

<b>DEMERGER PROJECT OF SONAE-SGPS, SA</b>
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*(Translation from the Portuguese Original)*

**DEMERGED COMPANY:**

**SONAE-SGPS, SA** (hereinafter SONAE), a publicly listed company, with its corporate seat at Lugar do Espido, Via Norte, Maia, with tax and commercial registration number 500 273 170, registered in the Commercial Registration Office of Maia, with a share capital of two thousand million euros, fully subscribed and paid, represented by two thousand million shares with a nominal value of one Euro each, listed on EURONEXT LISBON. Following the legal procedures set out in the several paragraphs of article one hundred and nineteen of the Portuguese Companies Act, the directors of the demerged company hereby explain the demerger project in the following terms:

**A) FORM, RATIONALE, CONDITIONS AND OBJECTIVES OF THE DEMERGER**

The transaction will take the form of a demerger, in accordance with the terms of paragraph a) of article one hundred and eighteen of the Portuguese Companies Act.

With the implementation of the demerger, the shareholding held by SONAE in the share capital and corresponding voting rights of SONAE CAPITAL SGPS, SA (hereinafter SONAE CAPITAL), with its corporate seat at Lugar do Espido, Via Norte, Maia, with tax and commercial registration number 502 332 166, registered in the Commercial Registration Office of Maia, with a share capital of three hundred ninety one million and forty six thousand euros, fully subscribed and paid, represented by three hundred ninety one million and forty six thousand shares with a nominal value of one Euro each, will be demerged into a NEW COMPANY (hereinafter NEW COMPANY) that will have the corporate scope of managing a portfolio of shareholdings as an indirect exercise of economic activities (*sociedade gestora de participações sociais*), with all the shares representing the share capital of the NEW COMPANY being distributed to SONAE's shareholders.

The business portfolio of SONAE is made up of shareholdings in focussed sub-holdings with significant size, a group of companies in the insurance brokerage business, with skills which are needed for the development of the Sonae Group, and of a 100% shareholding in SONAE

CAPITAL, which holds shareholdings in companies that develop businesses in several economic activities.

The first group of shareholdings, considered strategic, includes SONAE DISTRIBUIÇÃO, SGPS, SA, a leader in food and non-food retail, SONAECOM, SGPS, SA, a company listed on Euronext Lisbon that develops its business in telecommunications, media, software and information systems and SONAE SIERRA, SGPS, SA, acting in investment, development and management of shopping centres. These sub-holdings are global businesses, with a particular focus on the final consumer, are fully financed and are managed by dedicated teams with high levels of expertise in their respective businesses.

In insurance brokerage, SONAE's portfolio includes a 100% indirect shareholding in MDS – Corretor de Seguros, SA, a company that develops the insurance brokerage activity directly in Portugal and indirectly in France, in the latter through minority shareholdings, an indirect shareholding in Lazam-MDS, a company with activity in Brazil, a 100% indirect shareholding in Modelo Continente Seguros – Sociedade de Mediação, Lda with activity in Portugal, a 100% indirect shareholding in the captive reinsurance company Sonae RE and a minority indirect shareholding in Cooper Gay (Holding) Limited, a reinsurance broker in the United Kingdom. These shareholdings are held by a 100% subsidiary of SONAE CAPITAL and will be acquired by SONAE in the context of the portfolio restructuring underlying the present operation, in view of their strategic importance to SONAE as suppliers of services to its subsidiaries.

Finally, SONAE holds 100% of the share capital of SONAE CAPITAL, a company that holds a diversified portfolio of businesses, but with no visibility amongst investors, who presently do not value it adequately.

The visibility of each of the businesses of SONAE, arising from their focus, size and profitability, allow national and international investors and relevant stakeholders to have a clear perception of the value of the SONAE share, which is a positive factor for the implementation of its strategy, and for the capacity of each of the businesses to attract human and financial resources to support their respective growth.

The demerger of the shareholding in SONAE CAPITAL leads simultaneously to focussing SONAE in businesses with relevant size and present or future international exposure and to

handing over shares in the NEW COMPANY to current SONAE shareholders. The NEW COMPANY, by having its shares listed, will be subject to market regulations which will give higher visibility to its businesses.

These businesses, undertaken by companies controlled by SONAE CAPITAL, are autonomous and have been allocated with the necessary resources to develop strategic plans which create value.

The business portfolio of SONAE CAPITAL has recently been restructured in order to achieve its strategic goals, based on the development of two autonomous and separate business areas, with fully dedicated management teams and relevant growth potential:

The first business area, led by Sonae Turismo SGPS, SA develops, through its affiliates, businesses within the tourism sector, in development, management and sale of touristic resorts, in development and sale of high quality residential real estate, in hotel ownership and management and in touristic services, which includes restaurants, catering and events management, and health and fitness. Furthermore, SONAE Turismo holds and will increase, through shareholdings, a significant number of real estate assets, managed by a specialized team, which are the basis for new touristic resorts and high quality residential developments. Real estate assets which do not fall into these categories will be sold.

The second area of activity of SONAE CAPITAL includes shareholdings presently held directly by SONAE CAPITAL itself, which will be transferred to its wholly owned subsidiary Spred, SGPS, SA (SPRED). This company will be focussed on investing in shareholdings in three main areas: procurement of new business opportunities in emerging businesses or businesses undergoing restructuring; ownership and management of businesses with future growth potential, whenever appropriate in partnership with specialists; and management of a financial portfolio.

The first area has been allocated with the necessary financial and human resources for the procurement of business opportunities in emerging businesses and businesses undergoing restructuring, in which the financial and management skills of SONAE CAPITAL may contribute positively to their development. The second area to be developed by SPRED presently includes significant shareholdings, some of which in

partnership with national and international renowned players, in businesses with growth potential, such as: sale of products and services in cold storage, refrigeration, air conditioning and heating and in facilities management; energy production (through co-generation and renewable sources) and energy distribution; and shipping. On the third area of activity main assets are presently the minority shareholding in Sonae Indústria, SGPS, SA, the shareholding in Change Partners, SGPS, SA and the minority shareholding in Norscut – Concessionária de Auto-Estradas, SA.

On the terms and with the rationale mentioned above, the demerger will consist in taking out the shareholding SONAE has in SONAE CAPITAL, which corresponds to 100% of its share capital.

The listing on EURONEXT LISBON of the shares representing the share capital of the NEW COMPANY will be applied for and, with the approval of the listing, the share will become liquid and with a significant free float, leading to benefits both for the company and for the shareholders of SONAE.

The demerger of this shareholding, by separating from the SONAE portfolio businesses with different characteristics when compared with the ones that will be kept in SONAE's portfolio, will enable shareholders to manage their portfolios in accordance with their criteria and preferences.

#### VALUATION OF SONAE CAPITAL

A careful valuation of SONAE CAPITAL has been performed by a reputable and independent financial institution, whose conclusions are included in APPENDIX I.

#### NEUTRALITY AND EFFICIENCY OF THE DEMERGER

The form selected to implement the separation – demerger of the shareholding of SONAE in SONAE CAPITAL – is the one that has the highest level of efficiency, with full respect for the equitable rights of all shareholders and the rights of creditors and of any third party in respect of the companies.

The project complies with tax neutrality regulations, as stated in articles sixty seven and following of the Portuguese Income Tax Law (*Código do Imposto sobre o Rendimento das*

*Pessoas Colectivas*), and the assets and liabilities demerged from SONAE are to be transferred at their book value.

**B)** The company name, the corporate seat and the number and date of the register in the Commercial Registration Office are the ones referred to in the beginning of this project.

The share capital of SONAE is not going to be altered, since the values to be demerged will be fully deducted from free reserves available in the balance sheet of the Company.

Conditions in paragraphs a) and b) of number 1 of article one hundred and twenty three of Company Law (*Código das Sociedades Comerciais*) are fully complied with, considering that the equity of the company after the demerger is not lower than the sum of the share capital with the legal reserve and that, the share capital of SONAE is fully paid up.

The NEW COMPANY resulting from the demerger shall have the corporate name Sonae Capital, SGPS, SA (following the change in the corporate name of the current Sonae Capital, SGPS, SA to SC, SGPS, SA) or any other corporate name, if the referred name is not approved by the Portuguese Companies Registrar, and shall have the corporate scope of managing a portfolio of shareholdings as an indirect form of exercise of economic activities, with the share capital of two hundred and fifty million Euro represented by two hundred and fifty million ordinary, bearer and non titled shares, with a nominal value of one Euro each, generating a demerger reserve in the amount of one hundred and thirty two million six hundred and thirty eight thousand two hundred and fifty two Euro and seventy two cents.

In the General Meeting of Shareholders to be held to discuss the demerger project, a proposal will be presented for the election of the members of the corporate bodies of the NEW COMPANY.

**C)** SONAE holds shares representing the entire share capital and voting rights of SONAE CAPITAL.

**D)** The shareholding to be demerged from SONAE consists of three hundred ninety one million and forty six thousand ordinary shares representing the share capital of SONAE CAPITAL. APPENDIX II describes the shareholdings of SONAE CAPITAL as at 1 October 2007.

The shareholding to be demerged from SONAE will be recorded in the books of the NEW COMPANY by three hundred and eighty two million six hundred and thirty eight thousand two

hundred and fifty Euro and seventy two cents, the same value by which this shareholding is recorded in the books of SONAE.

Accordingly, the net value of the demerger of SONAE is of three hundred and eighty two million six hundred and thirty eight thousand two hundred and fifty Euro and seventy two cents.

**E)** The balance sheet of SONAE as at 1 October 2007 and the balance sheet of SONAE after the demerger are enclosed in APPENDIX III to this project, where the amounts to be transferred from SONAE to the NEW COMPANY are highlighted.

The opening balance sheet of the NEW COMPANY is enclosed in APPENDIX IV to this Project.

**F)** Shares representing the whole of the share capital of the NEW COMPANY shall be attributed to SONAE's shareholders, in accordance with the percentage of the respective shareholdings in the share capital of SONAE and the following factor:

- each SONAE share will be attributed zero comma one two five of a NEW COMPANY share.

The attribution of shares in the NEW COMPANY to the shareholders of SONAE has been calculated on the basis that SONAE will not hold own shares at the date of the split of rights; if that is not the case the attribution factor will be amended accordingly.

**G)** Shares representing the share capital of the NEW COMPANY shall be delivered to SONAE's shareholders, who prove to be shareholders, following the register of the demerger with the Commercial Registration Office, by recording them in the respective securities accounts, on a date and in accordance with procedures to be announced when appropriate.

**H)** Shares representing the share capital of the NEW COMPANY will give its holders the right to distributable profits of the company in the financial year of its creation and in the following financial years.

**I)** For accounting purposes, the transactions of SONAE attributable to the group of assets transferred to the NEW COMPANY will be considered as performed on its behalf from the beginning of 2 October 2007 onwards, if the final registry of the demerger with the Commercial Registration Office is granted until 31 December of 2007. If the registry of the demerger fails to occur until such date, the said transactions are to be considered on behalf of the NEW COMPANY from one January two thousand and eight onwards;

- J)** There shall be no special rights attributable to the shareholders of the demerged company.
- L)** There shall be no special benefits attributable to members of the management and audit bodies of the demerged company and to consultants in the demerger.
- M)** The Articles of Association of the NEW COMPANY are enclosed to this Project in APPENDIX V and the Articles of Association of SONAE shall not be subject to any amendment.
- N)** Creditors rights are protected in accordance with the terms of the law.
- O)** There are no third party rights in respect of profits of the demerged company.
- P)** None of the current employment agreements will be assigned from SONAE to the NEW COMPANY.

Maia, 8 November 2007

On behalf of the Board of Directors of SONAE-SGPS, SA

## Appendix I

### Valuation of Sonae Capital

#### **Sonae Capital**

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#### ***Fairness Opinion***

Banco Português de Investimento, SA has not produced the English version of this report. This is a translation of a report originally issued by Banco Português de Investimento, SA, in Portuguese. In the event of discrepancies, the version in Portuguese prevails.



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### I. DISCLAIMER

Sonae SGPS, S.A. (Sonae), a publicly listed company (*Sociedade Aberta*) that owns, directly, the whole of the share capital and voting rights of Sonae Capital, SGPS, S.A. (Sonae Capital), intends to implement a demerger (*cisão simples*) of the whole of its shareholding in Sonae Capital into a new company which will be named Sonae Capital, SGPS, S.A. (New Sonae Capital). The existing Sonae Capital, SGPS, SA will adopt the name SC, SGPS, SA<sup>1</sup>.

Following this intention, Banco Português de Investimento, S.A. (BPI) was given a mandate by Sonae to determine Sonae Capital's fair value in the context of the demerger process of this affiliated company.

Sonae Capital is a holding company that owns shareholdings in a vast group of businesses in several industries and, therefore, it was valued using the sum-of-the-parts methodology (which essentially consists in attributing to Sonae Capital the value of its assets – mostly shareholdings and loans to affiliated companies – deducted from its liabilities).

Since BPI based its work on information provided by Sonae and Sonae Capital and has not made any independent research and/or validation work of such information, it cannot guarantee that the information included in this document is complete, true, up to date and objective.

The valuation was based on medium term business plans and related economic and financial forecasts produced by Sonae Capital for its most important businesses. BPI has reviewed these forecasts and has made some adjustments, when considered necessary, so as to increase, in BPI's view, their sustainability. In any event, care should be taken that the Bank has not intended to issue a technical or expert opinion on the different business areas where Sonae Capital's affiliated companies operate in.

Under the terms of the mandate given to BPI, companies for which no business plans (or economic and financial forecasts) were delivered were valued using simplified methods (stock prices, market multiples, acquisition costs, sales values or book value or previously produced valuation referentials).

We would like to stress that real estate assets, together with touristic and real estate promotion activities, have a significant weight on Sonae Capital's portfolio of businesses. The scope of the work undertaken by BPI has not included real estate valuations, nor the validation of market referentials that supported estimates of revenues and costs of touristic and real estate promotion activities. Valuation of assets considered for sale in the business plans of Sonae Capital's affiliated companies was made using the discounted cash flows method based on information provided by Sonae Capital to the Bank, namely

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<sup>1</sup> Or any other name approved by the Portuguese Companies Registrar.

## **Sonae Capital - Valuation Report**

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estimated sales prices of the several real estate assets. Value referentials of some of the real estate assets have not been updated for the purposes of this valuation.

This report should not be regarded as a guarantee regarding past, present or future activities of Sonae, Sonae Capital or New Sonae Capital, nor as an indication that those activities have not changed since the date information was made available or since the date to which such information relates.

This report may not, in any way, be considered as a proposal, offer or recommendation to buy, sell or subscribe shares of Sonae or of New Sonae Capital, nor of any asset directly or indirectly linked to any of these entities.

## II. METHODOLOGICAL NOTE

Valuation of each shareholding, for which a Business Plan or economic and financial forecasts were made available, was performed using the discounted free cash flows method, and the weighted average cost of capital.

According to this approach, the valuation process starts with the calculation of the company's *Enterprise Value* (EV) by discounting estimated free cash flows<sup>2</sup> using a discount rate corresponding to its estimated weighted average cost of capital (wacc). This rate aims to reflect the weighted average cost of capital employed to finance the assets under valuation, and is calculated according to the following formula:

$$wacc = E/EV \times R_E + D/EV \times R_d \times (1-t)$$

E, D,  $R_E$ ,  $R_d$  and  $t$  represent, respectively, the market value of equity and of financial debt of the Company, the cost of equity, the cost of financial debt and the tax rate applicable to the Company's profit<sup>3</sup>.

The cost of equity of each business was estimated using the capital asset pricing model (CAPM), which considers that the expected profitability of an asset is equivalent to the sum of the risk free interest rate with the expected market premium of such asset, which corresponds to market risk premium times the contribution of that asset to market risk (beta). This model is represented by the following formula:

$$R_E = R_F + \beta \times (R_M - R_F)^4$$

In this formula,  $R_F$  to the risk free rate,  $R_M$  to the expected profitability of the market portfolio (with  $R_M - R_F$  corresponding to the market risk premium) and  $\beta$  to the expected risk of the asset under valuation.

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<sup>2</sup> Calculated based on NOPLAT (Net Operating Profit Less Adjusted Taxes) + depreciation and amortisation for the period - capex and changes in the working capital of the Company, with NOPLAT = Operational Profits x (1-Corporate Tax Rate).

<sup>3</sup> From now on, D/EV will be mentioned as financial *leverage* (at market values).

<sup>4</sup> In its general version, this formula incorporates a country's risk premium. This risk corresponds, mostly, to the difference between the cost of sovereign debt issued by a country in "strong" currency (USD or EUR) and the cost of debt issued by the USA Treasury or by European Countries with similar country risk.

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To calculate the cost of equity, the following assumptions were made:

- (i) Risk free rate, corresponds to the present yield of 10 year maturity *Bunds* (4.33%, in the last business day of September 2007);
- (ii) Market risk Premium is the average difference between returns in equity markets and yields of 10 year maturity treasury bonds, calculated between 1900 and 2005. This difference, according to “Global Investment Returns Yearbook 2006”, is 6.0%.

$\beta$  and financial leverage of each Company were estimated based on market research available at the date of this document.

Free cash flows were calculated based on 2007 budgets, on business plans and on information provided by Sonae Capital regarding its affiliates. Since, in most businesses, the economic life of assets under valuation exceeds the time frame of the forecasts, a residual value was calculated at the end of the period of forecasts, based on a perpetuity which corresponds to the stream of free cash flows that the Company is expected to generate in a normal year (assuming a real growth of zero).

Equity value is the difference between EV and the financial debt of Companies, plus the market value of non operating assets (assets that do not contribute to free cash flow generation). In the business analysis, the Bank tried to identify their critical variables, building or requesting sensitivity scenarios regarding their respective trends, in all the cases that these were considered relevant for a better calculation of value, thus determining a value interval for most of the businesses.

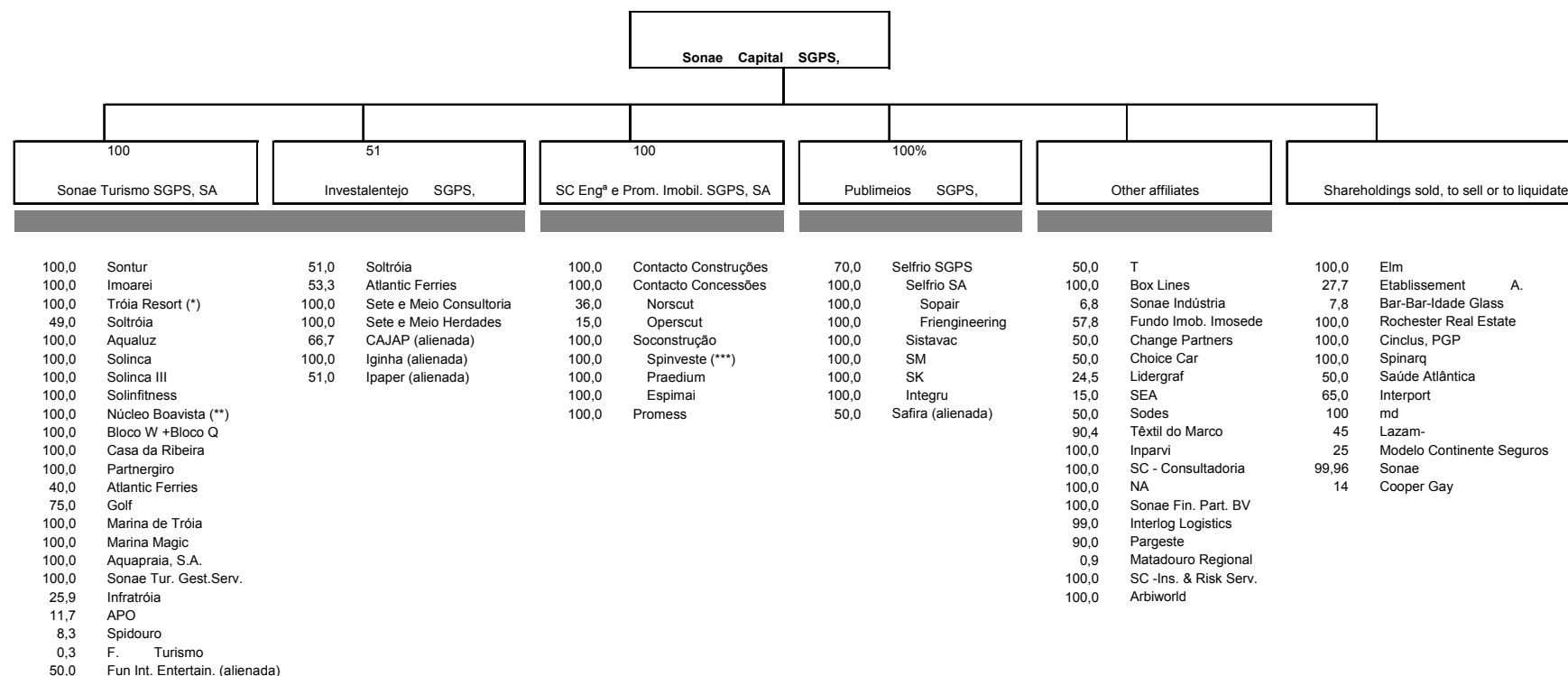
The valuation was based on available information, namely on affiliated companies' 2007 budgets, and respective free cash flows were discounted with reference to the end of 2006. In Sonae Capital's valuation, because its shareholding structure has changed during 2007 (due to sales, acquisitions or increases in shareholdings), the Bank considered the most recent shareholding structure and adjusted 2006 debt to reflect the financial impact associated with those changes. Sonae Capital's equity value was calculated considering all changes which occurred during the year in its shareholdings structure. That value was then capitalised to the 1<sup>st</sup> October 2007 using the average cost of equity of the different businesses included in Sonae Capital's portfolio<sup>5</sup>.

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<sup>5</sup> Assets which have a more recent valuation (such as the shareholding of Sonae Capital in Sonae Indústria, as well as companies sold or liquidated in 2007), were not subject to this capitalisation exercise. During 2007 Sonae Capital's affiliated companies have not paid dividends to third parties.

### III. SONAE CAPITAL

Sonae Capital is a holding company, with a financial shareholding structure described in the following diagram:



(\*) Includes Troia Resort affiliates, the majority of which own real estate assets (land) and shareholdings in Star - Viagens e Turismo and SIT B3.

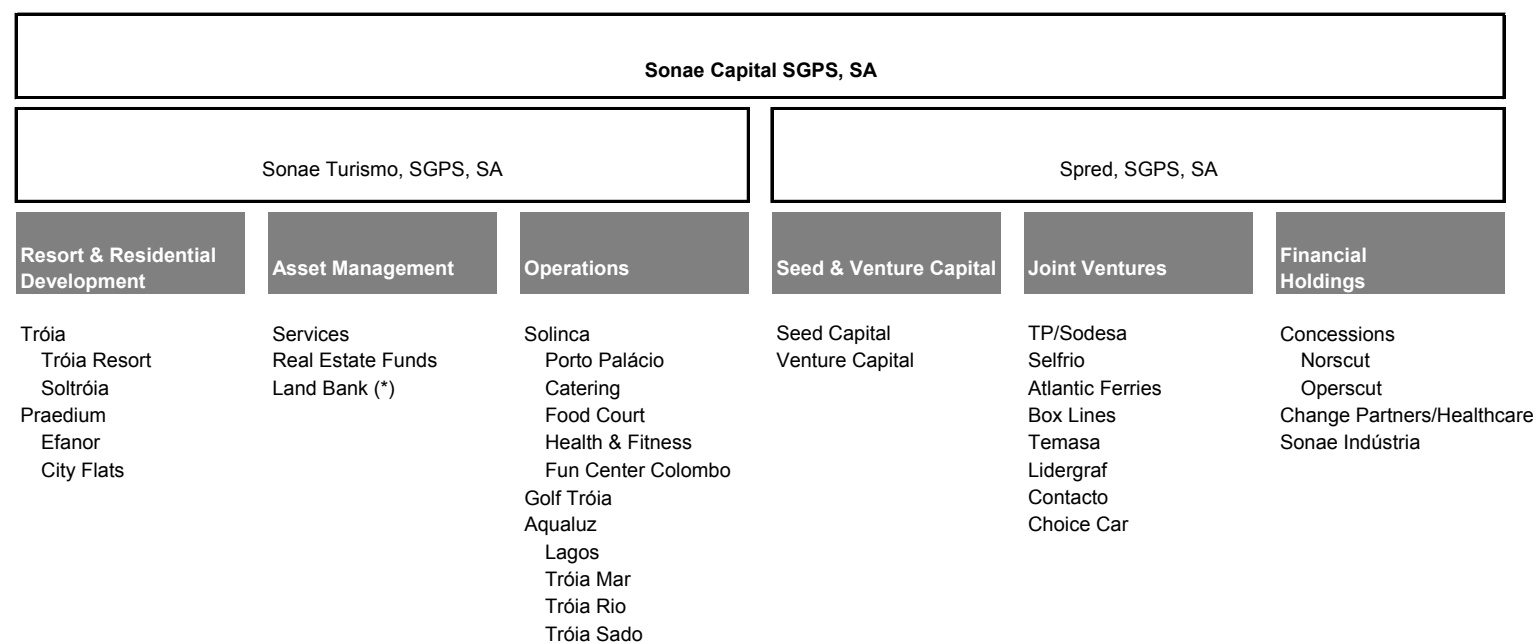
(\*\*) Includes Imoferro, Venda Aluga and WTC.

(\*\*\*) Includes direct shareholdings and indirect shareholdings owned by Sonconstrução BV.

The shareholding structure presented reflects acquisitions/sales which occurred after the end of 2006. The impact of these acquisitions/sales has been considered in the valuation of Sonae Capital.

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In the valuation, BPI considered the shareholder structure displayed in the previous page. Nevertheless, it should be mentioned that, in the context of the demerger, Sonae Capital will implement several restructuring transactions (which, according to Company's information, will not impact its valuation as they will not have material tax implications) which will lead to the following organisational structure:



(\*) Includes Spinveste and real estate assets owned by Praedium which are not planned for Luxury Residential Development.

## IV. SONAE CAPITAL – BUSINESS AREAS<sup>6</sup>

### IV.1. SONAE TURISMO, SGPS, SA<sup>7</sup>

Sonae Turismo, SGPS, SA (Sonae Turismo) was set up in 1994 and is part of Sonae Capital since July 2006. Sonae Turismo is the holding that owns shareholdings in promotion and development of touristic resorts, hotels, fitness and complementary activities.

Sonae Turismo's activity in the following years will be strongly impacted by the touristic development of the Tróia Peninsula resort, to be built by Troiaresort and other companies, namely Soltróia. These companies' activity will include the development of touristic resorts comprising tourism and hotel businesses and sale of residential units in UNOP (Operational Planning Units) 1 to 4 (Troiaresort), 7 and 8 (Soltróia) of the Tróia Peninsula, complemented by other activities such as managing the Tróia marina, ferry boat transport between Tróia and Setúbal, management of the golf course, to be developed by other companies owned by Sonae Turismo<sup>8</sup>.

In the hotel business, Troiaresort is refurbishing and will manage 3 aparthotels. Land to be used in the construction and management of a hotel resort, a project still under development, may be sold by Sonae Turismo to a specialised tourism operator, after necessary approvals are obtained.

Soltróia owns several plots of land located in UNOP 7, 8 and 9 of Tróia Peninsula. In UNOP 7 and 8 villas will be built, which are still in an early planning stage. UNOP 9 includes a plot of land, where it is not possible to build, which tends to have an immaterial market value.

Sonae Turismo's hotel business comprises, other than the already mentioned projects in Tróia, (i) one 5 star hotel in Porto (Hotel Porto Palácio), owned and managed by Solinca, which was subject to refurbishment and improvement works in 2006 and 2007, adding to its amenities a congress centre, a SPA and an enlarged food court; as a result of these improvements the hotel has been accepted as "Leading Hotels of the World" (ii) an event management company under the brand *Solinca Eventos e Catering*; (iii) a 4 star aparthotel in Lagos (Aparthotel Aqualuz, owned and managed by Bloco Q and Aqualuz, respectively), closed between mid 2005 and February 2007, for total refurbishment; (iv) an hostel in Marco de Canavezes (Casa da Ribeira, managed by the company with the same name and owned by Bloco Q), mainly used for events.

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<sup>6</sup> Following the structure presented in page 7.

<sup>7</sup> Includes Investalentejo, SGPS, SA.

<sup>8</sup> Namely, Marina de Tróia, Atlantic Ferries and Golf Time.



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The Fitness business comprises 9 Solinca health clubs in Portugal (managed by Solinca III) and one in Malaga, Spain (managed by Solinfitness) and will pursue an ambitious expansion plan in the coming years. The Group owns 4 of the health clubs, through the companies Solinca, Bloco Q and Bloco W.

Sonae Turismo's activity also includes the Boavista Complex, a group of buildings located in Avenida da Boavista, Porto, near Hotel Porto Palácio, that includes spaces leased to other Group companies and to third parties. Partnergiro explores the fun centre in Centro Comercial Colombo.

Sonae Turismo also owns, directly or indirectly, a group of financial shareholdings and other assets, amongst which we highlight: (i) the 10% shareholding in Star – Viagens e Turismo; (ii) Aquapraia SA, company with no operational activity, but with financing flows with Sonae Turismo; (iii) a group of financial shareholdings which relate to companies with no operational activity or whose value will tend to be immaterial (Marina Magic, Infratróia, APOR, Spidouro, Fundo Turismo); (iv) plots of land in the Algarve, in Lagos and Portimão, still with no development plans; (v) credits over third parties.

The shareholdings of Sonae Turismo also include instrumental companies such as Sontur BV (*holding*), Imoareia (*holding*) and Sonae Turismo Gestão e Serviços (shared services).

At the end of 2006, Sonae Turismo had a 50% shareholding in Fun International Entertainment, which was sold in June 2007.

Considering the diversity of businesses included in Sonae Turismo, the Company was valued using the sum of the parts method. Main companies included in the respective portfolio were valued using discounted cash flows. Forecasts based on which each company's free cash flows were determined were calculated using business plans provided by Sonae Capital. The value attributed to shareholdings includes a set of non-strategic assets (mainly plots of land<sup>9</sup> and minority financial shareholdings).

Sonae Turismo's equity value was calculated based on the value of main affiliates and on the value of remaining assets (financial shareholdings with an Enterprise Value close to zero but which, in some cases, maintain financing relations with Sonae Turismo or hold assets, as well as current assets and liabilities of Sonae Turismo on a stand alone basis) deducted of its financial debt.

The discount rate (WACC) used in the valuation of Sonae Turimo was 8.6%.

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<sup>9</sup> More significant plots of land included in this caption were considered based on valuations performed in 2005 by external experts.

Although sales area, average sales prices per m<sup>2</sup> and sales distribution over time were forecast according to the Company's business plan, prepared based on effective demand and on prices currently in place, it was considered relevant to perform a sensitivity analysis to sales price of apartments and plots of land in Tróia (-10%).

On the other hand, it was also considered relevant to test two sensitivity scenarios for the fitness business in Portugal, considering: (i) maintenance of the current portfolio of health clubs and (ii) openings in 2008 and 2009, with an activity level below forecasts, and cancelling of the expansion plan for the coming years.

In Tourism, Sonae Capital also owns, through Investalentejo, shareholdings in Sete e Meio Consultadoria and Sete e Meio Herdades (whose only asset is land in the Alentejo) valued at book value of equity adjusted by credits over shareholders (unpaid share capital). In Sete e Meio Consultadoria, equity was also adjusted by costs incurred with indemnities to personnel in 2007 and by the expected loss on the sale of an asset.

At the end of 2006, the Company also had three shareholdings which were sold during 2007 (CAJAP, Iginha and Ipaper), which were valued using the price at which they have been sold plus net shareholders loans received until the sales date.

### **IV.2. SC ENGENHARIA E PROMOÇÃO IMOBILIÁRIA, SGPS, SA**

SC – Engenharia e Promoção Imobiliária, SGPS, S.A. (SC EPI) includes Sonae Capital's shareholdings in residential real estate development, construction and concessions.

This holding, an instrumental company with a low level of activity, was valued using the sum of the parts method, that is, the value attributed to its portfolio of investments less total net liabilities.

SC EPI's shareholdings are as follows:

- (i) Contacto – Sociedade de Construções, SA (Contacto): Sonae Group's construction company present in all segments of civil works;
- (ii) Contacto Concessões, SGPS, S.A. (Contacto Concessões): holding company, with no operational activity, which owns shareholdings in two companies, Norscut – Concessionária de Auto-Estradas, S.A. (Norscut) and Operscut – Operação e Manutenção de Auto-Estradas, S.A. (Operscut);

- (iii) Soconstrução, BV (Soconstrução), a dutch instrumental company that holds together with SC EPI shareholdings in the following companies:
  - a. Spinveste Promoção Imobiliária, S.A. (Spinveste SPI), Spinveste Gestão Imob. SGII, S.A. (Spinveste SGII) and Praedium, SGPS, SA (Praedium), companies mainly focused on residential real estate development; and
  - b. Espimaia – Promoção Imobiliária, S.A. (Espimaia). This company, sold in September 2007, owned plots of land in Lugar do Espido, Maia, which where sold to Fundo de Investimento Imobiliário Fechado Imosede in 2006.
- (iv) Promessa Sociedade Imobiliária, SA (Promessa): this company owns and leases an office building located in Senhora da Hora, Matosinhos.

In June 2007, SC EPI acquired from Sonae Distribuição the company Imoponte, S.A., owner of a plot of land, located in Porto.

### *(i) Contacto*

Contacto was valued using the discounted free cash flows method based on forecasts included in the Business Plan prepared by the Company. Cash flows were discounted using a weighted average cost of capital of 7.9%.

In its Business Plan, Contacto assumes that it will continue to be the Sonae Group's general contractor, corresponding to works that represent over 80% of its estimated income, generating a fixed average margin<sup>10</sup> (established in recent contracts signed with the Sonae Group).

BPI valued Contacto accepting that assumption, i.e., assuming that the Company will maintain the same level of works and similar commercial conditions to the ones forecast in the 2007 to 2012 business plan. In the absence of these conditions, the market value of Contacto may attract a significant discount.

Still, BPI considers, it would be reasonable to test sensitivity scenarios:

- (i) to turnover in the long term (Company management believes that until 2012 orders are relatively secure), assuming a reduction in the volume of works for the Group from 2012 onwards;

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<sup>10</sup> Income from Construction Works less respective direct costs (subcontracts, direct general expenses and construction personnel costs).

- (ii) to margin, assuming that the possible reduction in the volume of works with the Sonae Group may be compensated by an increase in the level of works to external customers, leading to a reduction in the average margin.

### *(ii) Contacto Concessões*

As for SC Engenharia, Contacto Concessões was valued using the sum of the parts method, which consists in valuing the shareholdings that this company owns in Norscut and in Operscut.

Contacto Concessões owns a 25% shareholding in Norscut and a 15% shareholding in Operscut. Further, it has already exercised a call option over an additional 11% of the share capital of Norscut that shall come into effect until the end of the current year.

Norscut owns a concession for the design, project, construction, operation and maintenance (SCUT - an abbreviation in Portuguese for “without cost for the user”) of a motorway and associated roads in Interior Norte. The concession was attributed for a 30 year period, beginning in 2001, for the motorway between Viseu (IP5) and Chaves (border), in a total of 154.9 Km. The construction of the highway was completed in June 2007.

Some problems occurred throughout the construction period, regarding land expropriation and the change, by Governmental decision, of the motorway path in the Vila Pouca de Aguiar area. As these facts translated into a reduction in revenues and in cost increases, Norscut has submitted to an Arbitration Court the definition of the compensation to receive under the terms of the concession contract. The value attributed to the Company is therefore dependant on indemnities to be received from the Portuguese State (included in its forecasts).

Norscut was valued using the method of discounted cash flows available for shareholders, a method frequently used in the valuation of concessions and considered adequate for the level of information available and the fact that it is a minority shareholding. This means that Equity (including shareholders' loans) was calculated discounting the values that Norscut expects to distribute to its shareholders, as reimbursement of shareholders loans, interest and dividends, in each concession year, at the respective opportunity cost of capital.

The valuation considers:

- (i) the Business Plan included in the petition presented by Norscut, to an Arbitration Court (aiming at reestablishing the financial equilibrium after the changes imposed by the Government to the motorway path), which, although it has been prepared at the end of 2005 was considered still valid by the Company after adjustments made to reflect the most recent scenario;
- (ii) a 10.1% discount rate, based on market information available at the date of this document.

According to information received from Sonae Capital, a sensitivity analysis of Norscut's value was made regarding: (i) changes in traffic volumes, with the value of the concession being extremely sensitive to reductions in volumes (less sensitive to increases, since these are remunerated at lower tariffs), (ii) cost of its debt (-25 b.p.), which the Company considers to be able to renegotiate once the construction of the motorway is over and the legal claim involving the Portuguese State is solved, and (iii) a 5% reduction in the tax rate, considering that Norscut believes to be under favourable conditions to capture tax benefits associated with investment in the depressed regions of the country, scenarios which were considered in the value interval attributed to Norscut.

Operscut was created to render operations and maintenance services to the several motorway sections that link Viseu to Chaves border, concessioned to Norscut, its sole customer, with whom it signed a contract for the whole concession period.

Contractually established remuneration, in the absence of penalties, leads to income at Operscut which will tend to be stable or to adjust to the trend of its main costs. Based on these assumptions and on information provided by Operscut, the Company was valued assuming that annual income will tend to increase at estimated inflation rates included in the macro economic scenario attached to this report and a stable average EBITDA<sup>11</sup> margin similar to that of 2006, also assuming some replacement investments during the lifetime of the contract.

It should be noted that the value calculated is valid in a scenario where Operscut fulfils, throughout the concession period, all its contractual obligations, and assuming that the contract is not terminated until 2030. The sale of this shareholding to a third party with no interests in Norscut, although not a probable scenario, will lead to a significant discount on the value calculated by the method described.

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<sup>11</sup> Operational cash flow

### *(iii) Praedium*

Praedium is a holding company dedicated to management of shareholdings in real estate companies, which own several plots of land for real estate development. It also owns two affiliates, one that renders technical and administrative services to Praedium's affiliated companies and another that renders condominium management services.

Praedium was valued using the discounted cash flows method, based on the consolidated Business Plan for the 2007 to 2012 period. Considering the significant importance of its affiliated Prédios Privados (Efanor project), and the fact that it is developing a project with an extended lifetime period (expected to end in 2016), this company was valued separately using the same method. A weighted average cost of capital of 8.7% was used in the valuation.

For valuation purposes, it was assumed that companies would be closed down at the end of the period of the respective Business Plans. As for Praedium itself, closing costs were estimated due to their significance.

Valuation of real estate assets not included in Praedium's Business Plan, was based on valuations performed by Independent valuers<sup>12</sup> or on internal valuations performed by Sonae Capital<sup>13</sup>.

Nevertheless, it should be highlighted that Praedium's value includes the valuation of a significant group of assets which relate to projects not yet developed, or whose development depends on conclusion of legal procedures (representing over one third of Praedium's asset value).

### *(iv) Spinveste*

SC EPI owns directly and indirectly the whole of the share capital of Spinveste SPI, a real estate development company which manages its own real estate and develops real estate assets owned by its affiliates, and of Spinveste Gestão Imobiliária, which is focussed on the acquisition of real estate assets for sale or lease (from now on considered jointly as the Spinveste Group).

The Spinveste Group Business Plan estimates that the sale of several residential projects (with a total area of 15,700 m<sup>2</sup>) and plots of land (with a total area close to 118,000 m<sup>2</sup>) will occur until 2012. The Company considered that a significant number of real estate assets will be sold at a discount to their current market prices, in order to reduce time to sale.

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<sup>12</sup> Net of taxes and transaction costs. Reports as at December 2005, except for one residential project (dated January 2002).

<sup>13</sup> Net of taxes and transaction costs.

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The Spinveste Group was valued using the discounted free cash flow method, based on the 2007 revised budget and on the 2008 to 2012 Business Plan prepared by the Company. It was assumed that this group would cease activity after 2012, and closing costs were estimated.

Free cash flows were discounted at a weighted average cost of capital of 8.7%.

Real estate assets owned by the Spinveste Group that are vacant or leased (not included in the business plan) were valued using the market value attributed by Sonae, net of transaction costs and taxes. Nevertheless, in its valuation, Sonae Capital considers that leased real estate assets may become vacant in 2012, at no cost, and that the corresponding market value, when they become vacant, will increase at the opportunity cost of capital considered (that is, their value will grow 8.7% per annum). With this in mind, BPI has also calculated the value (i) of the Spinveste Group in a scenario where the value of leased real estate assets remains stable, in nominal terms, until 2012, or (ii) updating rental income net of taxes and building a scenario where these assets were sold at a discount to their market values, and considered these scenarios in the interval of values attributed to Spinveste Group.

### *(v) Promessa, Espimaia, Soconstrução and Imoponte*

Promessa was valued using the book value at the end of 2006. Espimaia was sold in September 2007 and as such was valued at sales price.

Apart from the already mentioned financial shareholdings, at the end of 2006, Soconstrução had only one debt, most of which towards SC EPI.

Imoponte was valued at acquisition cost, with no contribution to SC EPI's equity.

### IV.3. PUBLIMEIOS, SGPS, SA

Publimeios – SGPS, S.A. (Publimeios) is the holding company that includes Sonae Capital's shareholdings in the refrigeration, air conditioning and maintenance services businesses, developed through Selfrio – Sociedade Gestora de Participações Sociais, S.A. (Selfrio SGPS or Selfrio Group). Sonae Capital owns the whole of Publimeios' share capital following the acquisition in May 2007 of 49.9% of its share capital resulting from the acquisition of the whole share capital of DMJB (instrumental company owned by the managers of Selfrio SGPS).

Currently, and following reorganisation<sup>14</sup> transactions, Publimeios has as sole asset a 70% shareholding in Selfrio SGPS, with the remaining 30% being held by Johnson Controls MC International SA.

Activities of Selfrio, SGPS' main affiliates are as follows:

- (i) Selfrio - Engenharia do Frio, SA (Selfrio SA): engineering services in refrigeration and after sales service with national coverage. Selfrio is also a subcontractor of Contacto. Projects and operates commercial refrigeration for several food retail chains;
- (ii) Sistavac - Sistemas de Aquecimento, Ventilação e Ar Condicionado, S.A. (Sistavac): designs and implements solutions in HVAC and in related electrical facilities;
- (iii) SMP - Serviços de Manutenção e Planeamento, S.A. (SMP): renders maintenance, technical assistance and planning services regarding electricity, electro mechanics and HVAC in buildings and installations (shopping centres, bank agencies, hypermarkets, restaurants and other stores) and in industry (steel, electronics, hotels and health clubs). It also designs and assembles small electrical and air conditioning facilities;
- (iv) SKK – Central de Distribuição para Refrigeração e Climatização, S.A. (SKK): distributor of refrigeration, air conditioning and heating equipment;

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<sup>14</sup> In March 2007, Publimeios acquired 40% of Sopair, S.A. (Sopair), owning as from that date the whole of its share capital, and sold its shareholdings in this company and in Friengineering International, Ltda (Friengineering) to Selfrio – Engenharia do Frio, SA. In June 2007, it sold its shareholding in Safira, ceasing its involvement in the cleaning services business.



- (v) Integrum – Serviços Partilhados, S.A. (Integrum): acquired by the Selfrio Group in 2005, this company renders shared services to the remaining Publimeios Group companies, namely, management of information flows and administrative control;
- (vi) Sopair, S.A.: a Spanish company, with head office in Madrid, that designs, assembles and maintains industrial and commercial refrigeration systems and air conditioning systems. It has operational centres in Torrejon, Andaluzia and Salamanca;
- (vii) Friengineering, Lda.: a Brazilian company set up in 1998 with the objective of rendering technical assistance services in refrigeration. Until 2002, Selfrio exported, through Friengineering, refrigeration centrals and related control systems. Currently, Friengineering is dedicated to the development of commercial (mainly hypermarkets) and industrial refrigeration. It has operational centres in S. Paulo, Curitiba, Florianopolis and Porto Alegre.

Selfrio SGPS' total equity value was calculated using a sum of the parts method, i. e., the value of its shareholdings was added to the value of non operating assets (financial shareholdings and non operating debtors) and subtracted by the respective net debt and the net present value of holding costs.

Selfrio SGPS' shareholdings were valued using the discounted free cash flow method, based on business plans for each company. In 2006, the Sonae Group accounted for circa 56% of the turnover attributable to Selfrio's Portuguese affiliates. Valuation of these affiliates assumes this relationship will be maintained.

Based on information provided by Publimeios, an interval of values was determined for the Portuguese affiliates of Publimeios assuming zero real growth and a perpetuity zero nominal growth.

Free cash flows calculated for each business were discounted at a weighted average cost of capital of 9.5%, with the exception of Friengineering, with a cost of capital (US\$ reference) of 11.1% incorporating the country risk associated with the Brazilian market.

Globally, Selfrio's affiliates business plans assume ambitious income and EBITDA growth, between 2007 and 2010, reflecting both the development of new business lines and growth of the current portfolio of businesses.

Valuation of Sopair and of Friengineering were based on forecasts included in an internal valuation report prepared by Sonae Capital in November 2006. In those forecasts, Sopair's income increases significantly between 2007 and 2010 as a result of obtaining new important customers in the Spanish commercial refrigeration industry and broadening Sopair's skills in the refrigeration area.

As considered in this valuation made by Sonae and based on a set of opportunities identified by the company in Spain, it was assumed that Sopair's free cash flows would grow, in perpetuity, at the rate of growth estimated for the last year of forecasts (around 0.4 p.p. above the Spanish GDP nominal growth estimated for that year). The Bank has also developed a scenario to analyse the impact on Sopair's equity value of a decrease in the perpetuity growth rate assumed, considering that it would grow at inflation.

Friengineering's forecasts were made in Brazilian reais (R\$). Assumptions are that sales will recover to a level close to that of 2004 and perpetuity will grow at 6%. It was considered relevant to test the Company's value sensitivity to a reduction in the free cash flows perpetuity growth rate to 4.1% (inflation estimated for Brazil).

Having valued Selfrio SGPS' shareholdings, the equity value of the holding was calculated considering the impact of transactions which occurred after the end of 2006 (acquisition of 40% of Sopair by Publimeios and sale, by Publimeios, to Selfrio SA of the shareholdings in Sopair and Friengineering).

The value attributed to Publimeios corresponds to 70% of Selfrio, SGPS' equity value (adjusted for transactions which occurred in 2007) deducted of the net present value of its net costs (using the same weighted average cost of capital used in the valuation of its businesses in Portugal, that is 9.5%).

### IV.4. OTHER SHAREHOLDINGS OF SONAE CAPITAL

Mostly, Sonae Capital's direct shareholdings that were not included in any of the previous holdings were valued using simplified methods, either because they are minority shareholdings, or because they are not active, or are in a process of being shut down or sold, or no Business Plan was made available.

Shareholdings in TP - Sociedade Térmica Portuguesa, S.A. (TP) and in Box Lines Navegação, SA, (Box Lines) were valued based on business plans provided by Sonae Capital and in Sonae Indústria (listed in Euronext Lisbon) which was valued at market value.

#### *(i) TP*

TP is a company jointly owned by Sonae Capital and by the Endesa Group. The Company develops, mainly, cogeneration and wind power projects, through several affiliates.

In the cogeneration business, TP manages a production capacity of circa 70 Mw, distributed by 16 projects. In this business, TP has partnerships with several industrial companies, having its production centrals in their plants. In most cases, TP assumes a majority position in the partnership.

The wind power business has a larger size and, apart from two minor projects started recently, or to start until 2008 (involving a 54 Mw installed capacity), the Company owns an economic interest of 20% in ENEOP, a company set up by the Eólicas de Portugal Consortium that signed, in 2006, with the Portuguese Government, a contract for the supply of energy to be produced by wind farms. ENEOP was granted a license to supply 1,000 Mw of power to the Portuguese Electric System (SEP) and to install equipments with a maximum production capacity of 1,200 Mw. The tariff paid to ENEOP by each Mw supplied is regulated by Decree-law nr. 33/A of 2005 (guaranteed tariff up to the first 33 GWh with a 15 year limit). Under the terms of the contract signed with the Government, ENEOP will apply a 5% discount to the tariff that would be obtained in case the terms in the Decree-law were directly applied.

TP and ENEOP's projects were valued on a stand alone basis based on forecasts provided by Sonae Capital, which, in the case of ENEOP, are based on forecasts included in a report prepared by the consultants to the tender.

Valuation was made using the discounted free cash flows method. Free cash flows for wind power and cogeneration businesses were discounted at an weighted average cost of 6.1% and 8.5%, respectively.

BPI prepared a scenario of reduction in tariffs (10% and 20%), from the 15th year of activity of each wind farm onwards and calculated ENEOP's value assuming a 45%<sup>15</sup> financial leverage, and has also determined the value associated to discontinuing two cogeneration projects.

### *(ii) Box Lines*

Box Lines, of which Sonae owns 100% of the share capital, ships containers to the Portuguese islands, groups containers, negotiates air transport to the Portuguese islands and manages and negotiates containers and general cargo international transport.

The Company was valued using the discounted cash flows method based on forecasts obtained from its Business Plans until 2010. Considering that the Sonae Group contributed with around 37% to Box Lines' sales, BPI decided to test scenarios that assume a decrease in sales volume, at least in the perpetuity.

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<sup>15</sup> This leverage is considered in the indicative finance conditions of the project and is lower than the one implicit in the weighed average cost of capital used (which is of 60%).

Estimated free cash flows from Box Lines were discounted using a weighted average cost of capital of 10.1%.

### *(iii) Sonae Indústria*

The shareholding in Sonae Indústria was valued based on the average closing price of the share in the last 3 months, up to 15 October 2007, that is 9.13 € per share. This value is (i) 4% above last closing price of the share, at valuation date, (ii) 4% below the weighted average of the share price in the last 6 months, and (iii) circa 26% below the average price targets published in the second half of 2007 by several banks and investment houses that, based on different views on the business, value Sonae Indústria's share between 11.3 € and 12.7 € (assuming distinct timings, usually around 12 months)<sup>16</sup>.

### *(iv) Other shareholdings valued through simplified methods*

Remaining shareholdings were mostly valued at their book value at the end of 2006. Since business plans were not made available and in the absence of information which might indicate the need to correct their equity. Shareholdings to be sold or closed down were valued at sales price or liquidation costs provided by Sonae Capital. According to Sonae Capital, none of these transactions will have a significant tax impact.

The following were exceptions to the use of the book value:

- (i) Fundo Imosede, with the book value adjusted to reflect the most recent valuation of its real estate assets (as at March 2007);
- (ii) Choice Car, SGPS valued using the sum of the parts method. This company owns the whole of the share capital in 5 affiliates (Finlog, Choice Car Comércio de Automóveis, Carplus Comércio de Automóveis, Guérin and Luso Assistência). Based on information received from Sonae Capital, two of these affiliates were valued using unconditional binding offers, and two using the equity book value. Guérin was valued using multiples of transactions which occurred in companies in the same sector in 2006 e 2007;
- (iii) Inparvi was valued using the sum of the parts method. This company owns the whole of the share capital of 3 affiliates, one of which was recently sold (valued at sales price) and another which is being closed (valued using estimated proceeds, deducted of an estimated amount for Sonae Capital's costs). The third shareholding was valued at book value.

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<sup>16</sup>Source: Bloomberg.

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- (iv) SC Consultoria, a company that renders services to the remaining companies with 3 M€ of annual estimated net costs. It was assumed that these costs will be transferred to the remaining Group companies, thus generating tax savings, and an 8.7%<sup>17</sup> discount rate was used in the valuation.

Companies held by SC – Insurance & Risk Services, SGPS, S.A., in the insurance and reinsurance brokerage business, will be sold still in 2007 to Sonae, are the most significant amongst companies to be sold. Arbiworld was valued using acquisition costs.

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<sup>17</sup> Intends to reflect the weighted average cost of capital used in the valuation of Sonae Capital's businesses.

### V. VALUE OF SONAE CAPITAL

The following table includes main financial indicators of Sonae Capital, as a stand alone company, reported at the end of 2006:

In 2006, Sonae Capital reported operational income and costs close to zero. Sonae Capital's financial indicators are typical of holding companies, with its assets being mostly represented by financial investments and loans to affiliated companies. A significant portion of its net debt (76.2)<sup>18</sup> related to loans from Sonae (64.2 M€), its sole shareholder, the remaining being loans from affiliates.

Thus, considering the interval of values arising from the valuation of the different shareholdings and loans to affiliates owned by Sonae Capital, as at the end of 2006, and:

- (i) Deducting amounts paid after the end of 2006 for the acquisition of new additional shareholdings, as well as net liabilities of the company;
- (ii) Adding the proceeds of the sale of shareholdings in Bar-Bar-Idade, Elmo and Cinclus;
- (iii) **And carrying the values thus calculated to 1 October 2007, the equity of Sonae Capital is estimated to be between 670 M€ and 720 M€<sup>19</sup>.**

Sonae Capital - SGPS, SA

Balance Sheet (M€)	2006
Fixed Assets	0,0
Other Assets	12,7
Financial Investments	379,6
Loans to Group Companies	228,6
<b>Capital Employed</b>	<b>620,9</b>
Equity	544,8
Net Debt	76,2
<b>Capital Employed</b>	<b>620,9</b>

Source: Sonae Capital e BPI (IFRS Accounts)

<sup>18</sup> Debt less cash and cash equivalents.

<sup>19</sup> As described in the section on methodology, the value calculated at the end of 2006 was carried forward using the average cost of equity implicit in the valuation of main businesses. Asset values for which a present valuation is available (such as the shareholding of Sonae Capital in Sonae Indústria as well as companies sold or liquidated in 2007) have not been carried forward. Affiliated companies of Sonae Capital have not paid dividends to third parties in 2007.

## APPENDIX: MACROECONOMIC FORECASTS

### Portuguese Economy

Macroeconomic Assumptions	2007E	2008E	2009E	2010E	2011
GDP (Real Growth)	1,8%	2,0%	2,4%	2,3%	2,5%
12 M Inflation Rate	2,4%	2,3%	2,3%	2,2%	2,2%
Euribor 3M (annual average)	4,3%	4,2%	4,5%	4,5%	4,5%

Sources: BPI (DEEF), September 2007, based on: Stability & Growth Pact, EIU.

### Spanish Economy

Macroeconomic Assumptions	2007E	2008E	2009E	2010E	2011E
GDP (Real Growth)	3,8%	3,0%	2,9%	2,9%	2,9%
12 M Inflation Rate	2,6%	2,6%	2,6%	2,6%	2,6%
Euribor 3M (annual average)	4,3%	4,2%	4,5%	4,5%	4,5%

Sources: BPI (DEEF), September 2007, base on: Spanish Government Reports, EC, OCDE

### Brasilian Economy

Macroeconomic Assumptions	2007E	2008E	2009E	2010E	2011E
GDP (Real Growth)	4,3%	4,1%	4,1%	4,1%	4,1%
12 M Inflation Rate	3,6%	3,9%	4,1%	4,1%	4,1%
Selic Rate (year-end)	11,0%	10,3%	10,3%	10,3%	10,3%
USD/BRL (year-end)	2,00	2,00	2,03	2,03	2,03

Sources: BPI, Bloomberg, IIF, EIU, International Banks Reports

## APPENDIX II

### SHAREHOLDINGS HELD DIRECTLY OR INDIRECTLY BY SONAE CAPITAL

Company	Direct and Indirect Shareholding
Águas Furtadas - Imobiliária, S.A.	100.00%
Andar - Sociedade Imobiliária, S.A.	50.00%
APOR - Agência para a Modernização do Porto, S.A.	11.72%
Aqualuz - Turismo e Lazer, Lda	100.00%
Aquapraia - Investimentos Turísticos, S.A.	100.00%
Arbiworld BV	100.00%
Atlantic Ferries - Tráfego Local, Fluvial e Marítimo, S.A.	73.86%
Azulino - Imobiliária, S.A.	100.00%
Bloco Q - Sociedade Imobiliária, S.A.	100.00%
Bloco W - Sociedade Imobiliária, S.A.	100.00%
Box Lines - Navegação, S.A.	100.00%
Car Plus - Comércio de Automóveis, S.A.	50.00%
Casa da Ribeira - Hotelaria e Turismo, S.A.	100.00%
Centro Residencial da Maia - Urbanismo, S.A.	100.00%
Change Partners, SGPS, S.A.	50.00%
Choice Car - Comércio de Automóveis, S.A.	50.00%
Choice Car, SGPS, S.A.	50.00%
Cinclus - Planeamento e Gestão de Projectos, S.A.	100.00%
Cinclus - Imobiliária, S.A.	100.00%
Contacto - Sociedade de Construções, S.A.	100.00%
Contacto Concessões, SGPS, S.A.	100.00%
Cooper Gay, Limited	13.68%
Country Club da Maia - Imobiliária, S.A.	100.00%
Cronosaúde - Gestão Hospitalar, S.A.	25.00%
D&P Affinity, S.A.	27.29%
D&P Assurances, S.A.	29.76%
Developpment et Partenariat Holding 2, S.A.	35.00%
Delphinus - Sociedade Turismo e Diversão de Tróia, S.A.	79.00%
DMJB, SGPS, S.A.	100.00%
Elmo, SGPS, SA	60.00%
Empreendimentos Imobiliários Quinta da Azenha, S.A.	100.00%
Etablissement A. Mathe, S.A.	27.74%
Finlog - Aluguer e Comércio de Automóveis, S.A.	50.00%
Friengineering International Ltda	69.99%
Fundo de Investimento Imobiliário Fechado Imosede	57.84%
Fundo de Investimento Imobiliário Fechado Turístico II	0.30%
Golf Time - Golfe e Investimentos Turísticos, S.A.	75.00%
Guérin - Rent a Car (Dois), Lda	50.00%
Holding Pérouse, S.A.	35.00%
Imoareia - Investimentos Turísticos, SGPS, S.A.	100.00%
Imobiliária da Cacela, S.A.	100.00%
Imoclub - Serviços Imobiliários, S.A.	100.00%
Imodivor - Sociedade Imobiliária, S.A.	100.00%
Imoferro - Sociedade Imobiliária, S.A.	100.00%
Imohotel - Empreendimentos Turísticos Imobiliários, S.A.	100.00%
Imopenínsula - Sociedade Imobiliária, S.A.	100.00%
Imoponte - Sociedade Imobiliária, S.A.	100.00%
Imoresort - Sociedade Imobiliária, S.A.	100.00%



Company	Direct and Indirect Shareholding
Imosedas - Imobiliária e Serviços, S.A.	100.00%
Implantação - Imobiliária, S.A.	100.00%
Infratroia - Empresa de Infraestruturas de Tróia, E.M.	25.90%
Inparvi SGPS, S.A.	100.00%
Insulatroia - Sociedade Imobiliária, S.A.	100.00%
Integrum - Serviços Partilhados, S.A.	70.00%
Interlog - Sociedade Gestora de Participações Sociais, S.A.	99.94%
Interport Logistics, Ltd	65.00%
Investalentejo, SGPS, S.A.	51.00%
Invesaude - Gestão Hospitalar, S.A.	25.00%
Island Rent - Aluguer de Automóveis, S.A.	50.00%
Lazam-MDS, Corretora e Administradora de Seguros, S.A.	45.00%
Leroy Gabon, S.A.	59.99%
Lidergraf - Artes Gráficas, S.A.	24.50%
Luso Assistência - Gestão de Acidentes, S.A.	50.00%
Marimo -Exploração Hoteleira e Imobiliária, S.A.	100.00%
Marina de Tróia S.A.	100.00%
Marinamagic - Exploração Centros Lúdicos, Lda	100.00%
Marmagno - Exploração Hoteleira e Imobiliária, S.A.	100.00%
Martimope - Sociedade Imobiliária, S.A.	100.00%
Marvero- Exploração Hoteleira e Imobiliária, S.A.	100.00%
Matadouro Regional do Alto Alentejo, S.A.	0.89%
MDS - Corretor de Seguros, S.A.	100.00%
Modelo Continente Seguros - Sociedade Mediação, Lda	25.00%
NAB, Sociedade Imobiliária, S.A.	100.00%
NET - Novas Empresas e Tecnologia, SA	2.80%
Norscut - Concessionária de Auto-Estradas , SA	25.00%
Operscut - Operação e Manutenção de Auto-estradas, SA	15.00%
Pargeste, SGPS, SA	89.99%
Partnergiro - Empreendimentos Turísticos, Lda	100.00%
Paulo Jorge Pacheco, Equipamento de Refrigeração, Lda	70.00%
Placage D'Okoumé du Gabon	59.93%
Plysorol Contreplaques, SAS	60.00%
Plysorol SAS	60.00%
Porturbe - Edifícios e Urbanizações, S.A.	100.00%
Praedium II - Imobiliária,S.A.	100.00%
Praedium III - Serviços Imobiliários,S.A.	100.00%
Praedium, SGPS, S.A.	100.00%
Prédios Privados - Imobiliária, S.A.	100.00%
Predisedas - Predial das Sedas, S.A.	100.00%
Promessa - Sociedade Imobiliária, S.A.	100.00%
Promosedas - Promoção Imobiliária, S.A.	100.00%
Rochester Real Estate, Limited	100.00%
RPA Assurances, S.A.	17.86%
Saúde Atlântica - Gestão Hospitalar, S.A.	25.00%
SC - Sociedade de Consultadoria, S.A.	100.00%
SC - Engenharia e Promoção Imobiliária, SGPS, S.A.	100.00%

Company	Direct and Indirect Shareholding
SC Insurance and Risk Services, SGPS, SA	100.00%
Selfrio - Engenharia do Frio, S.A.	70.00%
Selfrio, Sociedade Gestora de Participações Sociais, S.A.	70.00%
Sete e Meio - Investimentos e Consultadoria, S.A.	51.00%
Sete e Meio Herdades - Investimentos Agrícolas e Turismo, S.A.	51.00%
S.I.I. - Soberana - Investimentos Imobiliários, S.A.	100.00%
Sistavac - Sistemas de Aquecimento, Ventilação e Ar Condicionado, S.A.	70.00%
SKK - Central de Distribuição para Refrigeração e Climatização, S.A.	70.00%
SKKFOR - Serviços Formação e Desenvolvimento de Recursos Humanos, Lda.	67.20%
SMP - Serviços de Manutenção e Planeamento, S.A.	70.00%
Sociedade de Construções Chile, S.A.	50.00%
Sociedade Europeia de Arroz - SEAR, S.A.	15.00%
Sociedade Imobiliária Tróia - B3, S.A.	20.00%
Société de Tranchage Isoroy SAS	100.00%
Société des Essences Fines Isoroy	100.00%
Soconstrução BV	100.00%
Sodesa - Comercialização de Energia, S.A.	50.00%
Soira - Sociedade Imobiliária de Ramalde, S.A.	100.00%
Solinca - Investimentos Turísticos, S.A.	100.00%
Solinca III - Desporto e Saúde, S.A.	100.00%
Solinfitness - Club Malaga, S.L.	100.00%
Soltoira - Sociedade Imobiliária de Urbanização e Turismo de Tróia, S.A.	75.01%
Sonae Financial Participations BV	100.00%
Sonae Indústria, SGPS, S.A.	6.80%
Sonae International, Ltd	100.00%
Sonae RE, S.A.	100.00%
Sonae Turismo - SGPS, S.A.	100.00%
Sonae Turismo - Gestão e Serviços, S.A.	100.00%
Sontur BV	100.00%
Sopair, S.A.	70.00%
Sótaqua - Sociedade de Empreendimentos Turísticos da Quarteira, S.A.	100.00%
Spidouro - Sociedade de Promoção de Empresas e Investimento do Douro e Trás-os-Montes, S.A.	8.30%
Spinarq - Arquitectura e Projectos, S.A.	100.00%
Spinveste - Promoção Imobiliária, S.A.	100.00%
Spinveste-Gestão Imobiliária SGII, S.A.	100.00%
Spred, SGPS, S.A. (ex-Publimeios, SGPS, S.A.)	100.00%
Star - Viagens e Turismo, S.A.	10.00%
Textil do Marco, S.A.	90.37%
Torre São Gabriel - Imobiliária, S.A.	100.00%
TP - Sociedade Térmica Portuguesa, S.A.	50.00%
Troiaresort - Investimentos Turísticos, S.A.	100.00%
Troiaverde - Exploração Hoteleira e Imobiliária, S.A.	100.00%
Tulipamar - Exploração Hoteleira e Imobiliária, S.A.	100.00%
Urbisedas - Imobiliária das Sedas, S.A.	100.00%
Vastgoed One - Sociedade Imobiliária, S.A.	50.00%
Vastgoed Sun - Sociedade Imobiliária, S.A.	50.00%
Venda Aluga - Sociedade Imobiliária, S.A.	100.00%
World Trade Center Porto, S.A.	100.00%

**DEMERGED COMPANY**  
**Sonae - SGPS, S.A.**

(Translation from the Portuguese Original)  
Appendix III

**Balance Sheet as at 1st October 2007**

(Amounts in euro)

ASSETS	BALANCE BEFORE DEMERGER	DEMERGER FROM SONAE SGPS TO	BALANCE AFTER DEMERGER
	SONAE SGPS	NEW COMPANY	SONAE SGPS
NON-CURRENT ASSETS:			
Intangible assets	-	-	-
Tangible assets	110,462.31	-	110,462.31
Investment properties	-	-	-
Investments in associates and companies excluded from consolidation	2,885,124,928.85	(382,638,252.72)	2,502,486,676.13
Investments available for sale	49,879.79	-	49,879.79
Deferred tax assets	-	-	-
Other non-current assets	1,083,936,437.03	-	1,083,936,437.03
Total non-current assets	3,969,221,707.98	(382,638,252.72)	3,586,583,455.26
CURRENT ASSETS			
Stocks	-	-	-
Receivables	933,309.45	-	933,309.45
Other receivables	222,179,933.46	-	222,179,933.46
State and other public entities	1,377,400.80	-	1,377,400.80
Other current assets	17,209,743.44	-	17,209,743.44
Derivatives	-	-	-
Cash and cash equivalents	1,408,998.62	-	1,408,998.62
Total current assets	243,109,385.77	-	243,109,385.77
TOTAL ASSETS	4,212,331,093.75	(382,638,252.72)	3,829,692,841.03
<b>EQUITY AND LIABILITIES</b>			
EQUITY:			
Share capital	2,000,000,000.00	-	2,000,000,000.00
Own shares	(138,150,362.70)	-	(138,150,362.70)
Legal reserves	160,880,816.91	-	160,880,816.91
Coverage reserves	(11,609.76)	-	(11,609.76)
Other reserves	1,354,758,577.87	(382,638,252.72)	972,120,325.15
Retained earnings	322,736.96	-	322,736.96
Net profit for the period	12,621,209.48	-	12,621,209.48
TOTAL EQUITY	3,390,421,368.76	(382,638,252.72)	3,007,783,116.04
LIABILITIES:			
NON-CURRENT LIABILITIES			
Long term debt - net of current portion	-	-	-
Bond issues - net of current portion	496,846,145.14	-	496,846,145.14
Other non-current liabilities	-	-	-
Deferred tax liabilities	-	-	-
Provisions	-	-	-
Total non-current liabilities	496,846,145.14	-	496,846,145.14
CURRENT LIABILITIES:			
Current portion of long term debt	-	-	-
Current portion of long term bond issues	74,816,258.83	-	74,816,258.83
Short term debt and other borrowings	55,000,000.01	-	55,000,000.01
Derivatives	86,806.97	-	86,806.97
Payables	1,089,431.61	-	1,089,431.61
Other payables	179,635,674.18	-	179,635,674.18
State and other public entities	296,621.86	-	296,621.86
Other current liabilities	14,138,786.39	-	14,138,786.39
Provisions	-	-	-
Total current liabilities	325,063,579.85	-	325,063,579.85
TOTAL LIABILITIES	821,909,724.99	-	821,909,724.99
TOTAL EQUITY AND LIABILITIES	4,212,331,093.75	(382,638,252.72)	3,829,692,841.03

## Balance Sheet as at 1st October 2007

(Amounts in euro)

ASSETS	DEMERGER FROM SONAE SGPS TO NEW COMPANY	BALANCE AFTER DEMERGER NEW COMPANY
NON-CURRENT ASSETS:		
Intangible assets	-	-
Tangible assets	-	-
Investment properties	-	-
Investments in associates and companies excluded from consolidation	382,638,252.72	382,638,252.72
Deferred tax assets	-	-
Other non-current assets	-	-
Total non-current assets	382,638,252.72	382,638,252.72
CURRENT ASSETS		
Stocks	-	-
Receivables	-	-
Other receivables	-	-
State and other public entities	-	-
Other current assets	-	-
Derivatives	-	-
Cash and cash equivalents	-	-
Total current assets	-	-
TOTAL ASSETS	382,638,252.72	382,638,252.72
EQUITY AND LIABILITIES		
EQUITY:		
Share capital	250,000,000.00	250,000,000.00
Own shares	-	-
Demerger reserve	132,638,252.72	132,638,252.72
Legal Reserves	-	-
Other reserves	-	-
Retained earnings	-	-
Net profit for the period	-	-
TOTAL EQUITY	382,638,252.72	382,638,252.72
LIABILITIES:		
NON-CURRENT LIABILITIES		
Long term debt – net of current portion	-	-
Bond issues - net of current portion	-	-
Other non-current liabilities	-	-
Deferred tax liabilities	-	-
Provisions	-	-
Total non-current liabilities	-	-
CURRENT LIABILITIES:		
Current portion of long term debt	-	-
Current portion of long term bond issues	-	-
Derivatives	-	-
Payables	-	-
Other payables	-	-
State and other public entities	-	-
Other current liabilities	-	-
Provisions	-	-
Total current liabilities	-	-
TOTAL LIABILITIES	-	-
TOTAL EQUITY AND LIABILITIES	382,638,252.72	382,638,252.72

***(Translation from the Portuguese Original)***

**APPENDIX V**

**FULL TEXT OF THE ARTICLES OF ASSOCIATION OF THE NEW COMPANY**

**FIRST CHAPTER**

**NAME, REGISTERED OFFICE AND OBJECTIVES**

**ARTICLE ONE**

The company is incorporated under the name of Sonae Capital - SGPS, S.A. (or other SGPS, S.A. if the referred name is not approved by the Portuguese Companies Registrar).

**ARTICLE TWO**

One – The registered Office is at Lugar do Espido, Via Norte, parish and county of Maia, and can be transferred, under the terms of the law, by decision of the Board of Directors.

Two – The Board of Directors can set up, inside or outside Portugal, delegations, agencies, branches, offices, or whatever other form of representation that it considers appropriate.

**ARTICLE THREE**

The company's objective is the management of financial investments, as an indirect form of exercising economic activity.

**ARTICLE FOUR**

The company can acquire and dispose of financial investments in companies incorporated under Portuguese or foreign law, with the same or different objective to that referred to in article three, in companies that are regulated by special laws, and in limited liability companies.

**ARTICLE FIVE**

The company can also associate itself with other legal entities in order to, specifically, form new companies, complementary groups of companies (incorporated joint ventures), European economic interest associations, consortiums and participation associations (unincorporated joint ventures).

## **SECOND CHAPTER**

### **SHARE CAPITAL, SHARES AND BONDS**

#### **ARTICLE SIX**

One – The share capital of two hundred and fifty million Euro is fully subscribed and paid up, and is divided into two hundred and fifty million ordinary shares, each with a nominal value of one euro.

Two – The share capital can be increased, through new entries in cash, up to one thousand million Euro, in one or more stages, by resolution of the Board of Directors, which will determine, in accordance with the law, the conditions of subscription and the categories of shares to be issued, based on those already existing at the time.

#### **ARTICLE SEVEN**

One – The shares will be titled or non-titled shares, nominal or bearer, freely interchangeable, according to the terms of the law.

Two – If the shares are represented by share certificates, these certificates will be issued according to the terms of the law

Three – Preferential shares without voting rights may be issued, which can be redeemable, at nominal value, with or without the addition of a premium, if the Shareholders' General Meeting so decides. If this is the case, the meeting should determine the method of calculation of any redemption premium.

Four – In the event of failure to comply with the redemption conditions, the company is obliged to indemnify the shareholder. The amount of the indemnity is stated in the resolution taken when issuing this category of shares.

Five – The company may issue autonomous warrants, under the terms of the law, and with conditions that are determined by resolution of the Shareholders or of the Board of Directors. The provisions of paragraphs one and two of this article are applicable, adapted as necessary, to any warrants issued by the company.

## **ARTICLE EIGHT**

One – The company may issue any type of bond, under the terms of the law, and according to the conditions established by resolution of the Shareholders or the Board of Directors.

Two – The company may issue bonds convertible into special categories of shares and bonds with the right to subscribe to special categories of shares.

Three – The Board of Directors may only decide to issue any of the types of bonds mentioned in the previous paragraph, if the respective categories of shares already exist.

Four – Paragraphs one and two of the previous article are applicable, adapted as necessary, to any bonds issued by the company.

## **CHAPTER THREE**

### **BOARD OF DIRECTORS, FISCAL BOARD AND AUDIT**

## **ARTICLE NINE**

One – The company is managed by a Board of Directors made up of an odd or even number of members, with a minimum of three members and a maximum of eleven members, elected at the Shareholders' General Meeting. The Chairman of the Board of Directors has a casting vote.

Two – The Board of Directors will appoint its Chairman, as well as, if it so decides, one or more Managing Directors or an Executive Committee, to which it shall delegate the powers to manage the business that the Board may determine.

Three – The Board of Directors will decide how the Executive Committee will function and how it will exercise the powers that have been delegated.

## **ARTICLE TEN**

One – The election of one member of the Board of Directors will take place independently from the remaining elections, under the terms of the law, among persons listed in proposals subscribed by groups of shareholders, provided that such groups of shareholders hold shares that represent more than ten and less than twenty percent of the share capital.

Two – The same shareholder cannot subscribe to more than one proposal.

Three – Each proposal must contain the identification of at least two persons eligible for each of the positions to be filled.

Four – If proposals are presented by more than one group of shareholders, voting will be based on all of these proposals.

Five – The provisions of the above paragraphs are only applicable if the company is considered to be either a publicly quoted company, or a concessionary of the State, or an equivalent entity.

## **ARTICLE ELEVEN**

The Board of Directors is responsible for the management of the business and for carrying out all operations related to the company's objectives and, for this purpose, the widest powers are conferred to the Board including the following:

- a) To represent the company, in or outside court, proposing or contesting any legal proceedings, the continuing and abandoning of these actions, and their settlement through arbitration proceeding. To that end, the Board of Directors can delegate its powers to a sole mandated person;
- b) To approve the annual budget and the company's business plan;
- c) To rent, purchase, sell, pledge or charge any property, financial or other assets of the company, including shares, quotas or bonds;
- d) To decide to associate the company with any other entity under the terms of article five above;
- e) To decide to issue bonds or to contract loans in the national and or international financial markets;
- f) To appoint third parties, individuals or corporate entities, to exercise offices (including membership of Boards) in other companies;
- g) To decide that the company will give technical and financial assistance to affiliated or associated companies.

## **ARTICLE TWELVE**

One – All the documents that legally bind the company including cheques, bills of exchange, promissory notes and other financial and banking documents, will be valid when signed by:

- a) Two members of the Board of Directors;



- b) One member of the Board of Directors and a legally mandated signatory, signing within his/her respective mandate;
- c) One member of the Board of Directors, to appoint a judicial attorney of the company or when duly appointed for the purpose or purposes, when the appointment has been minuted at a Board meeting;
- d) Two legally mandated signatories, operating within their respective mandates;;
- e) One legally mandated signatory, if appointed for the purpose or purposes by the Board of Directors or a member of the Board of Directors with powers to so delegate.

Two – Routine documents may be signed by one member of the Board of Directors.

#### **ARTICLE THIRTEEN**

The members of the Board of Directors and the company's mandated signatories are expressly forbidden from binding the company in any acts and contracts that are outside the company's objectives.

#### **ARTICLE FOURTEEN**

One – A meeting of the Board of Directors shall normally be held at least once every quarter and, in addition, whenever the Chairman or two Board Directors convene a meeting, being any decisions taken included in the minutes of the respective meeting.

Two – The Board of Directors can only take decisions if the majority of Board members are present or represented.

Three – Decisions shall be taken by a majority of votes of the Directors present at the meeting or duly represented and the Directors that exercise a vote by letter.

Four – Any member of the Board of Directors can be represented at Board of Directors' meetings by another member of the Board by means of an appointment letter, addressed to the Chairman of the Board, indicating the day and hour of the meeting to which it refers to, being such letter noted in the minutes of the meeting and duly filed.

Five – The meetings of the Board of Directors may be held by any available media support, under the terms of the law.

#### **ARTICLE FIFTEEN**

One – The Boards of Directors will appoint a substitute in case of death, resignation or temporary or permanent incapacity or unavailability of any member.

Two – If a Director fails to be present at any two meetings without providing a justification for such absence which is accepted by the Board of Directors, such a Director shall than be deemed permanently unavailable.

Three – A substitute will be elected to the Board of Directors in the case of permanent unavailability of the member of the Board elected under the special provisions of article ten.

#### **ARTICLE SIXTEEN**

The Members of the Board of Directors will provide guarantees for their responsibilities as Directors as decided by the Shareholders' General Meeting that elects them or, if no such decision is taken, for the minimum amount legally required and by any of the methods legally allowed.

#### **ARTICLE SEVENTEEN**

The company will be audited by a Fiscal Board and by a Statutory Auditor or a Statutory Audit Firm, to be elected by the Shareholders' General Meeting.

#### **ARTICLE EIGHTEEN**

The Fiscal Board shall be made of an odd or even number of members, with a minimum number of three members and a maximum number of five members, being the number of members of the Fiscal Board decided by the Shareholders' General Meeting of the company, and one or two substitutes shall be appointed if the Fiscal Board is made of, as the case may be, three or more members.

#### **ARTICLE NINETEEN**

The duties of the Fiscal Board and of the Statutory Auditor are those determined by law.

## **ARTICLE TWENTY**

The Members of the Fiscal Board will provide guarantees for their responsibilities as decided by the Shareholders' General Meeting that elects them or, if no such decision is taken, for the minimum amount legally required and by any of the methods legally allowed.

## **CHAPTER FOUR**

### **SHAREHOLDERS' GENERAL MEETING**

#### **ARTICLE TWENTY ONE**

One – The Shareholders' General Meeting is composed only of Shareholders with voting rights, who own shares or subscription rights and that until the five business days prior to the Shareholders' General Meeting, prove together with the company, the ownership of such shares or subscription rights under the terms of the law.

Two – The presence at a Shareholders' General Meeting of Shareholders holding non-voting preference shares, and their presence in the discussion of the points on the agenda for the Shareholders' General Meeting will depend on the authorisation of the Shareholders' General Meeting.

#### **ARTICLE TWENTY TWO**

One – Each share corresponds to one vote

Two – The resolutions at the Shareholders' General Meeting shall be taken by simple majority, unless otherwise determined by the law.

#### **ARTICLE TWENTY THREE**

One – An individual shareholder may be represented at a Shareholders' General Meeting by means of a letter addressed to the Chairman of the Board of the Shareholders' General Meeting, indicating the name and address of the representative nominated, as well as the date of the meeting.

Two – A corporate shareholder may be represented at a Shareholders' General Meeting by a person designated by means of a letter addressed to the Chairman of the Board of the Shareholders' General Meeting, the authenticity of which will be considered by the Chairman of the Board of the Shareholders' General Meeting.

Three – As long as the company is considered to be a “publicly quoted company”, shareholders are allowed to vote in writing, but only in respect of alterations to the Articles of Association and the election of members to the statutory bodies.

Four – Written voting papers shall only be considered valid, if they are received at the company’s registered office at least three days before the date of the Shareholders’ General Meeting. The voting papers must be sent by registered post with acknowledgement of receipt, and addressed to the Chairman of the Board of the Shareholders’ General Meeting. This does not dispense with the need of complying with the procedures set out in paragraph one of article twenty one of these Articles, in order to be registered as a valid shareholder for the Shareholders’ General Meeting.

Five – Written voting papers must be signed by the shareholders or by their legal representatives. Individual shareholders must attach a certified copy of their identity card and, for corporate shareholders, the signature must be authenticated confirming that the signatory is duly authorised and mandated for the purpose.

Six – Written voting papers will only be considered to be valid when they clearly set out in an unambiguous manner:

- a) the agenda item or items to which they refer;
- b) the specific proposal to which they relate, with an indication of the respective proposer or proposers;
- c) the precise and unconditional voting intention on each proposal.

Seven – Notwithstanding the content of paragraph six b) above, a shareholder is permitted to include in a written voting paper, in relation to an identified proposal, the intention to vote against all alternative proposals, in relation to the same item on the agenda, without further specification.

Eight – It is assumed that shareholders have abstained from any proposals that are not specifically included in their written voting papers.

Nine – Written voting papers shall be deemed as votes against any proposals presented after the issuance of such written voting papers.

Ten – The Chairman of the Board of the Shareholders' General Meeting, or his or her substitute, is responsible for verifying that written voting papers comply with all the above requirements and, any that are not accepted, are treated as null and void.

Eleven – The company shall assure confidentiality of written voting papers until the moment of the issuing of casting of votes in the Shareholders' General Meeting.

#### **ARTICLE TWENTY FOUR**

The Shareholders' General Meeting may be held by any available media support, provided that such support is made available and that the authenticity and security of the communications are assured.

#### **ARTICLE TWENTY FIVE**

The Shareholders General Meeting can meet, at the first instance, as long as shareholders representing over fifty percent of the share capital are present or represented.

#### **ARTICLE TWENTY SIX**

The Board of the Shareholders' General Meeting will be formed, at least, by a Chairman and a Secretary.

#### **ARTICLE TWENTY SEVEN**

The Shareholders' General Meeting shall meet:

- a) Ordinarily, within the timing established by law for the Shareholders' Annual General Meeting;
- b) Extraordinarily, whenever the Board of Directors or the Fiscal Board request it, and at the request of shareholders representing more than the minimum voting share capital required for this purpose, by law.

#### **ARTICLE TWENTY EIGHT**

One – The remuneration of the members of the statutory bodies of the company shall be fixed by the Shareholders' General Meeting.

Two – The Shareholders' General Meeting can appoint a Shareholders' Remuneration Committee to carry out the requirements of the previous paragraph.

## **ARTICLE TWENTY NINE**

The mandate of the members of the statutory bodies shall be for four years, and they may be re-elected one or more times.

## **CHAPTER FIVE**

### **GENERAL PROVISIONS**

#### **ARTICLE THIRTY**

The financial year is the same as the calendar year.

#### **ARTICLE THIRTY ONE**

The net results shown in the annual financial statements, after deduction of the amounts legally required to create or to add to the legal reserve, will be applied as determined by the Shareholders' General Meeting, by simple majority, which can distribute them totally or partially or transfer them to reserves.

#### **ARTICLE THIRTY TWO**

The Board of Directors, with the agreement of the Fiscal Board, may make interim distributions of dividends during a year, under the terms of the law.

#### **ARTICLE THIRTY THREE**

One – The Shareholders' General Meeting may decide that the share capital will be totally or partially refunded, the shareholders receiving the nominal value of each share or part thereof.

Two – The Shareholders' General Meeting may decide that in the case of a partial refund, a selection "draw" is carried out amongst shareholders.

#### **ARTICLE THIRTY FOUR**

When new shares are issued as a result of a share capital increase, the new shares will be eligible for dividends as determined by the resolution, which decided upon the share capital increase. In the absence of this, the dividend entitlement will be based on the proportion of time elapsed between the last day of subscription to the share capital increase and the end of the financial year.

#### **ARTICLE THIRTY FIVE**

In the event of an increase in share capital by incorporation of reserves, the issue of new shares will respect the proportion of the various share categories existing at the time, with each shareholder receiving shares of the various categories held by him/her.

## REPORT AND OPINION OF THE FISCAL BOARD

*(Translation from the Portuguese original)*

To the Shareholders of  
Sonae - SGPS, S.A.

This report is issued in compliance with paragraph 1 of article 99 and article 120 of the Portuguese Companies Act in respect of the demerger project of Sonae - SGPS, S.A. ("Sonae" or demerged company).

In accordance with the demerger project of Sonae, its entire shareholding in Sonae Capital, SGPS, S.A. ("Sonae Capital") representative of 100% of its share capital will be transferred at book value, 382,638,252.72 Euro, to a new company ("New Company") created in the demerger in exchange for the issue of shares attributable to Sonae shareholders, in accordance with a ratio of 0.125 New Company's shares for one Sonae's share (on the assumption that on the date the shares start trading ex-demerger rights Sonae will not own treasury shares, otherwise the ratio will be adjusted accordingly).

The Board of Directors presented us with the demerger project, dated 8 November 2007, and related appendices which comprise the valuation of Sonae Capital (Appendix I), the list of companies owned, directly or indirectly, by Sonae Capital (Appendix II), the Balance sheet of the demerged company as at 1 October 2007 (Appendix III), the Balance sheet of the New Company as at 1 October 2007 (Appendix IV) and the Articles of Association of the New Company (Appendix V).

In accordance with paragraph I) of the demerger project, the demerger will produce accounting effects, from the beginning of 2 October 2007 onwards, assuming that the final registration of the demerger in the competent Commercial Registration Office will occur until 31 December 2007. If the aforementioned registration occurs after 31 December 2007, the de-merger will produce effects from 1 January 2008 onwards.

The scope of our work included verifying that the demerger project complies with all the requirements of article 119 of the Portuguese Companies Act.

Based on our work and on information provided by the Board of Directors of Sonae – SGPS, SA, we understand that the demerger project does not require any amendment.

Maia, 8 November 2007

The Fiscal Board

Daniel Bessa Fernandes Coelho

Arlindo Dias Duarte Silva

Jorge Manuel Felizes Morgado



## REPORT AND OPINION OF THE STATUTORY AUDITOR

*(This is a translation of a report originally issued in Portuguese.  
In the event of discrepancies, the Portuguese language version prevails.)*

To the Shareholders of  
Sonae - S.G.P.S., S.A.

This report is issued in compliance with paragraph 1 of article 99 and article 120 of the Portuguese Companies Act in respect of the de-merger project of Sonae - SGPS, S.A. ("Sonae" or de-merged company).

In accordance with the de-merger project of Sonae, the entire shareholding in Sonae Capital, SGPS, S.A. ("Sonae Capital") representative of 100% of its share capital will be transferred at book value, 382,638,252.72 Euro, to a new company ("New Company") in exchange for the issue of shares attributable to Sonae shareholders, in accordance with a ratio of 0.125 New Company's shares for one Sonae's share (on the assumption that on the date the shares start trading ex-demerger rights Sonae will not own treasury shares, otherwise the ratio will be adjusted accordingly).

We were presented with the de-merger project, dated 8 November 2007, and related appendices which comprise the valuation of Sonae Capital (Appendix I), the list of companies owned, directly or indirectly, by Sonae Capital (Appendix II), the Balance sheet of Sonae as at 1 October 2007 (Appendix III), the Balance sheet of the New Company as at 1 October 2007 (Appendix IV) and the Articles of Association of the New Company (Appendix V).

In accordance with paragraph I) of the de-merger project, the de-merger will produce accounting effects, from the beginning of 2 October 2007 onwards, assuming that the final registration of the de-merger in the competent Commercial Registration Office will occur until 31 December 2007. If the aforementioned registration occurs after 31 December 2007, the de-merger will produce effects from 1 January 2008 onwards.

The scope of our work included verifying that the de-merger project complies with all the requirements of article 119 of the Portuguese Companies Act.

Based on our work we understand that the de-merger project does not require any amendment.

Porto, 8 November 2007

DELOITTE & ASSOCIADOS, SROC S.A.  
Represented by António Marques Dias

## **REPORT OF THE INDEPENDENT AUDITOR**

*(Translation from the Portuguese original)*

To the Shareholders of  
Sonae-SGPS, S.A.

### **Introduction**

1. This report is issued in compliance with paragraph 1 of articles 99 and 120 of the Portuguese Companies Act in respect of the demerger project of Sonae - SGPS, S.A., in the legal format described in number 1 paragraph a of article 118 of the Portuguese Companies Act, with the creation of a new company to which shares, owned by the demerged company, representative of 100% of SONAE CAPITAL, SGPA, SA are transferred.

2. I was given a mandate by the Board of Directors of SONAE-SGPS, S.A., to review the demerger project.

3. I was presented with the de-merger project, dated 8 November 2007, and related appendices which comprise the valuation of SONAE CAPITAL, SGPS, S.A. performed by Banco Português de Investimento, S.A. and presented in the format of a fairness opinion (Appendix I), the list of companies owned, directly or indirectly, by SONAE CAPITAL, SGPS, S.A. (Appendix II), the balance sheet of the demerged company as at 1 October 2007, changes in the accounts due to the demerger and the balance sheet of the demerged company after the demerger (Appendix III), the opening balance sheet of the new company (Appendix IV) and the articles of association of the new company (Appendix V), and the reports and opinions of the fiscal bodies.

4. In accordance with the demerger project, SONAE-SGPS, S.A.'s entire shareholding in SONAE CAPITAL, SGPS, S.A, representative of 100% of its share capital, will be transferred at book value, 382,638,252.72 euro, to the new company. The demerger will comply with the tax neutral regime as defined in articles 67 and following of the Corporate Income Tax Law, and as such the demerged shares will be accounted for in the new company for 382,638,252.72 euro. In the balance sheet of the demerged company, assets and reserves will decrease by that amount following the demerger, complying with number 1 of article 123 of the Corporate Income Tax Law. These shares will be accounted for as assets in the new company's balance sheet by 382,638,252.72 euro. Equity of the new company will include 250,000,000 euro of

share capital and 132,638,252.72 euro of a demerger reserve, in line with paragraphs A) and B) of the demerger project.

5. The demerger will produce accounting effects from the beginning of 2 October 2007 onwards, assuming that the final registration of the demerger in the competent Commercial Registration Office will occur until 31 December 2007. If the aforementioned registration occurs after 31 December 2007, the demerger will produce effects from 1 January 2008 onwards, as mentioned in paragraph I) of the demerger project.

### **Responsabilities**

6. The Board of Directors is responsible for the preparation of the demerger project, in compliance with article 119 of the Portuguese Companies Act. My responsibility consists of examining this project and issuing an opinion under the terms of articles 99 and 120 of this Act.

### **Scope**

7. My work was performed in accordance with the Auditing Standards issued by the Portuguese Institute of Statutory Auditors, which require that the work is planned and executed with the objective of obtaining a moderate assurance on the operation. For that purpose, my work was focused on the demerged company and comprised:

- a) Review of SONAE CAPITAL, SGPS, S.A.'s valuation, performed by Banco Português de Investimento, S.A., which led to the fairness opinion disclosed in Appendix I of the demerger project;
- b) Confirmation of compliance with number 1 of article 123 of the Portuguese Companies Act;
- c) Review of the demerger project and respective appendices; and
- d) Review of the reports issued by the fiscal bodies.

8. I believe the work performed forms an acceptable basis for issuing this report.

### **Opinion**

9. Based on my work I understand that the demerger project does not require any amendment. No meaningful constraints affected the work performed.

Porto, 8 November 2007

José Rodrigues de Jesus