

SONAE
FINANCIAL REPORT
'14

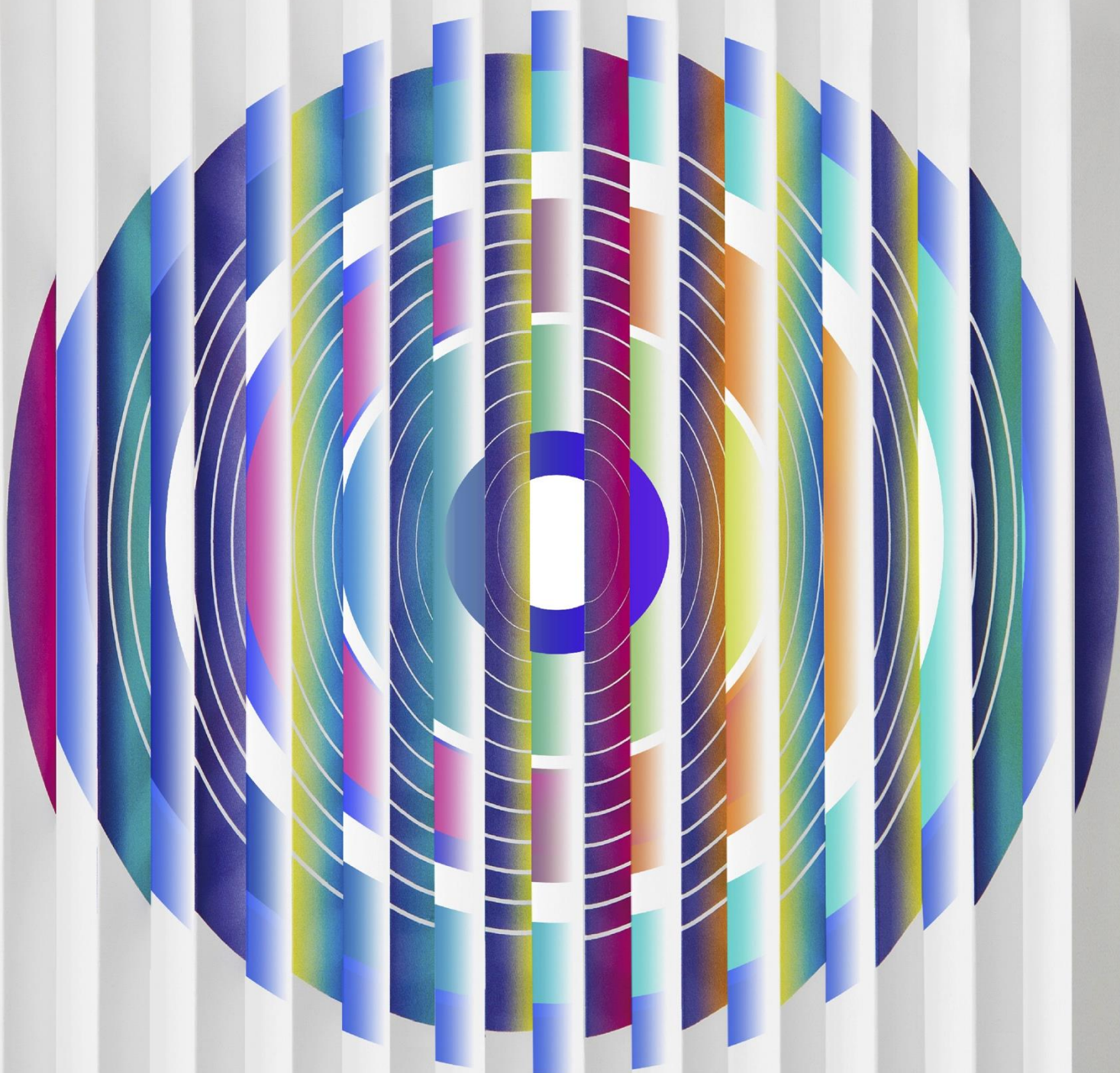


IMPROVING LIFE

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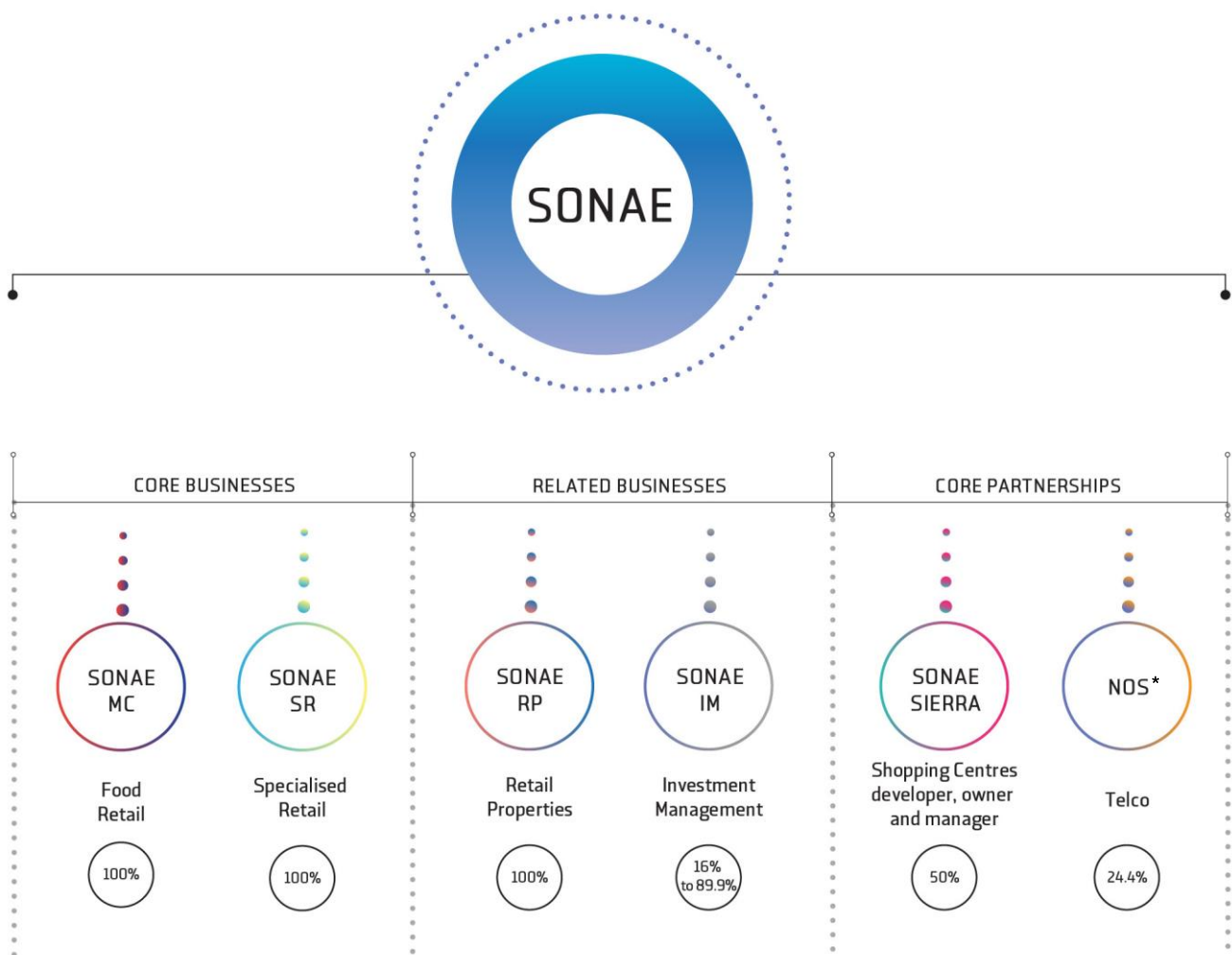


SONAE FINANCIAL REPORT '14

MANAGEMENT REPORT



IMPROVING LIFE



* Participation held through Sonaecom.





We believe in Corporate Responsibility

Sonae was recognised by Ethisphere as one of the *World's Most Ethical Companies* for the fourth year running.

Corporate responsibility is one of the cornerstones of our mission and these awards recognise our efforts in this area.

4th consecutive year

and 1st Portuguese company in the list of the World's Most Ethical Companies



The environment is a priority

The environment comes first. Our environmental performance continues to be recognised internationally for its outstanding excellence.

We are particularly proud of the CDP recognition, which reflects the recognition of our efforts by analysts and investors. We also highlight the outstanding performance of our flagship project Worten Equipa Worten a ground-breaking initiative that continues to excel year after year.

The only Portuguese organisation

to be recognized under both CDP indices

27,268 tonnes

of old electrical equipment collected in the last 5 years

99 points out of 100

awarded for our environmental reporting policy



Level A environmental performance

the highest classification in environmental performance



We support our community

At Sonae, we are committed to making a positive difference to our community, both by helping and by encouraging our team to volunteer for social causes. Missão Sorriso continues to be distinguished with several awards for its profound impact in the lives of thousands of people. This year, we would like to highlight the *Marketing Award* in the category of Social Responsibility by the magazine Meios & Publicidade.

9.8 M€ in community support

to social, human and cultural causes

2,105 institutions

supported

6,841 hours

of volunteering to help the community



Tomorrow's leadership starts today

We believe that business innovation is the most important ingredient for long-term growth and success. We promote creativity and innovation across the whole organisation, because we believe innovation is a strong determinant of future success. Our efforts towards continuously improving our processes were rewarded through both the *Kofax Transformation Awards 2014* and *Excellence in Innovation and Development* by the Kaizen Institute.

3,411 tonnes of CO₂

prevented from entering the atmosphere, as a result of the "Trevó" project

9 innovative projects

distinguished internally for their significant contribution to the business





We do not compromise on quality

Our values are evident in our products and services and our dedication to integrity and quality has been widely acknowledged.

Sonae has now five Brands of Trust: Continente (12 years), Worten (5 years), Zippy (2 years), Well's and Sport Zone (joined this year). Continente has quite remarkably now held the Brand of Trust title for 12 consecutive years.

We are also a Superbrand. Continente was recognised for the 11th consecutive year and Worten has also joined this highly prestigious league.

4.5 M€ sales with our loyalty card

399 M€ in savings

4.5 M loyalty cards

Continente and Sport Zone

233 M€ of purchases

from the Continente Producers Club

1,283 supplier audits

around the world



We value our team

We are an organisation made by people for the people. We trust our team to share our values and to work at its best every day. We are committed to recruiting and retaining talent. Retaining talent strongly depends on our capacity to develop the right environment to promote personal and professional development. We are proud of our achievements, particularly the recognition as *The Best Company for Leadership*, by the Hay Group and *The Best Motivational and Employee Engagement Strategy* in the Masters of Human Resources awards. Our human resources project *Aiming for Excellence* was also awarded by the Kaizen Institute under the Large Corporations category.

1.3 million hours

of specialised training

41 thousand colleagues

sharing a common goal

Our Brands



Dos Mares
CENTRO COMERCIAL
Tudo em família



GAIASHOPPING
Tudo em família



Gran Casa



Sonae's world



* This includes operations, third party services, representative offices, franchising agreements and partnerships.



Key corporate events

5th February	Sonaecom announces the launch of a tender offer for the acquisition of a maximum of 24.16% of its share capital
20th February	Sonaecom's tender offer reaches a level of acceptance of 62%
10th March	Sonae announces the refinancing of medium and long-term debt
22nd April	Sonae Sierra enters the Chinese market through a partnership with CITIC Capital
19th May	Sonae Sierra announces the goal to develop Zenata Shopping Centre, in Morocco
04th June	Sonae announces the launch of its offer of convertible bonds
16th June	Sonae SR opens the first franchised Sport Zone store in the Spanish city of Ceuta
26th June	Sonae announces the rebranding of book.it, now note!
3rd September	Zippy starts a partnership with the Continente loyalty card providing new saving solutions to Portuguese families
22nd September	Sonaecom sells to NOS the subsidiary Mainroad - Serviços em Tecnologias da Informação, SA
24th October	Well's opens its first store under a franchising agreement in Largo do Rato (Lisbon)
29th December	Sonae SR extends its international presence to Mozambique, Africa, with the opening of MO stores

4,974 M€

Turnover

356 M€

CAPEX

417 M€

EBITDA

1,251 M€

Net debt

127 M€

Direct results

73 M€

Dividends to be paid

144 M€

Net income (group share)

-2.4%

Share performance price (2014)

Underlying EBITDA (% of turnover)

380 M€ (7.6%)

Sonae

241 M€ (7.0%)

Sonae MC

15 M€ (1.2%)

Sonae SR

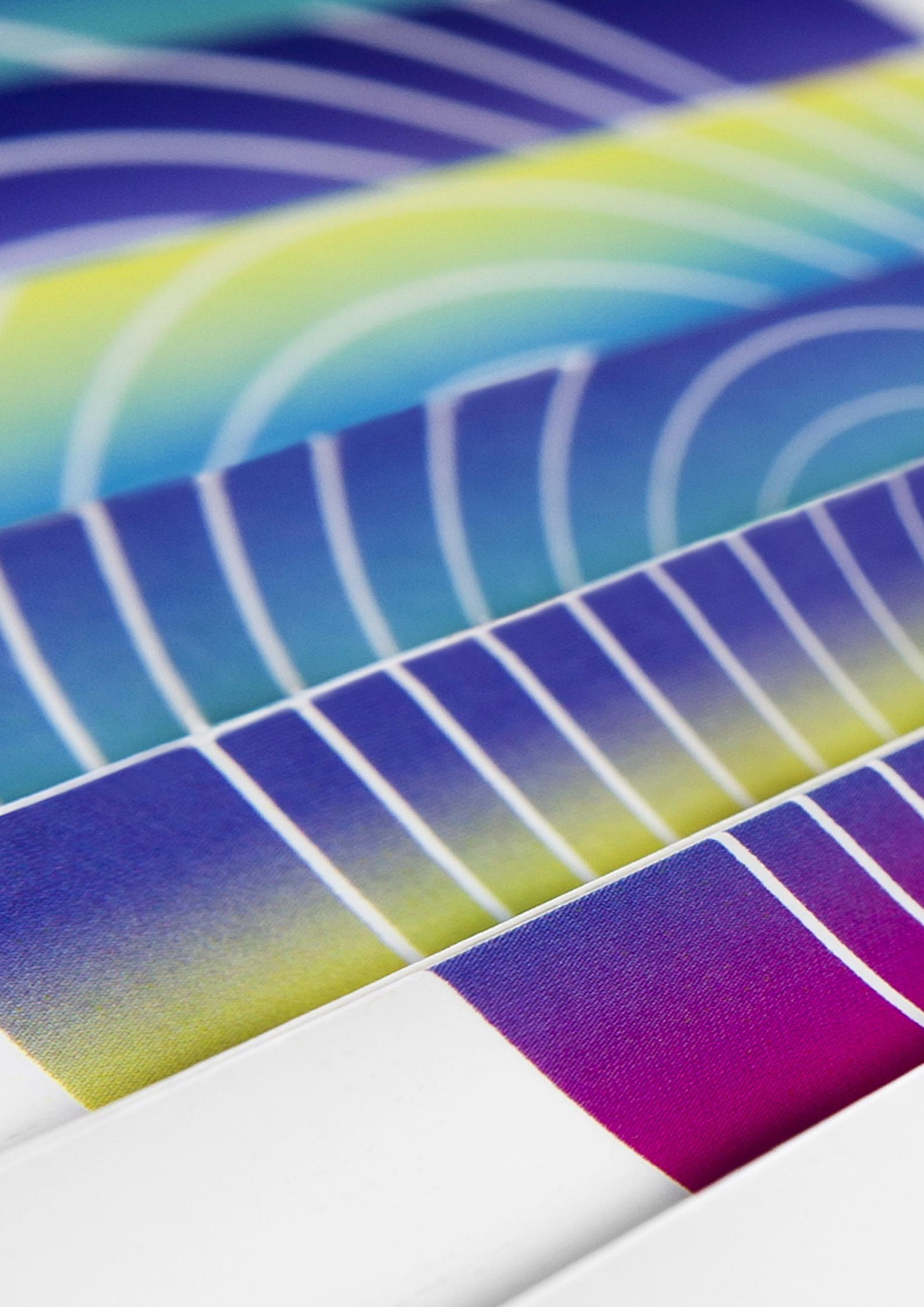
116 M€ (92.2%)

Sonae RP

19 M€ (7.5%)

Sonae IM

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Chairman's
Letter

SONIAE

Chairman's letter

The economic environment remains highly unstable. Signals of economic recovery are still rather tenuous and investors' confidence levels remain very low, showing that many of the structural imbalances have not yet been fully resolved. Despite these adversities, the Iberian economy has made some progress, returning to growth and strengthening its credibility with international financial markets. A very important step, as I believe that trust and credibility are paramount in any sustainable relationship.

Sonae continues to thrive and we are proud to deliver another outstanding performance across all business segments. Our food retail business is a worldwide case study and every year it defines new benchmarks. The specialised retail has shown resilience and has completed its turnaround, finalising its adjustment to the new economic landscape. Our telecom partnership delivered solid growth while others were unable to withstand the pressure and have crumbled. The real estate business shows a strong recovery at the same time as the demand for our services in shopping centre management increases, such recognition is largely due to our vast and highly sought-after experience.

We have continuously strived to achieve higher levels of performance, transforming adversities and challenges into opportunities. Never sacrificing our strategy and never doubting the values that made us who we are – Sonae, an organisation driven by success. The need for success is intrinsic to our persona and we understand success as the combination of the very same dimensions that we highlight in this report. Success comes from valuing our team. Sonae is a living organisation and we are committed to ensuring that every single colleague feels that they are important to our success. Success comes from respecting the environment. Sonae does not think of environmental costs, we think of environmental investments that create opportunities with significant gains in the medium-run and, more importantly, investment that creates a better future. Success comes from sourcing with integrity and quality management. We cannot compromise on the integrity and quality of our products and services and we are committed to sharing our experiences and success with all our partners. Success comes from innovation. Our attitude towards innovation, allows us to take the front seat in understanding tomorrow's opportunities, keeping every one of our businesses at the leading edge of their industries. Success comes from our standing commitment to our customers. We create the opportunities; our clients deliver the success to us. Success is also making a positive difference to our community. We actively engage in promoting and supporting initiatives that contribute towards a more sustainable society.

These are all the dimensions of our corporate responsibility and, year after year, have proven to be the cornerstone of our sustainable success, allowing us to transform our strategy into a remarkably solid economic performance. Despite the still unstable economy, Sonae achieved a turnover of 4,967 million euros, an increase of 3.0%, and an underlying EBITDA of 373 million euros. We have continued our efforts towards a capital light strategy. We have intensified our franchising strategy, which allows us to grow and share this investment with our partners and we have reduced our net debt by 73 million euros when compared with last year's (excluding non-recurrent transactions).

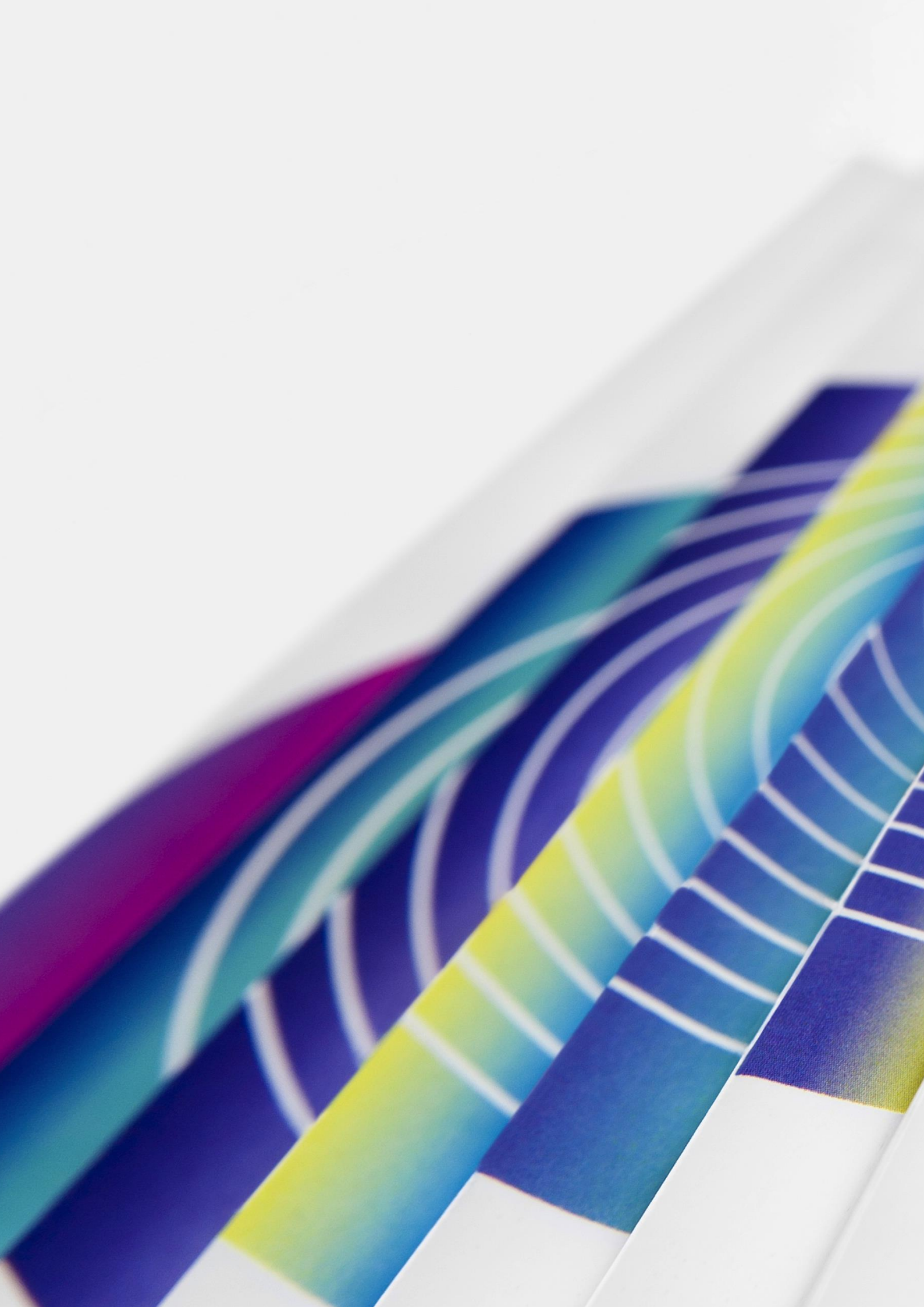
Our shares closed the year with a small drop of 2.5%, outperforming, once again, the market that had a drop of 26.8%. At Sonae, we are never happy when our stock performance does not reflect our operational performance, and we will reinforce our efforts towards delivering a robust market performance, rewarding our investors that undoubtedly recognise the sustainable performance of our businesses.

It has now been 50 years since I embraced this project – a solid partnership with Portugal. 50 years is a lifetime and what a lifetime! During this period I have changed, Sonae has changed and the world around us has changed, but certain aspects remain unchangeable, such as our commitment to our values. When I look back, I can easily understand the path that we followed to success as it was clear from the beginning that we had to create a relationship with all of our stakeholders based on competence, honesty and trust. We hold a global ambition to perform in an increasingly competitive environment, promoting a culture of merit and financial rigor. I am extremely proud of having had the opportunity to lead an organisation and a team that believes that values should lead strategy.

It is clear to see what the future of Sonae will be: an unstoppable, insatiable and unshakable quest for success based on innovation and sustainable growth. A journey of reinventing today's success to shape

Belmiro de Azevedo, Sonae Chairman







CEO's
Letter

SONAE

CEO's letter

The Iberian economy showed modest signs of recovery in 2014, after several years of economic stagnation. The path to public finance adjustment is expected to continue as the governments of Portugal and Spain benefit from decreasing interest rates and the structural reforms that have been undertaken. On the monetary side, the quantitative easing in the EU is forcing interest rates further down and pushing the euro into devaluation. This expansionary policy from the European Central Bank has positive implications for the highly indebted countries in Southern Europe, as low interest rates are reducing the cost of debt and a weaker currency is helping exporting companies to regain competitiveness and resume growth. Consequently, in addition to other reasons, the Portuguese and Spanish current accounts posted a surplus in 2014, and despite the recent slowdown, a positive performance is still expected for 2015.

In Portugal, following the improvement in consumer confidence, private consumption posted a 2.1% increase in 2014, while GDP growth reached 0.7% on a yearly basis. Spain also resumed economic growth in 2014, after 3 years of recession, and improved labour market conditions allowed private consumption to expand by 2.3%. Growth was fuelled mostly by non-food categories. Demand for food goods remained stagnant and prices were kept under downward pressure. Food inflation in Portugal and Spain was negative -0.13% and -0.33%, respectively. Overall, the European Union faces increasing risks of deflation, which is bringing new challenges to governments and companies alike.

Our financial performance for the year of 2014 was driven by improved private consumption in some key markets and bursts of aggressive pricing in others resulting in stable operational margins, and an improvement of 4.4% in Direct Income versus the previous year. The company sustained its organic capacity to generate large cash flows, which have been used to further deleverage the company and strengthen its capital base. Notwithstanding the uncertainty and volatility that sweeps all economies worldwide, at Sonae, we are cautiously optimistic about the future. We know our risks, and we are committed to our long time strategy of developing Sonae into a robust and flexible company, able to capture gains from emerging opportunities in retail.

As we expected and made clear in last year's letter, the Portuguese food market entered a period of extremely aggressive pricing, resulting in a reduction in the average profitability of the market. At Sonae MC we stayed true to our stated strategy, reinforcing our strong position and led the market in terms of price, range, promotional offers and profitability for every benchmark. While communicating Continente real base-price advantage, we made promotional efforts to boost customer loyalty. Currently, more than 90% of our sales are made to customers holding the Continente loyalty card, and we strengthened our position as primary provider of current consumption goods to these clients. The sales area continues to expand through 19 new stores opened in 2014 —including 5 Continente Bom Dia, 3 Continente Modelo and 6 Wells. We recorded a significant boost in Meu Super franchised stores, closing the year with 140 points of sale. Online sales increased by 10% in a year that was mostly devoted to preparing future growth. We continued improving the design of our “2020 hypermarket for the future” and conducted two major refurbishments to implement this concept. The management team is committed to growth and innovation at the same time that we pursue further productivity gains to maintain Continente at the top of any efficiency or productivity benchmark and Market share ranking. We were particularly pleased with the growth in Turnover and profitability of Wells which is now yielding the same returns on investment as the best mature formats.

Sonae SR continued the renovation programme, restructuring the store network and implementing highly successful new store concepts. Improvements in product design and rightsizing of stores also contributed significantly to the much-improved overall result in sales area productivity. Worten is strengthening its leadership position in the Iberian market, increasing market share and posting a more than 60% growth in online sales. Sport Zone also shows positive LfL sales performance in Portugal and Spain, and in 2014 opened the first franchise store in Ceuta. MO fashion stores reported double digit growth in sales on a LfL basis, as a result of a successful new brand value proposition. Zippy started a partnership with Continente's loyalty card in the 3Q14, and launched an online store. All specialised retailing brands are increasing expansion abroad without exception and developing ecommerce platforms to meet new consumer habits and changes in customer preferences.



Sonae RP did not progress significantly in our stated objective of releasing capital from our most mature assets. This was not however due to lack of investor interest but rather to continuously improving expectations, which led to continuous improvements in the conditions of offers being received, and the lengthy and resource consuming nature of negotiating these deals. Currently, Sonae owns 73% of Sonae MC selling area, which is considerably above the industry average. During 2014, we completed four sale and leaseback transactions, releasing funds amounting to 14.5 M€ and invested 22 M€, mainly to support the growth in the Sonae MC store network. In 2014, SONAE RP was heavily involved in the development of SONAE MC store pipeline and invested in the total refurbishment of the Matosinhos shopping gallery and flagship Continente store, which is now the most developed hypermarket store concept operating in Portugal. There is a significant number of sale and leaseback deals being currently pursued and the division is also engaged in assessing alternative strategies to monetise our asset base.

Sonae Sierra proved its resiliency. During the peak of the crisis we were able to maintain a minimum level of asset monetisation, to recycle capital from mature shopping centres to finance some new developments in more attractive markets. We also adapted our entrance into new countries to focus on service to third parties and include development partners in our own projects thus vastly reducing capital requirements. Following a strategy of expanding its portfolio of services, new management contracts were signed for 3 shopping centres in Hamburg, Germany. Sonae Sierra is currently responsible for managing and leasing 88 shopping centres around the world, totalling 2.3 million square meters of GLA in 14 countries. We are thus now in a privileged situation to profit from on one hand the significant pick-up in tenant sales and corresponding value increase of our portfolio and on the other hand to exploit new development opportunities given our larger knowledge of new markets and our lower and decreasing leverage levels. Although the pace of redeploying capital is still below our objectives we were able to increase our development ratio by 1.4 pp to 10.8%. New projects in growing markets bring good prospects for the future, such as ParkLake in Romania, which will open in 2016 and has 70% of the GLA already committed.

In the telecom business, NOS is demonstrating the importance of convergence in both the residential and the corporate market and strongly benefiting from the expertise and market shares previously held by Optimus and Zon. In 2014, NOS recorded sound operating and financial results. Both the corporate and the residential market showed strong performance. NOS conquered some of the largest Portuguese companies in the year and the operational momentum in the residential market reached record RGU growth, with convergent RGUs already representing more than 29% of the fixed customer base.

Investment Management registered important developments in SSI. WeDo Technologies was reconfirmed as worldwide leader in Revenue Assurance in Telecoms, and has been awarded the Stratecast Global Market Leadership for 2014. Our portfolio was also reconfigured with the sale of Mainroad to NOS and the acquisition of S21sec — a promising company with vast expertise in cyber security. Within the area focussed in Retail Technology, we invested in Movvo, a start-up that is the proprietor of a tagless real time location technology that allows for secure monitoring of the flow of people in physical spaces, providing relevant information for retailers. Our main partnership companies in this division improved their performance in 2014.

We ended the year stronger in competencies and also better prepared for future challenges from a financial perspective. Total financial debt was reduced and bank debt was managed to improve maturities and benefit from the strong appetite for Sonae debt and decreasing interest rates.

We look forward to the challenges ahead of us as well as to the opportunities to grow our business, to grow our team and to fulfil our mission.

We have successfully navigated through the tough price wars of 2014 in food retail and telecoms in the Portuguese market and expect there will be less room in these markets for further reductions in average profitability. In both cases our companies have come out stronger with larger market shares and reinforced value proposition to our customers.

In non food retail we need to increase the pace of profitability recovery in a number of formats or geographies and we hope to be able to show the results of the extensive work done over last year in improvements of product development and design, supply chain management as well as the investment in our stores in terms of store concept, size and locations.

In real estate at both Sonae Sierra and Sonae RP we expect to be able to move faster in our strategy of releasing capital from our most mature assets to redeploy in growing our businesses with the highest returns.



Once again our teams have produced an incredible amount of work facing, in some areas, additional market difficulties and finding the best solutions for every challenge and barrier. We are extremely pleased that we will be able to once again improve the remuneration across the board for our lowest pay level as we feel confident we are increasingly attracting and retaining people with capabilities and attitude to work which are clearly superior to the market norm.

I would like to thank our team for all this work and all these achievements as well as all other stakeholders for their collaboration, support, challenge, encouragement and supervision.

Paulo Azevedo, Sonae CEO





Strategy
in Action

SONAE



Strategy in action

Our mission is to create long-term economic and social value, taking the benefits of progress and innovation to a growing number of people.

At Sonae, we believe that our values define who we are and what we stand for. Our values anchor our responsibilities as a corporation and are paramount to the success of our mission.

Our values

Trust and integrity We are committed to creating economic value in the medium and long-term, built on relationships founded on integrity and trust.

People are at the centre of our success

Setting constant challenges and being open to change are crucial in order to attract ambitious people. Our people are a determining factor in the markets where we operate and, for that reason, we invest in developing their capabilities and skills, thereby further enriching our culture.

Ambition

Ambition stems from continuously establishing goals which push us beyond our limits, reinforcing our efforts and determination. Ambition drives us and keeps us dissatisfied with the status quo, forcing us to reach beyond our past successes.

Innovation

Innovation is at the heart of our businesses. Innovation involves risks, but we are aware of the importance of identifying and managing these risks, so as to maintain them within reasonable limits. We know that only by innovating, can we grow sustainably.

Social responsibility

We have an active sense of social responsibility, and try to contribute to improving the communities within which we operate. Our behaviour takes into account the most recent environmental concerns and sustainable development policies.

Frugality and efficiency

We aim to optimise the use of resources and maximise their return, seeking cost efficiency, and avoiding any waste or extravagance. As a priority, we focus on achieving operating efficiency, promoting healthy competition, and delivering high impact projects.

Cooperation and independence

We are willing and ready to cooperate with central and local governments, in order to improve regulatory, legal and social frameworks, and to ensure the best solutions for the communities within which we operate, but we also take care to maintain our independence in relation to all such entities.

Who we are and what we stand for

We are a trust based organisation with deep rooted values and beliefs which are embedded in our history and have stood the test of time – our values and beliefs have remained consistent and have produced our unique culture. We have lived by them and we have constantly grown in scope and value whilst contributing to society beyond the economic wealth created.



Active and entrepreneurial investor

We are an active investment group with an ambitious quest for superior growth and value creation. We continuously plan and optimise our strategy, looking for improved opportunities in our current businesses, analysing new investment opportunities, both in current and in new sectors and geographic areas. We are constantly searching for new business models and concepts, nurturing our entrepreneurial spirit and accepting considerable risk in the implementation of new ventures. We are rapid and efficient when entering and exiting businesses, whilst always taking strategic decisions with a medium to long-term view on value creation.

Corporate responsibility

We are committed to developing our business activities based on the principles of sustainable development, with the aim of contributing to society beyond the economic value generated by our business activities. We take into account social, environmental and governance principles and best practices in our decisions and interactions with stakeholders. We are engaged with both financial and human resources in relation to the help we provide to the communities we are part of.

Ethical and trust based organisation

We are an ethical and trust based organisation. Our ethical standards are evident through the networks we establish based on the principles of honesty, integrity and transparency, with corruption being completely unacceptable. Our trust based organisation is nurtured by developing long-term relationships based on high standards of trust amongst ourselves and with our partners.



From merely a concept to market leader and now a franchise

Well's is one of the most successful business ventures in the Portuguese health care market. A store chain with a modern concept of parapharmacy, beauty and optics.

When we entered this business we knew that we were entering a highly competitive market, where our experience in retail could be a distinctive factor, but the high technical skills required represented a huge challenge for Sonae. We started as "Área Saúde" in October 2005, with the first parapharmacy in Portugal, and 5 years later, in 2010, we already had 130 stores. Then, we launched Well's – Sonae's national retail brand specialised in health, wellbeing and optics. Since then, Well's has had a yearly 2-digit sales growth and in just 2 years it became the market leader in Portugal, owning 147 stores mostly located next to Continente supermarkets.

Four years later and after proving the concept, we are opening Well's franchising to entrepreneurs who are looking for an opportunity to open new stores or renew successful local stores. It will be a demanding journey, but one which will lead to sustainable growth and establish long-term business relationships.



Corporate responsibility is at the core of our culture

Sonae Activshare programme focuses on actively searching for innovative and better ways

to improve the quality and the impact of our corporate responsibility actions by consolidating and aggregating Sonae's volunteering and social responsibility actions. Sonae Activshare promotes the development of volunteering actions by communicating all social responsibility actions to employees and volunteers.

The more efficient we are, the more we can help.

2,105
institutions
supported

6,841 hours of
volunteering

1,737
colleagues
involved



Leadership in the principles of business ethics

Ethics and governance are critical determinants of our success, anchored in solid relationships with all of our stakeholders. The recognition of Sonae as one of the World's Most Ethical Companies for the fourth consecutive year rewards our focus on sustainable growth, based on both economic and social value.

"The entire community of the *World's Most Ethical Companies* believes that customers, employees, investors and regulators place a high premium on trust and that ethics and good governance are fundamental to earn it. Sonae is part of an exclusive community committed to improving performance through best practice. We congratulate everyone at Sonae for this extraordinary achievement". Timothy Erblich, CEO of the Ethisphere Institute.



Employees are at the centre of our success

It is the talent, expertise, professionalism and dedication of each and every one of us that supports our continued success; these characteristics are at the foundation of our distinctive business knowledge and competences.

We believe and promote meritocracy and do not tolerate any form of discrimination, be it based on gender, religion, race, nationality, social-economic status or any other.

We promote a safe, secure and fruitful work environment which fosters the solid professional and personal development of our employees (through experience, training and mentoring) and appeals to young and talented new professionals. In our group, we all have the opportunity to explore and expand our horizons, in order to deliver an extraordinary performance.

Chairman's award

The Chairman's Award is presented every year to a specific initiative or the successful implementation of a project. It recognises the significant contribution made to the business and the notable endeavour made towards Sonae Companies' culture of innovation.

This year's edition of the Chairman's award recognised two projects that highlight the creativity and innovation in addressing existing challenges, enabling efficiency and productivity gains, as well as savings and greater efficiency in resource management.

Luís Ribeiro Marçalo (Sonae MC) created a project for the Automation of the Battery Room, by creating a robot for changing and storing batteries. This project allows for a 75% reduction in storage space, increased battery lives and reduction in health risks.

Maria Emília Gomes (Sonae Sierra) was awarded for the development of an innovative system that allows us to understand customers' behaviour by using the concentration of mobile device radio frequencies to analyse the flow of visitors and to customize spaces, layouts and offers accordingly, offer, with clear benefits for customers and shopkeepers.

Our corporate values and beliefs are shared by all our business units. They are a fundamental and structural element at the base of many of our distinctive competencies. They are the fibre that holds us together and guarantees our collective strength and common future. We have a set of corporate culture attributes that guide our actions and are a clear statement of **what we stand for**.

Ambition

It was our ambition that transformed a small industrial business into one of the top Portuguese based companies with a growing international footprint. We have also become a leading player in almost all of the sectors in which we are established and our ambition continues to be the driving force of our success.

We always aim to achieve leadership positions in our business areas. We continuously set ambitious goals, which are inspired but not limited by benchmarks or best practices and that test our current competences and demand a bold and entrepreneurial attitude from our managers. We are highly resilient pursuing our ambitious goals and implement most effectively in class risk management practices to balance our bold attitude and guarantee that adverse situations are detected and managed swiftly.

Excellence and innovation

We look to excel in all our activities and our professionalism is above standard.

We continuously question both our business models and industry orthodoxies in order to identify opportunities. Customers are at the centre of our activities. We believe it is necessary to think "out-of-the-box" and develop new ways to compete, always maintaining a "challenging" attitude, by continuously improving our value propositions and experimenting with new business models.

Frugality and efficiency

We eliminate superfluous expenditures and are cost conscious, always looking to improve our operational efficiency and organisational structure. We look to optimise the use of our resources, carefully choosing where and when to use them, maximising their returns. We invest with confidence in all areas and initiatives that improve our ability to create value.

Cooperation and Independence

We establish long-term partnerships with third parties based on the principles of honesty, integrity and transparency. We are fully committed to the success of each established partnership adopting an active role by sharing objectives and risks, bringing valuable contributions, and committing the necessary resources.

We look to cooperate with central or regional governments, by contributing with our expertise and with the aim of improving the regulatory, legislative and social environment. Our commitment and willingness to help society never leads to a loss of independence or to any involvement with political party activities.



Governance

We have put into place procedures which allow a true and clear evaluation of business performance and ensure compliance with our values and principles. Our Directors accept and look for regular monitoring by our stakeholders, in particular from our shareholders (or their representatives), as well as from our customers, employees, market analysts and other outside observers.

We are a listed company, in which the majority ownership lies with one shareholder who has shaped our culture and beliefs. We share this culture and beliefs with our sister companies and we are a publicly traded company with a large free-float and a responsibility to over 30 thousand shareholders.

We believe that our founding motives to 'contribute to economic development' and to 'promote overall social well-being' are as valid today as ever.

Strategy

Our mission and our values are inbuilt in our strategy and we always know where we are going and why. We are going to significantly increase our arena to new geographic areas and employ new business models that will foster growth and value creation. Beginning with our existing retail, shopping centres, telecom and other nascent businesses and with our distinctive competencies, assets and culture, we will pursue the following three main strategic pillars:



Board of Directors: Michel Marie Bon, Bernd Bothe, José Manuel Neves Adelino, Paulo Azevedo, Álvaro Cuervo García, Belmiro de Azevedo, Álvaro Portela, Christine Cross and Ângelo Paupério.

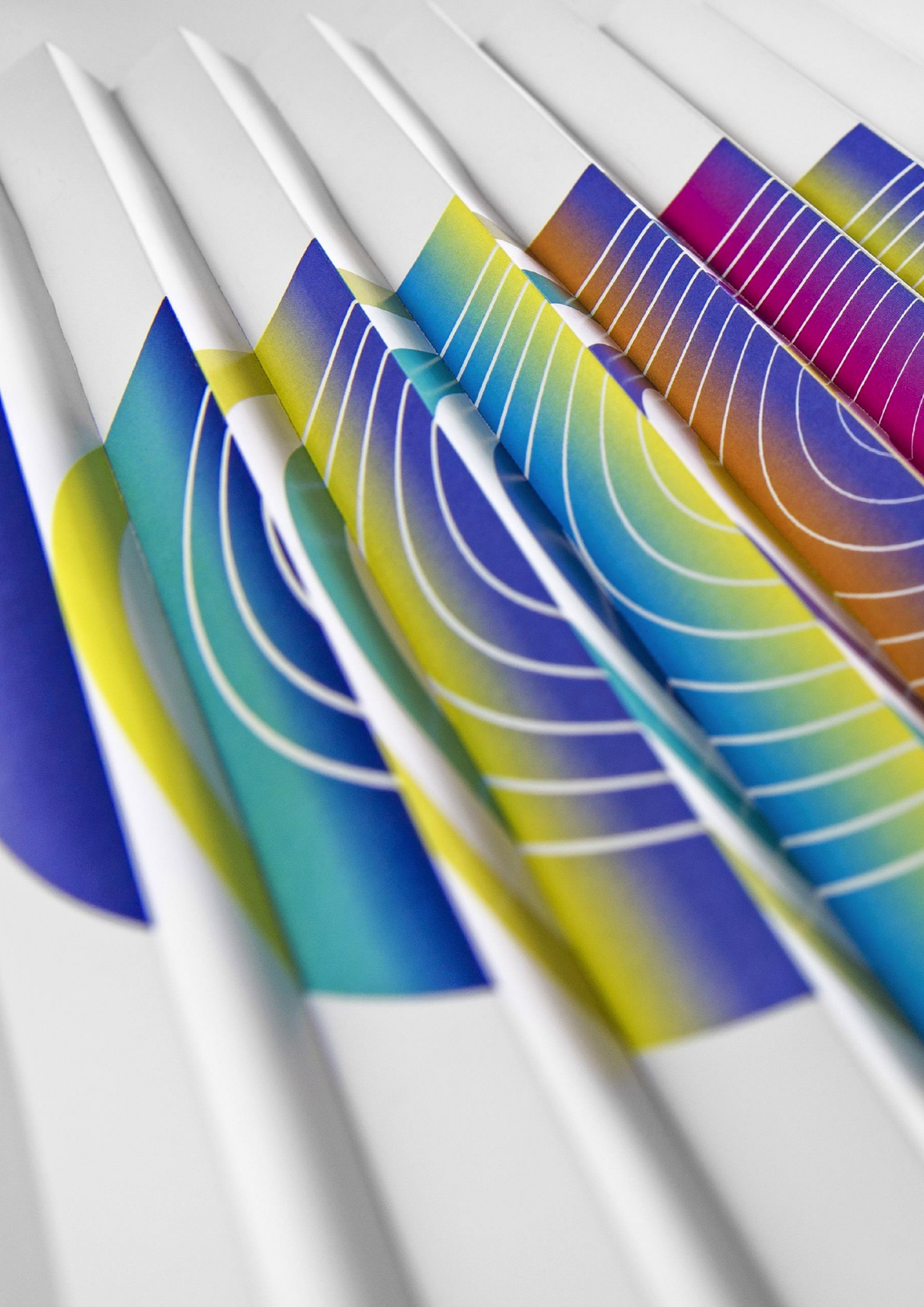


We continuously apply our Corporate Strategic Pillars, as clearly demonstrated by some examples, which are described in the Financial Review section of this report.

Wholesale MC
E-commerce
Sonae IM
Berg

NOS
Sierra recycling capital
Zippy franchising
Omni-channel Worten

Hiper 2020
MO
Sport Zone
Sale and leaseback transactions





Corporate Responsibility

SONAE



Corporate responsibility

"Our business approach reflects our commitment to generating value, a principle shared by our company and society in the short, medium and long-term. We believe that prosperous, sustained growth must include investing in the development of our colleagues, in the creation and sharing of knowledge, in promoting innovation and, naturally, being involved with the community. Sonae is a brand close to the people and is always present in their daily lives: Sonae 'Improving Life'" Luís Filipe Reis, Chief Corporate Centre Officer.

40,947 colleagues	9.8 M€ support to the community	6,841 hours spent volunteering	5% Reduction in water consumption
1,344,338 hours of training	2,105 institutions supported	27,268 tonnes of electrical waste equipment collected in the past 6 years	13 new environmental ISO 14001 Certification (retail)

The Portuguese economy is still recovering from the recent socio-economic crisis. Sonae's values were a key determinant to our success during a period when organisations were struggling to adapt to the profound impact of the recent crisis. The future is filled with challenges, which for Sonae signifies that we have a future of opportunities ahead of us.

The creation of growth opportunities is of paramount importance to us, whilst carefully safeguarding our corporate responsibility values. Our values in their various dimensions such as people, environment, sourcing, clients, innovation and community form the backbone of our organisation and our success.

2014 was marked by a strong performance across all our business segments and we can proudly say that our dedication to corporate values was a key determinant and was highly recognised on several occasions. We continue to take deliberate measures, which have a widespread impact reaching far beyond our stores, in order to uphold these values.

We are determined to continuously intensify our efforts towards aligning our corporate sustainability principles with those of our colleagues and stakeholders, so as to help to create a better world around us.



Sonae is one of the most ethical companies in the world for the fourth consecutive year

This continued recognition confirms

Sonae's commitment to create social and economic value based on principles of ethical behaviour and sustainable development, focused on a long-term view and on relationships of confidence with all of its stakeholders.

"The culture of Sonae is based on sound ethical principles, which, since its foundation, are the basis for the fulfilment of its sustainable development mission. We strive to be a long-lasting company and we take care to adopt and promote best practices, contributing to the development of the communities where we operate" Paulo Azevedo, Chief Executive Officer.

According to the Ethisphere Institute, Sonae “not only promote ethical business standards and practices internally, they exceed legal compliance minimums and shape future industry standards by introducing best practices today. The WME recognition provides companies with an opportunity to be recognised for their global ethics and compliance programmes. They are the companies who force other companies to follow their leadership or fall behind. These are the companies who use ethical leadership as a profit driver”.

Bridging the gap between young generations and the market

Sonae is the leader of Action 1 of the Action Plan 2020 by BSCD Portugal. A project designed to align companies' needs in terms of job skills and the training young generations receive at school. The working group will focus on the identification of the professional skills needed by these companies by 2020 and will then communicate them to interested students and to public policy makers. This



strategy is in an attempt to adjust the teaching content in order to promote employability amongst the future generations, by contributing to a better alignment with the needs of the labour market. Leading to a wide range of opportunities, this initiative benefits, in particular the younger generations, who are making crucial choices for their future and need access to more and better information. It is in the interest of companies to share this information and promote training in the areas where they find it harder to hire professionals with the required skills.

Our corporate responsibility commitments are constantly monitored and enhanced, as we believe that corporate responsibility is at the core of our strategy. It is essential to ensure it is being implemented and that in the long-term our strategy and our impact in society are congruent. We do not compromise when it comes to corporate responsibility.

Corporate Responsibility Commitments for 2012/2015

Better purpose

Promote the adoption of healthier lifestyles by providing customers with all the necessary information for balanced and more nutritionally responsible choices.

Promote the welfare of communities where Sonae is present, contributing to the strengthening of citizenship and social cohesion.

Better people

Promote wellness and invest in the development of the personal skills and competences of our employees, continuously enriching Sonae's culture.

Integrate sustainability into the supply chain and improve the alignment of our suppliers' practices with Sonae's policies.

Better planet

Focus on continuously raising the levels of excellence of our environmental performance, not only as a differentiating factor but also as a pre-requisite for the sustainable development of Sonae's businesses.

At Sonae, we believe that our values are responsible for our outstanding accomplishments. This is evident in our actions and the results we achieve. For additional information please see our Sustainability Report.



We value our team

Our team in figures

70% of colleagues with permanent contracts

62% female colleagues

52% colleagues below the age of 35

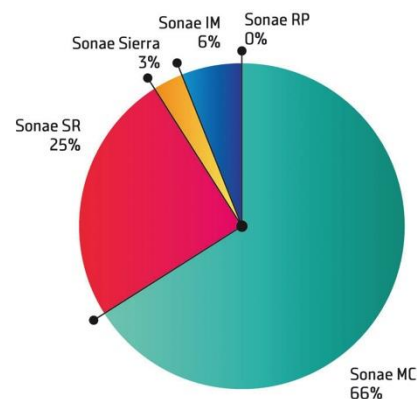
1,344,338 hours of training

Sonae is a company for people. The talent and multi-faceted skills of our people form the backbone of our business and are highly valued. Our team is the best and they deserve the best opportunities we can offer them. Personal and professional development are pivotal for growth. Sonae is built by people for people, so we have to ensure that we encourage the development of talent and skills and distinguish and reward merit when it is deserved.

Our motto *The success of our team is our success* is one which we highly prize, because at Sonae a professional, enthusiastic and satisfied team is the only way to guarantee that the best products and services are available to our customers. This is of utmost importance if we wish to succeed. In order to identify and recruit the best, we have active recruitment strategies in place. However, recruiting the top talent is only the first step, this talent has to be retained and nurtured. We make it our business to ensure that each colleague and each team enjoy the best opportunities for growth.

Employees per business area

in %



PERSONÆ tenant awards

Sonae Sierra distinguishes tenants for good health & safety practices. PERSONÆ Awards raise tenants' awareness for the health, well-being and accident prevention of employees and customers. This award is a part of Sonae Sierra's health, safety and environmental policy, and its goal is to reward the tenants who best implemented good health & safety practices, improving the safety of the shopping centres where they operate and for Sonae Sierra's ambitious "zero accidents" goal.

Fernando Guedes de Oliveira, Sonae Sierra's CEO, highlights that "the health & safety culture is one of Sonae Sierra's main pillars, and is a part of its DNA. Our concern is the effective protection of people and the complete prevention of accidents. Inevitably, it is only possible with the creation of a health & safety culture practiced by all, from our employees to our partners, tenants, service providers and all those who visit us."

Elsa Monteiro, Sonae Sierra's Sustainability Director, states that "this award helps tenants become aware and motivated towards changing behaviours, which is essential for accident prevention and health & safety in general. Sonae Sierra provided more than 22,500 hours of training and awareness

Sonae SR wins the *Masters of Human Resources*

Sonae SR was elected the company in Portugal with the *Best Motivational and Employee Engagement Strategy* in the Masters of Human Resources awards. This award recognizes Sonae SR's outstanding performance "in developing practices that have an impact on the intrinsic motivation of its employees, and the consequent increase in performance and profitability of the companies".

Miguel Tolentino, Sonae SR's Human Resources Director, states that "at Sonae we believe that we have to be innovative in business development, but also in motivating the people who make the business grow. Therefore, we promote the professional and personal development of our employees and invest in motivation, always seeking to apply the most effective methods and techniques. Keeping employees motivated is always a concern for the Sonae SR philosophy. The company invests in motivating their teams because they believe that this has a direct influence on productivity, the development of the organisation, and the satisfaction of its employees and its customers".

Among the dozens of initiatives developed by Sonae SR, as part of its strategy of human resource management, are in-house training schools, the new format of the Sonae SR Annual Convention and the method of sharing it with all the

on the subject to more than 6,000 tenants and their employees. Additionally, around 500 Sonae Sierra employees and more than 4,500 service providers were also involved in training sessions".

Sonae Sierra has achieved a 66% reduction of the severity of employee accidents since 2005, and a decrease of more than 46% of absenteeism due to work accidents per employee, since that year.

teams, merit and performance awards, innovation challenges, creative problem solving activities, programmes to support entrepreneurship, and direct contact with the leaders, to name but a few.

The Masters of Human Resources is organised by the International Faculty for Executives (IFE) within the framework of Expo RH, and is sponsored by Randstad. Candidates were selected by a panel appointed by the organisation, composed of human resources directors and well-known personalities in the market, who reviewed the applications and chose the winners.



Sonae stands out as the best company in Portugal for managing and promoting talent

Sonae has been selected as "The company that best manages and promotes the development of its talent" in the 3rd edition of the Human Resources Magazine Portugal 2013 Awards. This recognition results from Sonae's active policies in identifying and promoting employees with high potential, which has allowed leaders to be bred who today occupy prominent places in the Portuguese and international business environment.

José Côte-Real, the Sonae Director responsible for Human Resources, said: "This award reinforces our confidence in the path we have been following in the development of our people and our leaders. We believe that the defence of a people-orientated strategy is the way that best facilitates the development and sustainability of our business. This is achieved, obviously, by investing in the best practices in the management and development of talent, such as training, evaluation, career management and recognition, but particularly by introducing this school of thought into the daily lives of our leaders. "At Sonae, there is what we call a talent mindset. Indeed, we believe that the existence of talent is critical to the development of our business, both today and in the future."

We are particularly proud of this award as it is a double recognition. Candidates are shortlisted by a jury and then the winner is selected by the general public, based on the candidates' performance in different dimensions such as environment, satisfaction, reputation, leadership, sustainability and social responsibility, among others.

Promoting Youth Employability

Sonae has been very active in promoting youth employability and has given particular importance to providing students and recent graduates with opportunities to have direct contact with a real-world business environment. At Sonae, we know the value of our team and we know how important it is to recruit new talent. We have put in action several initiatives to promote the personal and professional development of young people, aiming at identifying young talent.

In 2014, Sonae promoted more than 1,200 internships, providing students, recent graduates and unemployed individuals with an opportunity at Sonae. These are prime opportunities for young people to benefit from practical training with guidance from experienced professionals and, based on their merit, to secure a job offer in an organisation that rewards talent.

We have a system in place based on responsibility and reward. Our people do not shy away from responsibility, as they know that we face the same objectives and difficulties as they do. At Sonae, we ensure that our colleagues know that we are one team. We have a comprehensive remuneration package established and we carefully comply with the meritocratic system in place. The key performance indicators of each group, department and individual are used collectively to contribute towards our incentives scheme, bearing in mind that our success is our team's success.

Our team strives towards constant improvement and success. Our learning process is two-fold: we offer our team on-going training but we also aim to learn from their experiences. Sonae Management & Leadership Academy and Sonae Retail School are outstanding examples of our dedication to ensure continuous learning. The Sonae Management & Leadership Academy has a strong impact on our competitiveness by promoting intensive training in the areas of management and leadership. Sonae Retail School is a key driver in the search for higher levels of efficiency by allowing us to identify new challenges and areas to improve and by disseminating best practices across the organisation. Sonae Retail School acts to rapidly identify and promote new programmes and is a critical asset in our continuous learning process.

Safety first! Health and safety at the workplace is a top priority at Sonae, as we aim to create a safer and happier work environment. Our strategy is based upon the policy of "zero accidents" in the workplace. It is a policy for which we have been recognised both nationally and internationally, through the presentation of a number of awards and distinctions. However, we continue to work hard to overcome any challenges which may arise in order to adhere to this policy. In this concern, managers play a key role in helping to raise the awareness of health and safety unanimously across the entire organisation, which will contribute to reducing any associated risks.

Respect the environment

At Sonae, respecting the environment goes beyond simply adhering to the mandatory legal requirements, it is a school of thought which prevails throughout the organisation. We think 'green' within the organisation (our people), we promote green options to our customers and we encourage green options from our producers. We continuously update our approach to environmental issues and guarantee that our team executes our strategies both with enthusiasm and meticulous care. We want future generations to inherit an environment which makes them proud.

Our two main aims are as follows: firstly, to decrease our environmental footprint to the absolute minimum. In order to achieve this, we continuously revise our strategy to mitigate our environmental impact.

Secondly, we believe it is crucial to raise public awareness of environmental matters. We achieve this through our high level of interaction with all our stakeholders, particularly the members of our community. This rather unique involvement has enabled us to strive towards creating a better environment and to increase public awareness in this area. Our environmental actions take place in 7 main areas: (i) electricity consumption; (ii) electricity produced through renewable energy sources; (iii) total emissions of CO₂; (iv) transport and logistics; (v) refrigerant gases; (vi) water consumption; and (vii) waste. In 2014, our success was evident in all of these areas.

At Sonae, environmental issues are a serious priority and no compromises are made concerning reducing our environmental footprint to an absolute minimum. Evidence of this can be seen through the recognition we were given, such as the CDP double world-wide recognition for the excellence of our environmental performance.



Sonae leading the way towards a better environment - Carbon Disclosure Project

Sonae is the only Portuguese company being distinguished both for our efforts to reduce carbon emissions and mitigate climate change, as well as for the transparency and quality in the reporting of our environmental information. Sonae is listed both in the "CDP Iberia 125 Climate Performance Leadership Index" on environmental performance and the "CDP Iberia 125 Discloser Climate Leadership Index" for the quality of information reported. This double recognition reflects our efforts to reduce our environmental footprint and at the same time to be totally transparent about our environmental performance.

Catarina Fernandes, Sonae's Head of Communications, Brand and Corporate Responsibility, emphasises "Sonae is a *long living company* and from the beginning it has integrated environmental and sustainability concerns in the development of its business. We are immensely honoured with this dual distinction because on one hand, it strengthens our certainty that we are on track and on the other hand it motivates us to continue to focus on improving our carbon footprint by implementing efficiency measures and communicating the impacts in a clear and transparent manner."

In the words of Paul Simpson, CDP's CEO, "The emission of gas with global greenhouse gases continues to increase and we are facing a great financial risk if we cannot find ways to mitigate this effect. The need for data on corporate climate change impacts, and strategies to reduce them, has never been greater. For this reason, we congratulate the companies included in the Climate Disclosure Leadership Index. These companies are responding to the growing need for environmental information and should inspire others to follow them."

Sonae is the only Iberian retail company awarded with a Level A with regard to climate performance and one of the very few companies worldwide, and the only Portuguese company, to combine this strong environmental performance with transparency in the reporting of environmental information, achieving a score of 99 out of 100.



Equipa Worten Equipa

Launched in 2009, Equipa Worten Equipa (EWE) continues to be one of our flagship projects of social and environmental responsibility, achieving levels of excellence year after year. The project combines environmental concern with supporting action on a social level.

The EWE calls for customers to place their old equipment in existing recycling spots in all Worten stores, so that they can be transformed into new equipment. EWE offers 50 euros in new equipment for each tonne of waste electrical and electronic equipment collected in Worten stores.

Since 2009, EWE has collected 27,268 tonnes of electrical and electronic waste equipment and almost 14,870 new pieces of equipment have been offered to 1,483 institutions, offering support to 362,059 people in need. In 2014, EWE had another outstanding result with a total of 4,313 tonnes of waste equipment collected and 1,579 new pieces of equipment donated to 197 institutions.

Sourcing with integrity and quality management

It is imperative for both Sonae and its customers to know how and from where we source our products. As a result, we guarantee both the quality and safety of our products. Sourcing of products is stringently monitored and suppliers need to adhere to the highest quality standards and in addition, we guarantee that our customers are always assured real value for their money.

Safety is paramount at Sonae, in relation to the institution itself and our customers. We continuously scrutinise the network of our suppliers, in order to ensure improved levels of efficiency and quality, as well as quickly identify any challenges which may arise. This allows us to execute any necessary amendments and disseminate best practices. One of our chief concerns is the sustainability of our partners, in particular we focus on the environmental and social elements of their performance.

Above all, we wish to ensure that we work hand-in-hand with our partners towards a sustainable future. Our partners need to be closely affiliated with our business strategies and values, an aspect which is crucial for enduring success. This is achieved through the training we offer through our continuous learning programmes and support forums that provide help in order to follow our rigorous corporate responsibility policies. It is our duty to ensure that we source products with integrity and quality. First and foremost, we aim to work together with our partners towards an enduring future.

At Sonae, we believe that our customers should be able to make well-informed decisions regarding our products. Thus, our drive to endorse high levels of transparency is crucial and is evident in our innovative labelling system concerning the nutritional content of our products. We aim to encourage a healthier lifestyle by ensuring our customers can easily access the best product information and advice available. In this respect, we have a number of protocols established with specialist organisations in the domain of health and nutrition.

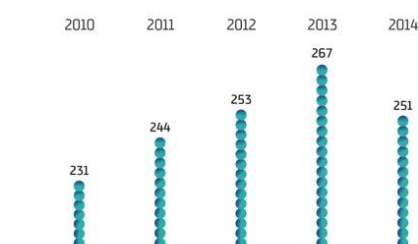
The **Continente Producers Club** is a pillar in our standing commitment to our customers, bringing together different dimensions of our corporate strategy. Firstly, it gives us the opportunity to work together with our partners and to significantly impact national and regional economic development. Secondly, it allows us to offer our customers products of proven quality and origin. Thirdly, we do not compromise concerning quality and the Continente Producers Club provides us with a unique opportunity to work closely with our suppliers and implement high quality standards and strict quality control procedures across the whole supply chain. Finally, Continente Producers Club allows us to align our values and with all the producers, helping us in our goal of creating sustainable growth.

The Continente Producers Club is a true success story with regard to retail in Portugal. It is an outstanding example of cooperation between economic partners, so as to combine in a unique way, the richness of genuine national products and the unique capacity of Sonae to reach a growing number of families across the country.

The Continente Producers Club has 251 members, the purchase value has increased by 10% in 2014, to 233 M€ (not comparable to 2013 due to a change in contract policies) and the quantities increased by 13.4% to 146,680 tonnes. In recent years the Club has gained a very positive dynamic, organising several events and awards.

Aligned with Sonae's efforts towards innovation, the Club also recognises innovative projects with the Producers Club Innovation Award. This award distinguishes members of the Club for their innovative projects, which aim to improve performance and alignment with our retail policies. The 2014 prize was awarded to the producer *Montiqueijo* as acknowledgment of their performance in the innovating "Integration of the Supply Chain Project – Sustainable Growth". By integrating the different stages in the supply chain, the project allows for an increase of 30% in milk and cheese production, a reduction of 50 tonnes in plastic and domestic production equating to making up 30% of the energy consumed.

Club Members



Purchases

Thousands tonnes



**Total commitment to quality**

Our own brands are an important part of our business strategy. We are continuously developing and improving our portfolio of own brand products. This strategy is only possible if our clients recognise in our products our commitment to total quality and that we do not compromise concerning quality. In 2014 alone, we audited 1,283 of our near 2,000 suppliers and we carried out more than 540,000 laboratorial analyses. We continuously monitor our supply chain and we intervene immediately as soon as any warning of the smallest risk is identified. We also disseminate across our network the best practice cases, allowing for the sharing of experiences and always focusing on higher levels of efficiency and quality, soundly rooted in our corporate responsibility values. Our audit systems strongly contribute towards increasing customer satisfaction levels, as well as maintaining the image and reputation of the company.

Innovation is essential for our sustainable success

Success means that we are always the first ones to discover, to innovate. We are proud of our past, but we want even more from our future. We strive towards breaking through the outer limits and understanding the future one step ahead of our competitors, which fuels our desire to promote innovation. Nurturing innovation and providing suitable conditions, we believe, will contribute significantly to enduring success. We aim at creating value through the generation and implementation of creative and innovative ideas, by managing and facilitating the relationship between internal and external stakeholders to find the best solutions for all the challenges we face.

Sonae is a front-runner in the market place. However, this leading position was only achieved by constantly promoting innovation in all dimensions of the organisation, leading the way for others to follow. We are world renowned for our smooth transition from strategy into action. Value for the organisation, stems directly from creating value for the customer, a mind-set upon which all of our different branches of retail are founded. Each retail segment has its own particular features, nonetheless they all benefit from an innovative array of new products, services and measures, as well as unique types of brand activation and social responsibility, which are designed to rapidly adjust to fluctuations in the market through changes made within the organisation.

Our culture of innovation is rooted in the basic belief that everyone has the ability to innovate. The diverse backgrounds and profiles of our team, in addition to the varied business segments and countries where we are active, are crucial to develop a stimulating and vibrant atmosphere that inspires ingenuity, resourcefulness and innovation.

2014 FINCO – Automation of the Battery Room

In Sonae MC's warehouse in Azambuja over a hundred and fifty cargo handling machines powered by electricity are used on a daily basis. The process of changing more than three hundred batteries was carried out manually, requiring significant physical effort, as they can reach up to two tons of weight. The batteries were stored on the ground taking up a considerable amount of space.

Time and space are a scarce economic resource and, therefore, we set up a battery handling robot, designed internally and taking our specific needs into account. We can now store batteries on a shelf with four levels, achieving a 75% reduction of the space occupied. Additionally, we now have greater control over the charging time each the battery and we have implemented a FIFO system, which allows us to extend battery life, with significant savings. Other benefits include greater control of the process, increased security and thus reduced risk of accidents. This investment will be recovered in less than two years.



Managing innovation

We believe that business innovation is the most important ingredient for long-term growth and success.

Innovation is so paramount to us that we exhort it in our mission and values, and we continuously reinforce our commitments towards its practice. Believing that everyone can innovate, we nurture an innovation fostering environment that aims to encourage participation, by developing a framework for promoting and facilitating innovation across the whole organisation.

The year 2014 was prolific in demonstrating the vitality of our framework, of which we would like to highlight the following:

- internationalisation of the "Agile Marathon" format, which gathered 100 students from eight Spanish universities in Madrid, who competed in the overnight development of a mobile app functional prototype;
- record participation in ShineOn - the internal competition of ideas based on five minute presentations. The Sonae Innovation Award was presented to the successful implementation of a concept that emerged from one of these ShineOn initiatives – "My Design by MO";
- diversification in scope and internal participation in our open innovation initiatives and the underlying enrichment of our international network of scientific, technological and entrepreneurial partners.

The way we think and act towards innovation is holistic, comprehending it includes the complete path, from the idea to its implementation, and produces significant results that we successfully enhance year after year, allowing us to deliver better and better life improving experiences to our clients.

Nuno Gama, Head of Innovation & Future Tech



Agile marathon: promoting innovation amongst students

In 2013, we organised the first edition of Agile Marathon, an outstanding success which brought together about 100 students

for 29 hours straight in an event that combines creativity and the development of innovative technology solutions. We were so thrilled with this event that we decided to replicate it in Spain, where Sonae SR already has a strong hold and significant turnover.

The challenge was to develop new mobile applications for Worten online in Spain. 90 students from 8 Spanish Universities attended the event and in a creative, stimulating but relaxed environment, they developed innovative apps. A further example of our successful approach towards innovation.

The Kofax Transform Awards distinguishes companies for the successful implementation of innovative solutions with significant impact on the optimisation of business processes, reducing costs and improving the interaction with business partners, with special focus on the experience of the "client".



A standing commitment to our customers

We are strongly motivated by the loyalty our customers show towards our work, leading us to expand our repertoire of innovative products and services towards building a brighter future. Ultimately, our customers and their level of satisfaction reflect our success. Our dedication to our customers consists of two elements: our products and services and our commitment to better each customer's lifestyle.

Our main objective is to offer the best products at the best prices and for each product we offer a broad range of prices, whilst also safeguarding the level of quality so as to meet all of our customer's needs. We work hand-in-hand with our suppliers to evolve new products and services and constantly look for efficiency gains, at the same time as guaranteeing quality. Furthermore, we work on an internal level to encourage innovation throughout the entire organisation, leaning operations and letting our customers have a pleasanter shopping experience. Of significant importance here is the Continente Loyalty Card. It is a remarkable example of innovation that has resulted in more than 370 M€ of savings.

We have a significant presence on society around us, we use this stronghold to improve each customer's lifestyle. We achieve this through the quality of our products, as well as offering our customers' advice through such mechanisms as health campaigns and endorsing our healthy product categories – "Equilíbrio" (Balance) and "Área Viva" (Living Area).



A growing success

The Continente Loyalty Card is a Sonae flagship, one of our most innovative solution and we are still exploring its potential. We continued to expand the portfolio of offers associated to the card both by extending the number our business units associated to the card (as an example, Zippy's costumers started to benefit with Continente Loyalty Card) and by launching new initiatives with third parties. As regards new initiatives with third parties, we highlight the partnership with Galp Energy for the launching of Energia3 Plan, an integrated offer of energy products – electricity, gas and fuel.

The results are again remarkable, achieving 4,450 M€ in sales, representing more than 90% of Continente sales in 163 M transactions allowing for savings over 370 M€.

Continente loyalty card in a nutshell

4,450 M€ in sales	> 90% of total sales	370 M€ in discounts	163 Million transactions	8 out of 10 transactions	3.4 Million clients

Our values are evident in our products and services and our dedication to integrity and quality has been widely acknowledged. For the second consecutive year, we have increased our portfolio of Brands of Confidence, now with five brands recognised – Continente, Zippy, Worten, Well's and Sport Zone – confirming that our entrepreneurial investment approach is a success and enables us to stand out far above our competitors. This award is an acknowledgement of all of our efforts. In addition, Continente has been distinguished for the 12th successive year as a Brand of Trust and for the 11th successive year as a Superbrand. A remarkable achievement that clearly demonstrates how much we value the loyalty of our customers. Nonetheless, we are aware that such recognition only increases our responsibility. Next year, we aim to do even better!

Sonae – A Brand of Success!

For the first time, Sonae is the recipient of five Brands of Trust and two Superbrands awards. A remarkable achievement that truly reflects our innermost belief that our success comes from our customers.

Continente remarkably has now held the Brand of Trust title for 12 consecutive years. Worten has been recognised by our customers for the fifth consecutive year. Zippy for the second consecutive year. Well's and Sport Zone are the new additions and have been recognised as a brand of trust for the first time.

We are also a Superbrand. Continente was recognised for the eleventh consecutive year and Worten has joined this highly prestigious league for the first time.

Every day we work at our best, so as to guarantee the best products and services at the best prices. We strive to uphold our corporate responsibility values. We invest in innovation. We invest in quality control. We invest in the best team, because they are worth all of our efforts. We take pride in the awards and acknowledgements we have received.





Making a positive difference to our community

At Sonae, we know that we can make a positive difference to our community and we take this responsibility seriously. We are continuously searching for new and better ways to make the most profound and long-lasting impact. Our social responsibility consists of 6 main areas: the environment, culture, education, health and sports, science and innovation and social solidarity. These six areas are essential to promote a sustainable and better society.

Our efforts towards making a positive difference to our community are coordinated by ActivShare. Activshare actively searches for innovative and better ways to improve the quality and the impact of our actions by consolidating and aggregating all Sonae's volunteering and social responsibility actions. More efficient coordination and communication allows us to be more effective when helping those in need. We believe in making a world of difference. During 2014, we provided more than 9.8 M€ in community support, helping 2,105 institutions. Our values are defined and reflected through our team and we take pride in the remarkable contribution of 1,737 volunteers, totalling 6,841 hours of volunteer work.

An issue of utmost concern is the plight of children. Above all, we play a part in assuring that children are nurtured and are provided with an environment and facilities in which they can flourish. In this respect, our projects Porto de Futuro and Project Pêra are highly active. Porto de Futuro encourages the sharing of knowledge and experiences between schools and companies and the Project Pera offers breakfast to children in need. Additionally, Sonae supports and promotes many other different projects focusing on children such as: Missão Sorriso, focusing on children in need; Make-A-Wish and Love in a Box. We feel that it is our responsibility to ensure sustainable growth and offer a better chance to all children where possible. The future of our children is in our hands.

Porto de Futuro

Porto de Futuro provides support to the management and development of schools. It encourages the sharing of knowledge and experiences between schools and companies aiming at increasing the level of community involvement in schools. The project recognises the fundamental role of education in the sustainable development of a more competitive and dynamic society.

As part of this project, Sonae established a partnership with the Cerco School Group aiming at strengthening the link between schools and their community, promoting sports, providing support for management consulting, encouraging entrepreneurship and rewarding merit. We believe that together, we can improve the social environment in these schools.

Projeto Pêra (Project Pear)

Our children are our future. A healthy child is more willing and motivated to learn. Their personal development is more active and as a result they are more likely to interact positively with others, developing stronger soft skills. We cannot accept circumstances where children come to school without a nutritious breakfast and, therefore, we were quick to act and to create Project Pêra aiming at providing children in need in Porto with a healthy breakfast. In 2014, we provided breakfast to 902 children in 19 schools, during 108 days. More importantly, we need and intend to be more active in this area.

CONTINENTE

In 2014, **Porto de Futuro** set in motion a project focusing on academic success, under the coordination of EPIS -Entrepreneurial Association for Social Inclusion. This project aims to train young people to realize their potential throughout life, through Education, Training and Professional Insertion. It was implemented through the Cerco School Group, whereby a tutor monitored around 70 students. Students are tutored individually both in individual or group sessions, with special emphasis on study sessions and the EPIS Merit Scholarship. For this first year the results have been very positive: the number of students with a positive grade across all subject went up by 5% and the number of students failing more than 5 courses has decline 8.2%.

Furthermore, one of our principal areas of focus is that of social solidarity, as such, assisting those in need to resolve some of their short and long-standing difficulties, coupled with the assistance of the surrounding communities. Our actions are a genuine reflection of our values.





Missão sorriso (The Smile Mission) aims at providing support to children in hospital and elderly people, as well as fighting hunger and social exclusion. Since 2003, we have helped 184 institutions with more than 11 M€ donated through more than 2,100 pieces of equipment. This is one of our most enduring projects with almost 1.3 million followers on Facebook and we have also been honoured with several awards, such as "Master Distribuição" and "Prémio Eficácia".

In 2014, Missão Sorriso collected enough food for 720,000 meals to be distributed to Portuguese families in need. Sonae, in partnership with the Portuguese Red Cross, set up a large network for food collection with more than 6,000 volunteers, in over 300 stores throughout the country.



Worten – Geração Depositário (Worten – The Responsible Generation) is an initiative promoted by European Recycling

Platform – Portugal aiming to enhance the role of schools and teachers in WEEE used battery recycling. Worten contributes with the purchase of new equipment. Through this sponsorship, Worten reinforces its responsibility the environment, encouraging young generations to adopt environmentally responsible behavior.



Well's Make-a-Wish

For the second year, Well's and the Make-A-Wish Foundation have teamed up to make a special wish come true, bringing hope, happiness and strength to children and young people with a life-threatening medical condition.. As always, Portuguese society has exceeded our expectations. Between November 2014 and January 2015, the campaign raised more than 75,000 Euros.

According to Tiago Simões, Director of Well's "the support of the Portuguese society to this initiative has been extraordinary! When we launched the campaign we aimed to surpass the results of 2013, but we never thought we would achieve our goal so quickly. The final outcome exceeded all expectations! It is very rewarding for the entire Well's team. We can help these children's wishes to come true and give them a memorable experience in such a hard and intense period of their lives."

For Mariana Carreira, CEO of the Make-A-Wish Foundation, "the outcome is more than positive. For the second year, the contribution of Well's, and all the Portuguese people, was extraordinary and will undoubtedly enable us to fulfil the desire of many children, bringing them a smile and the strength to persevere in their struggle."

Love in a Box is a joint Christmas initiative shared by Zippy, the Portuguese Red Cross and RTP aiming to bring a smile to children in need. "Love in a Box" is a package in the form of cash, available in all Zippy stores during the month of December for the symbolic price of 1€ (small box) and 1.5€ (large box), with 0.5€ going back to the Portuguese Red Cross. Additionally, Zippy also invited all families to donate a gift - a toy, garment or childcare item - within each purchased box, encouraging solidarity among the young generations.

In its first year, the initiative "Love in a Box" sold more than 40,000 box-presents in Zippy stores, raising more than 20 thousand euros towards this campaign. This will be put towards the purchase of childcare articles - strollers, cots, cribs, beds, high chairs and baby bouncers - as well as on light nursery equipment - pacifiers, bottles and toys - and also clothing, footwear and nursery equipment to be distributed by the Portuguese Red Cross. On top of the "Love in a Box" we have also collected over 3,000 gifts - toys, clothing and childcare articles.



Project: The Big Hand aims to help children in need in Mozambique, by finding sponsors around the world. Continente has joined this amazing initiative sponsoring 40 children who will benefit from being given the opportunity to attend school, receive adequate meals and clothes. A small contribution for us, a life changing opportunity for these children.



Corporate Governance

Sonae, undoubtedly, has a profound impact on society. We are driven by a desire to act responsibly towards all of our stakeholders. We have created a place where our people love to work, we provide our customers with the best value for their money and our producers are assured they will receive a fair price for their produce. In this sense, we adhere to the highest corporate governance standards and carefully regulate the actions, policies and decisions made whilst taking the interests of all stakeholders to heart. We believe transparency on all levels is essential and ensures ethical and responsible behaviour throughout our performance. We convey information quality of the highest standard and conform to all capital market regulations. We want investors, in particular small investors, to feel confident that our commitment to innovation and sustainability and our capacity to vigilantly monitor our organisation is assured through the corporate governance structure we have in place. A structure which is founded upon both internal and independent key expertise, ensuring that we not only fulfil but raise the bar for best corporate governance practices. Furthermore, we protect small investors and provide support to meet these rigorous standards through various forums and training workshops.

Our relation with investors is of utmost importance; we are always open and approachable through the Investor Relations department and encourage active levels of interaction. We make it our business to ensure that all regulatory and reporting requirements are met and all relevant information is made available voluntarily, both in Sonae and on the Portuguese Stock Exchange Commission websites. Our business is your business.

For further information on Corporate Governance related issues, please refer to our Corporate Governance Report.





Financial Review

SONAE

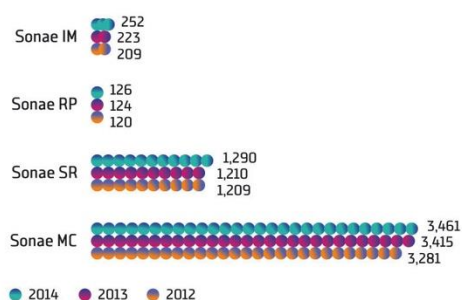
Financial Review

Key financial performance indicators

The 2013 PF financial information contained in this report was not subject to audit procedures

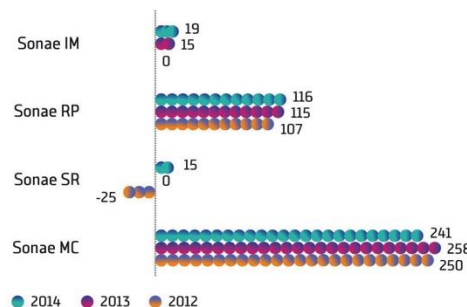
Turnover

Million euros



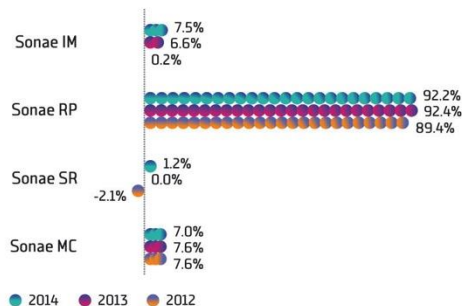
Underlying EBITDA

Million euros



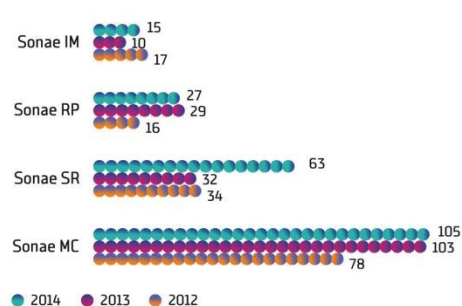
Underlying EBITDA margin

Million euros



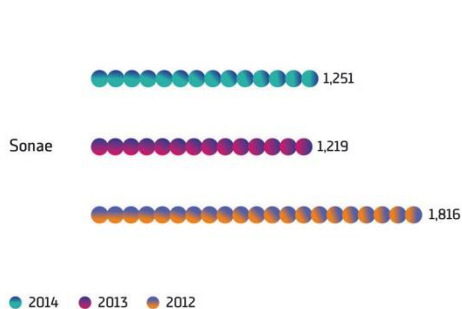
CAPEX

Million euros



Net Debt

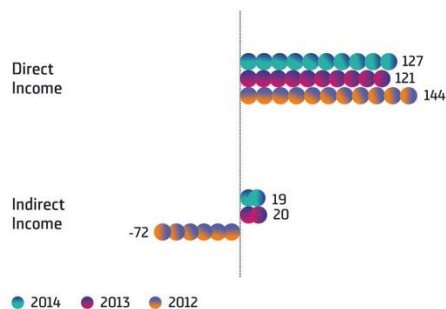
Million euros



Note: 2014 net debt includes the payment of Sonaeacom shares to France Telecom, occurred in August 2014

Net Income

Million euros

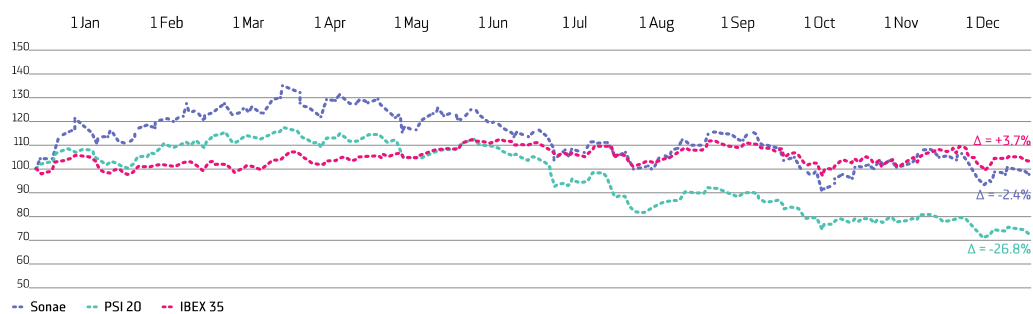


Note: Indirect Results excluding Zon-Optimus merger effects and impairments booked in 3Q13



Share price evolution in 2014

(100 basis)



Macroeconomic context

The **world economy** grew 3.3%¹ in 2014, significantly below the average growth rate recorded before the crisis² (4.3%). Growth forecasts have successively been revised downwards throughout the year, showing that many of the imbalances that led to the 2008/2009 crisis have not yet been fully resolved at the global level.

In the **euro zone**, the economy continued anaemic (0.8%), negatively affected by the continuing adjustment process in several countries and by the uncertainty that continues to limit investment, along with the heightened geopolitical tensions with Russia. In particular, growth in Germany, France and Italy has been fragile, while in the periphery, namely Ireland, Spain, Portugal and Greece, the recovery has gained momentum over time.

Economic activity in the **US** has comfortably surpassed the 2% threshold again, as domestic demand expanded, propelled by private consumption (2.5%), which continues to benefit from strong job creation that has brought down the unemployment rate to almost full employment levels (6.2%). The US economy continues to be surprisingly positive, in a context where the main imbalances that led the country to the financial crisis are waning.

In **emerging economies**, growth remained strong (4.4%), although somewhat disappointing in view of the last decade³ (6.5%), but with very significant differences between countries. Standing out in a negative sense, albeit for different reasons, South Africa, Russia and Brazil, and even China, which has been one of the countries that has contributed the most to global growth, have once again decelerated, stabilising at around 7%.

In **Portugal**, the year was inevitably marked by the conclusion of the Economic and Financial Assistance Programme, agreed with the Troika in 2011. During the implementation period, there has been remarkable progress in correcting the problems affecting the economy and important structural reforms have been implemented in several areas. These developments allowed the economy to return to a positive growth rate and strengthened the country's credibility with international financial markets.

Domestic demand was actually the driving force in 2014, with private consumption (2.1%) leading the recovery and investment reversing the downward trend of recent years. Household consumption was, in fact, the component that most contributed to GDP growth, supported by significant improvements in the labour market, with the increase in household confidence. Consumers favoured the replacement of durable goods⁴ (16%), in particular automobiles⁵ (34.8%), which had suffered the largest cuts during the adjustment period, while the consumption of food prices fell (-0.1%) in terms real.

The negative contribution of external demand is explained, on the one hand, to some extent by the disappointing behaviour of exports (3.8%), which contributed significantly to the temporary closure of the Sines refinery, on the other hand, imports registered a higher than expected increase (5.9%), reflecting the stronger recovery in domestic demand.

In **Spain**, economic recovery has been consolidating and has been gaining momentum throughout the year, closing with an average growth of 1.4%, although in the last quarter the economy grew by 2%, the highest rate since 2008.

This dynamic has benefited from the positive contribution of all the main components of public and private domestic demand, particularly private consumption (2.3%). The increase in disposable income, supported by the dynamics of job creation in a context of moderate prices, in tandem with the improvement in the financial position and confidence, led to a remarkable growth in household consumption.

Perspectives

The **global economy** is expected to accelerate moderately over the next year (3.6%), benefiting from the accelerated growth in developed countries and the fall in the oil price. However, the divergences between the major economies are expected to increase and there is a risk that once again growth will be disappointing.

¹ Real growth rate.

² Real growth rate.

³ Average growth rate from 2000 to 2008.

⁴ Real growth, accumulated in 2014 until the 3rd quarter.

⁵ Sales in number of passenger vehicles.

2014 Consolidated financial performance

Overall performance

Consolidated results						
Million euros	2013 PF	2014	y.o.y.	4Q13 PF	4Q14	y.o.y.
Sonae MC	3,415	3,461	1.3%	924	924	0.0%
Sonae SR	1,210	1,290	6.6%	383	376	-1.8%
Sonae RP	124	126	1.9%	31	32	1.4%
Investment management	223	252	13.1%	59	66	11.9%
E&A ⁽¹⁾	-151	-155	-2.2%	-43	-33	21.7%
Turnover	4,821	4,974	3.2%	1,354	1,364	0.7%
Sonae MC	258	241	-6.8%	75	70	-7.7%
Sonae SR	0	15	-	17	18	5.5%
Sonae RP	115	116	1.6%	31	31	-0.3%
Investment management	15	19	28.1%	7	8	8.5%
E&A ⁽¹⁾	-10	-12	-12.2%	-11	-6	43.8%
Underlying EBITDA	378	380	0.6%	120	120	0.4%
Underlying EBITDA margin	7.8%	7.6%	-0.2 p.p.	8.8%	8.8%	0.0 p.p.
Equity method results ⁽²⁾	45	42	-6.6%	4	8	98.6%
o.w. S. Sierra (diret results)	29	26	-8.6%	7	8	12.0%
o.w. NOS	17	16	-7.4%	-3	0	82.5%
Non-recurrent items	-2	-5	-189.5%	-2	-5	-155.8%
EBITDA	421	417	-1.0%	122	124	1.3%
EBITDA margin	8.7%	8.4%	-0.4 p.p.	9.0%	9.1%	0.1 p.p.
D&A ⁽³⁾	-188	-189	-0.1%	-42	-57	-36.2%
EBIT	233	228	-1.9%	80	67	-16.9%
Net financial activity	-82	-77	5.8%	-17	-19	-13.9%
EBT	151	151	0.2%	63	47	-25.4%
Taxes	-30	-25	16.7%	-18	-13	31.7%
Direct results ⁽⁴⁾	121	127	4.4%	45	35	-22.8%
Indirect results	289	19	-93.5%	0	14	-
Net income	410	146	-64.5%	45	48	8.2%
Non-controlling interests	-132	-2	98.7%	-8	0	-
Net income group share	278	144	-48.3%	36	49	33.8%
Indirect results ⁽⁵⁾	20	19	-4.3%	-	-	-
Net income ⁽⁵⁾	141	146	3.2%	-	-	-
Non-controlling interests ⁽⁵⁾	-12	-2	85.6%	-	-	-
Net income group share ⁽⁵⁾	129	144	11.2%	-	-	-

(1) Eliminations & adjustments;

(2) Equity method results: includes direct income related to investments consolidated by the equity method (mainly Sonae Sierra and NOS);

(3) Depreciations & amortizations including provisions & impairments;

(4) Direct results before non-controlling interests;

(5) Excluding Zon-Optimus merger effects and Impairments booked in 3Q13.

In 2014, **direct results** reached 127 M€, 4.4% above 2013 and benefiting from the lower level of net financial activity (-5 M€ vs. 2013) and taxes (-5 M€ vs. 2013), which more than compensated the lower equity method results.

Excluding the merger effects between Optimus and Zon, as well as the impairments recorded in 3Q13, **indirect results** reached 19 M€ in 2014, almost in line with the 20 M€ posted in 2013⁽⁵⁾. This performance is benefiting from the upward revaluation of Sonae Sierra assets, which has also been impacted by the NOS mark to market effect.

Non-controlling interests reached negative 2 M€. This line was impacted by the change in the participation at Sonaecom's capital. **Net income attributable to the Group** totalled 144 M€, growing 11.2% against 2013⁽⁵⁾ and benefiting from the performance of direct and indirect results.

In 2014, **consolidated turnover** grew 3.2% to 4,974 M€, and **underlying EBITDA** reached 380 M€, posting an increase of 0.6% when compared to 2013. The improved profitability of Sonae SR, Sonae RP and Sonae IM divisions was sufficient to compensate the negative impact of Sonae MC, resulting from the stronger promotional activity. **Underlying EBITDA margin** reached 7.6%, a value that compares with 7.8% registered in 2013.

The **EBITDA** amounted to 417 M€, comprised of the following:

- (i) underlying EBITDA of 380 M€;
- (ii) equity method results of 42 M€, including Sonae Sierra direct results, as well as NOS and GeoStar contributions; and,
- (iii) non-recurrent items.

Net financial activity totalled negative 77 M€ in 2014, improving 5.8% when compared to 2013, backed by a combination of a lower net debt level and a lower cost of debt. It should be noted that financial results are only related to Retail and investment management businesses.

The average interest rate of outstanding credit facilities at the end of 2014 was around 3%.

Capital structure

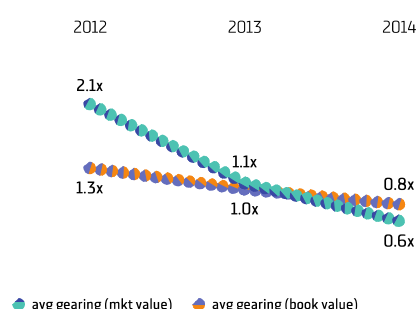
Net invested capital			
Million euros	2013	2014	y.o.y.
Net invested capital	3,127	3,105	-0.7%
Technical investment	2,031	2,034	0.1%
Financial investment	1,364	1,279	-6.2%
Goodwill	610	611	0.1%
Working capital	-878	-819	6.7%
Total shareholders funds	1,908	1,854	-2.9%
Total net debt⁽¹⁾	1,219	1,251	2.6%
Net debt / Invested capital	39.0%	40.3%	1.3 p.p.

(1) Financial net debt + net shareholder loans.



Gearing

Million euros

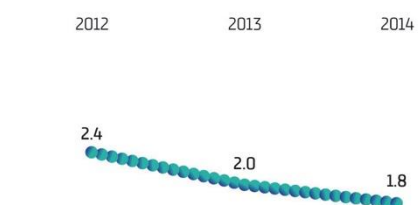


Net debt			
Million euros	2013	2014	y.o.y.
Net financial debt	1,214	1,248	2.8%
Retail units	763	683	-10.5%
Investment management	30	42	39.9%
Holding & other	421	523	24.1%
Total net debt	1,219	1,251	2.6%



Capital Structure - Retail

Net debt to EBITDA



Total shareholders' funds amounted to 1,854 M€ in 2014, 54 M€ below 2013, due to a reduction in minorities following the increase in the participation at Sonaecom's share capital.

Sonae continued strengthening its balance sheet, presenting, in 2014, an average book value gearing of 0.8x. Average gearing at market value stood at 0.6x, improving 0.5x when compared with 2013.

On 31st December 2014, **total net debt** reached 1,251 M€, increasing 32 M€ when compared to 2013, and impacted by the payment of Sonaecom shares to FT, which occurred in August. If we exclude this payment, total net debt would have reduced by 73 M€, continuing the decreasing trend over the last quarters.

The commitment to FT has been reflected in Sonae consolidated accounts since June 2013 under "other creditors", but was not qualified as financial debt.

Regarding the **debt maturity profile**, during 2014 Sonae completed a number of financing transactions with maturities up to 7 years. These operations enabled Sonae to anticipate, under favourable conditions, the refinancing programme of the credit facilities maturing in 2015, as well as a significant part of the credit facilities maturing in 2016. Besides optimising the cost of funding and smoothing the amortisation profile, Sonae was able to diversify its banking pool.

In 2014, **retail net debt** reduced 80 M€ to 683 M€, driven by sustainable cash flow generation over the last 12 months. Retail total net debt to EBITDA reached 1.8x at the end of 2014, providing evidence of Sonae solid capital structure.



Capital Structure

Loan-to-value(%) - Holding



At the end of December 2014, **holding net debt** reached 523 M€. The **loan-to-value** ratio of the holding remained stable when compared to December 2013, registering a conservative level of 11%.





Business segments

Sonae business segments reflect our strategy focusing on retail, where we have a large experience both in food and specialised retail, with two major partnerships in the fields of Telecommunications (NOS) and Shopping Centres (Sonae Sierra). Our activity is spread across 67 countries, including operations, provision of services to third parties, representation offices, franchising and partnerships. Wherever we are present, we always make sure that our values are well understood and that we are focused on promoting sustainable growth based on social and economic development.



Sonae MC

Sonae MC is part of the Portuguese society. Continente has been distinguished for the 12th successive year as a Brand of Trust and for the 11th successive year as a Superbrand. Well's has been recognised for the first year as a Brand of Trust. This recognition highlights our commitment towards our clients.

Sonae MC, the food retail business, reinforced its market position in Portugal. Continente and Well's performances are unique and both businesses assume the market leadership of their business segments. At **Sonae MC**, we are devoted to understanding the needs of Portuguese consumers, and we have extensive experience in customising our offers and promotional tools to rapidly adjust to the needs of the market. Furthermore, it is worth highlighting the Continente Loyalty card that continues to excel and represents more than 90% of sales during the year.



Well's and note! open to franchising agreements

Sonae has opened two of its specialised brands to entrepreneurs and businessman through franchising agreements: the Sonae brand specialist in pharmacy, well-being and optical products – Well's, leading in Portugal with 150 stores; and the Sonae brand bookstore and specialist in stationery, note!. In both cases, the new franchising stores can either be new facilities built from scratch or they can be the result of renovating existing stores, profiting from the already established awareness of Well's or note! brands, as well as from each product range, pricing, store concept, and the unique promotional proposals based on Continente's loyalty card.

The franchisees benefit from the support of a dedicated team, with the provision of continuous back-office support, specific training given to staff, access to the best sourcing prices and conditions, support regarding the development of the store project, layout, equipment and merchandising. The franchised stores profit from integrated information systems with Sonae, which facilitates business management and efficient logistics and allows the franchisees to focus on customer service.



Meu Super reaches its 140 store target

The Meu Super franchising network continues to be highly successful with regard to its expansion strategy. The 2014 goal of opening 100 stores in Portugal was reached before the deadline with remarkable geographic expansion, from the north to the south of the country.

Committed to being as easily accessible to families as a grocery store with dairy and fresh products, with the prices and confidence that the Portuguese people are familiar with and value. Meu Super gave new drive to traditional commerce, making an increasing number of franchisees very proud.

These excellent outcomes are the result of the professionalism of the Meu Super staff, Sonae colleagues and the Meu Super franchisees, and customers who were won-over and kept every day with a new store concept, which has now become part of many families' lives and that promises to continue in a positive light.



Continente – our first-ever store is now our newest store

The first-ever Continente store in Portugal was entirely renovated with the exclusive idea of providing its customers with the perfect shopping experience. Each section was designed according to the most demanding needs of our customers. We redesigned spaces, improved the decoration and added new services. The innovations include more personalised customer support services in specific areas, the option to buy tea, coffee, sweets, fruit and vegetables and other products in bulk, pre-packaged products such as fish and meat to speed up the shopping process, a larger range of healthy and organic products and a new wine cellar with specialist advice on the best deals available. A new checkout system was added to the existing ones, however this one is a single line checkout. A screen helps customers to identify which checkout counter will serve them. It is easy, simple and faster.

Continente continues to make the day to day shopping experience more practical by maintaining the quality of the products offered, through the visual harmony of the store areas and by continuing to expand its warmth and high-quality service experience

Sonae MC – 478 stores operated by the company and 162 stores under franchise and joint-venture agreements generated a 3,461 M€ turnover in 2014.

Food retail businesses:

Continente – 40 hypermarkets (centrally located and more than half situated in leading shopping centres) – with an average area of approximately 7 thousand sqm and average Stock Keeping Units (SKUs) of 70 thousand. Non-food area (typically light bazaar and textiles) representing less than 15% of total sales.

Continente Modelo – 121 supermarkets (+76 under franchising agreements), typically located in medium-sized population centres, with an average area of 2 thousand sqm and with a number of SKUs well above competitors. These supermarkets are based on location and convenience, with a light bazaar offering representing less than 10% of sales (no textiles offer).

Continente Bom Dia – 41 small, convenience food stores, with an average sales area of around 1,024 sqm. Renewed concept based on the quality and variety of fresh products, ideal for more frequent daily shopping.

Meu Super – 140 franchised local food stores, with areas between 150 and 500 sqm, located mainly in residential areas within large city centres. Sonae MC offers the franchisees store management support, a guaranteed competitive price and access to Continente's private label offer, as well as other suppliers' products.

Adjacent business

Bom Bocado – 102 stores (+ 4 under franchising agreements), coffee shops and small snack-bars. Variety and quality with a fast service and great price.

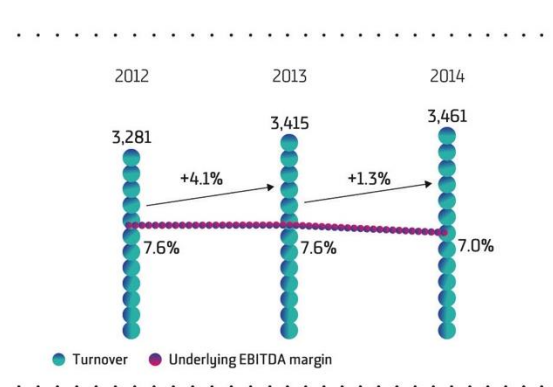
Note – 20 book shops (+2 under franchising agreement), stationery and tobacco.

Well's – 147 stores (+9 under franchising agreement) dedicated to parapharmacy, beauty products, health and well-being care, eye glasses and optical services.

Turnover and underlying EBITDA

Yearly trend

	2012	2013	2014
LfL (%)	-2.0%	1.4%	-2.1%
Turnover % Growth	-1.4%	4.1%	1.3%



In 2014 **Sonae MC turnover** amounted to 3,461 M€, growing 1.3% and 45 M€ y.o.y.. The turnover increase was driven by the sales area expansion in which we would like to highlight the opening of 3 Continente Modelo and 5 Continente Bom Dia stores.

During this year, **Sonae MC** strengthened its leading market share in the Portuguese food retail sector⁶ supported by:

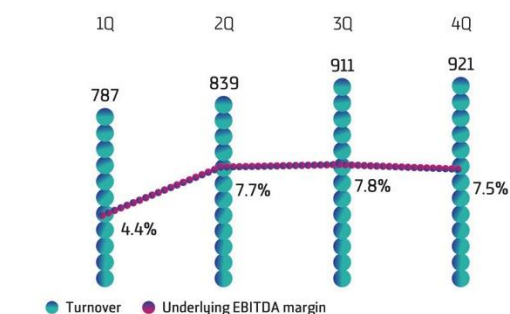
- an important investment on prices for the benefit of our customers, continuing to guarantee the lowest prices in the Portuguese market;
- continuous improvements in the quality of the products offered. In 2014, Continente was voted for the 12th consecutive year as a Brand of Trust by Reader's Digest, proving consumers continuous recognition of Sonae's high quality products;
- largest variety of private label references and other supplier brands, giving us the ability to rapidly respond to changes in consumer habits (Continente's private label portfolio continued to represent approximately 30% of the turnover of FMCG categories in 2014);
- selective opening of stores and the positive contribution of franchising opportunities;
- 10% growth of online sales, supported by the renewed e-commerce platform; and,

⁶ For example, A.C.Nielsen's Homescan 2014 YTD evolution until December 28th estimated market share gain of 0.9 p.p. for Continente.

Turnover and underlying EBITDA

Quarterly performance

	1Q14	2Q14	3Q14	4Q14
LfL (%)	-2.3%	-0.3%	-2.9%	-2.8%
Turnover % Growth	1.7%	3.5%	0.4%	0.0%



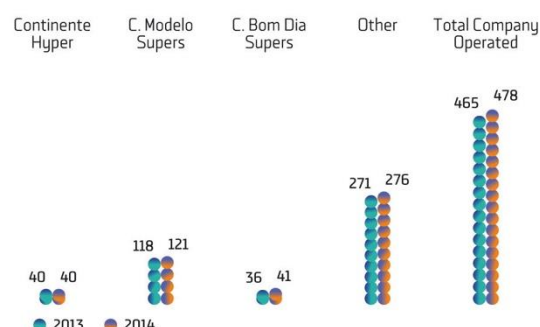
- a very good performance of the Well's format.

Sonae MC underlying EBITDA totalled 241 M€ in 2014, corresponding to an **underlying EBITDA margin** of 7.0%. On a quarterly basis, the **underlying EBITDA** reached 70 M€, which results in an **underlying EBITDA margin** of 7.5%. When compared to 2013, the lower underlying EBITDA was impacted by the highly competitive environment experienced for another year in Portugal, with a strong promotional effort leading to an internal deflation of 1.9% (0.4% in the 4Q14).

Nevertheless, **Sonae MC** was able to maintain the benchmark profitability, as a result of logistical and operational efficiencies, as well as the targeted promotional activity supported by the Continente Loyalty Card (which represented more than 90% of sales in 2014).

Sonae MC

Company operated stores



In 2014, **Sonae MC Capex** stood at 105 M€, 2 M€ above the value registered last year.

In 2014 **Sonae MC** opened 84 stores under franchising agreements, closing the year with 162 stores (43,000 sqm) in this format. During the year, 75 Meu Super stores were opened, ending 2014 with 140 stores and largely surpassing the 100 stores target set last year.



Sonae SR

Our specialised retail unit, **Sonae SR**, covers the categories of electronics, sports goods and fashion. **Sonae SR** had a good year consolidating the recovery after a severe drop in the levels of private consumption in the Iberian market. We have redefined some aspects of our strategy aligning our market position with our customers. The results are excellent and our brands are highly valued by our customers. Zippy, Worten and Sport Zone have been recognised as a Brand of Trust and Worten has also been distinguished as a Superbrand. **Sonae SR** has continued to strengthen its position in the Iberian market, reinforcing its position as market leader in Portugal and strengthening the market position in Spain.



Mo thrives in the domestic market and expands its presence internationally

MO, the largest Portuguese chain of clothing stores belonging to the Sonae group, opened another 10 stores with the new concept introduced last year. After the repositioning carried out in 2013, with the rebranding that resulted in a better value proposition at the product level and the launch of a completely new and differentiating store concept, in 2014, the focus on MO is enhanced by strong investment in the refurbishment of stores with the new concept.

At the same time MO has expanded its international activity opening the first stores in Bulgaria and Mozambique. The value proposition is based on the quality of the products at attractive prices, with the potential for adapting to different contexts. Sonae brands are gaining the interest of consumers and business partners around the world, which is contributing to the strengthening of geographical expansion and increased international revenues. In both countries entry is carried out through franchising agreements, following Sonae's strategy of growing internationally through capital light solutions.

The entry of MO into Mozambique marks the opening of the first store of the retail area of Sonae in sub-Saharan Africa, a region where its brands have a strong potential for growth. Mozambique has a population bigger than 25 million inhabitants and is one of the countries with the best growth perspectives in the world, with impact on consumer and purchasing power. The store opening in Bulgaria gives access to a market of more than 7 million inhabitants with growing purchasing power.



Sport Zone: new concept store where the love of sport is allied with functionality

The field of Sports are coloured by fierce emotions, passion, enthusiasm and adrenaline. Sport Zone, as a major retailer in the area of sport in Portugal aims to inspire athletes, beginners and sports enthusiasts, by creating a benchmark store with a distinctive concept and adjustable to various business segments. A store with life, rhythm, where our colleagues breathe and nurture their love of sport and offer customers a unique shopping experience. A temple for the best and most world renowned brands, which ally emotion to functionality, facilitating customers to find the product they need, through a clear identification of the areas dedicated to 4 key sports – football, running, cycling and



Zippy is now online

The first Zippy online store launched officially in 2014, through an innovative platform that makes a wide range of clothes and childcare products available to newborns and infants from 0 to 14 years of age. This opening is part of the Zippy strategy that aims towards complementarity and convergence between the 38 stores in Portugal and Spain and the virtual store, reinforcing the leading position of Zippy.

Conceived for the modern user, Zippy online strengthens the brand value proposition to its customers, by offering a more comfortable and enriching shopping experience. The launch of the virtual store responds to the increasing needs of the new consumer, increasingly well-informed and digitally active.

With the goal of facilitating the shopping experience and of guaranteeing value added to the consumer, the online store allows the consumer to choose the goods' delivery destination, whether it is at home or to any store. Reinforcing its commitment with a clear promise of complementarity between real and virtual channels.

The online store reflects the Zippy ambition of offering innovative solutions, contributing to greater customer involvement and fostering growth of the brand.



Worten: the omni-channel strategy

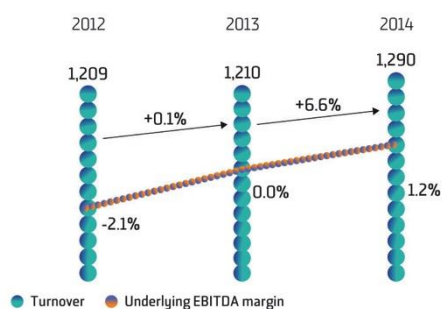
Under the Sonae omni-channel strategy, the Worten website was developed with the aim of promoting sales and customer satisfaction. With a specific focus on "How to buy", with more information available about each product, better pictures and demonstrative videos, the website today has multi-device usability, which enables communication through all digital platforms. Customers from the Worten online store can collect their products bought online at any Worten store. They can also search and see the products they need and then reserve the product in a specific store.



gymnasiums/fitness, and through a layout and design that clearly displays products. Some of these novelties include the "stadium effect" at the store entrance, the strong digital component of in-store communication, and the creation of the "expert assistant" within each key-sport area.

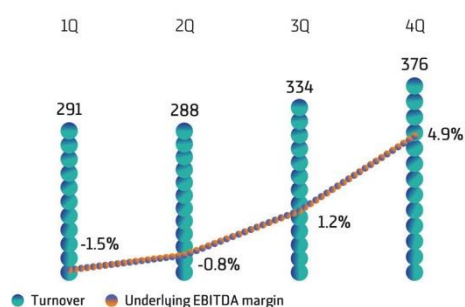
Turnover and underlying EBITDA

Yearly trend



Turnover and underlying EBITDA

Quarterly trend



Performance per geography

	2013	2014	y.o.y	4Q13	4Q14	y.o.y
Turnover (million €)	1,210	1,290	6.6%	383	376	-1.8%
Portugal	877	930	6.1%	279	278	-0.6%
International	333	359	7.8%	104	99	-4.9%
EBITDA (million €)	-1	12	-	16	15	-2.9%
Portugal	39	48	25.4%	26	24	-5.5%
International	-40	-36	9.7%	-10	-9	9.6%
EBITDA margin (%)	-0.1%	0.9%	1.1 p.p.	4.1%	4.0%	0.0 p.p.
Portugal	4.4%	5.2%	0.8 p.p.	9.2%	8.8%	-0.5 p.p.
International	-12.0%	-10.1%	2.0 p.p.	-9.8%	-9.3%	0.5 p.p.
LfL (%)	-3.8%	4.6%	8.4 p.p.	5.0%	-1.2%	-6.2 p.p.
Portugal	-2.7%	5.5%	8.2 p.p.	4.9%	-0.8%	-5.7 p.p.
International	-6.8%	0.8%	7.6 p.p.	5.7%	-3.3%	-9.0 p.p.

In 2014, **Sonae SR turnover** reached 1,290 M€, increasing 6.6% (6.1% in Portugal and 7.8% Internationally), notwithstanding the strategy of rightsizing of the store network, including area reduction in various stores (decreasing almost 14 thousand sqm between 2013 and 2014).

During the year, we continued the key lines of our strategy, that include: development and roll-out of new store concepts for the four businesses, rightsizing of the store network, reinforcement of international businesses under a capital light approach, strongly supported by franchising, and improvement of omni-channel experience, already in place at Worten.

Concerning the main achievements in 2014, we would like to highlight the following:

- Worten reinforced its position in the consumer electronics market, gaining market share in Iberia;
- Zippy continued to expand its international presence, ending 2014 with 47 franchised stores across 17 different countries;
- Consolidated online sales grew 78% when compared to 2013, supported by the new Worten, Sport Zone and Zippy e-commerce platforms;
- Already in 2015, MO launched its e-commerce platform, a project that was developed throughout 2014.

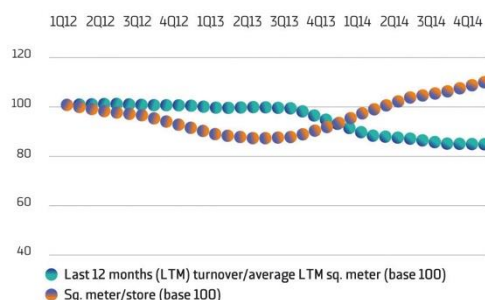
As in 2013, **Sonae SR** reached a positive **underlying EBITDA** of 15 M€, supported by the evolution of Portuguese and International businesses. This was backed by the improved top line performance, combined with the measures implemented.

In Portugal, EBITDA grew 25.4%, to 48 M€. Internationally, although still negative, EBITDA improved by 4 M€.



SR International organic

LTM turnover/sqm evolution



Note: includes online sales.

Sonae SR – Company operated stores ⁽¹⁾

Country	Business	Stores		Sqm/store	
		2013	2014	2013	2014
Portugal	Worten	179	181	706	677
	Sport Zone	76	77	838	836
	MO	108	108	509	506
	Zippy	38	38	328	329
Spain	Worten	44	47	1,912	1,626
	Sport Zone	34	34	1,174	1,065
	Zippy	40	35	308	294
Turkey	Zippy	2	2	340	254
Portugal		401	404	642	629
International		120	118	1,142	1,046
Company Operated		521	522	757	723

Sonae SR – Franchising stores ⁽¹⁾

Country	Business	Stores		Sqm/store	
		2013	2014	2013	2014
Portugal	Worten	4	4	433	433
	Sport Zone	2	3	623	546
	MO	5	5	299	299
Spain	Sport Zone	0	1	-	289
	MO	9	8	402	407
Malta	MO	3	3	254	237
	Zippy	3	3	203	173
Other countries	MO	0	2	-	364
	Zippy	32	44	237	223
Portugal		11	12	407	406
International		47	61	268	251
Total Franchising		58	73	294	277

⁽¹⁾ EoP net figure.

Sonae SR Capex reached 63 M€ in 2014, 30 M€ above the value achieved in 2013.

The investment made during 2014 at **Sonae SR** was impacted by the opening of 16 stores, namely:

- 3 Worten stores in Portugal;
- 6 Worten stores in Spain;
- 2 Sport Zone stores in Portugal;
- 3 Sport Zone stores in Spain;
- 1 MO store in Portugal; and,
- 1 Zippy store in Portugal.

At the end of 2014, **Sonae SR** operated 522 stores, corresponding to 377,000 sqm and included 118 stores outside of Portugal (123,000 sqm).

Sonae SR ended 2014 with 73 stores under franchising agreements (20,000 sqm), including 61 outside of Portugal. During 2014, **Sonae SR** opened 23 new stores, 22 of which outside of Portugal, thus reinforcing its international expansion. It is worth highlighting that **Sonae SR** entered 5 new countries in 2014: Bulgaria and Mozambique with the MO format, Chile, Georgia and Armenia with the Zippy format.

Sonae RP

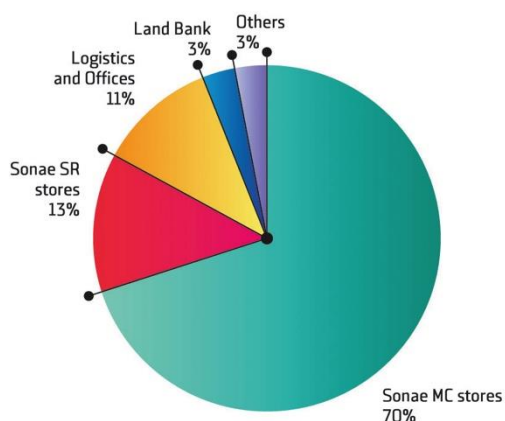
Sonae RP, the retail real estate business area, was set up to actively manage Sonae's retail real estate properties, comprising mainly stores operated under Sonae MC and Sonae SR businesses. The core activity of this unit has been asset management: identifying property development opportunities and planning to release invested capital, through a decrease in the level of freehold ownership of retail sales area, mostly in the food business. Despite some asset sales and sale and leaseback transactions carried out until the end of 2011, as well as some small sale and leaseback transactions completed throughout 2014, Sonae still demonstrates a level of freehold of retail real estate significantly higher than that of other retailers in Europe (73% freehold at Sonae MC and 28% freehold at Sonae SR).

Turnover and underlying EBITDA						
Million euros	2013	2014	y.o.y.	4Q13	4Q14	y.o.y.
Turnover	124	126	1.9%	31	32	1.4%
Underlying EBITDA	115	116	1.6%	31	31	-0.3%
Underlying EBITDA margin	92.4%	92.2%	-0.3 p.p.	99.0%	97.3%	-1.7 p.p.

In 2014 **Sonae RP turnover** amounted to 126 M€, 1.9% above 2013. The **underlying EBITDA** increased 1.6%, reaching 116 M€ in 2014, which translates into an **underlying EBITDA margin** of 92.2% and an **EBIT ROCE** of 7.3%.



Sonae RP Portfolio



At the end of 2014, the **net book value of the capital invested** in retail real estate assets amounted to 1.21 bn€.

Sonae currently maintains a freehold level of approximately 73% of its food retail selling area and 28% of its non-food retail space.

Sonae RP continues to support retail operations, acquiring new plots for store development and investing in maintaining the high quality of real estate assets.

Aligned with its strategy of monetisation of real estate assets, **Sonae RP** is actively developing its market presence and efforts in order to successfully fulfil all sale and leaseback targets.

Accordingly, **Sonae RP** completed four sale and leaseback transactions during 2014. Those transactions amounted to 14.5 M€, corresponding to a capital gain of 1.5 M€.

Sonae RP Capex totalled 27 M€ in 2014, 2 M€ below 2013.



Sonae IM

The implementation of corporate and business strategies is also supported by the **Sonae IM** area. It adds value to the company by maximising shareholder's return on Sonae's portfolio, vigorously supporting core business M&A planning and execution and reinforcing Sonae businesses' networking with industry players, M&A advisors and investment banks. **Sonae IM** portfolio includes a company operating in the DIY retail (Maxmat), a travel agency (Geostar), insurance brokerage (MDS) as well as Wedo Technologies, Saphety, Mainroad, Bizdirect and Público.

Sonae IM portfolio	
Software and Systems Information unit from Sonaecom	
WeDo Technologies	Bizdirect
Saphety	S21Sec
Retail technology	
Tlantic ¹	Movvo
Partnerships	
MDS	GeoStar ²
Maxmat ¹	Público

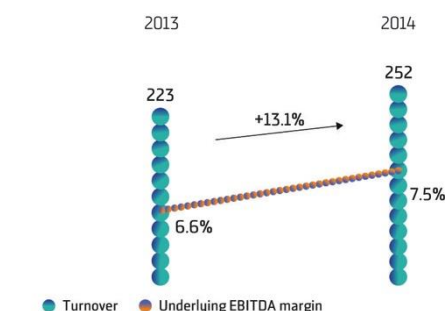
(1) Sonae holds 50% of Maxmat and 77.7% of Tlantic and adopts the full consolidation method to report its results

(2) GeoStar is reported using the equity method.

Turnover and underlying EBITDA						
Million euros	2013	2014	y.o.y.	4Q13	4Q14	y.o.y.
Turnover	223	252	13.1%	59	66	11.9%
Underlying EBITDA	15	19	28.1%	7	8	8.5%
Underlying EBITDA margin	6.6%	7.5%	0.9 p.p.	12.0%	11.6%	-0.4 p.p.

Turnover and underlying EBITDA

Yearly trend



Tlantic grows internationally: more than 30% of its turnover from outside Portugal

With offices in Europe and Latin America, the company stepped up expansion to different geographic areas with the opening of a new office in the UK and with the enlargement of the São Paulo office.

Tlantic, a company specialised in developing solutions for retail, derived more than 30% of its turnover from outside Portugal in 2014. The company has in its client portfolio such world renowned retailers as Grupo Pão de Açúcar, Carrefour, Dufry, Marisa Lojas and Massmart Discounters.

In October 2014, Tlantic organised an unprecedented event with world experts - "The Everywhere Store". The aim of the event was the sharing of ideas, experiences and success stories and the discussion of the new global retail paradigm. Attended by over 120 participants from Europe, North America and Latin America, the event involved world-wide retailers namely Tesco, Leroy Merlin and Dufry, as well as attendance by international academia.

Sonae IM turnover reached 252 M€ in 2014, 13.1% above 2013. Top line performance has partially benefited from the increase of 12.7%⁷ at the SSI division. On a quarterly basis, **Sonae IM turnover** increased 11.9%, to 66 M€. **Sonae IM underlying EBITDA** totalled 19 M€, a growth of 28.1% when compared to 2013, corresponding to an **underlying EBITDA margin** of 7.5% in 2014 (and 11.6% in 4Q14).

During 2014, the **SSI** unit continued to pursue its strategy of active portfolio management. In July 2014, Sonaecom acquired a 60% participation of **S21Sec**, a Madrid-based multinational company specialised in cyber security services. **S21Sec** is still undergoing a turnaround process but is showing very positive signs. Also, in September 2014, Sonaecom announced the sale of the total share capital of **Mainroad** to NOS.

WeDo Technologies continued to expand its international presence, ending 2014 with international turnover representing 74.8% of total turnover. According to a new report from Stratecast | Frost & Sullivan, **WeDo Technologies** was recognised, already in January 2015, as the global market share leader by earned revenue for the Financial Assurance software solution market.

⁷ Includes Mainroad contribution.

Another important milestone in the SSI business is related to **Saphety**. The company's customer base has now over 8,100 customers and 100,000 users in about 20 countries worldwide. Concerning **Bizdirect**, the company increased turnover by 20.2% in 2014 when compared to 2013. International revenues increased significantly and are already representing 12.2% of turnover.

As regards retail technology businesses, in 2Q14 **Sonae** concluded an investment in **Movvo** (ex-Around Knowledge), a Portuguese startup company that developed a proprietary tagless real time location technology. This technology allows the flow of people in physical spaces to measure and provide relevant information for retailers. Also, **Tlantic** fueled top line mainly due to the increased contribution from clients outside the Group.

Sonae IM partnerships were able to deliver good operational performance in this quarter:

MDS presented the strongest quarter of the year both in Portugal and Brazil, growing gross revenues and EBITDA when compared to 2013;

Maxmat increased LfL sales by 7% and EBITDA by 4% against 2013; and,

GeoStar gained market share⁸ during the year (1.7% increase in BSP sales versus a market decrease of 1.2%), and more than doubled its EBITDA y.o.y..

⁸ BSP refers to IATA Billing and Settlement plan.

Open Market Value (OMV) and leverage

Billion euros



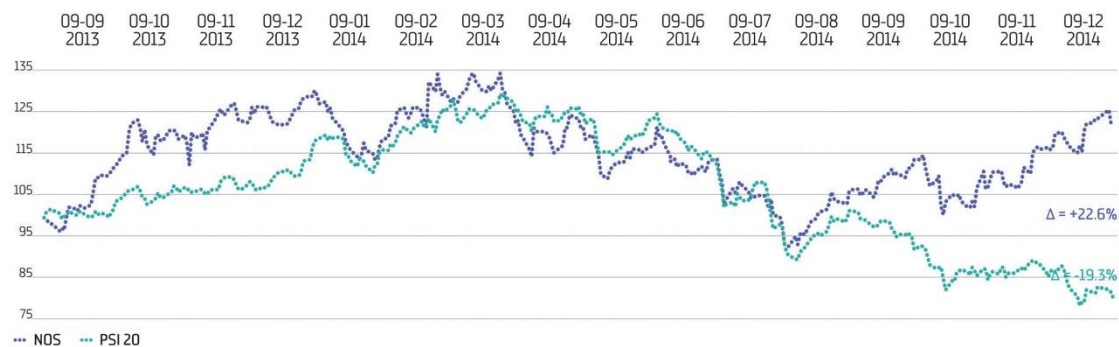
On 31st December 2014, the **OMV (Open Market Value)** attributable to **Sonae Sierra** was 2.080 bn€, 3 M€ below 2013 year-end, benefiting with the investment properties value increase and the acquisition of an additional stake in CCC Portimão and AlbufeiraShopping that almost compensated the sale of assets. **NAV (Net Asset Value)** stood at 1.115 bn€ at the end of 2014, 115 M€ or 11.4% above December 2013.

At the end of December 2014 the **loan-to-value** ratio remained at a conservative level of 41.5%.

RGU growth is leading to a significant uplift in residential fixed access **ARPU**, which grew by 4.7% y.o.y..



NOS market performance



Subsequent to the merger between Optimus and Zon (currently NOS), and since the day in which new shares issued were listed on September 9th 2013, and until December 31st 2014, the company's market capitalisation grew 22.6%, corresponding to a share price increase from 4.27€ to 5.24€. The PSI20, the main Portuguese index, decreased its market capitalisation 19.3% in the same period.



Outlook for 2015

In 2015, we expect a consolidation of the improving growth trend in Portugal and an acceleration of economic growth in Spain. However, both countries are still recovering from a deep economic crisis and we are aware of internal vulnerabilities. Nevertheless, we believe in a cautiously positive outlook for the Iberian economies in 2015 with expected private consumption increases benefiting not only the retail but also the Shopping Centre business. As far as the global economy is concerned, we believe it might benefit from the accelerated growth in developed countries, coupled with the expected fall in oil price.

In **food retail business**, price deflation was significantly reduced in the last quarter of the year and we expect a more favourable 2015, with a rational pricing evolution. We are confident that in 2015 Sonae MC will reinforce its leading market position, continuing to benefit from logistical, operational and promotional efficiencies and maintaining the benchmark levels of profitability.

In **Sonae SR**, we expect to improve our top line performance, benefiting from the macroeconomic conditions. For 2015, besides strengthening our leading position in Portugal, we expect to speed up the recovery of our businesses in the Spanish market, while continuing International expansion through a capital light approach.

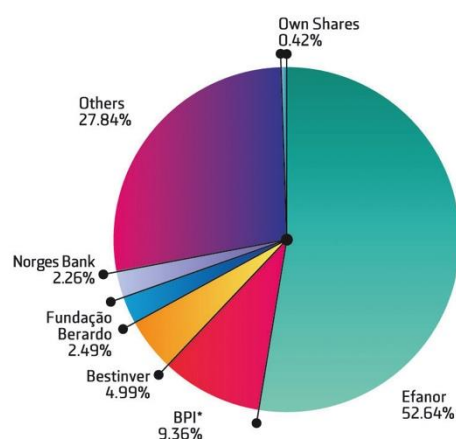
Sonae RP will continue to support the growth of retail operations and the quality of its assets. Sonae RP is facing increased interest in its assets. As such, we continue to examine options around releasing capital from our mature real estate assets within Sonae RP. This includes a range of potential strategic options including, among others, the sale and leaseback of asset(s) to third parties across a range of potential markets.

In the case of our core partnerships, **Sonae Sierra** will continue following its strategy of recycling capital and development of property management services. We believe that the positive operational trend continues with Sonae Sierra benefiting from the expected increase in private consumption. In 2015, we believe that **NOS** will further strengthen its leading position in the convergent telecommunications market.

As a group, always keeping as a priority the sustainability of our core businesses, we will go on leveraging our competencies of developing products and brands, while exploring international opportunities focusing on a capital light approach.

Information on shareholdings and share performance

Shareholdings



*BPI stake includes Equity swap of circa 122 million Sonae shares (-6% of share capital)

Sonae shares are quoted on the Portuguese stock exchange, NYSE Euronext Lisbon, and are included in several indices, including the PSI 20, with a market cap weighting of 5.42%, as at the end of December 2014. The table below shows the key indicators of Sonae share performance

	2012	2013	2014
ISIN code	PTSON0AM0001		
BLOOMERG code	SON PL		
REUTERS code	SONP.IN		
Share capital	2,000,000,000	2,000,000,000	2,000,000,000
Prices			
Year close	0.687	1.049	1.024
Year high	0.719	1.110	1.419
Year low	0.368	0.664	0.942
Avg. trading volume per day (shares)	1,811,356	2,645,077	3,786,300
Average trading volume per day (€)	924,433	2,271,751	4,518,003
Market cap. as at 31 st Dec (M€)	1,374	2,098	2,048

Sonae shares ended the year 2014 quoted at 1.024 euro, reflecting a nominal decrease of 2.5% during the year, which compares with a decrease of approximately 26.8% of the reference index of the Portuguese Stock Market – the PSI 20. There was also higher volume of shares traded in the stock market, with Sonae's average trading volume up in 2014 to approximately 3.8 million shares per day.

During 2014 Sonae completed some transactions with own shares. These transactions were made at the Euronext Lisbon Stock Exchange, both through Sonae and its subsidiary Sonaecom, as summarized in the following table:



Date	Nr of Shares	Price (€)	Side	Company
20-03-2014	920,000	1.3173	Buy	Sonaecom
21-03-2014	1,030,000	1.3266	Buy	Sonaecom
24-03-2014	1,885,000	1.3247	Buy	Sonae
14-04-2014	630,000	1.3052	Buy	Sonae
14-04-2014	160,000	1.3031	Buy	Sonaecom
15-04-2014	465,000	1.2958	Buy	Sonae
16-04-2014	530,000	1.3146	Buy	Sonae
17-04-2014	450,000	1.3354	Buy	Sonae
15-05-2014	755,000	1.2125	Buy	Sonae
15-05-2014	2,228,985	1.2272	Buy	Sonaecom
16-05-2014	1,532,973	1.2111	Buy	Sonae
19-05-2014	970,000	1.2221	Buy	Sonae
20-05-2014	710,000	1.2263	Buy	Sonae
21-05-2014	750,000	1.2474	Buy	Sonae
22-05-2014	809,700	1.2608	Buy	Sonae
23-05-2014	535,393	1.2737	Buy	Sonae

During 2014, the main announcements with a possible impact on Sonae's share price were as follows:

- 22.01.2014 - 2013 preliminary retail sales
- 10.03.2014 - Medium and Long-term debt refinancing
- 19.03.2014 - 2013 annual results
- 05.05.2014 - Dividend payment for the year 2013
- 14.05.2014 - 2014 first quarter results
- 04.06.2014 - Launching of convertible bonds offer
- 20.08.2014 - 2014 first half results
- 12.11.2014 - 2014 first nine months results
- 20.11.2014 - Cash settled equity swap term extension



Individual net income of Sonae, SGPS, S.A.

Sonae's operations, on a stand-alone basis, are essentially associated with the management of the share-holdings in its subsidiaries. In 2014, the individual net income of Sonae, SGPS, S.A. stood at 959,024,034.34 euros.

The amount of 567,279.00 euros is already reflected in the net income and is planned for the variable remuneration of executive directors, as a distribution of profit, pursuant to art. 2 of art. # 31 of the Articles of Association as proposed by the remunerations committee, which is responsible for the implementation of the remuneration policy approved at the General Meeting held on April 30th, 2014.

Subsequent events

On **21st January 2015**, Sonae Sierra strengthened its professional services business for third parties by celebrating new contracts for the leasing and management of three shopping centres in Hamburg. The company will be responsible for the management and leasing of Union Investment's shopping centres Quarrée Wandsbek-Markt, Mercado and Geschäftshaus Ottensen in Hamburg.

On **23rd February 2015**, MO launched its e-commerce platform. Like the Zippy products, MO products became available online. The partnership with the Continente loyalty card is maintained in case of online sales.

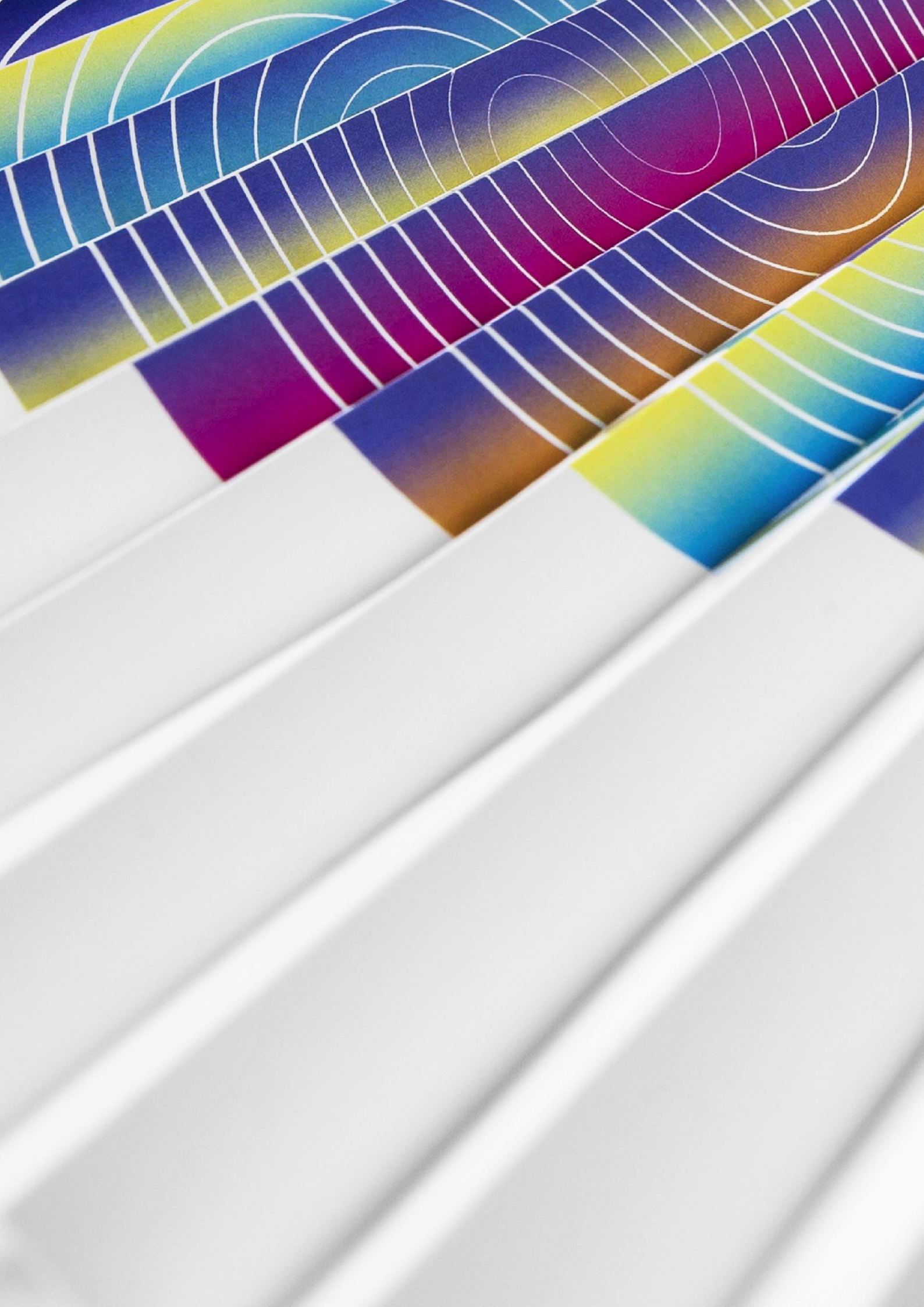
On **9th March 2015**, Sonae received a letter from Efanor Investimentos, announcing Mr. Belmiro Mendes de Azevedo decision of not being a candidate to the membership of Sonae's Board of Directors that will be elected at Sonae's next Annual General Meeting. The same letter mentioned that taking into full consideration the duties of Sonae's Board of Directors and its legal and statutory autonomy regarding the appointment of its Chairman and CEO, it will be proposed to the elected Board of Directors that Duarte Paulo Teixeira de Azevedo should be appointed as Chairman and co-CEO and that Ângelo Gabriel Ribeirinho dos Santos Paupério should be appointed as co-CEO in order to ensure that the company continues to follow a management philosophy that is coherent with that which was carried out until now, in close cooperation with its shareholders' strategic interests.

Proposed allocation of the 2014 net income and dividend distribution

Under the terms of the law and the Articles of Association, the Board of Directors proposes to the Shareholders' General Meeting that the net profit, of 959,024,034.34 euros, is appropriated in the amount of 47,951,201.72 euros to legal reserves; in the amount of 73,000,000 euros to the assigning of an overall dividend; and the remaining amount of 838,072,832.62 euros to free reserves.

The Board of Directors accordingly proposes that a gross dividend of 0.0365 euros per share is paid to the shareholders, excluding from the total dividends of 73,000,000 euros, the amount of dividends that would be attributable to the shares that, at the dividends distribution date, are held by the Company or by any of its subsidiaries, which should be added to the Free Reserves.

This dividend corresponds to a dividend yield of 3.6%, based on the closing price as at December 31st 2014, and to a payout ratio of 58% of the consolidated direct income attributable to equity holders of Sonae.





Closing Remarks and Glossary

SONAE

Glossary

CAPEX	Investments in tangible and intangible assets and investments in acquisitions.
Direct result	Results excluding contributions to indirect results.
(Direct) EBIT	Direct EBT - financial results.
EBITDA	Underlying EBITDA + equity method results (Sonae Sierra direct results, NOS and Geostar) + non-recurrent items.
EBITDA margin	EBITDA / Turnover.
(Direct) EBT	Direct results before non-controlling interests and taxes.
Eliminations & adjustments	Intra-groups + consolidation adjustments + contributions from other companies not included in the identified segments.
EoP	End of period.
Free Cash Flow (FCF)	EBITDA - operating CAPEX - change in working capital -financial investments - financial results - income taxes.
Financial net debt	Total net debt excluding shareholders loans.
FMCG	Fast-Moving Consumer Goods.
Gearing (book value)	Average of last four quarters considering, for each quarter, total net debt (EoP) / total shareholders' funds (EoP).
Gearing (market value)	Average of last four quarters considering, for each quarter, total net debt (EoP) / equity value considering closing price of Sonae shares at the last day of each quarter.
GLAs	Gross Lettable Area: equivalent to the total area available to be rented in the shopping centres.

.....

Return on invested capital (RoIC) EBIT (12 months) / Net invested capital.

.....

Return on equity (ROE) Total net income n (equity holders) / Shareholders' Funds n-1 (equity holders).

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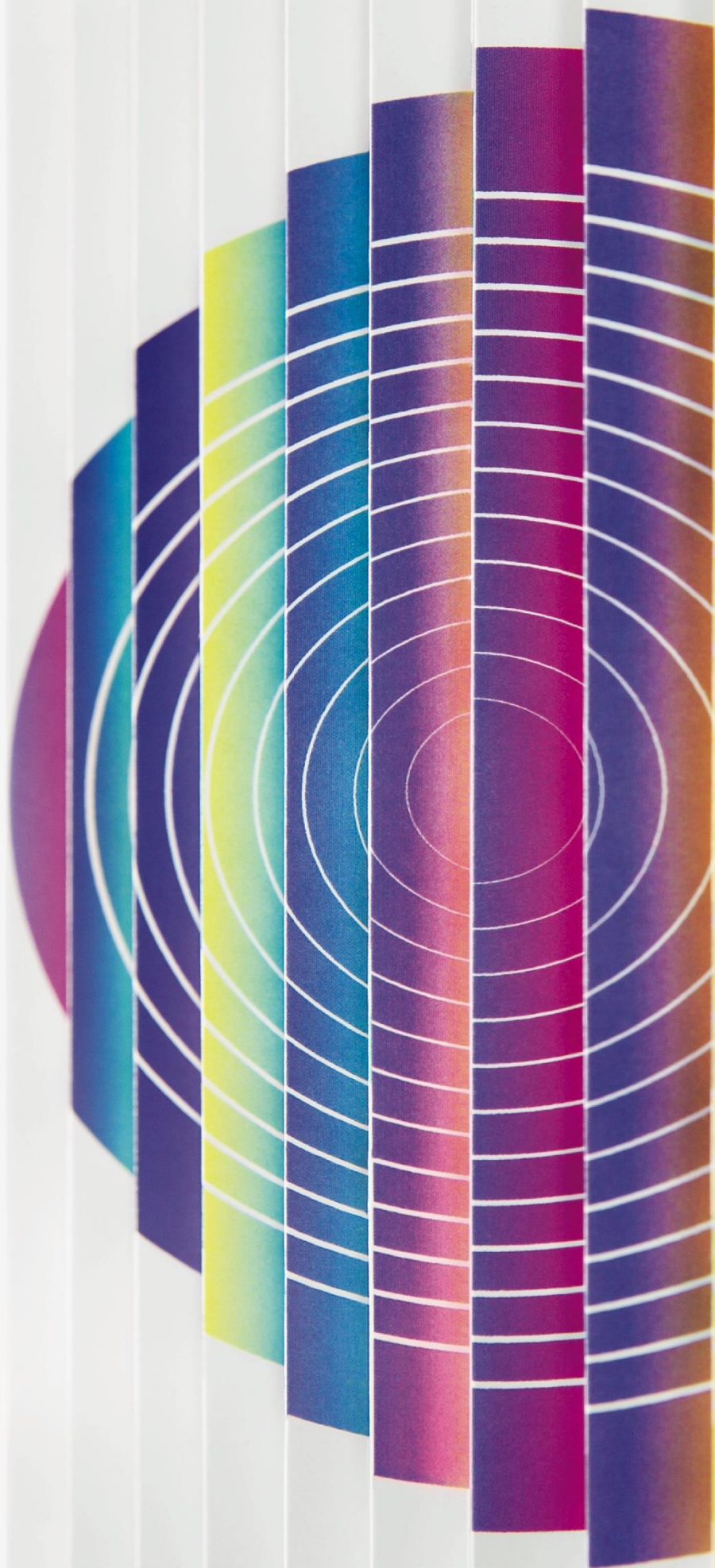
RGU Revenue generating unit.

.....

Technical investment Tangible assets + intangible assets + other fixed assets - depreciations and amortizations.

.....

Underlying EBITDA Recurrent EBITDA from the businesses consolidated using the full consolidation method (Sonae MC, SR and RP and Investment Management).





Appendix

SONAE

Statement under the terms of Article 245 Paragraph 1, c) of the Portuguese Securities Code

Maia, 10th March 2015

The Board of Directors,

Belmiro de Azevedo, Chairman

Álvaro Carmona e Costa Portela, member of the Board of Directors

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

José Neves Adelino, member of the Board of Directors

Duarte Paulo Teixeira de Azevedo, CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério, member of the Executive Committee



Article 447 of the Portuguese Companies Act and Article 14, paragraph 7, of the Portuguese Securities Commission (CMVM) Regulation nr. 05/2008

Disclosure of the number of held shares and other securities issued by the Company and of the transactions executed over such securities, during the financial year in analysis, by the members of the statutory governing and auditing bodies and by people discharging managerial responsibilities ("dirigentes"), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

		Additions		Reductions		Balance as of 31.12.2014
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
Belmiro Mendes de Azevedo (*) (**)						
Efanor Investimentos, SGPS, SA (1)						49,999,996
Sonaecom, SGPS, SA (9)						0
Sale	23-01-2014			75,537	2.580	
Continente Bonds - 7% -2015						876,990
Purchase	20-03-2014	117,000	1.053			
Purchase	21-03-2014	90,000	1.053			
Purchase	24-03-2014	2,705	1.053			
Purchase	27-03-2014	99,500	1.053			
Purchase	31-03-2014	61,000	1.053			
Purchase	01-04-2014	5,000	1.053			
Purchase	02-04-2014	58,500	1.053			
Purchase	04-04-2014	10,000	1.053			
Purchase	08-04-2014	30,000	1.053			
Purchase	09-04-2014	55,000	1.053			
Purchase	10-04-2014	19,000	1.054			
Purchase	11-04-2014	21,468	1.054			
Purchase	14-04-2014	25,000	1.054			
Purchase	15-04-2014	65,000	1.054			
Purchase	16-04-2014	15,000	1.055			
Purchase	21-04-2014	202,817	1.059			
Álvaro Carmona e Costa Portela (*)						
Sonae, SGPS, SA (3)						125,934
Sonaecom, SGPS, SA (9)						0
Sale	24-01-2014			5,000	2.580	
Ângelo Gabriel Ribeiro dos Santos Paupério (*)						
Sonae, SGPS, SA (3)						770,426 (a)
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	02-05-2014	507,276	0.068			
Sale	31-12-2014			500,000	1.033	
Sonaecom, SGPS, SA (9)						0
Sale	23-01-2014			552,837	2.580	
Enxomil - SGPS, SA (10)						10,000 (b)
Continente Bonds - 7% -2015						150,000 (c)
Duarte Paulo Teixeira de Azevedo (*) (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (4)						1,999,996
Sonae, SGPS, SA (3)						928,184 (d)
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	28-04-2014	262,087	0.068			
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	03-07-2014	177,567	0.061			
Michel Marie Bon (*)						
Sonae, SGPS, SA (3)						321,000
Maria Margarida Carvalhais Teixeira de Azevedo (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						14,901
Maria Cláudia Teixeira de Azevedo (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						204,678
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	02-05-2014	163,551	0.068			
Linhacom, SGPS, SA (6)						99,996
Sonaecom, SGPS, SA (9)						0
Sale	23-01-2014			40,566	2.580	(e)
Nuno Miguel Teixeira de Azevedo (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						0 (f)
Arlindo Dias Duarte Silva (*****)						
Continente Bonds - 7% -2015						5,000 (g)



		Additions		Reductions		Balance as of 31.12.2014
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA (3)						200,100,000
Pareuro, BV (2)						5,583,100
Sonaecom, SGPS, SA (9)						0
Sale	23-01-2014			1,000	2.580	
(2) Pareuro, BV						
Sonae, SGPS, SA (3)						849,533,095
(3) Sonae, SGPS, SA						
Sonae, SGPS, SA (treasury shares)						5,560,746
Purchase	24-03-2014	1,885,000	1.325			
Purchase	14-04-2014	630,000	1.305			
Purchase	15-04-2014	465,000	1.296			
Purchase	16-04-2014	530,000	1.315			
Purchase	17-04-2014	450,000	1.333			
Sale	28-04-2014			3,585,251	1.358	
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	28-04-2014			262,087	0.068	
Sale	05-05-2014			62,198	1.358	
Purchase	15-05-2014	755,000	1.213			
Purchase	16-05-2014	1,532,973	1.211			
Purchase	19-05-2014	970,000	1.222			
Sale	19-05-2014			11,509	1.238	
Purchase	20-05-2014	710,000	1.226			
Purchase	21-05-2014	750,000	1.247			
Purchase	22-05-2014	809,700	1.261			
Purchase	23-05-2014	535,393	1.274			
Sale	03-07-2014			121,342	1.220	
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	03-07-2014			177,567	0.061	
Sale	24-07-2014			236,434	1.169	
Sale	07-10-2014			5,932	1.101	
Sonae Investments, BV (7)						2,894,000
Sontel, BV (8)						32,745
Sonaecom, SGPS, SA (9)						81,022,964
Purchase	23-01-2014	1,365,837	2.580			
Purchase	24-01-2014	88,297	2.580			
Purchase	24-02-2014	80,000	2.152			
Purchase	25-02-2014	205,412	2.123			
Purchase	26-02-2014	133,248	2.078			
Purchase	27-02-2014	100,000	2.045			
Purchase	28-02-2014	267,000	2.012			
Purchase	03-03-2014	70,000	1.964			
Purchase	04-03-2014	41,966	1.954			
Purchase	05-03-2014	20,620	1.963			
Purchase	07-03-2014	46,064	2.204			
Purchase	13-03-2014	34,500	2.296			
Purchase	14-03-2014	33,038	2.266			
Purchase	17-03-2014	9,291	2.258			
Purchase	18-03-2014	3,000	2.253			
Purchase	19-03-2014	26,000	2.280			
Purchase	20-03-2014	27,317	2.286			
Purchase	21-03-2014	31,483	2.287			
Purchase	24-03-2014	27,310	2.273			
Purchase	25-03-2014	1,000	2.260			
Purchase	15-04-2014	59,336	1.902			
Purchase	16-04-2014	179,685	1.990			
Purchase	17-04-2014	134,291	2.083			
Purchase	22-04-2014	76,332	2.182			
Purchase	23-04-2014	367,000	2.291			
Purchase	24-04-2014	325,132	2.287			
Purchase	25-04-2014	15,582	2.283			
Purchase	28-04-2014	145,104	2.291			
Purchase	29-04-2014	74,084	2.300			
Purchase	30-04-2014	23,213	2.300			
Purchase	02-05-2014	57,031	2.300			
Purchase	05-05-2014	75,417	2.300			
Purchase	14-07-2014	200,000	1.590			

		Additions		Reductions		Balance as of 31.12.2014
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
(4) Migracom, SGPS, SA						
Sonae, SGPS, SA (3)						1,536,683
Sale	13-06-2014			435,000	1.278	
Sale	17-06-2014			500,000	1.257	
Sale	18-06-2014			465,000	1.264	
Sonaecom, SGPS, SA (9)						0
Sale	23-01-2014			387,342	2.580	
Imparfin, SGPS, SA (5)						150,000
(5) Imparfin, SGPS, SA						
Sonae, SGPS, SA (3)						4,105,280
Continente Bonds - 7% -2015						100,000
Purchase	28-01-2014	222,000	1.050			
Purchase	09-04-2014	411,000	1.050			
Sale	26-05-2014			48,000	1.050	
Sale	29-07-2014			30,000	1.047	
Sale	30-09-2014			25,000	1.048	
Sale	19-11-2014			300,000	1.033	
Sale	27-11-2014			135,000	1.034	
(6) Linhacom, SGPS, SA						
Sonae, SGPS, SA (3)						439,314
Sonaecom, SGPS, SA (9)						0
Sale	23-01-2014			120,300	2.580	
Imparfin, SGPS, SA (5)						150,000
(7) Sonae Investments BV						
Sontel BV (8)						58,555
(8) Sontel BV						
Sonaecom, SGPS, SA (9)						194,063,119
(9) Sonaecom SGPS, SA						
Sonae, SGPS, SA (treasury shares)						2,249,955
Purchase	20-03-2014	920,000	1.317			
Purchase	21-03-2014	1,030,000	1.327			
Sale	28-03-2014			646,614	1.333	
Purchase	14-04-2014	160,000	1.303			
Sale	17-04-2014			696,641	1.298	
Sale	30-04-2014			3,393	1.298	
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	02-05-2014			670,827	0.068	
Sale	05-05-2014			5,794	1.298	
Sale	07-05-2014			48,793	1.298	
Sale	09-05-2014			14,586	1.298	
Purchase	15-05-2014	2,228,985	1.227			
Sale	30-05-2014			2,382	1.294	
Sonaecom, SGPS, SA (treasury shares)						5,571,014
(10) Enxomil - SGPS, SA						
Sonae, SGPS, SA (3)						500,000
Purchase	31-12-2014	500,000	1.033			
Continente Bonds - 7% -2015						400,000

(*) Member of the Board of Directors of Sonae, SGPS, SA

(**) Member of the Board of Directors of Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)

(***) People closely connected with the President of the Board of Directors of Sonae Holding, Belmiro de Azevedo

(****) Member of the Board of Directors of Imparfin, SGPS, SA (5)

(*****) Member of the Statutory Audit Board

(a) of which 125,000 shares held by spouse

(b) directly and indirectly held

(c) of which 150,000 bonds held by spouse and 400,000 are held by company in which this person discharging managerial responsibilities ("dirigente") is the sole director

(d) of which 530 shares held by descendants under his charge

(e) 170 shares held by spouse

(f) 10,500 shares are no longer imputed to Nuno Miguel Teixeira de Azevedo because they are owned by a descendant and the legal base for allocation have ended according al .a) of paragraph 4 of article 248-B of the Securities Code

(g) co-held with the respective spouse



Qualified holdings

Shares held and voting rights attributable to shareholders owning more than 2% of the share capital of Sonae - SGPS, SA, as required by article 8, paragraph 1, b) of the Portuguese Securities Market Commission (CMVM) Regulation nr.05/2008:

Shareholder	Nr. of shares	% share capital	% of voting rights
Efanor Investimentos, SGPS, SA (I)			
Directly	200,100,000	10.0050%	10.0442%
By Pareuro, BV (controlled by Efanor)	849,533,095	42.4767%	42.6432%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor)	14,901	0.0007%	0.0007%
By Duarte Paulo Teixeira de Azevedo (Director of Efanor)	928,184	0.0464%	0.0466%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor)	204,678	0.0102%	0.0103%
By Migracom, SGPS, SA (company controlled by Efanor's Director Duarte Paulo Teixeira de Azevedo)	1,536,683	0.0768%	0.0771%
By Linhacom, SGPS, SA (company controlled by Efanor's Director Maria Cláudia Teixeira de Azevedo)	439,314	0.0220%	0.0221%
Total attributable to Efanor Investimentos, SGPS, SA	1,052,756,855	52.6377%	52.8443%
Banco BPI, SA	132,851,868	6.6426%	6.6686%
Banco Português de Investimento, SA	365,199	0.0183%	0.0183%
Fundos de Pensões do Banco BPI	40,071,372	2.0036%	2.0114%
BPI Vida - Companhia de Seguros de Vida, SA	4,751,416	0.2376%	0.2385%
Total attributable to Banco BPI, SA (II)	178,039,855	8.9020%	8.9369%
Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.4925%	2.5022%
Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.4925%	2.5022%
Bestinver Gestión, S.A. SGIIC			
Bestinver Bolsa, F.I.	26,842,197	1.3421%	1.3474%
Bestinver Fond, F.I.M.	24,648,288	1.2324%	1.2372%
Bestinver Hedge Value Fund Fil	11,556,421	0.5778%	0.5801%
Bestinver Global, FP	7,154,263	0.3577%	0.3591%
Bestvalue, FI	6,161,372	0.3081%	0.3093%
Soixa Sicav, SA	4,387,528	0.2194%	0.2202%
Bestinver Ahorro, Fondo de Pensiones	3,068,989	0.1534%	0.1541%
Bestinver Mixto, F.I.M.	2,398,104	0.1199%	0.1204%
Bestinver Sicav - Bestifund	3,234,455	0.1617%	0.1624%
Bestinver Sicav - Iberian	8,757,641	0.4379%	0.4396%
Bestinver Renta, F.I.M.	756,150	0.0378%	0.0380%
Bestinver Prevision, FP	216,988	0.0108%	0.0109%
Divalsa de Inversiones Sicav	154,747	0.0077%	0.0078%
Bestinver Empleo, FP	151,085	0.0076%	0.0076%
Linker Inversiones, Sicav	100,279	0.0050%	0.0050%
Bestinver Futuro EPSV	83,569	0.0042%	0.0042%
Bestinver Empleo III, Fondo de Pensiones	34,135	0.0017%	0.0017%
Bestinver Empleo II, FP	55,323	0.0028%	0.0028%
Total attributable to Bestinver Gestión, S.A. SGIIC (III)	99,761,534	4.9881%	5.0076%
Norges Bank	40,100,985	2.0050%	2.0129%
Total attributable to Norges Bank	40,100,985	2.0050%	2.0129%

Source: communications received by the Company regarding qualified shareholdings up to 31st December 2014

Calculation based on the Company's share capital, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code

(I) Belmiro Mendes de Azevedo is, according to subparagraph b) of paragraph 1 of article 20 and paragraph 1 of article 21, both of the Portuguese Securities Code, the "ultimate beneficial owner", as it holds circa 99% of the share capital and voting rights in Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV

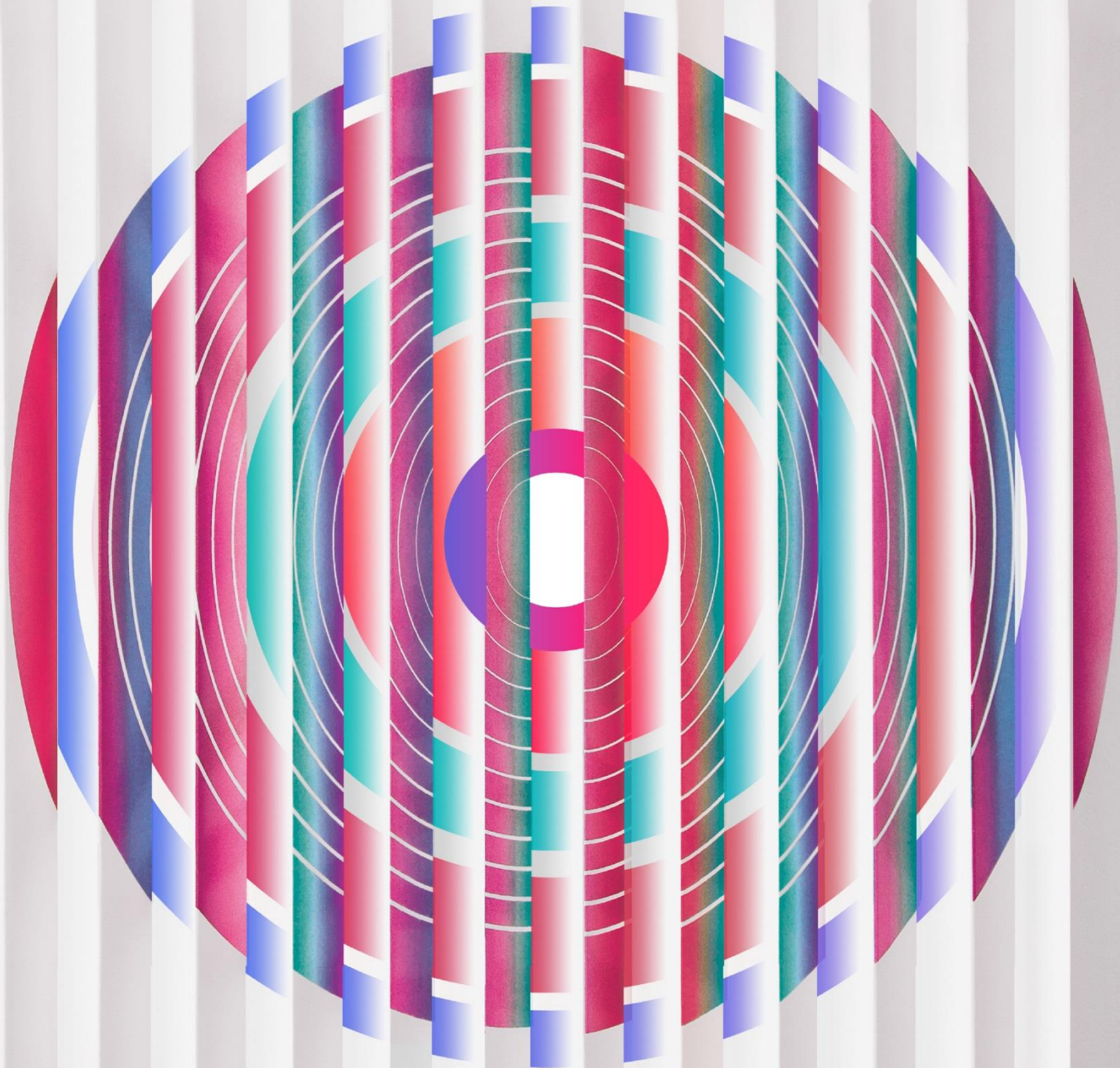
(II) total number of voting rights attributed to Banco BPI, SA as per article 20 of the Portuguese Securities Code

(III) total number of voting rights attributed to Bestinver Gestión, SA, SGIIC as per article 20 of the Portuguese Securities Code

Article 448 of the Portuguese Companies Act

Number of shares held by shareholders owning more than 10%, 33% and 50% of Sonae - SGPS, SA share capital:

	Number of shares held as of 31.December.2014
Efanor Investimentos, SGPS, SA	
Sonae, SGPS, SA	200,100,000
Pareuro, BV	5,583,100
Pareuro, BV	
Sonae, SGPS, SA	849,533,095



SONAE FINANCIAL REPORT '14

SUSTAINABILITY

REPORT



IMPROVING LIFE



Index

- 0. Our Report
- 1. Sustainability at Sonae
- 2. Sustainability in Retail
- 3. Sustainability at Sonae Sierra (*Core Partnership*)
- 4. Appendices



0. Our Report

Taking into consideration an integrated vision of the activities we develop and their consequent impact, we work every day to enhance our sustainability performance through innovation, dedication to those with whom we collaborate and by creating a closer relationship with our suppliers, clients and the community.

The aim of the Sustainability Report is to disclose our economic, social and environmental performance to all of Sonae's stakeholders during the year 2014. This information is presented according to the G4 Guidelines from the Global Reporting Initiative (GRI) for the Core Level. The scope of the report includes all of Sonae's business areas, focusing particularly on the Retail Sector (Core Business).

The adoption of the G4 guidelines this year is an additional step designed to provide this report with more technical clarity, as well as a wider scope of the impact of our activities along the value chain with regard to the sustainability performance. This broader view allows us to present in a more detailed way the aspects considered relevant in the context of the defined Sustainability Strategy, in accordance with the materiality threshold used.

This Report is divided in five main sections:

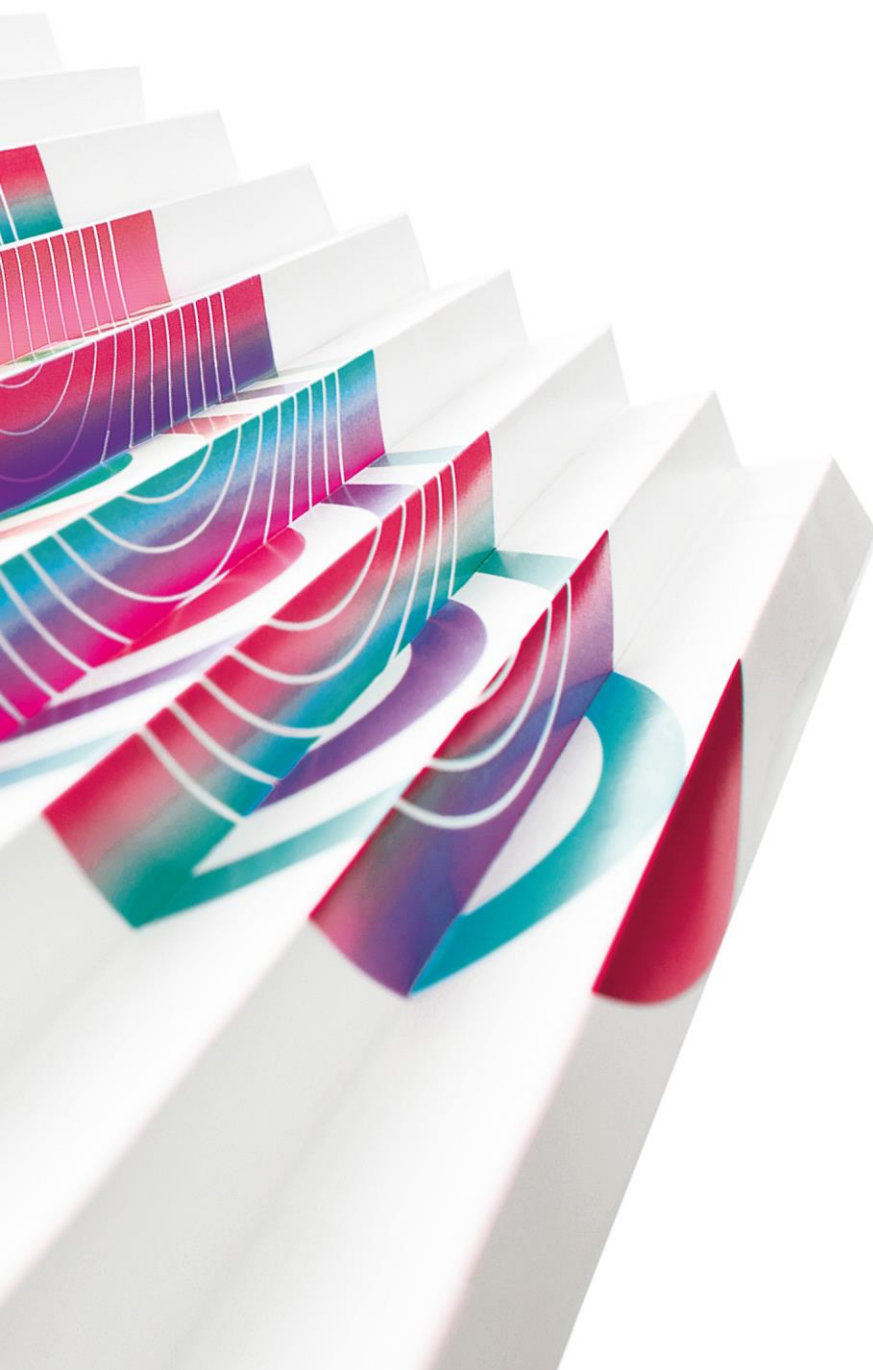
- 1. Sustainability at Sonae** – includes a description of the company, its business areas, major segments, partnerships, Corporate Strategy, stakeholders' identity, main sustainability indicators, main sustainability highlights, awards and external recognition;
- 2. Sustainability in Retail** – presents the sustainability strategy and the way in which Sonae manages the value chain of the organisation internally (human resources and products) and externally (suppliers and contribution to society); details of the three axes of our sustainability strategy - Better Purpose, Better Planet and Better People – and upholding the commitments established for 2014;
- 3. Sustainability at Sonae Sierra (Core Partnership)** – explanation of the activity of this core Sonae partnership, including a description of the strategy and performance of each strategic axis. Sonae Sierra has an independent and comprehensive Sustainability Report in the area of Corporate Responsibility available on their respective website www.sonaesierra.com;
- **4. Appendices** – Adherence to Principles, Associations and Partnerships with Organisations and a link to access detailed information regarding the GRI indicators.

The information reported here can be complemented by consulting the Table of GRI Indicators, the 2014 Management Report and the Corporate Governance Report associated with the same period, available at www.sonae.pt.

Should you require any clarification regarding the information published in this report or about Sustainability at Sonae please contact:

Catarina Oliveira Fernandes
Head of Communication, Brand and Corporate Responsibility
E-mail: catarina.fernandes@sonae.pt
Tel.: +351 22 0104000





Sustainability
at Sonae

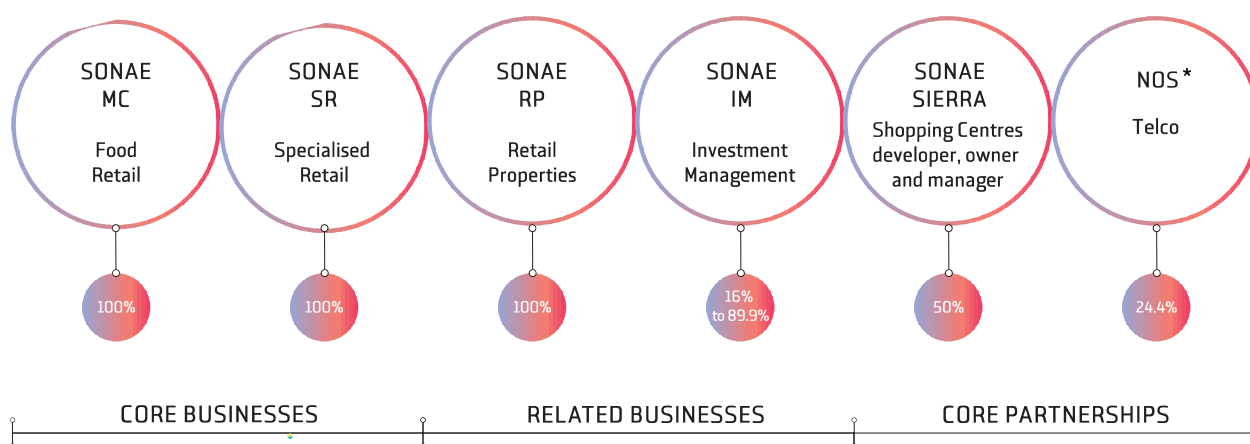
1. Sustainability at Sonae

“Sonae differentiates itself by innovating throughout its businesses, but also by its strong commitment to sustainable development. Sustainability is an integral part of Sonae’s culture and is contributing decisively to the success of our strategy. Internationalisation, diversification of our investment style and leverage of our exceptional assets that we manage are the guidelines that drive our actions, framed by the need to create economic value and contribute to social and environmental development. This distinctive approach, based on ethics, rigor and social responsibility, has been distinguished on national and international levels, contributing to Sonae’s acknowledgment as a trustworthy partner for business development, and to its continual recognition as the best school of leaders in Portugal”.

Ângelo Paupério, Executive Vice-President of Sonae

Sonae is a retail company with two core partnerships:

- Sonae Sierra (Shopping Centres);
- Sonaecom (Telco).



* Participation held through Sonaecom.

Core Businesses

Sonae MC

Sonae MC is a national market leader in food retail, and includes a set of brands with distinct styles and types of business, offering a varied range of products of superior quality and at the best prices.

Cafeteria and Restaurants: **Bom Bocado**; Book shop, Stationery and tobacco: **Note!**; Hypermarkets: **Continente**; Supermarkets: **Continente Modelo** and **Continente Bom Dia**; Deep-Frozen products: **Continente Ice**; Wholesale distribution: **Meu Super**; Wellbeing and Opticians: **Well's**.

- With a turnover of 3,461 M € and underlying EBITDA of 243 M €
- 640 stores, of which 162 are franchised, and a total sales area of 639 thousand m²
- 27,036 employees



Sonae SR

Sonae SR is responsible for Sonae's specialised retail area and includes multiple brands.

Clothing, footwear and accessories: **MO**; Sports equipment and Sportswear: **Sport Zone**; Appliances, consumer electronics and entertainment: **Worten**; Baby and children's clothing, footwear and accessories: **Zippy**

With a turnover of 1,290 M € and underlying EBITDA of 10 M €

595 stores, of which 73 are franchised, representing a total sales area of 398 thousand m²

10,176 employees

Core Partnerships

Sonae Sierra

Sonae Sierra is an international shopping centre specialist, focused on bringing innovation and a friendly touch to the shopping centre and leisure industry¹.

With a turnover of 225 M € and EBITDA of 108 M €

Owns 46 shopping centres with a gross leasable area of 1.9 million m²

Responsible for the management and/or leasing of 88 shopping centres,

1,106 employees

¹ Owned by Sonae (Portugal) with 50% and Grosvenor (UK) with 50%.

Sonaecom

Sonaecom is owned by Sonae, with 88% ownership of the business and its main asset is NOS, SGPS SA, held through ZOPT, SGPS, SA.

Related Businesses

Sonae RP

Sonae Retail Properties (Sonae RP), through the development of its operations in Portugal, has as its main areas of focus real estate management and valuation, the management of commercial galleries and the management of three real estate investment trusts (Imosede, Imosonae 2 and WTC) through its affiliate holding company, Sonaegest.

- With a turnover of 127 M € and underlying EBITDA of 115 M €.
- 33 employees



Investment Management

Sonae IM

Sonae IM is responsible for supporting the implementation of corporate and business strategies, maximising shareholder return on the company's portfolio, providing active support in the planning and execution of mergers and acquisitions by the core businesses and strengthening Sonae's network of business contacts with other companies, consultants and investment banks.

Insurance Brokers: **MDS**; Travel agencies: **Geostar**; DIY and Construction Material: **Maxmat**; Software & Information Systems: **WeDo**, **Saphety** and **BizDirect**; Media: **Público**

With a turnover of 250 M € and underlying EBITDA of 19 M €.

2,596 employees

Worldwide Presence

At the end of 2014, we were active in 67 countries¹



¹ This includes operations, third party services, representative offices, franchising agreements and partnerships.

Corporate Strategy

“At Sonae, we are committed to improving the people’s lives and communities in which we operate, sharing the benefits created through our commitment to progress and innovation. The fulfilment of our mission for sustainable growth is clearly evident in the 1.3 million training hours invested in our colleagues’ development, in the knowledge sharing initiatives with universities and scientific institutions, in both internal and external actions which foster and promote innovation and in the 6,841 hours of volunteering. All of these initiatives, together with our efforts to provide the best products and the best prices in our stores, contribute to the strengthening of our corporate culture, where sustainability plays a central role”.

Luís Filipe Reis, Chief Corporate Center Office

Our corporate strategy is based upon the creation of value through three strategic pillars:

International Expansion

Internationalisation is the foremost strategic priority for future growth and it focuses on core businesses and adjacent business areas. As such, we will make use of all the resources necessary in order to make the most of the opportunity of increasing our presence outside Portugal, transforming Sonae into a large multinational.

Our Mission

To create long-term economic and social value, taking the benefits of progress and innovation to an ever increasing number of people.

Diversifying our Investment Style

Leveraging Sonae’s resources and the efficiency of the implementation strategy by adopting the investment styles most appropriate for each business, whether it ranges from full ownership, majority or minority interests, with or without special rights. We may be involved in the capital of companies which we do not control, in situations where we do not possess the necessary resources or where the input of third parties is valued as a factor for the creation of superior economic value.

Our values

Ethics and Trust;
People at the heart of our success;
Ambition;
Innovation;
Social Responsibility;
Frugality and Efficiency;
Cooperation and Independence.

Leverage and Reinforce our Exceptional Asset Base in Portugal

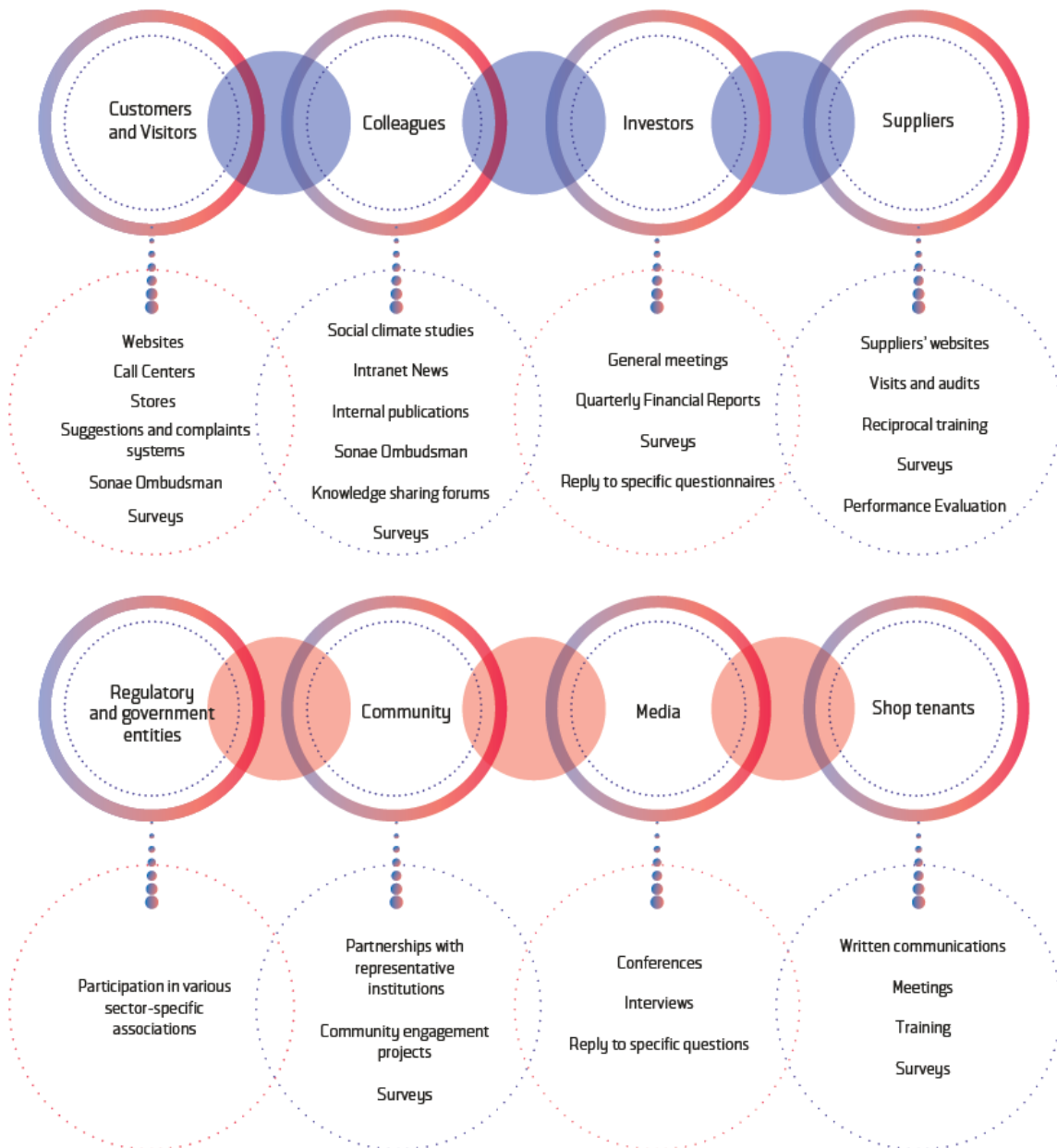
Continue exploring new business opportunities associated with our exceptional asset base held in Portugal, as a way to create a set of options for future growth. A significant part of the capital will be allocated to new projects, depending on their capacity to generate economic growth and value.

Our focus on internationalisation, diversification of our investment style and leveraging our exceptional asset base in Portugal, allow us to maximise our capacity for growth and value creation through our financial and human resources.

Our Stakeholders

Our stakeholders are crucial to achieve high levels of success, thus their involvement in the activities we develop is essential. For this purpose, we use a diversified base of specific communication channels for each group of stakeholders that allows us to respond and address their concerns and expectations.

COMMUNICATION WITH STAKEHOLDERS



Main Sustainability Management



Sustainability Management

Sonae promotes the adoption of practices which foster the sustainable development of all our activities. In parallel with this school of thought, the Sustainability Forum was set up, in order to manage this issue efficiently and bring together all of Sonae Companies (including Sonae Indústria and Sonae Capital, belonging to the Efanor Group).

The main goal of the Sustainability Forum is to promote experience sharing and discussion of issues that are common to all of Sonae Companies, within the remit of sustainable development. This forum covers various topics such as green taxation, food waste, community support, supplier management and relations, among others.

The mission of the Sustainability Forum is to:

- a) Promote the sharing of information concerning the current initiatives of each business in relation to the theme of sustainability;
- b) Reveal best practices and share knowledge between all of Sonae Companies;
- c) Identify relevant issues common to all Sonae Companies that could stimulate synergies and promote the cohesion of management topics within the context of sustainability;
- d) Establish working groups to discuss current proposals related to sustainability;
- e) Raise the awareness of sustainability issues in all of Sonae Companies;
- f) Make proposals about the most relevant sustainability issues and send them to Sonae's Board of Directors, Sonae Indústria and Sonae Capital.

The Sustainability Forum is composed of members from various Sonae Companies and is coordinated by a sponsor, a chairman and a secretary.

Sustainability Award

This Award aims to distinguish a specific programme, project or initiative that has been developed within a Sonae Company. The award focuses on the project's contribution to the development of measures that improve the sustainable development of each business and its respective stakeholders, whilst taking into consideration the three key pillars of sustainability: Environmental, Economic and Social.

Ethics at Sonae

Our Ethical principles are a cornerstone in the development of our activities and in the daily relationship with our business partners and remaining stakeholders.

In 2014, the new Code of Ethics and Conduct was approved. In order to ensure monitoring and compliance to this code, the Board of Directors appointed an Ethics Committee, whose main objectives are to:

- a) Promote the existence of adequate channels for the dissemination of the code;
- b) Address questions concerning the code;
- c) Verify the existence of internal mechanisms for reporting irregularities;
- d) Suggest changes to the Code whenever necessary;
- e) Provide clarification about the interpretation of the Code;
- f) Receive, evaluate and refer to the respective governing bodies the irregularities anonymously sent to the Ethics Committee;
- g) Regulate their own operations and periodically report their activities to the Board of Directors.

New Code of Ethics and Conduct

In 2014, we released the new Code of Ethics and Conduct, outlining the ethical principles that should be applied to the activities developed by all of Sonae Companies.



Our People

At the end of 2014, we had 40,947 colleagues, featuring a young team and characterised by diverse profiles and gender.

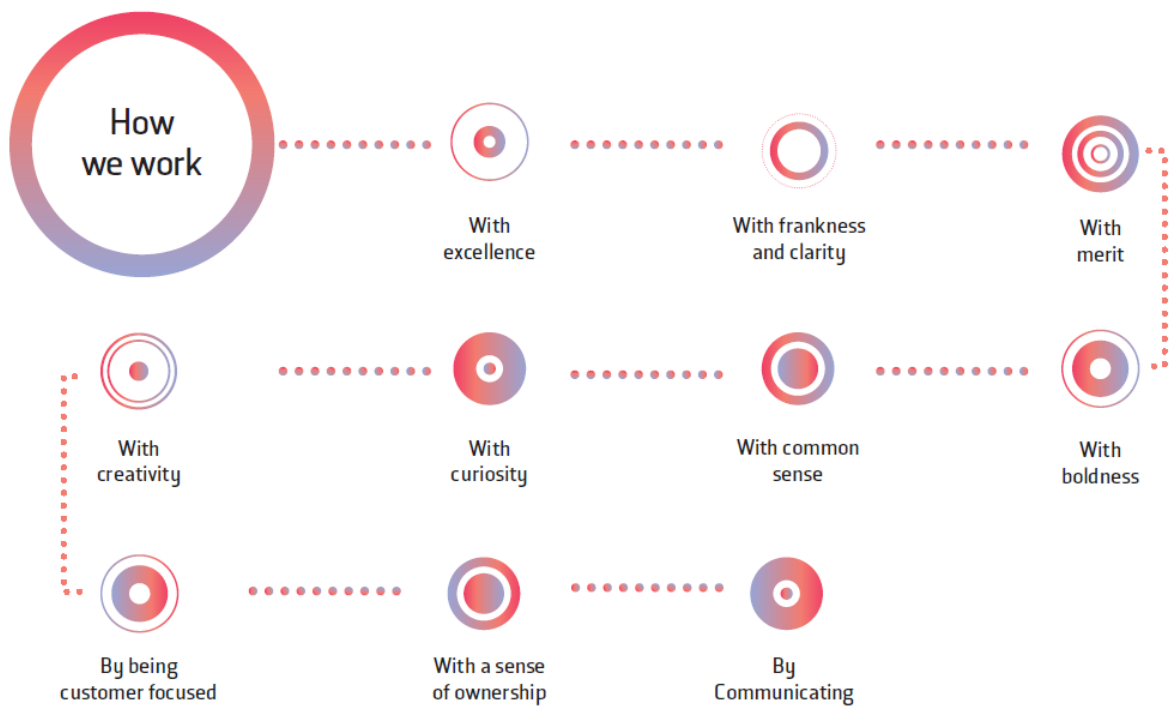
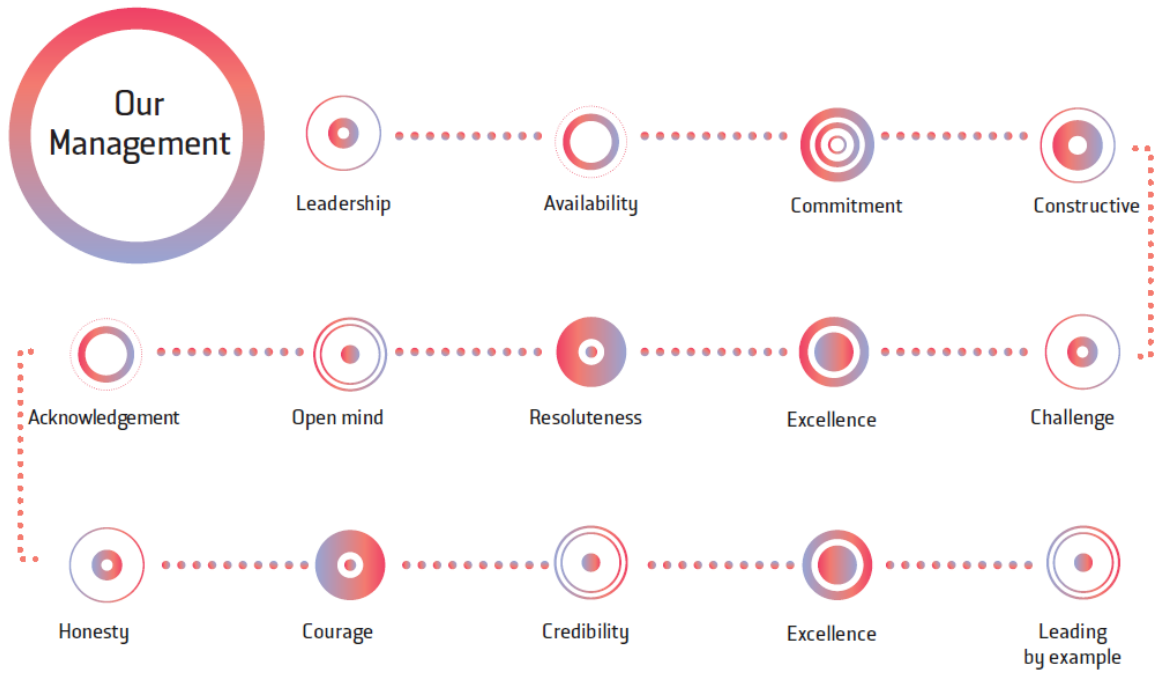
Total number of colleagues	Young people under the age of 35	Women
40,947	52%	62%

Our Way

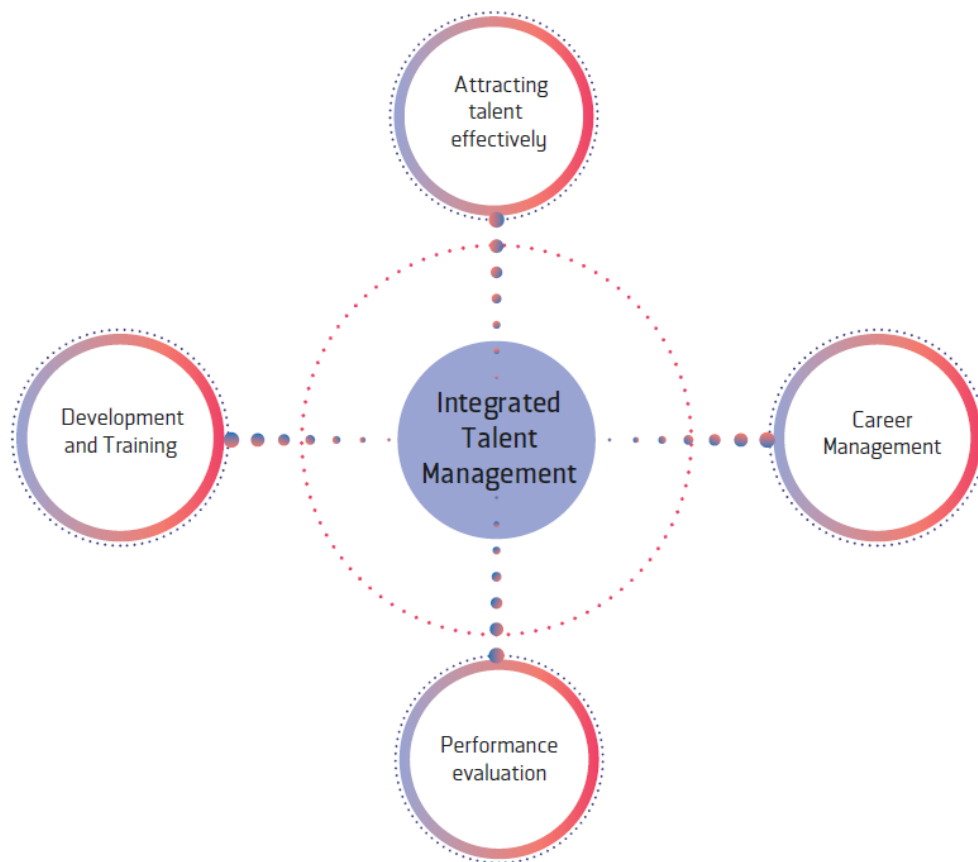


We are motivated on a daily basis by the richness of our history, culture and values. As a result of this heritage, our ethical and behavioural profile is one of the factors that makes us unique, and should be shared by all of Sonae's business areas. In this sense, we present "Our Way", a document that summarises our culture and values and is based on four key pillars: **Our Values, How we work, Our Team and Our Managers**. We strive daily so that, through the belief in our values, excellence and creativity embodied in our customer oriented work methods, teamwork and top management leadership, we are able to make our people distinct and unique in every geographic area in which we operate.





How do we manage our people?



1) Attracting Talent Effectively

We have been increasingly establishing our connection with the community and we have given particular importance to the creation of direct contact opportunities between the business world and students and recent graduates. Through the dynamisation of different initiatives we support personal and professional development of young people and identify young talent to join our teams.

In 2014, Sonae played an active role in bridging the gap between young people and the labour market by:

- a) Participation in **Job Fairs** at schools and universities, as well as other initiatives promoted by students and student associations;
- b) **Class dynamisation and workshops** and support for academic and research work;
- c) Promotion of **study visits** by students to Sonae (Central Structures and Operations) in order for them to experience contact with the real world of business for the first-time;
- d) Undergraduate, Master and MBA students can participate in **mentoring programmes**;
- e) Partnership in the **project "Bué d'Escolhas"**, part of the "Escolhas" programme, promoting initiatives focusing on providing skills and development of children and youngsters at-risk;
- f) Participation in the partnership regime of the **"Alliance for Youth"** initiative, which aims to contribute to the fight against youth unemployment in the Portuguese and European context.

We also contribute decisively to youth training and development during or at the end of their academic course. In 2014, we promoted more than **1,200 internships**, giving opportunities to students, recent graduates and the unemployed, to become familiar with the day-to-day work in our stores/ departments and central structures.

We offer internship programmes to high school/professional schools and universities and this provides young people with a prime opportunity to complete practical training under the supervision of top professionals. For the young finalists of secondary education, vocational courses and higher education, in addition to offering direct integration opportunities into our teams, we also promote professional internships for young people so they can apply the knowledge gained throughout their academic training.

Among the various programmes implemented, we would like to emphasise:

Contacto Programme



Sonae is a pioneering organisation in relation to the launch of internship programmes in Portugal for students in further education. We have promoted Contacto since 1986, and this programme is currently aimed at final year undergraduate and master's degree students and recent graduates of the top Portuguese universities. Through this programme, approximately 20 to 30 young people with high potential join Sonae every year.

The opportunity given to these young people to experience business life, the exposure to creativity and innovation, as well as the opening of a door which connects them to the job market, becomes, in the current economic situation, a fundamental commitment to the next generation. This is an essential initiative that is valuable both to the community and to the company. As the fundamental source of support to this programme, we have developed an exclusive online platform for connecting with universities – **Contacto Network** (www.contactosonae.com).

Contacto culminates in **Contacto Day** - the final phase of selection - which is an annual event aimed at final year students and recent graduates of universities in Portugal, who are selected through the Contacto Network. Around 65 young people have the opportunity to be in contact with Sonae companies' top level management, and to become familiar with the reality of their businesses, development plans and strategies for the future. It also becomes the final phase of the selection process, with an internship being awarded to the best students, which opens doors for the development of personal and professional skills and the possibility of them joining Sonae's staff. In 2014, Sonae Companies awarded **20 internships** through this programme.

Movement for Youth Employability

As part of the Movement for Employment – Action Employment Internships offered by the Employment and Professional Training Institute, we have assumed the commitment to offer internships to young people who are in the final stages of their academic training in order to facilitate their integration into the labour market. Between 2013 and 2015, more than **140 young people** were selected to perform a 9-month or 1 year internship period in Sonae, with more than half of these contracted by a Sonae company after the end of the internship. Additionally, we assume our social role of actively contributing to job creation in the country, particularly given the difficulty of placing young people in the labour market.

2) Career Management

Our careers' model plays a role in supporting the management of the talent pipeline in Sonae, ensuring alignment between business priorities and professional development expectations of our colleagues. Therefore, this reflects two management approaches: one focused on the planning needs of human resources and the other more directed towards the employee as an actor of their own professional and personal development.

This career management model also promotes our ability to attract talent by contributing to a strong **Employment Value Proposition** (EVP) for communicating a vision of the possible future paths, and the progression and development plans associated with them. As we value the diversity of profiles and pathways of our people, we support personal and professional development between areas, companies, businesses and geographic areas. In 2014, we directed our attention towards reflecting on this model and the internal mobility process that allows our colleagues to acquire cross-cutting and multipurpose skills.

3) Performance Evaluation

Based on the principles of meritocracy, pluralism and participation, our performance management model - **Improving Our People** - encompasses all of our colleagues, in all the businesses and locations where we are present. Every year, we invite employees to reflect on their achievements and aspirations, ensuring a performance management interview with each team member. During this interview an opportunity is given to discuss the results achieved in the year under review, sharing expectations and ambitions, the identification of development opportunities and the definition of objectives and action plans.

In this way, we intend to involve employees in their own development, valuing the diversity of pathways and growth and development profiles, to meet the needs and priorities of each business.

Within our framework Improving Our People, we have had in place since 2012, a talent management tool for the most senior colleagues in the organisation and for the colleagues identified with the most growth potential - **Improving Our People**^{GT} (Growth Toolkit). This tool includes two main phases: a first phase of diagnosis and a second phase based on the design of personal development plans and customised professional needs of the participants, with a time horizon of 2-3 years. The year 2014 was primarily focused on designing solutions and implementation of the development plans mentioned above.

4) Training and Development

The ability demonstrated by Sonae to generate innovative and entrepreneurial leaders internally has proven to be significant to the rapid development and diversification of our business, leading us to occupy leadership positions in the various segments of activity where we are involved.

This conviction is due to investing in the best management practices and development of talent, but more importantly by the introduction of this concern in the daily lives of our leaders.

In line with this, it is up to Sonae to give to its leaders and aspiring leaders the tools needed to develop these skills. Being a leader means developing talent and recognising that the achievement of objectives is dependent on the performance and commitment of extraordinary teams, who have to constantly overcome the challenge of efficiency and continuous improvement.

Sonae Management & Leadership Academy

Sonae Management & Leadership Academy in May 2014 promoted the "**Fostering Talent**" event focusing on sharing knowledge concerning talent and leadership management topics. This session was characterised by different sharing aspects in which several speakers talked about their perspectives and personal and professional experiences.

Learning from the inside

Following the focus on internal training through the use of our best "teachers", leaders with undeniable skills in management and leadership, we are left feeling confident about the success of Sonae Academy in the development of critical skills considered for the business.

We proposed as a challenge to our partner Business Schools to develop a model for executive training programmes, with speakers selected from among our senior staff and with support from the Partners.

Examples of this are the "Brands that Make Sense" courses, started in 2013, and "Structured Problem Solving & Communication" and "Business Performance" courses, started in 2014.

Structured Problem Solving & Communication - Expand skills and provide the tools to better conceptualise and solve problems, as well as to improve oral and written communication in a more organised and effective manner.

Business Performance – Provide in depth knowledge of the Planning and Management Control cycle at Sonae, its main tools and indicators, and the role of each colleague in achieving these on a daily basis.

Sonae's Management & Leadership Academy boldly pursues its mission to contribute towards ensuring that all of Sonae Companies' colleagues are better prepared in the areas of management and leadership, evident through an investment in 2014 of 857,900 euros, totaling **37,588 hours** of training and involving **1,333 participants**.

Training Centre – Continuous Improvement

Continuous Improvement is a key pillar of our culture and way of work. It is this way of thinking and reflection that is the key to how we can best serve our customers and continue to grow. This stems from our mind set of doing well, without wastage and with higher quality and productivity. In this sense, we developed the **IOW (Improving Our Work)** school of thought.

The Training Centre is our "Continuous Improvement Academy", an important asset for the IOW movement as a means of disseminating knowledge. The Training Centre focuses on training and skills development of our colleagues on the Lean/Kaizen methodologies, in order to ensure support to the implementation of efficient and continuous improvement strategies in all of the company's areas.

The mission of the Training Centre is to certify our colleagues as practitioners of the efficiency and continuous improvement methods and ensure that knowledge reaches all colleagues of all companies in the same way and is aligned with the principles IOW.

In 2014, the Training Centre had **1,164 participants**, resulting in a total of **37,940 hours of training** in Portugal and Spain.

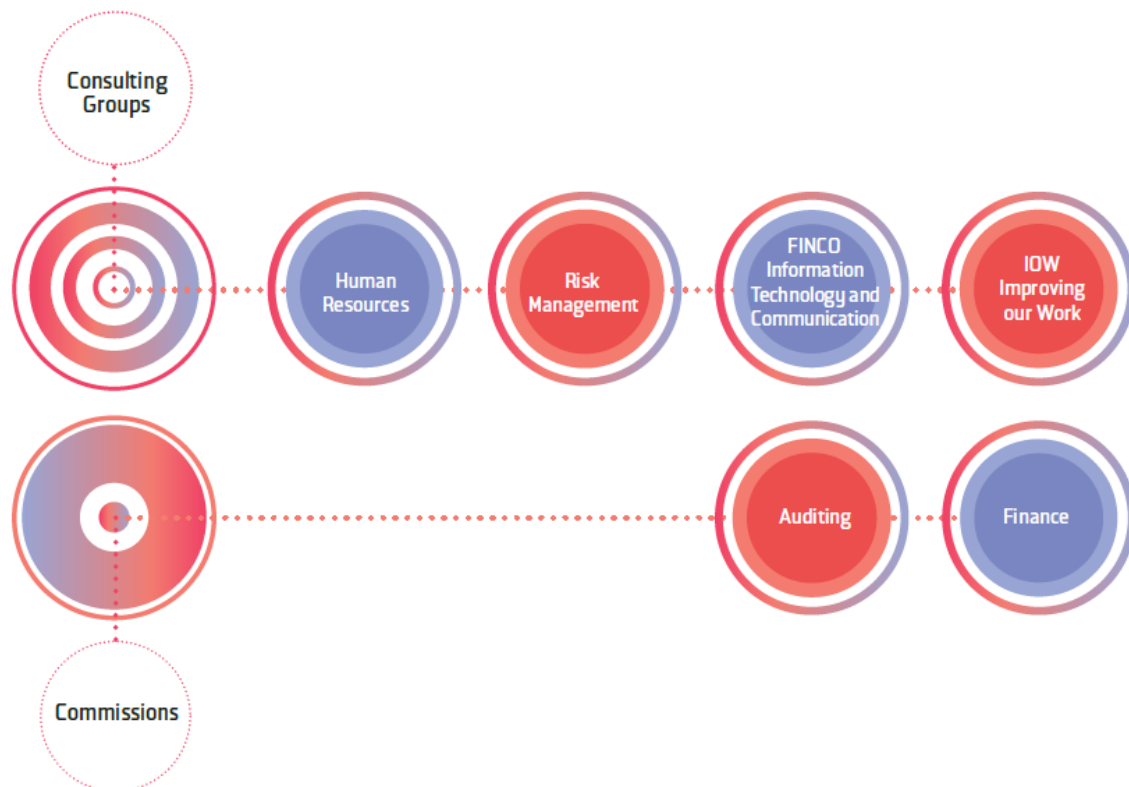
The Training Centre has a pool of internal trainers of the various Sonae companies, as well as training centres (also internal) in places where continuous improvement is already a reality – Continente stores, Worten stores, Warehouse Logistics, Office, among other Sonae businesses.

Forums for Knowledge Sharing and Consulting Groups

We develop on a regular basis, forums across all of our business areas, with the aim of sharing knowledge and promoting the adoption of good practices. There are currently **9 forums** in Sonae for this effect: Administrative and Fiscal Forum, E-commerce Forum, Engineering and Construction Forum; FINOV -

Innovation Forum, Legal Forum, Marketing and Communication Forum, Negotiation Forum, Management Planning and Control Forum and Sustainability Forum.

We also have **4 consulting groups**, which meet frequently, with the aim of sharing and coordinating information (organisation of internal training), including the continuous review of existing organisational policies in these areas. Under the consulting group **IOW - Improving Our Work**, we have obtained level 4 consolidation for the *Running To Excellence* HR project, improving the result in the audit carried out in comparison with last year. This project was also acknowledged by the Kaizen Institute with 1st Prize in the Large Companies category – Services. In addition, we have **2 commissions**, whose purpose is to act as a platform for knowledge and experience sharing.



Innovation and Creativity Management and the Sharing of In-house Knowledge

Innovation is part of our mission and is reflected in our values. We encourage the creativity of our colleagues, the main actors of innovation throughout the organisation, as such their creativity, initiative, curiosity, boldness and customer orientation are essential conditions for our success.

In 2014, we developed several projects, common to the different business areas, under the remit of innovation applied to creativity and the sharing of in-house knowledge:

ShineOn – Organisation of the 2nd edition of ShineOn, a programme that **collects our colleague's innovating ideas** in response to challenges from Sonae MC and Sonae SR's Executive Committees. The final ideas were presented to the Executive Committees, top level Managers and the Innovation Committee, in highly motivating events, which have a significant impact. After each event, the ideas to be implemented are announced. In 2014, this project received an honorable mention in the Sonae *Innovation Awards*.

BizShare Day and Creative Problem Solving Day – Events for **knowledge and experience sharing among employees** from various business areas, the BizShare Day brought together 80 employees from 20 different business areas in the 2014 edition. The Creative Problem Solving Day (CPS) allowed the capture of about

1,000 ideas from **110 participants**. These events encourage the exchange of experiences, promoting the sharing of new perspectives on the topics covered.

1,000 ideas
110 participants

SIM Project – The Improvement Implementation System – The SIM Project was instigated by the colleagues of several areas for **continuous change in traditionally performed processes**, using a methodology resting on the principles of the Improvement Implementation System (SIM), based on Kaizen methodologies. This consists in the creation of information tools focusing on the analysis of all stages of the work process from its approval until its conclusion.

Sonae Activshare

Social Responsibility is one of our values and, as described in our mission, we aim “to create long-term economic and social value, taking the benefits of progress and innovation to an ever increasing number of people.” Our actions are based on social concerns and sustainable development policies.

Sonae Activshare aims to develop, consolidate and bring together all actions of Social Responsibility and Volunteering at Sonae.

In 2014, we continued our joint efforts in order to actively contribute towards helping to improve our community, having allocated 9.8 million euros to support 2,105 institutions.

Volunteering in 2014

6,841 volunteer hours
1,737 volunteers engaged

Maintaining our strategy of action, we continue to develop support to the community in six priority fields:

- Environmental Awareness
- Culture
- Education and Entrepreneurship
- Health and Sport
- Science and Innovation
- Social Solidarity

Culture

Concerning our corporate responsibility policy, we aim to promote creativity and innovation, to stimulate new trends and to bring the community closer to art, namely through major cultural events that promote enriching experiences of personal and collective development. To achieve this goal, we have established the following major partnerships:

Serralves

Sonae is one of the patrons of Serralves, with the aim of promoting culture, by linking the community to art.



The **Sonae/Serralves Project**, resulting from the partnership, has the following objectives:

- Encourage national artistic production;
- Promote national art on a worldwide basis and exchange among young national and international artists;
- Support institutions dedicated to art;
- Stimulate society's approach to art by supporting and promoting initiatives.

In 2014, the Sonae/Serralves Project celebrated its third edition with a new set of sculptural art pieces by artist Nairy Baghramian (1971, Isfahan, Iran) on display in the exterior of Serralves Museum.

Following this initiative, the Sonae|Serralves Project involved art students from Portuguese universities, who helped with the implementation of the artist's projects, taking advantage of a unique opportunity of professional enrichment and cultural exchange.

Casa da Música

Following our continuous effort to promote culture and encourage creativity and innovation, we maintained our status of patron of *Casa da Música*. In 2014, we were sponsors of **Ciclo de Jazz (Jazz Cicle)**, in which several national and international musicians participated, including some of the most striking and influential figures of contemporary jazz.

MNAC – Museu do Chiado

In 2014, Sonae celebrated a sponsorship agreement with the National Museum of Contemporary Art - *Chiado Museum (MNAC-MC)* for the next five years. The agreement foresees the following projects: construction of three artistic residences through the **SONAE/MNAC Art Cycles Project**, the creation of **Sonae Media Art Award** (with its first edition in 2015) to distinguish works in the area of multimedia, supporting the *MNAC-MC programme* and naming MNAC's multipurpose room "Sonae", a room which will be dedicated to multimedia art.



The SONAE/MNAC ART CYCLES Project aims to support the creation of artistic projects developed by national and international artists, who already have an established career or by emerging artists, who can reflect upon the social, landscape, architectural, historical and communicational transformations in contemporary times. In late 2014, the project culminated with the public presentation at the MNAC-MC, of the exhibition "All the memory of the world, part one" by the visual artist Daniel Blaufuks, who also participated in several master classes at art schools all over the country.

Education and Entrepreneurship

Bearing in mind the positive effect, in the medium and long-term, of our investment in society, particularly among children and school children, teachers, schools and households, in 2014 we continued allocating efforts to the development of educational projects. We would like to highlight the following projects:

“Porto de Futuro” Project and partnership with the “Agrupamento Escolas do Cerco”



Agrupamento de
Escolas do Cerco

Under the “Porto de Futuro” Project, promoted by the Porto City Hall, Sonae has been a partner of the “Agrupamento de Escolas do Cerco” since 2007. This project provides support to the management and development of schools. It encourages the wider participation of civil society in schools and recognises the fundamental role of education in the sustainable development of a more competitive and dynamic society.

Under this partnership, there are many actions which have been taken (World of Professions, Schools’ Group Magazine, Volunteering of skills, among others), as part of the promotion of entrepreneurship, meritocracy, management consulting, encouraging a healthier lifestyle through sports and strengthening links between the school and the community.

In 2014, the **Supervisors for School Success Project** at Cerco School coordinated by the “EPIS” Association - Entrepreneurs for Social Inclusion, must be distinguished. This project aims to train young people to realise their potential throughout life, through Education, Training and Professional Insertion. This project was implemented through the Cerco School Group, whereby a tutor monitored around 70 students, tutored both in individual or group sessions. Some of the activities developed that we would like to highlight, among other, are the study sessions and the EPIS Merit Scholarship. When comparing the 2013/2014 first term with the first term in 2014/2015, the results have been very positive: the number of students with a positive grade across all subjects went up by 5% and the number of students failing more than 5 courses has declined by 8.2%.

Bridging the gap between young generations and the market

Sonae is the leader of Action 1 of the Action Plan 2020 by BSCD Portugal. This is a project designed to align companies’ needs in terms of job skills and the training received by young generations, who are about to leave school. The working group will focus on the identification of the professional skills needed by these companies by 2020 and will then communicate them to a large group of stakeholders. This strategy is in an attempt to adjust the teaching content in order to promote employability amongst the future generations, by contributing to a better alignment with the needs of the labour market.

Junior Achievement



Through the Junior Achievement programmes, our communities have benefitted from the skills of our team.

In line with the activities developed since 2007, we have maintained our partnership with Junior Achievement Portugal (JAP), a non-profit organisation that aims to develop a love for entrepreneurship, a taste for risk, creativity, responsibility, initiative and innovation among children and young people. Thus,

137 Sonae Volunteers

151 Actions developed

940 Hours of activity

2,687 Students supported



the JAP stimulates the entrepreneurial spirit among young people through training and helps to prepare them to succeed in a global economy. In 2014, we expanded this partnership to Spain, through a partnership with Junior Achievement Spain (JAS).

Social solidarity

“CASA” – A Centre to Support Homeless People

Casa Association – A centre to support homeless people has as its main goal the development of social solidarity actions focused on supporting homeless people, children, adolescents and socially disadvantaged elderly people or victims of violence and abuse, particularly concerning food and accommodation. In 2014, the average number of daily meals distributed at a national level in this project exceeded 6,500, in which 350 tonnes of the food collected for this cause, 130 tonnes were collected in Continente and Continente Modelo stores.

Note: For more actions regarding Sonae Activshare please read “2. Sustainability in Retail - Better Purpose”.



Main Sustainability Indicators

Economic Performance

Turnover: 4,974 M€ | +3%

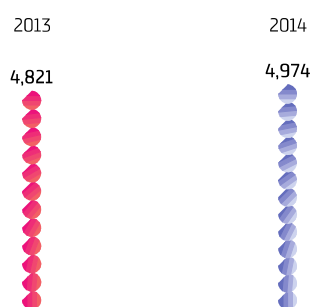
Underlying EBITDA: 380 M€ | +1%

Total Net debt: 1,251 M€ | +3%



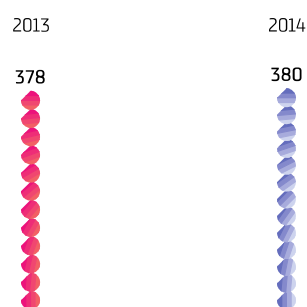
Turnover

Million euros



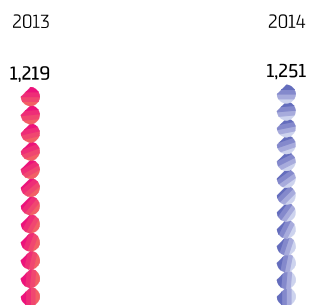
Underlying EBITDA

Million euros



Total Net Debt

Million euros





Social Performance

Community Support: 9,8 M€ | -11%

Absenteeism Rate: 9% | +4%

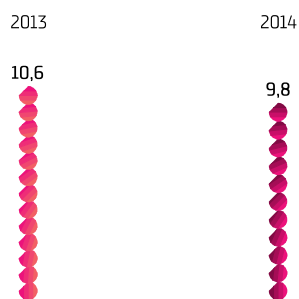
Work Accidents: 1,621 | +3%

Training hours: 1,3 M | +18%

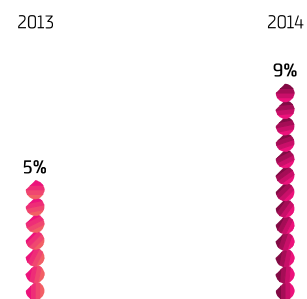


Community Support

Million euros



Absenteeism Rate



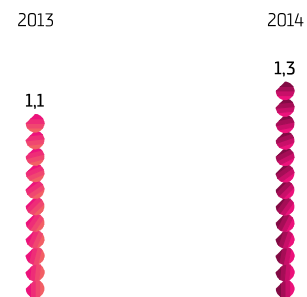
Work Accidents

Million euros



Training hours

(M)





Environmental performance

Energy consumption: 3,313,691 GJ | +1%¹

Water consumption: 1,779,210 m³ | -5%

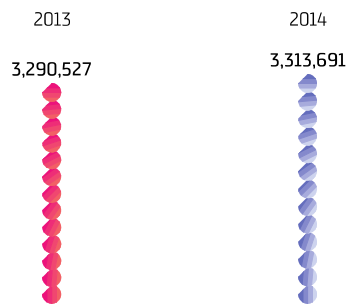
Waste recovery: 65% | -6%

CO₂e Emissions: 226,043 tCO₂e | -6%



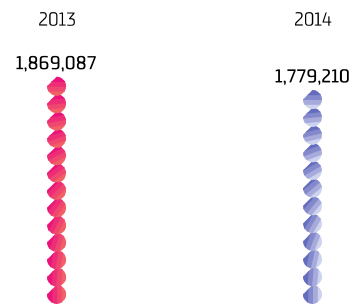
Energy consumption

(GJ)



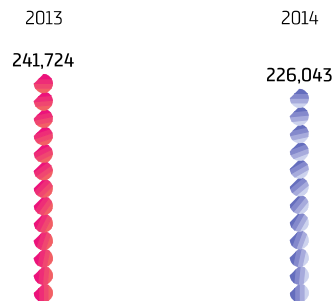
Water consumption

(m³)



CO₂e Emissions

(tCO₂e)



¹ This increase is due to the organic growth of the Retail area of the company



Awards and External Recognition



Sonae has been recognised for the fourth consecutive year as one of the "World's 100 Most Ethical Companies".



- *Carbon Disclosure Project* has distinguished Sonae for the second consecutive year among the 125 listed companies in the Iberian Peninsula, in the Performance and Leadership indexes, highlighting the environmental performance and quality of the information reported, respectively. We are the only Portuguese company present in both indexes and we obtained the highest rating (A level) in the Performance index.



- *Readers Digest* "Brands of Trust 2014" recognised:
 - Continente for the 13th consecutive year in the category of hyper/supermarkets;
 - Worten for the 6th consecutive year in the category of Non-Food Retailer;
 - Zippy for the 2nd consecutive year in the category of Children's Clothing;
 - Well's awarded for the first time in the category of Parapharmacy;
 - Sport Zone, awarded for the first time in the Sports wear category;
 - Distinguished as Environmental Brand of Trust 2014, with first place in the super/hypermarket category



- In the Marketing Awards of the "Meios & Publicidade 2014" magazine, the following campaigns were acknowledged:
 - "Mission Smile 2013" awarded the "Bronze" prize in the Social Responsibility category;
 - "Confidence" awarded the "Silver" prize in the category Products of Major Consumption – Food.



- For the fourth consecutive year, Hay Group has elected Sonae as "The Best Company for Leadership" in Portugal.





- The Running To Excellence (RTE) project of the Human Resources Department was awarded by the Kaizen Institute with 1st prize in the category of Large Companies – Services.

Sonae Sierra:

Sonae Sierra has strengthened its international reputation through the development and management of innovative products, new projects and shopping centres. In 2014, it was awarded different types of awards and certificates, most notable are the following:

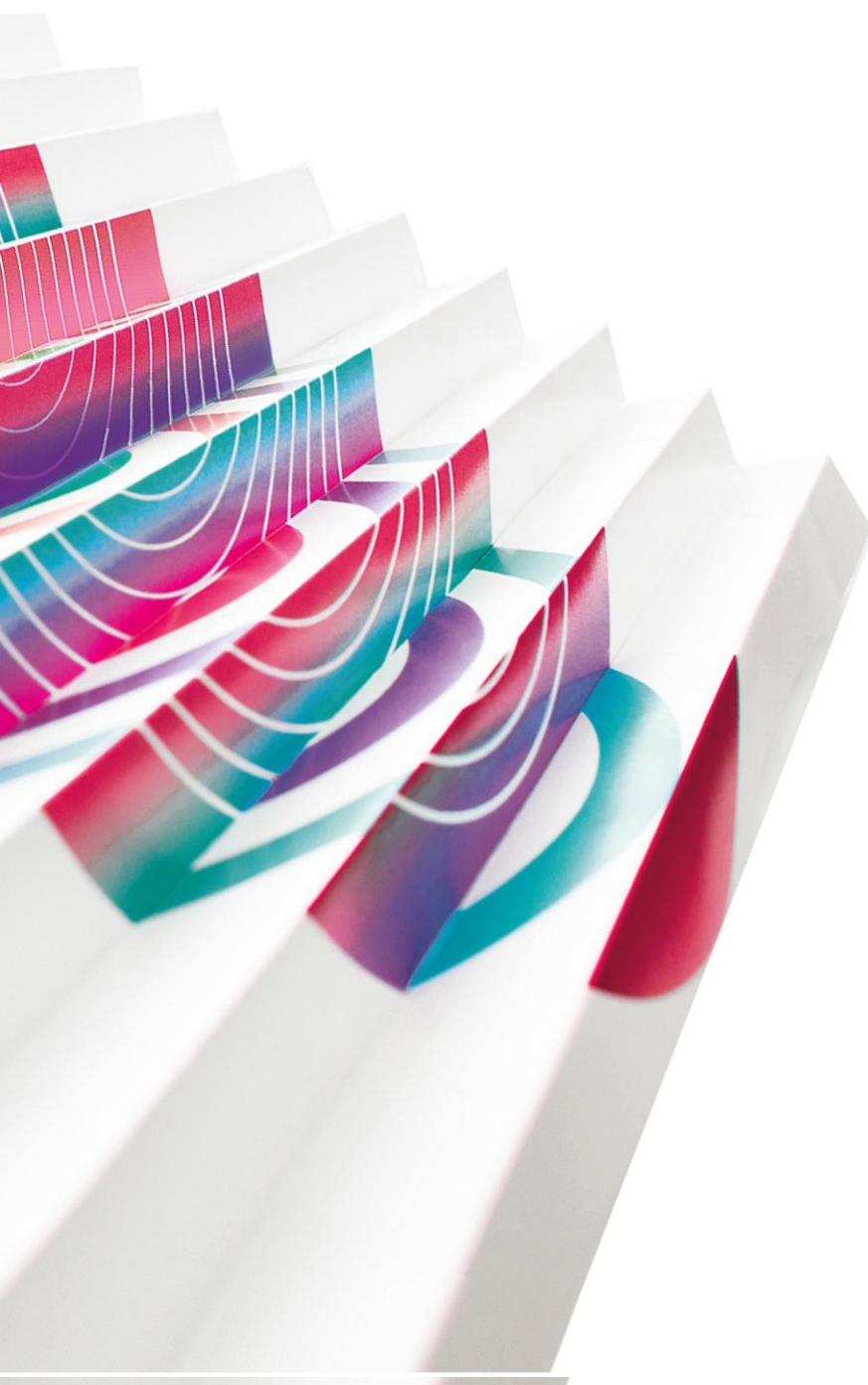
- Honoured by the ICSC Solal Marketing Awards as winner of the Gold Award for Digital Integrated Campaigns for our PromoFans® platform.
- Presented with three prizes (two Gold and one Silver) at the ICSC Latin American Shopping Centre Awards.
- Named Best Retail Developer – Latin America in the 2014 Global 100 Awards.
- Honoured for the sixth consecutive year by the Euromoney Magazine Real Estate Awards winning Best Developer Overall, Best Retail Developer and Best Mixed Developer in Portugal.

Two new ISO 14001 and OHSAS 18001 certifications were obtained for Health, Safety and Environmental Management Systems at two operational shopping centres. The DGNB Gold at one shopping centre and BREEAM in-use Good/Very Good at two shopping centres were also obtained.

For additional information, please refer to our website at <http://www.sonae.pt/en/sonae/awards-and-achievements/>







Sustainability in Retail

2. Sustainability in Retail

“Deflation in the area of food retail in Portugal combined with a strong competitive environment in the first half of the year brought new challenges to the industry. At Sonae MC, we have always tried to support families through promotional activities generating effective savings, at the same time as ensuring a more comprehensive offer and launching new products and services. Simultaneously, we were committed to sustainable growth, as such we have deepened partnership ties with national production, extended the Meu Super network of partners and we have invested in innovation in order to create competitive advantages. These efforts were acknowledged by Portuguese families, evident as Continente has solidified its leadership position in Portugal and once again ensured the renewal of the Brand of Trust award.”

Luís Moutinho, CEO Sonae MC

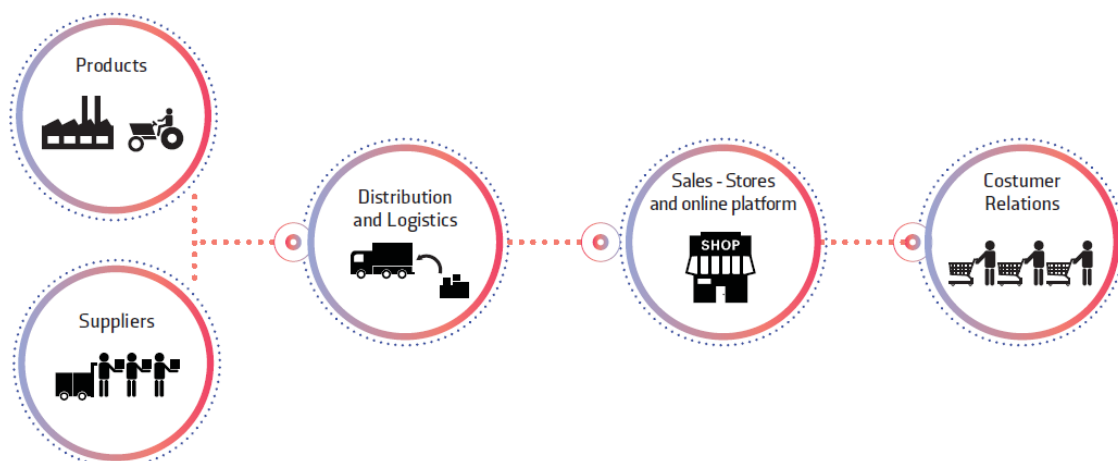
“Sonae SR has reinforced the sustainability of its operations in 2014, consolidating its activity in the Iberian Peninsula and extending the internationalisation of its activities. During the year, we have strengthened our strategic initiatives to promote the efficiency of operations and tried to stand alongside our clients, strengthening their bond and loyalty through promotions and developing new store concepts. We have fortified social responsibility initiatives, launching the project Love in a Box in Zippy and extending our social responsibility programme to Spain. The clients’ acknowledgment of the work carried out, along with the recovery in consumption and the tireless effort of our teams, has enabled us to report a sales growth of 6.6%, with sales per m2 growing more than 10%.”

Miguel Mota Freitas, CEO Sonae SR

Our Supply Chain

The efficient management of the Supply Chain is increasingly becoming a competitive feature for any company in the retail sector. For Sonae, the path followed is guided by solidification of the relationship with our suppliers and progressive alignment of the supply chain management with the organisation's sustainability strategy.

The figure below graphically illustrates our supply chain, as well as the main elements that characterise it:





Products

- Food - 16% of products are own brand products (47% of products in the fresh food portfolio) marketed in 2014
- Continente Producers Club – 251 members in 2014.
- Non- Food Products:
 - Textile - 90% are own brand products
 - Sports - 72% are own brand products
 - Electronics - 8.6% are own brand products



Suppliers

- 40% are national suppliers;
- 58% of suppliers audited according to financial, environmental, social and employment criteria;
- 1,283 suppliers audited in 2014.



Distribution and Logistics

- 7 logistics warehouses;
- 3,693,700 Km travelled for product distribution.



Sales - Stores and online platform

- 1,304 stores in 2014 , up by 9% compared to 2013;
- 70,991 Continente online users;
- 425,651 home deliveries.



Customer Relations

- 4,543,076 – customers who have benefited from card discounts;
- 1,829 - customers who received advice through the Hiper healthy Movement in 2014;
- 106 thousand – customer complaints and suggestions analysed in 2014.

Our way to a Sustainable Life

Sustainability Strategy

The challenges of the Retail Sector

Companies in the Retail Sector currently face a number of challenges resulting from new industry trends. Among others, there is greater consumer demand regarding the information attached to the products, the preference for products that promote and do not jeopardise health and well-being, the search for more sustainable consumption, a growing concern about food safety and the origin of the products, and the pressure for companies to minimise their environmental impact.

According to *RobecoSAM*¹, easier access to information has boosted greater consumer awareness, which materialises either in their choices, as well as in the level of information required on products. More specifically, there is a tendency for consumers to give priority to products that promote their health - nutritionally healthier products and even products with proven absence of toxic substances and other chemicals which are harmful to our health. Also the preference for more energy efficient products is growing, as consumers become more sensitive to the impact and responsibility towards the environment. In order to make their choices in a conscious and informed way, consumers expect to find more information available associated with the products they buy. This evolution in the consumer profile poses challenges to the retail businesses, particularly in the development of healthier products and with different nutritional characteristics, in the provision of safer health products (with special focus on the children's range) and also in marketing more energy efficient and safe products, complementing these efforts with increased quantity and quality of information displayed in the product labelling.

Food safety and product origin are also aspects valued by customers, and are directly associated with the company's image and brand trust. Thus, through the associated risks and the direct impact on customer satisfaction, the value chain management has proven to be fundamental, especially regarding the own brand products.

As climate changes and water scarcity, energy and raw materials become more relevant to society, so does the tendency to inquire and hold companies accountable for their impact on the environment. As such there is pressure to adopt more sustainable and efficient practices and in the retail sector, in addition to energy consumption, the optimisation of packaging design and materials stands out.

Materiality

In 2014 we carried out a materiality review, in order to update the main issues and confirm that our sustainability strategy continues to respond to these issues.

This review was based on three aspects - stakeholders' expectations, industry trends and benchmarks. The stakeholders' expectations analysis took into account the stakeholders' feedback in 2012, with confirmation of the identified theme and particular focus on the customers' expectations and consumers in general. Complementing this analysis with the identification of the main sector's challenges, as well as a benchmark analysis for material themes and the main practices of peer companies, we arrived at the material issues presented below. This review also allowed us to analyse the actual materiality of each subject for each business area (Sonae SR and Sonae MC) and organisational boundaries ("Within Sonae" and "Outside of Sonae").

¹ The Sustainability Yearbook, 2014

Material Themes

	WITHIN SONAE		OUTSIDE OF SONAE
	SONAE SR	SONAE MC	
Environmental, labour and human rights criteria for suppliers	✓	✓	✓ All the suppliers
Transparency and trust along the value chain	✓	✓	✓ All the suppliers; Community; Regulatory and Governmental Entities
Ethics in the Supply Chain	✓	✓	✓ All the suppliers; Community
Influence suppliers on the preservation of natural resources	✓	✓	✓ All the suppliers
Local Production	✓	✓	✓ CPC Suppliers and Own Brand; Community
Product Compliance / Quality	✓	✓	✓ All the suppliers; Customers and Visitors; Media
Public Health	✓	✓	✓ All the suppliers; Customers and Visitors; Media; Regulatory and Governmental Entities
New consumer interaction technologies	✓	✓	✓ Customers and Visitors
Product Adaptation and Innovation	✓	✓	✓ Customers and Visitors Community
Packaging Innovation and Optimisation	✓	✓	✓ Own brand suppliers; Other suppliers
Combating Food Waste		✓	✓ Community
Nutrition		✓	✓ Own brand suppliers; Other suppliers; Customers and Visitors; Regulatory and Governmental Entities
Healthy Life Styles	✓	✓	✓ Customers and Visitors; Community
Support to Local Communities	✓	✓	✓ Community
Health and Safety in Stores	✓	✓	✓ Employees; Customers and Visitors;
Human Capital Investment	✓	✓	
Water, energy and GEE emissions	✓	✓	✓ CPC; SONAE MC Own Brand Suppliers;
Waste Management	✓	✓	✓ Own brand suppliers; Customers and Visitors; Own Brand
Transport and Distribution Optimisation	✓	✓	✓ Fleet Suppliers - Supply Vehicles

The current sustainability strategy in Sonae was defined in 2012, for the period of 2013-2015, and aims to support the retail business to achieve its strategic goals, managing the social, environmental and economic aspects that are material to the organisation.

This strategy has three axes of performance **Better Purpose**, **Better Planet** and **Better People**. The performance in each of these axes has associated commitments, which we clearly assume, which in turn materialise into solid actions across the entire company, with goals, accountable and transparent implementation timetables for the entire company. Concerning the material themes identified this year, as a result of the materiality review, we have confirmed that this sustainability strategy continues to respond to these issues.

Better Purpose – Commitments

- Promote the adoption of healthy lifestyles and keep Sonae's customers informed, providing them with the knowledge they need to make responsible, nutritionally balanced choices;
- Endeavour to promote social well-being in the communities where Sonae is present, contributing towards strengthening citizenship and social cohesion.

Strategic Axis	Which material issues do they respond to?
Responsible Offer and Informed Choice	Nutrition Public Health
Own Brand Product Responsibility	Product Conformity / Quality Product Adaptation and Innovation Public Health
Contribution to Sustainable Fishing	Preservation of Natural Resources Ethics in the Supply Chain
Increase Sharing and Promote Social Well-being	Combat Food Waste Healthy Lifestyles Local Communities Support

Better Planet – Commitments

- Focus on continuous improvement in order to attain top environmental performance, not only as a differentiating factor but as a basic condition for the sustainable development of Sonae's business.

Strategic Axes	Which material issues do they respond to?
Efficient Management of Environmental Performance	Water, Energy and GEE Emissions Waste Management Distribution and Transport Optimisation

Sonae's "Footprint"

Distribution and Transport Optimisation
Water, Energy and GEE Emissions

Environmental Impact of Packaging

Packaging Innovation and Optimisation
Distribution and Transport Optimisation

Better People - Commitments

- Promote well-being and invest in the development of employees' skills and abilities, continuously enriching Sonae's culture;
- Integrate sustainability into the supply chain and align supplier practices with Sonae's policies.

Strategic Axes	Which material issues do they respond to?
Human Capital Development	Human Capital Management
Internal Satisfaction and Wellbeing	Health and Safety in Stores Healthy Lifestyles
Supply Chain Responsibility	Environmental, Working and Human Rights Criteria Transparency and Trust Ethics in the Supply Chain Local Production

In the next sections, we will demonstrate how we responded to these issues in 2014, explicitly presenting the main initiatives and results - framed under each axis of our sustainability strategy.

Better Purpose

Responsible Supply and Informed Choice

2014 Commitments	Performance
Investing in partnerships with universities and other learning institutions and promoting internships related to food quality By the end of 2014, we had 4 trainees coming from different universities and 6 partnerships with universities in the area of food quality.	
Continue to promote a healthy lifestyle, providing more and better information and working together with the community See "Responsible offer and informed choice" section, in particular <i>Hyper Healthy Movement</i>.	
Ensure the maintenance of certification suggestions and complaints system according to ISO 10002 System certification renewed in 2014.	
Promote feedback on Food and Non-Food products, namely Well's and Note! (reporting platform on the use of products) Release of Continent+ mobile application, which allows feedback information from our colleagues about the Food and Non-Food products to be gathered.	
Invest in sensory analysis in order to promote, monitor and ensure the highest quality products Objective achieved with approximately 33,600 sensory analyses conducted at Carnaxide laboratories, Maia and Azambuja warehouses and Gaia Shopping Store.	
Provide product information to ensure proper use by the end consumer Over 2,900 products labelled with information on the environment and safety, beyond that required by law.	

 Fulfilled
  Partially fulfilled
  Unfulfilled

We aim to adapt our product portfolio in order to respond more effectively to the needs and expectations of consumers on a daily basis. We care about ensuring that the products we sell are subject to rigorous quality and safety control processes and are a responsible and balanced offer capable of **improving the nutrition and health of the general public**. Additionally, we believe that communication and information disclosure regarding health, nutrition and the quality of our products to consumers is essential to promote an informed choice and a healthy lifestyle.

Health and Nutrition

It is essential to transmit to consumers, information that can facilitate the choice of quality food products that are healthy and safe. In this context, we have a **Nutritional Policy** with the main goal of ensuring compliance with legal and internal requirements in the development of own brand products, improving the nutritional profile of food products in order to provide an informed choice to our customers. This policy, which is based on recommendations of the World Health Organisation and various national and international stakeholders, aims at, promoting a healthier lifestyle and contributing towards improved health and nutrition.

Optimisation of the nutritional profile

In order to promote an increasingly responsible offer, we continued to develop the optimisation of the nutritional profile of Continent's own brand products, with the involvement of the respective suppliers in the process. The optimisation of the nutritional profile of these products can reduce the salt content, total fat, saturated fat and sugar, as well as eliminate hydrogenated fats and provide enrichment of micronutrients (vitamins and minerals).

ColorADD® in the Traffic Light Nutrition Labelling

The launch of new food products on the market raises the degree of complexity inherent to the consumer choice process. Since consumers are increasingly more demanding in the purchase of products, namely food products, and following the trend of healthier nutritional lifestyles, the “*Nutritional Traffic Light*” is an important source of clarification for consumers to make a more informed and responsible choice.

ColorADD® is a colour identification system for people who are colour blind, and consists of a code that identifies the colours. In general, Continent's own brand products with the “*Nutritional Traffic Light*” have this system in place.

The introduction of the code in ColorADD® on the “*Nutritional Traffic Light*” began concerning the renewal of the labels of Continent's own brand products, in 2014. This will continue in 2015 for the labels of new products and products which are being reformulated.

Hyper Healthy Movement

For the fourth consecutive year, the *Hyper Healthy Movement* included the implementation of a number of initiatives in order to promote a shift in eating habits and a healthier lifestyle for children, youth, adults and seniors.

Traffic Light Colors and ColorADD®

The traffic light colours are not related to the recommended daily intake (RDI), but to other limits that can be found on the conversion cards of nutritional traffic light.



RED

Signifies that the food has a high concentration of fat, saturated fat, sugar or salt.
- This product should only be consumed in small amounts or occasionally



YELLOW

Signifies that the food has a medium concentration of fat, saturated fat, sugar or salt.
- This product is a good option



GREEN

Signifies that the food has a low concentration of fat, saturated fat, sugar or salt.
- This product is a healthier option



Energy: GREY

The grey colour assigned to the energy has no nutritional significance.

The symbols    found in the nutritional traffic light are part of the colour-coding system for people who are colour-blind - ColorADD®. www.coloradd.net



In line with previous years, the *Hyper Healthy Movement* developed three types of initiatives to promote the improvement of health:

a) Nutritional Counseling

In order to assist the consumer in choosing products with the most appropriate nutritional contents considering their needs, the nutritional advice initiative was developed. It is designed to facilitate the responsible selection of food products by consumers. Through an internal team of nutritionists, we provide complimentary clarification and nutritional advice in Continent stores.

In 2014, through this initiative, we were able to carry out **4,277** screenings, **1,829** nutritional advice sessions, **772** follow-up visits and **1,301** assisted purchases with the support of *Personal Nutritional Shoppers*.

We have provided advice to more than 40 thousand customers since 2009



b) Awareness activities

Following the objectives of our nutritional policy, we held a series of awareness-raising actions aimed at children and young people of school age, adults, seniors and groups at risk. In 2014, awareness-raising actions of different types were developed with different themes such as the importance of fruit and vegetables, the importance of breakfast, fish consumption and the need to make informed and conscious choices when making purchases.

264 Awareness Actions were carried out, attended by **6,624 participants**, of which 4,877 were children and young people of school age (from pre-school to high school).

Following the protocol of previous years, our colleagues were largely involved in training sessions, screenings and nutritional advice sessions in relation to the *Hyper Healthy Movement*.

Since 2010, there has been over 900 awareness actions with more than 23,300 participants



c) Seminars, Events and Partnerships

As a result of the necessity to change people's eating habits, in 2014 we continued to establish partnerships with organisations related to our nutrition policy and the objectives of the *Hyper Healthy Movement*. Thus, we worked in partnership with various stakeholders for the implementation of programmes, actions and relevant educational activities.

In this context, in 2014 we continued to take part in lectures and other events at several universities and organisations, for the purpose of promoting the *Hyper Healthy Movement* and raising awareness of the "*Nutritional Traffic Light*", with the main objective to promote a healthy diet and lifestyle. The seminars were held in the following educational institutions and entities:

- **Education Institutions** - Portuguese Catholic University, Faculty of Nutrition and Food Sciences of the University of Porto, Egas Moniz Institute of Health Sciences and CESPU – Advanced Polytechnic and University Cooperative;
- **Other entities** - Portuguese Association of Nutritionists and the Portuguese Institute of Nutritionists.

As well as maintaining the partnerships established in previous years, we have established a new partnership with the Beatriz Ângelo Hospital in Santo Antonio dos Cavaleiros, in order to monitor patients

of the Cardiac Rehabilitation Programme from the hospital's Department of Cardiology. We also strengthened our partnership with the Portuguese Association for the Protection of Diabetic People.

Furthermore, we have participated in the development of various promotional campaigns for healthier and conscious eating habits and in events organised by us in partnership with relevant organisations, namely:

- Food Fortnight, held for the 6th consecutive year, which this year included the Continent mini-chefs as event ambassadors;
- For the 4th consecutive year, we have maintained our partnership with Esposende City Hall in order to train students from this municipality in various aspects regarding dietary habits.
- Distribution of vegetable samples in Parliament and in the Ministry of Agriculture, in partnership with the Portuguese Association of Nutritionists (APN) to promote the importance of vegetable consumption on a daily basis.
- Under the 5th National Sea Kit I Competition, the Hyper Healthy Movement was present as a member of the jury; it offered 360 snacks and the prize for 2nd place in the contest. The event was given a boost with the appearance of Leopoldina, who interacted with the children there.

Responsibility in own brand products

Commitments 2014	Performance
To provide a balanced offer of the different types of own brand products. New, innovative and differentiated product developments have been introduced such as the Light Potatoes "Continente Equilibrio" and the take-away category. See "Responsibility in own brand products" section.	
Maintain the NP EN ISO 9001:2008 certification covering the process for developing Continente own brand products. Certification renewed in 2014.	
Certify the Worten own brand products development process. Certification renewed in 2014.	
Establish a formal health and nutrition policy for own brand products. Policy formalized in 2013. See "Responsible offer and informed choice" section.	



Fulfilled



Partially fulfilled



Unfulfilled

In the development process of our own brand products, we are careful to ensure that, through the adaptation and innovation of products we contribute in different ways to: (i) promoting a responsible offer and informed choice by the customer; (ii) encouraging the adoption of healthier lifestyles and improving public health; (iii) providing an offer which ensures the highest standards of quality and safety.

products meeting a minimum curing time of 9 months - the time that we believe necessary to produce a quality ham, and where the distinguishing features of each of the products are clearly communicated, providing our customers with a better understanding of this product which is part of Portuguese tradition.

The Continente matured Meat and Selection were developed to provide customers with access to cuts of meat that did not exist in the Portuguese market: Tasty, succulent and tender cuts of meat. In order to obtain these qualities, the cuts of meat undergo a process of maturation, a natural and controlled process to tenderise the flesh that occurs in the muscle fibres and enables us to produce meat with a much more tender texture and richer flavour.



Contribution to household saving

In our take-away category, we developed **more economic family packages** to encourage the consumption of quality take-away meals in a family environment at a more affordable price, thus also contributing to family savings in general.



Product development

The process of innovation and development of our own brand products of non-food retail is characterised by a rigorous process regarding product quality and safety by addressing specific consumer needs:

Shower Gel and My Label Body Lotion for atopic skins - shower gel and body lotion developed especially for people with dry skin and atopic tendency, without any use of allergens and preservatives.



Moving Baby Nappy Range – Launch of a new range of “Moving” Baby Nappies, dermatologically tested and which have a thinner design allowing greater adherence to the baby's body and better movement and comfort.



Quality and Product Safety

One of our priorities is to ensure the quality and safety of our own brand products, by controlling the whole process from preparation of the products to their in-store availability. To achieve this goal, we focused on the certification of the development of our own brand products, monitoring compliance, quality and safety of these products and the feedback received.

Development of Own Label Products Certification

In 2014, we continued our efforts to ensure the certification of the own brand developing process. In this sense, we revalidated this certification process for Sonae's own labels like Sonae MC and Worten, according to the international reference for quality management ISO 9001.

Objectives of our Own Brand development process

- Consumer Satisfaction with our Own Brand products as a strong factor in business success;
- Guaranteeing that the development of our Own Brand products is the result of an ongoing concern to comply with all the requirements, with thorough procedures, so that they can be part of the objectives themselves;
- Ensuring more professional organisation to improve operational efficiency, raise the company's productivity and ensure that our people are highly satisfied in their work;
- Strengthening relationships with suppliers to ensure that the products obtained are of the desired quality;
- Strict compliance with the applicable regulations in all areas of our business.

Quality monitoring and safety of Own Brand products

We have a team of skilled professionals dedicated to carrying out periodic checks on products, including audits and laboratory tests, in order to ensure compliance with quality and safety standards. These checks are carried out based on the annual plans for collection and control of products being commercialised in each article category.

Following the measures concerning the monitoring of the quality and safety of OB products, we have invested in improving the degree of traceability by identifying the respective manufacturing lot and we have implemented, together with suppliers, various improvement and optimisation initiatives, particularly in terms of changes regarding materials and manufacturing processes.

Good Practice

- The production process is monitored by internal and external technicians, and the different stages of production are validated;
- External agencies are subcontracted to carry out inspections in the factories of origin;
- Upon receipt of the goods, tests are performed in laboratories located in the warehouses;
- The products are tested before delivery to the stores

FAZ Project - Fruits and Vegetables from A to Z

In 2014, we began the FAZ Project - Fruits and Vegetables from A to Z, which has as its main objective the improvement of the quality standards for fruit and vegetables, as well as undertaking various initiatives involving suppliers, across the value chain, aiming at making the processes linked to this type of product more efficient sustainable.

Under this project, a set of initiatives was developed directed primarily to the area of Quality, including:

a) Sensorial panels

In addition to the sensory analysis laboratory in the central offices in Carnaxide, which has been in existence since 2012, 3 more sensory analysis laboratories have been set up in: Azambuja, Maia and Gaia Shopping Centre Continent Store. The testers in any of these laboratories are in-house colleagues. In this way we intend, through our in-house colleagues, to monitor the quality of the Continente own brand products and offer a much more thorough understanding of this quality.

b) Direct deliveries from suppliers in store

Considering the plans to increase the number of local suppliers during 2015, we developed an initiative to promote the direct delivery of the products to stores under the FAZ project. In this context, concerning local suppliers, the delivery of the products is made directly to the stores, without the need for centralise distribution. Thus, the reduction of logistical costs is possible, as well as the reduction of environmental impacts and greater freshness of the products delivered.

c) Technical monitoring programme for suppliers

This initiative essentially consists of technicians monitoring the quality of some of the seasonal campaign fruit suppliers, thus reducing the number of returns to our warehouses, store returns and customer

complaints. For example, in 2014 this type of monitoring was carried out in relation to the chestnut and cherry campaigns. We intend to extend this programme to several other suppliers during the year 2015, given its positive impacts regarding both parties.

d) Panel of experts in fruits

In 2014, a project was developed in Maia and Azambuja warehouses concerning the establishment of a panel of experts from the Department of Quality and Research, with specific training in certain fruits. This panel enables a more precise surveillance of the quality of our fruits, resulting in an improved quality. An extension of this project is planned for the year 2015.

Continente+



The Continente+ application for smartphones (compatible with Android and IOS operating systems), launched in 2013 and revamped in 2014, allows Sonae's colleagues to:

- a) Assess Continente's own brand products;
- b) Consult the history of the assessments conducted;
- c) Make new product suggestions.

In the future, we intend this application to be used by our customers. Thus, with the support of new technologies and by relying on the involvement and the sharing of opinions and suggestions from our colleagues and in the future, from our customers, we can receive feedback on Continente's own brand products. We can also monitor their quality and identify opportunities to improve them in order to enhance customer's confidence in our brand.

Quality and Safety - Electronics Products

All products offered by Worten are subject to strict quality and safety testing, to ensure that they meet the legal and internal requirements, considering their useful life and life expectancy. In this way, the recycling of the products is easier and health hazards are reduced as well as the amount of waste and energy consumption, allowing us to ensure the safety of the product to the end consumer.

Quality and Safety - Textiles & Sports Products

In order to ensure compliance with the specific requirements of the different international markets, we pay special attention to the approval of the products in the children's area of the Zippy brand in terms of quality and safety requirements during the product development phase.

Internationalisation requires continuous work within the research and evaluation of

Control in Internationalization - Textile and Sport Products

"Case Study" - Product Certification to Egypt

- Several random tests were made to more than 100 products, each one subject to various trials given extremely strict requirements compared to European and American legislation.
- The process lasted for three months and, given its annual expiration date, efforts will be made on the time consuming process of certification renewal in 2015.

requirements to sell children and sports textiles in new markets. Additionally, we have invested in the improvement of the customisation process and the correction of products in warehouses or factories in accordance with the established requirements. At the same time the products are subject to verification and control through random toxicity testing performed in the warehouses, according to product safety legislation and evaluation keeping in mind the possible presence of chemicals which may be harmful to our health.

In 2014, as part of our growing presence in various geographic areas, we tried to allocate permanent efforts to the improvement of the monitoring of own brand textile products, from the children's area to ensure in particular, compliance with the requirements for the marketing of these products in specific markets, as well as the adaptation of existing product ranges to the characteristics of these markets.

In 2014, as part of our growing presence in various geographic areas, we tried to allocate efforts to the improvement of the monitoring of our own brand textile products.

The entry process to a given market requires a prior study to assess the existence of specific requirements and product regulation, which may prevent or restrict the entry of our brand to the respective countries. Therefore, there are two necessary phases prior to the export process:

Meeting Product Requirements	Product Range Adaptation
Research, evaluation, study and preparation of the technical requirements in accordance with the demands of the specific product in markets (e.g.: preparation and certification procedure of textile and sports products regulated for the Egyptian market (see highlight).	Product adaptation, especially in terms of labelling, marking and compliance with legal requirements, preparation of disclosable technical evidence, in order to ensure compliance with the specific requirements of markets and imposed standards on the market (e.g.: new performance parameters, toxicity and fire resistance in the US).

Compliance and quality checks of own brand products

In 2014, in order to ensure compliance and quality of OB products, more than 634,000 tests were carried out in internal and external laboratories on products from different categories:

Food Products	Non-Food Products	Textile	Sport	Electronics
553,152	8,020	52,517	19,969	633

OB Product Labels

In 2014, we implemented some improvements in product labelling, in particular by simplifying the use of symbols and icons for easier message interpretation, so that the consumer can make a more informed choice in the use of the product. At the present time, we are developing multilingual packaging labels, for the internationalisation of some brands.

Furthermore, a new regulation was implemented concerning packaging, regarding the information that should be presented on Continente's own brand products. This Regulation defines the type of information, both mandatory and optional, which should be included on these product labels, as well as the specifications that each piece of information should respect (e.g.: font size, image size, etc.).

Customer Feedback

The opinion of our customers is of the utmost importance, and their satisfaction is a key aspect to achieving success. Therefore, we pay full attention to customer complaints and feedback in relation to our products and services.

Sonae Ombudsman is available to all of our colleagues, customers, suppliers and the general public. The duty of the Ombudsman is to provide a response to any claims, complaints or suggestions made and forward them to the relevant Sonae business area and monitor the respective follow-up answers.

The Suggestion and Complaints Management System aims to manage and process complaints, through monitoring and resolution with the customer. This system allows us to not only solve problems identified by the end customer, but also the implementation of improvement measures in order to prevent future claims. In 2014, about 106 thousand complaints and suggestions were detailed and thoroughly examined, so that we could improve the aspects identified regarding customer support. In order to assure compliance with the highest customer service standards in the management of complaints and suggestions, we have proceeded with the renewal of the Suggestions and Complaints Management System certification according to ISO 10002. In addition, approximately 20 internal and external audits of the system are carried out in order to ensure compliance with the system requirements and to foster continuous improvement.

Sonae Ombudsman - provedoria@sonae.pt

"Worten Resolve" - Customer Support Project



This service provides support for all the after-sales customer services in store, in particular the checking, testing and troubleshooting of product faults and in doing so it:

- Addresses easily-resolved (technical) complaints made by customers, by solving problems on the spot.
- Provides easy repair troubleshooting for customers, so the item can be delivered immediately to the customer.
- Provides support services, such as sale of accessories and/or components, to complement the repair needed.

In addition to troubleshooting, Worten Resolve has led to a reduction in the amount of waste electrical and electronic that would be potentially generated.

Contribution to Sustainable Fishing

2014 Commitments	Performance
Raise customer awareness of fishing sustainability issues This year we have launched the Mr. Barros project with the aim of raising the awareness of our customers concerning the purchase of products, from sources which use sustainable fishing methods, which are controlled and local, such as the ones from the local fishing harbours.	
Give greater prominence to fish products captured using sustainable methods The Mr. Barros project has also increased the amount of fish produce on display, improving the exposure of the product, and positively influencing the sale of fish from the local fishing harbours. <i>Our Traffic Light System demonstrates this reality.</i>	
Raise the awareness of our cod suppliers about sustainable fishing certification We maintain our commitment (contracted) with our suppliers to endorse sustainable fishing methods and we work with suppliers who already have significant fishing control certification. Suppliers sign a sustainability clause whereby they commit themselves to use fishing equipment that does not damage the seabed and to act according to a sustainable fish capture policy.	
Implement increasingly demanding sustainability requirements This year we have fulfilled our goal vis-à-vis the implementation of the Mr. Barros project, and with a very significant reduction in the fish produce obtained by destructive fishing methods (Red Traffic Light). We are in the development phase of new actions for 2015.	



Fulfilled



Partially fulfilled



Unfulfilled

In order to ensure the preservation of natural resources and the sustainability of marine ecosystems, minimising the impact derived from the pressure of human activities, we have defined a Fishing Sustainability Policy containing a set of principles and commitment actions in order to address this theme.

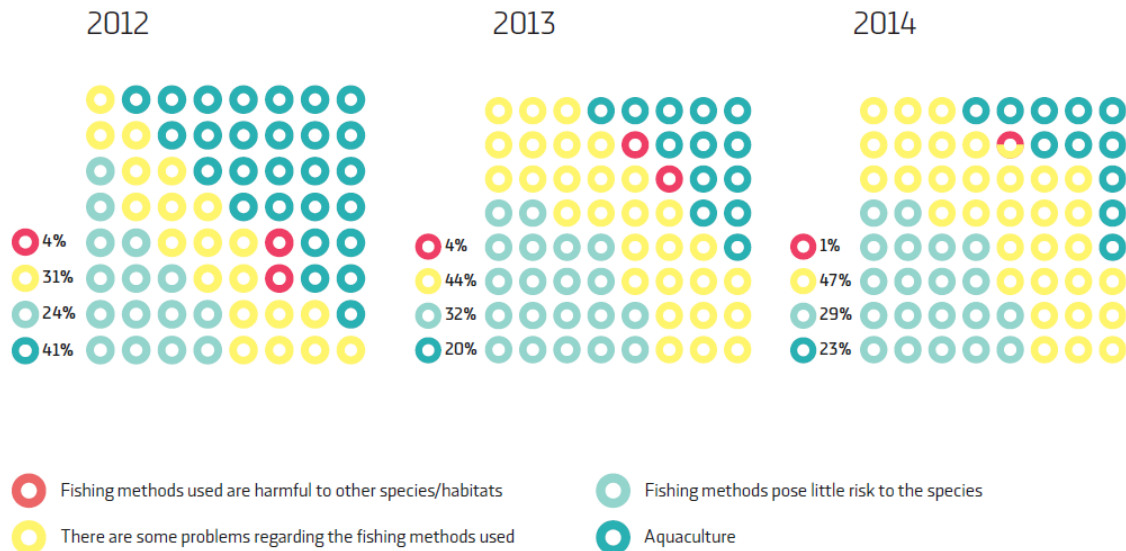
This policy has the following major advantages: (i) guaranteed avoidance of suppliers blacklisted by Greenpeace; (ii) introduction of new tags in Fresh Fish (PPA - Proof of Purchase at Local Fishing Harbours); (iii) choice of suppliers, according to fishing methods used; (iv) compliance with legislation on scientific names and minimum fish sizes; (v) transmission of trust and loyalty to consumers.

For more information about the Fishing Sustainability Policy, go to the Sonae website:

<http://www.sonae.pt/en/sustainability/environmental-policy/>

Traffic Light System

The Traffic Light System, developed by the fisheries business unit to classify the capture methods used according to their impact on the environment, allows the evaluation of the sustainability practices of fish suppliers taking into account the fishing method used. In 2014, the results were the following:



In comparison with recent years, we have found a reduction in the use of fishing methods that are harmful to other species or habitats (Red Traffic Light), in contrast to a slight increase registered with regard to the proportion of fish suppliers in which there were some problems with the fishing method used (Yellow Traffic Light).

Sonae's Fish Supplier Requirements

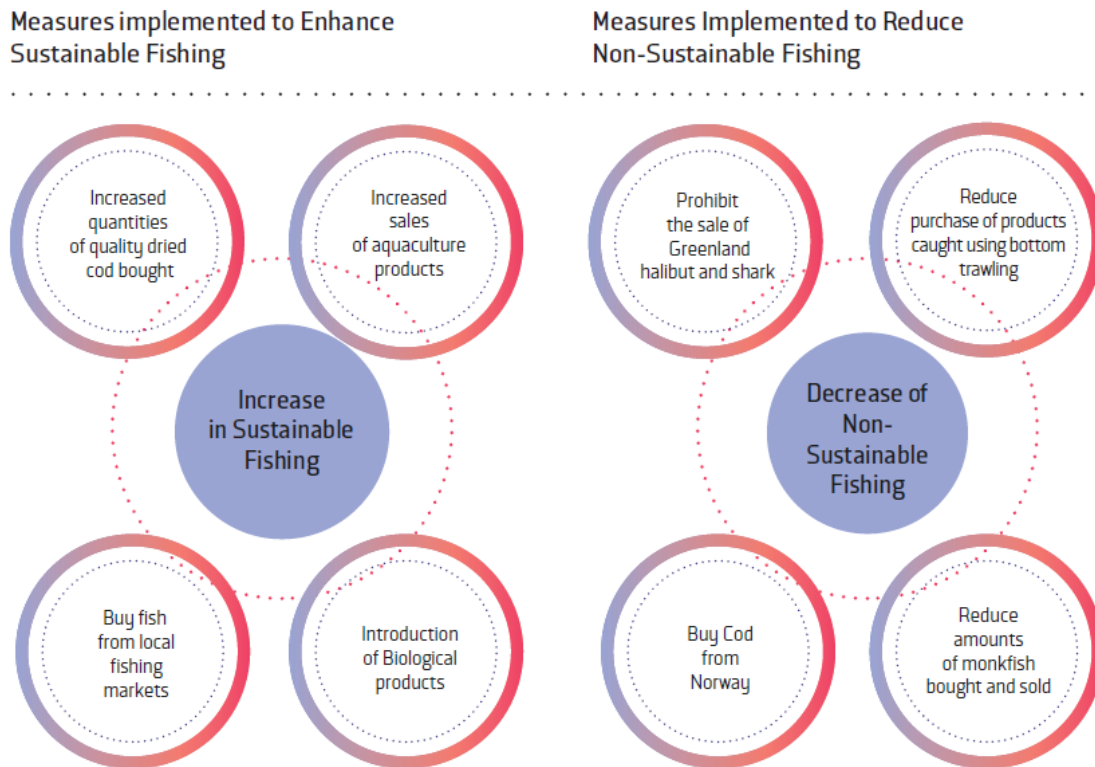
When suppliers sign a contract with Sonae, they agree to the following:

- (i) Comply with and meet the legally established maximum fish catch quotas,
- (ii) Operate their fishing equipment so as to avoid harm to the seabed and ecosystems,
- (iii) Act in accordance with a sustainable fish capture policy and
- (iv) Only supply fish caught on vessels not "blacklisted" by Greenpeace with an undertaking to submit documentary proof of compliance whenever requested. Additionally, the documents accompanying the goods are required to include information on species, batch, capture zone and method. Moreover, this information and the vessel names, certificates, names of captains and port of landing must be updated on an annual basis.

Additionally, quality audits of suppliers are carried out to ensure the execution of the requirements set by Sonae.

Contribution towards sustainable fishing

We have implemented a set of measures that contribute towards sustainable fishing, by ensuring a growth in sustainable fishing and, in turn, promoting a decline of non-sustainable fishing:



In addition to these measures, one of our primary objectives is to alert consumers to the problems underlying non-sustainable fishing, and contribute to this cause by preventing the selling of endangered species.

In this sense, we have implement the following actions:

- Provide greater degree of visibility to products from more sustainable fishing methods;
- Carry out awareness activities, lectures, events and partnerships within the Hyper Healthy Movement;
- Display the CCL Label (Local Fishing Harbour Purchasing Certificate) in fresh fish stalls and place explanatory posters of this label at the local fishing harbours;
- Promote sustainable fishing through contact with the MSC (Marine Stewardship Council).

Increased sharing and promote social well-being

2014 Commitments	Performance
Define Sonae's formal strategy for community support, including definition of strategic areas, goals and information reporting practices The definition of the procedure was initiated in 2014.	
Continue with projects that have positive impacts on the community in the fields of Health and Sport, Education, Solidarity, Environmental Awareness, Culture, Science and Innovation. Action achieved. See "Increased sharing and promote social well-being" section.	
Continue with investment in the community Sonae has continued to allocate part of their budget to community investment, with an amount of 9.8 M€ (Sonae consolidated amount) in 2014.	
Develop and promote volunteering in the company, through Sonae Activshare Programme diversifying the actions and facilitating access to them We have continued to encourage all of our colleagues to be actively involved in volunteering activities, through the Sonae Activshare Programme. In 2014, 1,737 colleagues were involved in voluntary work activities for a total of 6,841 hours. See "Sustainability in Sonae – Sonae Activshare" section.	



Fulfilled



Partially fulfilled



Unfulfilled

Projects and Initiatives

At Sonae, we are aware that we can actively contribute to the development of the communities in which we operate. This gives us the opportunity to contribute to increased sharing and promote social well-being, through the participation and implementation of projects and initiatives in areas that are aligned with our sustainability strategy: (i) environmental awareness; (ii) culture; (iii) education and entrepreneurship; (iv) health and sport; (v) science and innovation; (vi) social solidarity.

Promoting the participation of our customers, suppliers and our teams, in projects and initiatives that have been developed in this area, in 2014, in the area of Retail, we allocated 8.5 million euros for this purpose, resulting in support to 1,517 institutions. During this year, among others, the following projects and initiatives under the environmental awareness, health and sports and social solidarity pillars stood out:

Environmental Awareness

Equipa Worten Equipa – EWE (Worten) – Launched in 2009, EWE is a Worten social responsibility project which aims to contribute to an environment free from harmful waste, while supporting those most in need. Through this project we offer €50 in the form of new equipment to charities for each tonne of WEEE delivered. Over the past six years, EWE has collected over **27,000 tonnes** of WEEE and has



supplied over **14,000 new appliances** to **1,483 institutions**, which represents direct support to more than **362,000 people** in need.

Gift **Gorongosa National Park** Collection (Note! and Continente) - A creation by Note! from the "Gift Collection". A collection with unique designs dedicated to Gorongosa National Park (Mozambique), in order to raise funds to support the redevelopment of the park and to the educational project in the local communities. This collection was sold in the pre-Christmas period in 40 Continente and Note! stores.

Greencork Campaign (Continente) – In partnership with Quercus, Continente is promoting the cork gathering campaign "Greencork" for the 2014/2015 period. This initiative aims to develop activities to promote cork and the gathering of cork to recycle. 3 school groups and the IPSS were awarded with the highest number of collected corks. In 2014, about **30 tonnes of cork** were collected for recycling, which was then reverted back to the planting of indigenous trees. 90% of these corks were collected in Continente stores.



Health and Sports

- Through Sport Zone, Sonae promotes the organisation of **sporting events** such as the Women's Race, Deeply - National Junior Surfing Circuit, Gira Volley-ball, Sport Zone Night-time Run, Sport Zone Half Marathon, Sport Zone Island and Sport Zone Soccer Camp.

Social Solidarity

- Missão Sorriso** (Continente) – In 2014, the Mission Smile raised over 2 million euros through various initiatives: two food gathering campaigns (in total, products were collected for the preparation of about 720,000 meals); the sale of "Leopoldina and the Iberian Lynx Game" in Continente stores; the Rádio Commercial concert "Xmas in the Night"; sale of the Sonetos Gift Basket from Continente Online and also the toy collecting campaign, in which 60,000 toys were distributed at Christmas time, from the Bank of Donated Goods to needy children around the country. To make this happen, colleagues and customers were involved as well as 6,000 Red Cross volunteers in the food collection actions.

- Solidarity Packaging – SOS Children Villages** (Worten Spain) – In 2014, at Christmas time, Worten Spain launched a Christmas gift wrapping service in order to raise funds for the Association of SOS Children's Villages. Volunteers from this association were present in eight stores, and wrapped Christmas presents from our customers, as well as presenting the organisation's activities concerning supporting children and families in vulnerable situations.



- Love in a Box** (Zippy) – a solidarity project initiated by Zippy in 2014 "Love in a Box" sold more than 40,000 box-presents in Zippy stores during the month of December, raising more than 20 thousand euros towards this campaign. The funds raised from this campaign promoted by Zippy in partnership with the Portuguese Red Cross (CVP) and RTP will be put towards the purchase of nursery equipment to be distributed by the Portuguese Red Cross, making the lives of thousands of children happier.



- **Make-A-Wish** (Well's) – For the second year, Well's and the Make-A-Wish Foundation have teamed up to make a special wish come true, bringing hope, happiness and strength to children and young people with a life-threatening medical condition. As always, Portuguese society has exceeded our expectations. Between November 2014 and January 2015, the campaign raised more than 75,000€, through the sale of Christmas labels (14 per pack) for €1.
- **PERA Project** (Continente) – The PERA project (School Programme for Food Replenishment), developed in partnership with the Ministry of Education, is intended to support children in need and at risk of extreme poverty. In this sense, Continente provided breakfast to 902 children in 19 schools in Porto, alerting students and their respective families to the importance of healthy eating habits and breakfast.
- **The Big Hand Project** (Continente) – The Big Hand Project is a non-governmental organisation, which aims to help children in need in Mozambique, by finding sponsors around the world. In 2014, Continente reinforced its support to this amazing initiative sponsoring 40 children who will benefit from being given the opportunity to attend school, receive adequate meals and clothes. A small contribution for us, a life changing opportunity for these children.
- **Associação Dariacordar Partnership** (Continente) – Aware of the cause of the Dariacordar Association and the "Zero Waste Movement", Continente has entered a collaborative partnership with the Association, in order to allow surplus food products still suitable for consumption to be collected and distributed to those in need.



A standing commitment to our customers and customer benefits

We believe that we can contribute to the well-being of our customers in many ways. We continue to strengthen our relationship and our standing commitment to our customers by providing them with a number of benefits and discounts, including discount tickets, Well's discounts, the Continente Card or Sport Zone Card that include loyalty promotion mechanisms, bringing significant benefits in the context of household savings.

Using the Continente Loyalty Card, in addition to discounts on future purchases, our customers and their families can enjoy a variety of benefits when purchasing fuel and special offers in relation to gymnasiums, health care, cultural and sports events. Additionally, through an accumulated balance on the Sport Zone Card, they can take advantage of discounts on various sporting goods. In 2014, more than **4 million customers** had the opportunity of benefitting from the card and vouchers.

CTT Project in Continente and Note! stores

Consists of the inclusion of various CTT (National Postal Service) services in Note! stores and Continente hypermarkets, promoting better proximity and ease of access to such services by the general public. Thus, we contribute to the accessibility of CTT services by local communities, particularly those outside major urban centres, by making this service more widely available and with an extended timetable.

Better Planet

Management of Efficient Environmental Performance

2014 Commitments	Performance
Extend the ISO 14001 Environmental Certification plan to Textiles and Sports stores The certification process of the first Sport Zone Store began in 2014 and this the first stage of the Concession Audit was carried out. We also expect to start the process aimed towards the first Textile Store Certification in early 2015.	
Maintain current ISO 14001 Environmental Certification and expand the certification plan to Worten stores In 2014, concerning the Environmental Certification that had been previously obtained by Worten Stores, 17 were maintained and 11 were renewed. 13 new certifications were obtained by Continente (11) and Worten stores (2).	
Conclude the R22 coolant replacement plan in refrigeration plants In 2014, we eradicated the use of R22 in cold production systems of the last two stores where it was still being used. In one of those situations, the R22 was replaced by refrigerant gas without any negative impact in terms of destruction of the ozone layer, and in terms of the greenhouse effect.	
Promote the use of rigid boxes with disposable lining and replace the inner bags of rigid boxes, in home deliveries The thermal bags are no longer purchased by Sonae and they are currently being gradually replaced (>75%-90%). The only bags that we have are from 2013 equipment that is still in good condition.	
Reduce the use of plastic bags in home deliveries In 2014, we averaged 14.9 bags per delivery, which represents a decrease of 4.5% when compared to 2013.	
Strengthen the <i>Outlet</i> Concept / UTRAD - Treatment Unit for Depreciated Items, in order to recover articles that would have been disposed of as waste In 2014, a recovery rate of 70% was achieved in depreciated items.	
Implement best environmental practices in new facilities (stores, production centres) or when existing facilities are overhauled (use of recyclable materials easily adaptable to climate changes, energy efficiency, use of renewable sources, water efficiency, etc.) In 2014, we have continued to implement best environmental practices in both new and existing facilities. This is a permanent goal for our team.	
Install an Environmental Dashboard in 80% of Continente and Worten stores Installed in all Continente and Worten stores (Portugal).	



Fulfilled



Partially fulfilled



Unfulfilled

Management and Good Environmental Practices

When reflecting upon the work that we have completed to minimise our environmental impact, in 2014 we have again strengthened the series of our Environmental Certifications according to the ISO 14001 international standard, both in Portugal and in Spain.

This year, we have obtained:

- The maintenance of the Corporate Certification of Sonae Retail (Sonae MC & Sonae SR), already achieved in 2007;
- Maintenance of 17 certifications involving warehouses, Continente stores, Worten stores in Portugal and Spain, and the meat processing centre;
- The renewal of 11 certifications, namely in Continente warehouses and shops;
- 13 New Certifications concerning *Continente* and *Worten* stores.

Aware of our responsibility towards the environment and society, we aim towards the adoption of progressively more efficient practices in all our operations - both in terms of existing stores, as well as new facilities, major renovations and home deliveries.

Furthermore, our significant efforts in this area are further evident through the use of refrigerant gases for the preservation of food products that have less environmental impact, the management of waste generated through our activities, or waste products deposited by customers in the stores.

We also have an Environmental Dashboard in every Continente and Worten store - a monitoring tool for environmental indicators (water, energy, fuel, waste, etc.). The monitoring and reporting of the environmental performance of each store, as well as all the work completed on projects that support the achievement of environmental certifications inspire and motivate Sonae's teams to find more sustainable ways.

13 New Environmental Certifications (ISO 14001)

11 Continente Stores

- Arrábida
- Braga
- Gaia Shopping Centre
- Guimarães
- Maia Jardim
- Maia Shopping Centre
- Ovar
- Valongo
- Viana do Castelo
- Vila Real
- S. João da Madeira

2 Worten Stores

- Matosinhos
- Vasco da Gama

LEED Certification in the new openings and store refurbishments

In our new openings and store refurbishments, we focus on the implementation of the best environmental practices in the industry, and this performance is confirmed through the major refurbishment, which will take place at the end of the year in the Matosinhos Continente Store, where we even intend to obtain a LEED Gold Certification.

LEED Certification - Leadership in Energy and Environmental Design – is a system for assessing the sustainability of buildings.

Refrigerant Gases

The quality assurance of our products depends, among others, on ensuring proper storage of food, mainly in our food storage systems (Continente). In this context, we use refrigerant gases in the cold production facilities, and one of our concerns is to reduce the environmental impact associated with this.

In 2014, we continued the efficiency improvement programme in our cold production facilities, without neglecting the issue of the use of ODGs (Ozone Depleting Gases) and GHGs (Greenhouse Gases) - a situation to which we dedicated special attention. In this context, we have been decreasing, in recent years, the use of R22 gas - a substance which is destructive to the ozone layer. The year 2014 was marked by the eradication of the use of this gas in our refrigeration plants in the last two stores where it was still in use.

In addition to eradicating its use, we have been developing and implementing alternatives, with the goal of drastically reducing the use of gases with high GWP¹, through its replacement by the designated "Natural Gases" (with little or zero GWP).

Despite being a more environmentally positive solution, it is internationally recognised that the use of "natural gas" in warm geographic areas, particularly in Southern Europe, is an area for which there is still experimental and technological progress to be made.

In our case, we attempted to use the "natural gas" R744 (CO₂), R290 and R717 (NH₃), supplemented with other refrigerant gases and/or glycol, according to technologically viable options. As a result of our efforts, in 2014 there was an increase in the use of "natural gas" and a decrease in the use of more noxious refrigerant gases – the eradication of R22; the reduction of R404 and R427 (by 5 pp and 2 pp respectively).

Refrigerant Gases	Usage in 2014 (%)	Variation relative to 2013 (pp)
		<i>Pp – percentage point</i>
R22	0%	- 1pp
R404	74%	- 5 pp
R427a	4%	- 2 pp
R134	5%	+ 3pp
R290	5%	+ 2 pp
R744 (CO₂)	3%	+ 2 pp
R717 (NH₃)/Glicol	1%	+ 1 pp
Glicol	8%	- 1pp

¹ GWP (Global Warming Potential)

Waste management

At Sonae, we want to be an example of operational and environmental excellence, but also a vehicle for society to minimise their impact on the environment. Therefore, in addition to the waste that is generated by our retail activity, we also manage waste deposited by customers in our stores. In 2014, we handled 65,723 tonnes of waste - 4.3% more than in the previous year.

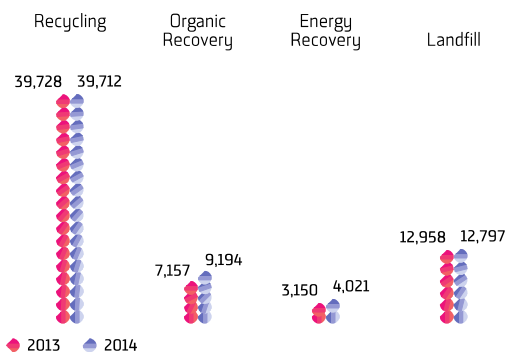
Waste Management 65,723 tonnes	Waste Generated	• 60,935 tonnes • + 4.0% waste
	Waste deposited in our stores d by customers	• 4,788 tonnes • + 8.5% waste

Summarising the Waste Management in 2014, we would like to highlight the following:

- A reduction of waste associated with our plastic packaging (-7%) and wood (-34%) over the previous year and a residual growth in Cardboard waste - mainly resulting from changes in packaging implemented by Continente concerning both its Own Brand and other suppliers (see Environmental Impact of Packaging);
- The continuation of our efforts to increase the production of Municipal Solid Waste (MSWs), with the consequent avoidance of waste sent to landfills - in 2014 we overcame the important target of 80% of waste sent to Recovery;
- An increase in the hazardous waste electrical and electronic equipment (WEEEs) deposited by customers of about 29%;
- A general reduction in the depositing of the remaining waste by customers (e.g. non-dangerous WEEEs, batteries, lamps, coffee capsules, etc.);
- A significant increase in the amount of waste clothing (from 83 tonnes, in 2013 to 199 tonnes, in 2014), reflecting the development of the Clothing Recovery Project.

Waste Final Destination

Ton



Clothing Collection Project

After an experimental phase in the 2nd quarter of 2014, the clothing collection project was started, with an increase in the number of stores that carry out collection. This project aims to combine the proper management of such waste by supporting those most in need, whilst also contributing to promote environmental citizenship by the communities where our stores operate.

The project consists of collecting clothes from the collection points in stores and managing the clothes in the following way:

- (i) The clothes in the best condition are sold in shops created for this purpose, with the money raised channeled to charitable organisations;
- (ii) The remaining clothes in good condition are donated;
- (iii) The clothes in poor condition are recycled.

We work in partnership on this project with three institutions in the context of social support and the development of textile waste - *Humana Portugal*, *Sarah Trading* and *Ultriplo*.

We closed 2014 with 25 stores serving as collection points, 5 of them joined during the last quarter of 2014. At the end of 2014, 199 tonnes of clothing had been collected.

Waste Minimisation along the entire value chain

We intend to respect the environment, not only in terms of our operations, but also throughout the whole value chain.

As mentioned, we promote awareness and monitor our suppliers, in particular concerning members of the Continente Producers Club, promoting more sustainable practices and also to achieve production which is better suited to consumer preferences. We also aim to raise awareness among our suppliers to reduce material associated with their packaging. In this way, we ensure that the environmental impact associated with the products that we distribute, including the amount of waste generated, is lower. These initiatives are described in more detail in the Environmental Impact of Packaging in this section, and also in the *Better People* section.

In addition to the initiatives directed to our suppliers, we have others that contribute to the minimisation of waste associated with our activity. In the food area, we have a central unit that

The minimisation of waste generated

70% of articles retrieved by UTRAD / Outlet

+ 8.8% sale of reusable bags APED + Continente

- 4.5% of plastic bags used in home delivery

controls and reduces the amount of food products which are bought but not sold. This unit is helping to reduce the potential generation of waste. Regarding items in good condition but that cannot be sold, we have a number of reuse mechanisms for these products described in more detail in the *Better Purpose* section.

Also as part of waste minimisation, we have the Depreciated Product (electrical and electronic) Management Unit (UTRAD), the purpose of which is to minimise unsold merchandise throughout the entire value chain by recovering depreciated items to sell in Outlet stores. Thus, items with small defects derived from operational failures are recovered for depreciated sale, rather than being sent to be recycled. In 2014, through this service, it was possible to achieve a recovery rate of 70% regarding depreciated merchandise.

Providing a supply of reusable bags in our stores, we intend to encourage customers to reuse bags, thereby contributing to the reduction of waste associated with customer purchases. In 2014, the sale of reusable bags (Continente and APED) in our stores increased 8.8% from the previous year, also with an increase of 4.3% when using a comparable set of stores.

With the increasing trend in online sales, home delivery becomes ever more important and therefore it is also crucial to act in this matter. Among others, we are in the process of the gradual replacement of freezer bags with rigid cool boxes (more eco-friendly). So in 2014, we had already achieved a utilisation rate of freezer bags of less than 25%.

This year we have continued to use plastic bags in home deliveries, having achieved a reduction of 4.5% from the previous year.

Sonae “footprint”

2014 Commitments	Performance
Calculate the carbon footprint on selected products In 2014, we continued the project started in 2013, highlighting the fruit and vegetable area.	
Implement a car sharing system We started this project in 2014, and it will be implemented in 2015.	
Maintain the route optimisation procedure in home deliveries, helping to reduce the carbon footprint In 2014, we maintained the km reduction efforts, thus optimising delivery routes.	
Replace tri-temperature vehicles with bi-temperature vehicles in home deliveries Commitment already achieved in 2013, with 100% replacement level.	
Calculate the water footprint of products to be selected In 2014, we continued this project started in 2013, the fruit and vegetables areas.	
Study and promote best practices in animal and vegetable production to reduce the carbon and water footprint of products from the Continente Producers Club	

Continue to provide technical advice under the Continente Producers Club. It is expected that this part will be driven as a result of the implementation of the roll-out of the carbon and water footprint project.	
Promote the reduction of the carbon footprint by shortening distances between the places where perishable products are produced and Continente stores, if feasible for the members of the Continente Producers Club Continuation of the process previously started. The direct delivery process had a significant development in the fruit and vegetables area and it now represents a significant share in leafy vegetables (e.g. lettuce). Also in Fruits, direct deliveries were significant in regional products - oranges in stores in the Algarve, cherries in Resende and Cova da Beira areas, etc. In the Delicatessen, there are some examples of shared logistics between CPC members.	
Continue to focus on the installation of new independent energy generation plants that use renewable sources, according to investment capacity and applicable laws with regard to the mini-generation and microgeneration of energy With the installation of new power plants last year, in 2014 we maintained our portfolio of 113 independent renewable (solar and wind) energy generation plants.	
Include environmental issues when monitoring customer satisfaction In 2014, we proceeded to carry out a specific survey on the assessment and perception of customers about the environmental initiatives implemented by Continente and Worten brands.	
Include environmental issues in the monthly "Good Morning meetings" In 2014, we continued to address environmental issues in our "Good Morning Meetings".	



Fulfilled



Partially fulfilled



Unfulfilled

Energy

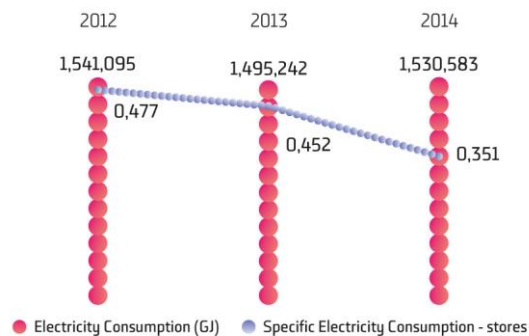
Minimising our environmental impact also includes reducing energy consumption. We aim to contribute to this reduction, by improving our own performance (energy consumption within Sonae) and promoting good performance throughout our value chain.

Considering the nature and extent of our activity in retail, energy consumption is one of the main environmental impacts of our activity. This consumption is mainly composed of electricity (approximately 76.3% of the total energy consumed by the Retail business in 2014), and fossil fuels are the second largest form of consumed energy. In 2014, we recorded a slight increase of 2.5% in total energy consumption, and this reached a value of 2,005,830 GJ.

In the overall Retail business of Sonae (including stores, warehouses and manufacturing centres), the electricity consumption in 2014 was approximately 425.2 GWh (1,530,583 GJ). When compared to 2013, there was an increase in electricity consumption of 2.4%, which we can attribute to the verified organic growth, whereby the food section has a significant impact.

Electricity Consumption

(GJ)



Furthermore regarding electricity consumption, the following should be noted:

- The recorded increase is due to the growth of our store network – we increased from 900 to 926 stores in 2014 - and the increase of cold aisles in Food Stores
- There was a reduction of the energy consumption in virtually all the shops across all our business segments.

Despite the increase in absolute electricity consumption, there was a significant reduction in specific energy consumption (SEC) from stores and warehouses, by sales area, which was about 0.35 GWh/1000 m² (22.2% less than in the previous year). This reduction is a result of the initiatives that we have implemented, and that this year were particularly focused on the optimisation of the performance of refrigeration plants, adjusting the set-points of air-conditioning equipment of the sales area, as well as the optimisation of lighting and raising the awareness of our colleagues.

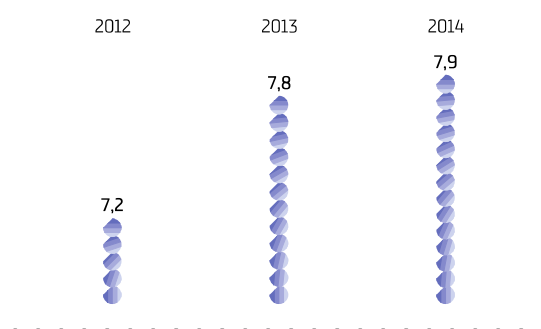
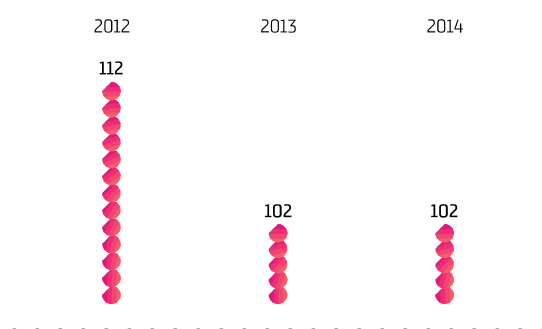
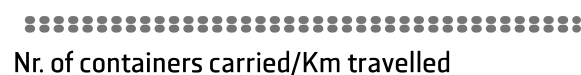
Power consumption reduction initiatives in 2014

- Performance optimisation of refrigeration plants:
 - Installation of suction and floating condensation systems;
 - Development of a remote monitoring platform of refrigeration plants;
- Regulation of air-conditioning set-points in sales areas.
- Lighting optimisation in different areas of the store, with:
- Replacement of higher consumption lights by LED lights;
- Installation of LED lights in new stores (exclusively); Installation of automatic lights reducing waste and energy consumption
- Raising the awareness of our colleagues.
- Various environmental awareness initiatives concerning our colleagues (Desk Calendars, Quarterly Newsletters "Environment+", etc.) under the theme of Energy.

In addition to these initiatives, we emphasise the independent generation of energy from renewable sources within our “Trevo” project. In 2014, we maintained our portfolio of 113 independent energy generation plants using renewable sources - 112 using photovoltaic technology (solar power) and 1 using wind technology. 43 of the 113 power plants are micro-generation plants and 70 are mini-generation systems. These power plants can generate a total installed power of around 5.1 MWp. This year the combined output of these plants, all feeding into the relevant national grid, was 7,257 MWh. Through our production and respective feeding into the national grid, we helped to prevent the emission of around 3,411 tonnes of CO₂ into the atmosphere. In comparison to 2013, while maintaining the same generation plants, we found an increase of 20.6% both in the energy production and in the CO₂ emissions avoided.

Transport efficiency is a crucial factor in reducing the environmental impact of our activity. In this sense, we tried to improve the contracted fleet by strengthening the demands on transport companies in terms of use of vehicles with a higher level of eco-efficiency. By the end of 2014, 98% of vehicles met with the Euro 4 standard or higher (increase of approximately 4pp. over the previous year), and 70.5% of the vehicles even met the Euro 5 standard or higher. In total, the contracted fleet have resulted in the emission of 27,983 tonnes of CO₂. This type of emission compared to the findings in 2013, mainly due to the increase of km with a positive impact on the performance of our supply chain logistics.

In order to enhance the eco-efficiency of the contracted fleet, in 2014 two Natural Gas Vehicles (NGVs) were introduced to the store supply fleet.



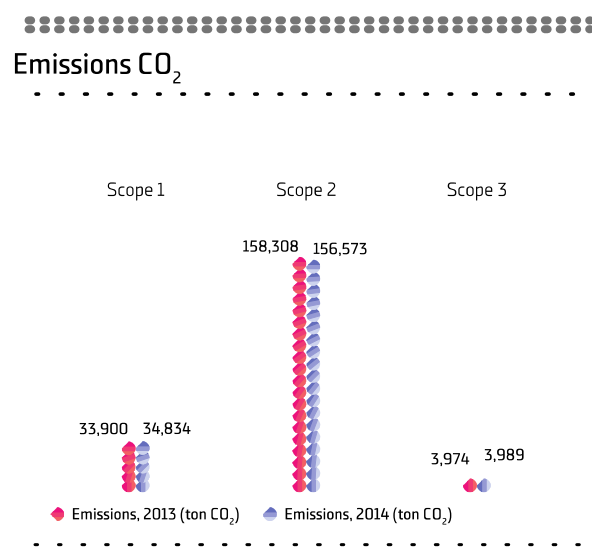
Coupled with the area of shipping, logistics is an essential activity for our business. In order to optimise the reduction of the environmental impact of our activities, we aimed to achieve a higher level of logistics efficiency, particularly in terms of home deliveries and supply stores. Regarding the supply stores, 7.9 containers per km travelled were transported. The emissions per transported container remained in line with the previous year, with a value of around 102 kg of CO₂ per thousand transported boxes.

Greenhouse Gas Emissions (GHG)

In 2014, overall GHG emissions were 195,396 tonnes CO₂e, corresponding to a decrease of 0.4% over the previous year.

These emissions are divided into three distinct areas:

- **Scope 1 emissions (direct)** for the fuel consumption in terms of stores, fleet engaged in the transportation of products and goods and the transportation of our colleagues;
- **Scope 2 emissions (indirect)** related to electricity consumption;
- **Scope 3 emissions (other indirect emissions)** related to waste management.



The main source of GHG emissions, the electricity consumption, corresponds to the emission of about 156,573 tonnes CO₂e. It should be noted that despite the growth of energy consumption by about 2%, emissions were reduced by 1%, associated with the estimated/used emission factors for all suppliers.

There was an increase in GHG emissions Scope 1, also with a slight increase recorded of the same level of Scope 3. The latter increase was mainly due to the total production increase of 12% in MSWs. This situation was lessened by a larger amount of organic waste submitted to recovery (+ 28.5%) and energy recovery (+ 27.6%) and a 1.2% reduction waste in landfills.

Evolution of GHG emissions over the previous year

- 0,4% of Global Emissions

Scope 1	+ 2.8%
Scope 2	- 1.1%
Scope 3	+ 0.4%

Water

At Sonae, we have been implementing a number of measures to moderate water consumption, control and reduce waste in our facilities. Among others, we highlight the use of more efficient equipment and the identification and quick resolution of accidental leakage. In addition, we have invested in raising the awareness of our colleagues, promoting behavioural changes that as a whole make all the difference.

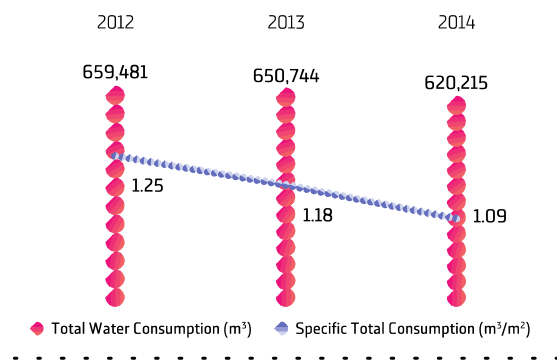
There are also specific initiatives for recycling and reuse of water. This is the case concerning Sonae Tower Service Centre located in Maia, which has received the GOLD LEED¹ certification, where the water from showers and washbasins is reused in toilets, and rain is captured and used in irrigation systems. According to the design data, the reuse of water in the building allows a saving of about 80% of water consumption. Also, the remodelling that was carried out in the Meat Processing Centre was used to redefine the water supply system of some equipment, with the aim of the partial reuse of wastewater treated at the Residual Treatment Plant.

As a result of these and other measures, with a total consumption of 620,215 m³ of drinking water in Continente Hyper and Supermarkets, in 2014 we had a reduction of 4.7% from the previous year, despite significant organic growth. The decrease was of 11.3% when using a comparable set of stores.

For the specific consumption - water consumption per store area - we recorded a decrease of 7.6% in 2013, and this year of 1.09 m³ per m² of sales area. When analysed in reference to a comparable set of stores, the specific consumption was reduced by 10.8%.

¹ LEED Certification - Leadership in Energy and Environmental Design – is a system for assessing the sustainability of buildings.

Water Consumption



Carbon and water footprints

Last year, we started an experimental project to calculate the carbon and water footprints of products, after having already made the experimental calculation of these footprints for selected products of the Butchery, Fishery and Delicatessen. According to what we had planned for 2014, this year we focused on this calculation for the Fruit and Vegetable area.

Thus, in late 2014, we had developed calculation tools for 13 different products, from five different areas, namely:

- Butchery - Beef and Veal; Pork
- Fishery - Sardines; Octopus; Black Sword Fish
- Delicatessen - Full Ham; Sliced ham; Flamengo Cheese Block
- Vegetables - Potatoes; Lettuce; Tomatoes
- Fruits – Gala Apple; Strawberries

Although we are still in the primary development phase, we want first and foremost to improve our understanding of the potential impacts in both the products and our suppliers, paving the way to help suppliers to improve their environmental and economic performance.

The process should be continued in 2015, with the expectation that over the next years we will keep the focus on primary sector products and, notwithstanding this, if desired, start the learning curve for other types of products.

Environmental awareness

We aim to continually improve the energy efficiency of our equipment supply and encourage our customers to make more responsible choices.

The energy labelling of the equipment is of great importance to us, because through it we can inform the customer

Discounts on more efficient equipment

In 2014, Worten launched a campaign from 19th March to 1st of April, with discounts of 30% in Equipment A +++ and 20% on the purchase of equipment A ++. During this campaign, the main Worten stores offered all customers who had purchased equipment with energy class A +++ and A ++, the ADENE Energy Efficiency Guide - Agency for Energy – information and "environmentally friendly" advice. In order to attract the most customers, this Worten campaign was advertised in all potential communication channels: television, radio, print media, Online Channel and Store communication.

about the energy efficiency of products that we offer and thus promote more conscious and responsible choices. In this context we would like to highlight, in 2014, the increase in the number of the pieces of equipment with energy labelling, with the inclusion of vacuum cleaners, which now also have the information of the respective energy¹ class on the label.

As in previous years, in 2014 we continued to progressively market more efficient equipment. More specifically, 90% of the equipment we sell is Class A or higher, and we have recorded very significant results both in terms of appliances and televisions, as well as in terms of vacuum cleaners

Our Equipa Worten Equipa project regarding the waste collection of electrical and electronic equipment (WEEEs) is still ongoing. In 2014, we managed to counter the downward trend from last year and increase the amount of WEEEs collected - in 2014, we collected an additional 8% more of WEEEs than in 2013. Furthermore, through other initiatives such as "Worten Resolve" - service support to customers for checking, testing and trouble-shooting on products in store – we have contributed towards the increase in the useful life of electrical and electronic equipment and have thus significantly reduced the amount of WEEEs.

Finally, in 2014, we continued with our awareness initiatives for environmental issues, directed to both our customers and to our colleagues.

Regarding our customers, we distributed about 500,000 copies of the "Guide to Good Environmental Practices" in all Continente Shops, Modelo Continente and Continente Bom Dia. Through this guide, which informs you and outlines the best practices in energy consumption, electricity, fuel, water and waste management, we aim to promote responsible environmental behaviour among our customers. Additionally, we detail how Continente acts vis-à-vis these issues, with the main measures implemented and their outcomes, with the intention of challenging and inspiring our customers through our good example.

On the other hand, we want to ensure that our colleagues remain alert and committed to environmental issues. As such, it should be noted that in our "Good Morning meetings" - daily kick-off meetings in food stores - environmental topics are included, as well as the level of analysis of environmental performance, in particular when more significant deviations from the expected norms are identified.

¹ There are a number of energy efficiency classes, the most efficient class is A and the least efficient is class G. Within each class, the + symbol identifies a higher level of energy efficiency.

Environmental Impact of Packaging

2014 Commitments	Performance
Reduce packaging materials of own brand products In 2014, we continued to make changes to the packaging of a number of own brand products, evident through the reduction of packaging material for yogurts.	
Optimise shipping boxes in order to reduce packaging material In 2014, we contributed to the change of the primary packaging and the shipping box of 309 different products, including school bags, pillows and airtight boxes, which led to a reduction in terms of plastic and card of between 8 and 15% (estimated data as we were unable to reliably monitor this information).	

 Fulfilled
  Partially fulfilled
  Unfulfilled

We are aware that packaging is one of the main environmental impacts associated with the retail business and we continue to promote the reduction of packaging materials, not only regarding the reduction of the primary packaging of the product itself but also in terms of shipping boxes. Thus, we aim to reduce the environmental impact of the products that we distribute.

Regarding primary packaging, we intend to optimise the packaging whilst also ensuring the quality of our products. In this sense, we have been making small changes to a number of own brand products, which has resulted in significant reductions of plastic and card.

The materials used for shipping boxes represent a significant component of the environmental impact of our products. In order to reduce these materials, we have been working with all suppliers, not only our own brand suppliers.

In this context, we would like to highlight the development and requirements imposed on our suppliers and the criteria related to the packing of items. Among others, the following is relevant:

- Identification of situations when you are not allowed to use shipping boxes;
- Presentation of alternative solutions to shipping boxes;
- Defining a set of rules and guidelines for the characteristics of the shipping boxes according to the type of product in question.

This initiative contributes to a significant reduction of waste either in warehouses or in stores. In addition to the benefits associated with the environmental aspect, there are other advantages such as the standardisation of products, with greater assurance of quality and safety, and the reduction of costs associated with packaging.

In 2014, we contributed to altering the primary packaging and the shipping box of 309 different products, including school bags, pillows and airtight boxes, which led to a reduction in terms of cardboard and plastic of between 8 and 15%, respectively.

Alternation of the Packaging for Yogurts

Whilst renewing the range of own brand yogurts, we made an alteration to the packaging that contributes to a potential reduction of

- 56 tonnes of plastic per year

Better People

Development of human capital

2014 Commitments	Performance
Increase the proportion of women in management positions We are currently working in this direction, and the present situation shows: Non-Qualified to G1 – 54.7% Women in management positions Management and Top Management – 34.2% Women in management positions Universe: all women in management positions.	
Continuously monitor internal diversity indicators <i>Leadership Diversity</i> - Nationality – 17.7% of leadership positions occupied by colleagues who are non-Portuguese nationals - Gender – 54.7% Women in leadership positions - Generational – 19.9 % <i>Generation Y</i> in leadership roles <i>Diversity</i> - Nationality - 16% are non-Portuguese nationals - Gender - 67% women - Generational - 48% <i>Generation Y</i>	
Maintain medium to long-term strategic Human Resources planning In line with the strategic business planning cycle, the medium and long-term planning process of our human resources was carried out.	
Continuing the internationalisation of Human Resources policies and processes Existence of policies and processes at the international level, specifically with regard to the management policies for performance and talent, training policy and the development of salary and mobility policies.	
Keep streamlining the Human Resources structure in order to increase efficiency and achieve improved response to business requirements Taking into account that the HR strategic axes for 2014 given below, all our actions and resources were designed with a view to fulfil these strategic guidelines. These, in turn, are in line with the theme of being streamlined, efficient and close to our business needs. - Moving Forward & Closer – evolve in a direction that is more open, more international, with a greater presence in the market and being closer to our customers - Step up – identify, develop and strengthen skills, our people and our team - Speed up – challenge and contribute to the businesses reaching their objectives more quickly - Faster, Better & Value Added drive – promote a culture of greater speed, simplicity, efficiency and added value	



Fulfilled



Partially fulfilled



Unfulfilled

In 2014, we had 38,726 colleagues in the Retail area, an increase of 3% over the previous year. Of these, 67% were women and 8% were international collaborators, namely from Spain, Brazil, China and Turkey.

Attracting Talent Effectively

Identifying and attracting talent is one of our goals and we have been developing programmes and initiatives with various universities and schools, namely:

Call For Solutions – Portugal and Spain

Call for solutions is an open innovation programme that invites some final year Masters students from the best Portuguese and Spanish universities to carry out an internship at Sonae, contributing with ideas and solutions to overcome the challenges presented by Sonae's various companies. This programme aims to bring added value to our business and it allows us to identify young talent, exposing these students to a real work environment at a very early stage of their careers. During a 4-5 month period, we focus on promoting the development of both their personal and professional skills, allowing them to take part in this privileged opportunity to prepare themselves for the job market. In 2014, 31 challenges were proposed to those final year Masters students, whom we considered to have the potential to come and join the ranks of Sonae, after their internship.

Call for Summer

The Call for Summer is an internship programme that invites university students to undertake a summer internship at Sonae, contributing to the resolution of a proposed business challenge. With this programme, we intend to give students some experience in a real work environment for the first time, exploring areas of professional interest/integration. In 2014, there were 27 young people from Portuguese universities involved in this initiative.

Agile Marathon



After its success in Portugal, we decided to replicate this project in Spain, where Sonae SR already has a strong hold and significant turnover.

In 2014, 90 students from 8 Spanish Universities attended the event and in a creative, stimulating but relaxed environment, they developed innovative applications for mobile technologies for Worten's online business in Spain.

Awards and Acknowledgments – Human Capital

Sonae SR wins Human Capital Masters

A Sonae SR was elected the company in Portugal with "The Best Employee Motivation and Engagement Strategy" in the 3rd edition of the Human Capital Masters 2014, organized by IFE – *International Faculty for Executives*.

Labor Relations Team nominated for a prize in the ILO European Counsel Awards

The Labor Relations Team of Sonae was nominated, in the Employment category for the "Best Team" prize, awarded by the *International Law Office (ILO)* and the *Association of Corporate Counsel*.

Advantage Project

The Advantage Project began in 2014 with the aim of promoting the development and implementation of the sustainable, proactive and empowering management of age diversity.

This project aims to respond to the demographic changes that have been observed by capitalising on the potential cooperation among colleagues of different ages. The main goal is to promote at Sonae, management that accompanies people's life cycle, looking for advantages both for the company and our colleagues.

This project is the result of a partnership with two universities, the Faculty of Psychology and Educational Sciences of the University of Porto and ISCTE - University Institute of Lisbon.

Training and Development

At Sonae, we think of training and development as the primary means for our colleagues to reach their true potential and develop new skills. In addition to the initiatives undertaken at a cross-sectional level, in 2014 we undertook a set of training and development actions specifically directed at the Retail area, with the aim of improving the key skills of our colleagues.

OTOC¹ acknowledges Sonae as an equivalent training entity

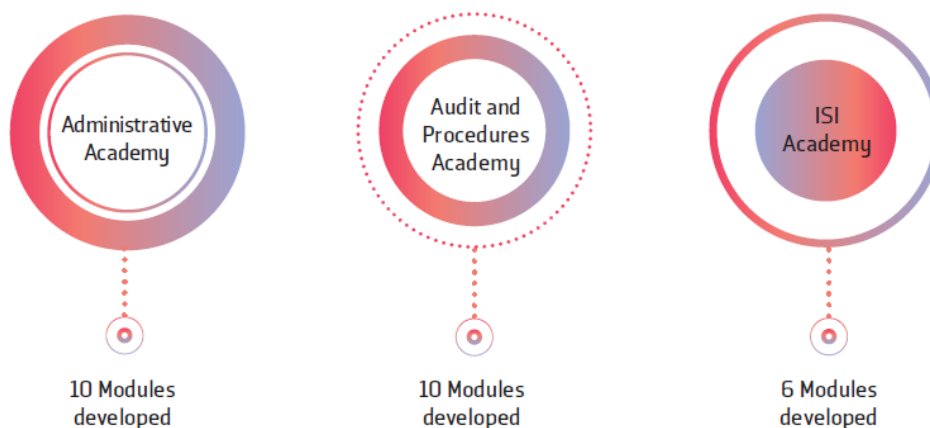
Following the reinforcement of the acquisition, development and consolidation of the applied knowledge offered by the Administrative Academy, Sonae was acknowledged by the Portuguese Accounting Institute as an equivalent training entity. This recognition allows credits to be attributed to Official Accounting Technicians who attend internal training workshops certified by the Portuguese Accounting Institute.

¹OTOC – Portuguese Accounting Institute

Sonae Retail School

The Sonae Retail School is a global training system organised into **schools and academies** aligned with our different strategic business areas. In 2014, several programmes were developed focusing on different functional areas, characterised by custom-designed contents and taught by a highly qualified team. Following Sonae's internationalisation process these training sessions covered two distinct geographic areas: Portugal and Spain. In total, **164,566 training events** were carried out, which is the equivalent to a 50% increase from the previous year.

We believe that, through training, we develop skills, reinforce motivation and retain the best talent in the organisation. As such during the course of 2014, we strengthened internal development actions across the areas of Administration, Audit and Procedures and Information Systems, allowing us to meet the professional development needs of our colleagues.



Perishables School – An example of excellence



As part of the Sone Retail School, the Perishables School's mission is to help create a culture of distinction in terms of our colleagues' knowledge and professional skills, contributing to operational efficiency, sales growth and customer confidence.

The school aims to create active and continuous learning opportunities, consolidate and develop employee knowledge in a progressive and consistent way, contribute to an operational improvement in critical business processes and to be an internal and external quality benchmark.

In 2014, about **5,690 trainees** attended training events at the Perishables School, with a total of **225,429 hours** taught.

As part of the marketing of the Continent brand, the Perishables School participated in the Flavors Market and in thematic Workshops offered to customers, demonstrating the quality of the training given to our colleagues in the fresh produce area. The School also participated in the television show called Chef's Academy, with the support of their trainers in the practical workshops.

Vocational Course in Logistics, in partnership with the Lisbon School of Commerce

Sonae has applied, in partnership with the Lisbon School of Commerce, to train young people within the Logistics Technician Vocational Course, a challenge launched by the Ministry of Education and Science to educational institutions and companies for the joint development of high school vocational courses. This action aims to train professionals for their integration in the labour market.

In this way, we are contributing towards creating better conditions for the fulfilment of mandatory schooling, a decrease in the number of early school leavers and the development of knowledge and scientific, cultural, technical practical and professional skills that allow better integration of young people into the labour market within an area that needs support in terms of human resources qualification. The course, which began in 2014, is a 2-year course.

Mentoring Programme



In 2014, we implemented the first edition of the Mentoring Programme in the Information Systems & Innovation (ISI) division. This programme, designed to facilitate the professional and personal development of our colleagues and promote their performance in the medium and long-term, targets recent ISI integrants, in mobility functions, in international mobility or in skills development.

Performance Evaluation

Upward Feedback – The Team Voice



Upward Feedback is a bottom-up development tool that delivers a unique opportunity for our colleagues to provide feedback to their leaders and thereby, to contribute to their personal and professional development.

The 2014 edition was a period of strengthening and consolidation of this tool, and covered about **2,150 management units** in Portugal and Spain, **+ 10%** more than the previous year.

Upward Feedback foresees the communication of results to each management unit, supported by three development areas: Activity Manager, Development Promoter and Commitment Inspirer. The individual report presented thus allows for the identification of strengths and areas to improve on, which serve as an anchor for the on-going process of change and personal growth.

Tracking our Talent

One of the main satellite processes to *Improving Our People* in terms of development is the **Tracking our Talent project**, designed to monitor critical talent segments at various functional levels: colleagues with very good levels of performance and high development and growth potential, as well as colleagues with poor performance and low potential levels. In 2014, this process covered **622 colleagues**, in Portugal and Spain, for which several initiatives were identified and implemented, bearing in mind the enhancement of their development and/or adjusting their integration.

Well-being and internal satisfaction

Commitments 2014	Performance
Implement a software tool to provide support to Sonae's Health and Safety Management System The software information tool, which supports Sonae's Health and Safety Management System, has been implemented.	●
Implement a software tool for support to Occupational Medicine Tool developed and is at an implementation stage. Completed Modules: Audit Management, Audits, Registry of Incidents and Action Plan.	●
Promote health actions within the scope of internal social responsibility The AED programme was concluded in 2014, as required by law. We have conducted all donation initiatives asked by the IPST, as well as the ones organised by the company in response to requests from our colleagues.	●
Keep our colleagues focused on healthy lifestyles Beyond the predicted action plan across the organisation, there were actions developed by different units in response to identified needs.	●

Continue to promote internal communication regarding well-being, health, safety and hygiene issues with our colleagues

To measure the implementation of this initiative, we use the degree of compliance with the internal communication plan on the subjects of Health, Well-being and Safety among our colleagues.



Create and distribute to suppliers a Supplier/Subcontractor Safety Manual, containing a description of good practices on this subject

This commitment is currently underway. During the first phase, a procurement procedure was defined and implemented that meets the requisite of Occupational Health and Safety for the acquisition of goods and services (service providers and subcontractors), which was drawn up and implemented with the collaboration of the Department of Procedure Management. A pilot programme for the distribution of an "OHS Guide to Good Practices for Suppliers and Subcontractors" was initiated in one of our stores.



Fulfilled



Partially fulfilled



Unfulfilled

Occupational Medicine

At Sonae, Occupational Medicine aims to stimulate a strong culture of health promotion and protection at the workplace as an important factor of the company's sustainability, through the competence, rigor and ethics of their health professionals.

It aims to guarantee a healthy environment that ensures a good quality of life at work and safeguards the health and physical, mental and social well-being of all colleagues. We contribute thereby, to the reduction of absenteeism, occupational illnesses and workplace accidents.

Initiatives developed:

- **Health Surveillance** - We monitor our colleagues' health by carrying out medical examinations, according to the legislation. In 2014, we conducted 34,574 tests, issued 10,348 electronic prescriptions and performed 3,611 diagnostic tests;
- **Medical Services** – We have an internal Occupational Medicine service featuring 156 offices within our facilities, in which about 100 health professionals work;
- **Occupational Health Management System** – At the end of 2014 the implementation of the "Medicine One Business" system, which allows better management of activities and a better analysis of the indicators of occupational health, was in its final stage;
- **Plan for integrating new colleagues** – When starting their jobs in the company, colleagues receive training concerning Workplace Medicine, Work and Best Practices in Health;
- **Monitoring of Workplace Accidents** – Evaluation of 600 incidents, particularly the most severe and prolonged in order to promote better care during assistance by the medical services, and when returning to work.

Promotion of Health

Considering that we can contribute to the improvement of our colleagues' health, we encourage the adoption of healthy lifestyles. In this sense, we have developed a set of initiatives:

- **Vita Salutis Interactive Platform** – A platform that offers information on health-related topics throughout the year. It allows the assessment of cardiovascular risk, providing guidance towards healthy practices;
- **Health Campaigns** – Celebration of national and international health days, across the organisation, in collaboration with external partners from the Health Sector. Some examples include: Women's Day, European Week of OHS, May Month of the Heart, World Food Day. Other Public Health issues are also addressed due to the impact they may have on colleagues and customers;
- **Anti-flu vaccination programme** – Flu vaccine free of charge to colleagues and disclosure of good practices regarding its prevention;
- **Nutritional Counselling** – Promotion of local nutritional advice actions through workshops, screenings and tastings, in collaboration with the Department of Food Quality;
- **Psychosocial Risk Approach at Work** – In April, during the European Health and Safety Week, we provided information on this subject, through publications, questionnaires, posters and flyers. We also promoted a conference for managers, with a specialist in the area;
- **Blood/Bone Marrow Donations** – Promotion of blood and bone marrow donations in association with the Portuguese Blood and Transplant Institute (IPST). At the end of 2014, we had about 1,000 bone marrow donors enrolled in the IPST;
- **Automated External Defibrillation (AED)** – Implementation of the AED Programme in 166 units, aiming to strengthen the response capacity and provide relief in cases of cardiac arrest. The investment made during 2014, benefited all of the stores under the Sonae brand with more than 2,000 m2 throughout the country. A specific training programme on Basic Life Support and AED was developed according to the training model of the American Heart Association, with at the end of 2014, around 1,000 first level rescuers, qualified to use AED in the case of cardiac arrest. Sonae's AED programme is licensed by the National Medical Emergency Institute (INEM) and quality control is assured by the companies "Ocean Medical" and "Saving Lives".

Occupational Health and Safety (OHS)

At Sonae, we are committed to the implementation of a zero accident culture and we intend to ensure that the health and safety of our colleagues and customers is never at risk. Strategic and focused action is of maximum priority. The performance of Sonae's OHS area focuses, above all, on the prevention of accidents, occupational illnesses and the improvement of the well-being of our colleagues.

Initiatives we promote:

- **DuPont Project** – Diagnosing Safety Management at Sonae MC, carried out by the world renowned company DuPont, which resulted in a set of measures to be implemented in 2015 with significant involvement from the company's top and middle management;
- **Medical Consultations for our colleagues** – we provide Medical Consultations for our colleagues concerning OHS matters, covering issues related to Health and Well-being. Every year we provide an annual medical consultation for all of our colleagues, with the rate of participation being 91% (25,633

responses). The results of the consultation are analysed and shared with the units for the subsequent definition of preventive measures, with the aim of improving working conditions, and increasing our colleagues' well-being;

- **Ergonomic studies project** - Development of an ergonomic study project of logistics warehouses and manufacturing centres, in order to increase the safety, health, well-being and comfort of our colleagues, preventing musculoskeletal disorders;
- **4th edition of the “Abril, Segurança Mil” campaign** – promotion of a set of awareness events in the area of Health and Safety. The main focus of this campaign is to lower the rate of absenteeism and accidents, as well as improve levels of satisfaction and well-being in health and safety, increasing our colleagues' motivation concerning the preventative measures taken and good practices in these areas. Among the initiatives developed, we would like to highlight our strong focus on stimulating initiatives aimed at improving the understanding of work-related stress and psychosocial risks and promoting the management of these risks;
- **Sonae Safety Day** – This award aims to foster a culture of health and safety among colleagues, and distinguish the Best Health and Safety Practices at Work of each unit in order to reduce unsafe behavior, work accidents and occupational illnesses, implemented by the unit with the employees' direct and effective participation;
- **Safety Alerts** – The proactive sharing of information on health and safety, across the entire organisation, aims to inform and raise awareness on the risks and the preventive measures necessary to mitigate this risk. This process of sharing information is carried out on a monthly basis via email to all units and also serves as support to “on-the-job” awareness actions.



Occupational Health and Safety (OHS) Training

Knowing that training and information on occupational risks are a key awareness tool for all colleagues at Sonae, in 2014, 172,291 hours of training in OHS were conducted.

In 2014, we reviewed and updated 6 of our training programmes: Safety Ambassadors (Sonae MC and Sonae SR); Integration plan for new colleagues (Sonae SR); Training on central structure risks and administrative jobs (Sonae CC); OHS Behavioural Training (Sonae MC) and OHS Leadership Training (Sonae MC).

- **Training of Safety Ambassadors** – In 2004, we implemented the Safety Ambassadors project, aimed at creating a “safety ambassador” in each unit, focusing on the well-being of all of our colleagues. After 10 years of implementation, we reviewed the whole model and we renewed training given to all ambassadors, strengthening the competence and value of these ambassadors. In 2014, **1,033 trainees** participated in a total of **9,776 training hours**.
- **Leadership Training** – A strong and effective leadership is fundamental with regard to OHS issues. For this reason, we provided training to all Operations and Store Managers, during the second semester of 2014 with a total of **230 trainees**.

Supplier Health and Safety Manual

Health and safety at work is one of our top priorities and we are committed to promoting health, safety, and well-being conditions of our colleagues as well, and whenever possible, to all of our suppliers.

The Supplier Health and Safety Manual is in its “pilot” stage in the Continente Cascais store. In 2015, our goal, under the DuPont project, is to revisit the issue of service providers and assess how the supplier manual should be extended to the whole organisation or if the topics should be integrated into institutional procedures.

Regarding the health and safety criteria – the "minimum requirements", can already be found under the procedures. They were released under the supervision of the Procedures Management to the entire organisation.

Well-being and Internal Satisfaction

The motivation and performance of our colleagues is directly related to their well-being and satisfaction, so we try to listen and understand their concerns and then decide how to proceed in the most appropriate way.

ZY Plus

A project to transform Zippy's culture. A revolutionary value proposal project aimed at a (new) culture. A culture that is more market-oriented, towards the product and our customers, with better clarity of the brand vision, better insight into our customers, improved product strategy and the delivery of value to our customers aligned with the product strategy. In pursuing these goals, initiatives regarding the Brand GPS (focus on vision), Customer Centricity (focus on the client), New Culture (focus on attitude), Value Creation (focus on the product) and Brand Value Delivery (focus on efficiency) were developed.

In our unstoppable drive to add value to the product, a (sub) project focused on and towards attitude was created. Attitude that ensures that our colleagues are aligned with the new culture of the Zippy brand, a more inspired and inspirational attitude, bolder and more curious, happy and productive. An attitude whose purpose is to give meaning to employer branding, promoting diversity and multiculturalism, the development of skills related with the product and the transformation of Zippy into a Great Place to Work, more appealing, both internally and externally. An attitude which brings us increasingly closer to our colleagues.

Sonae Sharing Views



Sonae Sharing Views is the periodic diagnosis of the Social Climate in order to measure the level of well-being of our colleagues.

Given that the last edition of Sharing Views took place in late 2012, the last two years have been devoted to the implementation of several initiatives following input given by our colleagues. In 2014, in particular, we would like to highlight the following:

“Somos Sonae” (We Are Sonae) Programme

The “Somos Sonae” (We are Sonae) Programme is an initiative for social support called Portugal + Happy – in partnership with the Red Cross, designed for our colleagues in need and experiencing social vulnerability, who do not have the means to resolve certain problems on their own. The type of support provided is very diversified and adjusted to the specific situation of each colleague: ranging from legal advice, financial advice, the management of family finances, health, basic goods and services and any other type of help should it be deemed necessary and appropriate.

During 2014 around 200 colleagues were supported under this programme, with a total investment of 155,000€.

We believe that our businesses can contribute to the promotion of well-being both within and outside our units.

In the Manufacturing Centres, we focus on the development of actions based on two main areas: the promotion of well-being and happiness in individuals and teams and strengthening the social support structure for the individual and households. At the same time, we continue our permanent intervention in psychosocial risk factors within our activities.

In 2014, we continued our **SMILE** programme – the promotion of well-being, and created the LINK programme – directed towards social support:

The **SMILE** programme addresses the concept of positive mental health, investing in feelings of positive well-being, the presence of personal qualities including self-esteem, optimism and the ability to take the initiative, develop and maintain mutually satisfactory interpersonal relationships and the ability to deal with adversity (resilience).

When designing these programmes, we incorporated psychoeducation and interventions aimed at the development of individual empowerment.

It has as its main goals:

- Training individuals to deal effectively with the demands of their professional activities;
- Educate on the adoption of a healthy lifestyle;
- Improve communication skills and interpersonal relationships;
- Learning to deal with stress and anxiety resulting from the requirements of the tasks;
- Improving the individual’s coping strategies;
- Greater awareness of their behaviour and emotions, expressing them in a positive way.

We evaluate this programme using the Well-being at work (EBET) scale and the evolution of the level of psychological well-being (EMMBEP), both with an increase of about 25% in mainly positive emotions and well-being manifested at work. At the same time we have been reducing our levels of absenteeism.



LINK focuses on training and information related to support and rights available in the social network of an area of residence. It analyses the situation, forwards any aid requests from our colleagues, with the follow-up support evaluation and attribution being the responsibility of the institutions contracted for this purpose.

Requests focus mainly in areas such as family support (elderly and in need), food support, legal support (debt renegotiation and heritage preservation), social housing, health support, child benefits (rights and obligations), domestic violence, among others.

In 2014, we received 203 requests for help, with 44 successfully resolved, 63 are being supported and the rest are still being assessed by the various institutions. 7 training sessions were conducted on the topics of family allowances, school subsidies and retirement processes. We work in a network with 23 institutions in the region where we operate.

Flex Tu Eliges - Spain

The Flex Tu Eliges (Flex You Decide) is a flexible remuneration programme for Sonae's colleagues in Spain, consisting of the voluntary and individual choice of part of the remuneration being paid through a range of benefits provided by the company with tax benefits for our colleagues. These benefits are mainly of a social nature: health insurance for oneself and one's family, nursery school vouchers and transportation, vocational training, among others. Through an online platform, accessible by our colleagues anywhere, they can make choices according to their preferences and personal and family circumstances.

Advantage Programme for Sonae Colleagues

This programme aims to provide our colleagues access to privileged discounts on goods and services through partnerships with various entities operating in areas such as Banking and Insurance, Culture and Leisure, Health, Education and others. The increasing geographic reach and diversity of these partnerships allows even more colleagues to benefit from preferential and favourable conditions when accessing different products and services.

Supply Chain Responsibility

2014 Commitments	Performance
Implementation of the Supplier Manual, which includes the Supplier Policy and Supplier Code of Conduct Code of Conduct for Suppliers prepared.	
Increase in the number of own brand suppliers audited, including qualification and selection audits With the exception of textile and sports suppliers, we have reinforced the number of audits to suppliers, namely concerning electronics, food and non-food products.	
Increase in the number of textile suppliers with Social, Ethical and Environmental certification In 2014, it was not possible to increase the number of certified textile suppliers due to priorities with the internationalisation process and the costs involved.	
Ensuring the maintenance of the Continente Producers Club certification, in accordance with its technical specification Continente Producers Club certification renewed.	
Creation of a formal procedure for the evaluation of non-conformities detected during supplier audits Assessment procedures of non-conformities found in supplier audits have been formalised.	

 Fulfilled
  Partially fulfilled
  Unfulfilled

We believe that in order to ensure a higher degree of efficiency and control during our own brand development process a comprehensive view is required, namely across our supply chain. In 2014, we renewed the certification of our own brand development process, according to International Reference Standard EN ISO 9001.

We have performed a review of all of our controlled brand suppliers. This assessment consists of calculating 7 different indicators that allow the suppliers' performance to be evaluated at different levels. One of the relevant indicators in this process consists of carrying out selection and qualification audits in order to ascertain compliance with our policies. Inclusion in the audit process is mandatory, except for certified suppliers whose origin is not included on our list of risk countries. If the country of origin is considered a risky one, this should be subject to an audit, regardless of having a valid certification. During the different evaluation stages, about 300 requirements are checked on aspects related to quality, ethics in the supply chain, environment, health and safety in factories, labour rights, among others that have to be met

Sonae joins the High Level Group on the Competitiveness of the European Retail Sector

Sonae is the only Portuguese retailer joining this European Commission Advisory Group. Coordinated by the General Directorate of Internal Market and Services, the aim of this group is to provide assistance in the development of policies that stimulate the sector's long-term competitiveness, integrating business and academic representatives from 20 leading institutions. Its mission includes the monitoring and evaluation of measures adopted in the Action Plan for European Retail, as well as the identification of actions to strengthen the sector's competitiveness.

by our national and international suppliers. As a result of the audits carried out, depending on the relevance and assigned rating, strategies are defined for process optimisation and improvement actions implemented.

In 2014, audits were carried out of 1,283 suppliers of food products, non-food products and electronics. During this process, we confirmed the presence of a single supplier with a result lower than expected in terms of identified non-conformities and was consequently subject to the implementation of a Corrective Action Plan. During 2015, a check of the state of execution of this very same plan will be performed, in order to ensure that the actions outlined are properly implemented.

Products from own brand suppliers are subjected to an inspection and qualification process in which tests are performed in relation to several quality, safety and environment standards, among others, in order to ensure compliance with the standards required by Sonae (see the "Own Brand Product Responsibility" section).

We encourage, along with our suppliers, the implementation of improvement actions and optimisations at the product level, resulting in a change of the materials used and their manufacturing processes.

Certification of Sonae Suppliers

The supplier's certification process aims to create a partnership with suppliers, particularly in quality control activities. This process, supported by the assessment of quality management and continuous improvement, provides a higher level of trust and transparency and allows us to achieve improvements in the levels of supply costs and *lead time*¹.

The supplier's certification is a compromise between the supplier and Sonae on the management of the quality of products supplied. In order to obtain this certification, the supplier must obtain a rating of "Excellent" on the quality index, Supplier Quality Index (IQF), over the previous two years and they must also be of strategic importance to the business, essentially in terms of the importance of the type of product and variety supplied, the previous purchases and future forecasts of the business relationship that Sonae may develop with them.

Communication and Relations with the Suppliers

We are continuously looking to stimulate communication and maintain a relationship based on transparency and trust with our suppliers. By ensuring clear communication and a good relationship with suppliers, we believe that we contribute to the development of a chain of more efficient and sustainable value, in particular by:

- Greater level of mutual help with the improvements to be implemented by suppliers;
- More extensive knowledge of the conditions and manufacturing methods of suppliers;
- Sharing of the IQF Report with suppliers in order to enable identification of areas for improvement.

Release of the Code of Conduct for Suppliers

Sonae launched the Code of Conduct for Suppliers, based on the belief that strengthening partnerships with suppliers is a way to maximise trust, respect and mutual value creation. This code defines a set of rules governing the relationship between Sonae and its suppliers, particularly in terms of:

- (i) Working conditions;
- (ii) Protection and environmental sustainability;
- (iii) Quality and product safety.

¹ Period between the entry and exit of a product in the inventory

We also have the Supplier Portal, an important and exclusive communication channel that allows a closer and more efficient relationship in the supply chain management. The Supplier Portal enables a quick, secure, integrated and consistent exchange of documents and information, optimising business activities and improving the overall quality of services delivered to the customer.

Electronic Suppliers

All of Worten suppliers are subject to an initial audit, which must be renewed within three years. In 2014, several audits were carried out under the recovery plan presented so that all suppliers have a valid audit. The audits cover aspects such as quality certification, environment, packaging and storage of the product, safety and hygiene, ethics and social responsibility. In addition, specific requisites are also included in particular regarding electrical safety, electromagnetic compatibility and energy efficiency. In 2014, 116 foreign suppliers were audited from a total of 141 suppliers.

LVD - Electrical Safety

The European Low Voltage Directive (LVD), which defines the electrical safety requirements, must be fulfilled by all the products in our portfolio in order to ensure their safety for the end customer. For this, the suppliers send their entire technical dossier and an initial sample for analysis (through external partnerships with ISQ – the Institute of Soldering and Quality, IEP – the Portuguese Electrotechnical Institute, CATIM – Centre for Technological Support to the Metalworking Industry, SGS Portugal, SA and TÜV Rheinland Group).

EMC - Electromagnetic Compatibility

All products must comply with the standards of electromagnetic compatibility according to the European norms, Electromagnetic Compatibility (EMC). In this way, the suppliers submit the tests carried out on their products by their laboratory partners. This requisite eliminates the health risks, among others, to the customer.

Energy Efficiency

All the products in our portfolio are chosen by taking into account that their energy efficiency is the best possible one (according to the requirements of each line of product). In 2014, 90% of sales were rated as class A or higher with a significant increase in the sales of products rated as A++++ (about 6,000 products). Throughout the year, the vacuum cleaners were included in the evaluation of equipment efficiency. This requirement guarantees a reduction in electrical consumption.

Textile and Sport Suppliers

At Sonae, the textile and sports business areas represent a crucial part of our ambition in terms of our internationalisation strategy. Our presence in a growing number of geographic areas implies a special focus by our collaborators and resources in the development of the actions necessary to ensure compliance with these requirements and adaptations to the products according to the specificities of the intended markets. Thus, during the year, we directed all of our attention to this issue, however it was not been possible to continue the process of carrying out audits to textile and sport suppliers, so we consider this aspect a priority to address in the future.

Adaptation of Products and Labelling

Also as a result of the internationalisation strategy, efforts were directed at the customisation process and product correction whilst in storage or in factories, particularly in terms of specific marking and labelling for foreign markets.

We are promoting social inclusion by continuing to incorporate the ColorADD® code in the labelling of all of the products of the Zippy/MO brands, enabling anyone who is colour blind to easily identify the colours through symbols.



Continente Producers Club

The Continente Producers Club (CPC), which is the result of our commitment to promoting domestic production, is one of the main means of communication with top quality producers, contributing to regional and national economic development. At the end of 2014, the CPC had 251 members and registered, in the same year, an increase of

about 10% in the volume of purchases, totaling 233 million euros. In addition to the 14 areas covered previously, in 2014 we included soups and ready-meals under the Take-Away category of the CPC. In 2014, we also assured the renewal of the CPC certification under a specific benchmark.

This year we held the **5th edition of the Producers Club Innovation Prize**, rewarding the best producers of the CPC in different areas of innovation such as in products, processes, organisation and marketing. The winner of this edition was the "Integration of the Supply Chain Project - Sustainable Growth" from the producer Montiqueijo from the Meats and Cheese section.

Strict Criteria ensures Quality Assurance

We use strict certification criteria for CPC suppliers, which have a wider framework and cover the most demanding requirements when compared to general market criteria. CPC producers are audited on an annual basis and must meet the required criteria. Thus, our framework in multiple areas ensures compliance with parameters from the field to the production units,



Montiqueijo: Winner of the 5th edition of the CPC Innovation Prize

Producer Montiqueijo was awarded the 5th edition of the CPC Innovation Prize as acknowledgment of their performance in the innovating "Integration of the Supply Chain Project – Sustainable Growth".

This project focused on areas such as product control from source, milk production improvement and implementation of a traceability system, growth of production units, improving cooling areas and curing chambers, plastic packaging reduction and product innovation.

As a result of the effort dedicated to these areas, Montiqueijo achieved excellent results, namely:

- An increase of 30% in milk and cheese production;
- A reduction of more than 50 tonnes in plastic consumption;
- Domestic production equating to making up 30% of the energy consumed;
- A significant reduction in power consumption.



especially the Olive Oil and Wine's demanding framework, currently unparalleled in domestic and international markets. In terms of compliance with specific criteria, we place emphasis on the child range products of the Fruits and Vegetables category from the CPC producers, in which the maximum waste allowed is 50% when compared to conventional products.

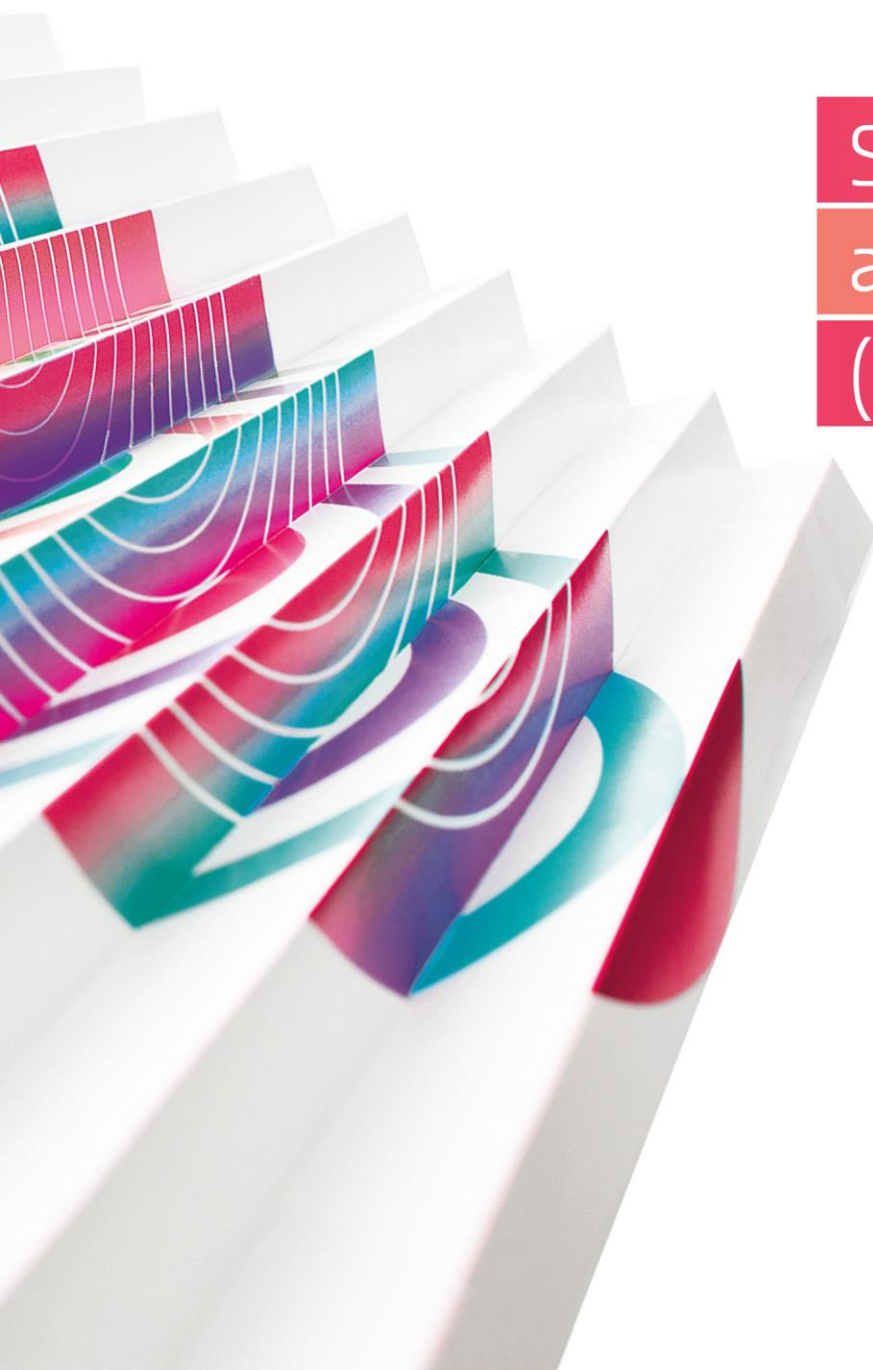
Involvement with Producers

The CPC provides Sonae greater quality assurance and food safety. In addition to promoting domestic production, the CPC offers a variety of advantages for producers such as planning and production flow, experience-sharing opportunities, access to the Innovation Award and, in the specific case of Wines, integration in the annual Wines Selection for the Golden Grape Awards. The CPC promotes the development of partnerships between producers in order to foster integration of raw materials in several processed and modified products. In this way, producers ensure the market placement of their products, under the CPC's strict quality assurance requirements.

For example, in 2014, the CPC producers of seeded fruits participated in the Peach and Nectarines Workshop where the best international practices were shared with the improvement of the flavour of the Peaches and Nectarines in mind. This workshop gave way to a scientific programme coordinated by the Agronomy Institute (LU) under the title "Quality Improvement Programme of Peaches and Nectarines". There were also meetings held between Meat producers and Butchers and consequently partnerships were established to reduce logistical costs. Additionally, a cooperation agreement was established with the Veríssimo de Almeida Plant Pathology Laboratory - VAPPL, Agronomy Institute allowing producers of Fruit and Vegetables, Wine and Olive Oil, access to detection techniques of unusual diseases and pests or those difficult to identify.







Sustainability
at Sonae Sierra
(Core Partnership)

3. Sustainability at Sonae Sierra (*Core Partnership*)

“We are positive about the outlook for the next year and beyond. Our strong business performance and excellent financial position mean we are ready to take advantage of opportunities to consolidate and grow our business. Our Sustainability Strategy will continue to support innovation across our operations by focusing on our long-term resilience”

Fernando Guedes Oliveira, CEO Sonae Sierra

Sonae Sierra at a glance

Sonae Sierra is a specialist at the cutting edge of shopping centre development, ownership, management and the delivery of professional services in geographies as diverse as Europe, South America, North Africa and Asia.

Our Vision

To be the leading international shopping centre specialist

Passionate about bringing innovation and excitement to the shopping industry since 1989, Sonae Sierra has been interpreting trends and spearheading a movement that has defined the shopping centres of the future. Through our integrated strategy of investment, development and property management, we have built an indisputable track record and a unique understanding of the business and markets we operate in.

Currently we are present in 14 countries: Portugal, Algeria, Azerbaijan, Brazil, China, Colombia, Germany, Greece, Italy, Morocco, Romania, Russia, Spain and Turkey.

Our Mission

Provide ultimate shopping experiences to customers and create outstanding value to shareholders, investors, tenants, communities and staff, while contributing to sustainable development

2014 was a good year for Sonae Sierra. Supported by specialized knowledge, commitment to innovation and long-term vision, we achieved a Net Profit of €96.3 million and presented an EBITDA of €107.8 million. In addition, like-for-like tenant sales increased by 3% across the European portfolio and by 7.8% in Brazil. Our global occupancy rate reached 96%. Construction continued on our most important development, ParkLake in Romania which is due to be completed in 2016 and already achieved 70% of the GLA signed and/or committed. Significantly, in May we confirmed our first development in Morocco. Zenata Shopping Centre

represents a €100 million joint venture investment in which we are minority partner in line with our capital light approach and demonstrates how our strategy to expand into emerging markets via our professional services business has borne fruit. Delivering services to third parties in new markets enables us to gain key insights before making direct investments in a capital light mode.

Other significant achievement includes our agreement with designer outlet specialist, McArthurGlen, to create the first designer outlet in southern Spain, a €115-million development, offering 30,000 m² of GLA adjacent to Plaza Mayor in Spain.

Key Facts 2014

- 46 shopping centres owned.
- Management and/or leasing of 88 shopping centres.
- 7 projects under development, including 3 for third parties.
- €379.7 million rent received at owned shopping centres.
- 439.8 million visits made to managed shopping centres.
- €5,243 million tenant sales at managed shopping centres.
- 1,106 direct employees.

Key achievements

Investment			
Announced a joint venture with McArthurGlen to develop the first designer outlet in southern Spain, adjacent to Plaza Mayor in Málaga.	Sierra Portugal Fund acquired full ownership of AlbufeiraShopping and CC Continente de Portimão, in Portugal.	Sierra Fund sold La Farga in Spain and Sonae Sierra reduced its 50% stake in Le Terrazze in Italy to 10%, while remaining responsible for the centre's management.	Completed refurbishment works at Norteshopping in Portugal and proceeded with works in a further six centres in Portugal, Germany, Spain and Brazil.
Development			
Commenced construction works and successfully proceeded with the leasing of Parklane in Romania achieving 70% of GLA signed and/or committed by the end of the year.		Announced the development of Zenata Shopping Center in Morocco, a joint venture with Marjane, Al Futtaim and Société D'Aménagement de Zenata (Groupe CDG).	
Management			
Enhanced several shopping centres' tenant mix with a positive impact on footfall and sales.	Expanded our portfolio under management in Italy and Germany with the management of seven new centres totaling 214,500 m² GLA.		Rolled-out dive and bright projects to deliver cost savings by targeting reductions in energy and water use.
Professional Services			
Signed 41 new service contracts across Europe, North Africa and Asia with a combined value of €22.6 million.		First agreement to provide management services in Russia market through a joint venture partnership with OST Development .	

Key performance indicators

OMV of owned Assets (€ million) 2014: 6,006 2013: 5,638 2012: 5,789 2011: 6,320	Consolidated Net Profit (€ million) 2014: 96.3 2013: 3.6 2012: -45.9 2011: 9.7	EBITDA (€ million) 2014: 107.8 2013: 113.5 2012: 116.3 2011: 112.8	Number of tenant contracts under management 2014: 8,289 2013: 8,288 2012: 8,428 2011: 8,495
Average Occupancy Index (% by GLA, across our owned portfolio) 2014: 95.5 2013: 94.4 2012: 96.1 2011: 96.7	Real Estate NAV (€ million) 2014: 1,115 2013: 1,000 2012: 1,050 2011: 1,173	GLA owned in operating centres (000's m ²) 2014: 1,882 2013: 1,896 2012: 1,893 2011: 1,924	GLA under management (000's m ²) 2014: 2,307 2013: 2,303 2012: 2,261 2011: 2,234
Tenant satisfaction Index (scale of 1 ('not satisfied') to 6 ('very satisfied')) 2014: 4.6 2013: 4.6 2012: 4.5 2011: 4.6	Average hours of training per employee 2014: 39.8 2013: 32.2 2012: 35.8 2011: 48.9	Number of non-conformities per hour of reference SPO¹ 2014: 5.1 2013: 8.4 2012: 7.4 2011: 7.8	Lost Workday Case Accidents Frequency Rate (LWCAFR) on construction sites 2014: 0.0 2013: 4.3 2012: 5.0 2011: 17.2
Greenhouse gas (GHG) emissions of our owned portfolio and corporate offices (tCO ₂ e/m ² GLA) 2014: 0.017 2013: 0.021 2012: 0.043 2011: 0.028	Electricity efficiency (excluding tenants) of our owned portfolio (kWh/m ² mall and toilet area) 2014: 435 2013: 444 2012: 479 2011: 514	Water efficiency (excluding tenants) of our owned portfolio (litres/visit) 2014: 3.5 2013: 3.7 2012: 3.6 2011: 3.7	Total waste recycled as a proportion of waste produced (% by weight, across our owned portfolio) 2014: 58 2013: 59 2012: 55 2011: 53

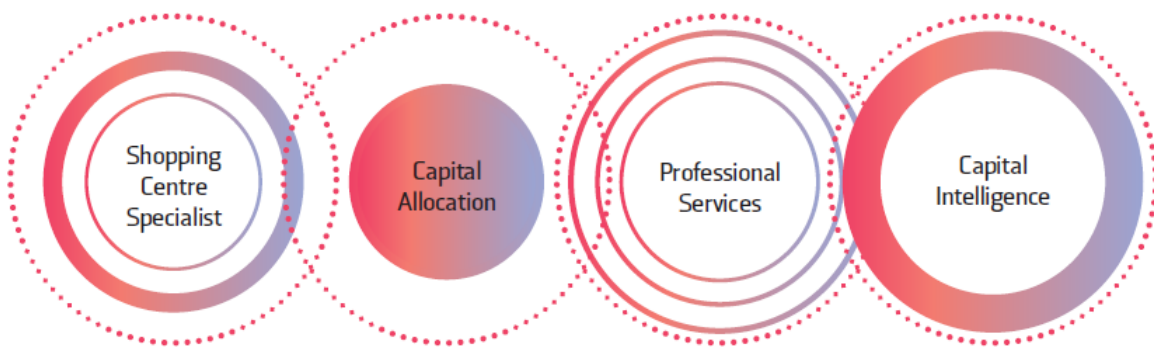
¹ Safety, health and environment Preventive observations (SPO) are a form of safe behaviour audit undertaken at our shopping centres in operation.

Business Strategy

Our business strategy comprises four axes to allow our business to expand its market presence, deliver sustainable financial returns and create added value for shareholders. It also encompasses a focus on five sustainability priorities, devised to enable us to sustain the 'capital stocks' of resources and relationships which we are dependent upon in the medium to long-term. By executing our sustainability strategy alongside our business strategy, we aim to create a virtuous circle whereby we address the principal sustainability risks facing our operations in order to safeguard our continued capacity to do business.

Effective risk management underpins both our business and sustainability strategy by ensuring that risks associated with all our business activities are tightly managed and controlled.

Four strategic dimensions:



Shopping Centre Specialist

We aim to maximize the value captured along the complete value chain of the shopping centre business. For this, we will keep an integrated approach, covering development, investment and management of shopping centres. We define ourselves by our sector focus and not by the amount of financial capital committed to properties. In all cases, we will strive for the creation of innovative shopping concepts that will adjust and evolve in order to be the preferred choice of the customer.

Capital Allocation

We aim to increase our exposure to developments. This will be achieved through a combination of acquiring exposure to new development opportunities and reducing our exposure to investment properties. We will also shift from a mature market concentration to a greater weight towards emerging markets. Our market priorities will be Brazil, Emerging markets with significant shopping centre potential and also Germany and Italy where the objective is to reduce financial capital employed and adopt a developer approach. Portugal and Spain will continue to be core stable markets for the Company but with no prospects for new developments. For Greece, the objective is to realize value in an orderly way.



Professional Services

We will continue to reinforce a professional services component focused on development, leasing and property management services. This enables us to optimize the resources of the Company under market fluctuations and improve know-how on markets, partners and projects.

Capital Intelligence

We will reinforce a capital-light approach in the use of equity. For this, we will use partnerships with the purpose to minimise the financial capital invested in a given operation allowing us to share risk, maximise returns through service delivery and improve know-how.

With increasing focus from investors and retailers on prime assets that dominate their catchment areas, market dominance is one of the more relevant variables when assessing shopping centre strength and medium-term potential. We will aim to maintain the financial capacity to commit to ambitious and relevant shopping centre projects, namely in terms of accessing funds in debt markets. For this, we will aim to keep a relevant balance sheet size associated with prudent financial ratios.

Sustainability Strategy

We have identified five long-term priorities that will deliver shared value for our business, society and the environment. Addressing such issues is intended to address the principle sustainability risks facing our operations and safeguard our continued capacity to do business.

Safe People and Eco-Efficiency

Making sure that our shopping centres are consistently run to the highest standards of safety and eco-efficiency is a day-to-day priority for Sonae Sierra as a means to safeguard human and natural capital. We operate a best in class, integrated Safety, Health and Environment Management System (SHEMS) which enables us to effectively manage safe people and eco-efficiency aspects. Through our SHEMS, we provide a better service and/or workplace to tenants, shopping centre visitors, professional services clients, employees and suppliers whilst reducing operating costs for our business.

Sustainable Lifestyles

We will use our reach and public influence to encourage visitors to make the right choices. This involves promoting healthy, green and local goods and services; improving well-being through health activities in our shopping centres; and creating a sense of place. This approach enables us to increase visitors' satisfaction and loyalty, thereby increasing footfall in our shopping centres, and adds to our brand value as we visibly support health, well-being and environmentally-conscious behaviour.

Leveraging Knowledge

We aim to empower our employees by building their skills and knowledge, unleashing their potential on an individual basis and raising the standard of knowledge attainment at a collective level in the communities where we operate. By doing so, we can enhance the intellectual capital of our organisation and the external pool of talent from which we aim to attract ambitious people to join our workforce.



Prosperous Retailers

We are taking action to partner with current and potential tenants to make their businesses more resilient, in particular enabling small, local and sustainable businesses to thrive in circumstances in which they might not have done so otherwise. At the same time, this approach supports our business strategy by allowing us to promote new concepts that deliver unique experiences to customers. Consequently, we can sustain our income streams and maintain innovation at the heart of Sonae Sierra's business values.

Resource Resilience

We are investigating ways to future-proof our assets by becoming energy independent and reusing water on our sites, exploiting the latest innovations and technology in natural resource management to rethink processes. This will protect our assets against natural resource shortages and cost increases, and reduce operating costs in the short to medium term through alternative energy and water management strategies. Altogether, this approach will enable us to reduce the detrimental impacts of our Company on the environment and help us to maintain the essential services that nature provides.

Sustainability Performance in 2014

Our Sustainability Strategy was developed to bolster our Company performance in order to position us strongly in the face of social and environmental challenges. Recent trends reinforce the importance of sustainability features which are increasingly valued by investors when investing in properties.

The quality of Sonae Sierra's own sustainable business practices and portfolio was acknowledged again in 2014 through our high ranking in the Global Real Estate Sustainability Benchmark (GRESB), where we: maintained our 'Green Star' designation, were ranked at third place in the European retail sector, fifth among all European countries and were in the top 3% of participants worldwide. Our company stood out for improving its score across all indexes except Policy & Disclosure, where we could not achieve better than maintaining our previous score of 100%.

Our approach to the reduction of the environmental impact and improvement of our operational efficiency continues to act as a key differentiator for our company by adding value to our offering as a service provider and business partner. Thus, following the principles of our Sustainability Strategy, we achieved notable results principally in terms of Safe People and Eco-Efficiency, Sustainable Lifestyles, Leveraging Knowledge, Prosperous Retailers and Resource Resilience.

We managed to avoid combined costs of €18.7 million in 2014 as a result of eco-efficiency improvements introduced since 2002 (for electricity and waste) and 2003 (for water). This has enabled us to:

- Reduce water consumption by 18% (since 2003)
- Reduce electricity consumption by 40% (since 2002)
- Increase recycling rates by 209% (since 2002)

Safe People and Eco-Efficiency

In 2014 we further improved the operational efficiency of our shopping centres, enabling us to make good progress towards our long-term environmental performance goals and contributing to a 2.3% reduction in service charges compared to 2013. We achieved progress with respect to all our key objectives covering GHG emissions, energy use, water use and waste:

- GHG Emissions

A GHG emissions rate of 0.017 tonnes per m² of GLA, a 19% reduction compared to 2013, meaning we exceeded our target of 0.0216 tonnes per m². Overall, we have achieved a reduction of 80% since 2005, our baseline year, and are on track to achieve our long-term goal of an 85% reduction by 2020.

- Energy

An average electricity consumption of 435 kWh per m² of mall and toilet area, a 2% reduction compared to 2013. We achieved our 2014 target of 444 kWh per m² and remain on track to meet our long-term goal to attain a maximum electricity consumption of 400 kWh per m² by 2020.

We introduced an innovative new financing mechanism across five shopping centres in Spain to encourage the replacement of conventional fluorescent lighting in car parks with LEDs, leading to forecasted savings of €3.5 million across their entire lifecycle. For more information, see the case study on Sonae Sierra's [website](#).

- Water

An average water consumption of 3.5 litres per visit, a 5% reduction compared to 2013. We exceeded our 2014 target of 3.89 litres per visit and remain on track to meet our long-term objective to achieve a level of water consumption at or below three litres per visit by 2020.

At Shopping Plaza Sul in São Paulo, Brazil, we introduced a closed loop water recycling strategy, reusing 57% of wastewater generated on site and saving R\$28,000 (€9,119) per month. Our actions have helped to ease pressure on public water resources in a notoriously water-stressed region. For more information, see the case study on Sonae Sierra's [website](#).

- Waste and Recycling

An average recycling rate of 58% across our global portfolio, meaning we exceeded our 2014 target to attain a minimum recycling rate of 56.7% across our owned shopping centres and guarantee the proportion of waste (by weight) sent to landfill does not exceed 25.8%. Our long-term objective is to ensure that we maintain a recycling rate of at least 65% by 2020.

- Safety and Health

In 2014 we were pleased to record a 44% drop in the global injury rate for Sonae Sierra employees and supervised workers. Unfortunately, we were not able to deliver the incredibly high results we expect concerning safety and health performance amongst our service suppliers and shopping centre visitors. Most importantly, in 2014 a fatality occurred in one of our shopping centres involving one of our tenants' service suppliers, and we also saw increases in the number of incidents involving both visitors and service suppliers in our shopping centres.

In response to these events, we have held several in-depth meetings with service supplier representatives, employees and supervisors in order to discuss the nature of the incidents occurring and identify actions to

mitigate this trend. We have strengthened our awareness-raising efforts and requested shopping centre teams to reinforce their Safety Preventive Observation (SPO) programme vis-à-vis service suppliers.

While we strive to implement the best possible safety and health management practices and procedures across all our operations, the avoidance of incidents still rests significantly on the safe behaviour practices of individuals, and we continue to persevere in our training, engagement and awareness-raising initiatives with our sights set on reducing the frequency of accidents going forwards.

We have revised our fire prevention strategy, expanding our training programme and introducing a more sophisticated risk assessment framework, with impressive results. Between 2008 and 2013 the number of fire incidents, across our entire portfolio, decreased by 64%. For more information, see the case study on Sonae Sierra [website](#).

Sustainable Lifestyles

Our long-term focus on sustainable lifestyles is supported on the promotion of positive behavioral change in relation to environmental, social, health and wellbeing issues. Hence, in 2014 we launched 'Help Spot' with a view to positioning Sonae Sierra and each of our shopping centres as leading catalysts for socially responsible volunteer work. This project aims to boost volunteering in Portugal and is present in all 21 Sierra shopping centres across the country.

In 2014 we also expanded our *Café Memória* (Memory café) project in partnership with the Alzheimer Portugal Association. With eight *Café Memória* now present in our shopping centres, this project has reached more than 1,270 participants since its launch. Although not part of our sustainability strategy, it provides an important social function by offering meeting places for dementia patients, their families and carers to share support and experiences, ultimately improving their quality of life and reducing the sufferings associated with social isolation.

Leveraging Knowledge

As part of the continuous investment on our people and their wellbeing, in 2014 we developed 'Be Well': an academic partnership with no associated investment cost which enabled us to gain comprehensive insight into workplace stress risks present within our company and develop a detailed mitigation plan to improve employee health and wellbeing.

With the retail sector undergoing a period of rapid change, we need to ensure that our Company has the talent, agility and flexibility required to remain ahead of the game. In this context, we will continue to engage and partner with educational, social and industry institutions in order to leverage knowledge and promote ongoing skills development and innovative thinking across our Company, among our tenants and within our local communities.

We worked with a local university to gain greater insight into the risks of workplace stress in our company. The collaboration has led to the development of a programme to boost the health and well-being of our workforce. For more information, see the case study on Sonae Sierra's [website](#).



Prosperous Retailers

2014 saw the roll out of 'Coop Stores'- a format of the 'Flash Stores' concept - which are orientated towards supporting entrepreneurs and small businesses in line with our sustainability strategy's long-term focus on prosperous retailers. A Coop Store is a space composed of mini-shops in the same store and allows operators to share space while splitting the associated operational costs. Through the year we had five Coop Stores in operation across two countries. The stores contribute with additional rental income and enable us to further diversify our tenant mix and respond to consumer interest in new brands and retail concepts. 40% of Coop Store participants have gone on to become tenants.

On the digital front, we have enjoyed ongoing success from our PromoFans® promotions platform. Promoting the notion of "your shopping centre with discounts", PromoFans® is based on the smart shopper concept and combines convenience and digital reach with the retail offer and experience of our shopping centre. Two years after its launch, it remains a unique and unparalleled concept, and has reached more than 510,000 registered users across Portugal and Spain.

Resource Resilience

We need to strive towards true resource resilience: on-site energy generation; water reuse systems and waste minimisation and/or a closed loop waste management approach. Whilst some of our more ambitious potential projects to generate on-site energy do not currently offer favourable returns, we are confident that our resource resilience strategy will support us in the medium- to long-term. In 2014 we did proceed to develop a series of new standards for shopping centre energy and water equipment and installations in order to facilitate the investment in water reuse and photovoltaic systems, and increase operational efficiency. In 2015 we will extend our scope and pilot a polluter-pays system for tenants' waste.

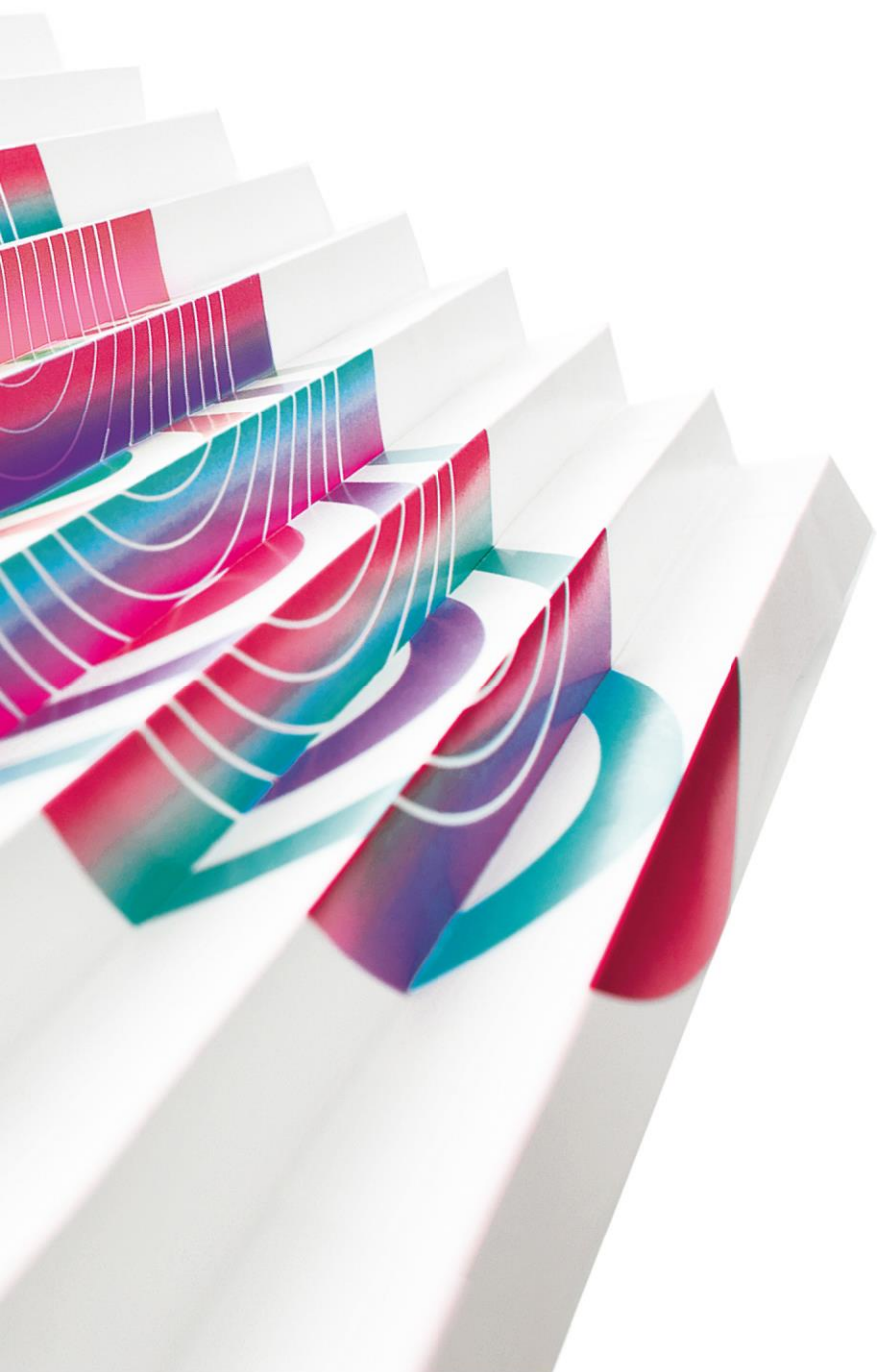
We expect our sustainability strategy to continue to support innovation across our operations by focusing on our long-term resilience, thus positioning us strongly in the face of social and environmental challenges. The work we have been developing over the years puts us in an excellent position to ensure our businesses' long-term future and create shared value for our business and society.

For more information about our sustainability performance, please consult our report "Economic, Environmental and Social Report 2014" available on the following link:

<http://www.sonaesierra.com/en-gb/sustainability/sustainability.aspx>





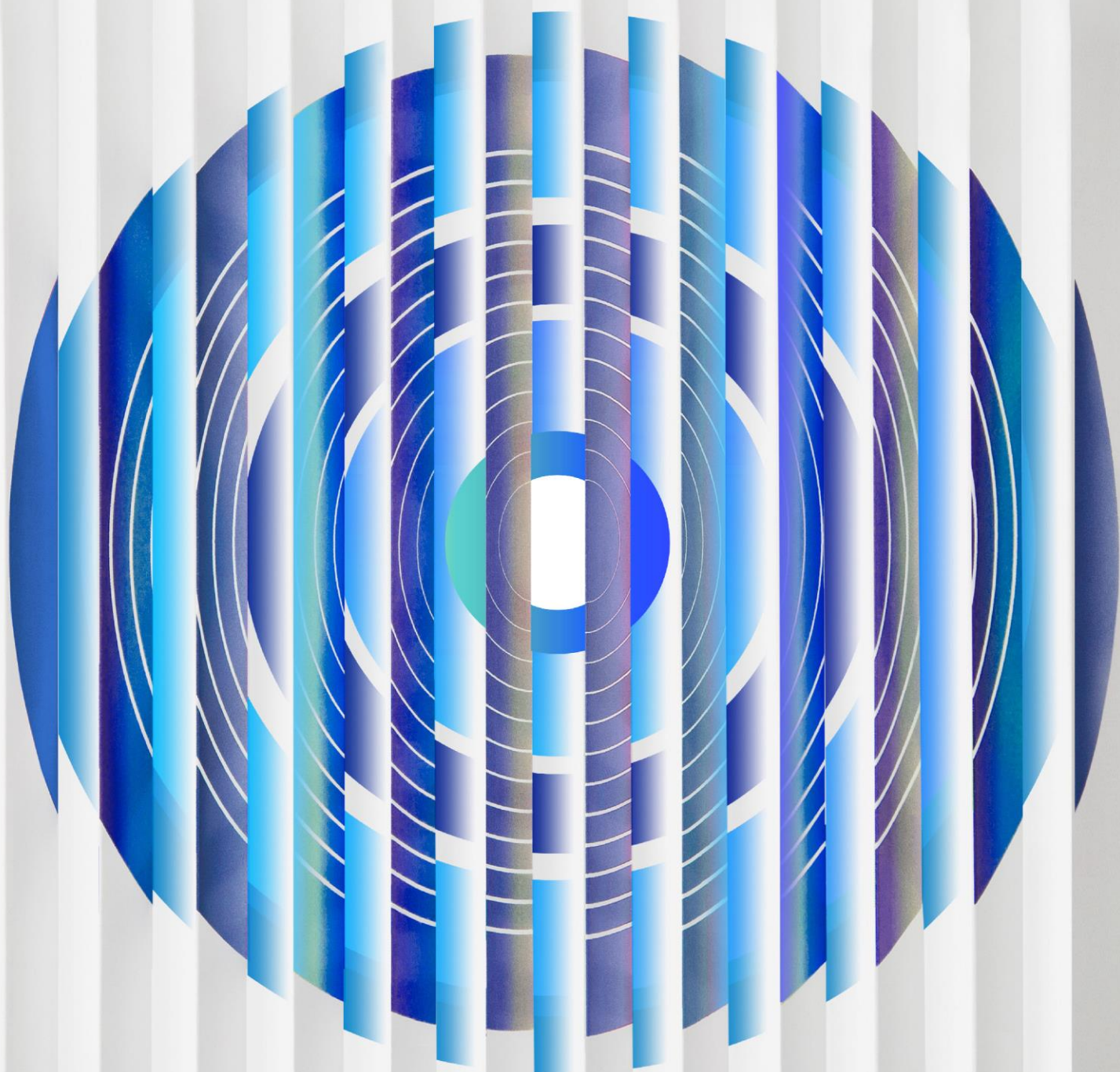


Appendices

4. Appendices

Compliance with principles and membership of associations and partnerships with organisations





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IMPROVING LIFE



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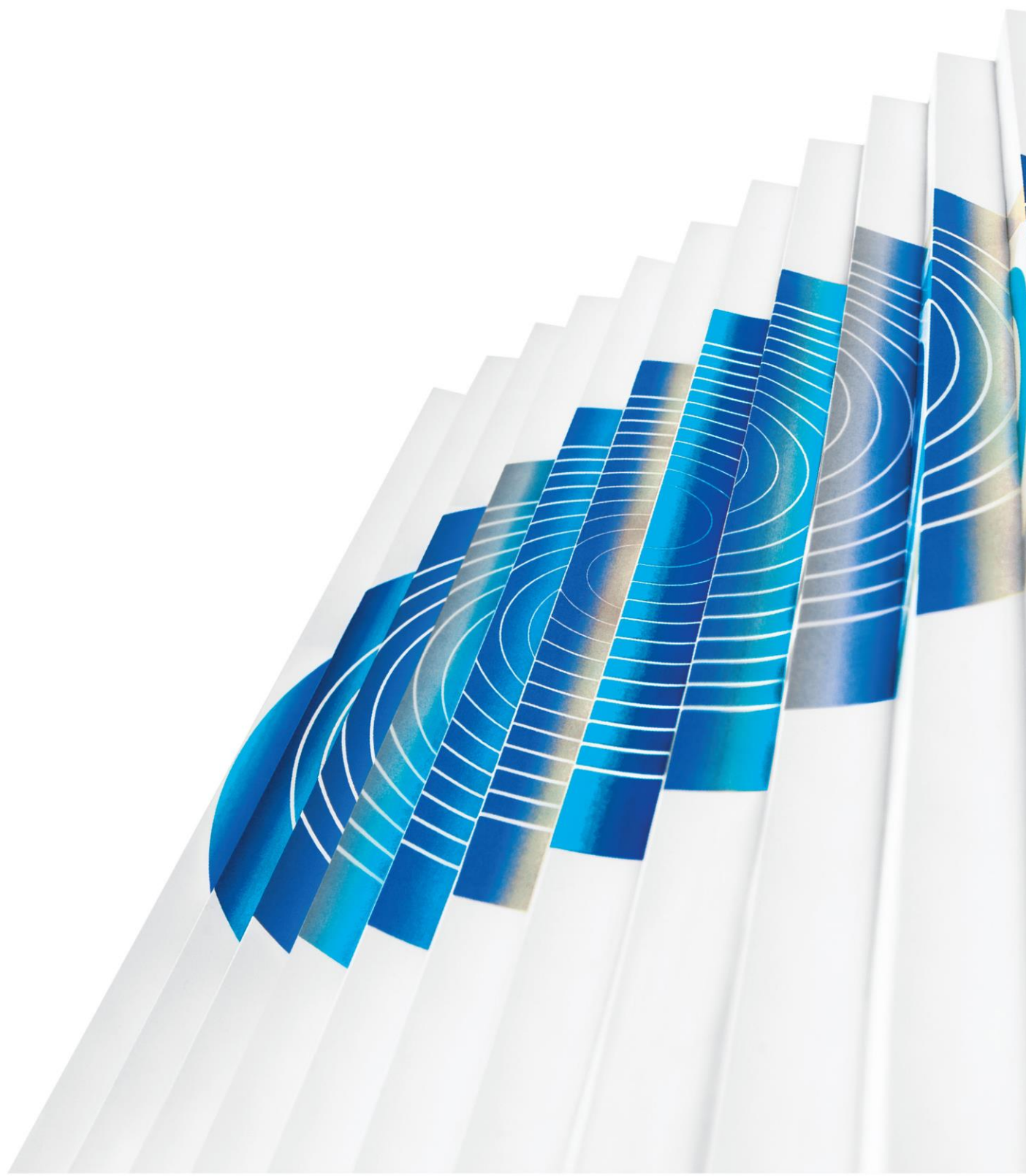
01. PART I

Shareholding Organisation and Corporate
Governance

02. PART II

Statement Compliance

03. Appendix I





PART I

Shareholding Structure Organisation

and Corporate Governance

A. Shareholding Structure

I – Share capital structure

1. Share Capital Structure

The Company's share capital is of 2,000,000,000 euro, fully subscribed and paid up, divided into 2,000,000,000 ordinary shares, each with a nominal value of one euro.

To the best of the Company's knowledge, 52.6782% of total voting rights are attributed to the holders of qualified shareholdings listed in section II.7.

All the shares representing the Company's capital are admitted to trading on the Euronext Lisbon regulated market.

2. Restrictions on the transfer and ownership of shares

The Company's shares do not have any restrictions on the transfer or ownership of shares.

3. Own shares

The Company held, directly and through its subsidiary, 7 810 701 own shares at 31 December 2014.

4. Significant agreements with ownership clauses

There are no agreements executed by the Company incorporating clauses with the aim of setting up defensive measures to a change in shareholder control or that cease in case of a change of the Company's control following a takeover bid.

The majority of the share capital of the Company is attributable to a single shareholder.

The shareholders' agreement executed between the Company and Grosvenor Group Limited (Grosvenor), relating to Sonae Sierra, SGPS, SA, gives Grosvenor the power to terminate the agreement, in the case of a change of control of the Company, but only in the particular and exclusive situation of the Company ceasing to be directly or indirectly owned by its present reference shareholder or any of his relatives.

This clause applies in the same way should a change of control occurs in Grosvenor.

The effects of terminating the agreement include the exercise of a call option, the sharing of assets or sale of the company Sonae Sierra, SGPS, SA.

5. Defensive measures in case of change of shareholding control

No defensive measures were adopted.

6. Shareholders' Agreements

The Board of Directors has no knowledge of any special rights or agreements involving the Company's shareholders.

II – Shareholdings and holdings of bonds

7. Qualified shareholdings

At 31 December 2014, relying on the notifications received by the Company pursuant to article 16 of the Portuguese Securities Code, the holders of qualified shareholdings, the respective attributable share capital and voting rights percentage, as well as the source and grounds for such attribution, are those as follows:



Qualified holdings

Shares held and voting rights attributable to shareholders owning more than 2% of the share capital of Sonae - SGPS, SA, as required by article 8, paragraph 1, b) of the Portuguese Securities Market Commission (CMVM) Regulation nr.05/2008:

Shareholder	Nr. of shares	% share capital	% of voting rights
Efanor Investimentos, SGPS, SA (I)			
Directly	200,100,000	10.0050%	10.0442%
By Pareuro, BV (controlled by Efanor)	849,533,095	42.4767%	42.6432%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor)	14,901	0.0007%	0.0007%
By Duarte Paulo Teixeira de Azevedo (Director of Efanor)	928,184	0.0464%	0.0466%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor)	204,678	0.0102%	0.0103%
By Migracom, SGPS, SA (company controlled by Efanor's Director Duarte Paulo Teixeira de Azevedo)	1,536,683	0.0768%	0.0771%
By Linhacom, SGPS, SA (company controlled by Efanor's Director Maria Cláudia Teixeira de Azevedo)	439,314	0.0220%	0.0221%
Total attributable to Efanor Investimentos, SGPS, SA	1,052,756,855	52.6377%	52.8443%
Banco BPI, SA	132,851,868	6.6426%	6.6686%
Banco Português de Investimento, SA	365,199	0.0183%	0.0183%
Fundos de Pensões do Banco BPI	40,071,372	2.0036%	2.0114%
BPI Vida - Companhia de Seguros de Vida, SA	4,751,416	0.2376%	0.2385%
Total attributable to Banco BPI, SA (II)	178,039,855	8.9020%	8.9369%
Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.4925%	2.5022%
Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.4925%	2.5022%
Bestinver Gestión, S.A. SGIC			
Bestinver Bolsa, F.I.	26,842,197	1.3421%	1.3474%
Bestinver F.I.M.	24,648,288	1.2324%	1.2372%
Bestinver Hedge Value Fund Fil	11,556,421	0.5778%	0.5801%
Bestinver Global, FP	7,154,263	0.3577%	0.3591%
Bestvalue, FI	6,161,372	0.3081%	0.3093%
Soixa Sicav, SA	4,387,528	0.2194%	0.2202%
Bestinver Ahorro, Fondo de Pensiones	3,068,989	0.1534%	0.1541%
Bestinver Mixto, F.I.M.	2,398,104	0.1199%	0.1204%
Bestinver Sicav - Bestifund	3,234,455	0.1617%	0.1624%
Bestinver Sicav - Iberian	8,757,641	0.4379%	0.4396%
Bestinver Renta, F.I.M.	756,150	0.0378%	0.0380%
Bestinver Prevision, FP	216,988	0.0108%	0.0109%
Divalsa de Inversiones Sicav	154,747	0.0077%	0.0078%
Bestinver Empleo, FP	151,085	0.0076%	0.0076%
Linker Inversiones, Sicav	100,279	0.0050%	0.0050%
Bestinver Futuro EPSV	83,569	0.0042%	0.0042%
Bestinver Empleo III, Fondo de Pensiones	34,135	0.0017%	0.0017%
Bestinver Empleo II, FP	55,323	0.0028%	0.0028%
Total attributable to Bestinver Gestión, S.A. SGIC (III)	99,761,534	4.9881%	5.0076%
Norges Bank	40,100,985	2.0050%	2.0129%
Total attributable to Norges Bank	40,100,985	2.0050%	2.0129%

Source: communications received by the Company regarding qualified shareholdings up to 31st December 2014

Calculation based on the Company's share capital, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code

(I) Belmiro Mendes de Azevedo is, according to subparagraph b) of paragraph 1 of article 20 and paragraph 1 of article 21, both of the Portuguese Securities Code, the "ultimate beneficial owner", as it holds circa 99% of the share capital and voting rights in Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV

(II) total number of voting rights attributed to Banco BPI, SA as per article 20 of the Portuguese Securities Code

(III) total number of voting rights attributed to Bestinver Gestión, SA, SGIC as per article 20 of the Portuguese Securities Code



This subject is also thoroughly addressed in the Annual Management Report.

Updated information regarding qualified shareholdings is available for consultation at the Company's website, www.sonae.pt (tab Investors, Shareholding Structure's section).

8. Number of shares and bonds held by the members of the management and supervisory bodies, submitted under paragraph 5 of Article 447 of the Portuguese Companies Act

Article 447 of the Portuguese Companies Act and Article 14, paragraph 7, of the Portuguese Securities Commission (CMVM) Regulation nr. 05/2008

Disclosure of the number of held shares and other securities issued by the Company and of the transactions executed over such securities, during the financial year in analysis, by the members of the statutory governing and auditing bodies and by people discharging managerial responsibilities ("dirigentes"), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

		Additions		Reductions		Balance as of 31.12.2014
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
Belmiro Mendes de Azevedo (*) (**)						
Efanor Investimentos, SGPS, SA (1)						49,999,996
Sonaecom, SGPS, SA (9)						0
Sale	23-01-2014			75,537	2.580	
Continente Bonds - 7% -2015						876,990
Purchase	20-03-2014	117,000	1.053			
Purchase	21-03-2014	90,000	1.053			
Purchase	24-03-2014	2,705	1.053			
Purchase	27-03-2014	99,500	1.053			
Purchase	31-03-2014	61,000	1.053			
Purchase	01-04-2014	5,000	1.053			
Purchase	02-04-2014	58,500	1.053			
Purchase	04-04-2014	10,000	1.053			
Purchase	08-04-2014	30,000	1.053			
Purchase	09-04-2014	55,000	1.053			
Purchase	10-04-2014	19,000	1.054			
Purchase	11-04-2014	21,468	1.054			
Purchase	14-04-2014	25,000	1.054			
Purchase	15-04-2014	65,000	1.054			
Purchase	16-04-2014	15,000	1.055			
Purchase	21-04-2014	202,817	1.059			
Álvaro Carmona e Costa Portela (*)						
Sonae, SGPS, SA (3)						125,934
Sonaecom, SGPS, SA (9)						0
Sale	24-01-2014			5,000	2.580	
Ângelo Gabriel Ribeirinho dos Santos Paupério (*)						
Sonae, SGPS, SA (3)						770,426 (a)
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	02-05-2014	507,276	0.068			
Sale	31-12-2014			500,000	1.033	
Sonaecom, SGPS, SA (9)						0
Sale	23-01-2014			552,837	2.580	
Enxomil - SGPS, SA (10)						10,000 (b)
Continente Bonds - 7% -2015						150,000 (c)
Duarte Paulo Teixeira de Azevedo (*) (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (4)						1,999,996
Sonae, SGPS, SA (3)						928,184 (d)
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	28-04-2014	262,087	0.068			
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	03-07-2014	177,567	0.061			
Michel Marie Bon (*)						
Sonae, SGPS, SA (3)						321,000
Maria Margarida Carvalhais Teixeira de Azevedo (*) (**)						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						14,901
Maria Cláudia Teixeira de Azevedo (*) (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						204,678
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	02-05-2014	163,551	0.068			
Linhacom, SGPS, SA (6)						99,996
Sonaecom, SGPS, SA (9)						0
Sale	23-01-2014			40,566	2.580	(e)
Nuno Miguel Teixeira de Azevedo (*) (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						0 (f)
Arlindo Dias Duarte Silva (*****)						
Continente Bonds - 7% -2015						5,000 (g)

		Additions		Reductions		Balance as of 31.12.2014
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA (3)						200,100,000
Pareuro, BV (2)						5,583,100
Sonaecom, SGPS, SA (9)						0
Sale	23-01-2014			1,000	2.580	
(2) Pareuro, BV						
Sonae, SGPS, SA (3)						849,533,095
(3) Sonae, SGPS, SA						
Sonae, SGPS, SA (treasury shares)						5,560,746
Purchase	24-03-2014	1,885,000	1.325			
Purchase	14-04-2014	630,000	1.305			
Purchase	15-04-2014	465,000	1.296			
Purchase	16-04-2014	530,000	1.315			
Purchase	17-04-2014	450,000	1.333			
Sale	28-04-2014			3,585,251	1.358	
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	28-04-2014			262,087	0.068	
Sale	05-05-2014			62,198	1.358	
Purchase	15-05-2014	755,000	1.213			
Purchase	16-05-2014	1,532,973	1.211			
Purchase	19-05-2014	970,000	1.222			
Sale	19-05-2014			11,509	1.238	
Purchase	20-05-2014	710,000	1.226			
Purchase	21-05-2014	750,000	1.247			
Purchase	22-05-2014	809,700	1.261			
Purchase	23-05-2014	535,393	1.274			
Sale	03-07-2014			121,342	1.220	
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	03-07-2014			177,567	0.061	
Sale	24-07-2014			236,434	1.169	
Sale	07-10-2014			5,932	1.101	
Sonae Investments, BV (7)						2,894,000
Sontel, BV (8)						32,745
Sonaecom, SGPS, SA (9)						81,022,964
Purchase	23-01-2014	1,365,837	2.580			
Purchase	24-01-2014	88,297	2.580			
Purchase	24-02-2014	80,000	2.152			
Purchase	25-02-2014	205,412	2.123			
Purchase	26-02-2014	133,248	2.078			
Purchase	27-02-2014	100,000	2.045			
Purchase	28-02-2014	267,000	2.012			
Purchase	03-03-2014	70,000	1.964			
Purchase	04-03-2014	41,966	1.954			
Purchase	05-03-2014	20,620	1.963			
Purchase	07-03-2014	46,064	2.204			
Purchase	13-03-2014	34,500	2.296			
Purchase	14-03-2014	33,038	2.266			
Purchase	17-03-2014	9,291	2.258			
Purchase	18-03-2014	3,000	2.253			
Purchase	19-03-2014	26,000	2.280			
Purchase	20-03-2014	27,317	2.286			
Purchase	21-03-2014	31,483	2.287			
Purchase	24-03-2014	27,310	2.273			
Purchase	25-03-2014	1,000	2.260			
Purchase	15-04-2014	59,336	1.902			
Purchase	16-04-2014	179,685	1.990			
Purchase	17-04-2014	134,291	2.083			
Purchase	22-04-2014	76,332	2.182			
Purchase	23-04-2014	367,000	2.291			
Purchase	24-04-2014	325,132	2.287			
Purchase	25-04-2014	15,582	2.283			
Purchase	28-04-2014	145,104	2.291			
Purchase	29-04-2014	74,084	2.300			
Purchase	30-04-2014	23,213	2.300			
Purchase	02-05-2014	57,031	2.300			
Purchase	05-05-2014	75,417	2.300			
Purchase	14-07-2014	200,000	1.590			

		Additions		Reductions		Balance as of 31.12.2014
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
(4) Migracom, SGPS, SA						
Sonae, SGPS, SA (3)						1,536,683
Sale	13-06-2014			435,000	1.278	
Sale	17-06-2014			500,000	1.257	
Sale	18-06-2014			465,000	1.264	
Sonaecom, SGPS, SA (9)						0
Sale	23-01-2014			387,342	2.580	
Imparfin, SGPS, SA (5)						150,000
(5) Imparfin, SGPS, SA						
Sonae, SGPS, SA (3)						4,105,280
Continente Bonds - 7% -2015						100,000
Purchase	28-01-2014	222,000	1.050			
Purchase	09-04-2014	411,000	1.050			
Sale	26-05-2014			48,000	1.050	
Sale	29-07-2014			30,000	1.047	
Sale	30-09-2014			25,000	1.048	
Sale	19-11-2014			300,000	1.033	
Sale	27-11-2014			135,000	1.034	
(6) Linhacom, SGPS, SA						
Sonae, SGPS, SA (3)						439,314
Sonaecom, SGPS, SA (9)						0
Sale	23-01-2014			120,300	2.580	
Imparfin, SGPS, SA (5)						150,000
(7) Sonae Investments BV						
Sontel BV (8)						58,555
(8) Sontel BV						
Sonaecom, SGPS, SA (9)						194,063,119
(9) Sonaecom SGPS, SA						
Sonae, SGPS, SA (treasury shares)						2,249,955
Purchase	20-03-2014	920,000	1.317			
Purchase	21-03-2014	1,030,000	1.327			
Sale	28-03-2014			646,614	1.333	
Purchase	14-04-2014	160,000	1.303			
Sale	17-04-2014			696,641	1.298	
Sale	30-04-2014			3,393	1.298	
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	02-05-2014			670,827	0.068	
Sale	05-05-2014			5,794	1.298	
Sale	07-05-2014			48,793	1.298	
Sale	09-05-2014			14,586	1.298	
Purchase	15-05-2014	2,228,985	1.227			
Sale	30-05-2014			2,382	1.294	
Sonaecom, SGPS, SA (treasury shares)						5,571,014
(10) Enxomil - SGPS, SA						
Sonae, SGPS, SA (3)						500,000
Purchase	31-12-2014	500,000	1.033			
Continente Bonds - 7% -2015						400,000

(*) Member of the Board of Directors of Sonae, SGPS, SA

(**) Member of the Board of Directors of Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)

(***) People closely connected with the President of the Board of Directors of Sonae Holding, Belmiro de Azevedo

(****) Member of the Board of Directors of Imparfin, SGPS, SA (5)

(*****) Member of the Statutory Audit Board

(a) of which 125,000 shares held by spouse

(b) directly and indirectly held

(c) of which 150,000 bonds held by spouse and 400,000 are held by company in which this person discharging managerial responsibilities ("dirigente") is the sole director

(d) of which 530 shares held by descendants under his charge

(e) 170 shares held by spouse

(f) 10,500 shares are no longer imputed to Nuno Miguel Teixeira de Azevedo because they are owned by a descendant and the legal base for allocation have ended according al .a) of paragraph 4 of article 248-B of the Securities Code

(g) co-held with the respective spouse



9. Powers of the Board of Directors for share capital increases

The powers given by the Articles of Association for the Board of Directors to increase the Company's share capital were withdrawn in April 2011. As from that date, these powers are held exclusively by the Shareholders' General Meeting.

10. Business relationship between holders of qualified shareholdings and the company

There is no existing business relationship between holders of qualified shareholdings notified to the company and the latter.

Without prejudice, BPI maintains a business relationship with the company in the scope of its activity, under market conditions and alongside other national and international financial institutions.

B. Governing Bodies and Committees

I – Shareholders' general meeting

a) Compositions of the Board of the Shareholders' General Meeting

11. Board of the Shareholders' General Meeting: identification of members and mandate

The Shareholders' General Meetings are conducted by a Board elected by shareholders for a four-year mandate, which coincides with that of the other statutory entities.

The present mandate began in 2011 and will end in 2014, and the Board's composition during this period is as follows:

Board of the General Meeting of Shareholders

Manuel Cavaleiro Brandão, Chairman

Maria da Conceição Cabaços, Secretary

b) Exercising voting rights

12. Possible restrictions on voting rights

12.1 Restrictions on voting rights, depending on the number or percentage of shares held

The Company's share capital is entirely made up of a single class of shares, in which one share equals one vote, and where there are no statutory limitations on the number of votes that can be held or exercised by any shareholder.

Share blocking is not required in order to attend the General Meeting, and in compliance with the applicable legal rules, the "Registry date" is the key moment in time for the shareholder to prove his identity as such and thus to exercise his attendance and voting rights at the General Meeting, as well as the voting and attendance rule for shareholders who hold shares in their own name but on behalf of clients.

12.2 Representation

The right to vote by appointing a representative and the way in which this right is exercised are set out in the respective notices convening Shareholders' General Meetings, in accordance with the law and the Company's Articles of Association.

Shareholders can be represented at Shareholders' General Meetings by presenting a written representation document before the meeting begins, addressed and delivered to the Chairman of the Board of the Shareholders' General Meeting, stating the name and address of the representative and the date of the meeting, using





for this purpose the electronic mail address provided by the Company.

A shareholder can nominate different representatives for the shares held in different share accounts, without prejudice to the principle of one share one vote, in accordance with article 385 of the Portuguese Companies Act, and to voting in a different ways, which is permitted for shareholders acting as financial intermediaries for various clients.

The Company provides appropriate information on its website, at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section) to enable shareholders, wishing to be represented, to give their voting instructions to their respective representatives. Such information, which includes the proposals to be submitted to the General Meeting and a template of a representation letter, is disclosed on the website, within the legally established time limits.

12.3 Vote in writing

Shareholders, who can prove their ownership of shares, can vote in writing in relation to all items on the agenda of the Shareholder's General Meeting. Written votes will only be taken into account when received at the Company's head office by registered post, with acknowledgement of receipt addressed to the Chairman of the Board of the Shareholders' General Meeting or by electronic means, at least three business days prior to the General Meeting. The voting ballot, if sent by registered post, should be signed by the holder of the shares or by his legal representative. In the case of an individual, it should be accompanied by an authenticated copy of his/her identity card. In the case of a corporate entity, the signature should be authenticated by certifying that the signatory is duly authorized and mandated for that purpose. If the ballot is sent by electronic means, it must respect the requirements and procedures established by the Chairman of the Board of the Shareholders' General Meeting as set out in the notice of the

meeting, in order to ensure an equivalent level of security and authenticity.

It is the responsibility of the Chairman of the Board of the Shareholders' General Meeting, or the person replacing him, to verify compliance with written voting requirements, and those written votes which do not fulfil such requirements will not be accepted and will be treated as null and void.

12.4 Voting by electronic means

Shareholders have had the right to vote electronically and the manner by which this right can be exercised is set out in the notice sent out for the General Meeting, while a template for requesting the information necessary for exercising the shareholders' right to vote by electronic means is also available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section).

13. Maximum percentage of voting rights that may be exercised by a single or group of shareholders, under paragraph 1 of Article 20 of the Portuguese Securities Code

There is no limitation on the number of votes that may be held or exercised by a single shareholder or group of shareholders.

14. Deliberative Quorum

Under the terms of the Company's Articles of Association, the Shareholders' General Meeting may only adopt resolutions, on the first occasion that it is convened, if shareholders holding more than 50% of the Company's share capital are present or represented.

If that quorum is not reached and the meeting is reconvened, resolutions may be adopted by the Shareholders' General Meeting regardless of the





number of shareholders present or represented and of the percentage of share capital they hold.

The deliberative quorum for resolutions taken by the Shareholders' General Meeting complies with the Portuguese Companies Act.

II – Management and Supervision

a) Composition

15. Identification of the adopted governance model

The company follows a one-tier governance model, whose management structure is centred on the Board of Directors, and a supervisory structure that includes a Statutory Audit Board and a Statutory External Auditor.

The Board of Directors is responsible for ensuring the management of the Company's business, exercising all management acts pertaining to its corporate purpose, setting strategic guidelines and appointing and generally supervising the activity of the Executive Committee and of its specialized committees.

16. Rules for nominating and replacing Board Members

The directors, under the terms of Portuguese law and the Company's Articles of Association, are elected to the Board of Directors, in accordance with the proposal approved by the Shareholders' General Meeting.

The Articles of Association allow, however, for one director to be individually elected if there are proposals submitted by shareholders who, either by themselves or together with other shareholders, hold shares representing between ten and twenty percent of the share capital. The same shareholder cannot put forward more than one proposal. Each proposal should identify at least two eligible persons. If there are several

proposals submitted by different shareholders or groups of shareholders, voting will be taken place on all lists.

The Company's Articles of Association also establish that the Board of Directors may co-opt a substitute in case of the death, resignation, temporary or permanent incapacity, or lack of availability of any member, who was not elected a member under the minority rule, but such an appointment is subject to ratification by the shareholders at the next Shareholders' General Meeting.

As part of this power of co-option of the Board of Directors, the Board Nomination and Remuneration Committee, exclusively made up of non-executive directors, is responsible for proposing potential candidates as Board members with the suitable profile for the exercising of such a role.

However, the definitive absence, for whatever reason, of a replacement director individually elected according to the above mentioned special rules, means that a new election must be made at the Shareholders' General Meeting.

The Board of Directors is responsible for the election of its Chairman.

17. Composition of the Board of Directors

Under the terms of the Company's Articles of Association, the Board of Directors can be made up of an odd or even number of members, between three and eleven, elected based on proposals submitted by shareholders at the Shareholders' General Meeting. During 2014, the composition of the Board of Directors was as follows:





Board of Directors

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Álvaro Cuervo Garcia

Michel Marie Bon

José Manuel Neves Adelino

Bernd Hubert Joachim Bothe

Christine Cross

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

The members of the Board of Directors were appointed for the first time as follows:

Appointment to the Board of Directors

	First appointment	End of mandate

Belmiro Mendes de Azevedo	1989	2014

Álvaro Carmona e Costa Portela	1999	2014

Álvaro Cuervo Garcia	2004	2014

Michel Marie Bon	2004	2014

José Manuel Neves Adelino	2007	2014

Bernd Hubert Joachim Bothe	2009	2014

Christine Cross	2009	2014

Duarte Paulo Teixeira de Azevedo	2000	2014

Ângelo Gabriel Ribeirinho dos Santos Paupério	2000	2014



18. Distinction between executive and non-executive members

Board of Directors

Belmiro Mendes de Azevedo	Chairman – Non-executive
Álvaro Carmona e Costa Portela	Non-executive
Álvaro Cuervo Garcia	Independent Non-executive
Michel Marie Bon	Independent Non-executive
José Manuel Neves Adelino	Independent Non-executive
Bernd Hubert Joachim Bothe	Independent Non-executive
Christine Cross	Independent Non-executive
Duarte Paulo Teixeira de Azevedo	Chief Executive Officer
Ângelo Gabriel Ribeirinho dos Santos Paupério	Executive

In the composition of the Board of Directors, a balance is maintained between the number of executive directors and the number of non-executive directors. Out of the current seven non-executive directors, five are considered to be independent, in accordance with the independence criteria set out in paragraph 18.1 of appendix I to the CMVM Regulation no. 4/2013 and CMVM Recommendation II.1.7 (2013).

19. Professional qualifications and curricular references of the members of the Board of Directors

The professional qualifications and curricular references of the members of the Board of Directors are disclosed in Appendix I of this Report.

20. Significant family, business and commercial relationships between members of the Board of Directors and shareholders with attributed qualified shareholdings

Belmiro Mendes de Azevedo, Chairman of the Company's Board of Directors, holds the majority of the share capital and voting rights of the shareholder Efanor Investimentos, SGPS, SA, to which is attributed the domain of the capital and voting rights of the Company.

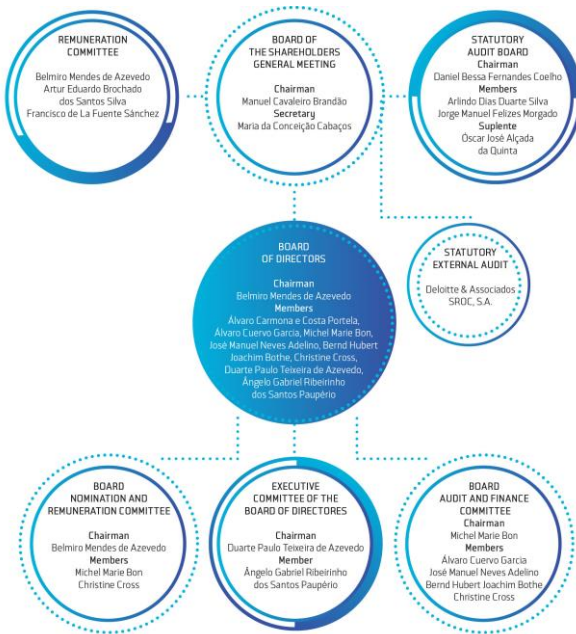
The Chairman of the Executive Committee, Duarte Paulo Teixeira de Azevedo, son of Belmiro Mendes de Azevedo, is a shareholder and member of the Board of Directors of Efanor Investimentos, SA.

To the best of the Company's knowledge, there are no other significant or normal family, business and commercial relationships between shareholders with attributed qualified shareholdings superior to 2% of the voting rights and the Board of Directors.

21. Division of powers between the different boards, committees and / or departments within the Company, including the delegation of powers, particularly with regards to the delegation of the Company's daily management

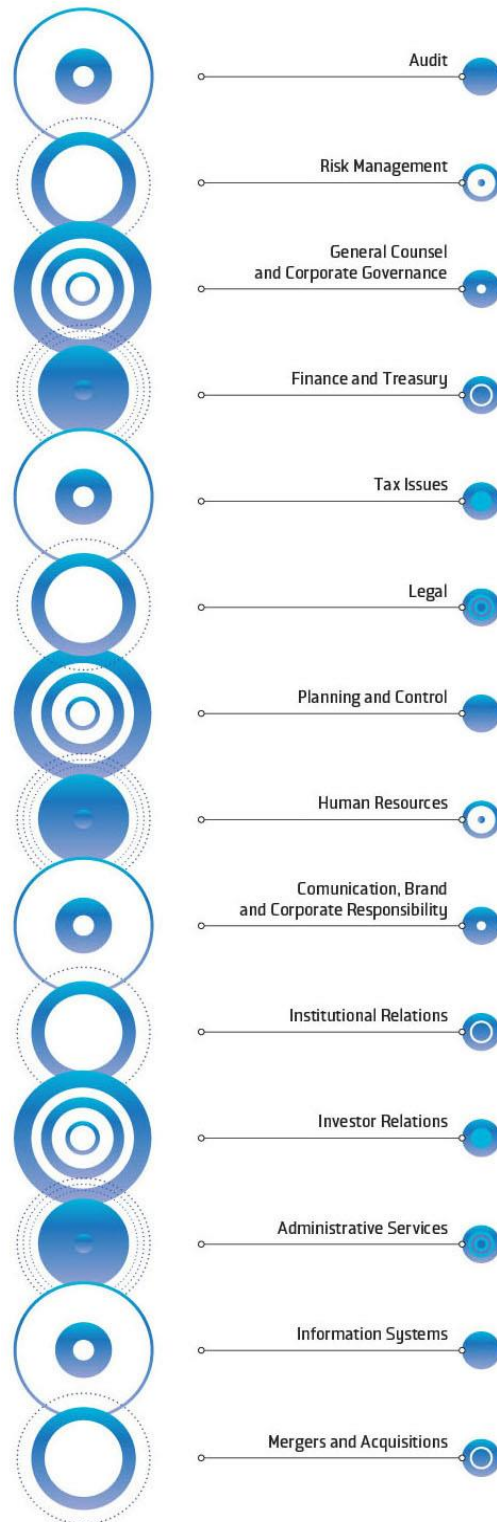


Competencies are divided among the various statutory governing bodies, in accordance with the following terms:



The corporate structure is supported by the following functional structures:

Risk Management Department





Main responsibilities:

- (i) Promote a culture of risk awareness throughout the organisation;
- (ii) Develop the risk management policy and keep it up to date;
- (iii) Develop, implement, review and maintain risk management processes and methodologies;
- (iv) Coordinate risk management activities and report its results;
- (v) Identifying critical risks and monitoring the development and implementation of risk indicators and risk reduction measures;
- (vi) Developing procedures for assessing risks, particularly contingency and business succession planning;
- (vii) Support Sonae's Risk Management Consultation Group.

Internal Audit Department

Main responsibilities:

- (i) Perform internal audits (compliance, processes, food safety and information systems) of Sonae's corporate centre and core businesses;
- (ii) Provide operational support to Sonae's Audit Committee.

General Counsel and Corporate Governance Department

Main responsibilities:

- (i) Provide legal advice to Sonae's business activity;
- (ii) Manage the relations with Euronext Lisbon, the Portuguese Securities Market Commission (CMVM) and shareholders in

relation to legal matters;

- (iii) Manage the legal aspects of Corporate Governance and monitor best corporate governance practice compliance;
- (iv) Coordinate the sharing of legal knowledge in order to align the Company's position with that of other Sonae companies.

Financial and Treasury Manager Department

Main responsibilities:

- (i) Optimise the finance function of the Company and of its retail business units, proposing and implementing appropriate financial management policies;
- (ii) Conduct all financing operations for Sonae and the retail businesses, and provide advice and support on other financing operations of Sonae (with the exception of Sonae Sierra) on request, in coordination with those Board Directors with responsibility for the financing of Sonae businesses;
- (iii) Negotiate and contract financing operations and banking products and services for the Company and for its retail business units;
- (iv) Manage the treasury of the Company and its retail businesses;
- (v) Manage the financing risk of the Company and its retail businesses;
- (vi) Support the different functional areas to allocate capital;
- (vii) Provide support on Merger, Acquisition and Demerger operations;
- (viii) Provide support to Sonae's businesses on money market, interest rate or exchange rate transactions;
- (ix) Support the work of Sonae's Finance Committee.





Tax Issues Department

Main responsibilities:

- (i) Develop, provide training for and share the tax skills of Sonae's business units;
- (ii) Take part in defining tax strategy and objectives, in particular by giving support to the international expansion of the businesses;
- (iii) Provide tax support to the Mergers and Acquisitions activity as well as to restructuring operations;
- (iv) Manage Institutional Relations, namely the proactive management of tax matters relating to Sonae business units;
- (v) Optimise Sonae's tax efficiency, namely by:
 - a. Controlling and monitoring tax procedures among all of Sonae's business units;
 - b. Ensuring compliance with all tax requirements by all companies;
 - c. Controlling all Company fiscal consolidation groupings that exist within Sonae;
- (vi) Manage Sonae's price transfer dossier;
- (vii) Monitor all open litigation with the tax authorities and manage them in the best interests of Sonae's business units;
- (viii) Provide tax consultancy to the businesses by analysing tax matters.

Legal Department

Main responsibilities:

- (i) Monitor, control and ensure the legality of retail and wholesale business activities, including the health, restaurant and real estate asset areas;
- (ii) Prepare and/or analyse contracts that

maximise safety and reduce legal risks and potential costs;

- (iii) Manage all issues relating to intellectual and industrial property used by the different businesses such as brands, names, patents, logotypes, marketing slogans, domains and copyrights;
- (iv) Provide day to day legal support to stores, namely when they are subject to inspections and visits carried out by government and official entities (such as the ASAE, the competition authority), as well as to resolve conflicts with customers;
- (v) Execute all necessary public deeds, legal documents and registers for the businesses, of whatever nature (commercial, real estate, governance etc.);
- (vi) Manage all legal actions and corporate retail processes in pre-litigation and litigation phases;
- (vii) Provide support to obtaining the various licenses required by the businesses;
- (viii) Follow up on legislative developments, relevant to the retail, wholesale and real estate businesses;
- (ix) Legal monitoring of the management of retail customer complaints;
- (x) Provide support to national and international retail and real estate operations, as well as analysing new national and international operations, particularly in the latter the legal environment of the countries analysed;
- (xi) Mergers/ de-mergers and acquisitions.

Planning and Management Control Department

Main responsibilities:

- (i) Support the development of a corporate





and Sonae's business units strategy;

- (ii) Promote, lead and implement the annual, strategic planning cycle;
- (iii) Lead and monitor the Sonae annual budgeting process, as well as providing reporting on achievement of the budget;
- (iv) Challenge the businesses and corporate areas about the objectives proposed in order to constantly improve and optimise Sonae's business efficiency, performance and results;
- (v) Prepare and analyse management information about the individual businesses as well as at a consolidated level on a monthly, quarterly and annual basis, analysing variances to budget and proposing correctives measures;
- (vi) Provide support to decisions about the allocation of capital to existing businesses and new business opportunities: responsible for the analysis of capital invested and the return on capital invested;
- (vii) Build business plans in conjunction with business management teams;
- (viii) Carry out technical analysis and benchmarking of existing businesses and of Sonae, in order to evaluate performance in comparison with the competition and other market players.

Human Resources Department

Main responsibilities:

- (i) Manage Sonae's top management human resources: Chairman of Sonae's Human Resources Consultative Group; support the top management human resources management of the Executive Committee;
- (ii) Supervise Sonae's human resources management department, the main duties of which are to:

- a. Define and implement human resources strategy, planning and talent management;
- b. Support Sonae's top management to define human resources policies at various levels;
- c. Ensure the working of processes concerning recruitment, selection, training, performance/development management, people administration management and Sonae's employees salary processing, and Sonae Human Resources budgeting and reporting;
- d. Manage the areas of Medicine, Hygiene and Safety at Work;
- e. Provide the procedural and legal labour law framework for the businesses;
- f. Provide support to international projects, offices and businesses;
- g. Represent the Company in contacts with official entities and associations connected with this area;
- h. Provide HR services to other Sonae's business units.

Communications, Brand and Corporate Responsibility Department

Main responsibilities:

- (i) Manage the institutional image of Sonae and its brand;
- (ii) Manage Sonae's External Communications, namely the company's online presence and relationship with the media – coordinate messages and lines of communication;
- (iii) Manage Sonae's Internal Communications;
- (iv) Manage the Corporate Responsibility Department, mainly data compilation, sustainability initiatives and volunteering actions.





Institutional Relations Department

Main Responsibilities:

- (i) Support the management of Sonae's institutional relations with the government, public entities and NGOs;
- (ii) Represent Sonae in Associations, Forums and events (in Portugal and abroad) and manage requests for information from these institutions.

Investor Relations Department

Main responsibilities:

- (i) Manage the relationship between Sonae and the financial community through the continuous preparation and disclosure of relevant and up to date information about the Company;
- (ii) Support the Executive Committee and Board Directors, providing them with relevant information about the capital markets;
- (iii) Support External Communication, contributing towards providing a consistent corporate message to the capital markets.

Administrative Services Department

Main responsibilities:

- (i) Efficiently manage all administrative processes of the Company's and its businesses units;
- (ii) Ensure the effective control of the processes, transactions, reliability and timely reporting of financial, tax and management information;
- (iii) Effectively manage the administrative procedures relating to Accounts Payable, Accounts Receivable, Cash and Banks, Inventory and Tangible Assets;

- (iv) Book all accounting transactions and prepare the individual and consolidated financial statements of Sonae companies.

Information Systems Department:

Main responsibilities:

- (i) Maintain and support existing information systems and infrastructure;
- (ii) Develop new solutions which enable the operational and commercial efficiency of the businesses to be improved;
- (iv) Promote innovation in relation to Sonae's information systems.

Mergers and Acquisitions Department

Main responsibilities:

- (i) Core businesses and corporate M&A planning and execution across the Sonae group;
- (ii) Identification, assessment, due diligence, negotiations and closing of acquisitions, divestitures and joint ventures across the Sonae group;
- (iii) Reinforcing Sonae's business networking with industry players and key M&A players.

There are also the following knowledge sharing specialist committees:

Finance Committee

Sonae's Finance Committee is chaired by Ângelo Paupério (member of the Executive Committee), and includes the Chief Financial Officers (CFOs), the directors responsible for corporate finance from each of Sonae's businesses, as well as the managers of the Company's corporate centre, who are relevant to the subjects on each meeting's agenda. The Committee meets monthly to review and coordinate financial risk management policies, banking relationships and



other matters related to corporate finance.

Audit committee

Sonae's Audit Committee was formed in 2000, to assist the Executive Committee in defining policies, reviewing and coordinating the activities of Internal and External Audit, and to review internal control processes and systems. The Audit Committee, which meets quarterly, is chaired by Angelo Paupério (member of the Executive Committee), and includes Board members and Internal Audit Managers responsible for this role in the Company and in its businesses, the Group Corporate Governance Officer and the Group Chief Risk Officer.

Sonae's Risk Management Consultation Group

Sonae's Risk Management Consultation Group was formed in 2000, to assist the Executive Committee in defining risk management policies, to propose methodologies, standards and tools, aligned with best practice and international standards, to follow up and coordinate risk management activities, and to promote risk management expertise and knowledge sharing amongst Sonae companies. This Group meets quarterly and is chaired by Angelo Paupério (member of the Executive Committee) and includes the Board members and the Risk Managers responsible for this role in the Company and in its businesses, the Group Corporate Governance Officer, the Group Chief Internal Auditor and the Group Insurance Manager. Other than Sonae's Risk Management Consultation Group, there are also the following theme specific advisory groups:

- **FINOV**, a forum dedicated to innovation, with the purpose of stimulating and supporting an innovation driven culture at Sonae, capable of sustaining high levels of value creation;
- **Sustainability Forum**, with the purpose of sharing sustainability knowledge and best practices, increasing awareness across Sonae

and identifying relevant common issues to encourage synergies and cohesion in dealing with the various challenges in this area;

- **Planning and Control Methodologies Forum**, with the purpose of promoting and discussing the implementation of best control methodologies across the Company;
- **Legal Forum**, with the purpose of sharing experience and knowledge among legal teams, promoting the wide discussion of essential legal topics and a common approach to legal interpretations and procedures;
- **Human Resources Forum**, with the purpose of promoting and discussing the implementation of best human resources policies across the Company;
- **Marketing and Communication Forum**, with the purpose of coordinating negotiations with Media companies, as well as promoting the sharing of best practices in Marketing at specific seminars;
- **Engineering, Construction and Safety Forum**, with the purpose of promoting and discussing the implementation of best practices in engineering and construction activities across the Company, with a special focus on matters and issues related to health and safety;
- **Negotiation Forum**, with the purpose of presenting, analysing and discussing negotiation strategies, identifying opportunities for joint negotiations and sharing experiences and knowledge.

Each of these informal bodies meets several times during the year and often organises seminars, workshops and internal training courses.

b) Operating Rules

22. Internal Regulation of the Board of Directors

The Internal Regulation of the Board of Directors





is available for consultation at the Company's website - <http://www.sonae.pt/en/investors/corporate-governance/> (tab Investors, Corporate Governance section).

23. Number of meetings held and attendance level of each member of the Board of Directors

The Board of Directors meets at least four times a year, as required by the Company's Articles of Association and its Internal Regulation, and whenever the Chairman or two Board members call a meeting. The quorum for any Board meeting requires that the majority of the Board Members are present or represented by proxy.

Decisions are taken by a majority of votes cast. When the Board of Directors is composed of an even number of members and there is a tied vote, the Chairman has a casting vote.

The Board of Directors receives information about the items on the agenda for the meeting at least seven days beforehand, and receives supporting documents for any given meeting at least two days in advance.

Minutes are recorded in a minute book.

During 2014, 9 (nine) Board meetings were held, and the overall attendance rate was of 100%.

24. Competent Bodies of the Company to appraise the performance of executive directors

The Shareholders' Remuneration Committee is the committee responsible for approving the remuneration of Board members and of other statutory governing bodies, on behalf of shareholders, under the terms specified in the compensation policy approved by shareholders at the Shareholders' General Meeting.

The Board Nomination and Remuneration Committee (BNRC), made up of non-executive directors, support the Shareholders'

Remuneration Committee to carry out its duties. This role may also, if required, be supported by international consultants of recognised competence, whose independence is assured by the fact that they are not bound in any way to the Board of Directors, to the Company and to the Group, and through their broad experience and recognised status in the market place.

25. Predetermined criteria for evaluating the performance of executive directors

The performance evaluation of executive directors is based on predetermined criteria, consisting of objective performance indicators established for each period and aligned with the Group strategy of growth and the business performance.

The named consist in business, economic and financial KPIs (Key Performance Indicators) and are divided into company, department and individual KPIs.

The business KPIs include economic and financial indicators based on the budget, on the performance of each business unit, as well as on the consolidated performance of Sonae.

In turn, the department business KPIs are similar in nature to the previous ones, assessing the performance of the executive director in the business.

The personal KPIs, which may include subjective and objective indicators, are determined by the compliance of individual obligations and commitments assumed by the executive director.

26. Availability of the members of the Board of Directors

Information on other positions simultaneous held by members of the Board of Directors in other entities, as well as information on other relevant activities exercised during 2014, is disclosed in Appendix I to the present Report.



c) Committees within the Board of Directors

27. Identification of Committees created within the Board of Directors

The Board of Directors has created three Committees: the Executive Committee, the Audit and Finance Committee and the Board Nomination and Remuneration Committee.

Its Internal Regulation is available for consultation at the Company's website - <http://www.sonae.pt/en/investors/corporate-governance/> (tab Investors, Corporate Governance section).

Furthermore, the Board of Directors has appointed the Ethics Committee and its Code of Ethics and Conduct is available for consultation at the Company's website <http://www.sonae.pt/en/investors/corporate-governance/> (tab Investors, section Corporate Governance).

27.1 Role and Duties of the Executive Committee

The Executive Committee has all the necessary powers to manage the Company on a day-to-day basis, as per the terms of delegation of powers and competencies granted by the Board of Directors.

The following matters were excluded from the terms of delegation by the Board of Directors and are considered to be matters exclusively subject to Board deliberation:

- (i) to appoint the Chairman of the Board;
- (ii) to co-opt a substitute for a member of the Board;
- (iii) to request the convening of Shareholders' General Meetings;
- (iv) to approve the Annual Report and Financial Statements;

- (v) to grant any personal or asset secured guarantees;
- (vi) to decide on any change to the Company's registered office or to approve any share capital increases;
- (vii) to decide on mergers, de-mergers or modifications to the corporate structure of the Company;
- (viii) to approve the management strategy of the business portfolio;
- (ix) to approve the annual financial plan and any significant changes thereto.

28. Composition of the Executive Committee

The Executive Committee is made up of members from the Board of Directors, as follows:

Management Team

Duarte Paulo Teixeira de Azevedo, CEO

Ángelo Gabriel Ribeirinho dos Santos Paupério, Member

28.1 Operating Rules of the Executive Committee

The Executive Committee meets at least once every month and additionally whenever the CEO or a majority of its members convenes a meeting. The quorum for any Executive Committee meeting requires that a majority of members are present or represented by proxy. Decisions are approved by simple majority, with the CEO having a casting vote whenever the Executive Committee is made up of an even number of members.

The Executive Committee receives information



about items on the agenda for the meeting at least 7 days in advance of the meeting, and receives supporting documents for any given meeting at least 2 days in advance.

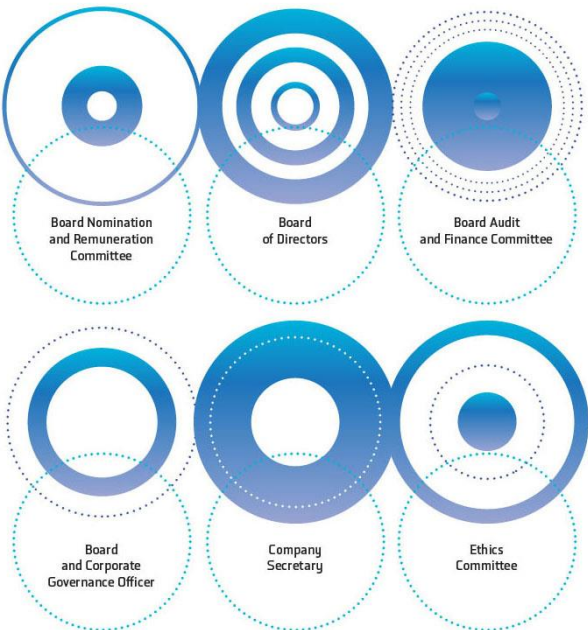
Under the Internal Regulation approved by the Board of Directors, the Executive Committee presents a summary in Portuguese and English of the main topics it has discussed and the decisions taken which is included among the documents distributed to Board members at each Board of Directors meeting.

These decisions and the announcement of meetings to be held are communicated to the Chairman of the Board of Directors and the Chairman of the Statutory Audit Board.

The Executive Committee also provides in a timely fashion all information requested by other members of the Board of Directors, by the Statutory Audit Board and by the Statutory External Auditor.

Minutes are recorded in the respective minute book.

29. Internal Committees and Advisory Groups of the Board of Directors



Board Audit and Finance Committee (“BAFC”)

Role

The BAFC is an internal committee appointed by the Board of Directors, made up of independent non-executive directors, and its terms of reference are set out in procedures approved by the Board of Directors.

The BAFC is responsible for providing support to the Board of Directors and monitoring the activity of the Executive Committee in carrying out its management responsibilities, in coordination with the Statutory Audit Board in order not to overstep the Audit Board’s duties and responsibilities as an auditing body.

The BAFC regularly reports to the Board of Directors about its work, the conclusions that it has reached and proposes plans of action with the goal of proactively ensuring internal control and the functioning of the Company’s risk management system.

The duties of the BAFC as an internal committee of the Board of Directors are to:

- (i) Review the Company’s annual and interim financial statements and earnings announcements to the market, and report its findings to the Board, giving the necessary support to the financial statements approval process;
- (ii) Advise the Board on its reports to shareholders and financial markets to be included in the company’s Annual and Half-year Financial Statements and in the Quarterly Earnings Announcements;
- (iii) Advise the Board, including the evaluation of suggestions made by the Statutory Audit Board, on the adequacy and quality of information provided by the Executive Committee, and the systems and standards of internal business controls applied by the Company;
- (iv) Monitor Internal Audit activity, in conjunction with plans validated by the



Statutory Audit Board, reach conclusions and put these forward for consideration by the Board of Directors;

- (v) Assess operational procedures in order to ensure that internal control, effective management of risks, the timely distribution of information and the reliability of the process of preparing and disclosing financial information are monitored;
- (vi) Ensure the smooth flow of information to and from the Statutory Audit Board and process any requests made by it to the Board of Directors;
- (vii) Ensure that the Corporate Governance policies adopted by the Company are followed, and that financial reporting standards and practices are adhered to;
- (viii) Monitor formal and informal key financial indicators reported about the company, including reports published by rating agencies;
- (ix) Give their opinion about significantly relevant transactions made by the company with related parties.

Composition

The BAFC consists of five members who are appointed by the Board of Directors. All members are independent non-executive directors.

Board Audit and Finance Committee

Michel Marie Bon - Chairman	Independent Non-Executive

Álvaro Cuervo Garcia	Independent Non-Executive

José Manuel Neves Adelino	Independent Non-Executive

Bernd Hubert Joachim Bothe	Independent Non-Executive

Christine Cross	Independent Non-Executive

Operating Rules

The BAFC meets at least five times a year and additionally whenever its Chairman, the Board of Directors or the Executive Committee deem necessary.

Minutes of all BAFC meetings are prepared and distributed to other Board Members.

Board Nomination and Remuneration Committee ("BNRC")

Role

The BNRC operates according to the Internal Regulation of the Board of Directors, and is responsible for identifying potential candidates for appointment to the Board of Directors (when the Board decides to exercise its right to co-opt), for preparing information about the performance of directors and for presenting proposals to the Shareholders' Remuneration Committee concerning the remuneration of executive directors.

The BNRC works together with the Shareholders' Remuneration Committee to prepare proposals concerning the policy for the Board Directors' compensation and remuneration and that of other statutory governing bodies for submission to the Shareholders' General meeting for approval.

The BNRC shares with the Shareholders' Remuneration Committee access to specialist third party services from suitable entities recognised in the market as being competent and independent.

Composition

The BNRC includes the Chairman of the Board of Directors, and two independent non-executive directors, also appointed from among the Board of Directors, as follows:

Board Nomination and Remunerations Committee

Belmiro Mendes de Azevedo Chairman	Non-Independent Non-Executive
Michel Marie Bon	Independent Non-Executive
Christine Cross	Independent Non-Executive

Operating Rules

The BNRC meets at least once a year and additionally whenever the Chairman or the Board of Directors deems necessary. In addition to formal meetings, BNRC members keep in touch through various forms of long distance communication. Minutes are kept of all meetings of this Committee.

Ethics Committee

Following the approval of the Code of Ethics and Conduct in 2013, Sonae's Board of Directors appointed an Ethics Committee with the following main tasks:

- To promote and disseminate the Code of Ethics and Conduct to its main target audience;
- Consider and answer questions sent by the members of the Governing Bodies of the Group's companies, as well as those sent by employees, partners or third parties which fall within its scope, making recommendations it deems appropriate to the nature of each case;
- Check the existence of internal mechanisms to report irregularities, making sure they comply with the law, particularly in terms of confidentiality, the handling of information and the non-existence of reprisals for participants;
- Propose to the Board of Directors, after consulting with Sonae's Executive Committee, the approval of changes to the Code of Ethics and Conduct, whenever considered appropriate;

- Issue clarifications regarding the interpretation of provisions in the Code of Ethics and Conduct, on its own initiative, or after being requested to do so, by members of Governing Bodies or employees;

- Forward to the Statutory Audit Board, in the exercise of its attributions, the report of irregularities;

- Supervising its activities and delivering periodic reports on the work performed to the Board of Directors.

Sonae's Code of Ethics and Conduct is available at the Company's website <http://www.sonae.pt/en/investors/corporate-governance/> (tab Investors, section Corporate Governance).

Composition

Ethics Committee

José Manuel Neves Adelino Chairman	Director Independent Non-executive
José Côrte-Real	Human Resources Manager
José Luís Amorim	Ombudsman
Luzia Gomes Ferreira	Director of the General Counsel and Corporate Governance Department
David Graham Shenton Bain Secretary	Board and Corporate Governance Officer

Operating Rules

The Ethics Committee meets at least twice every year and whenever its chairman or two of its members convenes a meeting. In addition to formal meetings, the Committee members keep in touch through various forms of long distance communication. Minutes are kept of all the Committee's meetings.



Board and Corporate Governance Officer ("BCGO")

Main duties of the BCGO:

- (i) Ensure the smooth running of the Board and Board Committees;
- (ii) Participate in Board Meetings and relevant Board Committee Meetings and, when appointed, serve as a member;
- (iii) Facilitate the acquisition of information by all Board and Committee members;
- (iv) Support the Board in defining its role, objectives and operating procedures;
- (v) Take a leading role in organising Board evaluations and assessments;
- (vi) Keep under close review all Legislative, Regulatory and Corporate Governance issues;
- (vii) Support and challenge the Board to achieve the highest standards in Corporate Governance;
- (viii) Support the proceedings adopted by the Board of Directors to ensure that the stakeholders and the minority shareholders' interests are taken into account by the Board when important business decisions are being taken;
- (ix) Support the procedure to nominate and appoint Directors and assist in the induction of new Directors;
- (x) Act as a primary point of contact and source of advice and guidance for, particularly, non-executive directors about the Company and its activities;
- (xi) Facilitate and support the independent non-executive directors to assert their independence;
- (xii) Ensure compliance with the CMVM Recommendations for listed companies;
- (xiii) Participate in making arrangements for

and managing the whole process of Shareholders' General Meetings;

- (xiv) Participate in the arrangement of insurance cover for members of the statutory governing bodies;
- (xv) Participate, on behalf of the Company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

BCGO reports to the Board of Directors through its Chairman, and also, when appropriate, through the senior independent non-executive director.

Company Secretary

- (i) The Company Secretary is responsible for: Keeping the formal minute books and attendance lists at Shareholders' General Meetings;
- (ii) Forwarding the legal documentation to convene Shareholders' General Meetings;
- (iii) Supervising the preparation of supporting documentation for Shareholders' General Meetings and the meetings of the Board of Directors and preparing the respective formal minutes;
- (iv) Providing feedback, pursuant to the applicable legal provisions, to Shareholders' requests for information;
- (v) Legal registration of any act or resolutions of the Company's Statutory Governing Bodies.

29.1 Activity developed by the Committees created by the Board of Directors

Non-executive directors bring an independent position to the continuous monitoring of management decisions, with an important influence in the decision-making process and in the development of strategy and policy, both





within the Board of Directors, as well as in the specialised committees of the Board of which they are a part (BAFC and BNRC).

During 2014, the Executive Committee managed the Company on a day-to-day basis, monitoring the business activity and enhancing strategic decision-making in accordance with the Board of Directors' competencies and within the framework of its respective power delegation.

Since its creation, the Ethics Committee has carried out its duties, promoting the dissemination of the Code of Ethics and Conduct, internally and externally, issuing recommendations as to answer questions sent by members of the Governing Bodies and checking the existence and efficiency of internal mechanisms to report irregularities to the Statutory Audit Board.

III – Audit

a) Composition

Statutory Audit Board

Daniel Bessa Fernandes Coelho
Chairman

Arlindo Dias Duarte Silva

Jorge Manuel Felizes Morgado

Óscar José Alçada da Quinta
Substitute

30. Identification of the Auditing Bodies

The Statutory Audit Board and the Statutory External Auditor are, in the currently adopted governance model, the Auditing bodies of the Company.

31. Composition

In accordance with the Company's Articles of Association, the Statutory Audit 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, for a four-year mandate. One or two substitutes shall be appointed if the Board is made up of three or more members, respectively.

The Statutory Audit Board members are elected at the Company's Annual Shareholders' General Meeting.

If the Shareholders' General Meeting should fail to elect the members of the Statutory Audit Board, the Board of Directors must, and any shareholder may, petition the courts for the appointment thereof.

If the Shareholders' General Meeting does not designate which of the members shall be the Chairman, the latter will be appointed by the members of the Statutory Audit Board.

If the Chairman leaves office prior to the end of the mandate for which he was elected, the other members must choose one among themselves to exercise these duties until the end of its mandate.

Members of the Statutory Audit Board, who are temporarily unavailable or whose duties have terminated, shall be replaced by the substitute.

Substitutes, who replace members whose duties have terminated, shall remain in office until the first Annual General Meeting, at which the vacancies shall be filled.

In the event of not being possible to fill a vacancy left by a member, due to a lack of elected substitutes, the vacant positions, both of members and of substitutes, shall be filled by means of a fresh election.

All the current Statutory Audit Board members were first elected on 3rd May 2007 and later re-elected at the Company's Annual Shareholders' General Meeting, held on 27th April 2011, having concluded its mandate in 2014.





32. Independence

All members are independent as required by article 414 paragraph 5 and are not in breach of any of the criteria for incompatibility as set out in article 414 A, paragraph 1, both of the Portuguese Companies Act. The Statutory Audit Board has carried out an assessment of the independence of its members, by obtaining an update on the written information previously provided on an individual basis.

33. Professional Qualifications

The qualifications, experience and responsibilities of the members of the Statutory Audit Board are disclosed in Appendix I of the present Report.

b) Operating Rules

34. Internal Regulation and Annual Activity Report

The Internal Regulation of the Statutory Audit Board is available at the Company's website, <http://www.sonae.pt/en/investors/corporate-governance/> (tab Investors, Corporate Governance section).

35. Statutory Audit Board Meetings

Decisions are taken by simple majority and the Chairman has a casting vote, if the Audit Board has an even number of members.

The Statutory Audit Board meets at least four times a year and every time the Chairman or two of its members convoke a meeting. In addition to the formal meetings, and if necessary, the members of the Statutory Audit Board maintain contact through long distance communications.

During 2014, 5 Board meetings were held, with

an overall attendance rate of 87%. Minutes were written up for all meetings of the Board. Two of its members were present in all formal meetings, although one of the members was absent due to force majeure reasons, from two formal meetings. However, he followed up and contributed for the decision making process pertaining to the competences of the collective body, by analysing and discussing the topics, contributing for the diligences to be executed and being informed of the obtained results and clarifications.

36. Availability of the members of the Statutory Board members

Information on other positions simultaneous held by members of the Statutory Audit Board in other entities, as well as information on other relevant activities exercised, are disclosed in Appendix I to the present Report.

c) Duties and Competencies

37. Intervention by the Statutory Audit Board for the purpose of hiring additional services to the Statutory External Auditor

The Statutory Audit Board is responsible for the approval of additional audit services to the Statutory External Auditor.

The Statutory Audit Board establishes, in the first meeting of each year, a work plan and timetable, comprising among other subjects, the coordination of tasks with the Statutory Auditor including:

- Approval of the annual work plan of the Statutory External Auditor;
- Follow-up of work performed and review of conclusions of the audit work and of interim and annual statutory audits;
- Overseeing the independence of the Statutory External Auditor;

- The provision of services other than those related to audit in compliance with 2013 CMVM recommendation IV.2;
- Annual activity assessment, in compliance with 2013 CMVM recommendation II.2.3.

In the assessment of criteria that support the hiring of additional duties to the Statutory External Auditor, the Board verifies the presence of the following:

- the hiring of additional services does not affect the independence of the External Auditor;
- the additional services should not be greater than 30% of the total value of services rendered to the company;
- the tax advisory services and other services are provided with high quality, autonomy and independence from the executed under the audit process;
- the fulfilled of necessary criteria to guarantee the independence and impartiality.

38. Other duties carried out by the Statutory Audit Board

38.1 Statutory Audit Board

The duties of the Statutory Audit Board include amongst others:

- (i) Supervising the management of the Company;
- (ii) Ensuring that the law, the Company's Articles of Association and internal procedures are observed;
- (iii) Verifying the regularity of all books, accounting registers and supporting documents;
- (iv) Verifying the fairness of the financial statements;
- (v) Drawing up an annual report for shareholders on the supervision of the Company, including a description of audit

work carried out, possible restrictions encountered in the course of that work, and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;

- (vi) Supervising the efficiency of the risk management system, the internal control system and the internal audit function;
- (vii) Receiving notification of irregularities presented by shareholders, Company's employees or others;
- (viii) Acting as the primary interface of the Company with the External Auditor, and proposing his appointment or replacement, as well as the review of his performance, while ensuring that the right conditions exist within the Company for the External Auditor to appropriately carry out his work, being the first point of contact with the auditor and the first to receive audit reports, without prejudice of the duties and competences of the Board of Directors on this subject;
- (ix) Supervising the auditing of the Company's financial statements;
- (x) Supervising the existence and maintenance of the Statutory External Auditors' independence;
- (xi) Approving any audit or non-audit services by the external auditor and approve its remuneration;
- (xii) Issuing a specific report if the auditors have not been replaced at the end of two mandates, giving due consideration to the degree of independence of the auditor under these circumstances and the advantages and costs of replacing them;
- (xiii) Supervising the internal audit function;
- (xiv) Giving a prior opinion about transactions involving significant business conducted between the Company and shareholders

with qualified shareholdings, or entities with which these are related, in accordance with article 20 of the Portuguese Securities Code, and according to procedures and criteria to be defined by the Board.

In order to carry out its duties, the Statutory Audit Board has a meeting at the beginning of each financial year to plan out the year's work. This plan includes:

A - Monitoring the business activity of the Company and the Board's interaction with the Executive Committee and the Board of Directors through the Board Audit and Finance Committee, in particular:

- Assessing how the internal control and risk management systems are working;
- Assessing the financial statements and the disclosure of financial information;
- Issuing opinions and recommendations.

B - Supervising the activity of Internal Audit and Risk Management, covering:

- Annual activity plan;
- Receiving periodic reports on their activity;
- Evaluating results and conclusions reached;
- Checking and evaluating the existence of possible irregularities that have been forwarded to them;
- Issuing guidelines, as and when deemed appropriate.

C- Information on irregularities (whistle blowing):

Follow up on the work of the Ombudsman, on a quarterly basis, approving procedures for the receiving and handling of complaints and/or communication of irregularities and critically evaluating the manner in which complaints are managed and resolved.

The Statutory Audit Board is also responsible for receiving and assessing alleged irregularities reported to the Ethics Committee, in accordance with the legal terms, regulations and recommendations, deciding the appropriate measures that should be taken in each case reported.

38.2 Statutory External Auditor

The Statutory External Auditor is the governing body responsible for legally certifying the Company's financial statements. His main responsibilities are:

- (i) Verifying the accuracy of all books of account, accounting transactions and supporting documents;
- (ii) Whenever it deems convenient and by the means that it considers to be appropriate, verifying the accuracy of cash and stocks of any kind, of the assets or securities belonging to the Company or received by it by way of guarantee, deposit or other purpose;
- (iii) Verifying the accuracy of the financial statements, and expressing an opinion on them in the Accounts Legal Certification and in the Statutory Auditor Board's Report;
- (iv) Verifying whether the accounting policies and valuation criteria used lead to a fair valuation of the assets and results of the Company;
- (v) Carrying out any examinations and checks necessary to the audit and legal certification of the accounts and carry out all procedures required by law;
- (vi) Verifying the application of remuneration policies and systems, and the effectiveness and working of internal control procedures, reporting any weaknesses to the Statutory Audit Board in accordance with, and within the limits of his legal and procedural duties;



- (vii) Attesting to the fact that the Company's Governance Report includes the information referred to in article 245 of the Portuguese Securities Code.

IV – Statutory external auditor

39. Identification

The Company's Statutory External Auditor is Deloitte & Associados, SROC, S. A., and is represented by António Marques Dias.

40. Permanence in Functions

The Statutory External Auditor has completed its second four-year mandate in 2010, and was re-elected for a new mandate, based on a proposal by the Statutory Audit Board, put forward to and approved by the Shareholders' General Meeting held on 27 April 2011.

This proposal for the re-election of Deloitte & Associados, SROC, SA for a new mandate, which was presented by the Statutory Audit Board to the Shareholders' General Meeting, was, in accordance with the terms recommended, supported by the following opinion in which are duly considered the independent status of the auditors and the disadvantages of replacing them:

"In order to make this recommendation, the Statutory Audit Board oversaw during 2010, a broad ranging selection process in which a number of auditing companies with well-established reputations both in Portugal and abroad were invited to participate.

To this end, a number of selection criteria for the candidates were first identified which included their prior experience and knowledge of the business sectors in which Sonae operates, the competence, availability and breadth of

experience of the auditing team proposed, the auditing methodologies practiced, as well as the costs involved for the Company."

Taking into account all the above factors, the Statutory Audit Board decided to propose to the Shareholders' General Meeting the re-election of the current Statutory External Auditor for a new mandate, since we believe that doing so does not compromise or impact negatively on their continued independence or suitability for the job." (Extract from the Proposal made by the Statutory Audit Board in agenda item 6 to the Shareholders' Annual General Meeting on 27/4/2011).

The above described permanence period in functions also applies to wholly-owned subsidiaries of the Company.

41. Other services provided to the Company

Deloitte & Associados, SROC, S.A is the Company's External Auditor and exercises, among other duties, assurance and tax consulting services.

V – External auditor

42. Identification

The Company's External Auditor is, in compliance with the article 8 of the Portuguese Securities Code, Deloitte & Associados, SROC, SA, registered with nr. 231 at the Securities Market Commission, and represented by António Marques Dias.

43. Permanence in Functions

The External Auditor has completed its second four-year mandate in 2011, and was re-elected for a new mandate, based on a proposal by the



Statutory Audit Board. The representing partner was replaced in 2011.

The Statutory Audit Board has grounded its decision of renewing the External Auditor's mandate, on the motivation previously exposed in paragraph 40, which is set forth herein.

The above described permanence period in functions also applies to wholly-owned subsidiaries of the Company.

44. Policy and frequency of rotation of the external auditor

The Statutory Audit Board has adopted the principle of not replacing the External Auditor after the end of two four-year mandates if, after careful assessment, it has concluded that the supervisory of its activity after that said period does not interfere with the independence of the External Auditor, and the advantages and costs of renewing the mandate outweigh its replacement.

Without prejudice to the outcome of the latter issue concerning the External Auditor's permanence in the Company after the second mandate, a new representing partner has been appointed in 2011, in accordance with the adopted rotation policy.

45. External Auditor assessment

Additionally, the Statutory Audit Board oversees the performance of the External Auditor and the work developed during each exercise, considers and approves the additional work to provide and, annually, prepares an overall appraisal of the External Auditor, which includes an assessment of their independence.

46. Additional work, other than audit services, performed by the External Auditor and hiring process

Additional auditing services were provided by the External Auditor in accordance with the previously defined policy, specifically approved by the Statutory Audit Board, which recognised that the hiring of additional services did not affect the independence of the External Auditor, and were in the general interests of the Company, given the expertise of the service provider, the quality of the services provided in the areas concerned and the supplier's knowledge of the Company and the Group.

As an additional safeguard, the following measures were taken:

- The additional services did not make up more than 30% of the total value of services provided;
- Tax consultancy services and other services were provided by different teams from those involved in the audit work;
- Total annual fees paid in Portugal by Sonae to the Deloitte Group in 2014 represented less than 1% of their overall fees in Portugal;
- The quality system used by Deloitte (internal control), according to the information provided by the Company, monitors the potential risks of a loss of independence and possible conflicts of interest with Sonae, while also ensuring that the quality of the services provided are in compliance with the rules of ethics and independence.

The External Auditor sent to the Statutory Audit Board, under the provisions of Article 62 B of Decree-Law no. 487/99, of 16 November (updated by Decree-Law no. 224/2008, of 20 November), a statement of independence, in which the services rendered by him or by other entities, and the precautionary measures taken, are described. These measures are duly considered by the Statutory Audit Board, whose responsibility it is to give an opinion on their adequacy.



47. Remuneration of the External Auditor

The remuneration paid to the Statutory External Auditor and to the External Auditor, Deloitte & Asociados, SROC, SA, by proposal of the Statutory Audit Board, and to other individuals and entities of the same company network, supported by the Company and/or by corporate entities in a control relation with the latter, are as follows, analysed by type of service:

Company			2013*		2014*	
Statutory Audit and Accounts Certification			28,868	100%	29,503	100%
Total			28,868	100%	29,503	100%

*Amounts in euros

Group's Companies			2013*		2014*	
Statutory Audit and Accounts Certification			1,175,315	64%	1,044,174	66%
Other Compliance and Assurance Services			280,014	15%	233,435	14%
Tax Consultancy Services			24,425	1%	0	0%
Other Services			361,304	20%	313,093	19%
Total			1,841,057	100%	1,590,702	100%

*Amounts in euros

C. Internal Regulation

I – Articles of association

48. Rules applicable in the case of amendments to the Company's Articles of Association

Amendments to the Company's Articles of Association follow the terms set out in the Portuguese Companies Act, requiring a majority of two thirds of the votes cast for such a resolution to be approved at a Shareholders' General Meeting.

For a Shareholders' General Meeting to be held, in the first occasion it is convened, the Company's Articles of Association require that a minimum of 50% of the issued share capital should be present or represented at the meeting.

II – Reporting irregularities (whistle blowing)

49. Policy on reporting Irregularities

Sonae's values and principles are widely spread and deeply rooted in its business culture, and form the basis of its actions. These are founded upon principles of awareness and absolute respect for the rules of good conduct in the management of conflicts of interest and duties of diligence and confidentiality in dealings with third parties. The Company's values and principles can be consulted at - <http://www.sonae.pt/en/investors/corporate-governance/> (tab Investors, Corporate Governance section).

Code of Ethics and Conduct

The Board of Directors approved a new version of the Sonae Code of Ethics and Conduct, which was published in December 2013. In accordance with Sonae's principles and values, the Code of Ethics and Conduct establishes rules of conduct as well as the ethical and moral principles and conventions to be complied with by its Board of Directors, other Governing Bodies and employees in carrying out their duties in all Group business units, and extends to their relationship with clients, suppliers and other stakeholders. It also applies to third-party entities, contracted by or acting on behalf of Sonae, whenever the Company may be held accountable for their actions.

The Sonae Code of Ethics and Conduct is available at <http://www.sonae.pt/en/investors/%20corporate-governance/> (tab Investors, Corporate Governance section).

The Code was created with the fundamental objectives of:

- (a) Establishing principles that guide the activities of the Sonae Group of companies, and setting rules of ethical and moral nature that are expected to guide the behaviour of all of its employees and Governing Bodies. It includes promoting the adoption of ethical and moral principles and conventions by our partners;
- (b) Promoting and encouraging the adoption of the guiding principles and rules of conduct defined herein, which reflect the Company's values as regards relationships between employees, Governing Bodies, Sonae and its remaining stakeholders;
- (c) Consolidating Sonae's institutional image, which is characterized by Determination, Dynamism, Enthusiasm, Creativity and Openness.





In addition to the Code of Ethics and Conduct, Internal regulations covering conflicts of interest and related party transactions have also been approved.

Employees are also made aware internally of the Code of Ethics and Conduct, which appears in periodic communications in Sonae companies. During 2014, the company promoted e-learning internal training courses concerning business ethics, covering whistleblowing policies and procedures, clarifying staff responsibilities as well as the company's management bodies, and presenting practical examples of situations involving: conflicts of interest, privacy, information confidentiality and integrity, staff relationships and those with suppliers and business partners.

The Ethics Committee has the responsibility of receiving and forwarding reports involving members of the Governing bodies, the Ombudsman, Investors in a broad sense, and any other matter considered to be worthy of investigation.

The Ethics Committee forwards to the Statutory Audit Board any reports that might indicate alleged irregularities or the reports aiming the direct attention of the Statutory Audit Board. Notwithstanding, all irregularities can be directly reported to the Statutory Audit Board via the following address: Lugar do Espido, Via Norte, 4470-157 Maia, as provided on the Company's website—<http://www.sonae.pt/en/contacts/> (tab Contacts, Ethics Committee section).

Any report of irregularities must be sent on a non-anonymous basis to the email address of the Ethics Committee (comissaoetica@sonae.pt).

The Ombudsman has responsibility for receiving and forwarding reports involving employees, clients or suppliers and other service providers to the relevant bodies. Other than communicating with the companies involved, the Ombudsman delivers a quarterly summary of all irregularities to the Statutory Audit Board.

Reports addressed to the Ombudsman can be sent to his email address, provedoria@sonae.pt

III. Internal control and risk management

50. Individuals, bodies or committees responsible for internal audit and / or implementation of internal control systems

Risk Management is deeply rooted in Sonae's culture and is one of its key Corporate Governance practices. It forms part of all management processes and is the responsibility of all employees of Sonae, at all levels of the organisation.

The main goal of Risk Management is to create value by managing and controlling opportunities and threats that can affect business objectives and the going concern of Sonae's businesses. Risk Management, alongside Environmental Management and Social Responsibility, are pillars of sustainable development in the sense that better understanding and more effective management of risks contribute to the sustainable development of businesses.

Risk Management is the responsibility of all Sonae's managers and employees, and is supported by the Risk Management, Internal Audit and Planning and Management Control Departments, at all levels of the organisation, and through specialized teams, which report directly to their respective Boards of Directors.

The Risk Management department's mission is to help companies reach their objectives via a systematic and structured approach in identifying and managing risks and opportunities.

The Internal Audit department identifies and evaluates the effectiveness and efficiency of management and control of business processes and information systems. The Internal Audit Function is supervised by the Statutory Audit Board.

The Management Planning and Control department promotes and supports the





integration of risk management into the management and planning control processes of the Company's businesses.

Financial and accounting information reliability and integrity risks are also evaluated and reported upon by the External Audit activity.

51. Hierarchy/or functional relationships with other Company's Bodies

The Statutory Audit Board monitors the internal control and risk management systems, supervises its activity plan, receives periodic reports on the work performed, assesses the results and conclusions drawn and gives guidelines as it deems necessary.

The Statutory External Auditor verifies the effectiveness and functioning of internal control procedures in accordance with the work plan appointed by the Statutory Audit Board, to which he reports the conclusions drawn.

The Board of Directors, through the Board Audit and Finance Committee, monitors the Internal Audit and Risk Management activities.

52. Other Functional Areas with Risk Control Competencies

Each one of the Group's functional structures takes responsibility in controlling and monitoring risks related with their duties, namely the Planning and Management Control, Board Audit and Finance Committee, Legal Advisory and Corporate Governance, Finance, Tax, Legal, Human Resources, Communication, Brand and Corporate Responsibility, Institutional Relations, Investor Relations, Administrative and Information Systems departments.

53. Identification and Classification of Risks

Economic Risks

Macro-economic Influences:

The current global adverse economic environment, and in particular the economic downturn in Portugal, with significant reductions in levels of private and public consumption, impacts Sonae's businesses. Several initiatives have been launched to mitigate this risk, which include inter alia internationalization of main businesses, stricter cost control measures, launching of innovative and alternative offers, and adapting to the adverse economic context by launching promotions and products tailored to the changing consumer needs.

Competition:

The main competition risks are the entrance of new competitors, mergers and acquisitions opportunities, the repositioning of current competitors or the actions they might take to reposition themselves to win new markets and gain market share (price conditions, promotional activity, new businesses, innovation). The inability to be competitive in areas such as pricing, product range, quality and service can have a negative impact on the financial results of the Group. In order to minimize this risk, Sonae constantly benchmarks competitor's actions and invests in improved or new formats, businesses and products/services in order to always offer its customers innovative proposals.

Customers:

One of the fundamental risk factors is the possibility of changes in consumer behaviour, especially as a consequence of economic and social factors. Customers frequently change their expectations and preferences, which imply a continuous adaptation and optimization of business concepts and offers.





In order to anticipate consumer needs and market trends, Group companies analyse information about consumer behaviour on a regular basis with more than 100,000 customers interviewed per year. The introduction of new products, concepts and technologies is always tested using pilot schemes before being implemented globally. The Group also invests in the refurbishment of stores and of shopping centres and in launching IT services (including transactional sites) to ensure that they retain their attractiveness for customers and cope with the pace of technological innovation challenges.

Brand:

Sonae and its affiliated companies own several high value brands, and they are one of its main assets.

The risks associated with brands come from the negative impacts arising from extraordinary events affecting image and reputation. The Group periodically monitors brand image value, their attributes and their reputation through customer opinion surveys, research by specialist entities and market studies. The Group also performs continuous follow-up of brand reputation, namely through press analysis, opinion articles issued by the media and in blogs. Sonae's brands are regularly granted national and international awards, which recognize excellence in specific products/services, business processes and innovation achievements.

Tangible asset risks:

In 2014, preventive and safety audits were conducted in different locations of the business units. In the main business units, tests and simulations were made to emergency and preventive systems and plans, usually in the presence of civil protection services, security forces and fire brigades. The development and implementation of security standards, and related monitoring and self-assessment procedures (Control Risk Self Assessment) also continued.

People safety risks:

Sonae considers Safety and Health as an essential part of the sustainable development of its businesses. It motivates its staff and is a differentiating driver of our success. Aware of the importance that the preservation of lives and assets has as a fundamental pillar of sustainability and business growth, Sonae developed Social Responsibility actions through a strong commitment in the prevention of work accidents, eliminating and/or minimizing their causes and promoting permanent attention to Safety and Health.

Evaluating risks and designing, together with business units, actions to minimize them is a continuous process, particularly through training programs, close ties with staff in their working environment, performance of safety walks, audits and drills.

In Sonae Retail business units, we are committed to implement a "Zero Accidents" culture and aim to ensure that the health and safety of our staff and customers are not put at risk. Our upmost priority is to act strategically and with focus.

Main actions address prevention of accidents and occupational illnesses as well as improving staff well being. In 2014, we would like to highlight, amongst other actions, the performance, by a reputable world class consultant, of a diagnostic of the Sonae MC Safety Management system.

This diagnostic resulted in a list of actions to be implemented during 2015, with the guidance from our consultants and support from top and middle management.

Safety and Health management at Sonae Sierra





aims to prevent and anticipate accidents, thus protecting its employees and all relevant stakeholders (visitors, tenants and suppliers).

“Zero accidents” is the objective to which Sonae Sierra aspires through the implementation of its corporate Safety, Health and Environment Management System.

The set-up of Sonae Sierra’s Safety and Health culture began with the PERSONÆ Project in 2004, whose final output was a cross-organizational Safety and Health culture within the company. This required implementing processes and actions, strictly aligned with the corporate Safety and Health policy and objectives, aimed at minimizing and controlling all people related risks that arise from Sonae Sierra activities in all Shopping Centres in operation and in all Development Projects. In total, within the PERSONÆ project, 5 million euros were invested and the project involved more than 70,000 people among Sonae Sierra employees and tenants in Portugal, Spain, Italy, Germany, Greece and Brazil. This project, concluded in 2008, has evolved into Sonae Sierra’s Safety, Health and Environment Management System, which continues to hail the same high standards and commitment levels to minimize people related risks.

This effort was recognized through Sonae Sierra’s corporate OHSAS 18001 certification in 2008, which was the first ever awarded in Europe to a Shopping Centre company, OHSAS 18001 certifications of all new development projects since 2009 and the 29 Shopping Centres in operation that were individually certified with OHSAS 18001 since 2008.

Regarding additional external recognition, in 2011 Sonae Sierra was a Dupont Safety Awards finalist, for its exemplary performance and dedication to build safer Shopping Centres for children. Sonae Sierra was also distinguished in

that year at the “European Risk Management Awards” in the “Most Innovative Use of IT or other Technology” category, for its Inspections System in the Safety and Health area. In 2009, Sonae Sierra has also been granted the European Risk Management Award for “Best Training Program” and, in 2007, the Dupont Safety Award for Visible Management Commitment.

In 2014, Sonae Sierra has reduced the number of its workforce work accidents (per million hours worked) by 44%, due to a significant commitment to the prevention of in itinere incidents, which represent the most frequent form of accident. The severity of this type of incident has also reduced significantly. There were also significant improvements in the Lost Workday Case Accident Frequency Rate (per million hours worked) in Sonae Sierra construction sites, with no accidents recorded in 2014. We have, however, recorded an increase in the number of accidents with medical care amongst our Shopping Centres visitors, mainly resulting from falls in slippery pavements. This has been identified as a priority issue to be addressed during 2015.

Sonae signed the World Safety Declaration at the end of 2005, making a worldwide commitment by its businesses towards safety at work. Sonae was one of the founder members together with major worldwide corporations.

Business continuity management:

In Sonae Core businesses, projects and programmes continued to be developed in order to guarantee the continuity of operations and information systems, through defining, revising and implementing procedures and processes to prepare for crisis and catastrophic scenarios, particularly through developing emergency, contingency and recovery plans.

Environmental risks:





In the area of environmental risks, several environmental certifications have been obtained, audits were performed and improvement actions were implemented as part of Environmental Management Systems processes in the Group's sub-holdings.

Sonae Sierra's Safety, Health and Environment Management System covers these risks for all company activities, including procurement, construction and the operation of Shopping Centres.

In 2014, 91% of Sonae Sierra Shopping Centres were individually granted ISO 14001 certification, setting the grounds for the following corporate achievements, in the period 2003 to 2014:

- Electricity consumption fell 40%;
- Recycling rates increased from 21% to 58% of total waste generated;
- Water efficiency improved 18%.

During the development phase of Shopping Centres, 24 of Sonae Sierra's construction projects were granted individual ISO 14001 certification for their outstanding environmental practices during construction.

As a significant highlight of 2014 performance, the Global Real Estate Sustainability Benchmark Foundation granted once again Sonae Sierra with the Green Star label. This internationally recognized ranking acknowledged Sonae Sierra's sustainable strategy, with a vision that encompasses environmental and social measures, as well as economic profitability.

Sonae Investimentos won certification for its corporate Environmental Management System in 2007 according to the ISO 14001 standard through Lloyds Register Quality Assurance. Since then, the EMS has been annually audited and its certification maintained. In 2010, the EMS was

adapted to the new Sonae Retail organization, and again has been certified. This program, among others factors, enables day-to-day environmental risks of the company's business to be managed.

In addition, and during 2014, Sonae Retail has continued its program of environmental certification of operational units, adding 11 new Continente Hypermarkets and 1 Worten units. At the end of 2014, Sonae Retail holds, in Portugal, 37 certifications (14 Continente, 8 Continente Modelo, 2 Continente BomDia, 7 Worten and 6 Warehouses, plus the Meat Processing Center), as well as 3 Worten in Spain. These certified operational units act as environmental flagships for all other units.

Change Project Risks:

Risks associated with critical business processes and major change projects, especially the introduction of new processes and major changes to information systems, were assessed and monitored, both as part of Risk Management work as well as Internal Audit activity.

Insurable risks:

In relation to the transfer of insurable risks (technical and operational), the objective of rationalizing the financial transfer of these types of risk continued, either by searching to establish a tailored insurance capital structure for the capital sums at risk, based on the constant changes in the businesses involved, or by reaching even greater critical mass for the kinds of risks involved. Insurance coverage and retention levels have also been optimized in accordance with the needs of each business, ensuring internally effective insurance management worldwide, using Brokers Link, Sonae's worldwide insurance brokerage network, coordinated by MDS, Sonae's insurance consultants.





Food safety risks:

In Sonae MC, a programme of food safety audits was implemented and consolidated in stores, cafeterias, warehouses and production centres, leading to reporting of main conclusions and recommendations for corrective actions.

This audit programme has the goal of checking systematically compliance with food safety regulations and internal procedures. In 2014, 900 food safety audits were performed.

Information, Information Systems and Communication Risks:

Sonae's businesses Information Systems are characterized as being broad ranging, distributed and heterogeneous. From the information security point of view, several risk reduction actions have been developed to ensure confidentiality, availability and integrity of information, including: implementing high availability systems and network infrastructure redundancy; controlling the quality of flows between applications; managing accesses and profiles; and strengthening mechanisms for data network perimeter protection.

During 2014, several information systems security awareness training sessions were undertaken, with the presence of staff at all levels and of all functions. Towards the end of 2012, Sonae adhere to the World Economic Forum Partnering for Cyber Resilience initiative, pledging to follow its principles and guidelines.

During 2014, information systems audits were carried out, in several domains that support main business processes with the objective of identifying and correcting potential vulnerabilities that can have a negative impact in the business and in the protection of information.

Financial Risks:

Sonae's businesses are exposed to a variety of financial risks related to its business activities, including interest rate risk, foreign currency risks, liquidity risk, credit risk and counterparty risk. These risks are detailed further in the notes to the Sonae consolidated financial statements. Due to the varied nature of the different Sonae businesses, exposure to these risks may vary from business to business, and thus there is no Group level risk management policy covering all activities of the Group. Instead, the Group prefers to develop individual risk policies adapted to each business. The Group is also exposed to debt and equity markets fluctuations. During 2014, and in order to minimize potential adverse effects of the volatility of financial markets, in addition to individual policies to manage each identified financial risk and control mechanisms to identify and quantify such exposures, Sonae's businesses may also use derivative instruments to hedge certain exposures related to their operating business or, particularly in the case of credit risk, transfer such risk to third parties, through credit insurance, bank guarantees or standby letters of credit, amongst other similar instruments. Each Board at business level approves financial risk policies and each business's Financial & Treasury Department identify and monitor exposures. Exposures are also monitored by the Finance Committee, at which a consolidated exposure analysis is reviewed and reported on a monthly basis, and guidelines for risk management policies are defined and regularly reviewed.

The system implemented thus ensures that at any moment the appropriate policies for managing financial risk are adopted so that there is no adverse impact on Sonae Group's strategic objectives.

Sonae Group's position in relation to financial risks is conservative and cautious, and when derivative instruments are used to hedge certain exposures related to its normal operating business, the Group follows a policy of not entering into derivatives or other financial





instrument arrangements that are unrelated to its operating business and have speculative purposes.

Legal, Tax and Regulatory Risk:

Sonae and its businesses have the support of legal and tax departments permanently dedicated to the respective activities and under management's supervision, and exercising their competencies in interaction with other functions and departments, in order to pre-emptively ensure the protection of Sonae's and its businesses interests in compliance with their legal obligations and best corporate governance practices.

The teams in these departments have specialized training and participate in in-house and external training courses to update their knowledge.

Legal and tax advice is also provided, nationally and internationally, by outsourced resources selected from firms with established reputations and which have the highest standards of competence, ethics and experience.

The Company's more relevant pending litigation is identified in the notes to the Sonae consolidated financial statements.

Sonae and its businesses are obliged to comply with national and international laws and regulations for each market in which they operate that aim to ensure: consumer safety and protection, employees' rights, environmental protection and compliance with local and country planning regulations, compliance with sector regulations and the maintenance of open and competitive markets. Due to this fact, Sonae is naturally exposed to the risk of changes in law and regulations that may impact business as usual and consequently affect or impede the

achievement of its strategic objectives.

The Sonae Group acts in constant collaboration with the authorities in order to comply with laws and regulations. Such collaboration takes in some cases the form of comments on public consultation launched by national or international authorities. Moreover, the growing international presence of Sonae's companies involves specific risks related to the different nature of local legal frameworks.

54. Description of the risk management processes: identification, assessment, monitoring, control and management

Risk Management is integrated into Sonae's entire planning process, as a structured and disciplined approach that aligns strategy, processes, people, technologies and knowledge. Its goal is to identify, evaluate and manage uncertainties and threats that Sonae's business units face in the pursuit of their business objectives and value creation.

Sonae's management and monitoring of its main risks are achieved through different approaches, including:

- (i) As part of strategic planning, risks of the existing business portfolio, as well as those of new businesses and of relevant projects, are identified and evaluated, and strategies to manage those risks are defined;
- (ii) At the operational level business risks, and planned actions to manage those risks, are identified and evaluated, and are included and monitored in business unit and functional unit parts;
- (iii) For risks that cross business unit boundaries, such as large-scale organisational changes and contingency and business continuity



- plans, structural risk management programmes are developed involving all those responsible for the relevant units and functions;
- (iv) As far as risks to tangible assets and people are concerned, audits are carried out at the main business units. Preventive and corrective actions are implemented for the risks identified. The financial cover of insurable risks is reassessed on a regular basis;
 - (v) Financial risk management is carried out and monitored as part of the activity of the Company's and its businesses. Their work is reported to, coordinated with and reviewed by the Finance Committee and the Audit and Finance Committee of the Board of Directors;
 - (vi) Management of legal risks is carried out and monitored by the legal and tax departments.

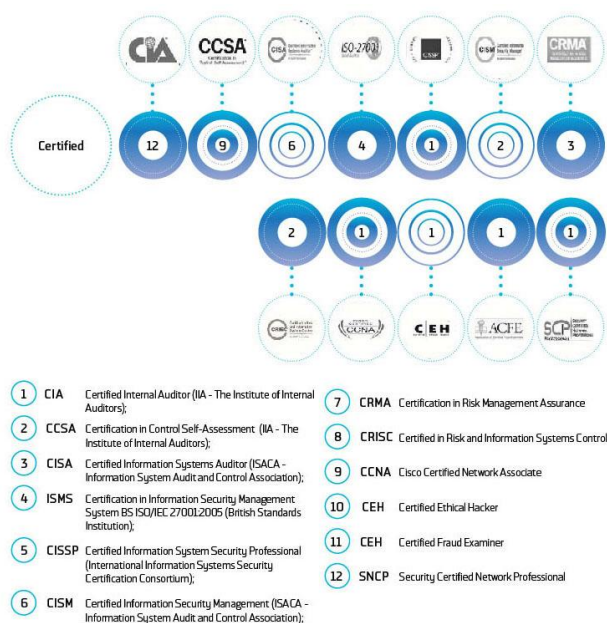
The risk management process is supported by a consistent and systematic methodology, based on international standards, including the following:

- (i) Defining and grouping risks (risk dictionary, definition, business risk matrix and a common language);
- (ii) Systematically identifying the risks that can potentially affect the organisation (risk sources);
- (iii) Evaluating the level of importance and managing the prioritisation of risks as a function of their impact on the objectives of the business, and the likelihood of the risks occurring;
- (iv) Identifying the causes for the most important risks;
- (v) Evaluating strategic risk management options (e.g. accept, avoid, treat, and transfer);

- (vi) Developing a risk management action plan and integrating into the management and planning procedures of the units and functions of Sonae's businesses;
- (vii) Monitoring how risks evolve and report on progress made in implementation action plans.

Internal audit and risk management training and development

1. With regard to the Internal Audit function, in 2014 Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes promoted by the IIA (The Institute of Internal Auditors) - Certified Internal Auditor (CIA) and Certification in Control Self-Assessment (CCSA). At the end of 2014, 43 certifications existed as follows:



Additionally, one of our food safety auditors detains the EN ISO 22000:2005 and NP EN ISO 19011:2012 Certifications.

2. The importance of continuous training, and the existence within the Group of people with knowledge and skills to train others (some of whom teach regularly outside the Group)



were the basis for the establishment of the Internal Audit Academy, which has the following guidelines: definition of functional job descriptions; listing of core skills required for each function (technical and behavioural) and the training strategy for each function. During 2013 and 2014, 17 training sessions were carried out, involving multidisciplinary teams and 2,175 hours.

3. With regard to the development of the Risk Management function, in 2014 Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes. Currently, Sonae Group staff also have the following professional certifications: Certified Risk Management Assurance (CRMA), promoted by the IIA (The Institute of Internal Auditors), Certification in Risk Management by IRM (Institute of Risk Management) and BS 25999 Business Continuity Management, by the British Standards Institute.

Sonae is one of the organisations with the most certified employees in internal audit and risk management in Portugal. In 2015, Sonae will continue to support this important training programme, and the international development and qualification of its internal audit and risk management staff, in line with international best practices.

Actions undertaken in 2014

In 2014, the annual Enterprise Wide Risk Management activities focused mostly on monitoring the implementation of action plans and the assessment of their impact in risk perception.

This process, across the entire Company, is supported by an internally developed application tool, based on the COSO International Standard.

The Risk Management department continued to support management of risks in main organizational projects, as well as in the design

of crisis management and contingency plans.

Physical safety and security audit programmes were also implemented and fire prevention training events were held.

55. Description of the main features of Sonae's risk management and internal control systems in relation to the preparation and disclosure of financial information

The existence of an effective internal control environment, particularly with regard to financial reporting, is a commitment of the Sonae Board of Directors; identifying and improving the critical processes in terms of preparing and reporting financial information, keeping in mind the objectives of transparency, consistency, simplicity and materiality. The objective of the internal control system is to obtain reasonable assurance relating to the preparation of financial statements, complying with accounting principles and adopted policies, and warranting the quality of financial reporting.

The accuracy of financial information is assured by the clear segregation of duties between the preparers and its users, and the execution of several control procedures during the process of preparing and disclosing financial information.

The internal control system for the accounting department and the preparation of financial statements includes several key controls, namely:

- The process of reporting financial information is documented; the risks and key controls are identified. The criteria used in the process of preparing and reporting financial information are established and periodically reviewed;
- There are three types of control: High level controls (entity level controls), information system controls and process controls. Those include a group of procedures related to the execution, supervision, and monitoring and improvement of processes, with the main





objective of preparing the financial reporting of the Company;

- Accounting principles used are disclosed in the notes to the financial statements and are fundamental bases of the internal control system;
- The business plans and budgets, and procedures and records of Group companies allow a reasonable assurance that the transactions executed are properly approved by management, and recorded in compliance with accounting principles, also ensuring that the Company maintains proper record of its assets with their existence reconciled with the accounting records;
- Financial information is reviewed regularly by the management of each business unit and by the persons in charge of the profit centres, ensuring continuous monitoring and related budget control;
- During the process of preparing and reviewing financial information, detailed schedules are established and shared with the areas involved, and all documents are reviewed in detail, including the review of principles used, verifying the accuracy of the information and its consistence with principles and policies defined and followed in previous periods;
- With regard to the separate entities, accounting records and financial statements are prepared by the different functions of administrative and accounting services, which warrant the recording of business processes transactions and the recording of balances of assets, liabilities and equity captions. Financial statements are prepared by chartered accountants of each company and reviewed by the Planning and Control and Tax departments;
- Consolidated financial statements are prepared quarterly by the departments of the administrative services (consolidation team) of each sub-holding and holding corporate centre. This process represents an additional control of the reliability of financial

information, as regards the consistent application of accounting principles, cut-off procedures and control of related parties transactions and balances;

- The Management Report is prepared by the Investors Relations department and contributed to, and reviewed by, several business and support departments. The Corporate Governance Report is prepared by the General Counsel and Corporate Governance department;
- The Group financial statements are prepared under the supervision of the Executive Committee. The documents that constitute the Annual Report and Accounts are sent for review and approval by the Sonae Board of Directors. Once approved, the documents are sent to the External Auditor who issues the accounts legal certification and its report;
- The process of preparing separate and consolidated financial information and the Report of the Board of Directors is also supervised by the Statutory Audit Board and by the Board Finance and Audit Committee of the Board of Directors. These bodies meet quarterly to review the individual and consolidated financial statements. The Statutory Auditor presents the main conclusions of the work carried out regarding the yearly financial information, directly to the Statutory Audit Board and to the Board Finance and Audit Committee;
- All the persons involved in analysis of company financial information are included in the list of persons with access to inside information, and are informed about the nature of their obligations, as well as possible sanctions resulting from the inappropriate use of such information;
- Internal rules applicable to the disclosure of financial information aim to warrant that information is disclosed to the market in a timely manner, in order to prevent information asymmetry.

Among the risks that may materially affect the financial and accounting report, the following





are worth highlighting:

- Accounting estimates – major accounting estimates are described in the notes to the financial statements. Estimates are based on information available during the preparation of the financial statements and in the best knowledge and experience of past and present events;
- Balances and transactions with related parties – balances and transactions with related parties are disclosed in the notes to the financial statements. These transactions are related mainly to the operational activities of the Group, and to the granting and obtaining of loans under arm's length conditions.

In the Appendix to the financial statements additional information is disclosed regarding the abovementioned risks among others, as well as how they were mitigated.

Sonae adopts several principles related to continuous improvement of the system of internal control of financial risks, including:

- Improvement in the documentation of controls – following action taken in previous years, Sonae continued to improve the documentation and systematization of risks and internal control system related to the preparation of financial information in 2014. This includes the identification of risk causes (inherent risk), the identification of processes of higher material importance, the documentation of controls, and the analysis of residual risk after the execution and implementation of the potential control improvements;
- Compliance analysis – the Legal department and the Corporate Governance Officer, working together with the Administrative Services, Investor Relations, Internal Audit and Risk Management departments, and, if necessary, other departments, coordinate the periodic analysis of compliance with legal requirements and regulations regarding governance processes and corresponding financial information that are reported on the

Report of the Board of Directors and on the Corporate Governance Report.

IV – Investor relations

56. Investor Relations Department

The Investor Relations department is responsible for managing Sonae's relationship with the financial community – current and potential investors, analysts and market authorities – with the goal of enhancing their knowledge and understanding of Sonae by providing relevant, timely and reliable information.

In strict compliance with law and regulations, the Company keeps its shareholders and the market informed on all relevant facts concerning its activities, minimising delays between their occurrence and disclosure. The Company has fulfilled this commitment to the market over the years.

The department regularly prepares presentations to the financial community. Communications covering the quarterly, half year and annual results, as well as important announcements disclosing or clarifying any relevant event that could influence the share price, are issued to the market. On request, it provides clarification about the Company's activities, by answering questions sent by email or by taking phone calls.

In addition to the existence of the Investors Relations Department, all information is made publicly available on the Internet at the Portuguese Securities Market Commission site (www.cmvm.pt) and on the Company's own website (<http://www.sonae.pt/en/investors/releases-to-the-market/> – tab Investors, Releases to the Market section). At <http://www.sonae.pt/en/investors> (tab Investors) it is provided general information





about Sonae, as stipulated in article 3 of the CMVM Regulation no. 4/2013, but also other relevant information, including:

- Institutional and other presentations of Sonae to the financial community;
- Quarterly, half yearly and annual results for the last two years;
- Sustainability Report;
- Corporate Governance Report;
- Names of managers of the investor relations department, as well as their contact details;
- The Company's share performance on the Portuguese Stock Exchange;
- Notice of Shareholders' Annual General Meetings;
- Annual financial calendar, including Shareholders' General Meetings and the dates of disclosure of annual, half yearly and quarterly results.

To further enhance effective communication with the capital market and guarantee the quality of information provided, the Investor Relations department organises road shows covering the most important financial centres of Europe and United States, and participates in a number of conferences. A large number of investors and analysts also have the opportunity to talk to senior management in one-on-one meetings or conference calls.

Any interested party may contact the Investor Relations department via the following means:

Patrícia Vieira Pinto

Investor Relations Manager

Tel: (+351) 22 010 47 94

Fax: (+351) 22 948 77 22

Email: investor.relations@sonae.pt /
pavpinto@sonae.pt

Address: Lugar do Espido Via Norte 4471-909
Maia Portugal

Site: www.sonae.pt

The Company believes that the procedures described above ensure continuous contact with the market, respecting the principles of equal treatment of all shareholders and equal access to information for investors.

57. Legal representative for Capital Market Relations

The legal representative for Capital Market Relations is Luzia Leonor Borges e Gomes Ferreira, with the following contacts:

Tel: +351 220104706

Fax: +351 229487722

Email: investor.relations@sonae.pt

Address: Lugar do Espido, Via Norte, 4471-909
Maia Portugal

58. Information Requests

During 2014, the Investor Relations Department received 440 information requests, as opposed to the 300 received during 2013.

The average response time, without prejudice to the complexity of the matter, is of 2 working days.

V – Website

59. Address

Company's website: www.sonae.pt

60. Location of the information mentioned in Article 171 of the Portuguese Companies Act

Website:
<http://www.sonae.pt/en/investors/corporate->





[governance/](#) (tab Investors, Corporate Governance section)

61. Location where the Articles of Association, Bodies and Committees' Regulations can be found

Website:

<http://www.sonae.pt/en/investors/corporate-governance/> (tab Investors, Corporate Governance section)

62. Location where is provided information about the identity of the governing bodies, the representative for market relations, the Investor Relations Department, functions and means of access

Website:

<http://www.sonae.pt/en/investors/corporate-governance/> (tab Investors, Corporate Governance section) and at <http://www.sonae.pt/en/contacts> (tab Contacts)

63. Location where is provided the documents of accounting and calendar of corporate events

Accounting Documents - <http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meeting section)

and

<http://www.sonae.pt/en/investors/financial-data/> (tab Investors, Financial Data section)

Calendar of corporate events- <http://www.sonae.pt/en/investors/financial-calendar/> (tab Investors, Financial Calendar section)

64. Location where is provided the notice to

General Meeting and all related information

Website-

<http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meeting section)

65. Location where the historical archives are available with resolutions adopted at the Company's General, the represented share capital and the voting results, with reference to the previous 3 years

Website-

<http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section)



D. Remuneration

I – Competence

66. Competence for determining the remuneration of Governing Bodies, Executive Directors and Company's persons discharging managerial responsibilities ("dirigentes")

The Shareholders' Remuneration Committee is responsible for approving the remuneration of Board members and of other statutory governing bodies and persons discharging managerial responsibilities, on behalf of shareholders, under the terms specified in the compensation policy approved by shareholders at the Shareholders' General Meeting.

The Board Nomination and Remuneration Committee, made up entirely of non-executive directors and previously identified in paragraphs 15 to 29, supports the Shareholders' Remuneration Committee to carry out its duties.

II – Remuneration committee

67. Composition of the Remuneration Committee, identification of other individuals and entities hired to provide support and advisors statement of independence

The Shareholders' Remuneration Committee is made up of three members, elected by the Shareholders' General Meeting for a mandate of four years from 2011 to 2014.

Shareholders' Remuneration Committee

Belmiro Mendes de Azevedo

Artur Eduardo Brochado dos Santos Silva

Francisco de La Fuente Sánchez

The members of the Remuneration Committee are independent from the Board of Directors or any other interests group, as explained in the following paragraph.

Belmiro de Azevedo, Chairman of the Board of Directors and a non-executive member, is a member of the Remunerations Committee, and was elected to this position at the Shareholders' General Meeting by proposal of the controlling shareholder, Efanor Investimentos SGPS, SA. As a member of the Remunerations Committee, he acts in the interests of this shareholder, and not in those of his role as Chairman of the Board of Directors. In order to ensure his independence in carrying out his duties on this committee, he takes no part in any discussion or decision taken, in which a possible conflict of interest exists or might arise.

The Shareholders' Remuneration Committee resorts to benchmark studies on remuneration practices annually disclosed by the internationally renowned consultants Hay Group and Mercer, in order to ensure that the statutory governing bodies' remuneration policy to be submitted to the approval of the Shareholders' Annual General Meeting fulfils comparable market standards. During 2014, the Remuneration Committee did not hire any third party consultants.

68. Knowledge and Experience of the members of the Shareholders' Remuneration Committee

The experience and professional qualifications of the members of the Shareholders' Remuneration Committee allows them to carry out their duties in a rigorous and competent



manner, each of them having the appropriate skills to carry out their duties. Said qualifications are available for consultation at <http://www.sonae.pt/en/investors/corporate-governance/> (Tab Investors, Corporate Governance section).

III – Remuneration Structure

69. Description of the remuneration policy of the board of directors and the supervisory board, as provided for in article 2 of Law 28/2009, of 19 June

69.1 Principles

Sonae's remuneration policy is structured in order to find a balance between the performance of executive directors in relation to goals established for them, and the Company's positioning in the market and comparable situations. Proposals for the remuneration of members of the statutory governing bodies are prepared taking into account:

- Overall market comparisons;
- Practices of comparable companies, including other segments of Sonae with comparable situations;
- Each executive director's responsibilities and assessments made of their performance.

Remuneration policy constitutes therefore a formal means of aligning the interests of the Company's management with those of shareholders, such that, among the various component parts of the remuneration package, the variable component, the value of which depends on the individual's and the Sonae's performance, is given high importance. A management approach focusing on the long term interests of the Company in which business risks are carefully considered, is thus encouraged.

The remuneration policy includes control

mechanisms, which consider the link between individual and group performance, in such a manner as to avoid behaviour which is likely to involve excessive risk. This goal is also achieved by limiting the maximum value of each Key Performance Indicator (KPI).

The remuneration policy applicable to Sonae's statutory governing bodies is approved in advance by the Shareholders' General Meeting. The body responsible for approval of the remuneration of both executive and non-executive members of the Board of Directors and the other statutory governing bodies of the Company is the Shareholders' Remuneration Committee, whose members are elected and remuneration decided upon also at the Shareholders' General Meeting.

The Board Nomination and Remuneration Committee gives support to the Shareholders' Remuneration Committee in the determination of the Executive Directors' remuneration, by presenting remuneration proposals based upon the relevant data requested by the Shareholders' Remuneration Committee.

As part of the Company's principles of corporate governance, guidelines have been established for remuneration policy.

The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' General Meeting held on the 30 April 2014, and is based on the following principles.

Remuneration Policy Features:

Competitiveness:

- In determining the Remuneration and Compensation Policy of the Statutory Governing Bodies of the Company, the main goal is to attract talent with high level of performance that represents a valuable and material contribute to the sustainability of the Company's business. The Policy is defined by benchmarking against the global market and with the practices of





comparable companies, being this information furnished by the main surveys performed for Portugal and other European markets, in particular those prepared by Mercer and Hay Group.

- Accordingly, the remuneration parameters for members of the Statutory Governing Bodies are determined and periodically revised in line with the remuneration practices of national and internationally comparable companies, with the aim of aligning with the market practice the potential maximum amount of remuneration, both individually as well as in aggregated terms, to be paid to the members of the statutory governing bodies. When making such analysis, the remuneration of the members of the statutory governing bodies shall consider, namely, alongside other factors, the profile and the background of the member, the nature and the description of the role and the competences of the statutory governing body and the member itself, as well as the degree of direct correlation between the individual performance and the business performance. The Policy is defined by benchmark with the global market and the practices of comparable companies, being this information furnished by the main surveys performed for Portugal and other European markets, in particular those prepared by Mercer and Hay Group.

- For the assessment of the market practice reference values, it is considered the average compensation for Europe's top tier executives, and the companies that make up the pool of comparable companies are those with securities traded at Euronext Lisbon regulated market.

Oriented to performance:

- The Policy establishes the attribution of bonus calculated considering the level of success of the Company. The variable component of the remuneration is structured in a way to establish a connection between the bonus attributed and the level of performance either individual, either collective. In the case the predefined objectives, measured by business and individual KPIs, are not accomplished, the amount of short and medium incentives, will be totally or partially reduced.

Alignment with the interests of shareholders:

- Part of the variable bonus of the executive directors is deferred for a period of 3 years, being the amount conditioned by the evolution of the price of shares and by the level of achievement of the medium-term objectives during the deferring period. This way, it is ensured an alignment of the director with the shareholder's interests and with the medium-term performance, aiming the sustainability of the business.

Transparency:

- Every aspects of the remuneration structure are clear and openly published, either internal as well as externally, through the publicity of the documentation in the Company's website. This communication process contributes to promote equity and independency.

Reasonableness:

- The Policy intends to ensure a balance between Sonae's interests, the market position, the members of the governing bodies' expectations and motivations, as well as focusing on talent retention.

The remuneration and compensation policy of the statutory governing bodies and of other persons discharging managerial responsibilities adheres to European Community directives, to Portuguese national law and to the recommendations of the Portuguese Securities Market Commission (CMVM).

The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' General Meeting that took place on the 30 April 2014, and is based on the following principles:

- No compensation payments to board directors or members of statutory governing bodies related to the cessation of their duties, whether their resignation occurs according to their original mandate or whether it is anticipated for whatever reason,





without prejudice to the obligation of the Company to comply with any relevant legislation in force in this area;

- Non-existence of any specific system of benefits, in particular relating to retirement, in favour of members of the Board of Directors, auditing bodies and other executives.

69.2 Competitiveness of the Remuneration Policy

The remuneration package applicable to executive directors is based on comparisons with the market, using market studies on top managers' remuneration packages in Portugal and across Europe, seeking to ensure that fixed remuneration is equal to the median market value and the total remuneration is close to the market third quartile.

Who are our benchmark/peer group companies?

- At Sonae, remuneration policy is determined by comparison with the overall market and the practices of comparable companies. This information is obtained from the main remuneration surveys carried out independently for Portugal and the principal European markets. Currently, the market surveys conducted by Mercer and the Hay Group are used as references.
- The average value for top managers in Europe is used to determine the figures for the overall market. The companies that make up the pool of comparable companies are those included in the Portuguese stock market index, the PSI-20.

69.3 Risk Control in relation to remunerations

Sonae reviews its remuneration policy annually as part of its risk management process in order to ensure that it is entirely consistent with its desired risk profile. During 2014, no problems relating to payment practice were found that posed significant risks to Sonae.

In designing remuneration policy, care has been taken not to encourage excessive risk-taking behaviour, attributing significant importance, but at the same time a balanced approach, to the variable component, thus closely linking individual remuneration to group performance.

Sonae has in place internal control procedures concerning remuneration policy, which target the identification of potential risks.

Firstly, the remuneration structure is designed in such a way as to discourage excessive risk-taking behaviour to the extent that remuneration is linked to the evaluation of performance. The existence of KPI goals constitutes an efficient control mechanism.

Secondly, Sonae does not allow contracts to be signed that would minimise the importance of the MTPB plan. This policy includes forbidding any transaction that might eliminate or mitigate the risk of share price variations.

69.4 Remuneration Policy Approval Process

The Board Nomination and Remuneration Committee submits remuneration proposals for directors to the Shareholders' Remuneration Committee. In the case of non-executive directors, these proposals are based on a recommendation by the Chairman, and in the case of executive directors, on a joint recommendation by the Chairman of the Board and the CEO.

Month	Remuneration Cycle
January	Reception of market surveys and benchmarking of remuneration trends and expectations.
March	Board Nominations and Remuneration Committee Meeting in mid-March: Closing of prior year and preparation for the current year, reviewing: -Annual Appraisal Process; -Remuneration Policy Proposal; -Proposals for the award of variable remuneration for 2014, including the deferred component; -Proposals for fixed remuneration for 2015; -Proposals for variable remuneration target values for performance in 2015. Shareholders' Remuneration Committee Meeting later in March, after the BNRC has met: Closing prior year and preparing current year, approving or deciding the following: -Proposals for the award of variable remuneration for 2014, including the deferred component; -Proposals for fixed remuneration for 2015.
April	Shareholders' General Meeting in late April: Shareholders vote on Remuneration Policy proposed by the Shareholders' Remuneration Committee.
May	SRC Meeting in early May: Only if Board membership or responsibility changed at the Shareholders' Annual General Meeting.
June to October	BNRC Reporting: Update on current year KPIs (If necessary). SRC Meeting: Only if there are any Board membership or responsibility changes.
November	BNRC Meeting: -Progress on current year KPIs (if

convenient);

-Review status of Medium Term Variable Remuneration plans and shares retained;

-Contingency and Succession Planning;

-Review Nomination Process (if required);

-Review BNRC Terms of Reference and Annual Plan for next year;

-Review Compensation Policy, including MTIP.

SRC Meeting: Only if there are any Board membership or responsibility changes.

December BNRC Reporting: Update on current year KPIs (If useful);

SRC Meeting: Only if there are any Board membership changes.

70. Remuneration of the Board of Directors

70.1 Executive Directors

The remuneration of executive directors is determined according to the level of responsibility of the director involved and is subject to annual review.

Above and beyond the fixed remuneration, executive directors are also entitled to a variable remuneration, in accordance with Sonae's Remuneration Policy.

Variable remuneration is awarded in the first quarter following the year to which it relates and linked to performance in the prior year, and aims to guide and compensate Executive board directors for achieving predefined objectives. It is divided into two equal parts:





a) Short term variable Performance Bonus (STPB) paid in cash in the first half of the year following the year to which it relates. It may, however, upon the decision of the Shareholders Remuneration Committee, be paid, within the same deadline, in shares, subject to the terms and conditions set forth below for the Medium Term Performance Bonus – see paragraph 70.1 for further details;

b) Medium term variable Performance Bonus (MTPB), paid after a deferral period of 3 years - see paragraphs 71, 72 and 73 for further details.

The various components of the Executive Directors’ remuneration – fixed and variable - are summarised in the following table:

The payment in cash of the bonus incentive may be executed by any way of fulfilling the obligation as permitted by law and by the Company’s articles of association.

Currently, no scheme involves the award of share purchase options.

	Components	Description	Objective	Market Positioning
Fixed	Base salary	Annual salary (in Portugal the annual fixed salary is paid in 14 monthly amounts);	Appropriate to the hierarchical level and responsibility of the director.	Median
Variable	Short Term Performance Bonus (STPB)	Performance bonus paid in the first quarter of the following year, after calculation of the financial results for the financial year.	Aims to ensure the competitiveness of the remuneration package and link remuneration to Company objective.	Third Quartile
	Medium Term Performance Bonus (MTPB)	Compensation deferred for three years, the amount awarded linked to market share price.	Aims to link remuneration to long-term performance and provide alignment with shareholders.	Third Quartile





70.2 Non-Executive Board Members

The remuneration of Non-Executive directors is exclusively composed of fixed values determined by reference to market values, accordingly with the following principles: (1) attribution of a Fixed Remuneration depending on the presence in the meetings of the Board of Directors, the Remuneration and Nomination Committee and the Audit and Finance Committee; (2) attribution of an annual responsibility allowance. No variable bonus of any kind is paid to NEDs.

This remuneration is paid quarterly.

The Chairman of the Board of Directors receives only fixed remuneration.

71. Variable Remuneration of the Board members

Variable remuneration is of a discretionary nature and, in view of the fact that it is dependent on the achievement of objectives, payment is not guaranteed. Variable remuneration is determined annually with the value based on a predefined goal of between 30% and 60% of total annual remuneration (fixed remuneration plus variable remuneration target values).

The variable component is determined by evaluating a number of performance indicators concerning the different businesses, namely economic and finance indicators – “Key Performance Indicators of Business Activity” (Business KPIs). The KPIs and their specific importance in determining the effective remuneration ensure the alignment of the executive directors with the strategic objectives defined and the fulfilment of the legal requirements applied to the activity of the Company.

The amount of each bonus has a minimum of 0% and a maximum limit of 140% of the predefined bonus objective

72. Deferred payment of the remuneration's variable component

The payment of at least 50% (fifty percent) of the remuneration's variable component is deferred after a 3 (three) year period, under the terms described in the previous section 70.1 (Medium Term Performance Bonus).

73. Criteria that underlies the allocation of variable remuneration in shares and their maintenance

1. Main features of the Medium Term Performance Bonus (MTPB)

MTPB is one of the components of Sonae's remuneration policy. This component distinguishes itself from the remaining since it is restrict and voluntary, and its attribution is subject to the eligibility criteria hereby described.

MTPB allows the beneficiaries to share with shareholders the value generated through their involvement in the strategy and management of Sonae's businesses in the just measure of the results of their annual assessment of performance.

2. MTPB Scheme

MTPB aligns the interest of executive directors with the organisation's objectives, reinforcing their compromise and strengthening their view over the importance of their performance for Sonae, and expressed in Sonae share market capitalisation.

3. Eligibility

Sonae and Sonae business units' Executive Directors are eligible for attribution of MTPB.

Under the terms of the remuneration policy approved by the Board of Directors, employees may also be eligible for the MTPB.



Eligible Members	Reference value for medium term bonus plan (% total objective variable remuneration)
Sonae Executive Directors	At least 50%
Sonae Business Units Executive Directors	At least 50%
Employees	To be defined by each Company's Board of Directors

4. Duration of the MTPB plan

The MTPB plan is established annually, based on the variable remuneration awarded, and each plan has duration of three years. As from the third consecutive plan it will occur in each moment the overlapping of three three-year plans.

5. Valuation of the of MTPB plan

The share price of the Company on the Portuguese stock exchange is used to establish the value of MTPB, using as a benchmark the most favourable price, equal to the closing price on the first business day after the Shareholders' General Meeting, or the average price (using for this average the closing price for the 30 days prior to the date of the General Meeting).

The beneficiaries have the right to acquire a number of shares determined by the quotient between the attributed variable remuneration value and the share market price at the attribution date settled under the terms of the previous paragraph, being such right exercisable three years after the attribution date, which shall be adjusted during this deferral period to reflect the degree of success in achieving long term KPIs, in order to ensure the continued alignment with the Company's long term sustainability objectives.

In line with the policy for enhancing the alignment of EDs with the Company's long term

interests, the Shareholders' Remuneration Commission may, in its absolute discretion, graduate the discount percentage to be granted to the EDs for the acquisition of company's shares, by determining that EDs contribute to the acquisition in an amount corresponding, at the maximum, to 5% of the share market price at the transfer date.

Employees who have been attributed such right acquire the shares in conditions established by the board of directors of the respective company.

If, subsequently to being awarded the right to this kind of remuneration and before exercising this right, dividends are distributed, changes are made to the nominal value of shares, the Company's share capital is changed or any other change is made to the Company's capital structure, then the number of shares, which the director has been awarded, will be adjusted to an equivalent number, taking into account the impact of these changes.

6. Delivery by the Company

At the moment of the exercise of the share acquisition right under MTPB, the Company reserves itself the right of delivering, in substitution of the shares, the cash equivalent amount to the share market value at the date of the exercise of the right.

7. MTPB plan vesting

The acquisition right of the shares attributed under the terms and conditions of the MTPB plan shall be vested three years after its attribution date.

8. Termination of the MTPB plan

The right to acquire shares attributed under the MTPB expires three years after such attribution.

Notwithstanding the set forth below in the following paragraphs, the right relating to the MTPB plan expires when the beneficiary no longer works with Sonae.

The right to receive payment may however remain in case of permanent disability or

Directors' remuneration, awarded by the Company during the year 2013 and 2014, is summarised in the charts below.

<i>Individual Detail</i>	2013*				2014*			
EXECUTIVE DIRECTORS	Fixed	STPB	MTPB	TOTAL	Fixed	STPB	MTPB	TOTAL
	Remuneration				Remuneration			
Duarte Paulo Teixeira de Azevedo	476,150	436,100	436,100	1,348,350	493,800	389,400	389,400	1,272,600
Ângelo Gabriel Ribeirinho dos Santos Paupério	126,240	105,300	105,300	336,840	251,082	188,800	188,800	628,682
Nuno Manuel Moniz Trigoso Jordão**	168,491			168,491				
<i>Sub-total</i>	770,881	541,400	541,400	1,853,681	744,882	578,200	578,200	1,901,282
NON-EXECUTIVE DIRECTORS								
Belmiro Mendes de Azevedo (Chairman)	436,010			436,010	435,900			435,900
Álvaro Carmona e Costa Portela	34,060			34,060	33,950			33,950
Álvaro Cuervo Garcia	36,510			36,510	37,050			37,050
Michel Marie Bon	39,260			39,260	39,160			39,160
José Manuel Neves Adelino	37,260			37,260	37,150			37,150
Bernd Hubert Joachim Bothe	36,850			36,850	36,750			36,750
Christine Cross	37,630			37,630	37,530			37,530
<i>Sub-Total</i>	657,580			657,580	657,490			657,490
TOTAL	1,428,461	541,400	541,400	2,511,261	1,402,372	578,200	578,200	2,558,772

* Amounts in Euros.

** This member resigned on 9 May 2013.

Open MTPB plans attributed to the Executive Directors:

EXECUTIVE DIRECTORS	Plan (Performance Year)	Award Date	Vesting Date	Amount Vested in 2014*	Open Plans Value at Award Date*	Open Plans Value at 31 December 2014* **
Duarte Paulo Teixeira de Azevedo	2010	March 2011	March 2014	543,919		
	2011	March 2012	March 2015		335,400	998,015
	2012	March 2013	March 2016		325,900	510,500
	2013	March 2014	March 2017		496,100	389,070
	Total			543,919	1,157,400	1,897,585
Ângelo Gabriel Ribeirinho dos Santos Paupério	2010	March 2011	March 2014	686,852		
	2011	March 2012	March 2015		308,800	730,023
	2012	March 2013	March 2016		303,700	471,334
	2013	March 2014	March 2017		408,800	320,860
	Total			686,852	1,020,580	1,522,217
TOTAL				1,230,771***	2,177,980	3,419,802

* Amounts in Euros.

** Calculated considering the share market closing price of 2014 last trading day.

*** All open plans were paid off for a total of 1,230,771 Euros.

78. Any amounts paid by other companies in a control or group or that they are subject to the same domain as that of the Company

Directors' remuneration, awarded by Group Companies, during the year 2013 and 2014, is summarised in the charts below:

Individual Detail	2013*				2014*			
	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL
EXECUTIVE DIRECTORS								
Duarte Paulo Teixeira de Azevedo								
Ângelo Gabriel Ribeirinho dos Santos Paupério	287,190	302,800	302,800	892,790	162,018	125,100	125,100	412,218
Nuno Manuel Moniz Trígoso Jordão**								
<i>Sub-total</i>	287,190	302,800	302,800	892,790	162,018	125,100	125,100	412,218
NON-EXECUTIVE DIRECTORS								
Belmiro Mendes de Azevedo (Chairman)								
Álvaro Carmona e Costa Portela	13,354			13,354				
Álvaro Cuervo Garcia								
Michel Marie Bon								
José Manuel Neves Adelino								
Bernd Hubert Joachim Bothe								
Christine Cross								
<i>Sub-Total</i>	13,354			13,354				
TOTAL	300,544	302,800	302,800	906,144	162,018	125,100	125,100	412,218

* Amounts in Euros.

** This member resigned on 9 May 2013.

79. Compensation paid in the form of profit sharing and/or bonus payments

During 2014, Executive Directors were paid, in the form of profit sharing, the Short Term Performance Bonus (STPB).

The Short Term Performance Bonus (STPB) awarded to the Executive Directors, amounted to 578,200 Euros and said value is disclosed in the remuneration chart, presented above in paragraph 77.

80. Compensation paid or owed to former executive directors following loss of office

During 2014, no compensation was paid or owed to former executive directors in relation to early loss of office.

81. Remuneration of the Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is made up of fixed annual fees, based on the Company's financial situation and market practice, and does not include any variable remuneration.

The amount of fixed annual remuneration for members of this body in 2014 was as follows:

Member of the Statutory Audit Board	2013*	2014*
Daniel Bessa Fernandes Coelho	10,010	9,900
Arlindo Dias Duarte Silva	8,010	7,900
Jorge Manuel Felizes Morgado	8,010	7,900
Total	26,030	25,700

* Amounts in euros

82. Remuneration of the Chairman of the Board of the Shareholders' General Meeting

The remuneration of the chairman of the Board of the Shareholders' General Meeting is made up of a fixed fee, as follows:

Board of the Shareholders' General Meeting	2013*	2014*
Manuel Eugénio Pimentel Cavaleiro Brandão	7,500	7,500
Maria Conceição Henriques Fernandes Cabaços	2,500	2,500
Total	10,000	10,000

* Amounts in euros.

V – Agreements with remuneration implications

83. Contractual limitations on compensations to be paid upon to director's dismissal without due cause and its relation with the variable component of the remuneration

There are no agreements in place that establish amounts to be paid in case of dismissal without due cause, without prejudice to the applicable legal provisions.

84. Reference to the existence and description, stating the sums involved, of the agreements between the company and members of the Board of Directors, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the Company

There are no agreements made between the company and members of the Board of

Directors, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in Company control.

VI – Share attribution plans or stock options

85. Identification of the plan and recipients

The share attribution plan includes the medium-term variable remuneration and their main recipients are the executive directors, in terms detailed above in paragraph 73, as well as employees of group companies, in accordance to terms and conditions to be defined by the respective Boards of Directors.

86. Plan Features

A thorough description of the share attribution plan is detailed above in paragraphs 71, 72 and 73.

The remuneration policy for the statutory governing bodies as well as the current share attribution plan, were approved at the Company's Annual Shareholders' General Meeting, held on 30 April 2014, as per the terms of the proposal presented by the Shareholders' Remuneration Committee, in compliance with article 2, Law no. 29/2009 of 19 June and 2013 CMVM Recommendation II.3.4.

The remuneration policy under proposal of the Shareholders' Remuneration Committee, approved the non-transfer of shares accessed by the Company's Executive Directors via MTPB, in accordance with the 2013 CMVM Recommendation III.6.

Information on resolutions taken at the Shareholders' Annual General Meeting can be found in <http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section).

The MTPB plans of Sonae's Executive Board directors, in progress in 2014, can be summarised as follows:

	Aggregated number of plans	Number of Shares	Total Euros
Outstanding at 31.12.2013:	4	2,051,660	2,152,191
Movements in the year:			
Awarded	2	447,804	601,400
Vested	-1	-439,654	-543,919
Cancelled/Lapsed/Adjustments(1)	0	-5,664	-106,226
Outstanding at 31.12.2014:	5	2,054,146	2,103,446

(1) Changes in the number of shares due to dividend payments and changes in the value due to shares price changes.

Sonae SGPS Share Plan Outstanding during 2014	Share Price at Award Date	Vesting Period		At 31 December 2014	
		Award Date	Vesting Date	Aggregate number of participants	Number of shares
2011 Plan	0.811	March 2011	March 2014	-	-
2012 Plan	0.401	March 2012	March 2015	20	4,120,511
2013 Plan	0.701	March 2013	March 2016	21	2,780,934
2014 Plan	1.343	March 2014	March 2017	20	1,857,378

The present board does not include information regarding the directors of SonaeCom and Sonae Sierra.

87. Option rights granted to acquire shares ("stock options") where the beneficiaries are company employees

No option rights to acquire shares were granted.

88. Control mechanisms in any system of employee participation in the capital

There are no control mechanisms established to control employee participation in the Company's capital.

E. Relevant Transactions with Related Parties

I – Mechanisms and control procedures

89. Mechanisms for monitoring transactions with related parties

Sonae endeavours to carry out transactions with related parties based on principles of rigour and transparency, and in strict observance of the rules of market competition. Such transactions are subject to specific internal procedures based on mandatory standards, in particular transfer pricing rules, or on voluntarily adopted internal systems of checks and balances – for example, formal validation or reporting processes, depending on the value of the transaction in question.

In this regard, the Company has adopted specific procedures in order to prevent conflicts of interest, promoting communication between the Board Finance and Audit Committee of the Board of Directors, the Statutory Audit Board

and the Executive Committee, which provides the necessary clarifications to assure that transactions are concluded under normal market conditions.

90. Transactions subjected to control during 2014

As stated in paragraph 10 above, there were not, during 2014, any significant relations, of a commercial nature or otherwise, between qualified shareholders and the Company. The executed transactions, without any significant relevance, fall within the Company's scope of activity, were executed on arm's length conditions and side-by-side with other equivalent transactions executed with national and international parties, as described in the Appendix to the Consolidated Financial Statements' according to the information provided in paragraph 92.

The Company did not execute any transaction with any member of the management or audit bodies during 2014.

91. Description of the procedures and criteria for intervention of the Statutory Audit Board for the purpose of preliminary assessment of the business carried out between the Company and holders of qualified shareholdings or entities that are in a relation with them, under the terms of article 20 of the Portuguese Securities Code

Transactions of a value exceeding 100 million euros with owners of qualified shares or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, are subject to a formal prior opinion by the Board Finance and Audit Committee and the Statutory Audit Board.

In addition, all transactions with related parties in excess of 10 million euros, are also reported





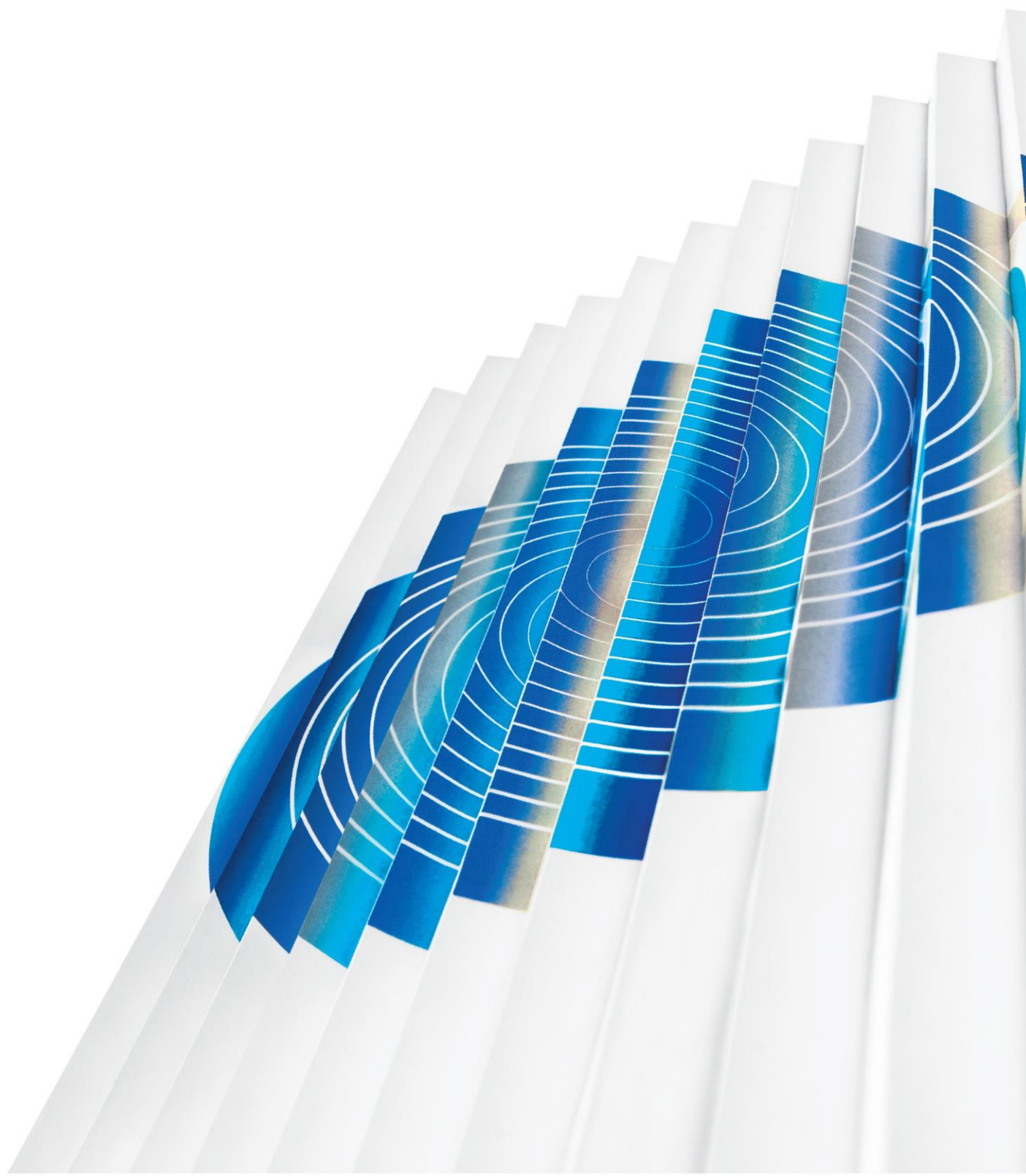
to these two entities every six months by the secretary of the Executive Committee.

II – Elements related to transactions

92. Information on transactions with related parties

Information on transactions with related parties, in accordance with IAS 24, can be found in note 43 of the 2014 Consolidated Financial Statements' Appendix.







PART II

Statement of Compliance



1. Identification of the adopted Corporate Governance Code

The Corporate Governance Report provides a description of the Corporate Governance structure and practices followed by the Company under the terms of article 245-A of the Portuguese Securities Code and information duties required by the Portuguese Securities Commissions (CMVM) Regulation no. 4/2013, of 1 August. The Report additionally discloses, in light with the principle of comply or explain, the terms of compliance by the Company with the CMVM Recommendations contained in the CMVM Corporate Governance Code (2013).

The Report should be read as an integral part of the Annual Management Report and the Individual and Consolidated Financial Statements for the year 2014.

The requirements for the provision of information as per article 3 of Law no. 28/2009, of 19 June, articles 447 and 448 of the Portuguese Companies Act, article 245-A of the Portuguese Securities Code and of CMVM Regulation no. 5/2008, have also been fulfilled.

During 2014 and until the end of the mandate of the Governing Bodies, the Company maintained the CMVM Recommendations on Corporate Governance of July 2013.

All of the rules and regulations mentioned in this Report are publicly available at www.cmvm.pt

Unless otherwise expressly stated, all remissions to be read as being made to the Report itself.

2. Analysis of compliance with the adopted Corporate Governance Code

I – Voting and control

1.1 Companies shall encourage shareholders to attend and vote at general meetings, namely by

not setting an excessively large number of shares required for having the right to one vote, and by implementing the means necessary to exercise the voting right by post and electronically.

RECOMMENDATION FULLY ADOPTED

The Company encourages its shareholders to participate in general meetings, in particular by assigning to each share one vote, not limiting the number of votes that may be held or exercised by each shareholder and making available to shareholders the means necessary to exercise voting by post or electronically.

Additionally, the Company publishes on its website, from the date of notice of each General Meeting, standard documentation for participation at the General Meeting, thereby facilitating the shareholders' compliance with the applicable legal attendance requirements, and also provides a specific email address to answer shareholders' enquiries. The Company allocates, as well, a work team especially dedicated to providing assistance to the Chairman of the Shareholders' General Meeting and to shareholders overall.

1.2 Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including setting a resolution-fixing quorum greater than that required by law.

RECOMMENDATION FULLY ADOPTED

The Company's Articles of Association do not set a resolution-fixing quorum that exceeds that fixed by law.

1.3 Companies shall not establish mechanisms that might cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly substantiated in terms of long term interests of shareholders.

RECOMMENDATION FULLY ADOPTED

No such mechanisms have been adopted or



established.

1.4 The company's articles of association that provide for a limitation to the number of votes that may be held or exercised by a sole shareholder, either individually or in agreement with other shareholders, shall also foresee that, at least every five years, the maintenance of such bylaw provision shall be subject to a resolution at the General Meeting – with no requirements for an aggravated quorum as compared to the legal one – and that in said resolution, all votes issued be counted, without applying said restriction.

RECOMMENDATION NOT APPLICABLE

The Company's Articles of Association do not establish any limitation on the number of votes that may be issued by a shareholder.

1.5 Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and are able to impair the free transfer of shares and the free assessment by shareholders of the performance of Board members, shall not be adopted.

RECOMMENDATION FULLY ADOPTED

The Company does not adopt, unilaterally, policies that have as effect any of the restrictions listed in this recommendation. The contracts concluded by the Company reflect the defence of its social interest in order to achieve long terms business sustainability considering market conditions.

II – Supervision, management and audit

II.1 SUPERVISION AND MANAGEMENT

II.1.1 Within the limits established by law, and unless the company is of a reduced size, the board of directors shall delegate the daily management of the company, and the delegated

duties should be identified in the Annual Report on Corporate Governance.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has delegated the daily management of the company to the Executive Committee, the role and competencies of which are described in the present Corporate Governance Report (please refer to paragraphs 27 and 28).

II.1.2 The Board of Directors shall ensure that the company acts in accordance with its goals and should not delegate its duties, as regards the following: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions considered to be strategic due to the amount, risk and particular characteristics involved.

RECOMMENDATION FULLY ADOPTED

The powers not delegated by the Board are described in the present Report and comply with the rules contained in this recommendation (please refer to paragraph 27.1).

II.1.3 In addition to its supervisory duties, the General and Supervisory Board shall take full responsibility at corporate governance level, hence, either through the statutory provision, or equivalent, it must be established, as a mandatory requirement, that this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of the company's key policies.

RECOMMENDATION NOT APPLICABLE

The adopted governance model does not include a General and Supervisory Board.

II.1.4 Unless the company is of a reduced size,



and depending on the adopted model, the Board of Directors and the General and Supervisory Board shall create the necessary committees in order to:

a) Ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as of its own overall performance. And further yet, the performance of all existing committees;

b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies measures to be implemented with a view to their improvement.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has set up two specialised committees, made up of non-executive Board members, to ensure the effectiveness and the quality of the work performed. The committees currently in existence are the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee (please refer to paragraph 29).

II.1.5 Depending on the applicable model, the Board of Directors or the General and Supervisory Board should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has established internal risk control systems with appropriate components (please refer to paragraphs 50-55).

II.1.6 The Board of Directors shall include a sufficient number of non-executive members, whose role is to ensure effective monitoring, supervision and assessment of the activity of the remaining members of the board.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has a total number of

nine members, seven of which are non-executive members (please refer to paragraph 18).

II.1.7 The non-executive members of the management body shall include a number of independent members as appropriate, taking into account the adopted corporate governance model, the size of the company, its shareholder structure and the relevant free float.

The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed under the terms of the legislation in force. The other members of the Board of Directors are considered independent, if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, namely due to:

a. Having been an employee of the company or of a company holding a controlling or group relationship with the latter, within the last three years;

b. Having, in the past three years, provided services or established a commercial relationship with the company or company which is in a control or group relationship with the latter, either directly, or as a partner, board member, manager or director of a legal person;

c. Being paid by the company or by a company with the latter in a control or group relationship, other than the remuneration paid for the exercise of Board member functions;

d. Living with a partner or being spouse, relative or any next of kin relative, either direct or up to and including the third degree of collateral affinity, of board members or natural persons that are direct and indirectly holders of qualifying holdings;

e. Being a qualifying shareholder or representative of a qualifying shareholder.

RECOMMENDATION FULLY ADOPTED

The Board of Directors is composed of five





independent non-executive directors who meet the independence criteria set out in this recommendation (please refer to paragraph 18).

The maintenance of the independence degree is assessed periodically, and independent directors are requested to promptly report any irregularity that might compromise the loss of said quality.

II.1.8 *When executive directors are requested by other Board members to supply information, the former shall do so in a timely and appropriate manner.*

RECOMMENDATION FULLY ADOPTED

Throughout the year, the Executive Committee discloses its decisions to the Board of Directors on a regular basis. The executive members provide, on their own initiative or in response to the requests of non-executive members of the Board, as well as those of members of other statutory governing bodies, the necessary information and further clarification for the exercise of their respective duties.

II.1.9 *The Chairman of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Financial Matters Committee, the convening notices and minutes of the relevant meetings.*

RECOMMENDATION FULLY ADOPTED

The CEO has provided all information regarding the meetings held, to the Chairman of the Board of Directors and to the Chairman of the Statutory Audit Board.

II.1.10 *Should the Chairman of the Board of Directors carry out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination*

and the conditions of other non-executive members' work, so that said non-executive members can make independent and informed decisions or set up an equivalent mechanism to ensure such coordination.

RECOMMENDATION NOT APPLICABLE

The Chairman of the Board of Directors does not have an executive role.

II.2 – Audit

II.2.1 *Depending on the applicable model, the Chairman of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the appropriate skills to carry out its duties.*

RECOMMENDATION FULLY ADOPTED

The Chairman of the Statutory Audit Board, as well as all the members of this body, are independent under the terms of article 414, paragraph 5, of the Portuguese Companies Act, and possess the necessary skills and experience to perform their duties.

The assessment of independence terms, in accordance with legal criteria, is carried out after the election and repeated annually during an internal evaluation. Each member of the Statutory Audit Board is also requested to promptly inform the Company when a supervening circumstance determines the loss of independence.

II.2.2 *The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.*

RECOMMENDATION FULLY ADOPTED





The Statutory Audit Board is responsible for proposing the appointment or replacement of the Statutory External Auditor, as well as approving the relevant remuneration, overseeing the work performed and verifying his independence. It is also primordially responsible for receiving the Statutory External Auditor's reports and for interacting with the latter, pursuant to its role as the Statutory Audit Board in compliance with the respective Regulation, available at the Company's website, <http://www.sonae.pt/en/investors/corporate-governance/> (tab Investors, Corporate Governance section).

II.2.3 *The supervisory board shall assess annually the external auditor and propose to the competent body its dismissal or termination of the contract as to the provision of their services, whenever justifiable grounds are present.*

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's annual report and opinion include an assessment of the work performed by the Statutory External Auditor.

II.2.4 *The supervisory board shall assess the functioning of the internal control systems and risk management, proposing adjustments if deemed necessary.*

RECOMMENDATION FULLY ADOPTED

The Board of Directors proactively ensures the working of the internal control and risk management systems. The Statutory Audit Board evaluates the effectiveness of these systems, proposing measures to optimise their performance, as deemed necessary, and giving its opinion on these systems in its annual report and opinion, as attached to the Company's annual management report and accounts. Details are available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section).

II.2.5 *The Audit Committee, the General and Supervisory Board and the Supervisory Board should decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential irregularities.*

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board determines a plan of action with the internal audit department, supervises its activities, receives periodic reports on the work performed, assesses the results and conclusions drawn, checks for possible irregularities, and gives guidelines as it deems necessary (please refer to paragraph 38).

II.3 – Remuneration approval

II.3.1 *All members of the Remuneration Committee or equivalent shall be independent from the members of the executive members of the board and shall include at least one member with knowledge and experience in remuneration policy.*

RECOMMENDATION ADOPTED IN ACCORDANCE WITH THE JUSTIFICATION SHOWN BELOW

Belmiro Mendes de Azevedo, Chairman and a non-executive member of the Company's Board of Directors, is a member of the Shareholders' Remuneration Committee. However, he was elected to the Shareholders' Remuneration Committee by the Company's major shareholder, Efanor Investimentos, SGPS, SA, and is thereby acting in the interests of this major shareholder and not as Chairman of the Board of Directors. The additional two members of the Shareholders' Remuneration Committee are independent.



Furthermore, to ensure the independence of the role, Belmiro Mendes de Azevedo does not take part in any discussion or resolution where there is, or there may be, a conflict of interest. With this procedure, he ensures the conditions of independence for the action and taking of decisions by the Remuneration Committee.

II.3.2 *Any natural or legal person that provides or has provided services in the last three years to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related to them through an employment or provisions of services contract.*

RECOMMENDATION FULLY ADOPTED

The Board Nomination and Remuneration Committee, made up of non-executive directors, supports the Shareholders' Remuneration Committee to carry out its duties. Whenever the exercise of such duties relies on internationally recognised consultants, the independence of the latter is assured by the fact that they are not in any way related to the Board of Directors, to the Company or to the Group, and by their self-evident broad experience and recognised status in the market place (please refer to paragraph 67).

II.3.3 *The statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on:*

a) Identification and explanation of the criteria for determining the remuneration granted to the members of the governing bodies;

b) Information regarding the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate terms, to be paid to the members of the corporate bodies, and also

the identification of the circumstances whereby these maximum amounts may be payable;

d) (sic) Information regarding the enforceability or unenforceability of payments for board members dismissal or termination of appointment.

RECOMMENDATION FULLY ADOPTED

A statement on the Company's remuneration policy was presented to the Shareholders' General Meeting on 30 April 2014 and includes the information referred to in this recommendation. Payments for the dismissal or termination of appointment of directors are not required, subject to the applicable legal provisions.

A statement on the remuneration policy is available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section).

II.3.4 *A proposal for approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the information necessary for a proper appraisal of the plan.*

RECOMMENDATION FULLY ADOPTED

The medium term variable remuneration plan, including its implementation, was approved at the Shareholders' Annual General Meeting, held on 30 April 2014 and is available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section).

II.3.5 *Approval of any retirement benefit scheme established for members of the statutory governing bodies must be submitted to the General Meeting's approval. The proposal shall contain all the information necessary for the correct assessment of the system.*

RECOMMENDATION NOT APPLICABLE



The approved remuneration policy does not establish any system of retirement benefits.

III – Remuneration

III.1 The remuneration of the executive members of the board shall be based on actual performance and shall discourage excessive risk taking.

RECOMMENDATION FULLY ADOPTED

The remuneration of the members of the Board of Directors who perform executive duties is based on the performance of those directors, measured according to pre-established criteria and is built to align their activities with the Company's sustainability and shareholder interests. Excessive risk taking is discouraged.

The declaration concerning the Company's remuneration policy, which was approved at the Shareholders' Annual General Meeting of 30 April 2014, is available on the Company's website at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section) and is further described in paragraphs 69-76 of this Report.

III.2 The remuneration of the non-executive board members and the members of the supervisory board, shall not include any component whose value depends on the performance of the company or of its value.

RECOMMENDATION FULLY ADOPTED

The remuneration of non-executive members of the Board of Directors consists solely of a fixed amount, without any connection with the Company performance or its value.

The Company's remuneration policy was approved at the Shareholders' Annual General Meeting, held on 30 of April 2014, and is available on the Company's website at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section) and is further

described in paragraphs 69-76 of this Report.

III.3 The variable remuneration component shall be overall reasonable in relation to the fixed component of the remuneration and maximum limits should be set for all components.

RECOMMENDATION FULLY ADOPTED

The remuneration components are disclosed in the Company's remuneration policy, which was approved at the Shareholders' Annual General Meeting of 30 April 2014, and is available on the Company's website at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section) and is further described in paragraphs 69-76 of this Report.

The remuneration policy provides a solid relationship between the fixed and variable component of the remuneration which is suitable to the Company and group profile, as annually approved and confirmed at the Shareholders General Meeting.

III.4 A significant part of the variable remuneration should be deferred for a period of no less than three years and its payment should depend on the continued positive performance of the company during said period.

RECOMMENDATION FULLY ADOPTED

In accordance with the remuneration policy approved at the Shareholders' Annual General Meeting, held on 30 of April 2014 (<http://www.sonae.pt/en/investors/shareholder-s-general-meetings/> - tab Investors, Shareholders' General Meetings section), a portion of not less than fifty per cent of variable remuneration is deferred for a period of three years and its value depends on the Company's continued positive performance over that said period (please refer to paragraphs 69-76).

III.5 Members of the Board of Directors shall not enter into contracts with the company or third





parties which intend to mitigate the risk inherent to remuneration variability set by the company.

RECOMMENDATION FULLY ADOPTED

The remuneration policy, approved at the Shareholders' General Meeting held on the 30 of April 2014, as in previous years, addresses the principle defined in this recommendation (please refer to paragraphs 69-76). It is available for consultation on the Company's website:

<http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section).

III.6 Until the end of their mandate, executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the overall annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares.

RECOMMENDATION FULLY ADOPTED

The remuneration policy approved at the Shareholders' General Meeting held on the 30 of April 2014 addresses the principle defined in this recommendation (please refer to paragraphs 69-76). It is available for consultation on the Company's website:

<http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section).

III.7 If the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.

RECOMMENDATION NOT APPLICABLE

The approved remuneration policy does not include the allocations of options.

III.8 When the removal of the board member is not due to a serious breach of their duties, nor to

their unfitness for the normal exercise of their functions, but is yet due to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments, so that any damages or compensation, beyond that which is legally due, is unenforceable.

RECOMMENDATION FULLY ADOPTED

The Company fully complies with this recommendation in its policy (please refer to paragraphs 69-76).

IV – Auditing

IV.1 The external auditor shall, within the framework of its duties, verify the implementation of remuneration policies and systems of the corporate bodies, as well as the efficiency and effectiveness of the internal control mechanisms, reporting any deficiencies to the company's supervisory body.

RECOMMENDATION FULLY ADOPTED

The Statutory External Auditor discloses the activities carried out during 2014 in its annual audit report, which is subject to approval at the Shareholders' Annual General Meeting, and is available for consultation at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section).

IV.2 The company or any other entities with the latter in a control relationship, shall not engage the external auditor or any entity with the latter in a group relationship or which is part of the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance – said value should not exceed more than 30% of the total value of services rendered to the company.





RECOMMENDATION FULLY ADOPTED

The services provided by the Statutory External Auditor were approved by the Statutory Audit Board within the recommended principles (please refer to paragraph 47).

IV.3 Companies shall support auditor rotation at the end of two or three terms of office, depending on whether they last for four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.

RECOMMENDATION FULLY ADOPTED

The Statutory External Auditor began his third mandate in 2011, having been elected by the Shareholders' General Meeting on recommendation of the Statutory Audit Board.

Said recommendation can be consulted at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> (tab Investors, Shareholders' General Meetings section).

V – Conflicts of interests and transactions with related parties

V.1 In relation to business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with article 20 of the Securities Code, such business should be conducted on an arm's length basis.

RECOMMENDATION FULLY ADOPTED

Sonae endeavours to carry out transactions with related parties based on principles of rigour and transparency, and in strict observance of the rules of market competition. Such transactions are subject to specific internal procedures based on mandatory standards, in particular transfer pricing rules, or on voluntarily adopted internal

systems of checks and balances – for example, formal validation or reporting processes, depending on the value of the transaction in question.

V.2 Significant business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with article 20 of the Securities Code, should be subject to prior comment and opinion by the audit board. This entity must establish the necessary criteria to define the relevant level of significance of the business involved and the scope of its involvement.

RECOMMENDATION FULLY ADOPTED

Sonae has approved, and has in place, a formal internal procedure that involves obtaining an opinion from the Statutory Audit Board and from the Board Audit and Finance Committee prior to the Executive Committee doing business with qualified shareholders or with entities with which they are related, according to the terms of article 20 of the Portuguese Securities Code, in cases where the transaction involved is greater than 100 million Euros. In addition, for all transactions with the above mentioned parties in excess of 10 million Euros, reports are submitted to these two entities every six months.

VI – Information

VI.1 Companies shall provide, via their websites in both Portuguese and English version, access to information on their progress as regards the economic, financial and governance standing.

RECOMMENDATION FULLY ADOPTED

All of the information indicated above is available in English at the Company's website - <http://www.sonae.pt/en/investors/> (tab Investors)



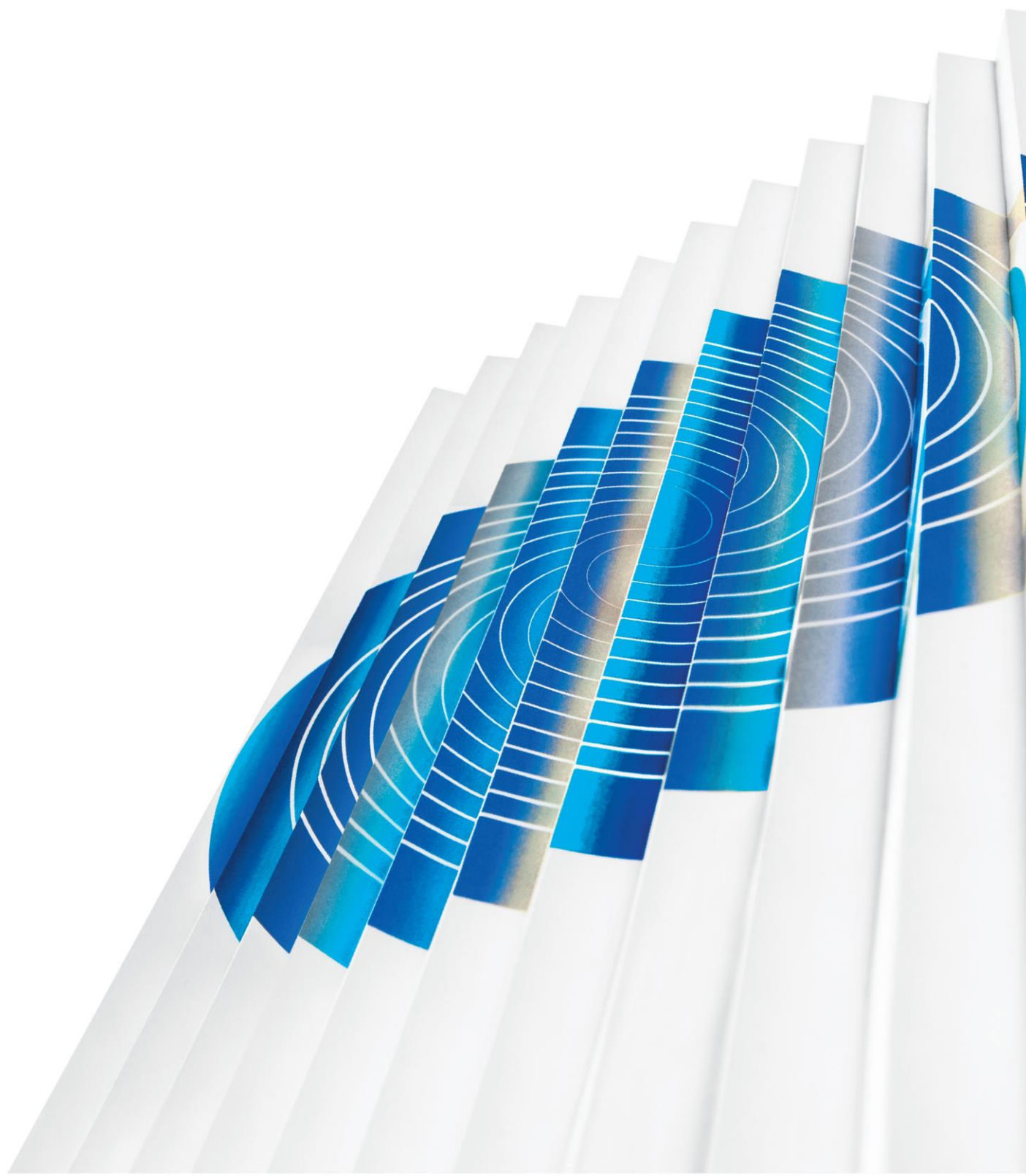


VI.2 Companies shall ensure the existence of an investor support and market liaison office, capable of responding to investors' requests in a timely manner. A record of the submitted requests and their processing shall be kept.

RECOMMENDATION FULLY ADOPTED

The Company has an Investor Relations Department that provides regular and relevant information to the investors and financial community, and keeps an updated record of all relevant interactions which might optimise the quality of its performance.







Appendix I

I – Board of directors

1.1 Professional qualifications and curricular references

BELMIRO MENDES DE AZEVEDO

Date of Birth

17 February 1938

Education

1963	Degree in Chemical Engineering (FEUP – Faculty of Engineering, University of Oporto)
1965-1968	Teaching Assistant at the Faculty of Engineering of the University of Oporto, in the following subjects: - “Industries” (Industrial Project) - “Industrial Organic Chemistry”
1973	PMD (Programme for Management Development) - Harvard Business School
1985	Financial Management Programme - Stanford University
1987	Strategic Management - Wharton University
1995	Global Strategy – University of California (Los Angeles)

Professional Experience

1963-1964	Technician in the textile industry, Empresa Fabril do Norte (EFANOR)
1965-1967	Research and Development Manager of Sonae (Sonae – Sociedade Nacional de Estratificados, S.A.R.L.)
1967-1983	General Manager and Delegated Director of Sonae (Sonae – Sociedade Nacional de Estratificados, S.A.R.L.)
1983-1988	CEO of Sonae Indústria e Investimentos, SA
1985	Chairman of APGEI (Portuguese Association of Industrial Engineering and Management) Member of the Advisory Board of the Faculty of Economics, Universidade Nova de Lisboa (Business School)
1989	Founding member of the Institute for Business Studies (ISEE) (currently Porto Business School)
1990	Member of Advisory Board of IPATIMUP – Institute of Molecular Pathology and Immunology, Universidade Nova de Lisboa
1989-1999	Chairman of Sonae Investimentos - SGPS, SA (currently Sonae SGPS, SA)
1995	Member of WBCSD – Order of Outstanding Contributors to Sustainable Development
1997	Member of European Union Hong-Kong Business Cooperation Committee
1998-2009	Member of INSEAD Portuguese Council
1999-2007	Chairman and CEO of Sonae SGPS, SA
2000-2012	Member of the Allianz AG International Consultative Council
2001-2005	Member of the Regional Advisory Board of the London Business School
2002-2009	Member of the Management Board of Cotec Portugal
2004-2008	Member of European Roundtable of Industrialists
2005	Founding Member of the Board of the Founders of the Portugal Manufacture Forum
2005-2013	Member of the European Advisory Board of the Harvard Business School
2008-2011	Chairman of the General Council of EGP – UPBS (currently Porto Business School)
Since 2007	Chairman of Sonae – SGPS, SA
Since July 2011	Chairman of Porto Business School

ÁLVARO CARMONA E COSTA PORTELA

Date of Birth

4 July 1951

Education

1974 B. Ed. in Mechanical Engineering (FEUP – Faculty of Engineering, University of Oporto)

1983 Master in Business Administration – MBA (Universidade Nova de Lisboa)

1997 AMP / ISMP - Harvard Business School

Professional Experience

1972-1979 Director and later Chairman of Laboratórios BIAL (Pharmaceutical Industry)

1974-1977 Lecturer, Department of Mechanics – University of Oporto

1979-1985 Executive Director of Finance, Planning, and Exports at COPAM - Companhia Portuguesa de Amidos, SA (Maize derivatives industry)

1985-1986 Deputy Manager and later General Manager of Modis (Logistics and Retail Procurement at Sonae Distribuição, SGPS, SA (currently Sonae Investimentos - SGPS, SA))

1986-1991 e 2006-2010 Managing Director, later CEO and later Chairman and since 2006, Non-Executive Director of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos - SGPS, SA)

1990-2010 CEO of Sonae Sierra, SGPS, SA

1992 Member of the Board of Chairman and later of the Sonae Group's Coordination Council and since 1999 Executive Director and Vice-Chairman of Sonae – SGPS, SA and since 2010 Non-Executive Director of Sonae – SGPS, SA

1996-2001 Member of ICSC Europe Awards Jury

1999-2002 Co-founder and Director of EPRA- European Public Real Estate Association

2004-2009 Member of International Advisory Board of Eurohypo

2004-2009 Trustee of the European Shopping Centre Trust

2005-2008 Trustee of the International Council of Shopping Centres

2008 Fellow of Royal Institute of Chartered Surveyors

2010-2013 Trustee of Urban Land Institute

2011-2013 Member of Investment Advisory Committee of PanEuropean Property Limited Partnership

2010-2014 Non-Executive Chairman of Majid Al Futtaim Properties

2010-2014 Chairman and, later, Member of the Board of Representatives of Faculdade de Economia of Universidade do Porto



ÁLVARO CUERVO GARCIA

Date of Birth

30 May 1942

Education

1971 PhD in Economics - Madrid University

1973 M.S. in Statistics - Madrid University

1975 M.S. in Industrial Psychology - Madrid University

Professional Experience

1975 Professor of Business Economics at Madrid Complutense University

1997-2006 Member of the Academic Council of the Real Colegio Complutense of Harvard University

2007 Associate Editor of Globalization, Competitiveness and Governability
Member of the Scientific and Advisory Committee of several journals
Author of several books and numerous articles published in Spanish and foreign journals

2004-2012 Member of the Board of Directors of Sonae Indústria, SGPS, SA

Since 1997 Member of the Board of Directors of ACS, SA

Since 1997 Member of the Privatization Advisory Committee of the Spanish Government

Since 2004 Editor in Chief of Universia Business Review

Since 2006 Member of the Board of Directors of Bolsas y Mercados Españoles

Since 2008 Dean of the Financial Studies School (CUNEF) at Madrid University





MICHEL MARIE BON

Date of Birth

5 July 1943

Education

1966	University Degree in Business Administration - ESSEC
1971	Graduation from the École Nationale d'Administration
1986	Stanford Executive Program – Stanford University

Professional Experience

1971-1975	Internal auditor at the French Ministry of Finance and Budget
1975-1978	Deputy to Chief Credit Officer, Credit National (Paris)
1978-1985	Chief Credit Officer, and later Deputy CEO of Caisse Nationale de Crédit Agricole
1985-1992	Deputy CEO, later CEO and Chairman of the Board of Directors of Carrefour
1993-1995	CEO of the Agence Nationale Pour l'Emploi
1995-2002	Chairman and CEO of France Telecom
1998-2002	Co-chairman of the French American Business Council
1998-2013	Chairman of the Supervisory Board of Les Editions du Cerf
2004-2007	Chairman of Institut Pasteur
2006-2012	Senior Advisor to Roland Berger
Since 1984	Member of the Board of Directors and Treasurer of Institut Pierre Mendès France
Since 1994	Founder and Honorary Chairman of Transparency International (France)
Since 2006	Chairman of the Supervisory Board of Devoteam
Since 2008	Chairman of Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (FNEGE)
Since 2009	Senior Advisor to Vermeer (Investment Fund)
Since 2009	Chairman of Fondact

JOSÉ MANUEL NEVES ADELINO

Date of Birth

19 March 1954

Education

1976 Degree in Finance, Universidade Técnica de Lisboa

1981 DBA, Finance, Kent State University

Professional Experience

1978-1981 Teaching Fellow, Kent State University

1981-1986 Member of the Directive Council, Faculty of Economics, Universidade Nova de Lisboa

1981-2012 Professor, Faculty of Economics, Universidade Nova de Lisboa

1986-1989 Visiting Professor, Portuguese Catholic University

1987-1989 Visiting Professor, Bentley College

1988 Visiting Professor, ISEE

1990-1996 Dean, MBA Program and Executive Program, Faculty of Economics, Universidade Nova de Lisboa

1992-1994 Member of the Board of Directors, BPA

1994-2002 Member of the Management Board of the Deposits Guarantee Fund

1999-2002 Dean, Faculty of Economics, Universidade Nova de Lisboa

1999-2004 Member of the Global Advisory Board of Sonae - SGPS, SA

2003-2006 Member of the Board, Chairman of the Audit Committee of EDP

2003-2006 Member of the Strategy Advisory Board of PT

2003-2007 Member of the Remuneration Committee of Sonae - SGPS, SA

2003-2010 Member of the Investment Committee of Fundo Caravela

2008-2014 Member of the Statutory Audit Board at Banco BPI

2010-2014 Member of the Board of Directors of Cimpor

2012-2014 Finance and Investment Director – Calouste Gulbenkian Foundation

BERND HUBERT JOACHIM BOTHE

Date of Birth

20 May 1944

Education

1966-1968 Business Management – Trade and Industry Faculty, Cologne, Germany

1968 Diploma – Betriebswirt with distinction

Professional Experience

1963-1966 **Bank Für Gemeinwirtschaft AG, Germany**

1963-1965 Apprenticeship period, Cologne

1965-1966 Commercial Bank Clerk, Cologne

1968-1970 **Pintsch Bamag AG (Thyssen-Bornemisza-Group), Germany**

Deputy Manager

Staff member Corporate Planning

1970-1973 **MDS – Deutschland GmbH, Germany (American multinational company in IT)**

1970 Assistant Controller and Deputy Manager Finance, Accounting and Administration, Cologne

1971-1973 Controller and Treasurer, Cologne

1973-1988 **Kienbaum Consulting Group, Germany**

1973-1974 Controller and Senior Executive Manager

1974-1975 Deputy Member of the Management Board, Düsseldorf

1975-1979 Member of the Management Board – Head of the Personnel Department, Consulting, Düsseldorf

1979-1980 Member of the Management Board – Management Consulting Department, Düsseldorf

1980-1983 Deputy Chairman of the Management Board – Managing Partner

1983-1988 Chairman of the Management Board

Deputy Chairman of the Management Board of the Central
Management Board (Holding)

1988-1992 **Kaufhof Holding AG, Germany**

1988-1989 Member of the Executive Board of Directors, Cologne

1989-1992 Deputy Member of the Executive Board of Directors, Cologne

1992 Member of the Executive Board of Directors, Cologne

In charge of the Mail Order Division, responsible for IT, Logistics, HR

1992-2002 **Metro AG, Germany**

1992-1993 Member of the Management Board, Metro International Management AG, Baar, Switzerland,
Operations Manager

1993-1997 President of the Management Board, Metro International Management AG, Baar, Switzerland

1997-1998 Chairman of the Executive Board of Directors and Chief Executive Officer, Metro International
Management AG, Germany

1998-2002 Chairman of the Executive Board of Directors and Chief Executive Officer
Chief Operating Officer for Central Europe



	Metro Cash & Carry GmbH In charge of the Cash & Carry Division, Marketing Corporate Planning, Merchandising, Operations, Public Relations, Construction & Fixtures/Fittings, Internal Audit
2002-2008	Droege & Comp.GmbH, Germany International Consultant Managing Partner, Düsseldorf Head of Competence Centre, Consumer Goods & Retail Head of Competence Centre for Eastern Europe, Düsseldorf
2009-2014	Member of the Supervisory Board of Basler Fashion Holding GmbH, Goldbach, Germany
2012	Member of the Supervisory Board of Lekkerland AG &Co. KG, Germany
Since 2009	Horn & Company GmbH, Germany Partner, Düsseldorf Head of Competence Center Consumer Goods & Retail
Since 2009	Member of the Supervisory Board Spar Österreichische Warenhandelsgesellschaft AG, Salzburg Austria
Since 2009	Vice Chairman of the Supervisory Board H & E Reinert Group, Versmold, Germany
Since 2009	Member of the Supervisory Board of Tomra Systems ASA, Asker, Norway
Since 2012	Member of the Supervisory Board of Agros Nova Sp. Z.o.o., Poland

CHRISTINE CROSS

Date of Birth

13 June 1951

Education

1973 B.Ed. (Distinction), Food Science and Nutrition, Newcastle University

1983 MSc in Food Science (Distinction), University of Reading

1990 Open University (OU) - Diploma in Management Studies

Professional Experience

1975-1978 Edinburgh University - Lecturer in Food and Nutrition

1979-1985 Bath SPA University College – Senior Lecturer

1985-1989 Bath SPA University College – Principal Lecturer and Director of BSc (Hons) Programme

1989-2003 **Tesco PLC**

1989-1990 Head of Consumer Services

1990-1994 Divisional Director, Technical Services

1994-1997 Commercial Director

1998-2002 World Non Food Retail Procurement Director

2002-2003 Group Business Development Director

1997-2003 Visiting Professor, University of Ulster, Consumer Studies

2002-2005 Non-Executive Director George Wimpey, plc

2003-2011 Non-Executive Director (Nomination and Remuneration Committee Member) of Sobeys Inc, Canada

2005-2006 Non-Executive Director Fairmont Hotels Inc

2005-2014 Non-Executive Director (Audit, Remco and Nomco Committee member) Next plc

2006-2007 Retail Consultant PwC Transaction Services

2006-2014 Retail Advisor to Warburg Pincus Private Equity

2010-2013 Chief Retail Advisor, PwC

Since 2003 Director of Christine Cross Ltd (retail independent consultancy firm)

Since 2006 Retail Advisor to Apax Private Equity

Since January 2012 Non-Executive Director (PPC Chair), Woolworths (Australia) plc

Since December 2012 Non-Executive Director Kathmandu (New Zealand) plc

Since January 2014 Non-Executive Director Brambles (Australia) plc

Since October 2014 Non-Executive Director Fenwick (UK)

DUARTE PAULO TEIXEIRA DE AZEVEDO

Date of Birth

31 December 1965

Education

1986	Degree in Chemical Engineering – Federal Polytechnic School of Lausanne
1989	Master in Business Administration – Porto Business School

Executive Education

1994	Executive Retailing Program – Babson College
1996	Strategic Uses of Information Technology Program – Stanford Business School
2002	Breakthrough Program for Senior Executives – Lausanne - IMD
2008	Proteus Programme – London Business School
2012	Corporate Level Strategy – Harvard Business School

Professional Experience

Group Sonae

1988-1990	Analyst and Project manager of new investments at Sonae Tecnologias de Informação
1990-1993	Organisational Development Project Manager and New businesses Commercial Manager for Portugal at Sonae Indústria (Wood Based Panels)
1993-1996	Head of Strategic Planning and Control and Organisational Development of Sonae Investimentos – SGPS, SA (currently Sonae - SGPS, SA)
1996-1998	Executive Board Director of Modelo Continente Hipermercados (Merchandising, IT and Marketing Retail)
1998-2000	CEO of Optimus – Telecomunicações, SA (Mobile Operator)
1998-Abril 2007	Executive Director of Sonae – SGPS, SA
2000-2007	CEO of Sonaecom, SGPS, SA
2007-2014	Chairman of Sonaecom, SGPS, SA
2002-2007	Chairman of the Supervisory Board of Público Comunicação Social, SA
2003-2007	Chairman of the Supervisory Board of Glunz, AG
2004-2007	Chairman of the Board of Directors of Tableros de Fibras, SA (Tafisa)
2008-2014	Chairman of the Board of Directors of MDS, SGPS, SA
Since May 2007	Chairman Executive Director of Sonae – SGPS, SA

Other Entities

2001-2002	Chairman of Apritel – Associação dos Operadores de Telecomunicações (Association of Electronic Telecommunication Companies)
2001-2008	Member of the Supervisory Board of Porto Business School
2003	Co-author of the book “Reformar Portugal “ (Reforming Portugal)
2006-2013	Member of the Founding Members Board of Casa da Música
2008-2009	Member of the Supervisory Board of AEP – Portuguese Entrepreneurship Association
2009-2014	Member of the Board of Curators of AEP - Portuguese Entrepreneurship Association
Since 2008	Member of the European Round Table of Industrialists (ERT)
Since 2009	President of the Board of Curators of Oporto University
Since 2012	Director of Cotec
Since 2013	Member of International Advisory Board of Allianz SE

ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO

Date of Birth

14 September 1959

Education

1982	Graduate in Civil Engineering - FEUP
1988-1989	Master in Business Administration- MBA (Porto Business School)

Professional Experience

1982-1984	Structural Design Project Manager at Tecnopor (Civil Engineering)
1984-1989	Manager at EDP (Energy)
1989-1991	Leader of the Television Project Team at Sonae Tecnologias de Informação
1991-1994	Head of Planning and Control at Sonae Investimentos - SGPS, SA (currently Sonae - SGPS, SA)
1994-1996	Director of several of Sonae Distribuição SGPS, SA (currently Sonae Investimentos - SGPS, SA) (Retail)
1996-2007	CFO of Sonae Distribuição SGPS, SA (currently Sonae Investimentos - SGPS, SA) and Director of Modelo Continente, SGPS, SA and several of its affiliates (Retail)
1996-2007	Executive Vice President and CFO of Sonae - SGPS, SA, Executive Director of Sonae Capital, SGPS, SA and Chairman of the Finance Committee of Sonae - SGPS, SA
2004-2009	Director of MDS – Corretor de Seguros, SA
Since 2007	Executive Director of Sonae – SGPS, SA, CEO of the Board of Directors of Sonaecom, SGPS, SA (Chairman and CEO – since May 2014), Director of Sonae Sierra, SGPS, SA, Sonae Investimentos – SGPS, SA and MDS, SGPS, SA (Chairman of the Board of Directors – since October 2014)

1.2 Positions held in other entities

BELMIRO MENDES DE AZEVEDO

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Chairman of Sonae Indústria SGPS, SA
Chairman of Sonae Capital, SGPS, SA
Chairman of SC - SGPS, SA
Chairman of Efanor Investimentos, SGPS, SA
Chairman of Águas Furtadas – Sociedade Agrícola, SA
Chairman of Alpêssego – Sociedade Agrícola, SA
Chairman of Prosa – Produtos e Serviços Agrícolas, SA
Chairman of Casa Agrícola de Ambrães, SA
Chairman of Imoassets – Sociedade Imobiliária, SA
Chairman of Soltróia – Sociedade Imobiliária Urbanização e Turismo de Tróia, SA
Chairman of Realejo – Sociedade Imobiliária, SA
Chairman of the Board of Directors and Executive Committee of Fundação Belmiro de Azevedo
Sole Director of BA – Business Angels, SGPS, SA
Chairman of Porto Business School

ÁLVARO CARMONA E COSTA PORTELA

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Vice-Chairman of Sonae Capital, SGPS, SA

Director of Sonae Turismo, SGPS, SA

Director of SC, SGPS, SA

Chairman of Contacto Concessões, SGPS, SA

Chairman of Ecociclo II – Energias, SA

Chairman CAPWATT – SGPS, SA

Chairman CAPWATT – Brainpower, SA (before Integrum – Energia SA)

Chairman Integrum ACE, SA

Chairman of Integrum II – Energia, SA

Chairman of Integrum III – Energia, SA

Chairman of Integrum Colombo – Energia, SA

Chairman of Integrum Martim Longo – Energia, SA

Chairman of Integrum Vale do Caima – Energia, SA

Chairman of Integrum Vale do Tejo – Energia, SA

Chairman of Integrum Engenho Novo – Energia, SA

Chairman of SC – Engenharia e Promoção Imobiliária, SA

Chairman of Sistavac – SGPS, SA

Chairman of Sistavac - SA

Chairman of Spred, SGPS, SA

Director of Companhia Térmica Hectare, ACE

Director of C.T.E. – Central Termoelétrica do Estuário Unipessoal, Lda

Director of Enerlousado – Recursos Energéticos, Unipessoal, Lda

Director of Ronfegan – Recursos Energéticos, Unipessoal, Lda

Director of Portela & Portela, Lda

Non-Executive Director of Casa Agrícola HMR, SA

Non-Executive Director of COPAM – Companhia Portuguesa de Amidos, SA

Non-Executive Director of SPDI – Secure Property Development & Investment plc (ex-AISI)

Director of Victor e Graça Carmona e Costa Foundation

Member of the Investment Committee of the ECE European Prime Shopping Centre Fund, Luxembourg



ÁLVARO CUERVO GARCIA

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Member of the Board of Directors of ACS, SA

Member of the Board of Directors of Bolsas y Mercados Españoles

Member of the Privatisation Advisory Committee of the Spanish Government

Editor in Chief of Universia Business Review

Dean of the Financial Studies School (CUNEF) at Madrid University

MICHEL MARIE BON

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Chairman of the Supervisory Board of Devoteam

Member of the Board of Directors of Sonepar

Member of the Board of Directors of RLD

Senior Advisor to Vermeer (Investment Fund)

Member of the Board of Directors and Treasurer of Institut Pierre Mendès France (non-profit)

Chairman of Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (non profit)

Founder and Honorary Chairman of Transparency International (France) (non profit)

Chairman of Fondact (non-profit)

JOSÉ MANUEL NEVES ADELINO

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Member of the Board of Directors of the Calouste Gulbenkian Foundation

Academic Offices held:

Professor of Finance, Faculty of Economics, Universidade Nova de Lisboa (retired)

Visiting Professor, Bentley College



BERND HUBERT JOACHIM BOTHE

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Partner of Horn & Company GmbH, Düsseldorf, Germany

Member of the Supervisory Board Spar Österreichische Warenhandelsgesellschaft AG, Salzburg, Austria

Vice Chairman of the Supervisory Board H & E Reinert Group, Versmold, Germany

Member of the Supervisory Board of Tomra Systems ASA, Asker, Norway

Member of the Supervisory Board of Agros Nova Sp. Z.o.o., Poland

CHRISTINE CROSS

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Retail Advisor to Apax Private Equity

Director of Christine Cross Ltd

Non-Executive Director (PPC Chair), Woolworths (Australia) plc

Non-Executive Director Kathmandu (New Zealand) plc

Non-Executive Director Brambles (Australia), plc

Non-Executive Director Fenwick (UK)

DUARTE PAULO TEIXEIRA DE AZEVEDO

Offices held in other companies within Sonae:

Chairman of Sonae Sonae Investimentos, SGPS, SA

Chairman of Sonae MC – Modelo Continente, SGPS, SA

Chairman of Sonae – Specialized Retail, SGPS,SA

Chairman of Sonae Center Serviços II, SA

Chairman of Sonae Sierra, SGPS, S.A.

Offices held in other entities outside Sonae:

Chairman of Migracom, SGPS, S.A.

Vice-Chairman of the Board of Directors of Sonae Indústria, SGPS, SA





Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
Member of the Board of Directors of Imparfin, SGPS, S.A.
Member of the European Round Table of Industrialists (ERT)
Member of the Board of Curators of Oporto University
Director of the COTEC
Member of International Advisory Board of Allianz SE

ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO

Offices held in other companies within Sonae:

Chairman and CEO of Sonaecom, SGPS, SA
Chairman of Sonaecom - Sistemas de Informação, SA
Chairman of Sonaecom - Serviços Partilhados, SA
Chairman of Público - Comunicação Social, SA
Member of the Board of Directors of ZOPT, SGPS,SA
Member of the Board of Directors of NOS, SGPS,SA
Chairman of Sonaegest – Sociedade Gestora de Fundos de Investimentos, SA
Chairman of Sonaerp- Retail Properties,SA
Chairman of Sonae Financial Services, SA
Vice-Chairman of Sonae – Specialized Retail, SGPS,SA
Vice-Chairman of Sonae MC – Modelo Continente, SGPS, SA
Member of the Board of Directors of Sonae Investimentos, SGPS, SA
Member of the Board of Directors of Sonae Center Serviços II, SA
Director of Sonae Investments, BV
Director of Sontel BV
Chairman of MDS, SGPS, SA
Chairman of MDS AUTO, Mediação de Seguros, SA
Chairman of Sonae RE, SA
Member of the Board of Directors of Sonae Sierra, SGPS, SA

Offices held in other entities outside Sonae:

Board of Governors of Universidade Católica Portuguesa
Board of Governors of Porto Business School
Board of Directors of APGEI (Portuguese Association of Engineering and Management)
Executive Director of Love Letters – Galeria de Arte, SA
Sole Director of Enxomil, SGPS, SA
Sole Director of Enxomil, Sociedade Imobiliária, SA
Sole Director of STTR – Construção e Imóveis, SA

2 – Statutory audit board

2.1 Professional qualifications and curricular references

DANIEL BESSA FERNANDES COELHO

Date of Birth

6 May 1948

Education

1970 Degree in Economics – University of Oporto

1986 Phd in Economics – Universidade Técnica de Lisboa

Professional Experience

1970-2009 Lecturer at the University of Oporto

1970-1999 - Faculty of Economics

1988-2000 - ISEE (Institute for Entrepreneurship Studies)

1989-2002 - Faculty of Engineering

2000-2008 - EGP (currently Porto Business School)

2008-2009 - EGP – University of Porto Business School (currently Porto Business School)

2009 - Faculty of Economics

1978-1979 Dean of the Faculty of Economics of the University of Oporto

1983-2013 Economists – Liberal professional

1990-1995 Vice-Dean for the Financial Management Guidance of the University of Oporto

1995-1996 Economics Minister of the Portuguese Government

1996-2006 Non-Executive Director of CELBI – Celulose Beira Industrial

1997-1999 Non-Executive Director of INPARSA – Indústrias e Participações, SGPS, SA

1997-2008 Executive Director of Finibanco, SA

1999-2002 Chairman of the Board of the Shareholder's General Meeting of APDL – Management of Douro and Leixões Ports

2000-2012 Chairman of the Advisory Board of IGFCS – Portuguese Institute for Welfare Funds Management

2001-2003 Advisory member of the Consulting council of Electric and Telephone Conductors Industries F. Cunha Barros, SA

2001-2011 Executive Director of Finibanco Holding, SGPS, SA

2003-2014 Member of the Board of Directors of Bial Foundation

2007-2010 Member of the Advisory Board of Microprocessador, SA

2007-2011 Member of the Board of Directors of the Agency for Investment and External Commerce of Portugal - AICEP, E.P.E.

2008-2014 Member of the Investment Committee Member of PVCI – Portuguese Venture Capital Initiative, entity created by FEI – European Investment Fund

2009-2014 Managing Director of COTEC Portugal, Business Association for Innovation

2011-2012 Member of the Supervisory Board of Banco Comercial Português, SA

ARLINDO DIAS DUARTE SILVA

Date of Birth

27 October 1936

Education

1963 Graduate in Economics – University of Oporto

Professional Experience

1960-1963 Teacher at the Commerce and Industry School

1968-1971 Mandatory Military Service, including in Angola (interruption of banking career)

1976-1979 Restarted banking career – Assistant Manager of BPA Bank since 1976

1989-1992 Member of the General Council of the Portuguese Association of Auditors

1992-1995 Member of the Managing Board of the Portuguese Association of Auditors

1995-1997 Vice-President of the Managing Board of the Portuguese Association of Auditors

Since 1979 External Auditor certified by the Portuguese Association of Auditors, carrying out this work both as a partner of the Statutory Auditors Company, or as a freelancer

Since 1979 Statutory External Auditor, member of the Audit Board and Sole Auditor in several companies such as Banco Universo, União Portuguesa de Bancos, Orbitur – Intercâmbio de Turismo, ATPS – SGPS, SA, MDS – Corretor de Seguros, SA, Imoareia – Sociedade Imobiliária, SA, and Contacto – SGPS, SA.

JORGE MANUEL FELIZES MORGADO

Date of Birth

6 June 1955

Education

1977 Graduate in Management – ISEG – Universidade Técnica de Lisboa

1999 MBA in Finance – IEDE Madrid

2004 MBA in Management and Information Systems – Management and Economics Faculty – Universidade Católica

22 April 1991 Certified External Auditor no. 775

Professional Experience

1980-1989 Assistant and Audit Manager at Coopers & Lybrand

1989-1991 Responsible for the Internal Audit and Management Control at Coelima Group

1991-2004 Partner at Deloitte – member of the Statutory Audit Board and External Auditor of several companies; responsible for consultancy in the northern Portuguese region and for corporate finance in Portugal, since 2001

Since 2004 External Auditor of several national and international companies and consultant to several companies

Since 2006 Partner of Horwath Parsus- Consultoria e Gestão, Lda.

2.2 Positions held in other entities

DANIEL BESSA FERNANDES COELHO

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Chairman of Statutory Audit Board at Galp Energia, SGPS, SA

Chairman of Statutory Audit Board at Bial – Portela e Companhia, SA

ARLINDO DIAS DUARTE SILVA

Offices held in other companies within Sonae:

Member of the Statutory Audit Board at Sonaecom, SGPS, SA

Offices held in other entities outside Sonae:

Member of the Statutory Audit Board at Rochinvest – Investimentos Imobiliários e Turísticos, SA

Member of the Statutory Audit Board at Associação Cultural do Senhor do Padrão

JORGE MANUEL FELIZES MORGADO

Offices held in other companies within Sonae:

Member of the Statutory Audit Board (effective) at Sonae Sierra – SGPS, SA

Member of the Statutory Audit Board (alternate) at Sonaecom, SGPS, SA

Offices held in other entities outside Sonae:

Member of the Statutory Audit Board (effective) at Sonae Indústria, SGPS, SA

Member of the Statutory Audit Board (effective) at Sonae Capital, SGPS, SA

External Auditor at Valorinveste – Soc. Invest. Imob., SA

External Auditor at Asta Régia – Construção e Imobiliária, SA

External Auditor at Know it – Soluções Formação Tecnologia, SA

External Auditor at Blue Share, SA

External Auditor at Luso-Insular, Projectos e Invest., SA

External Auditor at PMVA - Imobiliária, SA

External Auditor at Universidade do Porto Foundation

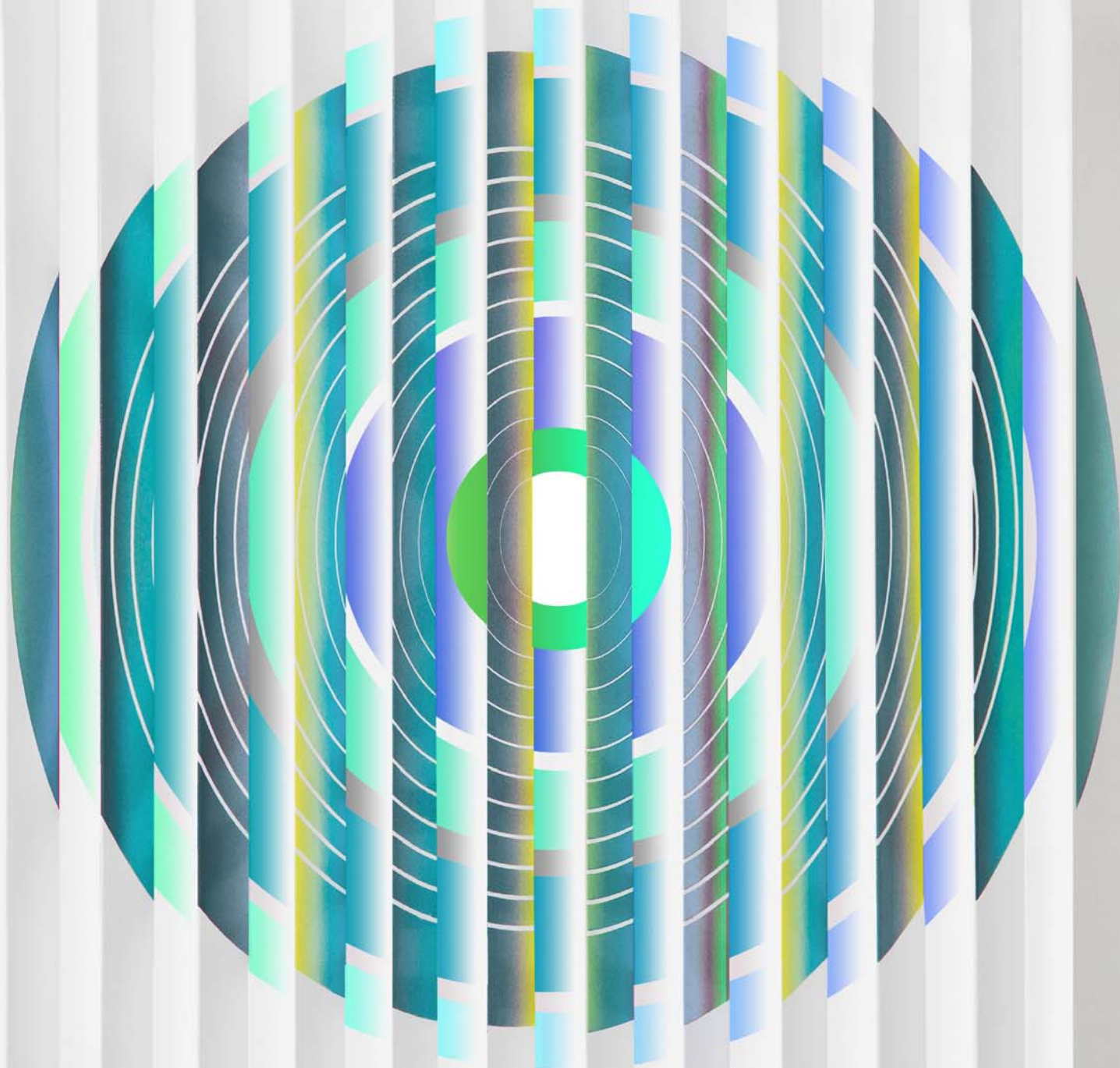
External Auditor at Universidade de Coimbra

External Auditor at Mário Andrade Silva – Soc. Investm. SGPS, SA



External Auditor at Bruno Machado Silva, Soc. Imobiliária, SA
External Auditor at BMS – Soc. Investimentos, SGPS, SA
External Auditor at Green Capital, SGPS, SA
External Auditor at Cinclus – Project Management, SGPS, SA
External Auditor at Velas Pires de Lima, SA
External Auditor at Eurogenova – Soc. Imobiliária, SA
External Auditor at Parcelequação, SGPS, SA
External Auditor at BSK Medical, SA
Partner of Horwath Parsus – Consultoria e Gestão, Lda





SONAE FINANCIAL REPORT '14

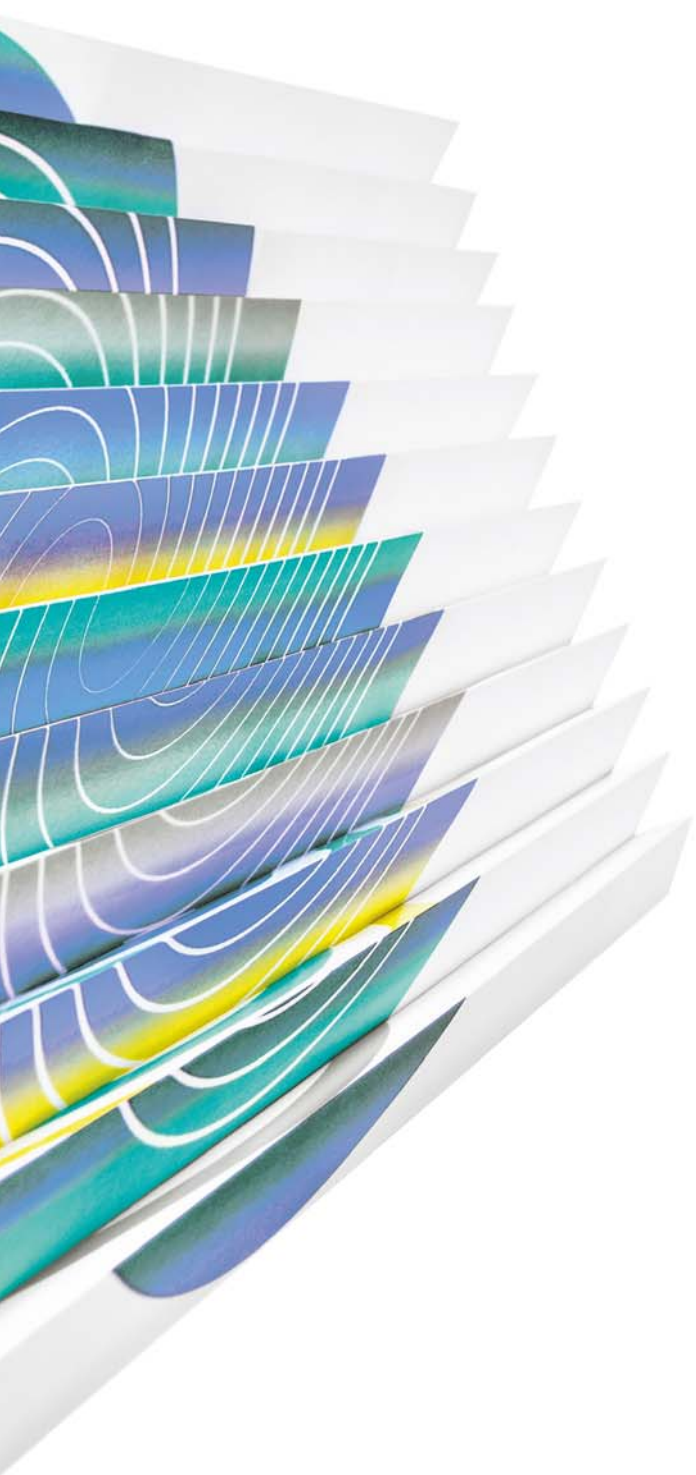
FINANCIAL

STATEMENTS



IMPROVING LIFE





Consolidated Financial Statements



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

ASSETS	Notes	31 Dec 2014	31 Dec 2013
NON-CURRENT ASSETS:			
Tangible assets	10	1,801,947,881	1,827,164,403
Intangible assets	11	230,959,888	202,854,156
Investment properties		960,206	1,001,735
Goodwill	12	610,590,464	610,187,858
Investments in joint ventures and associates	6	1,202,626,712	1,144,792,015
Other investments	7, 9 and 13	30,566,117	31,991,837
Deferred tax assets	20	89,951,943	123,159,864
Other non-current assets	9 and 14	49,769,368	31,970,613
Total Non-Current Assets		4,017,372,579	3,973,122,481
CURRENT ASSETS:			
Inventories	15	602,976,230	588,949,862
Trade account receivables	9 and 16	79,543,281	78,261,378
Other debtors	9 and 17	69,142,677	123,425,677
Taxes recoverable	18	54,777,732	72,447,501
Other current assets	19	104,049,629	71,537,318
Investments	9 and 13	61,662,961	202,484,454
Cash and cash equivalents	9 and 21	588,596,792	366,308,918
Total Current Assets		1,560,749,302	1,503,415,108
TOTAL ASSETS		5,578,121,881	5,476,537,589
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	22	2,000,000,000	2,000,000,000
Own shares	22	(136,273,735)	(126,945,388)
Legal reserve	22	196,260,390	188,285,864
Reserves and retained earnings	22	(510,953,235)	(816,534,401)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		14,838,207	318,979,514
Equity attributable to the equity holders of the Parent Company		1,692,871,627	1,563,785,589
Equity attributable to non-controlling interests	23	160,743,479	344,325,829
TOTAL EQUITY		1,853,615,106	1,908,111,418
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	9 and 24	284,308,122	241,163,840
Bonds	9 and 24	612,965,560	1,113,399,900
Obligation under finance leases	9, 24 and 25	4,754,587	7,980,489
Other loans	9 and 24	4,981,858	53,936
Other non-current liabilities	9 and 27	44,060,068	51,247,881
Deferred tax liabilities	20	94,392,315	121,095,969
Provisions	32	36,489,900	50,659,919
Total Non-Current Liabilities		1,081,952,410	1,585,601,934
CURRENT LIABILITIES:			
Loans	9 and 24	113,873,438	65,791,907
Bonds	9 and 24	826,032,837	159,962,358
Obligation under finance leases	9, 24 and 25	4,720,839	4,314,843
Other loans	9 and 24	1,450,607	3,869,633
Trade creditors	9 and 29	1,151,006,417	1,162,317,682
Other creditors	9 and 30	209,573,983	313,313,588
Taxes and contributions payable	18	91,254,837	55,757,125
Other current liabilities	31	240,917,211	214,668,594
Provisions	32	3,724,196	2,828,507
Total Current Liabilities		2,642,554,365	1,982,824,237
TOTAL LIABILITIES		3,724,506,775	3,568,426,171
TOTAL EQUITY AND LIABILITIES		5,578,121,881	5,476,537,589

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 AND 2013

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	Notes	31 Dec 2014	31 Dec 2013
Sales	35	4,795,621,661	4,655,760,619
Services rendered	35	178,504,839	165,580,722
Investment income investments recorded at fair value through profit	36	8,786,829	(12,682)
Gains and losses in	13 and 37	(3,129,894)	46,636,719
Financial income	37	10,445,566	15,252,983
Other income	38	525,725,408	445,343,173
Cost of goods sold and materials consumed	15	(3,781,374,723)	(3,602,380,328)
Changes in stocks of finished goods and work in progress		(98,002)	181,680
External supplies and services	39	(640,768,083)	(615,834,278)
Staff costs	40	(651,134,468)	(611,849,153)
Depreciation and amortisation	10 and 11	(170,831,196)	(187,186,398)
Provisions and impairment losses	32	(11,572,691)	(187,418,749)
Financial expense	37	(87,498,526)	(97,070,769)
Other expenses	41	(66,910,853)	(63,883,293)
Share of results of joint ventures and associated companies	6	64,408,422	2,955,911
Profit/(Loss) before taxation		170,174,289	(33,923,843)
Taxation	42	(24,660,421)	(15,909,211)
Profit/(Loss) after taxation		145,513,868	(49,833,054)
Attributable to:			
Profit/(Loss) from discontinued operations, after taxation	4	-	513,853,339
Consolidated profit/(Loss) for the period		145,513,868	464,020,285
Attributable to equity holders of the Parent Company:			
Continuing operations		143,838,207	(66,746,036)
Discontinued operations		-	385,725,550
		143,838,207	318,979,514
Attributable to non-controlling interests			
Continuing operations		1,675,661	16,912,982
Discontinued operations		-	128,127,789
		1,675,661	145,040,771
Profit/(Loss) per share			
From continuing operations			
Basic	44	0.078888	(0.035555)
Diluted	44	0.075445	(0.035353)
From discontinued operations			
Basic	44	-	0.205473
Diluted	44	-	0.204305

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2014 AND 2013
(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	31 Dec 2014	31 Dec 2013
Net Profit / (Loss) for the period	145,513,868	464,020,285
Items that maybe reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	770,930	(4,546,249)
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method (Note 6)	6,448,699	(27,093,926)
Changes on fair value of available-for-sale financial assets (Note 7 and 13)	1,298,489	(7,386,736)
Changes in hedge and fair value reserves	1,327,112	3,366,365
Deferred taxes related with other components of comprehensive income	(643,225)	68,980
Others	(189,587)	556,557
Other comprehensive income for the period	9,012,418	(35,035,009)
Total comprehensive income for the period	154,526,285	428,985,275
Attributable to:		
Equity holders of parent company	151,822,696	290,433,701
Non controlling interests	2,703,589	138,551,574

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2014 AND 2013

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	Notes	Reserves and Retained Earnings								Total	Net Profit/(Loss)	Total	Non controlling Interests (Note 23)	Total Equity
		Share Capital	Own Shares	Legal Reserve	Currency Translation Reserve	Investments Fair Value Reserve	Hedging Reserve	Option Premium Convertible Bonds	Other Reserves and Retained Earnings					
Attributable to Equity Holders of Parent Company														
Balance as at 1 January 2013		2,000,000,000	(128,149,614)	187,137,648	4,836,944	1,920,608	(2,694,394)	-	(776,965,651)	(772,902,493)	32,572,259	1,318,657,800	349,901,121	1,668,558,921
Total comprehensive income for the period		-	-	-	(2,077,042)	(3,694,107)	3,418,216	-	(26,192,880)	(28,545,813)	318,979,514	290,433,701	138,551,574	428,985,275
Appropriation of consolidated net profit of 2012		-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings		-	-	1,148,216	-	-	-	-	31,424,043	31,424,043	(32,572,259)	-	-	-
Dividends distributed		-	-	-	-	-	-	-	(62,159,135)	(62,159,135)	-	(62,159,135)	(11,035,037)	(73,194,172)
Income distribution		-	-	-	-	-	-	-	-	-	-	-	(2,587,351)	(2,587,351)
Obligation fulfilled by share attribution to employees		-	-	-	-	-	-	-	3,493,215	3,493,215	-	3,493,215	2,023,158	5,516,373
Cash Settled Equity Swap early partial termination (Note 22)		-	1,204,226	-	-	-	-	-	2,278,092	2,278,092	-	3,482,318	-	3,482,318
Partial disposal or aquisitions of affiliated companies		-	-	-	-	-	-	-	14,890,286	14,890,286	-	14,890,286	(131,471,460)	(116,581,174)
Derecognition of incentive plans on discontinued operations (Note 8)		-	-	-	-	-	-	-	(4,855,660)	(4,855,660)	-	(4,855,660)	(1,612,922)	(6,468,582)
Others		-	-	-	-	-	-	-	(156,936)	(156,936)	-	(156,936)	556,746	399,810
Balance as at 31 December 2013		2,000,000,000	(126,945,388)	188,285,864	2,759,902	(1,773,499)	723,822	-	(818,244,626)	(816,534,401)	318,979,514	1,563,785,589	344,325,829	1,908,111,418
Balance as at 1 January 2014		2,000,000,000	(126,945,388)	188,285,864	2,759,902	(1,773,499)	723,822	-	(818,244,626)	(816,534,401)	318,979,514	1,563,785,589	344,325,829	1,908,111,418
Total comprehensive income for the period		-	-	-	615,916	649,375	643,044	-	6,076,154	7,984,489	143,838,207	151,822,696	2,703,589	154,526,285
Appropriation of consolidated net profit of 2013		-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings		-	-	7,974,526	-	-	-	-	311,004,988	311,004,988	(318,979,514)	-	-	-
Dividends distributed		-	-	-	-	-	-	-	(65,351,598)	(65,351,598)	-	(65,351,598)	(270,007)	(65,621,605)
Income distribution		-	-	-	-	-	-	-	-	-	-	-	(1,732,571)	(1,732,571)
Acquisition of own shares	22	-	(20,679,050)	-	-	-	-	-	-	-	-	(20,679,050)	-	(20,679,050)
Obligation fulfilled by share attribution to employees	28	-	11,350,703	-	-	-	-	-	355,396	355,396	-	11,706,099	60,527	11,766,626
Partial disposal or aquisitions of affiliated companies	23	-	-	-	-	-	-	-	29,405,425	29,405,425	-	29,405,425	(184,343,888)	(154,938,463)
Valuing bond conversion option in Sonae shares	24	-	-	-	-	-	-	22,313,000	-	22,313,000	-	22,313,000	-	22,313,000
Others		-	-	-	-	-	-	-	(130,534)	(130,534)	-	(130,534)	-	(130,534)
Balance as at 31 December 2014		2,000,000,000	(136,273,735)	196,260,390	3,375,818	(1,124,124)	1,366,866	22,313,000	(536,884,795)	(510,953,235)	143,838,207	1,692,871,627	160,743,479	1,853,615,106

The accompanying notes are part of these consolidated financial statements.

The Board of Directors



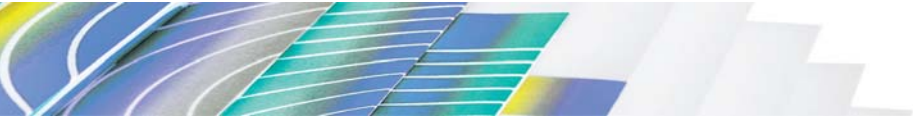
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2014 AND 2013

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2014	31 Dec 2013
OPERATING ACTIVITIES			
Cash receipts from trade debtors		4,980,380,801	5,232,159,494
Cash paid to trade creditors		(4,034,044,307)	(4,092,288,577)
Cash paid to employees		(640,032,077)	(650,191,587)
Cash flow generated by operations		306,304,417	489,679,330
Income taxes (paid) / received		12,701,881	(22,916,192)
Other cash receipts and (payments) relating to operating activities		37,451,125	(25,457,927)
Net cash flow from operating activities (1)		356,457,423	441,305,211
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	45	20,115,139	31,412,494
Tangible assets and investment properties		14,519,345	10,448,767
Intangible assets		285	1,003,289
Interests and similar income		6,635,049	7,773,592
Loans granted	8 and 43	9,578,370	560,705,466
Dividends		19,377,628	254,847
Others		4,758,634	44,728,550
		74,984,450	656,327,005
Cash Payments arising from:			
Investments	45	(120,583,329)	(19,352,742)
Tangible assets and investment properties		(137,832,733)	(197,893,756)
Intangible assets		(39,323,091)	(66,007,214)
Loans granted		(9,763,370)	(10,096,722)
Others		(2,693,211)	(11,776,766)
		(310,195,734)	(505,127,200)
Net cash used in investment activities (2)		(235,211,284)	351,199,805
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		3,165,793,536	3,269,087,739
Capital increases, additional paid in capital and share premiums		-	254,886
Coverage of losses		-	399,810
Others	24	22,313,000	-
		3,188,106,536	3,269,742,435
Cash Payments arising from:			
Loans obtained		(2,916,082,403)	(3,861,165,231)
Interests and similar charges		(77,941,467)	(86,470,211)
Dividends		(71,564,160)	(88,553,383)
Purchase of own shares		(18,208,035)	(515,821)
Others		(2,156,783)	(4,160,800)
		(3,085,952,848)	(4,040,865,446)
Net cash used in financing activities (3)		102,153,688	(771,123,011)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		223,399,827	21,382,005
Effect of foreign exchange rate		997,671	617,524
Effect of discontinued operations	8.3	-	(18,262,934)
Cash and cash equivalents at the beginning of the period	21	365,869,456	363,367,909
Cash and cash equivalents at the end of the period	21	588,271,612	365,869,456

The accompanying notes are part of these financial statements.

The Board of Directors



SONAE, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(Amounts expressed in euro)

1 INTRODUCTION

SONAE, SGPS, SA ("Sonae Holding") has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal, and is the parent company of a group of companies, as detailed in Notes 5 to 7 the Sonae Group ("Sonae"). Sonae's operations and operating segments are described in the management report and Note 47.

On the 27th August 2013, the merger between Optimus, SGPS, SA in Zon Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, SA (Note 4) was completed. Accordingly, the telecommunications segment was classified, for disclosure purposes, as a discontinued operation in December 2013.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accompanying consolidated financial statements are as follows:

2.1 Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union applicable to economic periods beginning on 1 January 2014, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee ("IFRS - IC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as at the consolidated financial statements issuance date.

The accompanying consolidated financial statements have been prepared from the books and accounting records of the company, subsidiaries, joint ventures and associated, adjusted in the consolidation process, on a going concern basis and under the historical cost convention, except for some financial instruments and investment properties, which are stated at fair value.

Additionally, for financial reporting purposes, fair value measurement is categorized in levels 1, 2 and 3, according to the level in which the used assumptions are observable and its significance, in what concerns fair value valuation, used in the measurement of assets/liabilities or its disclosure.



Level 1 - Fair value is determined based on active market prices for identical assets and liabilities;

Level 2 - The fair value is determined based on other data other than market prices identified in level 1 but they are possible to be observable, and;

Level 3 - Fair value measurements derived from valuation techniques, whose main inputs are not based on observable market data.

New accounting standards and their impact on the consolidated financial statements:

Up to the financial statements approval date, the following standards interpretations, amendments and revisions some of which become mandatory during the year 2014, have been endorsed by the European Union:

With mandatory application after 2014:	Effective date (for financial years beginning on/after)
IFRS 10 - (Consolidated Financial Statements)	01 jan 2014
IFRS 11 - (Joint arrangements)	01 jan 2014
IFRS 12 - (Disclosures of Interests in Other Entities)	01 jan 2014
IAS 27 - (Separate Financial Statements – revised in 2011)	01 jan 2014
IAS 28 - (Investments in Associates and Joint Ventures)	01 jan 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 (Investments Entities)	01 jan 2014
IAS 32 - Amendments (Offsetting Financial Assets and Financial Liabilities)	01 jan 2014
Amendments to IAS 36 (Recoverable amount disclosures for Non-Financial Assets)	01 jan 2014
Amendments to IAS 39 (Reformulation of Derivatives and continuation of Hedge Accounting)	01 jan 2014

The application of these standards and interpretations had no material effect on the financial statements of the Group as at 31 December 2014 namely because the Group had already amended the measurement of investments in joint ventures by applying the equity method.



The following standards, interpretations, amendments and revisions were endorsed by the European Union and are mandatory in future financial years:

With mandatory application after 2014:	Effective date (for financial years beginning on/after)
IAS 19 (Amendment) – (Employee Benefits)	01 jul 2014
Improvements of international financial reporting standards (2010-2012 cycle, 2011- 2013 cycle)	01 jul 2014
IFRIC 21 – (Levies)	17 jun 2014

The Group did not proceed to earlier adoption of any of these standards on the financial statements for the year ended on the 31 December 2014, since their application is not yet mandatory. No significant impacts are expected in the financial statements resulting from the adoption of these standards.

The following standards, interpretations, amendments and revisions were endorsed by the European Union and are mandatory in future financial years:

With mandatory application after 2014:	Effective date (for financial years beginning on/after)
IFRS 9 - (Financial instruments – classification and measurement)	01 jan 2018
IFRS 11 (Amendment) – (Accounting for Acquisitions of Interests in Joint Operations)	01 jan 2016
IAS 16 and IAS 38 (Amendment) – (Clarification of Acceptable Methods of Depreciation and Amortisation)	01 jan 2016
IFRS 10 and IAS 28 (Amendment) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 jan 2016
IAS 27 (Amendment) - Equity Method in Separate Financial Statements	01 jan 2016
IFRS 14 – (Regulatory Deferral Accounts)	01 jan 2016
IFRS 15 – (Revenues from Contracts with Customers)	01 jan 2017
Improvements of international financial reporting standards (2012-2014 cycle)	01 jul 2014

The Group did not proceed to earlier adoption of any of these standards on the financial statements for the year ended on the 31 December 2014, since their application is not yet mandatory. The impacts of the above mentioned standards are being analyzed by the Group, and with the exception of IFRS 9 and IFRS 15, important impacts are not to be expected.



2.2 Consolidation Principles

The consolidation methods adopted by Sonae are as follows:

a) Investments in Sonae companies

Investments in companies in which Sonae owns, directly or indirectly, control are included in the consolidated financial statements using the full consolidation method.

Sonae has control of the subsidiary when the company cumulatively fulfils the following conditions: i) has power over the subsidiary; ii) is exposed to, or has rights over, variable results from its involvement with the subsidiary; and iii) the ability to use its power to affect its returns.

Sonae reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the conditions of control listed above.

Equity and net profit attributable to minority shareholders are shown separately, under the caption non-controlling interests, in the consolidated statement of financial position and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 5.

The comprehensive income of an associated is attributable to the Sonae Group owners and non-controlling interests, even if the situation results in a deficit balance at the level of non-controlling interests.

Assets and liabilities of each Sonae subsidiary are measured at their fair value at the acquisition date or control assumption, such measurement can be completed within twelve months after the date of acquisition. The excess of the consideration transferred plus the fair value of any previously held interests and non-controlling interests over the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.c)). Any excess of fair value of identifiable assets over consideration transferred, previously held interest and non-controlling interests recognized as income in profit or loss for the period of acquisition in the caption "Other income", after reassessment of the estimated fair value attributed to the net assets acquired. The Sonae Group will choose on transaction-by-transaction basis, the fair measurement of non-controlling interests, (i) according to the non-controlling interests share assets, liabilities and contingent liabilities of the acquired, or (ii) according to their fair value.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of gain of control or up to the effective date of loss of control, as appropriate.

Adjustments to the financial statements of Sonae companies are performed, whenever necessary, in order to adapt accounting policies to those used by Sonae. All intra-group transactions, balances, income and expenses and distributed dividends are eliminated on the consolidation process.

b) Investments in jointly controlled companies and associated companies

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement instead of rights to the assets and obligations for the liabilities of the joint arrangement. Joint control is obtained by contractual provision and exists only when the associated decisions have to be taken unanimously by the parties who share control.



In situations where the investment or financial interest and the contract concluded between the parties allows the entity holds joint control directly on the active or detention rights obligations inherent liabilities related to this agreement, it is considered that such joint agreement does not correspond to a joint venture but rather a jointly controlled operation. In 31 December 2014 and 2013 the Group not held jointly controlled operations.

Financial investments in associated companies are investments where Sonae has significant influence. Significant influence (presumed when contributions are above 20%) is the power to participate in the financial and operating decisions of the entity, without, however, holding control or joint control over those decisions.

Investments in joint ventures and associates are recorded under the equity method.

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to Sonae in comprehensive income (including net profit for the period) of jointly controlled entities and associates, against the Group's comprehensive income or gains or losses for the year as applicable, and dividends received.

The excess of cost of acquisition over the fair value of identifiable assets and liabilities of each joint venture and associate at the acquisition date is recognised as goodwill (Note 2.2.c)), and is kept under which is included in the caption Investment in jointly controlled and associated companies. Any excess of Sonae's share in the fair value of the identifiable net assets acquired over cost are recognized as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired under the caption "Share of results of joint ventures and associates undertakings".

An assessment of investments in jointly controlled and associated companies is performed when there is an indication that the asset might be impaired being any impairment loss recorded in the income statement. Impairment losses recorded in prior years that are no longer justifiable are reversed.

When Sonae's share of losses exceeds the carrying amount of the investment, the investment is reported at null value and recognition of losses is discontinued, unless Sonae is committed beyond the value of its investment. In these situations impairment is recorded for that amount.

Sonae's share in not performed gains not related arising from transactions with jointly controlled and associated companies are eliminated in proportion to Sonae's interest in the above mentioned entities against the investment on the same entity. Unrealised losses are as well eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

When the not performed gains or losses on transactions correspond to business activities, and taking into consideration the inconsistency existing between currently the requirements of IFRS 10 and IAS 28, Sonae, taking into account the defined in amendment to IFRS 10 and IAS 28 proceeds to full gain/loss recognition in situations where there is loss of control of that business activity as a result of a transaction with a joint venture.

Investments in jointly controlled and associated companies are disclosed in Note 6.

c) Goodwill

The excess of consideration transferred in the acquisition of investments in subsidiaries, jointly controlled and associated companies plus the amount of any non-controlling interests (in the case of affiliated companies) over Sonae's share in the fair value of the identifiable assets, liabilities and contingent liabilities of those



companies at the date of acquisition, when positive, is shown as goodwill (Note 12) or as Investments in jointly controlled and associated entities (Note 6). The excess of the consideration transferred in the acquisition of investments in foreign companies the amounts of any non-controlling interests (in the case of affiliated companies) over the fair value of their identifiable assets, liabilities and contingent liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Sonae's functional currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are recorded and disclosed in "Currency translation reserves".

Future contingent consideration is recognised as a liability, at the acquisition-date, according to its fair value, and any changes to its value are recorded as a change in the goodwill, but only as long as they occur during the 'measurement period' (until 12 months after the acquisition-date) and as long as they relate to facts and circumstances prior to that existed at the acquisition date, otherwise these changes must be recognised in profit or loss on the income statement.

Transactions regarding the acquisition of additional interests in a subsidiary after control is obtained, or the partial disposal of an investment in a subsidiary while control is retained, are accounted for as equity transactions impacting the shareholders' funds captions, and without giving rise to any additional goodwill and without any gain or loss recognised.

When a disposal transaction generates a loss of control, assets and liabilities of the entity are derecognised, any interest retained in the entity sold is be remeasured at fair value and any gain or loss calculated on the sale is recorded in results.

Goodwill is not amortised, but it is subject to impairment tests on an annual basis or whenever there are indications of impairment to check for impairment losses to be recognized. Net recoverable amount is determined based on business plans used by Sonae management or on valuation reports issued by independent entities namely for real estate assets. Goodwill impairment losses recognized in the period are recorded in the income statement under the caption "Provisions and impairment losses".

Impairment losses related with goodwill will not be reversed.

The goodwill, if negative is recognized as income in the profit or loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

d) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the financial statements of foreign companies are translated to euro using exchange rates at date of the statement of financial position. Profit and loss and cash flows are converted to euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under "Translation Reserves" in "Other Reserves and Retained Earnings". Exchange rate differences that were originated prior to 1 January 2004 (date of transition to IFRS) were written-off through "Retained Earnings".

Goodwill and fair value adjustments arising from the acquisition of foreign companies are recorded as assets and liabilities of those companies and translated to euro using exchange rates at the statement of financial position date.

Whenever a foreign company is sold (totally or partially), accumulated exchange rate differences are recorded in the income statement as a gain or loss on the disposal, in the caption Investment income, when there is a control loss; in the case where there is no control loss, it is transferred to non-controlling interests.

Exchange rates used on translation of foreign group, jointly controlled and associated companies are listed below:

	31 Dec 2014		31 Dec 2013	
	End of exercise	Average of exercise	End of exercise	Average of exercise
US Dollar	0.82366	0.75375	0.72511	0.75332
Swiss Franc	0.83167	0.82331	0.81460	0.81246
Pound Sterling	1.28386	1.24073	1.19947	1.17795
Brazilian Real	0.31049	0.32063	0.30697	0.35076
Australian Dollar	0.67435	0.67961	0.64838	0.72943
Chilean Peso	0.00136	0.00132	0.00138	0.00152
Mexican Peso	0.05597	0.05665	0.05533	0.05907
Singapore Dollar	0.62274	0.59477	0.57425	0.60211
Turkish Lira	0.35311	0.34430	0.33778	0.39651
Polish Zloty	0.23402	0.23895	0.24071	0.23832

2.3 Tangible assets

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition or production cost, or revalued acquisition cost, in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Tangible assets acquired after that date is recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciation is calculated on a straight line basis, according to the estimated life cycle for each group of goods, starting from the date the asset is available for use in the necessary conditions to operate as intended by the management, and recorded against the income statement caption "Depreciation and amortisation" in the consolidated income statements.

Impairment losses identified in the recoverable amounts of tangible assets are recorded in the year in which they arise, by a corresponding charge against, the caption "Provisions and impairment losses" in the profit and loss statement.

The depreciation rates used correspond to the following estimated useful lives:

	Years
Buildings	10 to 50
Plant and machinery	10 to 20
Vehicles	4 to 5
Tools	4 to 8
Fixture and fittings	3 to 10
Other tangible assets	4 to 8

Maintenance and repair costs relating to tangible assets are recorded directly as expenses in the year they are incurred.

Tangible assets in progress represent fixed assets still under construction-development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or become ready for use.

Gains or losses on sale or disposal of tangible assets are calculated as the difference between the selling price and the carrying amount of the asset at the date of its sale-disposal. These are recorded in the income statement under either "Other income" or "Other expenses".

2.4 Investment properties

The group's investment properties are mainly property held by Sonae Sierra and its subsidiaries which are recorded under the equity method (Note 6).

Investment properties consist, mainly, in buildings and other constructions held to earn rentals or capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or for sale in the ordinary course of business.

Investment properties are recorded at their fair value based on half-yearly valuations performed by an independent valuer. Changes in fair values of investment properties are accounted for in the period in which they occur, in the income statement.

Assets which qualify as investment properties are recognized as such when they start being used or, in the case of the investment properties in progress, when their development is considered irreversible, as mentioned in the above conditions. Until the moment the asset is qualified as investment property, the same asset is booked at historical or production cost in the same way as a tangible asset (Note 2.3). Since that moment, the investment properties in progress are recorded at their fair value. The difference between cost (of acquisition or production) and the fair value at that date is accounted for in the consolidated income statement.

Expenses incurred with investment properties in use, namely maintenance, repairs, insurance and property taxes are recognised as an expense in the statement of profit and loss for the year to which they relate. The improvements estimated to generate additional economic benefits are capitalised.

2.5 Intangible assets

Intangible assets are stated at acquisition or production cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognized if it is probable that future economic benefits will flow from them, if they are controlled by Sonae and if their cost can be reasonably measured.

Expenditure on research associated with new technical knowledge is recognized as an expense recorded in the income statement when it is incurred.

Expenditure on development is recognized as an intangible asset if Sonae demonstrates the technical feasibility and its intention to complete the asset, its ability to sell or use it and the probability that the asset



will generate future economic benefits. Expenditure on development which does not fulfil these conditions is recorded as an expense in the period in which it is incurred.

Internal costs associated with maintenance and development of software is recorded as an expense in the period in which they are incurred. Only costs directly attributable to projects for which the generation of future economic benefits for Sonae is probable are capitalized as intangible assets.

The expenses incurred with the acquisition of client portfolio's (attributed value relating to the allocation of the purchasing price in business activity concentration) are stated as intangible assets and amortized on straight-line bases, during the average estimated period of portfolio's client retention.

Brands and patents are recorded at their acquisition cost and are amortized on a straight-line basis over their respective estimated useful life. When the estimated useful life is undetermined, they are not depreciated but are subject to annual impairment tests.

Amortization is calculated on a straight-line basis, as from the date the asset is first used, over the expected useful life which usually is between 3 and 7 years and recorded in the caption of " Depreciations and Amortizations", in the income statement.

2.6 Accounting for leases

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

The analysis of the transfer of risks and rewards of ownership of the asset takes into account several factors, including whether or not ownership is contractually conditioned to assume ownership of the asset, the value of minimum future payments over the contract, nature of the leased asset and the duration of the contract taking into consideration the possibility of renewal.

Whether a lease is classified as finance or an operating lease depends on the substance of the transaction rather than the form of the contract.

a) Accounting for leases where Sonae is the lessee

Tangible assets acquired under finance lease contracts and the related liabilities are recorded in accordance with the financial method. Under this method the tangible assets, the corresponding accumulated depreciation and the related liability are recorded in accordance with the contractual financial plan at fair value or, if less, at the present value of payments. In addition, interests included in lease payments and the depreciation of the tangible assets are recognized as expenses in the profit and loss statement for the period to which they relate.

The existing situations where the Group is the lessee are operating leases and as such the lease payments are recognized as an expense on a straight-line basis over the lease term.

b) Accounting for leases where Sonae is the lessor

For operating leases where Sonae acts as lessor, the value of allocated goods is kept on Sonae statement of financial position and income is recognized on a straight line basis over the period of the lease.



2.7 Non-current assets held for sale

The non-current assets (or disposal group) are recorded as held for sale if it is expected that the book value will be recovered through the sale and not through the use in the operations. This condition is achieved only if the sale is highly probable and the asset (or disposal group) is available for the immediate sale in the actual conditions. Additionally, there must be in progress actions that should allow concluding the sale within 12 months counting from the classification's date in this caption. The non-current assets (or disposal group) recorded as held for sale are booked at the lower amount of the historical cost or the fair value deducted from costs, not being amortised after being classified as held for sale.

2.8 Government grants

Government grants are recorded at fair value when there is reasonable assurance that they will be received and that Sonae will comply with the conditions attaching to them.

Grants received as compensation for expenses, namely grants for personnel training, are recognized as income in the same period as the relevant expense.

Grants related to depreciable assets are disclosed as "Other non-current liabilities" and are recognized as income on a straight-line basis over the expected useful lives of those underlying assets.

2.9 Impairment of non-current assets, except for Goodwill

Assets are assessed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement under Provisions and impairment losses.

The recoverable amount is the higher of an asset's fair value net of costs to sell and its value in use. Fair value net of costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

In situations where the use of the asset will be expectedly discontinued (stores to be closed on the remodelling processes) the Group performs a review of the asset's useful life after considering its impact on the value of use of that asset for terms of impairment analysis, particularly on the net book value of the assets to derecognise.

Reversal of impairment losses recognized in prior exercises is only recorded when it is concluded that the impairment losses recognized for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognized has been reversed. The reversal is recorded in the income statement as Operational income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying



amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

2.10 Financial expenses relating to loans obtained

Financial expenses relating to loans obtained are generally recognised as expenses on an accruals basis.

Financial expenses related to loans obtained for the acquisition, construction or production of fixed assets are capitalised as part of the cost of the assets. These expenses are capitalised starting from the time of preparation for the construction or development of the asset and are interrupted when the assets are ready to operate, at the end of the production or construction phases or when the associated project is suspended. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the financial expenses that qualify for capitalisation.

2.11 Inventories

Consumer goods and raw materials are stated at the lower of cost deducted from discounts obtained and net realisable value. Cost is determined on a weighted average basis.

Differences between cost and net realisable value, if negative, are shown as expenses under the caption "Cost of goods sold and materials consumed", as well as Impairment Reversions.

2.12 Provisions

Provisions are recognized when, and only when, Sonae has an obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the statement of financial position date to reflect the best estimate as of that date.

Restructuring provisions are recorded by Sonae whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

2.13 Financial instruments

Sonae classifies the financial instruments in the categories presented and conciliated with the Consolidated Statement of financial position disclosed in Note 9.

a) Investments

Investments are classified into the following categories:

- Held to maturity
- Investments measured at fair value through profit or loss
- Available-for-sale

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the statement of financial position date. Investments classified as held to maturity have defined maturities and Sonae has the intention and ability to hold them until the maturity date.



The investments measured at the fair value through profit or loss include the investments held for trading that Sonae acquires with the purpose of trading in the short term. They are classified in the consolidated statement of financial position as current investments.

Sonae classifies as available-for-sale investments those that are neither included as investments measured at fair value through profit or loss neither as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sales of investments are recognized on the trade date, independently of the settlement date.

Investments are recorded at acquisition value, usually, which is the fair value of the consideration paid for them, including transaction costs apart from investment measured at fair value through results, in which the investments are initially recognized at fair value and transaction costs are recognized in the income statement.

After initial recognition, investments measured at fair value through profit or loss are subsequently revalued at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their listed market price at the statement of financial position date. Available-for-sale not listed and whose fair value cannot be reliably measured, are recorded at cost less impairment losses.

Gains or losses arising from a change in fair value of available-for-sale investments are recognized directly in equity, under "Investments Fair value reserve", until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit or loss for the period.

Equity instruments classified as available for sale are considered to be impaired if there is a significant or prolonged decline in its fair value below its acquisition cost.

Gains or losses arising from a change in fair value of investments measured at fair value through the income statement are recorded in the caption "gains and losses in investments recorded at fair value through results" of consolidated profit results.

Held to maturity investments are carried at amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Loans and non-current accounts receivable

Loans and non-current accounts receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

These financial investments arise when Sonae provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the statement of financial position date, when they are classified as non-current assets. Loans and receivables are included in the captions presented in Note 9.

c) Trade accounts receivable and other accounts receivable

Trade accounts receivables and other accounts receivable are recorded at their nominal value and presented in the consolidated statement of financial position net of eventual impairment losses, recognized under the allowance account Impairment losses on accounts receivable, in order to reflect its net realisable value. These



captions, when classified as current, do not include interests because the effect of discounting would be immaterial.

Impairment is recognized if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received. Therefore, each Sonae company takes into consideration market information that indicates:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

When it's not feasible to assess the impairment for every single financial asset, the impairment is assessed on a collective basis. Objective evidence of impairment of a portfolio of receivables could include Sonae's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the receipt of the full amount is expected to be within one year the discount is considered null as it is immaterial.

d) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

Equity instruments are contracts that evidence a residual interest in the assets of Sonae after deducting all of its liabilities. Equity instruments issued by Sonae are recorded at the proceeds received, net of direct issue costs.

e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.10. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Funding on the form of commercial paper are classified as non-current, when they have guarantees of placing for a period exceeding one year and it is the intention of the group to maintain the use of this form of financing for a period exceeding one year.

f) Loans convertible into shares

The component parts of compound instruments, namely convertible bonds, issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity. The



conversion option classified as equity will remain in equity until the conversion option is exercised. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained profits/ other equity. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

g) Trade accounts payable

Accounts payable are stated at their nominal value, as they do not bear interests and the effect of discounting is considered immaterial.

h) Derivates

Sonae uses derivatives in the management of its financial risks to hedge such risks and-or in order to optimise the funding costs.

Derivatives classified as cash flow hedging instruments are used by the Sonae mainly to hedge interest risks on loans obtained and exchange rate. Conditions established for these cash flow hedging instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The inefficiencies, if any, are accounted under financial expenses or financial income in the consolidated income statement.

Sonae's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured;
- there is adequate documentation of the hedging relationships at the inception of the hedge;
- the transaction being hedged is highly probable.

Cash flow hedge instruments used by the Sonae to hedge the exposure to changes in interest and exchange rates of its loans are initially accounted for at cost, if any, which corresponds to its fair value, and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, and then recognized in the income statement over the same period in which the hedged instrument affects profit or loss.

The accounting of hedging derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption Hedging reserve are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction or stay in equity if there is a high probability that the hedge transaction will occur. Subsequent changes in the revaluations are recorded in the income statement.

Sonae also uses financial instruments with the purpose of cash flow hedging, that essentially refer to exchange rate hedging ("forwards") of loans and commercial operations. If they configure a perfect hedging relation, hedge accounting is used. In certain situations such as loans and other commercial operations, they do not configure perfect hedging relations, and so do not receive hedge accounting treatment, although they allows in a very significant way, the reduction of the loan and receivable-payable exchange volatility, nominated in foreign currency.



Sonae may agree to become part of a derivative transaction in order to hedge cash-flows related to exchange rate risk. In some cases, these derivatives may not fulfil the criteria for hedging accounting under IAS 39, and if so changes in their fair value are recognized in the income statement.

In some derivative transactions Sonae does not apply “hedge accounting”, although they intend to hedge cash-flows (currency “forward”, interest’s rate option or derivatives including similar clauses). They are initially accounted for at value, and subsequently adjusted to the corresponding fair value, determined by specialized software. Changes in fair value of these instruments are recognized in the income statement under “Financial income” and “Financial expenses”.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics of the host contract, and these are not stated at fair value, gains and losses which are not realizable are recorded in the Income Statement.

Sonae may agree to become part of a derivative transaction in order to fair value hedge some interest rate exposure. In these cases, derivatives are recorded at fair value through profit or loss and the effective portion of the hedging relationship is adjusted in the carrying amount of the hedged instrument, if not stated at fair value (namely loans recorded at amortised cost), through profit or loss.

i) Treasury shares

Treasury shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of treasury shares are recorded in Reserves and retained earnings.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the statement of financial position caption Other Loans.

All the amounts included in this caption can be reimbursed at demand as there are no pledges or guarantees over these assets..

2.14 Share-based payments

Share-based payments result from deferred performance bonus plans that are referenced to Sonae share price and/or that of its publicly listed affiliated companies and vest within a period of 3 years after being granted.

When the plans set out by Sonae are settled through the delivery of treasury shares, the value of this responsibility is determined at the time of assignment based on the fair value of shares allotted and recognized during the period of deferment of each plan. The responsibility is posted in equity, in the caption “Other revenues and retained earnings” against staff costs.

When the settlement is made in cash, the value of these responsibilities are determined on the grant date (usually in April of each year) and subsequently remeasured at the end of each reporting period, based on the number of shares or options granted and the corresponding fair value at the closing date. These obligations are stated as staff costs and other current and non-current liabilities on a straight line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates.



2.15 Contingent assets and liabilities

Contingent assets are not recorded in the consolidated financial statements but disclosed when future economic benefits are probable.

Contingent liabilities are not recorded in the consolidated financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.16 Income tax and other tax

The tax charge for the year is determined based on the taxable income of companies included on consolidation and considers deferred taxation.

Current income tax is determined based on the taxable income of companies included on consolidation, in accordance with the tax rules in force in the respective country of incorporation.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore are expected to apply when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date a review is made of the deferred tax assets recognized, being reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in equity.

The value of taxes recognised in the financial statements correspond to the understanding of Sonae on the tax treatment of specific transactions being recognised liabilities relating to income taxes or other taxes based on interpretation that is performed and what is meant to be the most appropriate.

In situations where such positions will be challenged by the tax authorities as part of their skills by your interpretation is distinct from Sonae, such a situation is the subject of review. If such a review, reconfirm the positioning of the Group concluded that the probability of loss of certain tax process is less than 50% Sonae treats the situation as a contingent liability, i.e. is not recognized any amount of tax since the decision more likely is that there will be no place for the payment of any tax. In situations where the probability of loss is greater than 50% is recognized a provision, or if the payment is recognized the cost associated.

In situations that have been effected payments under special schemes of regularization of debts and which cumulatively keep the respective lawsuits in progress and likelihood of success of such processes is greater than 50%, such payments are recognized as active by meeting certain amounts to be reimbursed to the entity (usually plus interest) or which may be used to effect the payment of the tax that will be given due by the group by competent authorities, in which case the obligation in question is determined as a present obligation.

Tax amounts recognized in the financial statements correspond to Sonae's interpretation on the tax treatment applicable in each transaction, being liabilities recognized in the Company's financial statements related to income tax or other taxes, based on the interpretation that is made and that is considered to be the most appropriate.



Situations, in which tax interpretations made by the Group can be questioned by Tax Authorities, due to interpretations that may be different from Sonae, are reanalysed by the Group. If this reanalysis reconfirms the Group's positioning, concluding that the probability of loss on the tax claim is lower than 50%, Sonae treats this situation as a contingent liability, i.e. it is not acknowledged any tax asset, as it is more likely that no tax payment will be made by the Group. In situations in which the probability of loss is above 50%, it is recognized a Provision, or, in case the payment has been made, it is recognized the related cost.

In situations in which payments have been made, namely under special regimes for settlement of tax debts, and that cumulatively are being kept legal proceedings by the Company to recover those amounts paid, being assessed the probability of success of those legal proceedings as higher than 50%, such payments are acknowledged as assets, as these amounts qualify as resources that will be reimbursed to the entity (usually bearing interests) or that will be used to settle other payments to tax authorities, situation in which the obligation is determined as present obligation.

2.17 Revenue recognition and accrual basis

Revenue from the sale of goods is recognized in the income statement when the risks and benefits have been transferred to the buyer and the amount of the revenue can be measured reasonably. Sales are recognized net of sales taxes and discounts and other expenses arising from the sale, and are measured as the fair value of the amount received or receivable.

Revenue associated with extended warranties operations, which are granted for a period of 1 to 3 years, after the legally binding warranty of 2 years, by the specialized retail operating Segment, and are recognized rateably over the warranty lifetime period. The revenue associated with warranties sold but for which the legal binding warranty hasn't yet expired is accounted under the captions of the Statement of Financial Position "Other non-current liabilities" and "Other current liabilities" (Note (27)).

Income from consultancy projects developed in the information systems consultancy segment are recognised in each period, according to the percentage of completion method.

The income related to the commissions generated by the insurance mediation activity is recorded at the moment of the premium payment by the policyholder. No premium is accounted before it has been received. In that moment, Sonae posts a liability related with the obligation to transfer the insurance premium net of commissions, to the respective insurance company.

In cases where the premium is directly paid to the insurance company, Sonae records its commission in the moment in which is informed of the premium payment by the policyholder to the insurance company.

The deferral of revenue related with customer loyalty plans, awarding discounts on future purchases, by the food Retail Operating Segment, is quantified taking into account the probability of exercising the above mentioned discounts and are deducted from revenue when they are generated. The corresponding liability is presented under the caption other creditors.

Dividends are recognized as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

"Other current assets" and "Other current liabilities" include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they will be recognized in the income statement.



2.18 Balances and transactions expressed in foreign currencies

Transactions in currencies other than the euro are translated to euro using the exchange rate as at the transaction date.

At each statement of financial position date, all monetary assets and liabilities expressed in foreign currencies are translated to the functional currency of each foreign company at the exchange rates as at that date. All non-monetary assets and liabilities recorded at fair value and stated in foreign currencies are converted to the functional currency of each company, using the exchange rate at the date the fair value was determined.

Exchange gains and losses arising from differences between historical exchange rates and those prevailing at the date of collection, payment or the date of the statement of financial position, are recorded as income or expenses of the period, except for those related to non-monetary assets or liabilities, for which adjustments to fair value are directly recorded under equity.

When Sonae wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.13.g)).

2.19 Subsequent Events

Events after the statement of financial position date that provide additional information about conditions that existed at the statement of financial position date (adjusting events), are reflected in the consolidated financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes when material.

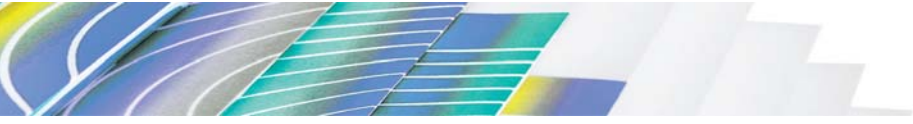
2.20 Judgements and estimates

The most significant accounting estimates reflected in the consolidated income statements include:

- a) Useful lives of the tangible and intangible assets;
- b) Impairment analysis of goodwill in investments in associated companies and jointly controlled entities and of tangible and intangible assets;
- c) Recognition of adjustments on assets, provisions and contingent liabilities;
- d) Determining the fair value of investment properties and derivative financial instruments;
- e) Recoverability of deferred tax assets;
- f) Valuation at fair value of assets, liabilities and contingent liabilities in business combination transactions.

Estimates used are based on the best information available during the preparation of consolidated financial statements and are based on best knowledge of past and present events. Although future events are neither controlled by Sonae nor foreseeable, some could occur and have impact on the estimates. Changes to estimates that occur after the date of these consolidated financial statements, will be recognized in net income, in accordance with IAS 8, using a prospective methodology.

The main estimates and assumptions in relation to future events included in the preparation of consolidated financial statements are disclosed in the corresponding notes.



2.21 Insurance and reinsurance contracts

In order to optimise insurance costs, Sonae, through a wholly owned subsidiary, enters into reinsurance operations over non-life insurance contracts entered into by subsidiaries and related of the Efanor Group.

The subsidiary of Sonae acts like an intermediate in the assurance operations as a way to optimise insurance coverage and retention levels in accordance with the needs of each business, ensuring effective insurance management worldwide. The retained risk is immaterial in the context of reinsurance carried out.

Premiums written on non-life insurance contracts and associated acquisition costs are recognized as income and cost on a prorate basis over the term of the related risk periods, through changes in the provision for unearned premiums.

The provision for unearned premiums (Note 32) reflects the portion of non-life insurance premiums written attributable to future years, namely the portion corresponding to the period between the statement of financial position date and the end of the period to which the premium refers. It is calculated, for each contract in force.

In Provision for claims (Note 32) is recorded the estimated amounts payable for claims, including claims that have been incurred but not reported and future administrative costs to be incurred on the settlement of claims under management. Provisions for claims recorded by Sonae are not discounted.

Reinsurer's share of technical provisions (Assets – Note 32) are determined by applying the above described criteria for direct insurance, taking into account the percentages ceded, in addition to other clauses existing in the treaties in force.

At each statement of financial position date, Sonae assess the existence of evidence of impairment on assets originated by insurance or reinsurance contracts.

2.22 Segment information

Information regarding operating segments identified is included in Note 47.

2.23 Legal reserves, other reserves and transited results

Legal reserves:

Portuguese commercial legislation requires that at least 5% of annual net profit must be appropriated to a legal reserve, until such reserve reaches at least 20% of the share capital. This reserve is not distributable, except in the case of liquidation of the Company, but it may be used to absorb losses, after all the other reserves are exhausted, or to increase the share capital.

Hedging reserve:

The Hedging reserve reflects the changes in fair value of “cash flow” hedging derivatives that are considered as effective (Note 2.13.g)) and is not distributable or used to cover losses.



Currency translation reserve:

The currency translation reserve corresponds to exchange differences relating to the translation from the functional currencies of the Sonae's foreign subsidiaries and joint ventures into Euro, in accordance with the accounting policy described in Note 2.2.d).

Fair value reserve:

This reserve arises on the revaluation of available-for-sale financial assets as mentioned in Note 2.13.a).

Reserves for the medium-term incentive plan are included in "other reserves".

According to IFRS 2 – 'Share-based Payments', responsibility with the medium-term incentive plans settled through delivery of own shares is recorded, the credit, under the caption Reserves for the medium-term incentive plan, and is not distributable or used to cover losses.

2.24 Option premium embedded in convertible bonds

The balance recognized in equity corresponds to the initial fair value valuation of the equity component that fulfils with the definition of equity instrument (Note 2.13.d)). This reserve is not distributable, being transferred to retained earnings or to "Other reserves", at maturity date, or being recognized as premium in the event of conversion into the company's own shares.

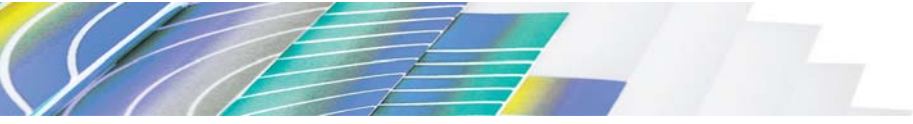
3 FINANCIAL RISK MANAGEMENT

3.1 Introduction

The ultimate purpose of financial risk management is to support Sonae in the achievement of its strategy, reducing unwanted financial risk and volatility and mitigate any negative impacts in the income statement arising from such risks. Sonae's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Due to its diversified nature Sonae is exposed to a variety of financial risks, consequently each Sub-holding is responsible for, where applicable, setting its own financial risk management policies, to monitor their own exposure and to implement their approved policies. Therefore for some risks there are not Sonae global risk management policies, but rather, where appropriate, customized risk management policies at Sub-holding level, existing, however, common guiding principles. Financial risk management policies are approved by each Executive Committee and exposures are identified and monitored by each Sub-holding Finance Department. Exposures are also monitored by the Finance Committee as mentioned in the Corporate Governance Report.

The Finance Committee coordinates and reviews, amongst other responsibilities, global financial risk management policies. The Finance Department of Sonae Holding is responsible for consolidating and measuring the Company's financial risk exposure, being also responsible for assisting each Sub-holding in managing their own currency, interest rate, liquidity and refinancing risks through the Corporate Dealing Desk. Exposures are recorded in a main system (Treasury Management System). Risk control and reporting is carried



out both at Sub-holding level, on a daily basis and on a consolidated basis for the monthly Finance Committee meeting.

3.2 Credit risk

Credit risk is defined as the probability of a counterparty defaulting on its contractual obligations resulting in a financial loss. It is shown in two major ways:

3.2.1) Credit risk arising from Financial Instruments

The credit risk, in what Financial Instruments is concerned, arises mainly from holding cash and cash equivalents instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities or from its lending activities to subsidiaries and associates in order to reduce the probability of counterpart default. Sonae transactions (short term investments and derivatives) are only contracted in accordance with the following principles:

- Only carry out transactions (short term investments and derivatives) with counterparties that have a high national and international prestige and based on their respective rating notations taking into consideration the nature, maturity and size of the operations;
- Sonae only enters into eligible and approved financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made in a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);
- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by existing relationships banks in order to reduce exposure on a net basis, and ii) may only be applied in pre-approved instruments;
- In some cases Sub-holdings can define more strict rules regarding counterparty exposure or more conservative policies;
- Any departure from the above mentioned policies needs to be pre-approved by the respective Executive Committee/Board of Directors.

Regarding to the policies and minimum credit rating, Sonae does not expect any material failure in contractual obligation from its external counterparties nevertheless exposure to each counterparty resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Sub-holding Finance Department and any departure is promptly reported to the respective Executive Committee/Board of Directors and to the Sonae Finance Committee.

3.2.2) Credit risk in operational and commercial activities of each business

In this case due to each business characteristics and consequently of different credit risk typology, each sub-holding determines the most appropriate policy, as described above. However the policies follow the same wide principles of: prudence, conservatism, and the implementation of control mechanism.



- Retail

Credit risk is very low, considering that most transactions are made in cash. In the remaining, in the relationship with customers is controlled through a system of collecting quantitative and qualitative information, provided by high prestige and liable entities that provide information on risks by obtaining suitable guarantees, aimed at reducing the risk of granting credit. Credit risk arises in the relationship with suppliers as a result of advances or debits for discounts and is mitigated by the expectation to maintain the business relationship.

- Investment management

The Sub-holding exposure to credit risk is mainly associated with the accounts receivable related to current operational activities. The credit risk management purpose is to guarantee that the amounts owed by debtors are effectively collected within the periods negotiated without influencing the financial health of the Sub-holding. Sonaecom uses credit rating agencies and has specific departments responsible for risk control, collections and management of processes in litigation, which all contribute to the mitigation of credit risk.

In the remaining business of investment management the credit risk in the context of the current operating activity is controlled through a system of collecting qualitative and financial information provided by recognized entities that supply information of risks, which allow to evaluate the viability of the of customers in fulfilling their obligations, aimed at reducing the risk of concession credit, fundamentally originated by the rendering of travel agencies services (Geostar business-joint venture).

- Sonae Sierra – Joint venture

The credit risk results essentially of the risk of credit of the tenants of the commercial centres managed by Sub-holding and of the other debtors. Shopping Centre storekeepers credit risk monitoring is made by the adequate assessment of risk before the storekeepers are accepted and by the establishment of conservative credit limits for each storekeeper.

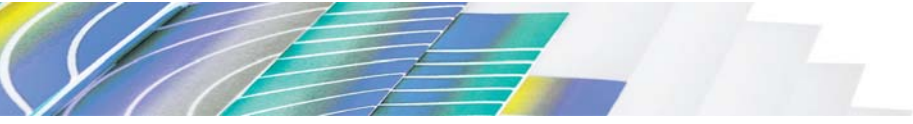
- NOS – Joint venture

NOS is subject to credit risk in its operating and treasury activities. The credit risk associated with operations is essentially related to services provided to customer's credits. This risk is monitored on a regular basis business, with the goal of management is: i) limit the credit granted to customers, considering the average collection period of each client; ii) monitor the evolution of the level of credit granted; and iii) perform impairment tests to receivables on a regular basis.

- Sonae Holding

A Sonae Holding is a company without any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalents instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) in accordance with the principles mentioned in note 3.2.1).

Additionally Sonae Holding may also be exposed to credit risk as a result of its portfolio manager activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis under the supervision of the Executive Committee (requesting bank guarantee, escrow accounts, obtaining collaterals, amongst others).



The amount related to customers, other debtors and other assets presented in Financial Statements, which are net of impairment losses represent Sonae exposure to credit risk.

3.3 Liquidity Risk

Sonae has the need, regularly, to raise external funds to finance its activities and investing plans. It holds a long term diversified portfolio, essentially made of, loan's and structured facilities, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2014, the total gross debt (excluding shareholders loans) was 1,853 million euro (on 31 December 2013 was 1,596 million euro) excluding the contributions of Shopping Centers, NOS and Travel operating segments measured by the equity method.

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy. Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining with its relationship banks, a combination of short and medium term committed credit facilities, with sufficiently comfortable previous notice cancellation periods with a range that goes up to 360 days;

- Maintenance of commercial paper programs with different periods and terms, that allow, in some cases, to place the debt directly in institutional investors;

- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;

- Diversification of financing sources and counterparties;

- Ensuring an adequate average debt maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. At the end of 2014, Sonae's average debt maturity was approximately 2,2 years (2013: 1,9 years) excluding the contributions of joint ventures Shopping Centres business and NOS activities and Travel operating segments consolidated by the equity method;

- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;

- Where possible, by pre financing forecasted liquidity needs, through transactions with an adequate maturity;

- Management procedures of short-term applications, assuring that the maturity of the applications will match with foreseen liquidity needs (or with a liquidity that allows to cover unprogrammed disbursements, concerning investments in assets), including a margin to hedge forecasting deviations. The margin of error needed in the treasury department prediction, will depend on the confidence degree and it will be determined by the business. The reliability of the treasury forecasts is an important variable to determinate the amounts and the periods of the market applications-borrowings.



The maturity of each major class of financial liabilities is presented in Notes 24, 25, 29, and 30, based on the undiscounted cash flows of financial liabilities based on the earliest date on which Sonae can be required to pay ("worst case scenario").

A liquidity reserve in form of credit lines with its relationship banks is maintained by Sonae, to ensure the ability to meet its commitments without having to refinance itself in unfavourable terms. The value of loans maturing in 2015 is of 947 million euro (230 million euro maturing in 2013) and as at 31 December 2014 Sonae had undrawn committed credit facilities of 331 million euro (497 million euro in 2013) cancellable within a previous notice of less than one year and 488 million euro (310 million euro in 2013) cancellable with a previous notice of no less than one year.

Additionally, Sonae held, as at 31 December 2014, cash and cash equivalents and current investments amounting to 589 million euro (366 million euro as at 31 December 2013). Consequentially, Sonae expects to meet all its obligations by means of its operating cash flows and its financial assets as well as from drawing existing available credit lines, if needed.

3.4 Interest rate risks

3.4.1) Policies

As each Sub-holding operates in different markets and in different business environments, there is no single policy applicable to Sonae, but rather policies adjusted to each Sub-holding exposure which one described below. As previously mentioned, Sonae exposure is regularly monitored by the Finance Committee, at a group level, and at each Sub-holding level. Although there is no wide risk management interest rate policy in what concerns the derivatives negotiation, there are principles that have to be followed by all the companies and that are referred below:

- A Sonae hedging activities do not constitute a profit-making activity and derivatives are entered into without any speculation purpose;
- For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be consistent with the settlement dates of the hedging instruments to avoid any mismatch and hedging inefficiencies;
- For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be a perfect match between the base rate: the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction;
- Since the beginning of the transaction, the maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate);
- The counterparties of hedging instruments are limited to institutions of high prestige, national and international recognition and based on respective credit ratings, as described in 3.2. above. It is Sonae policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae's relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;



- In determining the fair value of hedging operations Sonae uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates, foreign exchange rates, volatility among others prevailing at the statement of financial position date. Comparative financial institution quotes for specific or similar instruments are used as benchmark for the valuation;

- All transactions have to be documented under ISDA's Agreements (International Swaps and Derivatives Association);

- All transactions which do not follow the rules mentioned above have to be individually approved by the respective Executive Committee/ Board of Directors, and reported to Finance Committee, namely transactions entered into with the purpose of optimizing the cost of debt when deemed appropriate according to prevailing financial market conditions.

- Retail

Sub-holding exposure to interest rates arises mainly from long term loans which bear interests at Euribor plus spread.

Sonae Investimentos purpose is to limit cash-flows volatility and results, considering the profile of its operational activity, by using an appropriate mix of fixed and variable interest rate debt. Sonae Group policy allows the use of interest rate derivatives to decrease the exposure to Euribor fluctuations but does not allow for trading purposes.

- Investment Management

In the Business Multimedia and Information Systems total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group result or on its shareholders' equity is mitigated by the effect of the following factors (i) relatively low level of financial leverage; (ii) possibility of using interest rate hedging derivative instruments, as mentioned below; (iii) possible correlation between the market interest rates levels and economic growth, the latter having a positive effect on other lines of the Sub-holding consolidated results (namely operational), thus partially offsetting the increase of financial costs ("natural hedge"); and (iv) the availability of consolidated liquidity or cash, also bearing interests at variable rates.

In the remaining business of investment management exposure to interest rate arises essentially from short-term bank loans or loans payable to shareholders, which bears interests at Euribor market rates. The impact of this volatility on income or equity is mitigated by the following factors: (i) controlled financial leverage with conservative use of bank lending; (ii) probable correlation between the market interest rate levels and economic growth, the latter having a positive effect on other lines of the operating segment results (namely operational), thus partially offsetting the increased financial costs ("natural hedge").

-Sonae Sierra- Joint venture

Sonae Sierra's income and operating cash-flows are substantially independent of changes in market interests rates, as its cash and cash equivalents and its financing granted to other companies of the Group are dependent only of the evolution of the interest rates in Euro, which have had a minimum change.

In relation to long-term borrowings and in order to hedge the volatility of long term interest rates, Sonae Sierra uses, whenever appropriate, cash flow hedge instruments (swaps or zero cost collars), which represent perfect



hedges of those long-term borrowings. In certain long-term borrowings Sonae Sierra chose to have a fixed interest rate in the first years of the financing agreement and will study afterwards the possibility to negotiate interest rate swaps or zero cost collars for the remaining period.

- NOS- Joint venture

The borrowings of NOS, except bonds, have variable interest rates, which exposes the group to the risk of cash flows interest rates. NOS has adopted a hedging policy by hiring "swap" interest rate to cover future payments of interest bonds and other loans.

- Sonae Holding and others

Sonae Holding is exposed to cash flow interest rate risk in respect of items in the statement of financial position (Loans and Short Term Investments) and to fair value interest rate risk as a result of interest rate derivatives (swaps and options). A significant part of Sonae Holding debt bears variable interest rates, and interest rate derivatives may be entered into to convert part of the variable rate debt into fixed rate (usually through interest rate swaps), or to limit the maximum rate payable (usually through the use of caps).

Sonae Holding mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve, since hedging interest rate risk usually has an opportunity cost associated. Therefore a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that Sonae Holding grants loans to its subsidiaries as part of its normal activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae Holding hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into.

Sonaecom only uses derivatives or similar transactions to hedge those interest rate risks considered significant. Sonaecom respects the same principles adopted by Sonae in determining and using instruments to hedge interest rate risks.

Sonaecom's Board of Directors approves the terms and conditions of the funding with a significant impact on Sonaecom, based on an analysis of the debt structure, the inherent risks and the different options in the market, particularly as regards the type of interest rate (fixed / variable). Under this policy, the Executive Committee is responsible for decisions regarding the contracting of occasional interest rate hedging derivative financial instruments, through monitoring the conditions and alternatives that exist in the market.

3.4.2) Sensitivity analysis

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

- Changes in market interest rates affect the interest income or expense of variable interest rate financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, these instruments are included in the calculation of income-related sensitivities;



- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortized cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity;
- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense (gain/loss in change of the derivatives fair value) therefore it has taken into consideration in the sensitivity calculations for changes in interest rate;
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;
- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under these assumptions, if euro interest rate of denominated financial instruments had been 75 basis points higher, the consolidated net profit before tax of Sonae for the period ended as at 31 December 2014 would decrease by approximately 7.2 million euro, (8.5 million euro decrease as at 31 December 2013).

3.5 Exchange rate risk

3.5.1) Policies

Sonae operates at an international level, having subsidiaries that operate in different jurisdictions, and so it is exposed to foreign exchange rate risk. As each Sub-holding operates in different markets and in different business environments, there is no standard policy for Sonae, but rather individual policies for each Sub-holding which are stated below. Sonae's currency exposures are divided into two levels: transaction exposures (foreign exchange exposures relating to contracted cash flows and statement of financial position items where changes in exchange rates will have an impact on earnings and cash flows) and translation exposure (equity in foreign subsidiaries). Although there is not global management exchange rate risk policy in what concerns hiring derivatives to managing exchange interest risk, it also applies to all group companies, with the necessary adaptations, the principles referred at 3.4.1).



- Retail

The impact on the financial statements of changes in exchange rate is immaterial, as the most part of the transactions are denominated in euro. Sonae Investimentos is mainly exposed to exchange rate risk through transactions relating to acquisitions of goods in international markets, which are mainly in US Dollars.

The exchange risk management purpose is to provide a stable decision platform when deciding and negotiating the purchases of inventories establishing fixed exchange rates. The hedging accompanies all the purchase process, since procurement up to the formal agreement of purchase.

The exchange risk exposure is monitored through the purchase of forwards with the goal of minimizing the negative impacts of volatility in exposure level as a consequence of changes of the amounts of imports denominated in other currencies rather than euro.

- Investment management

In the Business Multimedia and Information Systems operates internationally, having subsidiaries that operate in Brazil, United Kingdom, Poland, United States of America, Mexico, Australia, Egypt, Malaysia, Chile, Panama, Singapore among others and so it is exposed to foreign exchange rate risk.

Foreign exchange risk management seeks to minimize the volatility of investments and transactions made in foreign currency and contributes to reduce the sensitivity of Sonaecom results to changes in foreign exchange rates.

Whenever possible, Sonaecom uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such procedure is not possible, Sonaecom adopts derivatives financial hedging instruments.

Sonaecom exposure to exchange rate risk results mainly from the fact that some of its subsidiaries report in currencies other than the Euro, the risk relating to the operations being insignificant.

Insurance brokerage activity is developed in different countries. When transactions are made in a different currency than the one in the country where the entity operates, exposure to exchange rate risk is minimized by hiring hedging derivatives.

For the remaining of this business segment the impact on the financial statements of changes in exchange rate is immaterial, since most part of the transactions are denominated in euro.

- Sonae Sierra – Joint venture

The main activity of each company is developed inside its country of origin and consequently the majority of the company transactions are maintained in its functional currency. The policy to hedge this specific risk is to avoid, if possible, the contracting of services in foreign currency.

- NOS – Joint venture

The risk of exchange rate is mainly related to exposure resulting from payments made to terminal equipment suppliers and producers of audio-visual content for the TV business by subscription and audio-visual, respectively. Commercial transactions between NOS and these suppliers are denominated mostly in american dollars.

Considering the balance of accounts payable resulting from transactions denominated in currencies other than the functional currency of the group, NOS hires or can hire financial instruments such as short-term currency forwards to hedge the risk associated with these balances.

- Sonae Holding

Due to the nature of holding company, Sonae Holding, has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise foreign exchange risk management seeks to minimize the volatility of such transactions made in foreign currency and to reduce the impact on the Profit and loss of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae Holding hedges such exposures mainly through forward exchange rate contracts. For uncertain exposures, options may be considered, subject to previous approval from the company's Executive Committee.

3.5.2) Exposure and sensitivity analysis

As at 31 December 2014 and 2013 the assets and liabilities denominated in a currency different from the subsidiary functional currency where the following (amounts in euro):

	Assets		Liabilities	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Euro	-	-	2,899,898	608,472
Brazilian Real	9,184,835	8,794,246	7,266,618	5,669,959
British Pound	716,621	499,963	417,777	40,692
US Dollar	13,228,324	6,473,540	22,488,288	19,367,092
Other Currencies	2,962,847	770,903	509,391	302,274

The amounts presented above, only include assets and liabilities expressed in different currency than the functional currency used by the affiliated or jointly controlled company. Therefore it does not represent any risk of financial statements translation. Due to the short-term character of the majority of monetary assets and liabilities and the magnitude of its net value, the exposure to currency risk is immaterial and therefore a sensitivity analysis to changes in the exchange rate isn't presented.

3.6 Price and capital market risks

Sonae is exposed to equity price risk arising from equity investments, held for strategic rather than for trading purposes as the group does not actively trade these investments, which are disclosed in Note 7.

Sonae is exposed to risks arising from changes in Sonae Holding share price due responsibilities related with the remuneration policy described in Sonae Corporate Governance report, as explained in Note 28.

In 2007, Sonae entered into a Total Return Swap (TRS) with Sonae Holding shares as underlying. As explained in Note 22 the Total Return Swap precluded the derecognition of those treasury shares, and as such a change in the Sonae share price could have an impact on the cash flows by means of TRS cash settlements. If Sonae price had been 1% higher/lower, it would not have additional receiving/payments (in 31 December 2013, Sonae would not have additional receiving/payments).

In the investment NOS, SGPS, SA, a variation of 10% in value of the share price would have an impact on profit and loss of 5.8 million euro (in 31 December 2013 20.2 million euro).

3.7 Capital Risk

The capital structure of Sonae, determined by the proportion of equity and net debt is managed in order to ensure continuity and development of its operations, maximize the return on shareholders and optimize financing costs.

Sonae periodically monitors its capital structure, identifying risks, opportunities and the necessary adjustment measures for the achievement of these objectives.

Sonae presented in 2014 an average gearing (countable) of 0.8 x (1.0 x in 2013). The average gearing at market values in 2014 was 0.6 x (1, 1 x in 2013).

4 DISCONTINUED OPERATIONS

During the period ended at 31 December 2013, as a result of the incorporation by merger of Optimus SGPS in Zon (Note 8.3), the telecommunications segment (Optimus SGPS, Optimus SA, Artis Be, Be Towering, Sontária and Permar) was classified, for presentation purposes, as a discontinued operation. As set by IFRS 5, changes were made in the consolidated profit and loss statements for the period ended at 31 December 2013, in order to disclose a single caption (Net income/(loss of discontinued operations), on the income statement, the profit or loss after tax from discontinued operations.

The detail of the discontinued operations in the income statement can be analysed as follows:

	27 Aug 2013
(Amounts expressed in euro)	Discontinued operations
Sales	17,839,599
Services rendered	434,877,950
Financial income	2,697,675
Other income	5,367,439
Cost of goods sold and materials consumed	(21,477,208)
External supplies and services	(225,940,029)
Staff costs	(30,481,543)
Depreciation and amortisation	(91,871,085)
Provisions and impairment losses	(9,601,175)
Financial expense	(2,584,998)
Other expenses	(10,381,299)
Profit/(Loss) from continuing operations, before taxation	68,445,326
Taxation	2,802,374
Profit/(Loss) from continuing operations, after taxation	71,247,700
Profit/(Loss) from discontinuing operations, after taxation	-
Investment income relating to the merger process (Note 8.3)	442,605,639
Consolidated profit/(Loss) for the period	513,853,339

The detail of the discontinued operations in the cash flows statements can be analysed as follows:

Cash flows for the period from discontinued operations	27 Aug 2013
Net cash flow from operating activities	175,235,824
Net cash used in investment activities	(56,261,919)
Net cash used in financing activities	(22,210,092)
Net increase in cash and cash equivalents	96,763,813

5 GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by Sonae as at 31 December 2014 and 31 December 2013 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31 Dec 2014		31 Dec 2013	
		Direct*	Total*	Direct*	Total*
Sonae - SGPS, S.A.	Maia (Portugal)	HOLDING	HOLDING	HOLDING	HOLDING
Retail					
Arat Inmuebles, SA	a) Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
BB Food Service, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Bom Momento - Restauração, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Canasta - Empreendimentos Imobiliários, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Contibomba - Comércio e Distribuição de Combustíveis, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, SA	a) Castelo de Paiva (Portugal)	100.00%	100.00%	100.00%	100.00%
Continente Hipermercados, SA	a) Lisbon (Portugal)	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Discovery Sports, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Farmácia Selecção, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Fashion Division, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Fashion Division Canárias, SL	a) Tenerife (Spain)	100.00%	100.00%	100.00%	100.00%
Fozimo - Sociedade Imobiliária, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
1) Fozmassimo - Sociedade Imobiliária, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosede	a) Maia (Portugal)	77.43%	77.43%	74.15%	74.15%
Fundo de Investimento Imobiliário Imosonae Dois	a) Maia (Portugal)	98.56%	98.56%	99.48%	99.48%
2) HighDome PCC Limited (Cell Europe)	a) Valletta (Malta)	100.00%	100.00%	-	-
Igimo - Sociedade Imobiliária, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Iginha - Sociedade Imobiliária, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Imoconti - Sociedade Imobiliária, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%



Imoestrutura - Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Imoresultado - Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Imosistema - Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Infofield - Informática, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
MJLF - Empreendimentos Imobiliários, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Modalfa - Comércio e Serviços, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Modalloop - Vestuário e Calçado, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Modelo Continente Hipermercados, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Modelo Continente International Trade, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Modelo Hiper Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Modelo.com - Vendas p/Correspond., SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Pharmaconcept - Actividades em Saúde, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
2) Ponto de Chegada - Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	-	-
Predicomercial - Promoção Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
2) Predilugar - Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	-	-
SDSR - Sports Division SR, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Selifa - Empreendimentos Imobiliários de Fafe, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto (Portugal)	100.00%	100.00%	100.00%	100.00%
SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Socijofra - Sociedade Imobiliária, SA	a)	Gondomar (Portugal)	100.00%	100.00%	100.00%	100.00%
Sociloures - Sociedade Imobiliária, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Soflorin, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Sonae Center Serviços II, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Investimentos, SGPS, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae MC - Modelo Continente SGPS, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Retalho España - Servicios Generales, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
2) Sonae SR Malta Holding Limited	a)	Valletta (Malta)	100.00%	100.00%	-	-
Sonaegest-Soc.Gest.Fundos Investimentos, SA	a)	Maia (Portugal)	100.00%	90.00%	100.00%	90.00%
Sonaerp - Retail Properties, SA	a)	Porto (Portugal)	100.00%	100.00%	100.00%	100.00%





3)	SONAESR – Serviços e Logística, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Sport Zone Canárias, SL	a)	Tenerife (Spain)	51.00%	51.00%	51.00%	51.00%
	Sonae Specialized Retail, SGPS, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Sondis Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Sonvecap, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sport Zone España - Comércio de Articulos de Deporte, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Sport Zone spor malz.per.satis ith.ve tic.ltd.sti	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
	Têxtil do Marco, SA	a)	Marco de Canaveses (Portugal)	92.76%	92.76%	92.76%	92.76%
	Valor N, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Worten - Equipamento para o Lar, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Worten España Distribución, S.L.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Worten Canárias, SL	a)	Tenerife (Spain)	51.00%	51.00%	51.00%	51.00%
	Zippy - Comércio e Distribuição, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Zippy - Comércio Y Distribución, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Zippy cocuk malz.dag.ith.ve tic.ltd.sti	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
	ZYEvolution-Invest.Desenv., SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%

Investment Management

	ADD Avaliações Engenharia de Avaliações e Perícias, Ltda	a)	Santa Catarina (Brazil)	100.00%	50.00%	100.00%	50.00%
	Cape Technologies Limited	a)	Dublin (Ireland)	100.00%	89.97%	100.00%	75.07%
	Digitmarket - Sistemas de Informação, SA	a)	Maia (Portugal)	75.10%	67.56%	75.10%	56.37%
	Herco Consultoria de Risco e Corretora de Seguros, Ltda	a)	Santa Catarina (Brazil)	100.00%	50.01%	100.00%	50.01%
	Herco, Consultoria de Risco, SA	a)	Maia (Portugal)	100.00%	50.01%	100.00%	50.01%
	HighDome PCC Limited	a)	Valletta (Malta)	100.00%	50.01%	100.00%	50.01%
2)	Itrust – Cyber Security and Intelligence, SA	a)	Maia (Portugal)	100.00%	89.97%	-	-
	Larim Corretora de Resseguros Ltda	a)	Rio de Janeiro (Brazil)	99.99%	50.01%	99.99%	50.01%
	Lazam/mds Correctora Ltda	a)	São Paulo (Brazil)	100.00%	50.01%	100.00%	50.01%
4)	Lookwise, S.L.	a)	Navarra (Spain)	100.00%	53.98%	-	-
5)	Lugares Virtuais, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	75.07%
1)	Mainroad – Serviços em Tecnologias de Informação, S.A.	a)	Maia (Portugal)	100.00%	89.97%	100.00%	75.07%
	MDS - Corretor de Seguros, SA	a)	Porto (Portugal)	100.00%	50.01%	100.00%	50.01%
	MDS Affinity-Sociedade de Mediação Lda	a)	Porto (Portugal)	100.00%	50.01%	100.00%	50.01%
	MDS Auto - Mediação de Seguros, SA	a)	Porto (Portugal)	50.01%	25.01%	50.00%	25.01%
	Mds Knowledge Centre, Unipessoal, Lda	a)	Lisbon (Portugal)	100.00%	50.01%	100.00%	50.01%



	MDS Malta Holding Limited	a)	Valletta (Malta)	100.00%	50.01%	100.00%	50.01%
6)	MDS RE – Mediador de resseguros, SGPS, SA	a)	Porto (Portugal)	100.00%	50.01%	100.00%	50.01%
	MDS, SGPS, SA	a)	Maia (Portugal)	50.01%	50.01%	50.01%	50.01%
5)	Miauger - Org. Gestão Leilões Electrónicos, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	75.07%
	Modelo - Distribuição de Materiais de Construção, SA	b)	Maia (Portugal)	50.00%	50.00%	50.00%	50.00%
	PCJ-Público, Comunicação e Jornalismo, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	75.07%
	Praesidium Services Limited	a)	Berkshire (U.K)	100.00%	89.97%	100.00%	75.07%
	Público - Comunicação Social, SA	a)	Porto (Portugal)	100.00%	89.97%	100.00%	75.07%
	RSI Corretora de Seguros, Ltda	a)	São Paulo (Brazil)	100.00%	50.01%	100.00%	50.01%
4)	S21 Sec Barcelona, S.L.	a)	Barcelona (Spain)	100.00%	53.98%	-	-
4)	S21 Sec Brasil, Ltda	a)	São Paulo (Brazil)	99.99%	53.97%	-	-
4)	S21 Sec Frau d Risk Management, S.L.	a)	Navarra(Spain)	100.00%	53.98%	-	-
4)	S21 Sec Gestion, SA	a)	Navarra(Spain)	60.00%	53.98%	-	-
4)	S21 Sec Inc.	a)	Texas (USA)	100.00%	53.98%	-	-
4)	S21 Sec Information Security Labs, S.L.	a)	Navarra(Spain)	100.00%	53.98%	-	-
4)	S21 Sec Institute, S.L.	a)	Gipuzcoa (Spain)	100.00%	53.98%	-	-
4)	S21 Sec México, SA de CV	a)	Mexico City (Mexico)	99.87%	53.91%	-	-
4)	S21 Sec SA de CV	a)	Mexico City (Mexico)	99.99%	53.98%	-	-
	Saphety – Transacciones Electronicas SAS	a)	Bogota (Colombia)	86.99%	78.27%	86.99%	65.30%
	Saphety Brasil Transações Eletrônicas Lda	a)	São Paulo (Brazil)	86.99%	78.27%	86.99%	65.30%
	Saphety Level - Trusted Services, SA	a)	Maia (Portugal)	86.99%	78.27%	86.99%	65.30%
4)	Servicios de Inteligencia Estrategica Global, S.L.	a)	Navarra (Spain)	100.00%	53.98%	-	-
2)	Sonaecom-Cyber Security and Int.,SGPS,SA	a)	Maia (Portugal)	100.00%	53.98%	-	-
	Sonaecom – Serviços Partilhados, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	75.07%
	Sonaecom - Sistemas de Informação, SGPS, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	75.07%
	Sonaecom - Sistemas de Información España, SL	a)	Madrid (Spain)	100.00%	75.07%	100.00%	75.07%
	Sonaecom BV	a)	Amsterdam (Netherlands)	100.00%	89.97%	100.00%	75.07%
	Sonaecom, SGPS, SA	a)	Maia (Portugal)	90.15%	89.97%	75.44%	75.07%
	Sonaetelecom, BV	a)	Amsterdam (Netherlands)	100.00%	89.97%	100.00%	75.07%
	Tecnológica Telecomunicações, Ltda	a)	Rio de Janeiro (Brazil)	99.99%	89.87%	99.99%	74.99%
	Tlantic, BV	a)	Amsterdam (Netherlands)	77.66%	77.66%	77.66%	77.66%
	Tlantic Portugal - Sistemas de Informação, SA	a)	Maia (Portugal)	77.66%	77.66%	77.66%	77.66%
	Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	77.66%	77.66%	77.66%	77.66%



We Do Brasil Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.91%	89.88%	99.91%	74.99%
We Do Consulting - Sistemas de Informação, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	75.07%
We Do Poland Sp.Z.o.o.	a)	Posnan (Polond)	100.00%	89.97%	100.00%	75.07%
We Do Technologies (UK) Limited	a)	Berkshire (U.K.)	100.00%	89.97%	100.00%	75.07%
We Do Tecnologies Americas, Inc.	a)	Delaware (USA)	100.00%	89.97%	100.00%	75.07%
We Do Technologies Australia PTY Limited	a)	Sydney (Australia)	100.00%	89.97%	100.00%	75.07%
We Do Technologies Egypt Limited Liability Company	a)	Cairo (Egypt)	100.00%	89.97%	100.00%	75.07%
We Do Technologies Mexico S. de RL	a)	Mexico City (Mexico)	100.00%	89.97%	100.00%	75.07%
7) We Do Technologies Panamá SA	a)	Panamá City	100.00%	89.97%	100.00%	75.07%
7) We Do Technologies Singapore PTE. LDT	a)	Singapore	100.00%	89.97%	100.00%	75.07%
We Do Tecnologies BV	a)	Amsterdam (Netherlands)	100.00%	89.97%	100.00%	75.07%
Others						
Libra Serviços, Lda	a)	Funchal (Madeira)	100.00%	100.00%	100.00%	100.00%
Sonae Investments, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae RE, SA	a)	Luxembourg	99.92%	99.92%	99.92%	99.92%
Sonaecenter Serviços, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
2) Sonae Financial Services, S.A.	a)	Maia (Portugal)	100.00%	100.00%	-	-
Sontel, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%

* the percentage of ownership total represents the total percentage of interest held by the Group; the percentage of capital held "direct" corresponds to the percentage (s) subsidiary which owns the stake in question holds the share capital of this company.

a) Control held by majority of voting rights which confer power of relevant activities that influence

b) Control held by Management control;

- 1) Company sold during the period;
- 2) Company created during the period;
- 3) Ex-SDSR – Sports Division 2, SA;
- 4) Company acquired during the period;
- 5) Company liquidated during the period;
- 6) Ex- MDS África, SGPS, SA;
- 7) Company dissolved in the period.

These entities are consolidated using the full consolidation method.



6 JOINT VENTURES AND ASSOCIATED COMPANIES

6.1 Detail of book value of Investment in joint ventures and associates

The aggregated values of main financial indicators of joint ventures and associated are as follows:

COMPANY	31 Dec 2014	31 Dec 2013
Shopping Centres		
Sonae Sierra SGPS, SA (consolidated)	479,194,133	427,254,900
Telecommunications		
ZOPT, SGPS, SA (consolidated)	720,819,992	709,606,944
Investment Management		
Raso SGPS, SA (consolidated)	-	6,147,367
Unipress - Centro Gráfico, Lda	972,982	882,859
Infosystems - Sociedade de Sistemas de Informação, S.A.	-	-
SIRS - Sociedade Independente de Radiodifusão Sonora, SA	-	-
Intelligent Big Data, S.L.	-	-
S2ISec Ciber seguridad SA de CV	-	-
Investments in joint ventures	1,200,987,107	1,143,892,070
Retail		
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	1,180,061	899,945
APOR - Agência para a Modernização do Porto, S.A.	417,799	-
1) Mundo Vip - Operadores Turísticos, SA	-	-
Investment Management		
Brokerslink Management AG	41,745	-
Investment in associates companies	1,639,605	899,945
Total	1,202,626,712	1,144,792,015

1) Associated company liquidated in the period

6.2 Detail of joint ventures and associated companies

Joint ventures and associated companies, their head offices and percentage of share capital held as at 31 December 2014 and 31 December 2013 are as follows:

6.2.1 Joint ventures

COMPANY	Head Office	Percentage of share capital held			
		31 Dec 2014		31 Dec 2013	
		Direct*	Total*	Direct*	Total*
Sonae Sierra					
3shoppings - Holding, SGPS, SA	Maia (Portugal)	100.00%	25.05%	100.00%	25.05%
8ª avenida Centro Comercial, SA	Maia (Portugal)	100.00%	23.75%	100.00%	23.75%
Adlands BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%



	Aegean Park Constructions Real Estate and Development, SA	Athens(Greece)	100.00%	25.00%	100.00%	25.00%
	ALBCC – Albufeirashopping – Centro Comercial, SA	Maia (Portugal)	50.00%	11.88%	50.00%	11.88%
	ALEXA Administration GmbH	Berlin (Germany)	100.00%	25.00%	100.00%	25.00%
	ALEXA Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	ALEXA Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Algarveshopping - Centro Comercial, SA	Maia (Portugal)	100.00%	25.05%	100.00%	25.05%
	ARP Alverca Retail Park, SA	Maia (Portugal)	100.00%	50.00%	50.00%	25.00%
	Arrábidasshopping - Centro Comercial, SA	Maia (Portugal)	50.00%	12.53%	50.00%	12.53%
	Avenida M-40, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Beralands BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Campo Limpo Lda	São Paulo (Brazil)	20.00%	3.33%	20.00%	3.33%
	Cascaishopping - Centro Comercial, SA	Maia (Portugal)	100.00%	28.62%	100.00%	28.62%
	Cascaishopping Holding I, SGPS, SA	Maia (Portugal)	100.00%	28.62%	100.00%	28.62%
	CCCB Caldas da Rainha - Centro Comercial,SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Centro Colombo - Centro Comercial, SA	Maia (Portugal)	100.00%	12.53%	100.00%	12.53%
	Centro Vasco da Gama - Centro Comercial, SA	Maia (Portugal)	50.00%	12.53%	50.00%	12.53%
1)	CITIC Capital Sierra (Hong Kong) Limited	Hong Kong (China)	50.00%	25.00%	-	-
2)	CITIC CAPITAL SIERRA Property Management (Shanghai) Limited	Shangai (China)	50.00%	25.00%	-	-
	Coimbrashopping - Centro Comercial, SA	Maia (Portugal)	100.00%	25.05%	100.00%	25.05%
	Colombo Towers Holding, BV	The Hague (Netherlands)	50.00%	25.00%	50.00%	25.00%
3)	Craiova Mall BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Dortmund Tower GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Dos Mares - Shopping Centre, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Dos Mares - Shopping Centre, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Estação Viana - Centro Comercial, SA	Viana do Castelo (Portugal)	100.00%	25.05%	100.00%	25.05%
	Freccia Rossa - Shopping Centre, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
	Fundo de Investimento Imobiliário Parque Dom Pedro Shopping Center	Rio de Janeiro (Brazil)	50.00%	10.34%	50.00%	10.34%
	Fundo de Investimento Imobiliário Shopping Parque Dom Pedro	Rio de Janeiro (Brazil)	87.61%	15.78%	87.61%	15.78%
	Gaiashopping I - Centro Comercial, SA	Maia (Portugal)	50.00%	12.53%	50.00%	12.53%



	Gaiashopping II - Centro Comercial, SA	Maia (Portugal)	100.00%	12.53%	100.00%	12.53%
	Gli Orsi Shopping Centre 1, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Guimarãeshopping - Centro Comercial, SA	Maia (Portugal)	100.00%	25.05%	100.00%	25.05%
	Harvey Dos Iberica, SL	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
	Iberian Assets, SA	Madrid (Spain)	49.78%	12.48%	49.78%	12.48%
3)	Inparsi - Gestão de Galeria Comercial, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Ioannina Development of Shopping Centres, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
4)	La Farga - Shopping Centre, SL	Madrid (Spain)	100.00%	12.48%	100.00%	12.48%
	Land Retail, BV	Amsterdam (Netherlands)	100.00%	32.19%	100.00%	32.19%
	Larissa Development of Shopping Centres, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	LCC - Leiriashopping - Centro Comercial, SA	Maia (Portugal)	100.00%	23.75%	100.00%	23.75%
5)	Le Terrazze - Shopping Centre 1, Srl	Milan (Italy)	50.00%	5.00%	50.00%	25.00%
	Loop 5 - Shopping Centre GmbH	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
	Loureshopping - Centro Comercial, SA	Maia (Portugal)	50.00%	11.88%	50.00%	11.88%
	Luz del Tajo - Centro Comercial, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Luz del Tajo, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Madeirashopping - Centro Comercial, SA	Funchal (Madeira)	50.00%	12.53%	50.00%	12.53%
	Maiashopping - Centro Comercial, SA	Maia (Portugal)	100.00%	25.05%	100.00%	25.05%
	Microcom Doi Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Münster Arkaden, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Norte Shopping Retail and Leisure Centre, BV	Amsterdam (Netherlands)	50.00%	12.53%	50.00%	12.53%
	Norteshopping - Centro Comercial, SA	Maia (Portugal)	100.00%	12.53%	100.00%	12.53%
	Pantheon Plaza BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
	Paracentro - Gestão de Galerias Comerciais, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Park Avenue Development of Shopping Centers, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
6)	Parklake Shopping, SA	Bucharest (Romania)	50.00%	25.00%	50.00%	25.00%
	Parque Atlântico Shopping - Centro Comercial SA	Ponta Delgada (Azores)	50.00%	12.53%	50.00%	12.53%
	Parque D. Pedro 1, BV Sarl	Luxembourg	100.00%	25.00%	100.00%	25.00%
	Parque de Famalicão - Empreendimentos Imobiliários, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Pátio Boavista Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Campinas Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%



	Pátio Goiânia Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Londrina Empreendimentos e Participações, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio São Bernardo Shopping Ltda	São Paulo (Brasil)	100.00%	16.66%	100.00%	16.66%
	Pátio Sertório Shopping Ltda	Manaus (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Uberlândia Shopping Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Plaza Eboli - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Plaza Mayor Parque de Ócio, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ócio, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Shopping, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Shopping, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	PORTCC – Portimãoshopping – Centro Comercial, SA	Maia (Portugal)	50.00%	11.88%	50.00%	11.88%
	Project SC 1, BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
	Project Sierra 10 BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 11 BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 12 BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 2, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
3)	Project Sierra 6, BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
	Project Sierra 8 BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Project Sierra Four SA	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany 2 (two), Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany 4 (four), Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 1, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 2 - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
3)	Project Sierra Spain 2, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 3, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Two Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Rio Sul – Centro Comercial, SA	Lisbon (Portugal)	50.00%	11.88%	50.00%	11.88%
	River Plaza BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%



	River Plaza Mall, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	SC Aegean, BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
	Serra Shopping – Centro Comercial, SA	Covilhã (Portugal)	50.00%	11.88%	50.00%	11.88%
	Shopping Centre Colombo Holding, BV	Amsterdam (Netherlands)	50.00%	12.53%	50.00%	12.53%
	Shopping Centre Parque Principado, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Sierra Asia Limited	Hong Kong	100.00%	50.00%	100.00%	50.00%
	Sierra Berlin Holding BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Brazil 1, BV	Amsterdam (Netherlands)	100.00%	25.00%	100.00%	25.00%
	Sierra Central, S.A.S.	Santiago de Cali (Colombia)	50.00%	25.00%	50.00%	25.00%
	Sierra Cevital Shopping Center, Spa	Algeria	49.00 %	24.50%	49.00 %	24.50%
	Sierra Corporate Services Holland, BV	Amsterdam (Netherlands)	100.00%	24.50%	49.00 %	24.50%
	Sierra Developments Holding, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments, SGPS, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Sierra European Retail Real Estate Assets Holdings, BV	Amsterdam (Netherlands)	50.10%	25.05%	50.10%	25.05%
	Sierra Germany GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Sierra GP, Limited	Guernesey (U.K.)	100.00%	50.00%	100.00%	50.00%
	Sierra Greece, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
	Sierra Investimentos Brasil Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Sierra Investments (Holland) 1, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments (Holland) 2, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments Holding, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments SGPS, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
3)	Sierra Italy Holding, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Sierra Management, SGPS. SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
1)	Sierra – OST Property Management, SA	Moscow (Russia)	100.00%	50.00%	-	-
	Sierra Portugal, SA	Lisbon (Portugal)	100.00%	50.00%	100.00%	50.00%
	Sierra Project Nürnberg BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%



	Sierra Real Estate Greece BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
7) 8)	Sierra Turkey Gayrimenkul Yönetim Pazarlama ve Danışmanlık Anonim şirket	Istanbul (Turkey)	100.00%	50.00%	50.00%	25.00%
	Sierra Services Holland BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Services Holland 2 BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Solingen Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
9)	Sierra Spain – Shopping Centers Services, SL	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
10)	Sierra Spain – Shopping Centers Services, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Sierra Zenata Project B.V.	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Solingen Shopping Center GmbH	Dusseldorf (Germany)	100.00%	25.00%	50.00%	25.00%
	Sonae Sierra Brasil, SA	São Paulo (Brazil)	66.65%	16.66%	66.65%	16.66%
	Sonae Sierra Brazil, BV Sarl	Luxembourg	50.00%	25.00%	50.00%	25.00%
	Sonae Sierra, SGPS. SA	Maia (Portugal)	50.00%	50.00%	50.00%	50.00%
	SPF - Sierra Portugal	Luxembourg	100.00%	50.00%	100.00%	50.00%
	SPF - Sierra Portugal Real Estate, Sarl	Luxembourg	47.50%	23.75%	47.50%	23.75%
	Torre Ocidente - Imobiliária, SA	Maia (Portugal)	50.00%	12.50%	50.00%	12.50%
	Unishopping Consultoria Imobiliária, Ltda	São Paulo (Brazil)	100.00%	16.66%	99.98%	16.66%
	Via Catarina - Centro Comercial, SA	Maia (Portugal)	50.00%	12.53%	50.00%	12.53%
	Vuelta Omega, S.L.	Madrid (Spain)	100.00%	12.53%	100.00%	12.53%
	Weierstadt Shopping BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
1)	Zenata Commercial Project, SA	Mohammedia (Morocco)	100.00%	5.50%	-	-
	Zubiarte Inversiones Inmobiliarias, SA	Madrid (Spain)	49.83%	12.48%	49.83%	12.48%

ZOPT (NOS)

	Be Artis – Conceção Construção e Gestão de Redes de Comunicação, SA	Maia (Portugal)	100.00%	44.99%	100.00%	37.54%
	Be Towering – Gestão de Torres de Telecomunicações, SA	Maia (Portugal)	100.00%	44.99%	100.00%	37.54%
	Big Picture 2 Films, SA	Oeiras (Portugal)	20.00%	9.00%	20.00%	7.51%
	Canal 20 TV, SA	Madrid (Spain)	50.00%	22.50%	50.00%	18.77%
	Distodo – distribuição e Logística, Lda	Lisbon (Portugal)	50.00%	22.50%	50.00%	18.77%
~	Dreamia Holding BV	Amsterdam (Netherlands)	50.00%	22.50%	50.00%	18.77%
	Dreamia Serviços de Televisão, SA	Lisbon (Portugal)	100.00%	22.50%	100.00%	18.77%
1)	East Star Ltd	Port Louis (Mauritius)	30.00%	13.50%	-	-



	Empracine – Empresa Promotora de Atividades Cinematográficas, Lda	Lisbon (Portugal)	100.00%	44.99%	100.00%	37.54%
	FINSTAR – Sociedade de Investimentos e Participações, SA	Luanda (Angola)	30.00%	13.50%	30.00%	11.26%
	Lusomundo – Sociedade de Investimentos imobiliários, SGPS. SA	Lisbon (Portugal)	99.87%	44.94%	99.87%	37.49%
	Lusomundo España, SL	Madrid (Espanha)	100.00%	44.99%	100.00%	37.54%
	Lusomundo Imobiliária 2, SA	Lisbon (Portugal)	99.87%	44.90%	99.87%	37.47%
	Lusomundo Moçambique, Lda	Maputo (Mozambique)	100.00%	44.99%	100.00%	37.54%
12)	Mainroad – Serviços em Tecnologias de Informação, SA	Maia (Portugal)	100.00%	44.99%	-	-
	MSTAR, SA	Maputo (Mozambique)	30.00%	13.50%	30.00%	11.26%
	NOS Açores Comunicações, SA	Ponta Delgada (Azores)	83.82%	37.71%	84.00%	31.47%
2)	NOS Communications Sàrl	Luxembourg	100.00%	44.99%	-	-
11)	NOS Comunicações, SA	Maia (Portugal)	100.00%	44.99%	100.00%	37.54%
	NOS Lusomundo Audiovisuais, SA	Lisbon (Portugal)	100.00%	44.99%	100.00%	37.54%
	NOS Lusomundo Cinemas, SA	Lisbon (Portugal)	100.00%	44.99%	100.00%	37.54%
	NOS Lusomundo TV, Lda	Lisbon (Portugal)	100.00%	44.99%	100.00%	37.54%
	NOS Madeira Comunicações, SA	Funchal (Madeira)	77.95%	35.07%	78.00%	29.26%
	NOS SGPS, SA	Lisbon (Portugal)	50.01%	44.99%	50.01%	37.54%
	NOS PUB – Publicidade e Conteúdos, SA	Lisbon (Portugal)	100.00%	44.99%	100.00%	37.54%
	Per-Mar – Sociedade de Construções, SA	Maia (Portugal)	100.00%	44.99%	100.00%	37.54%
	Sport TV Portugal	Lisbon (Portugal)	100.00%	44.99%	100.00%	37.54%
	Sontária – Empreendimentos Imobiliários, SA	Maia (Portugal)	100.00%	44.99%	100.00%	37.54%
	Teliz Holding, BV	Amstelveen (Netherlands)	100.00%	44.99%	100.00%	37.54%
	Upstar Comunicações, SA	Vendas Novas (Portugal)	30.00%	13.50%	30.00%	11.26%
2)	ZAP Cinemas, SA	Luanda (Angola)	100.00%	13.50%	-	-
	ZAP Media, SA	Luanda (Angola)	100.00%	13.50%	100.00%	11.26%
	ZAP Publishing, SA	Luanda (Angola)	100.00%	13.50%	100.00%	11.26%
13)	ZON Audiovisuais, SGPS. SA	Lisbon (Portugal)	100.00%	44.99%	100.00%	37.54%
14)	ZON Cinemas, SGPS. SA	Lisbon (Portugal)	100.00%	44.99%	100.00%	37.54%
	ZON Finance BV	Amsterdam (Netherlands)	100.00%	44.99%	100.00%	37.54%
14)	ZON II – Serviços de Televisão, SA	Lisbon (Portugal)	100.00%	44.99%	100.00%	37.54%
14)	ZON II – Comunicações eletrónicas, SA	Lisbon (Portugal)	100.00%	44.99%	100.00%	37.54%
15)	ZON Televisão por Cabo, SGPS, SA	Lisbon (Portugal)	100.00%	44.99%	100.00%	37.54%

15)	ZON TV Cabo Portugal, SA	Lisbon (Portugal)	100.00%	44.99%	100.00%	37.54%
	ZOPT, SGPS, SA	Porto (Portugal)	50.01%	44.99%	50.01%	37.54%

Investment Management

	Equador & Mendes - Agência de Viagens e Turismo, Lda	Lisbon (Portugal)	75.00%	37.50%	75.00%	37.50%
	Intelligent Big Data, SL	Gipuzcoa (Spain)	50.00%	26.99%	-	-
	Movimentos Viagens - Viagens e Turismo, Sociedade Unipessoal, Lda	Lisbon (Portugal)	100.00%	50.00%	100.00%	50.00%
	Nova Equador Internacional, Agência de Viagens e Turismo, Lda	Lisbon (Portugal)	100.00%	50.00%	100.00%	50.00%
	Nova Equador P.C.O. e Eventos, Sociedade Unipessoal, Lda	Lisbon (Portugal)	100.00%	50.00%	100.00%	50.00%
	Raso SGPS, SA	Lisbon (Portugal)	50.00%	50.00%	50.00%	50.00%
	Raso - Viagens e Turismo, SA	Lisbon (Portugal)	100.00%	50.00%	100.00%	50.00%
2)	Raso II - Viagens e Turismo, Unipessoal, Lda	Lisbon (Portugal)	100.00%	50.00%	-	-
	SIRS - Sociedade Independente de Radiodifusão Sonora, SA	Porto (Portugal)	100.00%	40.49%	100.00%	33.78%
1)	S21Sec Ciber seguridad SA de CV	Mexico City (Mexico)	50.00%	26.99%	-	-
	Unipress - Centro Gráfico, Lda	Vila Nova de Gaia (Portugal)	100.00%	44.99%	100.00%	37.54%
	Viagens y Turismo de Geotur España, S.L.	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%

* the percentage of ownership total represents the total percentage of interest held by the Group; the percentage of capital held "direct" corresponds to the percentage (s) (s) subsidiary which owns the stake in question holds the share capital of this company.

- 1) Company jointly controlled acquired during the period;
- 2) Company jointly controlled created during the period;
- 3) Company jointly controlled liquidated during the period;
- 4) Company jointly controlled sold during the period;
- 5) Sierra Developments Holding BV company jointly controlled sold 40% of its participation in Le Terrazze Shopping Centre 1 Srl to Union Investment Real Estate GmbH;
- 6) Ex- Parklake Shopping, Srl;
- 7) Ex - Sierra Reval Gayrimenkul Yönetim Pazarlama ve Danışmanlık A.Ş.;
- 8) Acquisition in December the 50% remaining;
- 9) Company jointly controlled merged into Company jointly controlled Sierra Spain Centers Services, SA with effects since 1 January 2014;
- 10) Ex- Sierra Spain 2 Services, SA
- 11) During the year 2014 was operated a merger of ZON TV Cabo Portugal on Optimus Comunicações, the latter changed its name to NOS Comunicações, SA.

- 12) Company sold by Sonaecom, SGPS, SA to NOS SGPS, SA during the year and as a result been recognized the gain on the loss of control as set out in IFRS 10;
- 13) Company jointly controlled merged into NOS Lusomundo Audiovisuais, S.A in September 2014;
- 14) Company jointly controlled dissolved during the period;
- 15) Company jointly controlled merged into NOS Comunicações, S.A in 2014.

6.2.2 Associated companies

COMPANY		Head Office	Percentage of share capital held			
			31 Dec 2014		31 Dec 2013	
			Direct	Total*	Direct	Total*
Retail						
1)	APOR – Agência para a Modernização do Porto, S.A.	Porto (Portugal)	23,00%	23.00%	-	-
	Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon (Portugal)	25.00%	25.00%	25.00%	25.00%
2)	Mundo Vip – Operadores Turísticos, SA	Lisbon (Portugal)	-	-	33.34%	33.34%

* the percentage of ownership total represents the total percentage of interest held by the Group; the percentage of capital held "direct" corresponds to the percentage (s) subsidiary which owns the stake in question holds the share capital of this company.

- 1) Associate acquired in the period;
- 2) Associate liquidated in the period.

Jointly controlled companies and associated companies were included in the consolidated financial statements by the equity method.

6.3 Financial indicators of participations

6.3.1 Joint Ventures

As at 31 December 2014 and 2013, summary financial information of joint ventures of the group can be analyzed as follows:



31 Dec 2014				
Joint ventures	Sonae Sierra SGPS, SA (consolidated)	ZOPT, SGPS, SA (consolidated)	Raso SGPS, SA (consolidated)	Others
Assets				
Investment properties	891,623,837	708,000	-	-
Tangible assets	1,516,133	1,198,203,256	1,884,239	2,247,298
Intangible assets	2,879,479	638,078,896	354,896	8,042
Goodwill	7,192,675	1,758,031,673	44,061,369	-
Investments in joint ventures and associates	928,564,893	306,839,602	-	-
Other non-current assets	121,771,782	164,504,895	1,022,681	74
Non-current assets	1,953,548,799	4,066,366,322	47,323,185	2,255,414
Cash and cash equivalents	71,650,755	29,772,399	272,015	224,346
Other current assets	70,387,686	454,626,177	19,038,019	2,042,021
Current assets	142,038,441	484,398,576	19,310,034	2,266,367
Total assets	2,095,587,240	4,550,764,898	66,633,219	4,521,781
Liabilities				
Borrowings	468,203,070	621,056,820	-	2,324,989
Other non-current liabilities	157,802,112	276,085,087	431,466	5,306
Non-current liabilities	626,005,182	897,141,907	431,466	2,330,295
Borrowings	38,721,438	505,749,000	3,560,801	26,262
Other current liabilities	123,568,773	601,608,100	34,169,436	1,705,815
Total current liabilities	162,290,211	1,107,357,100	37,730,237	1,732,077
Total liabilities	788,295,393	2,004,499,007	38,161,703	4,062,372
Equity attributable to the equity holders of the Parent Company	897,974,623	1,276,520,350	28,508,963	459,409
Non-controlling interests	409,317,224	1,269,745,541	(37,447)	-
Total equity	1,307,291,847	2,546,265,891	28,471,516	459,409
Total equity and liabilities	2,095,587,240	4,550,764,898	66,633,219	4,521,781

31 Dec 2013				
Joint ventures	Sonae Sierra SGPS, SA (consolidated)	ZOPT, SGPS, SA (consolidated)	Raso SGPS, SA (consolidated)	Others
Assets				
Investment properties	899,295,559	-	-	-
Tangible assets	1,551,117	1,153,256,709	2,397,178	2,873,202
Intangible assets	2,578,732	660,029,768	554,714	6,529
Goodwill	7,192,675	1,748,032,127	44,061,368	-
Investments in joint ventures and associates	786,634,239	269,750,286	-	-
Other non-current assets	117,769,435	202,921,223	864,791	14,618
Non-current assets	1,815,021,757	4,033,990,113	47,878,051	2,894,349
Cash and cash equivalents	89,318,913	74,390,059	211,978	845,973
Other current assets	85,977,224	380,460,930	19,323,693	1,992,796
Current assets	175,296,137	454,850,989	19,535,671	2,838,769
Total assets	1,990,317,894	4,488,841,102	67,413,722	5,733,118
Liabilities				
Borrowings	473,810,128	932,769,651	-	2,384,997
Other non-current liabilities	168,631,425	278,565,939	487,159	5,306
Non-current liabilities	642,441,553	1,211,335,590	487,159	2,390,303
Borrowings	82,112,827	215,791,013	3,673,683	587,218
Other current liabilities	138,867,010	549,963,932	34,548,398	1,938,068
Total current liabilities	220,979,837	765,754,945	38,222,081	2,525,286
Total liabilities	863,421,390	1,977,090,535	38,709,240	4,915,589
Equity attributable to the equity holders of the Parent Company	794,410,302	1,251,127,262	28,746,552	817,529
Non-controlling interests	332,486,202	1,260,623,305	(42,070)	-
Total equity	1,126,896,504	2,511,750,567	28,704,482	817,529
Total equity and liabilities	1,990,317,894	4,488,841,102	67,413,722	5,733,118



	31 Dec 2014			
Joint ventures	Sonae Sierra SGPS, SA (consolidated)	ZOPT, SGPS, SA (consolidated)	Raso SGPS, SA (consolidated)	Others
Turnover	186,118,629	1,368,684,000	36,755,779	4,403,707
Other operating income	47,676,301	15,245,506	2,342,339	115,590
External supplies and services	(92,149,626)	(186,985,162)	(27,037,181)	(1,998,624)
Amortisation	(1,506,264)	(360,381,107)	(825,828)	(801,287)
Other operating costs	(71,662,301)	(708,410,393)	(10,598,642)	(1,876,210)
Financial income	4,633,929	218,000	38,958	46,619
Financial expense	(26,676,611)	(52,184,040)	(992,307)	(54,984)
Financial results	(22,042,682)	(51,966,040)	(953,349)	(8,365)
Other income / expense	154,077,563	-	-	-
Income taxation	(14,422,537)	(13,342,644)	83,919	(21,066)
Consolidated net income/(loss) for the year	186,089,083	62,844,160	(232,963)	(186,255)
Attributable to:	-	-	-	-
Equity holders of the Parent Company	96,310,817	31,270,994	(237,586)	(186,255)
Non-controlling interests	89,778,266	31,573,166	4,623	-
Other comprehensive income for the period	9,193,041	31,099,000	-	-
Total comprehensive income for the period	195,282,124	93,943,160	(232,963)	(186,255)

	31 Dec 2013			
Joint ventures	Sonae Sierra SGPS, SA (consolidated)	ZOPT, SGPS, SA (consolidated)	Raso SGPS, SA (consolidated)	Others
Turnover	201,375,881	470,835,351	40,371,507	4,124,576
Other operating income	(68,027,057)	6,012,928	2,513,164	57,503
External supplies and services	(96,481,264)	(63,718,917)	(31,050,978)	(1,059,499)
Amortisation	(1,654,973)	(117,449,460)	(690,589)	(841,087)
Other operating costs	(57,900,790)	(273,763,846)	(11,347,568)	(2,117,111)
Financial income	6,907,379	-	6,477	33,481
Financial expense	(26,706,290)	(18,964,608)	(1,035,865)	(23,037)
Financial results	(19,798,911)	(18,964,608)	(1,029,388)	10,443
Other income / expense	18,189,175	2,301,801	-	-
Income taxation	10,733,320	(6,406,131)	83,631	(59,918)
Consolidated net income/(loss) for the year	(13,564,619)	(1,152,882)	(1,150,221)	114,908
Attributable to:	-	-	-	-
Equity holders of the Parent Company	3,637,321	(698,942)	(1,131,734)	114,908
Non-controlling interests	(17,201,940)	(453,939)	(18,487)	-
Other comprehensive income for the period	(45,687,532)	(8,899,500)	-	-
Total comprehensive income for the period	(59,252,151)	(10,052,382)	(1,150,221)	114,908

6.3.2 Associates

During the year ended at 31 December 2014 and 2013, the aggregated values of main financial indicators of associated companies are as follows:

	31 Dec 2014		31 Dec 2013	
Associates	Sempre a Postos	Others	Sempre a Postos	Others
Non-Current Assets	2,407,920	9,394	2,784,141	495,321
Current Assets	9,551,507	1,911,071	7,452,126	1,409,094
	-	-	-	-
Non-Current Liabilities	17,263	-	55,933	29,028
Current Liabilities	7,221,921	83,985	6,580,555	4,460,390
Equity attributable to the equity holders of the Parent Company	4,720,243	1,836,480	3,599,779	(2,585,003)

Associates	31 Dec 2014		31 Dec 2013	
	Sempre a Postos	Others	Sempre a Postos	Others
Turnover	49,085,266	126,952	49,226,565	3,581,209
Other operational income	4,690,148	-	5,008,197	1,416,376
Operational expenses	(52,194,919)	(266,560)	(54,110,609)	(5,021,202)
Net financial expense	(4,955)	53,079	(10,636)	(106,966)
Taxation	(389,294)	(42)	(47,735)	(70,225)
Consolidated profit/(loss) for the period	1,186,246	(86,571)	65,782	(200,808)
Other comprehensive income for the period	-	-	-	-
Other comprehensive income for the period	1,186,246	(86,571)	65,782	(200,808)

6.4 Movements occurred in the period

During the year ended at 31 December 2014 and 2013, movements in investments in joint ventures and associated are as follows:

	31 Dec 2014			31 Dec 2013		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Joint ventures and associates companies						
Initial balance as at January.1	593,918,408	549,973,662	1,143,892,070	378,293,453	77,255,004	455,548,457
Increase percentage in associates companies						
Acquisitions during the period	1,500	-	1,500	-	-	-
Change of consolidation method (Note 8.3)	-	-	-	225,680,194	486,961,750	712,641,944
Equity method						
Gains or losses in joint controlled and associated companies	65,093,970	(1,099,909)	63,994,061	17,182,557	(14,243,092)	2,939,465
Alocation goodwill (Note 8.3)	(36,702,250)	36,702,250	-	-	-	-
Distributed dividends	(7,320,649)	-	(7,320,649)	(143,870)	-	(143,870)
Effect in equity capital and non-controlling interests	6,448,699	-	6,448,699	(27,093,926)	-	(27,093,926)
Impairment in joint ventures	-	(6,028,574)	(6,028,574)	-	-	-
	621,439,679	579,547,428	1,200,987,107	593,918,408	549,973,662	1,143,892,070
Investments in associates companies						
Initial balance as at January.1	899,945	-	899,945	897,831	-	897,831
Constitutions during the period	41,745	-	41,745	-	-	-
Acquisitions during the period	162,506	137,494	300,000	-	-	-
Equity method						
Gains or losses in joint controlled and associates companies	414,361	-	414,361	16,446	-	16,446
Distributed dividends	(16,446)	-	(16,446)	(14,332)	-	(14,332)
	1,502,111	137,494	1,639,605	899,945	-	899,945
Total	622,941,790	579,684,922	1,202,626,712	594,818,353	549,973,662	1,144,792,015

During the year ended at 31 December 2014 the caption "Impairment in associates companies" refers to the effect of impairment losses created in the period for the associates Raso SGPS, SA.

During the year ended at 31 December 2013, the caption "Change of consolidation method" is related with the capital increase of Zopt (Note 8.3) and subsequent conversion of 115 million euro of shareholder loans in supplementary capital subscriptions.

In 2013, Goodwill decrease recorded under the caption "Gains or losses in joint ventures and associated companies" include 7,674,367 euro of goodwill relating to shopping centres sold (Valecenter, Airone and Principado) and 6,568,725 euro of impairment losses recorded for goodwill allocated to Sonae Sierra, SGPS, SA Shopping Centres.

The measurement of the existence or not of impairment in investments in joint ventures companies is determined as follows:

- Regarding Zopt, taking into consideration various information such as the business plan approved by the Board of Directors and the average of evaluations carried out by external analysts (researches); and

- Regarding Sonae Sierra impairment tests are made by comparison with the "Net Asset Value ", this results from the valuation of investment properties at market value calculated according to the INREV guidelines (European Association for Investors in Non-Listed Real Estate Vehicles) based on the independent evaluation as at 31 December 2014 and 2013 the real estate assets held by this joint venture to which were deducted the corresponding net debt and the share of minority, net of deferred tax liabilities in situations where the properties are located in markets where transactions are made taking into account this fact.

Contingent liabilities relating to joint ventures are disclosed in note 48.

7 OTHER NON-CURRENT INVESTMENTS

Other non-current investments, their head offices, percentage of share capital held and book value as at 31 December 2014 and 2013, are as follows:

		Percentage of share capital held					
		31 Dec 2014		31 Dec 2013		Statment of financial position	
Company	Head Office	Direct	Total	Direct	Total	31 Dec 2014	31 Dec 2013
Retail							
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	7.14%	7.14%	7.14%	7.14%	9,976	9,976
Insco - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	898,197	748,197
Solferias- Operadores Turísticos, SA	Lisbon	11.11%	11.11%	-	-	133,162	-
MOVVO, SA	Porto	9.09%	9.09%	-	-	400,000	-
Investment Management							
Lusa - Agên. de Noticias de Portugal, SA	Lisbon	1.38%	1.24%	1.38%	0.75%	97,344	97,344
Cooper Gay Swett & Crawford Ltd	London	9.72%	4.86%	9.72%	4.86%	16,766,584	15,468,095
Other investments						12,260,854	15,668,225
Total (Note 13)						30,566,117	31,991,837

On 31 December 2014 are included in "Other investments" among others:

- 10,000,046 euro (12,512,681 euros as at 31 December 2013), related to deposited amounts on an Escrow Account which is applied in investment funds with superior rating and guarantees contractual liabilities assumed in the disposal of a Brazil Retail business and for which provisions were recorded in the applicable situations (Note 32 and 33). The decrease in the amount of this investment from 2013 to 2014 follows the use of the Escrow Account for payments related to contractual liabilities related with subsidiaries included in the above mentioned business which were provisioned (Note 32).

Although in accordance with the deadlines contractually established, the Escrow Account should have already been released by the buyer, that didn't happen as there are some points of disagreement on the use of the Escrow Account, namely as whether or not, to retain the Escrow Account for on-going fiscal procedures that have not yet been decided (Note 33). It is the understanding of the Board of Directors, based on legal opinions of Brazilian and Portuguese lawyers that the reason attends to Sonae.

The financial investment in Cooper Gay Sweet & Crawford Ltd was remeasured to its fair value at 31 December 2014 taking into consideration the EBITDA from other companies with the same activity, deducted from its debt amount. The valuation of this participation in 2013 was based on a binding acquisition offer received from an unrelated entity, knowledgeable of the sector, in the last quarter of 2013, which was not considered appropriate by the board of directors of the company. Both valuations correspond to a Level 3 Fair

value measure. Fair value reserves as at 31 December 2014 and 2013 are related to the valuation of this investment.

As at 31 December 2014, with the exception of Cooper Gay Sweet & Crawford, Ltd and the above mentioned Escrow Account, these amounts represent financial investments of immaterial value in unlisted companies and in which the Group doesn't hold significant influence. Their cost of acquisition was considered to be a reasonable approximation to its fair value, adjusted, if applicable, by impairments identified.

8 CHANGES IN CONSOLIDATION PERIMETER

8.1 Major acquisitions of companies in the period ended at 31 December 2014 were as follows:

		Percentage of share capital held	
		At data of acquisition	
COMPANY	Head office	Direct	Total
Investment Management			
Lookwise, S.L.	Navarra (Spain)	100.00%	53.98%
S21 Sec Barcelona, S.L.	Barcelona (Spain)	100.00%	53.98%
S21 Sec Brasil, Ltda	São Paulo (Brazil)	99.99%	53.97%
S21 Sec Frau d Risk Management, S.L.	Navarra(Spain)	100.00%	53.98%
S21 Sec Gestion, SA	Navarra(Spain)	60.00%	53.98%
S21 Sec Inc.	Texas (USA)	100.00%	53.98%
S21 Sec Information Security Labs, S.L.	Navarra(Spain)	100.00%	53.98%
S21 Sec Institute, S.L.	Gipuzcoa(Spain)	100.00%	53.98%
S21 Sec México, SA de CV	Mexico City(Mexico)	99.87%	53.91%
S21 Sec SA de CV	Mexico City(Mexico)	99.99%	53.98%
Servicios de Inteligencia Estrategica Global, S.L.	Navarra(Spain)	100.00%	53.98%

The impact of these acquisitions on the consolidated financial statements can be analysed as follows:

Amounts in euro	Investment Management			
	Financial Position before aquisition	Adjustments to fair value	Fair value	31-Dec-2014
Net acquired assets				
Tangible and intangible assets (Note 10 and 11)	8,711,962	-	8,711,962	7,341,139
Deferred tax assets (Note 20)	1,044,217	-	1,044,217	924,079
Other assets	5,380,881	-	5,380,881	7,184,237
Cash and cash equivalents	2,828,615	-	2,828,615	747,617
Non recorrent loans	(12,966,816)	-	(12,966,816)	(10,421,658)
Other liabilities	(4,650,592)	(273,266)	(4,923,858)	(4,828,385)
Total net acquired assets	348,267	(273,266)	75,001	947,029
Acquisition price			75,001	
Effective cash paid	75,001			
Future cash paid	-			
	75,001			
Net cash flow resulting from the acquisition (Note 45)				
Effective cash paid	75,001			
Bank overdrafts	781,142			
Cash and cash equivalents acquired	(2,828,615)			
	(1,972,472)			

Amounts in euro	Since acquisition date	12 months
Sales and services	5,704,153	14,850,417
Other income	611,874	1,035,110
Cost of sales	(1,410,564)	(3,548,832)
External supplies and services	(1,200,463)	(2,765,256)
Staff costs	(3,675,197)	(9,224,780)
Depreciation and amortisation	(1,455,886)	(4,127,671)
Other expenses and losses	(25,427)	(99,911)
Net financial income	(339,483)	(636,581)
Profit/loss before taxation	(1,790,993)	(4,517,504)
Taxation	(192,743)	(243,591)
Net Income	(1,983,736)	(4,761,095)

Following this acquisition, is being performed a preliminary assessment of the fair value of assets acquired and assumed liabilities through this operation, having been registered Provisions for other liabilities and charges to cover several contingencies.

Several scenarios were included in the various reviews and sensitivity analysis performed, on which did not result significant variations in the allocation of the fair value of assets and liabilities. For the remaining assets and liabilities no significant differences were identified between the fair value and the respective book value.

The allocation of the acquisition price is still subject to changes until the conclusion of a period of one year from the date of acquisition, in accordance with IFRS 3 - Business Combinations. However, the Group does not expect material changes as a result of the allocation changes made.

8.2 Major disposals of companies in the period ended at 31 December 2014 were as follows:

Company	Head Office	Percentage of capital held	
		At operation date	
		Direct	Total
Retail			
Fozmassimo - Sociedade Imobiliária, SA	Matosinhos	100.00%	100.00%
Investment Management			
Mainroad - Serviços em Tecnologias de Informação, S.A.	Maia	100.00%	89.90%

On January 2014, the Group sold its subsidiary Fozmassimo – Sociedade Imobiliária, SA to an external entity.

On September 2014, the subsidiary Mainroad – Serviços em Tecnologias de Informação, S.A. was disposed to NOS Comunicações, S.A. Group for 14 million euro. Taking into account the accounting policy adopted by Sonae was recognized the entire gain in that disposal aims the Mainroad constitutes a business activity.

The impact on the financial statements can be analyzed as follows:

Amounts in euro	At disposal data		31 December 2013	
	Retail	Investment Management	Retail	Investment Management
Net assets				
Tangible and intangible assets (Note 10 and 11)	2,777,380	2,607,143	2,777,380	3,046,595
Deferred tax assets	-	169,548	-	144,612
Other assets	23,820	4,071,350	23,820	4,388,897
Cash and cash equivalents	14,771	645,074	14,771	83,499
Deferred tax liabilities (Note 20)	(77,521)	-	(77,521)	-
Other liabilities	(62,509)	(7,693,066)	(62,509)	(7,691,667)
Total of assets disposal	2,675,941	(199,951)	2,675,941	(28,064)
Non-controlling interests	-	(775)	-	-
Shareholder's loans, treasury operations and interests	-	1,380,000	-	-
Profit in disposal (Note 36)	297,373	12,820,726	-	-
Consideration received	2,973,313	14,000,000		
Effective cash payment received	2,973,313	14,000,000		
Future cash receivements	-	-		
	2,973,313	14,000,000		
Net cash-flow arising from disposal				
Effective cash payment received	2,973,313	14,000,000		
Cash and cash equivalents disposed	(14,771)	(645,074)		
	2,958,542	13,354,926		

Amounts in euro	At disposal data		31-Dec-13	
	Retail	Investment Management	Retail	Investment Management
Sales	-	11,711,367	200,406	16,235,207
Other income	-	143,323	2,399	166,408
Other expenses	-	(11,190,071)	(109,011)	(14,949,625)
Net financial expenses	-	(97,632)	61,418	(181,279)
Profit/(Loss) after taxation	-	566,987	155,212	1,270,711
Profit/(Loss) before taxation	-	(118,201)	(35,122)	(60,374)
Profit/(Loss)	-	448,786	120,090	1,210,337

8.3 Zon Optimus Merger

During the year ended at 31 December 2013, as a result of the incorporation by merger of Optimus SGPS in Zon Multimédia – Serviços de Telecomunicações e Multimédia, the telecommunications segment (Optimus SGPS, Optimus SA, Artis Be, Be Towering, Sontária and Permar) was classified, for presentation purposes, as a discontinued operation. As set by IFRS 5, changes were made in the consolidated profit and loss statements for the years ended at 31 December 2013, in order to disclose a single caption ('Net income/(loss) for the year of discontinued operations') related to net income/(loss) of discontinued operations.

The discontinued operations as at 31 December 2013 include the following companies:

COMPANY	Head Office	Percentage of capital held	
		At operation date	
		Direct	Total
Telecommunications			
Be Artis - Concepção, Construção e Gestão de Redes de Comunicações, SA	Maia	100.00%	75.07%
Be Towering – Gestão de Torres de Telecomunicações, SA	Maia	100.00%	75.07%
Optimus - Comunicações, SA	Maia	100.00%	75.07%
Optimus, SGPS, SA	Maia	100.00%	75.07%
Per-Mar - Sociedade de Construções, SA	Maia	100.00%	75.07%
Sontária – Empreendimentos Imobiliários, SA	Maia	100.00%	75.07%

Following the announcement made, on 14 December 2012, between Sonaecom, SGPS, S.A., Kento Holding Limited and Jadeium BV (currently named Unitel International Holdings, BV, collectively referred to as 'Kento/Jadeium'), of having reached an agreement to recommend to the Boards of Zon Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. ('Zon') and Optimus SGPS, SA a merger between the two companies, on 11 January 2013, Sonaecom, SGPS, S.A. carried out a capital increase in kind, transferring 81.807% of its financial participation in Optimus SGPS, S.A. to ZOPT,SGPS, S.A. (vehicle used for this purpose), conditional upon completion of the merger.

Thus, following the above mentioned agreement, on 27 August 2013, and after fulfilling all the remedies required to the operation, the merger was closed. Sonaecom considers this to be the date on which Zopt took control of Zon Optimus, having 50.01% of its share capital. Accordingly, in the same day, it was registered the capital increase in kind with the transference of 81.807% Sonaecom's financial participation in Optimus SGPS, S.A. to ZOPT,SGPS, S.A ('Zopt'). As a consequence, Sonaecom held a 50% stake in Zopt, as well as shareholder loans to be received from Zopt amounting to Euro 230 million euro, which would later be converted on supplementary capital and reduced to 115 million euro. Additionally, the remaining stake of 18.193% in Optimus SGPS, was converted into a minority stake of 7.28% in Zon Optimus (Note 13).

Resulting from a 'Shareholders Agreement' between the parties involved in the merger, Sonaecom and Kento/Jadeium Group agreed not to acquire any shares of Zon Optimus, with the exception of the shares acquired by Sonaecom as a result of the operation. For this reason, the 'Shareholders Agreement' also foresees that after 2 years from the date of the formal closing of the merger, and for a period of three months, the Group Kento / Jadeium may exercise a call option over half of the shares of Zon Optimus that Sonaecom holds at the date of the exercise of call option, at a price equal to the weighted average price of the previous month.

After the share capital increase of Zopt and the completion of the merger between Optimus SGPS and Zon, Sonae derecognised in its consolidated financial statements, assets and liabilities from Optimus SGPS and its subsidiaries amounting to 541 million euro. Sonae has also recorded an investment in Zopt amounting to 598 million euro, loans to be received from Zopt amounting to 230 million euro and an investment recorded at fair value through profit and loss in Zon Optimus shares (the conversion of 20,921,650 Optimus SGPS shares, representing 18.193% of the share capital, to 37,489,324 Zon Optimus shares, representing 7.28% of the share capital), at market price as at 27 August 2013 (date of the closing of the merger), amounting to 156 million euro (Note 13).

The financial investment in Zopt of 598 million euro ($598 = ((2.850 \times 50.01\%) - 230) \times 50\%$) results from the valuation of Zon Optimus, amounting to 2,850 million euro. This corresponds to the sum of the valuation of the capital increase in Zopt made by Zon and Optimus in 1,500 million euro and 1,000 million euro, respectively (the valuation was made by entities involved in the capital increase and the merger project) and the minimum synergies estimated, disclosed in the merger project in the amount of 350 million euro, deducted from loans amounting to 230 million euro (Level 3 of inputs in the hierarchy of fair value). It was decided that Zon market price at the date of the closing of the merger didn't reflect the fair value of Zon Optimus (the argument for not using the Zon share price at the date of the close of the merger, as above mentioned, is proven by the positive evolution of Zon Optimus share price since the date of the merger until 31 December 2013 (2,782 million euro versus 2,141 million euro, share price as at 27 August 2013, merger date)). For this reason, the market capitalization of Zon was not considered as a reference for valuing the Zopt investment. The valuation of Zon and Optimus was based on internal and analysts' projections, regarding the main economic indicators, including operating results and investment. For this purpose, was used a weighted average cost of capital of 9.5% and growth rate of 3%.

Following the merger, was performed on Zopt a preliminary assessment of the fair value of assets acquired and assumed liabilities through this operation. In accordance with IFRS 3 - Business Combinations, the preliminary evaluation of the fair value of the acquired assets and liabilities assumed in this transaction was subject to changes over a period of one year from the date of control, and this ended at 26 August 2014.

The detail of the net assets of the ZON group and the goodwill recorded under this transaction and after the assessment to the fair value is as follows:

Amounts in thousands euro	Book Value	Adjustments for the fair value initially reported	Changes the adjustments to fair value	Fair value
Acquired assets				
Tangible assets	1,168,116	(5,315)	-	1,162,801
Intangible assets	490,975	216,055	(33,202)	673,828
Investments in group companies	33,646	284,807	(41,259)	277,194
Deferred tax assets	156,948	38,007	7,641	202,596
Inventories	37,159	(1,384)	-	35,775
Accounts receivable and other assets	394,053	1,861	-	395,914
Cash and cash equivalents	175,901	-	-	175,901
Total Assets	2,456,798	534,031	(66,820)	2,924,009
Acquired liabilities				
Borrowings	1,269,797	7,634	-	1,277,431
Provisions	61,172	37,889	89,996	189,057
Deferred tax liabilities	8,592	79,588	(9,994)	78,186
Accounts payable and other liabilities	593,700	20,532	-	614,232
Non-controlling interests	9,662	-	-	9,662
Liabilities and non-controlling interests	1,942,923	145,643	80,002	2,168,568
Total net acquired assets	513,875	388,388	(146,822)	755,441
Goodwill				2,094,559
Acquisition price				2,850,000

The fair value of net assets acquired was determined through various valuation methodologies for each type of asset or liability based on the best information available. The main fair value adjustments made in this process were : (i) valuation of TV Cines and TV Series channels (+66.1 million euro), which will be depreciated in a straight-line basis over a 10 years period, (ii) clients portfolio (+94.7 million euro), which will be depreciated in a straight-line basis as the average period for client retention , (iii) financial investments (+262.1 million euro) including +224.2 million euro in estimated future economic benefits ('goodwill') of subsidiaries , valuations of channels in the amount of +29.4 million euro, valuation of client portfolios in the amount of +17.1 million euro, among others, and the inherent deferred taxes , (iv) increase of +57.3 million euro in equipment book value, (v) telecom licenses (+12.7 million euro), which will be depreciated over the estimated useful life; (vi) infrastructure reconstruction and replacement, equipment costs and other adjustments on basic equipment in the amount of -22.7 million euro; (vii) adjustment of -27.7 million euro to carrying amount of the assets falling within the commitments made to the Competition Authority, under the merger operation, in particular, the agreement on an option to acquire the fiber network of Optimus; (viii) changes in the fair value of borrowings in the amount of -7.6 million euro, and (ix) Contingent liabilities relating to present obligations amounting to -140,5 million euro of which a part correspondent to tax contingences was registered as a reduction to deferred assets over tax losses and (x) contractual obligations in the amount of -15.3 million euro related to long-term contracts whose prices are different from market prices.

The methodologies used in the main fair value adjustments were Discounted cash flows (Level 3) with the exception to Rooftops and Towers that was used the Rebuilding costs (Level 2), to Basic Equipment that was used the Replacement costs (Level 2) and to Contractual obligations that was used when comparing with today fees (Level 2).

In identifying the fair value of acquired assets and liabilities the Group's management make estimates, assumptions and judgments such as: (i) the average period of retention of Optimus' customers used in the

valuation of the customer portfolio; (ii) the average time of use of existing 2G/3G and LTE technologies and revenue growth as a result of the emergence of other new technologies, used in the valuation of the telecom licenses, among others. Although these estimates were based on the best information available at the date of preparation of the consolidated financial statements, current and future results may differ from these estimates.

Several scenarios have been considered in the valuations. The sensitivity analyzes performed have not led to significant changes in the allocation of the fair value of assets and liabilities. For the remaining assets and liabilities were not identified significant differences between the fair value and their book value.

As usual on mergers and acquisitions, also in this operation, there was a part of the acquisition price which was not possible to allocate to the fair value of some identified assets and liabilities that was considered as Goodwill and recorded in "Intangible Assets". This Goodwill is related to a number of different elements, which cannot be individually quantified and isolated in a viable way and include, for example, synergies, qualified workforce and technical skills.

Thus, as a result of the derecognition of the investment in Optimus SGPS, the recognition of the investments in Zopt and NOS, and the loans to be received from Zopt, it was registered a capital gain of 443 million euro during the period ended at 31 December 2013.

The detail of the values in the statement of financial position derecognised as at August 2013 can be detailed as follows:

Assets	Notes	27-Aug-2013
Non current assets		
Tangible assets	10	556,348,626
Intangible assets	11	353,987,003
Goodwill	12	33,955,548
Deferred tax assets	20	98,625,768
Other non-current assets		960,878
Total non-current assets		1,043,877,823
Current assets		
Inventories		19,124,520
Trade accounts receivable and other current assets		263,722,481
Cash and cash equivalents		18,262,934
Total current assets		301,109,935
Equity and Liabilities		
Other equity instruments		(6,468,582)
Non current liabilities		
Loans		(17,879,657)
Other non-current liabilities		(293,533,174)
Total non-current liabilities		(311,412,831)
Current liabilities		
Loans		(2,451,761)
Trade creditors and other current liabilities		(356,328,712)
Other current liabilities		(127,483,937)
Total current liabilities		(486,264,410)
Total of derecognition assets and liabilities		540,841,936
Gain / (loss) on the operation	4	442,605,639
Compensation received		983,447,575
Compensation received		
Participation in Zopt	6	597,641,944
Loans Zopt		230,000,000
Zon Optimus shares	13	155,805,631
		983,447,575

In the year ended 31 December 2013, from Zon Optimus merger resulted cash receipts arising from loans granted to Optimus in the amount of 427.9 million euro and 115 million euro from loans granted to Zopt paid by the other company with joint control in Zopt.

After 26 August 2013, was realized a capital increase on ZOPT, SGPS, SA in which Sonaecom, SGPS, SA participates with 115 million euro.

9 FINANCIAL INSTRUMENTS BY CLASS

The financial instruments classification according to policies disclosed in Note 2.13 can be detailed as follows:

Financial assets	Notes	Loans and accounts receivable	Assets at fair value through the income statement	Available for sale	Derivates (Note 26)	Sub-total	Assets not covered by IFRS 7	Total
As at 31 December 2014								
Non-current assets								
Other investments	7 and 13	10,000,046	-	20,566,071	-	30,566,117	-	30,566,117
Other non-current assets	14	43,165,757	-	-	-	43,165,757	6,603,611	49,769,368
		53,165,803	-	20,566,071	-	73,731,874	6,603,611	80,335,485
Current assets								
Trade receivables	16	79,543,281	-	-	-	79,543,281	-	79,543,281
Other debtors	17	69,142,677	-	-	-	69,142,677	-	69,142,677
Investments	13	56,122	57,611,618	-	3,995,221	61,662,961	-	61,662,961
Cash and cash equivalent	21	588,596,792	-	-	-	588,596,792	-	588,596,792
		737,338,872	57,611,618	-	3,995,221	798,945,711	-	798,945,711
		790,504,675	57,611,618	20,566,071	3,995,221	872,677,585	6,603,611	879,281,196
As at 31 December 2013								
Non-current assets								
Other investments	7 and 13	13,389,201	-	18,602,636	-	31,991,837	-	31,991,837
Other non-current assets	14	14,681,220	-	-	-	14,681,220	17,289,393	31,970,613
		28,070,421	-	18,602,636	-	46,673,057	17,289,393	63,962,450
Current assets								
Trade receivables	16	78,261,378	-	-	-	78,261,378	-	78,261,378
Other debtors	17	123,425,677	-	-	-	123,425,677	-	123,425,677
Investments	13	6,105	202,442,350	-	35,999	202,484,454	-	202,484,454
Cash and cash equivalent	21	366,308,918	-	-	-	366,308,918	-	366,308,918
		568,002,078	202,442,350	-	35,999	770,480,427	-	770,480,427
		596,072,499	202,442,350	18,602,636	35,999	817,153,483	17,289,393	834,442,877

Financial liabilities	Notes	Derivates (Note 26)	Financial liabilities recorded at amortised cost	Sub-total	Liabilities not covered by IFRS 7	Total
As at 31 December 2014						
Non-current liabilities						
Bank loans	24	-	284,308,122	284,308,122	-	284,308,122
Bonds	24	-	612,965,560	612,965,560	-	612,965,560
Obligations under finance leases	24 and 25	-	4,754,587	4,754,587	-	4,754,587
Other loans	24	-	4,981,858	4,981,858	-	4,981,858
Other non-current liabilities	27	-	15,408,596	15,408,596	28,651,472	44,060,068
		-	922,418,723	922,418,723	28,651,472	951,070,195
Current liabilities						
Bank loans	24	-	113,873,438	113,873,438	-	113,873,438
Bonds	24	-	826,032,837	826,032,837	-	826,032,837
Obligations under finance leases	24 and 25	-	4,720,839	4,720,839	-	4,720,839
Other loans	24	582,869	867,737	1,450,606	-	1,450,606
Trade creditors	29	-	1,151,006,417	1,151,006,417	-	1,151,006,417
Other creditors	30	-	209,573,983	209,573,983	-	209,573,983
		582,869	2,306,075,251	2,306,658,120	-	2,306,658,120
		582,869	3,228,493,974	3,229,076,843	28,651,472	3,257,728,315
As at 31 December 2013						
Non-current liabilities						
Bank loans	24	-	241,163,840	241,163,840	-	241,163,840
Bonds	24	-	1,113,399,900	1,113,399,900	-	1,113,399,900
Obligations under finance leases	24 and 25	-	7,980,489	7,980,489	-	7,980,489
Other loans	24	-	53,936	53,936	-	53,936
Other non-current liabilities	27	-	18,136,627	18,136,627	33,111,254	51,247,881
		-	1,380,734,792	1,380,734,792	33,111,254	1,413,846,046
Current liabilities						
Bank loans	24	-	65,791,907	65,791,907	-	65,791,907
Bonds	24	-	159,962,358	159,962,358	-	159,962,358
Obligations under finance leases	24 and 25	-	4,314,843	4,314,843	-	4,314,843
Other loans	24	3,836,167	33,466	3,869,633	-	3,869,633
Trade creditors	29	-	1,162,317,682	1,162,317,682	-	1,162,317,682
Other creditors	30	-	313,313,588	313,313,588	-	313,313,588
		3,836,167	1,705,733,844	1,709,570,011	-	1,709,570,011
		3,836,167	3,086,468,636	3,090,304,803	33,111,254	3,123,416,057

Financial instruments recognized at fair value

The Group applies IFRS 13 - Fair Value Measurement. This standard requires that the fair value is disclosed in accordance with the fair value hierarchy:

	31-Dec-2014			31-Dec-2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Investments	57,661,618	-	16,766,584	202,442,350	-	15,468,095
Derivatives	-	3,995,221	-	-	35,999	-
	57,661,618	3,995,221	16,766,584	202,442,350	35,999	-
Financial liabilities measured at fair value						
Derivatives	-	582,869	-	-	3,836,167	-
	-	582,869	-	-	3,836,167	-

10 TANGIBLE ASSETS

During the periods ended as at 31 December 2014 and 2013, movements in tangible assets as well as accumulated depreciation and impairment losses are made up as follows:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangibles assets	Tangible assets in progress	Total Tangible Assets
Gross costs:							
Opening balance as at 1 January 2013	1,944,250,596	2,269,285,934	21,676,966	325,424,042	45,503,939	52,690,950	4,658,832,427
Discontinued operations (Note 8.3)	(292,980,232)	(1,090,887,728)	(85,728)	(216,176,440)	(6,556,008)	(10,277,476)	(1,616,963,612)
Investment	2,993,467	4,899,535	94,357	11,345,149	51,591	143,873,210	163,257,309
Disposals	(7,511,917)	(58,422,007)	(1,282,416)	(10,925,745)	(1,828,187)	(1,208,393)	(81,178,665)
Exchange rate effect	(64,614)	(276,017)	(73,497)	(773,237)	(64)	(26,628)	(1,214,057)
Transfers	12,642,523	124,092,906	1,181,774	6,304,083	2,658,793	(153,202,740)	(6,322,661)
Opening balance as at 1 January 2014	1,659,329,823	1,248,692,623	21,511,456	115,197,852	39,830,064	31,848,923	3,116,410,741
Investment	6,139,911	2,090,982	149,878	463,043	99,368	140,272,970	149,216,152
Acquisitions of subsidiaries (Note 8.1)	928,630	631,866	39,669	2,467,953	127,207	-	4,195,325
Disposals	(10,087,651)	(68,228,346)	(446,040)	(4,536,204)	(2,296,721)	(4,611,868)	(90,206,830)
Disposals of subsidiaries (Note 8.2)	(8,466,427)	(2,107,714)	(3,492)	(1,766,740)	(769)	(87,732)	(12,432,874)
Exchange rate effect	(25,936)	58,729	(59)	197,101	(5)	3,210	233,040
Transfers	20,719,728	105,800,785	1,254,039	9,415,761	2,566,106	(140,118,989)	(362,570)
Closing balance as at 31 December 2014	1,668,538,078	1,286,938,925	22,505,451	121,438,766	40,325,250	27,306,514	3,167,052,984
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2013	448,370,593	1,274,180,207	17,716,754	275,644,764	39,810,330	-	2,055,722,648
Discontinued operations (Note 8.3)	(169,205,712)	(687,662,778)	(83,381)	(197,585,549)	(6,077,566)	-	(1,060,614,986)
Depreciation of period	31,560,052	154,316,203	1,266,578	23,099,228	2,838,252	-	213,080,313
Impairment losses of the period (Note 32)	100,029,307	53,244,344	32,476	525,201	116,584	-	153,947,912
Disposals	(2,601,959)	(53,077,986)	(1,235,942)	(10,338,541)	(1,793,598)	-	(69,048,026)
Exchange rate effect	(30,505)	(207,676)	(54,925)	(477,694)	(8)	-	(770,808)
Transfers	1,821,809	(2,811,414)	(40,397)	(2,020,832)	(19,882)	-	(3,070,716)
Opening balance as at 1 January 2014	409,943,585	737,980,900	17,601,163	88,846,577	34,874,112	-	1,289,246,337
Depreciation of the period	25,501,948	102,450,479	1,203,258	10,326,377	2,445,226	-	141,927,288
Impairment losses of the period (Note 32)	-	1,479,167	-	-	-	-	1,479,167
Acquisitions of subsidiaries (Note 8.1)	815,248	600,391	9,654	2,404,872	68,800	-	3,898,965
Disposals	(517,459)	(54,868,370)	(424,981)	(4,119,986)	(2,250,040)	-	(62,180,836)
Disposals of subsidiaries (Note 8.2)	(4,102,561)	(1,668,613)	(3,492)	(1,443,300)	(769)	-	(7,218,735)
Exchange rate effect	(30,272)	43,568	1,667	137,469	(4)	-	152,428
Transfers	1,182,818	(2,337,108)	(4,620)	(929,100)	(111,502)	-	(2,199,512)
Closing balance as at 31 December 2014	432,793,307	783,680,414	18,382,649	95,222,909	35,025,823	-	1,365,105,102
Carrying amount							
As at 31 December 2013	1,249,386,238	510,711,723	3,910,293	26,351,275	4,955,952	31,848,923	1,827,164,403
As at 31 December 2014	1,235,744,771	503,258,511	4,122,802	26,215,857	5,299,427	27,306,514	1,801,947,881

The investment includes:

- approximately 148 million euro (99.6 million euro in 2013) of assets acquisition primarily associated with the opening and remodelling of stores of Sonae retail operating segments;

- approximately 26.8 million euro in 2013 of assets acquisition associated with the UMTS operation (Universal Mobile Telecommunications Service), HSDPA (Kanguru Express), GSM (Global Standard for Mobile Communications), GPRS (General Packet Radio Service), FTTH (Fibre-to-the-Home) and LTE (Long Term Evolution). On the 27th August 2013, following the merger mentioned in Note 8 of the assets of the telecommunications business, including the above assets was derecognized and reflected in the line "discontinued activities" in 2013.

The caption "Impairment losses of the period" can be detailed as follows:

Impairments	31-Dec-2014	31-Dec-2013
Layout change and rebranding of:		
Sonae SR stores	1,479,167	43,746,620
Sonae MC stores	-	9,988,367
Real estate impairment	-	100,029,307
Others	-	183,618
	1,479,167	153,947,912

The real estate assets in the periods ended as at 31 December 2014 and 2013 were based in external valuations made by an independent and specialized entity (Jones Lang LaSalle). These valuations were performed using the income method. For this purpose it was considered yields between 7.25% and 9.25% (7.40% and 9.50% in 2013). For IFRS 13 purposes, this is a "Level 3" fair value measurement. These evaluations support the assets amounts in 31 December 2014 and has not been recorded any impairment in the period (100,029,307 euros in 2013).

Major amounts included in the caption "Tangible assets in progress" refer to the following projects:

	31-Dec-2014	31-Dec-2013
Refurbishment and expansion of stores in the retail businesses located in Portugal	16,674,838	17,595,991
Refurbishment and expansion of stores in the retail businesses located in Spain	1,166,105	1,297,219
Projects "Continente" stores for which advance payments were made	8,879,900	11,532,400
Development of fixed network	23,998	455,656
Others	561,673	967,657
	27,306,514	31,848,923

11 INTANGIBLE ASSETS

During the periods ended as at 31 December 2014 and 2013, movements in intangible assets as well as accumulated amortization and impairment losses are made up as follows:



	Patents and other similar rights	Software	Other intangible assets	Intangible assets in progress	Total intangible assets
Gross assets:					
Opening balance as at 1 January 2013	574,470,896	499,423,318	48,696,368	44,117,440	1,166,708,022
Discontinued operations (Note 8.3)	(478,094,901)	(304,656,517)	-	(21,285,935)	(804,037,353)
Investment	15,529,786	1,291,028	72,391	45,820,721	62,713,926
Disposals	(1,119,545)	(174,469)	-	(243,556)	(1,537,570)
Exchange rate effect	(298,747)	(782,929)	(5,190,168)	(35,427)	(6,307,271)
Transfers	5,170,441	31,096,211	3,850,363	(39,288,276)	828,739
Opening balance as at 1 January 2014	115,657,930	226,196,642	47,428,954	29,084,967	418,368,493
Investment	117,195	1,444,584	43,972	46,879,398	48,485,149
Acquisitions of subsidiaries (Note 8.1)	-	20,680,062	-	-	20,680,062
Disposals	(440,114)	(1,005,864)	-	(349,820)	(1,795,798)
Disposals of subsidiaries (Note 8.2)	(26,071)	(1,638,360)	-	-	(1,664,431)
Exchange rate effect	677,067	478,601	292,218	106,614	1,554,500
Transfers	624,214	37,049,744	9,287	(37,902,058)	(218,813)
Closing balance as at 31 December 2014	116,610,221	283,205,409	47,774,431	37,819,101	485,409,162
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2013	205,977,682	374,719,011	23,556,107	-	604,252,800
Discontinued operations (Note 8.3)	(203,989,969)	(246,060,381)	-	-	(450,050,350)
Depreciation of the period	31,725,939	31,423,062	2,820,238	-	65,969,239
Disposals	(1,118,901)	(172,242)	-	-	(1,291,143)
Exchange rate effect	(127,143)	(578,245)	(1,752,393)	-	(2,457,781)
Transfers	(5,116)	(903,312)	-	-	(908,428)
Opening balance as at 1 January 2014	32,462,492	158,427,893	24,623,952	-	215,514,337
Depreciation of the period	4,625,559	21,634,470	2,619,450	-	28,879,479
Acquisitions of subsidiaries (Note 8.1)	-	12,264,460	-	-	12,264,460
Disposals	(437,047)	(902,400)	-	-	(1,339,447)
Disposals of subsidiaries (Note 8.2)	(24,812)	(1,469,232)	-	-	(1,494,044)
Exchange rate effect	464,510	174,882	38,384	-	677,776
Transfers	32,352	(120,647)	35,008	-	(53,287)
Closing balance as at 31 December 2014	37,123,054	190,009,426	27,316,794	-	254,449,274
Carrying amount					
As at 31 December de 2013	83,195,438	67,768,749	22,805,002	29,084,967	202,854,156
As at 31 December de 2014	79,487,167	93,195,983	20,457,637	37,819,101	230,959,888

Under the agreed terms resulting from the grant of the UMTS License, NOS Comunicações, S.A., committed to contribute to the promotion and development of an 'Information Society' in Portugal. The total amount of the obligations assumed arose to 274 million euro, part of which already recognized (in the amount of 159 million euro) and the remaining will be realized until the end of 2015.

Additionally the caption "Patents and other similar rights" includes the acquisition cost of a group of brands with indefinite useful lives among which the "Continente" brand, acquired in previous years, amounting to 75,000,000 euro (the same amount as at December 2013).

Sonae performs annual impairment tests on the value of brands, calculating for this purpose the recoverable amount of Sonae MC, which is determined, based on value in use using for this purpose the last business plan which are prepared through projected cash flows for periods of 5 years. The assumptions used are disclosed in Note 12.

The remaining amounts that make up the balance of intangible assets in progress relate mainly to projects and computer software.

12 GOODWILL

Goodwill is allocated to each one of the operating segments and within to each one of the homogeneous groups of cash generating units as follows:

- Retail - Goodwill is allocated to each operating segment, Food based retail (Sonae MC) and Specialized retail (Sonae SR), being afterwards distributed by each homogenous group of cash generating units, namely to each insignia within each segment and country, distributed by country and each of the properties in case of Retail real estate operating segment(Sonae RP);

- Investment Management - This segment's Goodwill is mainly related to: (i) Information Systems, Multimedia business and Telecommunications (Zopt); (ii) insurance clients portfolio, which was acquired previously to the adoption of IFRS, therefore explaining the non-recognition as an Intangible asset; and (iii) assets acquired in subsequent years, namely Lazam/MDS;

As at 31 December 2014 and 2013, the caption "Goodwill" was as follows by insignia and country:

Insignia	31-Dec-2014			
	Portugal	Brazil	Other contries	Total
Food Retail	476,659,057	-	-	476,659,057
Specialized Retail				
electronics	65,283,532	-	-	65,283,532
fashion	8,736,484	-	-	8,736,484
sports	10,957,847	-	-	10,957,847
Retail real estate	3,669,165	-	-	3,669,165
Insurance (MDS)	9,221,508	24,053,063	-	33,274,571
Information Systems, Multimedia	778,944	7,090	11,223,775	12,009,808
	575,306,536	24,060,153	11,223,775	610,590,464

Insignia	31-Dec-2013			
	Portugal	Brazil	Other contries	Total
Food Retail	476,659,057	-	-	476,659,057
Specialized Retail				
electronics	65,283,532	-	-	65,283,532
fashion	8,833,790	-	-	8,833,790
sports	10,957,847	-	-	10,957,847
Retail real estate	3,669,165	-	-	3,669,165
Insurance (MDS)	9,077,394	23,904,938	-	32,982,332
Information Systems, Multimedia	807,179	7,090	10,987,867	11,802,135
	575,287,963	23,912,028	10,987,867	610,187,858

During the years ended 31 December 2014 and 2013, movements in Goodwill as well as in the corresponding impairment losses, are as follows:

	31-Dec-2014	31-Dec-2013
Gross value:		
Opening balance	624,540,640	664,502,705
Acquisition of Connectiv and Goodwill adjustment	-	(3,383,070)
Discontinued operations (Note 8.3)	-	(33,955,548)
Goodwill generated in the period	-	3,986,740
Disposals of subsidiaries	-	-
Other variations	306,962	(1,942,716)
Currency translation	512,734	(4,667,471)
Write-off	(2,325)	-
Closing balance	625,358,011	624,540,640
Accumulated impairment		
Opening balance	14,352,782	6,274,655
Increases (Note 32)	414,765	8,078,127
Closing balance	14,767,547	14,352,782
Carrying amount:	610,590,464	610,187,858

The evaluation of the existence, or not, of impairment losses in Goodwill is made by taking into account the cash-generating units, based on the most recent business plans duly approved by the Group's Board of Directors, which are made on an annual basis unless there is evidence of impairment and prepared according to cash flow projections for periods of five years.

During the periods ended at 31 December 2014 and 2013, Sonae tested for goodwill impairment, having as a result of that analysis, recorded impairment losses as follows:

	31-Dec-2014	31-Dec-2013
Sonae SR	97,306	2,485,549
Sonae RP	-	355,418
Investment management	317,459	5,237,160
	414,765	8,078,127

At 31 December 2014 and 2013, the impairment of Goodwill of Sonae SR results mainly of goodwill allocated to stores that closed.

At 31 December 2013, the impairment losses recorded on goodwill in Investment Management follows the outcome of impairment testing of a Retail insignia included in Investment Management segment, which led to the impairment of the entire goodwill allocated to this insignia in the amount of approximately 4,150,000 euro.

The main assumptions used in the above mentioned business plans are detailed as follows for each of Sonae operating segments.

Retail

For this purpose the Food Retail (Sonae MC) and Specialized Retail (Sonae SR) operating segments in Portugal use internal valuation of its business concepts, using annual planning methodologies, supported in business plans that consider cash flow projections for each unit which depend on detailed and properly supported assumptions. These plans take into consideration the impact of the main actions that will be carried out by each business concept as well as a study of the resources allocation of the company.

The recoverable value of cash generating units is determined based on its value in use, which is calculated taking into consideration the last approved business plans which are prepared using cash flow projections for periods of 5 years.

The case scenarios are elaborated with a weighted average cost of capital and with a growth rate of cash-flows in perpetuity that can be detailed as follows:

	31-Dec-2014			31-Dec-2013		
	Average capital cost	Growth rate in perpetuity	Compound growth rate sales	Average capital cost	Growth rate in perpetuity	Compound growth rate sales
Sonae MC	9% a 10%	<= 1%	3.8%	9% a 10%	<= 1%	4.0%
Specialized Retail						
electronics	9% a 11%	<= 1%	5.1%	9% a 11%	<= 1%	6.8%
fashion	9% a 11%	<= 1%	7.3%	9% a 11%	<= 1%	5.0%
sports	9% a 11%	<= 1%	6.4%	9% a 11%	<= 1%	4.0%
Investment management (excluding Information Systems, Multimedia and Insurance)	9% a 10%	<= 1%	4.8%	8% a 10%	<= 1,5%	6.0%

Investment management

The main assumptions used in segment of Investment management are:

Information Systems and Multimedia and Telecommunications

In the information systems sector, the assumptions used are based on essentially the various businesses of the group and the growth of various geographic areas where the Group operates. The average growth rate used to the turnover of 5 years was 12.6%. This increase mainly relates to WeDo group by investment in new industries, and the recent focus on the security market that is growing strongly. For the Media sector, the average growth rate used was 2.0%. The discount rates used were based on the estimated weighted average cost of capital, which depends on the business segment of each subsidiary, as indicated in the table below. In perpetuity, the Group considered a growth rate of 2% in the area of information systems and 0% in Multimedia area. In situations where the measurement of the existence, or not, of impairment is made based on the net selling price, values of similar transactions and other proposals made are used. Regarding the area of telecommunications (Zopt), the assessment of whether or not the impairment is determinate taking into account with several information as business plans approved by the Board of Directors, which implied average growth rate of operating margin amounts to 2.7%, and the average ratings of external reviewers (researches).

	31-Dec-2014			31-Dec-2013		
	Basis of recoverable amount	Discount rates	Growth rate in perpetuity	Basis of recoverable amount	Discount rates	Growth rate in perpetuity
Information Systems	value of use	10,5%	2,0%	value of use	13%	3%
Multimedia	value of use	9,0%	0%	value of use	12%	0%
NOS	value of use	8.2%	2.0%	-	-	-

For the sector of Information Systems, in digital security area (Cibersecurity), the growth rate used was 3%.

During the year ended at 31 December 2014, was made a discount rate revaluation used, this rate was changed for 10.5% (13% in 2013) in the area of information systems, for 9% (12% in 2013) in the area of multimedia and for 8.2% (9% in 2013) in the area of telecommunication. In information systems area was also revaluated the growth rate used, this rate was changed for a more conservative rate of 2% (3% in 2013), taking into account the maturity of the company in the sector.

Insurance Brokers

Goodwill was exclusively allocated to business insurance client portfolio, as consequence, the impairment analysis is made using the estimated profitability of the mentioned portfolio, being the main assumptions as follows:

	31-Dec-2014		31-Dec-2013	
	Portugal	Brazil	Portugal	Brazil
Sales increase rate during the projected period	4% a 8,4%	9,5% a 14%	3% a 8,93%	7,8% a 13%
Perpetuity growth rate	2%	4.0%	2%	4.5%
Discount rate used	7.3%	15.1%	8,9% a 10,7%	13.9%

The analyses of the impairment indices and the review of the impairment projections and tests of Sonae have lead to clearance losses, during the year ended on 31 December 2014. For the sensitivity analyses made, required by IAS 36 - Impairment of Assets, has not led to material changes in the recoverability of those assets, as such no material additional impairments would arise.

13 OTHER INVESTMENTS

As at 31 December 2014 and 2013, the movements in "Other investments" made up as follows:

	31-Dec-2014		31-Dec-2013	
	Non current	Current	Non current	Current
Other investments:				
Fair value (net of impairment losses) as at 1 January	31,991,837	202,448,455	59,877,723	881,581
Acquisitions in the period	683,362	17	891,408	155,805,631
Disposals in the period	(3,435,848)	(141,650,837)	(21,213,170)	(875,476)
Increase/(Decrease) in fair value	1,326,766	(3,129,895)	(7,564,124)	46,636,719
Fair value (net of impairment losses) as at 31 December	30,566,117	57,667,740	31,991,837	202,448,455
Derivative financial instruments (Note 26)				
Fair value as at 1 January	-	35,999	-	30,341
Acquisitions in the period	-	3,761,187	-	26,398
Increase/(Decrease) in fair value	-	198,035	-	(20,740)
Fair value as at 31 December	-	3,995,221	-	35,999
	30,566,117	61,662,961	31,991,837	202,484,454

The amount of increase/(decrease) in fair value in the caption "Other non-current investments" is related to the measurement at fair value of the investment in Cooper Gay Sweet & Crawford 1,298,490 euro (7,386,736 euro at 31 December 2013) (Note 7).

Under the caption "Other non-current financial investments" an amount of 10,000,046 euro (12,512,681 euro in 31 December 2013) is recorded related to deposited amounts on an Escrow Account (Note 7). The amount of decrease in this caption in 2014 and 2013 results from the use of the Escrow Account for payments relating to civil and labor litigations mentioned in Note 32.

Under the caption "Other investments" on current assets, an amount of 57,661,618 euro (202,442,350 euro as at 31 December 2013) is recorded related to NOS shares that resulted from the merger between Optimus SGPS and ZON (Note 4). This investment is recorded at fair value through profit or loss, since it is the initial classification of an asset held for a sale purpose in a short-time. In accordance with the 'Shareholders Agreement', these shares neither concedes any additional vote right or affect the shared control situation with NOS, SGPS, S.A (prior Zon Optimus, SGPS, SA..

Decreases at 31 December 2014 include the counterpart in NOS shares provided by the terms of trade of the General Public and Voluntary Offer for acquisition of Sonaecom SGPS, SA. shares, as a result of this offering Sonaecom reduced its investment in NOS shares in 26,476,792 shares (EUR 141,650,837) (note 23) and now holds 11,012,532 shares representing the share capital of NOS, corresponding to a share of 2.14%.

The amount of increase / (decrease) in fair value under the caption "Other investments" on current asset, is mainly associated with the registration to the fair value of the participation on NOS in the amount of 3,129,895 euro (46,636,719 euro at 31 December 2013). The fair value of this investment is determined based on the price of NOS shares and the respective changes are recorded in the consolidated income statement.

The Other non-current Investments are recorded at acquisition cost net of impairment losses. It is Sonae understanding that no reliable fair value estimate can be made as there is no market data available for these investments. The heading of "Other non-current Investments" includes 3,799,487 euro (3,134,574 euro in 31 December 2013) of investments recorded at acquisition cost net of impairment losses for the same reasons.

The Other non-current Investments are net of impairment losses (Note 32) amounting to 273,261 euro (257,055 euro in 31 December 2013).

14 OTHER NON - CURRENT ASSETS

As at 31 December 2014 and 2013, "Other non-current assets" are detailed as follows:

	31 Dec 2014			31 Dec 2013		
	Gross Value	Accumulated impairment losses (Note 32)	Carrying Amount	Gross Value	Accumulated impairment losses (Note 32)	Carrying Amount
Loans granted to related parties	3,570	-	3,570	3,570	-	3,570
Trade accounts receivable and other debtors						
Legal deposits	823,044	-	823,044	818,011	-	818,011
Recognition of the value to be received from Wall Mart	7,948,164	-	7,948,164	7,858,057	-	7,858,057
Cautions	5,173,020	-	5,173,020	5,725,333	-	5,725,333
Special regime for payment of tax and social security debts	28,489,503	-	28,489,503	-	-	-
Others	728,456	-	728,456	276,249	-	276,249
	43,162,187	-	43,162,187	14,677,650	-	14,677,650
Total financial instruments (Note 9)	43,165,757	-	43,165,757	14,681,220	-	14,681,220
Reinsurer's share of technical provisions	6,545,163	-	6,545,163	16,789,943	-	16,789,943
Other non-current assets	58,448	-	58,448	499,450	-	499,450
	49,769,368	-	49,769,368	31,970,613	-	31,970,613

As a result of the agreements signed in 2005 by the former subsidiary - Sonae Distribuicao Brasil, SA (sold to Wall-Mart in 2005) with Carrefour Comercio e Industria Ltda, Sonae assumed the responsibility to compensate Carrefour for the expenses that would arise from the 10 stores licensing process, in the Brazilian state of Sao Paulo, that were sold to that entity. During 2010, Carrefour triggered a bank warranty "on first demand" amounting to 25,340,145.80 Brazilian real (approximately 7.9 million euro) for alleged expenses incurred with the mentioned stores that, allegedly arose from the need to remedy deficiencies cited by competent authorities for the licensing process. However no evidence of those expenses was presented to Sonae, or proof of the necessity of carrying out such costs for the licensing process as established on the mentioned agreements. The variation in the period is explained by the evolution of the exchange rate of the real against the euro.

During 2014 Carrefour made a proposition to pay the above mentioned amount having the agreement already been signed in February 2015, for an amount of 35 million Brazilian reais.

The amount disclosed as 'Special regime for payment of tax and social security debts' corresponds to taxes voluntarily paid which were previously disputed and subject to reimbursement claims. The tax litigations are still in progress, although following the payment of guarantees previously given where canceled. No impairment loss was recorded since it's the Board of Directors understanding that the decisions over the appeals will be in favour of Sonae. During 2014, Sonae has chosen to transfer this amount to "Other non-current assets", (Note 17) taking into consideration the estimated term of this proceedings.

The Reinsurer's share of technical provisions refer to non-life insurance ceded to reinsurance companies by a captive subsidiary. The provision can be detailed as follows: Provisions for outstanding claims 6,545,163 euro (11,744,610 euro as at 31 December 2013) and Provision for unearned premiums (5,045,333 euro as at December 2013)(Note 32).

15 INVENTORIES

As at 31 December 2014 and 2013, inventories are as follows:

	31 Dec 2014	31 Dec 2013
Raw materials and consumables	1,005,942	1,125,967
Goods for resale	632,438,397	619,774,885
Finished and intermediate goods	413,127	478,877
Work in progress	205,856	237,215
	634,063,322	621,616,944
Accumulated impairment losses on Inventories (Note 32)	(31,087,092)	(32,667,082)
	602,976,230	588,949,862

Cost of goods sold as at 31 December 2014 and 2013 amounted to 3,781,374,723 euro and 3,602,380,328 euro, respectively, and may be detailed as follows:

	31 Dec 2014	31 Dec 2013
Opening balance	620,900,851	568,156,694
Purchases	3,802,651,897	3,675,441,541
Adjustments	(7,150,317)	(9,766,771)
Closing balance	633,444,339	620,900,851
	3,782,958,092	3,612,930,613
Impairment losses (Note 32)	(1,583,369)	(10,550,285)
	3,781,374,723	3,602,380,328

As at 31 December 2013 the caption "adjustments" relates primarily to adjustments regarding donations to social welfare institutions conducted by the Retail operating segment.

16 TRADE ACCOUNTS RECEIVABLE

As at 31 December 2014 and 2013, trade accounts receivable are detailed as follows:

Trade accounts receivable and doubtful accounts	31 Dec 2014			31 Dec 2013		
	Gross Value	Accumulated impairment losses (Note 32)	Carrying Amount	Gross Value	Accumulated impairment losses (Note 32)	Carrying Amount
Sonae MC	26,249,142	(3,073,346)	23,175,796	30,899,444	(2,639,880)	28,259,564
Sonae SR	15,798,802	(657,384)	15,141,418	13,290,302	(393,922)	12,896,380
Sonae RP	86,206	(47,024)	39,182	164,896	(47,024)	117,872
Investment management	44,255,875	(3,763,175)	40,492,700	40,514,254	(3,944,314)	36,569,940
Sonae Holding	694,185	-	694,185	417,622	-	417,622
	87,084,210	(7,540,929)	79,543,281	85,286,518	(7,025,140)	78,261,378

Sonae's exposure to credit risk is mainly related to accounts receivable arising from its operational activity. The amounts presented on the statement of financial position are net of impairment losses that were estimated based on Sonae's past experience and on the assessment of current economic conditions. It's Sonae understanding that the book value of the accounts receivable does not differ significantly from its fair value.

As at 31 December 2014 there is no indication that the debtors of trade accounts receivable not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognized.

As at 31 December 2014 and 2013, the ageing of the trade receivables are as follows:

31-Dec-2014	Trade Receivables			
	Retail	Investment Management	Sonae Holding	Total
Not due	16,006,738	17,412,859	694,184	34,113,781
Due but not impaired				
0 - 30 days	4,564,121	6,180,372	-	10,744,493
30 - 90 days	14,452,095	4,641,306	-	19,093,401
+ 90 days	3,333,444	10,601,441	-	13,934,885
Total	22,349,660	21,423,119	-	43,772,779
Due and impaired				
0 - 90 days	20,263	335,158	-	355,421
90 - 180 days	38,037	65,926	-	103,963
180 - 360 days	95,790	481,317	-	577,107
+ 360 days	3,623,663	4,537,496	-	8,161,159
Total	3,777,753	5,419,897	-	9,197,650
	42,134,151	44,255,875	694,184	87,084,210

31-Dec-2013	Trade Receivables			
	Retail	Investment Management	Sonae Holding	Total
Not due	17,265,111	14,449,721	417,622	32,132,454
Due but not impaired				
0 - 30 days	1,768,227	8,280,583	-	10,048,810
30 - 90 days	21,621,642	5,160,438	-	26,782,080
+ 90 days	2,177,627	5,373,110	-	7,550,737
Total	25,567,496	18,814,131	-	44,381,627
Due and impaired				
0 - 90 days	10,777	961,541	-	972,318
90 - 180 days	44,900	859,287	-	904,187
180 - 360 days	100,610	1,182,051	-	1,282,661
+ 360 days	1,365,747	4,247,524	-	5,613,271
Total	1,522,034	7,250,403	-	8,772,437
	44,354,641	40,514,255	417,622	85,286,518

In determining the recoverability of trade receivables, Sonae considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the large number of customers. Accordingly, it is considered that the risk of not recovering the trade receivables is not higher than the allowance for doubtful debts.

Additionally, Sonae considers that the maximum exposure to the credit risk is the amount presented in the consolidated statement of financial position.

17 OTHER DEBTORS

As at 31 December 2014 and 2013, other debtors are as follows:

	31-Dec-2014	31-Dec-2013
Granted loans to related companies	8,776,377	8,599,429
Other debtors		
Trade creditors - debtor balances	47,075,248	34,270,501
Special regime for payment of tax and social security debts (Note 14)	-	28,354,934
Deposit in favor of Cosec ^{a)}	-	11,798,127
Dividends to be received of jointly controlled companies	-	10,567,050
Interests and accounts receivable from discontinued activities	59,417	10,936,329
Vouchers and gift cards	2,222,783	3,289,808
VAT recoverable on real estate assets	3,313,110	2,905,724
Reinsurance operations	864,209	2,102,625
TRS related to own shares (Note 22)	-	410,944
Advances to suppliers	350,481	665,532
Other current assets	21,436,664	23,985,624
	75,321,912	129,287,198
Accumulated impairment losses in receivables (Note 32)	(14,955,612)	(14,460,950)
Total of Financial Instruments (Note 9)	69,142,677	123,425,677

a) Deposit in favour of COSEC received in January 2014;

Granted loans to related companies bear interests at market rates and do not have defined maturity but are deemed to be received within twelve months.

The amounts disclosed as "Trade creditors - debtor balances" relate with commercial discounts billed to suppliers, to be net settled with future purchases - mainly in the retail segment.

As at 31 December 2014 and 2013, the ageing of other debtors is as follows:

	Other Debtors	
	31-Dec-2014	31-Dec-2013
Not due	14,465,068	52,522,869
Due but not impaired		
0 - 30 days	12,844,878	13,190,190
30 - 90 days	28,295,215	37,869,908
+ 90 days	4,761,139	11,243,281
Total	45,901,232	62,303,379
Due and impaired		
0 - 90 days	1,429,860	205,875
90 - 180 days	269,585	224,684
180 - 360 days	606,960	759,187
+ 360 days	12,649,207	13,271,204
Total	14,955,612	14,460,950
	75,321,912	129,287,198

As at 31 December 2014 there is no indication that the debtors not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognized.

The carrying amount of "other debtors" is estimated to be approximately its fair value.

18 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2014 and 2013, Taxes recoverable and taxes and contributions payable are made up as follows:

	31-Dec-2014	31-Dec-2013
Tax recoverable		
Income taxation	25,240,402	44,093,654
VAT	27,137,468	26,880,720
Other taxes	2,399,862	1,473,127
	54,777,732	72,447,501
Taxes and contributions payable		
Income taxation	23,529,994	13,259,922
VAT	49,609,484	25,201,787
Staff income taxes withheld	5,414,437	5,531,471
Social security contributions	11,970,877	11,365,579
Other taxes	730,045	398,366
	91,254,837	55,757,125

19 OTHER CURRENT ASSETS

As at 31 December 2014 and 2013, "Other current assets" is made up as follows:

	31-Dec-2014	31-Dec-2013
Invoices to be issued	8,326,110	6,251,905
Commercial discounts	58,952,301	30,455,235
Prepayments of external supplies and services	13,185,897	12,077,662
Prepayments - Rents	6,270,434	6,210,168
Commissions to be received	2,485,121	2,627,215
Insurance indemnities	16,462	2,430,736
Other current assets	14,813,304	11,484,397
	104,049,629	71,537,318

The caption "Commercial discounts" refers to promotional campaigns carried out in the retail operating segment stores and reimbursed by Sonae suppliers (Note 38).

20 DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2014 and 2013 are as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
Difference between fair value and acquisition cost	6,216,291	5,911,741	26,314,693	27,533,300
Amortisation and Depreciation	1,816,225	1,371,758	44,149,035	62,855,081
Provisions and impairment losses not accepted for tax purposes	12,896,112	38,828,805	-	-
Write off of tangible and intangible assets	1,818,696	3,663,000	-	-
Valuation of hedging derivatives	73,443	210,756	574,288	60,252
Amortisation of Goodwill for tax purposes	-	-	18,613,423	25,128,058
Revaluation of tangible assets	-	-	1,292,518	1,543,774
Tax losses carried forward	63,338,474	62,456,417	-	-
Reinvested capital gains/(losses)	-	-	1,256,610	1,512,257
Tax Benefits	3,258,977	4,464,928	-	-
Others	533,725	6,252,459	2,191,748	2,463,247
	89,951,943	123,159,864	94,392,315	121,095,969

During the periods ended 31 December 2014 and 2013, movements in Deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
Opening balance	123,159,864	224,718,491	121,095,969	136,943,600
Effects in net income:	-	-	-	-
Difference between fair value and acquisition cost	475,587	2,293,557	(1,136,543)	(8,154,588)
Temporary differences on tangible assets and intangible	478,864	1,247,614	5,795,804	(884,981)
Provisions and impairment losses not accepted for tax purposes	(4,806,761)	24,305,747	-	463,067
Provisions and impairment losses transfer	(17,445,738)	-	(17,445,738)	-
Write-off of tangible and intangible assets	(1,827,162)	(3,863,953)	-	-
Write-off of deferred accrued costs	-	-	-	(1,159,359)
Revaluation of tangible assets	-	-	(134,495)	(142,627)
Tax losses carried forward	8,964,261	(33,645,656)	-	-
Temporary differences arising from the securitization of receivable	-	(2,146,667)	-	-
Amortization of goodwill for tax purposes	-	-	(2,791,950)	1,333,298
Reinvested capital gains/(losses)	-	-	(131,501)	581,432
Changes in tax rates	(16,744,767)	(3,917,249)	(11,919,354)	(6,863,639)
Tax Benefits	(1,205,951)	12,253,877	-	-
Discontinued operations (Note 8.3)	-	(3,559,820)	-	(740,174)
Others	(1,027,082)	568,886	583,339	1,732,237
	(33,138,749)	(6,463,664)	(27,180,438)	(13,835,334)
Effects in equity:	-	-	-	-
Difference between fair value and historical cost	-	-	-	-
Valuation of hedging derivatives	(96,171)	90,963	492,250	5,156
Others	(847,670)	(119,978)	62,055	(3,017,379)
	(943,841)	(29,015)	554,305	(3,012,223)
Acquisitions of subsidiaries (Note 8.1)	1,044,217	-	-	-
Disposals of subsidiaries (Note 8.2)	(169,548)	-	(77,521)	-
Discontinued operations (Note 8.3)	-	(95,065,948)	-	999,926
Closing Balance	89,951,943	123,159,864	94,392,315	121,095,969

During the period ended 31 December 2013, the caption "Tax Losses" includes the reversal of deferred tax assets related to tax losses that have been recorded in previous periods in Worten and Sport Zone Spain amounting 32.5 million euro, considering the existent risk in the recovery of those tax credits within a relevant time horizon. The deferred tax assets in question could only be recovered in the individual sphere of each company. Following the revision of these insignias business plans, as well as its rebranding and the change in expectations of the group for the development of these businesses in Spain, the group decided on their annulment.

The 2015 State Budget of Portugal and Spain approved a reduction of tax rates of 23% to 21% and 30% to 28% in 2015 and to 25% in 2016, respectively. As a result, Sonae changed, on 31 December 2014 the tax rate to be used for the calculation of deferred tax assets on tax losses to 21% for the Portuguese companies and to 25% for the Spanish companies. The rate used to calculate deferred taxes in temporary differences in Portuguese companies is 22.5% increased by the state surcharge in companies in which the expected reversal of those deferred taxes will occur when those rates will be applicable. For companies or branches located in other countries, rates applicable in each jurisdiction were used.

As at 31 December 2014 and 2013, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	31 Dec 2014			31 Dec 2013		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2008	-	-	2014	1,296,239	298,135	2014
Generated in 2009	114,601	24,066	2015	145,240	33,405	2015
Generated in 2010	-	-	2014	99,670	22,924	2014
Generated in 2011	994,069	227,320	2015	1,199,591	294,472	2015
Generated in 2012	-	-	2017	87,055	20,023	2017
Generated in 2013	-	-	2018	-	-	-
Generated in 2014	1,194,236	250,790	2026	-	-	-
	2,302,906	502,176		2,827,795	668,959	10,075
With a time limit different from the above mentioned (a)	249,624,509	62,836,298		205,722,563	61,787,458	-
	251,927,415	63,338,474		208,550,358	62,456,417	

(a) Includes, as at 31 December 2014, 60 million euro (58 million euro as at 31 December 2013) related to deferred tax assets for which the carry forward period count hasn't started.

As at 31 December 2014 and 2013, deferred tax assets resulting from tax losses carried forward were assessed against each company's business plans, which are regularly updated, and available tax planning opportunities. Deferred tax assets have only been recorded to the extent that future taxable profits will arise which might be offset against available tax losses or against deductible temporary differences.

As at 31 December 2014 deferred tax assets related to tax losses generated in current and previous years, by Modelo Continente Hipermercados, S.A. Spanish Branch of Retail operating segment, amount to 54.3 million euro (57.9 million euro as at 31 December 2013). The mentioned tax losses can be recovered within the Income Tax Group established in Spain, according to Spanish law. Modelo Continente Hipermercados, S.A. Spanish Branch, as at 31 December 2014 and 2013, was the dominant entity within the group of companies taxed in accordance with the Spanish regime for taxing groups of companies.

Additionally Spanish law allows the annual deduction, for tax purposes, of 5% of goodwill recognized on the acquisition of foreign based companies before 21 December 2007, however in 2012 and 2013 this rate was reduced to 1%. Sonae has accounted deferred tax liabilities relating to goodwill depreciation performed for tax purposes, generated with the acquisition of Continente Hipermercados (ex-Carrefour Portugal).

In 2010 and 2011, Spanish Tax authorities notified Modelo Continente S.A. Spanish Branch of a decrease in 2008 and 2009 tax losses incurred, amounting to approximately 23.3 million euro, challenging the deduction of Goodwill depreciation, generated on the acquisition of Continente Hipermercados for each of the mentioned years. That branch appealed to the proper Spanish Authorities (Tribunal Económico Administrativo Central de Madrid) in 2010 and 2011 respectively, and it is the Board of Directors understanding that the decision will be favorable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities related with Goodwill. In 2012 the Company interposed an appeal to the National Court in Spain ("Audiencia Nacional Espanha"), due to a decision opposite to the claims and estimates of the Company, by the Economic and Administrative Central Court of Madrid, for the notification for fiscal year of 2008. During 2014, the same proceeding was adapted for 2009 tax assessment.

In 2014 following an additional inspection for fiscal years 2008 to 2011, Spanish Tax authorities corrected tax losses carried forward regarding goodwill depreciation and financial expenses that resulted from the acquisition of Continente Hipermercados S.A.. Although in complete disagreement, Sonae carried out the tax



returns correction until 2012 and appealed, in 2015, to the proper Spanish Authorities (Tribunal Económico-Administrativo Central em Espanha). Tax returns for 2013 were corrected, being disregarded the amounts related with goodwill amortization and financial expenses related with the acquisition of Continente Hipermercados, S.A. and the same procedure will be followed for 2014, and in subsequent periods, until a decision on the pending litigations is made by the proper authorities.

Sonae considering the appeal made, and the belief that the decision will be favorable, and with the confirmation of their tax advisors regarding the high probability of success, kept the deferred tax assets from 2008 to 2011 recorded amounting to 38.4 million euro, and the deferred tax liabilities amounting to 18.6 million euro.

Although in disagreement, considering that the tax returns were corrected and that no appeal was made Sonae reversed deferred tax assets from 2012 to 2014, since it considered that there was no support in IFRS to keep such amounts recorded. Deferred tax assets for tax losses carried forward amounting to 5.9 million and deferred tax liabilities for Goodwill depreciation amounting to 3.5 million were reversed.

As at 31 December 2014, tax losses arising from the depreciation of Goodwill and financial expenses, including those from 2008, amount respectively to 88.4 million euro (83.7 million euro as at 31 December 2013) and 104 million euro (88 million euro as at 31 December 2013). Sonae kept recorded deferred tax assets and deferred tax liabilities arising from Goodwill depreciation amounting to 18.6 million euro (25.1 million euro as at 31 December 2013) and deferred tax assets arising from financial expenses amounting to 20.9 million euro (23.3 million euro as at 31 December 2013).

The recoverability of the previously mentioned deferred tax assets, regarding Sonae operations in Spain is supported in the analysis of the recoverable amount of the cash-generating units for the specialized retail formats in Spain based on their value in use, obtained from business plans with a 10-year projection period, assuming it is the most realistic and appropriate deadline for the implementation of the strategy of internationalization of Sonae in the specialized retail segment, taking into consideration not only the nature of the products in question (more discretionary character) but also the current macro-economic conditions and restrictions on access to new financing, which limits a faster internationalization process.

Main assumptions used in the business plans are a compound growth rate of 12% over a 10 year period (10.5% in 2013) and a growth rate in perpetuity less than or equal to 1%. The discount rates used are based on the weighted average cost of capital which falls between 9% and 11%.

It is the Board of Directors understanding, considering the existing business plans for each of the companies, that such deferred tax assets are fully recoverable.

As at 31 December 2014, there was tax losses carried forward, amounting to 374.5 million euro (356.6 million euro in 2013) for which no deferred tax assets were recognized due to uncertainties of their future use.



	31-Dec-2014			31-Dec-2013		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use						
Generated in 2008	-	-	2014	8,723,778	2,120,486	2014
Generated in 2009	10,546,946	2,277,819	2015	10,226,350	2,404,541	2015
Generated in 2010	5,396,528	1,189,522	2016	11,187,572	2,624,821	2014
Generated in 2011	7,520,472	1,615,477	2015	7,520,472	1,784,165	2015
Generated in 2012	11,599,479	2,566,889	2016	11,599,479	2,756,301	2017
Generated in 2013	18,046,606	4,100,873	2018	17,313,620	4,036,044	2018
Generated in 2014	5,705,078	1,236,359	2019	-	-	
	58,815,109	12,986,939		66,571,271	15,726,358	
Without limited time use	38,355,276	10,668,429		36,681,986	7,303,523	
With a time limit different from the above mentioned	275,096,290	68,760,368		253,301,226	70,394,923	
	372,266,675	92,415,736		356,554,483	93,424,804	

21 CASH AND CASH EQUIVALENTS

As at 31 December 2014 and 2013, Cash and cash equivalents are as follows:

	31-Dec-2014	31-Dec-2013
Cash at hand	7,790,919	7,547,903
Bank deposits	399,994,990	197,242,711
Treasury applications	180,810,883	161,518,304
Cash and cash equivalents on the statement of financial position	588,596,792	366,308,918
Bank overdrafts (Note 24)	(325,180)	(439,462)
Caixa e equivalentes de caixa na demonstração dos fluxos de caixa	588,271,612	365,869,456

Bank overdrafts are disclosed in the statement of financial position under Current bank loans.

22 SHARE CAPITAL

As at 31 December 2014, the share capital, which is fully subscribed and paid for, is made up of 2,000,000,000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

On 15th November 2007, Sonae Holding sold 132,856,072 Sonae Holding shares directly owned by the Company. The shares were sold in a market operation at the unit price of 2.06 euro per share and resulted on a cash inflow (net of brokerage commissions) of 273,398,877 euro.

On the same date, Sonae Investments, BV wholly owned by Sonae Holding entered into a derivative financial instrument - Cash Settled Equity Swap - over a total of 132.800.000 Sonae Holding shares, representative of 6.64% of its capital.

This transaction has strictly financial liquidation, without any duty or right for the Company or any of its associated companies in the purchase of these shares. This transaction allows Sonae Investments BV to totally maintain the economic exposure to the sold shares.

In this context, although legally all the rights and obligations inherent to these shares have been transferred to the buyer. Sonae Holding did not derecognize their own shares, recording a liability in the caption "Other current liabilities" (Note 30). According to the interpretation made by Sonae of the IAS 39, applied by analogy to own equity instruments, the derecognition of own shares is not allowed as the group maintains the risks and rewards arising on the instruments sold.



Consequently, Sonae maintains the deduction from Equity amounting to the acquisition cost of the 132,800,000 shares (138,568,275 euro), and has accounted for the consideration received for the above mentioned sale of own shares in the caption "Other non-current liabilities" (273,568,000 euro).

Due to the detach in 4 January 2008, of Sonae Capital SGPS, SA demerger rights attributable to the 132,800,000 Sonae Holding shares subject to the above mentioned agreement, the Group recognized an asset measured at its' fair value. This asset as not been derecognized as the Group also entered into a Cash Settled Equity Swap over the Sonae Capital SGPS, SA shares, and therefore a liability was recognized.

In the period from 2009 to 2013 Sonae Investments BV requested a partial cancellation of the Cash Settled Equity Swap for 10,719,496 Sonae Holding shares. Thereafter, the derivative financial instrument focused on 122,080,504 Sonae Holding shares.

On 19 October 2010 Sonae Investments BV came to an agreement with the above mentioned financial institution to extend the maturity date of the Cash Settled Equity Swap over Sonae Holding shares. The renewal of the maturity date was made for 3 additional years, until November 2013, keeping the settlement mechanism as strictly financial. The Cash Settled Equity Swap, over Sonae Capital SGPS, SA shares, at maturity date, was not renewed, as so Sonae acquired 16,600,000 Sonae Capital SGPS, SA shares at fair value, which corresponded to the amount of the liability recorded at the settlement date, representative of 6.6% of its capital. During the year ended 31 December 2012 Sonae Capital shares were disposed. In November 2014 was carried further renewal for a further period of one year, keeping the other conditions unchanged.

Considering the operations mentioned above, the amount of the liability recorded amounts to 103,720,530 euro (Note 30) (103,289,056 euro as at 31 December 2013) reflecting the market value of Sonae Holding shares.

The value of these liabilities is adjusted at the end of each month by the effect of Sonae Holding share price variation being recognized an asset / liabilities current in order to present the right / obligation related to the receipt / financial liquidation that occurs on a monthly basis (Note 17).

Additionally, the costs related to the "floating amount" based on Euribor 1 month are recognised in the income statement.

The value to get established on the basis of dividends distributed by Sonae is credited in equity to offset the charge of the distribution. The amount of dividends on Sonae SGPS, SA during the year ending 31 December 2014 amounted to 4,248,401 euro (4,040,865 euro in 2013), that was credited to equity.

As at 31 December 2014, Sonae owns directly and indirectly 123,579,306 own shares representing 6.18% of its share capital at an average price of 1,103 euro.

During the period were acquired 15.292.051 own shares by group in amount of 20.679.050 euro.

The number of shares taken into consideration to calculate earnings per share includes the shares referred to above as a deduction to the shares issued by the Company (Note 44).



As at 31 December 2014, the following entities held more than 20% of the subscribed share capital:

Company	%
Efanor Investimentos, SGPS, SA and subsidiaries	52.48

23 NON-CONTROLLING INTERESTS

As at 31 December 2014 and 2013, "Non-Controlling Interest" are detailed as follows

COMPANY	31 Dec 2014				
	Equity	Profit/(Loss) for the period	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests	Dividends attributable to non-controlling interests
Retail					
Real Estate Investment Funds	295,727,211	16,120,563	33,627,820	1,399,782	1,799,008
Others	41,281,318	(43,771)	19,341,825	(144,654)	-
Investment Management					
Sonaecom, SGPS, SA (consolidated)	1,001,980,222	27,336,516	99,990,722	2,028,375	19,920
MDS, SGPS, SA (consolidated)	13,484,185	(3,307,449)	7,782,645	(1,606,504)	183,650
Others					
Others	583,413	(1,672,426)	466	(1,338)	-
Total	1,353,056,349	38,433,433	160,743,478	1,675,661	2,002,578

COMPANY	31 Dec 2013				
	Equity	Profit/(Loss) for the period	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests	Dividends attributable to non-controlling interests
Retail					
Real Estate Investment Funds	300,347,261	12,687,028	37,219,381	1,407,523	2,753,202
Others	40,965,943	(433,073)	19,360,454	(594,416)	-
Investment Management					
Sonaecom, SGPS, SA (consolidated)	1,119,075,176	589,967,820	280,422,873	147,093,164	10,821,883
MDS, SGPS, SA (consolidated)	16,130,350	(5,760,992)	7,321,316	(2,864,548)	47,303
Others					
Others	2,255,839	(1,189,655)	1,804	(952)	-
Total	1,478,774,568	595,271,129	344,325,828	145,040,771	13,622,388

Movements in non-controlling interests during the periods ended as at 31 December 2014 and 2013 are as follows:

	31 Dec 2014					Total
	Retail		Investment Management		Others	
	Real Estate Investment Funds	Others	Sonaecom, SGPS, SA (consolidated)	MDS, SGPS, SA (consolidated)	Others	
Opening balance as at 1 January	37,219,381	19,360,454	280,422,873	7,321,316	1,804	344,325,829
Dividends	(66,437)	-	(19,920)	(183,650)	-	(270,007)
Income Distribution on investment funds	(1,732,571)	-	-	-	-	(1,732,571)
Increased shareholding by acquisitions	(3,189,948)	-	(182,414,295)	1,260,355	-	(184,343,888)
Change in currency translation reserve	-	5,558	42,389	107,066	-	155,014
Obligation fulfilled by share attribution to employees	(2,387)	79,623	(12,231)	(4,479)	-	60,527
Change in the fair value of investments available for sale (Note 13)	-	-	-	649,115	-	649,115
Changes in hedging reserves	-	40,843	-	-	-	40,843
Others	-	-	(56,470)	239,426	-	182,956
Profit for the period attributable to non-controlling interests	1,399,782	(144,654)	2,028,375	(1,606,504)	(1,338)	1,675,661
Closing balance as at 31 December	33,627,820	19,341,825	99,990,722	7,782,645	466	160,743,479
	31 dez 2013					Total
	Retail		Investment Management		Others	
	Real Estate Investment Funds	Others	Sonaecom, SGPS, SA (consolidated)	MDS, SGPS, SA (consolidated)	Others	
Opening balance as at 1 January	47,284,430	19,057,095	267,299,311	16,257,527	2,756	349,901,121
Dividends	(165,851)	-	(10,821,883)	(47,303)	-	(11,035,038)
Income Distribution on investment funds	(2,587,351)	-	-	-	-	(2,587,351)
Increased shareholding by acquisitions	(8,719,370)	541,089	(123,293,178)	-	-	(131,471,460)
Change in currency translation reserve	-	(60,182)	(77,294)	(2,331,731)	-	(2,469,207)
Obligation fulfilled by share attribution to employees	-	-	2,023,158	-	-	2,023,158
Change in the fair value of investments available for sale (Note 13)	-	-	-	(3,692,629)	-	(3,692,629)
Derecognition of incentive plans of discontinued operations (Note 8)	-	-	(1,612,922)	-	-	(1,612,922)
Changes in hedge and fair value reserves	-	17,059	-	-	-	17,059
Others	-	399,810	(187,483)	-	-	212,326
Profit for the period attributable to non-controlling interests	1,407,523	(594,416)	147,093,164	(2,864,548)	(952)	145,040,771
Closing balance as at 31 December	37,219,381	19,360,454	280,422,873	7,321,316	1,804	344,325,828

On 5 February 2014, Sonaecom made public the decision to launch a general and voluntary tender offer for the acquisition of shares representing the share capital of Sonaecom.

The offer was general and voluntary, with the offered obliged to acquire all the shares that were the object of the offer and were, until the end of the respective period, subject to valid acceptance by the recipients.

The period of the offer, during which sales orders were received, ran for two weeks, beginning on 6 February and ending on 19 February 2014.

On 20 February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares. In 2014 Sonaecom reduced its share capital in circa 136 million euro, as a result of the extinction of acquired shares (54,906,831 shares) and reduction of the nominal value of the remaining shares representing the capital of Sonaecom from 1 to 0.74 euros per share, resulting in an increase in the proportion of detention by the Sonae and consequently a significant reduction of the non-controlled interests, which is included in the above table in section "percentage variation for acquisition of shares" in the period ended 31 December 2014.

As a counterpart of the own Shares acquired in the process of General and voluntary public offering the 26,476,792 shares representing the delivered Sonaecom capital of NOS that were recorded in the balance sheet by 141,650,837 euro (Note 12) and the amount of 19,632 euros in cash. Additionally during the year the Group acquired shares in Sonaecom directly by amount of 9,895,571 euro.

In 2013, the caption "Variation of share acquisition percentage" is primarily associated with the operation of the acquisition of 20% Sonaecom SGPS, SA capital held by Sonae SGPS, SA during the financial year 2013.

During the exercise were still acquired units of real estate investment fund "Imosedé" the amount of 5,000,134 euro.

The acquisitions mentioned above had the following impacts at the level of the financial statements:

	Additional acquisitions / disposals			
	Sonaecom	Imosedé	Others	Total
Additional percentage acquired	14.90%	3.28%		
Share of the acquired / disposed equity	182,414,292	4,575,768	(2,646,172)	184,343,888
Aquisition / disposal cost	(151,566,040)	(5,000,134)	1,627,711	(154,938,463)
Impact on equity	30,848,252	(424,366)	(1,018,461)	29,405,425

In 31 December 2014 and 2013, aggregate financial information of subsidiaries with Interests without control is as follows:

	31 Dec 2014				
	Retail		Investment Management		Others
	Real Estate Investment Funds	Others	Sonaecom, SGPS, SA (consolidated)	MDS, SGPS, SA (consolidated)	Others
Total Non-Current Assets	304,708,758	47,267,665	837,122,634	75,096,990	8,499,162
Total Current Assets	6,461,506	47,240,841	339,602,598	26,945,625	2,937,732
Total Non-Current Liabilities	3,419,839	20,828,985	81,028,842	54,095,421	8,798,400
Total Current Liabilities	12,023,214	32,398,203	93,716,168	34,463,008	2,055,081
Equity	295,727,211	41,281,318	1,001,980,222	13,484,186	583,413

	31 Dec 2013				
	Retail		Investment Management		Others
	Real Estate Investment Funds	Others	Sonaecom, SGPS, SA (consolidated)	MDS, SGPS, SA (consolidated)	Others
Total Non-Current Assets	307,966,795	48,265,080	795,606,673	76,447,255	18,760,012
Total Current Assets	8,064,233	47,979,921	505,593,052	26,079,265	7,546,163
Total Non-Current Liabilities	3,674,463	25,384,793	83,497,309	61,995,146	18,116,091
Total Current Liabilities	12,009,305	29,894,265	98,627,241	24,401,024	5,934,246
Equity	300,347,261	40,965,943	1,119,075,176	16,130,350	2,255,839

	31 Dec 2014				
	Retail		Investment Management		Others
	Real Estate Investment Funds	Others	Sonaecom, SGPS, SA (consolidated)	MDS, SGPS, SA (consolidated)	Others
Turnover	33,223,773	124,849,016	143,533,704	46,392,894	(1,672,843)
Other operating income	(181,806)	3,142,319	7,387,344	1,448,586	3,046,800
Other income / expense	-	205	29,502,193	(64,950)	430
Operating expenses	(9,830,651)	(126,346,203)	(149,688,037)	(49,383,060)	(3,173,581)
Financial results	159,963	(1,190,661)	(2,590,697)	(3,101,821)	148,748
Taxation	(7,250,716)	(498,447)	(807,990)	1,400,902	(21,980)
Consolidated profit/(Loss) for the period	16,120,563	(43,771)	27,336,516	(3,307,449)	(1,672,426)
Other comprehensive income for the period	-	46,401	287,290	694,238	-
Total comprehensive income for the period	16,120,563	2,630	27,623,805	(2,613,211)	(1,672,426)



	31 Dec 2013				
	Retail		Investment Management		Others
	Real Estate Investment Funds	Others	Sonaecom, SGPS, SA (consolidated)	MDS, SGPS, SA (consolidated)	Others
Turnover	32,391,021	112,333,580	589,536,166	45,797,857	2,865,300
Other operating income	24,901	2,832,165	(5,673,249)	1,342,531	33,900
Other income / expense	-	172	462,781,780	109	(2,009)
Operating expenses	(13,245,623)	(114,958,992)	(514,947,805)	(49,711,884)	(4,267,993)
Financial results	304,996	(1,011,830)	59,341,698	(3,380,324)	41,097
Taxation	(6,788,268)	371,832	(1,070,770)	190,718	140,051
Consolidated profit/(Loss) for the period from continuing operations	12,687,028	(433,073)	76,114,481	(5,760,992)	(1,189,655)
Consolidated profit/(Loss) for the period from discontinued operations	-	-	513,853,339	-	-
Other comprehensive income for the period	-	(43,052)	(720,274)	(5,775,751)	-
Total comprehensive income for the period	12,687,028	(476,125)	589,247,546	(11,536,743)	(1,189,655)

24 LOANS

As at December 2014 and 2013, loans are made up as follows:

	31 Dec 2014		31 Dec 2013	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae, SGPS, SA / 2012	1,961,683	-	1,961,683	-
Sonae, SGPS, SA / 2012/2015	75,000,000	-	-	75,000,000
Sonae, SGPS, SA - commercial paper	-	135,000,000	-	20,000,000
Sonae Investimentos, SGPS, SA - commercial paper	-	30,000,000	32,500,000	65,000,000
Sonae Investimentos affiliated / 2011/2016	20,000,000	35,000,000	20,000,000	45,000,000
Sonae Holding affiliated / 2014/2018	-	40,000,000	-	-
Sonae Holding affiliated / 2014/2017	-	20,000,000	-	-
MDS, SGPS, SA - commercial paper	4,500,000	15,750,000	2,500,000	15,700,000
MDS SGPS, SA affiliated / 2011/2016	7,462,350	5,353,425	3,530,206	12,125,491
Others	4,865,904	3,974,007	4,925,194	9,429,115
	113,789,937	285,077,432	65,417,083	242,254,606
Bank overdrafts (Note 21)	325,180	-	439,462	-
Up-front fees beard with the issuance of borrowings	(241,679)	(769,310)	(64,638)	(1,090,766)
Bank loans	113,873,438	284,308,122	65,791,907	241,163,840
Bonds				
Bonds Sonae SGPS / 2007/2014	-	-	150,000,000	-
Bonds Sonae SGPS / 2007/2015	250,000,000	-	-	250,000,000
Bonds Continente -7% /2012/2015	197,293,166	-	-	200,000,000
Bonds Sonae Investments BV / 2014/2019	-	190,187,000	-	-
Bonds Sonae Investimentos SGPS / August 2007/2015	200,000,000	-	-	200,000,000
Bonds Sonae Investimentos SGPS / September 2007/2015	155,000,000	-	-	155,000,000
Bonds Sonae Investimentos SGPS / 2009/2014	-	-	10,000,000	-
Bonds Sonae Investimentos SGPS/ 2012/2017	25,000,000	145,000,000	-	170,000,000
Bonds Sonae Investimentos SGPS/ June 2013/2018	-	50,000,000	-	50,000,000
Bonds Sonae Investimentos SGPS/ December 2013/2018	-	75,000,000	-	75,000,000
Bonds Sonae Investimentos SGPS/ 2014/2018	-	50,000,000	-	-
Bonds Sonae SGPS/ 2014/2018	-	60,000,000	-	-
Bonds Sonae SGPS/ 2014/2020	-	50,000,000	-	-
Bonds Sonaecom SGPS/ 2013/2016	-	-	-	20,000,000
Up-front fees beard with the issuance of borrowings	(1,260,329)	(7,221,440)	(37,642)	(6,600,100)
Up-front fees beard with the issuance of borrowings	826,032,837	612,965,560	159,962,358	1,113,399,900
Other loans	867,737	4,981,858	33,466	53,936
Derivates (Note 26)	582,869	-	3,836,167	-
Other loans	1,450,606	4,981,858	3,869,633	53,936
Obligations under finance leases (Note 25)	4,720,839	4,754,587	4,314,843	7,980,489
	946,077,720	907,010,127	233,938,741	1,362,598,165



In June 2014 a subsidiary of Sonae SGPS, SA issued bonds which may be convertible (Sonae Investments BV 2014/2019) in Sonae shares already issued and fully subscribed or to be later on issued.

The fair value of the Equity component of this compound instrument was valued at 22,313,000 euro and it was determined by an independent entity from Sonae, taking into consideration the fair value of similar non-convertible financial instruments, having been estimated a market interest rate to establish the amortized cost of this financial liability. This process of measurement represents a Level 3 fair value measurement according to IAS 39. The liability component is recorded at the amortized cost based on the market rate.

The Bonds were issued at par with a nominal value of 100,000 euro per bond, (2,105 euro per bond) with a maturity of 5 years and with a fixed coupon of 1.625% per year, paid in arrears and semi-annually.

The bonds can be converted at the request of the bondholder when the quote of Sonae SGPS, SA, in accordance with the technical data sheet, exceeds 1.726 euros per share, which price is subject to adjustments in accordance with market practices, in particular when the dividend exceeds 0.03 euros per share.

It is estimated that the book value of all loans does not differ significantly from its fair value, determined based on discounted cash flow methodology, with the exception of the bond loan Continent 7% (market value of 102.8%) and the convertible bond loan into shares whose fair value is determined by the market price at the balance sheet date.

Bonds and bank loans bear an average interest rate of 3.02% as at 31 December 2014 (3.19% as at 31 December 2013). Most of the bonds and bank loans have variable interest rates indexed to Euribor.

The derivatives are recorded at fair value (Note 26).

The loans face value, maturities and interests are as follows (including obligations under financial leases):

	31 Dec 2014		31 Dec 2013	
	Capital	Interests	Capital	Interests
N+1 ^{a)}	946,996,859	54,186,812	230,204,854	52,121,234
N+2	97,285,988	27,623,760	953,858,993	46,076,262
N+3	120,308,534	21,081,994	159,231,129	17,989,775
N+4	300,363,593	16,748,542	99,897,102	8,909,862
N+5	316,273,051	4,767,277	149,488,617	4,761,426
After N+5	101,082,711	2,937,413	7,813,190	225,694
	1,882,310,736	127,345,798	1,600,493,885	130,084,253

a) Includes amounts drawn under commercial paper programs when classified as current liabilities.

The maturities above were estimated in accordance with the contractual terms of the loans, and taking into account Sonae's best estimated regarding their reimbursement date and include the amount to be paid in 2019 related to the convertible bond updated to the given date.

As at 31 December 2014 in the retail units operating segment, there are financial covenants included in borrowing agreements at market conditions, and which at the date of this report are in regular compliance.

As at 31 December 2014, Sonae has, as detailed in note cash and cash equivalents, the value of 589 million euros (366 million euros in 2013) and available credit lines as follows:

	31 Dec 2014		31 Dec 2013	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities				
Retail	173,260,000	452,500,000	324,760,000	310,000,000
Investment management	4,820,165	-	19,550,000	-
Sonae Holding	152,695,242	35,000,000	152,695,242	-
	330,775,407	487,500,000	497,005,242	310,000,000
Agreed credit facilities				
Retail	173,260,000	482,500,000	357,260,000	375,000,000
Investment management	9,755,648	13,750,000	21,500,000	16,250,000
Sonae Holding	152,695,242	170,000,000	152,695,242	20,000,000
	335,710,890	666,250,000	531,455,242	411,250,000

25 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2014 and 2013, Obligations under finance leases are as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Amounts under finance leases:				
N+1	4,979,862	4,826,404	4,720,839	4,314,843
N+2	2,282,103	2,853,682	2,157,530	2,735,741
N+3	1,067,832	2,781,887	1,025,040	2,714,799
N+4	570,429	860,712	549,418	829,697
N+5	429,194	586,948	414,926	561,704
After N+5	614,958	1,156,046	607,673	1,138,548
	9,944,378	13,065,679	9,475,426	12,295,332
Interests	(468,952)	(770,347)		
	9,475,426	12,295,332		
Current obligations under finance leases			4,720,839	4,314,843
Non-current obligations under finance leases			4,754,587	7,980,489

Finance leases contracts are agreed at market interest rates, have defined periods and include an option for the acquisition of the related assets at the end of the period of the agreement.

As at 31 December 2014 and 2013, the fair value of finance leases is close to its carrying amount.

Obligations under finance leases are guaranteed by related assets.

As at 31 December 2014 and 2013, accounting net value of assets acquired under finance leases can be detailed as follows:

	31 Dec 2014	31 Dec 2013
Lands and buildings	16,927,044	17,435,119
Plant and machinery	787,995	867,727
Fixture and Fittings	1,006,903	2,669,769
Total tangible assets	18,721,942	20,972,615
Software	174,770	-
Total intangible assets	174,770	-
	18,896,712	20,972,615

As at 31 December 2014, the acquisition cost of tangible and intangible assets amounted to 33,110,946 euro (34,429,748 euro as at 31 December 2013).

26 DERIVATIVES

Exchange rate derivatives

Sonae uses exchange rate derivatives, essentially to hedge future cash flows that occur in the next 12 months.

Sonae entered into several exchange rate forwards in order to manage its exchange rate exposure.

As at 31 December 2014 there are no exchange rate derivatives which haven't been considered hedging instruments. The fair value of exchange rate derivatives hedging instruments, calculated based on present market value of equivalent financial instruments of exchange rate, is 582,869 euro as liabilities (1,415,143 euro as at 31 December 2013) and 3,995,221 euro as assets (35,999 euro as at 31 December 2013).

The computation of the fair value of these financial instruments was made taking into consideration the present value at statement of financial position date of the forward settlement amount in the maturity date of the contract. The settlement amount considered in the valuation, is equal to the currency notional amount (foreign currency) multiplied by the difference between the contracted forward exchange rate and the forward exchange market rate at that date as at the valuation date.

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment were recorded directly in the income statement in the captions "Others Financial income" or "Financial expenses".

Gains and losses for the year associated with the change in market value of derivative instruments are recorded under the caption "Hedging reserve" when considered cash flow hedging and when considered as fair value hedging are recorded under the caption "Financial income" or "Financial expenses".

Interest rate derivatives

Sonae does not have any interest rate hedging derivatives recorded as at 31 December 2014. As at 31 December 2013 the hedging derivatives recorded were mainly related to swaps and interest rate options (cash flow hedges) with the purpose of hedging the interest rate risk of loans amounting 150,000,000 euro. The fair value of these derivatives was recorded as a liability -2,421,024 euro.

The derivatives were valued considering the estimated future cash flows, assuming that the cancellation options by the counterparties would be exercised when the forward interest rates are higher than the established fixed interest rate. Sonae intends to keep these derivatives until their maturity date, therefore, this valuation is considered to be the most appropriate to estimate the future cash flows off these instruments.

At 31 December 2014 and 2013 the derivatives had the following estimated cash flows:

	31 Dec 2014	31 Dec 2013
N+1	-	(2,423,065)

These interest rate derivatives are valued at fair value, at the statement of financial position date, based on valuations performed by Sonae using specific software and on external valuations when this software does not deal with specific instruments. The fair value of swaps was computed, as at the statement of financial position date, based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg. The calculation of the fair value of options was based on the "Black-Scholes" and similar models. The estimation of future cash flows is made on the basis of quotations forward market curve are implicit in, and the respective discount to the present, is accomplished using the higher interest rate curve is representative of the market, based on information from credible sources provided by Bloomberg, amongst others. Comparative quotes from financial institutions for specific instruments or similar, are used as a benchmark for evaluation. This analysis assumes that all other variables remain constant.

Interest rate and exchange rate derivatives

As at 31 December 2014 no contracts existed, related to interest rate and exchange rate derivatives simultaneously.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Hedging derivatives				
Exchange rate	3,995,221	35,999	582,869	1,415,143
Interest rate	-	-	-	2,421,024
	3,995,221	35,999	582,869	3,836,167

27 OTHER NON-CURRENT LIABILITIES

As at 31 December 2014 and 2013 "Other non-current liabilities" are made up as follows:

	31 Dec 2014	31 Dec 2013
Shareholders loans	11,269,332	13,298,924
Fixed assets suppliers	1,429,022	1,626,708
Other non-current liabilities	2,710,242	3,210,995
Financial instruments (Note 9)	15,408,596	18,136,627
Deferral of the disposal of the extended warranties (Note 2.17)	25,905,981	25,679,570
Accruals and deferrals	2,745,491	7,431,684
Other non-current liabilities	44,060,068	51,247,881

The caption "Shareholder loans" relates to loans in affiliated undertakings in the Retail, and Investment Management operating segments. These liabilities do not have a defined vesting date and bear interests at variable market rates.

In December 2013, the caption "Accruals and deferrals", includes the amount of approximately 3.4 million euro, associated with the linearization of operating lease contracts incomes of retail stores.

The carrying amount of "Other non-current liabilities" is estimated to be approximately its fair value.

28 SHARE-BASED PAYMENTS

In 2014 and in previous years, Sonae in accordance with the remuneration policy described in the corporate governance report granted deferred performance bonuses to its directors and eligible employees. These are either based on shares to be acquired at nil cost or with discount, three years after they were attributed to the employee, or based on share options with the period price equal to the share price at the grant date, to be exercised three years later. In both cases, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year.

As at 31 December 2014, all Sonae Holding share plans responsibilities are accounted in the statement of financial position under "other reserves" and in the Profit and Loss statement under caption "staff costs". They are recognized at the shares fair value on the grant date, concerning the 2014, 2013 and 31 December 2012. Share-based payments costs are recognized on a straight line basis between the grant and the settlement date.

As at 31 December 2014 and 2013, the number of attributed shares related to the assumed responsibilities arising from share based payments, which have not yet vested, can be detailed as follows:

Grant year	Vesting year	Number of participants		Share price on date of assignment		Number of shares		
		Sonae SGPS	Sonaecom	Sonae SGPS	Sonaecom	31 Dec 2014	31 Dec 2013	
						Sonae SGPS	Sonae SGPS	Sonaecom
2011	2014	-	44	-	1.399	-	3,984,562	477,778
2012	2015	96	45	0.401	1.256	7,760,310	6,648,312	540,805
2013	2016	103	46	0.701	1.505	5,165,022	3,471,375	406,903
2014	2017	257	-	1.024	-	4,486,082	-	-
						17,411,414	14,104,249	1,425,486

During the period ending 31 December 2014 the movements on the above mentioned share based plans were the following:

	Sonae Shares		Sonaecom Shares	
	Aggregate number of participants	Number of shares	Aggregate number of participants	Number of shares
Balance as at 31 January 2013	181	14,104,249	135	1,425,486
Grant	283	4,651,005	-	-
Vesting	(119)	(4,516,138)	-	-
Converted	135	2,923,738	(135)	(1,425,486)
Excluded from the perimeter of consolidation	(75)	(886,277)	-	-
Canceled / extinct / corrected / transferred ⁽¹⁾	51	1,134,837	-	-
Closing balance as at 31 December 2014	456	17,411,414	-	-

(1) Corrections are made on the basis of the dividend paid and the changes of share capital and other equity adjustments.

As at 31 December 2014 and 2013, the fair value of total liabilities on the date of allocation arising from share based payments, which have not yet vested, may be summarized as follows:

Grant year	Vesting year	Fair value *		
		31 Dec 2014	31 Dec 2013	
		Sonae SGPS	Sonae SGPS	Sonaecom
2011	2014	-	3,831,488	212,649
2012	2015	3,186,570	3,487,040	269,234
2013	2016	2,471,718	606,912	47,778
2014	2017	1,567,999	-	-
Total		7,226,287	7,925,440	529,661

* Share market value as of 31 December 2014 and 2013.

As at 31 December 2014 and 2013 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	31 Dec 2014	31 Dec 2013
Recorded in staff costs in the current period	2,138,436	3,547,677
Recorded in previous years	5,643,369	2,928,998
	7,781,805	6,476,675
Recorded in other liabilities	-	592,658
Recorded value in Other reserves	7,781,805	5,884,017
	7,781,805	6,476,675

29 TRADE CREDITORS

As at 31 December 2014 and 2013 Trade creditors are as follows:

	31 Dec 2014	Payable to	
		up to 90 days	more than 90 days
Trade creditors - current account			
Sonae MC	671,895,962	671,701,708	194,254
Sonae SR	345,155,124	344,929,499	225,625
Sonae RP	1,586,786	1,565,145	21,641
Investment Management	30,383,110	30,342,025	41,085
Sonae Holding	162,891	162,891	-
	1,049,183,873	1,048,701,268	482,605
Trade creditors - Invoice Accruals	101,822,544	101,822,544	-
	1,151,006,417	1,150,523,812	482,605

	31 Dec 2013	Payable to	
		up to 90 days	more than 90 days
Trade creditors - current account			
Sonae MC	647,057,352	646,970,033	87,319
Sonae SR	358,020,378	358,002,581	17,797
Sonae RP	1,138,132	1,096,603	41,529
Investment Management	27,805,482	27,776,798	28,684
Sonae Holding	87,460	87,460	-
	1,034,108,804	1,033,933,475	175,329
Trade creditors - Invoice Accruals	128,208,878	128,208,878	-
	1,162,317,682	1,162,142,353	175,329

As at 31 December 2014 and 2013 this account includes amounts payable to suppliers resulting from Sonae operating activity. The Board of Directors believes that the fair value of these balances does not differ significantly from its book value and the effect of discounting these amounts is not material.

Since the year 2010, a "confirming" program payments system was made available to a very limited number of suppliers of Sonae MC and Sonae SR Segments enabling suppliers to discount these payments in an early date.

30 OTHER CREDITORS

As at 31 December 2014 and 2013, the caption "Other creditors" is detailed as follows:

	31 Dec 2014	Payable to		
		up to 90 days	90 to 180 days	more than 180 days
Fixed assets suppliers	51,209,073	48,462,226	1,987,676	759,171
Other debts	158,364,910	50,830,930	2,983,174	104,550,806
	209,573,983	99,293,156	4,970,850	105,309,977
Related undertakings	-	-	-	-
	209,573,983	99,293,156	4,970,850	105,309,977

	31 Dec 2013	Payable to		
		up to 90 days	90 to 180 days	more than 180 days
Fixed assets suppliers	140,215,384	36,796,692	265,659	103,153,033
Other debts	173,098,204	67,215,132	1,520,445	104,362,627
	313,313,588	104,011,824	1,786,104	207,515,660
Related undertakings	-	-	-	-
	313,313,588	104,011,824	1,786,104	207,515,660

As at 31 December 2013 the Caption "Fixed assets suppliers" includes the amount of 102,095,077 euro relating to an agreement with a subsidiary of France Telecom ("FT - Orange") on the transfer of 20% of equity of Sonaecom SGPS, SA to Sonae SGPS, SA. This account payable was accounted for at its discounted amount (it was liquidated on August 2014).

The caption "Other debts" includes:

- 103,720,163 euro (103,449,607 euro as at 31 December 2013) relating to the fair value of the shares covered by Sonae Holding financial derivative referred to in Note 22;
- 22,150,238 euro (24,881,013 euro as at 31 December 2013) of attributed discounts not yet redeemed related to loyalty card "Cartao Cliente";
- 14,150,325 euro (13,229,762 euro as at 31 December 2013) related to vouchers, gift cards and discount tickets not yet redeemed;
- 4,253,041 (4,320,249 euro as at 31 December 2013) related to amounts payable to Sonae Distribuição Brasil. S.A. buyer as result of responsibilities assumed with that entity (Note 33);
- 3,733,328 euro (3,838,573 euro as at 31 December 2013) relating to amounts payable to insurance companies, insurance buyers and insurance agents; and

- 1,961,471 euro (5,541,899 euro as at 31 December 2013) relating to amounts payable related to reinsurance operations;

As at 31 December 2014 and 2013, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interest, with the exception of the value in debt to the France Telecom as at 31 December 2013, what it is recognized for its updated value. The Board of Directors understands that the fair value of these payables is similar to its book value and the result of discounting these amounts is immaterial.

31 OTHER CURRENT LIABILITIES

As at 31 December 2014 and 2013, "Other current liabilities" are made up as follows:

	31 Dec 2014	31 Dec 2013
Holiday pay and bonuses	112,595,262	106,440,174
Other external supplies and services	42,087,790	41,371,260
Interest payable	14,903,532	15,321,429
Marketing expenses	12,626,443	14,853,351
Advance receipts from Trade Receivables	7,790,558	10,813,245
Expenses on purchases	6,922,403	5,090,656
Rentals	9,237,451	4,207,271
Deferred Revenue of warranty extension (Note 2.17)	17,120,641	3,532,918
Insurance payable	3,471,459	2,252,529
Commissions	43,944	45,287
Others	14,117,728	10,740,474
	240,917,211	214,668,594

32 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the period ended 31 December 2014 and 2013 are as follows:

Caption	Balance as at 31 Dec 2013	Increase	Decrease	Entries in the perimeter	Balance as at 31 Dec 2014
Accumulated impairment losses on investments (Note 6 and 13)	2,358,392	6,044,780	(2,101,337)	-	6,301,835
Impairment losses on fixed tangible assets (Note 10)	152,883,610	1,479,167	(10,739,410)	-	143,623,367
Impairment losses on intangible assets	1,497,119	-	(18)	-	1,497,101
Accumulated impairment losses on other non current assets (Note 14)	-	-	-	-	-
Accumulated impairment losses on trade account receivables (Note 16)	7,025,140	1,155,470	(1,139,701)	500,020	7,540,929
Accumulated impairment losses on other current debtors (Note 17)	14,460,950	1,961,804	(1,467,142)	-	14,955,612
Non - current provisions	50,659,919	5,744,616	(20,187,901)	273,266	36,489,900
Current provisions	2,828,507	905,905	(10,216)	-	3,724,196
	231,713,637	17,291,742	(35,645,725)	773,286	214,132,940

Caption	Saldo em 31 dez 2012	Increase	Decrease	Discontinued operations	Balance as at 31 Dec 2013
Accumulated impairment losses on investments (Note 6 and 13)	1,187,115	1,171,277	-	-	2,358,392
Impairment losses on fixed tangible assets (Note 10)	-	153,947,912	(1,064,302)	-	152,883,610
Impairment losses on intangible assets	17,803,982	186	-	(16,307,049)	1,497,119
Accumulated impairment losses on other non current assets (Note 14)	1,000,000	-	(1,000,000)	-	-
Accumulated impairment losses on trade account receivables (Note 16)	85,493,919	19,440,260	(25,395,513)	(72,513,526)	7,025,140
Accumulated impairment losses on other debtors (Note 17)	15,711,269	5,182,972	(5,784,217)	(649,074)	14,460,950
Non - current provisions	114,470,445	15,705,225	(44,291,514)	(35,224,237)	50,659,919
Current provisions	2,426,809	1,236,000	(834,302)	-	2,828,507
	238,093,539	196,683,832	(78,369,848)	(124,693,886)	231,713,637

As at 31 December 2014 and 2013 increases in Provisions and impairment losses are as follows:

	31 Dec 2014	31 Dec 2013
Provisions and impairment losses	11,572,691	187,418,749
Discontinued operations	-	20,307,476
Goodwill (Note 12)	(414,765)	(8,078,127)
Transfers of non-current assets	-	1,100,000
Impairment in joint ventures (Note 6.3)	6,028,574	-
Others	105,242	(4,064,266)
	17,291,742	196,683,832

As at 31 December 2014 and 2013 the value of decreases in provisions and impairment losses can be detailed as follows:

	31 Dec 2014	31 Dec 2013
Provisions and impairment losses reversal (Note 38)	(9,477,071)	(12,646,544)
Direct use of impairments on accounts receivable	(9,464,030)	(26,869,439)
Direct use of Brazil provisions	(2,433,450)	(19,183,612)
Direct use of technical provisions on reinsurance	(9,317,691)	(6,668,766)
Direct use and reversals recorded in fixed assets tangible	(2,134,362)	(1,312,302)
Discontinued operations reversals recorded in the year	-	(11,454,683)
Transfers to investment	-	(1,100,000)
Impairment reversal in financial investments	(2,101,337)	-
Others responsibilities	(717,784)	865,498
	(35,645,725)	(78,369,848)

As at 31 December 2013 and 2012, the provisions current and non-current details are as follows:

	31 Dec 2014	31 Dec 2013
Technical provisions on reinsurance (a)	8,798,400	18,116,091
Future liabilities relating to retail subsidiaries operations in Brazil sold (b)	12,584,983	13,470,170
Clients Guarantees (c)	8,773,796	13,890,215
Judicial claims	3,225,191	2,592,579
Others responsibilities	6,831,726	5,419,371
	40,214,096	53,488,426

(a) Amounts included in "Technical provisions on reinsurance" relate to a group company that operates in the non-life reinsurance industry. The provision amount can be detailed as follows: 0 euro (3,586,112 euro as at December 2013) of provisions for non-acquired insurance premiums and 8,798,400 euro (14,529,979 euro as at 31 December 2013) of provisions for outstanding claims. The amount to be recovered from the reinsurance companies is recorded in the captions "Reinsurer's share of technical provisions" (Note 14) and "Other Debtors" (Note 17).

(b) The caption non-current provisions and current provisions include 12,584,983 euro (13,470,170 euro as at 31 December 2013), relating to non-current contingencies assumed by the Company, when

selling its subsidiary Sonae Distribuicao Brasil, S.A. in 2005. This provision is being used as costs are incurred, and it's recorded taking into account the best estimate of costs to be incurred which results from a significant number of civil and labor lawsuits of reduced amount. During 2013, Sonae updated its estimate, following the results of the last conference process conducted with the buyer of the former subsidiary in Brazil, for labor contingencies.

(c) The caption non-current provisions and current provisions and the movement in the period in provisions, also includes the estimated liabilities incurred by the Group on the sale of warranty extension programs on products traded by the Specialized Retail operating segment in the amount of 8,773,796 euro (15,126,215 euro as at 31 December 2013). These extensions are granted for a period of one to three years after the end of the legal mandatory warranty provided by the manufacturers.

(d) Impairment losses are deducted from the book value of the corresponding asset.

33 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2014 and 2013, major contingents liabilities exposed are as follows:

- Guarantees and sureties given

	31 Dec 2014	31 Dec 2013
Guarantees given:		
on tax claims	996,154,187	853,320,334
on judicial claims	356,420	211,268
on municipal claims	6,383,942	6,284,639
contract by proper compliments	18,877,053	19,829,236
others guarantees	5,869,196	3,531,287

a) Tax claims

The main tax claims were bank guarantees given or sureties as follows:

- Some retail operating segment subsidiaries of the Company granted guarantees or securities in favor of the Portuguese Tax Administration, associated with tax claims for additional VAT payment amounting to 466.1 million euro (375 million euro as at 31 December 2013) related to the period from 2004 to 2011, which the Company has presented, or has the intention of presenting, a tax appeal. The increase in the value of guarantees and securities provided in relation to the previous year, mainly result from additional tax assessments over 2010 and 2011. Portuguese tax authorities claim that the Company should have invoiced VAT related to promotional discounts invoiced to suppliers which depend on the purchases made by the Group during the year, as it considers that the discounts correspond to services rendered by the company. Tax authorities also claim that the company should not have deducted VAT from discount vouchers used by its non-corporate clients.

- The caption guarantees given on tax claims include guarantees granted, in the amount of 108 million euro (72.8 million euro as at 31 December 2013), in favor of Tax authorities regarding 2007 up to 2011. Concerning these guarantees, the most significant amount relates to an increase in equity arising on the disposal of own shares to a third party in 2007, as well as to the disregard of the reinvestment concerning capital gains in share disposal, and the fact that demerger operations must be disregarded for income tax purposes. The

Company has presented an appeal against this additional tax claim, being the Board of Directors understanding, based on its advisors assessment, that such appeal will be favorable.

- Sureties in the amount of, approximately, 60 million euro as a result of a tax appeal presented by the

Company concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, following the correction of taxable income for that period as Tax authorities did not accept the recognition of tax losses incurred after the liquidation of a subsidiary of Sonae Investimentos, since it considered that the cover of losses in that subsidiary should not be part of its acquisition cost, which is not in accordance with previous assessments of Tax Authorities.

- Sureties in the amount of, approximately 50 million euro, following a tax appeal presented by the Company concerning additional tax assessments made by Tax authorities, relating to 31 December 2002, which refer to the non-acceptance by Tax authorities of tax losses arising on the sale and liquidation of a subsidiary of the Group.

- Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 20.4 million euro (65.6 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 41.9 million euro (135 million Brazilian real). The difference between the value of the contingency and the value of the guarantee relates with the update of the related responsibility.

b) Contingent liabilities related to tax claims paid under regularization programs of tax debts

Within the framework of regularization of tax debts to Tax Authorities, (Outstanding Debts Settlement of Tax and Social Security - Decree of Law 151-A/2013 e Decree of Law 248-A), the Group made tax payments in the amount of, approximately, 28.5 million euro, having the respective guarantees been eliminated. The related tax appeals continue in courts, having the maximum contingencies been reduced through the elimination of fines and interests related with these tax assessments.

As permitted by law, the Group maintains the legal proceedings, in order to establish the recovery of those amounts, having recorded as an asset the amount paid under those plans, in accordance with the policy adopted by the Group.

c) Other contingent liabilities

- Contingent liabilities related to discontinued activities in subsidiaries in Brazil

In addition to the previously disclosed guarantees, as a consequence of the sale of a subsidiary in Brazil, Sonae guaranteed to the buyer of the subsidiary all the losses incurred by that company arising on unfavorable decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euro. As at 31 December 2013, the amount claimed by the Brazilian Tax Authorities, concerning the tax lawsuits still in progress, which the company's lawyers assess as having a high probability of loss, plus the amounts already paid (28.3 million euro) related to programs for the Brazilian State of tax recovery, amount to near 39.8 million euro (37.8 million euro at 31 December 2013).

Furthermore, there are other tax assessments totaling 86.37 million euro (61.3 million euro at 31 December 2013) for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary.

- Contingent liabilities related to joint ventures are disclosed in Note 48.

No provision has been recorded to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for Sonae

34 OPERATIONAL LEASE

Minimum lease payments (fixed income) arising from operational leases, in which the Group acts as a lessor, recognized as income during the period ended 31 December 2014 and 2013 amounted to 8,106,512 euro and 7,318,963 euro, respectively.

Additionally, as at 31 December 2014 and 2013, Sonae had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

	31-Dec-2014	31-Dec-2013
Due in:		
N+1 automatically renewal	2,600,307	3,674,722
N+1	3,588,656	3,136,169
N+2	2,990,918	2,524,155
N+3	2,651,038	2,178,600
N+4	2,162,392	1,649,953
N+5	1,126,289	2,214,665
After N+5	1,965,342	3,178,231
	17,084,942	18,556,495

Rents arising from operational leases, in which Sonae acts as a lessee, during the period ended 31 December 2014, amounted to 105,343,717 euro (102,969,532 euro as at 31 December 2013).

Additionally, as at 31 December 2014 and 2013, Sonae had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31-Dec-2014	31-Dec-2013
Due in:		
N+1 automatically renewal	11,086,670	10,440,169
N+1	90,517,364	90,382,777
N+2	80,485,473	80,466,716
N+3	72,603,220	72,492,231
N+4	64,923,766	64,103,323
N+5	56,840,753	58,414,669
After N+5	452,318,044	501,862,182
	828,775,290	878,162,067

35 TURNOVER

As at 31 December 2014 and 2013, Turnover is made up as follows:

	31 Dec 2014	31 Dec 2013
Sale of goods	4,785,700,986	4,645,087,783
Sale of products	9,920,675	10,672,836
	4,795,621,661	4,655,760,619
Services rendered	178,504,839	165,580,722
Turnover (Note 47)	4,974,126,500	4,821,341,341

36 GAINS OR LOSSES ON INVESTEMENTS

As at 31 December 2014 and 2013, Gain or losses Investment is made up as follows:

	31 Dec 2014	31 Dec 2013
Dividends	1,473,483	96,645
Mainroad disposal (Note 8.2)	12,820,726	-
Fozmassimo disposal (Note 8.2)	297,373	-
Others	-	15,687
Gains / (losses) on the sale of investments in subsidiaries	13,118,099	15,687
Gains / (losses) on the sale of investments on available for sale	-	-
Others	99,210	(23,005)
Impairment losses on investments in subsidiaries	124,531	-
Impairment losses on investments in associated companies (Note 6)	(6,028,574)	-
Impairment losses on investments in available for sale assets	-	(102,009)
Impairment reversal/(losses) on investments	(5,904,043)	(102,009)
	8,786,749	(12,682)

37 NET FINANCIAL EXPENSES

As at 31 December 2014 and 2013, Net financial expenses are as follows:

	31 Dec 2014	31 Dec 2013
Expenses:		
Interest payable		
related with bank loans and overdrafts	(15,364,241)	(19,213,293)
related with non convertible bonds	(42,262,611)	(43,461,456)
related with financial leases	(299,532)	(357,649)
related with hedge derivatives	(1,331,354)	(6,138,158)
others	(8,324,578)	(9,231,445)
	(67,582,316)	(78,402,001)
Exchange losses	(4,166,491)	(3,675,916)
Up front fees and commissions related to loans	(11,726,913)	(10,458,794)
Others	(4,022,807)	(4,534,058)
	(87,498,527)	(97,070,769)
Income		
Interest receivable		
related with bank deposits	468,617	808,703
others	1,163,683	8,015,296
	1,632,300	8,823,999
Exchange gains	5,511,330	3,835,202
Payments discounts received	100,639	14,222
Other financial income	3,201,297	2,579,560
	10,445,566	15,252,983
Fair value adjustment of investments registered at fair value on the income statement (Note 13)	(3,129,894)	46,636,719
Net financial expenses	(80,182,855)	(35,181,067)

38 OTHER INCOME

As at 31 December 2014 and 2013, the caption "Other Income" is made up as follow:

	31 Dec 2014	31 Dec 2013
Supplementary income	452,080,979	379,393,595
Prompt payment discounts obtained	21,789,570	26,356,062
Foreign currency exchange gains	14,370,596	14,976,163
Own work capitalised	10,812,934	5,884,457
Gains on sales of assets	2,348,822	1,051,920
Insurance claims	6,230,514	104,973
Impairment losses reversals	9,477,071	12,646,544
Subsidies	657,494	419,044
Taxes refunded	476,408	758,261
Outros	7,481,020	3,752,154
	525,725,408	445,343,173

The caption "Supplementary income" relates mainly to promotional campaigns carried out in the stores of retail segment, reimbursed by the suppliers of Sonae.

39 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2014 and 2013, External supplies and services are as follows:

	31 Dec 2014	31 Dec 2013
Rents	137,905,635	138,590,499
Publicity	104,962,767	105,131,610
Electricity	57,261,623	54,284,751
Transports	53,915,951	52,644,415
Services	63,436,540	51,154,872
Subcontracts	26,946,640	27,175,169
Maintenance	22,536,127	23,312,451
Costs with automatic payment terminals	20,156,588	22,904,474
Security	20,404,296	20,606,729
Cleaning up services	20,530,253	19,826,527
Consumables	17,990,816	16,435,275
Travel expenses	15,527,393	14,371,088
Commissions	8,644,482	8,254,359
Insurances	5,412,984	7,314,724
Communications	11,138,200	6,969,308
Home delivery	5,696,255	5,395,933
Others	48,301,533	41,462,094
	640,768,083	615,834,278

40 STAFF COSTS

As at 31 December 2014 and 2013, Staff costs are as follows:

	31 Dec 2014	31 Dec 2013
Salaries	513,808,710	488,189,641
Social security contributions	108,503,670	100,111,274
Insurance	10,601,327	10,123,390
Welfare	3,930,623	3,989,530
Other staff costs	14,290,138	9,435,318
	651,134,468	611,849,153

41 OTHER EXPENSES

As at 31 December 2014 and 2013, other expenses are as follows:

	31 Dec 2014	31 Dec 2013
Exchange differences	13,828,513	14,805,576
Other taxes	7,477,401	9,334,866
Losses on the sale and write-off of assets	13,197,265	4,427,435
Municipal Property tax	2,440,309	2,268,245
Donations	7,309,807	7,792,030
Doubtful debts written-off	30,766	184,649
Others	22,626,792	25,070,492
	66,910,853	63,883,293

42 INCOME TAX

As at 31 December 2014 and 2013, income tax is made up as follows:

	31 Dec 2014	31 Dec 2013
Current tax	18,702,110	23,278,422
Deferred tax (Note 20)	5,958,311	(7,369,211)
	24,660,421	15,909,211

The reconciliation between the profit before Income tax and the tax charge for the years ended 31 December 2014 and 2013 is as follows:

	31 Dec 2014	31 Dec 2013
Profit before income tax	170,174,287	(33,923,844)
Difference between capital (losses)/gains for accounting and tax purposes	32,881	(672,581)
Gains or losses in jointly controlled and associates companies (Note 6)	(64,408,422)	(2,955,910)
Impairment of goodwill (Note 12)	414,765	8,078,127
Provisions and impairment losses not accepted for tax purposes	7,745,336	21,859,110
Taxable Profit	113,958,848	(7,615,098)
Use of tax losses that have not originated deferred tax assets	(4,167,840)	(8,749,020)
Recognition of tax losses that have not originated deferred tax assets	27,149,164	35,022,382
	136,940,172	18,658,264
Income tax rate in Portugal	23%	25%
	31,496,240	4,664,566
Effect of different income tax rates in other countries	(16,258,774)	(13,038,729)
Effect of the write-off of deferred taxes (Note 20)	2,432,266	32,850,671
Effect of change in tax income rate in the calculation of deferred taxes	5,181,180	(2,946,390)
Use of tax benefits	(4,148,279)	(8,773,664)
Under/(over) Income tax estimates	(1,603,599)	(1,350,607)
Autonomous taxes and tax benefits	2,899,212	1,908,366
Municipality surcharge	6,040,546	3,947,485
Others	(1,378,370)	(1,352,487)
Income tax	24,660,421	15,909,211

4.3 RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2014 and 2013 are as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Parent Company	184,225	156,318	836,787	639,261
Jointly controlled companies	19,344,033	13,203,632	50,943,908	34,092,856
Associated companies	31,321,917	31,036,728	1,290,103	1,435,622
Other related parties	68,337,190	65,591,154	21,429,399	20,062,619
	119,187,365	109,987,832	74,500,197	56,230,358

Transactions	Interest income		Interest expenses	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Parent Company	-	-	45,542	31,438
Jointly controlled companies	366,627	6,236,669	36,492	-
Associated companies	-	10,772	-	-
Other related parties	-	640	432,349	568,103
	366,627	6,248,081	514,383	599,541

Balances	Accounts receivable		Accounts payable	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Parent Company	50,317	51,445	811,187	767,433
Jointly controlled companies	9,493,428	32,554,816	14,396,132	17,795,118
Associated companies	2,661,852	6,612,647	707,447	364,066
Other related parties	13,608,891	14,510,202	13,528,802	7,475,633
	25,814,488	53,729,110	29,443,568	26,402,250

Balances	Loans			
	Obtained		Granted	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Parent Company	-	-	-	-
Jointly controlled companies	-	-	8,768,402	8,599,429
Associated companies	-	-	-	-
Other related parties	11,502,456	13,383,628	-	3,570
	11,502,456	13,383,628	8,768,402	8,602,999

The caption "Other related parties" includes Sonae Sierra SGPS, SA, Zopt SGPS, SA, Raso SGPS, SA, Sonae Industria, SGPS, SA and Sonae Capital, SGPS, SA affiliated, associated and jointly controlled companies, and also other shareholders of affiliated companies or jointly controlled companies of Sonae, as well as other affiliated companies of the ultimate parent company Efanor Investimentos, SGPS, SA.

During 2014, the Group increased the percentage held in Fundo de Investimento Imobiliário Fechado do Imosede, through the acquisition of 3.28% of its share capital, to a related party for an amount of 5 million euro (in 2013 there was a 6.5% increase of the percentage of share capital held for an amount of 10 million euro).

In September 2014, the subsidiary Mainroad – Serviços em tecnologia de informação, SA, was disposal to the group company NOS Comunicações, S.A. for 14 million euros.

Members of the Board of Directors and Strategic Direction were attributed the following remuneration in 2014 and 2013:

	31 Dec 2014		31 Dec 2013	
	Board of Directors	Strategic direction ^(a)	Board of Directors	Strategic direction ^(a)
Short-term employee benefits	2,307,752	7,948,064	2,573,205	8,882,066
Share-based payments	756,716	2,298,044	844,200	2,976,700
	3,064,468	10,246,108	3,417,405	11,858,766

(a) Includes personnel responsible for the strategic management of the companies of Sonae (excluding members of the Board of Directors of Sonae Holding);

4.4 EARNING PER SHARE

Earnings per share for the periods ended 31 December 2014 and 2013 were calculated taking into consideration the following amounts:

	31 Dec 2014	31 Dec 2013	
		Continuing Operations	Discontinuing Operations
Net profit			
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	143,838,207	(66,746,036)	385,725,550
Effect of dilutive potential shares	-	-	-
Interest related to convertible bonds (net of tax)	4,106,995	-	-
Net profit taken into consideration to calculate diluted earnings per share	147,945,202	(66,746,036)	385,725,550
Number of shares			
Weighted average number of shares used to calculate basic earnings per share	1,875,387,885	1,877,258,913	1,877,258,913
Effect of dilutive potential ordinary shares from convertible bonds	71,142,333	-	-
Outstanding shares related with share based payments	17,411,414	14,104,249	14,104,249
Shares related to performance bonus that can be bought at market price	(2,981,312)	(3,376,626)	(3,376,626)
Weighted average number of shares used to calculate diluted earnings per share	1,960,960,320	1,887,986,536	1,887,986,536
Earnings per share			
Basic	0.078888	(0.035555)	0.205473
Diluted	0.075445	(0.035353)	0.204305

The 2014 average number of shares considered 123,579,306 Sonae Holding shares (122,080,504 in 31 December 2013) as treasury shares (Note 22).

45 CASH RECEIPTS AND CASH PAYMENTS TO INVESTMENTS

As at 31 December 2014 and 2013, cash receipts and cash payments related to investments can be detailed as follows:

Receipts	31 Dec 2014	31 Dec 2013
Disposal of Mainroad	13,354,926	-
Disposal of Fozmassimo	2,958,463	-
Disposal of Imosedé II fund units	1,829,278	809,759
Acquisition S21	1,972,472	-
Cooper Gay Sweett & Crawford disposal	-	20,381,439
Magma N°1 securitisation Notes	-	9,320,000
Funding application in Bradesco and Citybank	-	887,022
Others	-	14,274
	20,115,139	31,412,494

Payments	31 Dec 2014	31 Dec 2013
Payment to a subsidiary of France Telecom for the 20% of Sonaecom (Note 30)	104,746,605	-
Acquisition of Imosedé's fund units	5,000,134	10,000,541
Acquisition of Sonaecom's shares	9,895,571	2,500,042
Cooper Gay Sweett & Crawford loans	-	3,739,461
Connectiv acquisition	-	1,213,536
Others	941,019	1,899,162
	120,583,329	19,352,742

46 DIVIDENDS

In the Shareholders Annual General Meeting held on 30 April 2014, the payment of a gross dividend of 0.0348 euro per share (0.0331 euro per share in 2013) corresponding to a total of 69,600,000 euro (66,200,000 euro at 2013) was approved.

For 2014, the Board of Directors will propose a gross dividend of 0.0365 euro per share corresponding to a total of 73,000,000 euro. This dividend is subject to approval by shareholders in the Shareholders Annual Meeting.

47 SEGMENT INFORMATION

A Sonae is mostly a retail company with two major partnerships in the areas of Shopping Centres (Sierra) and Telecommunications (Zon Optimus). The following operating segments were identified:

In retail, the group has three segments:

- Sonae MC is our food retail unit, operating 478 stores and 162 stores operated under franchise and joint venture agreements under Continente, Continente Modelo, Continente Bom Dia, Meu Super business concepts and even some adjacent business concepts Bom Bocado, note! and Wells;

- Sonae SR is our specialised retail unit, with a presence in the electronics, sports and fashion market operating 522 stores and 73 stores operated under franchise agreements under the Worten, Sport Zone, MO and Zippy business concepts;

- Sonae RP is our retail real estate unit which actively manages retail real estate properties of Sonae, composed principally of stores operating under the brand Continente and under other brands of Sonae SR.

The Investment Management operating segment includes a company that operates in the retail DIY products, building and garden (Maxmat), a travel agency (Geostar), insurance brokers (MDS) as well as Wedo Technologies, Saphety, Mainroad, Bizdirect and Publico.

In addition to the operating segments above mentioned Sonae still has two major partnerships Sonae Sierra and Zopt (includes Zon Optimus) whose relevant information is disclosed in Notes 48 and 49 respectively.

These operating segments have been identified taking into consideration that each of these segments has separate identifiable revenues and costs, separate financial information is produced, and its operating results are reviewed by management on which it makes decisions.

We are present in 67 countries, including operations, services rendered to third parties, offices, franchising and partnerships.

The main operating segment information for the periods ended 31 December 2014 and 2013 can be detailed as follows:

Turnover	31 Dec 2014	Inter-segment income	31-Dec-2013	Inter-segment income
Sonae MC	3,460,812,214	(2,081,079)	3,415,473,893	(4,566,804)
Sonae SR	1,289,721,730	(34,601,862)	1,210,380,000	(29,775,266)
Sonae RP	126,341,851	(118,077,443)	123,971,896	(109,508,732)
Investment management	251,843,895	(17,067,954)	222,738,698	(10,771,743)
Other, eliminations and adjustments	(154,593,190)	(160,000)	(151,223,146)	(160,000)
Total consolidated	4,974,126,500	(171,988,338)	4,821,341,341	(154,782,545)

	Depreciation and amortisation		Provisions and impairment losses		EBIT	
	31 Dec 2014	31-Dec-2013	31 Dec 2014	31-Dec-2013	31 Dec 2014	31-Dec-2013
Sonae MC	84,088,262	84,247,677	1,611,558	1,913,099	151,068,014	174,072,149
Sonae SR	43,078,974	58,035,246	4,104,936	3,875,180	(51,238,382)	(70,078,091)
Sonae RP	29,079,082	29,978,301	52,107	338,359	88,619,925	84,631,674
Investment management	12,027,324	13,957,855	3,125,552	3,687,267	7,378,145	(752,589)
Other, eliminations and adjustments ⁽¹⁾	2,557,553	967,319	1,318,690	4,044,861	32,511,876	98,506,556
Total direct consolidated	170,831,196	187,186,398	10,212,843	13,858,766	228,339,578	286,379,699

	Net financial expenses ⁽²⁾		Income tax ⁽²⁾	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
Retail	(66,406,529)	(67,200,042)	28,322,809	11,366,210
Investment management	(2,847,826)	(7,081,035)	(628,591)	3,639,412
Holding ⁽¹⁾	(7,798,605)	(7,536,709)	(3,033,797)	903,589
Total consolidated	(77,052,960)	(81,817,786)	24,660,421	15,909,211

	Investment (CAPEX)		Invested capital	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
Sonae MC	104,726,899	103,121,235	485,808,706	476,722,790
Sonae SR	62,623,328	32,386,892	115,932,567	100,910,578
Sonae RP	26,548,369	28,582,717	1,212,504,100	1,253,629,991
Investment management	15,459,639	76,793,359	155,804,755	350,547,503
Other, eliminations and adjustments ⁽¹⁾	146,149,472	108,081,504	1,134,457,670	945,565,097
Total consolidated	355,507,707	348,965,707	3,104,507,798	3,127,375,959

	Total net debt ⁽²⁾	
	31 Dec 2014	31-Dec-2013
Retail	663,985,053	749,628,495
Investment management	63,726,166	56,363,559
Holding ⁽¹⁾	523,181,455	413,272,470
Total consolidated	1,250,892,674	1,219,264,524

- 1) Includes Sonae Individual accounts;
- 2) These captions are accompanied by management in a more aggregated form, and not allocated to individual operating segments identified above;

The caption "Eliminations Adjustments and Others" can be analysed as follows:

	Turnover		EBIT	
	31 Dec 2014	31-Dec-2013	31 Dec 2014	31-Dec-2013
Inter-segment income	(171,988,338)	(154,782,545)	-	-
Contribution from companies not included in the segments	17,395,148	3,559,399	(9,401,692)	-
Discontinued operations	-	-	-	71,247,700
Equity method	-	-	42,444,159	27,333,571
Others	-	-	(530,591)	(74,715)
Other, eliminations and adjustments	(154,593,190)	(151,223,146)	32,511,876	98,506,556

	Investment		Invested capital	
	31 Dec 2014	31-Dec-2013	31 Dec 2014	31-Dec-2013
Inter-segment balances	-	-	51,932,321	14,233,065
Investments	141,650,837	106,130,365	1,202,626,712	1,144,792,015
Cash settled equity swap ⁽³⁾	-	-	(103,720,530)	(103,289,056)
Debt to France Télécom-Orange (Note 30)	-	-	-	(102,095,077)
Others	4,498,635	1,951,139	(16,380,833)	(8,075,850)
Other, eliminations and adjustments	146,149,472	108,081,504	1,134,457,670	945,565,097

- 3) Financial Instrument reported in Note 22.

All performance measures are reconciled to the financial statements in note 50

Glossary:

Net Invested capital = Total net debt + total shareholder funds;

Net debt = Bonds + bank loans + other loans + shareholder loans + financial leases - cash, bank deposits, current investments, excluding the participation of 7.28% in ZON OPTIMUS, and other long term financial applications.

Other eliminations and adjustments = Intra-groups + consolidation adjustments + contributions from other companies not included in the disclosed segments by do not fit in any reportable segment, ie are included in addition to Sonae SGPS companies identified as "Other" in Note 5.

Investments (CAPEX) = Investments in tangible and intangible assets and investments in acquisitions;

Non-current assets and turnover by geographic market can be detailed as follows:

Destination market	31 Dec 2014		31-Dec-2013	
	Non-current assets	Sales and services rendered	Non-current assets	Sales and services rendered
Portugal	3,764,181,476	4,534,329,369	3,685,831,585	4,451,873,035
Spain	116,602,956	331,653,873	95,686,012	316,058,660
France	-	25,962,763	-	3,266,160
United Kingdom	-	2,942,928	-	2,428,677
Germany	-	1,415,033	-	1,216,325
Italy	-	1,065,673	-	441,073
Brazil	78,685,795	31,910,327	62,953,173	34,915,340
Other European countries	49,010,528	11,610,199	119,318,003	1,253,061
Rest of the world	8,891,824	33,236,335	9,333,708	9,889,007
	4,017,372,579	4,974,126,500	3,973,122,481	4,821,341,338

48 INFORMATION RELATING JOINT-VENTURES

The amounts of assets, liabilities and profit and losses related to joint ventures are disclosed in Note 6. Taking into account Sonae Sierra and Zopt financial statements relevance and considering that Sonae Sierra and Zopt are consolidated by the equity method, the most relevant facts are detailed as follows (amounts disclosed correspond to Sierra and Zopt figures – 100%).

Group Sonae Sierra

The movement in investment properties, during the years ended 31 December 2014 and 2013 was as follows:

Investment properties	In Operation	"Fit Out"	in progress		Advances	Total
			at cost	at fair value		
Opening balance	754,392,012	2,266,406	58,412,441	-	1,725,000	816,795,859
Increases	12,915,159	-	3,445,937	-	-	16,361,096
Receivables	-	37,500	-	-	-	37,500
Impairments and write-off	-	-	(4,754,800)	-	-	(4,754,800)
Fit-out receivables	-	(262,150)	-	-	-	(262,150)
Transfers	-	-	(1,319,432)	-	-	(1,319,432)
Increases by transfer from investment properties under development:						
Production cost	3,777,910	-	(3,777,910)	-	-	-
Variation in fair value on the investment properties between years:						
- Gains	-	116,405	-	-	-	116,405
- Losses	(75,861,080)	(10,161)	-	-	-	(75,871,241)
Increases trough business combination	280,990,000	-	-	-	-	280,990,000
Sales of companies	(144,500,000)	-	12,342,788	-	-	(132,157,212)
Currency translation differences	(43)	-	(640,424)	-	-	(640,467)
Closing balance	831,713,958	2,148,000	63,708,601	-	1,725,000	899,295,559
Increases	625,881	-	5,309,579	-	-	5,935,460
Receivables	-	50,000	-	-	-	50,000
Impairments and write-off	-	-	(24,096,014)	-	-	(24,096,014)
Sales	-	-	(21,459,269)	-	-	(21,459,269)
Fit-out receivables	-	(268,847)	-	-	-	(268,847)
Variation in fair value on the investment properties between years:						
- Gains	36,114,010	37,882	-	-	-	36,151,892
- Losses	(3,973,873)	(40,034)	-	-	-	(4,013,907)
Currency translation differences	57	-	28,906	-	-	28,963
Closing balance	864,480,033	1,927,000	23,491,804	-	1,725,000	891,623,837

The amount of 24.1 million euro (4.8 million euro as 2013) recorded in "Impairments and write-off" refers mainly to impairment losses relating to some of the properties currently under development, for which there are some uncertainties over their future value.

The amount of 21.5 million euro (5.2 million euro at 2013) recorded in "Disposals" relates essentially to: (i) the sale of Alexa Tower located in Germany 17.3 million euro that generated a gain of 6.7 million euro and (ii) the sale of two land plot in Nuremberg, Germany (4.2 million euro) that generated a net gain of 2.8 million euro.



At 31 December 2014 and 2013 investment properties in operation and the information about the fair value assessment can be detailed as follows:

	31 Dec 2014			31 dec 2013 Restated		
	10 years "discount rate"	Yields	million of euros	10 years "discount rate"	Yields	million of euros Level 3
Portugal/ Spain	8,90% e 14,35%	6,90% e 12,35%	758,158	9,05% e 14,05%	7,05% e 12,05%	726,250
Other European countries	9,60% e 10,30%	7,40% e 8,50%	106,322	9,60% e 10,75%	7,40% e 8,75%	105,464
			864,480			831,714

The fair value of each investment property was determined by means of a valuation as of the reporting date made by independent specialized entities (Cushman & Wakefield and CBRE).

The valuation of these investment properties was made in accordance with the Practice Statements of the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors ("Red Book"), located in England.

The methodology used to compute the market value of the investment properties consists in preparing 10 years projections of income and expenses of each shopping center added to the residual value, corresponding to a projected net income at year 11 and a return market rate ("Exit yield" or "cap rate"). These projections are then discounted to the valuation date using a discount market rate. Projections are intended to reflect the actual best estimate of the value regarding future revenues and costs of each shopping centre. Both the return rate and discount rate are defined in accordance to the local real estate and institutional market conditions, being the reasonableness of the market value obtained in accordance to the methodology referred above, tested also in terms of initial return using the estimated net income for the first year of projections.

In the valuation of investment properties, some assumptions, that in accordance with the Red Book are considered to be special, were in addition considered, namely in the case of recently inaugurated shopping centres, in which the possible costs still to be incurred were not considered, as the accompanying financial statements already include a provision for them.

Considering the above hierarchy investments properties of the Group are all within Level 3.

The relationship of unobservable inputs to fair value can be described as follows:

- a decrease in the estimated annual rent will decrease the fair value;
- an increase in the discount rates and the capitalization rates will decrease the fair value.

As mentioned in the valuation reports of the investment properties prepared by independent specialized entities, the assessment of their fair value took into account the definition of fair value in IFRS 13, which is consistent with the definition of market value defined by the investment properties valuation international standards.

Market commentary

According to the valuers, whenever uncertainty could have a material effect on the opinion of value, the Red Book requires the valuer needs to draw attention to this, indicating the cause of the uncertainty and the degree to which this is reflected in the valuation reported.



Since September 2008 we have seen unprecedented events at a global level, driven by the banking sector and the sovereign debt crisis. Additionally, the economic impact of the austerity measures, implemented by the European governments have strongly contributed to a deceleration of the Global Economy, with the property market being no exception. As a response to this European crisis, European Central Bank (ECB) has been smoothly revising downwards the interest rate on the main refinancing operations of the Eurosystem which is currently at 0.05% (245bp less than in 2008) in order to introduce liquidity and guarantee price stability in the Eurozone.

There is a renewed cross border demand and risk taking approach by international investors generally, which gives good prospects for 2015. Higher liquidity levels in Europe and major appeal of the European property market in the eyes of investors from other continents are expected to fuel the investment market activity in Portugal, with a special focus on prime products.

Although some companies are facing financial difficulties, it is not appropriate to conclude all recent market activity represents forced transactions. An imbalance between supply and demand (for example, fewer buyers than sellers) is not always a determinant of a forced transaction. A seller might be under financial pressure to sell, but it is still available to sell at a market price if there is more than one potential buyer in the market and a reasonable amount of time is available for marketing. Similarly, transactions initiated during bankruptcy should not automatically be assumed to be forced.

It has been held that valuers may properly conclude within a range of values. This range is likely to be greater in an illiquid market where inherent uncertainty exists and a greater degree of judgment must therefore be applied.

The valuers strongly recommend that the company keep the valuation of the properties under review. The Group should also anticipate a longer marketing period than would previously have been expected in the event that any property is offered for sale.

a) Goodwill

The goodwill valuation in the shopping centres segment is located to the subsidiaries with investment properties, the impairment tests of goodwill are based on the Net Asset Value ("NAV") of the shares held, at each reporting date.

The "NAV" corresponds to evaluation at fair value, at each reporting date, of the net assets of the subsidiary excluding deferred tax liabilities relating to unrealized gains on investment properties, at the market value (Open Market Value).

b) Contingent liabilities

As at 31 December 2013 and 2012, the main contingent liabilities relate to the following situations:

- a) In December 2013 a subsidiary by Sonae Sierra, Gli Orsi received a tax notification, whereby it is asked to pay the amount of 19.5 million euro, related with real estate transfer tax in the amount of 9.5 million euro and 10 million euro related with penalties and interests, plus court agent fees amounting to 0.9 million euro. Based on the opinion of the tax expert there are valid reasons to consider the claim ungrounded, and so the Group has appealed to the Supreme Court. In the specific case of the penalties requested by the tax authorities, the tax expert understands that no penalty is due. To face this contingency, the group has expensed in 2013 an amount of 10.4 million euro (corresponding to real estate transfer tax (9.5 million euro) plus court agent fee (0.9 million euro):

- b) During 2008 – 2014, Sonae Sierra has received tax notifications regarding the tax deductibility of interest expenses on loans obtained, concerning the years 2004, 2005, 2007, 2008, 2009 and 2010, in the total amount of 12 million euro. All these tax notifications were claimed by Sonae Sierra and guarantees in the same amount were granted by the subsidiary Sierra Investments, SGPS, S.A. to the Portuguese tax administration. No provision was recorded because the Board of Directors understands that the risk of these tax contingencies is unlikely. For the year of 2004, Sonae Sierra has already received a favourable first court decision and on 20 January 2015, Sonae Sierra was notified of a second favourable court decision, facts that corroborate the Group's assessment of these contingencies.
- c) In 2010 the Group has agreed with the syndicate of banks that granted the loan to Gli Orsi Shopping Centre 1, Srl for the construction of the shopping centre Gli Orsi the payment of the debt service in the maximum amount 6.2 million euro, in case the company is not able to comply with its obligations

At 31 December 2014 and 31 December 2013 the bank guarantees granted to third parties were as following:

	31 Dec 2014	31 dec 2013 Restated
Bank Guarantees (thousands of Euro):		
relating to tax processes in course	3,785	3,785
relating to legal processes in course	199	325
to complete the construction of several projects	660	660
to secure claims of the buyer of the Münster asset	19,000	19,000
others	5,342	3,228

No provision has been made for liabilities arise from the construction/development of projects committed above mentioned, as the Board of Directors believes that there is no risk.

Group ZOPT

The consolidated financial statements of Zopt and its affiliated NOS, as at 31 December 2014 and 2013, incorporated in the financial statements of Sonae through ZOPT by the equity method (Note 8).

The value of Zopt income statement results from NOS net income, the net result of Zopt, the impact on income of the fair value allocation to the assets and liabilities acquired by Zopt.

Contingent liabilities can be analyzed as follows:

a) Legal actions with regulators

- On 8 July 2009, NOS SA (named ZON TV Cabo), was notified by the Competition Authority (AdC) in connection with infringement proceeding relating to availability of channels TV CINES, requesting NOS SA to comment on the content of the notification, which it did in good time. The case is currently at the fact-finding stage in AdC and various information has been requested, to which NOS has responded. If it is concluded that an infringement has occurred, the AdC may levy a fine not exceeding 10% of the company's turnover in last year of infringement, being the same provisioned, given the level of risk in Zopt group.
- NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of ICP-ANACOM's decisions in respect of the payment of the Annual Fee (for 2009, 2010, 2011, 2012 and 2013) for carrying on the business of Electronic Communications Services Networks Supplier in the amounts, respectively, of (i) 1,861 thousand euros, 3,808 thousand euros, 6,049 thousand euros, 6,283 thousand euros and 7,270 thousand euros; (ii) 29 thousand euros, 60 thousand euros, 95

thousand euros, 95 thousand euros and 104 thousand euros; (iii) 40 thousand euros, 83 thousand euros, 130 thousand euros, 132 thousand euros and 149 thousand euros, and seeking reimbursement of the amounts meanwhile paid in connection with the enforcement proceedings. This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. The scheme is being introduced gradually: 1/3 in the first year, 2/3 in the second year and 100% in the third year. NOS SA, NOS Açores and NOS Madeira claim, in addition to defects of unconstitutionality and illegality, that only revenues from the electronic communications business per se, subject to regulation by ICP - ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded.

- On 18 December 2012 a ruling was passed on the proceedings instigated by NOS SA for 2009, for which the appeal was upheld, with no prior hearing, condemning ICP-ANACOM to pay the costs. ICP-ANACOM appealed and by decision of July 2013 was not upheld.

The remaining proceedings are awaiting trial and decision.

b) Tax Authorities

During the course of the 2003 to 2014, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2012 financial years. Following these inspections, NOS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Group's tax losses, to VAT and stamp tax and to make the payments related to the corrections made to the above exercises. The total amount of the notifications is about 25.8 million euro. Note that the Group considered that the corrections were unfounded, and contested the amounts mentioned. The Group provided the bank guarantees demanded by the Tax Authorities in connection with these proceedings.

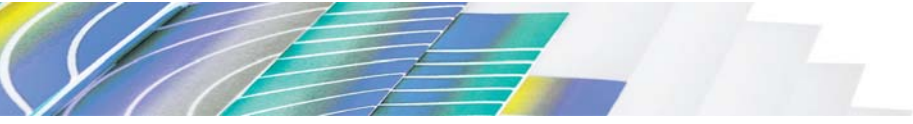
At end of year 2013 and taking advantage of the extraordinary settlement scheme of tax debts, the Group settled 7.7 million euro (corresponding to notifications in the amount of 17.3 million euro less accrued interests). This amount was recorded as 'taxes receivable' non-current net of the provision recorded in the amount of 3.5 million euro.

As belief of the Board of Directors of the NOS group, supported by our lawyers and tax advisors, the risk of loss of these proceedings is not likely and the outcome thereof will not affect materially the consolidated position.

c) Actions by Portugal Telecom against NOS Madeira and NOS Açores

PT brought an action in Funchal Judicial Court against NOS Madeira, claiming payment of 1.6 thousand euros, plus accrued interest related to the alleged use of ducts, supply of the MID, supply of video and audio channels, operating, maintenance and management costs of the Madeira/Porto Santo undersea cable and the use of two fiber optic circuits. The company contested the action, in particular the prices concerned, the services and PT's legal capacity in respect of the ducts. At the end of July 2013, a favourable decision was given to NOS Madeira, which, however, PT appealed. The case is pending normal development.

In 2011, PT brought an action in Lisbon Judicial Court against NOS SA, claiming payment of 10.3 million euro, as compensation for alleged undue portability of NOS SA in the period between March 2009 and July 2011. NOS SA lodged a reply and reply and it is in progress to completion of proof.



PT made a court notice to spare NOS SA (April 2013), two NOS Açores (March and June 2013) and two NOS Madeira (March and June 2013), all in order to stop the prescription alleged damages resulting from claims of undue portability, absence of response time to requests submitted to them by PT and alleged illegal refusal of electronic requests. PT doesn't indicate that total amounts you want to be financially compensated, realizing only part of these, in the case of NOS Açores, in the amount of 195 thousand euro and the NOS Madeira, amounting to 817 thousand euros.

In 2011, NOS SA brought an action in Lisbon Judicial Court against PT, claiming payment of 22.4 million euro, for damages suffered by NOS SA, arising from violates of Portability Regulation by part of the PT, in particular, the large number of unjustified refusals of portability requests by PT in the period between February 2008 and February 2011. The court declared the compulsory performs action of expert evidence, which will be currently underway.

It is the understanding of the Board of Directors, supported by lawyers who monitor the process, that there are, in substance, a good chance of winning the NOS SA get in action, even in that of PT have already been convicted for the same offense, by ICP – ANACOM. However, it is impossible to determine the outcome of the action.

The cases and the processes described above are provisioned in the consolidated accounts of Zopt, given the degree of risk identified.

d) Actions against SPORT TV

SPORT TV Portugal, S.A. was fined by the Competition Authority to the value of Euro 3,730 thousand for the alleged abuse of its dominant position in the domestic market of subscription channels with premium sport content.

SPORT TV is not in agreement with the decision and has therefore decided to appeal against the same to the competent judicial authorities. Meanwhile, the Court of Competition, Regulation and Supervision altered the value to Euro 2,700 thousand. Sport TV has appealed to the 'Tribunal da Relação' (Court of Appeal).

e) Contractual Penalties

The general conditions that affect the agreement and termination of this contract between NOS and its clients, establish that if the products and services provided by the client can no longer be used prior to the end of the binding period, the client is obliged to immediately pay damages.

At 31 December 2014, damages charged, but not received by NOS SA, NOS Madeira and NOS Açores amount to a total of Euro 119,395 thousand. In the year ended 31 December 2014, were received and recorded in the income statement Euro 6,556 thousand.

f) Interconnection tariffs

At 31 December 2014, accounts receivable and accounts payable include 37.139 million euro and 29.914 million euro, respectively, resulting from a dispute between the subsidiary NOS SA and, essentially, the operator MEO – Serviços de Comunicação e Multimédia, S.A. (previously named TMN – Telecomunicações Móveis Nacionais, S.A.), in relation to the indefiniton of interconnection tariffs, recorded in the year ended at 31 December 2001. In the lower court, the decision was favourable to NOS SA. The "Tribunal da Relação" (Court of Appeal), on appeal, rejected the intentions of MEO. However, MEO again appealed to the "Supremo Tribunal de Justiça" (Supreme Court), for final and permanent decision, who upheld the decision of the "Tribunal da Relação" (Court of Appeal), thus concluding that the interconnection prices for



2001 were not defined. The settlement of outstanding amounts will depend on the price that will be established.

g) National Commission for Data Protection (CNDP)

There is recorded a provision to cover the infringement proceedings in the amount of approximately 4.5 million euro, established by the National Commission for Data Protection ("CNDP") against NOS SA subsidiary, for alleged violations of rules relating to legal protection of data. During the project phase of decision, NOS SA argued, firstly, a set of procedural irregularities and, secondly, a set of fact and law arguments that the Board understood to impose a final decision to dismiss the case. However, on 16 January 2014, NOS SA received a settlement notice regarding the fine imposed by the CNPD, against which appealed to the courts. On 8 September 2014, the Court for Competition, Regulation and Supervision ("Tribunal da Concorrência, Regulação e Supervisão") reduced the value of the fine to 600 thousand euro. NOS SA appealed against this decision. As a consequence of this decision, the provision was reduced by 3.9 million euro. On 5 February 2015, the Lisbon 'Tribunal da Relação' on appeal set the fine of 100 thousand euro, a decision which is still subject to appeal.

h) ANACOM

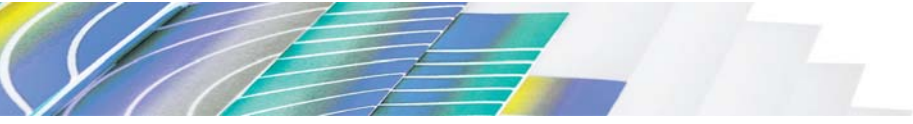
Infringement proceedings due to an alleged failure, by NOS SA, to apply the resolutions, taken by ANACOM on 26 October 2005, concerning termination rates for fixed calls. Following a deliberation of Board of Directors of the regulator, in April 2012, a fine of approximately 6.5 million euro was applied to NOS SA; NOS SA has applied for the judicial review of the decision and the court has declared the process's nullity (violation of NOS, SA's right of defense). In April 2014, ANACOM notified the NOS SA, of a new administration offense process, based on the same changes used initially in the accusation presented against NOS SA. In September 2014 ANACOM applied, based on the same facts, a fine on NOS SA, amounting to about 6.5 million Euro and was judicial review that decision.

i) Supplementary Capital

The fiscal authorities are of the opinion that NOS SA has broken the principle of full competition under the terms of (1) of article 58 of the Corporate Tax Code (CIRC), by granting in previous exercises supplementary capital to its subsidiary Be Towering, without having been remunerated at a market interest rate. In consequence, it has been notified, with regard to the years 2004, 2005, 2006 and 2007, of corrections to the determination of its taxable income in the total amount of 20.5 million euro. NOS SA contested the decision with regard to all the above mentioned years. As for the year 2007, the Fiscal and Administrative Court of Oporto has already decided unfavourably. The company has contested this decision.

j) Future credits transferred

For the year ended at 31 December 2010, the subsidiary NOS SA was notified of the Report of Tax Inspection, where it is considered that the increase, when calculating the taxable profit for the year 2008, of the amount of 100 million euro, with respect to initial price of future credits transferred to securitization, is inappropriate. Given the principle of periodization of taxable income, NOS SA was subsequently notified of the improper deduction of the amount of 20 million euro in the calculation of taxable income for the years 2009 to 2012 (Report of the Tax Inspection received in January 2015). Given that the increase made in 2008 was not accepted due to not complying with Article 18 of the CIRC, also in the years following, the deduction corresponding to credits generated in that year, will eliminate the calculation of taxable income, to meet the annual amortisation hired as part of the operation (20 million



per year during 5 years). NOS SA challenged the decisions regarding 2008, 2009 and 2010 fiscal years and will challenge, in time, the decision regarding 2011 and 2012 fiscal years. Regarding the year 2008, the Administrative and Fiscal Court of Porto has already decided unfavourably, in March 2014, and the company has initiated the corresponding appeal.

k) Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CSLU)

Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CSLU): The Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CSLU) is legislated in Articles 17 to 22 of Law nr 35/2012, of 23 August. From 1995 until June 2014, PT Comunicações, SA (PTC) was the sole provider for the universal service of electronic communications, having been designated illegally without a tender procedure, as acknowledged by the European Court of Justice who, through its decision taken in June 2014, condemned the Portuguese State to pay a fine of 3M euro for illegally designating Portugal Telecom. In accordance with Article 18 of the abovementioned Law 35, the net costs of the operator responsible for providing the universal service, approved by ICP-ANACOM, must be shared between other companies who provide, in national territory public communication networks and publicly accessible electronic communications services. NOS is therefore within the scope of this extraordinary contribution given that PTC has requested the payment of CLSU to the compensation fund. The compensation fund can be activated to compensate the net costs of the electronic communications universal service, relative to the period before the designation of the provider by tender, whenever, cumulatively (i) there are net costs, considered excessive, the amount of which is approved by ICP-ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requester the Government compensation for the net costs approved under the terms previously mentioned. In September 2013, ICP-ANACOM delibered to approve the final results of the CLSU audit presented by PTC, relative to the period from 2007 to 2009, in a total amount of 66.8 million euro, a decision which was contested by NOS and about which NOS was, in June 2014, notified of the argument provided by ICP-ANACOM. Also in June 2014, ICP-ANACOM requested NOS to send the information regarding the revenue eligible, for the purpose of the contribution toward the compensation fund. This information was sent with the reservation that it did not signal NOS' acceptance or agreement as to the existence of any obligation to pay the extraordinary contribution. An audit to the amount of revenues eligible is underway and in its closing stages. It is expected that PTC submits to ICP-ANACOM the CLSU calculations incurred in the period from 2012 to June 2014. It is estimated that the contribution of Optimus, SA, up until the date of the merger, amounts to 22 million euro.

It is the opinion of the Board of Directors of NOS that this extraordinary contribution violates the Directive of Universal Service, given that PTC was not designated the universal service provider through a tender procedure. Moreover, considering the existing legal framework since NOS began its activity, the request of payment of the extraordinary contribution violates the principle of the protection of confidence, recognized on a legal and constitutional level in Portuguese domestic law. For these reasons, NOS will judicially challenge the liquidation of each and all extraordinary contributions. Following these facts, which took place especially in June 2014, and after reassessing the process with its attorneys, this contribution is classified as a contingent liability. However, the Board of Directors is convinced it will be successful in all challenges, both future and already undertaken.

Regardless of the belief of the Board of Directors of NOS, was attributed, in 2014, in the Goodwill allocation period provided by IFRS 3, a provision to remedy this situation, with regard to possible liability to the date of the merger.



The Sonae Board of Directors believes that the above processes may result in contingencies that affect the NOS group's accounts are properly provisioned, given the degree of risk in the consolidated accounts of Sonae.

49 COMMITMENTS TO THE DISPOSAL OF SUBSIDIARY SUBJECT TO REVISION OF PRICE

Following the sale of 49.9% of Sierra European Retail Real Estate Assets Holdings BV's ("Sierra BV") share capital to a group of Investors, in 2003, Sonae Sierra has agreed to revise the sale price of such shares in the event of a sale, to third parties, of some of the shopping centres owned by subsidiaries of Sierra BV (subject to some conditions).

The price revision can occur both with a sale of the asset (investment property in the case) or with a sale of the shares of the company that is, directly or indirectly, the owner of such asset.

The price revision will be made by Sonae Sierra to the Investors in Sierra Fund or to Sierra BV if, in a relevant sale, discounts related to deferred taxes on capital gains have been made.

The price revision will be dependent on the percentage ownership in the company that owns the asset, the Investors' ownership percentage in Sierra BV (and in case of a sale of shares adjusted by a 50% discount) and is limited to:

- (i) In the case of the asset sale, a maximum amount of 118.3 million euro;
- (ii) In the case of a sale of shares of the company that directly or indirectly owns the asset, a maximum amount of 59.1 million euro;
- (iii) In the case of a sale of shares of the company that directly or indirectly owns the asset, the price revision plus the selling price, cannot result in a revised price that is greater than the proportion of the Net Asset Value.

Similar commitments were granted by Sonae Sierra in relation to the companies transferred to Sierra BV after 2003 and to CBRE companies regarding the sale of 50% of Vasco da Gama.

These commitments are valid while the current agreements with the other stakeholders of Sierra BV are maintained.

Furthermore, Sonae Sierra has the right to make a proposal for the acquisition of the asset or the shares at stake before they are offered for sale to a third party.

In accordance with the agreements made between the shareholders of Sierra BV at the time of its incorporation in 2003, it was agreed that Sierra BV should exist for an initial period of 10 years (that ends in October 2013), that could be extended by two additional periods of one year starting in 2013. On September 2013 all the shareholders of Sierra BV approved an amendment agreement relating to the continuation of the operations of the Fund with a long-stop date until October 2018. The Group continues to study several alternatives to dispose of the properties held by Sierra BV, but there are no intentions to proceed with forced asset sales.



In accordance with the agreements made between the shareholders of SPF at the time of its incorporation in 2008, it was agreed that SPF should exist for a period of 10 years (that will end in 2018), starting in 2014, the non Sonae Sierra shareholders have the option to redeem its shares, provided that some conditions are met. The Group is not aware of any intention by any of those shareholders to redeem its shares.

The Group believes that the direct sale of the asset is a less attractive solution as it is subject to certain liabilities that are not crystalized in the event of a sale of the shares.

50 PRESENTATION OF CONSOLIDATED INCOME STATEMENT

In the Management Report, and for the purposes of calculating financial indicators as EBIT, EBITDA and underlying EBITDA the consolidated income statement is divided between Direct Income and Indirect Income.

The Indirect Income includes the contribution of Sonae Sierra, net of taxes that result from: (i) valuation of investment properties; (ii) gains (losses) with the sale of financial investments, joint ventures or associates; (iii) impairment losses relating to non-current assets (including goodwill) and (iv) provisions for assets at risk. Additionally and with regard to the portfolio of Sonae: (i) impairment of real estate assets for retail, (ii) decreases in goodwill, (iii) provisions (net of tax) for possible future liabilities, and impairments related to noncore investments, businesses and discontinued assets (or to be discontinued / repositioned), (iv) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (v) other irrelevant issues. The value of EBITDA and EBIT are only calculated in the direct income component, excluding the indirect contributions.

The reconciliation between consolidated income and direct-indirect income for the periods ended 31 December 2014 and 2013 can be summarised as follows:



	31 Dec 2014			31 Dec 2013		
	Consolidated	Indirect Income	Direct Income	Direct Income	Indirect income	Direct income
Turnover	4,974,126,500	-	4,974,126,500	4,821,341,341	-	4,821,341,341
Investment income						
Dividends and others adjustments	1,473,483	1,321,885	151,598	96,645	96,645	-
Impairments losses	-	-	-	(102,009)	-	(102,009)
Others	7,313,346	-	7,313,346	(7,318)	-	(7,318)
Others income						
Negative goodwill	-	-	-	-	-	-
Impairment losses Reversal	2,457,537	-	2,457,537	12,733,171	-	12,733,171
Others	523,267,871	-	523,267,871	432,610,002	(2,640,758)	435,250,760
Total income	5,508,638,737	1,321,885	5,507,316,852	5,266,671,832	(2,544,113)	5,269,215,945
Total expenses	(5,124,201,099)	-	(5,124,201,099)	(4,893,765,372)	(10,770,564)	(4,882,994,808)
Depreciation and amortisation	(170,831,196)	-	(170,831,196)	(187,186,398)	-	(187,186,398)
Losses on tangible and intangible assets	(10,847,594)	-	(10,847,594)	-	-	-
Non-recurring impairment losses over inventories	-	-	-	-	-	-
Impairment losses and provisions						
Provisions for warranty extensions	(726,942)	-	(726,942)	-	-	-
Goodwill impairment	-	-	-	(8,078,127)	(7,722,709)	(355,418)
Unusual provisions and impairments	(1,359,848)	(1,359,848)	-	(155,025,977)	(155,025,977)	-
Others	(9,485,901)	-	(9,485,901)	(24,314,645)	(10,811,297)	(13,503,348)
Profit before financial results and results of joint ventures and associates	191,186,157	(37,963)	191,224,120	(1,698,687)	(186,874,660)	185,175,973
Unusual results	(5,237,436)	-	(5,237,436)	-	-	-
Gains and losses on investments recorded at fair value through results	(3,129,894)	(3,129,894)	-	46,636,719	46,636,719	-
Financial profits/(loss)	(77,052,960)	-	(77,052,960)	(81,817,786)	(64,645)	(81,753,141)
Share of results of joint ventures and associated undertakings						
Sonae Sierra	48,312,480	21,964,263	26,348,217	3,917,521	(27,000,115)	30,917,636
ZOPT	15,809,426	-	15,809,426	(523,500)	-	(523,500)
Others	286,516	-	286,516	(438,110)	-	(438,110)
Profit before income tax	170,174,289	18,796,406	151,377,883	(33,923,843)	(167,302,701)	133,378,858
Income Tax	(24,660,421)	-	(24,660,421)	(15,909,211)	13,653,705	(29,562,916)
Profit/(Loss) from continued operations	145,513,868	18,796,406	126,717,462	(49,833,054)	(153,648,996)	103,815,942
Profit/(Loss) from discontinued operations	-	-	-	513,853,339	442,605,639	71,247,700
Profit/(Loss) for the period	145,513,868	18,796,406	126,717,462	464,020,285	288,956,643	175,063,642
Attributable to equity holders of Sonae	143,838,207	18,796,406	125,041,801	318,979,514	168,404,372	150,575,142
Non-controlling interests	1,675,661	-	1,675,661	145,040,771	120,552,271	24,488,500
"Underlying" EBITDA (a)			379,779,676			377,564,113
EBITDA (b)			416,986,399			474,793,701
EBIT (c)			228,339,578			286,379,699

(a) Direct EBITDA = total direct income - total direct expenses - reversal of direct impairment losses + Share of results in joint ventures and associated undertakings (Sonae Sierra direct results, and Zon Optimus and Geostar) + the impact of discontinued operations of Optimus + unusual results.

(b) "Underlying" EBITDA = Direct EBITDA – effect of share result in joint ventures and associated undertakings –non-recurrent results.

(c) Direct EBIT = Direct EBT - financial results - discontinued operations

(d) Direct EBT = Direct results before non-controlling interests and taxes

(e) Direct income = Results excluding contributions to indirect income

(f) Indirect income = Includes Sonae Sierra's results, net of taxes, arising from: (i) investment properties valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses for noncurrent assets (including goodwill) and; (iv) provision for assets at risk. Additionally and with regard to the portfolio of Sonae: (i) impairment of real estate assets for retail, (ii) decrease in goodwill, (iii) provisions (net of tax) for possible future liabilities and impairments related with non-core financial investments, businesses, discontinued assets (or be discontinued / repositioned), (iv) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (v) other irrelevant issues.

Indirect income could be analysed as follows:

Indirect income	31 Dec 2014	31 Dec 2013
Indirect income of Sonae Sierra	21,964,263	(27,000,115)
Measurement of NOS at fair value	(3,129,894)	46,636,719
Discontinued operations (Note 4)	-	442,605,639
Provision for contingencies in Brazil (Note 32)	(1,359,848)	(11,414,278)
Dividends from joint ventures	1,321,885	-
Change of "layout" and "rebranding" (Note 10):	-	-
Specialized retail stores	-	(43,746,620)
Food based retail stores	-	(9,988,367)
Impairment of Real Estate (Note 10)	-	(100,029,307)
Impairment of goodwill	-	(7,722,709)
Others	-	(384,319)
Total	18,796,406	288,956,643

"Underlying EBITDA" could be analysed as follows:

	31 Dec 2014	31 Dec 2013
Direct EBITDA	416,986,399	474,793,701
Share of results of joint ventures and associated undertakings	(42,444,159)	(30,479,526)
Consolidated net income/(loss) from discontinued operations	-	(71,247,700)
Other expenses considered non-recurring	5,237,436	3,974,138
"Underlying" Direct EBITDA	379,779,676	377,564,113

51 APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 10 March 2015 nevertheless they are still subject to approval at the Shareholders Annual General Meeting.

The Board of Directors

Belmiro Mendes de Azevedo; Chairman

Álvaro Carmona e Costa Portela; member of the Board of Directors

Álvaro Cuervo Garcia; member of the Board of Directors

Bernd Bothe; member of the Board of Directors





Christine Cross; member of the Board of Directors

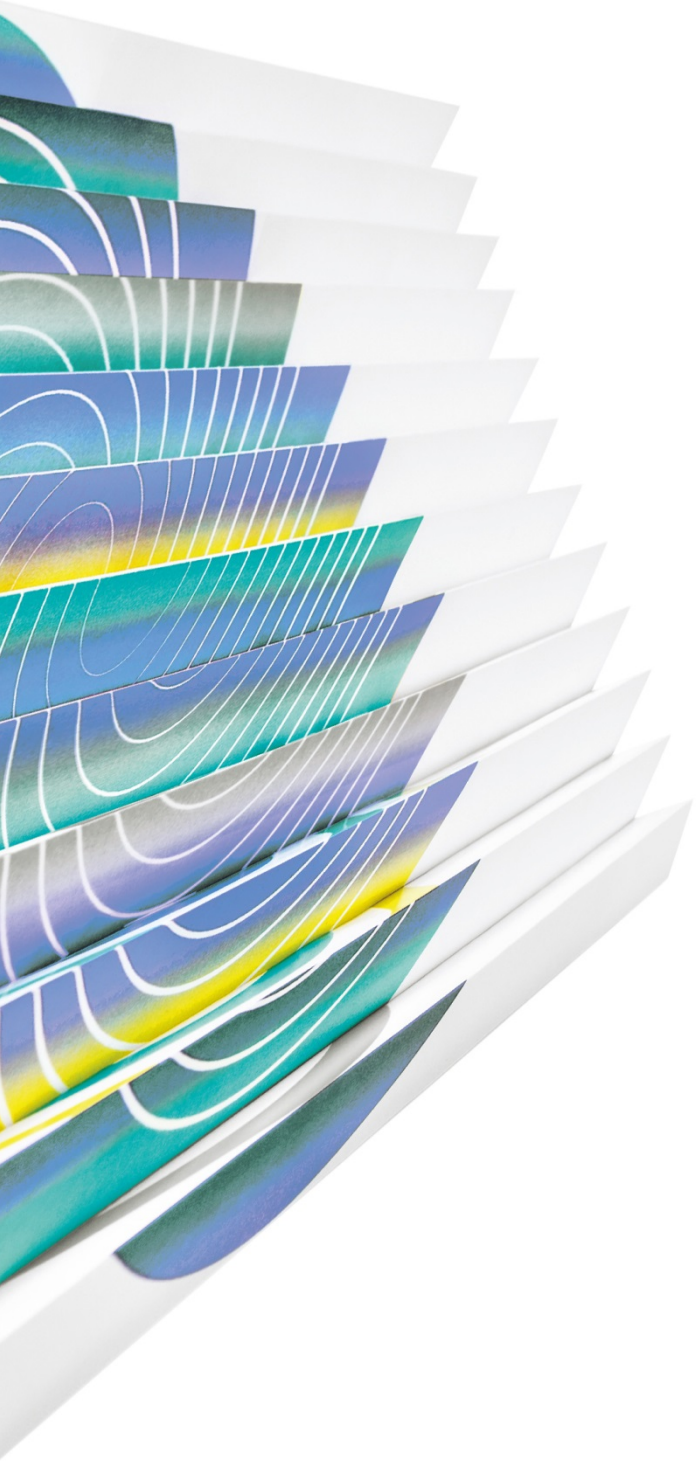
Michel Marie Bon; member of the Board of Directors

José Neves Adelino; member of the Board of Directors

Duarte Paulo Teixeira de Azevedo; CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério; member of the Board of Directors





Individual Financial Statements



INDIVIDUAL STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 AND 2013

(Translation of individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2014	31 Dec 2013
ASSETS			
NON-CURRENT ASSETS:			
Tangible assets	6	111,859	144,778
Intangible assets	7	5,695	13,245
Investments in affiliated companies	4, 8	2,357,749,457	3,638,337,796
Other investments	4, 9	29,139,425	29,367,435
Other non-current assets	4, 10	462,400,000	472,066,551
Total non-current assets		2,849,406,436	4,139,929,805
CURRENT ASSETS:			
Trade account receivables	4, 11	708,819	468,059
Other debtors	4, 12	1,846,600,011	11,194,379
Taxes recoverable	13	6,923,993	2,589,020
Other current assets	4, 14	3,644,195	3,302,072
Cash and cash equivalents	4, 15	292,422,049	96,239,237
Total current assets		2,150,299,067	113,792,767
TOTAL ASSETS		4,999,705,503	4,253,722,572
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	16	2,000,000,000	2,000,000,000
Treasury shares	17	(6,857,332)	-
Legal reserves	18	196,260,390	188,285,864
Hedging reserve, fair value reserve and other reserves	19	760,580,389	1,082,932,419
Profit for the year		959,024,034	159,490,511
TOTAL EQUITY		3,909,007,481	3,430,708,794
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bonds	4, 21	107,999,258	447,088,540
Bank loans	4, 21	135,000,000	94,420,250
Other non-current liabilities		-	1,127,105
Total non-current liabilities		242,999,258	542,635,895
CURRENT LIABILITIES:			
Bonds	4, 21	446,308,102	149,972,236
Bank loans	4, 21	76,778,859	1,961,683
Other loans	4, 21	-	2,421,024
Trade accounts payable	4	283,747	189,969
Other creditors	4, 22	295,467,518	114,842,829
Taxes and contributions payable	13	10,692,297	454,452
Other current liabilities	4, 23	18,168,241	10,535,690
Total current liabilities		847,698,764	280,377,883
TOTAL EQUITY AND LIABILITIES		4,999,705,503	4,253,722,572

The accompanying notes are part of these individual financial statements.

The Board of Directors

INDIVIDUAL INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

(Translation of individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2014	31 Dec 2013
Services rendered	27	477,612	477,612
Gains or losses on investments	28	964,856,982	171,972,960
Financial income	29	40,426,250	34,142,610
Other income		3,270,313	3,151,542
External supplies and services	30	(3,435,509)	(3,799,164)
Staff costs	31	(2,928,789)	(2,400,652)
Depreciation and amortisation	6, 7	(40,991)	(64,008)
Financial expense	29	(45,949,537)	(43,443,818)
Other expenses		(420,466)	(537,227)
Profit/(Loss) before taxation		956,255,865	159,499,855
Taxation	32	2,768,169	(9,344)
Profit/(Loss) after taxation		959,024,034	159,490,511
Profit/(Loss) per share			
Basic	33	0.480829	0.079745
Diluted	33	0.480435	0.079690

The accompanying notes are part of these individual financial statements.

The Board of Directors

INDIVIDUAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

(Translation of the individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2014	31 Dec 2013
Net Profit / (Loss) for the year		959,024,034	159,490,511
Items that may be reclassified subsequently to profit or loss:			
Changes on fair value of available-for-sale financial assets	8	(31,934,959)	67,926,242
Transfer of fair value of available-for-sale financial assets to the income statement	8	(371,403,860)	-
Changes in hedge and fair value reserves		(1,163,254)	3,546,546
Other comprehensive income for the year		(404,502,073)	71,472,788
Total comprehensive income for the year		554,521,961	230,963,299

The accompanying notes are part of these individual financial statements.

The Board of Directors



INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED AS AT 31 DECEMBER 2014 AND 2013

(Translation of the individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	Share capital	Treasury shares	Legal reserve	Reserves and retained earnings						Net Profit/(Loss)	Total
					Fair value reserve	Hedging reserve	Share based payments reserve	Free reserves	Retained earnings	Total reserves and retained earnings		
Balance as at 1 January 2013		2,000,000,000	-	187,137,648	512,403,476	(2,383,292)	655,001	608,516,991	(63,194,492)	1,055,997,684	22,964,317	3,266,099,649
Total comprehensive income for the year		-	-	-	67,926,242	3,546,546	-	-	-	71,472,788	159,490,511	230,963,299
Appropriation of profit of 2012:												
Transfer to legal reserves and other reserves		-	-	1,148,216	-	-	-	(41,378,391)	63,194,492	21,816,101	(22,964,317)	-
Dividends distributed	35	-	-	-	-	-	-	(66,200,000)	-	(66,200,000)	-	(66,200,000)
Obligation fulfilled by a third party		-	(515,821)	-	-	-	-	-	-	-	-	(515,821)
Share based payments	20	-	515,821	-	-	-	48,467	(202,621)	-	(154,154)	-	361,667
Balance as at 31 December 2013		2,000,000,000	-	188,285,864	580,329,718	1,163,254	703,468	500,735,979	-	1,082,932,419	159,490,511	3,430,708,794
Balance as at 1 January 2014		2,000,000,000	-	188,285,864	580,329,718	1,163,254	703,468	500,735,979	-	1,082,932,419	159,490,511	3,430,708,794
Total comprehensive income for the year		-	-	-	(403,338,819)	(1,163,254)	-	-	-	(404,502,073)	959,024,034	554,521,961
Appropriation of profit of 2013												
Transfer to legal reserves and other reserves	18	-	-	7,974,526	-	-	-	81,915,985	-	81,915,985	(89,890,511)	-
Dividends distributed	35	-	-	-	-	-	-	2,569	-	2,569	(69,600,000)	(69,597,431)
Purchase of treasury shares	17	-	(12,685,847)	-	-	-	-	-	-	-	-	(12,685,847)
Sale of treasury shares	17	-	5,263,235	-	-	-	-	135,207	-	135,207	-	5,398,442
Share based payments	20	-	565,280	-	-	-	82,134	14,148	-	96,282	-	661,562
Balance as at 31 December 2014		2,000,000,000	(6,857,332)	196,260,390	176,990,899	-	785,602	582,803,888	-	760,580,389	959,024,034	3,909,007,481

The accompanying notes are part of these individual financial statements.

The Board of Directors

INDIVIDUAL STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

(Translation of the individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2014	31 Dec 2013
OPERATING ACTIVITIES			
Cash receipts from trade debtors		236,262	476,761
Cash paid to trade creditors		(3,192,319)	(3,610,452)
Cash paid to employees		(2,197,827)	(2,477,481)
Cash flow generated by operations		(5,153,884)	(5,611,172)
Income taxes (paid) / received		1,940,266	(1,329,687)
Other cash receipts and (payments) relating to operating activities		1,817,283	1,419,123
Net cash flow from operating activities (1)		(1,396,335)	(5,521,736)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	34	-	18,640,000
Tangible assets		1,450	-
Interest and similar income		35,550,485	31,651,988
Dividends	12, 28	44,791,523	202,565,008
Others		1,664,473	2,283,251
Loans granted		2,273,590,285	994,656,172
		2,355,598,216	1,249,796,419
Cash payments arising from:			
Investments	34	(114,642,176)	(10,000,541)
Tangible assets		(2,428)	(4,280)
Intangible assets		-	(10,845)
Others		-	(4,444,000)
Loans granted		(2,263,923,734)	(1,113,899,723)
		(2,378,568,338)	(1,128,359,389)
Net cash used in investment activities (2)		(22,970,122)	121,437,030
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		2,419,962,856	761,351,683
Sale of treasury shares		5,421,454	255,144
		2,425,384,310	761,606,827
Cash payments arising from:			
Loans obtained		(2,085,615,517)	(836,267,049)
Interest and similar charges		(36,939,333)	(37,484,854)
Dividends		(69,595,270)	(66,198,604)
Purchase of treasury shares		(12,685,847)	-
		(2,204,835,967)	(939,950,507)
Net cash used in financing activities (3)		220,548,343	(178,343,680)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		196,181,886	(62,428,386)
Cash and cash equivalents at the beginning of the year	15	96,239,237	158,667,623
Cash and cash equivalents at the end of the year	15	292,421,123	96,239,237

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE, SGPS, SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Translation of the individual financial statements originally issued in Portuguese.

In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

1 INTRODUCTION

SONAE, SGPS, SA ("the Company" or "Sonae"), has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal.

The individual financial statements are presented as required by Commercial Companies Code. According to Decree-Law 158/2009 of 13 July, the company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Consolidated financial statements are also presented in accordance with applicable legislation.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accompanying individual financial statements are as follows:

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. This standards were issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") or by the previous Standing Interpretations Committee ("SIC"), that have been adopted by the European Union.

Interim financial statements are presented quarterly, in accordance with IAS 34 – "Interim Financial Reporting".

The accompanying financial statements have been prepared from the books and accounting records on a going concern basis and under the historical cost convention, except for financial instruments and investment properties which are stated at fair value.



New accounting standards and their impact in the financial statements

Up to the approval date of these financial statements, the European Union endorsed standards, interpretations, amendments and revisions, some of which have become effective during the year 2014. These changes are presented in Note 2 of the notes to the consolidated financial statements. The adoption, during 2014, of the mentioned standards did not produce relevant impacts on the Company financial statements, since they aren't applicable to the Individual financial statements of the Company.

Additionally, there are standards that have been approved for adoption in the periods started on or after 1 January 2015. The company did not early adopt the mentioned standards as the adoption is not mandatory and no significant impacts in the individual financial statements of the company are expected to arise from the application of those standards. The description of these standards is presented in Note 2 of the notes to the consolidated financial statements.

2.2 Tangible assets

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition cost, or revalued acquisition cost in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption depreciation and amortisation.

The impairment losses in the realisable value of tangible assets are recorded in the year they arise in the caption of the income statement - impairment losses.

2.3 Intangible assets

Intangible assets are stated at acquisition cost, net of amortisation and accumulated impairment losses. Intangible assets are only recognised if it is probable that future economic benefits will flow from them, if they are controlled by the Company and if their cost can be reliably measured.

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption depreciation and amortization.

2.4 Borrowing costs

Borrowing costs are usually recognised as an expense in the period in which they are incurred on an accruals basis in accordance with effective interest rate method.

2.5 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the sale must be highly probable and the asset or disposal group is available for immediate sale in its present condition. In addition, the sale should be expected to occur within 12 months from the date of classification.



Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. These assets are not depreciated.

2.6 Financial instruments

The Company classifies the financial instruments in the categories presented and conciliated with the statement of financial position disclosed in Note 4.

a) Investments

Investments are classified into the following categories:

Held to maturity

Investments measured at fair value through profit or loss

Available for sale

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the statement of financial position date. Investments classified as held to maturity have defined maturities and the Group has the intention and ability to hold them until the maturity date. Investments measured at fair value through profit or losses are classified as current assets. Available for sale investments are classified as non-current assets.

Equity investments in subsidiaries, associates and jointly controlled companies are classified as available for sale.

The investments measured at fair value through profit or loss include the investments held for trading that the company acquires for sale in a short period of time, and are classified in the statement of financial position as current assets.

The Company classifies as available for sale those investments that are neither included as investments measured at fair value through profit or loss nor as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sales of investments are recognized on the trade date, independently of the settlement date.

Investments are initially measured at fair value, which is considered to be the fair value of the consideration paid for them, including transaction costs, in the case of available for sale investments.

Available for sale investments and investments measured at fair value through profit or loss are subsequently measured at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their quoted market price or independent valuation at the statement of financial position date. Available for sale investments that do not have a quoted market price and whose fair value



cannot be reliably measured are stated at cost or last reliable fair value measurement, less impairment losses.

Gains or losses arising from a change in fair value of available for sale investments are recognised directly in equity, under fair value reserve, until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is transferred to net profit or loss.

Gains or losses arising from a change in fair value of investments measured at fair value through profit or loss are recorded in the income statement captions financial expenses or financial income.

Held to maturity investments are carried at amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Loans and accounts receivable

Loans and accounts receivable are recorded at amortised cost using the effective rate method net of accumulated impairment losses, in order to reflect its realisable value.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

These financial investments arise when the Company provides money or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the statement of financial position date, situations when they are classified as non-current assets. Loans and receivables are included in the captions presented in Note 4.

c) Trade accounts receivable

Receivables are stated at net realisable value corresponding to their nominal value less impairment losses (recorded under the caption impairment losses in accounts receivable).

Impairment is recognised if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the receipt of the full amount is expected to be within one year the discount is considered null as it is immaterial.

d) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.



e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments which corresponds to their fair value at transaction date.

Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.8. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

f) Trade accounts payable

Trade accounts payable are stated at their nominal value, since it relates to short term debt, and its discount effect is estimated to be immaterial.

g) Derivatives

The Company uses derivatives in the management of its financial risks to hedge such risks and/or in order to optimise funding costs, in accordance with Management interest rate risk policy described in point 3.4.1.

Derivatives classified as cash flow hedge instruments are used by the Company mainly to hedge interest rate risks on loans obtained. Conditions established for these cash flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The gain or loss relating to the ineffective portion of the hedge, if any, is recorded in the income statement under financial income or expenses.

The Company's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured;
- there is adequate documentation of the hedging relationships at the inception of the hedge;
- the transaction being hedged is highly probable.

Cash flows hedge instruments used by the Company to hedge the exposure to changes in interest of its loans are initially accounted for at cost, if any which corresponds to its fair value, and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption hedging reserves, and then recognised in the income statement over the same period in which the hedged instrument affects profit or loss.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption hedging reserve are transferred to profit or loss of the



period or to the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

Derivatives entered into in accordance with interest rate risk management policy described in point 3.4.1 and not eligible for hedge accounting (mainly interest rate option), are initially recorded at cost, which corresponds to fair value at inception, and then, remeasured at fair value through profit and loss under financial income or expenses captions.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host instruments, and this is not stated at fair value through profit or loss.

h) Treasury shares

Treasury shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of treasury shares are recorded in other reserves.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the statement of financial position caption of current bank loans.

j) Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period.

k) Impairment

Financial assets, other than investments measured at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Equity instruments classified as available for sale are considered to be impaired if there is a significant or prolonged decline in its fair value below its acquisition cost.

For non-listed equity instruments determining whether the investment is impaired requires an estimation of the value in use of the investment. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the entity and a suitable discount rate in order to calculate present value.



For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For investments of non-listed subsidiaries, which are measured at acquisition cost less impairment (equity investments and loans granted) the impairment analysis is based on the fair value estimate of its net assets, mainly equity investments in other Company's subsidiaries, less the subsidiaries liabilities measured at fair value.

The above mentioned estimate is based on the fair value computation of the value in use of its holdings by means of discounted cash flow models.

It is the Board of Directors understanding that the use of the above mentioned methodology is adequate to conclude on the eventual existence of financial investments impairment as it incorporates the best available information as at the date of the financial statements.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of equity available for sale securities, impairment losses previously recognised through profit or loss are not reversed. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

2.7 Contingent assets and liabilities

Contingent assets are not recorded in the financial statements but disclosed when future economic benefits are probable.

Contingent liabilities are not recorded in the financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.8 Revenue recognition and accrual basis

Revenue from services rendered is recognised in the income statement in the period they are performed.

Dividends are recognised as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

Other current assets and other current liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already



occurred but that correspond to income or expenses of future years, when they will be recognized in the income statement.

2.9 Subsequent events

Events after the statement of financial position date that provide additional information about conditions that existed at the statement of financial position date (adjusting events), are reflected in the financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes when material.

2.10 Judgements and estimates

The most significant accounting estimates reflected in the financial statements are as follows:

- a) Record of adjustments to the value of assets and provisions;
- b) Impairment analysis of financial investments and loans granted to affiliated and associated companies;

Estimates used are based on the best information available during the preparation of these financial statements and are based on the best knowledge of past and present events. Although future events are not controlled by the Company and are not foreseeable, some could occur and have impact on the estimates. Therefore and due to this uncertainty the outcome of the transactions being estimated may differ from the initial estimate. Changes to the estimates used by management that occur after the approval date of these consolidated financial statements, will be recognised in net income prospectively, in accordance with IAS 8.

The main estimates and assumptions in relation to future events included in the preparation of these financial statements are disclosed in the correspondent notes, if applicable.

2.11 Share-based payments

Deferred performance bonus plans are indexed to Sonae share price and are classified as share-based payments. These bonus plans vest within a period of 3 years after being granted.

Share-based payments are measured at fair value on the date they are granted (usually in March of each year).

The plans are equity settled, by the delivery of Sonae shares, the value of each plan is determined as at the grant date based on fair value of shares granted and recognized rateably during the period of each plan. The fair value of the plan is recognized as staff costs against equity.

2.12 Income tax

Sonae from 2014 is taxed in accordance with Special Regime of Taxing Groups of Companies (Parent company). Each company included in this regime records income tax for the year in its individual accounts in the caption "group companies". When a subsidiary contributes with a tax loss, it reflects, in its individual

accounts, the amount of tax corresponding to the loss to be compensated by the profits of the other companies covered by this regime.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore expected to apply in the periods when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date an assessment of the deferred tax assets recognized is made, being reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in equity.

2.13 Transactions with related parties

Transactions with related parties are performed at arm's length conditions, and the gains or losses arising on those transactions are recognized and disclosed in Note 26.

3 FINANCIAL RISK MANAGEMENT

3.1 Introduction

The ultimate purpose of financial risk management is to support the Company in the achievement of its strategy by reducing unwanted financial risk and volatility and mitigate any negative impacts in the profit or loss statement arising from such risks.

The Group's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Financial risk management policies are approved by the Sonae Executive Committee. Exposures are identified and monitored by the Finance Department. Exposures are also monitored by the Finance Committee as noted in the Corporate Governance Report.

3.2 Credit risk

Credit risk is defined as the probability of a counterparty defaulting on its payment contractual obligations resulting in a financial loss. Sonae is a holding company without any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalent instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) or from its lending activities to subsidiaries.



Additionally, Sonae may sometimes also be exposed to credit risk as a result of its portfolio management activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis (bank guarantees, escrow accounts, collaterals, among others) under the supervision of the Executive Committee.

In order to reduce the probability of counterparties default Sonae transactions (short term investments and derivatives) are only concluded in accordance with the following principles:

- Only carry out transactions (short term investments and derivatives) with counterparties that have been selected based on its high national and international reputation, and taking, into account its rating notations and the nature, maturity and extension of the operations;
- Sonae should only invest in previously authorized financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made with a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);
- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by relationship banks in order to reduce exposure on a net basis, and ii) may only be applied on pre-approved instruments;
- Any departure from the above mentioned policies needs to be pre-approved by the Executive Committee.

Given the above mentioned policies and the credit ratings restrictions imposed management does not expect any material failure in contractual obligations from its external counterparties. Nevertheless, exposure to individual counterparties resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Financial Department and any departure is promptly reported to the Executive Committee and Finance Committee.

Settlement risk is also a risk faced by Sonae, which is managed through the rigorous selection of its brokers which must be highly rated counterparties.

In relation to credit risk resulting from loans granted to subsidiaries, there is no specific risk management policy as the financing of its subsidiaries is part of the main operations of a holding company.

3.3 Liquidity risk

Sonae needs to raise external funds to finance its activities and investing plans. It holds a diversified loan portfolio, essentially made up of long term bond financing, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2014 the total gross debt was 766 million euro (696 million euro as at 31 December 2013) (Note 21).

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy.

Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining, with its relationship banks, a combination of short and medium term committed credit facilities, commercial paper programme with sufficiently comfortable previous notice cancellation periods within a range between 30 and 360 days;
- Maintenance of commercial paper with different periods, that allow, in some cases, to place the debt directly in institutional investors;
- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;
- Diversification of financing sources and counterparties;
- Ensuring an adequate debt average maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. As at 31 December 2014 Sonae debt average life maturity was 1.8 years (1.3 years as at 31 December 2013);
- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;
- Where possible, by prefinancing forecasted liquidity needs;
- Management procedures of short term applications, assuring that the maturity of the applications will match with foreseen liquidity needs, including a margin to hedge forecasting deviations. The reliability of the treasury forecasts is an important variable to determine the amounts and the periods of the market applications/borrowings.

Sonae maintains a liquidity reserve in the form of credit lines with its relationship banks, to ensure the ability to meet its commitments without having to refinance itself on unfavourable terms. Sonae has a total of 316.5 million euro committed credit facilities, of which only 18% are cancellable with a notice period of 6 months and the remainder with no less than a 360 days' notice period. Considering the credit lines used at 31 December 2014, 181.5 million euro are available (as at 31 December 2013 Sonae had available credit lines amounting to 181.5 million euro). Sonae expects to meet all its obligations by means of its investments cash flows and from its financial assets as well as from drawing existing available credit lines, if needed. Furthermore, Sonae maintains a liquidity reserve that includes cash and cash equivalents and current investments amounting to 292 million euro as at 31 December 2014 (96 million euro as at 31 December 2013).

Sonae believes that within the short term, it has access to all the necessary financial resources to meet its commitments and investments



3.4 Interest rate risk

3.4.1 Policy

Sonae is exposed to cash flow interest rate risk in respect of items in the statement of financial position (loans and short term investments) and to fair value interest rate risk as a result of interest rate derivatives (swaps, FRA's and options). Most of Sonae debt bears variable interest rates, and interest rate derivatives may be entered into to convert part of the variable rate debt into fixed rate (usually through interest rate swaps or forward rate agreements), or to limit the maximum rate payable (usually through zero cost collars or the purchased caps).

Sonae mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve since hedging interest rate risk usually has an opportunity cost associated. Therefore a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that Sonae grants loans bearing interest at variable interest rates to its subsidiaries as part of its usual activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into:

- For each derivative or instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be the same as the settlement dates of the hedging instrument to avoid any mismatch and hedging inefficiency;
- Perfect match between the base rates (the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction);
- The maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate);
- The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, as described in 3.2. above - Credit Risk Management. It is Group policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae's existing relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;
- Swaps fair value was determined by discounting estimated future cash flows to the statement of financial position date. The cash flows result from the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg. For options, the fair value is calculated according the "Black-Scholes" model and other similar models. The future cash-flow estimates are based on market forward interest rates, discounted to the present using the most representative market rates. The estimate is supported on reliable sources, such as those conveyed by Bloomberg and

others. Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the evaluation. This estimate assumes all other variables constant.

- All transactions are documented under ISDA's agreements;
- All transactions which do not follow the rules above have to be individually approved by the Executive Committee, and reported to the Financial Committee, namely transactions entered into with the purpose of optimizing the cost of debt when deemed appropriate according to prevailing financial market conditions.

3.4.2 Sensitivity analysis

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

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, they are included in the calculation of income-related sensitivities;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity calculations;
- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense and are therefore taken into consideration in the income-related sensitivity calculations;
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;
- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under the previously mentioned assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the company net profit before tax as at 31 December 2014 (individual

statements) would decrease by approximately 2 million euro (as at 31 December 2013 would decrease 1.6 million euro). The increase in interest rate in 75 basis points would not have an impact over total equity (not considering the impact over net profit) as at 31 December 2014 (568 thousand euro as at 31 December 2013).

3.5 Foreign exchange risk

Due to its nature of holding company, Sonae has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise foreign exchange risk management seeks to minimise the volatility of such transactions made in foreign currency and to reduce the impact on the income statement of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae hedges such exposures mainly through forward exchange rate contracts. For uncertain exposures, options may be considered, subject to pre-approval from the company's Executive Committee.

Sonae does not have any material foreign exchange rate exposure at holding level, since almost all equity and loans to subsidiaries are denominated in euro.

3.6 Price risk and market risk

The Group is exposed to equity price risks arising from equity investments, maintained for strategic rather than for trading purposes as the group does not actively trade these investments. These investments are presented in Note 8.

For the investment in Sonaecom, SGPS, SA a 10% change in the shares price would have an impact in total equity amounting to 11.7 million euro.

4 FINANCIAL INSTRUMENTS BY CLASS AND FAIR VALUE

The accounting policies disclosed in note 2.6 have been applied to the line items below:

Financial Assets	31 Dec 2014					
	Notes	Loans and accounts receivable	Available for sale	Sub Total	Assets not within scope of IFRS 7	Total
Non-current assets						
Investments in affiliated companies	8	-	2,357,749,457	2,357,749,457	-	2,357,749,457
Other available for sale investments	9	-	29,139,425	29,139,425	-	29,139,425
Other non-current assets	10	462,400,000	-	462,400,000	-	462,400,000
		462,400,000	2,386,888,882	2,849,288,882	-	2,849,288,882
Current assets						
Trade accounts receivables	11	708,819	-	708,819	-	708,819
Other debtors	12	1,846,600,011	-	1,846,600,011	-	1,846,600,011
Other current assets	14	3,426,051	-	3,426,051	218,144	3,644,195
Cash and cash equivalents	15	292,422,049	-	292,422,049	-	292,422,049
		2,143,156,930	-	2,143,156,930	218,144	2,143,375,074
		2,605,556,930	2,386,888,882	4,992,445,812	218,144	4,992,663,956

31 Dec 2013						
Financial Assets	Notes	Loans and accounts receivable	Available for sale	Sub Total	Assets not within scope of IFRS 7	Total
Non-current assets						
Investments in affiliated companies	8	-	3,638,337,796	3,638,337,796	-	3,638,337,796
Other available for sale investments	9	-	29,367,435	29,367,435	-	29,367,435
Other non-current assets	10	472,066,551	-	472,066,551	-	472,066,551
		472,066,551	3,667,705,231	4,139,771,782	-	4,139,771,782
Current assets						
Trade accounts receivables	11	468,059	-	468,059	-	468,059
Other debtors	12	11,194,379	-	11,194,379	-	11,194,379
Other current assets	14	3,184,466	-	3,184,466	117,606	3,302,072
Cash and cash equivalents	15	96,239,237	-	96,239,237	-	96,239,237
		111,086,141	-	111,086,141	117,606	111,203,747
		583,152,692	3,667,705,231	4,250,857,923	117,606	4,250,975,529

31 Dec 2014						
Financial Liabilities	Notes	Derivatives used for cash flow hedging	Other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total
Non-current liabilities						
Bonds	21	-	107,999,258	107,999,258	-	107,999,258
Bank loans	21	-	135,000,000	135,000,000	-	135,000,000
		-	242,999,258	242,999,258	-	242,999,258
Current liabilities						
Bonds	21	-	446,308,102	446,308,102	-	446,308,102
Bank loans	21	-	76,778,859	76,778,859	-	76,778,859
Trade accounts payable		-	283,747	283,747	-	283,747
Other payables accounts	22	-	295,467,518	295,467,518	-	295,467,518
Other current liabilities	23	-	16,463,961	16,463,961	1,704,280	18,168,241
		-	835,302,187	835,302,187	1,704,280	837,006,467
		-	1,078,301,445	1,078,301,445	1,704,280	1,080,005,725

31 Dec 2013						
Financial Liabilities	Notes	Derivatives used for cash flow hedging	Other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total
Non-current liabilities						
Bonds	21	-	447,088,540	447,088,540	-	447,088,540
Bank loans	21	-	94,420,250	94,420,250	-	94,420,250
Other non-current liabilities		1,127,105	-	1,127,105	-	1,127,105
		1,127,105	541,508,790	542,635,895	-	542,635,895
Current liabilities						
Bonds	21	-	149,972,236	149,972,236	-	149,972,236
Bank loans	21	-	1,961,683	1,961,683	-	1,961,683
Other loans	21	2,421,024	-	2,421,024	-	2,421,024
Trade accounts payable		-	189,969	189,969	-	189,969
Other payables accounts	22	-	114,842,829	114,842,829	-	114,842,829
Other current liabilities	23	-	9,133,850	9,133,850	1,401,840	10,535,690
		2,421,024	276,100,567	278,521,591	1,401,840	279,923,431
		3,548,129	817,609,357	821,157,486	1,401,840	822,559,326

Financial instruments at fair value

The table below details the financial instruments that are measured at fair value after initial recognition, grouped into 3 levels according to the possibility of observing its fair value on the market:

	31 Dec 2014			31 Dec 2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair values						
Investments in affiliated companies	117,483,298	-	557,372,500	196,989,312	-	500,118,000
Other investments	-	-	29,086,999	-	-	29,315,009
	117,483,298	-	586,459,499	196,989,312	-	529,433,009
Financial liabilities at fair value						
Derivatives	-	-	-	1,127,105	2,421,024	-
	-	-	-	1,127,105	2,421,024	-

Level 1: fair value is determined based on market prices for assets

Level 2: fair value is determined based on valuation techniques. The main inputs of the valuation models are observable in the market;

Level 3: fair value is determined based on valuation models, whose main inputs are not observable in the market.

The investments presented as level 3 correspond to companies/funds (Sonae Sierra, SGPS, SA and Fundo de Investimento Imobiliário Fechado Imosede) operating in the real estate business, whose fair value is determinate based on the net asset value of the assets held by those entities, which is made public. This amount is calculated based on independent valuations of its real estate assets, mainly based on the income that is expected to be earned by the properties, updated by required rates of return, which are observable on the real estate market.

5 CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the year there were no material changes in accounting policies or prior period errors.

6 TANGIBLE ASSETS

As at 31 December 2014 and 2013 tangible assets movements are as follows:

	Plant and machinery	Vehicles	Fixtures and fittings	Others	In progress	Total
Gross cost						
Opening balance as at 1 January 2013	132,742	194,768	1,656,181	723	-	1,984,414
Increase	-	-	2,104	-	2,271	4,375
Transfers and write-offs	-	-	549	-	(549)	-
Opening balance as at 1 January 2014	132,742	194,768	1,658,834	723	1,722	1,988,789
Increase	-	-	24	-	2,220	2,244
Decrease	-	-	(3,206)	-	(1,400)	(4,606)
Transfers and write-offs	-	-	(10,444)	-	(2,542)	(12,986)
Closing balance as at 31 December 2014	132,742	194,768	1,645,208	723	-	1,973,441
Accumulated depreciation						
Opening balance as at 1 January 2013	39,023	194,768	1,571,858	723	-	1,806,372
Increase	13,271	-	24,368	-	-	37,639
Opening balance as at 1 January 2014	52,294	194,768	1,596,226	723	-	1,844,011
Increase	13,229	-	20,212	-	-	33,441
Decrease	-	-	(3,204)	-	-	(3,204)
Transfers and write-offs	-	-	(12,666)	-	-	(12,666)
Closing balance as at 31 December 2014	65,523	194,768	1,600,568	723	-	1,861,582
Carrying amount						
As at 31 December 2013	80,448	-	62,608	-	1,722	144,778
As at 31 December 2014	67,219	-	44,640	-	-	111,859

7 INTANGIBLE ASSETS

As at 31 December 2014 and 2013 intangible assets movements are as follows:

	Patents and other similar rights	Software	In progress	Total intangible assets
Gross cost				
Opening balance as at 1 January 2013	176,537	2,682	-	179,219
Increase	10,768	-	76	10,844
Transfers and write-offs	-	76	(76)	-
Opening balance as at 1 January 2014	187,305	2,758	-	190,063
Closing balance as at 31 December 2014	187,305	2,758	-	190,063
Accumulated depreciation				
Opening balance as at 1 January 2013	147,767	2,682	-	150,449
Increase	26,365	4	-	26,369
Opening balance as at 1 January 2014	174,132	2,686	-	176,818
Increase	7,526	24	-	7,550
Closing balance as at 31 December 2014	181,658	2,710	-	184,368
Carrying amount				
As at 31 December 2013	13,173	72	-	13,245
As at 31 December 2014	5,647	48	-	5,695

8 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2014 and 2013, the Company held investments in the following subsidiaries:

Companies	31 Dec 2014					
	% Held	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Interlog, SGPS, SA	1.02%	106,686	-	-	-	106,686
Sonae Investimentos, SGPS, SA (a)	25.03%	1,893,219,480	-	883,843,965	(371,403,860)	637,971,655
Sonae Investments, BV	100.00%	835,700,000	-	-	-	835,700,000
Sonae RE, SA	99.92%	3,672,059	-	-	-	3,672,059
Sonae Sierra SGPS, SA (b)	50.00%	500,118,000	-	-	57,254,500	557,372,500
Sonaecom, SGPS, SA	26.02%	196,989,312	9,895,571	-	(89,401,585)	117,483,298
Sonaegest, SA	20.00%	159,615	-	-	-	159,615
Sonaecenter, Serviços, SA	100.00%	731,545	-	-	-	731,545
Sontel, BV	35.87%	405,641,099	-	-	-	405,641,099
Total		3,836,337,796	9,895,571	883,843,965	(403,550,945)	2,558,838,457
Impairment		198,000,000	3,089,000	-	-	201,089,000
Total		3,638,337,796	6,806,571	883,843,965	(403,550,945)	2,357,749,457

Companies	31 Dec 2013					
	% Held	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Interlog, SGPS, SA	1.02%	106,686	-	-	-	106,686
Sonae Investimentos, SGPS, SA (a)	76.86%	1,893,219,480	-	-	-	1,893,219,480
Sonae Investments, BV	100.00%	835,700,000	-	-	-	835,700,000
Sonae RE, SA	99.92%	3,672,059	-	-	-	3,672,059
Sonae Sierra SGPS, SA (b)	50.00%	524,986,000	-	-	(24,868,000)	500,118,000
Sonaecom, SGPS, SA	20.94%	5,079,830	97,289,802	-	94,619,680	196,989,312
Sonaegest, SA	20.00%	159,615	-	-	-	159,615
Sonaecenter, Serviços, SA	100.00%	731,545	-	-	-	731,545
Sontel, BV	35.87%	405,641,099	-	-	-	405,641,099
Total		3,669,296,314	97,289,802	-	69,751,680	3,836,337,796
Impairment		165,500,000	32,500,000	-	-	198,000,000
Total		3,503,796,314	64,789,802	-	69,751,680	3,638,337,796

a) The value of this investment is the price paid in the public tender offer for de-listing occurred in 2006. Since that date no change in the value of the investment was recorded.

b) The market value was determined based on the Net Asset Value ("NAV") of the assets in accordance with INREV (European Association for Investors in Non-Listed Real Estate Vehicles) guidelines. The NAV is based on the fair value of real estate assets owned by this Joint-venture and deducting the corresponding net debt and non-controlling interests shares, as well as deferred tax liabilities when the real estate assets are located in jurisdictions where transaction consider that assumption in determining the fair value. The assumptions regarding the valuation of real estate assets are disclosed on consolidated financial statements.

During 2014 Sonae acquired 4,343,590 Sonaecom, SGPS, SA equity shares.

In December 2014, shareholding interest of 51.83% over Sonae Investimentos, SGPS, SA was sold to a subsidiary recognizing a capital gain of 932,057,037 euro, including the amount of the fair value reserve recycled to profit and loss amounting to 371,403,860 euro.

During 2012, Sonae entered into an agreement with Sonaecom, SGPS, SA, in which it agreed to deliver Sonaecom shares to employees of that subsidiary during 2016. In July 2014, both parties agreed to cancel the agreement.

During the 1st half of 2013, Sonae entered into an agreement with a subsidiary of France Telecom ("FT-Orange") to transfer 20% of the capital of Sonaecom, SGPS, SA to Sonae, SGPS, SA. In August 2014, the amount owed was paid to the subsidiary of France Telecom (104,746,605 euro – Note 34).

In previous years, the Company recorded an impairment loss over the financial investments held in Sontel BV (165,500,000 euro) and in Sonae Investments, BV (32,500,000 euro) as result of applying the accounting policy mentioned in 2.6 k), and according to a valuation of those subsidiaries made with the use of discounted cash flow models, in order to estimate the value in use of those investments. In the current year the Company recorded an impairment loss on the investment held in Sonae RE, SA amounting to 3,089,000 euro.

The assumptions used are similar to those used on goodwill impairment test and are disclosed in the consolidated financial statements.

9 OTHER INVESTMENTS

As at 31 December 2014 and 2013 other investments available for sale are as follows:

Companies	31 Dec 2014				
	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Associação Escola Gestão Porto	49,880	-	-	-	49,880
Fundo Especial de Invest.Imob. Fechado Imosonae Dois	2,546	-	-	-	2,546
Fundo de Investimento Imobiliário Fechado Imosede	29,315,009	-	-	(228,010)	29,086,999
Total	29,367,435	-	-	(228,010)	29,139,425

Companies	31 Dec 2013				
	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Associação Escola Gestão Porto	49,880	-	-	-	49,880
Fundo Especial de Invest.Imob. Fechado Imosonae Dois	2,546	-	-	-	2,546
Fundo de Investimento Imobiliário Fechado Imosede	19,936,181	10,000,541	-	(621,713)	29,315,009
Magma No. 1 Securitisation Notes	18,640,000	-	18,640,000	-	-
Total	38,628,607	10,000,541	18,640,000	(621,713)	29,367,435

10 OTHER NON-CURRENT ASSETS

As at 31 December 2014 and 2013 other non-current assets are as follows:

	31 Dec 2014	31 Dec 2013
Loans granted to group companies:		
Sonae Investments, BV	115,000,000	124,666,551
Sonae Investimentos, SGPS, SA	347,400,000	347,400,000
	462,400,000	472,066,551

The amount recognized under the caption loans granted to Sonae Investimentos, SGPS, SA, refers to a subordinate bond loan, repayable in 10 years issued by Sonae Investimentos at market conditions in 28



December 2010 amounting to 400,000,000 euro, relating 8,000 bonds with nominal value of 50,000 euro each, bearing fixed interest rate with full reimbursement in the end of the period.

In December 2011, 1,052 bonds were sold to a subsidiary for 42,080,000 euro.

As at 31 December 2014 and 2013, the Company held 6,948 bonds. The fair value of these bonds as at 31 December 2014 is 42,358 euro (41,495 euro as at 31 December 2013) per bond, having been determined based on the discounted cash flow method using the 2011 transaction figures as reference. There is no evidence of impairment on this loan.

The other loans granted to group companies, bear interest at market rates indexed to Euribor, have a long term maturity and its fair value is similar to its carrying amount.

There are no past due or impaired receivable balances as at 31 December 2014 and 2013. The eventual impairment of loans granted to group companies is assessed in accordance with note 2.6.k).

11 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable amounted to 708,819 euro and 468,059 euro as at 31 December 2014 and 2013 respectively, and include balances arising solely from services rendered to group companies.

As at the statement of financial position dates there are no accounts receivable past due, and no impairment loss was recorded, as there are no indications as of the reporting date that the debtors will not meet their payment obligations.

12 OTHER DEBTORS

As at 31 December 2014 and 2013 other debtors are as follows:

	31 Dec 2014	31 Dec 2013
Group companies		
Interest	2,746,098	388,391
Dividends	-	10,567,050
Taxes - special regime for taxation of groups	27,713,203	-
Other debtors		
Others	1,816,140,710	238,938
	1,846,600,011	11,194,379

The amount recorded in the caption taxes special regime for taxation of groups corresponds to the tax estimate calculated by the companies taxed under the Special Regime for Taxation of Corporate Groups, of which the Company is the dominant company.

The amount recorded under the caption other includes the amount of 1,815,901,002 euro related with the sale of 51.83% stake in Sonae Investimentos, SGPS, SA to a subsidiary. This amount was received in January 2015.

In 2014 Sonae Sierra, SGPS, SA paid dividends amounting to 10,567,050 euro related with previous years.



Loans granted to group companies return interest at variable market rates indexed to Euribor and have a maturity of less than one year.

There were no assets impaired or past due as at 31 December 2014 and 2013. The fair value of loans granted is similar to its carrying amount.

13 TAXES

As at 31 December 2014 and 2013 taxes balances are as follows:

Assets	31 Dec 2014	31 Dec 2013
Advance payments	3,288,994	26,064
Taxes withheld	3,574,926	1,332,258
Others	60,073	1,230,698
	6,923,993	2,589,020

Liabilities	31 Dec 2014	31 Dec 2013
Income tax charge for the year	10,423,751	7,768
Taxes withheld		
Staff	43,676	38,891
Capital	60,209	227,628
Value added tax	109,982	168,802
Social security contributions	32,418	11,363
Others	22,261	-
	10,692,297	454,452

The amount recorded under the caption "Others" relates to income tax receivables, still unreimbursed.

The income tax charge for the year corresponds to the income tax estimated by the companies included in the special tax regime for groups of companies which the Company is dominant and that will be paid by the subsidiaries.

14 OTHER CURRENT ASSETS

As at 31 December 2014 and 2013 other current assets are as follows:

	31 Dec 2014	31 Dec 2013
Accrued income	3,426,051	3,184,466
Prepayments	218,144	117,606
	3,644,195	3,302,072

The amount recorded under the caption "Accrued income" relates essentially to the interests to be received for loans granted and commissions from guarantees given to subsidiaries.

15 CASH AND CASH EQUIVALENTS

As at 31 December 2014 and 2013 cash and cash equivalents are as follows:

	31 Dec 2014	31 Dec 2013
Cash in hand	589	89
Bank deposits	292,421,460	96,239,148
Cash and cash equivalents on the balance sheet	292,422,049	96,239,237
Bank overdrafts (Note 21)	(926)	-
Cash and cash equivalents on the cash flow statement	292,421,123	96,239,237

As at 31 December 2013 the company held bank deposits amounting to 247,710,000 euro, which had less than a three month maturity period and where redeemed in early 2015, the remaining bank deposits are readily convertible.

16 SHARE CAPITAL

As at 31 December 2014 and 2013 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

As at 31 December 2014 and 2013 Efanor Investimentos, SGPS, SA and affiliated companies held 52.48% of Sonae's share capital.

17 TREASURY SHARES

During 2014, Sonae acquired 10,023,066 treasury shares at an average price of 1.266 euro per share.

Sonae sold to its Subsidiaries, under the short-term incentive plan established by each of these companies, 4,022,666 shares at an average price of 1.342 euro per share.

In 2014, Sonae, fulfilling its medium-term variable remuneration policy, has delivered 439.654 treasury shares.

As at 31 December 2014 the Company owns, directly, 5,560,746 treasury shares representative of 0.28% of its share capital, with an average acquisition cost of 1.233 euro.

18 LEGAL RESERVE

The company has set up legal reserves in accordance with Commercial Companies Code. In 2014, 7,974,526 euro was transferred from profit for the year to legal reserves.

19 HEDGING RESERVE, FAIR VALUE RESERVE AND OTHER RESERVES

As at 31 December 2014 and 2013 other reserves are detailed as follows:



	31 Dec 2014	31 Dec 2013
Free reserves	573,183,774	500,735,979
Legal reserve in accordance with article 324 of Commercial Companies Code	9,620,114	-
Hedging reserve	-	1,163,254
Fair value reserve		
Sonae Investimentos, SGPS, SA	105,724,959	477,128,820
Sonae Sierra, SGPS, SA	67,259,160	10,004,660
Sonaecom, SGPS, SA	4,920,324	93,881,772
Fundo de Investimento Imobiliário Fechado Imosede	(913,544)	(685,534)
Share-based payments reserve (Note 20)	785,602	703,468
	760,580,389	1,082,932,419

Movements occurred in 2014 and 2013 in these reserves are detailed in the Company Statement of changes in equity and in the statement of comprehensive income.

Hedging reserves corresponds to the effective portion of changes in fair value of derivatives that qualify for cash flow hedge accounting.

As at 31 December 2014 and 2013, Sonae believes that there is no significant or prolonged decline in the fair value of the investment over Fundo de Investimento Imobiliário Fechado Imosede. As mentioned in Note 8, as a result of the disposal to a subsidiary of an investment over Sonae Investimentos SGPS, SA, the fair value reserve of this investment was adjusted.

The share-based payments reserve relates to equity-share based payments under the deferred performance bonuses.

20 SHARE-BASED PAYMENTS

In 2014 and in previous years, according to the remuneration policy disclosed in its Corporate Governance Report, Sonae granted deferred performance bonuses to its directors. These are based on shares to be acquired at nil cost, three years after being attributed to the director. These shares are only granted if the employee still works for Sonae on the vesting date.

As at 31 December 2014 and 2013, the outstanding plans were as follows:

	Vesting period		31 Dec 2014		31 Dec 2013	
	Year of grant	Vesting year	Number of participants	Number of shares	Number of participants	Number of shares
Plan 2010	2011	2014	-	-	1	502,379
Plan 2011	2012	2015	1	974,624	1	947,551
Plan 2012	2013	2016	2	618,924	2	601,730
Plan 2013	2014	2017	2	460,598	-	-

The fair values of the attributed shares for the outstanding plans can be detailed as follows:

	Year of grant	Vesting year	Grant date	31 Dec 2014	31 Dec 2013
Plan 2010	2011	2014	345,000	-	526,995
Plan 2011	2012	2015	335,400	998,015	993,981
Plan 2012	2013	2016	404,600	633,778	631,215
Plan 2013	2014	2017	541,400	471,652	-

During the year the movements occurred can be detailed as follows:

Number of shares	31 Dec 2014	31 Dec 2013
Opening balance	2,051,660	1,876,468
Changes during the year:		
Attributed	442,140	660,899
Vested	(439,654)	(485,707)
Closing balance	2,054,146	2,051,660

Amount	31 Dec 2014	31 Dec 2013
Recorded as staff cost in the year	632,933	361,668
Recorded as staff cost in previous year	152,669	341,800
	785,602	703,468

21 BORROWINGS

As at 31 December 2014 and 2013 this caption included the following loans:

	31 Dec 2014	31 Dec 2013
Bonds Sonae, SGPS 2014/2018	60,000,000	-
Bonds Sonae, SGPS 2014/2020	50,000,000	-
Bonds Sonae, SGPS 2010/2015	-	250,000,000
Bonds Continente - 7% - 2012/2015	-	200,000,000
Up-front fees not yet charged to income statement	(2,000,742)	(2,911,460)
Bonds	107,999,258	447,088,540
Norminal value of bank loans	135,000,000	75,000,000
Commercial paper	-	20,000,000
Up-front fees not yet charged to income statement	-	(579,750)
Bank loans	135,000,000	94,420,250
Non-current loans	242,999,258	541,508,790
Bonds Sonae, SGPS 2007/2014	-	150,000,000
Bonds Sonae, SGPS 2010/2015	250,000,000	-
Bonds Continente - 7% - 2012/2015	197,293,166	-
Up-front fees not yet charged to income statement	(985,064)	(27,764)
Bonds	446,308,102	149,972,236
Bank overdrafts	926	-
Derivatives	-	2,421,024
Other bank loans	76,961,683	1,961,683
Up-front fees not yet charged to income statement	(183,750)	-
Current loans	523,086,961	154,354,943

As at 31 December 2014 and 2013, all the loans bear interests at variable interest rates, except for "Bonds Continente - 7%". The above mentioned loans estimated fair value is considered to be near its carrying amount. Loans fair value was determined by discounting estimated future cash flows, except for "Continente 7%" bond loan, which fair value was determined based on market price at the statement of financial position date (102.8%).

Maturity of Borrowings

As at 31 December 2014 and 2013 the analysis of the maturity of loans excluding derivatives is as follows:

	31 Dec 2014		31 Dec 2013	
	Nominal value	Interests	Nominal value	Interests
N+1	524,255,775	26,378,700	151,961,683	24,500,964
N+2	-	6,823,846	525,000,000	20,534,139
N+3	-	6,793,664	-	766,770
N+4	80,000,000	6,723,524	-	764,675
N+5	70,000,000	2,676,381	20,000,000	693,445
after N+5	95,000,000	2,691,117	-	-

The interest amount was calculated considering the applicable interest rates for each loan at 31 December.

As at 31 December 2014 and 2013, Sonae had, as detailed in note 15 cash and cash equivalents of 292 million euro (96 million euro in 2013) and also available credit lines as follows:

	31 Dec 2014		31 Dec 2013	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Agreed credit facilities amounts	146.500.000	170.000.000	181.500.000	20.000.000
Available credit facilities amounts	146.500.000	35.000.000	181.500.000	-

Interest rate as at 31 December 2014 of the bonds and bank loan was, in average, 3.87% (3.58% as at 31 December 2013).

Interest rate derivatives

The financial instruments considered to be hedging instruments are variable to fixed interest rates swaps entered into with the purpose of hedging interest rate risk on loans. As at 31 December 2014, there are no loans hedged (150 million euro as at 31 December 2013). As at 31 December 2013, the hedging over interest risk of borrowings which fair value amounted to -2,421,024 euro, was made at 100% of the corresponding loans.

These interest rate derivatives are valued at fair value, at the statement of financial position date, based on valuations performed by the Group using specific software. The fair value of swaps was calculated, as at the statement of financial position date, based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg of the derivative, estimated at rate setting dates based on yield curves from Bloomberg.

As at 31 December 2014 and 2013, derivatives have the following estimated cash flows:

	31 Dec 2014	31 Dec 2013
N+1	-	(2,423,065)

22 OTHER CREDITORS

As at 31 December 2014 and 2013 other creditors are as follows:

	31 Dec 2014	31 Dec 2013
Group companies - Short term loans:		
Loans		
Sonae Investments, BV	-	12,426,000
Sontel, BV	274,181,000	-
Sonaecenter, Serviços, SA	403,173	104,000
Taxes - special regime for taxation of groups	20,804,548	-
Shareholders	73,908	71,746
Others	4,889	102,241,083
	295,467,518	114,842,829

In 2013 the amount recorded under the caption others includes 102,095,077 euro (discounted to 31 December 2013 which was paid in August 2014) relating to the acquisition of 20% share capital of Sonaecom, SGPS, SA (note 8).

23 OTHER CURRENT LIABILITIES

As at 31 December 2014 and 2013 other current liabilities are as follows:

	31 Dec 2014	31 Dec 2013
Accruals:		
Salaries	679,860	605,802
Interest	16,463,961	9,133,850
Others	1,024,420	796,038
	18,168,241	10,535,690

24 CONTINGENT LIABILITIES

As at 31 December 2014 and 2013, contingent liabilities were guarantees given are as follows

	31 Dec 2014	31 Dec 2013
Guarantees given:		
on tax claims	108,474,615	71,421,912
on judicial claims	70,766	70,766
Guarantees given in the name of subsidiaries (a)	280,867,155	272,612,454

a) Guarantees given to Tax Authorities in favour of subsidiaries to defer tax claims.

The caption guarantees given on tax claims includes guarantees in favor of Tax authorities regarding the periods of 2007 up to 2011 income tax. Concerning these guarantees, the most significant amount relates to an increase in equity arising on the disposal of own shares to a third party in 2007 as well as to the disregarded of reinvestment concerning capital gains in shares disposal and the fact that demerger operations shall be considered neutral for income tax proposes. The Company has presented an appeal against this additional tax claim, being the Board of Directors understanding, based on its advisors assessment, that such appeal will be favorable.

No provision has been recorded to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for the Company.

25 OPERATIONAL LEASES

As at 31 December 2014 and 2013, the company had operational lease contracts, as a lessee, whose minimum lease payments had the following schedule:

	31 Dec 2014	31 Dec 2013
Due in:		
N+1 automatically renewable	257,047	257,846
N+1	22,388	22,276
N+2	19,775	7,445
N+3	2,236	7,445
N+4	-	3,102
	301,446	298,114

In 2014 Sonae recognized costs on operational leases amounting 280,924 euro (278,714 euro as at 31 December 2013).

26 RELATED PARTIES

As at 31 December 2014 and 2013 balances and transactions with related parties are as follows:

Balances	31 Dec 2014	31 Dec 2013
Group companies	1,849,600,612	3,836,846
Jointly controlled companies	805,273	10,780,435
Other partners in group companies	98,000	98,005
Accounts receivable	1,850,503,885	14,715,286
Parent company	811,179	767,423
Group companies	26,945,890	1,462,346
Jointly controlled companies	4,038	2,098
Other partners in group companies	766	4,712
Accounts payable	27,761,873	2,236,578
Group companies	462,400,000	472,066,551
Loans granted	462,400,000	472,066,551
Group companies	274,584,173	12,530,000
Loans obtained	274,584,173	12,530,000

Transactions	31 Dec 2014	31 Dec 2013
Group companies	3,409,711	3,291,362
Jointly controlled companies	217,681	217,612
Other partners in group companies	100,000	100,169
Services rendered	3,727,392	3,609,142
Parent company	836,787	639,260
Group companies	1,344,045	1,305,465
Jointly controlled companies	46,687	64,095
Other partners in group companies	6,820	10,649
Purchases and services obtained	2,234,339	2,019,469
Group companies	37,719,580	31,330,427
Interest income	37,719,580	31,330,427
Group companies	7,751,564	2,824,595
Interest expenses	7,751,564	2,824,595
Group companies	34,224,473	202,565,008
Dividend income (Note 28)	34,224,473	202,565,008
Group companies	(1,815,901,002)	-
Disposal of investments (Note 34)	(1,815,901,002)	-
Parent company	2,580	-
Other partners in group companies	3,048,735	10,000,541
Acquisition of investments (Note 34)	3,051,315	10,000,541
Group companies	4,483,732	-
Jointly controlled companies	914,712	-
Other partners in group companies	28,627	-
Sale of treasury shares	5,427,071	-

All Sonae, SGPS, S.A. subsidiaries, associates and joint ventures are considered related parties and are identified in Consolidated Financial Statements. All Efanor Investimentos, SGPS, SA (parent company), subsidiaries, including the ones of Sonae Indústria, SGPS, SA and of Sonae Capital, SGPS, SA (other partners in group companies) are also considered related parties.

The remuneration of the Board of Directors for the years ended 31 December 2014 and 2013 is detailed as follows:

	31 Dec 2014	31 Dec 2013
Variable - short term	1,980,572	1,969,861
Share based payments	578,200	541,400
	2,558,772	2,511,261

In 2014 and 2013 no loans were granted to the Company's Directors.

As at 31 December 2014 and 2013 no balances existed with the Company's Directors.

27 SERVICES RENDERED

Services rendered amounted to 477,612 euro and 477,612 euro, in 31 December 2014 and 2013. Services rendered include management fees over subsidiaries in accordance with Holding companies law.



28 GAINS OR LOSSES RELATED TO INVESTMENTS

As at 31 December 2014 and 2013 investment income are as follows:

	31 Dec 2014	31 Dec 2013
Dividends received	34,224,473	202,565,008
Gains/(losses) on sale of investments (Note 8)	933,721,509	2,283,250
Impairment losses (Note 8)	(3,089,000)	(32,500,000)
Gains / (losses) on sale investments	-	(375,298)
	964,856,982	171,972,960

Dividends were received from Sonae Investimentos, SGPS, SA (34,158,036 euro) and Sonaegest, SA (66,437 euro).

The amount of gains / (losses) on sale of investments includes the gain on the sale of share capital of Sonae Investimentos, SGPS, SA to a subsidiary.

29 FINANCIAL INCOME / EXPENSES

As at 31 December 2014 and 2013 net financial expenses are as follows:

	31 Dec 2014	31 Dec 2013
Interest arising from:		
Bank loans	(7,409,779)	(3,426,035)
Bonds	(21,480,726)	(21,740,049)
Other	(11,734,445)	(13,768,272)
Up front fees on the issuance of debt	(4,744,790)	(4,180,342)
Other financial expenses	(579,797)	(329,120)
Financial expenses	(45,949,537)	(43,443,818)
Interest income	37,818,908	31,787,534
Changes in fair value	2,491,439	2,355,076
Others	115,903	-
Financial income	40,426,250	34,142,610

30 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2014 and 2013 external supplies and services are as follows:

	31 Dec 2014	31 Dec 2013
Operational rents	382,790	379,532
Services obtained	1,806,634	2,361,571
Others	1,246,085	1,058,061
	3,435,509	3,799,164

31 STAFF COSTS

As at 31 December 2014 and 2013 staff costs are as follows:

	31 Dec 2014	31 Dec 2013
Salaries	2,593,468	2,256,820
Social costs	288,251	92,186
Other staff costs	47,070	51,646
	2,928,789	2,400,652

32 INCOME TAX

The reconciliation between the profit before taxation and the tax charge for the years ended 31 December 2014 and 2013 are summarized as follows:

	31 Dec 2014	31 Dec 2013
Profit before taxes	956,255,865	159,499,855
(Decrease) / Increase to net income for tax purposes		
Dividends	(34,224,473)	(202,565,008)
Impairment losses	3,089,000	32,500,000
Untaxed gains	(932,057,037)	-
Others	(1,848,748)	(3,351,364)
Taxable income	(8,785,393)	(13,916,517)
Tax losses for which no deferred tax assets were recognized	-	13,916,517
Net taxable income	(8,785,393)	-
Tax charge	23%	-
Deferred tax used in the period in accordance with Special Regime of Taxing Groups of Companies	2,020,640	-
Special Regime of Taxing Groups of Companies savings	762,989	-
Change in income tax estimate from previous years	(7,850)	(1,576)
Autonomous taxation	(7,610)	(7,768)
Tax charge	2,768,169	(9,344)

33 EARNINGS PER SHARE

Earnings per share for the period ended 31 December 2014 and 2013 were calculated taking into consideration the following amounts:

	31 Dec 2014	31 Dec 2013
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	959,024,034	159,490,511
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	959,024,034	159,490,511
Number of shares		
Weighted average number of shares used to calculate basic earnings	1,994,521,164	2,000,000,000
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Outstanding shares related with deferred performance bonus (Note 20)	2,054,146	1,838,985
Number of shares that could be acquired at average market price	(417,122)	(459,005)
Weighted average number of shares used to calculate diluted earnings per share	1,996,158,188	2,001,379,980
Profit/(Loss) per share		
Basic	0.480829	0.079745
Diluted	0.480435	0.079690

34 RECEIPTS / PAYMENTS OF INVESTMENTS

During 2014 and 2013, the following receipts and payments occurred:

	31 Dec 2014		
Companies	Acquisitions / (disposals) for the year	Amount received	Amount paid
Sonaecom, SGPS, SA	9,895,571	-	114,642,176
Sonae Investimentos, SGPS, SA	(1,815,901,002)	-	-
	(1,806,005,431)	-	114,642,176

	31 Dec 2013		
Companies	Acquisitions / (disposals) for the year	Amount received	Amount paid
Magma Nº 1 Securitisation Notes	(18,640,000)	18,640,000	-
Fundo Especial de Invest.Imob. Fechado Imosonaes Dois	10,000,541	-	10,000,541
Sonaecom, SGPS, SA	97,289,802	-	-
	88,650,343	18,640,000	10,000,541

As at 31 December 2014, payments related with Sonaecom, SGPS, SA include the amount in debt as at 31 December 2013, paid during 2014 (Note 8).



35 DIVIDENDS

The Shareholders Annual Meeting held on 30 April 2014, approved the payment of a gross dividend of 0.0348 euro (0.0331 euro 2013) per share was approved, corresponding to a total of 69,600,000 euro (66,200,000 euro in 2013).

For 2014, the Board of Directors proposed a gross dividend of 0.0365 euro per share, totalling 73,000,000 euro. This dividend is subject to approval by shareholders in the Shareholders Annual Meeting.

36 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors on 10 March 2015. These financial statements will be presented to the Shareholders' General Meeting for final approval.

37 INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

In 2014 short-term loan contracts were entered into with the following companies:

Chão Verde – Sociedade de Gestão Imobiliária, SA

Igimo - Sociedade Imobiliária, SA

Imomuro - Sociedade Imobiliária, SA

Modelo Hiper Imobiliária, SA

Modelo.com – Vendas por Correspondência, SA

Ponto de Chegada – Promoção Imobiliária, SA

Predilugar – Sociedade Imobiliária, SA

Sesagest - Projectos e Gestão Imobiliária, SA

Sonae Center Serviços II, SA

Sonae Investimentos, SGPS, SA

Sonaecenter, Serviços, SA

Sonaecom, SGPS, SA

Sontel, BV



Tlantic Portugal – Sistemas de Informação, SA

As at 31 December 2014, amounts owed by subsidiaries can be detailed as follows:

	Closing Balance
Sonae Investments, BV	115,000,000
Total	115,000,000

As at 31 December 2014 amounts owed to subsidiaries can be detailed as follows:

	Closing Balance
Sonaecenter, Serviços, SA	403,173
Sontel, BV	274,181,000
Total	274,584,173

Article 66 A of the Commercial Companies Code

As at 31 December 2014, fees Statutory Auditor amounted to 29,503 euro fully related with audit fees.

The Board of Directors

Belmiro Mendes de Azevedo, Chairman

Álvaro Carmona e Costa Portela, member of the Board of Directors

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

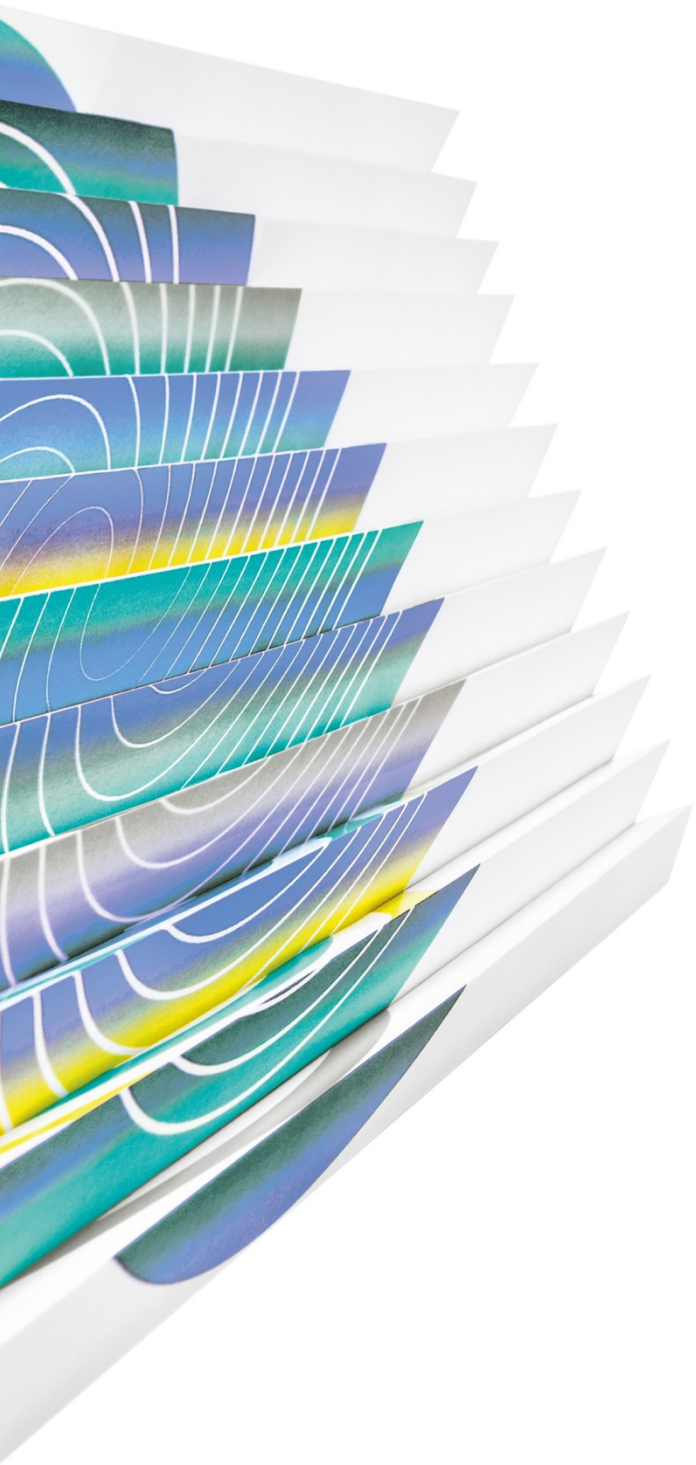
Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

José Neves Adelino, member of the Board of Directors

Duarte Paulo Teixeira de Azevedo, CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério, member of the Executive Committee



Legal Certification
of Accounts
and Auditor's
Report



STATUTORY AUDIT AND AUDITOR'S REPORT

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

Introduction

1. In accordance with the applicable legislation, we present the Statutory Audit Report and the Auditors' Report on the financial information contained in the Report of the Board of Directors and the individual and consolidated financial statements for the year ended 31 December 2014 of Sonae, S.G.P.S., S.A. ("Company") (which comprise the Consolidated and Individual Statements of Financial Position as at 31 December 2014 that presents total consolidated and individual assets of 5,578,121,881 Euro and of 4,999,705,503 Euro respectively, and consolidated and individual equity of 1,853,615,106 Euro and of 3,909,007,481 Euro respectively, including consolidated net profit attributable to the Company's Equity Holders of 143,838,207 Euro and an individual net profit of 959,024,034 Euro), the Consolidated and Individual Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended and the corresponding Notes.

Responsibilities

2. The Company's Board of Directors is responsible for: (i) the preparation of consolidated and individual financial information that present a true and fair view of the financial position of the companies included in the consolidation and the Company, the consolidated and individual results and comprehensive income of their operations, the consolidated and individual changes in equity and the consolidated and individual cash flows; (ii) the preparation of historical financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and that is complete, true, timely, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate internal control system; and (iv) informing any significant facts that have influenced its operations or the operations of the companies included in the consolidation, its consolidated or individual financial position, its consolidated or individual results and comprehensive income.
3. Our responsibility is to review the financial information contained in the above mentioned account documents, including verifying if, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Securities Market Code, and issue a professional and independent opinion, based on our examination.

Scope

4. Our examination was performed in accordance with the auditing standards issued by the Portuguese Institute of Statutory Auditors, which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated and individual financial statements are free of material misstatement. Our examination included verifying, on a sample basis, evidence supporting the amounts and disclosures in the consolidated and individual financial statements and assessing the significant estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation. Our examination also included verifying the consolidation procedures used, the application of the equity method, and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting policies used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and assessing the adequacy of the overall presentation of the consolidated and individual financial statements and assessing if, in all material respects, the information is complete, true, timely, clear, objective and licit. Our examination also comprises verifying that the consolidated and individual financial information contained in the Report of the Board of Directors is in accordance with the other consolidated and individual documents of account, as well as verifying the required in the numbers 4 and 5 of article 451^o of Commercial Companies Code. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated and individual financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated and individual financial position of Sonae, S.G.P.S., S.A., as at 31 December 2014, the consolidated and individual results and comprehensive income of its operations, the consolidated and individual changes in equity and the consolidated and individual cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union, and the information contained on those is, in accordance with the standards mentioned in the paragraph 4 above, complete, true, timely, clear, objective and licit.

Emphasis

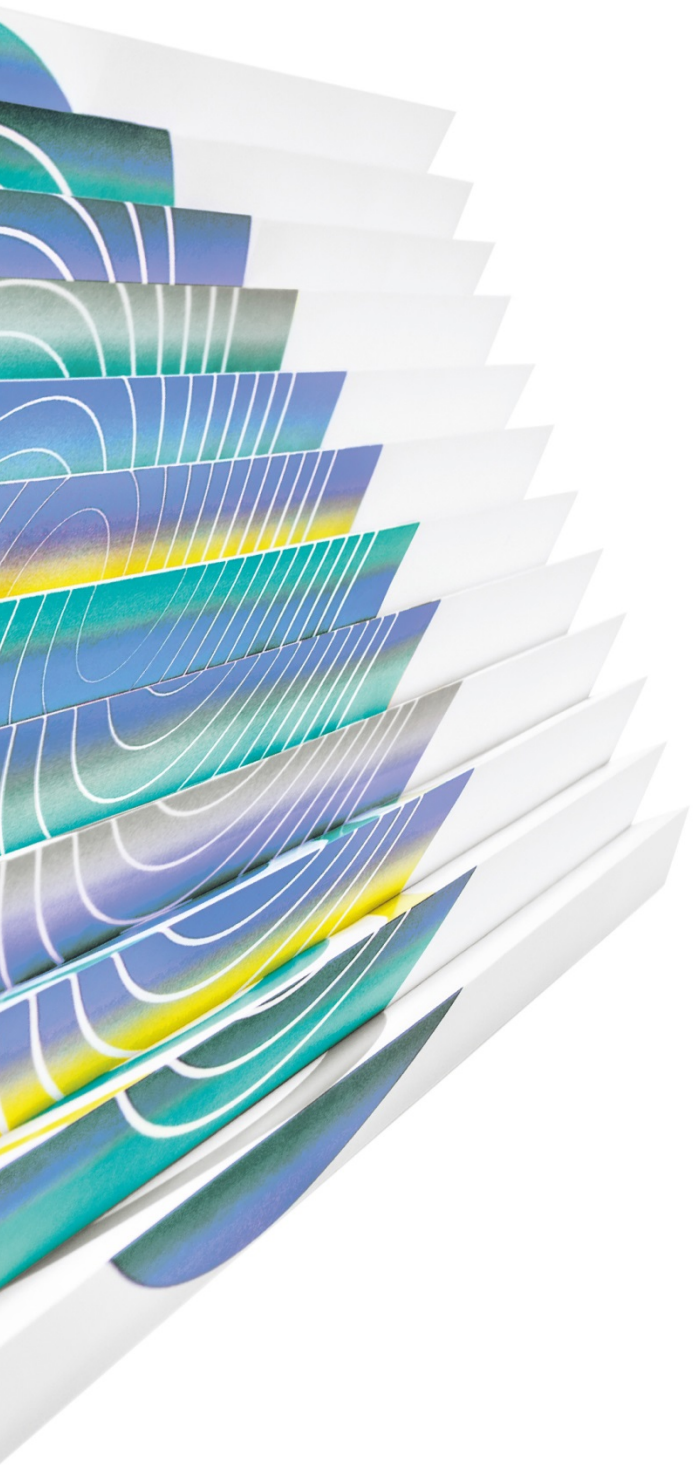
6. As referred to in Note 8 to the individual financial statements as at 31 December 2014, during the year then ended the Company sold a shareholding interest of 51.83% on Sonae Investimentos, SGPS, S.A. to a wholly owned subsidiary recognizing a profit amounting to 932,057,037 Euro, which includes the recycling of Fair Value reserves amounting to 371,403,860 Euro which significantly affected the individual net income of the year. The referred profit was eliminated on consolidation; hence not affecting the consolidated financial statements for the year ended 31 December 2014.

Reporting over other legal requirements

7. It is also our opinion that the financial information contained in the Report of the Board of Directors is in accordance with the consolidated and individual financial statements of the year and the reporting of the corporate governance practices includes the elements required to the Company in accordance with article 245º-A of the Securities Market Code.

Porto, 26 March 2015

Deloitte & Associados, SROC S.A.
Represented by António Marques Dias



Report and Opinion
of the Statutory
Audit Board



REPORT AND OPINION OF SONAE SGPS STATUTORY AUDIT BOARD

(Translation of a Report and Opinion originally issued in Portuguese.

In case of discrepancy the Portuguese version prevails)

To the Shareholders

1 – Report

1.1 - Introduction

In compliance with the applicable legislation and in accordance with the terms of our mandate, the Statutory Audit Board presents its report over the supervision performed and its Report and Opinion on the Report of the Board of Directors and the remaining individual and consolidated documents of accounts for the year ended 31 December 2014, which are the responsibility of the Board of Directors.

1.2 – Supervision

During the year under analysis, the Statutory Audit Board accompanied the management of the Company and its affiliated companies, and has oversaw, with the required scope, the evolution of the operations, the adequacy of the accounting records, the quality and appropriateness regarding the process of preparation and disclosure of financial information, corresponding accounting policies, valuation criteria used as well as the compliance with legal and regulatory requirements.

In the exercise of its competences and mandate, the Board met quarterly during the year with the presence of Directors and the officers in charge of Planning and Control department, Administrative and Accounting department, Treasury and Finance department, Tax department, Internal Audit department, Risk Management department, the Statutory Auditor and External Auditor and Sonae's ombudsman. Additionally, the Statutory Audit Board participated in the Board of Directors meeting where the Report of the Board of Directors and the financial statements for the year were approved.

The Statutory Audit Board verified the effectiveness of the risk management and internal control, analysed the planning and the reports of activity of the external and internal auditors, and oversaw the reports issued by Sonae's ombudsman. The Statutory Audit Board has also assessed the process of preparing the individual and consolidated statements of accounts and has pronounced itself in favour of the rendering of non-audit services by the Statutory Auditor and External Auditor, having exercised its mandate in what concerns the evaluation of the competence and independence of external auditors, as well as to the supervision of the establishment of the Statutory Auditor and External Auditor remuneration.

Considering its competence to present to the General Meeting a proposal for the appointment of the Statutory Auditor, the Statutory Audit Board made a detailed analysis, having concluded by the competence, reliability and experience of the Statutory Auditor in charge who has been performing its duties with competence and independence; hence these factors support the proposal to maintain the current Statutory Auditor in office as its maintenance do not

jeopardize its independence and avoid the costs arising on the change of auditors with the consequent loss of historical knowledge of the group and its importance for the performance of an efficient audit as long as its independence is safeguarded, as it is the case.

Additionally, the Audit Engagement Partner of Sonae SGPS S.A. audit is in charge since 2011, in compliance with an adopted rotation policy, in accordance with best practices, that the Statutory Audit Board adopted, namely the application of CMVM's Recommendation IV.3 included in its Code of Corporate Governance.

The Statutory Audit Board also took into consideration the EU Regulation nr. 537/2014, under which - besides the establishment of a 10 years maximum period of mandate for the Statutory Auditor - establishes a transitory regime under which the mandatory rotation of the Statutory Auditor will only be applicable for Sonae SGPS, S.A. in 2023.

Considering all the factors under decision, the Statutory Audit Board decided, by unanimity, to propose to the General Meeting the re-election, for the new mandate, the current Statutory Auditor, being the conviction of the Statutory Audit Board that its permanence do not threaten the independence and reliability that the Statutory Auditor has been exercising its duties.

During the year the Statutory Audit Board accompanied, with special care, the accounting treatment of transactions that had material impact on the evolution of operations and on the individual and consolidated financial position of Sonae SGPS, S.A., and highlights the positive evolution of the business segments and main joint ventures which effects are visible in the economic and financial development of the Group.

In compliance with CMVM's Recommendation V.2., the Statutory Audit Board took in consideration the criteria for description of businesses with significant relevance between the company and shareholders of qualifying holdings or related entities in accordance with nº 1 of article 20 of the Portuguese Securities Market Code, neither having identified relevant transactions that complied with that criteria nor identified any conflict of interests.

The Statutory Audit Board complied with CMVM's Recommendations II.2.1, II.2.2, II.2.3, II.2.4 and II.2.5, regarding Corporate Governance. All members of the Statutory Audit Board are independent considering the legal criteria and professionally able to perform its duties. During the year the Statutory Audit Board exercised its competences and its relations with the other statutory bodies and Company's services in accordance with the principles and conduct recommended in the referred Recommendations.

The Statutory Audit Board reviewed the Corporate Governance Report, enclosed to the Report of the Board of Directors, in accordance with nr. 5 of article 420º of Commercial Companies Code, having verified that it includes the elements referred to in article 245º-A of the Portuguese Securities Market Code.

Still, in the fulfilment of its duties, the Statutory Audit Board reviewed the Report of the Board of Directors, including the Corporate Governance Report, and remaining individual and consolidated documents of accounts prepared by the Board of Directors, concluding that this information was prepared in accordance with the applicable legislation and that it is appropriate to the understanding of the financial position, results of the Company and the

consolidation perimeter and has reviewed the Statutory Audit and Auditors' Report issued by the Statutory Auditor and agreed with its content.

2 - Opinion

Considering the above, in the opinion of the Statutory Audit Board, that all the necessary conditions are fulfilled in order for the Shareholders' General Meeting to approve:

- a) The Report of the Board of Directors;
- b) The consolidated and individual statements of financial position, profit and loss by natures, comprehensive income, changes in equity and of cash flows and related notes for the year ended 31 December 2014;
- c) The proposal of net profit appropriation presented by the Board of Directors.

3 – Responsibility Statement

In accordance with paragraph a), number 1 of article 8º of the Regulation of CMVM nr. 5/2008 and with the terms defined in paragraph c) nº 1 of the article 245º of the Portuguese Securities Market Code, the members of the Statutory Audit Board declare that, to their knowledge, the information contained individual and consolidated financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of the Sonae, S.G.P.S., S.A. and companies included in the consolidation. Also it is their understanding that the Management Report faithfully describes the business evolution, performance and financial position of Sonae, S.G.P.S., S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face. It is also declared that the Corporate Governance Report complies with article 245º A of the Portuguese Securities Market Code.

Maia, 27 March 2015

The Statutory Audit Board

Daniel Bessa Fernandes Coelho

Arlindo Dias Duarte Silva

Jorge Manuel Felizes Morgado

Sonae Financial Report

Head of Communication, Brand and Corporate Responsibility

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Design

Graficalismo

Sonae is listed in the Euronext Stock Exchange.

Information may be accessed on Reuters under the symbol SONP.IN and on Bloomberg under the symbol SONPL.

This report is available on Sonae's institutional website:

www.sonae.pt

