately 1/3 of mainland Portuguese territory. It's characterized by low population density, but a high agricultural potential. The lack of water in this region has been one of the main constraints to its development, preventing a modernization of agriculture and sustainability in public supply. To solve the water problems that the region was and is suffering, the largest artificial lake in Europe was created – Alqueva Reservoir, and its main objective is to enable the irrigation of the Alentejo region.

Through the increase of the productive areas and the productivity of the several agricultural systems, in the last few years Alqueva has been contributing to the development of both the region and the country.

It should be noted that Portugal, being a deficit country in the majority of agricultural products, according to Statistics Portugal (INE) last November, the agricultural activity developed during 2019 generated an Income, per unit of work year (UTA), in real terms, higher than the previous year by approximately 5.8%, after a slight growth of 0.1% in 2018. Gross Value Added (GVA) and Other Subsidies to Production increased by 4.4% and 6.0% respectively, while agricultural labour input decreased by 1.8%.

ALMOND PLANTATION



	Weights 2018	BE december 2019					BE october 2019	BE june 2019		
		2018	2019 ^p	2020 ^p	2021 ^p	2022 ^p	2019 ^p	2019 ^p	2020 ^p	2020 ^p
Gross Domestic Product	100	2,4	2,0	1,7	1,6	1,6	2,0	1,7	1,6	1,6
Private Consumption	64,8	3,1	2,3	2,1	1,9	1,7	2,3	2,6	2,0	1,7
Public Consumption	17,0	0,9	0,5	0,8	0,8	0,8	0,5	0,5	0,5	0,5
Gross Fixed Capital Formation	17,6	5,8	7,3	5,4	4,8	4,3	7,2	8,7	5,8	5,5
Domestic Demand	99,9	3,3	3,1	2,6	2,2	2,0	2,9	3,5	2,3	2,2
Exports	43,5	3,8	2,8	2,6	2,8	3,0	2,3	4,5	3,1	3,4
Imports	43,4	5,8	5,4	4,6	4,2	3,9	4,6	8,0	4,3	4,4
Contribution to GDP growth, net imports (in pp) (a)										
Domestic Demand		1,7	1,5	1,3	1,2	1,1	1,6	1,3	1,1	1,0
Exports		0,8	0,4	0,4	0,5	0,5	0,4	0,4	0,5	0,5
Employment (b)		2,3	1,0	0,8	0,4	0,1	0,9	1,3	0,8	0,4
Unemployment Rate		7,0	6,3	5,9	5,6	5,6	6,4	6,3	5,7	5,3
Current and Capital Accounts Balance (% of GDP)		1,4	0,4	0,7	0,9	0,0	0,5	0,1	0,2	0,2
Trade balance (% of GDP)		0,8	-0,6	-1,2	-1,7	-2,1	-0,7	-0,5	-0,7	-1,1
Harmonised Index of Consumer Prices		1,2	0,3	0,9	1,2	1,4	0,4	0,9	1,2	1,3

Source: Banco de Portugal and Statistics Portugal.

Notes: BE – Economic Bulletin, (p) – projected, pp – percentage points.

For each aggregate, the projection corresponding to the most probable value contingent on the set of hypotheses considered is presented.

(a) Demand aggregates in terms of net imports are obtained by deducting an imports estimate of the imports needed to satisfy each component.

The calculation of the import content was based on information pertaining to 2015.

(b) Total employment in number of individuals in accordance with the National Accounts council.

According to the above table, Banco de Portugal projections, GDP points to a deceleration of economic activity over the projection horizon, from 2.0% growth in 2019 to 1.6% in 2022, which translates into a convergence to a growth rate close to potential.

The performance of Gross Fixed Capital Formation (GFCF) should be the expenditure component with the most dynamic growth. After an acceleration in 2019 to 7.3%, investment should grow at progressively lower rates (4.3% in 2022). The strong growth of GFCF in 2019 as a whole is very much associated with the construction component, influenced by the execution of large infrastructure projects, in some cases associated with public investment and benefiting from European funding, as well as by the dynamism of residential construction.

Regarding private consumption, after significant growth in 2018 (3.1%), it decelerated to 2.3% in 2019. As for Public Consumption, it is estimated to grow 0.5% in real terms in 2019. This figure represents a deceleration from 2018 (growth of 0.9%), which partly reflects the reversal of a one-off effect of expenditures related to the 2017 fires (with an impact on intermediate consumption in 2018).

Following the dynamics of recent years, the projected growth for exports of goods and services decreases to 2.8% in 2019 and 2.6% in 2020, and increases slightly, reaching 3% in 2022. These growths are lower than those observed on average in the 2014-18 period (5.4%). In 2019, the lower growth in exports is associated with the slowdown in foreign demand. Imports should

show a progressive deceleration in the projection horizon, from 5.4% in 2019 to 3.9% in 2022. It can be concluded that, in 2019, the slowdown of imports reflects the deceleration of exports – namely of non-energy goods – and of Private Consumption, in particular the marked slowdown in consumption of durable goods, which has a high import content.

In 2019, in terms of the labour market, there was annual employment growth. This growth mainly reflects the absorption of workers from unemployment. The unemployment rate is projected to continue to decline, albeit at a lower pace than in recent years. The unemployment rate in 2019 was the lowest since 2003.

Still within the scope of Banco de Portugal projections, average nominal wage growth is estimated at 3.1%, higher than in recent years. Average wage growth for 2019 and 2020 is influenced by the minimum wage update (increase of 3.4% in 2019 and 5.8% in 2020). Regarding the public sector, the evolution of wages includes the gradual unfreezing of wage progressions in public administration (which started in 2018).

In 2019, the decline in inflation also reflects a deceleration in non-energy component prices. This deceleration is partly explained by a number of legislative changes that were reflected in significant price declines of some goods and services.

		BE december 2019					Reviews against BE June 2019			
		2018	2019 ^p	2020 ^p	2021 ^p	2022 ^p	2018	2019	2020	2021
International Environment										
Global GDP	tva	3,6	2,7	2,9	3,1	3,1	0,0	-0,4	-0,5	-0,2
GDP in the euro area	tva	1,9	1,2	1,1	1,4	1,4	0,1	0,0	-0,3	0,0
World trade	tva	4,2	0,6	1,4	2,6	2,9	0,1	-0,8	-1,7	-0,8
Foreign demand	tva	3,3	1,9	2,1	2,5	2,7	0,1	-0,4	-0,9	-0,6
Oil price in dollars	vma	71,1	63,8	59,6	57,4	56,8	0,0	-4,3	-6,2	-5,3
Oil price in euros	vma	60,2	57,0	54,0	52,0	51,5	0,0	-3,6	-4,7	-4,0
Monetary and Financial Conditions										
Short-term interest rate (3-month EURIBOR)	%	-0,3	-0,4	-0,4	-0,4	-0,3	0,0	-0,1	-0,1	-0,2
Implicit interest rate on public debt	%	3,1	2,7	2,6	2,6	2,6	0,0	-0,1	-0,1	0,0
Effective exchange rate index	tva	2,5	-1,6	-0,7	0,0	0,0	0,0	0,2	-0,7	0,0
Euro-dollar exchange rate	vma	1,18	1,12	1,10	1,10	1,10	0,0	-0,5	-1,4	-1,4

Source: Eurosistema (Banco de Portugal calculations).

Notes: BE – Economic Bulletin, (p) – projected, vma – annual average value, % – percentage, tva – annual rate of change.

An increase in the exchange rate corresponds to an appreciation of the euro. The technical hypothesis for bilateral exchange rates assumes the sustainment over the projection horizon of the average levels observed in the two weeks prior to the closing date of the information.

The technical hypothesis for the price of oil is based on the futures markets. The evolution of the EURIBOR rate over three months is based on the expectations implied in futures contracts.

The evolution of the EURIBOR rate over three months is based on the expectations implied in futures contracts.

The implicit interest rate on public debt is calculated as the ratio of the year's interest expense and the simple average of the debt stock at the end of the year, and at the end of the previous year.

The hypothesis for the long-term interest rate of the Portuguese public debt is based on an estimate of the implicit rate, which includes a hypothesis for the interest rate associated with the new issuances.

According to the Economic Bulletin, the external environment of the Portuguese economy has become less favourable over the past year. World economic activity, which had decelerated in 2018, slowed down further in the first half of 2019, and recent indicators point to a continuation of a moderate pace of growth in the second half of the year.

Global GDP growth declined to 2.7% in 2019 – one of the lowest growth rates seen since the international financial crisis – gradually recovering in the following two years. In 2022, Global GDP is expected to grow 3.1%, still below the average global growth rate observed before the crisis. The assumptions for Global GDP growth continue to be based on three premises. First, a lower cyclical dynamism and the reduction of economic policy stimulus at the end of the projection horizon in the main advanced economies. Second, on the gradual transition of the Chinese economy to a lower level of economic growth. Third, on the capacity of several emerging market economies to recover from their growth levels, particularly India, Brazil, Mexico and Turkey. Global GDP growth was revised downwards compared with the assumptions underlying projections in the Bulletin's June 2019 issue.

World trade projections point to an annual growth rate of 0.6% in 2019 and a modest and gradual acceleration over the remainder of the projection horizon. In this context, after the pronounced deceleration in 2018, foreign demand for Portugal will continue to slow down in 2019, to 1.9%, reflecting the deceleration of intra and especially extra-euro area imports. The assumptions of the exercise point to a gradual recovery of foreign demand growth rates, reaching 2.7% in 2022, associated to the contribution of intra-area partners in 2020 and, subsequently, to the acceleration of extra-euro area demand.

ACTIVITIES DEVELOPED IN 2019

INFRASTRUCTURES IN OPERATION (PHASE 1 OF EFMA)

PRIMARY AND SECONDARY NETWORKS

In 2019, in relation to the observation and behaviour of dams, and in compliance with the provisions in the observation plans of the primary infrastructure that make up the EFMA, campaigns for the reading of the observation equipment installed were carried out, where good behaviour of both these various structures and their hydraulic-operational safety equipment continued to be recorded. At the end of the first semester, a specialist visit was made to Alqueva Dam.

Throughout the year, various preventive and corrective maintenance interventions were carried out on various primary network infrastructures.

Several corrective maintenance works were also carried out under the contractual warranty of the works, with special emphasis on the interventions carried out at the Pedrógão hydraulic circuit – Left Bank and the Calijos-Machados hydraulic circuit.

In the secondary network, during 2019, the actions inherent to the irrigation campaign and other inherent processes were carried out, thus ensuring the operation and management component associated with the various infrastructures that make up the Project.

Registration of beneficiaries continued in the present irrigation campaign, as well as the execution of conditioned preventive maintenance and monthly/quarterly readings, which support the invoicing of verified consumption, using NAVIA software, as well as site reanalysis for the installation of telemetry equipment (dataloggers).

Also in the secondary network, general maintenance tenders for the three subsystems were held and awarded at the end of 2019.

Besides the management, maintenance and conservation of EFMA, throughout 2019, EDIA has set up several multidisciplinary teams in the field, on a daily basis, that ensure the system's total operation, allowing direct contact with the farmer, based on a proximity policy and search for solutions that guarantee efficient water use.

Regarding the analysis of adhesion and water consumption values in the EFMA perimeters by December 31st, 2018 and December 31st, 2019, there was an increase in adhesion of almost 14% (11,406 ha), bringing the registered area at the end of the year to 94,203 ha.

Water consumption up to December 31st, 2019, stood at 293,346,250 m³, a higher figure than that of the same period of the previous year. This is due to the fact that 2019 was, from a hydrological point of view, a very dry year when compared to 2018 (when there was a lot of rainfall – essentially in the 1st half of the year). The increase was of approximately 49% (96,239,995 m³).

BENEFITED AREA and REGISTERED AREA: ha / CONSUMPTION: m³

Alqueva Perimeters	2019			2018		
	Benefited Area	Registered Area	Consumption	Benefited Area	Registered Area	Consumption
Alqueva Subsystem	56.005	47.953	148.416.312	56.005	41.855	106.113.264
Monte Novo	7.714	8.296	22.333.204	7.714	6.705	20.270.244
Alvito-Pisão	8.452	7.105	25.048.992	8.452	7.275	17.237.776
Pisão	2.588	1.657	8.013.673	2.588	1.617	5.709.479
Alfundão	4.216	4.134	11.783.028	4.216	2.818	7.819.922
Ferreira, Figueirinha and Valbom	5.118	3.633	10.991.045	5.118	3.185	8.821.612
Loureiro-Alvito	1.050	872	3.827.436	1.050	757	3.151.000
Ervidel	8.228	5.800	18.770.966	8.228	5.807	13.776.668
Cinco Reis-Trindade	5.600	6.608	23.095.026	5.600	6.412	14.908.155
Vale do Gaio	3.903	2.773	6.965.100	3.903	1.915	3.778.248
Beringel-Beja	5.103	4.499	15.067.918	5.103	4.106	9.000.337
Roxo-Sado	4.033	2.576	2.519.924	4.033	1.256	1.639.823
Ardila Subsystem	28.562	23.892	67.698.371	28.562	20.882	41.101.100
Orada-Amoreira	2.522	2.007	4.607.549	2.522	1.942	3.286.987
Brinches	5.463	4.221	10.913.722	5.463	3.882	7.045.735
Brinches-Enxoé	4.698	4.802	14.384.635	4.698	3.930	9.345.804
Serpa	4.400	3.815	12.667.723	4.400	3.252	8.582.945
Pias	4.698	3.336	9.545.476	4.698	2.886	4.257.829
Caliços-Machados	4.664	3.774	11.597.273	4.664	3.174	5.470.049
Caliços-Moura	2.117	1.938	3.981.993	2.117	1.817	3.111.751
Pedrógão Subsystem	23.913	22.359	77.231.567	23.913	20.059	49.891.891
Pedrógão Right Bank	4.016	3.617	10.916.217	4.016	3.585	6.692.371
Baleizão-Quintos	7.999	7.333	23.725.226	7.999	6.678	16.392.004
São Pedro-Baleizão	6.035	6.903	23.990.545	6.035	5.625	15.999.816
S. Matias	5.863	4.506	18.599.579	5.863	4.172	10.807.700
TOTAL	108.480	94.203	293.346.250	108.480	82.797	197.106.255

* CIEFMA data of January 15, 2020.

The table below shows water reinforcements made to the reservoirs, water sources, especially those in the surrounding perimeters, and public supply. In general terms, comparing with the same period of the previous year, there was a decrease in these supplies in 2019.

m ³		
Reservoir Reinforcements	2019	2018
Vale de Gaio	3.297.938	2.243.000
Campilhas and Alto Sado*	21.499.319	1.508.951
Vigia	2.403.725	2.202.154
Enxoé	211.680	0
Monte Novo	2.550.795	1.172.801
Roxo	5.608.485	23.278.996
Odivelas	23.095.000	36.217.000
TOTAL	58.666.942	66.622.902

* Includes supply to Águas de Santo André

The following table, on the other hand, shows consumptions through direct abstraction.

Direct abstractions	2019	2018
Area (ha)	9.224	8.177
Consumption (m ³)	22.686.411	13.859.933

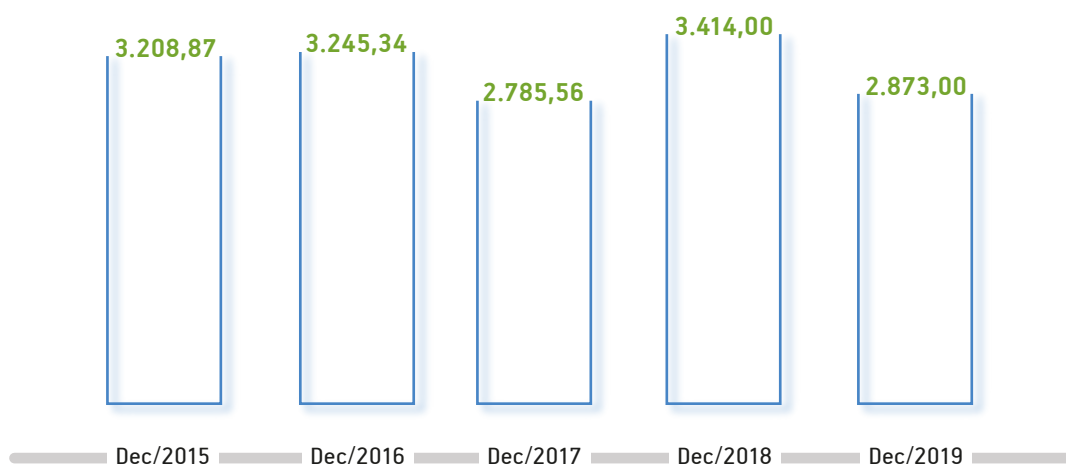
Regarding consumption associated with confining perimeters and direct abstractions, 2019 registered a value of approximately 81.36 hm³, which reflected an increase on the previous year's consumption.

Thus, it can be concluded that the total volume of distributed water, throughout 2019, was in the order of 374.71 hm³. In comparison with the 2018 figure (277.59 hm³), there was an increase of 97.12 hm³, or approximately 35%.

Alqueva Reservoir – Stored Volume		
Data	hm ³	Usable volume hm ³
dec/2015	3.208,87	2.208,87
dec/2016	3.245,34	2.245,34
dec/2017	2.785,56	1.785,56
dec/2018	3.414,00	2.414,00
dec/2019	2.873,00	1.873,00

The global volume of water distributed represents approximately 60% of the water volume allocated to priority uses as defined in the concession contract (620 hm³), and 15.5% of the Alqueva reservoir's usable volume, on December 31st, 2018 (2,414 hm³). The variation in the Alqueva reservoir's usable volume between December 31st, 2018, and December 31st, 2019, showed a 540 hm³ decrease.

Alqueva Reservoir – Stored Volume (hm³)



PROMOTION OF IRRIGATION

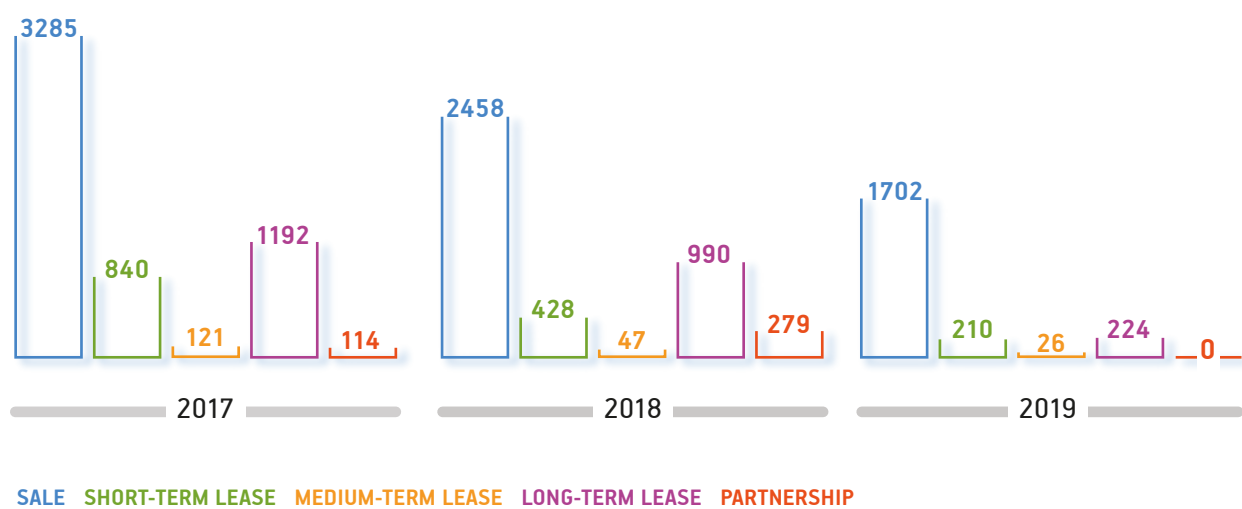
As the driving force behind agricultural and agro-industrial development in Alqueva, EDIA's purpose is to promote irrigation in the EFMA area of influence. Throughout 2019, EDIA continued to contact, monitor field visits and provide information to potential investors, companies and individuals, domestic and foreign. In this context, we continued elaborating listings of available owners to all interested parties, companies and/or individuals, with the purpose of attracting partners.

Regarding decision support systems, actions to disseminate and provide results to SISAP users were maintained during 2019.

EDIA also ensured availability of the Irrigator's Portal support tool to farmers serviced by Alqueva's infrastructure. In 2019, the Irrigator's Portal 3.0 Project, for the purposes of the "Smart.Agri.Hubs" application. On one hand, one needs to structure the fact that this project is framed in a community application, with external partners who have different goals and timings, as well as internally, because the project is being developed by different departments with different perspectives on the matter.

EDIA continued to promote, publicise and dynamise the Lands Banks project with all the surveyed beneficiaries, banking institutions, representatives of farmers' groups, and all agents with a relevant role in the rural environment. Regarding the classification and inventory of irrigation areas, the process of collecting and systematizing information (CIEFMA – Commercial) continued, by conducting surveys of beneficiaries (irrigators and non-irrigators) of irrigation perimeters in operation. In the reporting period, and through direct interaction with EDIA, an area of approximately 2,162 ha was transacted. The following graph shows the evolution of the area transacted between 2017 and 2019.

Evolution Transitioned Area (ha) between 2017 and 2019



The following table shows client engagements in 2019, 2018 and 2017 broken down by the various identified typologies:

Typologies	2019	2018	2017
Access to water	14	13	57
Agronomic	47	46	108
Area expansion	3	19	21
Comercial	53	195	284
Economic/Financial	14	1	3
Intention to invest	13	27	20
Irrigator's Portal	4	3	14
Promotion of irrigation	13	5	22
SISAP		1	2
Pricing system		11	12
Other	6	3	1
TOTAL	167	324	544

At the end of 2019, all contacts were entered into the client management tool, C4Hana Service Cloud, with the aim of obtaining a broader view of clients, as well as offering a better service quality. In 2020, all EDIA departments will use this contact registration system

Like last year, the "Alqueva 2019 Agricultural Yearbook" was elaborated, this report compiles information on existing cultural systems from a technical and economic point of view, analysing the inter-annual evolution of the information collected. The "Report on EDIA's Stakeholders" for 2019 was also elaborated, characterizing EDIA's range of clients, which are perfectly heterogeneous, public water companies and irrigators, and analysing their inter-annual evolution.

The following tables show the distribution of the water volume distributed by registered area and by the most representative crops:

Registered Area	m ³					
	<1	1-5	5-20	20-50	50-100	>100
2017	1.159.335	7.792.725	46.217.315	71.260.952	41.593.410	78.239.589
2018	834.402	5.594.388	33.828.168	58.364.263	36.641.945	61.353.096
2019	1.033.272	7.477.766	46.676.400	83.450.159	58.179.765	96.528.888

	m ³		
	2019	2018	2017
Almond	429.713	15.322.823	12.486.635
Adult Almond	4.378.494		
Young Almond	27.783.040		
Melon	5.003.216	4.902.871	7.250.351
Corn	37.665.223	27.363.235	34.222.221
Walnut	1.688	1.975.386	1.712.638
Adult Walnut	3.495.317		
Intensive olive grove	23.299	64.006.825	98.783.122
Adult Intensive Olive Grove	84.697.357	1.285.774	1.796.963
Young Intensive Olive Grove	3.469.368		
Super Intensive Olive Grove	521.583	34.783.452	21.441.817
Super Intensive Adult Olive Grove	37.218.808		
Super Intensive Young Olive Grove	32.286.647		
Wine Grape	8.147.640	5.075.405	6.135.919

EXECUTION PROJECTS

At the end of 2019, the final version of the Alqueva Observation and Command Post (POC Alqueva) execution project was delivered.

As for the Alqueva Surroundings project, under the Valorizar Program, a Cooperation Protocol was signed between EDIA and Moura Municipality.

One should also reference the identification of areas for the compensation of members of the oak family as part of the “Water Line Rehabilitation Project” to be allocated to the execution project for the drainage system of the Pedrógão pumping station and hydraulic circuit and the rehabilitation of the S. Pedro creek. Some available areas were also identified for the implementation of some measures in the area of bioecology.

ENERGY

Over the last few years, EDIA has invested in energy solutions that are both environmentally friendly and ecologically compatible with the sustainable development process sought for the region, as evidenced by the implementation of photovoltaic solutions.



In 2019, EDIA continued to carry out maintenance and operation activities of the Project's various photovoltaic and mini-hydro stations.

The following table shows photovoltaic power production for 2019 and 2018. As can be seen, there was a production of 1,267 MWh from the Alqueva power station; EDIA's head office; and photovoltaic plants installed near the Orada, Pisão, Monte Novo and Loureiro-Alvito pumping stations.

Photovoltaic Power Production	MWh	
	2019	2018
Alqueva Power Station	47	56
Head Office Power Station	160	153
Orada Pumping Station	398	-
Pisão Pumping Station	341	-
Monte Novo Pumping Station	197	-
Loureiro Alvito Pumping Station	125	-
TOTAL	1.267	209

Note: Data taken from NAVIA 06-02-2020

At the Alvito, Odivelas, Roxo, Serpa and Pisão hydroelectric power stations, 6,487 MWh were produced. It should be noted that the Roxo hydroelectric power station did not operate throughout 2019, and one should also mention that the Odivelas Hydroelectric Station only began producing energy in the third quarter, contributing to the difference in production compared to the same period of the previous year.

MWh		
Hydroelectric Power Production	2019	2018
Alvito Hydroelectric Power Station	3.461	2.775
Odivelas Hydroelectric Power Station	360	5.275
Roxo Hydroelectric Power Station	-	-
Serpa Hydroelectric Power Station	1.930	434
Pisão Hydroelectric Power Station	736	369
TOTAL	6.487	8.653

ENVIRONMENT AND HERITAGE

In compliance with the provisions for the operation phase of the different Environmental Impact Statements (EIS), during this period, reports demonstrating compliance with the EIS measures pertaining to the EFMA operation phase were sent to the EIA Authorities (APA and CCDR).

During 2019, and in compliance with the obligations established in the Regulations of Hydro-agricultural Uses and in the Environmental Monitoring and Auditing Plan, environmental monitoring and follow-up actions were carried out on more than 8,000 hectares of agricultural land within EFMA perimeters. In addition to these actions, environmental and asset awareness actions were developed for different farming communities.

This year an environmental audit was carried out on an EFMA project to verify the methodology designed and developed by EDIA to monitor the implementation of environmental measures pertaining to the Project's operation phase.

During this year, EDIA reported two situations of environmental non-conformities to the National Irrigation Authority, and the due opinion is being awaited.

With regard to the monitoring and conservation actions of the Mediterranean Temporary Ponds habitat, the response to the requests and considerations expressed in the opinion received from the APA was sent during this year. Following the APA's request, the restructuring of the Ponds Conservation Plan was sent to this entity. Another of the measures in progress to minimize and compensate impacts was the implementation of a project to plant cork oak and holm oak in excess areas of EDIA, a project which also aims to raise awareness with the surrounding community and demonstrate the compatibility of agricultural areas with the present ecosystems.

At the end of the year, several field works associated with the implementation of the Cultural Heritage Monitoring Plan located in EFMA reservoirs were carried out. Over the course of these works, 119 (one hundred and nineteen) heritage elements located in 13 (thirteen) EFMA reservoirs were visited.

EXPROPRIATION PROCEDURES

Regarding projects in the final stage of the expropriation process concerning the 1st construction phase of EFMA, the work carried out pertained to friendly expropriation proceedings and indemnity agreements; registrations; monitoring of arbitration committees and expert opinions; regularization of registration situations; and monitoring of situations resulting from the works.

The owners of buildings in which it was found that there was non-compliance in relation to primary network areas that were expropriated and that are unduly occupied with permanent plantations were notified.

The registration of encumbrances pertaining to improvement, operation and conservation rates of the buildings included in the Monte Novo and Loureiro-Alvito blocks has begun.

ENVIRONMENTAL MONITORING

Environmental monitoring is an important management tool that allows to characterize the situation of reference, and monitor the evolution of different environmental descriptors. The monitoring developed by EDIA facilitates supervising and interpreting the evolution of environmental variables in EFMA's area of influence; collecting and compiling decision-making support data, for the purposes of managing and exploiting the Project; and evaluating the effectiveness of mitigation measures implemented in different environmental domains, and propose new measures, if necessary.

Among the projects carried out pertaining to the status of surface water and groundwater, one should reference the realization of the "Monitoring of EFMA primary network surface water resources for the hydrological years 2018/2020", and the "Monitoring of zebra mussel in EFMA reservoirs through the inspection of cables", both in 2019. One should also reference the preparation of the report to be sent to the National EIA Authority on the "Monitoring of potential impacts of Guadiana-Sado water transfer on ichthyofauna (2019)" and the "Monitoring of the effectiveness of Penedrão-Roxo and Vale de Gaio microsieves (2019)". Regarding the "Monitoring of potential impacts of Guadiana-Sado water transfer on the ichthyofauna (2020)", the tender process is being prepared.

With regard to the status of surface water and groundwater (secondary network), the "EFMA Global program for monitoring groundwater resources (operation phase) – 2018/2019" and "Monitoring of surface water resources in the secondary network (Operation phase) – 2019/2020" were taking place at the end of the year. The public tender for the "Monitoring of EFMA's underground water resources in the secondary network (operation phase) – 2020/2021" is currently being launched.

At the end of 2019, in terms of fauna, flora and vegetation, the following was identified:

Primary Network	Current status
Monitoring the effectiveness of measures to minimize the barrier and trap effects	Assembling reports
Monitoring of bat boxes in the surroundings of the Alqueva and Pedrógão reservoirs	Ongoing

Secondary Network	Current status
Monitoring of bird species in the Alvito-Pisão irrigation block (2018-2020)	Ongoing
Monitoring of bird species in the irrigation Secondary Network –2018-2019 (B Area)	Ongoing
Monitoring of bird species in the Pisão dam	Under revision
Monitoring of Bats in the Calijos-Machados irrigation blocks 2017-18	Completed
Monitoring of Bats in the Calijos-Machados irrigation blocks 2019-2021	Ongoing
Monitoring of <i>Aquila fasciata</i> (Bonelli's eagle) in the Cuba-Odivelas hydraulic circuit	Ongoing
Monitoring of <i>Linaria Ricardo</i> in the Secondary irrigation Network (2020-2021)	Preparation of Public Tender

Under the Protocol signed between EDIA and ISPA to investigate the relationship between the environment and the genetics of mussel populations in the Sado and Guadiana river basins, DNA has already been extracted from mussel tissue samples and sent to Germany for analysis.

Regarding the automatic monitoring network, twelve automatic pluviometric stations were installed, equipped with telemetry and data teletransmission, with the capacity to take *in situ* readings of atmospheric variables such as: air temperature; relative humidity; precipitation. Twelve automatic water quality stations were installed, which will be installed on Sealite SLB1250 model navigation buoys. These automatic water quality stations are equipped with telemetry and data teletransmission, with the capacity to take *in situ* readings of the following parameters: water temperature; pH; Redox potential; electrical conductivity; dissolved oxygen expressed in mg/l and in O2 %; and turbidity.

NATURAL RESOURCE MANAGEMENT AND EXPLOITATION

For the purposes of natural resource management and exploitation, EDIA's Inspection and Surveillance Team (EFV) carries out various surveillance and monitoring activities on the ground. A number of activities were carried out throughout the year in the reservoirs' surroundings, such as early detection of pests or pollution phenomena, collection of waste in the public water domain, occasional maintenance and repair work, and assistance in aquatic plant control actions.

In order to characterize the initial situation prior to EDIA's issuance of private use titles, and its monitoring after their attribution, the team made, at the same time, several field visits to some of the installation areas for requested abstractions. Among other tasks, monthly quotas and possible occurrences at EFMA reservoirs were also verified (completed during filling or operation phase), as well as the detection of illegal catches within the EFMA primary system area and and prospecting for *water hyacinth* (*Eichhornia crassipes*) on the international section between the Spanish border and Ponte da Ajuda.

In 2019, monitoring continued pertaining to compliance with the operational conclusions defined in the *Study of Environmental Conditions in the Guadiana River Estuary and Adjacent Areas – Operational Conditions* (February 2005).

In terms of water status improvement, we continued to monitor compliance with measures pertaining to the maintenance regime of the ecological flows of the primary network, in operation.

At the end of 2019, the maintenance work on the safety signs of the Alqueva and Pedrógão dams and Álamos water inlet, associated with the restricted navigation areas, was completed by the end of the contractually established deadline. A thorough intervention is being prepared for 2020, since the installed system shows serious signs of wear and tear.

As for the private use of the public water domain, during 2019, support continued to be provided to applicants regarding the examination of applications for licences/concession of surface water abstraction, as well as process analysis and issuance of the respective permits.

EXOTIC SPECIES

With regard to exotic species, namely combating invasive species, work was continued to control the invasive *water hyacinth* plant on the Guadiana River control section, upstream from the Alqueva reservoir.

Within the framework of the ACECA project (*Water Hyacinth Control and Elimination on the Guadiana River Cross-Border Section*), the amphibious vessel was delivered and the adaptation status of the floating barrier to contain *water hyacinth* installed in 2018, was also monitored.

The project to install the automatic *water hyacinth* collection station in the Guadiana river, by the Monte da Vinha weir, was presented and approved, which will allow for the robust removal of *water hyacinth* from the upstream territory and consequently prevent its entry into the Alqueva reservoir. Construction work for this station has begun, with the delivery of part of the equipment and by enabling the electrical connection to the Transformer Station (PT).

Also in the context of this project (ACECA), at the end of 2019, the following were contracted:

- the supply and installation of two floating barriers to contain aquatic plants;
and
- the work to create access ramps to the Guadiana River.

With regard to Zebra mussel, cable monitoring for early detection of Zebra mussel in the EFMA area was performed.

SAFEGUARDING OF *LINARIA RICARDOI*

Internal work was carried out at EDIA in order to make the leasing of excess areas compatible with the conservation of *Linaria ricardoi*, identifying the excess areas with the greatest potential for the species' occurrence and including specific constraints in the leasing contracts. Seeds of *Linaria ricardoi* and *Adonis annua* were also sent to the Seed Bank at the University of Évora.

The Strategic Plan for the Safeguarding of *Linaria ricardoi* is being prepared, from which the Action Plan for the Safeguarding and Protection of this species, within the limits of the EFMA, will be later elaborated. The document is planned to be delivered and sent to the EIA Authority in early 2020.

TERRITORIAL MANAGEMENT INSTRUMENTS

During this period, EDIA provided digital cartographic information to the team that is preparing the revision of the Municipal Masterplans (PDM) of Reguengos de Monsaraz, Ferreira do Alentejo and Vidigueira, providing a set of information requested, covering several of the Company's areas.

On the other hand, a cooperation model was developed with the municipalities in the EFMA's area of influence. This cooperation model should allow EDIA to support the municipalities in the production of geospatial information for Territorial Management plans, which include the approval of Cartography 1:10,000 and 1:2,000, with the Directorate General of the Territory. The first projects started during this period after the signing of cooperation protocols with the Beja and Vidigueira municipalities.

ENVIRONMENT – PROJECTS

In 2019, EDIA accompanied the work associated with the URSA, PlaCarvões, ALA, FitoFarmgest, REUSE, Parque Fluvial dos Cinco Reis and Toxicrop Projects, included in the Environmental Fund applications.

URSA – ALQUEVA BY-PRODUCTS RECIRCULATION UNITS

In early 2019, in the context of the project financed by the Environmental Fund, under the promotion of the Circular Economy, the first unit of the URSA Project – Alqueva By-products Recirculation Units, located in the Abóbada Estate, (Centro Experimental do Baixo Alentejo), in Vila Nova de S. Bento, began its trial activity. This demonstration unit is intended for the transformation of agricultural by-products into fertilizer for application in the soil, and the production of a volume of compost is in progress that allows for the exchange of by-products delivered by farmers for compost. In this context, a contract has been signed for the provision of services that will enable the unit's operation and allow for the compost to be obtained.

During the year, contacts were made with various entities in order to implement new units in EFMA's area of influence, and new sources of financing were also analyzed in order to continue the project. Finally, the registration of the URSA brand is noted.

PLACARVÕES

Under the PlaCarvões Project, also approved by the Environmental Fund, the project's closing conference was held at the EDIA headquarters on April 8th, and was dedicated to the theme: Do Campo à Mesa – A Circularidade dos Plásticos e a Nova Agricultura (From the Field to the Table – The Circularity of Plastics and New Agriculture).

The project team held meetings to evaluate project continuity, in terms of new financing, solution patenting process, among other issues, and the will of the consortium entities to continue the work begun just over a year ago was clear from the outset. The patenting process was concluded and led by the University of Évora.

Two sources of funding were identified, and the consortium team opted to apply to "Urban Innovative Actions" for the continuation of the project. This program supports innovative actions in the area of sustainable urban development. Within this framework, the European Commission launched the Urban Innovative Actions Initiative (UIA) in order to identify and test new solutions that address issues related to sustainable urban development and are relevant at Union level. Thus, the primary objective of the UIA is to provide urban authorities across Europe with space and resources to test bold and as yet unproven ideas aimed at solving interlinked challenges, and experimenting with how they respond to the complexity of real life. The projects supported should be innovative, of good quality, designed and implemented with the involvement of key, results-oriented and transferable partners.

The PlaCarvões project won the Circular Economy Award in Non-Business Institutions of the Alentejo, awarded by the Alentejo Regional Development Agency (ADRAL) and the Alentejo Regional Coordination and Development Commission (CCDRA). This Prize aims to disseminate and recognize ideas, projects and initiatives in the area of sustainability and circular economy, implemented or to be implemented in the Alentejo Region, and which are both innovative and distinctive in character.

The PlaCarvões Project was also nominated by an independent jury in the Sustainability category of the “Notable Agro Santander Awards”, dedicated to honour agricultural entrepreneurs who distinguish themselves in the fields of Export, Sustainability, Innovation, Entrepreneurship, a Banco Santander initiative whose media partner is Global Media Group.

It was in order to promote behaviour aligned with the principles of circular economy, encouraging good practices and, at the same time, developing a solution to the problem of plastics in agriculture and the urban circuit, that the PlaCarvões team promotes this idea, which has produced very positive results so far, and preparations for the second phase of the project are in progress.

ALA – AGENDAS LOCAIS DE ÁGUA (LOCAL WATER CALENDAR) IN ALENTEJO

The ALA – Local Calendar in Alentejo project creates a multilevel network, with two main focuses on its most important target audiences: the educational community and farmers, both integrated and covered by the Alqueva Multipurpose Project and financed by the Environmental Fund.

The signature “ALA que se faz tarde!” (ALA before It’s Too Late!) conveys the immediacy and urgency to activate the action of local communities in the development of new standards of citizenship and incorporate the values of sustainable development in them, making them directly responsible for the development of actions that, by fulfilling the Sustainable Development Goals (SDGs) and based on the WATER resource, promote behavior change in their communities and make local and regional authorities responsible for meeting the same goals, integrating them into local networks of collaborative governance, leading to the resolution of problems previously identified by these local, regional and inter-regional partnerships.

The intention is to have a set of action plans by the end of the project that will allow for an integrated plan where local and regional synergies are incorporated, promoting local circles of environmental value, and that these can be presented to local, regional and national administration entities.

The project's main objectives are:

- To create a multilevel, multi-participated environmental education network, of local and regional scope, in the territory that's under EFMA influence;
- To establish synergies among the main target groups, farmers and educational communities, in the creation of a participatory, collaborative citizenship around the WATER resource;
- To activate the action of local communities in the development of new standards of environmental citizenship;
- Create a collaborative network of farmers who can demonstrate good practices and promote the dissemination of these concepts, which reconcile environment and agriculture;
- Promote local Action Plans, focused on schools and which will bring about the development of the respective Local Water Calendars in subsequent school years.

FITOFARMGEST

FitoFarmGest – Sustainable Phytopharmaceutical Management in Olive Groves, Vineyards and Arable Crops, in EFMA's Area of Influence.

The FitoFarmGest project is led by the Polytechnic Institute of Beja and its main objectives are: To evaluate the dynamics of the main phytopharmaceutical groups (with environmental and human impact on irrigated crops in EFMA's area of influence; To identify/determine a group of biological and/or physical-chemical indicators for evaluation of sustainable use of phytopharmaceuticals in order to improve the monitoring of their use and ensure a better level of protection of the human population and ecosystems; To elaborate a Manual of Best Practices in the field of sustainable management of phytopharmaceuticals contributing to production quality improvement, protection and conservation of soil and water resources.

The project is financed by the Operational Groups foreseen in the PDR2020 and partnered with the COTR, EDIA and agricultural producers. The project is expected to be completed by the end of 2021.

REUSE

REUSE is a project funded by the Environmental Fund, realized in consortium between AdP Serviços, AgdA, COTR, EDIA, EFACEC and ISA, and aims to promote the production of water for reuse (ApR) in irrigation activity in Alentejo.

For this purpose, the project includes a demonstration pilot of ApR production using a solar disinfection technology, environmentally sustainable and low cost, which was installed in the Beja Wastewater Treatment Plant (WWTP). After solar disinfection of the treated wastewater at the Beja Wastewater Treatment Plant, the water is used for drip irrigation in a pomegranate orchard, with the aim of developing methodologies that promote the reuse of wastewater safely and adapted for irrigation, supported by a cost-effectiveness analysis. The project also has is based on circular economy, aiming to promote the reduction, reuse, recovery and recycling of nutrients and energy.

Complementarily, REUSE aims to study the dilution, self-depuration and natural decay effect of the pollutants present in treated wastewater after discharge in the natural water environment, in order to clarify the dynamics of the barriers created by these processes. The study area will be the Odivelas reservoir river basin in the area of influence of the Alvito Wastewater Treatment Plant discharge.

The REUSE will serve as a case study for the application of the Decree-Law no. 119/2019, of August 21st, regarding the ApR production and use scheme, and the risk assessment methodology presented in the Reuse Guide of the Portuguese Environment Agency. The project's conclusion date is December 31st, 2020.

As part of this project, at the end of the year, there was a field trip to the Odivelas creek, downstream of the Alvito dam wastewater treatment plant discharge site, with the aim of selecting the sampling sites to monitor the decay of pollutants from this discharge into the water line.

CINCO REIS RIVER PARK

This project is aimed at the great multifunctional use potential of a space very close to Beja (4km) centred on the reservoir of Cinco Reis (with an area of 460 000 m² – 46 ha), and thus able to bring a unique place to this region that takes advantage of the water surface, in a dry area and long hot summers.

The Cinco Reis River Park's potential stems from the rich landscape, associated to Alentejo's beauty, allowing for nature tourism, outdoor sports, bathing recreation and bird watching, activities strengthened by the proximity to Beja which enhances other more cosmopolitan offers such as restaurants, picnic parks, maintenance circuits, motorless nautical sports, among others.

Thus, 5 main Rs were outlined for the Cinco Reis Park, namely:

-  Recreation;
-  Resting;
-  Restaurants;
-  Rurality; and
-  Rediscovery

The Cinco Reis River Park is meant to be a bathing recreation area of choice, while enabling a parallel set of activities that promote the site's attractiveness and take advantage of the existing potential, naturally highlighting the river beach, but also the creation of interpretative access trails, a maintenance circuit in the Cinco Reis Reservoir surroundings, a wooded picnic park, bird watching points, parking lots, and a beach support that also functions as a nautical activities centre, such as canoeing, sailing, stand up paddle, among others.

In the context of EDIA's participation in the implementation of the Cinco Reis River Park, with funding approved through the Inland Tourism Appreciation Helpline – Value Program, the river park implementation project was approved and the tender was launched at the end of 2019, with work starting in early 2020.



TOXICROP

TOXICROP is a European project and, in Portugal, CIIMAR the entity involved. The project title is: Cyanotoxins in Irrigation Waters: Surveillance, Risk Assessment, and Innovative Remediation proposals. Through the Exchange of Research and Innovation Staff, the project aims to map areas of agricultural risk of cyanotoxin occurrence, understand the behavior of cyanotoxins in crops and their bioaccumulation, as well as understand food contamination pertaining to the use of eutrophic water in crop irrigation. Low-cost, environmentally friendly water treatment techniques and methods to detect and evaluate cyanotoxin toxicity will also be developed.

On September 5th, a trip was carried out with the project team to the Pisão reservoir and some irrigation plots. During this visit, the CIIMAR team collected water and vegetable samples for further analysis.

EDIA, in addition to the projects mentioned above, also developed the necessary procedures to start the following projects during next year:

ZONA J (ZONE J)

Of the various projects submitted to different funding sources, EDIA witnessed the approval of the project submitted to POSEUR – “Zone J – River restoration of the Guadiana River and Alqueva reservoir cross-border section, including the control of invasive exotic species such as the *water hyacinth* (SIC Guadiana/Juromenha)”. The project’s implementation will start in the first quarter of 2020, following the schedule presented and approved by the funding entity.

ORCHID RESERVE

EDIA is studying the possibility of creating an orchid reserve in S. Brissos, a place that integrates the EFMA and holds many species of wild orchids, threatened by the abandonment of the land and some incorrect practices in roadside management. This way, we intend to exchange this land with EDIA’s excess areas, EDIA becoming the owner of the optimum area for the reserve.

ENVIRONMENTAL MANAGEMENT SYSTEMS

In 2019, the daily bulletin continued being released on the EDIA website with information on the evolution of stored volume and daily quota variation of the Alqueva and Pedrógão reservoirs, as well as information on the upstream and downstream flows of the Alqueva-Pedrógão system. This daily bulletin is available on EDIA’s website.

In order to control the flow released by the Pedrógão dam *versus* the ecological flow amount to be ensured, analysis was made of the flow discharges and the amounts recorded in the Guadiana river, and the ecological flow amount to ensure in the following month was disclosed. The ecological flow scheme for the EFMA Primary network, currently in operation, was also disseminated internally on a monthly basis.

INFRASTRUCTURES UNDER CONSTRUCTION (2ND PHASE OF EFMA)

The publication of the 1st notice for applications on April 29th, 2019, decisively marked entry into operation of PNRegadios, approved by the Portuguese State in October 2018, and financed through the EIB and the CEB. One should also mention that, of the approximately EUR 560 million stipulated to benefit 100 thousand ha throughout the country, EUR 236 million are earmarked for the 2nd implementation phase of the Alqueva irrigation.

Following this announcement, during May 2019, EDIA prepared ten applications for projects in the 2nd phase of infrastructure for the Alqueva irrigation system, representing a total investment of approximately EUR 95 million, of which nine were approved, by the end of 2019, while the Reguengos de Monsaraz hydraulic circuit and its block, whose total value exceeds EUR 50 million, must still be examined, and must therefore be approved in advance by the EIB.

POWER REINFORCEMENT WORKS AT LOUREIRO-ALVITO PUMPING STATION



Main indicators	111-000004 Cuba-Odivelas	111-000005 Évora	111-000006 Loureiro-Alvito	111-000007 São Pedro	111-000008 Viana	111-000009 Morgavél	111-000010 Reguengos ¹	111-000011 Vidigueira ¹	111-000012 São Bento ¹	111-000014 Pedrógão RB	TOTAL
Total Investment	9.447.689,24	13.811.507,63	1.099.873,51	1.926.230,04	19.571.835,11	10.909.565,66	61.038.076,42	9.585.366,00	19.926.192,03	4.400.000,00	151.716.335,64
Investment Support (PNRegadios)	9.424.386,66	13.627.714,00	1.099.873,51	1.822.884,25	18.948.510,00	10.909.565,66	30.056.751,31	422.258,40	430.964,00	4.400.000,00	91.142.907,79
Total benefited area (ha)	2.790	2.970	1.107	14.024	4.606	688	10.273	2.190	4.232	24.529	67.409,33
Number of benefited agricultural holdings (units)	29	36	23	165	36	4	232	121	102	903	1.651
Farmers covered (units)	29	36	16	165	36	4	232	121	102	342	1.083
Average holding areas (ha)	96,21	82,50	48,13	84,99	128,00	172,00	44,28	18,10	41,00	71,72	786,93
Irrigation blocks (units)	1	1	1	2	1	1	4	3	2	4	20
Irrigation pumping stations (units)		1	1		1		1	1			5
Irrigation valves (units)	40	45			71	7	458	245	175		1.041
Hydrants (units)	21	25			35	4	198	144	104		531
Pumping stations (units)				1						1	2
Road network (km)					3,49		0,00				3,49
Other renewable energy production units (units)		1			1		1	1	1		5

1. Applications divided into two phases.

At this stage, the Reguengos application included primary network infrastructures, the Peral block and complementary actions; and the Vidigueira and São Bento applications included the Cuba-Este and Lage photovoltaic plants, respectively.

IMPROVEMENTS ON EXISTING IRRIGATION

In 2019, the construction of Álamos pumping station's power reinforcement continued, which consists in the reinforcement of this station's adduction capacity with the installation of two additional groups, thus allowing to double the installed capacity in order to guarantee future water requirements in the Alqueva subsystem, within the Primary network. During this period, one should also mention the end of the construction contract for the power reinforcement of the Loureiro-Alvito block pumping station, in the Secondary network, also part of the Alqueva subsystem. Management and supervision services for the aforementioned works were also carried out.

In the Pedrógão subsystem, the construction and equipment supply contract for the installation of three new groups in the São Pedro pumping station continued, and management and supervision services of the respective work were carried out.

Throughout the year, preparations of the bidding processes continued for the following works: Construction and equipment supply contract for the Pedrógão – Right Bank pumping system (2nd phase) and the duplication of Álamos-Loureiro Siphons.

PROMOTION OF NEW IRRIGATION

The first half of 2019 was marked by the beginning of the construction of the floating photovoltaic plant in Cuba-Este and the Lage photovoltaic plant. These are the large scale plants for self-consumption in pumping stations where the Vidigueira and São Bento expansion areas originate, respectively.

Regarding the primary network, at the end of the year, construction contracts were awarded for the connection to the Morgavél adduction system and the Viana do Alentejo hydraulic circuit, included in the Alqueva subsystem.

As for the Secondary Network, regulatory procedures were also carried out on the construction contracts for the Évora block, Cuba-Odivelas block, and Viana do Alentejo main adductor and respective block, and respective inspections.

Preparations were also carried out regarding the prior consultation procedure for the remodeling contract of Lage pumping station (1st phase intervention). Preparations were also carried out for pressure tests to equipment installed in the Estácio, Beringel, Beja, Almeidas, Baronia, Pias and Rio de Moinhos pumping stations.

EXECUTION PROJECTS AND ENVIRONMENTAL IMPACT STUDIES

Throughout the year, we continued analysing several requests from farmers pertaining water use/abstraction solutions in EFMA infrastructures. In order to ensure timely access to water, we also carried out the development and, in some cases, the implementation of abstraction solutions and expeditious hydraulic circuits to be executed by the interested parties.

Within the ambit of PNRegadios, we also developed several studies, bidding processes, bid analysis reports, and the start and development of execution projects, pertaining to nine bordering areas totalling about 50,000 ha.

During this period, the Alqueva Observation and Command Post (POC Alqueva) was also submitted for analysis.

In order to prepare for the expansion of new irrigation areas, we also continued monitoring the development of some EIA's, in parallel with the development of their implementation projects, as shown below.

Subsystems	Project Designation	Launch of the Procedure	Project Execution	Revision of the Execution Project	Environmental Impact Assessment
ALQUEVA	Reguengos Hydraulic circuit and blocks	-	Concluded	Concluded	Concluded
	Évora Hydraulic circuit	-	Concluded	Concluded	Concluded
	Cuba – Odivelas Hydraulic circuit	-	Concluded	Concluded	Concluded
	Viana Hydraulic circuit and blocks	-	Concluded	Monitoring the project's expropriation and compensation processes	Concluded
	Vidigueira Hydraulic circuit and blocks	-	Analysis of the elements delivered and requesting the designer to include some corrections	-	Awaiting the issuance of the Proposal for Environmental Impact Statement
	Hydraulic circuit connecting to the Monte da Rocha reservoir and Messejana block	-	A meeting took place at the CCDR in Évora with several entities, to make the project compatible with new protected areas identified by the ICNF. Analysis of the requested areas by the ICNF for protection against the defined irrigation area. A new irrigation target was sent to ICNF to make the project feasible, and project continuation is pending its opinion	-	Monitoring the EIA
	Póvoa – Moura Hydraulic circuit and blocks	-	Concluded	Awaiting the final version of the execution project with the corrections indicated by the reviewer	Concluded
	Moura block (integrated in the Póvoa-Moura HC project and blocks)	-	Concluded	-	Issuance of the Environmental Impact Statement (EIS)
	Lucefécit Hydraulic circuit	Preparation of the final report and adjudication	-	-	-
ARDILA	Floodgates End of the Loureiro-Alvito Tunnel (integrated in the Loureiro – Alvito P.S. reinforcement project)	-	Delivery of the final version of the project after requesting rectification on some points	-	-
	São Bento Hydraulic circuit and blocks	-	Concluded.	-	Issuance of the Proposal for the Environmental Impact Statement
PEDRÓGÃO	Marmelar irrigation block	Preparation of reference terms and launch of the tender	-	-	-
	Cabeça Gorda – Trindade Hydraulic circuit and blocks	-	Delivery of the irrigation network execution project for analysis and approval	-	Monitoring the EIS



ENERGY

In order to reduce its infrastructures' energy costs, EDIA has been developing procedures for the construction of photovoltaic plants with a capacity of 50 MWp, which allow an average yearly production of 85 Gwh, to be installed in the water surfaces near the main EFMA Primary network pumping stations, as well as installing other photovoltaic plants near some secondary network pumping stations, such as those of Lage and Cuba-Este, whose construction works were essentially completed in 2019.

ENVIRONMENT AND HERITAGE

In 2019, public tenders were launched to minimize impact on cultural heritage resulting from the construction of some projects set to begin construction. In environmental terms, ongoing works were monitored.

In view of the new methodologies defined to safeguard the environmental and heritage values present, parcel condition sheets continued to be sent, which informs each beneficiary about their agricultural parcel's known environmental and heritage conditions. Throughout this year, all landowners were sent these sheets pertaining to Évora and Viana do Alentejo hydraulic circuits projects.

OTHER

Regarding dissemination actions, during this year, over two dozen dissemination activities took place in various locations across different municipalities covered by the EFMA, and regarding the environment – in its various aspects –, the number of activities was similar, of which we highlight the following:

- the Polytechnic Institute of Beja invitation, at the 5th “Food Production and Processing in a Sustainable Environment” Symposium, with a poster on the subject “Use of bats in crop pest control”, within the context of awareness-raising actions for farmers and reducing the use of pesticides in crops;
- the Workshop on “Agroecology and Ecosystem Management” held at the EDIA facilities for EFMA beneficiaries, with the aim of contributing to the recognition of the application of ecology in agricultural and forestry production, as well as in pest management, evaluation of ecosystem services or spatial modelling related to productivity, climate change impact and ecological risk assessment; and
- the participation in the event “Patrimónios do Sul” in the BejaEduca space, at the invitation of the Beja Municipality, which included themes related to “Befriending bats, Life in a drop of water, Hands to the earth, discovery of Alqueva’s heritage and archaeological riches” and where other materials were used for the development of the activities, namely, a magnifying glass to observe the secrets of the Alentejo, surprise boxes, and “Let’s know and take care of our trees” drawings.

EXPROPRIATION PROCEDURES

With the goal of expropriating the necessary real estate for the timely construction of the infrastructures integrated in EFMA 2nd Phase, several tasks continued aimed at ensuring the various expropriation processes related with ongoing projects, through interventions in various geographic areas of the Project.

During this period, verification/validation activities of expropriation projects continued, as did the recognition of areas to be intervened and notification of all owners and those interested in the project’s initiation. Elements were also collected to prepare the evaluation bases, for the assessments of the areas to be affected and negotiations with landowners and other stakeholders.

At the end of 2019, the following expropriation processes are being concluded:

- Adduction to Morgavél and Fonte Serne;
- Cuba-Odivelas hydraulic circuit and respective block; and
- Évora hydraulic circuit and respective block.

And the following projects are in the initial phase of the expropriation process:

- Viana hydraulic circuit and respective block;
- Reguengos hydraulic circuit and respective block.

SPECIAL PROJECTS

The Noudar Natural Park (PNN), the Luz Museum and the Cartography and Geographic Information Systems constitute EDIA's Special Projects.

NOUDAR NATURAL PARK

The PNN emerges following the acquisition of Herdade da Coitadinha by EDIA in 1997 with the objective of developing a compensation project for the loss of habitats induced by Alqueva in cork oak ecosystems, riparian galleries and Mediterranean shrublands. The natural values present on the estate, namely the holm oak forest, justified its acquisition and inclusion in Natura 2000. The project is based on the principle that use and activity promote the conservation of the territory and re-establish existing agricultural activity at the Herdade da Coitadinha respecting the region's practices and traditions. It's EDIA's mission to ensure that this unique space is maintained and valued.



NOUDAR NATURAL PARK

Maintenance activities related to agroforestry management were carried out throughout the year, and the property's forest, livestock, game and agricultural management continued. Forestry operations were developed in accordance with the objectives and specifications of the Herdade da Coitadinha Forest Management Plan, prepared within the scope of the certification process for Sustainable Forest Management – FSC Standard, highlighting the 2019 fire prevention and surveillance campaign, with the implementation of firebreaks.

As for livestock, management activities normally associated with cattle breeding were carried out. Within the scope of the Herdade's agricultural management, the recovery and expansion of vegetable gardens and orchards continued. At the end of 2019, EDIA participated in the Session regarding the Left Bank's Inclusion in the International Bio-region Network.

With regard to the Environment, actions continued pertaining to the following projects: Life Montado (Montado & Climate; A Need To Adapt); Pro-Iberlinx (Interreg V-A Spain-Portugal (POCTEP)); Linx2020 (POSEUR); OakRegeneration (Operational Groups – PDR2020); and ZIF de Barrancos (PDR2020 – Action 8.1.3).

Regarding the dissemination and promotion, one should reference the “Best Public Project” awarded to PNN by the Regional Tourism Authority of Alentejo (Montemor-o-Novo, June 15th, 2019).

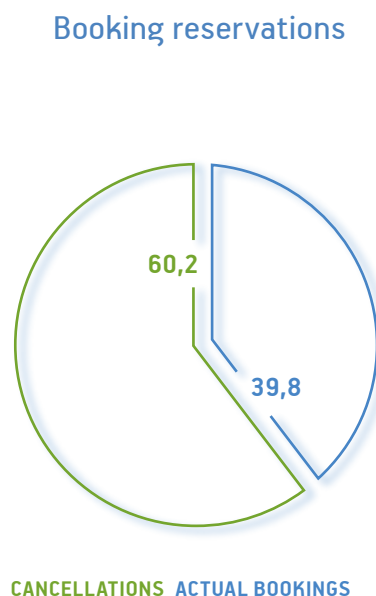
Activities associated with tourism and hotel operations were carried out as planned, following-up on accommodation/restaurant reservations. The following table shows the records for 2019 and 2018.

	2019	2018
Overnight Stays	3.819	3.756
Visitors	2.638	2.849
Meals	7.103	7.266

There are also several indicators related to the tourism activity at PNN:

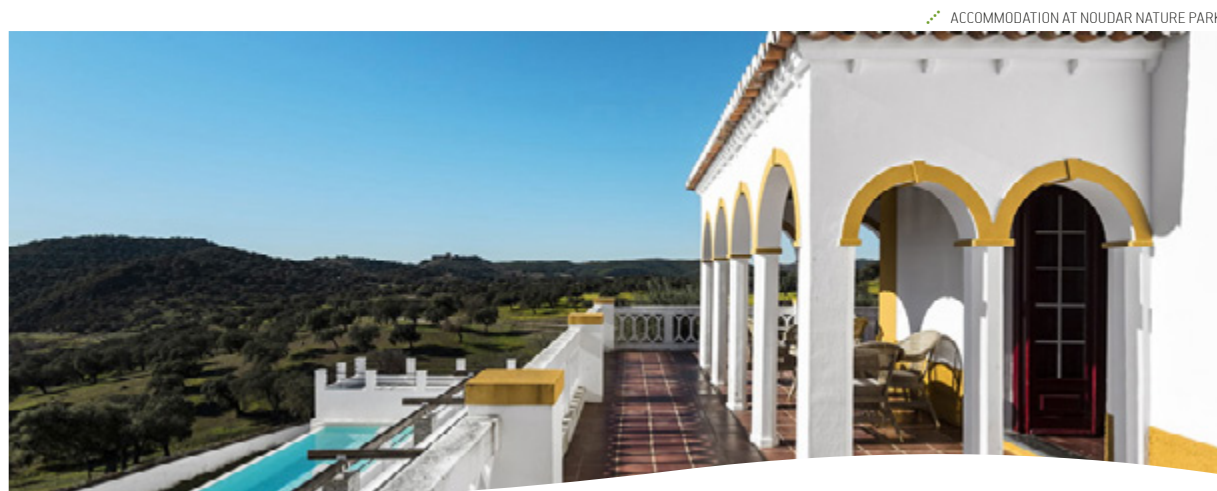
Indicators	2019	2018
Average Rate per Room	58,62 €	54,39 €
RevPAR (Revenue per available room)	17,58 €	16,12 €
Guest Satisfaction through Booking	9	9,1
No. of Reservation Cancellation	1032	1058
No. of Complaints	0	0
% Guests over the No. of Employees (7 employees assigned to the PNN Tourism area)	Regarded 3.323 (47.471,4%)	Regarded 3.344 (47.771,4%)
Total Revenue Per Guest	Average 48,44 €	Average 43,41€
No. of Posts	101	70
No. School Visitations	19	16
No. Research/University Visitations	13	14

In relation to the activity through the booking platform, the following chart also shows actual reservations and cancellations recorded in the 2019 fiscal year.



Monthly data were sent to Statistics Portugal (INE). The process to change the type of Local Accommodation to TER – Casa de Campo (Country House) at Barrancos Municipal Council (CMB) should be highlighted.

In 2019, the NNP continued to be promoted on specialized web platforms and networks, with the goal of disseminating the project. Throughout the year, emphasis was placed on the Park's external visibility, using qualified dissemination and promotion as the preferred vehicle, as well as communication training in specialty areas and with strategic partnerships.





The Luz Museum has maintained regular activity ever since it first opened to the public in 2003. In 2005, the Museum received an honourable mention from APOM (Portuguese Association of Museology), in the “Best Museum in the Country” category. In May 2010, it joined the Portuguese Museums Network (RPM), responsible for accreditation and qualification in the museum area – Luz Museum in the Directorate-General for Cultural Heritage.

Built between Luz village and Alqueva lake, the Luz Museum presents exhibitions and promotes initiatives related to the Alqueva implementation process and the relocation of the Luz village, constituting a space for interpretation of the profound changes that occurred in the Project implementation area. As an important cultural space in the Alqueva region, it offers a set of activities aimed at appreciating the local identity, stories and landscapes.

In 2019, the Museum increased the projection of its activities with the community and abroad, expanding its area of operation to the whole county, in order to promote closer proximity with the national population, having registered an increase of 2,477 visitors over the same period, as shown in the following table:

	2019	2018
Visitors	9.938	7.461

The table below shows some of the indicators recorded at the Museum between 2015 and 2019:

	No. of Registrations	No. of Employees	No. of Employees per No. of Visitors	No. of Average Daily Visitors
2015	8.354	5	1.671	23
2016	6.665	4	1.666	18
2017	7.744	4	1.936	25
2018	7.461	4	1.865	24
2019	9.938	5	1.988	32

Throughout 2019, the Museum continued the activities included in its plan of activities for the current year. In terms of exhibition program, one should reference, in the water room (temporarily as a permanent exhibition room), the Luz village memory exhibition. In the memory room, the temporary exhibition Território de Alqueva: da transformação à modernidade (Alqueva Territory: from transformation to modernity) took place. In the Luz room, we highlight the exhibition “O Museu da Luz/EDIA” (The Luz Museum/EDIA), complementing the memory room exhibition with the “Global Irrigation System” and the exhibition “Terra a três” (Earth for Three) and, finally, the exhibition “Além Tesouro” (Beyond Treasure).

The temporary exhibition “Terra a três” (Earth for Three), is sponsored by DRCALENTEJO and emerged from a challenge posed to photographer António Cunha, poet Martinho Marques and artist Jorge Humberto (Joh), when the Luz Museum found it interesting to link several fields in the Arts focused on the same theme.

Regarding itinerant exhibitions, one should mention the exhibition “Castelo de Lousa”, at the EDIA head office, and “Arqueologia nos novos caminhos da água” (Archaeology in the new water paths).

Regarding the promotion of activities, one should reference ongoing actions carried out for the Museum’s various target audiences, with guided tours and workshops for schools; guided tours for the general public; tours that include visits to the N. S.ª da Luz Church and Monte dos Pássaros, and boat trips through Alqueva. Highlights include activities on the Mourão river beach and the didactic concert “Quinteto de Metais Alentejano” (Brass Quintet of Alentejo).

Following the application “Bandeira Azul” (Blue Flag) by the Mourão municipality, the Luz Museum, as a partner, developed an activity in the field of Environmental Education. Under the general theme of awareness regarding water use and its sustainable consumption, participants carried out various activities associated with the theme of water.

The Luz Museum Residency program continued with the goal of offering creators and researchers the possibility of spending some time in isolation, in a quiet environment and unique landscape. The following table shows the number of residencies held between 2019 and 2017:

	2019	2018	2017
Residencies (No.)	6	4	12

In the area of communication and platforms, in addition to sending news and dissemination of the Museum's initiatives via the newsletter, the promotion of the Museum's spaces and experiences continued, as did the updating of the Museum's web communication platforms – website and facebook. In addition to the Museum's institutional website, for the dissemination of its events and activities, its facebook page is the most widely used social network, as the number of publications from 2019 to 2017 in the table below illustrate. In November, the Luz Museum was included in the RTP1 series entitled "Em busca do museu desconhecido" (In search of the unknown museum).

	2019	2018	2017
Facebook Posts (No.)	85	86	74

CARTOGRAPHY AND GEOGRAPHIC INFORMATION SYSTEMS

EDIA is able to provide innovative products and services in the field of geographic information production, and is associated with projects involving the production of cartography, topography, geodesy and land registry. Its Cartography Centre is certified according to ISO 9001:2008, by the certifying entity APCER, since January 2010, and, throughout 2019, action continued pertaining to Quality Management System maintenance according to this standard, and the preparation for the transition to ISO 9001:2015.

At the end of 2019, orthophotomaps were carried out across approximately 1,200,000 hectares after the acquisition of aerofotogrammetric coverage of EFMA's area of influence.

As the responsible for the geodetic monitoring of EFMA dams, the Cartography Centre also continued to fulfill its obligations under the Dam Safety Regulation, approved by Decree-Law no. 344/2007 of October 15th. The monitoring and instrumentation carried out seeks to mitigate and control the risks associated with the existence of such an infrastructure by detecting potential hazardous situations or abnormal behavior. In this context, in 2019, we should highlight the geodetic monitoring of Brinches, Álamos, Furta Galinhas, Pisão, Magra, Almeidas, S. Pedro, Amendoeira, Pias, Amoreira, Loureiro, Brinches, Serpa, Lage, Calijos, Pisão, Penedrão, Cinco Reis and Magra dams, and the Orada, R4 of Monte Novo, and Ferreira e Magra reservoirs.

	2019	2018
Annual Area Coverage (ha)	1.200.000	0
Monitoring of Dams and Reservoirs Total (no.)	22	21
Semesterly	18	17
Annually	4	4

In 2019, a cooperation model was developed with the municipalities within the EFMA area of influence. This cooperation model allows EDIA to support said municipalities in the production of geospatial information for Land Management plans, which include the approval of Cartography 1:10,000 and 1:2,000 by the Directorate General of the Territory. In this period, the first projects are in progress after the signing of cooperation protocols with the municipalities of Beja and Vidigueira. Similar projects are under consideration with the municipalities of Aljustrel and Grândola.

In terms of information systems, during this period a significant effort was devoted to five projects: NAVIA (asset management), SISMA, Irrigator's Portal 2.0, alteration of the invoicing processes pertaining to GIS, and management of the EFMA irrigated area, focusing on the management of so-called precarious irrigation areas. Regarding NAVIA, automatic integration of values from external sites or data calculated in EDIA was carried out, thus automating an important part of the data necessary for NAVIA.

Regarding the SISMA Project, relating to soil monitoring in EFMA, it was possible to create a simulation model that allows for new simulations of the impact of irrigation water beneath the soil.

Following improvements in terms of management of precarious irrigation processes, and in order to obtain statistics on all types of EFMA irrigation, a new web application was developed to manage the entire evaluating system for these irrigation requirements in areas adjacent to the EFMA irrigation blocks. This application allows for the collection of all technical opinions resulting from the analysis of each situation, and to immediately know the main statistics of this component of the Alqueva irrigation.

In 2019, EDIA's GIS platform continued to work towards increasing productivity and achieving higher service and quality levels for the Company, reducing the risk associated with the implementation and operation of the Alqueva Project infrastructures, integrating added value in activities that require a location component, such as the implementation of EFMA infrastructures, through the operation of an increasing number of infrastructures. New developments were made, extending the Android app's use to the management of water abstractions for irrigation. Thus, the data and a map were developed for field consultation on mobile phone and tablet. Data integration into EDIA's new CRM (project C4/Hana) also took place, namely client data.



In the area of infrastructure operation, the development of direct support activities for the operation, maintenance and engineering teams is proposed. In this regard, significant developments have taken place: modification of the SAP nomenclature for hydrants, irrigation valves, bottom discharges, vent and isolation valves of the entire EFMA irrigation network, for the purpose of easier identification of these assets in the field (through the NAVIA mobile app) and alteration of areas to be taxed due to register update.

In the environment sector, several relevant works have been developed:

- Cartography preparation to support DIA measures (2018 and 2017) – maps of crops, crossing of irrigation aptitude, soils and classes of slopes with irrigation methods in the West and South Ardila blocks;
- Preparation of a map of potential areas for planting members of the oak family in EFMA;
- Introduction of the IFAP 2018 plot and land occupation and the DGPC archaeological heritage inventory in the company's GIS;
- Updating of salinization, erosion and fertility risk data; and
- Updating of the linaria occurrence data: by each plot and monitoring year, and number of individuals.

Also in 2019, an automatic system was implemented to obtain data related to Primary network monitoring and automatic stations (reservoir level and volume, hourly affluent/effluent flow, hourly precipitation), with consequent calculation of dependent variables (e.g. flow from hydro-metric level), and gap detection and filling pertaining to these values.



OTHER SERVICES RENDERED

Within the scope of services provided to Águas Públicas do Alentejo (AgdA), several activities were developed, such as: contacts and negotiations, collection of necessary documents for the granting of indemnity agreements, preparation of indemnity agreement processes for remittance to AgdA, parcel characterization and evaluation, and work monitoring, among others. These activities pertain to adduction projects from Santa Clara-a-Velha to Luzianes-Gare; adduction to Cercal-São Luís (2nd phase); adduction to the west area of Monte da Rocha; adduction to the Serpa-Moura axis; adduction to Alvalade; adduction to Ermidas and Fornalhas Velhas; and the EFMA/ETA do Roxo connection.

Due to the conclusion of services rendered to Águas de Santo André (AdSA), and given that not all the work was carried out due to project unavailability on the part of AdSA, an addendum was made for a 12 month period, starting in May 2019.

SUPPORT STRUCTURE

HUMAN RESOURCES

At the beginning of 2019, the 2018 evaluation process was concluded as employee evaluation and self-evaluation sheets were delivered. During the period under review, reporting obligations to official entities (DGO, DGTf and DGAEP) pertaining to Human Resources were fulfilled.

EDIA's main challenges were to promote excellence in performance and the achievement of the Company's objectives, within a context of rigour and cost containment, bearing Government guidelines in mind applicable to public companies.

Over the course of 2019, and as a way of promoting the recognition and appreciation of its human resources, EDIA continued to invest in the training of its employees, in order to raise the level of their technical, relational and social skills for both their own and the Company's benefit. Throughout the year, the Company continued to collaborate in the implementation of curricular internships for secondary and higher education students in several areas.

EDIA EMPLOYEES AT THE CUBA-ESTE PUMPING STATION



As of December 31st, 2019, EDIA held 179 employees (among permanent and temporary staff), including 24 specialists, 106 senior practitioners and 49 practitioners. The small size of EDIA's staff is evident given its responsibilities and current size of the project for which it is responsible – 70 dams, reservoirs and weirs, 1,815 km of pipelines, 46 pumping stations, 5 mini-hydro plants and 1 photovoltaic plant – balance has only been achieved through a strong human resource commitment (the vast majority of which local), and by the introduction of the concepts of flexibility and polyvalence (which has allowed for the gradual conversion of employees from construction into operation areas, and the transfer of employees between departments according to the Company's specific needs).

INFORMATION SYSTEMS

Throughout 2019, EDIA continued its activities to ensure the normal operation of the IT service as well as the integration of the Company's different information subsystems. One should also reference the implementation of the electronic invoicing process and the start of Irrigator's Portal 3.0.

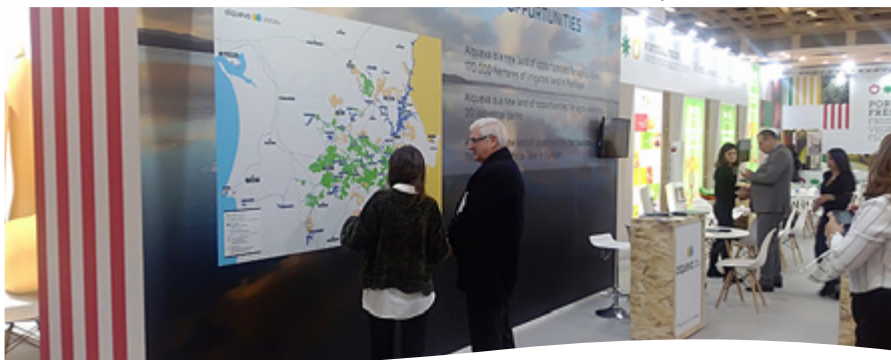
During the period under review, we highlight the completion of the autocad software rental process and the start of the implementation of the financial statements to report to S3CP (SNC-AP) and the SAP Hana project, which allows for the upgrade of the existing database to memory computing. Also noteworthy is the entry into production of the CRM (Customer Relationship Management) implementation project at EDIA, a software that allows for a 360° view of the client.

The procedure was started for the implementation of the solution for the multimedia guided tour, navigability in Alqueva, and location of submerged resources as part of the integrated tourism training project.

With regard to the NAVIA software, the respective interconnection with SAP was carried out at the maintenance orders and stock management level. At the end of 2019, EDIA's new ticketing system was introduced, in accordance with the ITIL standard.

DEVELOPMENT, PROMOTION AND DISSEMINATION

Over the course of 2019, and regarding dissemination and promotion, several activities and initiatives were carried out at EDIA with the goal of promoting the Company's communication and image before the media, institutions and population in general. Thus, various information materials were produced and distributed to the press, and the contents of digital platforms where the Company is positioned were updated.



EDIA was present at different regional, national and international exhibitions, with a view to enhancing the project, promoting the development of the region and attracting investment in the agricultural and agro-industrial areas, of which the following participations stand out, internationally: the 2019 edition of AgroExpo, held in Don Benito (Spain); the FERIA Internacional Ganadera, held in Zafra; the *FruitAttraction* (Madrid); and FEHISPOR – Feira Hispano Portuguesa (Badajoz). Reference should also be made to the Company's participation at the International Food Salon in Paris (France) and Fruit Logistica in Berlin (Germany), in partnership with *Portugal Fresh*. On the national level, the following participations stand out: the International Food and Beverage Exhibition (SISAB); Lisbon Tourism Exchange (BTL) and AgroBraga; ExpoBarrancos; Agroln; OviBeja; International Agriculture Fair; among others.

Also noteworthy was the Business Mission, which took place on May 22nd, 23rd and 24th, with guests from Brazil, Spain, Peru, South Africa, Morocco and Germany. This Mission was sponsored by Banco Santander and the Portuguese-Brazilian Chamber of Commerce.

With regard to environmental dissemination, public cultural heritage exhibitions continued, such as "*Sob a terra e as águas – 20 anos de Arqueologia entre Guadiana e Sado*" (Beneath the earth and waters – 20 years of Archaeology between Guadiana and Sado) and "*Venimus, vidimus, vincimus – A romanização da planície*" (Venimus, vidimus, vincimus – The Romanization of the Plain), among others.

Also within the scope of environmental dissemination, a Workshop on "Agroecologia e Gestão de Ecossistemas" (Agroecology and Ecosystem Management) was held at the EDIA facilities for EFMA beneficiaries, with the aim of contributing to the recognition of the application of ecology in agricultural and forestry production, as well as in pest management, evaluation of ecosystem services or even spatial modelling related to productivity, climate change impact and ecological risk assessment.

Highlights include the videos "Bosque ripícola, 2.ª parte" (Riparian Forest, Prt 2); "Fotovoltaica Flutuante" (Floating Photovoltaics), "Metamorfose IV" (Metamorphosis IV) e "Um ano em 3 minutos" (One year in 3 minutes). At the end of the year, EDIA promoted another edition of the exhibition Arte numa perspetiva diferente (Art from a different perspective), prepared by Beja Centre for Cerebral Palsy users.

Management and maintenance of the Company's documental collection, through the Documentation Centre (CD), continued over the course of 2019. Support continued to be provided to students, researchers, potential investors and the entire EDIA structure, and information was also provided to staff on new publications or other matters of interest. Likewise, collaboration continued in the updating and maintenance of EDIA's intranet and daily Press Magazine online updates, as well as the institutional EDIA, edia.pt, alqueva.com.pt, Facebook and LinkedIn websites.

The Alqueva Interpretation Centre ensured promotion and dissemination at schools and other institutions in order to attract visitors to the site. The EDIA Documentation Centre continued to promote its services dynamism, opening them more and more to society, promoting a few actions to enhance the "knowledge" that this space contains, namely through the Document Management Database, accessible by the WEB, with the aim of improving the offer to the internal and external structure of the company.

Finally, and regarding the public relations component, one should reference the personalized reception of 8,098 visitors of different nationalities at CIAL. There was a decrease in the number of visitors (58) compared to 2018, justified by the closure of CIAL in the last quarter of 2019 as a result of interventions in the water system, and further visits were cancelled that would total an additional 293 visitors.

	2019	2018
Visitors	8.098	8.156

HERITAGE MANAGEMENT

At the end of 2019, EDIA's rustic heritage consisted of 363 buildings, of which 307 buildings (320 ha) were available for lease, and of which 61 (103 ha) were already leased, 50 totally leased, and 11 partially leased. Of the 56 non-leasable buildings (324 ha), are assigned to the work and the remaining (321 ha) are under direct management. There is also 1 transfers corresponding to an area of about 8.3 ha.

	Total Excess Area		Leasable Excess Area		Non-Leasable Excess Area	
	Leasable	Non-Leasable	For Lease	Leased	Pertaining to the Work	Direct Management
2018	322	329	108	215	6	64
2019	320	331	217	103	3	321

ha

At the end of 2019, there was a reduction in total revenue from the management of rural assets compared with 2018, as shown in the table below, with an associated cost arising from the respective maintenance operations of EDIA's heritage lands.

	2019	2018
Revenue	2.147	29.395
Costs	1.500	1.870

Also within the scope of the rustic heritage management, lease edicts for EDIA's excess areas and rustic parcels of aldeia da Luz were issued.

Over the course of 2019, services were awarded for the cleaning of the fuel management areas at herdade dos Bravos. At herdade dos Estevais, a field assessment was made and the annual report on EDIA's protocol with EDP (EHG) was prepared. The procedure to take down holm-oaks and dry cork oaks at herdade dos Pardieiros de Baixo and courela da Lameira, in Alqueva and Monte Trigo, and the purchase of the respective timber, was continued.

Within the framework of urban heritage, several maintenance and improvement activities of buildings belonging to EDIA, or under its management, have been developed. These interventions had the goal of improving of these spaces' functionality. Also, in mid 2019, the contract to expand EDIA's head office began.

CONSTRUCTION WORK FOR THE EXTENSION OF EDIA'S HEADQUARTERS BUILDING



On December 31st, 2019, EDIA's consisted of 80 vehicles, of which forty (40) are light passenger vehicles, thirty-seven (37) are all-terrain vehicles, and three (3) light goods vehicles (van). There are also two (2) tractors assisting PNN agricultural activity. Of the eighty (80) vehicles, about sixty-eight (68) are contracted under the Operational Lease (OL) modality.

SUSTAINABILITY IN THE ECONOMIC, SOCIAL AND ENVIRONMENTAL DOMAINS

Sustainable management practices are promoted and intrinsically transversal to EDIA's positioning and the way it operates. Thus, and for the purposes of promotion and development of actions that consolidate a growing involvement with the regional community.

Through its actions, EDIA continues to contribute to the adaptation of its medium and long term strategic objectives to the great purpose of EFMA: regional development, in the Project's economic and social aspects, as an instrument of intervention in the region, seeking the valorization of natural resources, the revitalization and dynamization of economic activity and the settlement of its populations.

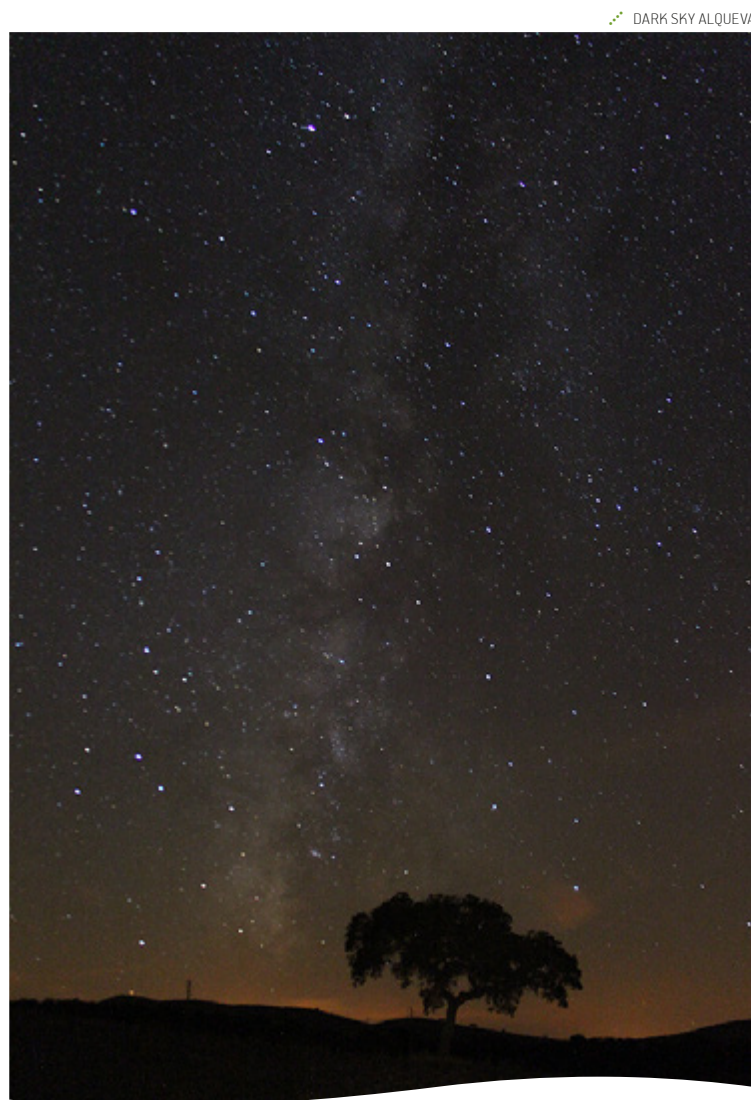
In terms of social responsibility, the Horta Nova Project, an EDIA, Cáritas Diocesana de Beja and Instituto Politécnico de Beja (IPBeja) joint partnership, continued to be monitored. EDIA also guaranteed the Eco-Schools Project, continued by IPBeja.

Under the protocol signed between the Cross-Border Association of Alqueva Lake Municipalities (ATLA) and EDIA, the development of the PROVERE Program (valorization of the "Alqueva" endogenous resource) was monitored. At the end of the year, implementation began of approved actions/sub-projects to make this strategy a reality, particularly in the area of communication, marketing plan implementation, and investor guides.

In the area of entrepreneurship, in 2019, the "Alqueva vai à Escola" (Alqueva goes to school) project continued to be disseminated among all EFMA partners and school groupings regarding the possibility of developing new actions throughout the 2019/2020 school year. It should be noted that the meetings of the sea in Alqueva is one of the results of the "Alqueva goes to School" Project, which takes place annually in three riverside municipalities of Alqueva.

At the end of 2019, EDIA began a process of cooperation and collaboration in different fields and projects with Incubadora de Inovação Social do Baixo Alentejo, of which we highlight the seminar held at EDIA facilities in Beja (October 25), titled "GOOD IDEAS, NOW WHAT? – Jovens e Empreendedorismo" (GOOD IDEAS, NOW WHAT? – Youth and Entrepreneurship). This action was directed at students of the Dom Manuel I school, IPB students and young entrepreneurs. The program included the presentation of new challenges and opportunities generated by EFMA, as well as the testimony of numerous young entrepreneurs, some of whom took advantage of these same new opportunities.

EDIA also continued to monitor ongoing work and initiatives regarding *Dark Sky* Alqueva Reserve.



With the purpose of promoting behavior aligned with the principles of circular economy, encouraging good practices while seeking to develop and find different solutions to different environmental problems, throughout 2019, EDIA promoted the following projects: PlaCarvões, ALA, FitoFarmgest, REUSE, URSA and ToxicropGestão. The scope and objective of each of these projects is detailed in this report under the title: Natural Resource Management and Exploitation (Environment – Projects).

INVESTMENT AND FINANCING

INVESTMENT OF THE PROJECT

One should note that, following the approval of the loans enabling the construction of the EFMA 2nd infrastructure phase at the end of 2017 by the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB), procedures were initiated in 2018 to start this new phase of the Alqueva Project. On April 29th, 2019, the 1st Notice was published for the submission of PNRegadios applications.

Thus, in the coming years, approximately 50,000 ha of bordering areas will be added to the area initially planned – and already in operation, increasing the area infra-structured by EDIA to nearly 170,000 ha.

Following the launch of several tenders in 2019, several contracts for both the primary and secondary network are expected to begin in 2020, which will result in a considerable increase in investment compared to previous years.

Thus, the total investment made throughout 2019, not including the capitalization of structural and financial charges, amounted to EUR 8,661.28, bringing the total investment in EFMA from 1995 to the end of 2019 to EUR 2,364,168.67.

The following tables show EFMA investments made until the end of 2019, ordered “by Program”.

THOUSAND EUR

Programmes	Years							TOTAL
	Until 2016	2017		2018		2019		
		1 st Phase	2 nd Phase	1 st Phase	2 nd Phase	1 st Phase	2 nd Phase	
Alqueva Dam	609.665,51	-106,85		287,39		9,50		609.855,55
Alqueva Hydroelectric Power Station	130.944,62			0,18				130.944,80
Pedrógão Dam and Power Station	87.790,89	56,18				20,49		87.867,56
Alqueva-Álamos Pumping Station	43.654,39		14,79		3.169,84		2.884,94	49.723,97
Primary Network	687.399,18	1.095,94	313,69	7,12	250,98	250,40	1.979,20	691.296,51
Secondary Network	777.912,35	-33,64	419,84	244,23	530,06	131,54	3.252,67	782.457,06
Regional Development	11.816,44	55,23		19,00		132,55		12.023,23
TOTAL	2.349.183,38	1.066,87	748,33	557,93	3.950,88	544,47	8.116,81	2.364.168,67

FINANCING OF THE PROJECT



	THOUSAND EUR			
	Until 2016	2017	2018	2019
Share Capital	464.341	64.960	280.233	29.275
Capital Inflows for Loss Coverage			33.473	
Community Funds	1.229.310	11.152	234	359
PIDDAC	151.974	1.052		
Medium/Long-Term Loans	682.791	-44.959	-313.424	-38.364
Debenture	450.529	-6.739	-306.739	-6.739
EIB	74.588	-6.685	-6.685	-31.624
DGTF	157.674	-31.535		
Short-Term Loans				
TOTAL	2.528.416	32.206	517	-8.729

By December 31st, 2019, the Company's share capital, fully subscribed and paid up, amounted to EUR 838,810,320 (comprising of 167,762,064 shares) and is 100% owned by the Portuguese State through DGTF. The variation that occurred in 2019 (29,275,440 and 5,855,088 new shares) results from the issue of shares at a par value of EUR 5 each:

- September 2019: Issue of 3,355,088 new shares, with a nominal value of EUR 5 each, held in cash. The amount subscribed and paid was EUR 16,775,440 EUR (September 3rd).
- September 2019: Issue of 2,500,000 new shares, with a nominal value of EUR 5 each, held in cash. The amount subscribed and paid was EUR 12,500,000 (September 11th).

PROSPECTS FOR 2020

Following the launch of several tenders in 2019, already awarded, a number of contracts are expected to commence in 2020 for the primary and secondary networks, which will result in a considerable increase in investment compared to previous years. Thus, as EDIA's activity is in a phase of growth, it is essential to readjust its staff, and 12 employees are expected to be hired in 2020.

In view of EDIA's assigned goals of EFMA management, maintenance and conservation, a series of daily activities will continue during 2020 in order to optimize Company functions, namely in terms of providing clients with a quality service. Operation of the Project's infrastructures will continue in order to ensure water transfer between lakes and reservoirs, and to guarantee supply continuity and quality to secondary network clients and other final clients.

In view of the future development of the irrigated area, operation of the benefited area is also expected to continue in 2020. In order to fulfill this mission with quality and efficiency, EDIA will maintain multidisciplinary teams on the ground working daily to ensure the system's total operation, thus allowing for a direct contact with the farmer, based on a proximity policy and search for solutions that guarantee efficient water use.

EDIA, within the framework of its competencies, is permanently responsible for promoting and coordinating the implementation of environmental monitoring programmes pertaining to EFMA's various aspects and phases, namely the status of surface and ground water bodies, fauna and flora, soil and agro-systems. Ongoing work regarding environmental monitoring will continue throughout 2020. In addition, the different results will be analyzed in order to identify and systematize new mitigation measures for the areas identified as relevant. One of the components that will also be strengthened in 2020 is the communication of monitoring results to different stakeholders (EFMA beneficiaries, municipalities and the general public).

As the driving force behind agricultural and agro-industrial development in Alqueva, EDIA aims to promote irrigation in the EFMA area of influence. Based on the knowledge of agricultural holdings in the region, this Company monitors and supports new agricultural projects, as well as the expectations and intentions regarding irrigation. Crossing this information with support systems for the region's best cultural options, EDIA holds the ideal conditions to provide a service of considerable added value to the Project's beneficiaries and potential investors. Thus, as in previous years, we plan to continue a series of activities related to the development of irrigation associated with the Project, with actions that promote its potential use.

In the course of next year, on the other hand, activities related to the construction and equipment supply for the installation of three new groups at the São Pedro pumping station, whose work began in 2018, will come to an end.

Regarding construction, the approval of the PNRegadios projects allows the following EFMA primary and secondary network construction contracts to begin in 2020:

Works to begin in 2020 – Primary Network	Status – end of 2020
Connection to the Morgavél Adduction System (1 st Notice)	
2 nd Phase Pedrógão hydraulic circuit P.S. – RB – Reinforcement (1 st Notice)	Ongoing
Viana do Alentejo hydraulic circuit (1 st Notice)	Ongoing

Works to begin in 2020 – Secondary Network	Status – end of 2020
Évora hydraulic circuit and respective block (1 st Notice)	Ongoing
Cuba Odívelas hydraulic circuit and respective block (1 st Notice)	Ongoing
Évora Photovoltaic Power Station (1 st Notice)	Ongoing
Viana Photovoltaic Power Station (1 st Notice)	Ongoing
Viana do Alentejo main adductor and respective block (1 st Notice)	Ongoing

Complemental works to begin in 2020	Status – end of 2020
Alqueva Observation and Command Post	Ongoing
Alqueva LB Surroundings	Concluded

It should be noted that works are also expected to begin in 2020, and whose PNRegadios applications have already been approved and contracted in 2019, concerning: the Viana do Alentejo main adductor and respective irrigation block, the Cuba-Odivelas and Évora blocks (secondary network); and the system connecting to the adductor of Morgavél and Viana do Alentejo hydraulic circuit (primary network).

Together with the construction contracts mentioned above, there will also be the contracts for the respective inspections and implementation of power lines.

With regard to works already underway, in 2020 work will continue pertaining to the works of Project's new and important development phase. Such is the case of the power reinforcement work at the Álamos pumping station, which aims to increase its adduction capacity with the installation of two additional groups, thus doubling the installed capacity in order to meet growing water requirements in the Alqueva subsystem. The Álamos adduction capacity increase with two additional pumping groups showed the need to reinforce the groups 1 and 2 engines' fixation structure, to be carried out in 2020.

In parallel with primary and secondary network construction contracts, environmental and heritage monitoring will also take place, as well as environmental management of the works in progress in 2020.



Over the next year, several construction contract tenders for both the primary and secondary networks of the 2nd phase of EFMA's infrastructure are also expected to be launched, listed in the following tables:

Construction contracts to be launched in 2020 – Primary Network	Forecast
2 nd Phase of the Pedrogão hydraulic circuit P.S – RB – Reinforcement (1 st Notice)	1 st Semester
Loureiro-Alvito Link Final Section (1 st Notice)	1 st Semester
Reguengos hydraulic circuit and Peral block (includes the Álamos-Loureiro syphons) (1 st Notice)	2 nd Semester
Vidigueira hydraulic circuit (2 nd Notice)	2 nd Semester
São Bento hydraulic circuit (2 nd Notice)	2 nd Semester

Construction contracts to be launched in 2020 – Secondary Network	Forecast
Évora Photovoltaic Power Station (1 st Notice)	1 st Semester
Viana do Alentejo Photovoltaic Power Station (1 st Notice)	1 st Semester
Pedrogão 1 – 2 nd Phase P.S. (2 nd Notice)	2 nd Semester
Pedrogão 3 – 2 nd Phase P.S. (2 nd Notice)	2 nd Semester
Vila Alva, Vila de Frades and Alcaria Sub-block (Vidigueira) (2 nd Notice)	2 nd Semester
São Bento and Ficalho Sub-block (São Bento) (2 nd Notice)	2 nd Semester
Póvoa-Moura blocks (2 nd Notice)	2 nd Semester
Vendinha, Montoito and Reguengos block (Reguengos) (2 nd Notice)	2 nd Semester
Reguengos block (2 nd Notice)	2 nd Semester

Along with tenders for the respective contracts, in 2020, tenders for the management and supervision of the works are also expected to be launched.

Furthermore, environmental monitoring of the works on the primary and secondary networks, and subsequent development of audit reports to be submitted to the EIA Authority, are also planned. Regarding heritage, the survey and rescue of historical and cultural heritage will continued, contemplating measures to minimize impacts before and during the execution of the works, thus enhancing the value of the findings, and safeguarding the collective memory.

ARCHAEOLOGICAL WORKS WITHIN THE CUBA-ODIVELAS PROJECT



Over the last few years, EDIA has invested in energy solutions that are both environmentally friendly and ecologically compatible with the sustainable development process sought for the region, as evidenced by the implementation of photovoltaic solutions. The tender for the largest floating photovoltaic project in Europe is planned to be launched in 2020. This project comprises the supply, installation and licensing of 10 Production Units for Self-Consumption (UPAC) with the Pumping Stations of the Primary Network of the Alqueva Multipurpose Project (EFMA). The tender will also include maintenance and operation during the first 5 years. This project, of the 10 floating photovoltaic plants, will have a total Installed Power of 50 MWp, which will occupy an area with approximately 50 ha over the water, and it is estimated that more than 127 thousand photovoltaic panels will be needed, which will avoid the emission of approximately 30 thousand tons of CO₂ per year. With an estimated production of 90GWh/year, the energy obtained by all these photovoltaic plants would be enough to supply approximately 2/3 of the entire population of Baixo Alentejo.



Over the course of next year, EDIA will continue to make every effort to continue installing photovoltaic plants near secondary network infrastructures, with the aim of reducing energy costs of its infrastructures. The installation of photovoltaic plants in Évora, Viana and Reguengos is planned for 2020.

INFORMATION REQUIRED BY CURRENT LEGISLATION

EDIA's board of directors normally meets weekly. Thus, in 2019, 50 meetings were held, of which we highlight the following deliberations:

JANUARY 2019

- The 2019 performance evaluation process was approved;
- The supply of operating system hardware and software for the installation of the SAP ERP HANA development and quality was awarded;
- The deadline extension for the power reinforcement construction at the Loureiro-Alvito block Pumping Station was approved;
- The revision of the execution project for the Pedrogão – Right Bank pumping station reinforcement was awarded;
- The opening of a tender procedure was authorized for works to minimize the impact on cultural heritage in the Viana hydraulic circuit and irrigation blocks;
- The contract for corrective maintenance services for the turbine-alternator group of the Odivelas hydroelectric station was awarded;
- Services for the acquisition of photogrammetry software maintenance were awarded;
- Services for the execution project development for the regulation of the final section of the Loureiro-Alvito connection were awarded;
- The new Alqueva – 2019 Campaign pricing system was approved.

FEBRUARY 2019

- The construction contract for the Évora hydraulic circuit and respective irrigation block was awarded;
- The works to minimize the impact on cultural heritage in the Évora hydraulic circuit and respective block were approved;
- The services of observation and control of the Alqueva and Pedrógão dams' functionality and safety during 2018 and 2019 were awarded;

- The services of corrective maintenance of the turbine-alternator group of the Odivelas hydroelectric station were awarded,
- The preventive maintenance services of the 690V variable speed drives and circuit breakers of the Brinches pumping station were awarded;
- The terms of participation in the APRH 2019 events were approved.

MARCH 2019

- The Management Report – Financial Year 2018 and Corporate Governance Report – 2018 were approved;
- AOV services were awarded, for all lots;
- The renewal of the Autodesk licences subscription was approved;
- The acquisition of ultrasound devices for the disposal of algae in reservoirs was approved;
- SIGOPRAM software maintenance was approved;
- The repair services of the Odivelas pumping station's electric pump groups for the segregation of flows were awarded;
- The progression map of EDIA's employees was approved, as well as the attribution of extra vacation days, according to their classification in the annual performance evaluation, under the terms of EDIA's Performance Evaluation Regulation;
- The 2018 Sustainability Report was approved;
- The proposal for the licensing and maintenance of the SAP S/4 Hana software was awarded;
- The Evaluation Coordination Board's Report concerning the 2018 Performance Evaluation process was approved;
- The proposal to change the EDIA Salary Grid with regard to the practitioner category was approved, in order to accommodate the changes resulting from the updating of the national minimum wage and basic remuneration for the Public Administration;
- The hiring of guards to prevent forest fires in Noudar Natural Park was approved;
- The principle of the proposal to submit an application to the Environmental Fund was approved for two pre-planned projects following the ALA, PLACARVÕES and URSA projects developed in 2018;

- The supply and replacement of the filtering elements of the Torrão No. 2 filtering station was awarded;
- The contract for the provision of corrective maintenance services for the turbine-alternator group of the Roxo hydroelectric station was awarded;
- Services for management and supervision of the construction contract of the Évora hydraulic circuit and respective irrigation block were awarded.

APRIL 2019

- The service hosting licensing of *C/4 HanaServiceCloud* Software was approved;
- The CloudComputing services for hosting the *SAP HANA* Production ERP were awarded;
- The Alqueva 2018 Irrigators' Satisfaction Assessment Report for the services provided by EDIA was approved;
- The complementary works of the construction and equipment supply contract for the installation of three additional groups at the São Pedro pumping station were awarded;
- Participation in a consortium led by ADP to study the impact of wastewater reuse – REUSE Project – was approved.
- Participation in a CiberPerseu 2019 event from November 11 to 15 was approved;
- The "Monitoring of flora and bird biodiversity" was awarded under project 0319-PRO-IBERLINX-6-P;
- The cooperation protocol with the Moura Municipality within the scope of the Valorize Program was approved;
- The cooperation protocol between EDIA and Beja Municipality in the cartography area to support Land Management plans was approved;
- The instructions/obligations concerning the dissemination of co-funding from European Union funds were noted and it was decided that these should be made known to management for the necessary purposes;
- EDIA was commissioned to monitor the implementation of the methodology for forecasting the need for investment in Alqueva and Ardila subsystems rehabilitation;
- Consultancy services for the classification of the final accounts of the construction contracts for the Alqueva and Ardila subsystems' various components were approved;
- The services for "Data collection and processing from the Photo Trapping Network", under the project 0319-PRO-IBERLINX-6-P, and under Activity 1 – "Management and conservation of habitats", inserted in the INTERREG V-A SPAIN-PORTUGAL (POCTEP) application, were approved;

- The edict for tenders for the 2019 irrigation campaign was approved;
- The protocol between ISPA and EDIA – genetic characterization of bivalves in the Alqueva Multipurpose Project area was approved;
- The works to ensure compability between the water inlet project and the execution project for two additional lines in the Alamos-Loureiro siphons were approved;
- The expense of conducting the audit for certification purposes was approved;
- The supply and implementation of an internal firewall was awarded;
- The “Realização de Ações Preparatórias da Reintrodução do Lince Ibérico nos SIC Malcata, S. Mamede e Moura-Barrancos” – POSEUR-03-2215-FC-000043 (Realization of Preparatory Actions for the Reintroduction of the Iberian Lynx in the SIC Malcata, S. Mamede and Moura-Barrancos” – POSEUR-03-2215-FC-000043) was awarded.

MAY 2019

- The construction contract for the extension of EDIA's Head Office was awarded;
- The procedures manual on administrative offences and their disclosure was approved;
- The sales process of rustic land, EDIA's heritage, was approved;
- The services for general cleaning in EDIA's urban heritage were awarded;
- The works to minimize the impact on cultural heritage in the Viana do Alentejo hydraulic circuit and respective block were approved;
- The expenses with the repair of the Álamos pumping station engine and the anti-corrosive protection of the nr. 2 pump were approved,
- The preventive maintenance works of the high voltage (60kV) and medium voltage (11/30kV) installations of Pedrogão – Right Bank pumping station were approved;
- The services for the elaboration of specialty projects for the implementation of the Valorizar Project were approved;
- The opening of a procedure for the contract to supply and install the reinforcement of Pedrogão – Right Bank pumping station was approved;
- The contract for the provision of aerofotogrammetric coverage services for the EFMA Influence area was awarded;
- Monitoring work on the potential impacts of Guadiana-Sado water transfer on ichthyofauna (2019) – Monitoring reinforcement with light traps was approved;
- Global target maps for the 2019 performance assessment were approved.

JUNE 2019

- The execution works for passages in the Álamos, Beringel and Cinco Reis Trindade irrigation blocks were approved;
- The launch of the Public Tender: "*Water hyacinth* automatic collection station" was approved;
- The acquisition of an application for multimedia guided tour, navigability in the Alqueva and location of submerged resources within the framework of the integrated tourism training project was approved;
- The services for the development of tourism signage and a branding plan in the scope of the project "Valorizar" were awarded;
- The submission of the application to the LIFE-LOVERs project was approved;
- The tender: "Works to minimize the impact on cultural heritage in the Reguengos HC and block (phase prior to the work)" was awarded;
- The cooperation protocol between EDIA and the Vidigueira Municipality in the cartography area to support Land Management Plans was approved;
- The creation of a new CAE associated to the URSA unit was approved;
- The protocol to be signed between EDIA and ADRAL was approved;
- The loan contract CEB – Legal opinion: for financing the Alqueva Photovoltaic Project was approved;
- An environmental audit was approved;
- Expenses with the remodelling of the fish passage automation system were approved.

JULY 2019

- The reorganisation of CIAL operation was approved;
- The supply and installation of two floating *water hyacinth* containment barriers (2019) was awarded;
- The proposal to apply Community Funds balances was approved, as well as the submission of the respective application to the authority (MF and MADRF);
- The review of the execution project for the installation of two additional lines in the Álamos-Loureiro connection circuit siphons was awarded;
- The 2018 Annual Report of the Corruption and Related Offenses Risk Prevention Plan (PPRCIC) was approved;
- The content of the information was approved and its disclosure by the company's organic units was determined, in order to evaluate their respective implications and act in accordance with the State Budget and the Budget Execution Decree Law-2019;

- The supply of GPS equipment was awarded;
- The participation of EDIA in the social innovation project “Ponto de Encontro das aldeias” (Villages’ Meeting Point) was approved;
- The requalification services of the radial and slide flood gates of the Álamos pumping station’s water inlet were awarded;
- The automatic *water hyacinth* collection station was awarded;
- The measures to combat drought in the EFMA area of influence were approved;
- The request for the authorisation to decommission funds was approved;
- Pest control services in EDIA’s urban heritage were awarded.

AUGUST 2019

- Consulting and insurance brokerage services were awarded;
- The “supply and installation of automatic water quality stations – 2019” was awarded;
- The start of a tender procedure for the monitoring of exotic bivalves in the EFMA area (2020-2021) was approved;
- The contract for the refurbishment of the public relations and communication office was awarded.

SEPTEMBER 2019

- Notice was taken of Law no. 52/2019 – Exercise of functions by holders of political and senior public offices;
- The report on the 2018 irrigation campaign for Stakeholders and its disclosure as proposed was approved;
- The Museum support program for the Portuguese Museums Network – ProMuseus was approved;
- The supply of solar inverters for the Alqueva photovoltaic plant was awarded;
- The revision of the TRH calculation procedure applicable to EFMA was approved;
- The contract for the provision of services: “Development and improvement of the Irrigator’s Portal 3.0” was awarded;
- The participation of EDIA in the PDR2020 application – Action 8.1.3 “Forest prevention against biotic and abiotic agents”, part of the Barrancos ZIF, was approved;
- The creation of a new CAE associated with the production of vector mapping and image topography was approved;
- The Management Report was approved on June 30th, 2019.

OCTOBER 2019

- The request for a budgetary amendment was approved;
- The request for a deadline extension for the Lage photovoltaic project was approved;
- The participation of EDIA in the “Blue Alentejo Project” was approved;
- The renewal of the esri software maintenance contract (GIS) was approved;
- The supply and installation of automatic weather stations – 2019 – was awarded;
- The services for the execution of the reinforcement of the Álamos pumping station’s groups 1 and 2 engines fixation structure were adjudicated;
- The 2018 environmental monitoring report was approved;
- The creation of a committee to draw up a program to celebrate 25 years of EDIA was approved;
- The call for tenders for the provision of audit services for the 2020-2022 three-year period was approved;
- The participation in the demonstration of VANT-drones multirotor Microdrones and fixed wing Delair UX11 was approved;
- The human resources budget reinforcement was approved;
- The construction contract for the Viana do Alentejo hydraulic circuit was awarded;
- The participation of the Luz Museum and Noudar Natural Park in the BTL was approved;
- EDIA’s proposal to join the Portuguese Partnership for Soil was approved;
- The Álamos pumping station’s energy audit services were awarded;
- The request for a withdrawal of funds was approved.

NOVEMBER 2019

- The expenditure associated with the exhibition “Arte numa Perspetiva Diferente” – 18.º Edição” (Art from a Different Perspective – 18th Edition) was approved;
- The estimated expenditure for the acquisition of Insurance Policies was approved;
- The payment to EDP Distribuição of the costs associated with the Álamos pumping station power reinforcement was approved;
- The contract for maintenance services for the lifts of the Alqueva dam, Álamos pumping station and Pedrógão Left Bank pumping station was awarded;
- The procedures manual necessary for the implementation and use of the C4HANA tool was approved. Contributions from the financial, operating and information systems areas should be incorporated;

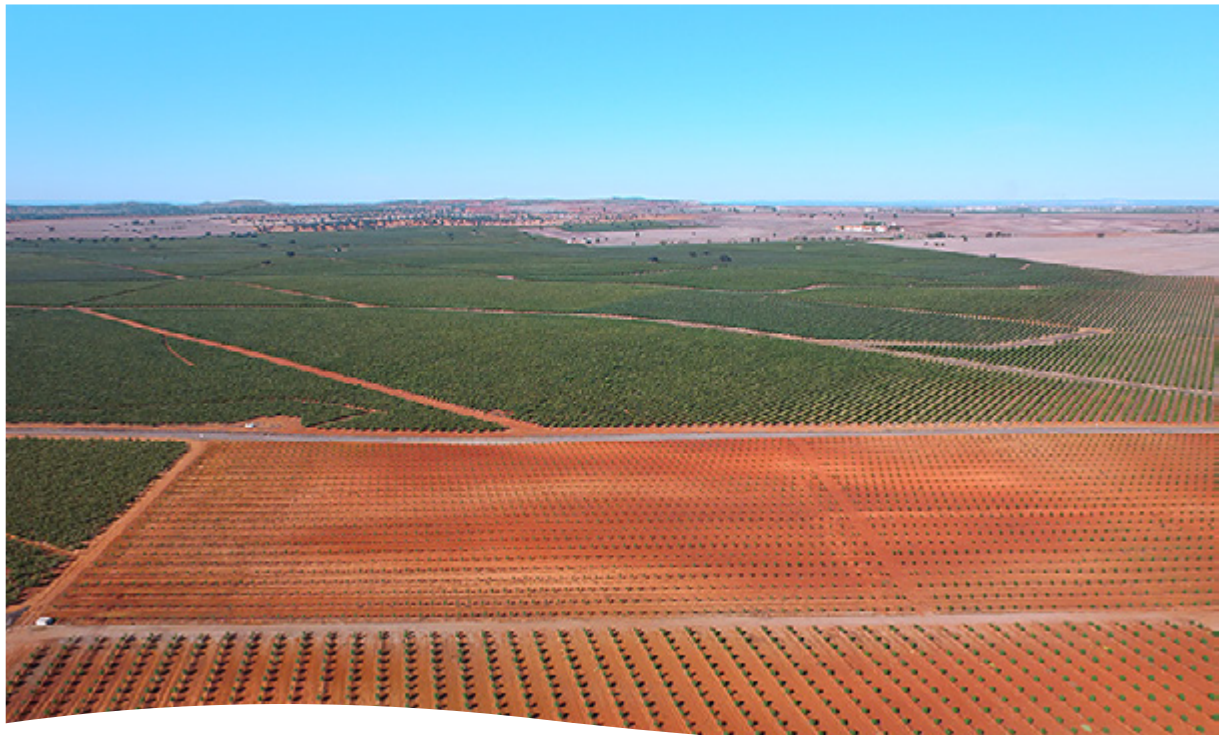
- The final version of the Activities and Budget Plan – 2020 was approved;
- The edition of the Management Report and Sustainability Report – Financial Year 2018 was approved;
- The provision of cleaning services for canals and reservoirs in EFMA's primary infrastructure was awarded;
- The services for the revision of the Herdade da Coitadinha forest management plan (PGF) was adjudicated;
- The services for the management and supervision of the construction contract of the Viana do Alentejo main adductor and respective irrigation block were awarded;
- The contract for the construction of the Viana do Alentejo main adductor and respective irrigation block was awarded;
- The supply and assembly of the reactive power compensation system at Álamos pumping station and the Pisão-Beja hydraulic circuit updating of the management system was awarded.

DECEMBER 2019

- The advance request – Application PNRegadios-111-000005 – “Évora hydraulic circuit and respective irrigation block” was approved;
- The advance request – Application PNRegadios-111-000009 – “Connection to the Morgavél adduction system and to the Fonte Serne reservoir” was approved;
- The Lease of Excess areas – Post 2019 EDICT was approved;
- The contract for corrective maintenance services for the turbine-alternator groups of the Alvito hydroelectric station was awarded;
- The services for projects and environmental studies of the Lucefecit-Capelins hydraulic circuit and irrigation block and improvement of the Lucefecit dam were awarded;
- The proposal to change the irrigation water pricing system with the goal of increasing its use efficiency was approved;
- The contract for the provision of staking services and topographic support network for the Reguengos block hydraulic circuit and irrigation infrastructure (Peral's irrigation sub-block) and the Álamos Loureiro siphon was awarded;
- Compost production actions in the herdade da Abóbada URSA unit were awarded;
- Services for preventive and corrective maintenance of the Ardila hydro-agricultural holdings were awarded;

- Services for preventive and corrective maintenance of the Pedrogão and Alvito-Pisão hydro-agricultural holdings were awarded;
- The contract for the provision of services for maintenance works on the Alqueva hydro-agricultural holdings was awarded;
- The restoration of the financial balance of the service agreement for personal safety at the Álamos pumping station and EDIA head office was approved;
- The construction of the Guadiana River access ramps as part of the ACECA project (combating *water hyacinth*) was approved;
- The EDIA excess area with olive grove lease edict was approved;
- The services of cleaning the fuel strips, thinning, logging and pruning of the remaining pine forest in herdade dos Bravos were awarded.

• CULTIVATED FIELDS IN ALENTEJO



POWERS OF AUTHORITY

By Decree-Law no. 42/2007, of February 22nd, EDIA was granted the following powers of authority:

- .• The powers to, in accordance with the law, in particular the code of expropriations, act as an expropriating entity of real estate and inherent rights in expropriations which are necessary to further its social scope;
- .• The right to use and administer public domain assets of the State that do or will affect the exercise of its activity;
- .• The powers and prerogatives of the State as regards protection, evacuation, demolition and administrative defence of the possession of the land and facilities that influence it and works performed or contracted, and pursuant to the law, may also, occupy temporarily private lands that it needs for construction sites, deposit of materials, accommodations for personnel and offices, without prejudice to the right to compensation when there is such a right.

Under the provisions of Decree-Law no. 313/2007, of 17th September, which approved the foundations of the concession granted by contract between the State and EDIA on 17th October 2007, EDIA holds, whilst concessionaire for the management, operation and private use of the public water domain under EFMA, powers of administration of the referenced water domain within the framework of its activity, the competences for allocation of titles relating to water abstraction for irrigation and electricity production and, furthermore, inspection powers over its use by third parties, and the jurisdiction to start, prepare and sanction administrative offence proceedings in this context.

FINANCIAL ANALYSIS

RESULTS ACCOUNT

This analysis considers only non-capitalized investment of the secondary network, which disappears through the variation of production (investment in works on EFMA's secondary irrigation network that are owned by the State with the exception of Infrastructure 12 and the irrigation perimeter of the Luz village).

THOUSAND EUR

	2019	2018	Absolute Deviation	Relative Deviation
Costs	46.995	43.892	3.103	7,07%
Cost of Goods Sold/Materials Consumed	61	59	1	2,42%
Supplies and External Services	21.654	16.181	5.473	33,82%
Personnel Expenses	6.319	6.017	302	5,02%
Depreciation and Amortization Expenses	5.788	5.740	48	0,84%
Impairments	3.835	2.144	1.691	78,87%
Provisions	4.669	7.325	-2.656	-36,25%
Other Expenses and Losses	1.481	1.171	310	26,47%
Financing Expenses and Losses	3.115	5.169	-2.054	-39,74%
Income tax	73	87	-14	-16,51%
Revenue	44.324	39.957	4.367	10,93%
Sales	631	800	-169	-21,13%
Services Rendered	32.328	28.120	4.208	14,96%
Variations in Production Inventories	0	0	0	
Own Work Capitalised	1.603	1.331	272	20,43%
Operating Subsidies	145	149	-4	-2,59%
Reversals		150	-150	-100,00%
Impairment	271		271	
Other Income and Gains	9.346	9.407	-62	-0,65%
NET INCOME FOR THE YEAR	-2.671	-3.935	1.264	-32,12%

In 2019, EDIA posted a negative Net Result of EUR -2.67 million with a variation of EUR 1.26 million compared to the same period of the previous year of 2018.

Expenditures increased by EUR 3.10 million (7,07%), compared to the same period of the previous year, mainly due to the following items:

- "External Supplies and Services", showing a positive deviation of EUR 5.47 million (33,82%) compared to the same period of the previous year, mainly due to:
 - electricity (EUR 4.5 million) as it wasn't a hydrologically humid year, with a dry summer and insignificant rainfall, thus increasing energy consumption; and
 - conservation and maintenance due to the increase in operating infrastructures by EUR 1.27 million, justified by the need for an increase in older infrastructure interventions;
- "Provisions" with a negative deviation of EUR 2.66 million mainly due to the application of IFRIC12 – Service Concession Arrangements to infrastructure already in operation (EUR 1,578.40 million). The heading takes into account the average financing rate corrected retroactively, which led to a provision increase of EUR 4.67 million;
- "Impairment" pertaining to the water business, with a positive deviation of EUR 1.69 million (78.87%) in comparison with the same period of the previous year;
- "Financial Expenses and Losses" due to the reduction in financial charges of EUR 2,05 million justified by the decrease in the amount of debt service due to the repayment of: (1) loans with the EIB, (2) a debenture loan of EUR 94,35 million and (3) a loan of EUR 189 million with the DGTF.

In the particular case of income, there was an increase in the order of EUR 4.37 million, which corresponds to a 10.93% increase compared with the previous year, mainly due to:

- "Sales and Services Rendered" which showed a positive growth, in the order of EUR 4.04 million, around +13.97%, which essentially reflects the income relating to water distribution.

STATEMENT

As of December 31st, 2019, EDIA reported a Net Asset of EUR 781.5 million, a decrease of approximately EUR 18.12 million compared to the end of 2018.

THOUSAND EUR				
Headings	31/Dec/19	31/Dec/18	Absolute Deviation	Relative Deviation
Non-current assets				
Property, plant and equipment	12.502	12.348	154	1,24%
Investment property	2.111	2.111	0	0,00%
Intangible assets	330.168	335.455	-5.287	-1,58%
Financial Holdings	277	277	0	0,00%
Other Accounts Receivable	187.772	193.382	-5.610	-2,90%
Captive Deposits	91	91	0	0,00%
	532.920	543.663	-10.744	-1,98%
Current Assets				
Inventories	7.695	4.144	3.551	85,69%
Clients	6.843	7.801	-958	-12,27%
Advances to suppliers	16	54	-39	-71,02%
State and Other Public Entities	1.490	922	568	61,61%
Shareholders/partners				
Other Accounts Receivable	219.146	218.115	1.032	0,47%
Deferrals	221	233	-12	-5,06%
Cash and Deposits	13.169	24.685	-11.517	-46,65%
	248.580	255.954	-7.374	-2,88%
TOTAL	781.500	799.617	-18.117	-2,27%

This decrease resulted essentially from the following variations:

NON-CURRENT ASSET

- Decrease in "Intangible Assets" justified by the depreciation recognized in the year;
- Decrease in "Other Accounts Receivable" by EUR 5.61 million justified by the decrease in the 2019 balance pertaining to the asset's depreciation in accordance with the financial plan developed for this purpose, wherein a fixed discount rate of 3.5% is considered.

CURRENT ASSET

- Increase of EUR 3.55 million in "Inventories" due to the Investment made in the Secondary Network;
- Other Accounts Receivable" shows an increase of EUR 1.03 million, mainly justified by the Investment made in the Secondary Network and by apportioning to the debt of the DGADR; and
- Cash and Bank Deposits with a decrease of EUR 11.52 million (-46.65%) due to the Company's operating, finance settlement, functioning and investment activities.

"Shareholders Equity" showed a positive variation in the order of EUR 26.61m: 1) capital increase made during the year in the amount of EUR 29.28 million, 2) negative deviation of EUR 3.94 million in "Retained Earnings" justified by the application of the 2018 net profit; and 3) variation in "Net Profit" of EUR 1.26 million

THOUSAND EUR				
SHAREHOLDERS EQUITY AND LIABILITY	31/Dec/19	31/Dec/18	Absolute Deviation	Relative Deviation
SHAREHOLDERS EQUITY				
Capital	838.810	809.535	29.275	3,62%
Other Reserves	9.203	9.203	0	0,00%
Retained Earnings	-805.370	-801.435	-3.935	0,49%
Adjustments to Financial Assets	0	0	0	
Net Result for the Year	-2.671	-3.935	1.264	-32,13%
TOTAL SHAREHOLDERS EQUITY	39.972	13.368	26.605	199,02%
LIABILITY				
Non-Current Liability				
Provisions	26.876	22.210	4.666	21,01%
Financing Obtained	181.304	222.783	-41.479	-18,62%
Other Accounts Payable	0	0	0	
Deferrals	396.275	410.712	-14.437	-3,52%
	604.455	655.705	-51.250	-7,82%
Current Liabilities				
Financing Obtained	104.563	101.433	3.129	3,08%
Suppliers and Other Accounts Payable	17.710	14.320	3.390	23,67%
Other Current Liabilities	275	265	10	3,86%
Deferrals	14.525	14.526	-1	-0,01%
	137.072	130.544	6.528	5,00%
TOTAL LIABILITIES	741.528	786.249	-44.721	-5,69%
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	781.500	799.617	-18.117	-2,27%

LIABILITIES RECORDED THE FOLLOWING VARIATIONS:

Reduction in Non-Current Liability of EUR 51.25 million, justified:

- Under “Provisions”, by the increase of EUR 4.67 million, justified mainly by the application of IFRIC12 – Service Concession Agreements to infrastructures already in operation.
- Under “Financing Obtained”, essentially due to the transfer, to current liabilities, of short-term repayments to be made by December 31st, 2020, pertaining to EIB financing of EUR 3.22 million (EUR 135.00 million); DGTF financing of EUR 94.60 million (EUR 189.00 million); and Debenture Loan of EUR 6.74 million (EUR 94.35 million). Regarding the DGTF loan amounting to EUR 189.00 million, on December 30th, 2019, by Order No. 1555/19-SET, the debt service payment deferral due on November 30th, 2019, to May 31st, 2020, was authorised at no additional cost (the amount due is mentioned in the letters pertaining to 2018 and 2019).
- Negative variation under “Deferrals” in the amount of EUR 14.44 million justified by the recognition in income in the same proportion as the depreciation of the subsidised assets in the amount of EUR 1.79 million, and the income from the concession contract for the Alqueva and Pedrógão hydroelectric power stations in the amount of EUR 12.65 million.

In Current Liabilities, there was an increase of EUR 6.53 million, resulting mainly from the variation under “Financing Obtained”, in the amount of EUR 3.13 million, and an increase under “Suppliers and Other Accounts Payable” of EUR 3.39 million justified by the increase in operation and investment activities.



FINANCIAL INDICATORS

THOUSAND EUR

Financial Indicators	31/Dec/19	31/Dec/18	Absolute Deviation	Relative Deviation
Turnover	32.959	28.920	4.039	13,97%
EBITDA	10.140	8.727	1.414	16,20%
EBIT	518	1.321	-804	-60,83%
Financial Results	-3.115	-5.169	2.054	-39,73%
Net Results	-2.671	-3.935	1.264	-32,13%
Net Cash Flow	11.423	11.212	211	1,88%
Investment	6.508	4.746	1.762	37,12%

In 2019, EDIA had a negative net profit of approximately EUR 2.67 million while, in the same period of the previous year of 2018, the negative result was EUR 3.94 million:

- EBITDA shows an increase of approximately EUR 1.41 million (13.97%) compared to the same period of the previous year mainly due to the increase in turnover revenues of EUR 4.04 million, increase in "Variation in Production Inventories" by EUR 2.77 million due to the investment in the secondary network, on the expense side, increase in "Supplies and External Services" by EUR 8.08 million, of which energy consumption and maintenance and conservation of the various infrastructures stand out, decrease in 'Provisions' by EUR 2.66 million due to the application of IFRIC12, a EUR 0.6 million reversal of 'Impairment of Debts Receivables' and an increase in 'Other Expenses and Losses' (EUR 0.31 million) justified by the accrual of water resources as well as a decrease in contributions;
- The heading "Losses/Reversions of Impairment of Depreciable/Depreciable Investments" shows an increase of approximately EUR 2.17 million compared to the same period of the previous year, contributing to a positive EBIT of EUR 0.52 million; and
- Financial Results show a decrease of EUR 2.05 million due to loan repayments, already mentioned above.

Net Cash Flow, in turn, showed an increase of EUR 0.21 million (+1.88%) over the previous year.

EDIA shows a total investment of EUR 6.51 million without Secondary network and with capitalizations.

PROPOSED DISTRIBUTION OF EARNINGS

Under the terms of Article 66(5)(f) of the Code of Commercial Companies, the Board of Directors,

Considering:

A negative Net Profit of EUR 2,670,836 was recorded in 2019.

Proposes:

That the negative Net Profit of EUR 2,670,836 for the financial year of 2019 and included in the Statement as at December 31st, 2019, be taken to Retained Earnings.

Beja, March 24th, 2020

The Board of Directors

José Pedro Mendes Barbosa da Costa Salema
(Chairman)

Augusta Manuel Pereira de Jesus Cachoupo
(Member)

Jorge Manuel Vazquez Gonzalez
(Member)

DISCLOSURE OF COMPLIANCE WITH LEGAL GUIDELINES

ÁLAMOS-LOUREIRO CANAL



MANAGEMENT OBJECTIVES AND ACTIVITY AND BUDGET PLAN

MANAGEMENT OBJECTIVES

The company's strategic guidelines and objectives for 2019 were not defined by the Shareholder.

It should be noted, however, that in the programming of its activity, investments and EFMA financing, EDIA holds the following as its main "Mission":

- The design, execution, construction, management, operation, maintenance and conservation of the infrastructures that integrate the primary system of EFMA;
- The conception, execution and construction, on behalf of the State, of the infrastructures that integrate the EFMA Secondary Network; and
- The promotion, development and pursuit of other economic activities that improve the conditions of use of the resources allocated to EFMA.

This mission was assigned by the State Shareholder through the Ministry of Finance, in articulation with the Ministry of Agriculture, and the Company's activity was guided in accordance with its Activities and Budget Plan – 2019 proposal and other guidelines issued by the Directorate General of Treasury and Finance (DGTF) and the Directorate General of Budget (DGO).

The following is a list of the management results achieved during the 2019 financial year, namely pertaining to irrigation area, tenders launched, awardings and financial indicators.

IRRIGATION AREA

Alqueva is based on a concept of multiple purposes and integrated management of its strategic water reserve. With Alqueva, paths for water are drawn: paths that follow for public supply, with the reinforcement of 5 dams that supply approximately 200,000 inhabitants, for agriculture, with an irrigated area of approximately 120,000 ha and an expansion area of an additional 50,000 ha.

From Alqueva, dams and reservoirs are interconnected guaranteeing water availability, even in periods of extreme drought, to an area of approximately 10,000 km², divided by the Beja, Évora, Portalegre and Setúbal districts, covering a total of 20 municipalities.

The Alqueva reservoir, the largest artificial lake in Europe, stretches for 83 km along the Moura, Portel, Mourão, Reguengos de Monsaraz and Alandroal municipalities, covering an area of 250 km². The Alqueva reservoir's total storage capacity is 4,150 million m³, of which 3,150 million m³ consist of its usable volume in normal operation.

On the other hand, recent periods of extreme drought accentuate the Alqueva reservoir's unquestionable positive impact, since it was possible to develop agriculture and supply populations even during a severe drought. Therefore, it's a great satisfaction for all stakeholders that the expected results were achieved on the ground, showed an increasing adherence and consumption increase in irrigation perimeters under EDIA's management in recent years.

Regarding analysis of the adhesion and water consumption values in the EFMA perimeters on December 31st, 2018 and December 31st, 2019, there was an adhesion increase of almost 14% (11,406 ha), with the registered area at the end of the year being 94,203 ha.

Water consumption in the EFMA perimeters until December 31st, 2019, registered 293,346,250 m³, a higher value than the one registered in the same period of the previous year. This is due to the fact that 2019 was, from a hydrological point of view, a very dry year when compared to 2018 (when there was a lot of rainfall – essentially in the 1st half of the year). The increase was approximately 49% (96,239,995 m³).

Registered area and consumption 2018 and 2019:

BENEFITED AREA and REGISTERED AREA: ha and % / CONSUMPTIONS: m³

Perimeters under EDIA's management	Benefited Area	2019			2018		
		Registered Area	Consumptions		Registered Area	Consumptions	
Entry into operation by 2010	18.754	17.058	90,96%	55.395.869	15.597	83,17	43.217.499
Monte Novo	7.714	8.296	107,54%	22.333.204	6.705	86,92	20.270.244
Alvito-Pisão	8.452	7.105	84,07%	25.048.992	7.275	86,07	17.237.776
Pisão	2.588	1.657	64,03%	8.013.673	1.617	62,48	5.709.479
Entry into operation in 2011	26.417	22.611	85,59%	65.347.702	19.009	71,96	44.903.005
Alfundão	4.216	4.134	98,05%	11.783.028	2.818	66,84	7.819.922
Ferreira, Figueirinha and Valbom	5.118	3.633	70,98%	10.991.045	3.185	62,23	8.821.612
Orada-Amoreira	2.522	2.007	79,56%	4.607.549	1.942	77,00	3.286.987
Brinches	5.463	4.221	77,27%	10.913.722	3.882	71,06	7.045.735
Brinches-Enxoé	4.698	4.802	102,21%	14.384.635	3.930	83,65	9.345.804
Serpa	4.400	3.815	86,70	12.667.723	3.252	73,91	8.582.945
Entry into operation in 2012	9.278	6.672	71,92	22.598.402	6.564	70,75	16.927.668
Loureiro-Alvito	1.050	872	83,06	3.827.436	757	72,10	3.151.000
Ervidel	8.228	5.800	70,49	18.770.966	5.807	70,58	13.776.668
Entry into operation in 2013	4.016	3.617	90,05	10.916.217	3.585	89,27	6.692.371
Pedrógão – Right Bank	4.016	3.617	90,05	10.916.217	3.585	89,27	6.692.371
Entry into operation in 2015	19.634	20.844	106,16	70.810.797	18.715	95,32	47.299.975
Cinco Reis-Trindade	5.600	6.608	117,99	23.095.026	6.412	114,50	14.908.155
Baleizão-Quintos	7.999	7.333	91,68	23.725.226	6.678	83,49	16.392.004
São Pedro-Baleizão	6.035	6.903	114,38	23.990.545	5.625	93,21	15.999.816
Entry into operation in 2016	30.381	23.402	77,03	68.277.263	19.326	63,61	38.065.737
Vale de Gaio	3.903	2.773	71,05	6.965.100	1.915	49,06	3.778.248
Beringel-Beja	5.103	4.499	88,17	15.067.918	4.106	80,46	9.000.337
Pias	4.698	3.336	71,00	9.545.476	2.886	61,43	4.257.829
S. Matias	5.863	4.506	76,86	18.599.579	4.172	71,16	10.807.700
Caliços-Machados	4.664	3.774	80,92	11.597.273	3.174	68,05	5.470.049
Caliços-Moura	2.117	1.938	91,53	3.981.993	1.817	85,83	3.111.751
Roxo-Sado	4.033	2.576	63,87	2.519.924	1.256	31,14	1.639.823
TOTAL	108.480	94.203	86,84	293.346.250	82.797	76,32	197.106.255
Alqueva Subsystem	56.005	47.953	85,62	148.416.312	41.853	74,73	106.113.264
Ardila Subsystem	28.562	23.892	83,65	67.698.371	20.883	73,11	41.101.100
Pedrógão Subsystem	23.913	22.359	93,50	77.231.567	20.060	83,89	49.891.891
TOTAL	108.480	94.203	86,84	293.346.250	82.797	76,32	197.106.255

* CIEFMA data of January 15, 2020.

The following tables show water reinforcements made to the reservoirs, water sources, mainly, of bordering perimeters and public supply and the consumption associated with direct abstractions:

m ³		
Reservoir Reinforcements	2019	2018
Vale de Gaio	3.297.938	2.243.000
Campilhas and Alto Sado*	21.499.319	1.508.951
Vigja	2.403.725	2.202.154
Enxoé	211.680	0
Monte Novo	2.550.795	1.172.801
Roxo	5.608.485	23.278.996
Odivelas	23.095.000	36.217.000
TOTAL	58.666.942	66.622.902

* Includes supply to Águas de Santo André

Direct Abstractions	2019	2018
Area (ha)	9.224	8.177
Consumption (m ³)	22.686.411	13.859.933

From the analysis of the previous tables, one can conclude that the total volume of water distributed throughout 2018 was approximately 277.59 hm³. Comparing this value with 2019 (374.71 hm³), there is an increase of 35% (97.12 hm³).

TENDERS ISSUED IN 2018 AND AWARDED IN 2019

EUR			
Designation	Public Tender Number	Date of Contract Awarded	Value of Contract Awarded
Construction contract for the Évora hydraulic circuit and respective irrigation block	26/2018	05/02/19	11.995.964,79
Construction contract management and supervision for the Évora hydraulic circuit and respective irrigation block	27/2018	02/04/19	521.820,00
Execution of works to minimize impacts on cultural heritage resulting from the construction of the Évora hydraulic circuit and respective irrigation block – preliminary and construction phases	29/2018	12/02/19	139.800,00

TENDERS ISSUED AND AWARDED IN 2019

EUR

Designation	Public Tender Number	Date of Contract Awarded	Value of Contract Awarded
Construction contract for the Viana do Alentejo hydraulic circuit	01/2019	22/10/2019	5.946.690,49
Construction contract for the Viana do Alentejo main adductor and respective irrigation block	02/2019	19/11/2019	11.953.144,19
Execution of works to minimize impacts on cultural heritage resulting from the construction of the Viana do Alentejo hydraulic circuit and respective irrigation block: preliminary and construction phases	03/2019	21/05/2019	132.540,00
Provision of corrective maintenance services for the turbine-alternator group of the Odivelas hydroelectric plant	04/2019	26/02/2019	81.400,00
Management and supervision of the construction contract for the Viana do Alentejo main adductor and respective irrigation block	06/2019	19/11/2019	487.380,00
Supply of vehicles as AOV – replacement of vehicles that will end contract in the 1 st semester of 2019	07/2019	12/03/2019	112.105,44
Provision of general cleaning services in EDIA's urban heritage	08/2019	14/05/2019	379.440,00
Provision of temporary work services under an uncertain term contract pertaining to environmental and patrimonial impacts	09/2019	14/05/2019	54.400,08
Provision of services for the elaboration of projects and environmental studies on the Lucefecit – Capelins hydraulic circuit and irrigation block, and improvement of the Lucefecit Dam	10/2019	03/12/2019	343.000,00
Provision of corrective maintenance services for the turbine-alternator group of the Roxo hydroelectric plant	11/2019	02/04/2019	82.500,00
Execution of works to minimize impacts on cultural heritage resulting from the construction of the Reguengos hydraulic circuit and respective irrigation block: phase prior to the work	12/2019	11/06/2019	134.200,00
Supply of vehicles as AOV (operational car rental)	13/2019	30/04/2019	34.931,52
Construction contract for the extension EDIA's head offices	14/2019	14/05/2019	476.967,97
Provision of pest control services in EDIA's urban heritage	15/2019	30/07/2019	37.499,04
Requalification of the wagon and slide gates for water intake at the Álamos Pumping Station	17/2019	23/07/2019	124.000,00
Supply and Installation of an automatic station for water hyacinth collection	18/2019	23/07/2019	149.700,00
Temporary work under uncertain term contract pertaining to electrical and mechanical maintenance	19/2019	04/07/2019	118.679,40
Monitoring of bats in the Calíços-Machados hydraulic circuit and irrigation blocks (2019-2021)	20/2019	28/08/2019	35.752,25
Supply, installation and testing of emergency lubrication system for the alternator bearings of the Odivelas and Roxo hydroelectric power stations	21/2019	09/07/2019	77.000,00
Provision of temporary work services under an uncertain term contract pertaining to electronic engineering	22/2019	30/07/2019	67.240,32
Provision of temporary work services under an uncertain term contract for personell in the ambit of electrical and mechanical maintenance	23/2019	30/07/2019	67.296,00
Supply and installation of automatic water quality stations – 2019	24/2019	20/08/2019	296.269,00
Supply and installation of two floating water hyacinth containment barriers	25/2019	26/11/2019	59.560,00
Provision of maintenance services for hydro-agricultural uses in Alqueva	26/2019	10/12/2019	1.348.275,24
Provision of preventive and corrective maintenance services for hydro-agricultural uses in Pedrógão and Alvito-Pisão	27/2019	10/12/2019	1.314.690,84
Provision of preventive and corrective maintenance services for the hydro-agricultural uses in Ardila	28/2019	10/12/2019	1.154.719,44
Provision of maintenance services for lifts at the Alqueva dam, Álamos P.P., and Pedrógão P.P. – LB	29/2019	05/11/2019	7.920,00
Supply of 6 vehicles as AOV (operational car rental)	30/2019	22/10/2019	100.341,12
Provision of cleaning services for channels, reservoirs in primary EFMA infrastructures	32/2019	12/11/2019	228.201,92
Supply and installation of the reactive energy compensation system at the Álamos P.S.	34/2019	26/11/2019	179.619,91
Provision of temporary work services under an uncertain term contract for public relations and communication personnel	35/2019	12/11/2019	53.368,70
Provision of temporary work services under an uncertain contract for personnel in the area of electrical and mechanical maintenance	36/2019	12/11/2019	149.170,56
Provision of temporary work services under an uncertain contract for personnel in the area of planning, research and projects	37/2019	12/11/2019	86.642,16
Provision of corrective maintenance services for the turbine-alternator groups of the Alvito hydroelectric power station	40/2019	03/12/2019	138.000,00
Construction of two access ramps to the Guadiana river for the purpose of supporting the <i>water hyacinth</i> containment works upstream from the Alqueva Reservoir	41/2019	17/12/2019	67.944,19

TENDERS ISSUED IN 2019 AND NOT AWARDED

EUR			
Designation	Public Tender Number	Date of launch	Base Price
Management and supervision of the construction contract for the Viana do Alentejo hydraulic circuit	05/2019	29/01/2019	568.000,00
Supply and installation contract for the reinforcement of the Pedrógão RB P.S.	16/2019	28/05/2019	4.400.000,00
Provision of audit services	38/2019	22/10/2019	100.000,00
Direct acquisition of insurance policies	39/2019	05/11/2019	3.192.848,88
Execution project and environmental impact study of the Marmelar irrigation block	42/2019	03/12/2019	90.000,00
Monitoring services for EFMA's groundwater resources for the Operation Phase – 2020/2021	43/2019	10/12/2019	190.000,00
Provision of temporary work services under an uncertain term contract in the area of Administrative and Financial Management	44/2019	17/12/2019	57.400,08
Supply and assembly of grids and grid cleaning machine in the Cegonha reservoir water intake	45/2019	17/12/2019	190.000,00

CONSTRUCTION OF THE REINFORCEMENT OF THE LOUREIRO-ALVITO PUMPING STATION



FINANCIAL INDICATORS

As stipulated in the Council of Ministers Resolution no. 70/2008, later revoked by DL no. 133/2013, of October 3rd, the financial indicators that apply to EDIA's reality are detailed in the following table:

Efficiency	Year 2019
Operating Costs/EBITDA	276,46%
Personnel Costs/EBITDA	62,32%
Variation Rate in Personnel Costs	5,03%

Average Payment Term	Year 2019
Average Payment Term	63
Evolution (days) compared to the previous year (same period)	-7

Profitability and Growth	Year 2019
EBITDA/Revenue	30,77%
Revenue Growth Rate	13,97%

Return of Invested Capital	Year 2019
Net Income/Invested Capital	-0,32%

IMPLEMENTATION OF THE 2019 ACTIVITY AND BUDGET PLAN REGARDING FINANCIAL REFERENCE PRINCIPLES

INVESTMENT

The Investment Plan presented by EDIA for 2019 was developed from the economic standpoint. The estimated investment for 2019 amounted to EUR 82,862,517 ³. EDIA's investment this year amounted to EUR 8,661,281, or about 10,45% of the expected value. Below is a summary of the main justifications for the determined deviations.

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3. The State Shareholder, through the Secretary of State for the Treasury (Order no. 415/19), has limited the investment to the overall amount of 47 ME.

Programmes	Investment – 2019		Deviation	
	Planned	Made	TOTAL	%
Alqueva Dam	576.000	9.499	-566.501	-98,35%
Pedrógão Dam and Station	25.000	20.487	-4.513	-18,05%
Alqueva-Álamos Pumping Station	3.816.000	2.884.944	-931.056	-24,40%
Primary Network	32.273.150	2.229.597	-30.043.553	-93,09%
Secondary Irrigation Network	32.848.683	3.384.207	-29.464.476	-89,70%
Regional Development	13.323.684	132.548	-13.191.136	-99,01%
TOTAL	82.862.517	8.661.281	-74.201.236	-89,55%

•• **Programme 1 – Alqueva Dam (EUR -566.501) and Programme 3 – Pedrógão Dam and Plant (EUR -99,818)**

- The deviation, which was essentially under the heading “Land”, is justified by the non-realized funds provided for acquisitions, expropriations and damages, since their processing depends on the development/conclusion of the litigious expropriation proceedings that take place in court;

•• **Programme 4 – Alqueva-Álamos Pumping station (EUR -2,272,234)**

- In programme 4, the deviation occurred due to the Construction Contract for the Power Reinforcement of EFMA's Alamos pumping station;

•• **Programme 5 – Primary Network (EUR (-30.043.553) and Programme 6 – Secondary Irrigation Network (EUR -29.464.476)**

- The deviation registered in these programmes was due to the delayed beginning of construction and supply works in EFMA 2nd Phase, namely, the works for the adduction reinforcement of the Álamos-Loureiro canal siphons, the connection to the Morgavél adduction system, the Reguengos and Viana do Alentejo hydraulic circuits, of the Primary network, and the Secondary network works: Évora and Cuba-Odivelas blocks and the equipment supply for the 2nd phase of the Lage pumping station. The delays were mainly due to slippage in the operationalization and consequent start of PNRegadios 2019.

•• **Programme 7 – Regional Development (EUR -13.191.136)**

- In this programme, registered deviations pertained mainly to a delay in the beginning of the Alqueva photovoltaic park, and also expenses related to POC Alqueva and Alqueva dam surroundings.

PERSONNEL EXPENSES

Personnel Expenses show a deviation of +1.71%, which was mainly due to the payment of remuneration increases pertaining to salary progressions and their respective impacts. Management Bodies, managers and employees were considered for the calculation of Personnel Expenses, which makes a total of 185 employees.

EUR				
Designation	Projection	Execution	Var. 2019/2019	
	2019	2019	Valor	%
Personnel Expenses (1) = (a) + (b) + (c) + (d) + (e) + (f) + (g)	6.212.891,00	6.319.342,00	106.451,00	1,71%
(a) Expenses with Governing Bodies	298.500,00	324.372,00	25.872,00	8,67%
(b) Expenses with Management Positions	1.300.000,00	1.310.780,00	10.780,00	0,83%
(c) Personnel Compensations (i) + (ii) + (iii) + (iv)	4.340.521,00	4.408.000,00	67.479,00	1,55%
(i) Basic salary + Holiday Pay + Christmas Bonus	2.796.942,00	2.829.885,00	32.943,00	1,18%
(ii) Other Subsidies	1.377.779,00	1.393.591,00	15.812,00	1,15%
(iii) Impact of the restitution of rights provided for in collective labor regulatory instruments	0,00	0,00	0,00	0,00%
(iv) Impact with remunerative valuations not covered by collective labor regulatory instruments	165.800,00	184.524,00	18.724,00	11,29%
(d) Post-employment benefits	0,00	0,00	0,00	0,00%
(e) Allowances	21.870,00	24.566,00	2.696,00	12,33%
(f) Remaining charges	250.000,00	250.217,00	217,00	0,09%
(g) Terminations/indemnities	2.000,00	1.407,00	-593,00	-29,65%
Designation	Projection	Execution	Var. 2019/2019	
	2019	2019	Valor	%
No. Total H.R. (M.B. + Managers + Employees)	185	185	0	0,00%
No. Management Bodies (M.B.) (number)	6	6	0	0,00%
No. Managers without M.B. (number)	24	24	0	0,00%
No. Employees without M.B. and without Managers (number)	155	155	0	0,00%
Expenses with Managers/Personnel Expenses [(b)/((1)-(f))]	0,22	0,22		

Notes:

- a) Expenses with Governing Bodies show an increase compared to the projection that results, on one hand, from the appointment of a Fiscal Council Member in October, and from the remuneration change of BD and FC members
- b) Expenses with Management Positions show a residual increase, resulting from absenteeism;
- c) The increase in remuneration of the remaining staff reflects remuneration valuations due to salary increases, and variations resulting from absenteeism;
- c) i) ii) The increases reflect part of the progressions already attributed in 2018, and variation resulting from absenteeism
- c) iv) The increase reflects the accumulation of progressions from 2018 (75% from 1.05.2019 through 30.11.2019, and 100% from 01.12.2019) and 2019 (50% from 01.01.2019 through 30.04, 75% from 01.05.2019 through 30.11.2019, and 100% from 01.12.2019)
- d) No values;
- e) Increase compared to projection and due to participation in financed international projects;
- f) Very residual increase
- g) Compensation paid to temporary/seasonal staff.

LEVEL OF INDEBTEDNESS

EDIA has complied with Parliamentary Assembly Resolution no. 29/2010, of April 12th, which approved the Stability and Growth Programme 2010-2013 (PEC), stating that the growth of indebtedness was limited according to the limits recommended in the PEC, 7% in 2010, 6% in 2011, 5% in 2012, 4% in 2013, 4% in 2014, 3% in 2015.

With regard to the 2016, 2017, 2018, and 2019 there was no increase in indebtedness by borrowed capital.

DEGREE OF IMPLEMENTATION OF THE BUDGET LOADED IN SIGO/SOE

The proposed expenditure budget submitted by EDIA was EUR 145,213,260, but the corrected allocation is EUR 127,514,475, a reduction of EUR 17,698,785. The corrected allocation is subdivided into activities and projects, amounting to EUR 86,118,970 and EUR 41,395,505 respectively, but these figures changed at the end of 2019.

The amendment requested by EDIA on 02/10/2019 for the reinforcement of the activities budget, of the RCE 02.02.01-B0.00, via the projects budget, of the RCE 07.01.04-B0.00 in the amount of EUR 3,421,990, with additional EUR 513,299 captive, was authorised by the Minister of Agriculture, Forestry and Rural Development on 18/10/2019, which led to a change in the activities and projects budget, after authorization.

Thus, the project budget amounts to EUR 37,973,515 and the activity budget to EUR 89,540,960.

PROJECTS

Regarding the projects budget, we break them down in the following table, showing transfers made in the period and the expenses paid.

Project	Designation	OE 2019 Approved Initial	OE 2019 after Budgetary Amendments	Expenses Paid	Degree of Execution compared to Amended Budget (%)
09551	Complemental Actions	23.313.488	9.335.921	1.590.616	17%
09521	Barras, Torrão and Baronia Baixo block	1.000	3.000		0%
09529	Moura Gravitico block	130	130		0%
09527	Pias block	1.000	2.550	2.425	95%
09554	Calços-Machados blocks	21.380	10.742	1.738	16%
09519	Baronia and Alvito Altos and Alvito Baixo blocks	1.000	1.000		0%
09510	Beja blocks	6.390	5.274	981	19%
09514	Beringel-Álamos blocks	1.250	38.566	1.535	4%
09525	São Matias blocks	2.000	2.000	1.451	73%
09532	São Pedro blocks	2.878	2.878		0%
09530	Loureiro-Alvito blocks	273.000	864.507	592.767	69%
09508	Roxo-Sado blocks	2.900	2.711		0%
09467	Roxo-Sado hydraulic circuit	60.200	30.997	12.337	40%
09504	São Pedro-Baleizão-Quintos hydraulic circuit		19.300	920	5%
09478	Calços-Machados hydraulic circuit		52.442	52.442	100%
09468	Installation of Groups 3 and 4 Álamos and Álamos-Loureiro P.S.	7.829.329	6.067.029	2.498.651	41%
09427	Connectoin of the Adduction System to Morgável	4.766.100	4.380.779	228.515	5%
10746	Instalation of 3 Additional Groups at the São Pedro P.S.	1.020.460	2.269.892	1.184.111	52%
10774	Cuba-Odivelas block	4.093.000	4.564.968	40.453	1%
11062	Évora block		2.950.000	54.271	2%
11063	Viana hydraulic circuit and block		3.145.305	21.515	1%
11064	Reguengos hydraulic circuit and block		1.783.211	216	0%
11065	2 nd Phase of the Pedrógão RB P.S.		237.525	11.759	5%
11066	Vidigueira Hyd. Circuit and block, and Cuba-Este Photovoltaic Power Station		1.075.378	775.833	72%
11067	São Bento hydraulic circuit and block, and Lage Photovoltaic Power Station		1.127.410	830.515	74%
TOTAL		41.395.505	37.973.515	7.903.050	21%

Note:

Complementary Actions – Include the investments foreseen in the 2nd Phase of EFMA that will be considered in autonomous projects, as soon as the projects are individually approved in the National Irrigation Programme.

The difference between the initial approved budget and the budget after budgetary changes amounts to EUR 3,421,990 (41,395,505.00-37,973,515.00) and corresponds to the increase in the activities budget and the decrease in the projects budget.

Until the end of 2019, there were delays in the implementation of PNRegadios projects. In addition to this, there were also delays in the start of works on the Alqueva photovoltaic park, due to slippage in obtaining the necessary permits.

The 2019 project budget, approved at DGO and after budgetary amendments, totals EUR 37,973,515. Essentially, this budget projected the start of several EFMA 2nd phase works and the completion of complementary actions related to EFMA 1st phase infrastructure.

At the end of 2019, the amount realized in the project budget was EUR 7,903,050, of which EUR 1,664,444 pertained to the 1st phase and EUR 6,238,606 to the 2nd phase of the EFMA. The objectives of the 2nd phase of EFMA (PNRegadios) were not fully achieved, since only two of the 8 planned projects began: Photovoltaic Stations in Cuba-Este and Lage.

The investment for the 2nd phase of EFMA concerns the following infrastructures, already started:

- Loureiro-Alvito blocks,
- Installation of groups 3 and 4 of Álamos pumping station;
- Installation of 3 additional groups at São Pedro pumping station;
- Cuba-Este photovoltaic plant; and
- Lage photovoltaic plant.

The projects budget execution, after budgetary changes, showed a deviation of EUR 30,070,465, mainly due to slippage in the construction of several PNRegadios projects (79%) and in the execution of works on the Alqueva Photovoltaic Park.

The beginning of work was dependent on approval of the projects submitted under PNRegadios. The PNRegadios approved by the Council of Ministers Resolution 133/2018, on October 12th, published the 1st Notice for application submission in the 1st half of 2019, and EDIA presented 10 projects. With the exception of the Reguengos project, for an amount that exceeded EUR 50 million, which required individual approval by the EIB, all projects were analyzed and approved during the 2nd half of 2019. EDIA also submitted payment applications for approximately EUR 8 million, the settlement of which carried over to 2020.

1ST PHASE OF EFMA

Projects related to the 1st Phase of EFMA sponsored under the previous community support framework were less successful than expected, since the planned investments mainly concern litigation cases, particularly in relation to land yet to be regulated, as well as other complementary actions in already completed projects.

In 2019, the Alqueva environment projects were carried out and work continued on the Alqueva observation plan (POC) execution project.

2ND PHASE OF EFMA

In 2019, the following construction and equipment supply contracts continued:

- 09468 – Power reinforcement of the Álamos pumping station;
- 09530 – Power reinforcement of the Loureiro-Alvito block pumping station (Concluded); and
- 10746 – Installation of three additional groups at the São Pedro pumping station.

The following construction contracts were initiated and essentially concluded:

- 11066 – Cuba-Este floating photovoltaic plant (Vidigueira Project); and
- 11067 – Lage photovoltaic plant (São Bento Project).

The following constructions have been contracted:

- 09427 – Connection to the Morgavél system;
- 10774 – Cuba-Odivelas block.
- 11062 – Évora block;
- 11063 – Viana do Alentejo hydraulic circuit; and
- 11063 – Viana do Alentejo main adductor and respective block.

The public tender for the construction and equipment supply contract for the 2nd phase of the Pedrógão – Right Bank pumping station hydraulic circuit was launched.

Continuation of the development of the following projects for bordering areas:

- 09468 – Álamos adduction – Siphons;
- 11010 – Reguengos block;
- 09551 – Hydraulic circuit and Póvoa-Moura blocks;
- 09551 – Hydraulic Circuit and blocks of Cabeça Gorda-Trindade;
- 09551 – Connection to Monte da Rocha reservoir and Messejana block;
- 09551 – Hydraulic Circuit and blocks of Luceférit-Capelins
- 11066 – Hydraulic Circuit and Vidigueira blocks; and
- 11067 – Hydraulic Circuit and blocks of São Bento.

The table below shows the amounts allocated to the revenue budget projects:

EUR				
Revenue Budget	OE 2019	Realized	Deviations	Execution Degree (%)
Current Transfers	5.321.538	2.512.123	2.809.415	47,2%
Services	12.358.229	5.390.927	6.967.302	43,6%
Other Current Revenue				
Capital Transfers	26.142.275		26.142.275	
Financial Liabilities	5.078.617		5.078.617	
Previous Management Balance	1.052.250	1.052.250		100,0%
Extra-budgetary Operations	2.807.561	3.105.479	-297.918	110,6%
TOTAL EDIA	52.760.470	12.060.779	40.699.691	22,9%

In the project budget, revenue has been influenced by the delay in launching the 1st call for applications to PNRegadios – capital transfers heading FF540. Also in the capital transfers heading FF 359 – PIDDAC, the expenditure related to the Álamos pumping station power reinforcement project was exclusively made in FF452 (FEADER), resulting in a community project without national funding, since EDIA, in 2018 and 2019, presented the Applications for Approval of Opening Balances – CAE R.16 .01.01, FF358, which, despite having been approved in their entirety by the Sectorial Tutelage, were later filed by the Finance Tutelage, making it impossible to use these funds in the execution of the respective budgets. Thus, in the current transfers heading, the revenue concerns the power reinforcement of Álamos pumping station, financed only by the EAFRD and a receipt of funding for a project presented to the Environmental Fund.

With regard to the sale of current goods and services, only the amount of EUR 5,390,927 was recorded in relation to the expected revenue of approximately EUR 12 million, since the own revenue is classified in the activities budget.

The financing for the works on the Alqueva photovoltaic plant (heading financial liabilities) has already been contracted. However, it did not take place at the beginning of the year as planned, which significantly delayed the receipt of the revenues.

ACTIVITIES

The following chart compares final execution with the approved activities budget.

EUR

Activity Budget	Approved Activities Budget 2019	Execution 2019	Deviation	Execution Degree (%)
Expense				
Staff Expenses	6.193.042	6.177.217	-15.825	100%
Purchases of Goods and Services	23.821.044	23.816.685	-4.359	100%
Interest and Other Charges	3.559.097	2.221.848	-1.337.249	62%
Other Current Expenses	3.325.887	856.754	-2.469.133	26%
Acquisition of Capital Goods	1.767.978	482.844	-1.285.134	27%
Financial Liabilities	38.363.682	38.363.682	0	100%
TOTAL	77.030.730	71.919.030	-5.111.700	93%
Revenue				
Current Transfers	538.695	359.772	178.923	67%
Sale of Current Goods and Services	31.146.105	32.988.632	-1.842.527	106%
Other Current Revenue	6.800.000	277.135	6.522.865	4%
Financial Liabilities	38.595.647	29.275.440	9.320.207	76%
Authorized Management Balances	0	9.088.240	-9.088.240	-
TOTAL	77.080.447	71.989.219	5.091.228	93%

Regarding the Activities Budget, expenses show a 93% degree of execution, and its main deviations are: (a) Interest and other expenses with an execution of 62% as a result of lower than expected interest rate; (b) Other current expenses with 26% of execution due to foreseen payments of taxes and rates that did not occur or were lower than foreseen, and due to the budget including a specific reserve amount, according to the instructions for the preparation of the State Budget 2019; (c) Acquisition of capital goods with an execution of 27% due to the equipment acquisition and works in buildings initially foreseen and that did not occur.

Regarding revenues, they show a 93% execution of the budget due to: (a) The sales of current goods and services headings show an execution of 106% as a result of receipts in the areas of water and energy distribution higher than foreseen in the State Budget; (b) The non-receipt of VAT in the approved budget led to an execution of 4%; (c) Financial liabilities show an execution of 76%, as a result of part of the capital increases initially foreseen for the payment of loan repayments not having occurred, and being replaced by the use of management balances in the amount of EUR 9,088,240, in accordance with the Secretary of State for the Treasury guidelines.

FINANCIAL RISK MANAGEMENT

Financial risk management, under the terms of Ordinance No. 101/09-SEFT, of January 30th.

ADOPTED RISK ASSESSMENT PROCEDURES AND RESPECTIVE COVERAGE MEASURES

DIVERSIFICATION OF FINANCING INSTRUMENTS, AVAILABLE INTEREST RATE ARRANGEMENTS AND CREDIT INSTITUTIONS

EDIA presents an accumulated investment from 1995 to the end of 2019 of approximately EUR 2,364 million. The funding of this investment consists not only of equity and investment subsidies (Community Funds and PIDDAC), but also foreign capital, through bank loans.

As of December 31st, 2019, the funding structure is composed of:

- Capital increases amounting to EUR 838.81 million;
- Investment Grants – Community funds amounting to EUR 1.241 million;
- Investment Grants – PIDDAC amounting to EUR 153 million;
- Bank Financing amounting to EUR 286.05 million.

FINANCIAL RISK MANAGEMENT POLICIES

EDIA acknowledges the various areas of financial risk that can significantly alter its equity value, these risks are the interest rate risk and the liquidity risk.

INTEREST RATE RISK

Interest rate risk is usually associated with changes in spreads and interest rate variation risks. EDIA has never subscribed to any interest rate hedging, all external financing is indexed to the variable rate. In our view, this has been the right policy since the market presents relatively low rates, and is thus advantageous when compared to higher charges resulting from this type of operation. By establishing a comparative analysis of the financial charges over each funding's life, one concludes that the average rate in 2019 is close to the 1.09%, a clearly advantageous rate given the contracting of this type of financial instruments, namely setting interest rates.

Annual Interest Rate



SENSITIVITY ANALYSIS

The sensitivity analysis of the interest rate is based on the following assumptions:

- Changes in interest rates affect receivable or payable interests on financial instruments indexed at variable rates; and
- The analysis was based on the financial instruments existing during the current year.

Thus, taking these assumptions into account, as well as a 1% interest rate variation of the financial instruments, their impact on Financial Results as well as the Net Results for the Financial Year would be (+/-) EUR 1.60 million in 2019 and (+/-) EUR 1.98 million in 2018.

LIQUIDITY RISK

Up to 2010, all external financing operations (borrowed capital) were carefully analysed as a result of a Banking consultation, considering the best market conditions, both financially and fiscally, and always choosing the one that presented the most favourable all-in-cost for the Company.

Starting in mid-2011, a new reality emerged for EDIA, with the global economic-financial situation deteriorating, access to new financing became more and more difficult. The Portuguese State downgrade by the main international rating agencies led to an increase in credit risk to all companies in the SEE, and consequently, loan spreads increased significantly.

As from 2012, in order to guarantee the necessary liquidity for the normal functioning of the Company, to ensure the realised investment and to meet the financial costs, all EDIA financing and refinancing needs were provided by five banks (CGD, BES, BCP, BPI and Santander-Totta), as a result of the mediation of the State Treasury and Finance Department and the Directorate-General of Treasury and Finance Department with the respective banking sector.

Under Decree-Law no. 133/2013, which entered into force at the beginning of December 2013, all EDIA financing operations require DGTF approval and IGCP opinion.

In November 2014, following the entry into the public accounts perimeter, EDIA took out a loan granted by the DGTF in order to meet financial needs until the end of the year, and to settle and replace short-term debt in the amount of EUR 189.21 million.

ADOPTION OF ACTIVE POLICY TO ENHANCE PERMANENT CAPITAL

CONSOLIDATION OF REMUNERATED LIABILITIES THROUGH THE TRANSFORMATION OF LIABILITIES, FROM SHORT TO MEDIUM AND LONG TERM, IN FAVOURABLE MARKET CIRCUMSTANCES

As a result of more favourable market conditions, and whenever EDIA is unable to obtain funding through capital increases, it is forced to resort to borrowed capital funding, and at that time there was a concern to consolidate remunerated short-term liabilities into the medium and long term.

As mentioned above, following the entry into the public accounts perimeter, EDIA, as a reclassified company, can only resort to funding from the DGTF or community funding as provided for in the Legal Regime of the Public Enterprise Sector (RJSPE).

In November 2014, EDIA restructured the short-term debt contracted since September 2011, signing a medium and long-term contract in November 2014 for EUR 189.21 million with the DGTF.

In 2019, EDIA's financing was provided through capital endowments amounting to EUR 29.28 million.

MINIMISATION OF REAL GUARANTEES AND COVENANTS

Considering that the EFMA project is of great interest to the country as it is designed to put the water resources from the River Guadiana to good use and foster the economic and social development of the Alentejo region, all EDIA funding has the backing of a personal guarantee from the state and is based only on the financial resources strictly necessary for investment in any period in order to facilitate borrowing on the best market conditions.

When contracting external financing operations, both EDIA and the DGTF (the latter as representative of the sole shareholder, the State) pay particular attention to minimizing restrictive clauses through documentation analysis.

As from 2011, due to the economic and financial circumstances and the constraints on bank funding in Portugal, EDIA took short-term loans to the amount of EUR 161.5 million, from Portuguese banks with no state guarantee (following negotiations between the State Treasury and Finance Department and CGD, BES, BCP, BPI and Santander-Totta regarding funding of state-owned enterprises).

The current financing agreement of EUR 189.21 million with the DGTF, contracted in 2014, does not contain covenants.

In October 2019, EDIA contracted a EUR 45 million medium and long-term loan from the Council of Europe Development Bank (CEB) for the installation of a number of floating photovoltaic power plants at the Alqueva Project's primary network pumping stations. With regard to the guarantee contract, the clauses were previously validated by the IGCP and the DGTF as the State representative.

MEASURES TO OPTIMISE THE COMPANY'S FINANCIAL STRUCTURE

Since its creation, EDIA has focused its activity on the execution of a set of EFMA infrastructures, of which the Alqueva and Pedrógão dams and respective hydroelectric plants, and the global water supply system stand out due to their scale.

EDIA's investment and funding decisions require state approval, as indicated below:

- Pursuant to Article 3 (1) (c) of Decree-Law 42/2007 of 22nd February, EDIA's company object is "designing, executing and building of the Projects secondary network infrastructures, in representation of the state and in accordance with the instructions of the Minister of Agriculture, Forests and Rural Development". Funding must be obtained as defined in Point 2, i.e. "Through the Ministry of Agriculture, Forests and Rural Development, the state ensures funding and other conditions associated with EDIA's business, with regard to the pursuit of the object defined in Point c) of the previous paragraph. The works are State property";
- Regarding the primary network, Point 3 sets out, "The construction of the primary and secondary irrigation networks in the Project requires prior approval of projects by the Minister of Agriculture, Forests and Rural Development, who must monitor the entire process as required by the law on hydro-agricultural works." The execution of the primary network also requires prior approval by the state, as the shareholder"; and
- Regarding funding and guarantees, Article 8 (1) of the same decree-law sets out, "Medium and long-term funding for EDIA requires authorisation from the Ministry of Finance."

When planning EFMA investments and funding, EDIA's sole purpose is to fulfil the goals set for the company by its Shareholder. Where funding is concerned, community funds available in the different operational programmes for the EFMA are always considered, followed by capital contributions from the Shareholder.

On December 31st, 2019, the Company's Share Capital, fully subscribed and paid-up, amounts to EUR 838,810,320 (composed of 167,762,064 shares), and is held 100% by the Portuguese State, through DGTF. The variation in 2019 (EUR 29,275,440 and 5,855,088 new shares) is due to the following issues of shares with a Par Value of EUR 5 each:

- **September 2019:** Issue of 3,355,088 new shares, with a par value of EUR 5 each, made in cash. The amount subscribed and paid-up was EUR 16,775,440 (September 3rd); and
- **September 2019:** Issue of 2,500,000 new shares, with a par value of EUR 5 each, paid in cash. The amount subscribed and paid-up was EUR 12,500,000 (September 11th).

Following the approval by the EIB and the CEB of the loans enabling the financing of PNRegadios, which is part of the Alqueva 2nd Phase (at the end of 2017), in April 2018, the signing of the financing agreements between the Portuguese State, the EIB and the CEB should be emphasized. Reference should also be made to the publication of Resolution of the Council of Ministers No. 133/2018 on October 12th, which approves PNRegadios and, already in 2019, of Ordinance No. 38/2019, of January 29th, which regularizes its operationalization and the Project Execution Unit's concomitant operationalization.

The publication of the 1st Notice for the submission of applications, on April 29th, 2019, decisively marked the operationalization of PNRegadios, approved by the Portuguese State in October 2018, and financed through the EIB and CEB. One should also mention that, of the approximately EUR 560 million stipulated for the benefit of 100 thousand ha throughout the country, EUR 236 million are intended to subsidise the 2nd phase of implementation of the Alqueva Irrigation.

Following this announcement, EDIA prepared ten applications for projects in the 2nd phase of infrastructure for the Alqueva irrigation system in May, representing a total investment of approximately EUR 95 million, of which nine were approved by the end of 2019, and the Reguengos de Monsaraz hydraulic circuit and respective block, whose total value exceeds EUR 50 million, must still be examined, so it must be approved in advance by the EIB.

Lastly, one should mention EDIA's EUR 45 million loan with CEB for the investments in the Alqueva photovoltaic park.

FINANCING POLICY

THOUSAND EUR					
Years	2015	2016	2017	2018	2019
Financial Charges (€)	8.085,90	7.198,28	6.416,66	5.179,42	3.123,14
Average Financing Rate (%)	1,11%	1,04%	1,01%	1,60%	1,09%

From 2013 to 2014, the need to finance EFMA's investment activities, as well as the debt service payment, entailed the use of borrowed capital by taking out bank loans.

As from 2015, the change in the financial policy defined by the Shareholder, previously based on loans, and currently on sufficient capital allocations to keep up with the pace of investments and bear the debt service charges, resulted in a reduction of the charges (-65.54%).

Bond financing is indexed to variable interest rates, namely Euribor, so the evolution of the average financing rate is directly related to this rate's variation, which in 2017 show historical lows.

Borrowed funding in 2014 with the DGTF in the amount of EUR 189.00 million has a fixed nominal annual rate, equivalent to the Republic's cost of financing at the date of the disbursement.

In 2019, there was a decrease in Remunerated Liabilities, since there was no financing from borrowed capital, and only partial repayments were carried out regarding the loan with the EIB (EUR 31.62 million), and the debenture loan amounting to EUR 94.35 million (EUR 6.74 million).

CAP ON INCREASES IN BORROWING

Remunerated Liabilities	2019	2018	Variation 19/18	
	Values		Value	%
Remunerated Financing (Current and Non-Current)	285.866.369,17	324.216.416,15	-38.350.046,98	-11,83%
... of which was granted by DGTF	126.139.523,33	126.139.523,33	0,00	
Capital increases for paid-up capital	29.275.440,00	280.233.480,00	-250.958.040,00	-89,55%
Capital allocation to cover losses	0,00	33.473.247,00	-33.473.247,00	
Capital Increase by Credit Conversion	0,00	0,00	0,00	

NEW INVESTMENTS	8.661.281,37
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	2019
Paid Financing of 2019	285.866.369,17
Paid Financing of 2018	324.216.416,15
Share Capital in 2019	838.810.320,00
Share Capital in 2018	809.534.880,00
New Investments of 2019	8.661.281,37
VARIATION IN INDEBTEDNESS	-1,56%

As shown in the table above, there was a -1.56% reduction in indebtedness, justified by the repayment of loans, with financing by capital injections from the State shareholder.

AVERAGE PAYMENT TERM

EVOLUTION OF THE AVERAGE PAYMENT TERM

The evolution of the Average Payment Term (PMP), in accordance with RCM no. 34/2008, February 22nd, as amended by Ordinance no. 9870/2009, of April 13th, approves the "Pay In Good Time" programme, which aims to reduce the average payment times practiced by public entities to suppliers of goods and services.

EDIA, S.A.'s APT for 2019 and 2018 (according to the DGTF formula) is presented below:

PMP	2019	2018	Variation 19/18	
			Value	%
Term (Days)	63	70	-7	-10,00%

Throughout 2019, the PMP suffered a 7 day decrease, compared to the terms presented in 2018, approximately 10.00%. This decrease is justified by the financial effort the company made in meeting the deadlines agreed with suppliers.

PAYMENTS IN ARREARS

The debts to be reported refer to the supplies of goods and services for which payment is overdue, as defined in Decree-Law no. 65-A/2011, of May 17th: "non-payment of invoice corresponding to the supply of goods and services in the following article after the expiration of 90 days or more on the date agreed upon for the payment of invoice or, in its absence, on the date stated therein."

Article 26 (2) of Decree-Law No. 84/2019 of June 28 requires public companies, with an average payment term of over 60 days, to disclose, on their websites, an updated list of their certain, net and due debts, held for more than 30 days, and to update it by the end of the month following the end of each quarter.

EDIA, in order to comply with the law, as referred to above in paragraph 2 of article 26 of Decree-Law No. 84/2019 of June 28th, discloses an updated list of their certain, net and due debts, held for more than 30 days, on EDIA's website, SIRIEF, SIGO.

In accordance with the provisions, the final list and identification of EDIA, S.A.'s late payments as of December 31st, 2019 is presented below:

Overdue Debts	Value (€)	Value of Overdue Debts According to Art. 1 st DL 65-A/2011 (€)				
	0-90 days	90-120 days	120-240 days	240-360 days	> 360 days	
Purchase of Goods and Services	2 282 056,94					
Capital Acquisition						
TOTAL	2 282 056,94					

As of December 31st, 2019, EDIA, S.A. does not present payments in arrears as defined by Article 1 of DL 65-A/2011.

ACTIONS TAKEN AND RESULTS OBTAINED WITHIN THE SCOPE OF COMPLIANCE OF THE SHAREHOLDER'S RECOMMENDATIONS

At the Company's Annual General Meeting of October 4th, 2019, the only Shareholder, the State, recommended that the Board of Directors take steps to comply with:

- the goal of payment term to suppliers in accordance with the criteria defined in the Resolution of the Council of Ministers No. 34/2008 of February 14th;

Throughout 2019, the PMP decreased 7 days, compared to the terms presented in 2018, justified by the financial effort that the company made in meeting the contractual deadlines with suppliers.

- to the provisions of no. 2 of article 26 of Decree-Law no. 84/2019, of June 28th; and

EDIA, in order to comply with the above-mentioned Decree-Law, as it has an Average Payment Term of over 60 days, publishes a list of its certain, net and due debts held for over 30 days on the Internet, and updates it quarterly, until the end of the month following the end of each quarter.

- to the provisions of article 33(3) of the Public Manager statute, regarding the fuel and tolls amount allocated monthly to service vehicles.

The value executed in these headings reflects the result of the business dynamics combined with the geographical dispersion of Alqueva project implementation. Even so, measures were taken after the General Assembly, of October 4th, 2019, whose results will only have an effective manifestation in 2020, albeit certain that the limits will be met in 2020 and that significant reductions have already been achieved in 2019 compared to previous years.

REMUNERATION

MANAGEMENT BODIES

FIXED REMUNERATORY STATUTE	
SHAREHOLDERS' GENERAL MEETING	
Chairman	Shareholder Order of 05/23/2018: (a)
	Attendance fee of EUR 575.00 (per General Meeting, normally one per year)
Secretary	Shareholder Order of 05/23/2018: (a)
	Attendance fee of EUR 375.00 (per General Meeting, normally one per year)
BOARD OF DIRECTORS (Managing Directors)	
Chairman	
Shareholder Order of 05/23/2018: (a)	
Remuneration of 4,864.34 € (14 times per year) plus 40% in representation expenses in the amount of 1,945.74 € (12 times per year)	
Remuneration: b)	
Remuneration of € 4,906.64, plus € 924.23 in representation expenses, from January 1 st through April 30 th , 2019	
Remuneration of € 4,763.88, plus € 1,386.34 in representation expenses, from May 1 st through November 30 th , 2019	
Remuneration of € 4,621.12, plus € 1,848.45 in representation expenses, as of December 1 st , 2019, with a 5% reduction (reduction provided for in paragraph 1 of article 12 of Law No. 12/2010, of June 30 th)	
Service vehicle (€ 40,000.00 purchase limit); Driver; Mobile phone (monthly limit of € 80.00); Health Insurance (€ 360.83 per year)	
Members	
Shareholder Order of 05/23/2018: (a)	
Remuneration of € 3,891.47 (14 times per year) plus 40% in representation expenses in the amount of € 1,556.59 (12 times per year)	
Remuneration: b)	
Remuneration of € 4,069.27, plus € 739.38 in representation expenses, from January 1 st through April 30 th , 2019	
Remuneration of € 3,883.09, plus € 1,109.07 in representation expenses, from May 1 st through November 30 th , 2019	
Remuneration of € 3,696.90 plus € 1,478.76 in representation expenses, as of December 1 st , 2019, with a 5% reduction (reduction provided for in paragraph 1 of article 12 of Law No. 12/2010, of June 30 th)	
Service vehicle (purchase limit of € 40,000.00); Mobile phone (monthly limit of € 80.00); Health Insurance (€ 360.83 per year)	
SUPERVISORY BODIES	
Statutory Auditor	Remuneration corresponding to 22.5% of 12 months of gross global monthly remuneration attributed, under legal terms, to the Chairman of the Board of Directors of EDIA, SA – € 6,469.57 * 22.5% = 1,455.65 * 12 = € 17,467.80 (from December 1 st , 2019)
	Travel expenses (transport and accommodation), according to Art. 59 of the ROC Statutes
Fiscal Council	Chairman
	Shareholder Order of 05/23/2018: (a)
	Monthly salary of EUR 1,362.01 (14 times per year)
	Remuneration: b)
	Remuneration of € 1,200.22 from January 1 st through April 30 th , 2019
	Remuneration of € 1,281.12, from May 1 st through November 30 th , 2019
	Remuneration of € 1,362.01, as of December 1 st , 2019
	Members
	Shareholder Order of 05/23/2018: (a)
	Monthly salary of EUR 1,021.51 (14 times per year)
	Remuneration: b)
	Remuneration of € 900.17 from January 1 st through April 30 th , 2019
	Remuneration of € 960.84, from May 1 st through November 30 th , 2019
	Remuneration of € 1,021.51, as of December 1 st , 2019

(a) The Written Unanimous Social Resolution of May 23rd, 2018 fixed the remuneration statute of the members of EDIA's Governing Bodies for the 2018-2020 term. Following the publication of the Budget Execution Decree-law for 2019 (Decree-law No.84/2019, of June 28th), and of the provision in No.1 of article 209 of this diploma, the amendment to remuneration of the members of the Board of Directors for the remuneration statute approved by the Shareholder Order, in a phased manner, as established in paragraphs 1 and No.2 of article 16 of the LOE.

(b) The total amount of remuneration received was amended in early 2018. As part of the approval of a set of additional fiscal consolidation measures aimed at strengthening and accelerating the reduction of excessive deficit and the control of public debt growth foreseen in the Stability and Growth Programme (PEC), the 5% reduction in salaries for public and equivalent managers is maintained, as provided for in Article 1, No. 1, of Law No. 12-A/2010, of June 30th.

There is still no place for the attribution of management prizes as provided for in article 4 of Decree-Law No. 8/2012, of January 18th, and in No. 4 of the Resolution of the Council of Ministers No. 36/2012, of March 26th, in article 29 of Law No. 64-B/2012, of December 30th (LOE 2012), in article 37 of Law No. 66-B, of December 31st (LOE 2013), in article 41 of Law No. 83-C, of December 31st (LOE 2014), in article 41 of Law 82-B/2014 of December 31st (LOE 2015), in article 18 of Law 7-A/2016 of March 30st (LOE 2016), in article 19 of Law No. 42/2016, of December 28th (LOE 2017), in article 20 of Law No. 114/2017 of December 29th (LOE 2018), and Article 27 of Law No. 71/2018, of December 31st (LOE/2019).



SHAREHOLDERS' GENERAL MEETING

EUR

Term	Position	Name	Set Fee Value	Gross Amount Earned
(Beginning-end)				
(2018-2020)	Chairman	Henrique António de Oliveira Troncho	575	575
(2018-2020)	Secretary	Ana Luísa Soares	375	375
(2018-2020)	Secretary	José António Brito Ramos	375	375
			1.325	1.325

BOARD OF DIRECTORS

Term	Position	Name	Designation		OPRLO (2)			Terms
(Beginning-End)			Form (1)	Date	Yes/No	Source Entity	Paying Entity (O/D)	
2015-2017	Chairman *	José Pedro Mendes Barbosa da Costa Salema	DUE	22/07/15	Yes	EDIA	D	2
2015-2017	Member **	Augusta Manuel Pereira de Jesus Cachoupo	DUE	22/07/15	Yes	EDIA	D	3
2015-2017	Member ***	Jorge Manuel Vazquez Gonzalez	DUE	22/07/15	Yes	EDIA	D	2
2018-2020	Chairman *	José Pedro Mendes Barbosa da Costa Salema	AG	23/05/18	Yes	EDIA	D	3
2018-2020	Member **	Augusta Manuel Pereira de Jesus Cachoupo	AG	23/05/18	Yes	EDIA	D	4
2018-2020	Member ***	Jorge Manuel Vazquez Gonzalez	AG	23/05/18	Yes	EDIA	D	3

Key:

(1) Indicate Resolution (R)/AG/DUE/Order (D)

(2) Option for the Remuneration of the Place of Origin – provided for in No. 8 of article 28 of the EGP. Indicate paying entity (O – Origin/D – Destination)

Note:

* Start date of the 1st term – 12/02/2013

** Start date of the 1st term – 21/04/2010

*** Start date of the first term – 08/03/2012

Member of the BD [Name]	Accumulation of Functions		
	Entity	Function	Scheme
	[Identify]	[Identify]	[Public/Private]
José Pedro Mendes Barbosa da Costa Salema	-	-	-
Augusta Manuel Pereira de Jesus Cachoupo	-	-	-
Jorge Manuel Vazquez Gonzalez	-	-	-

EUR

Member of the BD [Name]	EGP			
	Set	Classification	Gross Monthly Salary	
	(Y/N)	(A/B/C)	Monthly Salary	Representation Fees
José Pedro Mendes Barbosa da Costa Salema	Y	B	4.864	1.946
Augusta Manuel Pereira de Jesus Cachoupo	Y	B	3.891	1.557
Jorge Manuel Vazquez Gonzalez	Y	B	3.891	1.557

EUR

Member of the BD [Name]	Annual Remuneration				
	Fixed (1)	Variable (2)	Gross Amount (3)=(1)+(2)	Remuneratory Reductions (4)	Final Gross Amount (5)=(3)+(4)
José Pedro Mendes Barbosa da Costa Salema	91.450	-	91.450	4.573	86.877
Augusta Manuel Pereira de Jesus Cachoupo	73.160	-	73.160	3.658	69.502
Jorge Manuel Vazquez Gonzalez	73.160	-	73.160	3.658	69.502
			237.770	11.889	225.881

Note:
(1) The fixed remuneration amount corresponds to the salary (14 x) + representation expenses (12 x)
(4) Reduction provided for in article 12 of Law No. 12-A/2010, of June 30th – 5%



Member of the BD (Name)	Social Benefits							
	Meal Allowance		National Security Scheme		National Security Scheme/Annual Charge	Health Insurance/Annual Charge	Other	
	Amount/Day	Paid Amount/Year	Identify	Annual Charge			Identify	Amount
José Pedro Mendes Barbosa da Costa Salema	4,77	1.059	Social Security	20.641	360	-	-	-
Augusta Manuel Pereira de Jesus Cachoupo	6,91	1.444	Social Security	16.898	360	-	-	-
Jorge Manuel Vazquez Gonzalez	6,91	1.589	Social Security	16.898	360	-	-	-
		4.092		54.437	1.080			

Member of the BD (Name)	Vehicle Expenses								
	Assigned Vehicle	Conclusion of the Contract	Vehicle Reference Amount	Modality (1)	Year Start	Year End	Monthly Rental Amount	Annual Rental Expense	Remaining Contractual Benefits
	[Y/N]	[Y/N]	[€]	[Identify]			[€]	[€]	(No)
José Pedro Mendes Barbosa da Costa Salema	Y	08/10/2017	34.317	Purchase			-	-	-
Augusta Manuel Pereira de Jesus Cachoupo	Y	22/01/2015	26.000	Purchase	-	-	-	-	-
Jorge Manuel Vazquez Gonzalez	Y	20/02/2015	26.000	Purchase	-	-	-	-	-

(1) Purchase; ALD; Leasing or other

Member of the BD (Name)	Annual expenses associated with Missions					
	Missions	Accommodation Expenses	Allowances	Other		Total Travel Expenses (Σ)
				Identify	Amount	
José Pedro Mendes Barbosa da Costa Salema	481	1.866	1.877	-	-	4.224
Augusta Manuel Pereira de Jesus Cachoupo	411	345	1.305	-	-	2.061
Jorge Manuel Vazquez Gonzalez	104	2.880	1.870	-	-	4.854
						11.139

AUDITING

SUPERVISORY BOARD

Term (Beginning-End)	Position	Name	Designation		Remuneratory Statute Fixed Monthly (€)	No. of Terms
			Form (1)	Date		
(2018-2020)	Chairman	Sara Alexandra Pereira Simões Duarte Ambrósio	AG	23/05/2018	1.362	1
(2018-2020)	Member (*)	Nelson Manuel Costa dos Santos	AG	23/05/2018	1.022	3
(2018-2020)	Member (**)	Gonçalo Mendes de Freitas Leal	AG	23/05/2018	-	1
(2018-2020)	Member (***)	Hugo Alberto Cordeiro Lobo	AG	21/10/2019	1.022	1
(2018-2020)	Alternate Member	Cristina Maria Pereira Mascarenhas Vieira Sampaio	AG	23/05/2018	-	4

Minimum and maximum statutory number of members
Key:
(1) Resolution (R)/General Meeting (AG)/Unanimous Written Resolution (DUE)/Order (D)
(*) Date of first term: 27/03/2013
(**) Left office on 09/20/2018
(***) Entered office on 10/21/2019



Name	Annual Remuneration		
	Gross (1)	Remuneratory Reductions (2)	Final Amount (3)=(1)-(2)
Sara Alexandra Pereira Simões Duarte Ambrósio	18.845	-	18.845
Nelson Manuel Costa dos Santos	14.483	-	14.483
Hugo Alberto Cordeiro Lobo (*)	2.744	-	2.744
Cristina Maria Pereira Mascarenhas Vieira Sampaio	-	-	-
			36.072

(*) Entered office on 21/10/2019

STATUTORY AUDITOR AND AUDITOR REGISTERED AT CMVM

RCA – Rosa, Correia & Associados, SROC, S.A. began its functions on December 19th, 2016, the date on which EDIA's General Assembly elected the ROC for the three-year term of 2015-2017, and has been working with EDIA since. It should be noted that the ROC was elected to complete the 2018-2020 mandate by DUE on May 30th, 2019.

Term (Beginning-End)	Position	SROC/ROC Identification			Designation			No. of Years with the Group	No. of Years with the Company
		Name	Registration No. at OROC	Registration No. with the CMVM	Form (1)	Date	Date of Contract		
(2018-2020)	Statutory Auditor	RCA – Rosa, Correia & Associados, SROC, S.A. Represented by Paulo Fernando da Silva Pereira, as permanent Statutory Auditor, and by Luís Francisco Pereira Rosa, as Alternate Statutory Auditor	143	20161455	AG	30/05/2019	03/10/2019	-	5

Note: Must be identified permanent (SROC and ROC) and alternate (SROC and ROC)

(1) Indicate AG/DUE/Order (D)

Appointment of the ROC for the 2018-2020 period, on AG of 10/04/2019.

Name ROC/FU	Annual Value of the Service Agreement – 2019			Annual Value of Additional Services – 2019		
	Amount (1)	Reductions (2)	Final Amount (3)=(1)-(2)	Amount (1)	Reductions (2)	Final Amount (3)=(1)-(2)
RCA – Rosa, Correia & Associados, SROC, S.A. Represented by Paulo Fernando da Silva Pereira, as permanent Statutory Auditor	17.540	-	17.540	-	-	-

EXTERNAL AUDITOR

Identification of the External Auditor			Date of Contract	Duration of Contract	No. of Years with the Group	No. of Years with the Company
Name of External Auditor	No. OROC	No. CMVM				
Baker Tilly, PG & Associados, S.A. Represented by Paulo Jorge Duarte Gil Galvão André	235	20161528	12/01/2017	2017-2019	-	3
	979	20160596				

Key:

(*) EDIA's External Auditor with CMVM is the ROC

EUR

Name of External Auditor	Annual Value of the Service Agreement – 2019			Annual Value of Additional Services – 2019		
	Amount (1)	Reductions (2)	Final Amount (3)=(1)-(2)	Amount (1)	Reductions (2)	Final Amount (3)=(1)-(2)
Baker Tilly, PG & Associados, S.A. Represented by Paulo Jorge Duarte Gil Galvão André	29.723	-	29.723	-	-	-

The External Auditor working for EDIA is working under a three-year contract covering the 2017-2019 financial years.

The Statutory Auditor heading the contractual auditing is Paulo Jorge Duarte Gil Galvão André (Chairman of the Board of Directors of Baker Tilly, PG & Associados – Sociedade de Revisores Oficiais de Contas).

ARTICLES 32 AND 33 OF THE PUBLIC MANAGER STATUTE

As from April 2012, remuneration of public managers has been governed by the new Public Manager Statute (EGP), published in Decree-Law no. 8/2012 of January 18th, object of the Declaration of Rectification no. 2/2012, January 25th, in conjunction with the Council of Ministers' Decision (RCM) no. 16/2012 approving the criteria for determining the salary of public managers, and no. 36/2012, approving the classification of public companies and public entities within the National Health Service in order to determine their managers' remuneration, as well as ratings allocated to the companies included in the Annex in three groups (A, B and C). EDIA was rated in group B, with effect in terms of fixing the remuneration of members of the Management Bodies.

At the General Assembly no. 30 of May 23rd, 2018, the Remuneration Policy for the EDIA's Management Bodies members was established for the 2018-2020 term, also incorporating the Annual Statement on Remuneration Policy for EDIA's Management and Supervisory Bodies members.

On the other hand, and in line with stipulations in article 32 of the EGP, and as republished by Decree-Law no. 8/2012, namely, with regard to the application of the provisions in numbers 1 and 2 of article 32 of the aforementioned Decree-Law, EDIA's Board of Directors does not use credit cards, or other payment instruments used by public managers, for the purpose of incurring EDIA expenses, nor does it receive reimbursements for any expenses that fall within the scope of personal representation expenses.

The following tables systemize, respectively, the expenses associated with communications, and the monthly fuel and toll amounts assigned to service vehicles (Articles 32 and 33 of the EGP).

EUR

Member of the BD (Name)	Communication Expenses		
	Set Monthly Ceiling	Annual Amount	Notes
José Pedro Mendes Barbosa da Costa Salema	80	321	-
Augusta Manuel Pereira de Jesus Cachoupo	80	190	-
Jorge Manuel Vazquez Gonzalez	80	122	-
		633	

EUR

Member of the BD (Name)	Monthly Ceiling Fuel and Tolls	Annual Expenses associated with Vehicles			
		Fuel	Tolls	TOTAL	Notes
José Pedro Mendes Barbosa da Costa Salema	486	4.603	3.024	7.627	-
Augusta Manuel Pereira de Jesus Cachoupo	389	3.280	1.552	4.832	-
Jorge Manuel Vazquez Gonzalez	389	3.831	2.096	5.927	-
				18.386	

Annual expenses associated with vehicles reflect the result of the business dynamics combined with the geographical dispersion of the implementation of the Alqueva project. Even so, measures were taken after the General Assembly of October 4th, 2019, the results of which will only have an effective manifestation in 2020.

UNDOCUMENTED EXPENDITURES

EDIA does not have expenditures of this nature registered in its accounts.

REPORT ON PAID REMUNERATIONS TO WOMEN AND MEN

The report on remunerations paid to women and men, as determined in paragraph 2 of the Council of Ministers' Decision no. 18/2014, of March 7th, is disclosed and available on this [LINK](#).

ANNUAL REPORT ON CORRUPTION PREVENTION

The Summary Report on the Implementation of the Corruption and Related Offenses Risk Prevention Plan (PPRCIC), is available on EDIA's institutional website, in this [LINK](#).

PUBLIC PROCUREMENT

Regarding the implementation of the Rules for Public Procurement, EDIA is subject to the application of the Public Procurement Code (CCP) approved by Decree-Law no. 18/2008 of January 29th, by virtue of Article 2, paragraph 2, subparagraph a). In applying the rules of public procurement, EDIA is guided by the principles of equality, non-discrimination and transparency detailed in the national and European right to public procurement, without losing sight of other equally important values such as economy and sound financial management of public resources and the selection of the most suitable bid for the public interest. Decisions authorising spending are based on information where the need to contract is justified and the most appropriate procedure is proposed, following the procedure provided for in the CCP and the procedural rules established in internal regulations, bearing in mind the need to disaggregate functions and target parts of each procedure, particularly in terms of defining the relevant criteria for the award. the guidelines issued by the Ministry of Finance and related to the contracting, namely of services, by public companies, were also included in the public procurement procedures implemented in EDIA.

For several years now, EDIA has implemented a set of measures that have allowed a significant reduction in the average cost of purchases per employee, thus anticipating some of the measures now being addressed. Furthermore, following the implementation of these measures and the concomitant effect seen in terms of cost reduction, maintaining them has been a primary concern, and the possibilities that arise in connection with any reduction of these costs have not been ignored, either.

The development of awarding procedures foreseen in the CCP commonly used in the Company, that is, the public tender, the prior consultation and the direct adjustment according to the general scheme foreseen therein is processed on an electronic platform, in line with the dematerialization already operated within the scope of the Company's internal document management.

In terms of handbooks on the procurement of goods or services and in order to address the concerns underlying DGTF notice no. 6132 of 06.08.10, it was decided that in provision of services contracts worth EUR 125,000.00 (excluding VAT) or more, the award must be preceded by a justification of the need to hire, both from the economic standpoint and relative to the lack of internal solutions, as well as an explanation of the goals that should be reached in terms of a cost-benefit analysis.

At present, already incorporated in the relevant internal procedure handbook is the need for compliance, even when preparing the information that underpins and proposes a specific acquisition, as provided for in Article 127 of the CCP (the wording of Law no. 64-B/2011 of December 30th, which enters into force on January 1st, 2012), pursuant to which the publication on the portal of the public procurement of all contracts concluded by direct award whose value is EUR 5,000.00 or more must contain the reasons for the need to resort to direct award, with special emphasis on the impossibility of meeting the need by way of the Public Administration's own resources.

With regard to the existence of contracts awarded in 2018 and subject to prior approval by the Court of Auditors in 2019, one should indicate:

EUR

Alqueva Subsystem	Value of the Contract Awarded	Approval of the Court of Auditors (Reference)
Primary Network		
Connection to EFMA's Morgavél adduction system	9.597.947,44	3735/2019
Secondary Network		
Irrigation Infrastructure of the Cuba-Odivelas block	8.441.900,00	3323/2019

In 2019, EDIA also awarded the following contracts worth over EUR 5,000,000.00, and the procedures for obtaining prior approval from the Court of Auditors were also initiated:

EUR

Alqueva Subsystem	Value of the Contract Awarded	Approval of the Court of Auditors (Reference)
Primary Network		
Viana do Alentejo hydraulic circuit	5.946.690,49	4054/2019
Secondary Network		
Viana do Alentejo main adductor and respective block	7.142.729,00	4104/2019
Évora hydraulic circuit respective irrigation block	11.995.964,79	3324/2019

On the other hand, and as regards the justification for incurring each expense, the need for competitive procedures was firmly established, with the handbooks on the procurement of goods or services in force in the Company requiring that the choice of the procedure to invite a single entity must always be justified on technical, economic, urgency or some other grounds, so as not to widen the universe of competitors.

Guidance was given to the effect that the price factor is of increasing importance in the award criteria adopted, seeking gains in efficiency, rationalisation and transparency in this way. Software was also implemented to facilitate control of the limits set by Article 113(2) of the Public Procurement Code at the stage of choosing and proposing which entities to invite.

Regarding the recommendation to encourage companies to sound out their internal powers, throughout this report several references are made to the significant efforts made by EDIA to develop its activity with the same or, if possible, with a smaller number of resources, a strategy which continued to be followed in 2017 without compromising the pursuit of the planned activities.

Finally, considering measures for fiscal restraint and public expenditure limitation articulated with all the guidelines issued by the Finance Department regarding control measures and implementation of public expenditure, the skills to carry out expenditure and the acquisition of goods and services are defined in Work Order no. 1/2013 which aims to establish clear and effective rules for the management of funds of the Company. This document defines, in a detailed manner:

- A tiered hierarchy of powers delegated by levels of responsibility; and
- The form of approval, conference and validation of expenditure incurred.

NATIONAL SYSTEM OF PUBLIC PROCUREMENT

In the supply of goods and services required for its activity, EDIA scrupulously complies with the legislation in force and the guidelines issued by the Shareholder. The existence of a model of governance clearly known by all employees, with diverse skills and attributes, and centralised purchasing services, allows it to achieve economies of scale that have proven to be efficient and advantageous to the Company's management. The results obtained in the field of provision of computer services, mobile communications, asset management and consumables stand out in this regard.

It should also be noted that EDIA already carried out the dematerialization of the entire procurement procedure cycle. Internally from the authorization of expenditure validated on document management platform and supported in SAP and at the level of relationship with suppliers by the use of an electronic platform for public procurement, connected with the Official Portal for Public Procurement.

Lastly, and considering the need to contain expenses, it was also determined that the price factor should hold significant weight in the awarding criteria adopted, and that they be preceded by adequate support and justification regarding the need to contract and analyse the lack of alternative internal solutions, thus seeking to enhance not only efficiency and streamlining, but also transparency.

MEASURES TO REDUCE OPERATING EXPENDITURE

EUR

PRC	2019 Execution	2019 Budget	2018 Execution	2017 Execution	2019/2018	
					Absolute Var.	Variation %
0) EBITDA	10.140.058	10.104.498	8.726.516	10.821.121	1.413.542	16,20%
(1) CMVMC	60.689	20.977	59.254	43.533	1.436	2,42%
(2) FSE	25.034.798	28.750.159	16.954.589	18.524.986	8.080.209	47,66%
(3) Personnel costs plus charges I), II) and III)	6.133.411	6.045.091	5.876.982	5.776.342	256.430	4,36%
(3.I) Indemnities paid for termination	1.407	2.000	696	72.562	711	102,15%
(3.II) Remuneration valuations under the terms of the LOE 2018	184.524	165.800	139.231	0	45.293	32,53%
(3.III) Impact of the application of the provisions of article 21 of Law No. 42/2016, of December 29 th		0	0	3.732	0	
(4) Operating Expenses = (1) + (2) + (3)	31.228.899	34.816.227	22.890.824	24.344.860	8.338.074	36,43%
(5) Turnover (VN)	37.087.727	39.921.774	30.280.146	28.958.876	6.807.580	22,48%
(6) Weight of Expenses/VN = (4)/(5)	16,54%	87,21%	75,60%	84,05%	-1	-78,12%
(I) Travel expenses (FSE)	21.213	27.215	15.530	15.672	5.683	36,60%
(II) Expenses with subsistence allowances and accommodation (G w/Staff)	24.566	29.938	21.870	20.755	2.696	12,33%
(III) Expenses associated with the vehicle fleet (b)	704.262	689.393	712.837	713.833	-8.575	-1,20%
Total = (I) + (II) + (III)	750.041	746.546	750.238	750.260	-196	-0,03%
(7) Charges for contracting researches, opinions, projects and consultancy	315.605	315.845	315.846	316.126	-241	-0,08%
Total Number of HR (GB + MP + Employees)	185	185	184	185	1	0,54%
No. of Governing Bodies (OS)	6	6	5	6	1	20,00%
No. Management Positions (MP)	24	24	24	25	0	0,00%
No. Employees (without GB and without MP)	155	155	155	154	0	0,00%
No. Employees/No. MP	6,46	6,46	6,46	6,16	0	0,00%
No. of Vehicles	80	80	80	77	0	0,00%

a) To assess the degree of compliance with the measures to reduce operating expenses (CMCMC + FSE + Personnel costs), expenses with severance payments are not considered, in implementation of the provisions of article 21 of Law No. 42/2016, of December 28th, and the remuneration valuations under the terms of the LOE 2019. The FSE includes the amount of Secondary Network Investment registered in Subcontracts.

b) Turnover is adjusted for operating subsidies and compensatory allowances and includes the amount of variation in production inventories

c) Vehicle expenses must include: rent/amortization, inspections, insurance, tolls, fuel, maintenance, repair, tires, fees and taxes

In 2019, there was an increase in operating expenses compared to 2018 (25.91%), justified essentially by the increase in energy consumption, which is directly related to the current year's drought and to an increase in water distribution activity, resulting in a significant increase in pumping. EDIA was able to ensure a reduction in total costs under travel and subsistence expenses, daily allowances, and car fleet by -0.03%.

Regarding the car fleet, due to the measures developed over the course of 2019, it was possible to maintain expenditure in comparison with 2018, mostly due to the containment in fleet increase, despite its real need, which is motivated by the beginning of the new contracts cycle within the scope of the EFMA enlargement, to which the companies have to respond, providing means and logistical conditions to achieve their proposed objectives, and on the other hand by the breath of the installed and infra-structured irrigation area, currently in operation in EFMA, to which it is necessary to maintain service levels. On December 31st, 2019, EDIA's car park consisted of 80 vehicles.

Following the guidelines transmitted by the Tutelage, the Company, despite the strong operational activity, operation and maintenance components of the irrigation perimeters, according to the programming of activities approved by State Shareholder, has been able to stabilize its global number of employees, privileging the redistribution of tasks among employees already at its service, through the adoption of internal mobility policies. In fact, as of December 31st, 2011, EDIA's staff comprised 189 employees, rising to 188 in 2012, 187 in 2013, 185 in 2014 and 2015, and 179 in 2016, 2017, 2018 and 2019.

Regarding the executed amounts, the 4.36% increase in Personnel Expenses is justified by the attribution of remunerations pertaining to 2018 (attribution of 75% of the remunerations valuation as of May 1st, 2019, and 100% as of December 1st, 2019) and 2019 (50% on January 1st, 2019, 100% as of December 1st, 2019).

In accordance with its objectives and statutes, the strong commitment of EDIA's human resources was demonstrated, in a particularly expressive manner, by the strengthening of the appreciation and introduction of flexibility and polyvalence concepts within the organization, which gave rise to the transfer of employees between areas, reinforcing the operational and equipment maintenance areas. The policy pursued by EDIA throughout the year focused on redirecting some of its human resources to new areas of the organization, through the reconversion of the tasks for which they became responsible. It should be noted that this increase and diversification of the Company's activities was carried out on established staff.

CONTRACTING OF STUDIES, OPINIONS, PROJECTS AND CONSULTANCY

In these cases, the expense support information, submitted for the approval of the Board of Directors, or its explanation, in person, provides a justification for the need and impossibility of using own resources.

PRINCIPLE OF STATE TREASURY UNIT

EDIA, pursuant to Decree-Law No. 191/99 of June 5th, approving the State Treasury of Article 28 of Decree-Law no. 133/2013, of October 3rd, which establishes the principles and rules applicable to the corporate public sector, is part of the universe of bodies subject to the rules on the State Treasury Unit (UTE) and, therefore, has open accounts with the IGCP, EPE (IGCP) through which it must carry out all the financial transactions, in compliance with the Principle of Treasury Unit (PUT) established under Article 28 of Decree-Law no. 133/2013, of October 3rd.

However, due to the nature and diversity of financial transactions, either by virtue of the rules on the use of Community funds or by limitations of the facilities and services provided by the IGCP while "public treasury bank" (namely medium and long-term bond loans, as well as bank guarantees), EDIA has to contract some commercial banking services/products, so as not to compromise the normal functioning of financial services. It should be noted that, at the end of 2019, the rate to centralize at IGCP was 97.55%.

Considering that compliance with UTE rules may be waived annually by authorization of the shareholder feature in case of Public Companies (PE), due to the context presented and with the weighting of constraints presented, EDIA requested the dismissal of full concentration of the Company's deposits in IGCP for 2018, as provided in paragraph 3 of Article 28 of Decree-law No. 133/2013 of October 3rd, and in accordance with point (b), 4 of article 135 of Law 114/2017 of December 29th. On July 18th, 2018, EDIA received a letter from the Treasury and Public Debt Management Agency, so as to exempt from UTE compliance, for 2018 and 2019, the values:

- a) Purpose of the contracted collection service, which must be transferred to EDIA accounts at IGCP, every two weeks;
- b) Collected through the use of the direct debts creditor, which must be transferred biweekly to EDIA accounts in IGCP; and
- c) bank guarantees which cannot be replaced by escrow deposits.

The remaining amounts should therefore be handled by EDIA through IGCP accounts, by using the banking services provided by this Agency.

EUR

Commercial Banking *	1 st Trimester 2019	2 nd Trimester 2019	3 rd Trimester 2019	4 th Trimester 2019
Caixa Geral Depósitos – Beja	1.040.851,85	447.396,37	725.349,93	54.090,82
Banco Comercial Português	23.731,43	39.121,54	42.827,47	800,05
Novo Banco	80.200,11	79.702,93	79.536,02	79.513,88
Caixa Banco Investimento	2.073,97	2.073,97	2.073,96	2.073,96
Caixa Central de Crédito Agrícola Mútuo	289.917,73	194.000,03	465.595,28	177.722,89
Santander-Totta	85.359,82	85.465,17	86.495,61	1.139,76
Banco Português Investimento	63.998,43	9.638,91	7.017,45	4.163,20
TOTAL	1.586.133,34	857.398,92	1.408.895,72	319.504,56
INTEREST EARNED **				

* Identify the institution with which the funds are available and/or financial investments by adding the necessary lines.

** Identify the interest earned (in accumulated terms, since 1-1-2016) on all financial investments that are found at the Commercial Banking (CB).

EUR

	1 st Trimester 2019	2 nd Trimester 2019	3 rd Trimester 2019	4 th Trimester 2019
IGCP	13.056.936,54	14.397.407,31	2.055.947,66	12.707.174,92

RECOMMENDATIONS RESULTING FROM AUDITS OF THE COURT OF AUDITORS

The Court of Auditors did not audit EDIA throughout the last three years, i.e. 2016, 2017, 2018 and 2019.



PISÃO PUMPING STATION

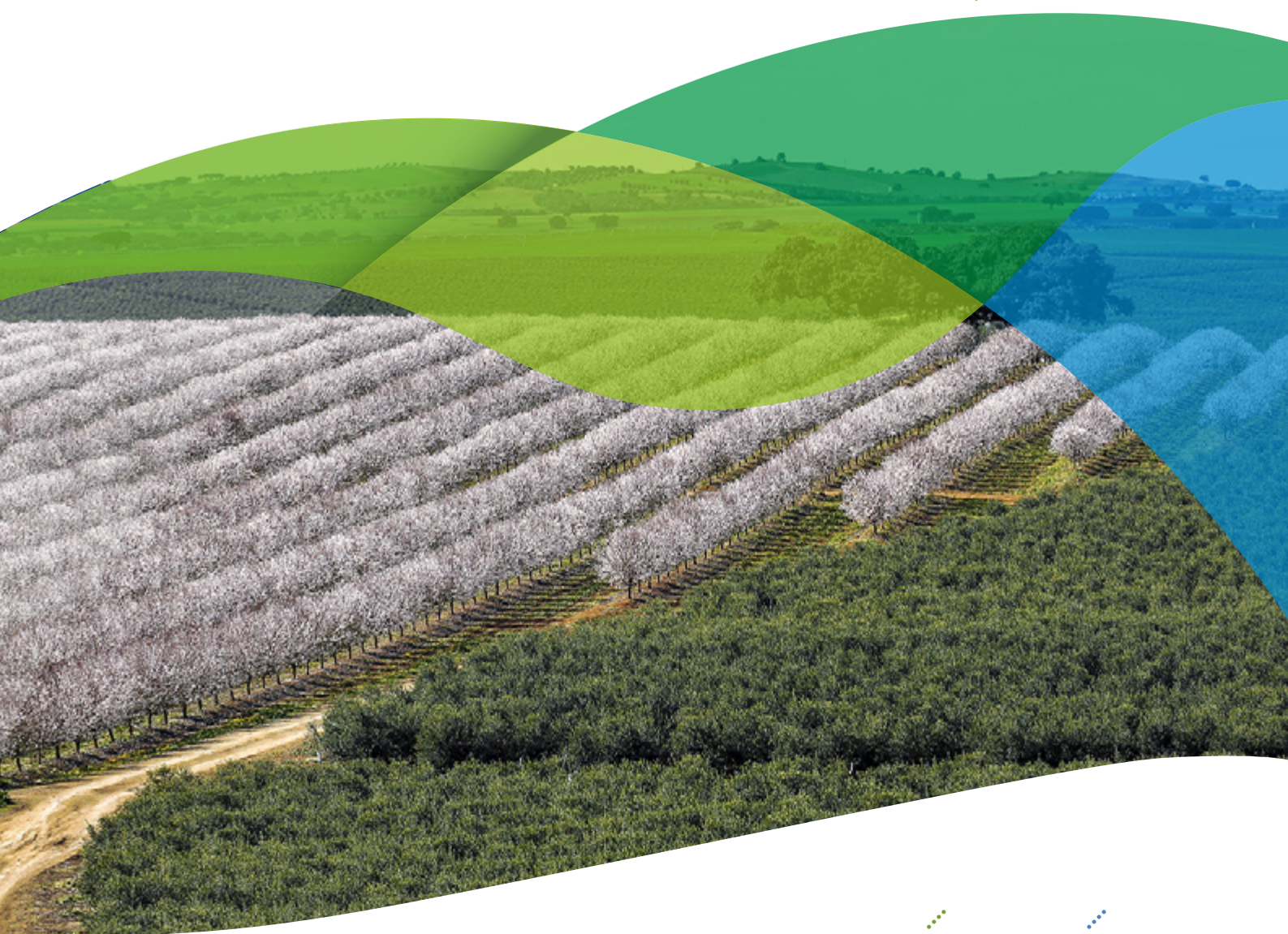
ANNEXES REQUESTED BY DGTF

Information to include on the SEE website	Disclosure		Comments
	Y/N/N.A.	Date of the Update	
Statutes	Y	07 March 2019	-
Characterisation of the Company	Y	08 March 2019	-
Supervisor and Shareholder Function	Y	08 March 2019	-
Governance Model/Members of Governing Bodies			
Identification of the Governing Bodies	Y	06 March 2019	-
Fixed Remuneration Statute	Y	06 March 2019	-
Disclosure of Remuneration earned by the Governing Bodies	Y	15 March 2019	-
Identification of the roles and responsibilities of the members of the Board of Directors	Y	04 October 2018	-
Presentation of the curricular summaries of the members of the Governing Bodies	Y	06 March 2019	-
Public Financial Effort	Y	19 February 2019	-
Summary Sheet	Y	08 March 2019	-
Historical and Current Financial Information	Y	08 March 2019	-
Principles of Sound Governance			
Internal and external regulations to which the Company is subject	Y	06 March 2019	-
Relevant transactions with related entities	Y	08 March 2019	-
Other transactions	Y	08 March 2019	-
Analysis of the Company's Sustainability in the following domains			
Economic	Y	08 March 2019	-
Social	Y	08 March 2019	-
Environmental	Y	08 March 2019	-
Assessment of Compliance with the Principles of Sound Governance	Y	11 March 2019	-
Code of Ethics	Y	04 October 2018	-

Compliance with Legal Guidelines – 2019	Compliance	Quantification/Identification	Justification/ Reference to the point in the Report (page)
	Y/N/N.A		
Management Objectives			
Management Objective	N.A.		
Goals to Achieve Included in the PA0 2019			
Financial Principles of Reference	Y		
Investment	Y	18,51%	109
Personnel Expenses	Y	Deviation +1,71%	111
Degree of Execution of the Budget Loaded in SIG0/SOE			
Projects	Y		
Expenses	Y	21%	113
Revenue	Y	22,90%	116
Activities	Y		
Expenses	Y	93%	117
Revenue	Y	93%	117
Financial Risk Management	Y	1,09%	119
Debt Growth Limits	Y	-11,83%	124
Evolution of PMP to Suppliers	Y	63	125
Disclosure of Late Payments ("Arrears")	Y	0,00 €	126
Shareholder Recommendations in the last approval of Accounts			
Recommendation 1	Y	The objective of payment terms to Suppliers in accordance with the criteria defined in Resolution of the Council of Ministers No. 34/2008, of February 14 th	126
Recommendation 2	Y	To the provisions of paragraph 2 of article 26 of Decree-Law No. 84/2019, of June 28 th	126
Recommendation 3	Y	The provisions of paragraph 3 of article 33 rd of the Public Manager statute, regarding the value of fuel and tolls allocated monthly to service vehicles	126
Remuneration			
Non-attribution of management bonuses	Y		127
BD – wage reductions and reversals in effect in 2019	Y	5% reduction, provided for in Article 12 nd No.1 of Law No. 12/2010, of June 30 th	135 and 137-138
Supervision (CF/ROC/FU) – salary reductions and reversals in effect in 2019	N.A.		125 and 129-130
External Auditor – remuneration reduction and reversals in effect in 2019	N.A.		131
EGP – article 32 nd and 33 rd of the EGP			
No use of credit cards	Y		131
Non-reimbursement of personal representation expenses	Y		131
Maximum amount of communication expenses	Y		132
Maximum amount of fuel and tolls allocated monthly to service vehicles	Y		132
Undocumented or confidential expenditure – Article 16 (2) of the RJSPE and Article 11 st of the EGP			
Prohibition of undocumented or confidential expenses	Y		132
Promotion of equal pay for women and men – No. 2 of RCM No. 18/2014			
Preparation and dissemination of the report on the remuneration paid to women and men	Y		132
Preparation and dissemination of the Annual Report on Prevention of Corruption			
Public Procurement			
Implementation of public procurement rules by the Company	Y		133-135
Implementation of public procurement rules by subsidiaries	N.A.		-
Contracts submitted to TC for prior approval	Y	Connection to the EFMA Morgavél Adduction System (CP No. 15/2017), Irrigation Infrastructures of the Cuba-Odivelas block (CP No. 16/2017)	134
Audits of the Court of Auditors			
Recommendations	Y		139
Car Park			
No. of Vehicles	Y	80	137
Operating Expenses of Public Companies			
Principle of Treasury Unit (article 28 of DL No. 133/2013)			
Availability and applications centralized at IGCP	Y	97,55% (12.707.174,92€)	138 e139
Availability and applications in Commercial Banking	Y	319.504,56 €	139
Interest earned through UTE non-compliance delivered in State Revenue	Y	0,00 €	139

FINANCIAL STATEMENTS AS OF DECEMBER 31ST, 2019

AGRICULTURAL PLANTATION



FINANCIAL POSITION STATEMENT

EUR

Financial Position Statement	Notes	31/Dec/19	31/Dec/18
ASSETS			
Non Current Assets			
Property, Plant and Equipment	6	12.501.998	12.348.339
Investment Properties	7	2.110.655	2.110.655
Intangible Assets	8 and 19	330.167.925	335.454.868
Financial Investments – Other Methods	9	276.571	276.571
Other Financial Assets		2.644	1.277
Other Accounts Receivable	16	187.769.005	193.380.682
Captive Deposits	11	90.745	90.745
		532.919.543	543.663.136
Current Assets			
Inventories	12	7.694.780	4.143.969
Clients	13	6.843.249	7.800.758
Advances to Suppliers	14	15.793	54.497
State and Other Public Entities	15	1.490.059	921.994
Other Accounts Receivable	16	219.146.477	218.114.529
Deferrals	17	221.493	233.295
Cash and Bank Deposits	4	13.168.507	24.685.203
		248.580.359	255.954.244
Total Assets		781.499.902	799.617.380
EQUITY AND LIABILITIES			
Equity			
Paid-Up Capital	18	838.810.320	809.534.880
Other Reserves	18	9.202.700	9.202.700
Retained Earnings	18 and 19	(805.369.958)	(801.434.891)
Net Profit for the Period		(2.670.836)	(3.935.067)
Total Equity		39.972.226	13.367.622
Non-Current Liabilities			
Provisions	20	26.876.349	22.210.277
Financing Obtained	21	181.303.842	222.782.973
Deferrals	17	396.275.006	410.711.616
		604.455.196	655.704.866
Current Liabilities			
Suppliers	22	5.156.641	3.322.702
Customer Advance		9.418	9.136
State and Other Public Entities	15	266.018	256.069
Financing Obtained	21	104.562.527	101.433.443
Other Accounts Payable	22	12.553.341	10.997.732
Deferrals	17	14.524.535	14.525.810
		137.072.480	130.544.892
Total Liabilities		741.527.676	786.249.758
Total Equity and Liabilities		781.499.902	799.617.380

The Certified Accountant

The Board of Directors



COMPREHENSIVE INCOME STATEMENT

EUR

Comprehensive Income Statement	Notes	2019	2018
Sales and Services Rendered	13	32.958.960	28.920.238
Operating Subsidies		144.815	148.852
Variation in Production Inventories	23	4.128.767	1.359.908
Own Work Capitalised	24	855.451	745.765
Cost of Goods Sold and Materials Consumed		(60.689)	(59.254)
External Supplies and Services	25	(25.034.798)	(16.954.589)
Personnel Expenses	26	(6.319.342)	(6.016.909)
Provisions (Increases/Reductions)	20	(4.669.466)	(7.325.180)
Impairities of Receivables (Losses/Reversions)	19	271.278	(328.823)
Other Income and Gains	27	9.345.664	9.407.236
Other Expenses and Losses	28	(1.480.582)	(1.170.729)
Income Before Depreciation, Financing Expenses and Taxes		10.140.058	8.726.516
Depreciation and Amortization Expenditure/Reversion	30	(5.787.649)	(5.740.152)
Impairment of Depreciable/Amortizable Investments (Losses/Reversions)	19	(3.834.860)	(1.665.079)
Operating Income (Before Interest and Taxes)		517.548	1.321.285
Interest and Similar Expenses Incurred	29	(3.115.466)	(5.169.014)
Pre-Tax Result		(2.597.918)	(3.847.728)
Income Tax for the Period	10	(72.918)	(87.338)
Net Profit for the Period		(2.670.836)	(3.935.067)
Other Equity Recognized Income and Expenses			
Other Comprehensive Income for the Period			-
Comprehensive Income for the Period		(2.670.836)	(3.935.067)
Net Income per Share			
Basic		-0,016	-0,024
Diluted		-0,016	-0,024

The Certified Accountant

The Board of Directors

STATEMENT OF CHANGES IN EQUITY

EUR

Statement of Changes in Equity	Paid-Up Capital	Adjustments in Financial Assets	Other Reserves	Retained Earnings	Net Result for the Period	TOTAL
Balance at December 31st, 2017		0	9.202.700	(834.566.239)	(341.899)	(296.404.038)
Net Profit for the Period					(3.935.067)	(3.935.067)
Total Comprehensive Income for the Period					(3.935.067)	(3.935.067)
Appropriation of the 2017 Net Result				(341.899)	341.899	0
Inputs to cover Losses				33.473.247		33.473.247
Paid-Up Capital Increase	280.233.480					280.233.480
Balance at December 31st, 2018		0	9.202.700	(801.434.891)	(3.935.067)	13.367.622
Net Profit for the Period					(2.670.836)	(2.670.836)
Total Comprehensive Income for the Period					(2.670.836)	(2.670.836)
Appropriation of the 2018 Net Result				(3.935.067)	3.935.067	0
Paid-Up Capital Increase	29.275.440					29.275.440
Balance at December 31st, 2019	838.810.320	0	9.202.700	(805.369.958)	(2.670.836)	39.972.226

CASH FLOW STATEMENT

EUR

Cash Flow Statement	2019	2018
Operational Activities:		
Customer Receipts	38.308.867	29.792.201
Payments to Suppliers	(27.540.888)	(21.782.096)
Payments to Staff	(6.251.960)	(5.762.198)
<i>Cash Flow Generated by Operations</i>	4.516.019	2.247.907
Income Tax Payment/Receipt	(87.038)	(91.873)
Other Receipts/Payments Related to Operating Activities	370.289	194.608
Cash Flows from Operating Activities	4.799.270	2.350.642
Investment Activities:		
Receipts from:		
Property, Plant and Equipment	158.824	15.491
Investment Subsidies	92.040	
Interest and Similar Income		
	250.864	15.491
Payments Concerning:		
Property, Plant and Equipment	(625.408)	(399.078)
Intangible Assets	(4.632.622)	(5.015.415)
	(5.258.029)	(5.414.493)
Cash Flows from Investment Activities	(5.007.166)	(5.399.002)
Financing Activities:		
Receipts from:		
Capital Subscriptions	29.275.440	280.233.480
Loss Coverage		33.473.247
Financing Obtained		
	29.275.440	313.706.727
Payments Concerning:		
Financing Obtained	(38.363.682)	(313.424.068)
Financial Lease Agreements		
Interest and Similar Expenses	(2.220.558)	(3.004.007)
	(40.584.240)	(316.428.075)
Cash Flows from Financing Activities	(11.308.800)	(2.721.348)
Variations in Cash and Cash Equivalents	(11.516.696)	(5.769.708)
Cash and Cash Equivalents at the Beginning of the Period	24.685.203	30.454.911
Cash and Cash Equivalents at the End of the Period	13.168.507	24.685.203

FINANCIAL STATEMENTS EXPLANATORY NOTES

1. BRIEF COMPANY OVERVIEW

EDIA, Empresa de Desenvolvimento e Infra-estruturas do Alqueva (hereinafter called “EDIA”, “Company” or “Entity”) was established by Decree-Law no. 32/95 of February 11th, according to which it became entitled to all the rights and obligations belonging to Comissão Instaladora da Empresa do Alqueva (Alqueva Company Installing Committee). Its share capital is wholly owned by the Portuguese State, through Direção-Geral do Tesouro e Finanças (DGTf) (Directorate-General of Treasury and Finance). As of December 31st, 2019, the Share Capital was fully subscribed and paid-up.

According to the provisions of article 2 of that legal statute, as amended by Decree-Laws no. 232/98 of July 22nd, no. 335/01 of 24th December and no. 42/07 of February 22nd, EDIA now has the following corporate purpose:

- The use of the public water domain assigned to Alqueva Multipurpose Project (EFMA) for the purposes of irrigation and hydroelectric generation, according to the contract signed between the Ministry of the Environment, Land Use and Regional Development, representing the State;
- The design, implementation and construction of EFMA's primary system infrastructures, as well as their management, operation, maintenance and conservation;
- The design, implementation and construction of EFMA's secondary irrigation system infrastructures, representing the State and according to instructions by the Ministry of Agriculture, the Sea, the Environment and Land Use; and
- The promotion, development and pursuance of other economic activities which contribute toward improving the conditions of use of the resources assigned to EFMA.

Following the consolidation of the energy generation potential, and not only hydroelectric energy, which is an important potential source of revenue as well as an important complement of the irrigation component, Decree-Law no. 313/2007 approving the basis of the concession contract to be signed between EDIA and the State was published on September 17th. This Decree-Law provided for the granting of rights to operate Alqueva and Pedrógão hydroelectric plants, in compliance with the rights acquired by third parties under the previous legislation.

According to legislation in force governing the water resources sector, EDIA appears as the concessionaire of the management and operation of the Development and also as the exclusive holder of the rights of private use of the public water domain assigned to EFMA for irrigation and hydroelectric generation.

On October 17th, 2007, the Company signed the concession contract with the Ministry of the Environment, Land Use and Regional Development, which governs the use of the water resources to collect the water for irrigation and electric power generation in EFMA's primary system. This contract awarded to EDIA the management and operation of EFMA, as well as the use of the public water domain assigned to the Project.

On October 24th, 2007, a contract was signed between EDIA and EDP – Gestão da Produção de Energia, S.A (EDP), which assigns to EDP, for 35 years, the operation of Alqueva hydroelectric plant (260 MW), on a market basis, and the Pedrógão one (10MW), under a special scheme. This contract also establishes the rights of private use of the respective water domain, and has enhanced Alqueva-Pedrógão system electric value.

In April 2013, EDIA signed a 'Concession Agreement on the Management, Operation, Maintenance and Conservation of EFMA Secondary Network Infrastructures" with DGADR, effective until December 31st, 2020. This contract establishes that EDIA (concessionaire) shall supply the State (grantor), represented by DGADR, the infrastructure pertaining to the secondary network, drainage and agricultural roads, goods and equipment necessary for their operation and exploration, and the areas acquired and expropriated for the implementation of EFMA's hydro-agricultural holdings infrastructure.

The overall values of each of the major investment programs (Alqueva dam; Alqueva plant; Pedrógão dam and plant; Álamos pumping station; primary network; secondary network and regional development) are perfectly stabilized, given that practically all contracts are awarded. Only about 11% of the total investment is in a study phase, and essentially pertains to projects covered by PNRegadios and the Alqueva Photovoltaic Park. This way, the best possible estimates are indicated against currently available information.

The multi-annual reprogramming, which includes the amounts under execution up to 2017 and the investment forecasts for the following years, was approved by the Board of Directors at its meeting on March 13th, 2018, in the total amount of EUR 2,639.32 billion. The difference of EUR 2.556 billion from the previous forecast is mainly due to the investment now foreseen for the construction of the EUR 50 million Alqueva Photovoltaic Park.

By the end of 2019, the total investment made amounted to EUR 2.364 billion, approximately 90% of total. As part of the applications for community funding, by then EDIA obtained EUR 1.241 billion in community funds, about 53% of the investment made. To face the national contribution of the investments supported by FEOGA-O and FEADER, within the context of QCA III (Community Support Framework) and PRODER, EUR 153 million were obtained from PIDDAC. The necessary financing for both the remaining national contribution of projects supported by community funds, and other expenses (operating and financial duties), originated from capital injections (EUR 872.28 million), of which EUR 33,47 million through loss coverage in 2018, bank and bond loans (EUR 159,73 million) and the DGTF (EUR 126,14 million), totalling EUR 1,158 million.

Total investment includes projected and realised investments in the secondary network (EUR 889 million), the property of which belongs to MAFRD (except Infrastructure 12, which has an exceptional concession scheme).

EDIA, for the financing of the investment yet to be realised, under supervision guidelines, expressed interest in the EIB and CEB financing for EFMA projects included in PNRegadios, and the contracts concluded in April 2018. Funding will be granted to the Portuguese State, which will finance, through IFAP, projects contemplated in the Program. The Alqueva photovoltaic park project will be financed by loan granted by the CEB, amounting to EUR 45 million.

By December 31st, 2019, the Company, with its registered place of business in Beja, is comprised of 179 employees.

2. ACCOUNTING REFERENCES USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1. Bases for Presentation

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IAS/ IFRS), as adopted by the European Union. The IAS/ IFRS include standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessors.

New standards, amendments and interpretations that became effective for EDIA on January 1st, 2019 and that the Company adopted in preparation for its financial statements:

- IFRS 16 – Leases. This standard was issued in January 2016 and adopted by Commission Regulation (EU) 2017/1986 of October 31st, with application, at the latest, as from the starting date of the first financial year starting on or after January 1st, 2019. The standard introduces the principles of lease recognition and measurement, replacing IAS 17 – Leases. It defines a single model for accounting leases that results in the recognition by the lessee of assets and liabilities for all leases, except if they have a duration under 12 months or concern assets of reduced value. Depreciation and interest related to such assets are presented in the income statement separately. Lessors will continue to classify leases as operating or finance leases. No significant impacts are expected for EDIA from the adoption of this standard.
- IFRS 9 – Financial Instruments: Elements of prepayment with negative offset (changes). These amendments were issued in October 2017 and adopted by Commission Regulation (EU) 2018/498 of March 22nd, with application, at the latest, from the starting date of the first financial year starting on or after January 1st, 2019. The introduced changes allow financial assets with contractual conditions that provide for early amortization of a considerable amount to be measured at amortized cost or at fair value by reserves, according to the business model. The adoption of this standard had no significant impact on EDIA's financial statements.
- IAS 19 (amendment): Plan Change, Reduction or Liquidation: These amendments were issued in February 2018 and adopted by Commission Regulation (EU), 2019/402, of March 13th, with application, at the latest, as from the starting date of the first financial year starting on or after January 1st, 2019. If an amendment, cut-off or liquidation of the plan occurs, it becomes mandatory that the current service cost and net interest for the period after the remeasurement be determined based on the assumptions used for the remeasurement. Changes are also included to clarify the effect of a plan amendment, curtailment, or settlement on the asset cap requirements. The adoption of this standard had no significant impact on EDIA's financial statements.

- IAS 28 – Investments in Associates and Jointly Controlled Entities: Long-term Interests in Investments in Associates and Jointly Controlled Entities (Changes)
 - These changes were issued in October 2017 and adopted by Commission Regulation (EU) 2019/237 of February 8th, with application, at the latest, as from the starting date of the first financial year starting on or after January 1st, 2019. They clarify that IFRS 9 should be applied to investments in associates or joint ventures when the method of applying equivalence heritage is not applied in measuring them. The adoption of this standard had no significant impact on EDIA's financial statements.

Improvements to international financial reporting standards.

These improvements were issued in December 2016 and were adopted by Commission Regulation (EU) 2018/182 of March 14th. These introduce amendments to the following IFRS that apply, at the latest, from the commencement date of the first financial year beginning on or after January 1st, 2019:

- IFRS 3 – Business combination: requires remeasurement of previously held interests when an entity obtains control over a subsidiary over which joint control existed;
- IFRS 11 – Joint arrangements: clarifies that there shall be no remeasurement of interests previously held when an entity obtains joint control over a joint operation;
- IAS 12 – Income Taxes: clarifies that all tax consequences of dividends shall be recognized in profit or loss;
- IAS 23 – Borrowing Costs: clarifies that the part of the loan directly related to the acquisition or construction of an asset, outstanding after the corresponding asset is ready for the intended use, is considered an integral part of the generic financing of the entity, for the purpose of determining the capitalization rate. There are no impacts on EDIA resulting from the adoption of these improvements.
- IFRIC 23 – Uncertainty regarding the treatment of income taxes (new). It was issued in June 2017 and adopted by Commission Regulation (EU) 2018/1595 of October 23rd, with application at the latest, as from the starting date of the first financial year starting on or after January 1st, 2019. The interpretation includes guidelines on determining taxable income, tax bases, tax losses to be carried forward, tax credits to be used, and tax rates in uncertain scenarios. The adoption of this interpretation has no impact on EDIA.

Standards, amendments and interpretations issued and adopted by the European Union with mandatory application in future financial years

IAS 1 and IAS 8 (amendment) – Definition of material. These amendments were issued in October 2018 and adopted by Commission Regulation (EU) 2019/2104 of November 29th, with application, at the latest, from the starting date of the first financial year starting on or after January 1st, 2020.

The amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors aimed at clarifying the definition of material in the context of IFRS application. Information is material if, by its omission, distortion or concealment is reasonably expected to influence the decisions of primary users of the financial statements based on those same financial statements.

These amendments are not expected to have a material impact on EDIA's financial statements.

Amendments to IFRS Framework references:

These amendments were issued in March 2018 and adopted by Commission Regulation (EU) 2019/2075 of November 29th, with application, at the latest, from the starting date of the first financial year starting on or after January 1st, 2020.

These correspond to amendments in several standards (IFRS 2; IFRS 3; IFRS 6; IFRS 14; IAS 1; IAS 8; IAS 34; IAS 37; IAS 38; IFRIC 12; IFRIC 19; IFRIC 20; IFRIC 22 and SIC 32) in relation to references to the revised Framework in March 2018. This revision includes the updated definitions of assets and liabilities and new guidelines regarding their measurement, derecognition, presentation and disclosure.

No significant impacts are estimated from the future adoption of these changes. IFRS 9, IAS 39, and IFRS 7 (amendment).

These amendments were issued in September 2019 and adopted by the Commission Regulation (EU) 2020/34, of January 15th, with application, at the latest, from the starting date of the first financial year starting on or after January 1st 2020.

This change pertains to the benchmark interest rate reform ("Ibor reform") project, in order to reduce the potential impact of changes in benchmark interest rates on financial reporting, including hedge accounting.

New standards, amendments and interpretations issued by IASB and IFRIC but not yet adopted by the European Union

- IFRS 17 – Insurance Contracts (new). This standard was issued in May 2017 with mandatory application date for periods beginning on or after January 1st, 2021. It establishes, within its scope of application, the principles for recognition, measurement, presentation and disclosure and aims to replace IFRS 4 – Insurance Contracts. The future adoption of this standard has no impact on EDIA.
- IFRS 3 – Business Combinations (amendment): This amendment refers to the definition of a business, and is intended to clarify the identification of a business acquisition or acquisition of a group of assets. The revised definition also clarifies the definition of a business' output as the supply of goods or services to clients.

These changes were issued in October 2018 with effective application to periods beginning on or after January 1st, 2020.

No significant impacts are estimated from the future adoption of these changes.

While preparing the financial statements, the Board of Directors formulated judgments, estimates and assumptions that affect the application of accounting policies and the values of assets, liabilities, as well as the reported amounts of revenues and expenses during the reporting period.

Associated estimates and assumptions are based on historical experience and other factors considered reasonable under the circumstances, and form the basis for judgments on the values of assets and liabilities whose appreciation is not evident from other sources.

All estimates made by the Board of Directors were based on their knowledge, as of December 31st, 2019, of ongoing events and transactions.

However, situations may occur in subsequent periods that were not foreseeable at the time of approval of the financial statements and therefore were not considered in these estimates.

Amendments to the estimates that occur after the date of the financial statements will be corrected prospectively. For this reason, and given the degree of associated uncertainty, the actual results of the situations in question may differ from corresponding estimates.

The financial statements were approved by the Board of Directors, and their issuing was authorized on March 24th, 2020.

3. MAIN ACCOUNTING POLICIES

The main accounting policies adopted for the preparation of the attached financial statements are the following:

3.1. Measurement bases used for the preparation of financial statements

The financial statements are expressed in euros, the Company's functional currency.

Income and expenses are recorded in accordance with the accrual-based scheme, and so they are recognized as they occur, regardless of when they are received or paid.

Income and expense recognized in the Statement of Comprehensive Income which have not yet been invoiced or whose acquisition bill has not yet been received are recognized in "Debtors by Accrued Income" or "Creditors by Accrued Expenses" under items "Other Accounts Receivable" and "Other Accounts Payable", respectively. Income received and prepaid expenses are registered under "Deferrals" of Liabilities and Assets, respectively.

Material errors relating to estimates made in the preparation of financial statements in prior years were not recognized.

The estimates and underlying assumptions were determined based on the best information available at the date of approval of the financial statements of events and transactions in progress, as well as in the experience of past and/or current events. However, situations may occur in subsequent periods that were not foreseeable at the time of approval of the financial statements and therefore were not considered in these estimates. Changes to the estimates that occur after the date of the financial statements will be corrected prospectively. For this reason, and given the degree of associated uncertainty, the actual results of the transactions in question may differ from corresponding estimates.

3.1.a. Property, Plant and Equipment

Property, Plant and Equipment are valued at acquisition cost plus transport and assembly costs necessary to place them in operation and less the respective accumulated depreciation and accumulated impairment losses. The borrowing costs that are directly attributable to the construction or production of an asset that qualifies for capitalisation are capitalised until the assets are substantially completed.

Direct expenditures related to technical areas involved in the construction of Company assets are capitalised in Property, Plant and Equipment. This capitalisation is made based on utilized internal resources and time spent, as a counterpart of the heading “Own Work Capitalised”.

Under IFRIC12 – Service Concession Agreements, assets assigned to the “concession” are shown under “Intangible Assets”.

Depreciation of Property, Plant and Equipment, i.e. assets not allocated to the concession, is calculated using the straight-line method and by the twelfths, based on the maximum tax rates accepted by management, which management considers to approximately reflect the useful lives of assets held by EDIA.

Account	YEARS
	Lifecycle
Land and Natural Resources	-
Buildings and Other Constructions	50
Basic Equipment	2-32
Transport Equipment	2-8
Administrative Equipment	1-16
Other Property, Plant and Equipment	1-24

EDIA performs impairment tests for its Property, Plant and Equipment whenever events or changes are identified in circumstances that indicate that the amount for which an asset is measured may not be recoverable. Where the amount for which an asset is recognized exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income under “Impairment of Depreciable Investments (losses/reversions)”. The amount recoverable corresponds to the higher between the net selling price (amount obtainable from the sale of the asset in a transaction accessible to the parties involved, less the costs directly attributable to the sale) and the value in use (present value of the future estimated cash flows that are expected to arise from the continued use of the asset and its disposal at the end of its lifecycle).

The reversion of impairment losses recognized in prior years is recorded when the reasons that caused the recording of the latter cease to exist and consequently the asset is impaired.

3.1.b. Investment properties

The heading "Investment Property" records the carrying amount of the investment properties held by EDIA, namely land, not for use in production, supply of goods or services, or for administrative purposes, but to obtain income and/or capital appreciation, or both.

In accordance with IAS 40 – Investment Property, an investment property must be recognized when it is probable that future economic benefits associated with it will flow to the entity; and the investment property's cost can be measured reliably.

The heading "Investment Property" is shown in the Financial Position Statement, in Non-Current Assets.

Investment properties were initially measured by their cost, which includes their purchase price, transaction costs and other directly attributable expenses.

As an accounting policy, EDIA chose to measure the cost model for all its investment properties after recognition.

Having chosen the cost model, after initial recognition, EDIA will measure its investment property in accordance with the requirements of IAS 16 – Property, Plant and Equipment for this model. I.e., an asset should be carried at cost minus any accumulated depreciation and any accumulated impairment losses. Accordingly, the depreciation of an investment property will be made in accordance Property, Plant and Equipment prescriptions.

3.1.c. Intangible Assets

Intangible assets are recorded at cost of acquisition or production, net of respective accumulated depreciation and accumulated impairment losses. Financial costs related to borrowings to fund the ongoing investment are capitalised until such time as the infrastructure is substantially completed.

EDIA adopted, in 2010, the interpretation IFRIC 12 – "Service Concession Arrangements", applicable to activities related to energy production and distribution of water developed under the concession contract signed with the State. Thus, in financial year 2010, the Company:

- Transferred all investment associated with these activities under “Property, Plant and Equipment” to “Intangible Assets”;
- Adjusted the policy of depreciation/amortization of said investments and of recognition in income of the respective grants, which have all to be amortized on a straight-line basis throughout the concession period, i.e.:
 - The infrastructures that are already available for use at the start date of concession (1st November 2007) are amortized over the 75 years of the concession, i.e., from November 2007 to October 2082; and
 - The infrastructures that were not yet available for use on 1st November 2007 are amortised from the date on which each became or will become available for use by the end of the concession period (October 2082).
- Constituted and started to annually update a provision to cover the estimated costs related to the contractual obligation to maintain/preserve the infrastructures throughout the concession period.

The provision to meet the obligation to maintain/preserve the infrastructures comprises only major repairs and replacements that are expected to be made during the concession period, thus excluding the maintenance and conservation of these assets, which are recognized as expenses in the period in which they occur.

EDIA performs impairment tests for its Property, Plant and Equipment whenever events or changes are identified in circumstances that indicate that the amount for which an asset is measured may not be recoverable. Whenever the amount at which an asset is recognized exceeds its recoverable amount, an impairment loss is recognised, recorded in the comprehensive income statement under the heading “Impairment of Depreciable Investments (losses/ /reversions).” Since, under the concession contract, these are non-tangible assets, the recoverable amount corresponds to the respective value of use (current value of estimated future cash flows expected to arise from the continued use of the asset).

The reversion of impairment losses recognized in prior years is recorded when the reasons that caused the recording of the latter cease to exist and consequently the asset is impaired.

3.1.d. Ongoing Investments

“Ongoing Investments” represent the tangible and intangible assets still under construction/development and are recorded at acquisition cost, less accumulated impairment losses. These assets are depreciated from the month in which they can be used for the intended purposes.

As EDIA is still in the investment phase, the following has been capitalised:

- Financial expenses directly related to the financing of investment that is still under construction/development until each infrastructure is substantially completed;
- Personnel costs directly associated with the activity of planning and work, and
- Supplies and services, which are, by their nature, recorded in cost centres directly related to the construction of infrastructures.

3.1.e. Capitalisation Policy of Structure and Financial Charges

The structure costs of the Company as well as the financial burden related to loans directly attributable to the acquisition or construction of assets, associated with concessions, have been capitalised, consistently over time, while infrastructure construction activities (or others that are necessary to prepare the infrastructures for its intended use) are in progress.

With the completion of the 1st Phase construction and operation of Alqueva dams and hydroelectric power plants, as well as the beginning of operation of 22 perimeters, expenses related to these infrastructures are now considered as expenses for the year, and the associated financial costs are no longer capitalised.

Simultaneously, and in order to maximize the EFMA's natural evolution, as well as optimize the benefits of the Project's competitive advantages and take full advantage of available water resources, EDIA is developing a strategy to promote and increase irrigation in Alqueva, by developing studies and projects, having already identified potential irrigation areas; approximately 50,000 hectares adjacent to the Project.

Thus, and bearing in mind that the investment volume in these adjacent areas will tend to increase, it is clear that the expenses of activities developed by some departments of the Company are capitalized, since they effectively and directly contribute to the construction of EFMA's new infrastructure.

The policy of capitalisation of expenditure remained identical to that adopted on 31 December 2018 and is based on the following assumptions:

- Non-capitalization of expenses related to: a) Management Bodies and secretariat; (b) Board of Directors and Finance, with the exception of the Investment Planning and Control, and Information Systems Departments; c) the Directorate for Heritage Management, with the exception of the Expropriations Department ; d) the Directorate for Water Economy and Irrigation Promotion; and e) Development and Social Responsibility Office.
- Directorate, Department and Office expenses whose activities most compete with in this phase of investment in the primary (PN) and secondary (SN) networks are capitalized, with the following allocation:
 - Directorate for Engineering Environment and Planning – 50% Investment (25% PN + 25% SN) + 50%
 - Directorate for Infrastructure and Energy Management – 50% Investment (25% PN + 25% SN) + 50%
 - Planning Studies and Projects Department – 100% Investment (50% PN + 50% SN)
 - Environmental and Property Impacts Department – 50% Investment (25% PN + 25% SN) + 50%
 - Primary Infrastructure Construction Department – 100% Investment PN
 - Irrigation Infrastructure Construction Department – 100% Investment SN
 - Expropriations Department – 100% Investment (50% PN + 50% SN)
 - Investment Planning and Control Department – 50% Investment (25% PN + 25% SN) + 50%
 - Information Systems Departments – 50% Investment (25% PN + 25% SN) + 50%
 - Legal Support Office – 50% Investment (25% PN + 25% SN) + 50% Operation
 - Public Relations and Communication Office – 50% Investment (25% PN + 25% SN) + 50% Operation

3.1.f. Own Work Capitalized

Expenditure on resources directly attributable to tangible and in Property, Plant and Equipment during their development/construction phase are included under this heading, when it is concluded that they will be recovered through the assets concerned.

Expenses are assessed at cost value, without any margin, based on internal information specifically prepared for this purpose (internal costs) or their acquisition cost.

Construction work carried out by the Company itself, as well as equipment repairs, including the cost of materials, direct labour and overheads, are associated with the ongoing work of EFMA.

EDIA shall capitalize the structure charges, against the account of "Own Work Capitalized" as they refer to spending related to staff and work carried out by third parties under direct administration of the Company.

3.1.g. Financial Holdings

Other Financial Holdings

The shareholdings in the capital of entities that do not provide EDIA a dominant or significant influence (holdings representing less than 20% of the respective capital) are recorded at acquisition cost less any accumulated impairment losses.

As provided in IAS 32 – Financial Instruments – Presentation and IAS 39 – Financial Instruments-Recognition, at the reporting date, EDIA assesses impairment of all financial assets that are not measured at fair value through profit or loss. When there is evidence of impairment, impairment loss is recognised in the Comprehensive Income Statement.

3.1.h. Leases

Leases are classified as financial or operating depending on their substance rather than the legal form of the contract, in compliance with the criteria set out in IAS 17 – Leases.

Leases are classified as financial, whenever in their terms there is a substantially transfer to the lessee of all the risks and advantages associated with the ownership of the asset. All other operations are classified as operating leases.

Assets acquired through financial lease contracts and the corresponding liabilities are accounted for by the financial method, recognising the Property, Plant and Equipment and the corresponding accumulated depreciation and outstanding debts in accordance with the contractual financial plan.

Rents are composed by financial burden and the amortisation of capital.

Interest included in the value of the rent and the depreciation of Property, Plant and Equipment is recognised as an expense in the Comprehensive Income Statement for the year to which they relate.

As mentioned above, operating leases are those in which all the risks and advantages inherent in ownership of the asset leased are not effectively transferred to the lessee.

In leases regarded as operating leases, payments (rent) due are recognised as a cost in the Comprehensive Income Statement on a straight line basis over the period of the lease contract.

The Company maintains medium and long-term liabilities contracts for operating lease of vehicles.

Regarding the disclosures required by the standard IAS 17 – Leases, given the reduced expression of financial and operating lease contracts in force in 2014 and previous years, information regarding the disclosure of the amounts of minimum payments or as may be required (all payments including the value of any purchase option), was not disclosed by virtue of its immateriality and because it does not provide additional relevant information for the understanding of the financial position and financial performance of the Company and for decision-making of the various users of the information.

3.1.i. Financial Instruments – Financial Assets and Liabilities

A financial instrument is a contract that gives rise to a financial asset in an entity and to a financial liability or equity instrument in another entity.

Financial assets and liabilities are recognised in the balance sheet when the Company becomes party to the corresponding contractual provisions.

For financial assets that present impairment indicators the respective recoverable value is determined and impairment losses recorded against results.

A financial asset is any asset that is cash or a contractual right to receive cash.

A financial liability is any liability that substantiates a contractual obligation to deliver cash.

The Company's financial assets are basically the "Clients", "Other Accounts Receivable" and "Cash and Cash Equivalents".

Financial liabilities are essentially the "Funds Received", "Suppliers" and "Other Accounts Payable".

Clients and Other Accounts Receivable

Debts under “Clients” and “Other Accounts Receivable” are recorded at their nominal value, minus any impairment losses. Impairment losses represent the difference between the amount initially recorded and its recoverable amount, being the present value of the cash flow expected (discounted at the appropriate rate when the effect of time value of money is significant), which are recognised in the Comprehensive Income Statement for the period in which they are estimated.

Regarding “Clients”, debts result from services provided by the Company in the normal course of its business, made in accordance with the normal short-term credit, and are therefore measured at the undiscounted amount of cash flows receivable, minus impairment losses and it is expected that they will be collected within a year or less, are recorded under “Current Assets”.

The criterion to measure the amortised cost of “Clients” balance does not apply, because the deadlines for receipt defined, in most cases, are complied with and no significant delays or deferrals in the receipt at the time of initial recognition is expected. Thus, the application of amortised cost in the measurement of financial assets in question would not be appropriate.

Even though it is not a significant amount, in 2019, EDIA recognised impairment losses in this type of financial assets.

The “Other Accounts Receivable” are recognised at their nominal value, less any impairment losses, because EDIA considers the impact that the criterion of the amortised cost would have in their accounts would be zero.

Impairment losses represent the difference between the amount initially recorded and its recoverable amount, being the present value of the expected cash flow (discounted at the appropriate rate when the effect of time value of money is significant), which are recognised in the Comprehensive Income Statement for the period in which they are estimated.

In determining impairment losses, doubtful debts are those where non recovery risk is substantiated, which occurs in cases where the credits are outstanding for more than twelve months from the date of the respective maturity and there is objective evidence that steps have been taken to receive them.

The balance of the “Other Accounts Receivable” heading mainly reflects: (i) the DGADR debt; (ii) revenues from the Concession Agreement with EDP; (iii) accrued income debtors and a residual community fund value (see Note 16).

“Accrued Income Debtors” are settled in the short term and are recognised at the undiscounted amount of the income recognised in the year.

The Community funds are received within a short period after the balance sheet date and are measured at the undiscounted amount of cash flows to be received (no impairment losses in this case because they are not recognised as receivables, grants that meet the recognition criteria set out in IAS 20 – Accounting for government grants and disclosure of government assistance, i.e. when there is assurance that EDIA will comply with the conditions associated to them and that the grants will be received).

Given the above, EDIA considers that the impact that the criterion of amortised cost would have on its accounts would be nil.

Cash and Bank Deposits/Cash and Equivalents

In the Statement of Financial Position, the amounts included under the heading “Cash and Bank Deposits” correspond to cash, on demand and fixed-term bank deposits. In the Cash Flow Statement, the “Cash and Equivalents” heading includes amounts in cash and deposits as well as short-term financial investments (including term deposits) highly net investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

For the purposes of the Cash Flow Statement, the heading “Cash and cash equivalents” is deducted from bank overdrafts, which are included in the Financial Position Statement under “Funding Obtained”, given that they are repayable on demand and are part of the Company’s treasury management.

Funding Obtained

The financing obtained are registered under Liabilities at amortized cost, and the corresponding financial charges calculated according to the effective interest rate and recognized as income in accordance with the accrual accounting principle.

They are expressed in Current or Non-Current Liabilities depending on whether the maturity occurs in less or more than a year, respectively. The derecognition only occurs when the obligations resulting from contracts cease, particularly when liquidation, termination or expiration has taken place.

Financial costs related to borrowings to fund the ongoing investment are capitalised until such time as the infrastructure is substantially completed.

Accounts Payable

The balances of "Suppliers", "Investment Providers" and "Other Creditors" (not including the funding obtained, which has an autonomous section) relate to most purchases of goods and services contracted by the Company in the normal course of its business and in accordance with normal market conditions and which correspond to a short-term credit.

Accounts payable are recorded at their nominal value, less any interest accrued and recognised in accordance with the effective interest method.

Note that normal market conditions correspond to a short-term credit (average payment period: 70 days), so EDIA considers that the impact that the criterion of amortized cost would have on its accounts would be nil.

If payment is due within one year or less, they are classified as "Current Liabilities", otherwise they are classified as "Non-Current Liabilities".

3.1.j. Captive Deposits

The withdrawal period of the processes to which captive deposits refer to can span several years, however the Company, for the process whose amount is materially relevant, estimated the date of occurrence of the associated cash flows and consistent application of amortized cost.

3.1.k. Inventories

The cost of inventories includes all purchase costs, the costs of conversion and other costs incurred in bringing the inventories to their present location and present condition, valued at acquisition cost.

Following Decree-Law no. 335/2001 of December 24th, which (with the exception of Infrastructure 12, which has an exceptional concession regime) provided for the transfer to the State of the integrating infrastructures of the secondary network allocated to EFMA, EDIA, up until December 31st, 2012, showed the cost of construction of the secondary network under "Inventories".

Under the Delivery Agreement and respective "Concession Agreement concerning the Management, Operation, Maintenance and Conservation of the Secondary Network Infrastructures of EFMA" signed on April 8th, 2013, by EDIA and the State, represented by DGADR, EDIA delivered to the State, the infrastructure for the secondary irrigation network, already completed. So the investment in these infrastructure of the secondary network

that were already substantially completed before evidenced in the subaccount “Finished and Intermediate Products”, deduced from the respective investment subsidies were transferred to the account of DGADR under “Other Accounts Receivable”.

In November 2013, through a new Delivery Contract between EDIA and DGADR, like with other secondary network infrastructures, EDIA, representing the State, proceeded with the design, implementation and construction of the infrastructures integrating the irrigation and drainage network, as well as all the material and equipment of the Hydro-agricultural Installation of Aljustrel, whose investment was registered under “Products and Work in Progress” and was transferred to the account of DGADR under the heading “Other Accounts Receivable” (see Note 16).

Thus, the balance of the heading “Inventories” reflects the value of subaccount “Products and Work in Progress”, referring to investments concerning the irrigation blocks still under construction of the 2nd investment phase of EFMA.

3.1.1. Recognition of Expenditure and Income

Expenditure and income are recorded in the period to which they relate, irrespective of payment or receipt, according to the accrual basis of accounting. The differences between amounts paid and received and the respective expenses and income are recorded as Liabilities and Assets respectively.

∴ Revenue (more detailed description in Note 3.1.o)

Revenue is the gross inflow of economic benefits during the period arising in the course of ordinary activities of EDIA when those inflows result in increases in shareholders equity, other than increases relating to contributions from shareholders equity participants.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue may arise from sales of goods, provision of services or use of assets that generate interest, royalties or dividends.

∴ Charges on Funding Obtained

According to the provisions of IAS 23 – Charges on Funding Obtained the financial charges related to loans are recognised as an expense for the period in which they are incurred, in accordance with the accrual-based accounting regime and the effective interest rate method.

Borrowing costs directly related to the construction of fixed assets or related to concessions are capitalised as part of the cost of the asset. The capitalisation of costs begins after the start of the preparation of construction activities or development of the asset and ends when construction is substantially completed, and is interrupted when the project in question is suspended.

3.1.m. Provisions

Provisions are recognised only when the Company has a present obligation (legal or constructive) resulting from a past event and it is probable that, to settle the obligation, there is an outflow of resources and the amount of the obligation can be reasonably estimated.

The amount of the provision recognized is the present value of the best estimate (on the reporting date) of the resources required to settle the obligation. Such estimate is determined considering the risks and uncertainties associated with the obligation.

Provisions are reviewed at the reporting date by the Company's Legal Office and approved by the Board of Directors, and are adjusted to reflect the best estimate of future liabilities at that date, taking into account risks and uncertainties inherent to such estimates.

Provisions are constituted for ongoing legal proceedings and for litigious expropriations and all estimated charges, at the Company's liability, when there is a reliable estimate of costs to be incurred due to actions filed by third parties, based on the evaluation of the effectiveness of the likelihood of paying, based on the advice of lawyers and experts of the Arbitration Courts.

Following the concession contract signed with the State in October 2007 and following the entry into force of IFRIC12 – Service Concession Arrangements, EDIA constituted, strengthened or reverses half-yearly provision to address estimated expenses relating to the contractual obligation to maintain/preserve, over the period of the concession, the infrastructures related to the production of energy and water distribution, which revert to the State at the end of the concession period. This provision covers only those major repairs and replacements that are anticipated to be made during the concession period, not including the maintenance and conservation of these assets, which are recognized as expenses in the period in which they occur.

In this regard, provisions for expenses with maintenance and upkeep of assets constitute the EDIA's responsibility concerning the contractual obligation to maintain/preserve the infrastructures of the secondary network over the concession period.

3.1.n. Subsidies

With the exception of subsidies relating to secondary irrigation network (already transferred or to be transferred to DGADR) and of those associated to distribution of water (whose assets are fully impaired), subsidies attributed by the Portuguese State and the European Union (EU) to finance investments in fixed assets are recognized under "Deferrals" and subsequently recognized as "Other income and gains" in the same proportion as the depreciation of the subsidized assets and respective percentage contribution.

Subsidies for the construction of the secondary irrigation network are recognized under Liabilities until the corresponding infrastructures are transferred to DGADR or another entity indicated by the DGADR, because at that time the respective investments are transferred from “Inventories” to the MAFRD account under “Other Accounts Receivable” and the subsidies associated are also transferred to said account which thus reflects the investment in infrastructures of the secondary network not financed by State or EU subsidies.

Subsidies linked to distribution of water, whose assets are fully impaired, have been derecognised under the registration of impairment losses for the respective assets, i.e., these losses are recognized in the Comprehensive Income Statement by the net value of the respective subsidies.

Operating subsidies, for nature and biodiversity conservation, namely to support agriculture, tourism, environment and training of employees, are recognized in the Comprehensive Income Statement as income over the same period of the previous year as the expenses they are intended to offset.

Subsidies are recognised when a reasonable certainty exists that they will be effectively received and the Company will comply with their inherent obligations and conditions.

3.1.o. Revenue

Sales and Services Rendered

The recognition of revenue related to sales and provision of services requires that: (i) the amount can be reliably measured, (ii) it is likely that future economic benefits associated with the transaction flow to the Company.

Revenue arising from the ordinary activity of the Company is measured at the fair value of the consideration received or receivable, understood as such that which is freely determined between the parties on the basis of independence, and for the sale of goods and provision of services, the fair value reflects any discounts and does not include value added tax (VAT).

In the energy production activity, the Company recognizes the revenue arising from the “Operation Concession Contract for the Alqueva and Pedrógão Hydroelectric Power Plants”, entered into between EDIA and EDP for a period of 35 years, under which EDP is obliged to pay financial compensation in the following terms:

- An initial sum of EUR 195,000,000 plus VAT at the statutory rate and paid at the entry into force of this contract; and
- Throughout the contract period, an annual, periodic amount of EUR 12,380,000 (value updated in 2011), plus VAT at the statutory rate and paid annually on the same day and month of the entry into force of the contract, the first instalment being owed in 2008.

By adopting IFRS 15 in advance in 2017, EDIA opted to adjust the consideration value, since the contract contains a financing component. The goal is to recognize revenue for the amount that reflects what the price of the agreed service would have been if the customer had made the payment when obtaining control of that service. The discount rate used was 3,5% (up to 2016 5,5%) and the periodic annual amount of EUR 12,645,948.

In water distribution activity, the Company only recognises revenue from the application of tariffs approved by the State.

Order no. 9000/2010 was published on May 26th, 2010, with effect from June 1st, approving the tariff that sets the price of water for agricultural irrigation use supplied by EDIA under the public water services of EFMA. This order was revoked in April 2017, with the approval of Order 3025/2017 of April 11th, 2017, which sets the tariff after that date applicable to the public water service for agricultural irrigation, within the scope of EFMA.

The legislator sought to create the right conditions for the price of the service to remain competitive, considering that the conditions are set to increase the Project's competitiveness and attractiveness by reviewing the current pricing system.

A set of standards was set to ensure the sustainable management of water resources through the internalisation of costs and benefits associated with water use, having established the rate of water resources and the pricing system of the public water service as the determining instruments for this purpose.

It is necessary to take into account the need to strike a balance between the costs associated with the Project's operation and conservation, including the primary system, as well as users' ability to pay, in the light of the economy of the installed crops. The pricing system structure is based on a sensitive equilibrium equation, which must simultaneously internalize all costs to comply with sustainability requirements detailed in national and community legislation; be a factor of competitiveness and attractiveness for the region; and match users' payment capacity, for which it should hold a solidarity factor.

This order also sets the applicable pricing system to the public water service for public supply and industrial use, taking into account the specificities of other uses, such as high levels of supply guarantee. Thus, the following is determined:

- The applicable pricing system to the supply of irrigation water from the primary network, delivered to entities in charge of the operation and conservation of hydro-agricultural uses bordering the EFMA is EUR 0,030/m³; and
- The applicable pricing system to water leaving the secondary network to supply agricultural holdings is broken down into a fixed component, the conservation rate, and a variable component, the exploitation rate, which are intended to cover infrastructure conservation and operation costs, applied annually to each benefited hectare and to each cubic meter of water supplied, respectively.

Under the terms referred to in the previous paragraphs, the pricing system applicable is as follows:

- On leaving the secondary network, for supplying water under high pressure to farms, the holding and operating rates are EUR 55.00/ha and EUR 0.059/m³ respectively;
- On leaving the secondary network, for supplying water under low pressure to farms, the holding and operating rates are EUR 20.00/ha and EUR 0.032/m³ respectively;
- For public supply: EUR 0,045/m³;
- For industrial use: EUR 0,060/m³.

The amounts established in the previous figures pertain to 2018 and are updated annually in light of the consumer price index's annual average variation, excluding housing, in Mainland Portugal, published by the Statistics Portugal.

The average annual CPI variation rate excluding housing for the Continent from 2018 to 2019 was 0%, so there was no change in the price of water intended for agricultural irrigation.

The above pricing system will be applied in phases, as detailed below:

In the first year following completion of each of the EFMA irrigation perimeters' secondary networks, integrated in the 120,000 ha corresponding to the Project's 1st phase, the pricing systems to be applied should be 40%, increasing in subsequent years to 60% and 80%, respectively, reaching the final pricing system in the 4th year. In the irrigation perimeters, construction of the 2nd Phase of the Project, the amounts to be charged in the 1st year following the conclusion of the construction of each one amounts to 50% of the pricing system, making up the definitive 2nd year pricing systems.

Interest

Revenue from interest is recognised using the effective interest method, provided that it is probable that economic benefits will flow to the Company and their amount can be reliably calculated.

This interest is recorded in the relevant period according to the accrual-based accounting scheme.

3.1.p. Income tax

Income tax comprises current taxes and deferred taxes.

Current tax corresponds to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period adjusted according to fiscal regulations.

Deferred taxes arise from temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using tax rates enacted at the date of the Financial Position Statement and that are expected to be applied when the temporary differences revert.

In financial reporting in accordance with IAS/IFRS, the Company did not recognize, in 2019 or in previous years, any deferred tax assets related to deductible temporary differences (including the losses generated by the impairment losses of the “water” segment) or the tax losses carried forward, for there is no reasonable assurance regarding the existence of future taxable income to allow the use of these deductible temporary differences and tax losses carried forward before they become extinct.

The Company has its head office in Portugal and is subject to Corporate Income Tax (IRC) at the rate of 21%, and the municipal tax is calculated at the minimum rate of 1.5% of taxable profits.

Under the terms of Article 88 of the IRC Code, the Company is subject to additional independent taxation on a range of charges, at the rates specified in said Article. However autonomous taxation rates are increased 10%, since EDIA registered tax loss in the previous tax year.

According to current legislation, tax returns are subject to revision and correction by the Tax Authorities for a period of four years. However, this deadline may be extended or suspended if there are ongoing inspections, claims or appeals, or if there have been tax losses, which is the case of EDIA.

3.1.q. Subsequent Events

Events occurring after the date of the Financial Position Statement but before the date of approval of the financial statements by the management of the Company and provided that additional information is afforded about condition that existed at the date of the Statement of the Financial Position, lead to adjustments which are reflected in the financial statements for the period.

Events occurring after the date of the Financial Position Statement that are indicative of conditions that arose after the date of the Financial Position Statement (events that do not give rise to adjustments), are disclosed in the Notes to the Financial Statements, if considered materially relevant.

3.1.r. Estimates and Judgments

While preparing the financial statements judgments and estimates that affect the reported amounts of assets and liabilities were used as well as the reported amounts of revenues and expenses during the reporting period.

The estimates and assumptions are determined based on the best knowledge at the date of preparation of the financial statements and the experience of past and/or current events considering certain assumptions as to future events. However, situations may occur in subsequent periods that were not foreseeable at the time of approval of the financial statements and therefore were not considered in these estimates.

Changes to the estimates that occur after the date of the financial statements will be corrected prospectively. For this reason, and given the degree of associated uncertainty, the actual results of the situations in question may differ from corresponding estimates.

Estimates and judgments that have an impact on the financial statements are continuously evaluated, representing the Board's best estimate at the date of each report, taking into account the performance history, accumulated experience and expectations about future events.

In the financial statements as of 31st December 2019, the most significant estimates shown include the impairment tests performed on intangible assets and current investments, and the record of provisions.

Simply put, impairment is an estimate of the reduction in the carrying value of assets. In this sense, it serves as an instrument that gives the company more opportunity to ensure that its accounting information represents, at all times, the best way the economic reality of the activities developed and the value of its intangible assets. The usefulness of the financial statements for all stakeholders, seeking the best arguments for their decision-making, depends on this.

The Company, based on the impairment tests, checks whether the assets are impaired, in accordance with said policy. The calculation of the recoverable amounts of the cash generating units involves judgment and in the underlying assessment to the calculations made assumptions are used based on available information either of the business or the macroeconomic environment at a given time.

The Company exercises considerable judgment in measuring and recognizing provisions. Judgment is required in order to determine the probability of a lawsuit being successful. Provisions are constituted when the Company expects that proceedings under way will result in cash outflows, the loss is probable and can be reasonably estimated. Given the uncertainties inherent in the assessment process, actual losses may be different from those originally estimated in the provision.

These estimates are subject to change when the information becomes available. Revisions to the estimates of these losses may affect future results.

3.1.s. Contingent Assets and Liabilities

Contingent liabilities are not recognized in the financial statements but disclosed when the possibility of a cash outflow embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when it is probable that there is a future economic inflow of resources.

3.2. Financial Risk Management Policies

The Board of Directors provides the general principles for risk management, as well as the limits of exposure to it.

The Company's activities entail exposure to financial risks, namely:

- Market Risk – primarily that of the interest rates and of the exchange rates, which are associated, respectively, to the risk of the impact of the variation in market interest rates on financial assets and liabilities and profits and to the risk of fluctuation of fair value of financial assets and liabilities due to changes in exchange rates;
- Credit risk – risk of their debtors not meeting their financial obligations; and
- Liquidity risk – risk of encountering difficulties to meet obligations associated with financial liabilities.

EDIA's activities are primarily exposed to interest rate risk, which arises mainly from contracting long-term loans with variable interest rates (the most used indexes are Euribor 3 months and 6 months), no derivative financial instruments are used in the management of these risks.

This situation has to do with the need for the Company to finance the investment activities of EFMA with the use of capital leverage, through taking out bank loans. Obtaining funds this way (bonds, and loan of BEI) results from a financial policy set by the sole Shareholder, based on contracting loans with State guarantees, and the unavailability of sufficient capital allocations to accompany EFMA's pace of investment.

On the other hand, the Company has not generated the necessary means, not only to deal with the volume of investment which has been made, nor does it have sufficient liquidity to cope with its operations or the financial costs arising from the financing policy adopted.

However, at the end of 2014, following EDIA's entry into the public accounts' consolidation scope, the State (DGTF) granted EDIA a medium-and long-term loan to settle the short-term loans in various banks, intended to meet the financing needs related to the Company's debt service.

In 2019, according to the guidelines reflected in the State Budget, the coverage of part of EDIA's financing needs, as a Reclassified Public Company, was assured and materialized through capital endowments.

Note 21 – Financing Obtained, features the detail of the paid bank debt with an indication of the financing entity and respective index.

It is considered that, because there are no financial instruments in foreign currency and debts of customers are reduced and recent, there are, to date, no risks of other nature considered relevant to warrant more detailed disclosure to improve the information and respective understanding of users about the risks to which the Company is exposed.

4. CASH FLOWS

For the purposes of the Cash Flows Statement, "Cash and Cash Equivalents" includes cash and overnight deposits, as well as highly liquid short-term financial investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

The Cash Flow Statement is prepared according to the direct method, by which receipts and cash payments for operating, investment and financing activities are disclosed.

All significant balances of cash and cash equivalents are available for use, without any restriction at the date of the Financial Position Statement.

Operating activities include cash received from customers, payments to suppliers, payments to staff and others related to operating activities.

Investment activities include payments and receipts arising from the purchase and sale of assets and receipts of interest.

Financing activities include payments and receipts relating to loans obtained, finance leases and interest paid.

As of December 31st, 2019, and December 31st, 2018, the heading "Cash and Bank Deposits" in the Financial Position Statement, and "Cash and Cash Equivalents" in the Cash Flow Statement, breaks down as follows:

EUR		
Bank Deposits	31/Dec/19	31/Dec/18
Sight Deposits	13.026.679	24.644.107
Gateway Account *	136.082	34.350
Cash	5.746	6.746
CASH AND BANK DEPOSITS (DPF)	13.168.507	24.685.203
CASH AND CASH EQUIVALENTS (DFC)	13.168.507	24.685.203

*The "Gateway Account" balance translates the amounts to be deposited in the bank, essentially through checks in transit.

All bank deposit accounts have been reconciled, pertaining to December 31st, 2019, and December 31st, 2018, and "Demand deposits" is composed as follows:

EUR		
Bank Deposits	31/Dec/19	31/Dec/18
IGCP – Instituto de Gestão de Tesouraria e do Crédito Público	12.707.175	23.756.859
TOTAL	13.026.679	24.644.107

EUR

Bank Deposits	31/Dec/19	31/Dec/18
CCAM – Caixa Central de Crédito Agrícola Mútuo	177.723	611.955
Novo Banco	79.514	80.760
CGD – Caixa Geral de Depósitos	54.091	90.344
BPI – Banco Português de Investimento	4.163	8.502
Caixa Banco de Investimento	2.074	2.074
Banco Santander Totta	1.140	85.555
Millennium BCP	800	8.058
TOTAL	13.026.679	24.644.107

5. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The estimates and underlying assumptions were determined based on the best information available at the date of approval of the financial statements of events and transactions in progress, as well as in the experience of past and/or current events.

However, situations may occur in subsequent periods that were not foreseeable at the time of approval of the financial statements and therefore were not considered in these estimates.

Changes to the estimates that occur after the date of the financial statements will be corrected prospectively.

For this reason, and given the degree of associated uncertainty, the actual results of the transactions in question may differ from corresponding estimates.

6. PROPERTY, PLANT AND EQUIPMENT

Over the course of 2019 and 2018, movements in the heading “Property, Plant and Equipment”, as well as in the respective depreciation and accumulated impairment losses were as follows:

Property, Plant and Equipment	31/Dec/19								
	Land and Natural Resources	Buildings and Other Constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Property, Plant and Equipment	Property, Plant and Equipment in Progress	Advances on Account of Investments	TOTAL
Gross Assets									
Opening Balance	2.959.531	12.071.701	1.502.720	660.738	2.194.321	850.507	164.619	-	20.404.137
Additions		102.936	1.626	209.500	66.875	115.543	3.524.539	2.326	4.023.344
Disposals/Write-Offs	(32.100)								(32.100)
Other Transfers							(3.381.190)		(3.381.190)
Closing Balance	2.927.431	12.174.637	1.504.346	870.238	2.261.196	966.050	307.967	2.326	21.014.191
Accumulated Depreciation									
Opening Balance		3.800.168	1.128.602	530.606	2.102.751	493.672			8.055.798
Additions		255.508	54.019	44.373	49.548	52.946			456.394
Other Accumulated Depreciation Movements									-
Closing Balance	-	4.055.676	1.182.621	574.979	2.152.299	546.618	-	-	8.512.193
NET AMOUNT	2.927.431	8.118.960	321.725	295.259	108.897	419.432	307.967	2.326	12.501.998

Property, Plant and Equipment	31/Dec/18								
	Land and Natural Resources	Buildings and Other Constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Property, Plant and Equipment	Property, Plant and Equipment in Progress	Advances on Account of Investments	TOTAL
Gross Assets									
Opening Balance	2.959.531	12.044.826	1.459.270	695.899	2.148.557	693.140	145.615		20.146.840
Additions		26.875	43.450	51.347	47.435	224.167	19.004		412.278
Disposals/Write-Offs				(86.508)	(1.672)				(88.180)
Other Transfers						(66.800)			(66.800)
Closing Balance	2.959.531	12.071.701	1.502.720	660.738	2.194.321	850.507	164.619		20.404.137
Accumulated Depreciation									
Opening Balance		3.528.702	1.071.213	548.415	2.062.244	452.954			7.663.529
Additions		271.467	57.388	68.699	40.507	40.718			478.778
Other Accumulated Depreciation Movements				(86.508)					(86.508)
Closing Balance		3.800.168	1.128.602	530.606	2.102.751	493.672			8.055.798
NET AMOUNT	2.959.531	8.271.532	374.118	130.132	91.571	356.835	164.619	0	12.348.339

6.1. Land and Natural Resources, Buildings and Other Construction and Basic Equipment

“Property, Plant and Equipment” include the investments not allocated to the Concession, i.e. goods that will not revert to the state at the end of the concession period, in particular, the excess area expropriations, the Museu da Luz, the Noudar Nature Park, EDIA’s headquarters, the Casa do Grande Lago, the Cartography Centre and Alqueva Marina.

Over the years, these investments were transferred from underway to the heading “Property, Plant and Equipment”, and the depreciation process was started, as well as recognition of subsidies associated with them as income (in the same proportion in which they are depreciated).

In the heading “Property, Plant and Equipment in Progress”, the additions reflect the Investment made, not yet completed, in the construction of the Company’s head office expansion and also in systems for the installation of self-consumption production units, which aim to produce electricity through solar photovoltaic conversion.

The variation in the “Transport Equipment” account results from the acquisition of a multi-purpose amphibious vessel, necessary for surveillance, security and water quality monitoring activities, in the context of a control and elimination strategy of invasive aquatic plant species, in the EFMA reservoirs.

In the heading “Other Property, Plant and Equipment”, the additions essentially reflect the acquisition of hydraulic oil cooling systems, emergency equipment lubrication, as well as other optimized equipment, to be allocated to the various EFMA infrastructures, contributing both to the reduction of equipment downtime and to a better water quality monitoring.

In the “Buildings and Other Constructions” heading, the additions mainly reflect the acquisition of equipment to be allocated to the new infrastructures of the Company’s head office.

The increase in the “Administrative Equipment” heading reflects the supply of: (i) hardware for the implementation of the SAP HANA ERP system, (ii) computer equipment in order to maximize server application performance, and (iii) computers, monitors and tablets, with the purpose of having a greater and better field performance and monitoring of all infrastructures in operation.

7. INVESTMENT PROPERTIES

The heading “Investment Property” in the amount of EUR 2,110,655 registers the carrying amount of investment properties held by EDIA, namely land left over from expropriations (initially registered under the heading “Property, Plant and Equipment”, a policy that has been followed by EDIA), with leasing potential, i.e. not to be used in production, supply of goods or services, or for administrative purposes, but rather to obtain income and/or capital appreciation.

In accordance with IAS 40 – Investment Property stipulations, an investment property must be recognised when it is probable that future economic benefits associated with it will flow to the entity; and the cost of investment property can be reliably measured.

The “Investment Property” heading is shown in the Financial Position Statement, in Non-Current Assets.

Investment properties were initially measured by their cost, which includes their purchase price, transaction costs and other directly attributable expenses.

After recognition, EDIA chose the cost model as an accounting policy to measure all its investment properties.

After initial recognition, and having opted for the cost model, EDIA will measure its investment property in accordance with the IAS 16 – Fixed Tangible Assets requirements for this model, i.e. an asset should be carried at cost minus any accumulated depreciation, and any accumulated impairment losses. Accordingly, depreciation of an investment property will be made in accordance with that prescribed for Property, Plant and Equipment.

As part of the lease campaign for the remaining land, the annual Public Notice was issued in July 2018, pertaining to the lease to be recommended for the October 2018 – August 2019 period, respectively.

8. INTANGIBLE ASSETS

The movements of the major classes of “Intangible Assets”, registered at cost minus their respective amortization and accumulated impairment losses, had the following evolution in 2019 and 2018:

EUR

Intangible Assets	31/Dec/19								
	Land and Natural Resources	Buildings and Other Constructions	Basic Equipment	Development Projects	Software	Other Rights	Intangible Assets in Progress	Advances on account of Investments	TOTAL
Gross Assets									
Opening Balance	240.359.039	1.347.403.394	136.985.285	116.949	2.781.303	195.000.100	6.142.131	364.334	1.929.152.536
Additions			3.822		29.964		5.572.947	290.872	5.897.605
Other Transfers/Write-Offs	(43.132)	3.674					345.858	(306.400)	-
Closing Balance	240.315.907	1.347.407.068	136.989.107	116.949	2.811.267	195.000.100	12.060.937	348.805	1.935.050.140
Accumulated Depreciation									
Opening Balance	10.933.305	38.864.631	17.343.413	116.949	2.775.392	100			70.033.791
Additions	924.371	3.117.926	1.281.430		7.527				5.331.255
Other Transfers/Write-Offs	(5.760)								(5.760)
Closing Balance	11.851.916	41.982.557	18.624.843	116.949	2.782.919	100	0	0	75.359.286
Accumulated Impairment Losses									
Opening Balance	174.578.429	1.109.630.938	37.948.043	0	0	195.000.000	6.142.131	364.334	1.523.663.877
Impairment Losses Recognised		2.277	3.822				5.918.806		5.924.905
Impairment Losses Reversed	(50.323)							(15.529)	(65.852)
Closing Balance	174.528.106	1.109.633.215	37.951.865	0	0	195.000.000	12.060.937	348.805	1.529.522.930
CLOSING BALANCE	53.935.885	195.791.296	80.412.399	(0)	28.347	-	0	0	330.167.925

EUR

Intangible Assets	31/Dec/18								
	Land and Natural Resources	Buildings and Other Constructions	Basic Equipment	Development Projects	Software	Other Rights	Intangible Assets in Progress	Advances on account of Investments	TOTAL
Gross Assets									
Opening Balance	240.326.688	1.347.479.799	136.985.285	116.949	2.773.703	195.000.100	1.651.701	329.487	1.924.663.713
Additions					7.600		4.445.788	35.435	4.488.823
Other Transfers/Write-Offs	32.351	(76.405)					44.642	(588)	-
Closing Balance	240.359.039	1.347.403.394	136.985.285	116.949	2.781.303	195.000.100	6.142.131	364.334	1.929.152.536
Accumulated Depreciation									
Opening Balance	10.075.659	35.746.727	16.061.982	116.949	2.772.850	100			64.774.268
Additions	859.497	3.117.904	1.281.430		2.542				5.261.374
Other Transfers/Write-Offs	(1.851)								(1.851)
Closing Balance	10.933.305	38.864.631	17.343.413	116.949	2.775.392	100			70.033.791
Accumulated Impairment Losses									
Opening Balance	174.562.577	1.109.708.815	37.948.043			195.000.000	1.651.701	329.487	1.519.200.624
Impairment Losses Recognised	15.852						4.490.430	34.848	4.541.130
Impairment Losses Reversed		(77.877)							(77.877)
Closing Balance	174.578.429	1.109.630.938	37.948.043			195.000.000	6.142.131	364.334	1.523.663.877
CLOSING BALANCE	54.847.305	198.907.824	81.693.829	(0)	5.911	-	0	-0	335.454.868

8.1. Land and Natural Resources, Buildings and other Constructions, Basic Equipment and Software

Regarding the heading “Software”, the additions in the amount of EUR 29,964 reflect the acquisition of Upgrade equipment for the Company’s firewalls.

As a result of the full commissioning of the Alqueva dam and hydroelectric station in December 2005 and of the Pedrógão dam and hydroelectric station in early 2006, the respective depreciation process (including the portion of the dams allocated to energy production, which is estimated at 35.1% of the total investment of the dams) was initiated on those dates, as well as the recognition as income (in the same proportion as they are amortised) of the subsidies associated with them.

As of November 1st, 2007 (with the entry into force of the concession contract), these infrastructures, as well as the other assets related to the concession, began to be amortized using the straight-line method over the 75-year period of the concession, which ends in October 2082.

In December 2019, there were 22 perimeters completed and in operation in the three Alqueva, Pedrógão and Ardila subsystems. The percentages of primary infrastructure allocation to each of the perimeters in operation can be summarized as follows:

Primary Network Areas/ Infrastructure	Benefited Area (ha)	Perimeters in Operation															TOTAL
		Monte Novo Perimeter	Alvito-Pisão Perimeter	Pisão Perimeter	Ferreira, Figueirinha and Valbom blocks (Pisão-Roxo Perimeter)	Alfundão Perimeter	Infrastructure 12	Loureiro-Alvito Perimeter	Ervidel 1 block (Pisão-Roxo Perimeter)	Ervidel 2 and 3 block (Pisão-Roxo Perimeter)	Aljustrel block (Roxo-Sado Perimeter)	Pisão-Beja Perimeter (Cinco Reis Trindade blocks)	Pisão-Beja Perimeter (Beringel Álamo blocks)	Pisão-Beja Perimeter (Beja blocks)	Vale de Gaio Perimeter	Roxo Sado 2 nd blocks (Roxo-Sado Perimeter)	
Alqueva Subsystem																	
Benefited Area (ha)	-	7.714	10.058	2.588	5.118	4.216	5.980	470	2.914	3.508	1.300	5.600	2.543	2.442	3.290	1.949	59.690
Alqueva and Pedrógão Dams and Complemental Actions (64,9%)	110.203	7,00%	9,13%	2,35%	4,64%	3,83%	5,43%	0,43%	2,64%	3,18%	1,18%	5,08%	2,31%	2,22%	2,99%	1,77%	54,16%
Álamos Pumping Station	59.690	12,92%	16,85%	4,34%	8,57%	7,06%	10,02%	0,79%	4,88%	5,88%	2,18%	9,38%	4,26%	4,09%	5,51%	3,27%	100,00%
Álamos Dams	59.690	12,92%	16,85%	4,34%	8,57%	7,06%	10,02%	0,79%	4,88%	5,88%	2,18%	9,38%	4,26%	4,09%	5,51%	3,27%	100,00%
Álamos-Loureiro Connection	59.690	12,92%	16,85%	4,34%	8,57%	7,06%	10,02%	0,79%	4,88%	5,88%	2,18%	9,38%	4,26%	4,09%	5,51%	3,27%	100,00%
Loureiro Dam	59.690	12,92%	16,85%	4,34%	8,57%	7,06%	10,02%	0,79%	4,88%	5,88%	2,18%	9,38%	4,26%	4,09%	5,51%	3,27%	100,00%
Loureiro-Monte Novo Connection	7.714	100,00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,00%
Loureiro-Alvito Tunnel	51.976	-	19,35%	4,98%	9,85%	8,11%	11,51%	0,90%	5,61%	6,75%	2,50%	10,77%	4,89%	4,70%	6,33%	3,75%	100,00%
Alvito Water Intake	51.976	-	19,35%	4,98%	9,85%	8,11%	11,51%	0,90%	5,61%	6,75%	2,50%	10,77%	4,89%	4,70%	6,33%	3,75%	100,00%
Alvito Water Segregation	51.976	-	19,35%	4,98%	9,85%	8,11%	11,51%	0,90%	5,61%	6,75%	2,50%	10,77%	4,89%	4,70%	6,33%	3,75%	100,00%
Alvito-Pisão Connection	42.236	-	23,81%	6,13%	12,12%	9,98%	-	-	6,90%	8,31%	3,08%	13,26%	6,02%	5,78%	-	4,61%	100,00%
Odivelas Derivation	9.270	-	-	-	-	-	64,51%	-	-	-	-	-	-	-	35,49%	-	100,00%
Vale de Gaio Hydraulic Circuit	3.290	-	-	-	-	-	-	-	-	-	-	-	-	-	100,00%	-	100,00%
Pisão-Beja Connection	10.585	-	-	-	-	-	-	-	-	-	-	52,91%	24,02%	23,07%	-	-	100,00%
Pisão-Roxo Connection	14.789	-	-	-	34,61%	-	-	-	19,70%	23,72%	8,79%	-	-	-	-	13,18%	100,00%
Roxo Sado Connection	1.949	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,00%	100,00%
Pisão Dam	6.804	-	-	38,04%	-	61,96%	-	-	-	-	-	-	-	-	-	-	100,00%

Primary Network Areas/Infrasctructure	Benefited Area (ha)	Perimeters in Operation							Other Perimeters	TOTAL
		Orada Amoreira Perimeter	Brinches Perimeter	Brinches-Enxoé Perimeter	Serpa Perimeter	Caliços Machados Perimeter	Caliços-Moura Perimeter	Pias Perimeter	Brenhas Perimeter	
Ardila Subsystem										
Benefited Area (hectares)	-	2.522	5.463	4.698	4.400	5.000	2.136	4.614	745	29.578
Alqueva and Pedrógão dams and complemental actions (64,9%)	110.203	2,29%	4,96%	4,26%	3,99%	4,54%	1,94%	4,19%	0,68%	26,84%
Pedrógão pumping station and Pedrógão adductor	29.578	8,53%	18,47%	15,88%	14,88%	16,90%	7,22%	15,60%	2,52%	100,00%
Amoreira and Brinches dam	29.578	8,53%	18,47%	15,88%	14,88%	16,90%	7,22%	15,60%	2,52%	100,00%
Amoreira-Caliços hydraulic circuit	12.495	-	-	-	-	40,02%	17,09%	36,93%	5,96%	100,00%
Caliços-Pias hydraulic circuit	4.614	-	-	-	-	-	-	100,00%	-	100,00%
Caliços Machado hydraulic circuit	5.000	-	-	-	-	100,00%	-	-	-	100,00%
Brinches pumping station	14.561	-	37,52%	32,26%	30,22%	-	-	-	-	100,00%
Brinches Enxoé adductor	14.561	-	37,52%	32,26%	30,22%	-	-	-	-	100,00%
Serpa dam	4.400	-	-	-	100,00%	-	-	-	-	100,00%
Torre do Lóbio pumping station, Serpa adductor and Serpa north reservoir	4.400	-	-	-	100,00%	-	-	-	-	100,00%

Primary Network Areas/Infrasctructure	Benefited Area (ha)	Perimeters in Operation			TOTAL
		Pedrógão RB Perimeter	S. Pedro-Baleizão-Quintos Perimeter	S. Matias Perimeter	
Pedrógão Subsystem					
Benefited Area (ha)	-	4.800	11.270	4.865	20.935
Alqueva and Pedrógão dams and complemental actions (64,9%)	110.203	4,36%	10,23%	4,41%	19%
Pedrógão pumping station and Pedrógão-Right Bank adductor	20.935	22,93%	53,83%	23,24%	100%
S. Pedro Baleizão Quintos hydraulic circuit	11.270		100%		100%
S. Matias hydraulic circuit	4.865			100%	100%

The infrastructure for the use of the public waterways domain allocated to EFMA in the concession agreement signed between EDIA and the State, and forming part of the primary system (dams, hydroelectric power plants and primary network) of the Development are the property of the concessionaire for the duration of the concession.

At the end of the concession, the property referred to above, reverts without any compensation to the State, free of any obligation or charges, and in perfect operation, use and maintenance conditions. Since these infrastructures are allocated to the “water” segment and as such, have been the subject of adjustment for impairment losses, with a zero net book value (see Note 8.4), no amortisation of said investments will be made.

Thus, the calculation of depreciation that would be reflected in the financial statements if they had not previously been recognised as impairment losses serves only to determine which part of the impairment losses was incorporated as a tax expense of each period, in accordance with Article 31-B of the IRC Code.

8.2. Other Rights

The amount in the heading “Other Rights” corresponds essentially to initial financial compensation paid by EDIA to the State, in the value of EUR 195,000,000, resulting from the “Concession Contract for the Use of the Public Waterways Domain assigned to EFMA”, of 17th October 2007, entered into between EDIA and the State for a period of 75 years. This Contract enshrines the terms and conditions ruling the grantor-concessionaire relationship, specifying the content of the mission associated with the operation of the Development and defining the rules for the exercise of the said rights of private use of the public waterways domain.

As this amount is directly related to the activity of water distribution (and not with the activity of energy production sub-concessioned to EDP), which is in complete impairment, said EUR 195 million are covered by accumulated impairment losses of equal amount (see Note 8.4).

8.3. Ongoing Property, Plant and Equipment and Intangible Assets

The breakdown of Ongoing Property, Plant and Equipment and Intangible Assets is as follows:

	EUR	
	31/Dec/19	31/Dec/18
Tangible Assets in Progress		
Regional Development	297.167	164.619
Head Office	10.800	-
	307.967	164.619
Intangible Assets in Progress		
Álamos	6.069.579	3.184.635
Primary Network	5.727.570	2.698.978
Alqueva Dam	263.788	258.518
	12.060.937	6.142.131
TOTAL	12.368.904	6.306.750

The variance in this heading is mainly due to the additions registered in this period, under “Ongoing Investments”, excluding capitalisations, which essentially refer to the following Álamos, Primary Network and Alqueva Dam projects:

EUR	
Projects	31/Dec/19
Álamos	
Reinforcement pumping station pumping capacity	2.514.487
Primary Network	
S. Pedro hydraulic circuit	1.257.467
Roxo-Sado channel	219.194
Primary Network environmental monitoring	212.733
Cabeça Gorda-Trindade hydraulic circuit	102.724
Calço Machados hydraulic circuit	51.990
Monte da Rocha reservoir – Messejana H. C. Connection	47.287
Vidigueira hydraulic circuit	46.187
Reguengos hydraulic circuit	25.374
Alqueva Dam	
Environmental management	5.270
Other (< \$25,000)	1.090.234
TOTAL	5.572.947

In light of a sustainable development for the region, and in order to optimize the benefit of the competitive advantages provided by the Project and the total use of the available water resources, within the scope of optimizing the main hydraulic circuits, EDIA developed a strategy to promote and increase irrigation by building infrastructures in areas bordering the Project.

On December 31st, 2019, once the Project's 1st phase was completed with the entry into operation of the 120,000 ha of irrigation area, and having already identified approximately 50,000 ha of potential areas for irrigation in its surroundings, the Project's 2nd phase began, with the implementation of infrastructure in these adjacent areas.

Given the recognised technical, economic and environmental interest and feasibility of these territories, and after obtaining the guarantee of non-refundable grants for eligible investments in collective irrigation under the PNRegadios, EDIA was responsible for optimising and monitoring the implementation projects and respective construction works in the various neighbouring areas, such as the São Pedro, Roxo-Sado, Cabeça Gorda-Trindade, Calços Machado hydraulic circuits and their blocks.

As of December 31st, 2019, the amount of:

- EUR 6,069,579 reflects the total Investment made in the contract to reinforce the Álamos pumping station's pumping capacity;
- EUR 5,727,570 translate the Investment made in the primary network execution projects related to the neighbouring areas;
- EUR 263,788 reflect the value of environmental management and exploitation services rendered regarding natural resources in the Alqueva dam surrounding; and
- EUR 297,168 mainly reflect the investment made in property, plant and equipment in progress, toward a system for the installation of photovoltaic production units for self-consumption in the expansion areas' pumping stations, the objective of which is the production of electricity through photovoltaic solar conversion to supply a reservoir and filter station's electrical installations.

8.4. Impairment losses

Following the 2010 definition of the water supply pricing system for the primary system, EDIA estimated the recoverable amount of the "Water" segment assets by determining their value of use, and it was concluded, in the impairment tests since 2009, that the current value of future cash inflows associated with this segment is negative, so the loss of impairment on those dates corresponds to the total value of assets (net of inseparable liabilities-subsidies) allocated to this segment.

Thus, the intangible assets allocated to this segment, with a gross value of EUR 1,529,522,930 on December 31st, 2019 (EUR 1,523,663,877 on December 31st, 2018) are fully offset by accumulated impairment losses in the same amount.

Impairment losses mentioned above have been recognized as "water" segment investment is made. Thus, since these assets already have a zero net book value through the recognition of impairment losses, investments in this segment will not be subject to any depreciation over the lifecycle of the respective infrastructure.

The amounts allocated to each of these segments (water, energy, others) under the heading "Intangible Assets" (gross values) were as follows:

Intangible Asset	31/Dec/19			31/Dec/18		
	"Water" Segment	"Power" Segment	Other	"Water" Segment	"Power" Segment	Other
Development Projects			116.949			116.949
Software		1.805.861	990.424		1.805.861	975.442
Other Rights	195.000.000		100	195.000.000		100
Land and Natural Resources	174.528.106	65.787.822		174.578.408	65.780.631	
Buildings and Other Constructions	1.109.633.215	237.774.200		1.109.631.602	237.772.803	
Basic Equipment	37.951.865	99.037.884		37.947.401	99.037.884	
Intangible Assets in Progress	12.060.937			6.142.131		
Advances on account of Investments	348.806			364.335		
TOTAL	1.529.522.930	404.405.768	1.107.473	1.523.663.877	404.397.180	1.092.491

Likewise, subsidies linked to the distribution of water, whose assets are (in the impairment tests performed over the years) fully impaired, have been derecognised under the registration of impairment losses for the respective assets, i.e., these losses are recognised in the Comprehensive Income Statement by the net value of the respective subsidies.

9. RELATED PARTIES

9.1. Financial Holdings – Other Methods

Corporate Name	Share Capital	% Shareholding	No. Shares /Un. Sharehold.	Nominal Value	Acquisition Cost	Shareholding Value as at 31 st December 2019	Shareholding Value as at 31 st December 2018
Águas do Vale do Tejo, S.A.	83.859.578	0,30	250 000 A	1	250.000	250.000	250.000
Agência de Desenvolvimento Regional do Alentejo, S.A.	499.000	4,11	4 110 A	5	20.501	20.501	20.501
Centro Operativo e de Tecnologia do Regadio	63.500	9,82	11 UP	500	6.070	6.070	6.070
Lusofuel – Produção de Biocombustíveis e Derivados, S.A.	500.000	10,00	10 000 A	5	50.000	0	0
TOTAL					326.571	276.571	276.571

These shareholdings are recorded at acquisition cost (EUR 326,571), for EDIA does not hold a dominant or significant shareholding (which is assumed to happen when the shareholding is equal to or greater than 20%) in none of the companies identified above.

Whenever there are indications that the asset may be impaired, an evaluation of these investments is made and any impairment loss is registered.

9.2. Transactions and Balances with Related Parties

There are no: (a) balances of current accounts receivable (clients) from related parties, and (b) amounts payable or transactions with related parties.

9.3. Remuneration of Key Management Personnel

ESTATUTO REMUNERATÓRIO FIXADO	
BOARD OF DIRECTORS (Managing Directors)	
Chairman	
Shareholder Order of 05/23/2018: (a)	
Remuneration of 4,864.34 € (14 times per year) plus 40% in representation expenses in the amount of 1,945.74 € (12 times per year)	
Remuneration: b)	
Remuneration of € 4,906.64, plus € 924.23 in representation expenses, from January 1 st through April 30 th , 2019	
Remuneration of € 4,763.88, plus € 1,386.34 in representation expenses, from May 1 st through November 30 th , 2019	
Remuneration of € 4,621.12, plus € 1,848.45 in representation expenses, as of December 1 st , 2019, with a 5% reduction (reduction provided for in paragraph 1 of article 12 of Law No. 12/2010, of June 30 th)	
Service vehicle (€ 40,000.00 purchase limit); Driver; Mobile phone (monthly limit of € 80.00); Health Insurance (€ 360.83 per year)	
Members	
Shareholder Order of 05/23/2018: (a)	
Remuneration of € 3,891.47 (14 times per year) plus 40% in representation expenses in the amount of € 1,556.59 (12 times per year)	
Remuneration: b)	
Remuneration of € 4,069.27, plus € 739.38 in representation expenses, from January 1 st through April 30 th , 2019	
Remuneration of € 3,883.09, plus € 1,109.07 in representation expenses, from May 1 st through November 30 th , 2019	
Remuneration of € 3,696.90 plus € 1,478.76 in representation expenses, as of December 1 st , 2019, with a 5% reduction (reduction provided for in paragraph 1 of article 12 of Law No. 12/2010, of June 30 th)	
*Service vehicle (purchase limit of € 40,000.00); Mobile phone (monthly limit of € 80.00); Health Insurance (€ 360.83 per year)	
(a) The Written Unanimous Social Resolution of May 23 rd , 2018 fixed the remuneration statute of the members of EDIA's Governing Bodies for the 2018-2020 term. Following the publication of the Budget Execution Decree-law for 2019 (Decree-law No.84 / 2019, of June 28 th), and of the provision in No.1 of article 209 of this diploma, the amendment to remuneration of the members of the Board of Directors for the remuneration statute approved by the Shareholder Order, in a phased manner, as established in paragraphs 1 and No.2 of article 16 of the LOE.	
(b) The total amount of remuneration received was amended in early 2018. As part of the approval of a set of additional fiscal consolidation measures aimed at strengthening and accelerating the reduction of excessive deficit and the control of public debt growth foreseen in the Stability and Growth Program (PEC), the 5% reduction in salaries for public and equivalent managers is maintained, as provided for in Article 1, No. 1, of Law No. 12-A / 2010, of June 30 th .	
There is still no place for the attribution of management prizes as provided for in article 4 of Decree-Law No. 8/2012, of January 18 th , and in No. 4 of the Resolution of the Council of Ministers No. 36/2012, of March 26 th , in article 29 of Law No. 64-B / 2012, of December 30 th (LOE 2012), in article 37 of Law No. 66-B, of December 31 st (LOE 2013), in article 41 of Law No. 83-C, of December 31 st (LOE 2014), in article 41 of Law 82-B / 2014 of December 31 st (LOE 2015), in article 18 of Law 7-A / 2016 of March 30 st (LOE 2016), in article 19 of Law No. 42/2016, of December 28 th (LOE 2017), in article 20 of Law No. 114/2017 of December 29 th (LOE 2018), and Article 27 of Law No. 71/2018, of December 31 st (LOE / 2019).	

10. INCOME TAX

Expenditure (income) on corporate income tax as of December 31st, 2018, and December 31st, 2019, is broken down as follows:

EUR		
	31/Dec/19	31/Dec/18
Current Taxes		
Autonomous Taxation	72.918	87.338
TOTAL	72.918	87.338

The Company is subject to tax on profits as to Corporate Income Tax (IRC) at the standard rate of 21%, and the municipal tax fixed at a maximum rate of 1.5% of the taxable income.

Under the terms of Article 88 of the IRC Code, the Company is subject to additional independent taxation on a range of charges, at the rates specified in said Article. However autonomous taxation rates are increased 10 %, since EDIA registered tax loss in the previous tax year.

The heading's value reflects the estimated value of the autonomous taxation to be borne by EDIA in 2019.

In this financial reporting in accordance with IAS/ IFRS, the Company did not recognize, in 2019 or in previous years, any deferred tax assets related to deductible temporary differences (including the losses generated by the impairment losses of the "water" segment) or the tax losses carried forward, for there is no reasonable assurance regarding the existence of future taxable income to allow the use of these deductible temporary differences and tax losses carried forward before they become extinct.

11. CAPTIVE DEPOSITS

On December 31st, 2019, the account balance (EUR 90,745) corresponds to two collateral deposits made by EDIA at a bank, in a medium and long-term, specifically in favour of the Tax and Customs Authority, in the ambit of an inspection at IRC headquarters, in which EDIA was notified to make corrections and not agreeing; and, in order to request the suspensory effect of the tax assessment and respective compensatory interest, as well as being able to appeal, EDIA committed to make said deposits. (See Note 32).

12. INVENTORIES

As of December 31st, 2019, and December 31st, 2018, the Company's "Inventories" are as follows:

EUR		
Inventories	31/Dec/19	31/Dec/18
Products and Works in Progress (PTC)	6.980.873	3.575.268
Subsidiary Materials	681.212	531.536
Goods	32.695	37.165
TOTAL	7.694.780	4.143.969

Following the publication of Decree-Law No. 335/2001 of December 24th, which, with the exception of Infrastructure 12 forecasted the transfer to the State of infrastructures integrating the secondary irrigation network allocated to EFMA, from the year 2002, EDIA has shown, under "Inventories", the cost of infrastructure works of the secondary irrigation network that hadn't yet been transferred to the State or another entity.

Under the Concession Agreement on the Management, Operation, Maintenance and Conservation of the EFMA Secondary Network Infrastructures signed on April 8th, 2013 (in force until the end of 2020), EDIA delivered to the State (represented by DGADR) the already completed infrastructure, by December 31st, 2018, regarding the secondary network, in which the latter assumes all inherent rights and obligations set by the current legislation.

Thus, the investment in these already completed infrastructures of the secondary network is shown under "Other accounts receivable" (sub account DGADR), net of corresponding investment subsidies, translating the value that EDIA expects to receive from the State as part of the compensation of the non-subsidized investment in the secondary network.

The variation in this heading results from investments in irrigation blocks, bordering areas and respective capitalizations.

The evolution of "Products and Work in Progress" in 2019 can be summarized as follows:

EUR					
	31/Dec/18	Additions	Capitalizations	Transfer to Other Accounts Receivable	31/Dec/19
Products and Works in Progress	3.575.268	4.128.757	0	723.151	6.980.873

The variation of this “Products and Work in Progress” sub-account reflects investments in projects related to 2nd phase irrigation blocks under construction, in which infrastructure works for approximately 50,000 hectares in the so-called bordering areas are contemplated, namely in the following blocks:

EUR	
Projects	31/Dec/19
Vila Nova São Bento block	1.080.592
Vidigueira block	1.022.863
Loureiro-Alvito Connection block	594.643
Évora blocks	171.413
Cuba-Odivelas blocks	119.753
Cabeça Gorda-Trindade block	102.724
Other (< € 100.000)	1.036.770
TOTAL	4.128.757

13. CLIENTS, SALES AND SERVICES RENDERED

Revenue is measured at the fair value of the consideration received or receivable.

13.1. Clients

This heading breaks down as follows, by nature and segment:

EUR		
Clients	31/Dec/19	31/Dec/18
General Clients	6.332.262	7.506.479
Clients – Water Segment	6.288.471	7.484.892
Clients – Energy Segment	0	0
Clients – Other	43.791	21.587
Clients – Payment Agreement	363.691	141.930
Clients – Water Segment	363.691	141.930
Clients – Tax Execution	147.296	152.348
Clients – Water Segment	147.296	152.348
Clients – Doubtful billing	367.406	638.685
Clients – Water Segment	367.406	638.685
Impairment Losses	(367.406)	(638.685)
Clients – Water Segment	(367.406)	(638.685)
TOTAL	6.843.249	7.800.758

The main balances of “General Clients” are as follows:

EUR		
General Clients	31/Dec/19	31/Dec/18
Águas de Santo André, S.A.	447.781	-
Associação de Regantes e Beneficiários de Campilhas e Alto Sado	423.320	295.193
Fundação Eugénio de Almeida	164.080	190.294
Salto do Cervo-Agricultura e Pecuária, Lda	137.485	112.947
De Prado Portugal, S.A.	131.543	117.649
Águas do Vale do Tejo, S.A.	113.675	-
Querida Primavera, Lda	96.361	22.351
EDP Distribuição Energia, S.A.	87.505	-
Associação de Beneficiários do Vale do Sado	84.068	-
Trigonovo Agropecuária, Lda	81.334	23.218
ABORO – Associação de Beneficiários da obra de rega de Odivelas	-	1.249.122
ABROXO – Associação de Beneficiários Do Roxo	-	1.106.851
EPAL-Empresa Portuguesa de Águas Livres, S.A.	-	630.540
Sociedade Agrícola dos Patos, Lda	-	94.662
Other (< € 80.000)	4.565.110	3.663.652
TOTAL	6.332.262	7.506.479

The variation in this account results essentially from water supply from the primary network to entities in charge of the operation and conservation of hydro-agricultural holdings bordering EFMA, but also to entities for the purposes of public and industrial supply.

Overall, the balances with a unit value of less than EUR 80,000, totalling EUR 4,565,110 as of December 31st, 2019, mostly reflect the amounts receivable for water distribution services provided, arising from compliance with Orders no. 9000/2010 and 3025/2017, which set the water prices intended for agricultural irrigation, within the framework of EFMA's public water service.

The “Clients – Tax Execution” account balance (EUR 147,296) reflects the amount of processes in tax execution, filed by EDIA, aimed at quickly and effectively recovering the credit which the Company holds.

These figures result from water distribution services provided by the Company, in which there was no compliance with the obligation, payment of the instalment, within the legal period, and previously the company has taken all reasonable steps to recover these credits.

The credits that are considered of doubtful collection after evaluation by the Company are subject to accounting recognition of the respective impairment.

13.2. Sales and Services Rendered

EUR		
Sales and Services	31/Dec/19	31/Dec/18
Sales		
Energy – Mini-hydro	552.806	692.577
Noudar Natural Park	62.203	43.312
Energy – Photovoltaic	16.100	64.596
	631.109	800.485
Services Rendered		
Water Distribution	18.448.636	13.710.673
Energy Production	13.695.883	14.276.464
Noudar Natural Park	139.509	77.752
Cartography and Expropriations	43.823	54.864
	32.327.851	28.119.753
TOTAL	32.958.960	28.920.238

13.2.1. Sales

The amount of EUR 631,109 recorded in sales in 2019 essentially reflects the amount of sales amount of energy transferred to the network: (i) by the Alvito, Odivelas, Pisão, Roxo and Serpa mini-hydroelectric power stations (EUR 552,806), (ii) the Alqueva photovoltaic plant (EUR 16,100) and (iii) the sale of live cattle and pastures in PNN (EUR 62,203).

13.2.2. Provision of Services

Water Distribution

The transposition of the Water Framework Directive was made through Law no. 58/2005, of 29th December, and developed by Decree-Law no. 226-A/2007, of May 31st and Decree-Law no. 97/2008, of June 1st, having enshrined the principle of the economic value of water, by force of which the current or potential shortage of this resource is recognised, as is the need to ensure its economically efficient use with the recovery of the costs of water services, even in environmental and resource terms.

In compliance with order no. 9000/2010, of April 27th, which set water prices for agricultural irrigation, under EFMA's public water service, EDIA initiated the invoicing procedure in the 2nd half of 2010.

In April 2017, Order No. 9000/2010 was revoked and Order No. 3025/2017 of April 11th, 2017 was approved, which sets the new applicable pricing system to regarding the public water service associated with irrigation for agricultural use, within the scope of EFMA.

The legislator sought to create the right conditions for the price of the service to remain competitive, considering that the conditions are set to increase the Project's competitiveness and attractiveness by reviewing the current pricing system.

A set of standards was set to ensure the sustainable management of water resources through the internalisation of costs and benefits associated with water use, having established the rate of water resources and the pricing system of the public water service as the determining instruments for this purpose.

It is necessary to take into account the need to strike a balance between the costs associated with the Project's operation and conservation, including the primary system, as well as users' ability to pay, in the light of the economy of the installed crops. The pricing system structure is based on a sensitive equilibrium equation, which must simultaneously internalize all costs to comply with sustainability requirements detailed in national and community legislation; be a factor of competitiveness and attractiveness for the region; and match users' payment capacity, for which it should hold a solidarity factor.

This order also sets the applicable pricing system to the public water service for public supply and industrial use, taking into account the specificities of other uses, such as high levels of supply guarantee.

Thus, the following is determined:

- The applicable pricing system to the supply of irrigation water from the primary network, delivered to entities in charge of the operation and conservation of hydro-agricultural uses bordering the EFMA is EUR 0,030/m³;
- The applicable pricing system to water leaving the secondary network to supply agricultural holdings is broken down into a fixed component, the conservation rate, and a variable component, the exploitation rate, which are intended to cover infrastructure conservation and operation costs, applied annually to each benefited hectare and to each cubic meter of water supplied, respectively.

Under the terms referred to in the previous paragraphs, the pricing system applicable is as follows:

- On leaving the secondary network, for high pressure water supply to agricultural holdings, conservation and operating fees are EUR 55.00/ha and EUR 0.059/m³ respectively;
- On leaving the secondary network, for low pressure water supply to agricultural holdings, conservation and exploitation fees are EUR 20,00/ha and EUR 0,032/m³ respectively;
- For public supply: EUR 0,045/m³;
- For industrial use: EUR 0,060/m³.

Pursuant to Article 67 (3) of the Legal Regime of Hydro-Agricultural Uses (RJOAH), precarious users, that is, those who, for any purpose, use regulated water or water from the EFMA infrastructures outside the perimeter area, pay a fee corresponding to a holding fee of:

- At the connection or origin, high pressure: EUR 0,077/m³;
- At the connection or origin, low pressure: EUR 0,038/m³.

In the billing issued for the supply of water under high pressure, variable values are established and applied, with reduction of up to 20% of the operation rate values, according to off-peak/ /super-off-peak, peak, and rush hourly periods, as established in point 12 of Order No. 3025/2017.

The amounts established in the previous numbers pertain to 2017 and are updated annually in light of the annual average variation of the consumer price index, excluding housing, in Mainland Portugal, published by Statistics Portugal.

The above pricing system will be applied in phases, as detailed below:

In the first year following completion of each of the EFMA irrigation perimeters' secondary networks, integrated in the 120,000 ha corresponding to the Project's 1st phase, the pricing systems to be applied should be 40%, increasing in subsequent years to 60% and 80%, respectively, reaching the final pricing system in the 4th year. In the irrigation perimeters, construction of the 2nd Phase of the Project, the amounts to be charged in the 1st year following the conclusion of the construction of each one amounts to 50% of the pricing system, making up the definitive 2nd year pricing systems.

The area benefited by the irrigation infrastructures and the volume of water supplied is considered for calculation.

The average annual CPI variation rate excluding housing for the Continent from 2018 to 2019 was 0%; this value is used to set the price of water intended for agricultural irrigation, therefore values applied in 2019 remain the same as in 2018.

The breakdown of income for 2019 and 2018 is as follows:

	EUR	
	2019	2018
Operation Component	12.091.153	7.694.802
Conservation Component	3.593.773	3.305.834
Confining Perimeters	1.135.679	1.551.252
Direct Abstractions	901.703	447.467
TRH	726.330	717.956
Other	-	(6.639)
TOTAL	18.448.636	13.710.673

Regarding water abstraction for agricultural irrigation, where EDIA, being the taxable person, is not the end user of the water resources, the economic burden that the TRH represents, along with the respective pricing system, falls upon the end user.

Thus, this TRH repercussion on the final user is made in the context of the water supply service invoicing.

Bearing in mind that the abstracted volume is calculated through an annual water balance, applied to the different EFMA reservoirs, the volume to be considered in the calculation of the TRH to be passed on, will be the volume provided to each end user, in the period in question.

At the end of 2019, the variation in this heading results from an increase in the area to be irrigated; from a hydrologically less humid climate; from the invoicing of the 2017 and 2018 TRH component; and also from the fact that, in this period, the discount rates will end and, subsequently, the pricing systems' values to be applied will increase.

Energy Production

The "Energy Production" account balance (EUR 13,695,883) is derived from the "Concession Contract for the Operation of the Alqueva and Pedrógão Hydroelectric Plants" (EUR 12,645,948) celebrated, for 35 years, between EDIA and EDP. Under this Contract, EDP is required to provide financial compensation to EDIA as follows:

- An initial sum of EUR 195,000,000 plus VAT at the statutory rate and paid at the entry into force of this Contract; and
- Throughout the contract period, an annual, periodic amount of EUR 12,380,000 (value updated in 2011) plus VAT at the statutory rate and paid annually on the same day and month of the entry into force of the contract, the first instalment being owed in 2008.

The value pertaining to energy production is broken down as follows:

	EUR	
	2019	2018
Amount resulting from the financial plan drawn up for the concession contract with EDP	12.645.948	12.645.948
Value resulting from the concession contract with EDP in regards to financial revisibility as a result of the change in the water volumes drawn from the Alqueva and Pedrógão reservoirs	1.005.445	1.615.377
Effect of the resolution of the litigation process with EDP		
Other	44.490	15.139
TOTAL	13.695.883	14.276.464

Other Services Rendered

The remaining value (EUR 183,332) under "Provision of Services" reflects: (i) services provided in the Noudar Nature Park essentially pertaining to activities associated with tourism and hotel operation (EUR 139,509); and (ii) services provided by EDIA regarding expropriations, which aim to ensure various expropriation procedures (valuation, negotiation and acquisition of real estate) and cartography, providing services in the pertaining to the production of geographic information, associated with national projects that involve the production of cartography, topography, geodesy and land register (EUR 43,823).

14. ADVANCES TO SUPPLIERS

In 2019, EDIA continued analysing the composition and nature of advances made, urging the various suppliers to issue the lacking documents, and regularized some of those balances.

This balance reflects mostly the advances made on account of spending on supplies and external services, having internally complied with all validation and expense authorization procedures; although, without a legal document issued by the various entities in order to comply with minimum legal requirements.

Upon receipt of the invoice, these funds will be transferred to the respective suppliers heading; thus, the Company regularized, throughout 2019, most of the significant amounts in this heading.

15. STATE AND OTHER PUBLIC ENTITIES

On December 31st, 2019, and December 31st, 2018, this heading included the following balances:

	EUR	
	31/Dec/19	31/Dec/18
Current Assets		
VAT – Value Added Tax	1.342.004	737.009
IRC – Corporate Income Tax	148.055	184.985
TOTAL	1.490.059	921.994
Current Liabilities		
Social Security Contributions	121.785	109.097
Income Tax Withholdings	71.315	59.634
IRC Estimation	72.918	87.338
TOTAL	266.018	256.069

In Current Assets, the balance of the “VAT – Value Added Tax” account translates the amounts included in the periodic declarations, in “excess to report”, of the tax recoverable from October, November and December 2019, as a result of the investment made in projects pertaining to the 2nd phase of EFMA.

The balance of “IRC – Corporate Income Tax” presented in Current Assets refers to special payments on account of IRC (PEC) for the years 2016 through 2018.

The “Social Security Contributions” and “Income Tax Withholdings” values, presented in Current Liabilities, correspond to the Social Security and IRS amounts associated with the processing of EDIA’s employees’ salaries in December 2019.

The value of the “IRC Estimate” heading reflects the amount of autonomous taxation to be borne by EDIA pertaining to 2019.

In financial reporting in accordance with IAS/IFRS, the Company did not recognise, in 2019 or in previous years, any deferred tax assets related to deductible temporary differences (including the losses generated by the impairment losses of the “water” segment) or the tax losses carried forward, for there is no reasonable assurance regarding the existence of future taxable income to allow the use of these deductible temporary differences and tax losses carried forward before they become extinct.

16. OTHER ACCOUNTS RECEIVABLE

As of December 31st, 2019, and December 31st, 2018, this heading was made up as follows:

EUR		
Other Accounts Receivable	31/Dec/19	31/Dec/18
Concession Contract_ IFRS 15 – Current Assets	5.611.676	5.421.909
Concession Contract_ IFRS 15 – Non-Current Assets	187.769.005	193.380.682
	193.380.681	198.802.591
Concession Contract_DGADR_RS	138.051.684	137.328.522
DGADR_IE12	70.794.862	70.794.862
Debtors for Increased Income	4.625.488	4.539.270
Community Funds	8.783	15.845
Other Debtors	76.927	37.062
Impairment losses	(22.943)	(22.943)
TOTAL	406.915.483	411.495.210

Concession Agreement – EDP_IFRS 15

In 2017, the Company adopted, for the first time, IFRS 15, namely what pertains to the recognition of revenue in light of the concession agreement of October 24th, 2007 between EDIA and EDP, which awarded EDP the exploitation of the Alqueva and Pedrógão hydroelectric power plants for a period of 35 years. EDIA received a total of EUR 195 million and has an annual turnover of EUR 12,380,000 during the contract period. As a result, in that year, in 2019, the amount of EUR 193,380,681 was recognized in an account receivable pertaining to the unconditional right to such consideration. The decrease in 2019 balance refers to the asset's amortization in accordance with the financial plan developed for this purpose, which considers a discount rate of 3.5%.

DGADR-CC – Secondary network

EUR				
Other Accounts Receivable	Investment	Capitalizations	Subsidies	TOTAL
DGADR_CC_RS	638.564.637	22.549.504	(523.062.457)	138.051.684
TOTAL	638.564.637	22.549.504	(523.062.457)	138.051.684

As mentioned in Note 12, the Concession Agreement on the Management, Operation, Maintenance and Conservation of the EFMA Secondary Network Infrastructures signed on April 8th, 2013 and effective until December 31st, 2020, establishes that EDIA (concessionaire) shall deliver to the State (grantor), represented by DGADR, the already completed infrastructure of the secondary network; drainage and agricultural paths, goods and equipment necessary for its operation and exploitation; and areas acquired and expropriated for implementation of EFMA hydro-agricultural infrastructure.

According to the Shareholder, "only after completion of all infrastructures", scheduled for 2015, and "subsequent five-year consolidation period, will the set of indicators necessary to assess the best model to proceed with the management, the operation, maintenance and conservation of the Project be available. The seven-year concession, that is until 2020, will guarantee an adequate consolidation period, fundamental for the management of the works' guarantee, the pricing system's stabilization tendency, and the perception and optimization of the Project's full operation, in sight of its effective contribution and integration of various values in the sustained development of the region."

In November 2013, a new Delivery Agreement was signed between EDIA and the Portuguese State, represented by DGADR, in which the company delivers the infrastructure integrating the irrigation and drainage network as well as of all goods and equipment necessary for its operation and function, of the Hydro-agricultural Installation of Aljustrel.

Given the need to update and regularize the status of the management concession of the secondary network irrigation blocks already built, it is the intention of DGADR and EDIA to sign an Addendum, updating the descriptions of the perimeters included in the initial contract as well as complementing the information with the blocks already built, after April 8th, 2013.

With the completion of the irrigation perimeter infrastructures, the investments in these perimeters are transferred from the "Finished and Intermediate Products" to the DGADR Entity, who assumes all inherent rights and obligations set forth in the legislation in force, regarding the aforementioned assets.

The amount of EUR 138,051,684 as of December 31st, 2019, reflects the total investment made in the secondary network infrastructures, net of the corresponding investment subsidies, which EDIA expects to receive from the State through the transfer of such infrastructures, now completed. Thus, the amount of EUR 723,151 encompasses the 2019 variation.

Under this Concession Agreement, no provision was made to cover infrastructure charges, subject to the respective Delivery Agreements, related to the contractual obligation to maintain/preserve them during the concession period.

The non-constitution of the provision was based on the assumption that, during the concession period (7 years), there will be no major repairs and replacements in the respective infrastructures and equipment, with current maintenance and conservation of these assets being recognised as expenses in the years in which they occur.

DGADR – IE 12

EUR				
Other Accounts Receivable	Investment	Capitalizations	Subsidies	TOTAL
DGADR_IE12	114.141.477	12.056.848	(55.403.463)	70.794.862
TOTAL	114.141.477	12.056.848	(55.403.463)	70.794.862

Decree-Law No. 335/01 of December 24th, established that the works on the design, implementation and construction of the EFMA secondary network infrastructure are owned by the state, except Infrastructure 12, which remains the property of EDIA under the concession regime to MAFRD with the Regional and Hydraulic Development Institute (now Directorate General of Agriculture and Rural Development – DGADR) in April 2006, of the assignment agreement for the management, operation, maintenance and upkeep of Infrastructure 12 for a period of 30 years, this investment and the associated subsidies are reflected, since 2006, under “Other Accounts Receivable” because EDIA is awaiting reimbursement from DGADR of the net value of the investment made.

As at December 31st, 2019, no change to this situation had been noted.

Debtors by Accrued Income

“Debtors by Accrued Income” reflect, in general: (i) the specialisation of supply of water distribution services worth EUR 3,620,044 and (ii) an estimated revisability arising from the change of the annual volume of water taken from the Alqueva and Pedrógão reservoirs, for 2019, as set out in the “Contract for Operating the Hydroelectric Plants of Alqueva and Pedrógão and Sub-concession of Public Waterways Domain” signed with EDP in the amount of EUR 1,005,444.

Community Funds

On December 31st, 2019, the account “Community funds” reflects the subsidies, in the amount of EUR 8,783, that EDIA estimates, with a high degree of certainty, that it will receive in relation to already executed expenses in the ambit of PDR2020.

17. DEFERRALS

17.1. Deferrals (Current Asset)

"Deferrals" presented in Current Assets, to the amount of EUR 221,493 (expenses to be recognised) refer to insurance premiums paid up to December 31st, 2019, pertaining to subsequent periods of validity. The most significant insurance amount pertains to personnel (EUR 173,790).

17.2. Deferrals (Current and Non-Current Liabilities)

This heading (income to be recognised) shows the following breakdown between "Current Liabilities" and "Non-Current Liabilities":

Deferrals (Liabilities)	EUR			
	31/Dec/19		31/Dec/18	
	Current	Non-Current	Current	Non-Current
Income Concession Contract_EDP_ IFRS 15	12.645.948	278.210.859	12.645.948	290.856.807
Investment Subsidies	1.878.587	118.064.147	1.879.862	119.854.810
TOTAL	14.524.535	396.275.006	14.525.810	410.711.616

17.2.1. Concession Contract Income

The amount of deferred income from the "Concession Contract for the Operation of the Alqueva and Pedrogão Hydroelectric Plants" with EDP, demonstrated on December 31st, 2019, in "Non-Current Liabilities" (EUR 278,210,859) and under "Current Liabilities" (EUR 12.645.948), stems from the receipt of EUR 195,000,000 on November 1st, 2007, pursuant to subparagraph a) of paragraph 1 of Clause 6 of the "Contract for the Operation of the Alqueva and Pedrogão Plants and Sub-concession of the Public Water Domain", concluded with EDP, as well as amounts annually received from EDP (EUR 12,380,000) under this contract for a 35 year period, as from November 1st, 2007.

Thus, these accounts of income to be recognised reflect: (i) part of the EUR 195,000,000 that has not been recognised in income; and (ii) the amount received annually from EDP deducted at the rate of 3.5% and to be recognised as income until the end of the contract.

Amounts received and to be received from the EDP Group, under this contract, will be recognised as income throughout the duration of the contract (35 years). In financial year 2019, EUR 19,604,039 were recognised as income, of which EUR 12,645,948 refer to provision of services (see Note 13) and EUR 6,958,091 to interest (see Note 27).

17.2.2. Investment Subsidies

The value of investment subsidies is recognised in "Non-Current Liabilities" and includes all subsidies received for investments, except those pertaining to the secondary network amounting to EUR 523,062,457, already transferred to the "DGADR_CC_RS" account following the Contracts for the Delivery of Infrastructures already completed (which were deducted from the respective investment until delivery of infrastructure, and was reflected in "Inventories"); of those pertaining to Infrastructure 12 amounting to EUR 55,403,463 (transferred to the "DGADR_IE12" account, following the formalisation of an assignment agreement for the management, operation, maintenance and conservation of this infrastructure, in April 2006, which was deducted from the respective investment that, until then, was reflected in "Inventories"); and those associated with water distribution activity in the amount of EUR 665,086,742 EUR (whose assets have been concluded to be fully impaired, so the corresponding subsidies are derecognised in the ambit of registering asset impairment losses).

Thus, the heading "Investment subsidies" reflects subsidies related to the energy segment amounting to EUR 117,136,412, to be recognised in income at the same depreciation rate of the subsidised goods.

In Current Liabilities, the amount of EUR 1,878,587 pertains to subsidies to be recognised in income within one year.

18. SHAREHOLDERS EQUITY

During the period between December 31st, 2018, and December 31st, 2019, EDIA's Shareholders Equity had the following evolution:

EUR				
Shareholders Equity	31/Dec/18	Increases	Transfers	31/Dec/19
Paid-Up Capital	809.534.880	29.275.440		838.810.320
Other Reserves	9.202.700			9.202.700
Retained Earnings	(801.434.891)		(3.935.067)	(805.369.958)
Net Profit for the Period	(3.935.067)	(2.670.836)	3.935.067	(2.670.836)
TOTAL	13.367.622	26.604.604	0	39.972.226

18.1. Paid-Up Capital

EDIA's initial share capital of 500,000,000 Escudos (EUR 2,493,990), totally held by the Portuguese State, was successively increased in the period 1996-2009 until it attained its current value of EUR 387,267,750, on December 31st, 2009. Between 2010 and 2014, the Share Capital has not changed.

As of December 31st, 2015, the Company's Capital Stock, fully subscribed and paid-up in the amount of EUR 407,975,580, comprised 81,595,116 shares. In 2015 there were four capital increases totalling EUR 20,707,830.

On December 31st, 2016, the Company's share capital, fully subscribed and paid-up, amounts to EUR 464,341,070, comprising 92,868,214 shares. The variation of EUR 56,365,490 and 11,273,098 new shares that occurred in 2016 derives from the following share issues with a nominal value of EUR 5 each:

- In March 2016, 722,265 new shares were issued, with a nominal value of EUR 5 each, made in cash. The subscribed and paid-up amount was EUR 3,611,325;
- In May 2016, 3,472,400 shares were issued, at EUR 5 each. This amount of EUR 17,361,998 was subscribed and paid-up by debt service conversion, maturing on May 31st, 2016, of the medium and long-term loan granted by DGTF;
- In July 2016, 2,574,095 new shares were issued, with a nominal value of EUR 5 each, made in cash. The amount subscribed and paid-up was EUR 12,870,475;

In December 2016:

- i) 1,058,514 nominative shares were issued, at 5 EUR each, made in cash. The amount subscribed and paid-up was EUR 5,292,570, and
- ii) 3,445,824 nominative shares were issued, at EUR 5 each. This amount of EUR 17,229,120 was subscribed and paid-up by debt service conversion, maturing on November 30th, 2016, of the medium and long-term loan granted by DGTF.

By December 31st, 2017, the Company's share capital, fully subscribed and paid-up, amounts to EUR 529,301,400, comprising 105,860,280 shares. This variation of EUR 64,960,330 results from the issuing of 12,992,066 new shares with a nominal value of EUR 5 each, subscribed and paid-up by the Portuguese State:

- On March 2nd, 2017, 2,783,068 new shares were issued, with a nominal value of EUR 5 each, made in cash. The amount subscribed and paid-up was EUR 13,915,340. This capital increase was used to cover financial needs arising from the payment to Papeles & Cartones de Europa resulting from the Supreme Court of Justice decision pertaining to the litigation with Portucel Recicla;
- On March 13th, 2017, 1,663,024 shares were issued, in the amount of EUR 5 each, made in cash. This amount of EUR 8,315,120 was subscribed and paid-up.
- On August 24th, 2017, 1,735,506 shares were issued, in the amount of EUR 5 each, made in cash. This amount of EUR 8,677,530 was subscribed and paid-up.
- On December 11th, 2017, 6,810,468 shares were issued, at EUR 5 each, in the amount of EUR 34,052,340 subscribed and paid-up, as detailed below:
 - i) EUR 34,052,335.45 by conversion of credits held by the DGTF, which matured on November 30th, 2017;
 - ii) EUR 4,55 in cash, using the respective endowment of the State Budget for 2017.

As of December 31st, 2018, the Company's share capital, fully subscribed and paid up, amounts to EUR 809,534,880 composed of 161,906,976 shares. This variation of EUR 280,233,480 is due to 56,046,696 new shares being issued with a par value of EUR 5 each, subscribed and paid-up by the Portuguese State:

- On May 29th, 2018, 1,600,763 new shares were issued with a par value of EUR 5 each, in the amount of EUR 8,003,815 subscribed and paid-up in cash, to meet the Company's debt service financial needs pertaining to the first quarter of 2018; and
- On December 26th, 2018, 54,445,933 new shares were issued with the par value of EUR 5 each, for the amount of EUR 272,229,665 subscribed and paid in cash to cover the financial needs to service its debt to banks.

On December 31st, 2019, the Company's share capital, fully subscribed and paid-up, amounts to EUR 838,810,320 consisting of 167,762,064 shares. The variation of EUR 29,275,440 over the previous year results from the issue of 5,855,088 new shares with a par value of 5 EUR each, subscribed and paid up by the Portuguese State:

- On September 3rd, 2019, 3,355,088 new shares were issued with a par value of EUR 5 each, in the amount of EUR 16,775,440 each subscribed and paid in cash, to cover the costs of redeeming the debenture loan and the loan contracted with the EIB; and
- On September 11th, 2019, 2,500,000 new shares were issued with the par value of EUR 5 each, in the amount of EUR 12,500,000 subscribed and paid in cash, situation foreseen in the Company's 2019 Activities and Budget Plan, approved by the Written Unanimous Social Resolution of July 10th, 2019.

The Shareholder, through capital endowments, intended to cover the financing needs inherent in the repayment of a debenture loan.

18.2. Other Reserves

"Other Reserves" include: (i) EUR 8,479,554 in subsidies received in 1995, under the transfer to EDIA of the amounts included in the State Budget for the former Alqueva Steering Committee; (ii) EUR 592,267 pertaining to the transfer to the Company of said Committee's assets; (iii) EUR 120,904 of subsidies allocated to the surplus areas (which are not amortisable investments); and (iv) EUR 9,975 pertaining to the gift of a wall painting for EDIA's head office.

These reserves were not imposed by law or by statute, or recognised in accordance with contracts entered into by the Company.

18.3. Retained Earnings

The "Retained Earnings" balance, by December 31st, 2019, amounts to negative EUR 805,369,958 and is related to the recognition of impairment losses in "Intangible Assets" of the "water" segment, with an accumulated value (net of the respective subsidies that have been being derecognised) of EUR 864,436,188.

The variation under "Retained Earnings" results from the application of the 2018 negative net income in the amount of EUR 3,935,067.

As of December 31st, 2019, the Shareholders Equity amounts to EUR 39,972,226 positive (Shareholders Equity of EUR 13,367,622 as of December 31st, 2018), however, the Company continues in the situation foreseen in article 35 of the Companies Code, despite all the guarantees that the Shareholder has always given to the Financing Obtained and the successive capital increases.

19. INTANGIBLE ASSETS IMPAIRMENT

19.1 Impairment of Depreciable/Amortisable Investments

Following the transfer to EDP, for a 35-year period, of the exploitation of Alqueva and Pedrogão hydroelectric plants and of the rights of private use of the respective public water domain, since October 2007, the majority of revenue of exploration associated with the hydroelectric component of EFMA until the year 2042 had already been set. However, at the date of closure of the accounts for 2009 and earlier, the Tutelage had yet to set the pricing system for supply of water from the primary system of the Development which would allow to evaluate to what extent the total operating revenues expected from the use of public water allocated to EFMA (those associated with the supply of water for irrigation and human consumption and those resulting from hydroelectric exploitation) would allow or not to retrieve the global investment provided within the scope of the EFMA.

However, it was already possible at the time of closing the accounts, both for 2009 and prior years, to forecast that the investments made in EFMA would have a reduced profitability and that, consequently, there would be impairment losses to be recorded.

However, it is important to note that EFMA was conceived as an instrument of regional development in a depressed area of the country, with special focus on converting the non-irrigated agricultural sector into irrigated land.

EFMA represents a water resource harnessing development, associated with the River Guadiana and guaranteeing a strategic supply of water, contributing to a reversion of the trend towards population and economic decline in a vast region in Alentejo, and is, as such, of immense national interest, with the resulting benefits from its implementation, in terms of the improvement of the quality of life of the Alentejo people, as well as economic, social and environmental promotion.

This investment is intended to resolve huge shortages in the region related to water availability for human, agricultural and industrial supply. In this sense, and also considering the positive externalities generated for national economic, the financial return on assets of EFMA exclusively resulting from revenues generated by EDIA's activity was never doubted. The basic assumption was to ensure that the future economic benefits were able to cover the operating costs of activities (excluding the depreciation of investments), generating positive operating results.

Since its inception, the Portuguese State assumed the nature of this multi-purpose Project, whose implementation would result from the full and efficient use of the huge “strategic water reserve” to be stored in the Alqueva and Pedrogão reservoirs. As the sole holder of EDIA’s capital, the Portuguese State has always ensured the necessary funds to achieve its objective, creating the conditions for the Company to meet the commitments it undertook during the implementation of the project.

The revenue from the water distribution service provided by EDIA is calculated according to the price of water set by the State, which in turn, takes into account a set of assumptions that go beyond the economic interest in the investments made.

As there was (from previous years) evidence that the assets of the “water” segment would be impaired, but it is not possible to estimate the recoverable amount of individual assets allocated to this segment, given the strong interconnection of the cash inflows of various assets or groups of assets of the segment, EDIA determined the recoverable amount of the cash generating unit (“smallest identifiable group of assets that are generating cash inflows and is largely independent of the cash inflows from other assets or groups of assets”) representing the entire “water” segment.

Since establishing the pricing system for water supply from the primary system in 2010, EDIA has estimated the recoverable amount of the “water” segment assets by determining the respective value for use, and concluded that the present value of future cash flows associated with this segment value is negative, so the impairment loss on those dates corresponds to the total value of assets (net of inseparable liabilities-subsidies) allocated to this segment.

Therefore, the intangible assets allocated to this segment are fully offset by accumulated impairment losses in the same amount.

For this purpose, we considered cash flows up to the year 2082, the year that ends the concession contract to EDIA which includes the management, operation and private use of public water domain allocated to EFMA, under the provisions of Decree-Law no. 313/2007.

With the entry into force of Order No. 3025/2017, of April 11th, and consequent alteration of the applied pricing system, impairment studies were carried out using new assumptions that remained in 2019.

To update the future cash flows a discount rate of 6.77% was used based on the Weighted Average Cost of Capital (WACC), in order to reflect: (i) the time value of money for the periods up to 2082; (ii) expectations about possible amount variations or timing of cash flows; (iii) the price of bearing the uncertainty inherent in the asset; and (iv) other factors that market participants would reflect when appraising future cash flows that the Company expects to obtain from assets.

Bearing in mind that all future projections were made on the basis of assumptions deemed reasonable and affordable, in the current and future market, and that decisions taken in the latest projections/studies were approved by EDIA's Board of Directors, the main assumptions adopted are as follows:

- Benefitted area 162,145 ha;
- Rate of adherence to the water resource growing over 8 years;
- Average water consumption of 4,000 m³/ha, in 80% of the covered area;
- Weighted average allowance to be extracted from the dam 4,953.56 m³/ha;
- Unit reference price for water supply for agricultural and industrial purposes, as well as public supply (in accordance with Order no. 3025/2017, of April 11th).

The assets and liabilities of the "water" segment, as well as recognised impairment losses, pertaining to December 31st, 2019 and December 31st, 2018, can be presented as follows:

EUR		
"Water" segment	31/Dec/19	31/Dec/18
Intangible Assets – Gross Value	1.529.522.930	1.523.663.877
Subsidies associated with investment	(665.086.742)	(663.062.549)
Assets net of grants = Accumulated impairment losses	864.436.188	860.601.328
Impairment losses (reversals) recognised in the period	3.834.860	1.665.079

As at December 31st, 2019, an impairment loss of EUR 3,834,860 has been recorded, essentially as a result of the recognition of subsidies being lower than Investment made.

It should also be mentioned that, in the Alqueva Subsystem, the Alvito, Pisão, Roxo, Odivelas mini-hydroelectric plants are integrated and in operation, as is the Serpa mini-hydroelectric plant, in the Ardila Subsystem.

These infrastructures, having been transferred from "Intangible Assets in Progress" to firm and considered cash-generating units under IAS 36 – "Impairment of Assets", were subject to impairment tests for it to be possible to determine the portion of the investment that is impaired, specifically for the "electric" and "irrigation" components.

This study, like all studies of prospective nature, have their results strictly related to the validity of the different hypotheses of evolution considered in it, in particular, and among other assumptions regarding the volumes and unit energy costs, in the project horizon.

The breakdown of these costs into "electric" and "irrigation" components was obtained by separating the corresponding values for investment directly allocated to the production of energy from the rest, taking into account the values of the quantities of work and equipment in these infrastructures and which are directly related to the functions "electricity production" and "irrigation".

Bearing in mind these assumptions and the goal of the study compared to the analyses performed, the conclusion was that these cash generating units originate sufficient future economic benefits to ensure the return on investment, that is, they are not impaired.

It should be noted that, according to EDIA's studies and best projections, there is no impairment in terms of the assets in the "Energy" segment.

19.2. Impairment of Debts Receivable (Losses/Reversals)

Impairment losses that have been recognized relate mainly to loans in arrears for water distribution services provided by EDIA, when customers do not respect the period of contracted payment and the period of delay is significant.

20. PROVISIONS

EDIA periodically analyses potential obligations resulting from past events that must be recognised or disclosed.

Provisions are recognised only when the Company has a present obligation (legal or constructive) resulting from a past event and it is probable that, to settle the obligation, there is an outflow of resources and the amount of the obligation can be reasonably estimated.

The subjectivity inherent in the determination of the likelihood and amount of outflow of necessary resources for the settlement of liabilities may lead to significant adjustments, both by variation of that assumption and by the future recognition of provisions previously disclosed as contingent liabilities.

EDIA considered, based on the decision of the Board of Directors and the comprehensive analysis of each of the processes by the internal Legal Department and external lawyers that the conditions for the recognition of provisions referred in IAS 37 – Provisions, Contingent Liabilities and Contingent Assets were complied with.

In particular, with regard to the condition that "it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation," the criteria set out in said IAS 37 – Provisions, Contingent Liabilities and Contingent Assets was used, considering as likely the outflow "if the event is more likely than not to occur, that is, the probability that the event will occur is greater than the probability of not happening".

This estimate is based on a thorough technical analysis of the Legal Department that issues for this purpose, a document which determines the best estimate of the amounts to be set aside, based on the experience of EDIA regarding the outcome of similar cases and based on information rendered by external lawyers who cooperate with the Company.

In the periods ended December 31st, 2019, and December 31st, 2018, in order to meet the legal proceedings and other present obligations arising from past events, EDIA made provisions but used previously provisioned amounts to cover expenditures for which they were originally recognised.

EUR

Provisions (DPF)	31/Dec/19				
	Opening Balance	Increases	Reductions		Closing Balance
			Uses	Reversals	
Provisions					
Provision for Ongoing Lawsuits and Litigious Expropriations	634.175	2.861	3.393		633.643
Provision IFRIC 12	21.576.102	4.666.604			26.242.706
TOTAL	22.210.277	4.669.466	3.393	0	26.876.349

EUR

Provisions (DPF)	31/Dec/18				
	Opening Balance	Increases	Reductions		Closing Balance
			Uses	Reversals	
Provisions					
Provision for Ongoing Lawsuits and Litigious Expropriations	1.427.301	4.374	797.500		634.175
Provision IFRIC 12	14.102.922	7.473.180			21.576.102
TOTAL	15.530.223	7.477.554	797.500	0	22.210.277

20.1. Provision for Ongoing Lawsuits and Disputed Expropriation Procedures

As of December 31st, 2019, various legal disputes are known, resulting from either ongoing judicial proceedings or expropriations associated with the EFMA investment, which may result in additional charges and liabilities for EDIA, and the Company made provision to cover these liabilities, based on its best estimate of future costs to be borne.

As of December 31st, 2019, the amount of EUR 633,643 under "Provisions" arises essentially from the following judicial proceedings in progress and lawsuits in the scope of litigious expropriations:

EUR		
Judicial proceedings	31/Dec/19	31/Dec/18
Monte Adriano, S.A.	420.309	420.309
Municipalities of Reguengos de Monsaraz, Mourão, Portel, Moura and Alandroal	190.000	190.000
Other	20.257	17.396
	630.566	627.705
Litigious Expropriation Proceedings		
H. São Sebastião	2.645	2.645
H. Sesmarias	-	1.238
Texugueiras	-	222
Other	432	2.365
	3.077	6.470
TOTAL	633.643	634.175

In 2012, a lawsuit was filed by the construction company **Monte Adriano S.A.**, under the Contract for the construction of 3rd stretch of the Pisão-Roxo pipeline (Penedrão-Roxo) and of the Penedrão dam. The contractor claims payment for work valued at EUR 370,310, claiming that this amount was paid due to misinterpretation of EDIA pertaining to the scope of work of a given heading in the bill of quantities. EDIA contested and provisioned 50% (EUR 185,155) from the amount requested by the contractor, which is considered as the best estimate of the expenditure to be incurred. A provision of EUR 235,154 was reinforced in June 2017 as the maximum liability could rise to the amount of the claim (EUR 370,309) plus interest (EUR 50,000). A preliminary hearing was scheduled for October 22nd, 2018, which was expected since March 13th, 2015. However, EDIA raised three exceptions and contested the action. The Court, by decision of June 5th, 2019, upheld one of the exceptions invoked by EDIA, but the nonconforming plaintiff appealed to the South Administrative Central Court. EDIA, in addition to opposing the appeal, requested the extension of the appeal. The case went to the Administrative Central Court on November 26th, 2019, and concluded on December 16th, 2019. Given the current pending situation, the appeal is not expected to be decided within 4 years, at least.

In 2012, five municipalities within the Alqueva backwater area (**Reguengos de Monsaraz, Mourão, Portel, Moura** and **Alandroal**) brought an action with respect to the payment of rent allegedly owed by EDIA to those municipalities under the provisions of Decree-Law No. 424/83, dated December 6th, requiring EDP, as holder of power plants, to pay certain annual amounts to the affected municipalities. No exact request is made due to the alleged lack of elements to apply the formula for calculating the value of the rents provided by law. EDIA contested, but its operational management of primary infrastructures and energy estimated a value of rents of around EUR 190,00. EDIA was acquitted because the Beja Judicial Court considered itself incompetent. The case was referred to the competent court, i.e. the Beja Administrative and Fiscal Court. There has been no development at this time. Given that the process is only in the pleadings phase, it is not possible to safely make a judgment on the outcome of the action, although EDIA's defence arguments appear to be consistent. In the event of a decay, EDIA's financial liabilities will be approximately EUR 190,000, for which the provision for this procedure was set up. The lawsuit's foreseeable date of conclusion has changed to December 31st, 2020, given the time elapsed without any procedural development.

It should be noted that the fact that several of the provisions for ongoing legal proceedings have been quantified in 50% of the amounts claimed by plaintiffs, results from the measuring process of the provision, i.e., it was considered that 50% of the amount claimed would be the best estimate of the expenditure required to settle the obligation at the end of the reporting period in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

It should also be mentioned that, when EDIA is convinced that an appeal filed by the other party will not be successful, defending its great probability of success, above 50%, the Company derecognizes, in its accounts, the provision made until then for that purpose.

The constitution of provisions within the context of contentious expropriation proceedings conducted by EDIA obeys a set of assumptions that, depending on the development stage of the process and values provisionally established in each one (proposal of EDIA, arbitration, expertise, judgment and possible appeals), will determine the variation of the value of each provision made. Regarding pending expropriation proceedings, in addition to involving low value amounts, they are mostly in court for reasons unrelated to the existence of litigation (lack of ownership, litigation among heirs, and others).

As of December 31st, 2019, with respect to these expropriation proceedings, some of the amounts provided were used, as a result of the Arbitration Committee's decision.

20.2. Provision IFRIC 12

The infrastructures relating to the use of the public water domain assigned to EFMA, the object of the respective concession contract, entered into between EDIA and the State, and which form part of the primary system (dams; hydroelectric power stations and primary network) of the Undertaking, for the duration of the concession, are the property of the concessionaire.

The provision under IFRIC 12, arises from the requirement, established in the concession contract with the State in October 2007, to maintain/preserve, over the concession period, the infrastructure allocated to energy production activities and distribution of water, which revert to the State at the end of the concession period. This provision covers only those major repairs and replacements that are anticipated to be made during the concession period, not including the maintenance and conservation of these assets, which are recognised as expenses in the period in which they occur.

This provision is recognised and measured based on the assumptions of the economic and financial feasibility study used:

- Total value of investment in operations, specifically equipment and civil construction, without considering the value of submersed or excess area;
- Application of an estimated 0.2% of the investment for the activity of water distribution, to determine the average cost of major annual repairs;
- The costs of major repairs for energy production activity pertaining to the Alqueva and Pedrógão Hydroelectric Plants are not considered, because under the sub-concession contract with EDP, these costs are its responsibility;
- The estimated timescale for dealing with major repairs to equipment and civil construction is 20 and 30 years, respectively;
- The average rate of financing for the period 2013-2082; and
- The forecast of Euribor is made on the basis of Bloomberg spot rates.

Since September 2011, the bank financing for the State Corporate Sector is managed by the Secretary of State for Treasury and Finance, and since then, EDIA arranged several short-term loans in various banks with a high funding average rate.

In November 2014, following the entry of EDIA in the consolidation perimeter of public accounts, EDIA signed a loan agreement with DGTF (to repay short-term debt that had hitherto), amounting to EUR 189,209,285, consisting of two tranches, the first one amounting to EUR 10,100,000 with a financing rate of 1,62%, and the second tranche of EUR 179,109,285, with a financing rate of 1,66%.

Within the scope of implementing IFRIC12 – Service Concession Agreements in relation to infrastructure already in operation (EUR 1.578.433.537), there was a decrease in the average financing rate (2.51% in 2018 and 1.38% in 2019) and this provision was increased in the amount of EUR 4,666,604, totalling EUR 26,242,706.

Considering the National Laboratory of Civil Engineering (LNEC) as a credible entity, with special competences conferred by the Dam Safety Regulation, in which it has a diversity of valences providing it with a unique knowledge of the type of infrastructure under analysis, such as concrete dams and landfill dams, canals, pumping stations, drainage networks, it was EDIA's understanding, in 2018, that LNEC would be the company with the best technical capacity to present a study on "Valorização das Infraestruturas Primárias do Projeto de Alqueva" (Valorisation of the Alqueva Project Primary Network Infrastructure) for the purpose of updating the initial provision estimate for major repairs and replacements, with a detailed intervention plan in the various infrastructures, object of the concession contract, based on a set of assumptions and estimates of a financial, operational and technical nature.

In order to corroborate its internal analysis on the valuation of said responsibility, and given the need to obtain the information in due time, it was decided to move forward and test the methodology proposed in the study, pertaining only to the EFMA's Pedrógão subsystem.

At the end of 2018, the conclusions of the study on the Pedrógão subsystem were presented, and it was decided to replicate it for the remaining subsystems (Alqueva and Ardila). In compliance with this guideline, at the beginning of 2019, steps were taken for this purpose, and LNEC was hired again, but due to the impossibility of performing one of the components of the previous study, a company specialized in asset classification (Duff and Phelps) was hired.

As of the date of this report, the studies for the Alqueva and Ardila subsystems have already been completed; however, these results' adherence to the Company's assets will be further analyse and consolidated. A lot of work will take place downstream, pertaining to the mapping of the various infrastructure components ascertained in this study to the assets recorded in EDIA's accounts, taking into account not only the assets' detail, but also their valuation, lifecycle and respective depreciation, whereby the results of the study are not yet applicable in 2019.

21. FINANCING OBTAINED

The financing of investments in the various EFMA infrastructure has so far involved a number of bond loans, a loan from the EIB, and a loan from the State.

The reduction in the Company's indebtedness has resulted from the repayment of the debenture loan and the EIB loan.

As of December 31st, 2019 and December 31st, 2018, the funding obtained breaks down as follows:

Financing Obtained	31/Dec/19		TOTAL	31/Dec/18		TOTAL
	Current	Non-Current		Current	Non-Current	
Bond Loans	6.739.279	123.392.149	130.131.429	6.739.286	130.117.800	136.857.086
Loan from DGTf	94.604.649	31.534.881	126.139.530	63.069.762	63.069.762	126.139.523
European Investment Bank (EIB)	3.218.599	26.376.812	29.595.411	31.624.396	29.595.411	61.219.807
TOTAL	104.562.527	181.303.842	285.866.369	101.433.443	222.782.973	324.216.416

EIB – EUR 135.000.000

- Contract start date: 1999
- Term: 20 years
- Period of grace: 7 years
- The amount of EUR 135,000,000 reflected in the loan account, results from the full use of tranches A, B, C and D
- Repayment of this loan will be made as follows:
 - EUR 35,000,000 – Tranche A – 13 consecutive annual repayments starting in September 2007 and ending in September 2019
 - EUR 35,000,000 – Tranche B – 13 consecutive annual repayments starting in September 2007 and ending in September 2019
 - EUR 32,500,000 – Tranche C – 13 consecutive annual repayments starting in March 2009 and ending in March 15th, 2021
 - EUR 32,500,000 – Tranche D – 13 consecutive annual repayments starting in March 2009 and ending in March 15th, 2021
- Interest Rate: rate determined by EIB according to procedures established by its Board of Directors, which cannot exceed the 3-month Euribor rate, plus 0.15%.
- Repayment until 31-12-2019: EUR 102,404,589
- Amount due: EUR 29,595,411

Debenture Loan – EUR 56,180,000

- Contract start date: 2007
- Term: 20 years
- Repayment: total, at end of contract (2027)
- This bond loan was contracted with Millenium BCP and BPI.
- The coupons are quarterly and on bullet repayment
- Interest Rate: 3 months Euribor + 0.005% Spread.

Debenture Loan – EUR 94,350,000

- Contract start date: 2010
- Term: 20 years
- Repayment: from February 2017, inclusive, 28 half-yearly, equal and successive payments;
- This Debenture Loan was taken up with the Banking Syndicate comprising Banco Infrastrutture Innovazione e Sviluppo, SpA (BIIS); Banco BPI, S.A. (BPI); Banco Santander Totta, S.A. (Santander); Caixa – Banco de Investimento, S.A. (CaixaBI); Dexia Sabadell, S.A. – Portugal Branch (Dexia);
- Interest Rate: 6 months Euribor + 2.65% Spread.
- Repayment until 31-12-2019: EUR 20,217,857
- Amount due: EUR 74,132,143

All debenture loans were paid-up with the unconditional and irrevocable endorsement of the Portuguese Republic.

DGTF Loan – EUR 189,209,285

1st tranche

- Amount: EUR 10,100,000
- Interest rate: 1.62%
- Beginning: 11/28/2014
- Repayment: twelve consecutive half-yearly instalments of equal capital, starting on May 31st, 2016 and ending on November 30th, 2021
- Repayment until 12/31/2019: EUR 3,366,667
- Amount due: EUR 6,733,333

2nd tranche

- Amount: 179,109,285 EUR
- Interest rate: 1.66%
- Beginning: 11/27/2014
- Repayment: twelve consecutive half-yearly instalments of equal capital, starting on
- May 31st, 2016 and ending on November 30th, 2021
- Repayment until 12/31/2018: EUR 59,703,095
- Amount due: EUR 119,406,190

In November 2014 and following EDIA's entry in the consolidation perimeter of public accounts, the State (DGTF) grants EDIA a medium and long term loan in the amount of EUR 189,209,285, to settle the short term loans within the various banks (EUR 184,209,285) plus EUR 5,000,000 which are intended to meet the financing needs related to the Company's debt service.

By using the loan, interest is due at the nominal annual fixed rate, equivalent to the Republic's financing cost, to be set on the date of each disbursement, according to the quotation to be obtained from the Treasury and Public Debt Management Agency (IGCP) and to be transmitted to the Borrower by the Lender.

Interest is due every six months and in arrears. The loan will be repaid in twelve equal and successive semi-annual equity instalments, beginning May 31st, 2016, and ending November 30th, 2021.

On December 28th, 2018, EDIA received a letter extending the debt service payment of the loan in question, due on November 30th, 2018, to May 31st, 2019, at no additional charge.

On July 8th, 2019, EDIA received a letter from the DGTF deferring debt service payment from May 31st, 2019, to November 30th, 2019, at no additional cost.

On January 30th, 2020, EDIA again received a letter from the DGTF deferring debt service payment from November 30th, 2019 to May 31st, 2020, at no additional cost.

As of the date of this report, the amortization and interest for 2018 and 2019 are outstanding.

The debt staggering included in the Financial Position Statement as of December 31st, 2019, and December 31st, 2017, with maturities up to 5 years, amounts to EUR 96,615,714 and EUR 103,355,000, respectively.

EUR		
	31/Dec/19	31/Dec/18
Non Convertible Bond Loans		
2007 Bond Loan (EUR 56.18 million)	56.180.000	56.180.000
2010 Bond Loan (EUR 94.35 million)	40.435.714	47.175.000
TOTAL	96.615.714	103.355.000

In 2019, expenses were capitalized at an average rate of 0.246%, amounting to EUR 7,672 (in 2018, the average rate was 0,201% and amounted to EUR 10,404).

22. SUPPLIERS AND OTHER ACCOUNTS PAYABLE

EUR

Suppliers and Other Accounts Payable	31/Dec/19		31/Dec/18	
	Current	Non Current	Current	Non Current
Suppliers				
Suppliers C/C	5.156.641		3.322.702	
TOTAL	5.156.641	-	3.322.702	-
Other Accounts Payable				
Creditors for Accrued Expenses	9.014.379		6.424.633	
Community Funds-Advances	2.406.701	-	4.352.609	-
Investment Suppliers	1.121.645		208.103	
Other Creditors	10.615		12.387	
TOTAL	12.553.341	-	10.997.732	-

22.1. Suppliers c/a

The balances of suppliers associated with investments in the secondary network, shown under "Inventories", are recorded under "Suppliers c/a" instead of "Investment Supplier" because they do not derive from investments in tangible and in Property, Plant and Equipment but from construction work under "External Supplies and Services".

The balance mainly reflects the outstanding amount with the following entities: Endesa Energia, S.A.; EFACEC – Engenharia e Sistemas, S.A.; DST – Domingos da Silva Teixeira, S.A. and Lusowatt, Lda.

22.2. Creditors by Accrued Expenses

The "Creditors by Accrued Expenses" account reflects the specialised value of expenses: (i) the interest on funding obtained from the medium and long-term loan granted by DGTF, amounting to EUR 3,550,457; (ii) with the TRH component, related to the use of water by irrigation perimeters clients (application of Decree Law 97/2008), in the amount of EUR 3,124,520; (iii) with interest and commission on debenture loans totalling EUR 779,698; (iv) electricity and communications services (EUR 684,392) billed in January 2020, the consumption of which refers to the previous month; (v) EDIA employees' vacation allowance and holiday pay, EUR 398,073 and EUR 391,456, respectively; and (vi) with investments in works and respective inspections, which also pertain to December 2019 and were only invoiced in January 2020 (EUR 85,783).

22.3. Community Funds

As part of the Rural Development Program 2014-2020 (PDR2020), EDIA submitted a payment request as an advance for the 2nd phase of the Álamos Adduction Facility project, in the amount of 7,015,000 EUR.

In such cases, and in accordance with Article 63 of Commissions' Regulation (EC) no. 1305/2013 of December 27th, the Board of Directors (by means of a written guarantee issued to the competent paying agency – Fisheries and Agriculture Financing Institute, IP) guaranteed the compensation to 100% of the advance amount if the entitlement to the advance cannot be proven.

With regard to the request for an advance, EDIA submitted expenses in the amount of EUR 4,670,028 until the end of 2019.

22.4. Investment Suppliers

This account's balance also includes the amount of withholdings made by EDIA, as owner of the work, under Decree-Law no. 59/99, in order to guarantee the works' execution/maintenance, in situations in which the contractor hasn't submitted a bank guarantee for this purpose, still within the scope of the work's guarantee term.

23. VARIATION IN PRODUCTION INVENTORIES

Variation in production inventories, as of December 31st, 2019, and December 31st, 2018, is broken down as follows:

EUR		
Products and Works in Progress	2019	2018
Final Inventory	6.980.873	3.575.268
Transfers to "Other Accounts Receivable"	723.151	447.577
Initial Inventory	(3.575.268)	(2.662.937)
VARIATION IN PRODUCTION INVENTORIES	4.128.757	1.359.908
	4.128.757	1.359.908

Following the publication of Decree-Law No. 335/2001 of December 24th, which, with the exception of Infrastructure 12 and the Luz Perimeter, forecasted the transfer to the State (MAFDR) of infrastructures integrating the secondary network allocated to EFMA, EDIA began, from the 2002 financial year, to highlight the expenditure of the works on the infrastructure of the secondary network under the heading "Inventories".

With the delivery contracts celebrated with the State (DGADR) in April and November 2013, the balance of the "Finished and Intermediate Products" account, pertaining to the secondary network, as well as investments in the perimeters substantially completed and already in operation, the amount of EUR 723,151 pertaining to projects related to the Loureiro-Alvito and Monte Novo connection blocks was transferred to "Other Accounts Receivable", bearing in mind that the State owns all the secondary network infrastructures that EDIA built on its behalf.

The Variation in Production Inventories (EUR 4,128,757) reflects the investments made in the Secondary network – 2nd phase infrastructure, mainly in the Vila Nova de São Bento and Vidigueira blocks.

24. OWN WORK CAPITALIZED

This heading records the allocation of expenses related to the Company's operational areas directly related to the construction of EFMA's infrastructures to the investment in progress (under "Intangible Assets"). These expenses are directly related to the primary network, carried out under the Company's direct management, as explained in Note 3.1.f.

25. EXTERNAL SUPPLIES AND SERVICES

EUR		
External Supplies and Services	2019	2018
Electricity	15.569.945	11.068.993
Conservation and Repair	3.479.812	2.274.702
Subcontracts	3.320.216	547.319
Specialized Works	659.433	1.023.174
Insurance	423.230	424.199
Rents and Rentals	378.490	373.516
Surveillance and Security	316.810	138.682
Fuels	220.713	214.971
Advertising and Publicity	166.679	365.180
Cleaning and Hygiene	149.363	159.152
Communication	100.434	80.799
Fees	57.552	42.088
Tools and utensils	36.214	55.151
Tolls and Parking	22.490	79.466
Travel and Stays	21.213	15.530
Litigation	20.026	21.325
Office Material	18.569	18.837
Other Fluids	14.111	18.184
Water	13.368	14.347
Representation Expenses	7.558	14.978
Books and Technical Documentation	2.988	3.780
Other	35.584	216
TOTAL	25.034.798	16.954.589

Under “External Supplies and Services”, the variation occurred essentially results from the significant increase in the subaccounts pertaining to electricity, conservation and repair, and sub-contracts, whose increase in expenses is related to each other. Because 2019 was, from a hydrological point of view, a much drier year, and in order to guarantee regular water supply, greater energy consumption was needed to ensure the full functioning of the infrastructures in operation, primary and secondary networks, as well as a greater number of preventive and corrective maintenance actions, to ensure the proper functioning of the EFMA’s primary infrastructures’ normal activities, namely at the Álamos pumping station.

Once the Project's 1st phase was completed with the entry into operation of the 120,000 ha of irrigation area, and having already identified approximately 50,000 ha of potential areas for irrigation in its surroundings, the Project's 2nd phase began, with the implementation of infrastructure in these adjacent areas. The sharp increase in expenditure on the subcontract subaccount, offset by a similar amount under "Variation in Production Inventories", is a consequence of this investment in the Secondary network (shown under "Inventories").

Overall, for the remaining headings, there were no significant variations.

26. PERSONNEL EXPENSES

As of December 31st, 2019, the number of EDIA employees was 179, the same number as the same period of the previous year.

The Company's "Personnel Expenses" were composed as follows:

EUR		
Personnel Expenses	2019	2018
Remunerations	4.923.737	4.677.513
Social Charges	1.088.262	1.032.524
Other Personnel Expenses	307.343	306.872
TOTAL	6.319.342	6.016.909

During 2019 and the same period of the previous year in 2018, members of the Company's Management Bodies were awarded the following remuneration, pertaining to the performance of their duties:

EUR		
	2019	2018
Board of Directors	237.546	210.375
Statutory Auditor	17.540	14.019
Fiscal Council	37.297	34.757
Shareholders' General Meeting	1.325	950

On December 31st, 2019, the financial statements reflect the twelfths of the 2018 vacation allowance (payable in 2019) and christmas bonus.

In 2019, payment of employee progressions in 2018 related to performance evaluation continued, in a phased manner whereby 75% of that amount was expected to be paid from May 1st, 2019. On the other hand, the payment of the 2019 progressions was also made, in a phased manner detailed in the 2019 State Budget, i.e., 50% of the respective amount from January 1st, 2019; 75% from May 1st; and 100% from December 1st.

These last two facts led to an increase in personnel expenses compared to the same period of the previous year.

In relation to the same period of the previous year, expenses with the Management Bodies show an increase, which is due to the updating of the amounts paid, in January 2018, in accordance with no. 1 of article 209 of Decree-Law 84/2019, of June 28th, and no. 1 and no. 2 of article 16 of the LOE, which are now in accordance with the remuneration statute for the 2018-2020 three-year period.

27. OTHER INCOME AND GAINS

EUR		
Other Income and Gains	2019	2018
Interest Concession Contract_EDP_ IFRS 15	6.958.091	7.141.440
Allocation of investment subsidies	1.941.430	1.880.540
Other income	446.143	385.256
TOTAL	9.345.664	9.407.236

27.1. Interest

Under the “Operation Concession Contract for the Alqueva (CHA) and Pedrógão (CHP) Hydroelectric Plants” celebrated between EDP and EDIA, the latter received an initial amount of EUR 195,000,000 and will receive EUR 12,380,000 (value updated in 2012) annually for 35 years.

The amount of EUR 6,958,091 shown under the “Operation Concession Interest_EDP_IFRS 15” account pertains to the remuneration portion (established in the contract with EDP) which reflects the capital update (fair value of the sub-concession calculated on the contract date), on the basis of an implicit rate of 3,5%.

27.2. Allocation of Investment Subsidies

The heading “Allocation of Investment Subsidies” reflects recognition under subsidy income associated with investments, essentially the energy segment, insofar as the latter are depreciated. Does not include:

- Subsidies for the construction of the secondary irrigation network, which are disclosed under “Deferrals” in Non Current Liabilities, since the related assets are owned by the State. These subsidies were, mostly, deducted from investment, evidenced under “Inventories” and later transferred to the DGADR account when the contracts for the delivery of the completed infrastructures was celebrated because EDIA made said investments with equity, representing the State, resulting from the Concession Agreement signed in April 2013 with the DGADR; and
- Subsidies linked to distribution of water, whose assets are fully impaired, have been derecognised under the registration of impairment losses for the respective assets, i.e. these losses are recognised in the Comprehensive Income Statement by the net value of the respective subsidies

28. OTHER EXPENSES AND LOSSES

On the amount shown under “Other Expenses and Losses” (EUR 1,480,582), it is worth noting: (i) EUR 1,396,324 pertaining to the payment of fees for the use of water resources in several of EDIA infrastructures, such as Alqueva and Pedrógão; (ii) 36,929 EUR resulting from the 2015 PEC value derecognition; (iii) 23,633 EUR pertaining to contributions; and (iv) 13,752 EUR resulting from IMI payment.

29. INTEREST AND SIMILAR EXPENSES INCURRED

EUR		
Financial Expenses	2019	2018
Interest expenses	2.816.584	4.169.553
Guarantee fees	264.296	834.725
Banking services	34.587	164.735
TOTAL	3.115.466	5.169.014

The “Interest and similar expenses incurred” account includes the interest associated with loans contracted by the Company, with emphasis on the medium and long-term DGTF loan and Debenture Loans.

The variation in these headings is mainly due to the full amortization of the EUR 300,000,000 debenture loan in November 2018.

The other balances essentially refer to banking services and guarantee fees of the debenture loans granted by the Portuguese State (see Note 21).

30. DEPRECIATION AND AMORTISATION EXPENSES/REVERSIONS

Expenses/reversions of depreciation and amortisation, in 2019 and 2018, break down as follows:

	EUR	
Depreciation and Amortization Expenditure/Reversion	2019	2018
Property, Plant and Equipment		
Land and Natural Resources	-	-
Buildings and Other Constructions	255.508	271.467
Basic Equipment	54.019	57.387
Transport Equipment	44.373	68.699
Administrative Equipment	49.548	40.506
Other Tangible Assets	52.946	40.718
	456.394	478.778
Intangible Assets		
Land and Natural Resources	924.371	859.497
Buildings and Other Constructions	3.117.926	3.117.904
Basic Equipment	1.281.430	1.281.430
Other Intangible Assets		
Software	7.527	2.542
	5.331.255	5.261.374
TOTAL	5.787.649	5.740.152

31. OPERATIONAL SEGMENTS

EDIA's activity is grouped in three operational segments: Water; Energy; and Special Projects.

The Water segment concerns the management of the use of the public waterways domain allocated to EFMA, to ensure its distribution using criteria of rigour and sustainability, which comprises two sub-segments:

- Water Storage, with highlight to the major reservoirs (Alqueva and Pedrógão reservoirs), which aims at supplying water for agricultural, industrial or population consumption purposes, and for electrical generation, thus presenting revenues, essentially, internal; and

- Water supply, encompassing the three EFMA water supply subsystems (Alqueva, Pedrógão and Ardila). In this sub-segment, EDIA only really started operation once construction of the irrigation perimeters was completed and the pricing system to be applied to the provision of water distribution services was established (Order No. 9000/2010, of May 26, updated 3025/2017, of April 11), with gradual increases in gains over the years due to the entry into operation of new perimeters, increased adherence to irrigation and the use of water for other purposes.

The Energy segment consists of generating electricity through the Alqueva and Pedrógão hydroelectric power plants, of the Alvito, Odivelas, Pisão, Roxo and Serpa mini-hydro plants, and of the Alqueva Photovoltaic Plant. The turnover results essentially from the receipts in the form of rent pertaining to the concession contract for the Alqueva and Pedrógão hydroelectric plants to EDP for a 35-year period. However, note also goes to the operation during this period of all small hydro plants, and this activity is remunerated by the provision of electricity delivered to the national grid.

The Special Projects segment covers several areas, such as tourism, the environment, culture and cartographic production, of which the following stand out:

- Cartography Centre, a project originally created as a support to the investment made by EDIA, involving both cartography and topography, now arising as a new business opportunity;
- The PNN, which emerged as an environmental mitigation project as a result of the construction of the Alqueva dam, but that is complemented with the agricultural and tourist areas; and
- The Luz Museum represents a space of memory and interpretation of all the previously unknown processes of relocating Aldeia da Luz and is a developing cultural project in the new village.

The results per segment for 2019 and 2018 are as follows:

2019

EUR					
Headlines	Water	Power	Special Projects	Unallocated	TOTAL
External Revenues	18.456.836	14.249.364	252.672	88	32.958.960
Operating Expenses	(20.108.914)	160.871	(1.075.861)	(5.445.692)	(26.469.595)
Intersegment Revenues / Expenses	(261.398)	(24.795)	286.194	-	0
Gross Margin	(1.913.475)	14.385.440	(536.996)	(5.445.604)	6.489.365
Other Income and Gains	656.163	8.791.699	225.164	(182.547)	9.490.479
Other Expenses and Losses	(6.496.953)	(27.458)	(4.943)	658.502	(5.870.852)
Results Before Depreciation and Financial Expenses	(7.754.265)	23.149.681	(316.775)	(4.969.650)	10.108.992
Depreciation and Amortization	(164.056)	(5.277.783)	(199.957)	(114.787)	(5.756.583)
Impairment Losses	(3.834.860)	-	-	-	(3.834.860)
Operational Result	(11.753.181)	17.871.898	(516.732)	(5.084.437)	517.548
Interest and Financial Income Obtained	-	-	-	-	-
Interest and Financial Expenses Incurred	(3.099.539)	-	-	(15.928)	(3.115.466)
Result by Business Segment	(14.852.720)	17.871.898	(516.732)	(5.100.365)	(2.597.918)
Income Tax					(72.918)
Net Profit for the Period					(2.670.836)

EUR					
Headlines	Water	Power	Special Projects	Unallocated	TOTAL
ASSETS	230.104.018	524.927.601	11.033.546	15.434.737	781.499.902
LIABILITIES	313.621.534	423.908.276	1.701.028	2.296.838	741.527.676

Headlines	Water	Power	Special Projects	Unallocated	TOTAL
External Revenues	13.710.673	15.031.383	175.533	2.650	28.920.238
Operating Expenses	(19.256.075)	(168.962)	(1.046.287)	(498.159)	(20.969.483)
Intersegment Revenues / Expenses	363.633	(1.211.584)	847.951	-	0
Gross Margin	(5.181.769)	13.650.837	(22.803)	(495.510)	7.950.756
Other Income and Gains	461.755	8.975.727	189.032	79.573	9.706.088
Other Expenses and Losses	(8.635.577)	(27.458)	(241.536)	(54.917)	(8.959.488)
Results Before Depreciation and Financial Expenses	(13.355.591)	22.599.106	(75.306)	(470.854)	8.697.355
Depreciation and Amortization	(69.068)	(5.274.438)	(205.803)	(164.418)	(5.713.729)
Impairment Losses	(1.665.079)	-	-	-	(1.665.079)
Operational Result	(15.089.738)	17.324.667	(281.109)	(635.272)	1.318.548
Interest and Financial Income Obtained	-	-	-	0	0
Interest and Financial Expenses Incurred	(5.157.186)	-	-	(9.090)	(5.166.276)
Result by Business Segment	(20.246.924)	17.324.667	(281.109)	(644.362)	(3.847.728)
				Income Tax	(87.338)
				Net Profit for the Period	(3.935.067)

Headlines	Water	Power	Special Projects	Unallocated	TOTAL
ASSETS	226.000.814	536.151.638	11.194.071	26.270.857	799.617.380
LIABILITIES	326.933.418	455.393.986	2.572.634	1.349.721	786.249.758

32. OTHER RELEVANT INFORMATION

This note was used for the disclosure of other information not foreseen in previous notes, which turns out to be necessary and indispensable for a better understanding of the EDIA's financial position and results.

Standing Interpretations Committee – Interpretation SIC-29 Disclosures-Service Concession Agreements

As referred to in Note 2.1 – Presentation Basis, the financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union, including both the standards their respective interpretations.

In accordance with the terms of the concession agreements, within the scope of this Interpretation, EDIA acts as a public service provider and operates and maintains that operating service for a specific period of time, within the scope of the concession agreement entered into with the Ministry of Environment, Territorial Planning and Regional Development.

EDIA recognizes an intangible asset to the extent that it's granted a right (a license) to charge users for the public service.

On October 17th, 2007, the Company signed this concession contract, which regulates the use of water resources for water abstraction intended for irrigation and electricity production in the Alqueva Multipurpose Project (EFMA) primary system. In this contract, EDIA was granted management and operation, as well as the use of the public water domain assigned to the project.

EDIA holds, as activities included in its corporate purpose, the design, execution and construction of the infrastructures that make up the Secondary Network affect the enterprise, on behalf of the State and in accordance with the instructions addressed to it by the Minister of Agriculture, Rural Development and Fisheries.

As assets attached to the Concession, one considers:

- The infrastructures related to the uses of the public water domain under concession and which are part of the project's primary system, identified under the terms of Article 1 of Decree-Law No. 42/2007 of February 22nd;
- All the works, machinery, equipment, devices and respective accessories necessary for the operation, use, maintenance and management of those infrastructures.

The exclusive object of the Concession is EFMA management and operation, under the terms of Article 4(3) of Decree-Law No. 311/2007 of September 17th, as well as the use of the public water domain assigned to the project.

The management, operation and private use of the public water domain assigned to the EFMA includes the administration of the public water domain assets assigned to the project; the competences for the attribution of titles of use of the water resources and the supervision of the use of such public hydric resources by third parties; as well as the following private uses of the public water domain:

- Water abstraction for irrigation;
- Water abstraction for energy production; and
- Implementation and construction of hydraulic infrastructure for the purposes mentioned in the preceding paragraphs.

Under the terms of the legal regime for hydro-agricultural holdings (Decree-Law 269/82 of July 10th), the concession of the infrastructures that make up the EFMA secondary network and the project's hydro-agricultural component involves the obligation to provide the concessioned services in an appropriate, effective and continuous manner.

The following activities are included in the concession:

- The management of water resources associated with the EFMA's hydro-agricultural component, as well as the use of those public domain resources;
- The exploitation, conservation and rehabilitation of secondary network infrastructure;
- The modernization of the holdings that constitute the EFMA's hydro-agricultural component; and
- The collection and supply of water for agricultural activity, the agri-food sector and other activities of an economic nature, beneficiaries of the hydro-agricultural holdings infrastructures;

At the end of the concession, the concessionaire EDIA must deliver to the grantor the goods that make up the concession in an adequate state of conservation and operation and free of any encumbrances or charges. Also on that date, all of the concessionaire's rights and obligations arising from the concession contract shall cease.

The concession is extinguished by agreement between the parties, by rescission, by revocation and by the expiry of the respective term. Concession renewal is not expressly provided for, but may always take place by agreement between the parties.

A process for the amendment of the secondary network concession contract is underway, which only aims to update the annex with the description of the infrastructures related to the concession.

Tax Inspection

According to current legislation, tax returns are subject to revision and correction by the Tax Authorities for a period of four years.

Based on this assumption, the tax returns of the Company for the years 2008 to 2011 were subject to review by the Tax Authority (AT).

In October 2012, within the scope of tax inspection for IRC, AT proposes a correction to the years 2008 through 2011, with regard to the amount of amortisations of submerged land, as it believes that not all investments made by EDIA are subject to depreciation under the tax law, which excludes the possibility of tax depreciation of the value of submerged land, because it understands that these are not in a state of degradation.

The majority of assets currently recorded under "Intangible Assets" were at the date of entry into force of the Accounting Standardisation System on January 1st, 2010, shown under "Property, Plant and Equipment", and then reclassified to "Intangible Assets", as provided for in IFRIC 12 – Service Concession Arrangements applicable to the concession contract signed with the Ministry of Environment, Spatial Planning and Regional Development, as expressly recognised by the Accounting Standards Board on January 20th, 2011.

The submerged lands in question, and that were amortised by EDIA, are included in EFMA and are the object of the concession contract concluded on 17th October 2007 between the Portuguese State and EDIA, called "Concession contract concerning use of water resources for the abstraction of water intended for irrigation and power production in the primary system of EFMA", for a duration of 75 years.

Pursuant to Clauses 8 and 9 of this contract, all goods included in EFMA, including submerged lands subject to depreciation revert to the Portuguese State at the end of the respective concession contract.

As outlined under: (i) article 13 of Decree No. 2/90 of January 12th, effective for the period that the tax inspection refers to "The elements of fixed assets acquired or produced by concession entities and that under the terms of the concession contract are revertible at the end of the latter can be reintegrated or amortised or depending on the number of years remaining of the concession when it is less than the minimum period of lifecycle" and (ii) Clauses 8 and 9 of the concession contract, where the amortised land, as well as all assets integrated in EFMA revert to the State at the end of the Contract, all legal requirements for acceptance of the amortisation as a tax cost are met and no correction to IRC should be made, which is the position taken by the Company.

In May 2013, EDIA presented a Judicial Appeal of the decision to reject the Administrative Claim of the IRC settlement statements concerning financial years 2008, 2009, 2010 and 2011, and thus requests that Hon. Judge of the Tax Court of Beja cancel all of the IRC settlement statements and interest, as well as the replacement of tax losses due to this correction made due to a tax inspection, for the four years.

In January 2014, similarly to the Administrative Claims and Judicial Appeals submitted for previous years (2008-2011), EDIA presented an Administrative Claim for the year 2012. In February, AT announced its refusal by invoking, on the same grounds, that the amortisation considered was improper, so technical correction was necessary, since the cause of action is exactly the same as those of IRC processes of previous years.

Given the above, EDIA presented Judicial Appeals to the correction made by inspection, referring to the year 2012.

In 2015 and in the first half of 2016, still in the scope of this IRC tax inspection, EDIA was notified by the Tax Administration, which made a correction to the taxable income 2013 and 2014, respectively, with which EDIA does not agree. At the end of 2016 and according to the procedure adopted in previous situations, EDIA presented a Judicial Impugnation for the year 2014.

EDIA informs that, despite the respect that the interpretation carried out by the Tax Administration deserves, and having been notified, through the Settlement of Accounts Statement for 2008, 2009 and 2010, to pay the amounts of EUR 15,022, EUR 17,121 EUR and EUR 55,125 respectively, requested the suspensory effect of the tax assessment and its corresponding compensatory interest, and pledged to provide guarantee and deposit, to the Tax Authority, in the amounts of EUR 20,138 and EUR 90,745 respectively, under the terms and for the purposes of article 69, subparagraph f), and article 199 of the Code of Tax Procedure and Proceedings.

In 2018, EDIA filed, with the Tax Court of Beja, Judicial Impugnation of the corrections to the tax base made by the Tax and Customs Authority (TA), in the context of tax inspection for 2015 and 2016, as the AT understood that the depreciation Submerged land is not accepted as a tax cost, which is awaiting a decision.

Regarding the 2013 Proceedings, the Central Administrative Court ruling (Case No. 268/15.8BEBJA) was issued, which disputes the correction to the tax base, and the Court ruled in favour of EDIA and considered that submerged land cannot be regarded as mere unaffected land but rather as land intended for exploitation, and therefore considered that the depreciation of submerged land is acceptable to the tax authorities. However, AT has appealed to the Supreme Administrative Court, and EDIA has filed its counterclaims and is awaiting Case conclusion.

An updated list of the processes and their respective procedural phase is summarized below:

- Case 2008 – 171/13.6BEBJA – Favourable judgement by the TCA
– has not yet been enforced,
- Case 2009 – 172/13.4BEBJA – Favourable judgement by the TCA
– Appeal by AT to the STJ,
- Case 2010 – 186/13.4 BEBJA – Favourable judgement by the TCA
– Appeal by AT to the STJ,
- Case 2011 and 2012 (joined Case 2010),
- Case 2013 – 268/15.8 BEBJA – Favourable judgement by the TCA
– Appeal by AT to the STJ,
- Case 2014 – 16/17.8 BEBJA – In progress at the Administrative and Fiscal Court of Beja, and
- Case 2015 and 2016 – 194/19.1 BEBJA – In progress at the Administrative and Fiscal Court of Beja

The amount of tax losses declared by EDIA, from 2014 to 2018, still subject to deduction, amounts to EUR 50,070,547, however, in view of the established and verified facts in the inspection procedure, by AT, the technical corrections in terms of corporate income tax calculated so far by direct assessment amount to EUR 14. 894,562, which, if the result of the Judicial Challenges presented by EDIA is not favourable, the Company can only deduct the corrected losses, up to the amount of EUR 35,175,985.

As of the date of this financial report, EDIA is not aware of any further information about these proceedings, and Management believes that no additional settlements of significant value will occur in the context of the financial statements.

Environmental Issues

The concession contract signed between EDIA and the State pertaining to the use of water resources by EFMA, dated October 17th, 2007, sets out the terms and conditions to which the concession-holder relationship will conform, specifying the rules for the exercise of the aforementioned rights of private use of water resources, in the context of the operation of the Project.

EFMA's environmental management is based on its Environmental Management Program and the results of the environmental impact assessment processes pertaining to irrigation blocks and hydraulic infrastructures, aiming to promote efficient water use and good agricultural practices during the operation phase, and minimize and offset environmental impacts in the construction phase.

In this context, during the construction and operation phase, EDIA is required to implement a set of measures aimed at ensuring that all the areas that it promotes and which are affected by the execution of the interventions are later requalified in order to restore the original situation.

In terms of environmental policy, the Company intends to ensure the continuous improvement of its environmental performance, fulfilling all its obligations regarding the legal compliance of the activities developed. One should also note its commitment to the analysis of the environmental impacts derived from the Company's activity, while training and raising awareness among its employees and service providers.

Environmental expenses are those identified and incurred to avoid, reduce or repair environmental damages resulting from the Company's normal activity.

In this sense, taking into account (i) the nature and scope of the Company's activity and the types of problems associated with its activity, and (ii) information about its environmental performance, there is no responsibility of an environmental nature that may give rise to provisioning, since it is not viewed as materially relevant.

Debts to the Tax Authorities and Institute of Solidarity and Social Security

Of the information legally required in other legislation, namely in Articles 66, 324, 397, 447 and 448 of the Commercial Companies Code (CSC), the legal provisions arising from Decree-Law No. 534/80 of November 7th, issued by the Ministry of Finance and Planning, and the provisions referred to in Law No. 110/2009, of September 16th, issued by the Ministry of Employment and Social Security, it is important to mention that EDIA, through accountability documents, discloses that it is not in breach of its obligations, neither to the State or Social Security.

Guarantees Provided

- In the ambit of primary and secondary networks, EDIA performs horizontal drilling on roads. To this end, it must apply for licensing at Estradas de Portugal, SA. For each crossing, EDIA is required to provide a bank guarantee in its favour (Estradas de Portugal, SA.), without any expiry date and/or for five-year term. As of December 31st, 2019, the total amount was EUR 71,961.

- In October 2012, within the scope of tax inspection for IRC, AT proposes a correction to the years 2008-2011, with regard to the amount of amortisation of submerged land, as it believes that not all investments made by EDIA are subject to depreciation under the tax law, which excludes the possibility of tax depreciation of the value of submerged land, because it understands that the latter is not in a state of degradation. EDIA contested and had to provide the AT with two bank guarantees with no expiry date in the total amount of EUR 20,138, intended to guarantee the suspension of the tax enforcement proceedings carried out by the Finance Services. Until December 31st, 2019, there was no reinforcement of these guarantees.
- Under the contract celebrated with Galp Energia, Petróleos de Portugal-Petrogal, SA, EDIA provided a bank guarantee intended to "secure the timely payment of fuel expenses using the GALP Frota card". On December 31st, 2019, the amount was EUR 1,746.
- In May 2015 and April 2016, two guarantees were provided to EDP Distribuição-Energia, SA, amounting to EUR 95,640 and EUR 60,930, respectively. These constitute the security deposit required for the provisional reception of the interconnection line between EDIA's infrastructures, in which it assumes the obligation to pay the due compensation for the repair of any defect in equipment and/or construction/assembly processes that arise during the warranty period. As of December 31st, 2019, these guarantees are still in force.
- As of December 31st, 2019, there are still four guarantees in effect in favour of AgdA and one in favour of ADSA, amounting to EUR 11,727 and EUR 455, respectively, within the scope of the Expropriation and Servitude Service Agreements.

The total value of the guarantees provided (EUR 262,597) is as follows: (i) CCAM of Beja and Mértola – EUR 199,921 and (ii) BCP – EUR 62,676.

Contingent Assets and Liabilities

Commission Regulation (EC) No. 1305/2013 of December 27th

Commitments made by EDIA, not included in the Financial Position Statement as December 31st, 2017, consist of guarantees provided pursuant to the provisions of Article 63 of Regulation (EC) No 1305/2013 of the European Parliament and Council, December 27th.

Within the scope of the Rural Development Program 2014-2020 (PDR2020), and in accordance with the terms and pursuant to paragraph 4 of Article 25 of Ordinance No. 229/2016, of August 26th, EDIA made a payment request as an advance, within the amount allowed by said regulations, for project no. PDR2020-341-035424 "2nd phase of the Alamos Adduction Installation", amounting to EUR 7,015,000.

In such cases, and in accordance with Article 63 of Commissions' Regulation (EC) no. 1305/2013 of December 27th, the Board of Directors (by means of a written guarantee issued to the competent paying agency – Fisheries and Agriculture Financing Institute, IP) guaranteed the compensation to 100% of the advance amount if the entitlement to the advance cannot be proven.

The competence for the provision of guarantees by the Company falls within the powers of the Board of Directors, either under article 15 of EDIA's statutes, in particular, or under paragraph 1 (c) and, especially, pursuant to article 406 (f) of the Commercial Companies Code, applicable under the provisions of article 7 of Decree-Law No. 558/99 of December 17th.

Regarding the request for an advance, by the end of 2019, EDIA incurred expenses amounting to EUR 4,670,028.

Power reinforcement investments carried out by EDP in the Alqueva Plant

Under the provisions of Law Decree No. 313/2007, of September 17th, which approved the foundations of the concession granted by contract between the State and EDIA on October 17th, 2007, EDIA holds, whilst concessionaire for the management, operation and private use of the public water domain under EFMA, powers of administration of the referenced water domain within the framework of its activity, the competences for allocation of titles relating to water abstraction for irrigation and electricity production and, furthermore, inspection powers over its use by third parties, and the jurisdiction to start, prepare and sanction administrative offence proceedings in this context.

In fact, based on the regulations contained in the recent legislative package of water resources, EDIA is simultaneously a concessionaire for the Project's management and operation and the exclusive owner of the rights of private use of the public water domain allocated to the EFMA for irrigation and hydroelectric exploitation.

The Concession Agreement thus fulfilled the conditions to be met by the grantor-concessionaire relationship, specifying the mission content associated with the operation of Project and setting the rules for the exercise of said rights of private use of the public water domain.

In this context, Decree-Law No. 313/2007, of September 17th, framed the concession of the operation rights of the Alqueva and Pedrógão Hydroelectric Power Plants, respecting the rights acquired by third parties under previous legislation.

In view of the foregoing, on October 24th, 2007, a contract was signed between EDIA and EDP – Gestão da Produção de Energia, S.A (EDP), which assigns to EDP, for 35 years, the operation of Alqueva hydroelectric plant (260 MW), on a market basis, and the Pedrógão one (10MW), under a special scheme, as well as the rights of private use of the respective water domain. This contract has enhanced the electric value of the Alqueva – Pedrógão system.

Following the signing of the Concession Agreement with the Ministry of Environment, Territorial Planning, and Regional Development, on October 17th, 2007, regarding the use of water resources for abstraction of water for irrigation purposes in the EFMA primary system, EDIA was granted the management and operation of EFMA, as well as the use of the public water domain allocated to the Project.

In fact, based on the regulations contained in the recent legislative package of water resources, EDIA is simultaneously a concessionaire for the Project's management and operation and the exclusive owner of the rights of private use of the public water domain allocated to the EFMA for irrigation and hydroelectric exploitation.

Under this contract for the operation of the power plants, for a period of 35 years, EDP built the power reinforcement of the Alqueva plant. Regarding the transfer of these assets carried out by EDP at the end of the concession period (year 2042) to EDIA, and the Company's responsibility to keep an updated inventory of concession assets with the State, EDIA consulted the documentation submitted by EDP, in the recent litigation concerning the revocation of the concession contract, for the investment made in power reinforcement, the total value of which was EUR 175,598,748 (EUR 73,317,730 – Construction Contract; EUR 100,281,170 – Equipment; and EUR 1,999 .848 EUR-Line Panel).

As of December 31st, 2019, the situation remains identical to December 31st, 2018.

Investment Incentive

EDP – Gestão da Produção de Energia, SA presented an investment incentive for the Alqueva Hydroelectric Power Plant to the Directorate-General for Energy, which was approved by the Director General's order on April 1st, 2011, in spite of EDIA's contest of the decision. EDIA did not settle and filed a Special Administrative Action, filed in Court on June 28th, 2011.

EDIA requests that: (i) the orders of April 1st, 2011 and May 5th, 2011 be annulled, rejecting the author's request for recognition of the right to the investment incentive in production capacity provided for in Ordinance No. 765/2010; and (ii) the right to an incentive to invest in long-term electricity generation capacity be recognised to EDIA, referencing the investment made in the construction of the Alqueva Hydroelectric Plant, granting it such right under the terms in which it was granted to EDP, with amounts accrued by default interest due and becoming due.

The action has been assigned by the Author the value of EUR 4,800,000, and a first instance decision is awaited. This case was concluded on June 6th, 2016. There was also another one, through a new magistrate, on February 19th, 2018, which is still pending.

The decision is expected to be issued in 2020. It is difficult to assess the probability of success, but EDIA believes that the arguments put forward are well founded.

It should be borne in mind that, even in the most unfavourable scenario, the decision will not subject EDIA to liabilities, other than those pertaining to the proceeding expenses and legal representation fees. The amount of liability may amount to EUR 60,000, considering the action's value and potential appeals.

In the event of an appeal against the decision issued, taking into account the current delays of the Administrative Courts, the judgement on the appeal is not expected within 4 years from it being filed.

In any event, if the decision is favourable to EDIA, in the sense that EDP was not entitled to the incentive it was granted, this does not mean that the very same incentive will be automatically granted to EDIA.

There was no change in this situation compared to the previous year.

Alqueva Left Bank Abstractions

The use of water resources in hydrographic basins of shared rivers between Portugal and Spain has been the subject of various agreements between the two countries, dating back to the Treaty of Boundaries of 1864, where it was established that international river sections would act as frontiers, as well as the importance of using existing water resources on these frontier sections for mutual benefit and without prejudice to the other party.

In this context, the signing of the 1968 Arrangement, which regulates the use and hydraulic exploitation of the international sections of the Minho, Lima, Tejo, Guadiana, Chança rivers and their tributaries, and which, in Article 3 (e) and (f), allots the hydraulic use between Portugal and Spain, granting Portugal with the use of the entire section of the Guadiana River, between the latter's points of confluence with the Caia and Cuncos rivers.

Thus, according to the 1968 Arrangement, the use of the section between the confluence of the Caia with the Guadiana, and this river's confluence with Cuncos belongs to Portugal. In 1999, abstractions from the left bank of the Guadiana, on this stretch, were regulated. This matter was initially followed up by the International Rivers Commission (CRI) and subsequently by the Convention Application and Development Commission (CADC), a cooperating body between the Albufeira Convention Parties. This matter will be followed-up by the Commission, with the aim of applying the EFMA pricing system to water abstractions in this area.

The total volume allocated to these abstractions is over 47 hm³/year: 42.9 hm³/year for irrigation; 4 hm³/year for industrial use; and 0.175 hm³/year for public supply. Other requests under are still analysis within the CADC, as well as abstractions intended for use only in emergency situations. Overall, the volume in question will exceed 50 hm³/year, 55% of which pertains to abstractions under the 152 quota (9% pertains to abstractions between quotas 147 and 152, and 46% to pertains to abstractions under the 147 quota).

According to CADC resolution II/6 (Annex VI of the II Meeting minutes), abstractions made in the reservoir will be subject to a pricing system whenever benefit from its use can be proven.

Such abstraction is only possible due to regulation of water flow infrastructures built by Portugal, namely the Alqueva-Pedrogão system, as evidenced by the lack of regulation reservoirs in the estates in question, whereby abstraction of water for irrigation will always take place outside the wet period, when the Guadiana river's flow would not allow it.

In summary, these direct abstractions in the Alqueva reservoir, located on the left bank, under Spanish administration, should be subjected to the pricing system set for EFMA, bearing in mind the aforementioned CADC decision, under penalty of market distortions. This matter should be followed-up within the framework of said Commission, with the aim of applying the EFMA pricing system to water abstractions in this area.

Applying the established amount of 0.038 EUR/m³ for irrigation water for agricultural use abstracted directly from the primary system, by the Order establishing the price of irrigation water for agricultural use provided by EDIA, in the scope of the EFMA public water service, one calculates a revenue between EUR 500,000 /year and EUR 1,000,000 /year.

On December 31st, 2019, EDIA considers that this situation reflects the existence of a contingent asset, not recognized in the Company's accounts, but disclosed in this note describing its nature, potential value and the expectation on the its eventual implementation. Gains will not be recorded until the final decision is effectively secured.

STATUTORY AUDITS AND REPORTS BY THE AUDITORS AND THE SUPERVISORY BOARD



LEGAL CERTIFICATION OF THE ACCOUNTS AND AUDIT REPORT
PREPARED BY THE AUDITOR REGISTERED AT THE CMVM



CONTRACTUAL AUDIT REPORT



REPORT AND OPINION OF THE SUPERVISORY BOARD

Note: A second way to open these documents: go to the Attachments panel of Adobe Reader by using the View > Show/Hide > Navigation Panes > Attachments menu option (depending on your version of Adobe, this option may be located in a different menu).

 A FRESH NEW LAND



STATEMENT OF COMPLIANCE

STATEMENT OF COMPLIANCE FROM THE BOARD OF DIRECTORS

Dear Shareholders

Under the terms of article 245 (1) (c) of the Securities Code we inform you that, to the best of our knowledge:

- I) The information contained in the management report faithfully sets out the important events of the year 2019 and the impact on the respective financial statements, and contains a description of the main risks and uncertainties faced; and
- II) The information contained in the individual financial statements, and their annexes, has been prepared in accordance with the applicable accounting standards, and give a true and fair view of the assets and liabilities, the financial position and the profits and losses of EDIA – Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A. and the companies included in the consolidation.

Beja, March 24th, 2020

The Board of Directors

José Pedro Mendes Barbosa da Costa Salema
(Chairman)

Augusta Manuel Pereira de Jesus Cachoupo
(Member)

Jorge Manuel Vazquez Gonzalez
(Member)

STATEMENT ON THE REMUNERATION POLICY OF MEMBERS OF THE GOVERNING AND SUPERVISORY BODIES OF EDIA, SA PROVIDED UNDER LAW 28/2009

At the General Meeting held on October 4th, 2019, the non-election of the Remuneration Committee was ruled.

ACRONYMS AND ABBREVIATIONS

MONSARAZ BEACH



ACRONYMS AND ABBREVIATIONS USED IN THIS DOCUMENT

ABB	Alexandre Barbosa Borges S.A.
ACECA	Water Hyacinth Control and Elimination on the Guadiana River Cross-Border Section
ADRAL	Alentejo Regional Development Agency
AdSA	Águas de Santo André
AFN	Portuguese Forest Authority
AG	Assembleia Geral (General Assembly)
AgdA	Águas Públicas do Alentejo
AICEP	Portuguese Trade and Investment Agency
ALA	Local Water Calendar in Alentejo
ALVT	Águas de Lisboa e Vale do Tejo
AOV	Operational Car Hire
APA	Portuguese Environment Agency
APAI	Portuguese Impact Assessment Association
APCER	Portuguese Certification Association
APOM	Portuguese Association of Museology
ARH Alentejo	Administration of the Alentejo Hydrographic Region
ATA	Tax and Customs Authority
ATLA	Cross-Border Association of Alqueva Lake Municipalities
BCP	Portuguese Commercial Bank
BCSD	Business Council for Sustainable Development
BE	Economic Bulletin
BES	Novo Banco
BP	Banco de Portugal
BPI	Portuguese Investment Bank
BTL	Lisbon Travel Market

C4C	Cloud for Costumer
CARALQUEVA	Alqueva Irrigation Monitoring Committee
CBA	Cost-Benefit Analysis
CCAM	Mutual Agricultural Credit Bank
CCDR	Regional Coordination and Development Commission
CCDRA	Alentejo Regional Coordination and Development Commission
CCP	Public Procurement Code
CD	Documentation Centre
CEB	Council of Europe Development Bank
CGD	Caixa Geral de Depósitos
CHA	Alqueva Hydroelectric Power Station
CHP	Pedrógão Hydroelectric Power Station
CIAL	Alqueva Interpretation Centre
CIEFMA	Web Application for EFMA Infrastructure Register and Irrigator Management Consultation
CIMAC	Central Alentejo Intermunicipal Community
CIMAL	Coastal Alentejo Intermunicipal Community
CIMBAL	Lower Alentejo Intermunicipal Community
CLAS	Local Council for Social Action of Beja
CMB	Beja City Council
CMVM	Securities Market Commission
COTR	Irrigation Technologies Operations Centre
CP	Public Tender
CPI	Consumer Price Index
CSC	Portuguese Commercial Companies Code
DAOT	Department of Environment and Territorial Planning
DGADR	Directorate General of Agriculture and Rural Development
DGEstE	Directorate General of Educational Establishments
DGO	Directorate General for Budget
DGT	Directorate General of the Territory
DGTF	Directorate-General for Treasury and Finance
DL	Decree-Law
DLEO	Budget Execution Decree-Law

DR	Diário da República
DRACALEN	Alentejo Regional Directorate of Culture
DRAP	Alentejo Regional Directorate of Agriculture
DRCA	Alentejo Regional Directorate of Culture
DSRA	Services Directorate for the Alentejo Region
DSUE	Unanimous Written Company Resolution
DUP	Declaration of Public Utility
EAFRD	European Agricultural Fund for Rural Development
EAGGF	European Agricultural Guidance and Guarantee Fund
EBIT	Earning Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EC	European Community
EDIA	Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A.
EDP	Energias de Portugal
EFMA	Alqueva Multipurpose Project
EFV	Inspection and Surveillance Team
EGP	Public Manager Statute
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EincA	Environmental Incidence Studies
EIS	Environmental Impact Statement
EIS	Environmental Impact Study
EMS	Environmental Management System
EN	National Road
EP	Public Companies
EPR	Reclassified Public Companies
ERDAS	Earth Resource Data Analysis System Project
ERDF	European Regional Development Fund
ESF	External Services and Supplies
EsPAP	Public Administration Shared Services Entity
EU	European Union
EUR	Euros

FitoFarmgest	Sustainable Phytopharmaceutical Management in Olive Groves, Vineyards and Arable Crops, in EFMA's Area of Influence
FPAS	Portuguese Federation of Pig Farmers Associations
GDP	Gross Domestic Product
GDRS	Office of Development and Social Responsibility
GEE	Office of Strategy and Studies
GeOp	(Entity) Operational Manager
GESAMB	Environmental and Waste Management
GFCF	Gross Fixed Capital Formation
GIS	Geographic Information System
GOVINT	Integrated Governance Forum
GVA	Gross Value Added
ha	Hectare
HDPE	High Density Polyethylene
HICP	Harmonized Index of Consumer Prices
hm³	Cubic hectometer
IAS	International Accounting Standard
IASB	International Accounting Standard Board
IBERLINX	Cross-Border Territorial Action for the Conservation of the Iberian Lynx
ICAAM	Institute of Mediterranean Agrarian and Environmental Sciences
ICNF	Institute for Nature and Forest Conservation
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IGCP	Treasury and Public Debt Management Agency
IMF	International Monetary Fund
INALENTEJO	Alentejo Regional Operational Program 2007/2012
INE	Statistics Portugal
INIAV	National Institute of Agricultural and Veterinary Research
INVASEP	Fight against invasive species in the Tagus and Guadiana river basins in the Iberian Peninsula
IoT	Internet of Things

IPBeja	Polytechnic Institute of Beja
IRC	Corporate Income Tax
IRS	Personal Income Tax
ISO	International Organization for Standardization
ISQ	Institute of Welding and Quality
Km	Kilometer
Km²	Square kilometers
kWh	Kilowatt Hour
LCPA	Commitments and Late Payments Act
LGT	General Tax Law
Life + IBERLINCE	Recovery of the Historical Distribution of the Iberian Lynx (<i>Lynx pardinus</i>) in Spain and Portugal
Life Montado Adapt	Montado & Climate; a need to adapt
LNEC	National Laboratory of Civil Engineering
LO (SAP)	Control of Construction Contracts, Equipment Supply and Provision of Services
LOA	Non-drive End
LOE	State Budget Law
MA	Ministry of Agriculture
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MAMAOT	Ministry of Agriculture, Sea, Environment and Territorial Planning
MARE	Évora Supply Market
MD	Right Bank
MF	Ministry of Finance
MW/h	Megawatt-hour
NAVIA	Operational Infrastructure Management Software
NCRF	Accounting and Financial Reporting Standards
NERBE	Beja Region Business Hub

OakReGeneration	Project OakRegeneration – Project PDR2020 – Measure 1 Operational Groups (Project that studies the natural regeneration of the montado in livestock and wildlife protected environments)
OCS	Media Outlet
OE	State Budget
OECD	Organization for Economic Cooperation and Development
PAAP	Alqueva and Pedrógão Reservoirs Program
PAEF	Economic and Financial Adjustment Program
PBG	Principles of Good Governance
PDM	Municipal Masterplans
PDR 2020	Continent Rural Development Program 2014-2019
PE	Stability Program
PEC	Stability and Growth Program
PGA	Environmental Management Program
PGF	Forest Management Plans
PIDDAC	Central Government Investment and Expenditure Development Program
PlaCarvões	Project that consists in the implementation of a solution that integrates the principles of Circular Economy in the plastics value chain, with the valorisation of plastic waste (agricultural plastic, disposable plastics and CDR) through the production of activated carbons.
PMP	Average Payment Term
PN	Primary Network
PNN	Noudar Nature Park
PNRegadios	National Irrigation Program
POAAP	Alqueva and Pedrógão Reservoirs Development Plan
POC	National Plan of Accounts
POC Alqueva	Alqueva Dam Observation and Command Post, and Interpretation Centre
POCTEP	Portugal – Spain Cross-Border Cooperation Program
POSEUR	Operational Program for Resource Use Sustainability and Efficiency
POVT	Thematic Operational Program for Territorial Valorisation
PPRCIC	Corruption and Related Offenses Risk Prevention Plan
PRC	Cost Cutting Plan
PRODER	Rural Development Program

PRO-IBERLINX	Iberian Lynx Protection and Conservation
PT	Transformer Station
PUT	State Treasury Unity Principle
QCA	Community Support
QMS	Quality Management System
QREN	National Strategic Reference Framework
RCA	Rosa, Correia & Associados, SROC, S.A.
RCM	Resolution of the Council of Ministers
RGPD	General Data Protection Regulation
RJOAH	Legal Regime of Hydro-Agricultural Works
RJSPE	Legal Regime of the Corporate Public Sector
ROC	Statutory Auditor
S.A.	Public Limited Company
SAP	Data Processing Systems, Applications, and Products
SCADA	Supervisory Control and Data Acquisition Software
SEE	State Business Sector
SEL	Local Business Sector
SGA	Global Alqueva System
SHT	Occupational Safety and Hygiene
SIGO	Budget Management Information System
SIRHAL	Alqueva Water Resources Information System
SISAP	Support System for Cultural Aptitude Determination
SISMA	Support Information System for EFMA Environmental Monitoring
SISMS	Support Information System for EFMA Soil Monitoring
SMG	Guadiana Monitoring System
SN	Secondary Network
SNC	AP – Accounting Standardization System for Public Administrations
SNCP	Portuguese Public Procurement System
SOE	Information System for State Budgeting
SPE	Corporate Public Sector
SROC	Society of Statutory Auditors

TCAS Central Administrative Court of the South

TRH Water Resources Rate

UPAC Self-Consumption Production Units

URSA Alqueva By-products Recirculation Units

UTAM Technical Unit for Public Business Sector Monitoring

UTE State Treasury Unit

VAT Value Added Tax

VSA Solidarity Tour of Alqueva

WADI Water-tightness Detection Implementation

WTP Water Treatment Plant

WWTP Wastewater Treatment Plant



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PULO DO LOBO WATERFALL ON THE RIVER GUADIANA