

RELEVANT FACT

Modelo Continente, SGPS, S.A., company with its share capital open to public investment, informs that, through its subsidiary Sonae Distribuição Brasil, S.A., it has reached an agreement with the Carrefour Group for the sale of 10 stores trading under the Big brand in the State of São Paulo, Brazil. This transaction implies a valuation of 317 million Brazilian Real (approximately 105 million Euro at the current exchange rate).

The 10 stores involved have a sales area of 66.5 thousand square metres and are all located in the metropolitan area of São Paulo. In 2004, these units had a turnover of 454 million Real (about 151 million Euro at the current exchange rate).

Modelo Continente's presence in the São Paulo metropolitan area is affected by its lack of critical mass. The high interest rates that have persisted in Brazil and the strategic focus of Modelo Continente to invest in the south States of the country, where it is market leader, have made growth difficult in the São Paulo region.

Materializing a scenario previously considered by the company, the right conditions were now gathered for the sale of these 10 stores located in the São Paulo metropolitan area. In this region, and in view of the background described above, it was not possible to expect better conditions to reward the capital invested than those now available through the present sale.

When completed, this transaction will have a positive impact on consolidated profits for 2005 by an amount in excess of 20 million Euro.

The cash inflow resulting from the sale will allow a substantial reduction in interest bearing debt contracted on the Brazilian market. It will thus reduce Modelo Continente's exposure to the current high interest rates in the country while increasing the financial strength of the company. In view of the fact that operational cash flow (EBITDA) will not change as a result of this operation, business profitability will clearly benefit.

Matosinhos, June, 9th 2005



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Modelo Continente is in permanent contact with financial markets through its Investor Relations department, which will be pleased to answer any questions or provide information.

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In line with the recommendations of CMVM, an office has been set up specifically designed to support private investors.

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