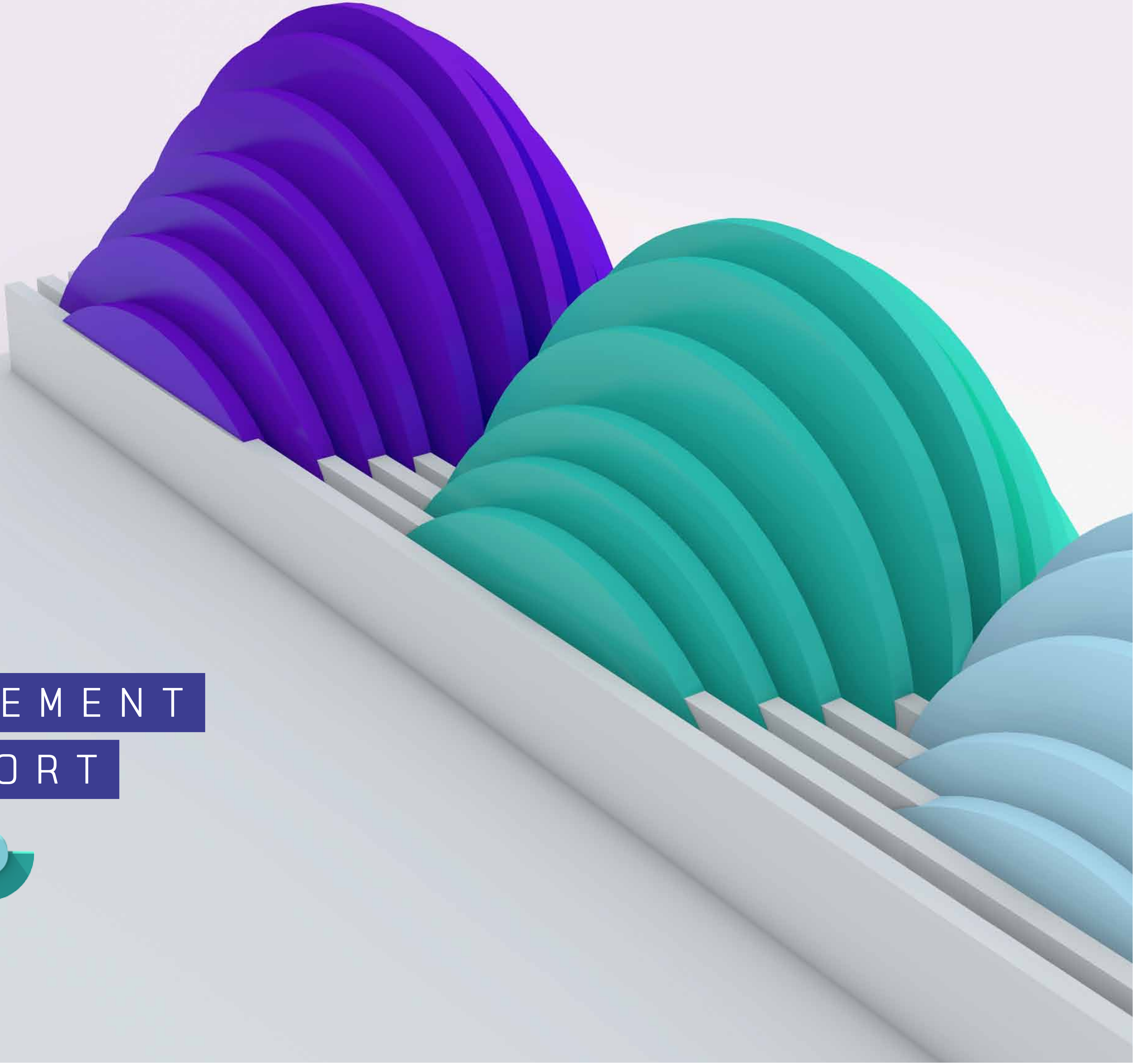
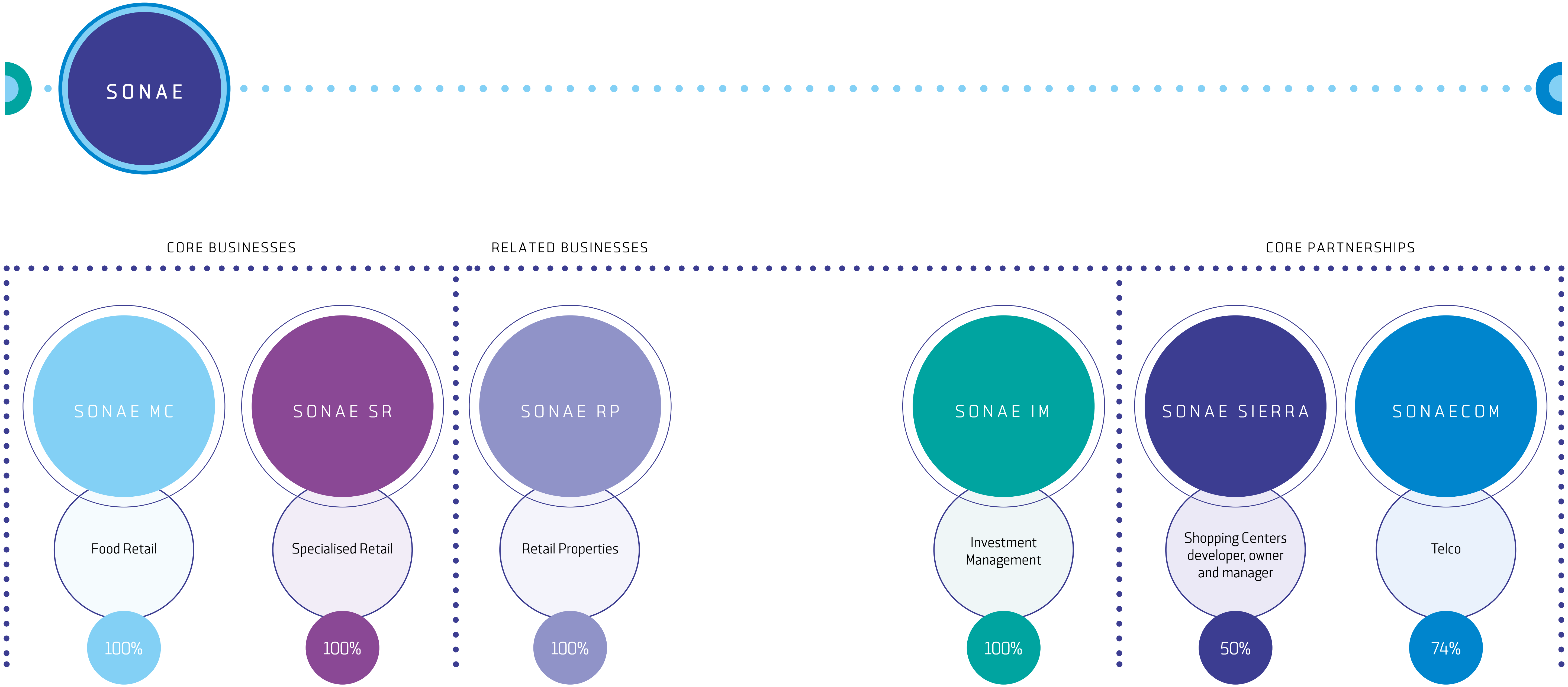
SONAE REPORT AND ACCOUNTS 2013

IMPROVING LIFE



MANAGEMENT REPORT

GROUP STRUCTURE



31.12.2013

11th consecutive year
as a Brand of Confidence, now with 3 brands recognised, Continente, Zippy and Worten

3rd consecutive year and 1st Portuguese
company in the list of the World's Most Ethical Companies

We believe in Corporate Responsibility

For the third successive year, we were recognised by Ethisphere as one of the *World's Most Ethical Companies*. For the 11th successive year we also received the *Brand of Confidence* award, with 3 of our brands now recognised.

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

Tomorrow's leadership starts today

Innovation is paramount to our enduring success. In a rapidly changing world, we have to continuously bring innovation to new products, services and processes. Acknowledgement of the sheer vastness of the online retail world is vital as it is a rich source to be tapped and mastered and Sonae is the driving force behind this. In this area our pioneering work has been recognised by the *Kaizen Institute* and also by *Junior Achievement*.

7 innovative projects
distinguished at FINOV

Company of the Year
by Junior Achievement Portugal, for the fourth consecutive year

5.3 M€ of energy efficiency
savings over the last 4 years as a result of Project "Trevo"

Top 3 in Iberia
in environmental performance

23,395 tonnes
of old electrical equipment collected in the last 5 years

90% of shopping centres
certified with ISO 14001

The environment is a priority

At Sonae, respecting the environment is a whole way of life. We are green at the core. We think 'green' within the organisation, we promote green options to our customers and we encourage green solutions from our producers.

As a leading company, we are driven by a desire to reduce our environmental footprint and raise awareness of environmental issues with the participation of our people and the community. We strive to leave an environmental legacy worthy of being passed from one generation to another.

We do not compromise on quality

We are constantly concerned with providing the best quality products and services to our customers, whilst ensuring good value for money.

This is clearly evident in that for the 9th successive year we were put forward by our customers as a *Superbrand* and *Consumer Choice*.

254 M€ of purchases
from Continente Producers Club

742 supplier audits
around the world

3.4 M customers
>90% of total sales

10.6 M€ in community support
to social, human and cultural causes

2,059 institutions
supported

8,634 hours
of volunteering for the community

We support our community

We have the responsibility of helping our community and we vigorously look for ways of maximising our impact through our efforts and by supporting our people to make a difference in someone's life. We want to make a world of difference.

Our hard work concerning entrepreneurial training and dedication to social causes was rewarded with the *Master of Social Responsibility and Master of Negotiation award.*

We value our team

Our people are the soul of our business at Sonae and we value their precious skills. We not only aim to recruit the best but are constantly looking for new talent to engage. The culmination of our efforts was the award of "The Best School for Leaders" award by the Hay Group.

Safety first! Health and Safety at work is a top priority for us and it is addressed throughout the structures of the organisation. We will continue to reinforce our efforts to mitigate risk at work and we are proud of our efforts awarded with the *International Award of Good Practice* by the European Agency for Safety and Health at Work.

1.1 million hours
of specialised training

40 thousand colleagues
sharing a common goal

KEY CORPORATE EVENTS 2013

February
- Sonae MC and Jorge Sá, SA celebrated a lease agreement which allows up to 9 stores to operate, located on Madeira Island.

February 15th
- Sonae and France Telecom (FT-Orange) agreed on the acquisition of a 20% stake in Sonaecom's share capital presently held by a subsidiary of FT-Orange.

March 7th
- The Extraordinary General Meetings of Optimus SGPS and Zon approved the merger project by incorporation of the two companies.

March 21st
- Sonae SR signed an agreement with the S. H. Al Mana Group for the development of Zippy brand in Kuwait, United Arab Emirates and Qatar.

March 26th
- Sonae Sierra reached an agreement with a fund managed by Rockspring Property Investment Managers, for the acquisition of its 50% stake in Cascais Shopping.

May 3rd
- Sonae Sierra successfully inaugurated the Boulevard Londrina Shopping Centre in Brazil, an investment of about 122 M€ with a 47,800 m² of Gross Lettable Area.

July 30th
- The Competition Authority informed about their non-opposition to the merger between Zon and Optimus, subject to a 12 working period.

August 27th
- ZON OPTIMUS was registered, following the approval of the Competition Authority.

October 7th
- Sierra Fund and CBRE Iberian Value Added Fund sold Parque Principado Shopping Centre (Paredes Lugones, Asturias) for 141.5 M€.

October 23rd
- Sonae Sierra and MAB Development inaugurated Hofgarten Solingen Shopping Centre, located in the German city of Solingen with 29,000 m² of Gross Lettable Area.

October 29th
- Sonaecom announced a voluntary tender offer for up to 24.16% of its share capital.

October 30th
- Sonae Sierra opened Passeio das Águas Shopping Centre to the public, the largest centre in the Central-Western region of Brazil, an investment of 150 M€ with 78,000 m² of Gross Lettable Area.

December 20th
- Sierra Fund sold Valecenter Shopping Centre (Marcon, Venice) and Airone Shopping Centre (Monselice, Padua) to Blackstone Group, for 144.5 M€.

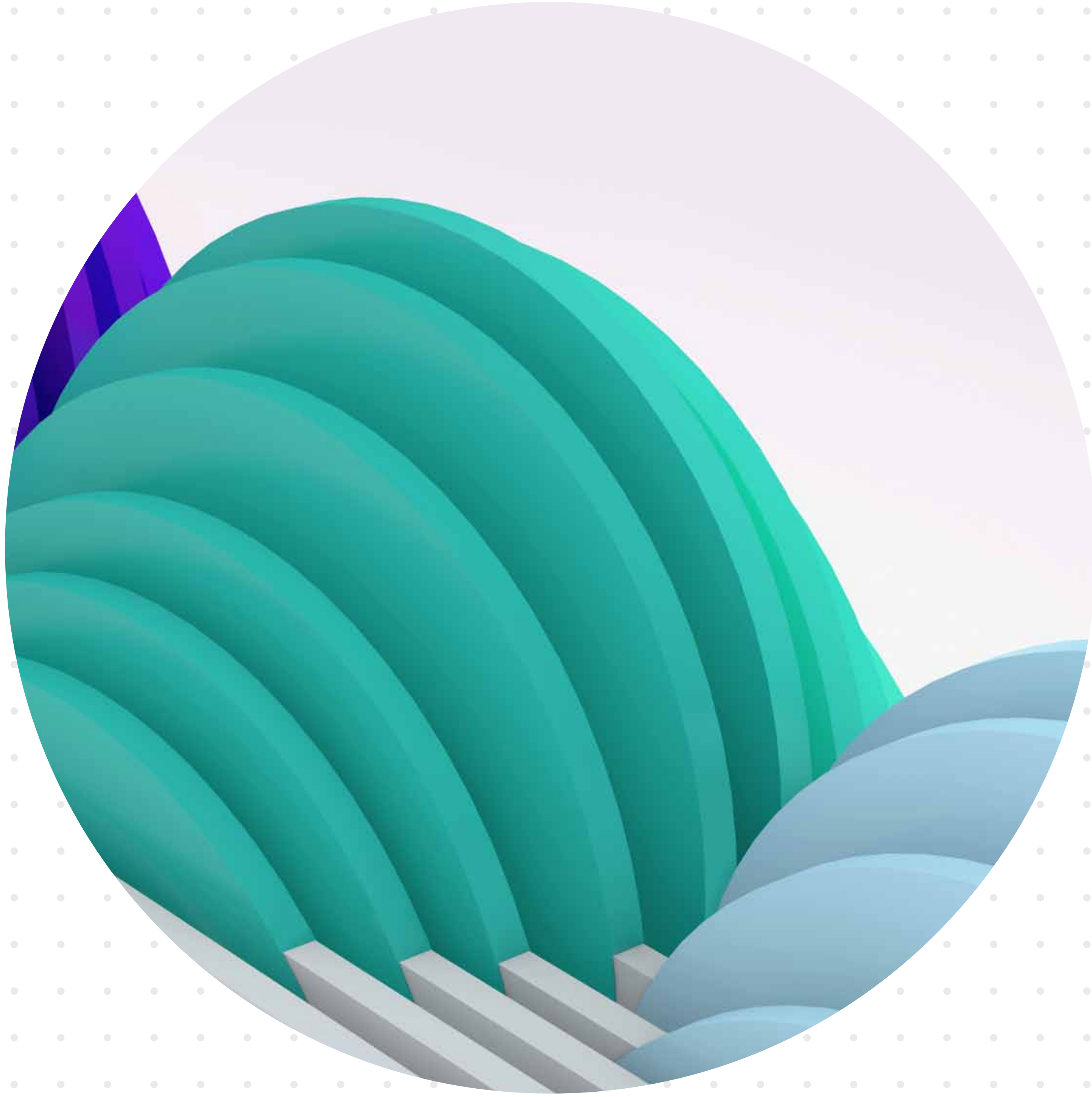
FINANCIAL HIGHLIGHTS

4,821 M€ TURNOVER	349 M€ CAPEX
475 M€ EBITDA	1,219 M€ NET DEBT
175 M€ DIRECT RESULTS	66.2 M€ DIVIDENDS PAID
319 M€ NET INCOME (GROUP SHARE)	+53% SHARE PERFORMANCE PRICE (YEAR)

Underlying EBITDA (% OF TURNOVER)

378 M€ (7.8%) SONAE	
258 M€ (7.6%) SONAE MC	0.4 M€ (0.0%) SONAE SR
115 M€ (92.4%) SONAE RP	15 M€ (6.6%) INVESTMENT MANAGEMENT

CHAIRMAN'S LETTER



CHAIRMAN'S LETTER

BELMIRO DE AZEVEDO
CHAIRMAN
SONAE

The business environment landscape is changing at an increasingly rapid pace. Funding is still a scarce and relatively expensive resource. Investors are still uncertain about the future of the economy. Innovation has become faster and a challenge to manage. Competition is more aggressive, in addition to a sharp drop in purchasing power. Public policies have become more volatile. Notwithstanding these developments, Sonae continued in 2013 to improve its financial performance. However, the question arises, how did we reach this point?

Our performance is anchored in three paramount principles. Firstly, we determined our areas of excellence and reinforced them with a long-term approach. Secondly, we considered innovation as a way of learning about new ways to offer a better service to our clients and partners and thus understand the future ahead of our competitors. Thirdly, and finally, we honoured our true commitment to corporate responsibility and lived up to this challenge. These three principles allow us to be extremely proud of our heritage, but, more importantly, to be ambitious about the future.

Our food retail business has proven to have outstanding resilience anchored in our values. We foresaw the opportunity to increase our market share and we firmly took this challenge in hand. We have invested in new stores. We have changed our way of thinking concerning food retail. We have focused on creating innovative processes both to lower the costs and make even the more practical part of the shopping experience agreeable. We have shared with our customers and our partners the gains from higher levels of efficiency and, as a result, we have strongly reinforced our leadership in an increasingly competitive market.

Of noteworthy mention is our specialised retail business. Our specialised retail is highly diversified and has a strong component of internationalisation. Increasing competition across the whole portfolio and the fragile economic environment raised tough challenges. We did not lose focus and we continued to work towards our strategic goals and we closely monitored market movements, refining our actions when needed. As a result, the turnaround in our specialised retail business is now well underway and, together with our food retail business, has allowed us to overcome the tremendous socio-economic difficulties and to achieve considerable progress in our performance.

Sustainable growth is not possible without innovation. We operate in a market, characterised by unforgiving economic conditions, with aggressive competitors always following our path. We are leaders and, therefore, we cannot just follow others, but instead we have to continuously offer new products and services. However, innovation does not end at the forefront of our business and we are continuously looking for efficiency gains, aiming to create value across the whole organisation and for all stakeholders.

Innovation has been and will always be one of the cornerstones of our success. The culture of innovation here at Sonae forces us to focus on the future. A prosperous future is part of our definition of a sustainable performance. Our strong commitment towards innovation allowed us to distinguish ourselves from all the other players in the market, with market share gains year after year. Innovation is so deeply rooted in our culture that we nurture its development across the whole organisation always with the ethos that everything we do, we can do even better. Our focus on continuous improvement and innovation is a strong driver of our solid performance.

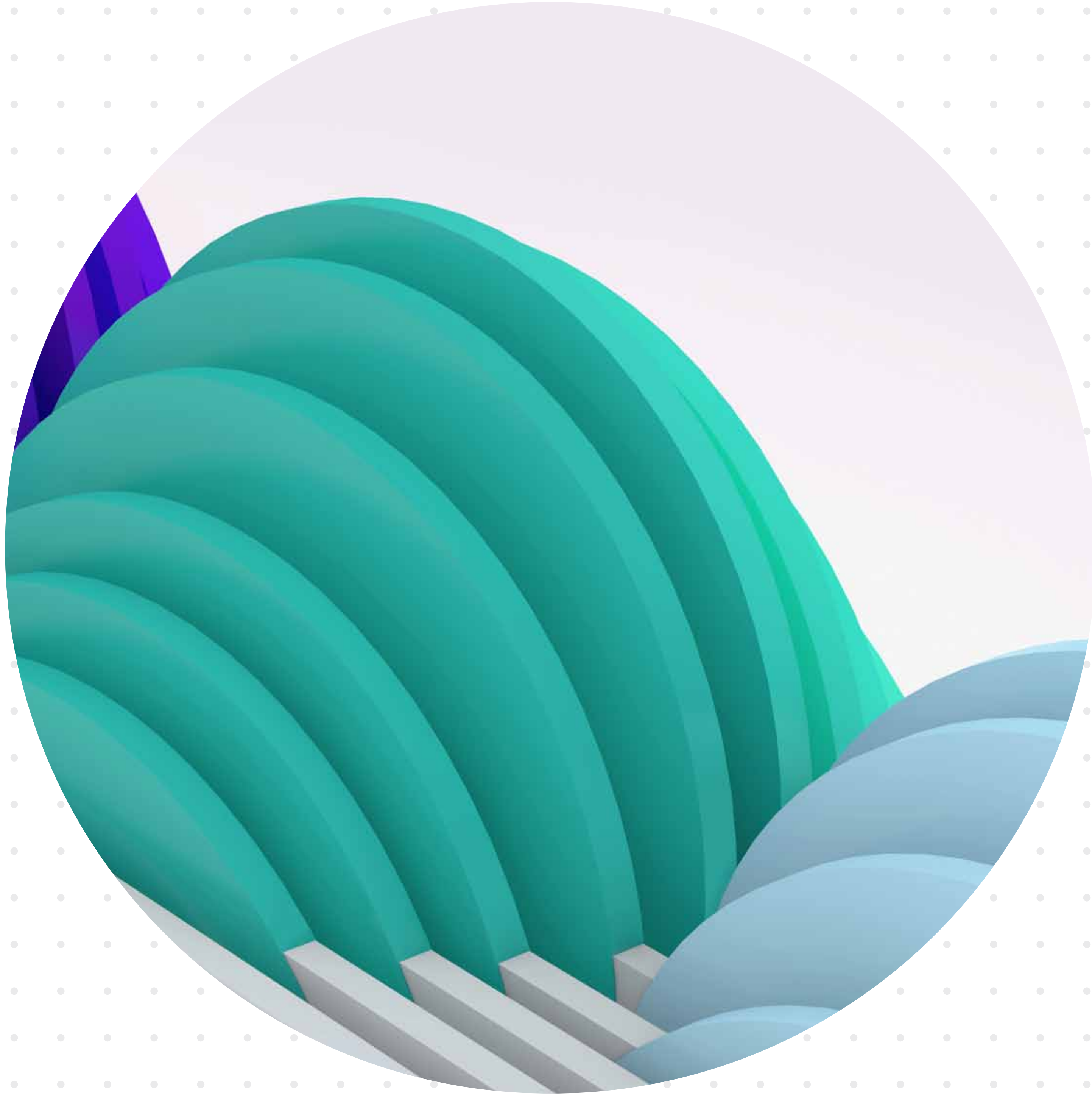
At Sonae, we believe that organisations emerge from and are a thriving part of society. Therefore, organisations must assume a strong commitment towards corporate responsibility. The difficulties experienced by organisations can be easily traced to the difficulties of their communities. We at Sonae are very aware of the challenges we are facing and we do not forget how they also impact our partners, our customers and their families and friends. We are aware that the impact of our actions extends far beyond our stores and, therefore, our message to our stakeholders is a message of sound corporate responsibility, which is strongly committed to shaping a better society, a better world.

In 2012, we closed the year with our shares up by 49.7%, an increase well above the market, with our investors recognising the sustainable performance of our businesses. In 2013, we again outperformed the market with our shares up by 52.7%. A clear recognition of our values and our sustainable performance, based on innovation and active management of our operational and capital structures, and our resilience and capacity to adapt without losing focus of our core values of corporate responsibility.

At Sonae, we know that it is in difficult times that we thrive at our best, standing up to our responsibilities as a leader and allowing our values to guide our strategy. Our journey to success is a journey of overcoming challenges. We believe that challenges define who we are and we always come out stronger. This is our identity. This is our future.

Belmiro de Azevedo

CEO'S LETTER



CEO'S LETTER

PAULO AZEVEDO

CEO SONAE

2013 was a particularly rewarding year for our team, as the success of our multiple efforts to withstand the severe negative economic cycle in Southern Europe became visible to the outside world.

In food retail, we felt that given the strength of our team, our leadership position and the relatively stable nature of food consumption, we would be able to accelerate our continuous improvement and our innovation programmes sufficiently to acquire more clients and maintain our benchmark profitability level.

Our team has fully delivered on these ambitious targets and we ended the year with another significant gain in the number of clients and market share and an increased efficiency advantage over our competitors.

In non-food retail, the challenge we faced in this period was even more difficult. Not only did we have to undergo several years of double digit decline in the Iberian market, but it also became clear that our sourcing model in textiles was not suitable to the current market situation. We suffered in financial terms, but we worked even harder and were able to:

1) Gain market share and hold on to our EBITDA margin in Electronics in Portugal;
2) Redesign and implement our new supply model in textiles;
3) Maintain international growth outside Iberia in a "capital-light" mode;
4) Review store concepts for all retail formats to adapt to a new consumer environment and to the Spanish market.

In our shopping centre division, we weathered the storm in Southern Europe by ensuring an important gain of efficiency in the running of our centres to the point where we were able to help many of our tenants control their rising "effort rates" (costs, including rents, divided by tenant sales) and minimise decreases in the value of our centres in these regions (through maintaining high occupancy rates and cash-flow projections). We were not able to find a solution for the impact of rising yields, or the lack of financing and lack of buyers in these markets, but we were able to redirect our management and development capabilities to expansion in other geographic areas and to increase services rendered to third parties. As a result, in 2013, we were able to inaugurate three new shopping centres (one in Germany and two in Brazil) and increase development and property management third party services by 15% in annual terms.

In telecommunications, we were able to implement the merger of Optimus and Zon. This new starting point of a company with the assets and the competencies to be the leading innovator in all market segments had been our goal for more than a decade. We battled for the separation of cable from the incumbent in all possible instances, we risked offering to do it ourselves in the bid over Portugal Telecom and, we took on the challenge of taking the smallest mobile operator to benchmark profitability and then we were able to find the right partners and convince shareholders on both sides and all authorities of the merits of this solution.

Following the successful formal conclusion of this merger process, we supported Sonaecom's initiative to provide the remaining shareholders the possibility of switching their exposure to ZON OPTIMUS, which is the dominant asset of Sonaecom and provides far larger liquidity. As a result of this offer (for which Sonae now holds approximately 90% of Sonaecom) and of the strong management team and governance models agreed with our partners at ZON OPTIMUS, Sonaecom will no longer require a heavy governance or management layer. The remaining technology investments at SSI can be effectively managed together with our Investment Management, complementing our strategy to manage our attractive retail related and telecommunications technology companies.

Concerning our remaining businesses, we were unable to accomplish some of our objectives in Sonae RP and in Investment Management, as there has been no market for Portuguese real estate for a long period of time, coupled with a general lack of M&A interest in Iberia. On a positive note, SSI continued its good track record of growth and positive results and all investments in our portfolio under Investment Management have improved their performance.

Our consolidated results reflect these achievements and we are particularly happy with the growth figures already achieved in the last quarter and the significant improvement of the solidity of our balance sheet.

Looking forward, we have an incredible amount of work ahead of us and a future filled with opportunities.

The strong return of quality investors to the Iberian real estate market will allow us to return to our stated strategy of lowering the amount of capital used in mature assets. This will enable Sonae Sierra to increase its development ratio and gradually re-establish the attractive levels of return on equity it has historically achieved and Sonae RP will release capital for other businesses, as well as better support the growth of our retail businesses.

The recovering levels of private consumption in Iberia, together with our leaner operations, better supply models and renewed store concepts, will enable our non-food businesses to progress at a good pace to achieve satisfactory profitability levels. We will also be in a better position to confidently develop all the new opportunities we have created in new geographic areas, as well as new franchising, wholesaling and category management business models.

In food retail, we will be facing a progressively more competitive market in pricing and promotional activity, as was increasingly demonstrated in 2013. It is fundamental to our strategy and commitment to the Portuguese consumer to maintain our price leadership and our market leadership. Our very significant efficiency and profitability advantage, our size and the excellence of our assets place us in a privileged situation and we are very confident we will maintain our market share and profitability advantage. Given the trends we have seen recently, it does seem probable that, although we will maintain these relative advantages over our competitors, the average profitability of the market will suffer. We will also be working hard on the expansion of all the new formats in this division which have developed extremely well in 2013, both in terms of growth and profitability. We will also continue our efforts to find the most suitable way to participate in the modernisation of the retail market and food supply chain in Angola.

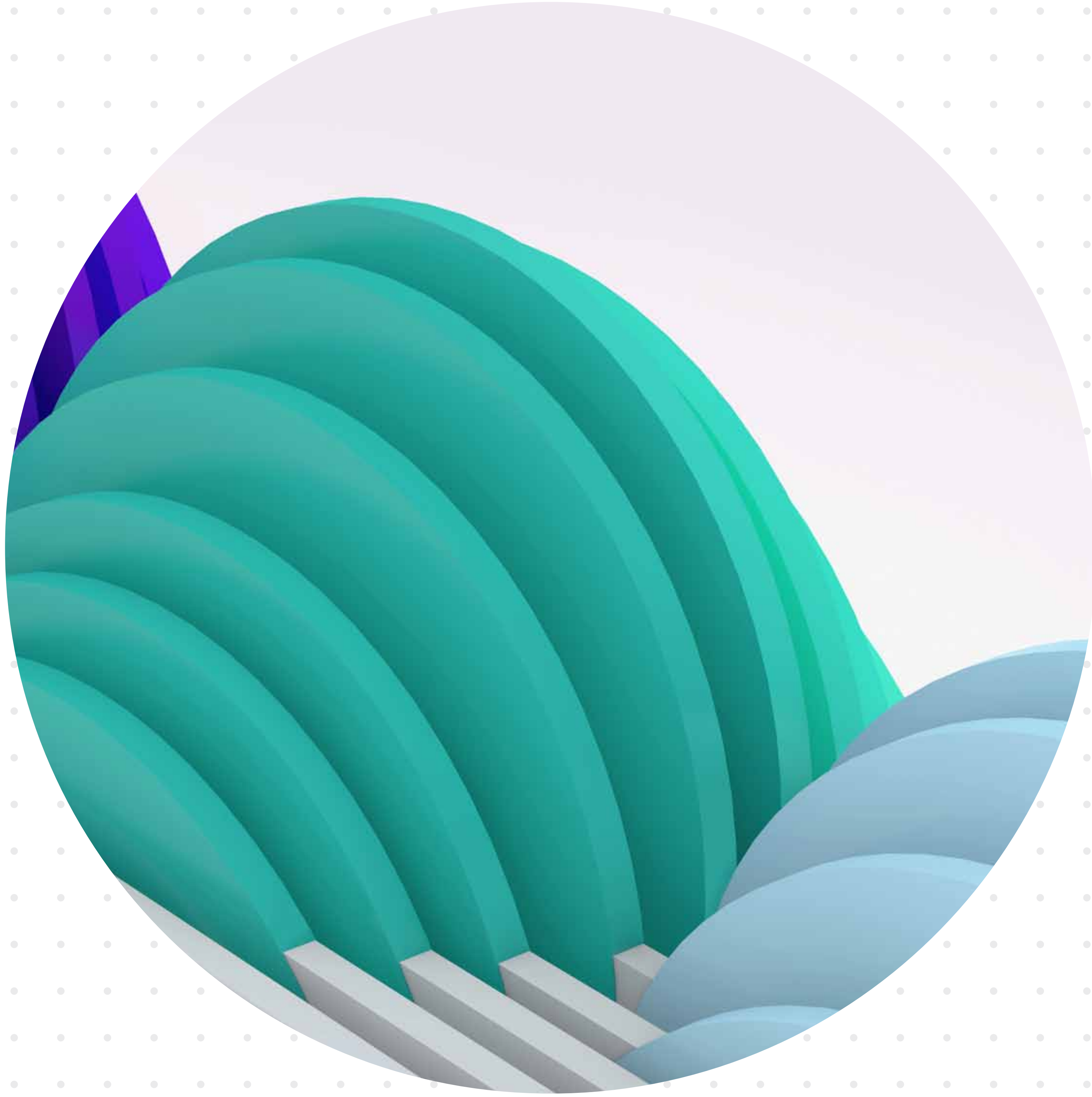
In all retail operations, our increasing capacity to design products and create brands has paved new routes for market differentiation and international expansion, which we are very excited about and will endeavour to develop further in the coming years.

2014 will also be an exciting year for ZON OPTIMUS and we are committed, together with our partners, to support the demanding management tasks of extracting the full value from the identified synergies and launching the future leader of convergent telecommunications.

The amoun t of work that has gone into overcoming this negative cycle has been tremendous. In our base countries, which were under more pressure, our teams produced work of an extremely high quality during a period of personal financial pressure. While we were able to improve remuneration or other benefits on a yearly basis at entry level salaries, this was not the case for our remaining colleagues. The vast majority of these colleagues received no change in fixed income; they all suffered large increases in taxes and many were hit by lower variable remuneration. In 2014, all the new tax and social security obligations in Portugal will be maintained or increased. I am extremely thankful to all those who chose to work in these circumstances and fully appreciate that the high level of expertise of our people means that most of them could easily have moved to other countries, strongly benefiting from lower tax rates and higher salaries. We will continue to push the limits of our productivity, which is already at benchmark best practice levels in many of our businesses, which will allow us to increase variable compensation levels and mitigate these circumstances.

We would also like to thank our stakeholders for all of their support, encouragement, challenges and supervision that have tested our capabilities to the limit, but have also left us extremely satisfied with our personal and collective development.

STRATEGY IN ACTION



STRATEGY IN ACTION

Executive Committee: Paulo Azevedo and Ângelo Paupério

Our mission is to create long-term economic and social value, bringing the benefits of progress and innovation to an ever increasing 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.

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.

Ambition

Ambition is born from continuously establishing goals which will stretch us to our limits, stimulating our energy and reinforcing our determination. Ambition drives us and keeps us dissatisfied with the status quo, forcing us to go beyond our past successes.

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.

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.

People at the centre of our success

Setting constant challenges and being open to change are crucial in attracting 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, and thereby further enrich our culture.

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 routed 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 above and beyond the economic wealth we create.

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 new sectors and geographies.

We are constantly searching for new business models and concepts, nurturing our entrepreneurial spirit and assuming 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.

BERG INNOVATION: OUT TO CONQUER THE WORLD

We think differently. When we decided to create a specialised retail sports segment - Sport Zone - we did not just create a network of sport shops. We were faithful to our entrepreneurship values and we invested in developing an active and innovative way of thinking about sports, focusing on quality and innovation.

Our Berg team has created highly innovative products with the objective of representing the brand abroad. The team and its internal and external innovation forums in place have led to the production of five original products.

The product development process led to five innovations: technical shirt, waterproof jacket, sleeping bag, Peugaiter sock and backpack for trail running. All of these articles are totally distinct from those found on the market and reinforce the brand's avant-garde image.

The promotion of the brand internationally with the creation of unique products has produced very interesting results and over the past year and a half Berg was been honoured with five awards – four internationally.

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.

INNOVATION IN ALL OF OUR DIMENSIONS

We are continuously looking for ways to improve efficiency across the whole organisation. Sonae Activshare programme applies this quest to 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.

In 2013, the Activshare programme helped us to support 112 institutions, implementing 194 support actions involving 8,634 hours of voluntering work by 1,800 colleagues. The more efficient we are, the more we can help.

Activshare in numbers

194
Support actions

8,634
Hours of volunteering

1,800
Colleagues involved

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.

LEADERSHIP IN BUSINESS ETHICS PRINCIPLES

The recognition of Sonae as one of the World's Most Ethical Companies rewards our core values of sustainable growth. Growth based on generating economic and social value, anchored in relationships of trust and cooperation with all members of the community.

"This year, not only did a record number of companies participate in the application process to be recognised as one of the "World's Most Ethical Companies", which demonstrates that ethical activity plays a very important role in many of these companies' business models, but we also witnessed an ever increasing number of companies being proactive and creating new initiatives that expand ethical and cultural programmes via industries such as industry lead associations based on ethics and other activities" - Alex Brigham, Executive Director of the Ethisphere Institute.

PEOPLE 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 colleagues (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.

FINOV – CHAIRMAN'S AWARD

The FINOV (Sonae Companies' Innovation Forum) Chairman's Award is awarded every year to a specific initiative or the successful implementation of a project, recognising the significant contribution made to the business and the notable endeavour made towards Sonae Companies' culture of innovation.

The 2013 award was granted to the project 'Picking Trolley', which adds new functionalities to the picking trolley at Continente Online.

Whilst collecting orders from clients made via Continente Online, we use a shopping trolley that was developed internally and that has been patented. Use of the trolley on a daily basis led to the development of new functionalities such as supports for fruit bags, enhanced visibility of the touch screen and increased loading capacity. Results are very positive and we have extended the remodelling to 150 baskets.

Changes have resulted in a 30% increase in basket capacity, with a 10% direct increase in the operator's productivity, due to greater ergonomics and decreased effort during the collection of items.

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, colleagues, 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 this 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 built into our strategy – we always know where we are going and why. We will significantly increase our geographic presence and employ new business models to foster growth and value creation. Based on our existing 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 Garcia, Belmiro de Azevedo, Álvaro Portela, Christine Cross and Ângelo Paupério.

CORPORATE STRATEGY

VALUE CREATION THROUGH INTERNATIONAL EXPANSION AND STRENGTHING OF THE CORE BUSINESSES CORPORATE STRATEGIC PILLARS

International Expansion

NEW GROWTH AVENUES

PROFIT FROM "WORLD CLASS" COMPETENCIES

- Current core business with leader formats in mature markets
- Widen competencies, knowledge and experience pool
- New sources of value creation

Diversify Investment Style

ADOPT THE MOST APPROPRIATE INVESTMENT STYLE
- FRANCHISING
- PARTNERSHIPS
- MINORITY STAKES

- Use capital light models (renting vs. owning; partnership vs. full control; and franchising)
- Add local knowledge
- Reduce Capital Employee needs

Leverage and Reinforce Exceptional Assets and Competencies

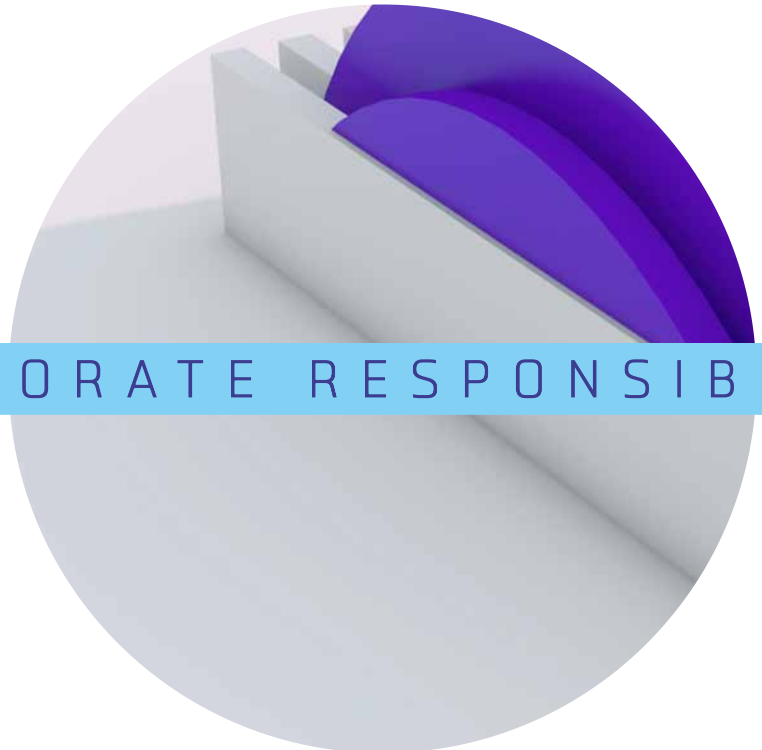
INNOVATE

GENERATE NEW BUSINESS STRENGTHEN COMPETITIVE POSITION

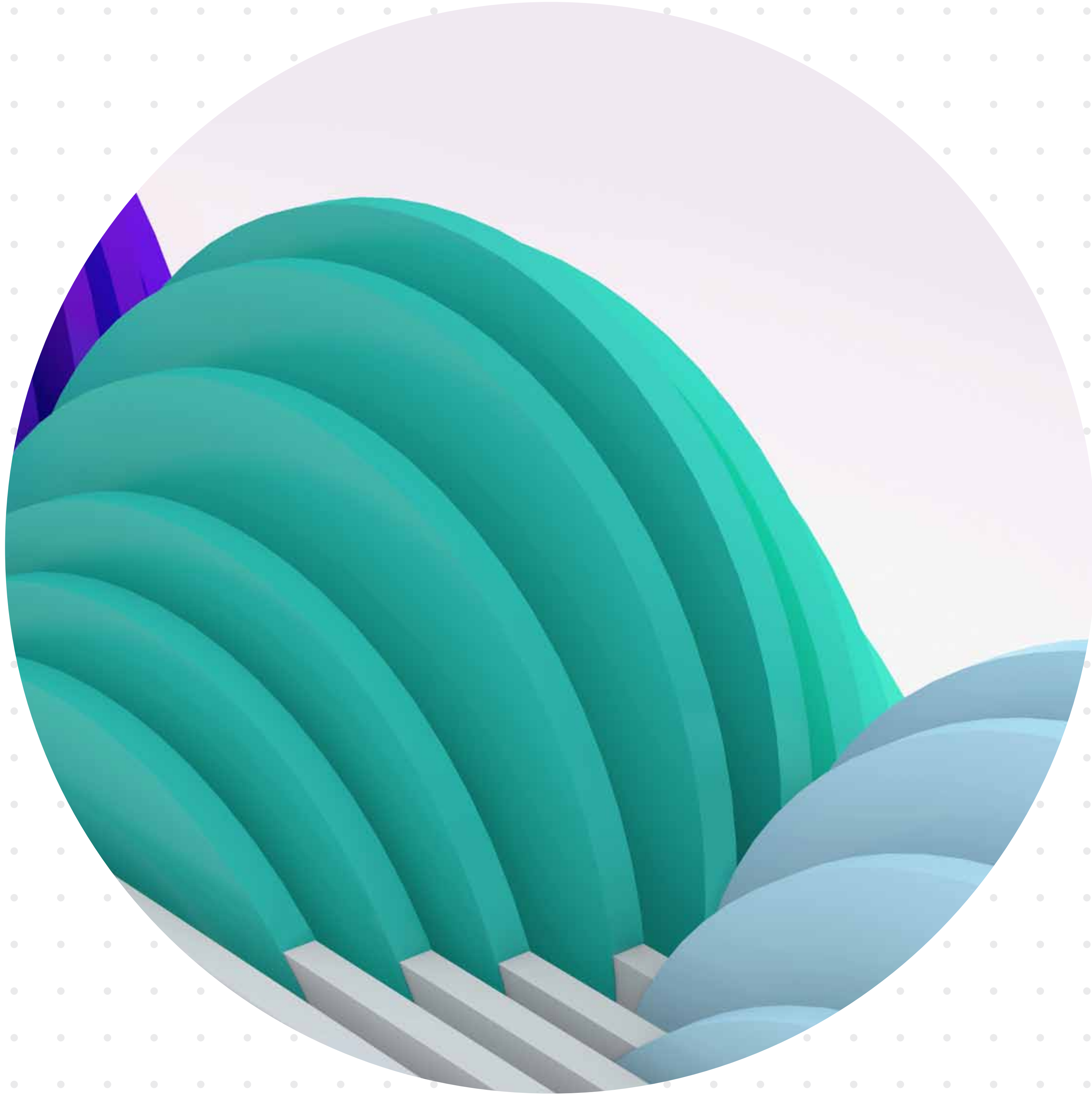
- Capitalise on assets and competencies in base market to launch new projects in adjacent areas
- Reinforce competitive position
- Grow "share-of-wallet"

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

International Expansion	Diversify Investment Style	Leverage and Reinforce
Worten Omni-channel	ZON OPTIMUS merger	Hyper 2020
Wholesale MC	Sonae Sierra recycling capital	Rebranding of MO
Ecommerce	Zippy Franchising	New concept of Sport Zone



CORPORATE RESPONSIBILITY



CORPORATE RESPONSIBILITY

10.6M€
SUPPORT TO THE COMMUNITY

8,634
HOURS SPENT VOLUNTEERING

40
THOUSAND COLLEAGUES

9%
REDUCTION IN WATER CONSUMPTION

1,107,749
HOURS OF TRAINING

194
VOLUNTEERING ACTIONS

2,059
INSTITUTIONS SUPPORTED

23,000
TONNES OF ELECTRICAL WASTE EQUIPMENT COLLECTED IN THE PAST 5 YEARS

The socioeconomic environment is undergoing a period of profound adjustment raising new challenges across the whole organisation. We face the future with optimism, but we are also aware of current difficulties.

We have devoted significant efforts to creating growth opportunities, but we have never lost track of our corporate responsibility values. In fact, it is our strongest conviction that those same values are paramount to our success. Corporate responsibility is part of our genetic makeup and we actively manage each dimension: people, environment, sourcing, clients, innovation and community.

We have had an excellent performance in 2013 and we are particularly proud of the recognition received for our commitment to our corporate values. Every day we take strategic decisions with an impact that goes far beyond our stores. We make sure that all these decisions are guided by ethics and sustainability principles.

SONAE IS RECOGNISED FOR THE THIRD YEAR RUNNING AS ONE OF THE MOST ETHICAL COMPANIES IN THE WORLD

Sonae, the first Portuguese company to be awarded this distinction, has been recognised for the third time running by the Ethisphere Institute as one of the "**Most Ethical Companies in the World**" for its implementation of transparent business practices and initiatives that benefit the community, raising the bar for ethical standards among all of its stakeholders.

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

"Corporate responsibility is a topic very close to our heart. At Sonae we cannot conceive a strategy that is not soundly routed in the ethical principles of sustainable development. As a market leader, we know that the stakes are higher and this recognition gives us the encouragement to reinforce our efforts towards a better world. We will not compromise on ethics and transparency, as we believe that these are the cornerstones paramount to our success. I am proud and fortunate to have a team that shares these beliefs."

Paulo Azevedo | CEO of Sonae

A significant part of our efforts are devoted to aligning our values of corporate sustainability with our colleagues and stakeholders, as we truly believe that this is the only possible way to shape a better society.

HIGH LEVEL FORUM FOR A BETTER FUNCTIONING FOOD SUPPLY CHAIN

Sonae is the only European retailer to be invited to join the High Level Forum for a Better Functioning Food Supply Chain, the consultive group of the European Commission whose objective is to ensure consistency and coordination across the various initiatives of the EC and to collaborate in the definition of policies for the the agro-food sector.

In the words of Luís Reis (Sonae's Chief Corporate Centre Officer), "The choice of Sonae to be invited to join the High Level Forum is recognition of the excellence of our practices and cooperation with the producers, an area where we have worked actively to promote national production and to offer unique conditions for our business partners." Sonae's Producers Club is an unique example of the quality of this commitment.

We think about corporate responsibility as a nuclear dimension of our strategy and, therefore, we continuously revise and monitor our Corporate Responsibility Commitments in order to guarantee that they are being correctly enforced and to ensure that in the long run there is a complete alignment between our strategy and our impact in society. We do not compromise when it comes to corporate responsibility.

CORPORATE RESPONSIBILITY COMMITMENTS FOR 2013/2015

Better Purpose

- Promote the adoption of healthy lifestyles by providing customers with all the necessary information for balanced a nd more nutritionally responsible choices.
- Promote the welfare of communities where Sonae is present, contributing to the strengthening of citizenship and social cohesion.

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.

Better People

- Promote wellness and invest in the development of the personal skills and competences of our colleagues, continuously enriching Sonae's culture.
- Integrate sustainability into the supply chain and improve the alignment of our suppliers' practices with Sonae's policies.

At Sonae, we believe that our values are the strongest motive for our success and our actions serve as the best testament to our values. Further information can be found in our Sustainability Report.

WE VALUE OUR TEAM

OUR TEAM IN FIGURES

72%
OF COLLEAGUES WITH PERMANENT CONTRACTS

57%
OF COLLEAGUES BELOW THE AGE OF 35

67%
FEMALE COLLEAGUES

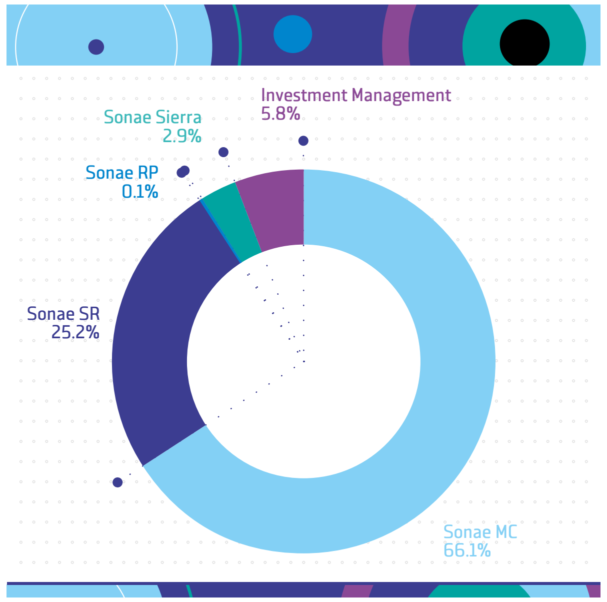
1,107,749
HOURS OF TRAINING

109,195
TRAINING ACTIONS

Sonae is a company for the people. Our people are the soul of our business and we value their precious skills. We truly believe that we have the best team and we do not compromise when it comes to giving our team the right opportunities for personal and professional development. Sonae is built by the people for the people and for us this means that we have the responsibility of promoting talent and recognising merit when it is due.

We take the motto "The success of our team is our success" very seriously, as we believe a professional, excited and happy team will work at its best to bring the best products and services to our customers. This is paramount to our success. We have aggressive policies and strategies to find talent, as we only want to recruit the best. But finding talent is only part of the key to our success, as we believe that it is equally important to retain talent and to promote the right opportunities for the development of each colleague and each team.

Staff per area



MOVEMENT FOR YOUTH EMPLOYABILITY

Sonae has committed to offering internships to young professionals, who have recently graduated and are seeking job opportunities. In 2013, 71 professionals were selected through these criteria for a one year internship at Sonae.

A new generation of professionals is formed every year. We believe it is our responsibility to create opportunities for young professionals to develop personal and professional skills that we regard as essential at an early stage of their careers. In parallel, we take our social role to contribute to job creation in the country very seriously, particularly given the many challenges faced when placing young people on the labour market.

CALL FOR SOLUTIONS

The Call For Solutions is an open innovation programme that invites some final year Masters students from the top Portuguese Universities to take 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.

Over the last 4 years, the programme has involved more than 30 management teams and has received students from over 10 universities. In 2013, the programme was held two times and presented 37 challenges to those final year Masters students, whom we considered to have the potential to come and join the ranks of Sonae, after their internship.

We believe in a system based on responsibility and reward. Our team is not afraid to take responsibility, as we share the same goals and attitude facing challenges and we make sure that they know that they are part of us. We have a competitive remuneration package in place that includes a comprehensive compensation plan and strict adherence to the criteria of merit. Our incentives scheme is based on a combination of Group, departmental and personal key performance indicators. We share our success with our team.

Our team is driven by success and a focus on continuous improvement. The learning process is interactive: we provide our team with continuous training but we also want to learn from them. Sonae Retail School and Sonae Management & Leadership Academy are the finest example of our commitment to continuous training. Sonae Retail School continues to focus on making Sonae's team more active in the identification of new challenges and areas to improve, rapidly designing programmes, which lead to the dissemination of best practices across the organisation. Sonae Retail School has proven to be a critical asset in our continuous learning process. The Sonae Management & Leadership Academy promotes intensive training in the areas of management and leadership with a strong impact on our competitiveness.

Safety first! As part of our effort towards a better working environment we have an unwavering commitment towards health and safety at the workplace. Our efforts are recognised both internally and internationally with numerous awards and distinctions, but for us there is always further action to take towards one of our most relevant objectives – "zero accidents". We are in the process of raising the awareness of health and safety across the whole organisation, particularly with the involvement of managers. We believe that higher levels of awareness towards health and safety will mitigate any associated risks.

INTERNATIONAL AWARD OF GOOD PRACTICE BY THE EUROPEAN AGENCY FOR SAFETY AND HEALTH AT WORK

Sonae was, once again, awarded with The European Good Practice Awards for the development of new practices to ensure all organisational levels are involved in risk prevention and in the promotion of safety and health at work in the areas of retail.

With the aim of developing an effective safety culture, Sonae's Safety and Health at Work departments introduced several initiatives, in particular the presentation of an awareness programme for managers. This programme aimed to promote the message that safety requires teamwork and a visible commitment by all, helping to emphasise the role of managers and supervisors with regard to safety and health at work. It also stressed why these parties are key to motivating their colleagues to adopt safe behaviours that will help to achieve a safety culture. The presentations also analysed the main causes of accidents and managers and supervisors were encouraged to determine the main characteristics in order to be able to reduce the occurrence of such accidents in the future.

José Côrte-Real (Sonae's Human Resources Director) states that "Sonae has a culture of innovation and sustainability and intends to continue to implement its best practices, particularly in raising awareness throughout the organisation of the issue of safety and health at work. Receiving this award is an honour for us because it recognises the commitment, hard work and Sonae's dedication to the goal, of each and every day, building a sustainable company which creates value for all its stakeholders."

THE BEST LEADERSHIP SCHOOL

For the third consecutive year, Sonae was honoured with the "The Best School for Leaders" award by the Hay Group consulting firm that distinguishes the best companies in training leaders worldwide. The international study, in which 69 companies in Portugal participated, was based on a poll of business leaders. The results placed Sonae at the top of the Talent Management and Leadership Development category.

José Côrte-Real (Sonae's Human Resources Director) notes that "Sonae offers unique opportunities for skills and knowledge development, as we enable differentiated experiences that contribute to the development of talents. The ability to generate innovative, entrepreneurial leaders internally has proven key to the accelerated development and diversification of our business, assuming positions of leadership in their respective segments of activity."

Sonae actively invests in the development of talent. With the goal of fostering leadership and developing leaders, Sonae launched the Sonae Management & Leadership Academy. Here programmes are offered which are dedicated to the development of the different organisational levels from the operational levels to the strategic levels. For this purpose, partnerships were established with the most reputed national and international management schools, promoting the sharing of knowledge with their current leaders, who undoubtedly have exceptional skills in the areas of leadership and coaching.

SONAE MANAGEMENT & LEADERSHIP ACADEMY

The Sonae Management & Leadership Academy offers highly specialised training by focusing on the development of the different organisational levels, from the more operational to the more strategic levels. Each programme is designed based on our areas of competence and focuses on state-of-the-art management and leadership skills. Our objective is to provide our team with the best preparation for management and leadership and, consequently, for this to be recognised by our stakeholders.

For our executive members, we have an integrated vision concerning their training and development. We go beyond executive education, aiming to offer programmes supported by alternative methodologies like action learning, on-the-job-experience, coaching or mentoring. We designed customised programmes, which are challenging and innovative, taking into account the current needs of each and every executive member.

We would like to emphasise the sponsorship provided by the Executive Commission members for these training programmes as a source of motivation and a challenge. We also highlight the internal training component as a privileged way to transmit the fundamental management processes practised at Sonae.

The partnerships we have established with the most prestigious national and international universities guarantees that the most up-to-date topics are addressed and ensures that our programmes are highly reputed.

In 2013, the Sonae Management & Leadership Academy's programmes were received with much enthusiasm, many of the participants repeatedly confirmed their interest in the contents and the relevance of the training offered for their career development. During 2013, 935 colleagues were involved in 22,300 hours of training, representing an investment of 800 M€.

We believe that the constant introduction of added value to this model of training, promotes the right conditions to increase the levels of satisfaction and motivation of our team and, consequently, the development of our productivity and strengthening of our competitiveness.

RESPECT THE ENVIRONMENT

At Sonae, respecting the environment is not merely about meeting the required legal standards but about a whole way of life. We think 'green' within the organisation (our people), we promote green options to our customers and we encourage green options from our producers. We constantly update our environmental strategy and ensure that our people work vigorously towards its implementation, as we strive to leave an environmental legacy worthy of passing from one generation to another.

We have two main objectives: on the one hand it is to reduce our environmental footprint to the absolute minimum. This means always reviewing and adapting our strategy and its impact on the environment, so that the highest environmental standards are attained.

EQUIPA WORTEN EQUIPA

Launched in 2009, the "Equipa Worten Equipa" is a project of social and environmental responsibility, through which Worten offers new electric and electronic equipment to solidarity institutions in exchange for old equipment collected from customers.

Since 2009, Equipa Worten Equipa has collected more than 23,000 tonnes of electrical and electronic waste equipment and more than 13,000 new pieces of equipment have been offered to 1,280 institutions, offering support to more than 314,000 people in need. In 2013, Equipa Worten Equipa had another impressive result with a total of 4,060 tonnes of waste equipment collected.

On the other hand, our second point of focus is that of raising public awareness of environmental issues. We are extremely active in the community around us and we use this unique infiltration to our advantage to work towards a better environment and to promote public awareness. Our environmental actions are divided into 7 main areas: (i) electricity consumption; (ii) electricity produced through renewable energy sources; (iii) total emissions of CO_2e; (iv) transport and logistics; (v) refrigerant gases; (vi) water consumption; and (vii) waste. In 2013, we were successful in all of these domains.

At Sonae, we take our environmental responsibilities seriously and we do not accept compromises when it comes to reducing our environmental footprint or to using our stronghold to raise awareness of environmental issues. Our hard work is evident in the recognition we received, such as the "Brand of Confidence" awards, the CDP recognition, where we are ranked in the top positions amongst Iberian companies.

SONAE, LEADER FOR A BETTER ENVIRONMENT - CARBON DISCLOSURE PROJECT

Sonae is the Portuguese company with the best environmental performance, according to the study "CDP Iberia 125 Climate Change Report 2013". This distinction recognised our efforts to reduce carbon emissions and mitigate climate change, as well as the transparency and quality in the reporting of our environmental information.

Our efforts are anchored in solid corporate responsibility values and we are very proud of being the only Portuguese and the only retail company to be awarded two awards in different fields of environmental analysis: "CDP Iberia 125 Climate Performance Leadership Index 2013" on environmental performance and "CDP Iberia 125 Discloser Climate Leadership Index" on quality of information published.

Catarina Fernandes (Sonae's Head of Communication, Brand and Corporate Responsibility) at Sonae said: "Sonae is largely concerned with the efficiency of their operations, aiming to lead in the implementation of best practices and mitigate potential impacts, making threats opportunities to do more and to a better standard. In this sense, the inclusion of Sonae in CDP ranks, since 2011, rewards the work of our colleagues who work every day to be more efficient and further reduce the ecological footprint towards a better world."

In the words of Paul Simpson (CEO of CDP) "The number of investors requesting business action on climate change through CDP increases continuously. We congratulate the companies of the Climate Performance Leadership Index for their pioneering efforts in combating climate change and promoting low carbon economies at this critical time. (...) Companies that score high enough to be included in the Climate Disclosure Leadership Index are assuming a critical role in showing a greater corporate accountability on the issue of climate change. These companies demonstrated best practices regarding the measurement of emissions of greenhouse gases, energy use and transparency of its strategy to climate change."

SOURCING WITH INTEGRITY AND QUALITY MANAGEMENT

Our customers want to know where their products come from and so do we. For this reason at Sonae, we go out of our way to ensure the quality and safety of our products. Sourcing is strictly controlled and all suppliers not only have to meet the highest standards of quality, but we also have to ensure that our customers have real value for their money.

Safety is paramount at Sonae, both within our organisation and concerning our partners. We constantly monitor our suppliers' network in order to attain better levels of efficiency and quality and determine problematic areas. Any necessary adaptations are carried out and best practices disseminated. In particular, we are concerned with the sustainability of our partners and particular emphasis is placed on the environmental and social aspects of their performance.

It is essential that our partners are aligned with our business strategies and values, they are essential for our long-term success. We address their interests by providing training through continuous learning programmes and support forums to adhere to our strict corporate responsibility standards. It is our prerogative to make certain that we source products with integrity and quality. Above all, we wish to ensure that we work hand-in-hand with our partners towards a sustainable future.

Our standards of quality are also reflected in our efforts to promote higher levels of transparency to allow our customers to make better informed decisions. In this regard, we continue to improve our pioneer labelling system on nutritional content and we promote a healthier lifestyle by providing our customers with the best information and advice and by celebrating protocols with specialist organisations in the areas of health and nutrition.

Founded in 1998, Continente Producers Club results from Sonae's desire to support Portuguese producers more closely. The Club has had a significant impact in national and regional economic development.

The strategic objectives of the Producers Club are essentially to promote national products in accordance with Sonae's high standards of quality and safety in the food retail chains of the Group and, to that end, offer consistent and structured support to its members. At the same time, it guarantees a means to ensure the sale of their production, which because of its renowned good taste and quality, can openly and advantageously compete in the market.

The Club takes the lead in providing a key link between production and consumption, through its in-depth knowledge of consumer trends and requirements. It has also encouraged continuous investment in training and support of its members, so that the sectors in which it is involved become increasingly competitive against a background of global competition.

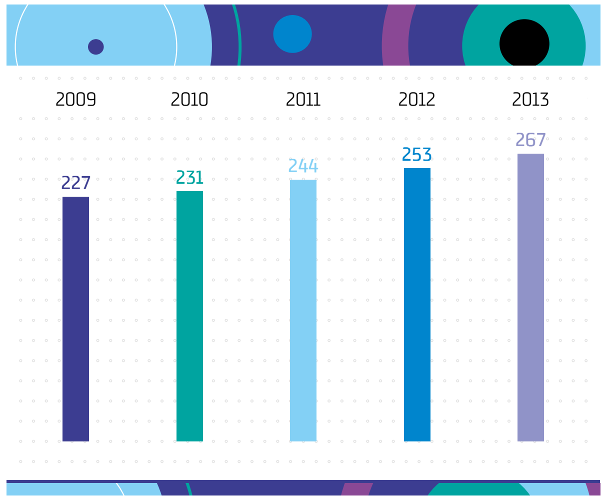
At the end of 2013, the Club had 267 members and represents 254 M€ of purchases, an increase of 8% from the previous year.

In 2013, the Continent Producers Club was represented at various events, namely:

- Market of Flavours. With 17,500 visitors, this event aimed at promoting knowledge and typical Portuguese foods.
- Mega Pic-Nic Continente. More than 600 thousand people visited this event and the world's largest gazpacho (5,000 litres) was cooked.

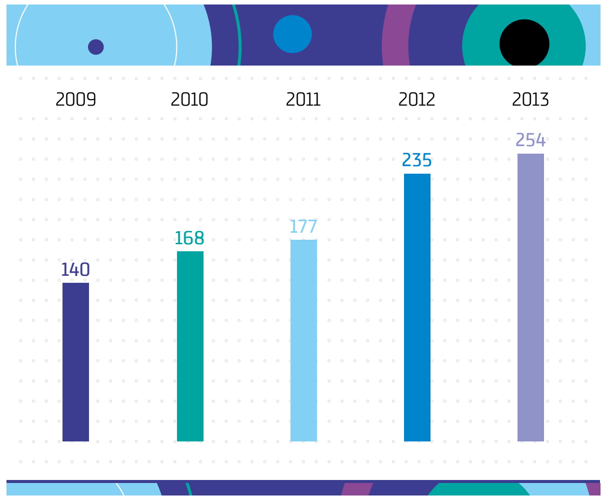
The Club also recognises innovative projects with the Producers Club Innovation Award, now in its fourth edition, which aims at recognising members of the Club for their innovative projects that aim to improve performance and alignment with our retail policies. The 2013 prize was awarded to the project "Environmentally Friendly Cellar", by the wine producer Adega Cooperativa de Borba CRL.

Club Members



Purchases on the Club

Million euros



OWN BRANDS: A COMMITMENT TO QUALITY

Part of our retail strategy is to develop a wide range of products with our own brands. We want these products to be competitive in price, without compromising their quality. To support our goal we have developed a comprehensive system with a strong innovation component and with production based on high quality standards. We continuously monitor our products and services, throughout their life cycle:

- Concept development
- Research and development
- Certification
- Production
- Marketing
- Supply and distribution
- Use
- Disposal, reuse or recycling

As part of our commitment to the quality of our products we have audited 742 of our near 2,000 suppliers and we have carried out more than 525,000 laboratorial analyses. Additionally, we reinforced our food safety audit programme in stores, cafeterias, warehouses and manufacturing centres, by reporting main conclusions across the company and taking corrective actions. The system is also critical to identify cases of excellence and to disseminate best practices. This audit programme sets out to systematically verify compliance with legal standards and internal rules associated with food safety. Our audit systems strongly contribute towards increasing customer satisfaction levels, as well as maintaining the image and reputation of the company.

THE SUPPLY CHAIN INITIATIVE

Sonae signed up to the Supply Chain Initiative, a joint initiative launched by 7 EU level associations with the aim of increasing fairness in commercial relations along the food supply chain.

The 7 EU level associations involved in this Initiative represent the food and drink industry (FoodDrinkEurope), the branded goods manufacturers (AIM), the retail sector (the European Retail Round Table (ERRT), EuroCommerce, EuroCoop and Independent Retail Europe) and agricultural traders (CELCAA).

"The purpose of the Initiative is to promote fair business practices in the food supply chain as a basis for commercial dealings. It aims to generate a cultural change through the commitment of signatories to fair trading practices coupled with measures aimed at integrating the principles of good practice into day-to-day company operations and at controlling their application.

The Initiative also aims to ensure that companies address disputes in a fair and transparent manner, whilst reassuring the complainant that they will not be subject to retaliation."

Luís Moutinho | CEO Sonae MC

INNOVATION IS ESSENTIAL FOR OUR SUSTAINABLE SUCCESS

"Innovation is one of Sonae's most fundamental values. For us innovation is not just a word or intention. It is a work methodology. It is our way of life." Luís Reis (Sonae's Chief Corporate Centre Officer)

To succeed we have to get there first. We are proud of our past, but we want more. This relentless desire to break the next limit and to understand the future before our peers is the reason why we are so active in nurturing innovation. We truly believe that innovation can be managed and, given the right conditions, can thrive and become one of the strongest determinants of a sustainable success.

We are a market leader. We reached this position by continuously innovating in all our dimensions, paving the path for others to follow. The way we think about our retail business and the way we make the transition from strategy to action is acclaimed around the world. Our different retail segments are all based on creating value for the customer, as we believe this to be the only possible way to create value for the organisation. Each retail segment has its own idiosyncrasies, but they all share an exciting range of new products, services and procedures very distinctive forms of brand activation and social responsibility and an impressive capacity to continuously adapt to the reality of the market through organisational changes.

Our culture of innovation is based on the simple principle that everyone can innovate. The diversity of the backgrounds and profiles of our people, as well as from the diversity of the business sectors and countries in which we operate are paramount to create an exciting and dynamic environment that induces creativity and innovation.

MANAGING INNOVATION

We continuously reinforce our strong investment in Innovation aiming at creating value for our clients. Our innovative actions are varied and striking, having a positive impact on the innovation culture. Our colleagues continue to be the source of creativity at Sonae.

We have been testing several ways to boost the innovation culture, continuously transforming our organisation so that we can efficiently solve any daily challenges.

We have conducted dozens of Creative Problem Solving Sessions, with hundreds of colleagues actively contributing ideas for actual problems.

We have created ShineOn, an idea collection model in which collaborators respond to specific challenges and then present them to the Board of Directors in a special format, the "ignite" way.

We have promoted BizShare and Experiences events, forums for the sharing of knowledge and experiences between colleagues in different businesses.

We have launched Academy2Business, to work closer with Portuguese universities.

We organised the Agile Marathon, a hackathon that gathered 130 students, for 29 hours straight, with the objective of creating app prototypes for the Continente Online shop.

The success of these initiatives and the challenges ahead increase our responsibility. We will continue to work with great effort and rigor to justify access to the funding sources available for innovation projects.

Our customers will always remain the main motivation, reason, and purpose of all of our activity. We are committed to decisively contributing toward the creation of a better future for all.

João Günther Amaral | Head of Innovation

FINOV – SONAE COMPANIES' INNOVATION FORUM

FINOV ensures that the theme of innovation and sharing of experiences and knowledge are present across all business units.

FINOV gathers representatives from all companies and defines the policy of innovation and strategy to follow. Various cross-sectoral projects are carried out and enriched by this business heterogeneity.

This forum is also responsible for the organisation of the FINOV event which, besides being a vehicle of information on the tendencies of innovation, recognises the most innovative initiatives of each of Sonae's companies.

In 2013, we awarded the following projects: Hyper Future (Sonae MC), product innovation of Berg (Sonae SR), Optimus' internal platform of beta testers (Sonaecom), the programme and discounts Promofans site (Sierra), applying online access information for insurance customers Proximity (MDS) and energy efficiency BuildOne (Sonae Capital) software.

Luís Reis, FINOV's President said: "The winning projects of Sonae Companies and the Chairman's Award demonstrates our ability to develop, in Portugal and in more than 60 countries where we operate solutions that create competitive advantages and it is companies like Sonae which act as a landmark in their sectors at national and international level. We have promoted a culture of open innovation, involving employees, partners, universities and knowledge, with significant results that translate into new products and services, but also new formats and business processes that were evident in the FINOV'13 ".

AGILE MARATHON: ONE HUNDRED STUDENTS INNOVATING WITH SONAE FOR 29 HOURS

We believe in the talent found in universities and in what we can learn from students. Released in October, the Agile Marathon for Ecommerce challenged 135 students from Faculdade de Engenharia, Universidade do Porto (FEUP) to develop an application that allowed the transfer of the service of the Continente online store to mobile devices with innovative features.

The event was organised in partnership with the Centre of Skills of Innovation and Development of Products and Services (CIPS) and FEUP. This partnership has made possible the realisation of an event that combines creativity with the use of the most appropriate pedagogical tools, with learning as the key factor throughout the process.

This challenge aimed to reinforce, stimulate, and support innovation projects in the company's ecommerce area, fostering open innovation practices. Over a hundred students participated in this marathon of creativity, enthusiasm, and innovation. During the 29 hours of the marathon, sleep was scarce motivation levels in the workrooms were high, in order to achieve the ultimate goal and the adrenaline rush of the countdown resulted in the development of excellent applications. There were a number of awards recognising the most innovative applications, but the pride and the sparkle in the students' eyes was the best result we could have achieved.

SHINE ON: A GOLDEN OPPORTUNITY TO PRESENT INNOVATIVE IDEAS

Innovation is a part of our DNA and this led to the Shine On initiative, which gave our people a golden opportunity to voice their innovative ideas on a given challenge.

This innovative programme for collecting ideas allows everyone, from all areas, to share their ideas. After further analysis, the best ideas are selected and presented to the Executive Boards.

Shine On took place at both Sonae MC and Sonae SR simultaneously. At both events, 22 colleagues each presented their ideas, within a 5 minute time limit. At the end, the Executive Boards had the tough task of selecting the best ideas to be implemented.

ALWAYS LOOKING FOR BETTER PROCESSES

Sonae was distinguished by the Kaizen Institute for the continuous improvement project implemented in its Department of Administrative Services (DAS). It recognised the innovative work done by DAS in the optimisation of its management of administrative processes, ensuring the quality and timeliness of financial, tax and management information across the whole group. Better and timelier information allows more time for analysis, improving the quality of the decision-taking.

Domingos Sequeira (Director of the Sonae Corporate Centre) states that: "The project of continuous improvement implemented in DAS enhanced the efficiency and effectiveness of services, helping to develop and enhance teamwork. This award recognises the improvement in the quality and timeliness of information, which plays a paramount role in decision-making, encouraging the creation of business value."

A STANDING COMMITMENT TO OUR CUSTOMERS

The trust our customers place in our work, drives us to develop innovative products and services for a better future. At the end of the day, our customers are a direct measure of our success. Our commitment to our customers has two dimensions: our products and services and our quest to improve each customer's lifestyle.

We aim to bring the best products at the best prices and for each product we offer a wide range of prices, always with a guarantee of quality. We work closely together with our suppliers to develop new products and services and continuously search for efficiency gains, without compromising on quality. Additionally, we work internally to innovate across the whole organisation, leaning operations and allowing our customers to have a more enjoyable shopping experience. The Continent loyalty card cannot go unmentioned, it is a phenomenal example of innovation that has led to more than 360 M€ in savings.

We are also aware of our presence in society and we use this presence to help to improve each customer's lifestyle. We do this not only through the quality of our products, but also by providing our customers with advice through health campaigns and promoting our healthy product categories – "Equilíbrio" (Balance) and "Área Viva" (Living Area).

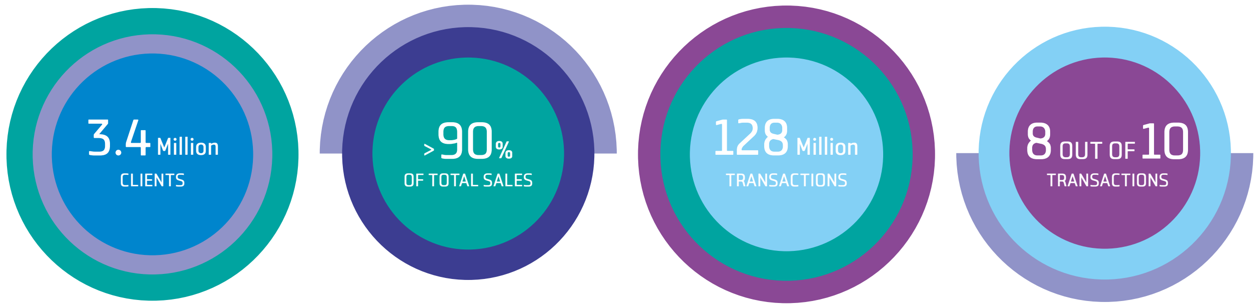
CONTINENTE LOYALTY CARD A LANDMARK IN RETAIL

Our Continente Loyalty Card is a case study around the world and we are still exploring its potential. Year after year we are surprised by the staggering results delivered by this innovative project used by 3.4 million clients, out of 4 million homes in Portugal.

The loyalty card is a way for us to show our clients our true commitment to household savings and to offering our customers the best products at the best prices.

Luís Moutinho, CEO of Sonae MC, stated that "against the negative economic backdrop, Sonae made a significant effort to facilitate the task of Portuguese families in managing their budgets, providing the best products and the lowest prices, as well as an extended range of information, enabling a smarter choice. This effort has been recognised by consumers, leading to market share gains for most Sonae retail formats, including Continente, a leading food retailer in Portugal."

CONTINENTE LOYALTY CARD IN A NUTSHELL



Our values are recognised through our products and services and we are proud to see our commitment to integrity and quality being recognised. For the first time, we have had three of our brands recognised as Brands of Confidence - Continente, Worten and Zippy. We are extremely proud that for the first time Zippy has been recognised. Once again, our innovative entrepreneurial style of investment has proven to be correct and allows us to distinguish ourselves from our competitors. This recognition rewards all of our efforts. Additionally, Continente has been recognised for the 11th consecutive year by Superbrands, certifying that in the retail category, Continente is the most trusted brand by Portuguese consumers. This recognition is based on identification with the brand, needs fulfilled by the brand and the familiarity, competence and responsibility associated with the brand.

We value the loyalty of our customers and we are aware that such recognition only increases our responsibility. Next year, we will do even better!

SONAE A BRAND OF TRUST

At Sonae we truly believe that our success comes from our customers. We work at our finest everyday in order to offer the best products and services at the best price. We honour our corporate responsibility values. We invest in innovation. We invest in quality control. We invest in the best team, because we know how hard we work. We are proud of the recognition we have received. For the first time we are the recipient of three Brands of Confidence. Continente holds the title for 11 consecutive years. A remarkable achievement. Worten has been recognised by our customers for the fourth consecutive year. Zippy is a new addition and has been recognised as a brand of trust for the first time.

In addition, Continente was recognised for the ninth consecutive year as a Superbrand.

Thank you! We know success carries with it more responsibility and we will stand up to our commitments.

MAKING A POSITIVE DIFFERENCE TO OUR COMMUNITY

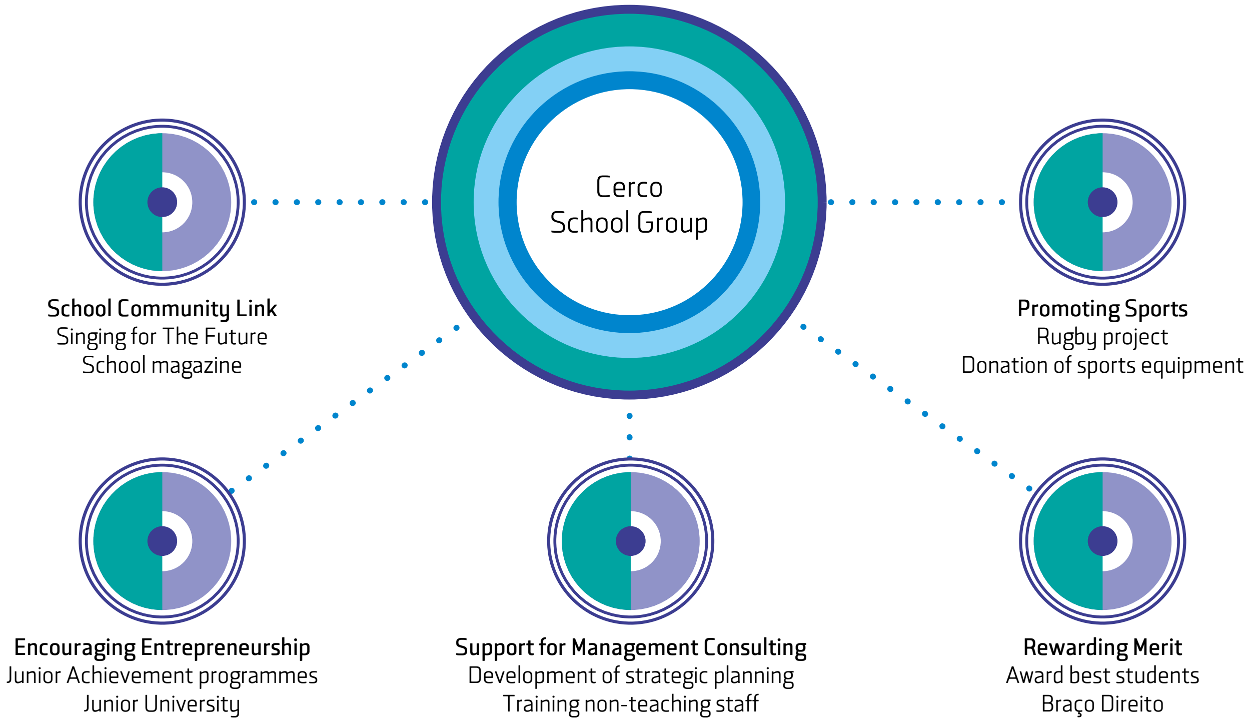
We have the responsibility of helping our community and we actively look for ways of maximising our impact. Our social responsibility covers 6 dimensions: the environment, culture, education, health and sports, science and innovation and social solidarity. We believe that these dimensions are critical to promote a sustainable and better society. We want to make a world of difference. During 2013, we provided more than 10 M€ in community support, helping 2,059 institutions. We share our values with our team and we are proud of their outstanding contribution with 194 volunteering actions, totalling 8,634 hours of volunteer work.

We are predominantly concerned with children and ensuring that they are nurtured and have the right environment and facilities to thrive. In this regard, we created the project Porto de Futuro and Project Pêra. The former focuses on promoting the involvement of society in schools and in children's education and the latter provides breakfast for children in need. Additionally, our project Missão Sorriso also targets children in need. We believe in sustainable growth and children are critical for our future.

PORTO DE FUTURO

Porto de Futuro is a project that provides support to the management and development of schools, 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

The current socioeconomic crisis had a profound impact on our community and, unfortunately, it also affected young children and their dietary habits. A healthy child is more willing and motivated to learn. Their personal development is more active and this leads them to be 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 2013, we provided breakfast to 613 children in 10 schools. More importantly, we need and intend to be more active in this area.

In addition, we focus predominantly on the area of social solidarity by helping those in need to meet both their short and long-term needs, along with the support of the communities around us. Our actions are the best testament to our values.

PROJETO NÓS

Projeto Nós (Project We) aims to involve the community in helping those in need. With the support of other organisations, like the media, we have created a nationwide campaign to sell scarves with the profits donated to a specific organisation. In 2013, we sold 25,000 scarves and donated 50,000 euros to Make a Wish Portugal.

PROJETO PORTUGAL MAIS FELIZ

Projeto Portugal mais Feliz (Project for a Happier Portugal) helps families in need to rebuild their life projects, fighting poverty and social exclusion. During 2013, we wrapped 200,000 Christmas presents, which in turn generated 175,000 euros donated to the Portuguese Red Cross.

BANCO ALIMENTAR

Banco Alimentar is an NGO that collects food donations and distributes them to different people in need. It aims at eradicating hunger and, therefore, promoting a better society. In 2013, we collaborated with Banco Alimentar during a 4-day period, during which time we sold 60,000 food vouchers and raised 50,000 euros. Additionally, we allowed Banco Alimentar to use our stores to directly collect donations.

CRUZ VERMELHA PORTUGUESA

The Portuguese Red Cross acts in a wide range of areas, always with the goal of helping people and families in need. In 2013, we worked closely with the Red Cross collecting food donations during a 4-day period. This effort involved an amazing 1,700 of our colleagues, who contributed voluntarily to the cause. We collected 1.2 M€ in goods donated by our clients.

MISSÃO SORRISO

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 9 M€ donated in more than 2,100 pieces of equipment. This is one of our most enduring projects with more than one million followers on Facebook and we have also been honoured with seven awards, such as "Master Distribuição" and "Prémio Eficácia", in the areas as distribution and efficiency.

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.

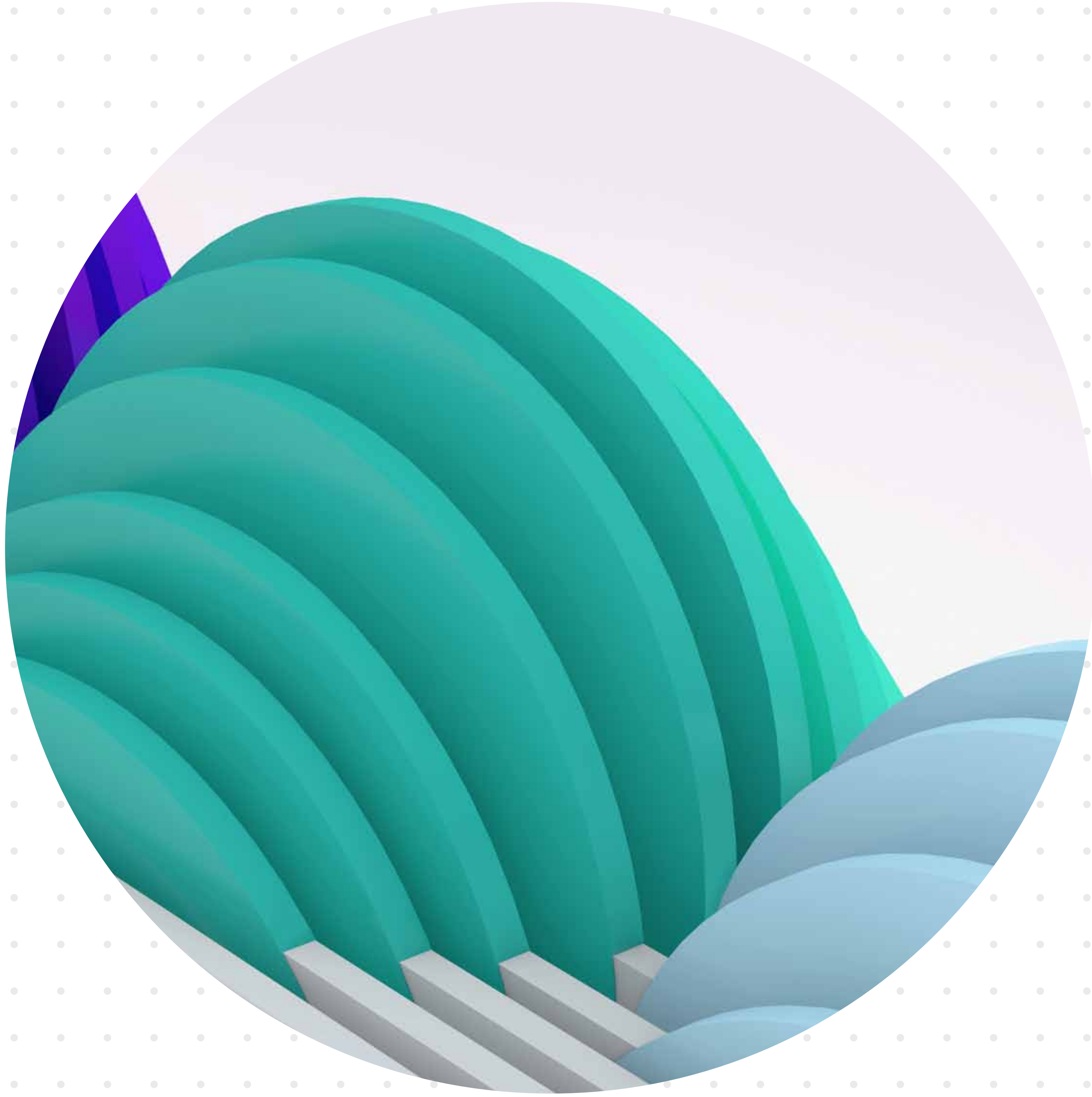
We convey information quality of the highest standard and conform to all capital market regulations. We want investors, in particular small investors, to feel confident that our commitment to innovation and sustainability and our capacity to vigilantly monitor our organisation is assured through the 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 outmost 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.

In compliance with Article 66 of the Commercial Companies Code ("Código das Sociedades Comerciais"), the Corporate Governance Report identifies and describes the main financial risks to which the company is exposed in the exercise of its activity.

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

FINANCIAL REVIEW

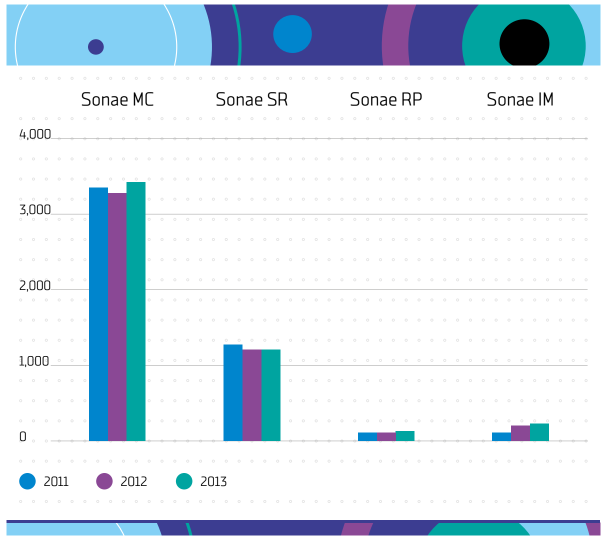


FINANCIAL REVIEW

KEY FINANCIAL PERFORMANCE INDICATORS

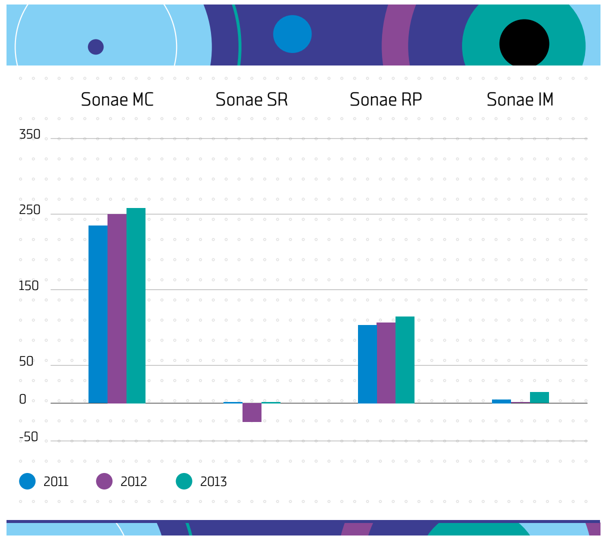
Turnover

Million euros

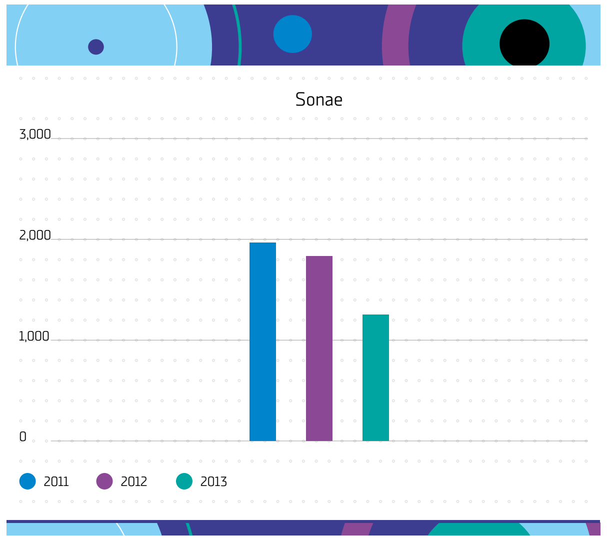


Underlying EBITDA

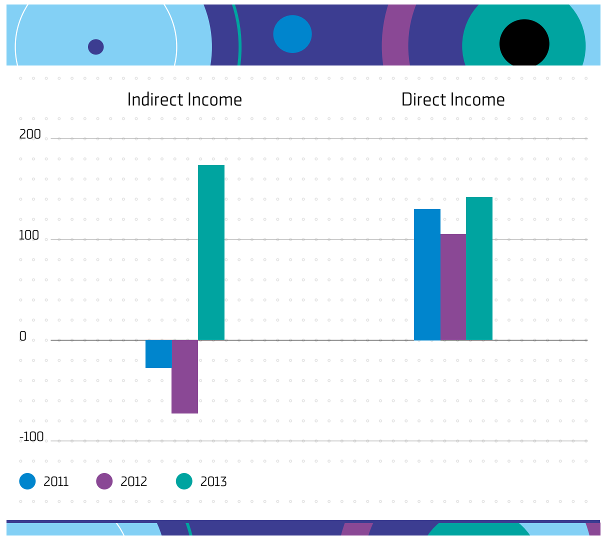
Million euros



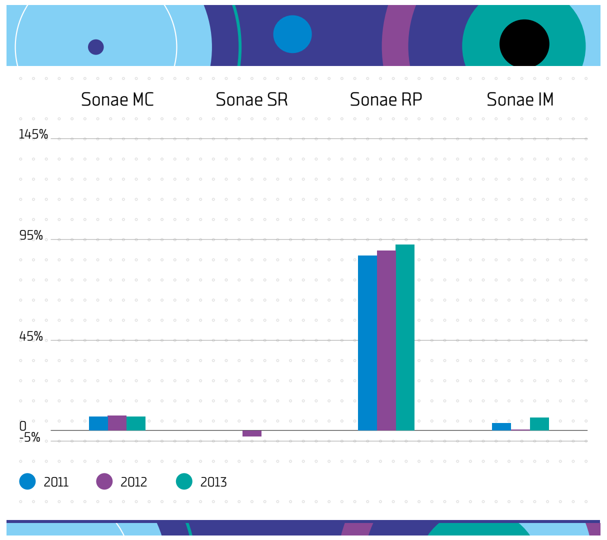
Net Debt



Net Income

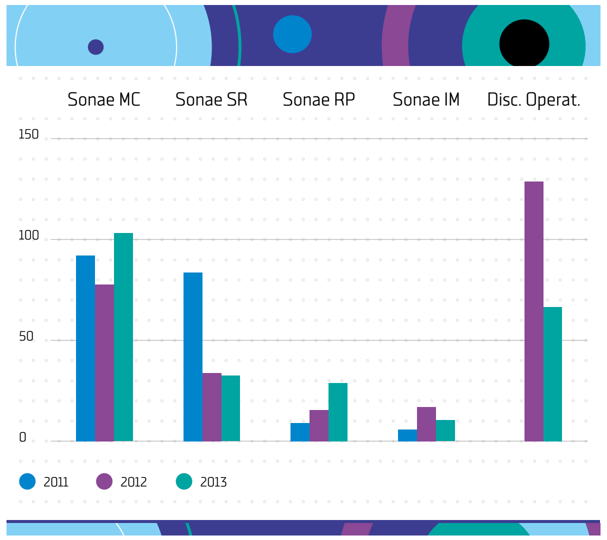


% Underlying EBITDA/Turnover



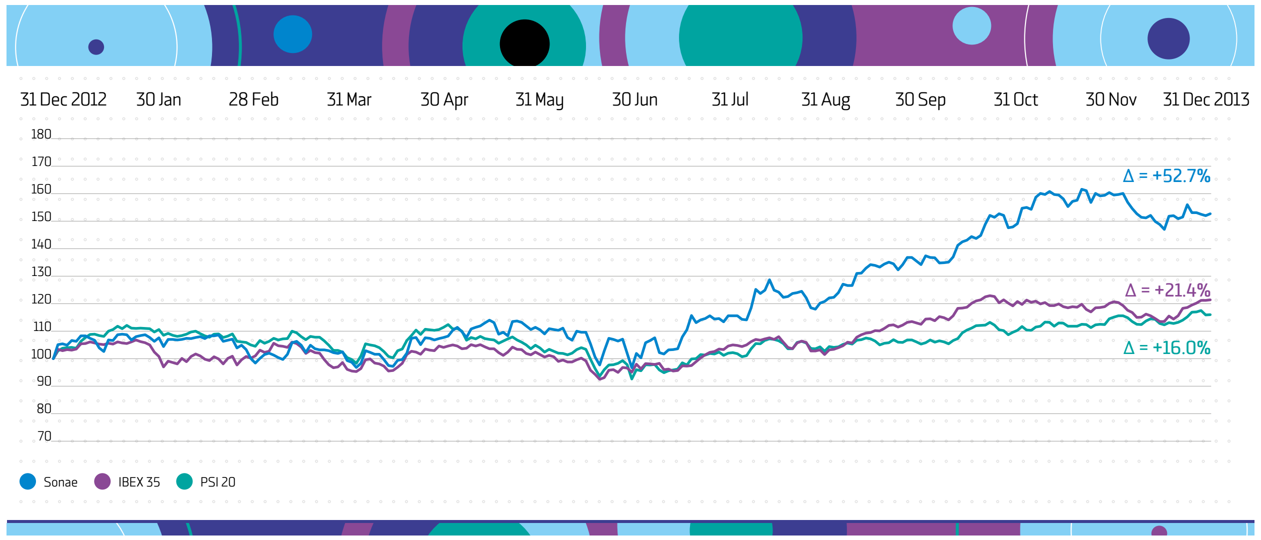
CAPEX

Million euros



Share price evolution in 2013

(100 basis)



MACROECONOMIC CONTEXT

In 2013, the world economy had its third consecutive year of disappointment, with a real growth of only 3%[1], which is historically a low growth rate. The year has been marked by successive downward revisions of the global growth scenario, albeit on a smaller scale than in the recent past, mainly due to some slowing down in the growth of emerging and developing economies.

In the Eurozone and the USA, political factors have also conditioned the evolution of economic activity, in a context where the economy was still weakened by the legacy of the financial crisis of 2008-09. The election processes in some European countries - notably Italy and Germany - and the budget impasse in the USA, as well as the announcement that the Federal Reserve was preparing to start reducing the monetary policy stimulus, will eventually have implications on family and business trusts and, ultimately, on the economy. One year ago, the OECD scenario for 2013 anticipated a drop in growth in the Eurozone of 0.1%, while the most recent forecasts are estimating a decline of 0.4%[2]. In the USA, following a disappointing performance in the first semester, the economy grew 1.9% in 2013[3]. Nevertheless, the end of the year was more positive, with the USA showing some dynamic growth and the Eurozone starting to come out of the recession in the second quarter, even if it was only with a slight growth.

In Portugal, 2013 was marked by the consolidation of the economic adjustment process started in 2011 under the aegis of Troika. The economy continued to present a negative growth, with GDP falling 1.4% in real terms[4]. However, this was a surprising performance contradicting most forecasts that initially pointed to a decline of more than 2%.

The economic performance in 2013 has benefitted from some relaxation of the budget constrains arising from the repositioning of the holiday allowance for civil servants and pensioners, which was ruled as unconstitutional by the Constitutional Court. It has also profited from some signs of cyclical recovery in economic activity.

The year ended with some optimism about the process of adjustment of the Portuguese economy. After ten consecutive quarters of a reduction in GDP, the economy presented economic growth from the second quarter onwards, ending the technical recession period. This performance was based on the slowing down of private consumption (-2.0% against -5.4% in 2012)[5] and the continued dynamism of foreign trade. In fact, the positive performance of exports coupled with a decrease of imports, led to one of the most positive results of the adjustment: the external financing needs of the economy that were around 10% of GDP in the last decade have gone to a surplus of 3%.

In Spain, the year was also marked by the continued efforts to correct the various imbalances accumulated in the pre-crisis period, which has resulted in another year of recession, with GDP falling about 1.2% in real terms. However, in the third and fourth quarters the economy presented growth, putting an end to nine consecutive quarters of negative growth.

The export sector was fundamental to this recovery and, along with Portugal, presented one of the best performances in the Eurozone, as a result of strong competitive gains, benefiting from a drop in labour costs. The contribution of external demand coupled with a decline in imports led to the correction of the external imbalance, resulting in a positive current and capital account balance.

The high level of unemployment, which remains above 26%, and the inability to create jobs in a sustainable manner, are the most critical aspects of the Spanish economy, regardless of some signs of stabilisation. The decrease in employment and wages has continued to place pressure on disposable family income and to affect their private consumer spending, which largely explains that 2013 was another year of decline in private consumption (-2.5%).

PERSPECTIVES

The global economic outlook is more auspicious for 2014, with an expected growth of 3.7%[6], the highest rate of growth since 2011. The growth is mostly based on improved expectations across all economic areas, especially in developed economies and, particularly in the Eurozone that after two years of recession is expected to return to growth next year, albeit tenuously (approximately 1%[7]). In emerging economies, growth will mainly be determined by external demand from developed markets, but internal weaknesses remain a concern.

[1] IMF, World Economic Outlook, January 2014
[2] IMF, World Economic Outlook, January 2014
[3] IMF, World Economic Outlook, January 2014
[4] INE, Quarterly National Accounts - Quick Estimates, February 2014
[5] Bank of Portugal: Economic Bulletin - Winter 2013
[6] IMF, World Economic Outlook, January 2014
[7] IMF, World Economic Outlook, January 2014

In Portugal, the economic outlook has been revised upwards, following the performance which was above expectations in 2013, with an estimated expansion of economic activity of 0.7% and 1.5% for 2014 and 2015, respectively[8]. As in recent years, exports are expected to be the main determinant of growth, but domestic demand should return to a positive contribution.

The risk factors of recent years will continue to prevail in 2014, including the external economic environment, the evolution of the Eurozone debt crisis and the degree of commitment of the Portuguese authorities with the Programme for Economic and Financial Assistance. In this context, many uncertainties remain, namely concerning the actual commitment of the authorities to fulfil budgetary targets, their ability to implement the planned measures and the financing autonomy of the Republic.

The forecasts for the Spanish economy predict a moderate economic growth in the coming years (0.7% and 1.0% in 2014 and 2015, respectively[9]), mostly because of the need to continue to address the economic imbalances that will limit the growth of domestic demand. Nevertheless, we expect a slight rebound in consumption reflecting the increasing confidence of families and their private consumer spending, as a result of the stabilisation of the labour market, the positive inflation scenario and maintenance of low interest rates. The external sector is expected to remain the main growth driver, with a dragging effect on investment especially in industrial equipment. Concerning the coming months, despite the reform efforts and the results already achieved, challenges remain high, particularly in the financial system and public finances.

In short, growth expectations in Iberian countries are based on a recovery, albeit that there is limited domestic demand, which is dependent on the success of adjustments and reforms. The external sector will continue to undoubtedly be the main driver of these economies and, therefore, its performance depends largely on the recovery of global economic activity and, in particular, on the consolidation of the recovery in the Eurozone.

[8] Evaluation of the 10th IMF Economic and Financial Adjustment Programme (EFAP), February 2014
[9] Economist Intelligence Unit, February 2014

2013 CONSOLIDATED FINANCIAL PERFORMANCE

OVERALL PERFORMANCE

In 2013 **consolidated turnover** grew 3% to 4,821 M€, and **underlying EBITDA** reached 378 M€, 47 M€ above the same period of the previous year. This result is completely explained by the improved operational performance of the retail, particularly non-food, and Software and Systems Information businesses. It is worth noting the positive underlying EBITDA reached at Sonae SR.

In 2013 **EBITDA** amounted to 475 M€ and is comprised of the contributions of (i) of the above mentioned underlying EBITDA of 378 M€; (ii) equity method results of 28 M€ (Sonae Sierra direct results, ZON OPTIMUS and Geostar); (iii) the impact of discontinued operations of Optimus amounting to 71 M€; and (iv) non-recurrent items.

Net financial results totalled negative 82 M€ in 2013, 13% below the figure registered in 2012, supported by a much lower level of net debt. The average interest rate of outstanding credit facilities at the end of 2013 was slightly above 3%. These financial results are only related to Retail and Investment Management businesses.

In 2013 **Taxes** amounted to 30 M€, 7 M€ above the same period of the previous year.

In 2013 **Direct Results** reached 175 M€, 31 M€ above the figure registered in the same period of the previous year, with the strong underlying EBITDA improvement (+47 M€ vs. 2012), lower depreciations & amortizations (-21 M€ vs. 2012) and financial costs (-12 M€ vs. 2012) more than compensating for the lower results from discontinued operations (-30 M€ vs. 2012) and higher taxes (+7 M€ vs. 2012).

In 2013 **Indirect Results** amounted to 289 M€ as it includes 443 M€ gain related to the ZON OPTIMUS merger and Sonae Sierra indirect income contribution. This item also includes other non-cash movements, namely those impairments related to revaluations of retail properties registered in 3Q13, as well as identification of new concepts in the Sonae SR formats that required strong investments and accelerated depreciations.

Non-controlling interests were 145 M€, including 111 M€ related to the non-cash capital gain considered in the ZON OPTIMUS merger process.

Net income attributable to the Group reached 319 M€, significantly above 2012, mostly as a consequence of the Indirect Results registered, which were strongly impacted by the non-cash gain of the merger between Zon and Optimus.

Consolidated results

Million euros

	2012PF	2013	Var	4Q12PF	4Q13	y.o.y.
Sonae MC	3,281	3,415	4%	876	924	5%
Sonae SR	1,209	1,210	0%	343	383	12%
Sonae RP	120	124	3%	30	31	3%
Investment Management	209	223	6%	53	59	11%
E&A [1]	-150	-151	-1%	-37	-43	-16%
Turnover	**4,670**	**4,821**	**3%**	**1,265**	**1,354**	**7%**
Sonae MC	250	258	3%	81	75	-7%
Sonae SR	-25	0	-	-1	17	-
Sonae RP	107	115	7%	26	31	22%
Investment Management	0	15	-	1	7	-
E&A [1]	-2	-10	-	-9	-11	-25%
Underlying EBITDA	**330**	**378**	**14%**	**98**	**120**	**22%**
Underlying EBITDA margin	7.1%	7.8%	0.8 p.p	7.8%	8.8%	1.1 p.p
Equity method results [2]	31	28	-9%	6	4	-35%
Disc.operations' results [3]	101	71	-29%	20	0	-
Non-recurrent items	7	-2	-	12	-2	-
EBITDA	**469**	**475**	**1%**	**137**	**122**	**-11%**
EBITDA margin	10.0%	9.8%	-0.2 p.p	10.8%	9.0%	-1.8 p.p
D&A [4]	-209	-188	10%	-56	-42	25%
EBIT	**260**	**286**	**10%**	**81**	**80**	**-1%**
Net financial activity	-94	-82	13%	-24	-17	28%
EBT	**166**	**205**	**23%**	**57**	**63**	**11%**
Taxes	-22	-30	-32%	-20	-18	9%
Direct results [5]	**144**	**175**	**22%**	**37**	**45**	**21%**
Indirect results [6]	**-72**	**289**	**-**	**-58**	**0**	**-**
Net income	**72**	**464**	**-**	**-21**	**45**	**-**
Non-control interests	-39	-145	-	-12	-8	29%
Net income group share	**33**	**319**	**-**	**-32**	**36**	**-**

(1) Eliminations & adjustments
(2) Equity method results: includes direct income related to investments consolidated by the equity method (mainly Sonae Sierra and ZON OPTIMUS)
(3) impact of discontinued operations of Optimus
(4) Depreciations & amortisations including provisions & impairments
(5) Direct results before non-controlling interests
(6) Includes: (i) Sonae's Sierra indirect income contribution; (ii) the non-cash capital gain with ZON OPTIMUS merger; (iii) other asset provisions for possible future liabilities in non-core operations and (iv) non-cash impairments for operational assets

Following the merger between Zon and Optimus and its report using the equity method, we decided to change the way we report our results to the market by separating each business, in order to obtain more transparency between the segments: 1) Sonae Retail (Sonae MC, SR and RP); 2) Investment Management, including Software and Systems Information and Online & Media businesses from Sonaecom; 3) Sonae Sierra and 4) ZON OPTIMUS. 2012 P&L figures were restated and are designated as "2012PF" and "4Q12PF", respectively.

CAPITAL STRUCTURE

Net invested capital

Million euros

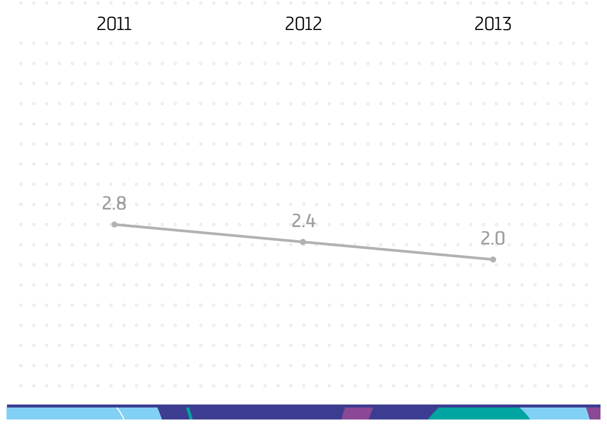
	2012	2013	y.o.y.
Net invested capital	**3,485**	**3,127**	**-358**
Investment properties	0	1	1
Technical investment [1]	3,166	2,030	-1,136
Financial investment	483	1,364	881
Goodwill	658	610	-48
Working capital	-822	-878	-55
Total shareholders' funds	**1,669**	**1,908**	**240**
Total net debt [2]	**1,816**	**1,219**	**-597**
Net debt / Invested capital	52%	39%	-13.1 p.p

(1) Includes available for sale assets
(2) Financial net debt + net shareholder loans

In 2013, **total shareholders' funds** were 240 M€ above the same period of last year.

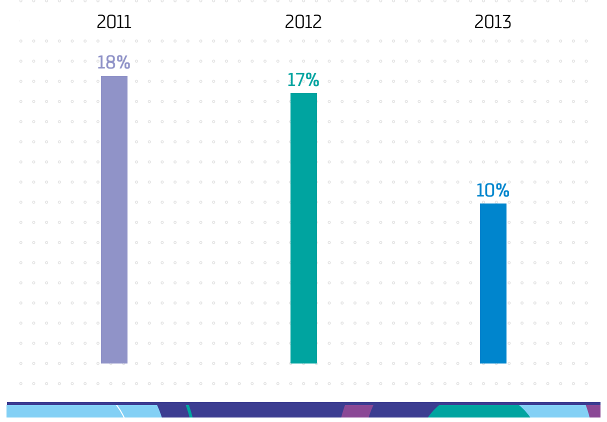
Capital structure - Retail

Net debt to EBITDA



Capital structure

Loan-to-value (%) - Holding



Net debt

Million euros

	2012	2013	y.o.y.
Net financial debt	**1,802**	**1,214**	**-587**
Retail units	796	763	-34
Sonaecom Group [1]	361	-	-361
Investment Management [1]	27	30	3
Holding & other	618	421	-196
Total net debt	**1,816**	**1,219**	**-597**

(1) 2012 Balance Sheet figures were not restated

Up until December, 31st 2013, **total net debt** was reduced to 1,219 M€, 597 M€ below the same date in 2012, driven by the deconsolidation of Optimus debt of approximately 430 M€, but also due to sustainable cash flow generation over the last 12 months. The company thus continued to strengthen its capital structure, with total net debt reaching 39% of invested capital at the end of 2013.

It is worth highlighting that net debt reduction was achieved despite the impact resulting from the total **dividends distributed** by Sonae (199 M€) between 2011 and 2013.

The 2013 **Net debt** of **Sonaecom**, totalling negative 162 M€, was allocated in the amount of 13 M€ to Investment Management unit and the remainder value to the Holding.

In 2013 **retail net debt** was reduced to 763 M€, 34 M€ below 2012, driven by sustainable cash flow generation over the last 12 months. The company thus continued to strengthen its capital structure, with total net debt to EBITDA reaching 2.0x at the end of 2013.

The **holding net debt** was reduced to 421 M€ at the end of December 2013. The "loan-to-value" ratio of the holding remains at conservative levels and registered a strong improvement from 17% in December 2012 to 10% in December 2013.

In relation to the **debt maturity profile**, it is important to note that a series of transactions were concluded, which enabled Sonae to increase the average maturity of debt whilst optimising its cost of funding, strengthening its capital structure and diversifying its financing sources.

BUSINESS SEGMENTS

Sonae is mostly a retail company with two major partnerships in the fields of Telecommunications (Sonaecom) and Shopping Centres (Sonae Sierra).

It carries out its activity in a total of 67 countries, including operations, provision of services to third parties, representation offices, franchising and partnerships. In all of the countries where Sonae is active it is known as an organisation driven by strong values and one that is particularly concerned with social and economic development.

SONAE MC

CONTINENTE
CONTINENTE MODELO
CONTINENTE BOM DIA
CONTINENTE ICE
WELL'S
MEU SUPER
BOOK.IT
BOM BOCADO
PET & PLANTS

SONAE SR

MO
SPORT ZONE
WORTEN
ZIPPY

SONAE RP

SONAE RETAIL PROPERTIES

SONAE SIERRA

47 (shopping centres) present in 12 countries

PORTUGAL
SPAIN
BRAZIL
GREECE
GERMANY
ROMANIA
ITALY
MOROCCO
ALGERIA
COLOMBIA
AZERBAIJAN
TURKEY

SONAECOM

ZON OPTIMUS

INVESTMENT MANAGEMENT

GEOSTAR
MDS
MAXMAT
PÚBLICO
BIZDIRECT
SAPHETY
WEDO TECHNOLOGIES
MAINROAD

SONAE MC

During 2013, **Sonae MC**, the food retail business, reinforced its market position in Portugal achieving a turnover evolution above market average.

Continente is undoubtedly one of the most trusted brands in Portugal (11 consecutive years as Brand of Confidence), and has increased its value proposition by offering a highly diversified range of products at a fair price. This is largely due to our familiarity and understanding of the needs of Portuguese consumers, developed over many years and enhanced by such unique promotional tools as our loyalty card, which is linked to more than 90% of sales during the year.

CONTINENTE THE HYPERMARKET OF THE FUTURE

Continente Hypermarket 2020 is the pilot name for a new concept store tested in Cascais. Sonae MC has driven the Continente brand towards the future, rethinking the entire store concept from the beginning.

The new store recreates the different environments of traditional markets, retail stores and warehouses aiming to create a new shopping experience. It promotes freshness, convenience, variety and familiarity. Memorable scenes have been created, provoking a certain nostalgia from customers and which adds value and a human-side to the service experience.

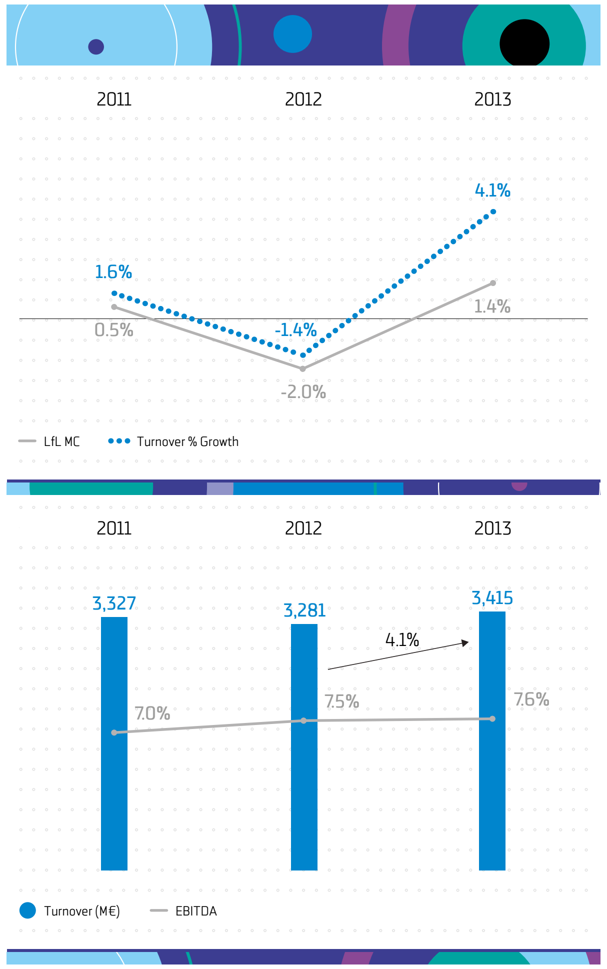
Inspired by current trends, traditional markets and non-food specialist stores, Sonae MC has created an attractive store design, with neutral colours and urban graphics. These innovative techniques stimulate purchasing activity.

Sonae MC has invested in better ways of communicating the products and prices to customers, making the purchasing experience more dynamic. It has introduced new concepts, such as the lounge area and sushi restaurant, and has reformulated others, such as the wine section.

Results show the strength of this investment: a 12% increase per m^2, in a store that is 10% smaller.

Sonae MC: Turnover and EBITDA

Yearly trend



Sonae MC: Turnover and EBITDA

Quarterly trend

In 2013 **Sonae MC turnover** totalled 3,415 M€, 4.1% above 2012. This increase reflects, not only the selective expansion of its sales area (including 17 new Continente stores), but also the 1.4% growth in sales on a "like-for-like"[10] basis. This growth is even more remarkable if we take into account the macroeconomic environment and the adjustment process which Portugal is still exposed to, with GDP falling by 1.4%[11]. In 4Q13, Sonae MC sales on a "like-for-like" basis increased by 1.1%, which combined with the opening of 7 Continente stores, led to a turnover increase of 5.5% compared to 4Q12.

Thus, during this period, Sonae MC is estimated to have continued strengthening its leading market share in the Portuguese food retail sector [12] based on:

1) Continuous improvement of the quality of products, with Continente being voted in 2013 for the 11th consecutive year, as a brand of confidence[13]. In 2014, we have already received the same recognition for the 12th consecutive year;

2) The strategy of having a high variety of products available to consumers, which enables us to react quickly to changes in customer habits (in both phases of trading down and trading up). This was achieved by having the highest variety of private label references, as well as other supplier brands. The portfolio of Continente own brands was kept in 2013 at approximately 31% of the turnover of FMCG categories;

3) 8% y.o.y. growth in online sales, supported by the new ecommerce platform;

4) Selective opening of stores as detailed in the following pages of this document.

In 2013 **Sonae MC** reached an **EBITDA** margin of 7.6%, despite the highly competitive environment that drove us to have a highly active promotional strategy, particularly in the last quarter of the year, causing an internal deflation of 0.8% and a negative effect on the EBITDA. This promotional activity continued to be supported by the Continente loyalty card (which was the basis of more than 90% of sales in the period). This profitability is only possible with strict cost control and additional productivity gains, sustained by the success of continuous improvement programmes implemented with the unique dedication of our teams.

The investment for food retail business carried out in 2013 consisted in the opening of **Sonae MC** stores, including 1 Continente store in Portimão, which replaces the one that suffered from a fire in the Algarve; 11 Continente Modelo stores including 8 on Madeira Island; and 5 Continente Bom Dia stores.

At the end of 2013, **Sonae MC** operated 465 (583,000 m^2) stores plus 83 stores (30,000 m^2) under franchising agreements, including 70 "Meu Super" stores. This type of franchising store has been growing very rapidly since 2011, when we started with 9 stores. By the end of 2013, we had 70 stores and for 2014 we are expecting to have 100 stores.

[10] Like for like sales = Sales made by stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods considered

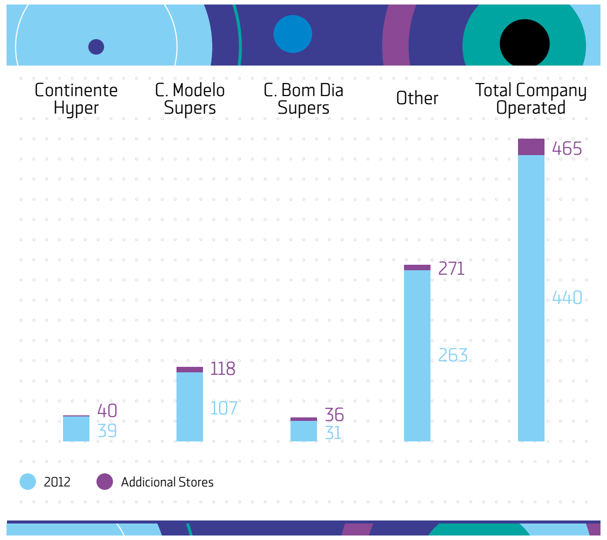
[11] National Institute of Statistics - Estimativa Rápida, February 2014

[12] For example, A. C. Nielsen's Homescan survey YTD up until 29th December: +0.4 p.p market share for Sonae MC

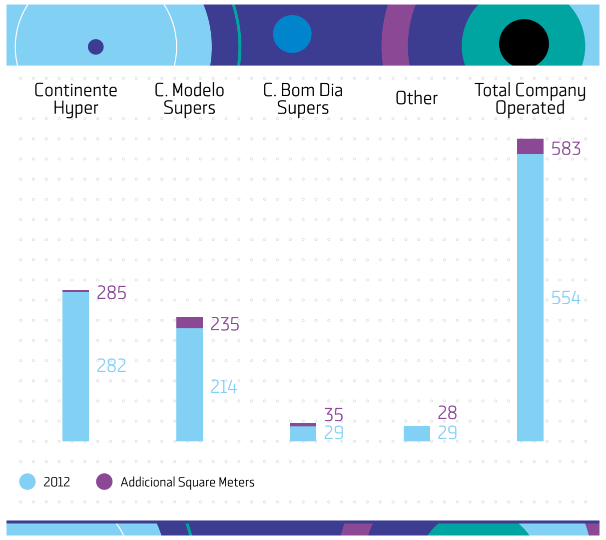
[13] Selecções Reader's Digest

COMPANY OPERATED MC STORES

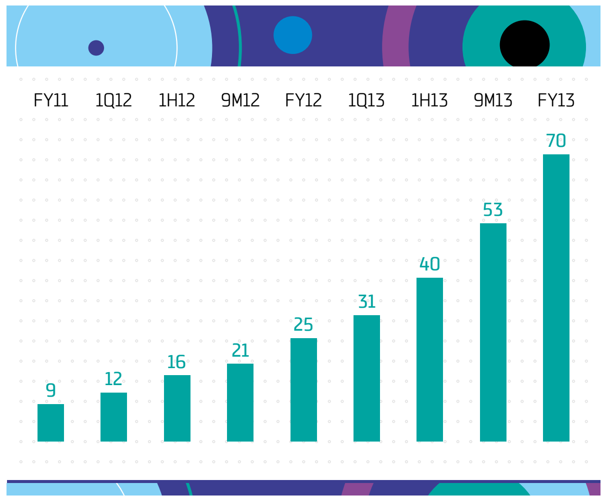
Number of stores



Adicional square meters



Number of Meu Super stores



Sonae MC – 465 stores operated by the company and 83 stores under franchise and joint-venture agreements generated a 3,415 M€ turnover in 2013.

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 m² 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 – 118 supermarkets (+6 under franchising agreements), typically located in medium-sized population centres, with an average area of 2 thousand m² and with a number of SKUs well above competitors. These supermarkets are based on location and convenience and are typically light bazaar, representing less than 10% of sales (no textiles offered).

Continente Bom Dia – 36 small, convenience food stores, with an average sales area of around 986 m². Renewed concept based on the quality and variety of fresh products, ideal for more frequent daily shopping.

Meu Super – 70 franchised local food stores, with areas between 150 and 500 m², 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 own brand labels, as well as other suppliers' products.

Adjacent business

Bom Bocado – 100 stores (+2 under franchising agreements), coffee shops and small snack-bars. Variety and quality with a fast service and great price.

Book.it – 18 stores (+1 under franchising agreement), book shops, stationery and tobacco.

Well's – 146 stores dedicated to parapharmacy, beauty products, health and well-being care, eye glasses and optical services.

SONAE SR

Sonae SR is our non-food retail unit, with businesses in the categories of electronics, sports goods and fashion. The considerable drop in the levels of private consumption in the Iberian market, especially with regard to discretionary products, led to **Sonae SR** adjusting its operations in view of this context. The adopted strategy is now delivering impressive results.

Sonae SR has continued to strengthen its position in the Iberian market and special focus has been placed on key consumer electronics (Worten), which has further consolidated its prime position in the Portuguese market and increased its market share in Spain.

Sonae SR increased its international activity by diversifying to fast growing economic markets through a "capital-light" strategy. Several new franchise agreements were signed and newly franchised Zippy stores were opened during 2013 in Morocco, United States, Jordan, Lebanon, St. Maarten and Qatar. The Zippy brand also extended its network to China, through product exportation to local retailers.

MO - THE NEW, REVAMPED MODALFA

After revamping the brand and the store concept, MO stores opened in early September 2013. MO is a convenient lifestyle clothing and accessories brand, inspired by today's women and their families. MO offers stylish products at low prices. Its clothing and accessories are always in line with the latest fashion trends and the best essential selections available on the market. MO is a dynamic, contemporary and customer-friendly store.

The new signature symbol brings with it a more human-side and makes the brand more easily accessible and approachable to all of its customers. MO appeals to a broader universe beyond the world of fashion. It is a strong, upbeat and rejuvenated brand.

Clothing and accessory items at MO are clearly divided into men, women and children's departments. The products are located in spacious stores with high visibility of murals and low tables in front of them for improved product display. Stores are now brighter, timeless and simple, with a strong focus on product display, inviting us to live a little, dress-up a little and celebrate the many moments of our everyday lives.

This change was strategically planned and the results confirm the excellence of our planning. In 2013, sales related to these renewed stores were 180% above the same period of last year.

ZIPPY FOSTERS INTERNATIONALISATION

Zippy fosters internationalisation and goes to the USA, Jordan, China and Qatar, extending its presence to a total of 14 countries outside Portugal in 2013.

Sonae SR increased its international activity through a "capital light" strategy.

A partnership with the Fawaz Alhokair Group led to international expansion to new geographic regions, profiting from synergies with the businesses of the local partner. Within this partnership Zippy's first store openings took place in Morocco in March and in the United States and Jordan, in September. In April, Zippy opened its first store in Lebanon.

In 2013, Sonae SR also celebrated a partnership with the S.H. Al Mana Group for the development of the Zippy brand in Kuwait, Emirates and Qatar. The first store in Qatar opened in October.

The Zippy brand also extended its network to China, through product exportation to local retailers.

Our international presence, which accounts for more than 25% of the turnover, is supported in Portugal, where the store product portfolio is developed and where 50% of the product line is produced.

WORTEN CREATES FUTURISTIC STORES

The new Worten stores present new layouts, space organisation, more products offered and new innovative solutions. Customer interaction is fostered through technology and the promotion of the Omni-channel strategy, which aims to provide a richer and more rewarding shopping experience for its customers.

At the store level this entails: clear aisle-ways, facilitating customer flows; clear identification of the main product areas; changes on the placement of products, providing a better view of the area; better use of screens for communicating and interacting with customers, and very attractive brand corners.

At the service level, it has strengthened the service "Worten Resolve" where customers can solve all of their problems related to products sold at Worten in one unique place, and it has installed specialised recycling points.

Technology innovation is key, visible through a wider range of technological products, but in particular by the fact that customer interaction has been boosted, through multimedia kiosks, the availability of QR Codes, experience posts and/or Bluetooth testing points.

SPORT ZONE PRESENTS A NEW STORE CONCEPT

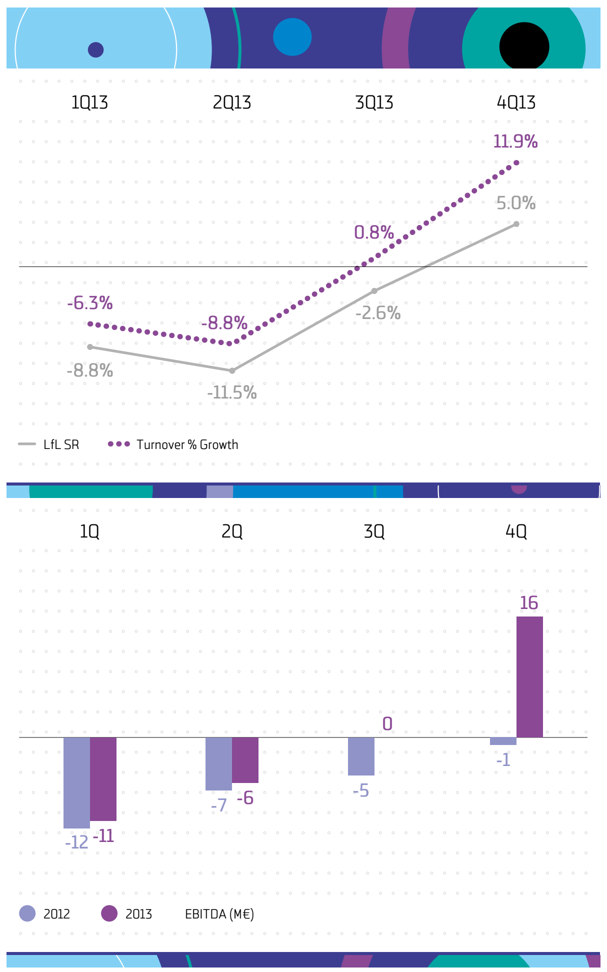
At Sport Zone we focus on offering a comfortable, exciting and vibrant shopping environment, as we believe that the experience of fashion and style starts in the shop itself. Sport Zone is introducing a new store concept, both in Portugal and in Spain, that aims at improving the customer's shopping experience by organising the space according to key sports (for example, in case of Portugal: football, running, gymnastics and fitness, cycling, casual wear and essentials) balancing the easiness of shopping with an exciting and vibrant environment.

Sonae SR: Turnover and EBITDA

Yearly trend

Sonae SR: Turnover and EBITDA

Quarterly trend



Sonae SR reached 1,210 M€ turnover. Despite the reduction of 13 thousand m² and the impact of the negative macroeconomic evolution on the levels of consumption, particularly for the more discretionary products, sales performance ended up slightly above last year. Private consumption levels in Portugal and Spain continued to be negatively impacted by economic adjustment processes. Nevertheless, in the case of Portugal, it is estimated that the decline of consumption pace was slower, when compared to 2012[14]. In 4Q13, Sonae SR turnover in Portugal grew by 9% y.o.y. (and 5% LfL), which was the result of some combined factors: 1) better signs from the GDP evolution in the 2nd half of the year; 2) the refund of holiday allowance to civil workers; 3) measures taken to reposition Sonae SR main brands; and 4) the strengthening of Worten[15] and Sport Zone leadership position together with a double digit growth from MO turnover.

Internationally, turnover increased 5% on a LfL basis.

The positive performance of the international market was driven by: 1) wholesale and franchising businesses evolution and, 2) the fine tuning in businesses models and value proposals of all brands, with a special focus on the Spanish market (4Q13 was the 3rd quarter in a row of positive LfL growth for Sport Zone in Spain). These results can be perceived as the reversal of the negative market trend for the most discretionary categories.

Sonae SR per country

	4Q12	4Q13	y.o.y	2012 [1]	2013	y.o.y
Turnover (million €)	343	383	11.9%	1,209	1,210	0.1%
Portugal	256	279	8.9%	874	877	0.3%
International [2]	86	104	20.8%	335	333	-0.5%
EBITDA (million €)	-1	16	-	-25	-1	94%
Portugal	14	26	90.1%	27	39	40.6%
International [2]	-14	-10	28.5%	-52	-40	23.7%
EBITDA margin	0%	4%	4.3 p.p	-2%	0%	1.9 p.p
Portugal	5%	9%	3.9 p.p	3%	4%	1.3 p.p
International [2]	-17%	-10%	6.7 p.p	-16%	-12%	3.6 p.p

(1) Sonae SR turnover in 2012 was restated, in order to include internal revenues (mostly related to Sonae SR's Fashion division) of the wholesale to Sonae MC
(2) Includes sales to franchisees

Sonae SR reached a positive **underlying EBITDA** in 2013 which is remarkable particularly if we consider the prevailing crisis in the Iberian Peninsula. In the 4Q13, compared to the 4Q12 EBITDA recovered by 17 M€, and reached 16 M€. This was the result of the stronger sales evolution combined with the turnaround measures implemented, particularly the new Worten and Sport Zone concepts in Spain, the rebranding of MO with a completely new collection, as well as the product improvement of Zippy. It is also worth highlighting the successful implementation of the Omni-channel strategy at Worten, where we are integrating online and store businesses. This includes the possibility of having a kiosk in the store to access the online range or to use the (reserve and) pick up service in the store.

Capex

Million euros

	2012	2013	% of Turnover
Sonae Retail	127	164	4%
Sonae MC	78	103	3%
Sonae SR	34	32	3%
Sonae RP	16	29	23%
Underlying EBITDA - capex	206	209	-

[14] Source Bank of Portugal: *Boletim Económico* - Winter 2013
[15] GfK, YTD evolution until the end of November 2013 - estimated market share gain of 1 p.p

The investment for non-food retail business carried out in 2013 was essentially distributed among the following projects:

1) Selective opening of **Sonae SR** stores;

2) Further consolidation of **Sonae SR**'s store network in the international markets.

Sonae SR Stores

		Stores		m²/ Store	
		2012	2013	2012	2013
Portugal	Electronics	182	179	698	706
	Sports	82	76	799	838
	MO	107	108	520	509
	Zippy	40	38	343	328
Spain	Electronics	42	44	2,204	1,912
	Sports	37	34	1,225	1,174
	Zippy	45	40	324	308
Turkey	Zippy	2	2	340	340
Portugal		411	401	637	642
International		126	120	1,216	1,142
Company Operated		537	521	773	757
Franchising		31	58	311	294
Total Sonae SR Stores		568	579	748	711

At the end of 2013, Sonae SR operated 521 (395,000 m²) stores, including 120 outside Portugal. It should be noted that the average number of m² in Worten in Spain has been reduced as a result of the implementation of the new concept, with smaller stores supported by the Omni-channel strategy.

Sonae SR Franchising Stores

		Stores		m²/ Store	
		2012	2013	2012	2013
Portugal	Electronics	4	4	433	433
	Sports	2	2	623	623
	MO	5	5	299	299
Spain	MO	-	9	-	402
	Zippy	1	-	157	-
Malta	MO	-	3	-	254
	Zippy	3	3	203	203
Saudi Arabia	Zippy	7	10	355	312
Turkey		4	4	133	96
Egypt		1	1	370	370
Kazakhstan		1	1	308	308
Azerbaijan		1	1	331	331
Dominican Republic		1	2	173	218
Venezuela		1	3	213	172
USA		-	4	-	231
Lebanon		-	2	-	151
Morocco		-	1	-	205
Qatar		-	1	-	232
St. Maarten		-	1	-	92
Jordan		-	1	-	363
Portugal		11	11	407	407
International		20	47	259	268
Total Franchising		31	58	311	294

At the end of 2013, Sonae SR operated 58 stores under franchising agreements, including 47 outside of Portugal. It is worth highlighting the new countries reached this year with Zippy in the USA, Lebanon, Morocco, Qatar, St. Maarten and Jordan, as well as the opening of MO in Spain and Malta, further strengthening our international expansion.

SONAE RP

Sonae RP, the retail real estate business area, was set up to actively manage Sonae's retail real estate properties, which are mainly made up of stores operated under Continente and several Sonae SR banners. The company's business is concerned with 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 & leaseback transactions carried out up until the end of 2011, at the end of 2012, Sonae still demonstrated a level of freehold of retail real estate significantly higher than that of other retailers in Europe (74% freehold at Sonae MC and 28% freehold at Sonae SR).

Sonae RP reached an EBITDA of 115 M€, 7 M€ above the value reached in the previous year, which translates into a margin of 92% over 124 M€ sales and an EBIT ROCE of 7%.

Sonae RP

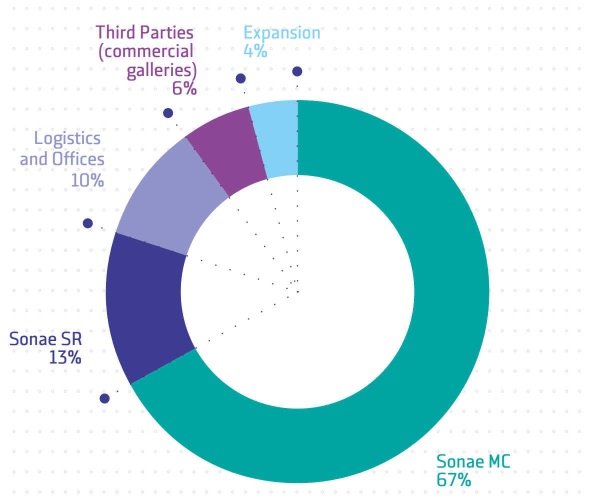
Million euros

	2012	2013	y.o.y.	4Q12	4Q13	y.o.y.
Turnover	120	124	3%	30	31	3%
Underlying EBITDA	107	115	7%	26	31	22%
Underlying EBITDA margin	89.4%	92.4%	3.1 p.p	83.9%	99.0%	15.1 p.p

The net book value of the capital invested in retail real estate assets amounted at the end of 2013 to 1.25 billion € and the portfolio comprises 33 Continente stores, 80 Continente Modelo stores and 18 Continente Bom Dia stores. Sonae currently maintains a freehold level of approximately 74% of its food retail selling area and 28% of its non-food retail space.

During 2013, there were no sale and leaseback transactions.

Sonae RP Portfolio



INVESTMENT MANAGEMENT

The implementation of corporate and business strategies is also supported by the **Investment Management** 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. **Investment Management** 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. In 2013, Sonae E.Ventures was launched, a venture capital initiative that aims to invest in ecommerce business in the retail area.

E.VENTURES

Launched in late 2013, Sonae E.Ventures (**www.sonaeeventures.com**) is a corporate venture capital initiative to invest in early stage ecommerce companies. Sonae E.Ventures aims to be the partner of ambitious entrepreneurs with innovative business models, who want to be successful in the international arena and need help to achieve their goals.

With the clear objective to be the Ecommerce Retail Energizer, Sonae E.Ventures offers not only funding, but also Sonae's core competencies, strategic assets and network of advisors.

Sonae E.Ventures statement to entrepreneurs is that we are the natural partner to Power Your Online Business.

Investment Management

Million euros

	2012PF	2013	y.o.y.	4Q12PF	4Q13	y.o.y.
Turnover	209	223	6%	53	59	11%
Underlying EBITDA	0	15	-	1	7	-
Underlying EBITDA margin	0.2%	6.6%	6.4 p.p	1.1%	12.0%	10.9 p.p

From 3Q13 onwards, following the merger between Zon and Optimus, it was decided to report Software and Systems Information as well as Online & Media businesses from Sonaecom, under **Investment Management**. Thus, this unit combines not only the businesses from MDS, Maxmat, GeoStar[16], as well as Wedo Technologies, Saphety, Mainroad, Bizdirect and Público. This business unit also has the responsibility of supporting management on M&A activities as well as Sonae E.Ventures, a new initiative launched this year.

Investment Management turnover, reached 223 M€, 6% above 2012, also benefitting from the increase of 6% of the SSI business, supported by the stronger service revenues.

Investment Management underlying EBITDA totalled 15 M€ in 2013 (+15 M€), corresponding to an underlying EBITDA margin of 6.6% (6.4 p.p above 2012). This improvement is mainly driven by the increased weight of service revenues in total turnover of the Software and Systems Information business.

MDS is the leader in the Portuguese insurance brokerage market and amongst the top 3 players in Brazilian market. The company offers a fully integrated service and provides customised and state of the art solutions to its customers. As a member of Brokerslink, MDS is part of one of the largest groups of independent insurance brokerage firms in the world. In 2013, both the Portuguese and the Brazilian operators reinforced their operational performance and despite the unfavourable BRL-EUR exchange rate, MDS successfully improved its turnover and EBITDA.

[16] GeoStar is reported using the equity method

WeDo Technologies, the worldwide market leader in providing revenue assurance and fraud management solutions to telecom operators, continued to expand its international footprint ending 2013 with over 200 customers across 90 countries in five continents. By the end of the year, international revenues accounted for 77.4% of its turnover, up 16.3% compared to 2012.

Maxmat holds a leading position in the Portuguese DIY market and holds a portfolio of 30 stores with a distinctive discount positioning. In 2013, the company presented a like-for-like growth of 4% and substantially improved its operational profitability.

Saphety reinforced its position in the local market in purchase-to-pay solutions, process optimisation and data and media synchronisation. Internationally, the company remained focused on South America and Europe and invested strongly in expanding into new countries, opening offices in Brazil and Colombia and signing partnership agreements in the Baltic, Kazakhstan, Mexico and Kenya.

Mainroad's focus is IT outsourcing. Its comprehensive offer includes IT managed services, IT security, business continuity and cloud computing. Backed by its data centres, Mainroad assures the maximum availability of the applications, systems and networks that support its customers' critical business processes. With more than 120 customers worldwide, in 2013 Mainroad provided services to customers in four continents from its offices in Lisbon, Porto and Madrid.

In 2013, **Bizdirect** retained its leadership position for delivering multi-brand IT solutions and managing corporate software licensing contracts. The strategic areas developed in 2013 reinforced the business' market positioning as a specialised player in the integration of Microsoft solutions and software asset management consulting.

Launched in late 2013, **Sonae E.Ventures** is a corporate venture capital initiative to invest in early stage ecommerce companies. The aim is to support entrepreneurs with innovative business models and international ambition, not only with financing, but also with Sonae's core competencies and strategic assets.

SONAE SIERRA

Sonae Sierra, the international shopping centre specialist, with 50% held by Sonae, was largely able to counteract the decline in private consumption in the Iberian market through its stronghold in emerging economies such as Brazil, as well as through an extension of management services to third parties, and the finalisation of a number of new agreements in Algeria, Italy, Morocco and Turkey. Such key expertise in the area of retail property development and asset and property management has clearly benefitted Sonae and we now have 47 shopping centres operational.

During 2013, **Sonae Sierra** opened 3 new shopping centres, "Boulevard Londrina" and "Passeio das Águas" in Brazil and "Hofgarten Solingen" in Germany.

SONAE SIERRA - RECYCLING CAPITAL

2013 was a very important year for Sonae Sierra. Despite the turmoil in the real-estate and, particularly, in the shopping centre markets, Sonae Sierra strategically positioned itself focusing on new investments with strong growth potential. A strategy made possible by recycling capital from some investments to new opportunities. For this purpose, Sonae Sierra critically analysed each investment in its portfolio and assessed the potential latent in each investment opportunity. As a result, Sonae Sierra sold its investment in Parque Principado shopping centre (a joint project with CBRE Iberian Value Added Fund), Valecenter shopping centre and Airone shopping centre totalling 286 M€.

The capital from these sales was then invested in the development of new projects (two shopping centres in Brazil, Hofgarten Solingen shopping centre in Germany and ParkLake in Romania).

Sonae Sierra

Operational data

	2012	2013	y.o.y.
Footfall (million visitors)	**426**	**406**	**-**
Europe	318	303	-
Brazil	107	102	-
Ocuppancy rate (%)	**96.0%**	**94.4%**	**-1.5 p.p**
Europe	95.8%	95.2%	-0.6 p.p
Brazil	97.0%	92.1%	-4.9 p.p
Tenant sales (million euros)	**5,114**	**4,623**	**-9.6%**
Europe (million euros)	3,365	3,217	-4.4%
Brazil (million euros)	1,749	1,406	-19.6%
Brazil (million reais)	4,367	4,009	-8.2%
N. of shopping centres owned/co-owned (EOP)	**47**	**47**	**0**
Europe	39	37	-2
Brazil	8	10	2
GLA owned in operating centres ('000 m²)	**1,893**	**1,896**	**0%**
Europe	1,553	1,430	-8%
Brazil	341	467	37%

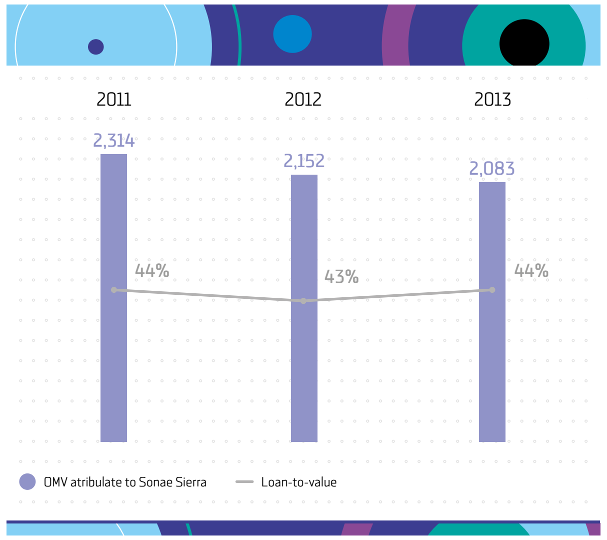
Sonae Sierra

Financial (Million euros)

	2012	2013	y.o.y.	4Q12	4Q13	y.o.y.
Turnover	**227**	**228**	**0%**	**59**	**62**	**5%**
EBITDA	**116**	**113**	**-2%**	**30**	**30**	**0%**
EBITDA margin	51.2%	49.7%	-1.4 p.p	50.4%	47.7%	-2.7 p.p
Direct result	63	58	-8%	16	15	-9%
Indirect result	-108	-54	50%	-79	-16	79%
Net results	**-46**	**4**	**-**	**-63**	**-1**	**98%**
... attributable to Sonae	-23	2	-	-31	-1	98%
OMV	**2,152**	**2,083**	**-3%**	**-**	**-**	**-**
NAV	**1,050**	**1,000**	**-5%**	**-**	**-**	**-**

Sonae Sierra

Open Market Value (OMV) and leverage



The benchmark quality of Sonae Sierra assets was once again demonstrated by achieving an average **occupancy rate** of 95.2% in Europe, despite the depressed macroeconomic environment during the first half of the year, especially in the Iberian Peninsula. In Brazil, this rate was affected by the opening of 2 shopping malls (Boulevard Londrina on May, 5th 2013 and Passeio das Águas on October, 30th 2013), which at the date of their inaugurations were not fully occupied. In the overall portfolio under management, **tenant sales** in 2013, when compared to the previous year, decreased particularly driven by the sale of Munster Arkaden in Germany in November, 19th 2012, and the stakes in 3 non-strategic shopping malls in Brazil (Penha, Tivoli and Patio Shopping centres in November, 5th 2012). **LfL tenant sales** in Europe declined by 1.5%, which was partially compensated by the 5.1% growth reached in Brazil (in local currency).

In 2013 **Turnover** was kept at the same level, when compared to the previous year, because the higher consumer confidence from May onwards and a month-on-month turnover growth across the majority of the portfolio since October, more than compensated for the depressed macroeconomic environment at the beginning of the year.

Sonae Sierra recorded **net results** of 3.6 M€ in 2013, which compares with the negative result of 45.9 M€ in 2012. This strong set of results was particularly influenced by a better market environment in the second half of the year, combined with a stabilisation of yields, particularly in Portugal and Spain. The lower **direct result** was impacted by the sale of assets already mentioned. On a like-for-like basis, the direct net profit and EBITDA remained stable. Indirect result in 2013 amounted to negative 54 M€ (50% better than 2012) as a consequence of a less unfavourable evolution of the yields, when compared to 2012.

Regarding the value of its assets, on 31st December 2013 the **OMV (Open Market Value)** attributable to Sonae Sierra was 2,083 bn€, 68 M€ below 2012 year-end, basically as a result of the sale of Parque Principado Shopping centre in Spain, Valecenter and Airone shopping centres in Italy and the adverse exchange rate effect in the Brazilian assets. These effects more than offset the conclusion of the Boulevard Londrina and Passeio das Águas Shopping centres in Brazil, as well as Solingen in Germany and the acquisition of an additional stake in Cascaishopping. **NAV (Net Asset Value)** was negatively impacted for the same reasons as OMV, reaching at the end of 2013 1,000 bn€, 50 M€ below December 2012.

Despite the increase on average yields, the "Loan-to-value" ratio remains at a conservative level of 44% at the end of December 2013.

SONAECOM

2013 was a strategic and intense year for Sonaecom. The creation of ZON OPTIMUS has changed the landscape of the Portuguese Telecommunications market.

On February 15th, Sonae and France Telecom ("FT-Orange") executed an agreement whereby, respectively, a call and put option was granted over the 20% stake in Sonaecom's share capital held by a subsidiary of FT-Orange. Sonae's call option could be exercised during an 18-month period and FT-Orange's put option within the subsequent 3-month period. The price for the exercise of both options was of 98.9 M€, which could be increased up to 113.5 M€ in case Sonaecom or Optimus would participate in any consolidation process within a 24-month period. On August 27th, Sonae exercised the call option.

"The creation of ZON OPTIMUS has left an indelible mark on Sonaecom and on the telecommunications sector in Portugal. A long and demanding process was successfully concluded, which helped create an operator with increased competitiveness, renewed ambition and with a shareholding structure totally aligned and committed to the new project. Given the significant impact of this operation on Sonaecom's portfolio, the Board of Directors decided in October to launch a tender offer to acquire own shares in exchange for ZON Optimus shares, held by Sonaecom outside the control structure, thereby allowing Sonaecom's minority shareholders to gain direct exposure to the new and promising operator."

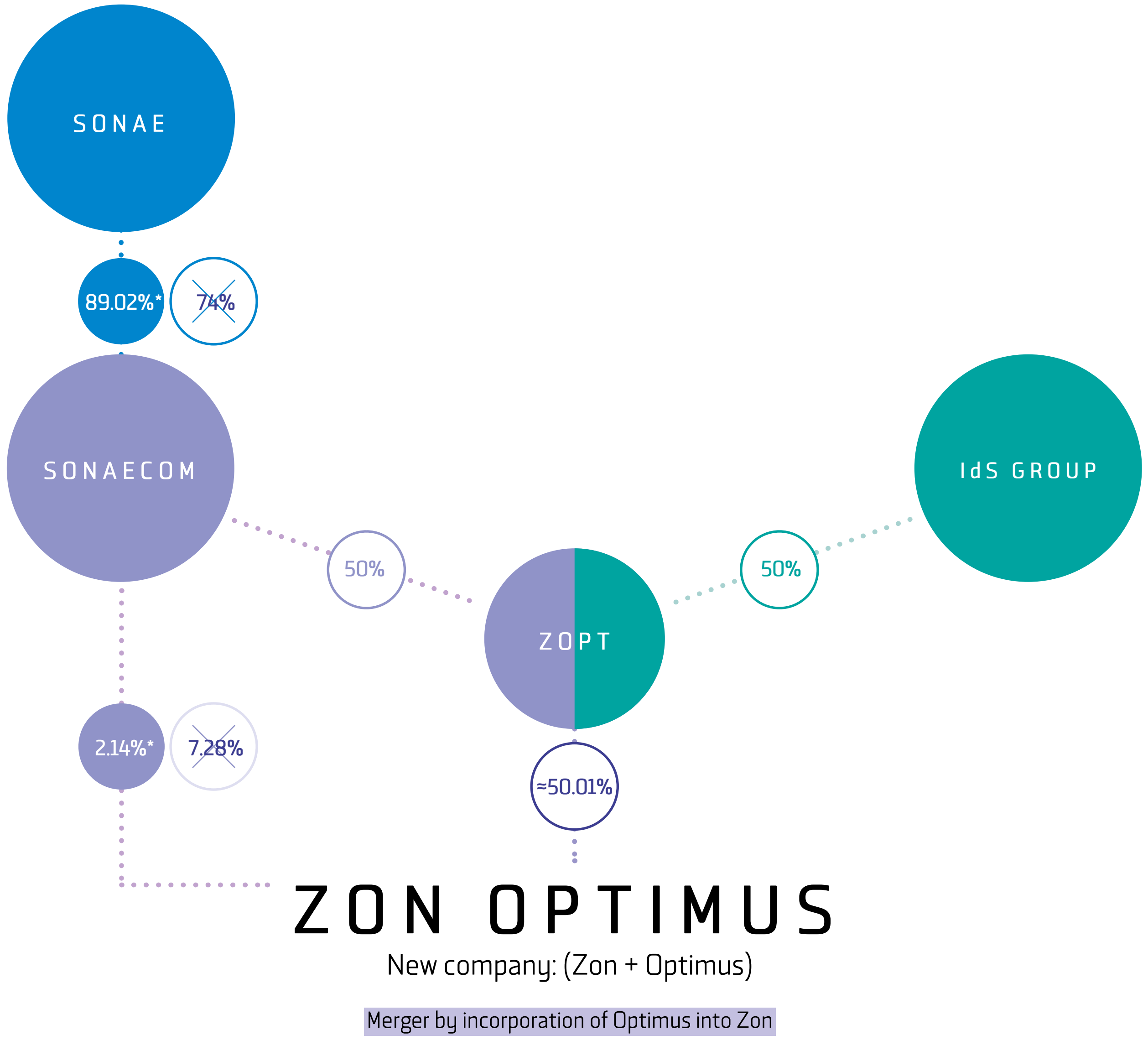
Ângelo Paupério | CEO Sonaecom

Following the merger between Zon and Optimus, on October 29th, 2013, Sonaecom announced the decision to make a partial and voluntary tender offer for the acquisition of a maximum of 88,479,803 of its own shares, representing 24.16% of its share capital. Sonaecom's shareholders were given the option to sell, in equal standing conditions, their Sonaecom shares for consideration of the directly held 37,489,324 ZON OPTIMUS shares, which were not necessary to the pursuit of Sonaecom's business purposes, thereby enabling direct exposure of Sonaecom shareholders to ZON OPTIMUS. Sonaecom offered an overall price equivalent to €2.45 per Sonaecom share, to be composed of ZON OPTIMUS shares and, where applicable, a remaining cash amount. For determining the Sonaecom/ZON OPTIMUS share trade ratio, it was set a ZON OPTIMUS share price of €5.08.

Sonaecom held on December, 31st a 50% stake in ZOPT, which in turn holds a 50.01% participation in ZON OPTIMUS. Sonaecom also held a direct stake of 7.28% in the capital of ZON OPTIMUS.

On February 5th, 2014, following CMVM approvals, Sonaecom announced the launch of the tender offer. The period of the offer, during which sales orders were received, ran for two weeks, beginning on February 6th and ending on February 19th, 2014.

On February 20th, 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares and Euronext announced Sonaecom, having a free-float close to 10%, would be excluded from the PSI 20 from February 24th, 2014 onwards. Following the offer, Sonae's participation in Sonaecom increased from 74.32% to 89.02% and Sonaecom's direct participation in ZON OPTIMUS was reduced from 7.28% to 2.14%.



* Following the voluntary tender offer launched by Sonaecom, results were released on February 20th, 2014

ZON OPTIMUS

In 2013, we successfully concluded the Zon and Optimus merger, creating ZON OPTIMUS, a strong player with a solid competitive position in all segments of the Portuguese telecoms market. This merger represents a milestone in Sonae's history and is a pinnacle of our strategy.

At the end of 2012, Sonae announced an agreement between Sonaecom and Unitel International Holdings to promote the merger of Zon and Optimus.

Zon and Optimus have unique characteristics that allows for a close to a perfect match, have almost no overlapping businesses and there are high efficiency gains associated with the proposed transaction. Further, the critical mass gains for the resulting company increases its ability to compete in the local market, as well as to seek growth in other geographic areas. This merger creates a solid and competitive player across all telecommunications platforms.

"The conclusion of the Zon and Optimus merger constitutes an indelible mark and is the achievement of two fundamental long-term and long-pursued goals of Sonae. Firstly to create a level and competitive playing field in the Portuguese Telecommunications market and, secondly, to further implement our Core Partnership Corporate Strategy. We are very confident that together with our co-controlling partner, remaining shareholders and the newly elected board and management team, we will make ZON OPTIMUS a success story."

Paulo Azevedo | CEO Sonae

In January 2013, both Boards of Directors unanimously approved the merger project involving the incorporation of Optimus into Zon, and pursuant to which all the assets and liabilities of Optimus would be globally transferred to Zon. The merger project was then approved by Optimus shareholders in an extraordinary shareholder meeting held in March.

The final two steps were concluded in April and August, with the Portuguese Securities Exchange Commission (CMVM) resolution waiving the obligation to launch a mandatory takeover bid and with the declaration of non-opposition to the merger by the Portuguese Competition Authority.

The new company was formally registered on August 27th, 2013. This date marks the beginning of a new era in the Portuguese Telecommunications market.

ZON OPTIMUS

ZON OPTIMUS is a telecommunications and entertainment group which offers a wide range of telecommunication services to all market segments (residential, personal, corporate and wholesale), with a leading position in Pay TV, Next Generation Broadband services and in Cinema Exhibition and Distribution in Portugal.

ZON OPTIMUS has approximately 1.5 million Pay TV customers, 922 thousand Fixed Broadband customers, 1.5 million Fixed Voice Customers and 3.2 million Mobile subscribers in Portugal. Its Pay TV service, IRIS, is the most innovative in the Portuguese market and ranked by Portuguese consumers as "Product of the Year". It was previously awarded the Janus Design Award by the Institut Français du Design and the "Most Innovative TV Interface" award by the TV of Tomorrow Show in San Francisco. The path of excellence towards leadership in customer satisfaction was also acknowledged by the international jury of the Contact Center World 2013 award, which ranked Optimus as #1 for Best Customer Service of the EMEA region. Optimus was also distinguished as the "Consumer Choice" by Consumer Choice – Consumer Satisfaction Evaluation Center, due to the quality of the services provided, customer service and the diversity of its offer.

ZON OPTIMUS fixed and mobile telecommunications networks make use of the most advanced technologies. ZON OPTIMUS fixed network is the most sophisticated Next Generation Network in the country and is installed in 3.2 million homes. The mobile 4G network enables ZON OPTIMUS to offer 4G network coverage to over 90% of the Portuguese population.

With 29 multiplexers and 210 cinema screens spread throughout the country, ZON OPTIMUS is also the leader in Cinema Exhibition in Portugal. It is continuously innovating in terms of technology, always with the latest trends and technical evolutions, including the digitalisation of 100% of its cinema screens and the opening of the first IMAX® DMR-Digital 3D screen in the country. The Audiovisuals division maintains its position of leadership in the distribution of films for cinema exhibition.

The Group, which results from the merger between Zon and Optimus in 2013, generated pro-forma revenues of around 1.4 M€, EBITDA of 536.6 M€, Net Income of 63.4 M€ and Recurrent EBITDA-CAPEX of 275.2 M€. The Company is listed on the main Portuguese stock index, PSI 20, and has a market cap of over 2,000 M€.

Sonae has a co-controlling influence of ZON OPTIMUS through ZOPT.

ZON OPTIMUS Indicators - Pro-forma Results

Million euros

	2012PF	2013PF	y.o.y.	4Q12PF	4Q13PF	y.o.y.
Operating revenue	1,474	1,427	-3%	370	356	-4%
EBITDA	541	537	-1%	128	118	-8%
EBITDA margin	36.7%	37.6%	0.9 p.p	34.6%	33.2%	-1.4 p.p
Net results	114	63	-45%	22	-13	-
Recurrent CAPEX	297	261	-12%	81	77	-4%
EBITDA-Recurrent CAPEX	244	275	13%	47	41	-13%

There was much customer enthusiasm for the convergent offer with ZON4i reaching 300 thousand RGUs just three months after its launch.

These results confirm that customers have been waiting for the merger to take place to be able to benefit from this strong fixed and mobile value proposition combining the best TV interface in the market, IRIS, the highest broadband speeds with the best network coverage and unlimited all-net mobile services.

The merger by incorporation of Optimus into Zon that led to the creation of ZON OPTIMUS was completed on August 27th, 2013. As from this quarter, ZON OPTIMUS' statutory financial statements as at December 31st, 2013 reflect the financial consolidation of 12 months of Zon and 4 months of OPTIMUS. To facilitate comparison between current and prior period results for the new ZON OPTIMUS, pro-forma accounts were prepared to reflect consolidation of Optimus for 12 months and the restatement of statutory accounts to reflect changes to accounting policies (as explained in detail in ZON OPTIMUS' report to the market).

The 4Q13 was the first full quarter of operations after the ZON OPTIMUS merger was completed at the end of August and led by the new management team as from October 1st.

The quarter was marked by significant internal reorganisation to reflect a new integrated company, driven by a convergent strategy and built around 2 main segments: Consumer and Business.

Net Income was negatively impacted by 26.8 M€ non-recurrent expenses in 4Q13, which incorporates a combination of:

1) Costs resulting from the merger of approximately 9 M€ that reflect primarily the cash out and provisions for curtailment costs, and

2) one-off non-cash accounting adjustments such as the impairment of some technical and IT equipment and platforms that have become obsolete through the integration process[17]

ZON OPTIMUS operating revenues reached 1,427 M€ in 2013, decreasing 3.2% when compared to 2012.

EBITDA stood at 537 M€, decreasing 0.9% when compared to 2012.

Recurrent CAPEX decreased from 297 M€ to 261 M€, less 12%. As a consequence of EBITDA and Recurrent CAPEX evolution, EBITDA-Recurrent CAPEX grew 13% y.o.y., to 275 M€.

Net Financial Debt to EBITDA stood at 1.8x at the end of 2013.

ZON OPTIMUS is now financed until 1Q15 and the average maturity of its Net Financial Debt is now 2 years.

ZON OPTIMUS published its 2013 results on February 27th, 2014, which are available at www.zonoptimus.pt.

[17] This part of the costs is only affecting ZON OPTIMUS results since Sonaecom included it directly in the goodwill

OUTLOOK FOR 2014

We are cautiously optimistic regarding the macroeconomic situation in the Iberian Peninsula in 2014, for the development of our retail and shopping mall businesses. We remain, however, prudent as some of the recent macroeconomic risks have not yet been completely eliminated in Iberia. In other countries where we operate, namely, Germany, Brazil and Italy, we expect stable market conditions.

The increasingly competitive **food market** in Portugal, together with our resolute will to strengthen our leadership position would likely produce lower EBITDA margins, although we are confident that they will be kept at benchmark levels due to our cost efficiency competitive advantage.

In the case of **Sonae SR** businesses, we expect to further consolidate the turnaround, with positive effects following the ones already registered in 4Q13. We will expand to new geographic areas mainly through franchising agreements and continue to develop our business models with an Omni-channel strategy.

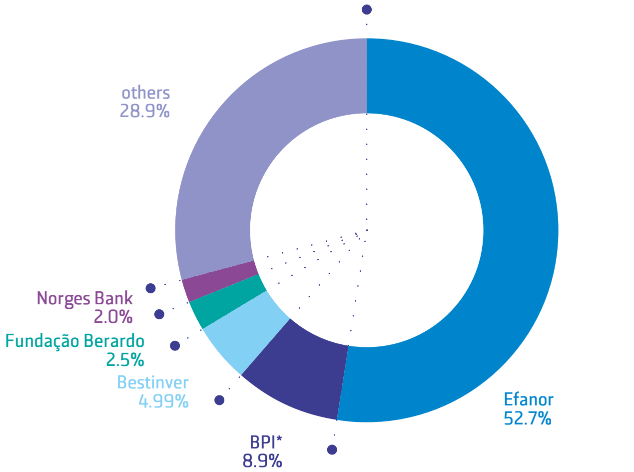
In what concerns our core partnerships, **Sonae Sierra** will probably benefit from a better market environment and stronger consumer confidence, which is expected to have a positive impact in the yields evolution as well as in the operational results. In the **telecommunications** area, we are confident that in 2014 we will progressively witeness the positive impact of the merger process between Zon and Optimus.

As a group, we will continue to be focused on the sustainability of our core businesses, by keeping our market leadership positions in Portugal, consolidating turnaround results in Spain and enhancing our growing international avenues, which will further improve our capacity to generate cash flow, thus strengthening our balance sheet, despite the investments to be carried out and the dividends to be distributed.

INFORMATION ON SHAREHOLDINGS AND SHARE PERFORMANCE

SHAREHOLDINGS

A STABLE SHAREHOLDER STRUCTURE



"FREE FLOAT" OF CIRCA 40%

SHARE CAPITAL
2,000 million

AVERAGE DAILY VOLUME (2013)
~2,36 million shares

MARKET CAP (as of 31.12.2013)
~2.1 billion euros

*BPI stake includes Equity swap of circa 123 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 3.68% and the Next 150, with a weighting of 3.41%, as at the end of December 2013. The table below shows the key indicators of Sonae's share performance.

	2011	2012	2013
ISIN code		PTSON0AM0001	
BLOOMBERG code		SON PL	
REUTERS code		SONP.IN	
Share capital	2,000,000,000	2,000,000,000	2,000,000,000
Prices			
Year close	0.46	0.69	1.05
Year high	0.85	0.72	1.11
Year low	0.42	0.37	0.66
Average trading volume per day (shares)	2,258,026	1,811,356	2,645,077
Average trading volume per day (€)	1,533,960	924,433	2,271,751
Market cap. as at 31st Dec (M€)	918	1,374	2,098

Sonae shares ended the year 2013 quoted at 1.05 euros, reflecting a nominal improvement of 53% during the year, which compares with an appreciation of approximately 16% 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 2013 to approximately 2.6 million shares per day.

During 2013, there were no transactions with own shares.

During 2013, the main announcements with a possible impact on Sonae's share price were as follows:

23.01.2013 - 2012 preliminary retail sales

15.02.2013 - Sonae announces the agreement with France Telecom Group

13.03.2013 - 2012 annual results

20.03.2013 - Fulfilment of the condition to suspend the agreement with France Telecom

09.05.2013 - 2013 first quarter results

17.05.2013 - Dividend payment for the year 2012

12.06.2013 - Bond issue by subsidiary

21.08.2013 - 2013 first semester results

27.08.2013 - Exercises call option over company of France Telecom group

18.10.2013 - Qualified shareholding from Bestinver Gestión, S.A. SGIIC

15.11.2013 - 2013 third quarter results

20.11.2013 - Cash settled equity swap term extension

INDIVIDUAL NET INCOME OF SONAE, SGPS, S.A.

Sonae, SGPS, S.A.'s activities, on a stand-alone basis, are essentially associated with the management of the shareholdings in its subsidiaries. In 2013, the individual net income of Sonae, SGPS, S.A. stood at 159.5 M€.

This net income already includes the amount of 515,300.00 euros for the short term variable remuneration of the executive members, as distribution of profits pursuant nr. 2 of art. 31 of the Articles of Association and on as proposed by the Shareholders' Remuneration Committee, which is responsible for the implementation of the remuneration policy approved at the General Meeting held on April 30th, 2013.

SUBSEQUENT EVENTS

On **February 5th, 2014**, following CMVM approvals, Sonaecom announced the launch of the tender offer for the acquisition of a maximum of 88,479,227 shares, representing 24.16% of its share capital. The period of the offer, during which sales orders were received, ran for two weeks, beginning on February 6th and ending on February 19th 2014.

On **February 20th, 2014**, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares and Euronext announced Sonaecom exclusion from the PSI-20, from February 24th, 2014 onwards. Following the offer, Sonae's participation in Sonaecom increased from 74.32% to 89.02% and Sonaecom's direct participation in ZON OPTIMUS was reduced from 7.28% to 2.14%.

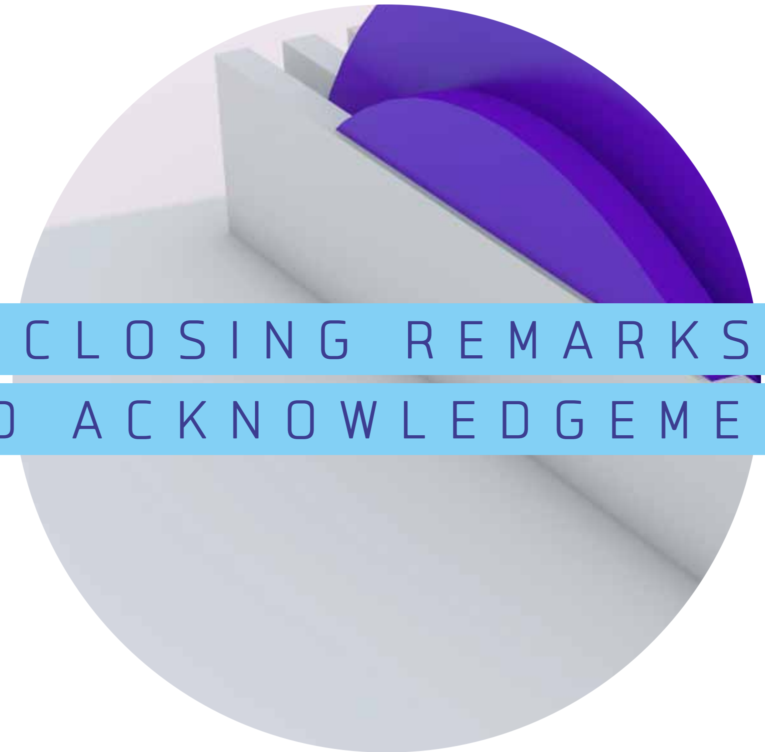
On **March 10th, 2014**, Sonae announced that it has completed, directly and through its subsidiaries, a number of financing transactions with maturities between 5 and 7 years for the total amount of 240 M€, with several financial institutions. These operations enabled Sonae to anticipate under favorable conditions a significant part of the refinancing programme of its medium and long-term credit facilities maturing up to the end of 2015.

PROPOSED ALLOCATION OF THE 2013 NET INCOME AND DIVIDEND DISTRIBUTION

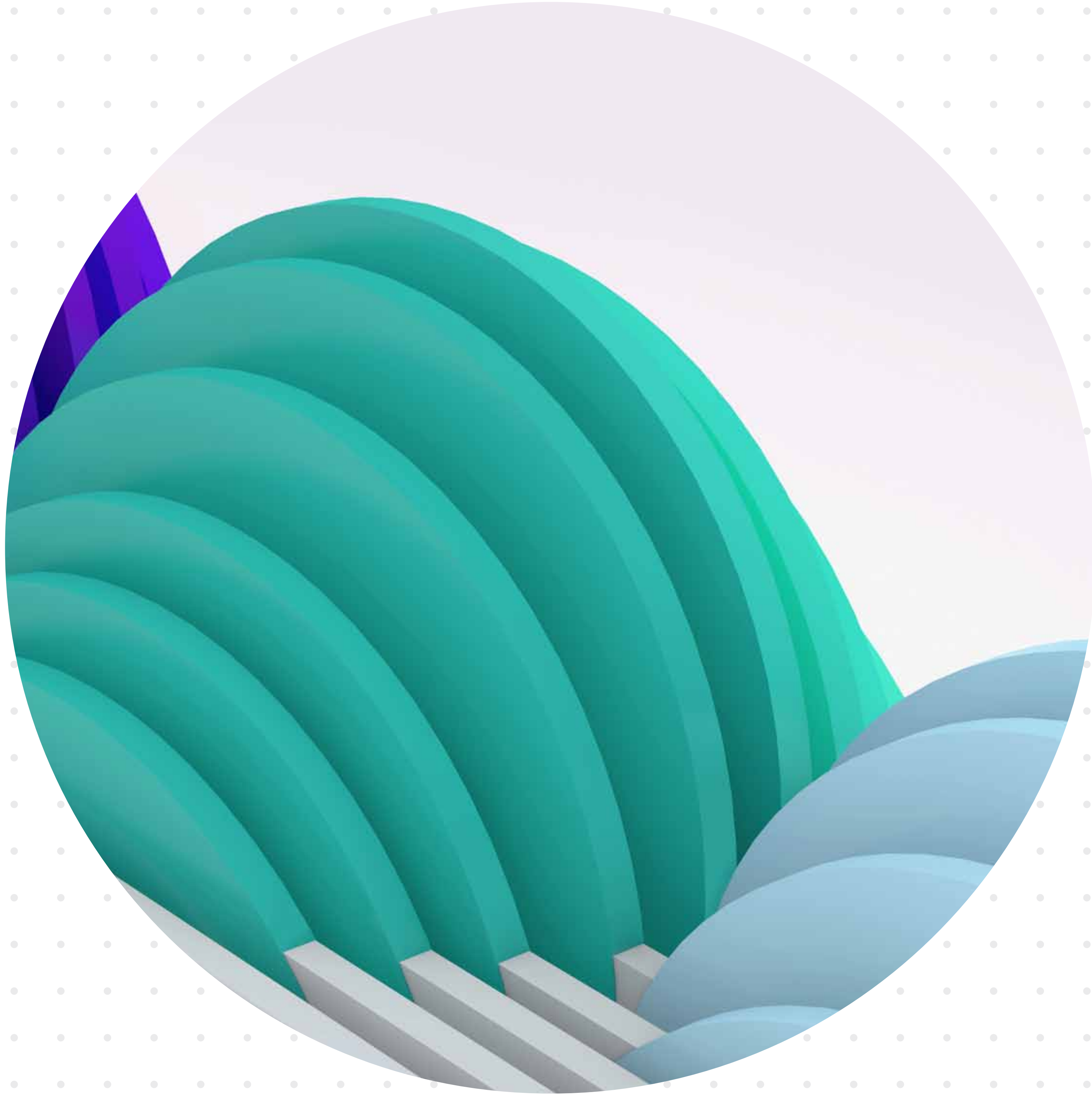
Under the terms of the law and the Articles of Association, the Board of Directors proposes to the Shareholders' General Meeting that the net profit, of 159,490,510.43 euros, is appropriated in the amount of 7,974,525.52 Euros, to legal reserves, and the remaining amount of 81,915,984.91 Euros to free reserves and the assigning of an overall dividend of 69,600,000 euros.

The Board of Directors accordingly proposes that a gross dividend of 0.0348 euros per share is paid to the shareholders, excluding from the total dividends of 69,600,000 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 3.3%, based on the closing price as at December 31st 2013, and to a payout ratio of 46% of the consolidated direct income attributable to equity holders of Sonae.



CLOSING REMARKS AND ACKNOWLEDGEMENTS



CLOSING REMARKS AND ACKNOWLEDGEMENTS

The Board of Directors would like to thank the Statutory Audit Board and the Statutory External Auditor for their valuable advice and assistance during 2013. The Board would also like to express its gratitude to suppliers, banks and other business associates of Sonae for their continuing involvement and for the confidence that they have shown in the organisation.

The Board of Directors also expresses its gratitude to all employees for their effort and dedication throughout the year.

Maia, March 18th, 2014

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

GLOSSARY

C

CAPEX	Investments in tangible and intangible assets and investments in acquisitions.

D

Direct income	Results excluding contributions to indirect income.

E

(Direct) EBIT	Direct EBT - financial results + discontinued operations of Optimus.
EBITDA	Underlying EBITDA + equity method results (Sonae Sierra direct results, ZON OPTIMUS and GeoStar) + the impact of discontinued operations of Optimus + 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.

F

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.

G

GLAs	Gross Lettable Area: equivalent to the total area available to be rented in the shopping centres.

I

Indirect income	Includes Sonae Sierra's results, net of taxes, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses of non-current assets (including goodwill) and (iv) provision for assets at risk. Additionally and concerning Sonae's portfolio, it incorporates: (i) impairments in retail real estate properties; (ii) reductions in goodwill; (iii) provisions (net of taxes) for possible future liabilities and impairments related with non-core financial investments, businesses, assets that were discontinued (or in a process of being discontinued/repositioned); (iv) results from "mark to market" methodology of other current investments that will be sold or exchanged in the near future; and (v) other non-relevant issues.
Investment properties	Shopping centres in operation owned by Sonae Sierra.

L

Liquidity	Cash & equivalents + current investments, excluding the 7.28% participation at ZON OPTIMUS.
Like-for-Like sales (LfL)	Sales made by stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods.
Loan to value (LTV) – Holding	Holding Net debt / Investment Portfolio Gross Asset Value; gross asset value based on Market multiples, real estate NAV and market capitalization for listed companies.
Loan to value (LTV) – Shopping Centre	Net debt / (investment properties + properties under development).

N

Net asset value (NAV)	Open market value attributable to Sonae Sierra - net debt - minorities + deferred tax liabilities.
Net debt	Bonds + bank loans + other loans + financial leases + shareholder loans - cash, bank deposits, current investments, excluding the 7.28% participation at ZON OPTIMUS, and other long term financial applications.
Net Invested capital	Total net debt + total shareholder funds.

O

Other income	Share of results of associated undertakings + dividends.
Other loans	Bonds, leasing and derivatives.
Open market value (OMV)	Fair value of properties in operation and under development (100%), provided by an independent entity.

R

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).

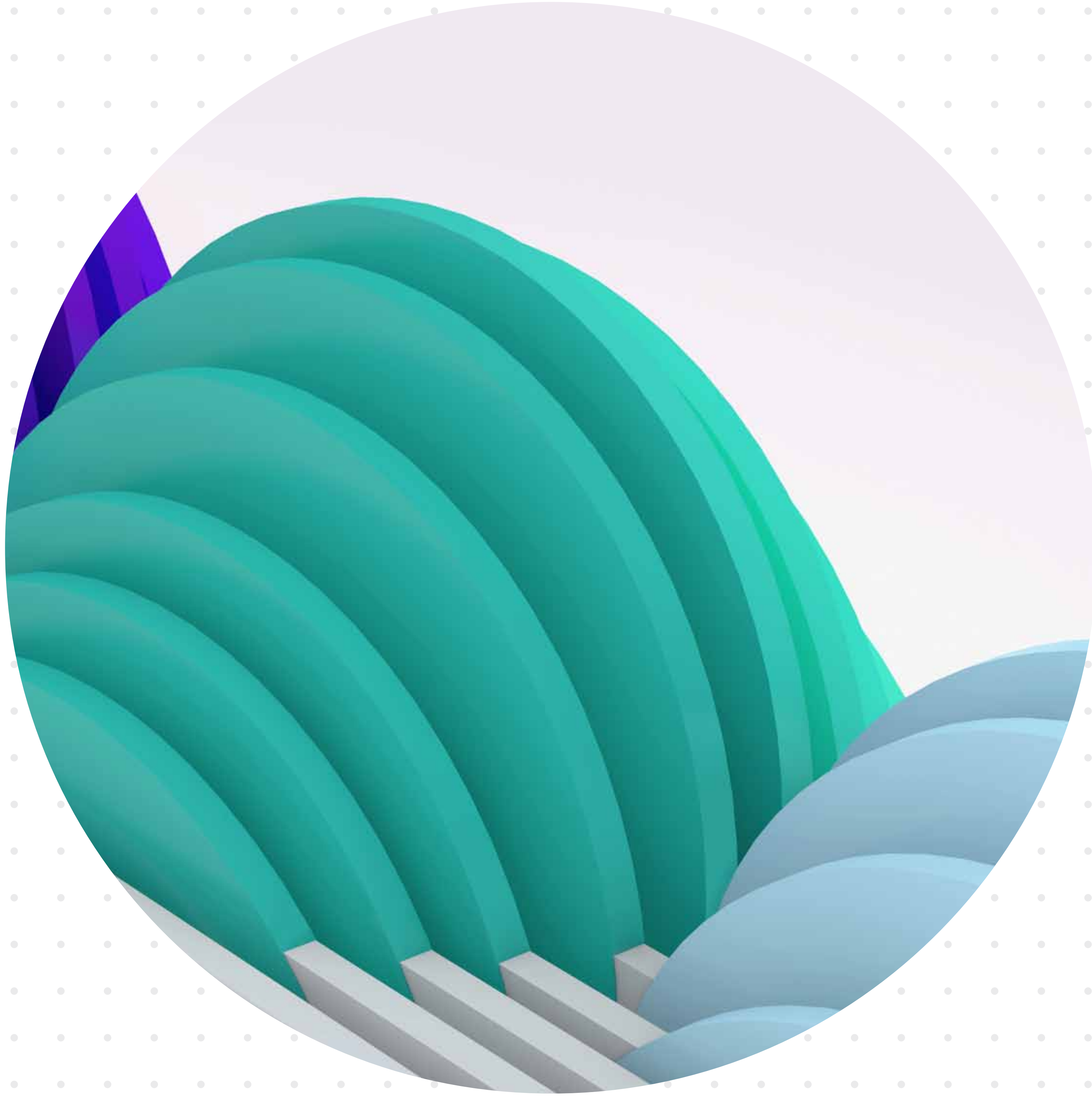
T

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

U

Underlying EBITDA	Total direct income - total expenses - reversal of impairment losses (see reconciliation).

APPENDIX



APPENDIX

ARTICLE 245 PARAGRAPH 1, C)

STATEMENT UNDER THE TERMS OF ARTICLE 245, PARAGRAPH 1, C) OF THE PORTUGUESE SECURITIES CODE

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, as adopted by the European Union, giving a fair and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of Sonae, SGPS, S.A., and of the companies included in the consolidation perimeter, and that the Management Report faithfully describes the progress of the business and position of Sonae, SGPS, S.A., and of the companies included in the consolidation perimeter, and contains a description of the major risks and uncertainties that they face.

Maia, 18 March 2014

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 AND ARTICLE 14, PARAGRAPH 7

ARTICLE 447 OF THE PORTUGUESE COMPANIES ACT AND ARTICLE 14, PARAGRAPH 7, OF THE PORTUGUESE SECURITIES COMISSION (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 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 31.12.2013
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
Belmiro Mendes de Azevedo (*) (**)						
Efanor Investimentos, SGPS, SA (1)						49,999,996
Sonaecom, SGPS, SA (9)						75,537
Álvaro Carmona e Costa Portela (*)						
Sonae, SGPS, SA (3)						125,934
Sonaecom, SGPS, SA (9)						5,000
Ângelo Gabriel Ribeirinho dos Santos Paupério (*)						
Sonae, SGPS, SA (3)						763,150 (a)
Performance Bonus Plan and Medium Term Incentive Plans	08.03.2013	178,588	0,000			
Sonaecom, SGPS, SA (9)						552,837
Performance Bonus Plan and Medium Term Incentive Plans	04.03.2013	112,767	0,000			
Continente Bonds - 7% -2015						700,000 (b)
Duarte Paulo Teixeira de Azevedo (*) (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (4)						1,969,996
Sonae, SGPS, SA (3)						488,530 (c)
Performance Bonus Plan and Medium Term Incentive Plans	25.06.2013	28,479	0,000			
Sale	26.06.2013			28,479	0,699	
Performance Bonus Plan and Medium Term Incentive Plans	04.12.2013	485,707	0,000			
Michel Marie Bon (*)						
Sonae, SGPS, SA (3)						321,000
Purchase	02.12.2013	28,000	1,094			

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)						41,127
Performance Bonus Plan and Medium Term Incentive Plans	08.03.2013	41,127	0,000			
Linhacom, SGPS, SA (6)						99,996
Sonaecom, SGPS, SA (9)						40,566 (d)
Performance Bonus Plan and Medium Term Incentive Plans	04.03.2013	40,396	0,000			
Nuno Miguel Teixeira de Azevedo (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						10,500 (e)
Arlindo Dias Duarte Silva (*****)						
Continente Bonds - 7% -2015						5,000 (f)

		Additions		Reductions		Balance as of 31.12.2013
	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)						1,000
(2) Pareuro, BV						
Sonae, SGPS, SA (3)						849,533,095
(3) Sonae, SGPS, SA						
Sonae Investments, BV (7)						2,894,000
Sontel, BV (8)						32,745
Sonaecom, SGPS, SA (9)						76,679,374
Purchase	15.02.2013	73,249,374	1,430			
(4) Migracom, SGPS, SA						
Sonae, SGPS, SA (3)						2,936,683
Purchase	26.06.2013	28,479	0,699			
Sonaecom, SGPS, SA (9)						387,342
Imparfin, SGPS, SA (5)						150,000
(5) Imparfin, SGPS, SA						
Sonae, SGPS, SA (3)						4,105,280
Continente Bonds - 7% -2015						5,000
(6) Linhacom, SGPS, SA						
Sonae, SGPS, SA (3)						439,314
Sonaecom, SGPS, SA (9)						120,300
Imparfin, SGPS, SA (5)						150,000
(7) Sonae Investments BV						
Sontel BV (8)						58,555
Capital increase	18.12.2013	14,900	5,369,128			
(8) Sontel BV						
Sonaecom, SGPS, SA (9)						194,063,119
(9) Sonaecom SGPS, SA						
Sonaecom, SGPS, SA (treasury shares)						5,571,014
Performance Bonus Plan and Medium Term Incentive Plans	04.03.2013			247,423	0,000	
Purchase	20.03.2013	140,000	1,653			
Purchase	21.03.2013	180,000	1,648			
Purchase	22.03.2013	160,000	1,666			
Purchase	25.03.2013	145,000	1,679			
Purchase	26.03.2013	64,000	1,655			
Purchase	27.03.2013	85,000	1,637			
Purchase	28.03.2013	35,000	1,622			
Purchase	02.04.2013	170,000	1,689			
Purchase	03.04.2013	160,000	1,659			
Purchase	04.04.2013	170,000	1,687			
Purchase	05.04.2013	103,000	1,668			
Purchase	08.04.2013	88,000	1,665			
Performance Bonus Plan and Medium Term Incentive Plans	10.05.2013			1,192	0,182	
Performance Bonus Plan and Medium Term Incentive Plans	10.05.2013			1,409	0,000	

(*) 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 wich 125,000 shares held by spouse
(b) 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
(c) of which 530 shares held by descendants under his charge
(d) 170 shares held by spouse
(e) Shares held by descendants under his/her charge
(f) co-held with the respective spouse
Note: The Independent non-executive member of the Board of Directors, José Manuel Neves Adelino, is a member of the Statutory Audit Board of Banco BPI, SA, which holds 178,039,855 shares representing of 8.902% of Company's share capital.

QUALIFIED HOLDINGS

Shares held and voting rights attributable to shareholders owning more than 2% of the share capital of the Sonae - SGPS, SA, as required by article 8, nr.1, b) of the Portuguese Securities Market Comission (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%	10.0050%
By Pareuro, BV (controlled by Efanor)	849,533,095	42.4767%	42.4767%
By Maria Margarida CarvalhaisTeixeira de Azevedo (Director of Efanor)	14,901	0.0007%	0.0007%
By Duarte Paulo Teixeira de Azevedo (Director of Efanor)	488,530	0.0244%	0.0244%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor)	41,127	0.0021%	0.0021%
By Nuno Miguel Teixeira de Azevedo (Director of Efanor and held by descendent)	10,500	0.0005%	0.0005%
By Migracom, SGPS, SA (company controlled by Efanor's Director Duarte Paulo Teixeira de Azevedo)	2,936,683	0.1468%	0.1468%
By Linhacom, SGPS, SA (company controlled by Efanor's Director Maria Cláudia Teixeira de Azevedo)	439,314	0.0220%	0.0220%
Total attributable to Efanor Investimentos, SGPS, SA	**1,053,564,150**	**52.6782%**	**52.6782%**
Banco BPI, SA	132,851,868	6.6426%	6.6426%
Banco Português de Investimento, SA	365,199	0.0183%	0.0183%
Fundos de Pensões do Banco BPI	40,071,372	2.0036%	2.0036%
BPI Vida - Companhia de Seguros de Vida, SA	4,751,416	0.2376%	0.2376%
Total attributable to Banco BPI, SA	**178,039,855**	**8.9020%**	**8.9020%**
Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.4925%	2.4925%
Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social	**49,849,514**	**2.4925%**	**2.4925%**
Bestinver Gestión, S.A. SGIIC			
Bestinver Bolsa, F.I.	26,842,197	1.3421%	1.3421%
Bestinfond, F.I.M.	24,648,288	1.2324%	1.2324%
Bestinver Hedge Value Fund FiI	11,556,421	0.5778%	0.5778%
Bestinver Global, FP	7,154,263	0.3577%	0.3577%
Bestvalue, FI	6,161,372	0.3081%	0.3081%
Soixa Sicav, SA	4,387,528	0.2194%	0.2194%
Bestinver Ahorro, Fondo de Pensiones	3,068,989	0.1534%	0.1534%
Bestinver Mixto, F.I.M.	2,398,104	0.1199%	0.1199%
Bestinver Sicav - Bestifund	3,234,455	0.1617%	0.1617%
Bestinver Sicav - Iberian	8,757,641	0.4379%	0.4379%
Bestinver Renta, F.I.M.	756,150	0.0378%	0.0378%
Bestinver Prevision, FP	216,988	0.0108%	0.0108%
Divalsa de Inversiones Sicav	154,747	0.0077%	0.0077%
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, Fonde 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	**99,761,534**	**4.9881%**	**4.9881%**
Norges Bank	40,100,985	2.0050%	2.0050%
Total attributable to Norges Bank	**40,100,985**	**2.0050%**	**2.0050%**

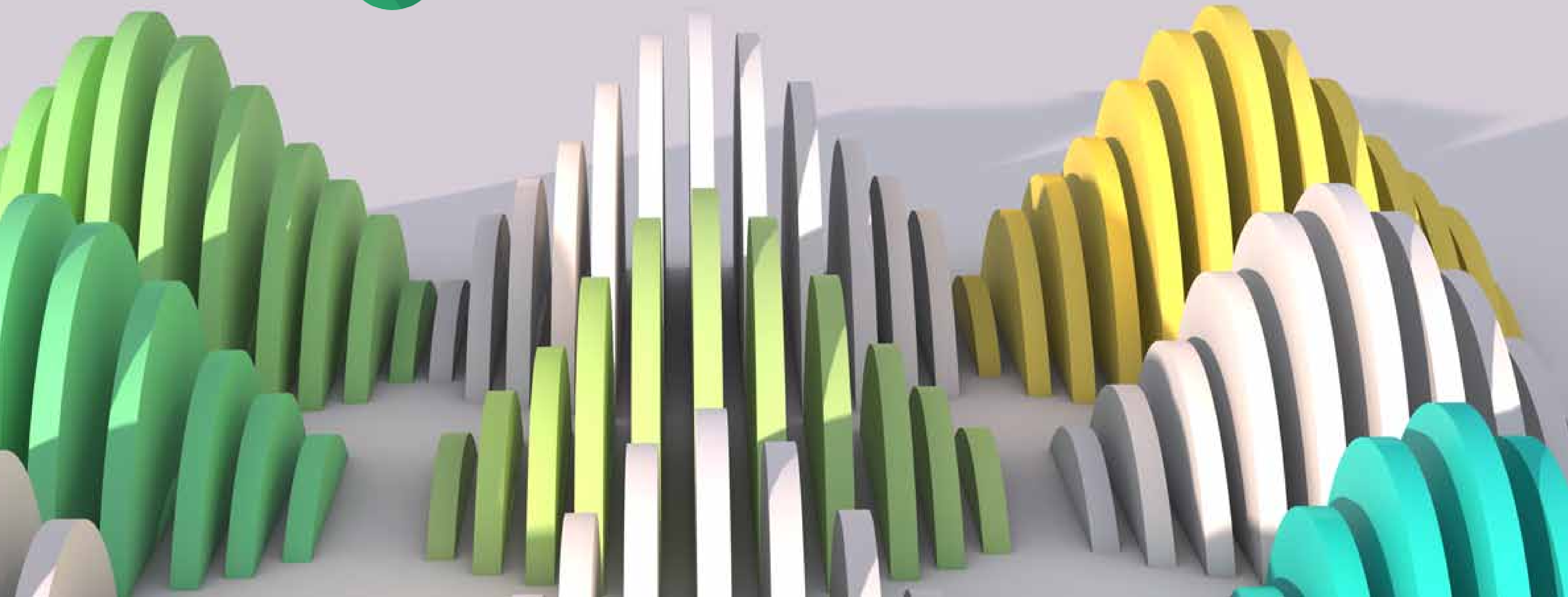
(i) Belmiro Mendes de Azevedo is, according to article 20 paragraph 1, subparagraph b), and article 21, paragraph 1, both of the Portuguese Securities Code, the ultimate beneficial owner, as it holds circa 99% of the share capital and voting rights in Efanor Investimentos, SGPS, SA and the latter wholly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

ARTICLE 448 OF THE PORTUGUESE COMPANIES ACT

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

	Number of shares held as of 31 December 2013
Efanor Investimentos, SGPS, SA	
Sonae, SGPS, SA	200,100,000
Pareuro, BV	5,583,100
Pareuro, BV	
Sonae, SGPS, SA	849,533,095

SUSTAINABILITY REPORT



OUR REPORT

It is part of our DNA to promote sustainable behaviour and to continuously strengthen people's relationship with the community, to be active and responsible.

The goal of this report is to inform all of our stakeholders about our economic, social and environmental performance in 2013. The information this year, like in previous years, is presented according to the Global Reporting Initiative's (GRI) G3.1 guidelines for the A+ level and has benefitted from external verification by PricewaterhouseCoopers. The scope of the report includes Sonae's business areas, focusing on the Retail area (core businesses)[1].

Considering this focus on the Retail area and after presenting the sustainability strategy – **Our Way to a Sustainable Life**, in 2012, this report provides an initial review of the implementation status of our commitments for 2013 to 2015, showing the path followed and the results obtained in the three axes of our sustainability strategy – **Better Purpose, Better Planet and Better People**.

The Report is divided in four main sections:

- **1. Sustainability at Sonae** - description of Sonae's strategy, practices common to all business areas, as well as the main global indicators in economic, social and environmental terms;
- **2. Retail (Sonae MC and Sonae SR)** - details of the three axes of our sustainability strategy – Better Purpose, Better Planet and Better People – and upholding commitments established for the three year period of 2013-2015;
- **3. Sonae Sierra –** presentation of the activities of this core partnership, including a description of the strategy and its main results;
- **4. Attachments** - Conforming to principles, associations and partnerships with organisations; Letter of external verification; Glossary and access to detailed information about GRI indicators.

The information reported here can be complemented by consulting the Table of GRI Indicators, the 2013 Report and Accounts and the Corporate Governance Report associated with the same period, available at www.sonae.pt.

Should you require any clarification of 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

www.sonae.pt

[1] Sonaecom's values are not consolidated in the report due to the ZON OPTIMUS merger. Although it holds 50,01% of ZOPT, ZON OPTIMUS is a company listed separately, therefore it reports its information directly to the market.

SONAE

"At Sonae, sustainability criteria are already naturally present in the decisions of most of our employees, which reflects in a very positive light in our activity. Alongside the strategic alignment, based upon internationalization, diversification of the styles of investment and leveraging the exceptional assets we manage, we consider social and environmental impact equally important to economics as far as evaluation and motivation factors are concerned. We've been able to answer the new socio-economic challenges through innovation, ambition and social responsibility, essential values which set us apart in a demanding, constantly changing market. This attitude, based on a culture of rigour and transparency, has been recognized internationally for the third consecutive year by Ethisphere, which highlighted Sonae as one of the world's most ethical companies, something which fills us with pride."

Ângelo Paupério, Sonae's Executive Vice President

Sonae is a Retail company with two major partnerships in the areas of Shopping Centres (Sonae Sierra) and Software & Information Systems, Media and Telecommunications (Sonaecom).

At the end of 2013, we were active in a total of 67 countries[2].

CORE BUSINESSES

SONAE MC

Sonae MC is the national market leader in food retail and includes a set of brands with distinct styles and types of business.

- With a turnover of €3,415 million and an EBITDA of €258 million for 2013
- 548 stores and a total sales area of 613 thousand m²
- 26,404 colleagues

Restaurants: Bom Bocado

Bookshops/ Stationers: Book.it

Hypermarkets: Continente

Supermarkets: Continente modelo and Continente bom dia

Deep-frozen products: Continente Ice

Wholesale distribution: Meu Super

Well-being and opticians: Well's

SONAE SR

Sonae SR is responsible for Sonae's specialized retail.

- With a turnover of €1,210 million and an EBITDA of € -1 million for 2013
- 579 stores, of which 58 are franchised, with a total sales area of 412 thousand m²
- 10,074 colleagues

Textiles: MO

Sports: Sport Zone

Home appliances and consumer electronics: Worten

Baby and children's wear: Zippy

CORE PARTNERSHIPS

SONAE SIERRA

Sonae Sierra is a specialist in international shopping centres, owned by Sonae (Portugal) with 50% and Grosvenor (UK) with 50%.

- With a turnover of €228 million and an EBITDA of €113 million for 2013
- Owns 47 shopping centres with a gross leasable area of 1.9 million square metres
- Responsible for the management and/or leasing of 81 shopping centres across 12 countries with a GLA of 2.3 million m²
- 1,144 colleagues

SONAECOM

Sonaecom is held by Sonae, with a participation of 74% and its core business is telecommunications industry. Sonaecom's main asset is ZON OPTIMUS, held by Sonaecom throught ZOPT, SGPS, SA.

[2] Including operations, providing services to third parties, sales offices, franchising agreements and partnerships.

RELATED BUSINESSES

SONAE RP

Sonae RP only operates in Portugal and is mainly dedicated to real estate management and investment, management of commercial galleries (management of the real estate assets of over one hundred commercial galleries, all with a Continente store as principal anchor) and management of three real estate investment trusts through its affiliate holding company, Sonaegest.

- With a turnover of €124 million and an EBITDA of €115 million in Portugal in 2013
- 29 colleagues

Investment Management

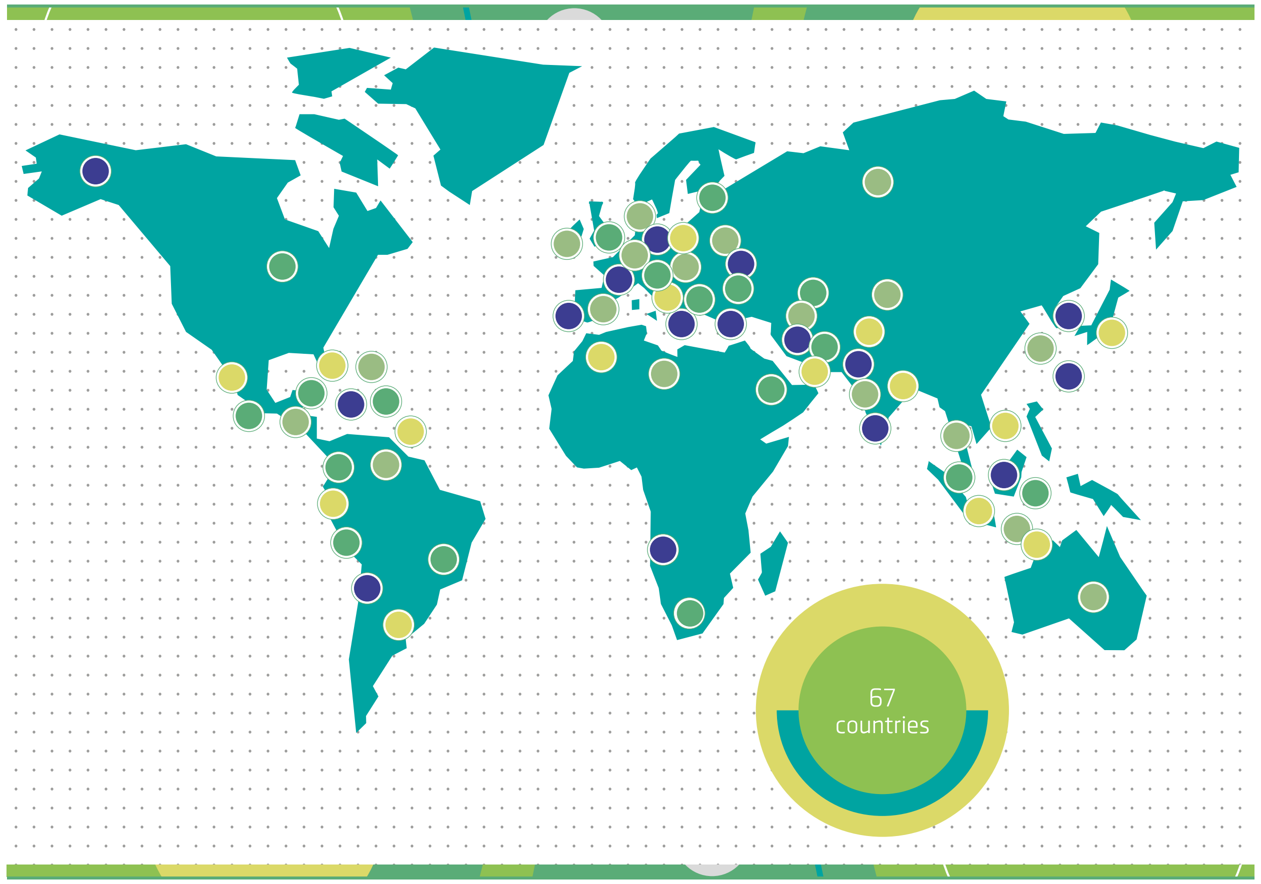
Investment Management is responsible for supporting the implementation of corporate and business strategies, maximising shareholder returns on the company's portfolio, providing active support in planning and the execution of mergers and acquisitions by the core businesses and strengthening Sonae's network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

Launched in late 2013, Sonae E.Ventures is a corporate venture capital initiative to invest in early stage ecommerce companies. The aim is to support entrepreneurs with innovative business models and international ambition, not only with financing, but also with Sonae's core competences and strategic assets.

- With a turnover of €223 million and an EBITDA of €15 million in 2013
- 2,300 colleagues

- Insurance brokers: MDS
- Travel agencies: GeoStar
- DIY and construction materials: Maxmat
- Software & Systems Information: WeDo, Saphety, Mainroad and BizDirect
- Media: Público

WHERE WE ARE



KEY SUSTAINABILITY HIGHLIGHTS

1995
- Launch of the Horizon project, for strengthening environmental management
- Joined the World Business Council for Sustainable Development (WBCSD)

1996
- Creation of the Environment Forum, to share experiences and disseminate good practice

1999
- Launch of the Eco2 XXI programme, for the effective implementation of eco-efficiency measures

2000
- Approval of Sonae's Environmental Policy and Environmental Management System

2001
- Creation of BCSD Portugal with Sonae as founding member
- Publication of Sonae's first Environmental Report

2004
- Joined the Global Compact of the United Nations

2005
- Signed the *World Safety Declaration*
- Creation of the Sustainability Forum, which developed from the Environment Forum

2007
- Publication of Sonae's first consolidated Sustainability Report

2008
- Publication of "Sonae, much more than numbers"
- Subscribed to the Code of Practice on HIV/AIDS
- Subscribed to the United Nations Declaration of Human Rights

2009
- Publication of "A commitment 50 years ahead"
- Adoption of the Sustainable Fishing Policy

2010
- Joined the Global Business Oath of the World Economic Forum
- The 1st Sustainability Forum open to all stakeholders took place under the theme "Sonae for the Better"

2011
- Joined the GEP - Global Enterprise Project
- Joined the Retail Forum for Sustainability (European Comission)

2012
- Creation of the Sonae Sustainability Award
- Joined the European initiative to combat waste in retail

2013

Sonae is invited to join the European Commission's Forum for Relations between Production and Distribution

Sonae is the only European retailer to integrate the High Level Forum for a Better Functioning Food Supply Chain (HLF), the consulting group of the European Commission (EC) whose objective is to ensure consistency between the various initiatives of HLF and collaborate in defining industrial policy in the agri-food sector.

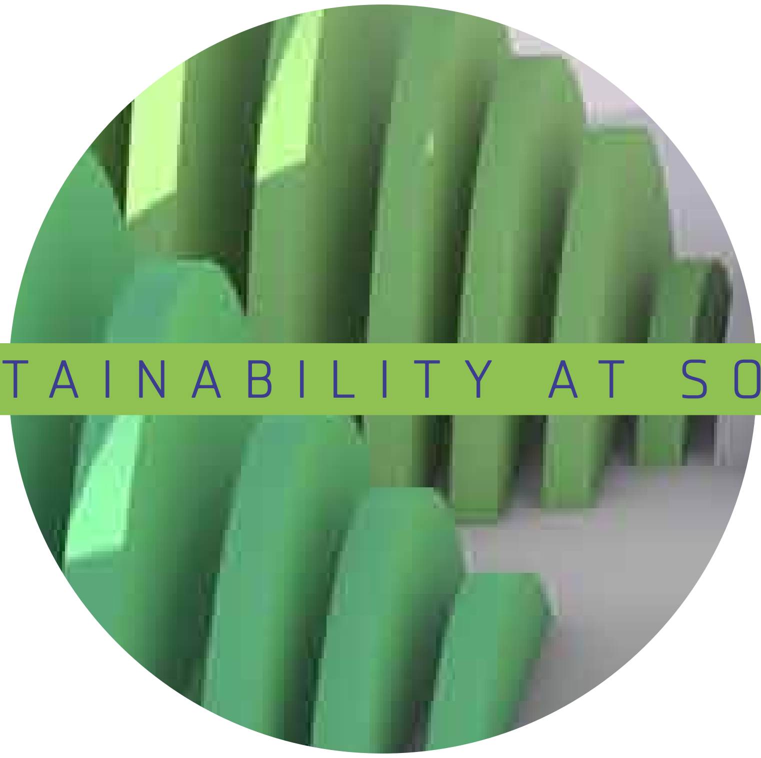
Sonae endorses European Code of Conduct for the Food Supply Chain

We have joined to the European Code of Conduct for Best Practices in Food Supply Chain, an European initiative that is the result of an agreement between the main European associations of food industries and distribution in relation to the principles that govern the relationship between production and distribution.

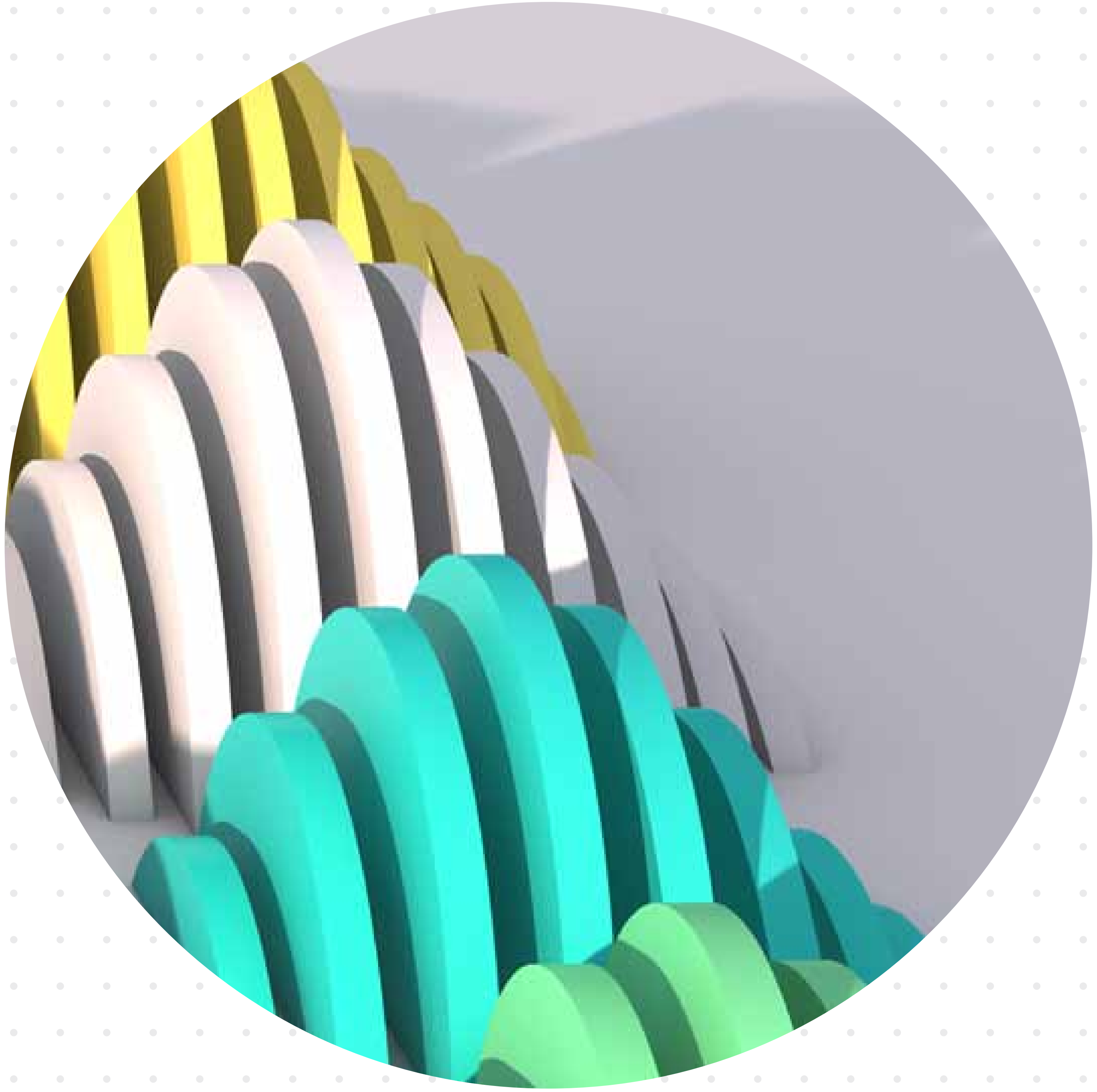
EXTERNAL ACKNOWLEDGEMENT AND AWARDS

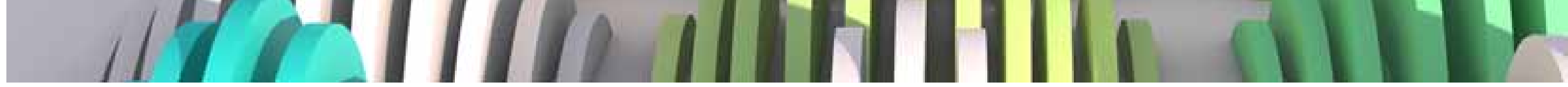
- Sonae was recognised for the 3rd consecutive year as one of the 100 most ethical companies in the world
- The Trusted Brands 2013 Study - Reader's Digest recognised:
  - Zippy, for the 1st time
  - Worten, for the 4th consecutive year
  - Continente, for the 11th consecutive year
- Continente as Trusted Brand in Environmental Performance, for 4th consecutive year
- Carbon Disclosure Project distinguishes Sonae from 125 companies listed in the Iberian Peninsula - Top 3 in the Iberian Peninsula for performance and top 10 in disclosure
- Hay Group elects Sonae as "Best School for Leaders" in Portugal, for the 3rd consecutive year
- Sonae wins the European Good Practice Award 2012/2013

For more information, please consult our website at http://www.sonae.pt/en/sonae/awards-and-achievements/



SUSTAINABILITY AT SONAE



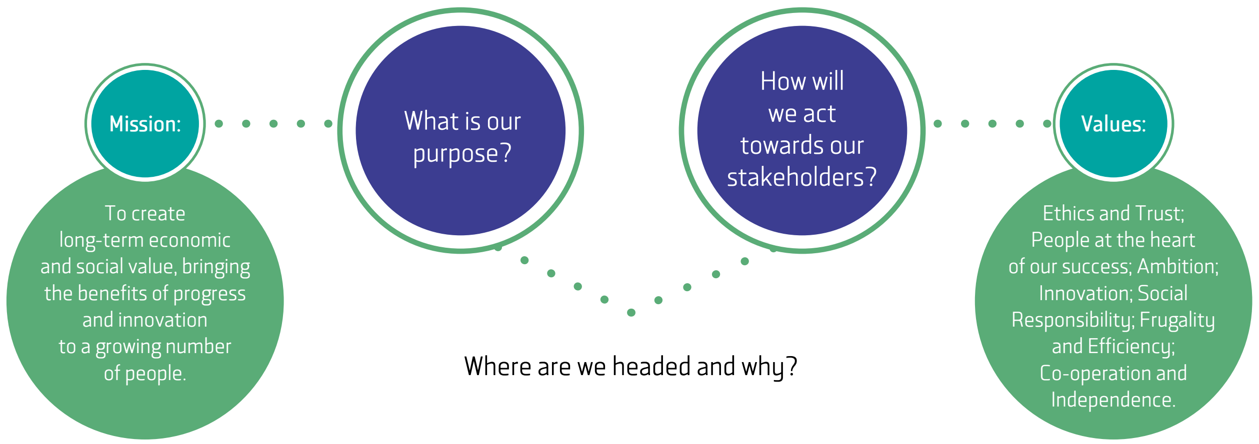


SUSTAINABILITY AT SONAE

"Our business approach reflects our commitment to generating value shared by our company and society on a short, medium and long term. We believe that a prosperous, sustained growth must include an investment in the development of our employees, in the creation and sharing of knowledge, in promoting innovation and, naturally, getting involved with the community. And 2013 was no exception: we offered 1.1 million hours of training to our employees, invested 10.6 million euros in the community, fostered entrepreneurial volunteering which resulted in a total volume that surpassed 8600 hours, granting 360 million euros in discounts to Portuguese families. Sonae is therefore a brand close to the people and always present in their daily lives: Sonae 'Improving Life'."

Luís Filipe Reis, Sonae's Chief Corporate Centre Office

OUR CORPORATE STRATEGY



Our corporate strategy is based upon the creation of value through 3 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.

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.

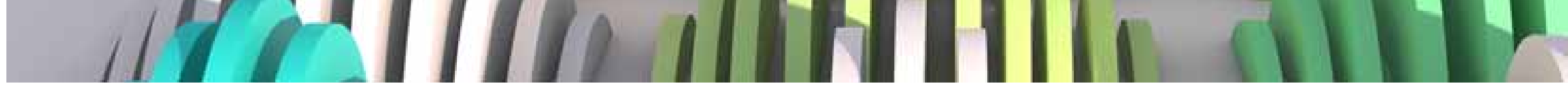
Leverage and Reinforce our Exceptional Asset Base in Portugal

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 STAKEHOLDERS

Understanding our stakeholders' expectations is one of the fundamental elements for the success of our business. To relate and communicate with all of them, we have implemented dedicated communication channels that will allow us to value and address their expectations and concerns.

COMMUNICATION WITH STAKEHOLDERS



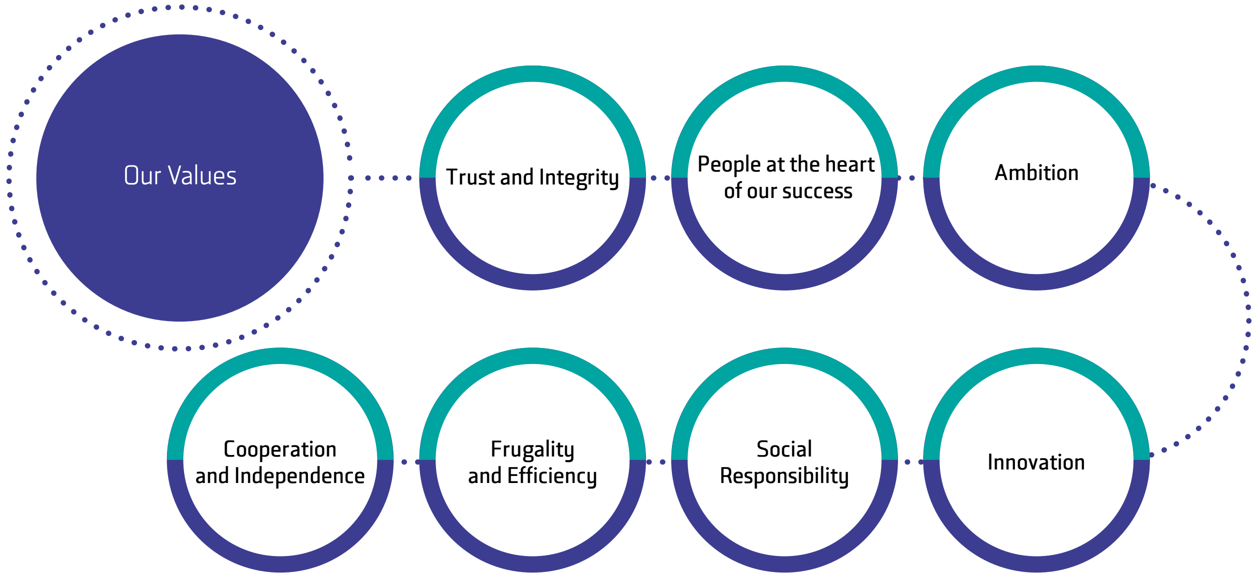
OUR PEOPLE

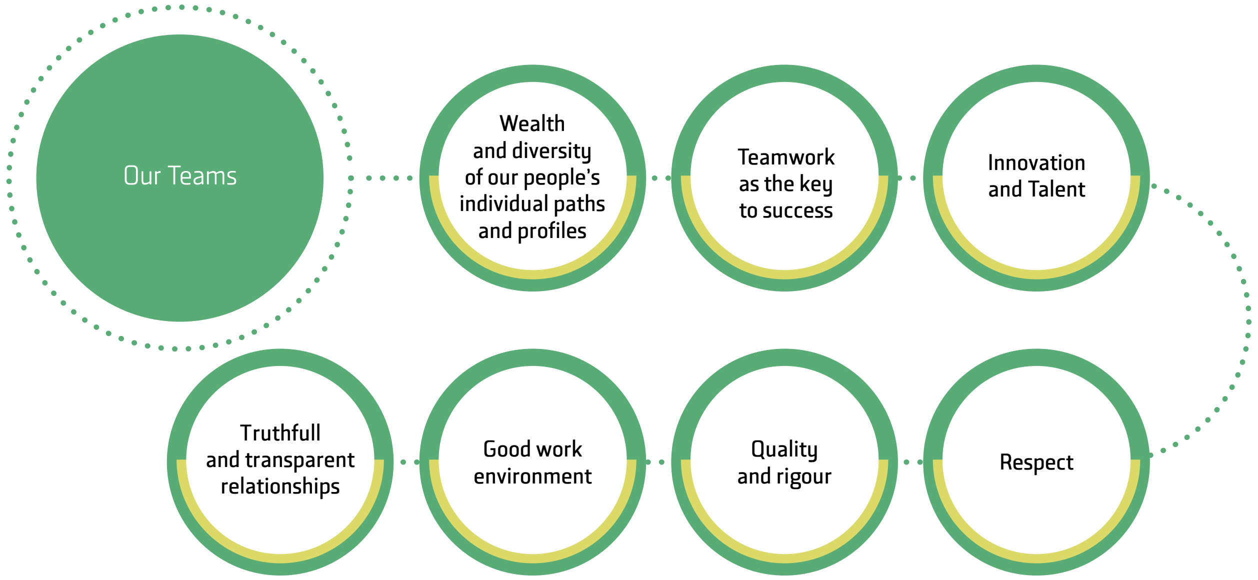
At the end of 2013, we had 39,951 colleagues. Of this total, 56% are young people under the age of 35 and 67% are female colleagues.

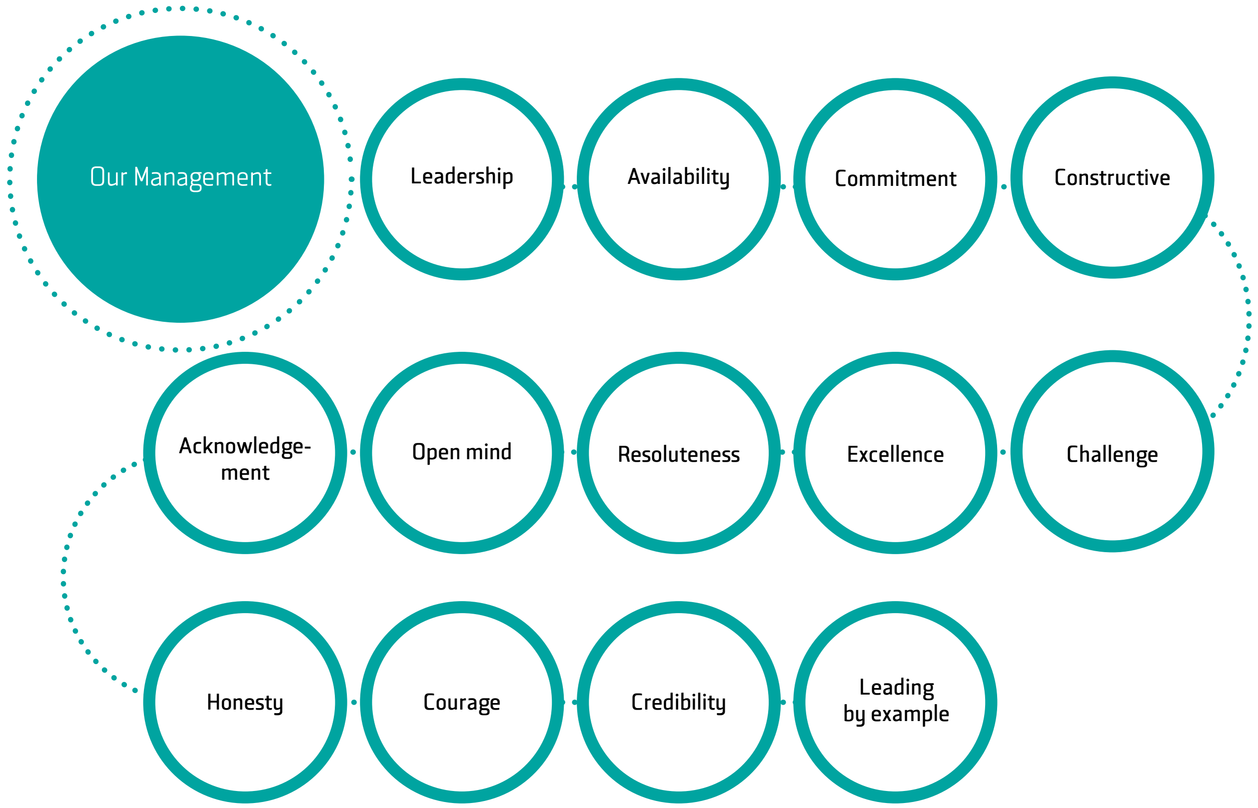
WHAT ARE WE LIKE?

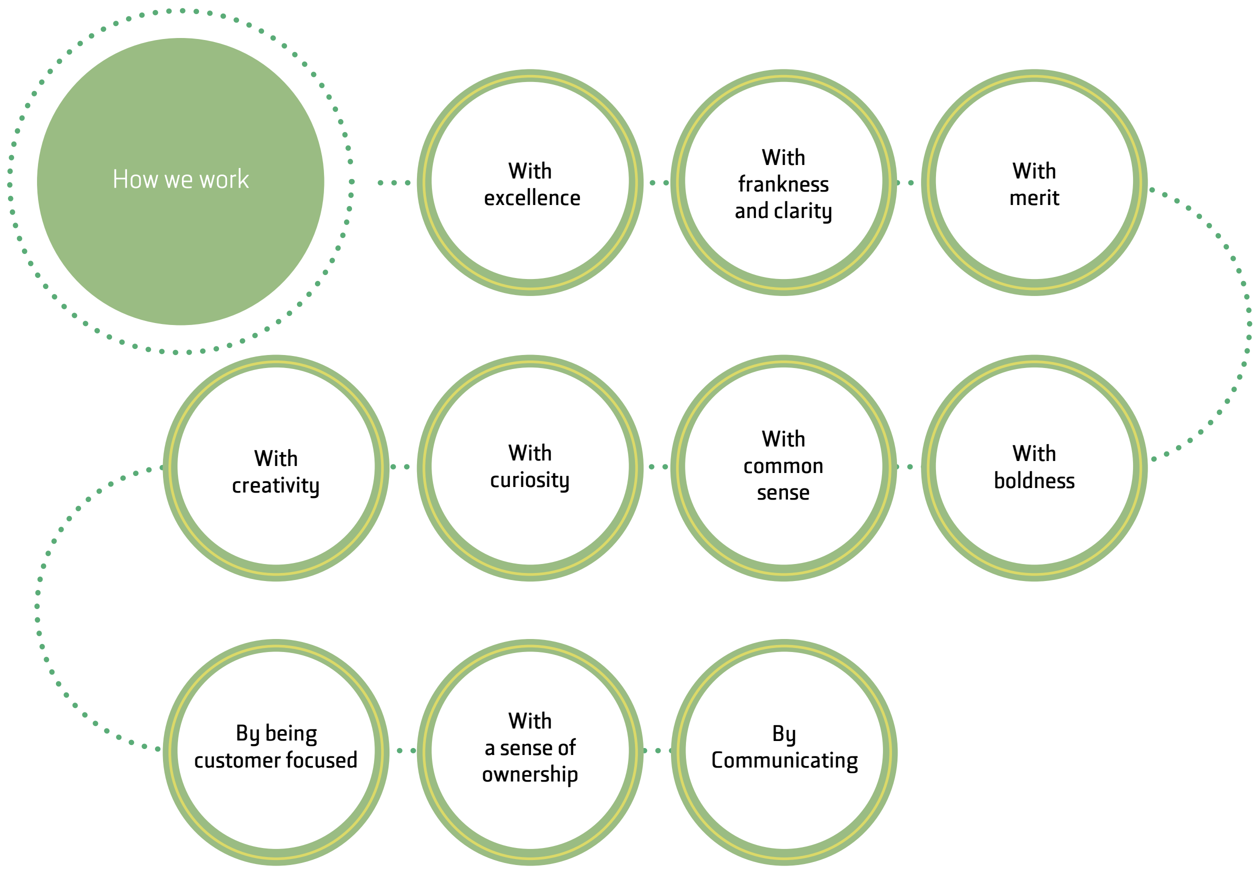
our way

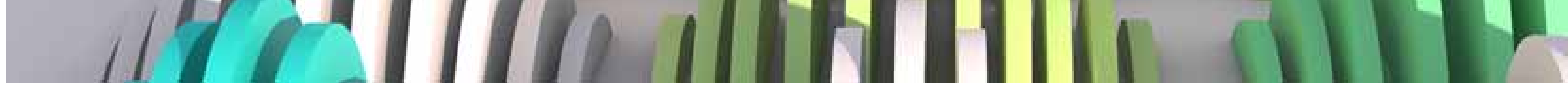
Sonae's culture and values are part of an ethical and behavioural legacy that is deeply rooted in our history. "Our way" puts into writing the principles that we already share and live by within the company. We instil these values in all our colleagues so that they reflect our conduct, work methods and teamwork values, as well as our management's leadership. At times of growth and change, we wish to bring together everything that sets us apart and makes us special to all our people, everywhere.



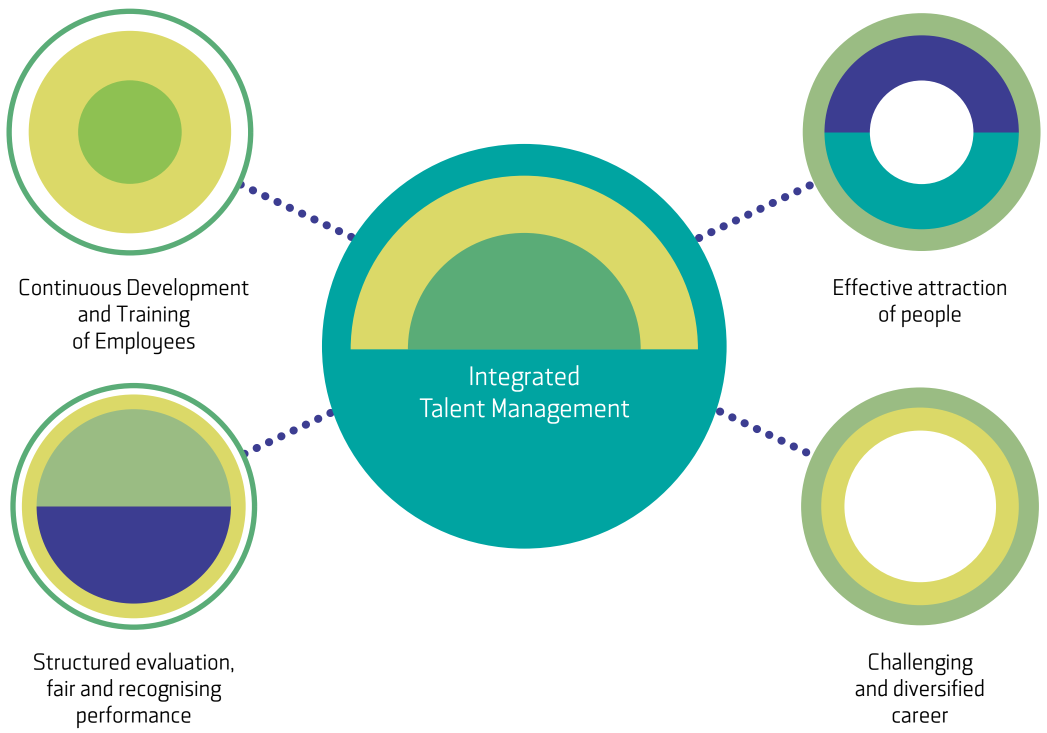








HOW DO WE MANAGE OUR PEOPLE?



Training plays a crucial role in the personal and professional development of our colleagues. Therefore, in 2013 we created the **Sonae Management & Leadership Academy**, an educational solution that is available to all our colleagues in Sonae's different business areas and geographical locations. We thus believe that we are contributing to our colleagues becoming more attuned to Sonae's culture, values, strategy and objectives.

The Sonae Management & Leadership Academy offers highly specialised training by focusing on the development of the different organisational levels, from the more operational to the more strategic levels. Each programme is designed based on our areas of competence and focuses on state-of-the-art management and leadership skills. Our objective is to provide our team with the best preparation for management and leadership and, consequently, for this to be recognised by our stakeholders. At the same time, we intend to boost our ability to produce innovative and entrepreneurial leaders, capable of developing and diversifying our businesses, and keeping them in leading positions in their business sectors.

For our executive members, we have an integrated vision concerning their training and development. We go beyond executive education, aiming to offer programmes supported by alternative methodologies like action learning, on-the-job-experience, coaching or mentoring. We designed customised programmes, which are challenging and innovative, taking into account the current needs of each and every executive member.

We would like to emphasise the sponsorship provided by the Executive Commission members for these training programmes as a source of motivation and a challenge. We also highlight the internal training component as a privileged way to transmit the fundamental management processes practised at Sonae.

The partnerships we have established with the most prestigious national (PBS – Porto Business School, the CBS – Católica Lisbon School of Business & Economics and the New School of Business & Economics) and international universities (INSEAD, London Business School, Harvard, among others) guarantees that the most up-to-date topics are addressed and ensures that our programmes are highly reputed.

Our performance management model - **Improving Our People** - encompasses all of our colleagues, in all the businesses and locations where we are present. Based on the principles of meritocracy, pluralism and participation, our aim is to be rigorous concerning the results and up front concerning recognition given, valuing the diversity of backgrounds and profiles of our colleagues and involving them in their own development. In 2013, we expanded Improving Our People to 100% of our staff, adapting the model and tools for our in-store sales force.

We use a career model, which supports our talent by striking a balance between our business priorities and our people's professional development expectations.

This model reflects two different management approaches. One focuses on human resources planning requirements, while the other one allows our colleagues to shape their own personal and professional development.

INITIATIVES WE PROMOTE

Contacto

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 masters 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).

Rede Contacto (Contacto Network)

Contacto Network, launched in 2010, and restructured in 2012, was developed to enable closer contact with the younger generation, facilitating the brand's communication process and establishing itself as an open innovation channel, through which activities are promoted with the aim of identifying and attracting young talent.

Adopting English as the official language, the platform has become accessible to users from other countries. By the end of 2013 it had more than 27,000 users, and had been accessed from more than 99 countries.

Dia Contacto (Contacto Day)

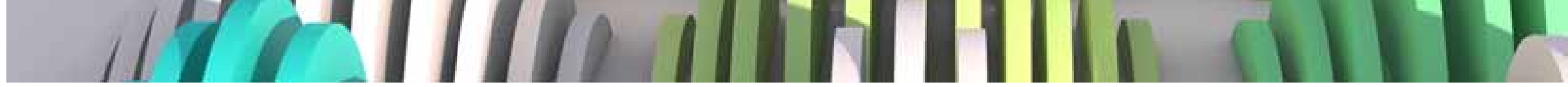
Contacto culminates in Contacto Day - the final phase of selection - which is an annual event aimed at final year students and recent graduates of universities in Portugal, who are selected through the Contacto Network. Around 60 young people have the opportunity to be in contact with the Sonae companies' 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 open doors for the development of personal and professional skills and the possibility of them joining Sonae's staff. In 2013, Sonae Companies awarded 33 internships through this programme.

Encouraging knowledge sharing among our colleagues

We periodically hold a number of diverse forums for the sharing of opinions, knowledge and promotion of good practice among various businesses, encouraging innovation, sharing and adoption of good practices.

To this end, there are 9 forums in Sonae for the sharing of knowledge, with the following objectives:

- **Administrative and Fiscal Forum** - Sharing knowledge and experiences to promote synergy between fiscal and administrative functions;
- **Ecommerce Forum** - Increase awareness and general knowledge about the tendencies in ecommerce and concerning initiatives underway in Sonae; ensure coordination of efforts in the development of platforms and projects related to ecommerce in each company;
- **Engineering and Construction Forum** – Discuss the implementation of best practise with special focus on issues and matters related to engineering and construction;



- **FINOV – Innovation Forum** – Stimulate and support a culture oriented toward innovation, capable of sustaining high levels of value creation;
- **Legal Forum** – Share experience and knowledge between legal teams, promoting a broad discussion on fundamental legal topics and encouraging a shared approach to legal procedures and interpretations;
- **Marketing and Communication Forum** – Promote and encourage the exchange of information, knowledge and experience on Marketing and Communication issues;
- **Negotiation Forum** – Analyse and discuss negotiating strategies, identify joint business opportunities and share experience and knowledge;
- **Management Planning and Control Forum** – Encourage and discuss the implementation of the best methodologies of control throughout the company;
- **Sustainability Forum** – Share knowledge about sustainability and best practice guidelines, increasing awareness on matters in which it is important to seek synergies and cohesion to deal with the various challenges in this field.

In addition to these forums, we have **two commissions** whose purpose is to act as a platform for sharing knowledge and experience, and **four 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.

Innovation and ongoing improvement for creating and sharing knowledge in-house

- ShineOn

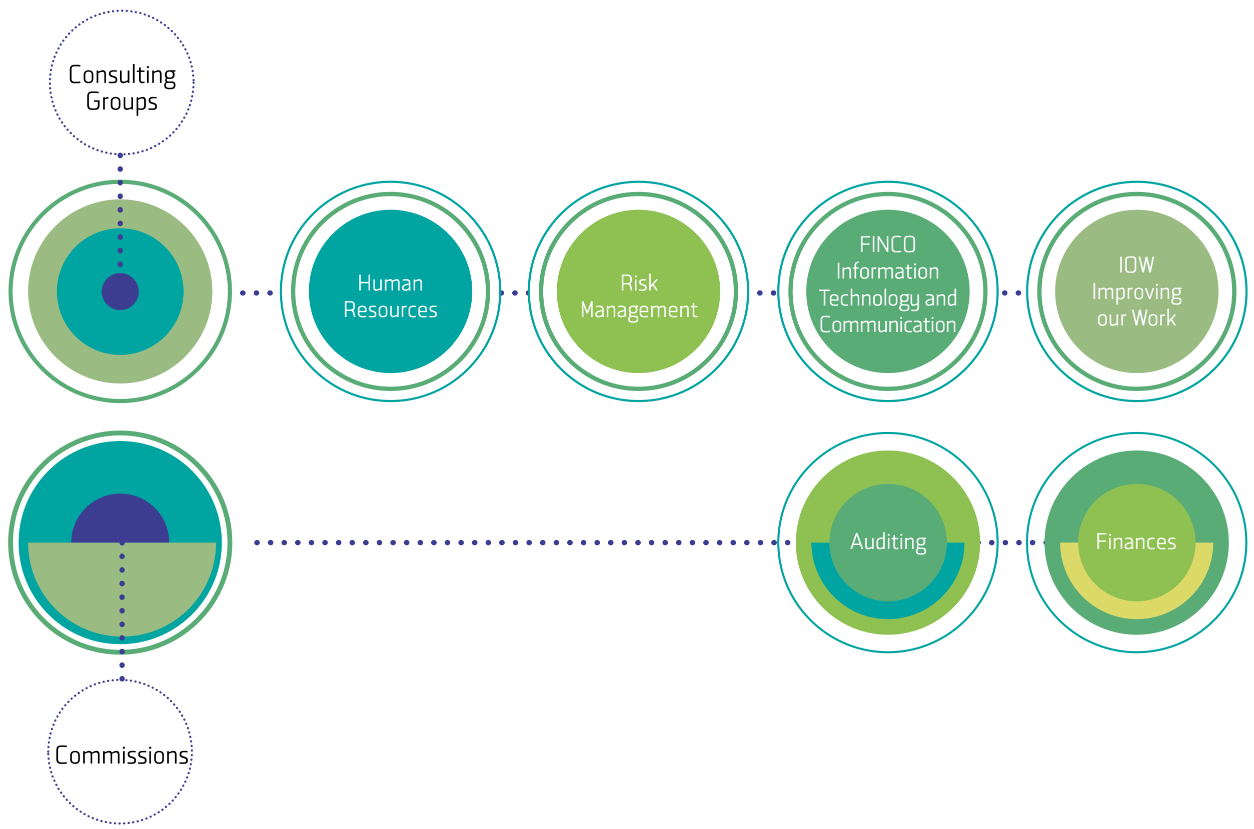
Launched in May, this is a model for collecting ideas in which colleagues respond to specific challenges posed by the retail companies and present them to the respective Executive Committees. Subsequently, the most viable ideas are chosen to be implemented.

- BizShare Events and Experiences

Events for sharing knowledge and experience among colleagues from the company's various businesses.

- Kaizen

Under the Kaizen programme in our stores, internally known as the Improvement Implementation System, we created a team to fight waste with a view to increasing the productivity of operators whilst performing their duties.



SUPPORTING OUR COMMUNITY

In 2013, support to the community reached 10.6 million euros, around 5 million euros of which were food items, with a total of 2.059 institutions supported. Like the previous year, we continue to develop support to the community in six main areas:

- Environmental Awareness;
- Culture;
- Education;
- Health and Sports;
- Science and Innovation;
- Social Solidarity.

CULTURE

Serralves

PROJETO SONAE// SERRALVES

We are sponsor's of Serralves, with the objective of promoting culture and bringing community closer to the art.

Project with the following objectives:

- Stimulate national artistic production;
- Promote national art internationally, as well as the exchange of young national and international artists;
- Support institutions dedicated to art;
- Bring art closer to society through support and disclosure of initiatives.

Casa da Música

We are sponsor's of Casa da Música, which aims at promoting culture and stimulating creativity and innovation, through prominent cultural displays that allow enriching personal development experiences.

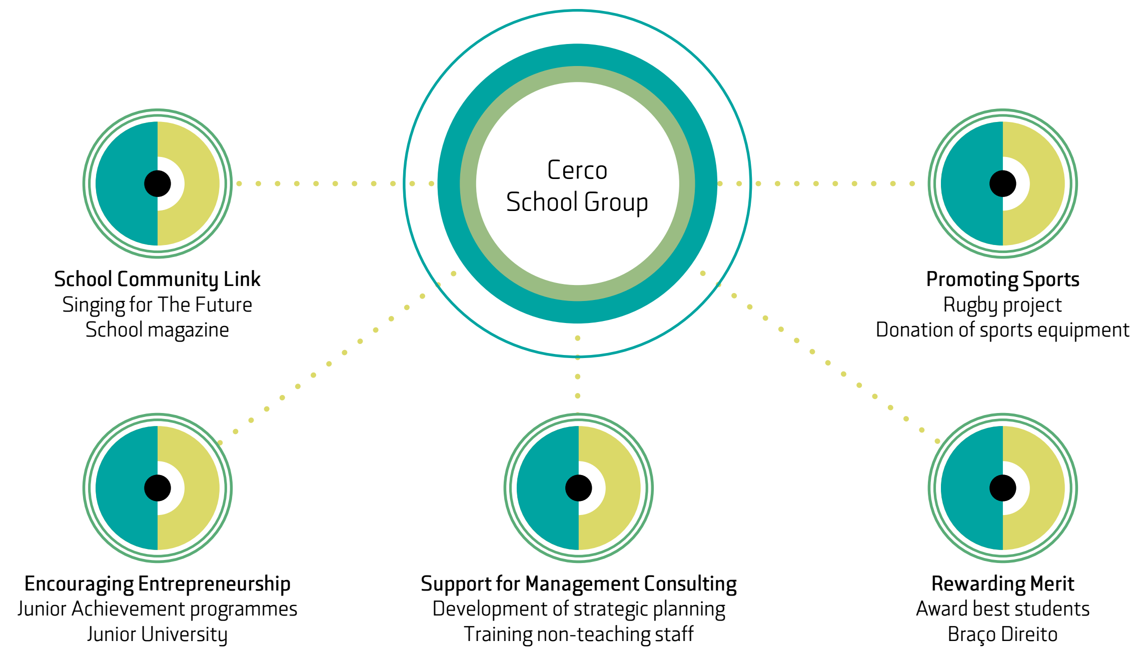
EDUCATION

Investing in education ensures that our investment in the community today has a positive multiplying effect in the medium and long-term, for children and young people, teachers, schools and family units. In 2013, we focused on the following initiatives:

Porto de Futuro / Partnership with the Cerco School Group

This partnership - which provides support to the management and development of schools. The project recognises the fundamental role of education in sustainable development of a more competitive and dynamic society.

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



An in-depth reflection of our strategic policies in 2013, allowed us to redesign the action plan developed jointly, in an effort to contribute more frequently and more effectively to improving results and preventing school drop-outs.

For Sonae, taking part in this project represents an opportunity to contribute to the development of the educational sector, whose importance is vital in creating a more fair, cohesive and competitive society, in compliance with our mission and with making an impact on an increasing number of people.

Junior Achievement

During the academic year 2013/2014, we continued our partnership with Junior Achievement Portugal (JAP), a non-profit association, which provides programmes to schools to foster and develop a love for entrepreneurship in children and young people, stimulating their personal development, providing a clear vision of the business world and facilitating access to the work force.

Actions regarding other areas are detailed in the Retail chapter, under the section Better Purpose.

132 Sonae Volunteers

1,088 Hours of activity

1,912 Students supported

SONAE ACTIVSHARE

The objective of the Sonae Activshare programme is to consolidate and aggregate all of Sonae's Social Responsibility actions, as well as to develop and consolidate the Volunteer activities to involve all of our colleagues

The actions were mainly in 2 areas:

Volunteering our skills

Through these actions, we place our colleagues' skills at the service of the community.

Objectives:

- Improving the quality of life of the communities;
- Providing the institutions with better skills;
- Strengthening the sense of belonging and motivation of our colleagues;

Team-building activities

Actions that encourage team-building among work groups and motivate our people to adopt socially responsible practices through experiences in the field.

Objectives:

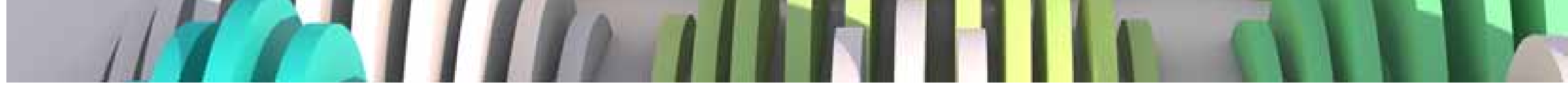
- Create team-building exercises with Sonae teams;
- Motivate colleagues to adopt socially responsible practices through experiences in the field.

112 Institutions supported

194 Actions developed

8,634 Hours of volunteering work

1,800 Colleagues involved



MAIN SUSTAINABILITY INDICATORS[3]

ECONOMIC PERFORMANCE

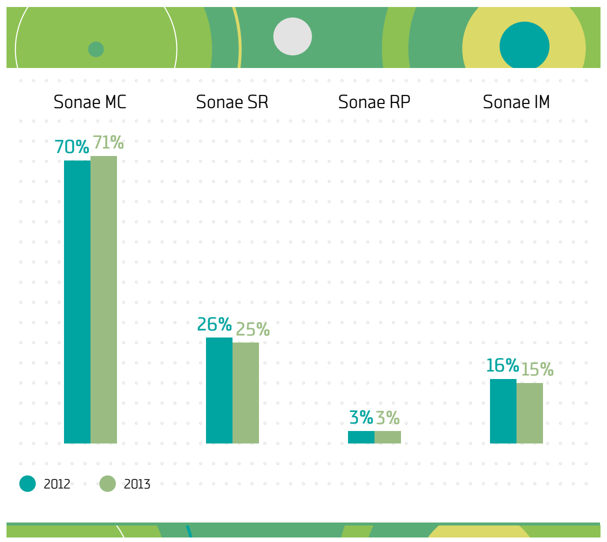
Turnover | € 4,821 million — 3%

EBITDA| € 475 million — 1%

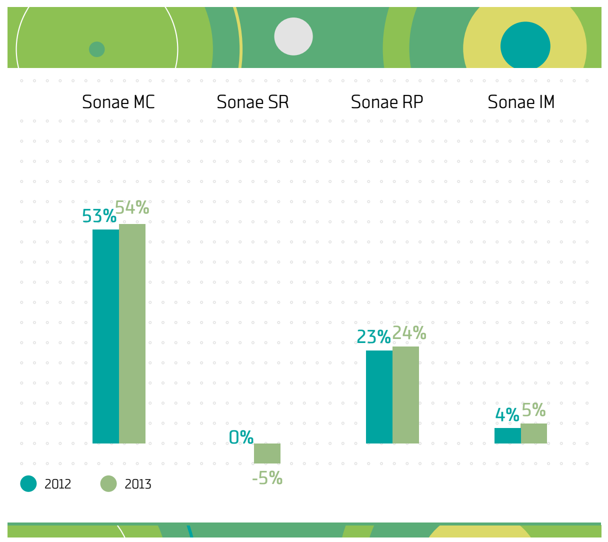
Net debt | € 1,219 million — -32%

Taxes paid to the State | € 23 million — =

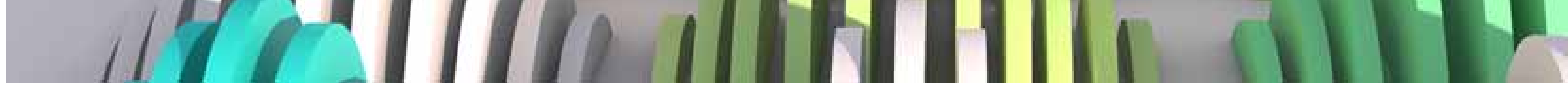
Contribution of business units to turnover



Contribution of business units to EBITDA



[3] The 2012 values were recalculated excluding Optimus since we ceased to report those values after the ZON OPTIMUS fusion. The EBITDA excludes the Optimus values for the same reason.



SOCIAL PERFORMANCE

Investment in the community | € 10,6 million +4%

Absenteeism rate| 5% =

Work accidents | €1,576 11%

ENVIRONMENTAL PERFORMANCE

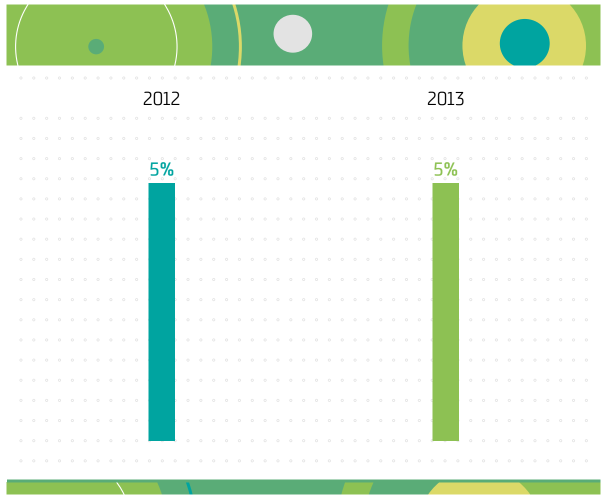
Energy consumption | 3,290,527 Gj -13%

Water consumption | 1,869,087 m^3 -9%

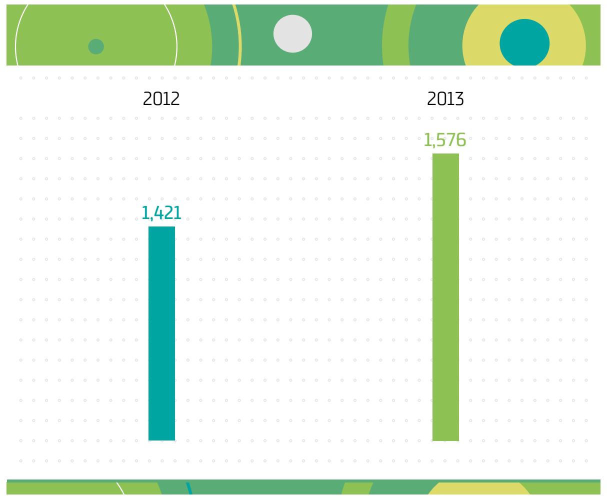
Waste Recovery | 71% -4%

CO_2 Emissions | 241,724 tCO_2e -18%

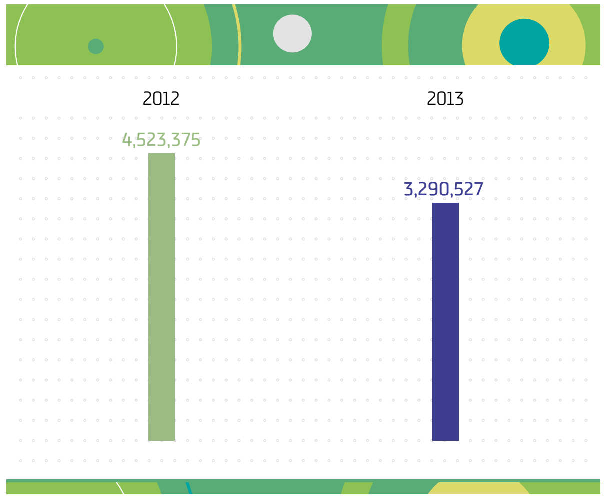
Absenteeism Rate



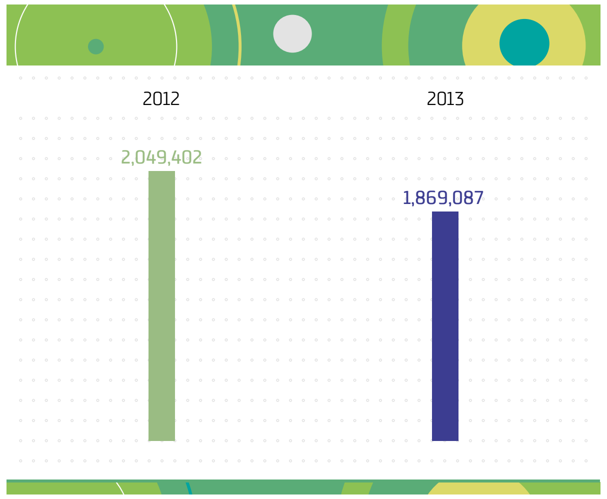
Number of work accidents



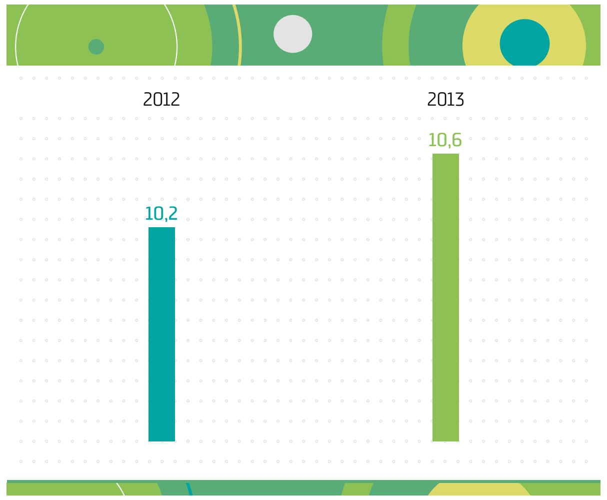
Energy Consumption (GJ)



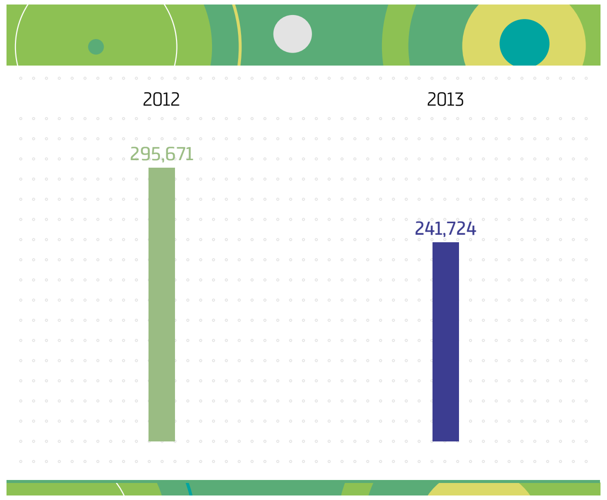
Water Consumption (m^3)



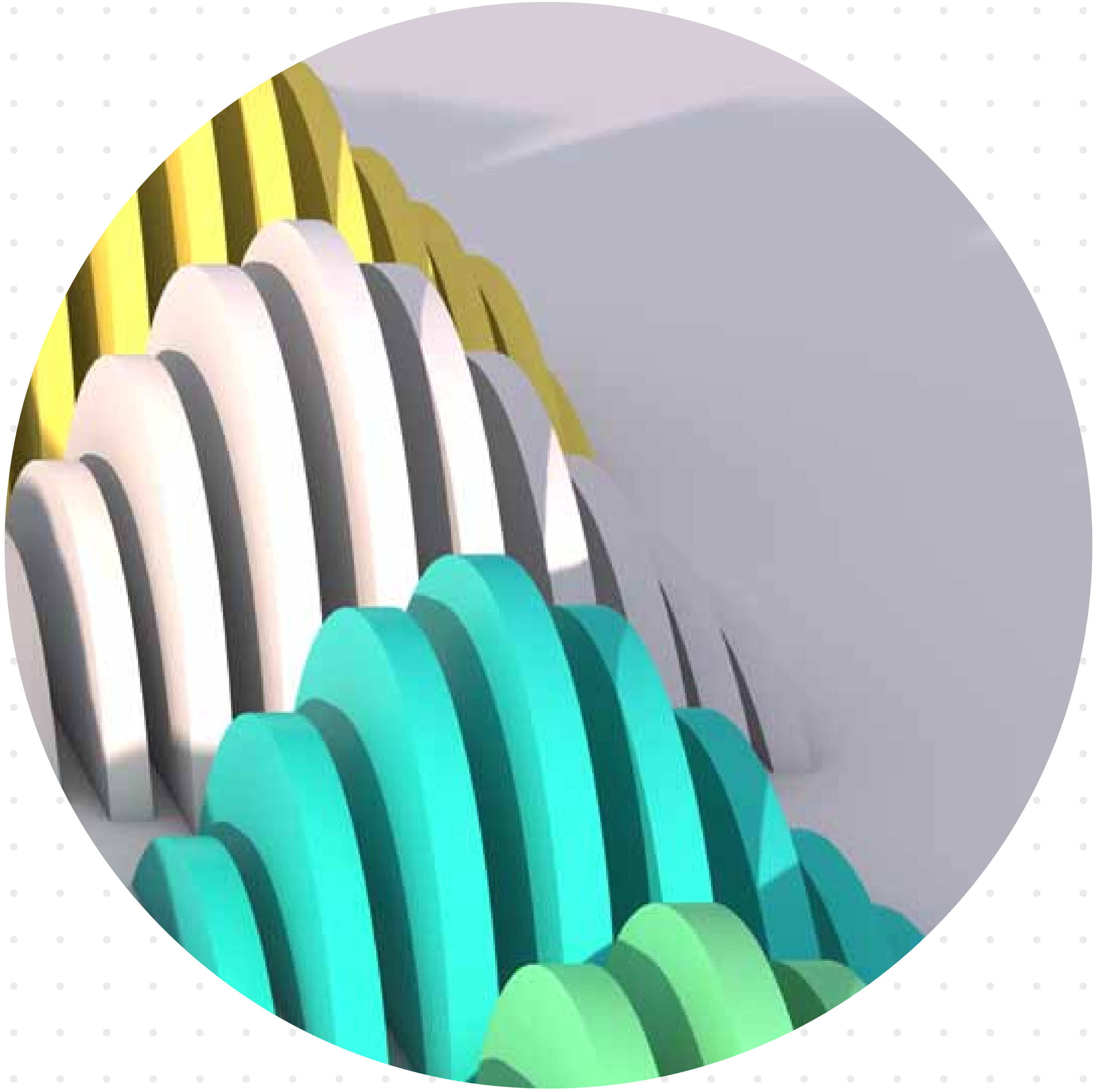
Investment in the Community (M€)



CO_2e Emissions (tCO_2e)



RETAIL



RETAIL

For Sonae MC, 2013 was a year of solidification of its activities and diversification of their businesses and supplied products, accelerating the investment in distinctive practices in the sector. The promotion of healthy and responsible choices for our clients, the launch of innovative products, like Yämmi or the new My Label ranges, are examples of great practices that are changing the way of doing business in the retail sector. In a difficult economic context, we reinforced our partnerships with our national producers like, for example, the Producers Club that contributed with investment and knowledge to the development of a competitive, efficient and innovative agri-food industry. Our brands offer more and more an improved proposed value that is recognized by our consumers through consecutive awards as a Trusted Brand.

Luís Moutinho, Sonae MC CEO

"Ambitioning to continue growing, Sonae SR strengthened its presence in Portugal and maintained a significant investment to continue the internationalization to other territories, currently marking its presence in 22 countries. This expansion process contributes to the progressive reinforcement of Sonae's international revenues outside the Iberian Peninsula and, at the same time, allows it to benefit from contacting markets with different stages of economic growth. In 2013, Zippy and Worten were recognized as Trusted Brands by the Portuguese, showing that we are a solid reference in terms of quality and excellence in the Portuguese market, a status that we aim to establish in other territories as well. We have total confidence in our ability to overcome constraints and continue to make our brands grow. These brands' achievements were only possible thanks to our teams' efforts and hard work."

Miguel Mota Freitas, Sonae SR CEO

FRAMEWORK

Sonae's sustainability strategy is aimed at supporting the retail business to achieve its strategic objectives, whilst managing the main social, environmental and economic aspects and making a real impact on the operations and expectations of stakeholders.

With the redefinition of the Sustainability Strategy in 2012, we identified and communicated our commitments, which are based upon the sustainability programme for the triennium 2013-2015 – **Our Way to a Sustainable Life**.

Based on three areas of activity, **Better Purpose, Better Planet and Better People**, this programme offers concrete and cross-cutting activities for the entire company, with well-defined goals, responsible parties and a clear and transparent implementation period.

In order to adjust its sustainability strategy, we have developed periodic consulting procedures in place for stakeholders . The sustainability roadmap for the three-year period 2013-2015 has benefited from this consultation procedure, allowing the:

(i) Identification and systematisation of the most relevant sustainability areas,

(ii) Understanding the state-of-the-art, from the viewpoint of the stakeholders,

(iii) Understanding the expectations of the stakeholders,

(iv) Defining the main opportunities for improvement and the roadmap we should follow to position ourselves according to the stakeholders' expectations, and

(v) Prioritising opportunities for improvement to be addressed according to the relevance attributed to each of the sustainability areas by each of the stakeholders. In 2013, the first year the programme was implemented, the results achieved continue to be relevant in determining the path retail businesses investing in sustainability should follow.

Better Purpose

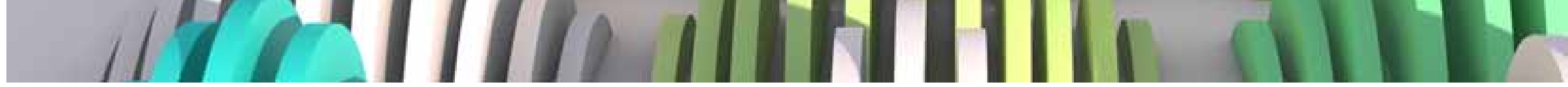
Strategic axis	Commitments
Responsible offer and informed choice **Responsibility in own-brand products** **Contribution to sustainable fishing** **Increase sharing and promote social well-being**	Promote the adoption of healthy lifestyles and keep Sonae's customers informed, providing them with the knowledge they need to make responsible, nutritionally balanced choices Endeavour to promote social well-being in the communities where Sonae is present, so contributing towards citizenship and social cohesion

Better Planet

Strategic axis	Commitments
Efficient management of environmental impact **Sonae's footprint** **Environmental impact of packaging**	Focus on permanent 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

Better People

Strategic axis	Commitments
Development of human capital **Wellbeing and internal satisfaction** **Responsibility in the supply chain**	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



BETTER PURPOSE

RESPONSIBLE OFFER AND INFORMED CHOICE

At Sonae, we feel that it is our responsibility to offer products of the highest quality and to enable consumers to make an informed choice. Consequently, we have invested, on the one hand, in providing a wide range of products and services that meet the needs and expectations of customers and, on the other, in communication and awareness in the areas of health, nutrition, quality and safety of the products consumed.

In addition, we ensure that all of the products provided are subject to a rigorous quality control and safety process before being made available to consumers.

Nutritional Policy Objectives

- Compliance with legal and internal requirements in the development of our own brand products.
- Continually improve the nutritional profile of food products.
- Provide the necessary information on the label of Continente's own brand products, to allow informed purchasing.
- Work in partnership with various national stakeholders in implementing programmes, actions and educational activities.
- Develop campaigns to promote healthy and informed consumption habits.
- Through our team of internal nutritionists, provide complimentary clarification and nutritional advice in Continente stores.
- Carry out awareness-raising actions for children and school-age youth as well as other segments of the population such as adults, the elderly and at-risk groups.

Health and Nutrition

Conscious of our important role regarding consumers, we formalised our health and nutrition policy for Continente's own brand products. This policy is the result of a set of consolidated practices that allow us to keep consumers informed, making it easier to choose food products that are of a good quality, healthy and safe.

The development of this policy takes into account the recommendations of the World Health Organisation and various national and international stakeholders, for example, the Platform against Obesity from the Portuguese Directorate-General for Health. The policy is based on the continuing improvement of the nutritional quality of its products, as well as strategies for promoting healthy life styles and preventing non-communicable chronic illnesses such as obesity, diabetes, cardiovascular disease and some types of cancer.

Optimisation of the nutritional profile

The optimisation of the nutritional profile of Continente's own brand products continues to be an investment for the company, in order to promote a responsible offering.

The main objectives of this best practice is to reduce the salt, total fat, saturated fat and sugar contents; eliminate hydrogenated fats and enrich various products with micronutrients (vitamins and minerals). In 2013, we focused on changing cereal recipes and involved the respective suppliers with the objective of ensuring a coherent change among all suppliers of this product. The main results were:

- Reduction of 1.7 tonnes of saturated fats in 2 breakfast cereals;
- Elimination of hydrogenated fat from breakfast cereal;
- Reduction of allergens from one type of breakfast cereal.

Traffic Light Nutrition Labelling

New food products are developed and launched into the market every day, making it more difficult for the consumer to make an informed and health-conscious choice. In order to circumvent this issue and keep the consumer well-informed, we have introduced the Traffic Light Nutrition Labelling, an innovative nutritional information system for Continente's own brand products.

The Traffic Light Nutrition Labelling associates a three-colour code, similar to a traffic light, with the recommended daily intake (RDI) percentage of four specific nutrients: fat, saturated fat, sugar and salt, per amount of food.

In order to give the consumer a more informed choice with regard to the nutritional content of the other products available in the store, we have provided the Conversion Card with reference values for the nutrients considered in the Traffic Light Nutritional Labelling System.

Nutritional Traffic Light

Food (per 100g)

	Low	Medium	High
Fat	≤ 3g	3g - 20g	>20g
Saturated Fat	≤ 1,5g	1,5g - 5g	>5g
Sugar	≤ 5g	5g - 12,5g	>12,5g
Salt	≤ 10,3g	0,3g - 1,5g	>1,5g

Hyper Healthy Movement

Raising awareness and mobilising Portuguese society to change attitudes and behaviours in favour of better eating habits and a healthier lifestyle are the objectives of the Continente Hyper Healthy Movement.

In its third year of implementation, the Hyper Healthy Movement aims to reach children, young adults and the elderly through three complementary types of initiatives:

a) Nutrition Advice

b) Awareness Activities

c) Seminars, Events and Partnerships

a) Nutrition Advice

Nutrition advice stands have been present in Continente stores since 2009 and aim to aid the consumer when it is time to decide.

In 2013, with the nutrition advice initiative we were able to carry out 3,384 screenings, 1,865 nutritional counselling sessions, 681 follow-up appointments and 900 shopping aids with the support of our Personal Nutritional Shoppers.

Over 32,000 customers have received advice since 2009

b) Awareness Activities

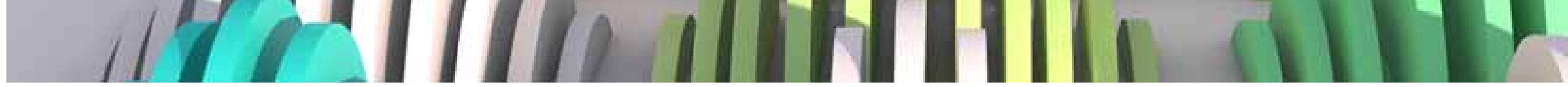
In 2013, 4 awareness activities were developed with distinct themes: "Use the 5 Criteria Test to be Healthy!", "Start the Day with Energy", "Proof of the Sea – Choose Fish, Choose Health!" and "Nutritional Personal Shopper – Buy Healthy").

In order to make customers aware of healthier eating habits, these initiatives included 4 distinct areas:

- Consumption of fruit and vegetables;
- The importance of breakfast;
- Fish consumption;
- Informed and health-conscious choices when it is time to buy food products.

Since 2010 we carried out over 700 awareness activities with over 16,700 participants

In 2013, we carried out **308 awareness activities with 6,520 participants**, of whom 5,038 were children and school-age youth.



Objectives of the awareness activities

"Use the 5 Criteria Test to be Healthy", for pre-school and elementary children

Raises awareness of the importance of the daily consumption of fruit and vegetables of different colours;

Encourages the daily consumption of fruit and vegetables;

Broadens knowledge of the various types of fish that can be eaten, through direct contact.

"Start the Day with Energy", for pre-school and elementary school children

Reinforces the importance of eating breakfast every day;

Provides information on the healthiest choices they can make for breakfast.

"Proof of the Sea – Choose Fish, Choose Health", for elementary and secondary school children

Stresses the importance of eating fish regularly;

Broadens knowledge of the various types of fish that can be eaten;

Explains some concepts on canned food and aquaculture;

Promotes the protection of the ecosystems of the marine and coastal environments of the Portuguese sea;

Awakens children's curiosity, through direct contact with fish, so they can also take the message home to their parents.

"Nutritional Personal Shopper – Buy Healthy", for pre-school to secondary school children

Provides knowledge on the healthiest food choices in order to make health-conscious purchases;

Raises awareness of the importance of a healthy diet based on the Food Wheel Deciphers nutritional labelling;

Present the nutrition traffic light as a useful tool for making healthier food choices.

Our people were involved in the Hyper Healthy Movement, as a means of acquiring new knowledge in the area of food and nutrition. This allowed, on the one hand, greater awareness of the importance of a healthy diet based on the Food Wheel. On the other hand, it ensured awareness of the promotional campaigns such as the Traffic Light Nutritional Labelling System and how it should be interpreted.

c) Seminars, Events and Partnerships

Involvement with society is fundamental to ensure real change in consumer habits. In 2013, we continued to develop partnerships with various organisations that share the same objectives as the Hyper Healthy Movement and our healthy and nutrition policy.

Partnership wtih *Notícias* Magazine

6 different articles between May and June to develop informative content on healthy eating for *Notícias* Magazine

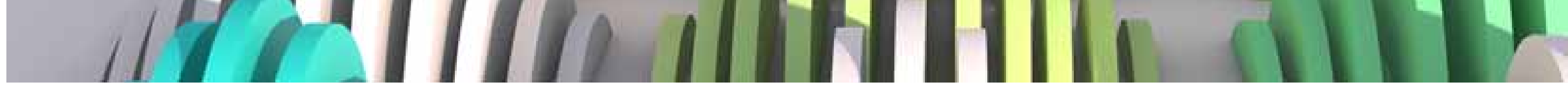
To this end, we took part in some seminars directed at students of Nutrition and Diet, to promote the Hyper Healthy Movement and raise awareness of the Traffic Light Nutritional Labelling System as a tool to facilitate healthier food choices. The seminars were held at the following educational institutions: Universidade Católica Portuguesa, School of Nutritional Science of the Universidade do Porto, Egas Moniz Institute of Health Sciences and Leiria Polytechnic Institute.

In addition, we took part in a number of relevant events that were organised in partnership with other organisations, namely:

- Greenfest, at the Estoril Conference Centre, for the second consecutive year;
- Conference of the Portuguese Association of Nutritionists at the Lisbon Conference Centre;
- Commemorations of World Hypertension Day that took place in Santa Maria da Feira, in partnership with the Portuguese Hypertension Association;
- Week commemorating World Children's Day at Gulbenkian, with Nutriventures, which included various activities concerning nutrition;
- Healthy walk on Sunday mornings promoted by Continente in partnership with Solinca, in which the Hyper Healthy Movement took part in screenings and nutritional counselling;
- Nutrition Fortnight for the fifth consecutive year. In 2013, they partnered with Nutriventures and reached over 430 pre-school and elementary students.

Responsible offer and informed choice – Commitments for 2013-2015	Performance 2013
Investing in partnerships with universities and other learning institutions and promoting internships related to food quality By the end of 2013 we had 7 internship placements and 6 partnerships with universities in the area of food quality.	Fulfilled
Continue to promote a healthy life style, providing more and better information and working within the community See section "Responsible offer and informed choice", namely the Hyper Healthy Movement.	Fulfilled
Ensure the continuation of the certification necessary for a system of suggestions and complaints according to ISO 10002 Certification extended for another three years.	Fulfilled
Promote feedback on products Implementation of Continente +, an application to be used in cell phones which allows employees to identify and evaluate Continente products through the reading of the product's bar code or through its description.	Fulfilled
Investing in sensory analysis in order to promote, monitor and ensure greater product quality Objective achieved with over 25,000 sensory analyses conducted.	Fulfilled
Provide information on the product to ensure correct use by the end consumer Over 2,400 products labelled with information on the environment and safety, in addition to the information required by law.	Fulfilled

Fulfilled · Partially fullfilled · Unfullfilled



RESPONSIBILITY IN OWN BRAND PRODUCTS

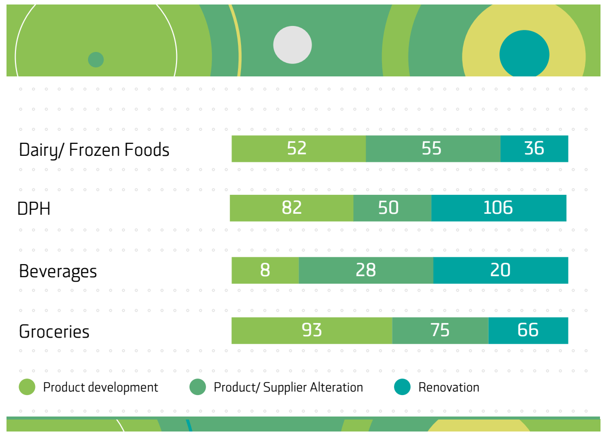
Food Retail

Demonstrating, on the one hand, a concern with reaching ever more diversified populations and, on the other hand, promoting a balanced diet as one of the main principles for a healthy life style, we have a wide variety of products under the brands Continente Equilíbrio, Continente Biológico, Área Viva Continente and Continente Eco.

In 2013, our portfolio of products consisted of 213 Continente Equilíbrio products, 75 Continente Biológico products, 99 Área Viva Continente products and 209 Continente Eco products.

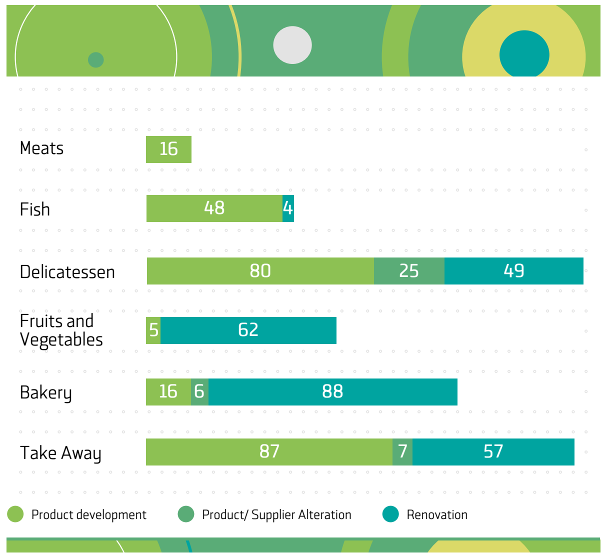
Non-Perishable Food Products

(No. of completed processes)



Perishable Food Products

(No. of completed processes)



Development highlights 2013

- Launch of **Café Origens** - Coffee capsules from specific sources are an innovation in the Portuguese market - sources include Angola, Colombia, Goa, Timor and Organic coffee capsules. Each type of coffee has a different strength and composition to suit every customer's taste. The raw materials, packaging and packaging production are processed and managed entirely in Portugal.

- Launch of **Continente Yoghurts made with 100% Portuguese Fruit** - This product promotes Portugal and supports the national economy - apples from Alcobaça, Rocha pears and pineapples from the Azores.

- Relaunch of **Fruit Purees** for Babies Prepared with 100% Fruit, made in Portugal.

- **Área Viva Continente**, extension of the gluten free range. Área Viva is a concept dedicated both to healthy eating and other food requirements in Continente, Continente Modelo and Continente Bom Dia stores. In recent years, we have expanded our supply of gluten-free items through Área Viva as part of our commitment to diversifying the product range available for those with Coeliac disease.

- **Development of other ranges and products** for specific needs:
  - Gelatine with a 0% sugar content;
  - Launch of the Continente Vegetarian Range - Frozen Meals to meet the needs of the most demanding customers for whom food is part of a healthy lifestyle;
  - Launch of the Área Viva Continente Chocolate range with STEVIA;
  - Microwavable steamed mixed vegetables;
  - New Área Viva Continente seeds: chia, fine oat flakes and oat bran.

  - **Launch of new MYLABEL product ranges** - The MYLABEL brand has grown significantly and this year Sonae has invested in the launch of new ranges to provide products targeted at specific areas.

  - Launch of the **Continente Cotton Care range**, a range of 100 % Organic Cotton hypo-allergenic sanitary towels and tampons.

- **Contemporal Brand: Brand extension**
In 2013, Contemporal wines received 22 awards, mostly in prestigious international competitions. To raise the profile of the brand we launched the Contemporal Selection range and the Port Wine Range with an elegant premium image.

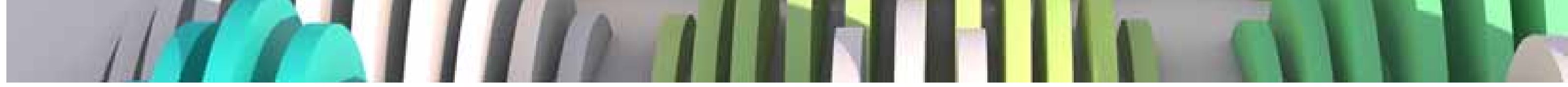
- **Launch of the Fácil & Bom range**
The Fácil & Bom range was created to serve a new range of ready-to-eat and ready-to-cook items and includes products in the Take-Away, Meat, Fish, Delicatessen and Fruit and Vegetable areas. This product range was designed, developed and tested by Continente and is based on a multi-phase development process: conception of the idea, development of a product technical data sheet, identification and selection of suppliers and taste and validity testing.

Fácil & Bom is characterised as a highly practical product range, which allows customers to prepare meals easily and quickly.

2013 was a highly dynamic year of great change in the Fácil & Bom range with emphasis on the following activities:

1) Launch of new products, such as Francesinha (ready meals) and new ready-to-cook solutions which enable the end customer to give the meal a personal touch.
2) Renewal of image.
3) Participation in several events: Tomar Soups Congress, Mega Picnic and Flavours Market.
4) The first Fácil & Bom Fair, which took place at 44 stores where our customers were offered the opportunity to taste our range of Fácil & Bom products over the course of 15 days.
5) Overhaul of in-store space.
6) Involvement of new partners, such as the School of Hospitality and Tourism in Lisbon, in gathering new ideas for the range and in the introduction of meals developed by final-year students.

The Continente brand was undoubtedly one of our strong areas of focus this year, in particular through our emphasis on national and regional products. For example, in fresh produce, we promoted the national and regional origin of the products to highlight their quality.



Non-food Retail

The non-food retail area offers a whole universe of products and services to which customers are invited to give new life to their homes through well-being and comfort, easily, quickly and at low cost.

Highlights of the 2013 developments

Rebranding of the Kasa Modelo brand for Kasa – 2013 saw the completion of the rebranding of the Kasa Modelo brand for Kasa, through an innovative overhaul of home lines as product displays. This innovation enabled:

- The creation of inspiring, low cost, mini home environments, closely aligned with the hypermarket context where the mini-displays are positioned at eye level and within reach of the customers.
- Launch of our own brand exclusive design products, with new lines in the Festa, crockery, linen and towel ranges, accompanied by the "Querido, Mudei a Casa" programme.
- Inclusion of the Kasa Catalogue in Continente Online, to complement shop sales.
- Making products available through the virtual stock concept, with home delivery or preparation for collection at the customer's preferred store.

Yämmi: The Kitchen Robot for Smart Food Lovers

yämmi Cozinhar agora é

Continente, always mindful of Portuguese families, their aspirations and new ways of making life's pleasures simpler, set itself the challenge of creating a multifunctional cooking machine that is affordable for most families. Thus, the idea behind the Yämmi was born, a product developed from scratch by Continente, with international recognition and certifications.

With the introduction of the Yämmi, we became the second distribution brand worldwide, and the first in Portugal and Europe, to launch a multifunctional cooking machine.

Popota Merchandising – Continuing our innovative approach, Popota is no longer a Sonae symbol linked exclusively to children at a specific time of the year (Christmas) but has been transformed into a marketable, licensed product, to be sold exclusively in Continente stores. Popota merchandising is now available in several areas: textiles, toys, culture, home and entertainment.

Note.it in CTTs – Sale of our own Note.it brand through other operators - and for the first time in Portuguese Post Offices (CTTs).

Efficient Point of Sale – Introduction of a efficient point of sale to reduce waiting times and the amount of staff activity, as well as to ensure that staff contact with the customer is always face-to-face.

Literature Competition – An initiative offering amateur Portuguese writers the chance to launch a book, edited by book.it and distributed nationally (in all Sonae stores – Continente, Worten, book.it)

Tracer – Delivery times of glasses with stock gradations have improved with the installation of a device that allows the eyepiece of the frames to be read so that the lenses can come already ground by the supplier in accordance with the requested parameters.

Dental service – Dental treatment in Well's stores. In 2013, Well's opened 3 Malo Clinic dental surgeries, thus leading the way in providing this service in chemists and supermarkets.

Well's discount booklets – the first health and wellness retail brand to create targeted discount booklets for mass distribution to its main target customer audiences.

Rebranding of non-food products including Note.it, Zoko, Continente, Continente Seleção, Wild Nature, É Continente and Pack.it.

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.

Product Quality and 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 certification of the development of our own brand products, on product feedback received and on continuous quality monitoring.

Certification of the development of our own brand products

In July 2013, we continued the expansion of the certification of the development process for our Own Brand products. Following Food certification in 2012, in 2013 certification covered Worten, which then achieved the ISO 9001 certification, the internationally recognized benchmark for quality management.

Quality and safety monitoring of our Own Brand products

We have a dedicated team of skilled professionals to monitor the quality and safety of our Own Brand products through audits and physico-chemical, microbiological, sensory and performance analyses conducted by internal and external laboratories. This supervision is adapted to each type of product, so long as the laboratory tests, production controls and annual plans for collection, and control of products being marketed have been defined.

For non-food retail child safety is an ongoing priority and commitment. Product approval involves the submission of tests demonstrating compliance with standards, with European legislation and with the specifications for each product type.

Product labelling is another essential aspect. In addition to the required information, in 2013 we analysed more than 2,400 products to include labelling information to enable customers to use them properly.

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.

In-store food safety

In 2013, the food safety management system implemented in stores was reviewed. This review involved training for managers of fresh foods and store food safety officers, while for the new stores in Madeira, colleagues of the various sections were also included. As part of the review, these colleagues were granted approximately 260 hours of training, delivered by 7 expert food safety trainers.

Continente+

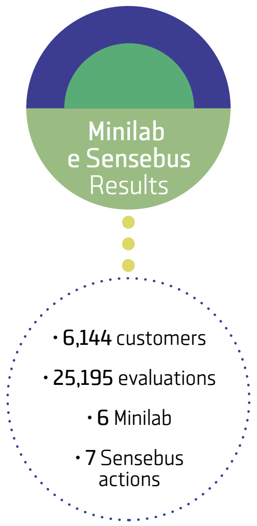
In 2013, we implemented Continente+, a mobile phone app (for iphone and android) used to provide feedback about Continente brand products through the involvement of our colleagues.

The app is used to evaluate Continente brand products identified with a barcode reader or product description and to extract evaluation reports for Quality Assurance and Monitoring of Continent Brand Products.

Sensory analysis (Minilabs and sensebus)

Minilab and Sensebus are mobile sensory analysis laboratories used to gauge consumer opinion of Continente brand products.

These laboratories comply with all the food hygiene and safety rules required for sensory testing. The Minilab is used in Continente stores while Sensebus is used in Continente Modelo stores.



Quality and Safety - Electronics

The products offered by Worten are subject to rigorous quality and safety tests to ensure the elimination of health risks, lower electricity consumption, easier recycling at the end of the life cycle and, last but not least, the safety of the end user.

Quality and Safety - Textiles

In this area, the strict safety requirements for approval of children's play articles are of particular importance. The production process is monitored by in-house technicians and the different production stages are validated from proto sample, through pre-production sample to golden sample. In addition to technical support from international agencies, there are inspections at the source factories and monitoring processes in place upon receipt of the product. When products are received in the warehouse a random product collection is followed for toxicity tests to evaluate the possible presence of hazardous chemicals.

2013, was a year marked by the start of operations in the United States which entailed the need to study and evaluate the requirements of this market in terms of product requirements, as they are different from the European Union. Products therefore needed to be prepared, changed and adapted, at the level of markings, labelling and evaluation of new performance, toxicity and fire behaviour parameters under US law and standards.

Safety monitoring good practice

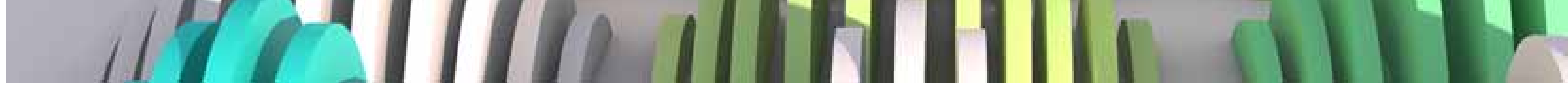
- **Reliability**: All products are initially analysed to test their components and to ensure the reliability of the products in order to increase their useful life.
- **Dispatch inspections**: All of our own brand products are inspected upon departure so that the functional, aesthetic and safety compliance of each batch is guaranteed.
- **Quality control in warehouses**: All products in stock are monitored, in accordance with a pre-set ranking of articles/suppliers.

Customer Feedback

Listening to our customers and understanding them has always been a priority at Sonae, so that we can improve and guarantee their total satisfaction at all times. The suggestions and complaints system is managed to process and give visibility to issues involving the organisation in continuous improvement plans, in order to strengthen our relationship with customers through monitoring and the resolution of complaints.

Accordingly, in 2010, we began certification of the Suggestions and Complaints Management System under ISO 10002:2007. We are currently the only company in the sector with this certification system.

Every year the system undergoes about 20 internal and external audits, to monitor the teams, stores and central structures in compliance with the requirements of the system and to promote continuous improvement. The system enables customer satisfaction to be improved, corrective actions to be taken, customers to be heard within the company and the quality of our services to be measured.



"Worten Resolve" - Customer Support Project

This service allows to support all the after-sales customer service in store, and for that:

- Addressing easily-resolved (technical) complaints made by customers, by solving problems on the spot.
- Easy repair troubleshooting for customers, so the item can be delivered immediately to the customer.
- Provision of 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.

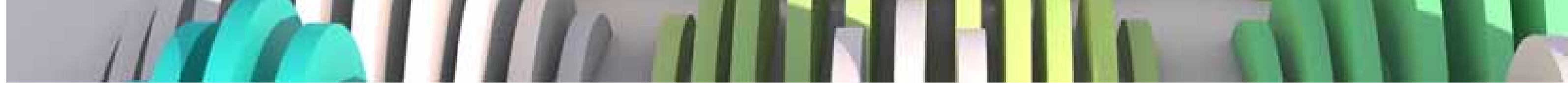
Sonae Ombudsman

The duty of the Sonae Ombudsman is to follow up customer complaints or suggestions. The Ombudsman is available to all of our colleagues, customers, suppliers and the general public to provide a response to any contact made regarding all of Sonae's business areas (Sonae MC, Sonae SR, Sonae RP, Investment Management, Sonae Sierra and Sonaecom). The ombudsman is also responsible for all follow-up answers.

The Ombudsman reports directly to the Chairman of Sonae's Board of Directors.
provedoria@sonae.pt

Responsibility in own brand products — Commitments for 2013-2015	Performance 2013
To provide a balanced offer of the different types of own brand products. New, innovative and differentiated product developments, have been introduced (ex: Café Origens (coffee), Fácil&Bom range and Popota's merchandising).	Fulfilled
Maintain the NP EN ISO 9001:2008 certification covering the process for developing Continente own brand products. Maintenance of guaranteed certification.	Fulfilled
Certify the Worten own brand products development process. Certification awarded in 2013.	Fulfilled
Establish a formal health and nutrition policy for own brand products. Formalised policy.	Fulfilled

Fullfilled · Partially fullfilled · Unfullfilled

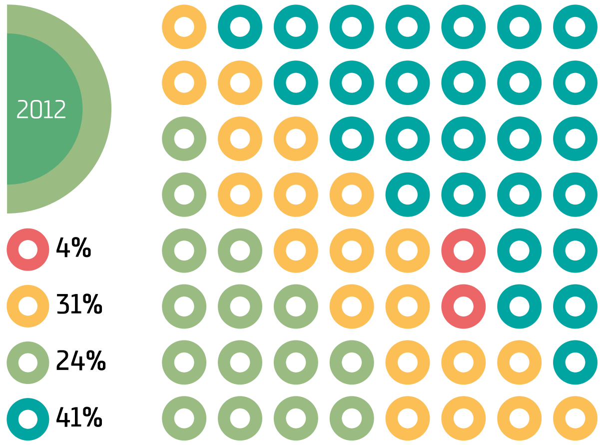


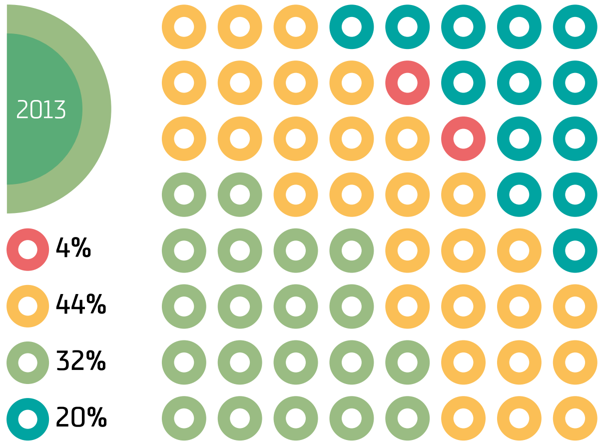
SUSTAINABILITY OF FISHERIES

We have defined a Fishing Sustainability Policy for the sustainability of ecosystems, species and fish stocks, to ensure that we comply with all national and EU legislation applicable to the fisheries sector. The Fishing Sustainability 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 Auction); (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





Fishing methods used are harmful to other species/habitats

There are some problems regarding the fishing methods used

Fishing methods pose little risk to the species

Aquaculture

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, annually this information and the vessel names, certificates, names of captains and port of landing must be updated.

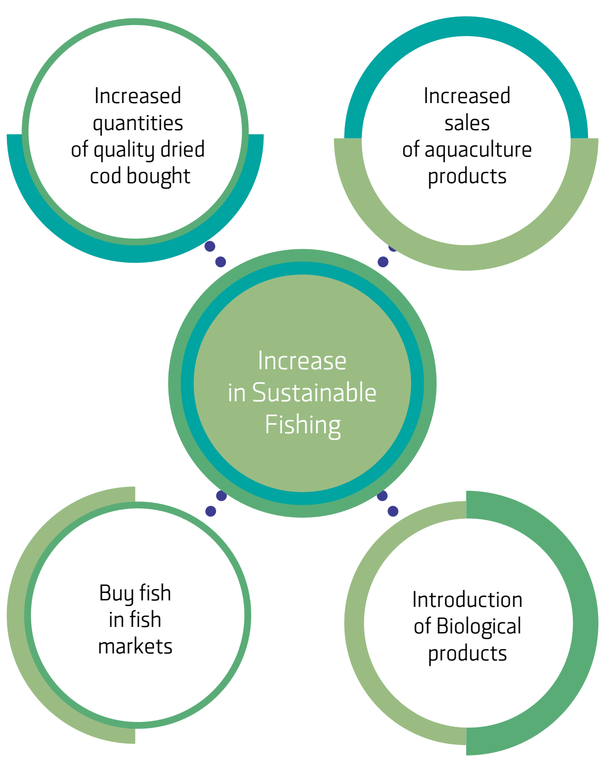
A further means of monitoring suppliers is through quality audits.

Contribution towards sustainable fishing

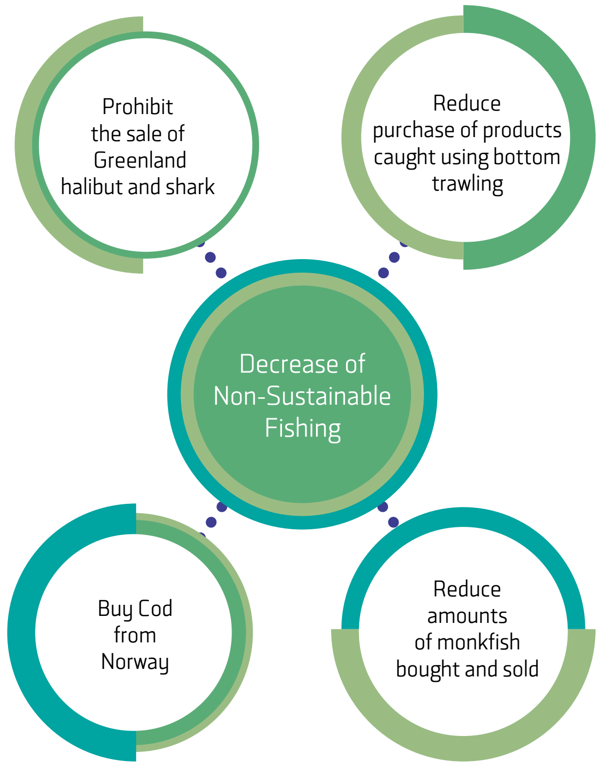
In order to contribute to the sustainability of fisheries, we have implemented the following measures:

- Priority for fish purchases at Docapescas auctions;
- Promotion of an increase in purchases of Bacalhau Seleção[4] (Cod);
- Promotion of increased sales of farmed fisheries products;
- Introduction of organic products;
- Priority for cod purchases from Norway (sustainable stock);
- Prohibition of the sale of Shark and Greenland Halibut;
- Promotion of reductions in purchases from trawling with particular emphasis on bottom trawling;
- Reduction in purchase and sale of monk fish.

Measures implemented to Enhance Sustainable Fishing

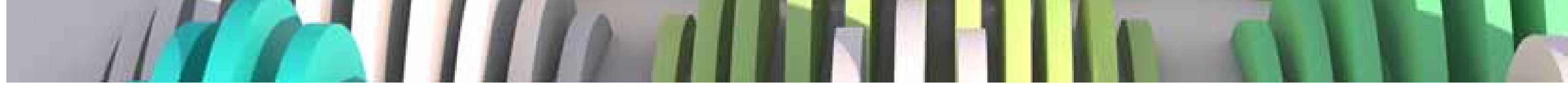


Measures Implemented to Reduce Non-Sustainable Fishing



In addition to these measures, we are aiming to raise consumer awareness about fish sustainability issues so that they can help to contribute to the protection of marine biodiversity, among other things by not buying endangered species. One of the ways of achieving this objective was by giving greater visibility to products from more sustainable catch methods and through awareness raising campaigns, lectures, events and partnerships within the Hyper Healthy Movement. Furthermore, we clearly display the CPA Label (certificate of purchase at auction) on our fresh fish counters, with posters at fish counters explaining the label and we are in contact with the Marine Stewardship Council (MSC) to promote sustainable fishing.

[4] Amongst other attributes, particularly quality, Bacalhau Seleção (Premium Cod) is caught using the hook and line fishing technique, an ancient method which increases the sustainability of fish stocks in the sea.



Contribution to Sustainable Fishing — Commitments for 2013-2015	Performance 2013
Raise customer awareness of fishing sustainability issues We clearly display the CPA Label on our fresh fish stalls. This label marks auction fish and is a way of communicating sustainable fishing methods. We also have posters on our fish counters explaining the label and we have started negotiations with a credible partner for the promotion of sustainable fisheries. In 2014, we will consolidate our customer campaigns.	Fullfilled
Give greater prominence to fish products captured using sustainable methods We have increased our percentage of fish caught using sustainable methods from 24% (2012) to 32% (2013). This goal was achieved mainly in fresh fish, by increasing purchases in national auctions.	Fullfilled
Raise the awareness of our cod suppliers about sustainable fishing certification Efforts are in place to raise awareness among cod suppliers in order to promote sustainability of the business. In 2013 we ensured that all of our cod suppliers were certified by the Marine Stewardship Council (MSC) in terms of raw materials for dry salted production.	Fullfilled
Implement increasingly demanding sustainability requirements Hake is an item that is always a top seller. In 2013, we started to transfer purchases from a site identified by Greenpeace as a risk region to a second location where we work with MSC certified suppliers. Furthermore, we have limited our purchases of sole in order to avoid catching species from zones identified on Greenpeace's red list.	Fullfilled

Fullfilled · Partially fullfilled · Unfullfilled

INCREASED SHARING AND PROMOTE SOCIAL WELL-BEING

Environmental Awareness · Culture · Education · Health and Sports · Science and Innovation · Welfare

At Sonae, we believe that our business can contribute to the promotion of the social and cultural well-being of the communities where we operate. With this in mind, we are continuing to develop community support in six priority areas: Environmental Awareness, Culture, Education, Health and Sports, Science and Innovation and Welfare.

We are proud of our community engagement through direct or indirect support for projects, with the participation of customers, suppliers and our people in community support. Specifically with regard to retail, overall support reached 9,4 million Euros in a total of 1,457 supported institutions.

Additionally, it should be noted that, in 2013, we consolidated our commitment to Portuguese families, supporting saving through the Continente Card and Well's discount booklet, the first health and wellness retail brand to create booklets of targeted discounts and distribute them in masse among its main target consumer audiences.

In 2013, about 3,4 million customers received Continente Card and discount voucher benefits and reductions, namely in fuel, gyms, health, culture and sport.

The Sport Zone Card also improved its market penetration and customer engagement, and at the end of 2013 numbered about 1 million families participating in sports and outdoor activities, thus contributing to Sport Zone's leadership in Portuguese sport retail.

Environmental Awareness

- **Equipa Worten Equipa** (EWE) - 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.

  Over the past five years, EWE has collected over 23,000 tonnes of Waste Electrical and Electronic Equipment (WEEE) and has supplied over 13,000 new appliances to 1,280 institutions, which represents direct support to more than 314 000 people in need.

- The "**Environmental Footprint of Food Products**" (**PEPA Project**) – Continente supports Quercus, as a sponsor, in the development of this project for monitoring and training Portuguese producers in the implementation of the standard European methodology for the calculation of PEPA, currently under development by the European Commission (EC). The PEPA project aims to contribute to the greater competitiveness and sustainability of Portuguese agri-food products through the creation of a knowledge transfer and information sharing network for improved knowledge of the calculation and environmental footprint of products in the food area.

Health and Sport

- Through Sport Zone, Sonae promotes the organisation of events to encourage sport such as the Sport Zone Half Marathon, Women's Run, Sport Zone Marginal à Noite Night-time Run, National Deeply-Circuit Surf, Gira Volei Volley-ball, Sport Zone Soccer Camp and Sport Zone Island.
- Through Continente's **Projeto Pêra** a range of food products were donated, resulting in breakfast being provided for 613 needy children in 10 schools in the Greater Porto area.

Science and Innovation

- As a member of **COTEC**, we aim to contribute to a culture of innovation and support for investment in research in Portugal.
- **Agile Marathon** – Innovation marathon in ecommerce, in partnership with the Centre for Products and Services Development and Innovation Skills (CIPS) of the Faculty of Engineering, University of Porto (FEUP).

Welfare

Welfare is still highly relevant, especially in the current socio-economic climate. We therefore continue to support reputable organisations with concrete and tangible results in the area of social well-being: Aldeias SOS Criança, AMI, Associação Ajuda de Mãe, Banco Alimentar Contra a Fome, Cáritas Portugal, Portuguese Red Cross, Make a Wish, among others.

- **Portugal mais Feliz** - Happier Portugal (Worten) - Support for needy families rebuilding their life projects, by combating poverty and social exclusion. Through this initiative, in 2013 we raised 175,000 euros for the Portuguese Red Cross through 200,000 Christmas parcels sold.
- **Animal Welfare Bank Project** (Continente) - A welfare initiative involving the collection of items for animals (particularly food) in partnership with Animalife and the 90 associations for abandoned animals that it represents.
- **Missão Sorriso** (Continente) - In 2013, Missão Sorriso (Smile Mission) exceeded 2 million euros in donations, of which over 1 million was in donated products, 880,000 to projects that received more than 4 million votes, involving more than 5,500 Portuguese Red Cross volunteers and more than 800 of our people in food collection campaigns.
- **Projeto Nós** (Mo) - Projecto Nós (We Project) supports causes contributing to improved living conditions for the neediest Portuguese people. Thus, in 2013, 25,000 scarves were sold, raising 50,000 euros for Make a Wish Portugal.

Increased sharing and promote social well-being

Commitments for 2013-2015

Performance 2013

Define Sonae's formal strategy for community support, including definition of strategic areas, goals and information reporting practices.

The process begun in 2013.

See section "Increased sharing and promote social well-being".

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.

Commitment fulfilled.

See section "Increased sharing and promote social well-being".

Continue with investment in the community

We have increased our budget for investment in the community relative to 2012, from €10.1 million to €10.6 million.

Develop and promote volunteering in the company through the Sonae Activshare Programme, diversifying the activities and making them more accessible.

We continued to encourage all of our colleagues to be activelly involved in volunteering activities. In 2013, 1,800 colleagues were involved in 194 activities in 112 institutions.

Fullfilled Partially fullfilled Unfullfilled

BETTER PLANET

EFFICIENT MANAGEMENT OF ENVIRONMENTAL PERFORMANCE

Management and good environmental practices

Environmental Certifications

As in previous years, we have strengthened the series of Environmental Certifications it has under ISO 14001 international standard.

In 2013, all the 25 environmental certifications for facilities remained in place. Seven of them were renewals and 18 were maintained, and the corporate environmental certification for the Sonae Retail Business Area was renewed. In addition, a new certification was granted to one of Sonae's Worten stores.

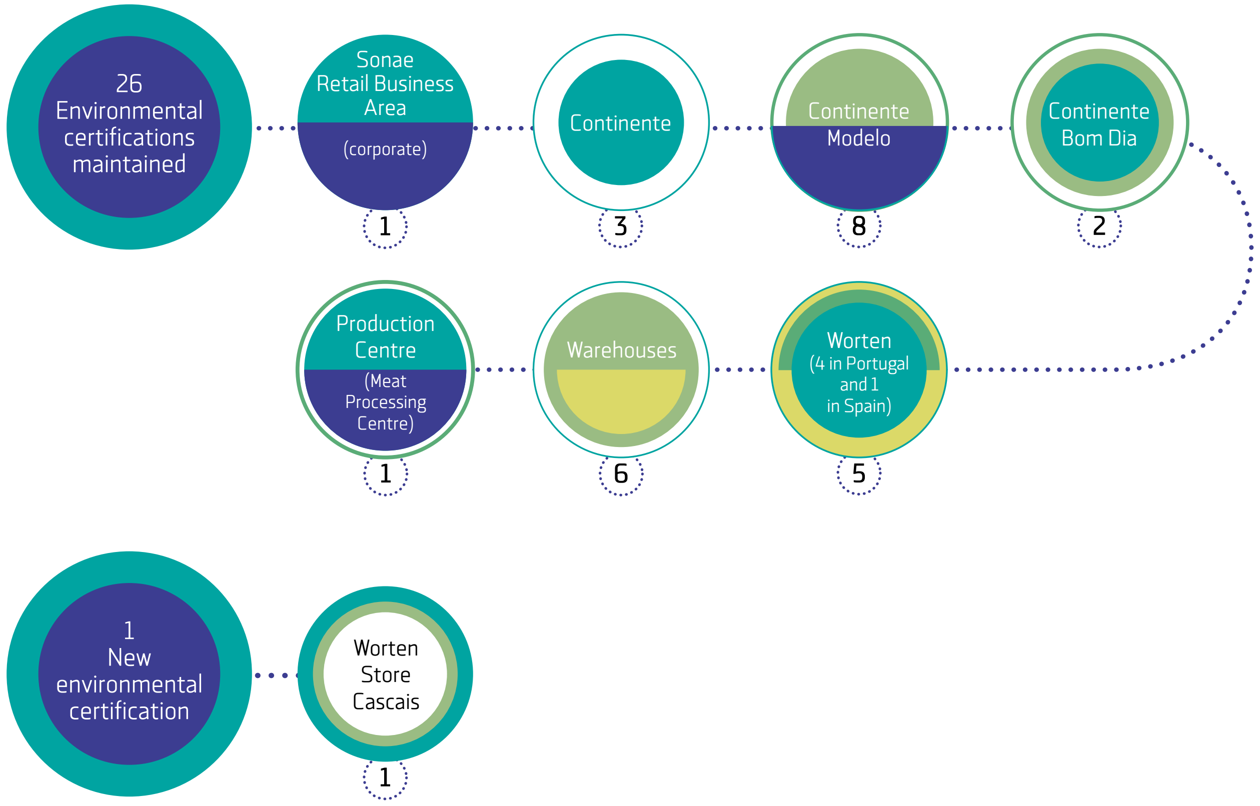
This series of certifications reflects our unwavering concern for environmental performance.

Environmental Best Practices

The implementation of best practices is not confined to the management of existing stores, it also includes new facilities, major renovations and home deliveries.

Furthermore, our significant efforts in this area are further evident through the use of an environmental dashboard in stores, the use of coolants that have less environmental impact, the sale of reusable bags, the management of waste generated through our activities, or waste products deposited by customers in the stores and the reuse of rigid cool boxes in home deliveries.

The environmental dashboard is a monitoring system for environmental indicators (water, energy, fuels, waste, etc.). In 2013, all Continente and Worten stores (Portugal) had implemented this tool.



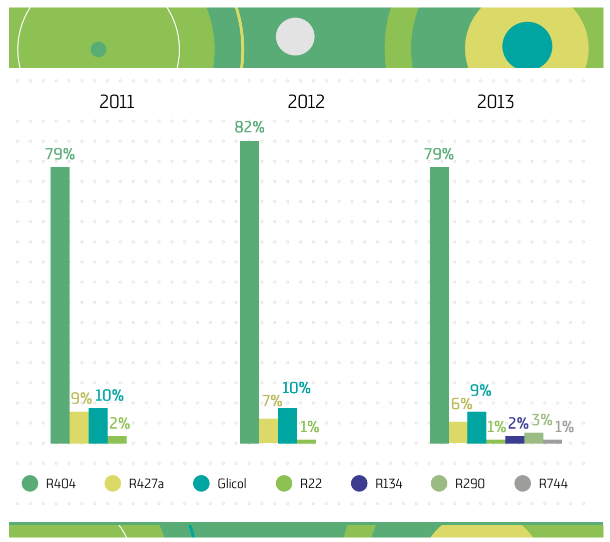
Coolants

In 2013, we continued the programme to constantly improve the efficiency of our refrigeration plants to preserve food in our stores (Continente) by using coolants that have the least impact on the environment. The main initiatives implemented were:

- continued use of R 290 in smaller stores whenever technically feasible;
- use of R 134, a new gas first tried in 2013;
- pilot implementation of hybrid refrigeration systems (cascade) in 4 new stores, using R 134 gas in the primary positive cold circuit and R 744 (CO_2) in the negative cold circuit;

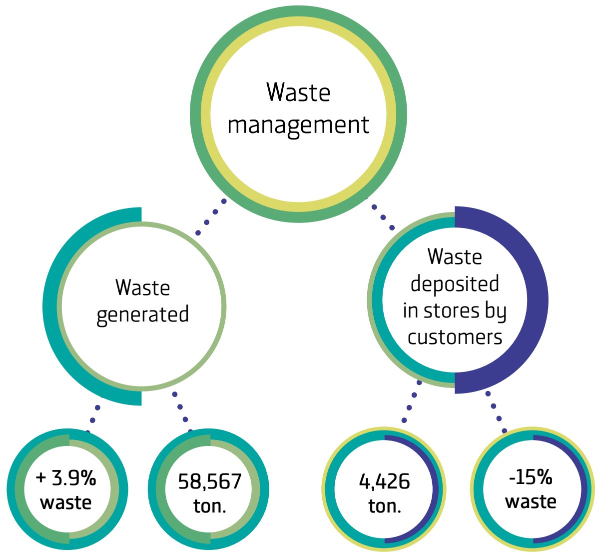
As a result of our efforts, and notwithstanding the organic growth recorded, 2013 was notable for a reduction of 3 pp in the percentage of R 404 gas used - the most harmful greenhouse gas - and 4 pp in the accumulated percentage used.

Type of coolant fluid used in refrigeration plants



Waste management

Waste management in the Retail business includes both the waste generated by our activities and the waste deposited in our stores by customers, as we try to encourage everyone to behave in a manner that is more environmentally responsible, and our role is crucial in making it easier for them to do so.



In 2013, the Retail business handled 62,993 tonnes of waste, which is 2.3% more than the previous year.

This increase is associated on the one hand with increased activity and on the other hand with a reduction in waste deposited by customers. These factors should be noted:

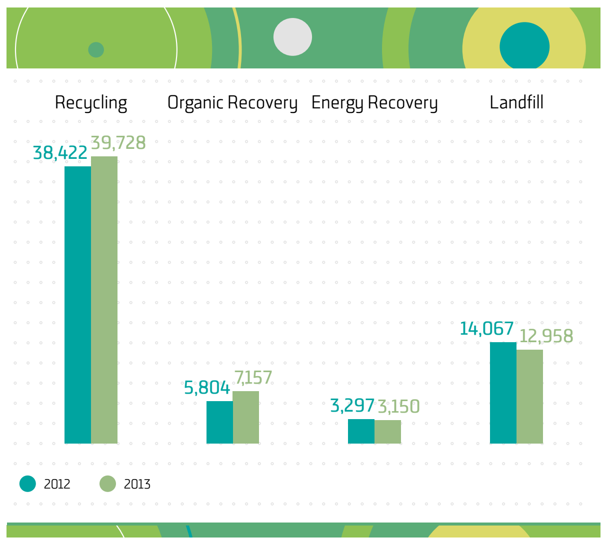
- the dissociation of the increase in waste generated by our activities given the growth of business, which is testimony to the efforts made by Sonae to minimise its environmental impact;
- the significant increase in the amount of clothing brought to the stores by customers, which reflects the awareness actions implemented. However, there was a fall of about 15% in the waste deposited in stores by customers.

We continued to aim to exploit the waste in 2013, and achieved a recovery rate of 79.4%, an increase of 2.2 pp over 2012. The following contributed most to the improved recovery rate:

- very slight growth (0.4%) in the production of municipal solid waste (MSW);
- within the category of MSW, a growth in the amount sent for organic recovery and a decrease in the amount sent to landfill, both of which were considerable;
- an increase in recyclable waste generated by our activities (mostly waste packaging).

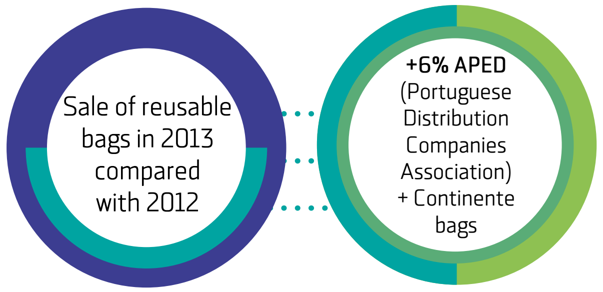
Final waste destination

Tons



Environmental Responsibility Programmes to Minimise Waste

Of the initiatives that are helping to reduce the volume of waste generated by Sonae, particularly noteworthy is the management of food products bought by Continente but which are not sold, through Worten's Outlet/ UTRAD programme. In addition, the increase in the sale of reusable bags and the gradual replacement of freezer bags with rigid cool boxes are helping to cut the amount of waste generated by our customers.



Regarding the food business, there is a central unit whose aim is to control and reduce the amount of food products which are bought but not sold. This unit is helping to reduce the potential generation of waste, since part of what is bought and not sold results in waste. Items in good condition but that cannot be sold (mostly because of defects in the packaging) are given to organisations in the tertiary sector. Furthermore, constant interaction with suppliers, described in more detail in the Better People section, enables us to achieve production which is better suited to consumer preferences (thus resulting in fewer unsold products) and we also encourage suppliers to use packaging with a lower environmental impact.

The purpose of UTRAD (Depreciated Product Management Unit) is to minimise unsold merchandise throughout the entire value chain by recovering depreciated items to sell in Outlet stores, thus leading to a reduction in unsold merchandise, waste and transport. This has the advantage of allowing an exchange of knowledge between partners and the acquisition of components so that articles can be repaired. Without this service such articles would be sent for recycling. The Outlet / UTRAD programme thus has benefits that extend along the whole of the value chain. In 2013, we achieved a recovery rate of 79% of depreciated merchandise, a significant amount and clearly representative of the added value of UTRAD.

In 2013, we continued to motivate customers to reuse bags for their shopping and we saw a 6% rise in the sale of reusable bags.

Finally, we also tried to implement practices in home deliveries that would lead to a more responsible environmental performance. For example, freezer bags are gradually being replaced with rigid cool boxes. There was a usage ratio of around 60% for rigid cool boxes and 40% for freezer bags in 2013, and the latter were only used when there are no rigid boxes available. Therefore, in this area, we have also cut the use of plastic bags in home deliveries in 2013.

Commitments for 2013-2015	Performance 2013
Extend the ISO 14001 Environmental Certification plan to Textiles and Sports stores The expansion of the environmental certification programme is scheduled for the 2013-2015 period; however, no certification was obtained in 2013.	Partially fulfilled
Maintain current ISO 14001 Environmental Certification and expand the certification plan to Worten stores The environmental certifications were maintained in 2013 and one new certification was granted to one of our Worten stores.	Fulfilled
Conclude the R22 coolant replacement plan in refrigeration plants The programme was delayed because of the heavy investment required and the uncertainties noted in 2013, arising from successive proposals (within the European Union) to review the European regulations on the use of coolant gases, which directly affects the technology options that could be adopted.	Partially fulfilled
Promote the use of hard boxes with disposable lining and replace hard box inners, in home deliveries Progressive replacement was started.	Fulfilled
Reduce the use of plastic bags in home deliveries In 2013, an average of 14.9 bags were used per order, which is less than in 2012.	Fulfilled
Strengthen the concept Outlet/UTRAD (Depreciated Product Management Unit), in order to recover articles that would have been disposed of as waste A depreciated merchandise recovery rate of 79% was achieved in 2013.	Fulfilled
Implement best environmental practices in new facilities (stores, production centres) and when existing facilities are overhauled (use of recyclable materials easily adaptable to climate changes, energy efficiency, use of renewable sources, water efficiency, etc.) Best environmental practices were implemented in new facilities and in existing ones in 2013.	Fulfilled
Install an Environmental Dashboard in 80% of Continente and Worten stores Installed in all Continente and Worten stores (Portugal).	Fulfilled

Fulfilled · Partially fulfilled · Unfullfilled

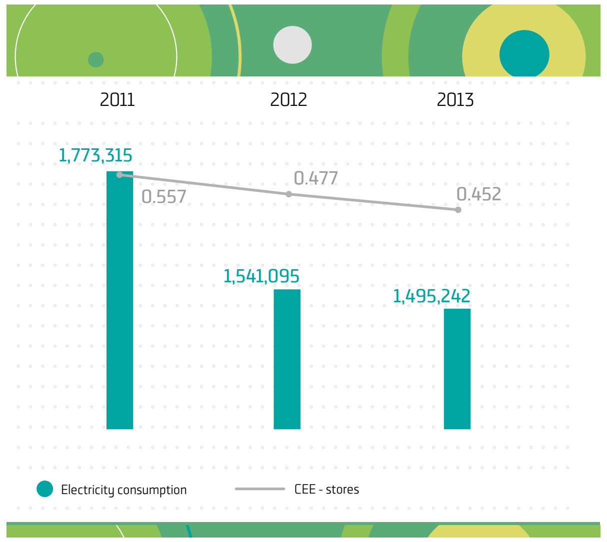
SONAE'S "FOOTPRINT"

Energy

Energy consumption is one of the main environmental impacts derived from the Retail business, and represents a significant operating cost. Electricity is the main form of energy consumed (around 76.4% of all energy used by the Retail business in 2013), followed by fuels (especially diesel fuel used by the contracted vehicle fleet). Total energy consumption was 1,957,092 GJ in 2013, corresponding to a reduction of around 2.7% over 2012.

Electricity consumption

GJ



In terms of electricity consumption, in 2013:

- Electricity consumption was approximately 415.3 GWh (including stores, warehouses and production centres), equivalent to 1,495,242 GJ, which yielded emissions of 158,308 tonnes of CO_2e.
- Specific electricity consumption (SEC) for the stores, by sales area, was about 0.45 GWh / 1000 m^2, continuing its downward trend (-5.2%);
- There was a year-on-year decrease in electricity consumption of 3%.

The reduction in electricity consumption reflects a series of measures adopted in both food retail and specialised retail that have been implemented over the last few years and boosted by new measures implemented in 2013 under the Projeto Trevo.

Regarding the CO_2e emissions related to electric energy consumption, there was a reduction of 6% over 2012.

With regard to the energy associated with the Projeto Trevo, we continued to focus on the independent generation of energy from renewable sources, with the installation of 13 new power plants. Thus, at the end of 2013, we had installed 113 independent power plants using renewable sources - 112 using photovoltaic technology 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.

In 2013, the combined output of these 113 plants, all feeding into the relevant national grid, was 6,018 MWh (6 GWh), which is a year-on-year increase of 195%.

Finally, it should be noted that with this project and the respective feeding into the national grid, in 2013 we helped to prevent the emission of around 2,830 tonnes of CO_2e into the atmosphere.

Projeto Trevo (The Clover Project) – energy optimisation

Food retail

- Optimisation of performance of refrigeration plants (80 stores), including:
  - installation of suction and floating condensation systems;
  - mechanical tuning of refrigeration plants;
  - turning and adjustment of operating parameters of the plants and cold stores.
- Regulation of air-conditioning set-points (39 stores)

Specialised retail

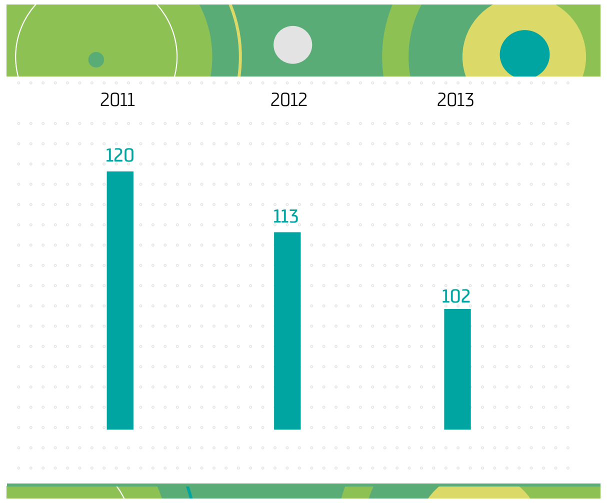
- Optimisation of lighting levels in different parts of the stores;
- Optimisation of air-conditioning set-points;
- Implementation of new climate control technologies (free cooling and night time vacuuming);
- Raising awareness of our colleagues.

Transport and logistics

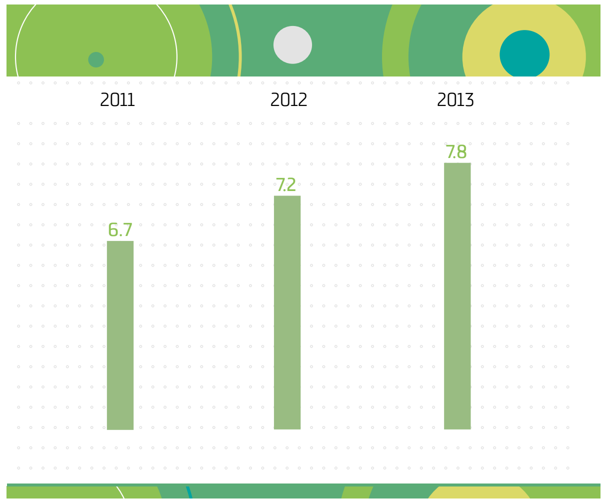
In 2013, we continued our efforts towards transport efficiency and maintained our requirements with transport firms so as to improve the contracted fleet. At the end of 2013, therefore, 94.1% of vehicles complied with Euro 4 standard or later, which meant an increase of around 5pp relative to 2012. More specifically, 65.8% of vehicles now complied with Euro 5 standard. The contracted fleet covered nearly 33.7 million km, accounting for CO_2 emissions of 26,842 tonnes, which is around 2.4% lower than the figure for 2012.

Logistics efficiency was also significantly better in 2013. We continued to optimise the routes and achieved a reduction of 4% in terms of km per delivery. Regarding supplying stores, 7.8 containers were transported per km travelled (7.2 in 2012). If we look at emissions per container transported in 2013, around 102 kg of CO_2 were emitted per 1000 containers, which is a reduction of 9.7% over 2012.

kg CO_2/1000 containers carried



Nr. of containers carried/km travelled



Greenhouse gas emissions (GHG)

Overall GHG emissions in 2013 were around 196,182 tonnes, 5.3% lower than the previous year.

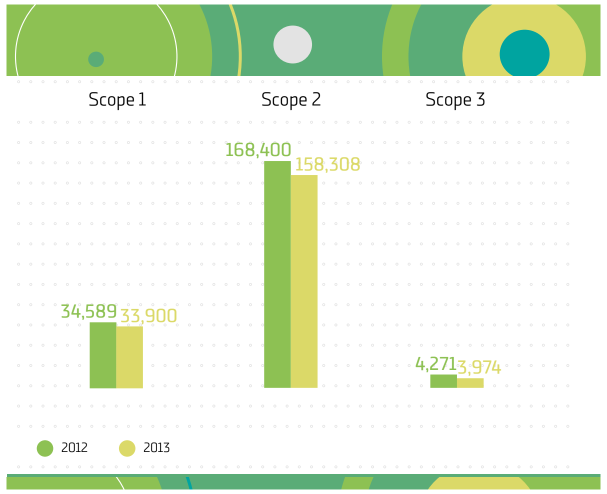
GHG Emissions comprise of:

- scope 1 emissions (direct), from fuel consumption by stores and for transporting goods and our colleagues;
- scope 2 emissions (indirect), related to electricity consumption;
- scope 3 emissions (other indirect emissions), related to waste management.

There was a 2% drop in scope 1 emissions relative to 2012, even though the business grew in 2013. The reduction in scope 2 was 6% and for scope 3 it was 7%.

Emissions

ton CO_2



Water

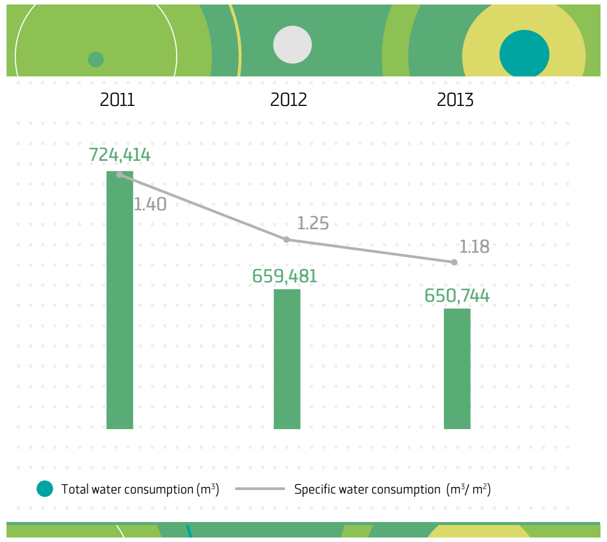
In 2013, the total consumption of drinking water in the Continente hypermarkets and supermarkets was 650,744 m^3, 1.3% less than the previous year. Specific consumption was 1.18 m^3 per m^2 of sales area, corresponding to a decline of 5.6% relative to 2012. Like-for-like figures for all stores show specific consumption was 4%.

The decrease in water consumption was due to a number of measures taken recently to control waste, including:

- use of more efficient equipment;
- our colleagues encouraged to change their behaviour;
- accidental leakages dealt with quickly.

Furthermore, under the Projeto Trevo, 2013 saw a general programme of intervention in equipment starting to be implemented, focusing in particular on taps, to step up the reduction of consumption in stores. Although nearly all the water used comes from the mains supply, there are boreholes in some of the stores that provide water for irrigation and washing outdoor pavements.

Water consumption



Carbon and water footprint

In keeping with its leading position and in anticipation of its chosen path, Sonae embarked on a pilot project to calculate the carbon and water footprints of products. In 2013, we undertook a trial calculation of these footprints for certain fish, delicatessen and meat products. This project will continue in 2014, with the focus switching to the fruit and vegetable area and using the method adopted in 2013, which is:

- choosing basic products for modelling;
- technical visits to producers;
- developing calculation models;
- testing the models for consistency.

Determination of the carbon footprint will afterwards show us which animal and vegetable production practices release the most GHGs, enabling us to take the necessary measures with the producers to minimise the impact related to these products.

We also intend to promote the reduction of the carbon footprint by shortening the distance between the places where perishable goods are produced and the stores. A pilot project was started in 2013 whereby local lettuce producers delivered directly to a limited number of stores.

When it comes to wastewater treatment, most of the liquid effluents generated at our facilities are discharged into the public sewer system, except for three stores (Vagos, Cancela and Ribeira Brava) and five warehouses (Azambuja, Plaza I, Plaza II, C1 and C2), where this does not happen because there is no public infrastructure available. These facilities have wastewater treatment stations that provide biological treatment (secondary treatment).

Environmental awareness

As a retailer, we have the opportunity to encourage our customers to make responsible choices. Consequently, in 2013 we appealed to our customers to purchase the most energy efficient appliances. More specifically, Worten launched a campaign with coupon discounts of 20% for major household appliances in energy classes A++ and A+++. The effect of this initiative in 2013 was that we continued to sell increasingly more efficient appliances.

Meanwhile, as in previous years, in 2013 we continued to collect waste electrical and electronic equipment (WEEE) under the Equipa Worten Equipa (Team Worten Team) project (EWE). There was a 16% fall in the amount of such equipment collected in 2013, related to the economic circumstances of Portuguese families.

Sale of efficient appliances

Household appliances

- 89% of appliances sold in 2013 were Class A+ or higher.
- There was a 6 pp increase in Class A+++ goods.

Television sets

- 70% of appliances sold in 2013 were Class A or higher
- There was a 19 pp increase in Class A+ goods
- There was a fall of 27 pp in Class B and lower items

Overall figures

- 54% of appliances sold in 2013 were Class A+ or higher
- Increase of 19 pp in Class A+ and higher items
- There was a fall of 20 pp in Class A and lower items

(pp calculated relative to % in 2012)

In addition to these initiatives we are also helping to raise awareness of environmental issues, in relation to our customers and our colleagues alike.

The following initiatives were undertaken in 2013, oriented towards:

Customers:

- Distribution of the Guide to Good Environmental Practices;
- Distribution of pocket calendars and bookmarks – Awareness of topics such as used cooking oil, water, energy, transport and waste;
- Inclusion of environmental topics in customer satisfaction surveys;
- Encouraging customers to join the "We want your end-of-life equipment" campaign, launched by APED and included in Worten's EWE project. The goal is to encourage the collection and recycling of WEEE.

Our colleagues:

- Distribution of desk calendars – Increased awareness of topics such as water, energy, transport and waste;
- Publication of quarterly newsletters with Sonae's main environmental initiatives and outcomes;
- Inclusion of environmental issues at the daily meetings at the start of business in food stores (Bom Dia meetings).

Sonae's footprint
Commitments for 2013-2015

Performance 2013

	Performance 2013
Calculate the carbon footprint of selected products Process started in 2013. Taking into account the first steps taken for selected Meat, Fish and Delicatessen products.	Fulfilled
Implement a car sharing system At an early stage of development.	Partially fulfilled
Maintain the route optimisation procedure in home deliveries, thus helping to reduce the carbon footprint We continued to cut the number of km per delivery in 2013, thus reducing the related CO_2.	Fulfilled
Replace tri-temperature vehicles with bi-temperature ones involved with home deliveries 100% replacement level achieved in 2013.	Fulfilled
Calculate the water footprint of selected products Process started in 2013. Taking into account the first steps taken for selected Meat, Fish and Delicatessen products.	Fulfilled
Study and promote best practices in animal and vegetable production to reduce the carbon and water footprint of products from the Continente Producers Club No significant developments in 2013 because it also relies on the project which calculates the carbon and water footprints.	Partially fulfilled
Help reduce 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 Process started in 2013.	Fulfilled
Continue to focus on the installation of new autonomous energy generation plants that use renewable sources, according to investment capacity and applicable laws with regard to mini-generation and microgeneration plants In 2013, we installed 13 new plants and closed the year with 113 plants installed.	Fulfilled
Include environmental issues when monitoring customer satisfaction In 2013, we included environmental topics in customer surveys.	Fulfilled
Include environmental issues in the Bom Dia monthly meetings Process started in 2013.	Fulfilled

Fullfilled Partially fullfilled Unfullfilled

ENVIRONMENTAL IMPACT OF THE PACKAGING

Aware of the importance that packaging represents, due to the nature of our business, we have made substantial efforts to reduce the materials associated with the packaging of the products of our own brand, whilst continuing to guarantee their quality.

In 2013, we made some minor alterations to a set of products, which has already resulted in significant reductions. The main measures implemented were the reduction of cardboard in the yoghurt packages and a change in the tops of the bottles of cooking oil. In this area, we were able to achieve important savings in packaging materials, specifically in the reduction of 8.1 tons of cardboard for Continente brand soya yoghurts Área Viva and 8.6 tons of plastic in Continente brand cooking oil bottles.

Besides the measures already mentioned, we also reduced the quantity of plastic used in the packaging of fruit and vegetables, eliminated the plastic handles on the 3-kg sacks of potatoes and began selling exotic fruit and vegetables in bulk, replacing the packages. Lastly, we also replaced the tickets and labels on some products of our own brand by printing directly on the products.

Examples of Reduction of packaging materials

Material	Product	Change	Reduction (Tons/Year)
Cardboard	Continente brand soya yoghurts Área Viva	Removal of any extra cardboard	8.1
Paper	Continente brand marmalade	Removal of the label on the side of the package	0.5
Plastic	Continente and Cont. Equilíbrio brand jellies Equilíbrio	Removal of the seal of guarantee	0.5
Paper	Continente and Cont. Equilíbrio brand jellies	Reduced size of label	0.5
Plastic	Continente brand vegetable oil bottles	Two-piece capsule changed to one-piece	8.6

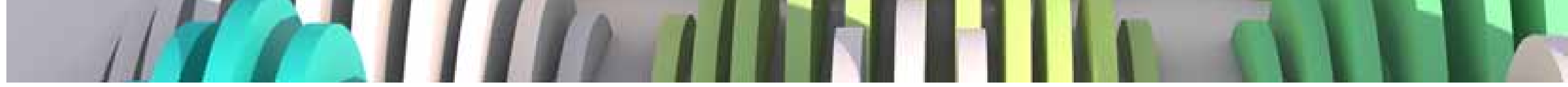
The reduction in the packaging materials was achieved not only by intervening at the level of the main packaging of the products themselves, but also in their transport boxes. More specifically, in 2013, the transport boxes were optimised (implementation of the SRP Solution – Self Ready Packaging) for 4 articles of controlled brands: 2 types of bin bags "É Continente", 1 type of Continente biscuit and 1 type of Continente own brand tinned tuna.

Impact of the packaging
Commitments for 2013-2015

Performance 2013

	Performance 2013
Reduce packaging materials on own brand products In 2013, we continued to significantly reduce the packaging materials used.	Fulfilled
Optimise transport boxes in order to reduce packaging materials In 2013, we optimised the transport boxes of products such as "É Continente" own brand bin bags, Continente own brand biscuits and Continente own brand tinned tuna.	Fulfilled

Fullfilled Partially fullfilled Unfullfilled



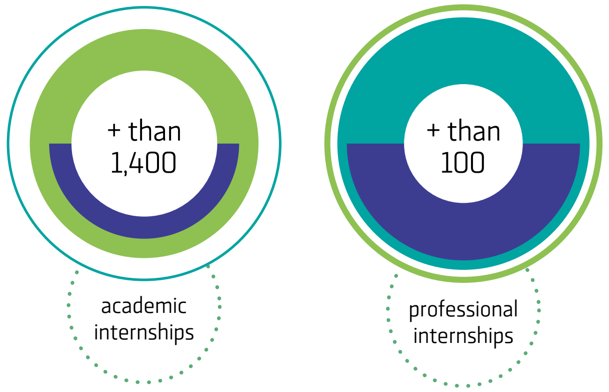
BETTER PEOPLE

DEVELOPMENT OF HUMAN CAPITAL

In 2013, our retail business personnel numbered more than 37 thousand colleagues, a 4% increase over the previous year, 67% of whom were women and 8% were international workers spread across four geographic areas: Spain, Brazil, China and Turkey.

Attracting people effectively

In order to identify and attract young talent, we at Sonae have been creating programmes and partnerships with various universities. By promoting different programmes, we support the personal and professional development of students and recent graduates and we attract talented youth to join our teams.



Agile Marathon

Launched in October, this was a marathon that brought together 130 students of the School of Engineering of the University of Porto for 29 consecutive hours, in which, as a team and through programming techniques, the students had to develop an app for Continente Online.

The challenge sought to stimulate and support innovative e-commerce projects in the retail area, encouraging a true culture of synergy and collaboration amongst the students.

Call For Solutions

Call For Solutions is an open innovation programme that invites some final year Masters students from the top Portuguese Universities to take 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.

Over the last 4 years, the programme has involved more than 30 management teams and has received students from over 10 universities. In 2013, the programme was held two times and presented 37 challenges to those final year Masters students, whom we considered to have the potential to come and join the ranks of Sonae, after their internship.

Movement for Youth Employability

In conjunction with the Institute of Employment and Professional Training, we assumed the commitment to give professional internships to young people who have recently completed their academic training and are looking for an opportunity to enter the job market. In 2013, 71 young people were chosen, who have begun their 1-year internship at Sonae.

Training and development

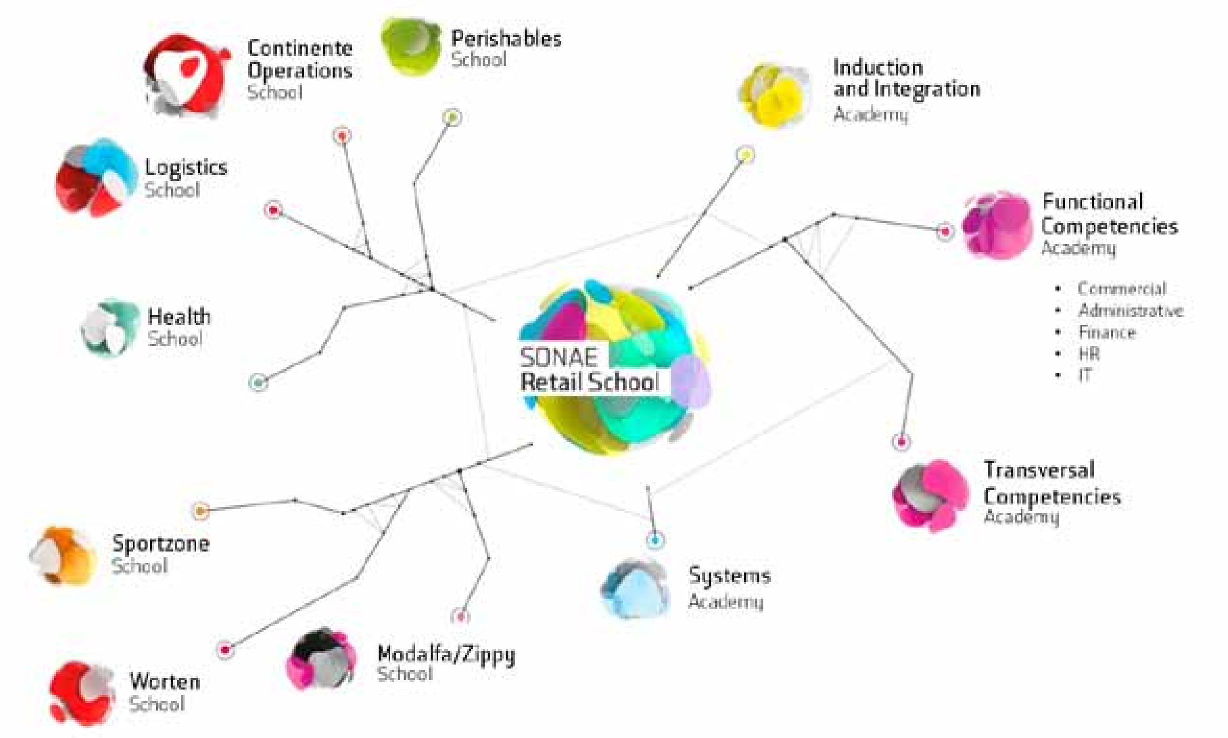
The qualification and development of our people is a vital element in the strategy to create value in the short, medium and long-term. In 2013, we continued to promote diverse and differentiating training programmes in reputable schools based in Portugal and abroad. These programmes are designed to strengthen key management and leadership skills, as well as personal and interpersonal skills.

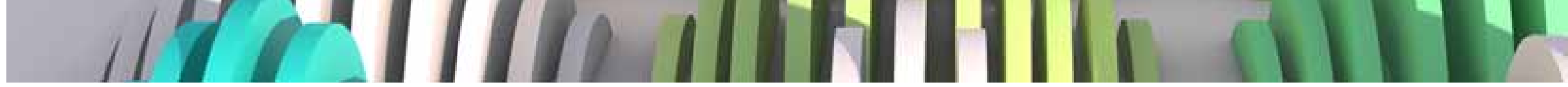
Sonae Retail School

The Sonae Retail School is a global training system organised into schools and academies aligned with our different strategic business areas. It continues to be a central focus and a foundation for the development of human capital.

We are determined to reach all of our people and respond to the specificities of each geographic area. The factors behind our success are already well known. They include: diverse programmes segmented according to area and functional profile; custom-designed contents; and a highly qualified training team. In 2013, the 1 million hour mark was surpassed with 109,195 training events divided as follows:

2013 Programmes	No. Events Portugal	No. Events Spain
Business Academy	48	66
Management Academy	18	213
Leadership Academy	94	88
Soft Skills Academy	505	10
Continuous Improvement / Kaizen	18,277	57
Perishables School	19,056	-
Health School	33	-
Processes/Systems Training (Workflows, SAP, Retek, Supply Chain...)	5,527	-
Technical training for suppliers/products	24,360	286
Environmental Management	82	-
Occupational Health, Safety and Hygiene	7,374	23
Logistics School	453	-
Continente Operations School	3,221	-
Sport Zone Academy	4,200	21
Other Actions	25,105	76
Grand Total	**108,355**	**840**





Performance Assessment and Management

Upward Feedback – The Team Voice

In 2013, another edition of Upward Feedback was held with the leaders of the Retail business area, but this year using a tool and model that was revamped to be more in line with "our way".

Inherent in this bottom-up development tool is the formalisation of a time for our colleagues to give feedback to their leaders. The purpose is to provide each management team with information on its performance as a Team Manager in 3 specific areas of development: Activity manager, Development promoter and Commitment inspirer, serving as an anchor for the on-going process of change and individual growth.

Development of Human Capital Commitments for 2013-2015	Performance 2013
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% Women in management positions G6 to G1 - 33% Women in management positions *Universe: all the women in management positions.*	Fulfilled
Continually monitor internal diversity indicators *Leadership Diversity* Nationality - 21% of leadership positions occupied by colleagues who are not Portuguese nationals Gender - 54% Women in leadership positions Generational - 19% Generation Y in leadership roles *Diversity* Nationality - 16% are not Portuguese nationals Gender - 67% women Generational - 46% Generation Y	Fulfilled
Maintain medium to long-term strategic Human Resources planning As was the case in 2012, in 2013, in line with the cycle of the strategic business planning, the medium to long-term planning of our human resources was carried out	Fulfilled
Continue 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	Fulfilled
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 2013 given below, all our actions and resources were designed with a view of fulfilling these strategic guidelines. These, in turn, are in line with the theme of being streamlined, efficient and close to our business needs. 1. 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 2. Step up – identify, develop and strengthen skills, our people and our team 3. Speed up – challenge and contribute to the businesses reaching their objectives more quickly 4. Faster, Better & Value Adder drive – promote a culture of greater speed, simplicity, efficiency and added value	Fulfilled

Fullfilled   Partially fullfilled   Unfullfilled

WELL-BEING AND INTERNAL SATISFACTION

Occupational health

The well-being of our people is a continuous priority and concern. We have identified the main factors that could influence well-being, both positively and negatively, so that we can act proactively and anticipate changes in health. We believe in prevention from sustainable long-term perspective.

Workplace Medical Care is applicable to all of our colleagues and sometimes steps outside the boundaries of the company, since it is a service for everyone, and is always available.

We look after and promote the health of our people through medical exams by specialised professionals, taking into account not only work aspects but also the overall health of our people. We contribute to reducing absenteeism, avoiding occupational illnesses and collaborating to prevent workplace accidents. The existence of 150 doctors' offices within the company's facilities provides a more rapid and efficient service adapted to the needs of our colleagues. We performed 20,500 medical exams with 100 healthcare professionals.

Plan for integrating new colleagues - All new colleagues receive training in Workplace Medicine, Work and Best Practices in Health.

We developed an "**Occupational Health Management System**" which will improve all workplace medicine activity with regard to greater control of health and safety, consolidating all of the activity developed in this area.

We invest in promoting health and well-being through the development of different campaigns to promote sensitivity and awareness concerning prevention in the area of health and adopting healthy life-styles. Ten health activities were developed to reach all our colleagues in various ways. Specific programmes were created for logistics and CPC according to identified needs.

We provide on our portal the "**Vita Salutis Interactive Platform**", which covers various health-related topics throughout the year.

We promoted 100 **Health Screenings, 120 Nutritional Guideline Sessions and Workshops** on breast cancer in collaboration with other areas of Sonae and outside entities.

We are recognised by many health-related companies, who believe in our ability to positively influence the health of internal and external customers, with many of our partners involved in various activities.

We promoted blood drives for the Portuguese Blood and Transplant Institute, stressing our **Social** responsibility.

The well-being of our customers is also our concern. Continuing the programmes of automated external defibrillation (**AED**) we implemented the **AED Programme at the Sonae Companies Business Centre**, which is now a Protected Cardio Area certified by the National Medical Emergency Institute (INEM).

Occupational Health and Safety (OHS)

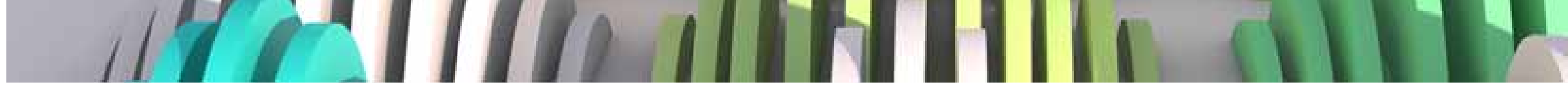
Health and Safety on the job is a daily concern of the entire company.

The whole management line is supported by a network of safety technicians, who develop and implement preventative and protective measures within the scope of OHS management and with the goal of improving performance.

The safety technicians work on-site in close collaboration with the "Safety Facilitators", representatives who actively aid in the implementation of these measures, thereby ensuring that the store operations are safe and healthy.

In 2013, we intensified our efforts to reduce accidents, carrying out a set of actions that included:

- "**Safety Walks**" - The Safety Technicians actually visiting the units, raising the awareness of our people, observing their behaviour and giving feedback;
- **External audits** - With the goal of ensuring the continuous improvement of the OHS management system, all units are audited by an external entity to assess their compliance with applicable legislation and internal policies;
- **Semi-annual events** between the safety technicians and the Safety Facilitators for training and sharing knowledge and good practices;



- "**Safety Alerts**" - Using a "lessons learned" dynamic, information related to Health and Safety is systematically shared, which explain the risks and the preventive measures to be adopted.

- **Work accidents investigation** - Within that same approach, all work accidents are investigated to determine the causes, and measures to prevent any further occurrences are defined and implemented.

- **Survey of our collegues** with regard to Occupational Health and Safety, including questions related to Health and Well-being. Every year we provide two annual medical consultations for all of our people, with the rate of participation in the 1st consultation being 84% and 8% in the 2nd consultation. The results of the consultation are analysed and shared with the units for the subsequent definition of preventive measures.

- **Plan for the integration of new colleagues**. All of our people are given Occupational Health and Safety training when they begin work.

- Campaign "**Em Abril, segurança mil**". In 2013, we launched the 3rd edition of this campaign, which is designed to promote a set of awareness events in the area of Safety and Health. 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 the preventative measures taken and good practices in these areas. Among the initiatives carried out, some noteworthy examples are the production of an internal OHS film, the creation of an area of Health and Safety on our intranet portal, the Sonae Safety Day Competition – which highlights the actions that contributed most to the reduction of unsafe behaviour, work accidents and professional illnesses, with the direct and effective participation of our people – as well as other initiatives that touch on themes such as healthy life-styles, good eating habits and raised awareness concerning the subject of ergonomics and the moving of loads manually.

International Good Practice Award in Occupational Health and Safety

European Agency for Safety and Health at Work

In 2013, Sonae was once again a winner of the European Good Practice Awards. Awarded by the European Agency for Safety and Health at Work, these prizes recognise best practices with regard to safety and health in organisations. This distinction amongst hundreds of companies from 29 European countries results from the good practices followed by Sonae, specifically in the involvement of top management and our people in the prevention of risks and the promotion of health and safety at work in the retail sector.

Suppliers' Manual for Health and Safety

Occupational health and safety issues are one of our top priorities at Sonae and in line with this thinking, we pledge to guarantee conditions of safety, health and well-being for all of our people, and whenever possible, to ensure that the personnel of other companies that work with us enjoy those same conditions.

As a way of ensuring that this commitment is successfully achieved, the following practices were carried out:

- An OHS Guide to Good Practices was prepared – This guide aims to inform all the subcontractor companies of the rules that must be strictly followed when they are providing services at Sonae. The Guide offers practical information related to Occupational Health and Safety, in this way guaranteeing that the service providers are able to keep their colleagues informed and aware of the risks inherent to the activities they will be performing.

- Preparation of Occupational Health and Safety Criteria for specific procedures, such as the selection and hiring of suppliers of goods and services. This document sets forth all the criteria for health and safety that must be guaranteed and all the situations to which attention must be paid for each type of contracted service and each type of equipment used.

Monitoring of Internal Satisfaction

In 2013, we continued to carry out a set of programmes aimed at increasing internal satisfaction.

Sonae Sharing Views

Regular knowledge and understanding of each of our colleague's way of experiencing their work environment and professional relationships is essential. In addition, the way the company's policies and practices are felt and perceived by each colleague is fundamental to putting into practice our conviction to "walk the talk" with regard to our strategy of personnel management.

For this reason we periodically diagnose the social climate in order to measure the level of well-being of our colleagues and to be able to act on potential risk situations. In line with this policy, after the 2012 end-of-the-year survey was carried out, 2013 was dedicated to the dissemination of the results, the identification of opportunities for improvement and the systematisation of the corresponding proposed actions.

Examples of some of the initiatives already implemented are as follows:

Logistical Operations and Production Centres

- Solidarity in Logistics – provide our colleagues with opportunities for sharing and social action

- Social Events
  Events designed for the joint celebration of anniversary dates, theme days – such as Mother's Day, Children's Day, Women's Day, Family Day and the anniversary of the units – and various workshops on nutrition, oral hygiene, or domestic violence, for example.

- SMILE Programme
  This programme includes various events designed for on-the-job well-being and happiness.

Continente Bom Dia

- Christmas Bazaar for our people - held with the objective of making it possible for all those who are going through a time of greater economic difficulty to acquire certain articles at almost no cost.

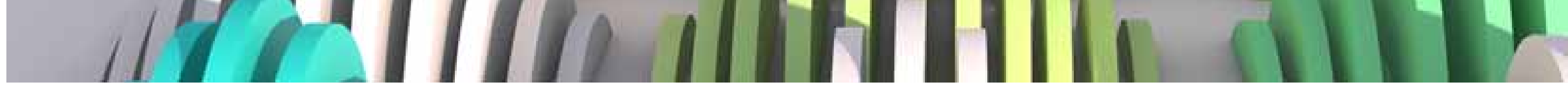
Worten

- Remodelling of the social spaces and the installation of changing rooms in some stores where the lockers were inappropriately located, as well as the placement of drinking fountains in stores that did not have any.

- Meals offered to our colleagues on special days such as May 1st and the "Notas 20" programme.

Sonae MC and Sonae SR in the region of the Algarve

- Pilot programme for social support – in partnership with the Red Cross, designed for our neediest colleagues, who do not have the means to resolve certain problems on their own. The type of support is very diversified: ranging from the management of family finances, legal aid, support in finding institutions to contact according to the type of problem, or technical support, and including help consisting of goods in kind, if such is the case, etc.



Well-being and internal satisfaction

Commitments for 2013-2015	Performance 2013
Implement a health promotion programme in the Logistics Department With the support of specialists, the Health Promotion Programme was successfully implemented in 2013 for our colleagues of the Logistics Department. Emotional well-being, Care of the feet, Oral health, Prevention consumption of alcohol and medications, Relaxation techniques.	Fulfilled
Implement a software tool to provide support to Sonae's Health and Safety Management System A software tool to provide support to Sonae's Health and Safety Management System has been implemented.	Fulfilled
Implement a software tool for support to Occupational Medicine A software tool for support to Occupational Medicine has been implemented.	Fulfilled
Promote health actions within the scope of internal social responsibility 3 actions implemented: Blood donations, 100 health screenings, 102 nutrition advice activities.	Fulfilled
Keep our colleagues focused on healthy lifestyles Approximately 10 campaigns aimed at all of our colleagues and other actions focused on a more critical target audience: Women's Day; Flu; Breast Cancer; Cardiovascular Prevention; Diabetes; Nutrition; Managing stress; Ergonomics; Allergies; Monitoring pregnancy; Programme Smile.	Fulfilled
Continue to promote internal communication regarding well-being, health, safety and hygiene issues with our colleagues To measure the execution of this initiative, we used the degree of compliance with the plan of internal communication regarding well-being, health, safety and hygiene issues with our colleagues.	Fulfilled
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 requisites 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.	Partially fulfilled

Fullfilled · Partially fullfilled · Unfullfilled

SUPPLY CHAIN RESPONSIBILITY

As part of the process of developing our Own Brands (OB) and accompanying the product and the suppliers following the development/launching of these products, which are certified in accordance with the international standard EN ISO 9001, all of our own brand products and suppliers are subject to a process of pre-validation and pre-approval. This aims at ensuring compliance with all the regulatory requirements for safety and performance, which are required within the scope of the standard of quality for own brands.

At the same time, our suppliers are subject to an evaluation process, during which audits are carried out for selection and qualification. These evaluations aim to assess the degree to which suppliers comply with our policy, leading to the acceptance, or not, of the supplier, as well as the implementation of corrective actions in conjunction with the supplier.

Whether an audit is required or not, or if the supplier's certificates are accepted depends on the origin of the supplier. Thus, depending on the risk criteria associated with each country, a list of risk countries has been drawn up, and if the country of origin is included on this list, the supplier is subject to an audit, even if they are certified.

These audits are made, based on about 300 requisites, organised into 20 sections, which touch on aspects related to the quality, ethics, environment and the safety and hygiene in the factories of domestic and international suppliers.

In 2013, a review was made of the risk classification criteria for the suppliers, taking into account the geographical location of each one, and of the requisites that determine the type of audit to be carried out. This review focused mainly on environmental aspects.

Furthermore in 2013, a procedure for assessing the non-conformities found in the audits was formalised. The integration of these corrective actions and opportunities for improvement by the suppliers are monitored carefully by our team, making closer relations with the suppliers possible and ensures Continente own brand products are of the highest quality. This process makes it possible to systematise all the activities needed to confirm the implementation of the corrective actions. In 2013, audits were made on 827 suppliers in all the business segments.

Sonae subscribes to the European Code of Conduct for the Food Supply Chain

Sonae signed the European Code of Conduct (ECC) for Good Practices in the Food Supply Chain, a European initiative that results from an agreement between the main European associations in the food and food distribution industry on the principles that should govern the relations between production and distribution.

This Code relies on self-regulation as the best way to govern the relationships in the food supply chain, favouring dialogue and establishing healthy competition. The European agreement gives special attention to the small and medium enterprises, which is especially important in Portugal, as there are large multinational companies in the production sector, but also many SMEs.

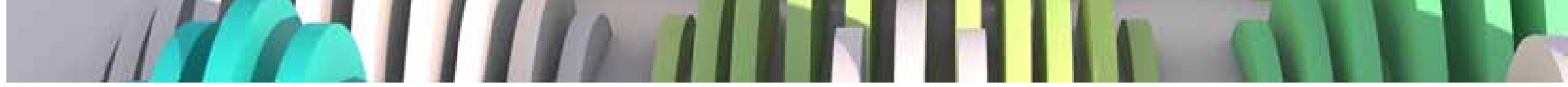
In order to guarantee good relations between the parties and resolve any disputes that arise, the ECC includes mechanisms for resolving litigations, among them being mediation and arbitration, as well as an observer group that includes representatives of all the parties of the value chain and that ensures that the best practices are implemented.

International Certification of Sonae Suppliers

With the objective of establishing long-term, mutually beneficial partnerships with the product suppliers, we began a supplier certification process.

In order to obtain this certification, the supplier must obtain an acceptable score on the quality index for the past two years, which is calculated on the basis of audits carried out, inspections, quality assessments and concerning issues such as the recall of products from the store, laboratory tests, warehouse non-conformities and store and customer complaints.

This certification process brings greater trust and transparency to our relationship with the suppliers who are relevant to the business areas, whilst at the same time, it will reduce the supply costs, both for the suppliers as well as for Sonae.



Communication and relations with the suppliers – Supplier Portal

The Supplier Portal is a modern and exclusive communication channel that allows closer and more efficient relationships in 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 end customer. The portal's main benefits include:

- Quicker and easier access to information;
- Elimination of data loss risks; reduction of operating and administrative costs;
- Improved quality of services provided to the end customer.

Electronic Suppliers

At Worten, all suppliers are initially audited, with a further renewal audit every three years, with a view to their final classification and validation. In 2013, the number of suppliers audited increased to 34 of the 159 suppliers. In these audits, besides the general aspects included in all audits, such as production capacity, quality, safety and social responsibility, other specific requisites are also included, specifically with regard to electrical safety, electromagnetic compatibility and energy efficiency, amongst others.

LVD – Electrical Safety

All the products must comply with the requisites for electrical safety according to the European norms for each family of products. For this, the suppliers send the 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).

This requirement guarantees the safety of the product to the end customer.

EMC – Electromagnetic Compatibility

All products must comply with the requisites of electromagnetic compatibility according to the European norms, the suppliers submit the tests carried out on their products by their laboratory partners.

This requisite eliminates the health risks, among others, to the end customer.

Energy Efficiency

All the products are chosen, taking into account that their energy efficiency is the best possible option (according to the requirements of each line of products). Currently 53% of the products are rated class A and 47% have a rating of A+. For the totality of products sold in 2013, 54% were classified as A+ or higher, and a reduction of 20pp was seen of items in Class A or lower.

This requirement guarantees a reduction in electrical consumption.

Textile Suppliers

Our textile suppliers are subject to different types of audits, specifically for qualification and selection, as well as diagnostic, technical and social audits. In this way, we ensure that we contract only those suppliers that operate in accordance with safe practices and quality guarantees.

The diagnostic and technical audits are initially designed to assess the supplier's potential for certification.

The social audits for the award of the Social Ethic and Environmental certification are used to ensure compliance with the Sustainability Policy by the suppliers, as well as with the good practices in the social, ethical and environment areas, according to the commitments publicly adhered to by Sonae.

Levels of Certification

There are three levels of certification awarded to textile suppliers, depending on the final score they achieve in the evaluation of the audits—diagnostic, social, ethical, environmental and technical: Gold, Silver and Bronze. These three levels of certification imply different criteria for the control of these articles, the frequency of audits carried out and the validity period of the certificates awarded. Whenever serious non-conformities are detected, the suppliers lose their certification, and in the event that non-conforming merchandise is found, the supplier has to accept the rejection and pay any costs involved.

Gold
Final Classification
≥ 90%

• Certificate valid for 2 years
• Re-audited in the social and environmental areas at the end of a 2-year period. If the classification is maintained, the validity period of the certificate is raised to 3 years.

Control:
• 10% of its articles are checked on arrival.

• Following the detection of the 3rd non-compliance incident within the space of 1 year, the control level goes up to 25% and the costs inherent in the increased sampling are borne by the supplier.

Silver
Final Classification
≥ 75%; < 89%

• Certificate valid for 1 year

• Re-audited in the social and environmental areas at the end of a 1-year period. If the classification is maintained, the validity period of the certificate is raised to 2 years.

Control:
• 25% of its articles are checked on arrival.

• Following the detection of the 3rd non-compliance incident within the space of 1 year, the control level goes up to 40% and the costs inherent in the increased sampling are borne by the supplier.

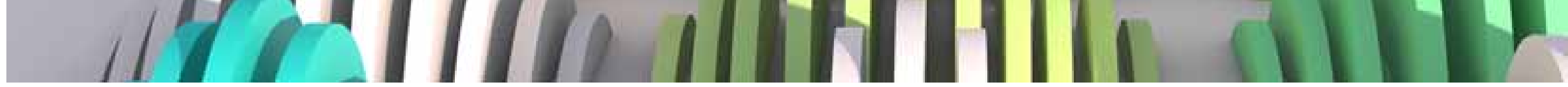
Bronze
Final Classification
≥ 60%; < 75%

• Certificate valid for 1 year

• Re-audited in the social and environmental areas at the end of a 1-year period. If the classification is maintained, the period of validity of the certificate is raised to 3 years.

Control:
• 40% of its articles are checked on arrival.

• Following the detection of the 3rd non-compliance incident within the space of 1 year, the control level goes up to 50% and the costs inherent in the increased sampling are borne by the supplier.



Oeko-Tex Certification

The OEKO-TEX® Standard 100 is an independent system for the testing and certification for textile products that checks for the presence of substances harmful to health and the environment.

These checks for harmful substances are carried out, taking into account the actual use of the textile, so that, the more intense the contact of a product with our skin, the more rigorous the compliance with the human and environmental requirements are. We have been working with its suppliers, with the aim of favouring suppliers that obtain this certification and/or progressively adopt the requisites of the Oeko-Tex certification.

ColorADD in the Zippy/MO spring-summer collection 2013

We are promoting social inclusion by adding these colour codes to Zippy and MO brand clothing, thus enabling colour-blind people to easily identify the colours through symbols. Following the internationalisation of Zippy, this implementation of ColorADD has become even more relevant as a differentiating factor, as currently the inclusion of colour names on labels is not a requirement in the various languages. All Zippy and MO products have ColorADD labels.

Continente Producers Club

The Continente Producers Club (CPC) continues to be one of Sonae's clear priorities in national and regional economic development. At the end of 2013 it had 267 members (14 more than in 2012) and the total sales volume of Club members was 253 million Euros, 8% up on the previous year.

In 2013, the CPC was represented at various events, including the following:

- Flavours Market, held at the Porto Customs Building - promoting the knowledge and flavours of Portugal, attended by 17,500 people;
- Continente Mega Picnic, held in Lisbon, attended by over 600,000 visitors.

As part of this programme, we developed the Producers Club Innovation Award, now in its fourth year, to recognise members for their performance and alignment with retail policies. It is a means of stimulating innovation and sustainability in the Portuguese economy among our suppliers and, at same time, bringing high visibility and recognition to the winners with the most innovative projects in areas such as the environment, marketing, production and product development. The 2013 Innovation Award was awarded to the Borba CRL Wine Cooperative's project, the "Environmentally friendly wine-cellar".

Maintenance of Continente Producers Club Certification

The CPC aims to "bring the best of Portugal" to customers by promoting domestic products in accordance with high quality and safety standards and by supporting its members in a consistent and structured way.

Producers therefore have a guaranteed avenue for their produce and Sonae can be sure its customers are supplied with national products of proven origin and quality.

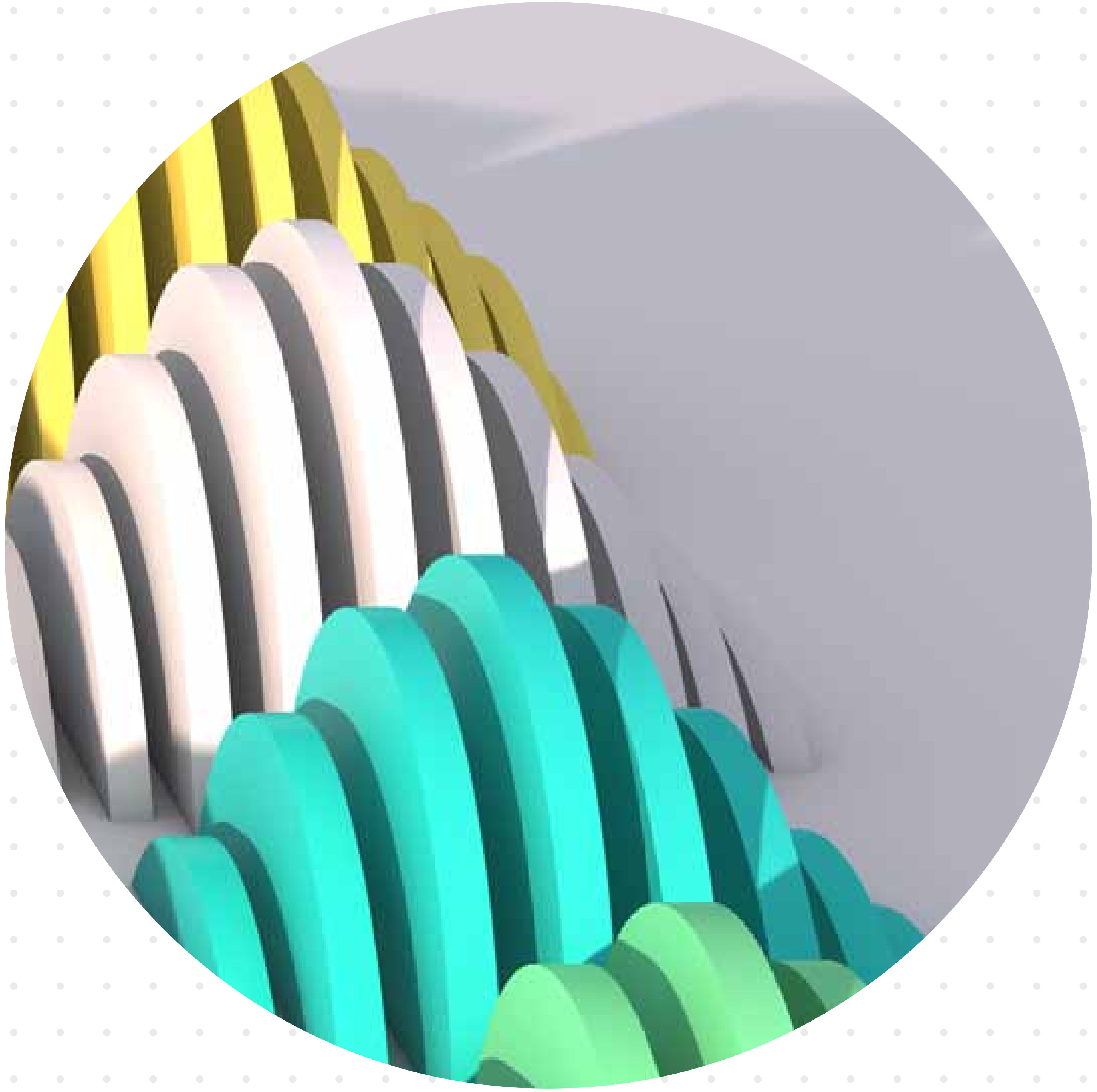
The technical specification developed by the company in partnership with a specialist company aims to describe the requirements, criteria and activities that apply to Continente Producers Club operations.

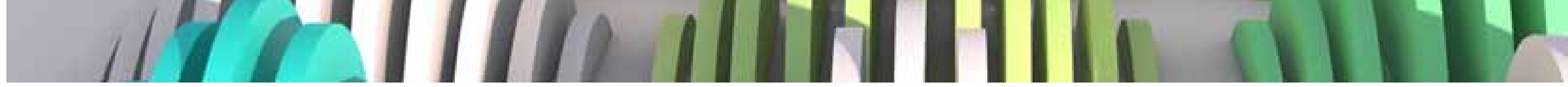
In 2013, we focused strongly on the Continente brand, inter alia by enhancing our national offer, with particular emphasis on the suppliers, seasonal products and region of the products in question.

Supply Chain Responsibility Commitments for 2013-2015	Performance 2013
Implementation of the Supplier Manual, which includes the Supplier Policy and Supplier Code of Conduct Supplier Manual drafted within the Sustainability Forum.	
Increase in the number of own brand suppliers audited, including qualification and selection audits With the exception of textile and food suppliers, we strengthened our supplier audits, including sport, electronics and non-food suppliers.	
Increase in the number of textiles suppliers with Social, Ethical and Environmental certification In 2013, it was not possible to increase the number of certified suppliers although it should be noted that this will be a priority for 2014 and 2015.	
Ensuring the maintenance of the Continente Producers Club certification, in accordance with its technical specification Continente Producers Club certified in accordance with its technical specification.	
Creation of a formal procedure for the evaluation of non-conformities detected during supplier audits Procedure for the evaluation of non-conformities detected during supplier audits.	

Fullfilled Partially fullfilled Unfullfilled

SONAE SIERRA
CORE PARTNERSHIP





SONAE SIERRA - CORE PARTNERSHIP

"Taking a wider future perspective, I am particularly proud of the work we have commenced in 2013 to support the long-term resilience of our business, as well as our ongoing achievements in terms of safety, health and environmental performance. Whilst improvements in our management of energy, water and waste enabled us to reduce our environmental impact and avoid costs of €18.3 million in 2013, our research into solutions for effective resource resilience (such as water reuse and renewable energy systems) is vital for sustaining our assets' value in the long-term."

Fernando Guedes Oliveira, CEO Sonae Sierra

KEY ACHIEVEMENTS

Investment

- Sierra Fund and CBRE Iberian Value Added Fund Sold Parque Principado (Spain) for €141.5 Million
- Sierra Fund Sold Valecenter and Airone (both in Italy) to Blackstone Real Estate Partners for €144.5 Million
- Reached Agreement with Rockspring Property Investment Managers to acquire 50% stake in Cascaishopping (Portugal)
- Inaugurated €4.5 Million expansion of AlgarveShopping and commenced €5 Million refurbishment of NorteShopping (Both in Portugal)
- Announced the expansion and refurbishment of Franca Shopping (Brazil), with €31 Million investment adding 11,000M² GLA

Development

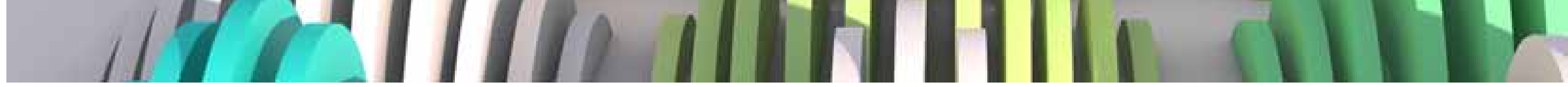
- Inaugurated Hofgarten Solingen (Germany)
- Inaugurated Boulevard Londrina Shopping and Passeio das Águas Shopping (both in Brazil)
- Commenced the development of Parklake in Romania, a joint venture with Caelum development
- Announced our first development in Morocco, a joint venture with Marjane, Al Futtaim and Société d'Aménagement de Zenata (Groupe CDG)

Management

- Launched 'Digital Lounge' Pilot Project in Hofgarten Solingen – The first of its kind in our portfolio
- Consolidated Promofans® Platform achieving 360,000 registered users since launch
- Launched coop store project to foster entrepreneurship and the emergence of new brands and concepts in our shopping centres
- Implemented rainwater harvesting or water reuse systems at six shopping centres (47% of our centres now have these systems)

Professional services

- Signed 59 new service contracts across Europe, North Africa and Asia with a combined value of €12.2 million
- Entered the Turkish market with the creation of service provider company Sierra reval
- Joint venture partnership formed with Citic Capital to provide property management services in China
- Consolidated activity in Morocco, signing seven new services contracts with clients



KEY PERFORMANCE INDICATORS

Indicator	2011	2012	2013
OMV of owned Assets (€ million)	6,320	5,789	5,638
Number of tenant contracts under management	8,495	8,428	8,288
Average Occupancy Index (% by GLA, across our owned portfolio)	96.7	96.1	94.4
Real Estate NAV (€ million)	1,173	1,050	1,000
Tenant satisfaction Index (scale of 1 ('not satisfied') to 6 ('very satisfied'))	4.6	4.5	4.6
Average hours of training per employee	48.9	35.8	32.2
Number of non-conformities per hour of reference SPO[5]	7.8	7.4	8.4
Lost Workday Case Accidents Frequency Rate (LWCAFR) on construction sites	17.2	5.0	4.3
Greenhouse gas (GHG) emissions of our owned portfolio and corporate offices (tCO_2e/m^2 GLA)	0.028	0.043	0.021
Electricity efficiency (excluding tenants) of our owned portfolio (kWh/m^2 mall and toilet area)	514	479	444
Water efficiency (excluding tenants) of our owned portfolio (litres/visit)	3.7	3.6	3.7
Total waste recycled as a proportion of waste produced (% by weight, across our owned portfolio)	53	55	59

[5] Safety, health and environment Preventive Observations (SPOs) are a form of safe behaviour audit undertaken at our shopping centres in operation.

GOVERNANCE

Sonae Sierra's corporate governance policies were adopted by the Company based on the models of its shareholders, Sonae and Grosvenor. The shareholders' corporate governance policies impose levels of transparency, independence, remuneration compliance rules and sustainability policies which have contributed to shaping Sonae Sierra's own management model, corporate values, business strategy, sustainability policies and transparency in public reporting. We operate a Sustainability Steering Committee (SSC) which is responsible for overseeing the delivery of work under our four long-term sustainability priorities as well as Safety, Health and Environment (SHE) and Risk Management. The SSC reports directly to the Executive Committee and is chaired by our CEO. The Committee meets regularly to: discuss decisions that need to be taken collectively, inform the Executive Committee of any issues related to the implementation of the Sustainability Strategy and to provide the overall vision for the company's SHE Strategy, including setting and periodically reviewing S&H and Environmental policies and long-term objectives. The senior-level employees who champion each of our long-term sustainability priorities are required to report three times a year to the Sustainability Steering Committee on progress made with respect to their area of priority.

OUR BUSINESS STRATEGY

With 25 years of experience, Sonae Sierra creates value for stakeholders throughout the entire lifecycle of each asset. The combination of our know-how, our commitment to innovation and our long-term approach has created an integrated business model that embraces shopping centre development, ownership and management as well as professional services.

Our business strategy comprises four axes to allow our business to expand its market presence, deliver sustainable financial returns and create added value for stakeholders through our business model:

SHOPPING CENTRE SPECIALIST

We aim to maximise 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. That means, in some properties:

- We may hold a controlling position, by ourselves or with partners.
- We may hold minority positions associated with management services.
- We may render services to third party owners without any financial capital invested by the Company.

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: (1) Brazil, (2) emerging markets with significant shopping centre potential that can deliver high returns in the long term, and where we may enter via the provision of professional services and (3) Germany, Italy and Romania 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 realise value in an orderly way.

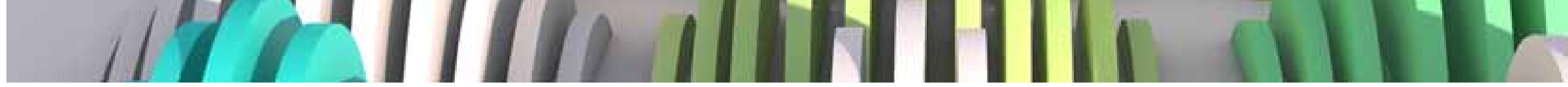
PROFESSIONAL SERVICES

We will continue to reinforce a professional services component focused on development, leasing and property management services. This enables us to optimise 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 of minimising the financial capital invested in a given operation allowing us to share risk, maximise returns through service delivery and improve know-how.

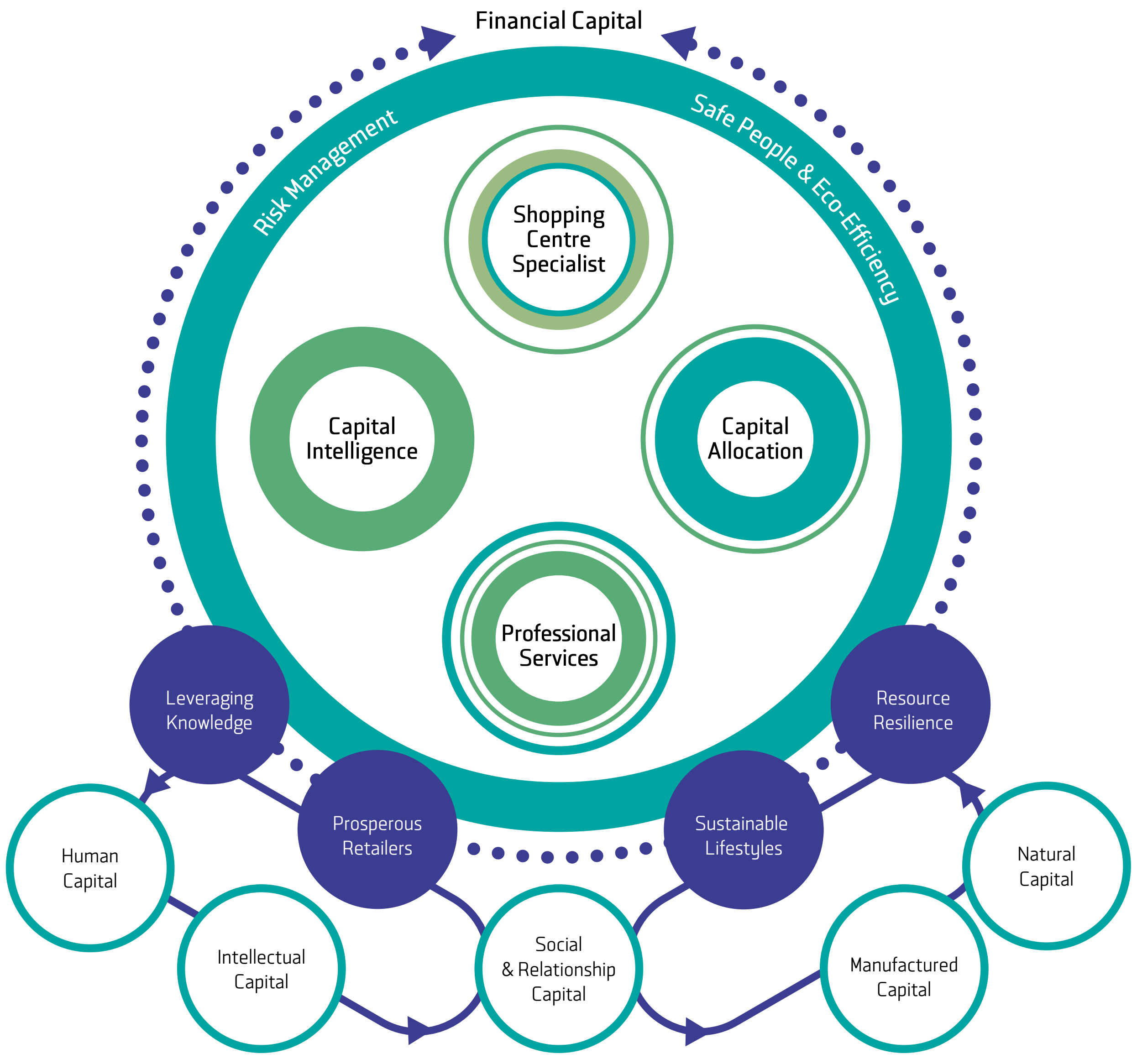
We will aim to maintain the financial capacity to commit to ambitious and relevant shopping centre projects, namely in terms of accessing funds in debt markets. For this, we will aim to keep a relevant balance sheet size, associated with prudent financial ratios.



SUSTAINABILITY STRATEGY

Our business strategy is supported by our sustainability strategy. In addition to our ongoing Safe People & Eco--efficiency and risk management commitments, we have identified four long-term focus areas which address the principal sustainability risks facing our operations in order to safeguard our continued capacity to do business:

- Prosperous Retailers – Partnering with tenants to make their business more resilient.
- Sustainable Lifestyles – Using our reach and public influence to encourage our visitors to make the right choices.
- Leveraging Knowledge – Empowering our employees by building their skills and knowledge and raising the standard of education at a collective level in the communities where we operate.
- Resource Resilience – Trying to be energy independent, using innovation and technology to rethink our proceses and reusing water on our sites. Safety, Health



SAFETY, HEALTH AND ENVIRONMENT MANAGEMENT SYSTEM

Our Safety, Health and Environmental Management System (SHEMS) is the framework we use to manage our impacts and improve our performance in relation to safe people and eco-efficiency. The SHEMS is based on a cyclical approach that involves planning, implementation, monitoring and review to ensure continuous improvement. It is regularly updated, most recently in 2013 with reference to the increasing focus on professional services and capital light approach that forms part of our business strategy. As of 31 December 2013, ISO 14001 certifications had been achieved in 87% of our shopping centres in operation and OHSAS 18001 certification had been achieved in 59.6%.

Our SHEMS covers all safety, health and environmental impacts across all stages of our business cycle for assets which Sonae Sierra owns or occupies.

KEY SUSTAINABILITY ACHIEVEMENTS 2013

In 2013 Sonae Sierra commissioned a new materiality review that identified 25 different relevant aspects. **From these 25 aspects we can highlight a summary of the most relevant key achievements**:

ENERGY

- We achieved an average electricity consumption of 444 kWh per m^2 of mall and toilet area, a 7% reduction compared to 2012. We achieved our 2013 target of 488 kWh per m^2 and remain on track to meet our long-term goal to attain a maximum electricity consumption of 400 kWh per m^2 by 2020.

EMISSIONS

- We achieved a GHG emissions rate of 0.021 tonnes per m^2 of GLA, a 51% reduction compared to 2012, meaning we achieved our target of 0.044 tonnes per m^2. Overall, we have achieved a reduction of 75% since 2005, our baseline year, meaning we have surpassed our long-term goal of a 70% reduction by 2020. Consequently, we have since set a new long-term goal for an 80% reduction by 2020.

WATER

- Our shopping centres consumed 3.7 litres of water per visit. We exceeded our 2013 target of 3.82 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.

WASTE

- We applied our waste management practices to all projects under construction and achieved a recycling rate of at least 95% for our completed projects, meaning we met our target of 85%.
- We generated 41,595 tonnes of waste , of which 59% was recycled and 20% was sent to landfill. The increase in recycling rates – up 5.9% since 2012 - has enabled us to divert 1,361 tonnes of waste from landfill or incineration. We exceeded our 2013 target to attain a minimum recycling rate of 55.1% across our owned shopping centres and guarantee the proportion of waste (by weight) sent to landfill does not exceed 28.6%.

BIODIVERSITY AND HABITATS

- During 2013, 100% of new completed development projects occurred on previously developed land.

Altogether, we have managed to avoid combined costs of €18.2 million in 2013 as a result of eco-efficiency improvements introduced since 2002 (for electricity and waste) and 2003 (for water). At the same time, this has enabled us to reduce water consumption by 14% (since 2003) electricity consumption by 40% (since 2002) and increase recycling rates by an impressive 214% (also since 2002).

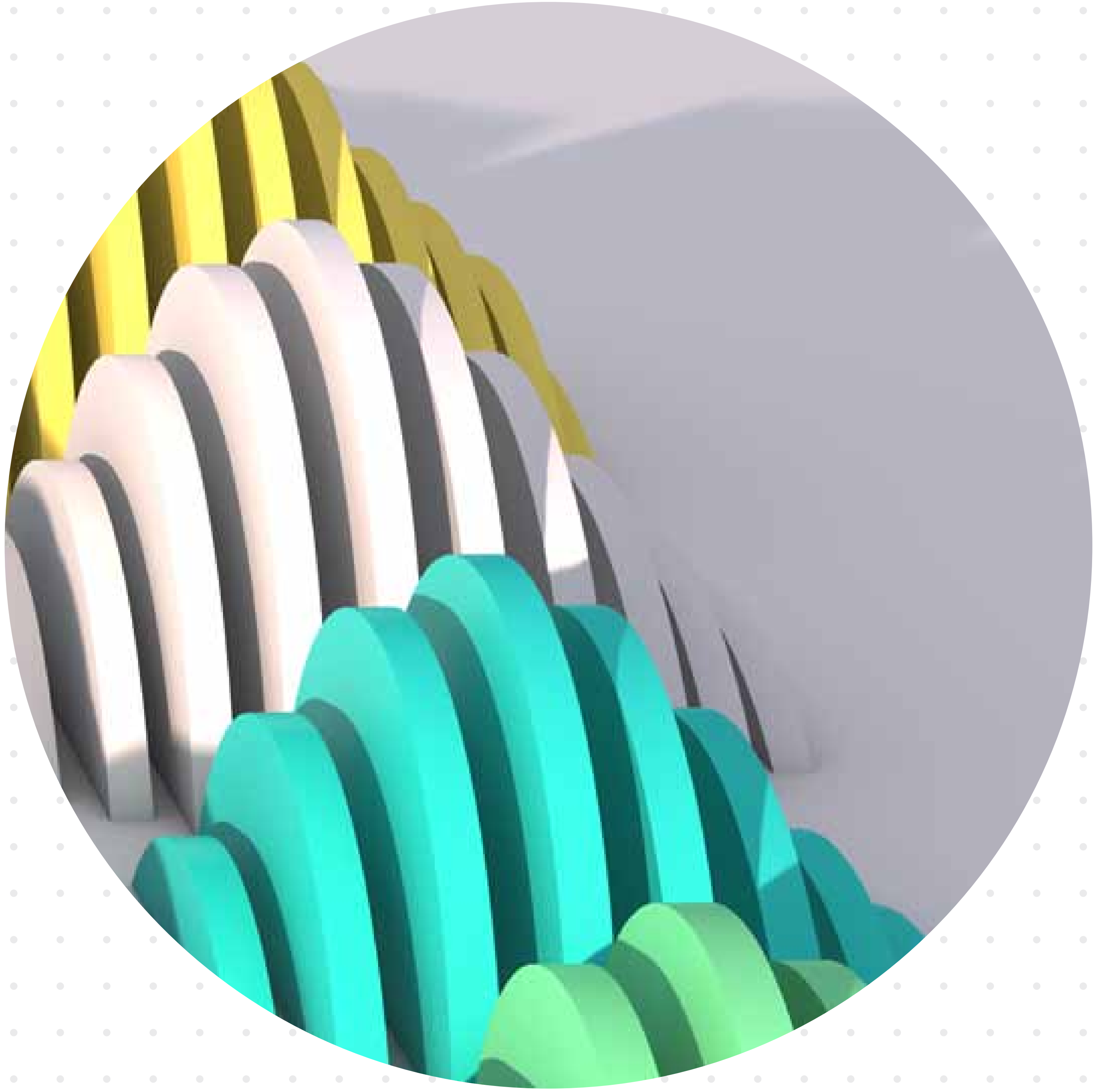
SAFETY AND HEALTH

- We deliver SHE training to our staff and other key stakeholders on an ongoing basis, and in 2013 we delivered a total of 31,680 man hours of training (including meetings) on SHE to staff, suppliers and tenants across our shopping centres, development projects and in our corporate offices.
- In 2013 we performed 9,697 hours of Safety, Health and Environment Preventative Observations (SPO) across our shopping centres (including some of those which we manage on behalf of others). The number of hours of SPO performed in 2013 decreased by around 5% in comparison to 2012.

Sonae Sierra obtained four new ISO 14001 and five new OHSAS 18001 certifications for Safety, Health and Environment Management Systems at three operational shopping centres and two construction projects.

For more information on Sonae Sierra sustainability performance please consult Sonae Sierra Economic, Environmental and Social Report 2013 on http://www.sonaesierra.com/en-GB.aspx.

ANNEXES



ANNEXES

COMPLIANCE WITH PRINCIPLES AND MEMBERSHIP OF ASSOCIATIONS AND PARTNERSHIPS WITH ORGANIZATIONS

GLOSSARY

A

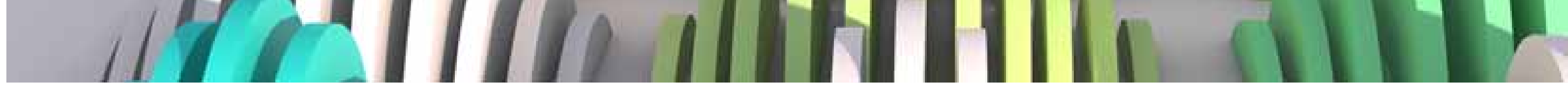
APED	Portuguese Association of Distribution Companies.

B

BCSD Portugal	Business Council for Sustainable Development. This entity is devoted to developing and promoting the business case for sustainable development.
Benchmark	Methodological process used to evaluate ideas and procedures and select the ones most likely to improve performance.
Biodiversity	Biodiversity is the degree of variation of life forms within a given species, ecosystem, biome, or planet.

C

Capital-light investments	Investment models that require little or no capital expenditure.
Carpooling	Sharing car journeys so that more than one person travels in a car.
CCL	The purpose of the CCL – proof of purchase at auction – is to enhance the qualitative and quantitative value of catches traded at auction on mainland Portugal, and so to improve the sustainability and yield of the fishing sector in the country by identifying and differentiating the catches in the auctions for the final consumer.
CDP	The Carbon Disclosure Project (CDP) is a non-profit non-governmental organisation that maintains the largest database on the impact of corporate climate change in the world. Over 3,000 organisations located in around 60 countries measure and disclose data about their greenhouse gas emissions, water management and climate change strategies through CDP, allowing reduction goals to be set and performance improvements to be made.
CES	Customer Effort Score - A measure of how much effort a customer perceives they spent to resolve an issue.
Checklist	List of items for comparison, verification, or other checking purposes.
Climate change	Alterations to Earth's climate patterns over time.
Clusters	A group of the same or similar elements gathered or occurring closely together.
Coolant gases	Chemical substances responsible for heat exchange in refrigeration and climate control systems.



C

Core business	The primary area or activity that a company was founded on or focuses on in its business operations.
COSO	Committee of Sponsoring Organisations of the Treadway Commission. A private, non-profit organisation devoted to improving financial reports and studying the reasons frauds occur in financial reports.
CO_2e	Carbon Dioxide Equivalent– a reference unit which allows the quantification of all greenhouse gases.

D

Data centres	Facilities used to house computer systems and associated components.
DRV	Daily reference values.
Due diligence	Process of auditing and revising corporate information (accounting, legal, non-financial, liquid debt, etc.) for the purpose of providing analysis and recommendations about the company's value to parties involved in a transaction.

E

EBITDA	Earnings before interest, taxes, depreciation, and amortisation.
Ecological footprint	This term refers to the amount of land and water required to sustain present generations, bearing in mind all the material and energy resources spent by a given population.
Energy efficiency	Optimisation of energy use.
ERT	European Round Table. Organisation which brings together the main European business leader.
Euro Standards	European emission standards. In Europe, all new car models are subject to various legally compulsory technical tests for the purpose of contributing to a cleaner environment by reducing pollution levels.
EWRM	Enterprise-wide risk management. Business risk management programmes.

F

FMCG	Fast moving consumer goods. Products generally sold in large quantities.
Format leader	A leader in its format.
Franchising	Licence sale system in which the franchisor cedes the right to use its brand, patent, infrastructure and know-how as well as the exclusive or semi-exclusive rights to distribute products or services.
FSC	Forest Stewardship Council. FCS' seal on a product ensures it comes from a responsibly managed forest, thus meeting the needs of present and future generations.
Fuel	Something consumed to produce energy.

G

GEP	Global Enterprise Project. Initiative which promotes entrepreneurship among secondary school students throughout Europe.
GLA	Gross leasable area – Total floor area designed for tenant occupancy and exclusive use.
m^2 GLA	Gross leasable area square meters.
GHG	Greenhouse Gases. Gases which retain heat from solar radiation on the Earth surface. The increase in the amount of greenhouse gases in the atmosphere causes a rise in global temperatures.

H

HVAC	Heating, Ventilation and Air Conditioning.

I

IIA Standards	International Internal Audit professional standards.
IIA	Institute of Internal Auditors.
ISO	International Organisation for Standardisation. A non-governmental organisation mainly involved with the standardisation of goods and services using standards to continuously promote product quality.

J

Joint ventures	Association of companies for the purpose of exploring a specific business venture, without losing their independent legal capacity.

L

LCD	Liquid crystal display.
Leaseback	Asset relocation.
LED	Light-emitting diode.
Link	Hyperlink.
LWCAFR	Lost workday case accidents frequency rate.

M

Microgeneration	Electricity production in small-scale power plants using renewable sources or high efficiency conversion processes.
Minigeneration	Autonomous energy production and sale to the national grid by the consumer, through the implementation of power plants in facilities that use electricity.
MSC	Certified Sustainable Seafood. A certification programme which rewards and recognises sustainable fishing.

O

Oeko-Tex Certification	International certification for raw, semi-finished and finished textile products at all stages of the process.
OSHAS	Occupational Health and Safety Assessment Series. OSHAS 18001 Standard.

P

PEFC	Programme for Endorsement of Forest Certification. A voluntary forest certification programme. The PEFC seal ensures us of a product originating from forests with sustainable management.
Product end-of-life disposal	Product disposal by authorised entities (elimination or recovery) after the end of its useful life.

R

REACH European Directive	European Union directive regarding hazardous substances – Registration, Evaluation, Authorisation and Restriction of Chemical Substances.
Recycling	Reusing materials to deploy them in new components.
Risk and control self-assessment	Methodology for the internal evaluation of control processes and risk management.
ROHS Directive	European Union directive regarding the restriction of hazardous substances which forbids certain hazardous substances from being used in product manufacturing processes, 2002/95/CE.

S

Sustainable development	Development which satisfies the needs of the present without comprising the capacity of future generations to meet their own needs.
SUW	Solid urban waste.
Stakeholder	These are people or groups of people who affect or are affected by the targets of a given organisation.

U

United Nations Global Compact	The main purpose of the Global Compact is to promote alignment of business policies and practices with the values and objectives which are universally agreed upon and internationally applicable. These main values have been separated into ten key principles in the fields of human rights, work, environment and anti-corruption.

W

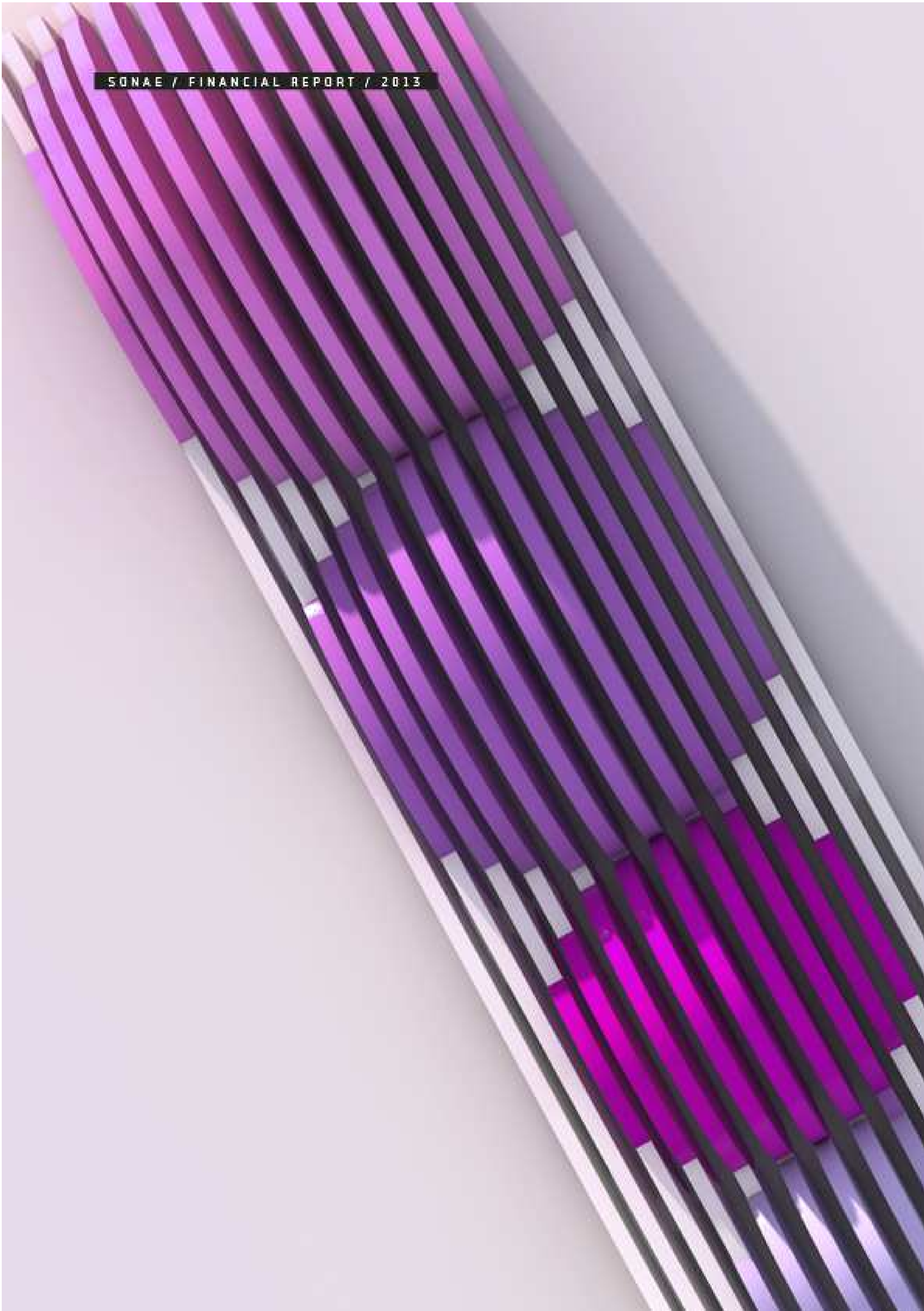
WBCSD	World Business Council for Sustainable Development. This is a leading organisation in terms of tackling sustainable development themes. It is a major platform for sustainability in terms of sharing information, experiences and better practices.
Wholesale agreements	Wholesale trade agreements.
WEEE	Waste electrical and electronic equipment.
World Economic Forum	This non-profit making organisation annually promotes meetings where urgent issues such as health and the environment are discussed.
World Safety Declaration	This is a formal invitation to action and a vehicle for promoting collaboration in the safety at work area. It is a commitment by global industry to the development of ideas which can be shared and adopted worldwide by companies.

Y

Yields	The income return on an investment in stocks. Expressed annually as a percentage based on the investment's cost.

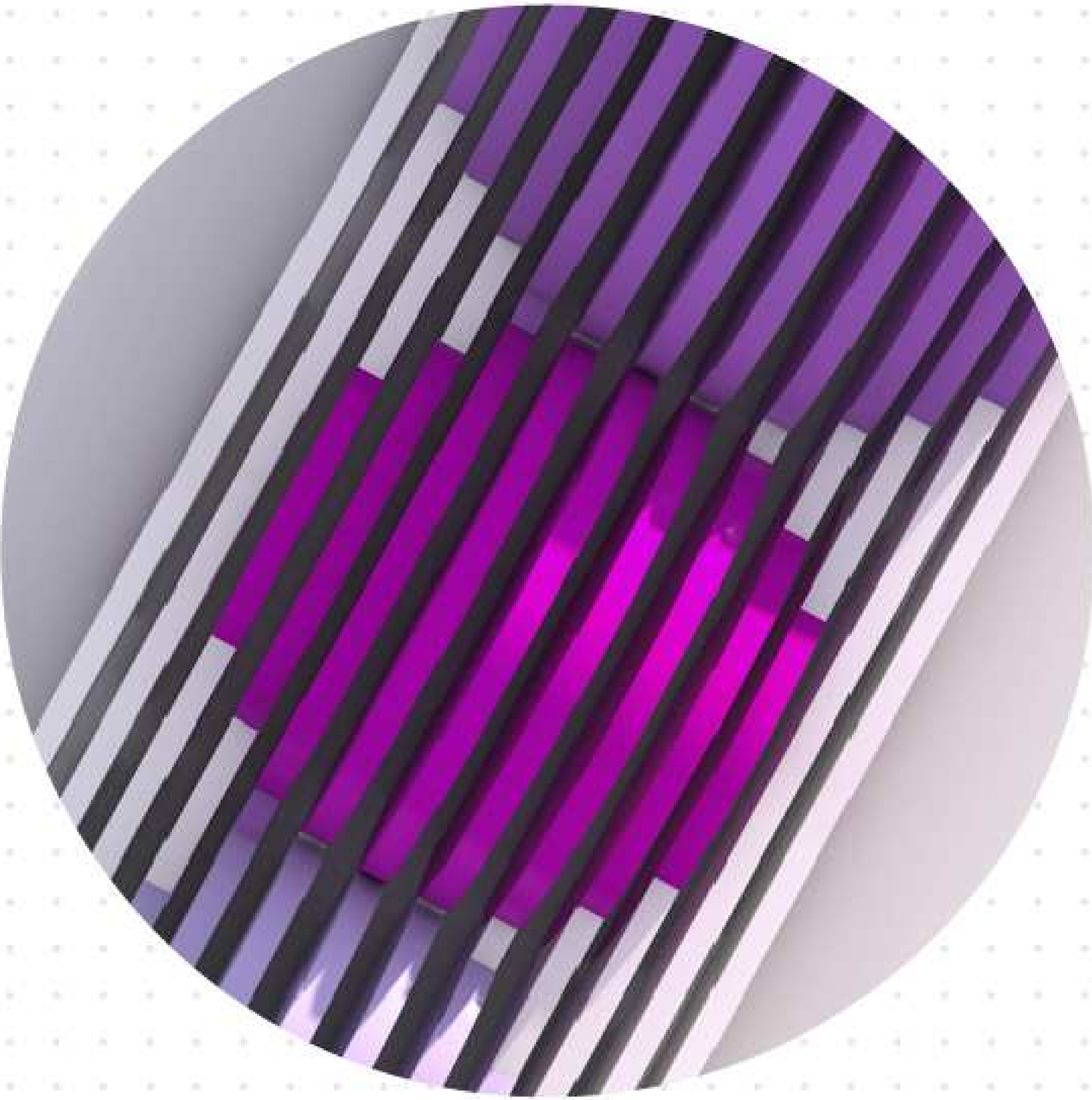
FIND MORE

To access information on GRI, visit Sonae's site Sustainability area / Sustainability Report.



CORPORATE GOVERNANCE REPORT

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 did not hold, at 31 December 2013, any own shares.

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 HOLDING OF BONDS

7. Qualified shareholdings

At 31 December 2013, 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 indicated in the Appendix to the Management Report.

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

This information is disclosed in the Appendix to the Management Report.

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, Banco BPI, SA 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) Composition 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 composition 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 different ways, which is permitted for shareholders acting as financial intermediaries for various clients.

The Company provides appropriate information on its website, at www.sonae.pt (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 the respective 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 authorised 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 in writing 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 www.sonae.pt (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 specialised 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 take 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 2013, 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
Nuno Manuel Moniz Trigoso Jordão*

**Resigned on May 9, 2013.*

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	2004	2014
Álvaro Cuervo Garcia	2004	2014
Michel Marie Bon	2007	2014
José Manuel Neves Adelino	2009	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
Nuno Manuel Moniz Trigoso Jordão*	1999	2013

Resigned on May 9, 2013.

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
Nuno Manuel Moniz Trigoso Jordão*	Executive

** Resigned on May 9, 2013.*

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 on Corporate Governance no. 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

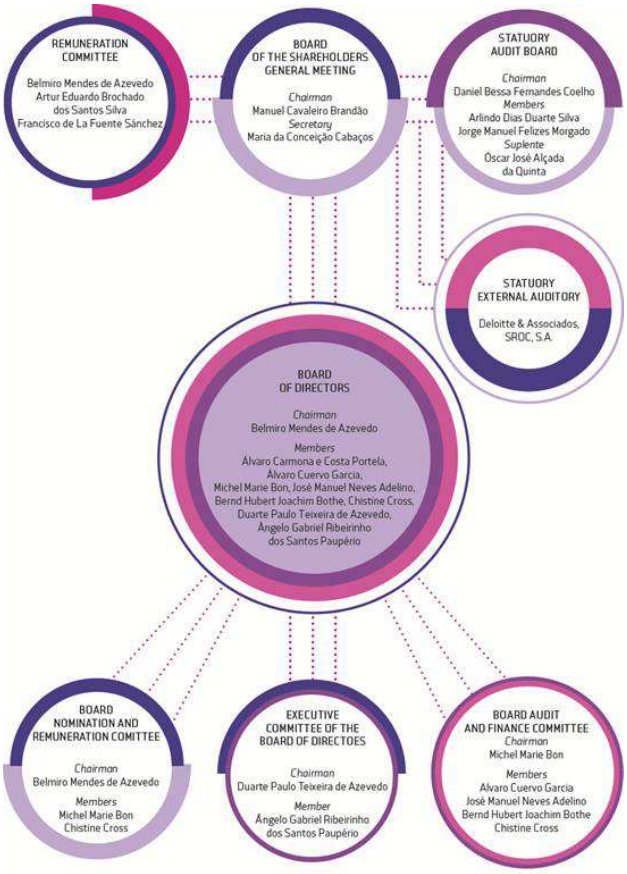
Belmiro Mendes de Azevedo, Chairman of the Company's Board of Directors, holds the majority of the share capital and voting rights of the shareholder Efanor Investimentos, SGPS, SA, to which is attributed the control of the capital and voting rights of the Company.

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, SGPS, SA.

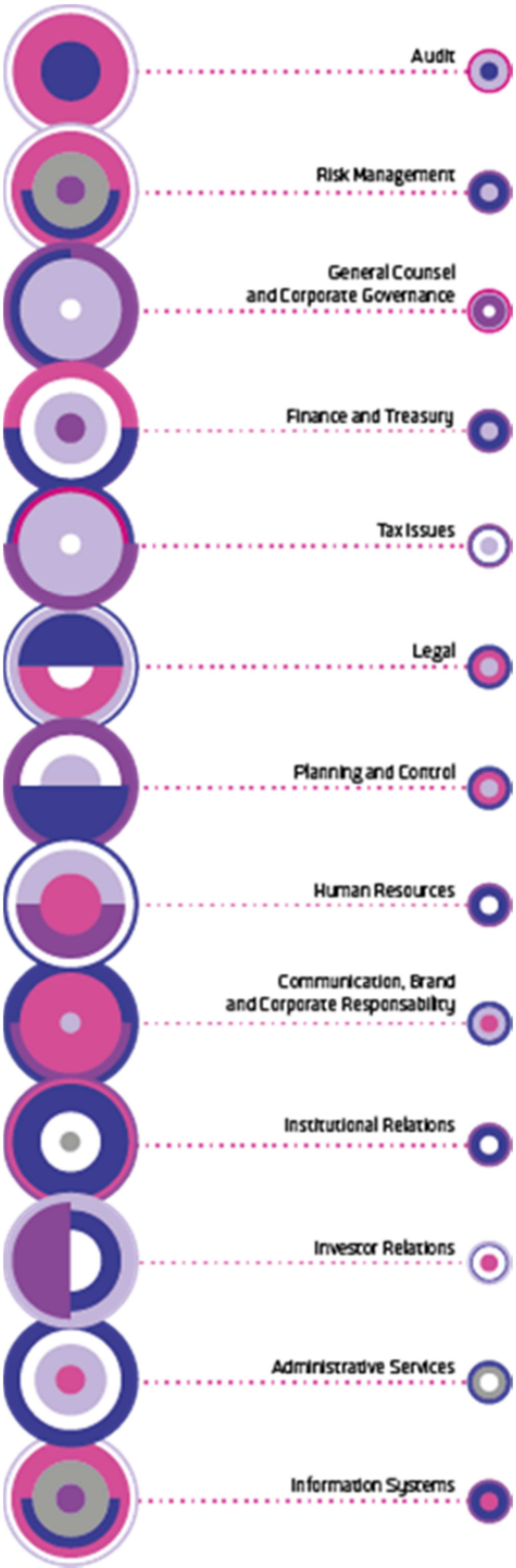
To the best of the Company's knowledge, there are no other significant and current normal family, business and commercial relationships between shareholders with attributed qualified shareholdings superior to 2% of the voting rights and the Board of Directors.

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) Identify critical risks and monitor the development and implementation of risk indicators and risk reduction measures;

(vi) Develop 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.

Legal 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, copyrights etc;

(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 the registries necessary to the businesses (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 Portuguese and international retail and real estate operations, as well as analysing new Portuguese 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 human resources management of the Executive Committee's top resources;

(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 employee salary processing;

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 relationships with the media – coordination of communication messages and statements;

(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 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 and Sonae's 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;

(iii) Promote innovation in relation to Sonae's information systems.

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 co-ordinate financial risk management policies, banking relationships and other matters related to corporate finance.

Audit committee

Sonae's Audit Committee was set up in 2000 to assist the Executive Committee in defining policies, reviewing and co-ordinating the activities of Internal and External Audit, and establishing internal control processes and systems. This Committee, which meets quarterly, is chaired by Ângelo Paupério (member of the Executive Committee), and includes directors with responsibility for this area, internal audit managers of the Company and of Sonae's businesses, as well as the Corporate Governance Manager and Risk Management Manager.

Sonae's Risk Management Consultation Group

Sonae's Risk Management Consultation Group was set up in 2000 to assist the Executive Committee in establishing policies, monitoring and coordinating Risk Management activities. It meets quarterly and is chaired by Ângelo Paupério (member of the Executive Committee), and is composed of: Board members of the businesses with responsibility for this area; Risk Managers responsible for this role in the Company and in each of its businesses; the Corporate Governance Manager; the Internal Audit Manager, and; Sonae's Insurance manager.

Other advisory groups with the role of reviewing Sonae's policies:

- **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 - www.sonae.pt (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 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 2013, 6 (six) 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, supports 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 the Company.

In turn, the department business KPIs are similar in nature to the previous ones, being directly influenced by the performance of the business executive director.

The personal KPIs, which may include subjective and objective indicators, are determined by the compliance of individual obligations and commitments.

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, are 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

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, and, since the Shareholders' General Meeting of the 27 April 2011, is made up as follows:

Management Team
Duarte Paulo Teixeira de Azevedo, CEO
Ângelo Gabriel Ribeirinho dos Santos Paupério, Member
Nuno Manuel Moniz Trigoso Jordão*, Member

** Resigned on May 9, 2013.*

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.

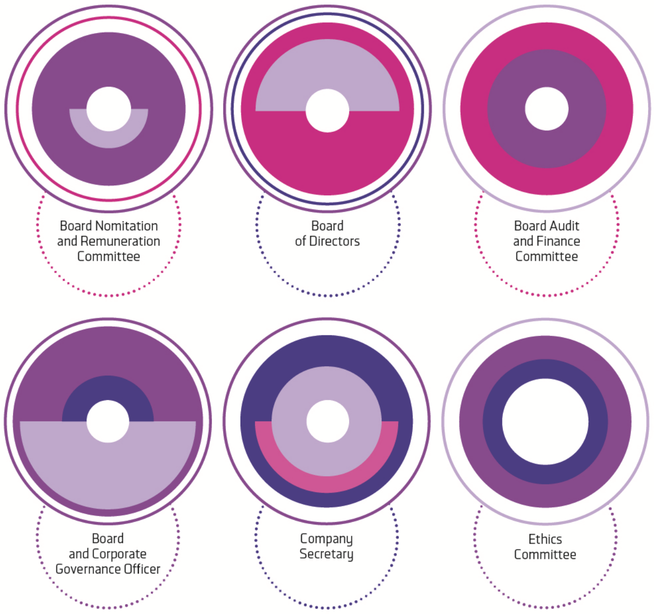
Under the Internal Regulation approved by the Board of Directors, the Executive Committee presents a summary in Portuguese and English of the main topics it has discussed and the decisions taken which is included among the documents distributed to Board members at each Board of Directors meeting.

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 co-ordination 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 Remuneration 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;

- Receive, evaluate and forward reports of irregularities, received of a non-anonymous basis, to the respective responsible Governing Bodies, whenever they consider such irregularities as violations of the rules in this Code of Ethics and Conduct.

Sonae's Code of Ethics and Conduct is available at the Company's website www.sonae.pt (tab Sonae, 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.

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

The Company Secretary is responsible for:

(i) 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) Responding to Shareholder requests for information within the scope of the Portuguese Companies Act;

(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 the year 2013, 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.

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 do this, 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 it 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 members were first elected on 3 May 2007 and later re-elected at the Company's Annual Shareholders' General Meeting, held on 27 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, www.sonae.pt (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 whenever the Chairman or two Board members call a meeting. In addition to formal meetings, the Committee members keep in touch through various forms of long distance communication.

During 2013, 5 Board meetings were held, with an overall attendance rate of 87%. Minutes were written up for all meetings of the Board. Two of the members were present in every formal meetings, however one of the members was absent, due to *force majeure* reasons, from two formal meetings, although having followed up and contributed for the decision making process pertaining to the competences of the collective body, by 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 Auditor;
- The provision of services other than those related to audit in compliance with 2013 CMVM Recommendation IV.2;
- Annual activity assessment.

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;

- additional services should not be greater than 30% of the total value of services rendered to the company;

- 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 Auditor to appropriately carry out his work, being the first point of contact with the auditor and the first to receive audit reports;;

(ix) Supervising the auditing of the Company's financial statements;

(x) Supervising the independence of the Statutory External Auditors;

(xi) Approving any services by the external auditor in addition to those related to auditing;

(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 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 reports from time to time on their activity;
- Evaluating results and conclusions reached;
- Checking for the existence of possible irregularities;
- 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, deciding the appropriate measures that should be taken in each case reported.

38.1 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 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 in Commission for Securities Market, 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.

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 2013 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 & Associados, 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:

Remuneration paid by the Company	2012*		2013*	
Statutory Audit and Accounts Certification	28,084	100%	28,868	100%
Total	28,084	100%	28,868	100%

*Amounts in euros.

Remuneration paid by Group company entities	2012*		2013*	
Statutory Audit and Accounts Certification	1,095,489	66%	1,175,315	64%
Other Compliance and Assurance Services	358,650	21%	280,014	15%
Tax Consultancy Services	62,568	4%	24,425	1%
Other Services	155,883	9%	361,304	20%
Total	1,672,591	100%	1,841,057	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 rooted in its culture, and form the bases of its actions. They are founded upon principles of absolute respect and awareness 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 Board of Directors approved a Code of Ethics and Conduct in 2013, which, in accordance with Sonae's principles and values, establishes rules of conduct to be complied with by its directors and employees in carrying out their duties in all Group business units.

The Code of Ethics and Conduct is available at

http://www.sonae.pt/en/investors/corporate-governance/.

In addition to the Code of Conduct, previously approved internal regulations covering conflicts of interest, business gifts and related party transactions, continue to be in force.

The Ethics Committee has responsibility for 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, with impact in the Company's internal and external image.

The Ombudsman has responsibility for receiving and forwarding reports involving employees, clients or suppliers and other service providers to the relevant bodies.

The Ethics Committee forwards any reports that might indicate alleged irregularities to the Statutory Audit Board and the Board of Directors. All the irregularities addressed directly to the Statutory Audit Board are immediately reported to the Statutory Audit Board and passed on to its Chairman.

Other than communicating with the companies involved, the Ombudsman delivers a quarterly summary of all received reports to the Statutory Audit Board.

Any report of irregularities must be sent on a non-anonymous basis to the email address of the Ethics Committee: comissaoetica@sonae.pt.

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 specialised 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 it 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, previously identified in the section "Organisation of the Corporate Centre – Duties and Competencies", takes responsibility in controlling and monitoring risks related with their duties, namely, other than Planning and Management Control, the 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:

Sonae's businesses are exposed to the current adverse global economic environment, aggravated by the economic crisis in Portugal, which means that they may be impacted by possible falls in public and private consumption. Sonae's businesses have various ongoing initiatives, the goal of which are to mitigate this risk, both through the internationalisation of businesses, a more rigorous control of costs, by launching innovative and alternative product and service offers, and also by taking advantage of the economic situation as an opportunity to launch promotions or products suited to changes in consumer profiles.

Competition:

The main competition risks are the entrance of new competitors, market consolidation opportunities and the repositioning of current competitors or the actions they might take to reposition themselves to win new markets (price conditions, new businesses, innovation, etc.). Lack of competitiveness 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 minimise this risk, Sonae constantly benchmarks competitor's actions and invests in new formats, businesses and products/services or the improvement of existing ones, in order to always provide its customers with innovative offers.

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 optimisation of the business offer and concepts.

In order to anticipate consumer needs and market trends, Sonae analyses information about consumer behaviour on a regular basis with more than 100,000 customers surveyed per year. The introduction of new products, concepts and technologies is always tested using pilot schemes before being implemented globally. The Group also invests significantly each year in the refurbishment of stores, shopping centres, telecommunications networks and information systems, to ensure that they retain their attractiveness for customers, and keep pace with the challenges of technological innovation.

Brand:

Sonae and its subsidiaries own several high value brands, and these constitute one of its main assets.

The risks associated with brands come from negative impacts arising from extraordinary events affecting image reputation and awareness. The Group periodically monitors brand image value, attributes and awareness through customer opinion surveys, research by specialist entities and market studies. Sonae also performs continuous follow-up of brand reputation, namely through press analysis, opinion articles issued by the media and in blogs. Sonae's brands regularly win prizes in Portugal and internationally that recognise the excellence of its products and services, its business processes and innovations.

Tangible asset risks:

In 2013, 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:

Aware of the importance of safeguarding lives and property as a cornerstone of sustainability and growth, Sonae has carried out true social responsibility actions through a visible commitment to prevent work accidents, minimising or eliminating their causes and promoting a culture of Occupational Health and Well Being.

Continuous improvement of programmes and actions in the Safety, Hygiene and Health at Work area has enabled Sonae to reach the targeted levels of excellence of the "Zero Accidents Project".

The goal of Health and Safety management at Sonae Sierra is to anticipate and prevent accidents, thus protecting its employees and all relevant stakeholders (visitors, tenants and suppliers).

Sonae Sierra has a "Zero Accidents" policy, underpinned by the implementation of its Corporate Safety, Health and Environmental Management System.

Establishing a Health and Safety culture at Sonae Sierra began in 2004 with the PERSONÆ project, the ultimate aim of which was to disseminate a culture of Health and Safety across the Company. To achieve this, processes and actions had to be implemented that were strictly aligned with the Company's corporate Health and Safety objectives, in order to minimise and control al risks relating to people arising from the activities of Sonae Sierra, both in shopping centres in operation as well as on construction projects in progress. In total, some 5 million Euros were invested and around 70,000 people involved, among employees and tenants of Sonae Sierra in Portugal, Spain, Italy, Germany and Brazil.

The project was completed in 2008 and was the catalyst for the implementation of Sonae Sierra's Safety, Health and Environmental System, which continues to strive towards the same high standards and levels of commitment to minimise people related risks.

These efforts were recognised by Sonae Sierra winning: OHSAS 180101 certification in 2008, the first awarded in Europe to a company in the shopping centre sector; OHS18001 certification for all construction projects begun since 2009; and OHS18001 certification for each of the 29 shopping centres in operation since 2008.

External recognition of Sonae Sierra's efforts is evident from the prizes that the company has won over the last few years. In 2011, it was a finalist for the DuPont Safety Awards, due to the exemplary performance and dedication in building shopping centres that are safer for children. In the same year, Sonae Sierra was also awarded the European Risk Management Award prize in the category Most Innovative Use of IT or other Technology for its inspection system in the Health and Safety area. In 2009, Sonae Sierra won the European Risk Management Award 2009 for best training program and in 2007 the DuPont Safety Award for Visible Management Commitment.

In 2013, Sonae Sierra did not reduce the number and severity of work related accidents (per million of hours worked), due to a significant raise of commuting accidents that contributed 50% to the number of days lost per million hours worked. Unfortunately, the number of accidents involving visitors to our shopping centres requiring medical assistance, also increased. Despite this results, a significant raise in the absenteeism rate due to work accidents (per million hours worked) in centres under development and in centres in operation, where there has been a significant reduction of 30%, compared to 2012. This figure is the result of several awareness and training workshops attended by our suppliers along the year.

In Sonae's retail business, a project to define the physical safety standards of customers was completed, as a means of implementing action plans to anticipate and mitigate the safety risks relating to customers.

At the end of 2005, Sonae signed up to the World Safety Declaration, which committed its businesses worldwide to promoting safety at work. Sonae was one of the founder members, alongside some of the biggest companies in the world.

Business continuity management:

In the most significant businesses, projects and programmes continued to be developed in order to guarantee the continuity of operations, through defining, revising and implementing procedures and processes to prepare for crisis and catastrophic scenarios, particularly through developing business emergency, contingency and recovery plans.

Environmental risks:

In the area of environmental risks, several environmental certifications have been obtained, audits continued and improvement actions implemented, as part of the process of Environmental Management in the Group's sub holdings.

Sonae Sierra's Environmental, Health and Safety Management System covers these risks for all activities of the company, including the phases of selection, development and management of Shopping Centres.

In 2012, 87% of Sonae Sierra's shopping centres won the ISO 14001 certification, thus enabling it to achieve the following corporate objectives for the period 2002 to 2013:

- Reduction in electricity consumption of 40%;
- Increase in the percentage of waste recycled from 19 to 59%;
- Improvement in efficiency in the use of water by 13%.

For the development phase of shopping centres, 24 ISO 14001 certifications were won for construction projects, due to the high quality of environmental procedures followed during construction.

As a result of its superior performance in 2013, Sonae Sierra was considered to be most sustainable private investment fund in Europe within its peer group by the Global Real Estate Sustainability Benchmark Foundation and was awarded the Green Star. This internationally recognised ranking rewards the sustainability strategy of Sonae Sierra, and its vision, reflected in the actions taken in the social and environmental areas, as well by as its 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 environmental management system has been audited each year and it has maintained its certification status. In 2010, the environmental management system certification programme was adapted to the new Sonae Retail organisation and certification was won once again. This program, among others factors, enables the day-to-day environmental risks of all of its business activities to be appropriately managed.

In addition, Sonae Retail has continued its programme of environmental certification of operational units, closing 2013 with an additional certified Worten. At the end of 2013, Sonae Retail had 26 premises certified (3 Continente, 8 Continente Modelo, 2 Continente BomDia, 6 Worten and 6 Warehouses, in addition to the Meat Processing Centre). These certified units serve as an example to all other units.

Change Project Risks:

Risks associated with critical business processes and major change projects, especially the implementation of new processes and major projects, information system and telecommunications changes, were evaluated 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 rationalising these types of risk continued, either by searching to establish a sound 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 optimised in accordance with the needs of each business, ensuring internally effective insurance management worldwide, using Sonae RE, Sonae's captive re-insurer, and Brokers Link, Sonae's insurance brokerage network, coordinated by MDS, Sonae´s insurance consultant.

Food safety risks:

At Sonae MC, a programme of food safety audits was implemented and consolidated in stores, warehouses, cafeterias and production centres, the main result of which was to arrive at and report on the main conclusions for the Company in this area and identify corrective actions.

The objective of this auditing programme is to verify systematically compliance with food safety legal standards and internal rules and procedures.

In 2013, around 600 food safety audits were carried out.

Information, Information Systems and Communication Risks:

The Information Systems of Sonae businesses are characterised as being broad ranging, distributed and heterogeneous. From the information security point of view, several risk reduction actions have been carried out to ensure the availability and integrity of information, including: the development of Business Continuity Plans; carrying out back-ups offsite; implementing high availability systems and network infrastructure redundancy; verifying and controlling the quality of flows between applications; managing accesses and profiles, and implementing anti-virus software.

During 2013, various awareness raising programmes relating to the Company's information systems security were carried out, which involved employees at various levels and from a range of functions. . To be noted is the fact that Sonae signed up in 2012 to the World Economic Forum initiative, Partnering for Cyber Resilience, committing to follow its principles and guidelines.

In 2013, audits were carried out on information systems, which support Sonae's critical processes, with the aim of identifying and correcting potential vulnerabilities, which could have a negative impact on the business in terms of information security.

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, and credit risks (which are described and analysed in more detail in the Appendix to Sonae's Consolidated Financial Statements). In view of the varied nature of the different Sonae businesses, exposure to these risks may vary from business to business, and thus there is no single standard risk management policy covering the entire group. Instead, Sonae prefers and individual approach adapted to the needs of each business. The Group is also exposed to debt and equity market fluctuations. During 2013, and in order to minimise potential adverse effects of the volatility of financial markets, the Sonae businesses sometimes used derivative instruments to cover these kinds of risk, in addition to policies to manage each of the risks, and the implementation of control mechanisms to identify and determine them, and in the particular case of risk credit, Sonae businesses transferred that risk to third parties, through credit insurance coverage, bank guarantees or documentary credits, among other similar instruments. Financial risk management policies are approved by each Executive Committee and exposures are identified and monitored by each sub holding Finance Department. Financial exposures is 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 therefore 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 although 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 a legal and tax function permanently dedicated to its activities, which are closely carried out with the remaining sovereign functions and businesses, in order to ensure, preventively, the protection of Sonae's interests while complying with legal obligations and applying best practices.

The teams in these departments undergo specialised training and participate in in-house and external training courses to update their knowledge.

Legal and tax function is also guaranteed, on a national and international level, by external professionals, selected from reputed firms and based on criteria of competence, ethics and experience.

The Company's most relevant pending litigation is identified in the Appendix to Sonae's Consolidated Accounts.

Sonae Group companies are subject to the Portuguese, local and sector laws and regulations of each market in which they operate. These laws aim to ensure: the safety and protection of consumers; the rights of workers; the protection of the environment and compliance with town and country planning rules; compliance with regulations concerning those sectors of business activity in which the group is present; and the maintenance of a competitive and open market. They are thus clearly exposed to the risk of regulatory changes which may impact the way the businesses are run, and consequently negatively impact the attainment of strategic goals.

The Group's approach is to collaborate on a continuous basis with the authorities to comply with applicable law. This collaboration takes the form in particular of playing an active part in public consultations organised by national and international authorities. The increasing internationalisation of Sonae is affected by specific risks arising from other country's different legal framework.

54 Description of the risk management processes, identification, assessment, monitoring, control and risk 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 in 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 ("technical-operational risks"), 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; financial departments. Their work is reported to, coordinated with and reviewed by the Finance Committee and the Board Audit and Finance Committee;

(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 (risks 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;

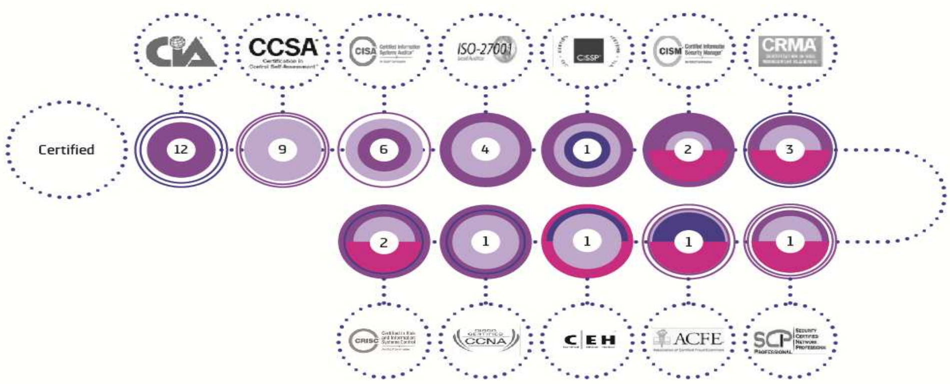
(v) Evaluating strategic risk management options (e.g. accept, avoid, treat, and transfer);

(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

With regard to the Internal Audit function, in 2012 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). In 2013, 8 new certifications were obtained (1 CIA, 1 CCSA, 2 CISA, 2 CRMA and 2 ISO 27001). By the end of 2013, Sonae detained the following 43 certifications:



1	CIA	Certified Internal Auditor (IIA – The Institute of Internal Auditors);	6	CISM	Certified Information Security Management (ISACA – Information System Audit and Control Association);
2	CCSA	Certification in Control Self-Assessment (IIA - The Institute of Internal Auditors);	7	CRMA	Certification in Risk Management Assurance
3	CISA	Certified Information Systems Auditor (ISACA – Information System Audit and Control Association);	8	CRISC	Certified in Risk and Information Systems Control
4	ISMS	Certification in Information Security Management System BS ISO/IEC 27001:2005 (British Standards Institution);	9	CCNA	Cisco Certified Network Associate
5	CISSP	Certified Information System Security Professional (International Information Systems Security Certification Consortium);	10	CEH	Certified Ethical Hacker
			11	CFE	Certified Fraud Examiner
			12	SNCP	Security Certified Network Professional

Additionally, one of our food safety auditors detains the NP 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, 12 training sessions were carried out, with the attendance of 208 trainees and a total of 1,250 training hours.

3. With regard to the development of the Risk Management function, in 2013 Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes. Currently, Sonae Group staff also has 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 2014, 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 2013

In 2013, 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.

An application tool, based on the COSO International Standard, was developed internally to support these activities Company-wide.

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 Report of the Board of Directors 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 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. Half-yearly the Statutory Auditor presents the main conclusions of the work carried out, 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 appendixes 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 appendixes 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 systematisation of risks and internal control system related to the preparation of financial information in 2013. 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 General Counsel and Corporate Governance department, working together with the Administrative Services, Investor Relations, Internal Audit and Risk Management departments, and, if necessary, with other departments, coordinates the periodic analysis of compliance with legal requirements and regulations regarding governance processes and corresponding financial information that are reported in the Management Report of the Board of Directors and in 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 (www.sonae.pt – tab Investors, Announcements section). The latter site provides 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

E-mail: 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

E-mail: investor.relations@sonae.pt

Address: Lugar do Espido, Via Norte, 4471-909 Maia Portugal

58. Information Requests

During 2012, the Investor Relations Department received 125 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 Commercial Companies Code

Website: *http://www.sonae.pt/en/investors/corporate-governance/*.

61. Location where the Articles of Association, Bodies and Committees' Regulations can be found

Website: *http://www.sonae.pt/en/investors/corporate-governance/*.

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/* and *http://www.sonae.pt/en/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/*and *http://www.sonae.pt/en/investors/financial-data/*.

Calendar of corporate events- *http://www.sonae.pt/en/investors/financial-calendar/*.

64. Location where is provided the notice to General Meeting and all related information

Website:

http://www.sonae.pt/en/investors/shareholders-general-meetings/.

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/.

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.

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 post by the Shareholders' General Meeting and the Shareholders, on the recommendation of the majority 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 2013, the Remuneration Committed 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, 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/*.

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 2013, and is based on the following principles.

Remuneration Policy Features:

Competitive:

- 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.
- 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.

Linked to performance:

- A significant part of the remuneration of Sonae's executive directors is determined by the success of the Company. The variable component of remuneration is structured in such a way as to establish a link between the sums awarded and the level of performance, both at individual and group level. If predefined objectives are not achieved, measured through KPIs applicable to the business and to the individual performance, the total or some part of the value of short and medium term incentives will be reduced.

Aligned with the interests of shareholders:

- Part of the variable remuneration of executive directors is paid in the form of shares and deferred for a period of 3 years. Given that there is a link between Sonae's share prices and its performance, the remuneration paid will be impacted by the manner in which the executive director has contributed towards this result. Hence, the interests of directors are aligned with those of shareholders and with medium term performance.

Transparent:

- All aspects of the remuneration process are clear and openly disclosed internally and externally through documentation published on the Company's internet site. This communication process contributes towards promoting equal treatment and independence.

Reasonable:

- The aim is for the remuneration of executive directors to be reasonable, ensuring a balance between the interests of Sonae, market positioning, the expectations and motivations of managers and the need to retain talent.

The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' General Meeting that took place on the 30 April 2013, 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 2013, 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	Obtainment 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 2013, including the deferred component; Proposals for fixed remuneration for 2014; Proposals for variable remuneration target values for performance in 2014; Shareholders' Remuneration Committee Meeting later in March, after the BNRC has met: Closing prior year and preparing current year, approving or deciding the following: Remuneration policy proposal to present to the AGM; Proposals for the award of variable remuneration for 2013, including the deferred component; Proposals for fixed remuneration for 2014; Proposals for variable remuneration target values for 2014 performance.
April	Shareholders' General Meeting in late April: Shareholders vote on Remuneration Policy proposed by the SRC.
May	SRC Meeting in early May: Only if Board membership or responsibility changed at the AGM.
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 pre-defined objectives.
It is divided into two equal parts:

a) Short term variable Performance Bonus (STPB) paid immediately after being awarded – see section 71 for further details;

b) Medium term variable Performance Bonus (MTPB), paid after a deferral period of 3 years - see section 71, 72 and 73 for further details.

The various components of the Executive Directors' remuneration – fixed and variable - are summarised in terms of components, description, objective and market positioning, in the following table:

	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

Medium term performance bonus can be paid in cash, shares or a combination of cash and shares. Currently, no scheme involves the award of share purchase options.

70.2 Non-Executive Board Members

The remuneration of Non-Executive directors is exclusively composed of fixed values determined by reference to market values.

This remuneration is paid quarterly.

The Chairman of the Board of Directors receives only fixed remuneration.

For each Non-Executive director, the fixed remuneration includes attendance fees during the year including presence at, and preparation for, at least five Board of Directors meetings each year (approximately 15% of remuneration is paid as attendance fees). Non-Executive directors' attendance fees are paid as follows: Board meetings €930; Audit and Finance Committee meetings €640; and Nomination and Remuneration Committee meetings €390. The Chairman of the Board of Directors only receives attendance fees for Board meetings.

Fixed remuneration can increase by up to 6% for Non-Executive Directors who chair a Board Committee.

In addition, an annual responsibility allowance is paid which is normally €2,100 or €2,200.

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 33% and 60% of total annual remuneration (fixed remuneration plus variable remuneration target values). The weight of the overall variable component of Sonae's executive Directors' remuneration, should not exceed 50% of the total value of annual remuneration.

Of this amount, around 70% is based on business, economic and financial KPIs. These indicators are objectives, which are divided into group and departmental KPIs. Group business KPIs are economic and financial indicators based on budgets for the performance of each business unit, as well on the overall consolidated performance of Sonae. Departmental business KPIs are of a similar nature to Group KPIs in that they are directly influenced by the performance of the executive director concerned.

The remaining 30% are determined based on the achievement of personal KPIs, which include both objective and subjective indicators.

The result of departmental business KPIs and individual KPIs can vary between 0% and 120 % of the pre-defined goal. Combining all component parts, the value of the bonus has a minimum of 0% and a maximum limit of 140% of the pre-defined bonus objective.

KPIs	Examples	Relative Weight
Business	Business Turnover, Recurrent EBITDA, net profits, share price performance	70%
Personal	An aggregate set of objective and subjective indicators	30%

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 71.2 (Medium Term Performance Bonus).

73. Criteria that underlie 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, being one part of variable remuneration, the payment of which is deferred. It allows the beneficiary to share with shareholders the value generated through his involvement in the strategy and management of Sonae's businesses.

2. How the of MTPB scheme works

Variable remuneration is awarded annually, according to the results of the previous year, and is then integrated into the MTPB plan. Payment is deferred for a period of three years and made in the months of March or April. Payment of this component of variable remuneration is dependent on the director continuing to work with the Company for a period of three years after its award, without prejudice to the content of paragraph 8 below.

3. Eligibility criterion

Board directors elected up to the 31st of December of the previous year are eligible for payment of MTPB.

Legal engagement	Weighting of MTPB in variable remuneration
Sonae Board Directors	At least 50%
Other senior directors of group companies	At least 50%

4. Duration of the MTPB plan

The MTPB plan is established annually, based on the variable remuneration awarded, and each plan has a duration of three years.

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 work 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).

If, subsequent 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.

During the deferral period, the attributed value is subjected to the KPIs medium term evolution, which aims to align the director with the company's long term sustainability objectives.

6. Approval of the of MTPB plan

Purchasing own shares with the goal of awarding them to directors as part of MTPB plans requires the approval of shareholders at the Shareholders' General Meeting. Full information is provided to shareholders for them to appropriately assess the share award plan.

7. Payment of MTPB plan

On the vesting date of MTPB plans, Sonae reserves the right to make payment in cash of an amount equal to the value of the shares.

8. Termination of the MTPB plan

A director's rights in relation to the MTPB plan expire when he/she no longer works with Sonae.

However, the right to receive payment continues in case of permanent disability or decease, with the due amount being paid to the director or to his/her heirs at the normal time for payment.

If the director retires, any rights to awards can be exercised on the due date for payment.

In order to ensure the effectiveness and transparency of the objectives of the Remuneration and Compensation Policy, it was determined that the executive directors:

- have not signed nor will sign contracts with the Company or with third parties that would have the effect of mitigating the risks inherent in the variable nature of the remuneration that the Company has established for them;

- have not disposed of, during the period of their mandate, nor will dispose of during any new mandate, shares in the Company, to which they have acquired the right through the award of variable remuneration up to a maximum of two and a half times the value of their total annual remuneration, with the exception of those that have to be disposed of to pay any taxes resulting from profits made on these same shares.

74. Criteria that underlie the allocation of variable remuneration in options

The Company did not establish any variable remuneration in options.

75. Main parameters and reasoning concerning annual bonuses and any other non-cash benefits

Main parameters and reasoning about variable remuneration are detailed in the above paragraph 71.

76. Main characteristics of complementary pension or early retirement schemes for the Administrators

The Company does not have any complementary pension or early retirement schemes for Directors.

77. Indication of the annual remuneration earned, in aggregate and individual amount, by the Company's members of the Board of Directors

Directors' remuneration, awarded by the Company during the years 2012 and 2013, is summarised in the chart below:

Individual Detail	2012*				2013*			
EXECUTIVE DIRECTORS	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL
Duarte Paulo Teixeira de Azevedo	477,320	344,000	325,900	1,147,220	476,150	436,100	436,100	1,348,350
Ângelo Gabriel Ribeirinho dos Santos Paupério	92,700	83,000	78,700	254,400	126,240	105,300	105,300	336,840
Nuno Manuel Moniz Trigoso Jordão**	305,400			305,400	168,491			168,491
Sub-total	875,420	427,000	404,600	1,707,020	770,881	541,400	541,400	1,853,681
NON-EXECUTIVE DIRECTORS								
Belmiro Mendes de Azevedo (Chairman)	435,800			435,800	436,010			436,010
Álvaro Carmona e Costa Portela	33,850			33,850	34,060			34,060
Álvaro Cuervo Garcia	37,050			37,050	36,510			36,510
Michel Marie Bon	39,460			39,460	39,260			39,260
José Manuel Neves Adelino	37,050			37,050	37,260			37,260
Bernd Hubert Joachim Bothe	37,050			37,050	36,850			36,850
Christine Cross	36,260			36,260	37,630			37,630
Sub-Total	656,520	-	-	656,520	657,580	-	-	657,580
TOTAL	1,531,940	427,000	404,600	2,363,540	1,428,461	541,400	541,400	2,511,261

* *Amounts in Euros.*

***Resigned on May 9, 2013.*

Open MTPB plans attributed to Executive directors:

EXECUTIVE DIRECTORS	Plan (Performance Year)	Award Date	Vesting Date	Amount Vested in 2013*	Open Plans Value at Award Date*	Open Plans Value at 31 December 2013* ***
Duarte Paulo Teixeira de Azevedo	2009	Mar-10	Mar-13	523,592		
	2010	Mar-11	Mar-14		345,000	526,995
	2011	Mar-12	Mar-15		335,400	993,981
	2012	Mar-13	Mar-16		325,900	508,436
		Total		523,592	1,006,300	2,029,412
Nuno Manuel Moniz Trigoso Jordão**	2009	Mar-10	Mar-13	315,477		
	2010	Mar-11	Mar-14			
	2011	Mar-12	Mar-15			
	2012	Mar-13	Mar-16			
		Total		315,477	0	0
Ângelo Gabriel Ribeirinho dos Santos Paupério	2009	Mar-10	Mar-13	299,086		
	2010	Mar-11	Mar-14		297,700	568,319
	2011	Mar-12	Mar-15		308,800	798,269
	2012	Mar-13	Mar-16		303,700	369,583
		Total		299,086	910,200	1,736,171
	TOTAL			1,138,155****	1,916,500	3,765,583

** Amounts in Euros.*

*** Resigned on May 9, 2013.*

**** Calculated considering the share market closing price of 2013 last trading day.*

***** All open plans were paid off for a total of 1,138,155 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 years 2012 and 2013, is summarised in the charts below:

Individual Detail	2012*				2013*			
EXECUTIVE DIRECTORS	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL
Duarte Paulo Teixeira de Azevedo								
Ângelo Gabriel Ribeirinho dos Santos Paupério	323,553	225,000	225,000	773,553	287,190	302,800	302,800	892,790
Nuno Manuel Moniz Trigoso Jordão**								
Sub-total	323,553	225,000	225,000	773,553	287,190	302,800	302,800	892,790
NON-EXECUTIVE DIRECTORS								
Belmiro Mendes de Azevedo (Chairman)								
Álvaro Carmona e Costa Portela	32,050			32,050	13,354			13,354
Álvaro Cuervo Garcia								
Michel Marie Bon								
José Manuel Neves Adelino								
Bernd Hubert Joachim Bothe								
Christine Cross								
Sub-Total	32,050			32,050	13,354			13,354
TOTAL	355,603	225,000	225,000	805,603	300,544	302,800	302,800	906,144

** Amounts in Euros.*
*** Resigned on May 9, 2013.*

79. Compensation paid in the form of profit sharing and/or bonus payments

No remuneration component was paid in the form of profits sharing by the Company, during 2013.

80. Compensation paid or owed to former executive directors following loss of office

During 2013, 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 2013 was as follows:

Member of the Statutory Audit Board	2012*	2013*
Daniel Bessa Fernandes Coelho	9,800	10,010
Arlindo Dias Duarte Silva	7,800	8,010
Jorge Manuel Felizes Morgado	7,800	8,010
Total	25,400	26,030

** 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	2012	2013
Chairman	7,500	7,500
Total	7,500	7,500

**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 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 2013, 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 (2013).

Information on resolutions taken at the Shareholders' Annual General Meeting can be found at

http://www.sonae.pt/en/investors/shareholders-general-meetings/.

The MTPB plans of Sonae's Executive Board directors, in progress in 2013, can be summarised as follows:

	Aggregated number of plans	Total Number of Shares	Euros
Outstanding at 31.12.2012:	4	2,326,506	1,598,310
Movements in the year:			
Awarded	2	577,175	404,600
Vested	-2	-954,892	-839,069
Cancelled/Lapsed/Adjustments(1)	0	102,871	988,350
Outstanding at 31.12.2013:	4	2,051,660	2,152,191

(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 2013	Share Price at Award Date	Vesting Period Award Date	Vesting Date	At 31 December 2013 Aggregate number of participants	Number of shares
2010 Plan	0.761	March 2010	March 2013	-	-
2011 Plan	0.811	March 2011	March 2014	18	2,293,325
2012 Plan	0.401	March 2012	March 2015	18	3,904,624
2013 Plan	0.701	March 2013	March 2016	19	2,000,013

The chart above does not include Sonaecom and Sonae Sierra directors' information.

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 2013

As stated in paragraph 10 above, there were not, during 2013, 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 Consolidated Financial Statements' Appendix, according to the information provided in paragraph 92. Their respective terms of execution are in accordance with the rules of performance set by the Statutory Audit Board.

The Company did not execute any transaction with any member of the management or audit bodies during 2013.

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 euro 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.

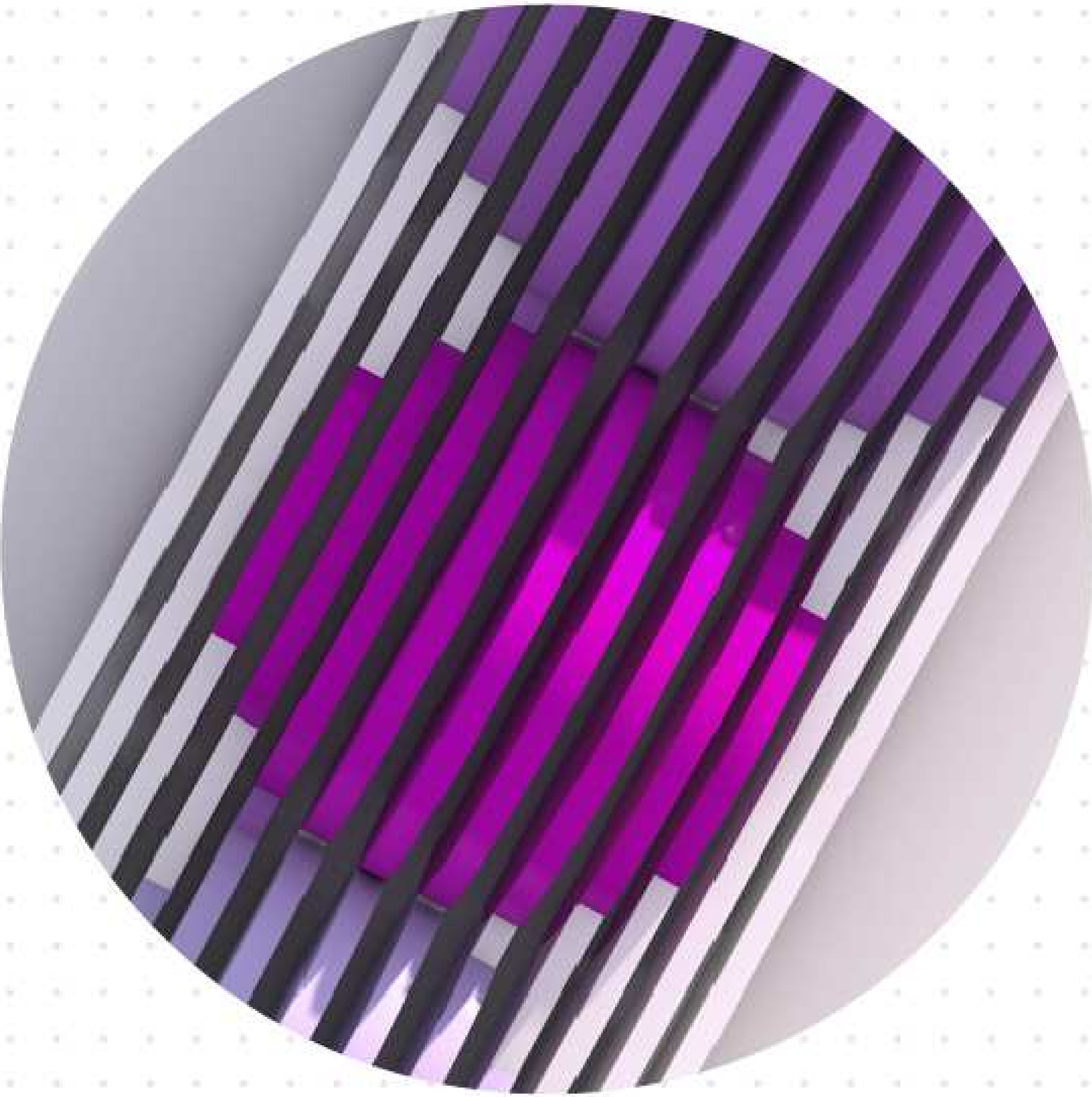
In addition, all transactions with related parties in excess of 10 million euro, are also reported to these two entities every six months by the secretary of the Executive Committee.

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 2013 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 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 2013.

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.

The Company has adopted 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

I.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.

I.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.

I.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.

I.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.

I.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 defense of its social interest in order to achieve long term 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 28).

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 decides 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 17).

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).

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 carries 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.

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 overseeing the work performed and verifying the independence of the Statutory External Auditor, and primordially receiving its reports and interacting with it according to the role of the Statutory Audit Board and in compliance with its Regulation, available at www.sonae.pt (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 www.sonae.pt (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 its 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 2013 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/.

***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 2013 and is available at

http://www.sonae.pt/en/investors/shareholders-general-meetings/.

***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 2013, is available on the Company's website at

http://www.sonae.pt/en/investors/shareholders-general-meetings/ 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 April 2013, and is available on the Company's website at

http://www.sonae.pt/en/investors/shareholders-general-meetings/ 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 2013, and is available on the Company's website at

http://www.sonae.pt/en/investors/shareholders-general-meetings/ 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 Shareholder's 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 April 2013 (*http://www.sonae.pt/en/investors/shareholders-general-meetings/*), 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 April 2013 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/.

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 April 2013 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/.

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 2013 in its annual audit report, which is subject to approval at the Shareholders' Annual General Meeting, and is available for consultation in www.sonae.pt (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/.

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 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

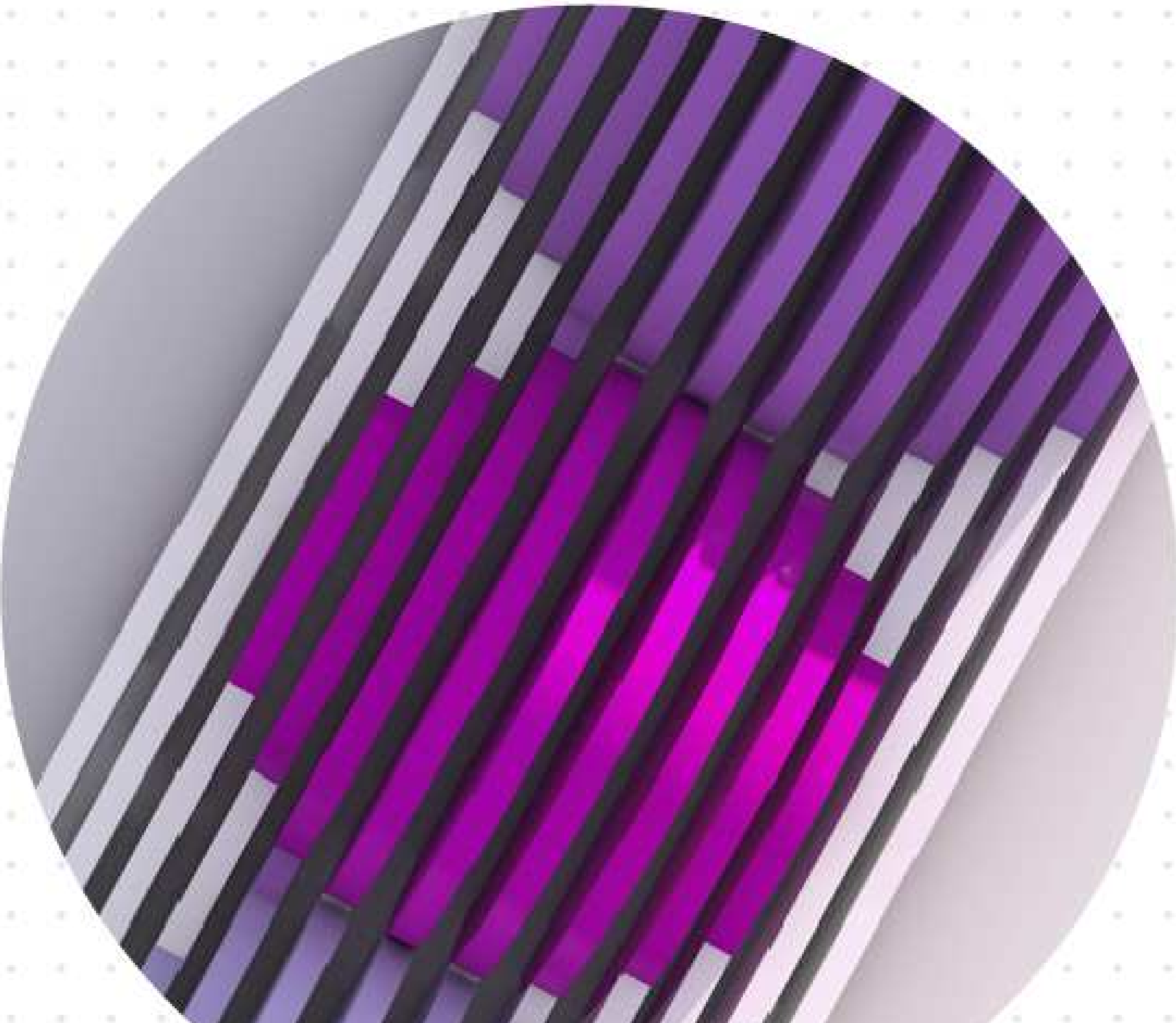
All of the information indicated above is available in English at the Company's website - www.sonae.pt.

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



1. 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 EGP-UPBS (currently 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

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 Goverment
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
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
1981 Present	Professor, Faculty of Economics, Universidade Nova de Lisboa

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
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 Basler Fashion Holding GmbH, Goldbach, 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
2006-2007	Retail Consultant PwC Transaction Services
2010-2013	Chief Retail Advisor, PwC
Since 2003	Director of Christine Cross Ltd (retail independent consultancy firm)
Since 2005	Non-Executive Director (Audit, Remco and Nomco Committee member) Next plc
Since 2006	Retail Advisor to Apax Private Equity
Since 2006	Retail Advisor to Warburg Pincus Private Equity
Since January 2012	Non Executive Director (PPC Chair), Woolworths (Australia) plc
Since December 2012	Non Executive Director Kathmandu (New Zealand) plc

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
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)
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 EGP – UPBS (currently 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
Since 1988	Member of APGEI (Portuguese Association of Industrial Engineering and Management)
Since 2008	Member of the European Round Table of Industrialists (ERT)
Since 2009	Member of the Board of Curators of AEP - Portuguese Entrepreneurship Association
Since 2009	President of the Board of Curators of Oporto University

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	CEO of the Board of Directors of Sonaecom, SGPS, SA, Executive Director of Sonae – SGPS, SA, Director of Sonae Sierra, SGPS, SA, Director of Sonae Investimentos – SGPS, SA and MDS, SGPS, SA

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
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:
Member of the Board of Directors of Sonae Capital, SGPS, SA
Non-Executive Director of Sonae Turismo, SGPS, SA
Non-Executive Director of SC, SGPS, SA
Chairman (Non-Executive) of Contacto Concessões, SGPS, SA
Chairman (Non-Executive) of Ecociclo II – Energias, SA
Chairman (Non-Executive) of Integrum – Energia, SA
Chairman (Non-Executive) of Integrum Colombo – Energia, SA
Chairman (Non- Executive) of Integrum Martim Longo – Energia, SA
Chairman (Non-Executive) of Integrum Vale do Caima – Energia, SA
Chairman (Non-Executive) of Integrum Vale do Tejo – Energia, SA
Chairman (Non-Executive) of SC – Engenharia e Promoção Imobiliária, SA
Chairman (Non-Executive) of Sistavac – SGPS, SA
Chairman (Non-Executive) of Sistavac - SA
Chairman (Non-Executive) of Spred, SGPS, SA
Member of the Board of Representatives of the Faculty of Economics of the University of Oporto
Chairman (Non-Executive) of MAF Properties, Dubai, EAU
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 the Vctor e Graça Carmona e Costa Foundation
Director of Portela & Portela, Lda
Member of the Investment Committee of the ECE European Prime Shopping Centre Fund, Hamburg, Germany

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 Privatization Advisory Committee of the Spanish Goverment
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 the Board of Directors 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 Statutory Audit Board at Banco BPI
Member of Investment Committee of Portugal VC Initiative (EIF)
Member of the Bord of Directors of Cimpor
Finance and Investment Director – 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 Basler Fashion Holding GmbH, Goldbach, 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:
Non-Executive Director of Next plc (Audit, Remco and Nomco Committee member)
Retail Advisor to Apax Private Equity
Retail Advisor to Warburg Pincus Private Equity
Director of Christine Cross Ltd
Non-Executive Director (PPC Chair), Woolworths (Australia) plc
Non-Executive Director Kathmandu (New Zealand) plc

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 Sonaecom, SGPS, S.A.
Chairman of Sonae Sierra, SGPS, S.A.
Chairman of MDS, SGPS, SA
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 APGEI (Portuguese Association of Industrial Engineering and Management)
Member of the European Round Table of Industrialists (ERT)
Member of the Board of Curators of AEP – Portuguese Entrepreneurship Association
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:
CEO of Sonaecom, SGPS, SA
Chairman of Sonaecom - Sistemas de Informação, SA
Chairman of Sonaecom - Serviços Partilhados, SA
Chairman of WeDo Consulting - Sistemas de Informação, SA
Chairman of Público - Comunicação Social, SA
Chairman of PCJ – Público, Comunicação e Jornalismo, SA
Member of the Board of Directors of ZOPT, SGPS,SA
Member of the Board of Directors of ZON OPTIMUS, SGPS,SA
Chairman of Sonaegest – Sociedade Gestora de Fundos de Investimentos, SA
Chairman of Sonaerp- Retail Properties,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
Member of the Board of Directors 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

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
Profissional 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	Economist (self-employed)
1990-1995	Dean for the Financial Management Guidance of the University of Oporto
1995-1996	Ministry of Economy 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
1997-2007	Chairman of the Statutory Audit Board of SPGM – Investment Company
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 IGFCSS – Portuguese Institute for Welfare Funds Management
2001-2003	Advisory member of the Consulting council of Electric and Telephone Conducters Industries F. Cunha Barros, SA
2001-2011	Executive Director of Finibanco Holding, SGPS, SA
2003-2013	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.
2008-2013	Member of the Investment Committee Member of PVCI – Poruguese Venture Capital Initiative, entity created by FEI – European Investment Fund
2009-2013	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 freelance
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:
Non-Executive Director of Efacec Capital, SGPS, SA
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
Member of the Statutory Audit Board at Sonae Investimentos, 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 at Sonae Sierra – SGPS, SA
Offices held in other entities outside Sonae:
Member of the Statutory Audit Board at Sonae Indústria, SGPS, SA
Member of the Statutory Audit Board at Sonae Capital, SGPS, SA
External Auditor at Valorinveste – Soc. Invest. Imob., SA
External Auditor at Jofabo – Construção e Imobiliária, SA
External Auditor at Know it – Soluções Formação Tecnologia, SA
External Auditor at Blue Share, SA
External Auditor at Praianorte – Hotelaria e Turismo, SA
External Auditor at Companhia das Pastas – Empreendimentos e Investimentos Hoteleiros, SA
External Auditor at Luso-Insular, Projectos e Invest., SA

External Auditor at PMVA - Imobiliária, SA
External Auditor at the Foundation of the Oporto University
External Auditor at the University of 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
Partner of Horwath Parsus – Consultoria e Gestão, Lda

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013 AND 2012

(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 2013	31 Dec 2012
NON-CURRENT ASSETS:			
Tangible assets	10	1,827,164,403	2,603,109,778
Intangible assets	11	202,854,156	562,455,222
Investment properties		1,001,735	386,001
Goodwill	12	610,187,858	658,228,050
Investments in joint ventures and associates	6	1,144,792,015	456,446,288
Other investments	7, 9 and 13	31,991,837	59,877,723
Deferred tax assets	20	123,159,864	224,718,491
Other non-current assets	9 e 14	31,970,613	49,531,315
Total Non-Current Assets		3,973,122,481	4,614,752,868
CURRENT ASSETS:			
Inventories	15	588,949,862	538,486,177
Trade account receivables	9 and 16	78,261,378	171,053,729
Other debtors	9 and 17	123,425,677	117,941,848
Taxes recoverable	18	72,447,501	74,942,868
Other current assets	19	71,537,318	139,910,545
Investments	9 and 13	202,484,454	911,922
Cash and cash equivalents	9 and 21	366,308,918	376,635,163
Total Current Assets		1,503,415,108	1,419,882,252
Assets available for sale		-	720,338
TOTAL ASSETS		5,476,537,589	6,035,355,458
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	22	2,000,000,000	2,000,000,000
Own shares	22	(126,945,388)	(128,149,614)
Legal reserve		188,285,864	187,137,648
Reserves and retained earnings		(816,534,401)	(772,902,493)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		318,979,514	32,572,259
Equity attributable to the equity holders of the Parent Company		1,563,785,589	1,318,657,800
Equity attributable to non-controlling interests	23	344,325,829	349,901,121
TOTAL EQUITY		1,908,111,418	1,668,558,921
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	9 and 24	241,163,840	364,137,659
Bonds	9 and 24	1,113,399,900	1,287,944,455
Obligation under finance leases	9, 24 and 25	7,980,489	27,593,734
Other loans	9 and 24	53,936	7,084,062
Other non-current liabilities	9 and 27	51,247,881	87,958,431
Deferred tax liabilities	20	121,095,969	136,943,600
Provisions	32	50,659,919	114,470,445
Total Non-Current Liabilities		1,585,601,934	2,026,132,386
CURRENT LIABILITIES:			
Loans	9 and 24	65,791,907	65,557,681
Bonds	9 and 24	159,962,358	450,820,688
Obligation under finance leases	9, 24 and 25	4,314,843	7,037,038
Other loans	9 and 24	3,869,633	2,661,283
Trade creditors	9 and 29	1,162,317,682	1,221,772,727
Other creditors	9 and 30	313,313,588	227,781,624
Taxes and contributions payable	18	55,757,125	59,742,218
Other current liabilities	31	214,668,594	302,864,083
Provisions	32	2,828,507	2,426,809
Total Current Liabilities		1,982,824,237	2,340,664,151
TOTAL LIABILITIES		3,568,426,171	4,366,796,537
TOTAL EQUITY AND LIABILITIES		5,476,537,589	6,035,355,458

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013 AND 2012

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	Notes	31 Dec 2013	31 Dec 2012 Restated Note 4
Sales	35	4,655,760,619	4,523,123,228
Services rendered	35	165,580,722	146,664,218
Investment income investments recorded at fair value through profit	36	(12,682)	15,995,991
Gains and losses in	13 and 37	46,636,719	-
Financial income	37	15,252,983	8,403,632
Other income	38	445,343,173	433,411,520
Cost of goods sold and materials consumed	15	(3,602,380,328)	(3,518,309,414)
Changes in stocks of finished goods and work in progress		181,680	(666,354)
External supplies and services	39	(615,834,278)	(622,528,126)
Staff costs	40	(611,849,153)	(605,794,773)
Depreciation and amortisation	10 and 11	(187,186,398)	(195,129,682)
Provisions and impairment losses	32	(187,418,749)	(27,686,119)
Financial expense	37	(97,070,769)	(102,584,205)
Other expenses	41	(63,883,293)	(37,297,453)
Share of results of joint ventures and associetad companies	6	2,955,911	(24,382,535)
Profit/(Loss) before taxation		(33,923,843)	(6,780,072)
Taxation	42	(15,909,211)	(22,361,579)
Profit/(Loss) after taxation		(49,833,054)	(29,141,651)
Attributable to:			
Profit/(Loss) from discontinued operations, after taxation	4	513,853,339	100,832,034
Consolidated profit/(Loss) for the period		464,020,285	71,690,383
Attributable to equity holders of the Parent Company:			
Continuing operations		(66,746,036)	(22,863,277)
discontinued operations		385,725,550	55,435,536
		318,979,514	32,572,259
Attributable to non-controlling interests			
Continuing operations		16,912,982	(6,278,374)
discontinued operations		128,127,789	45,396,498
		145,040,771	39,118,124
Profit/(Loss) per share			
From continuing operations			
Basic	44	(0.035555)	(0.012209)
Diluted	44	(0.035353)	(0.012176)
From discontinued operations			
Basic	44	0.205473	0.029602
Diluted	44	0.204305	0.029522

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 2013 AND 2012

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	31 Dec 2013	31 Dec 2012
Net Profit / (Loss) for the period	464,020,285	71,690,383
Items that maybe reclassified subsequently to profirt or loss		
Exchange differences arising on translation of foreign operations	(4,546,249)	(4,209,464)
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	(27,093,926)	(20,338,090)
Loss of significant influence	-	3,376,172
Changes on fair value of available-for-sale financial assets (Note 7)	(7,386,736)	1,334,793
Changes in hedge and fair value reserves	3,366,365	(34,319)
Deferred taxes related with other components of comprehensive income	68,980	706,717
Others	556,557	(1,122,547)
Other comprehensive income for the period	(35,035,009)	(20,286,737)
Total comprehensive income for the period	428,985,275	51,403,645
Attributable to:		
Equity holders of parent company	290,433,701	16,001,551
Non controlling interests	138,551,574	35,402,094

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

(Amounts expressed in euro)	Share Capital	Own Shares	Legal Reserve	Reserves and Retained Earnings: Currency Translation Reserve	Reserves and Retained Earnings: Investments Fair Value Reserve	Reserves and Retained Earnings: Hedging Reserve	Reserves and Retained Earnings: Other Reserves and Retained Earnings	Reserves and Retained Earnings: Total	Net Profit/(Loss)	Total	Non controlling Interests (Note 23)	Total Equity
	Attributable to Equity Holders of Parent Company											
Balance as at 1 January 2012 - restated	2,000,000,000	(131,895,330)	187,137,648	6,951,543	2,505,654	(3,434,957)	(801,620,771)	(795,598,531)	103,944,076	1,363,587,863	336,803,275	1,700,391,138
Total compreensive income for the period	-	-	-	(2,114,599)	(585,046)	740,563	(14,611,626)	(16,570,708)	32,572,259	16,001,551	35,402,094	51,403,645
Appropriation of profit of 2011:												
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	103,944,076	103,944,076	(103,944,076)	-	-	-
Dividends distributed	-	-	-	-	-	-	(61,989,385)	(61,989,385)	-	(61,989,385)	(11,481,147)	(73,470,532)
Income distribution	-	-	-	-	-	-	-	-	-	-	(5,986,265)	(5,986,265)
Obligation fulfield by share attribution to employees	-	3,745,716	-	-	-	-	(1,859,506)	(1,859,506)	-	1,886,210	(257,882)	1,628,328
Partial disposal or aquisitions of affiliated companies	-	-	-	-	-	-	(1,132,049)	(1,132,049)	-	(1,132,049)	(20,745,608)	(21,877,657)
Others	-	-	-	-	-	-	303,610	303,610	-	303,610	16,166,654	16,470,264
Balance as at 31 December 2012	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
Balance as at 1 January 2012	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 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 fulfield 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	-	-	-	-	-	-	(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

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 2013 AND 2012

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2013	31 Dec 2012
OPERATING ACTIVITIES			
Cash receipts from trade debtors		5,232,159,494	5,347,329,798
Cash paid to trade creditors		(4,092,288,577)	(4,011,203,641)
Cash paid to employees		(650,191,587)	(667,073,692)
Cash flow generated by operations		489,679,330	669,052,465
Income taxes (paid) / received		(22,916,192)	(32,701,612)
Other cash receipts and (payments) relating to operating activities		(25,457,927)	(1,556,520)
Net cash flow from operating activities (1)		441,305,211	634,794,333
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	45	31,412,494	5,863,972
Tangible assets and investment properties		10,448,767	17,748,276
Intangible assets		1,003,289	541,879
Interests and similar income		7,773,592	9,089,453
Loans granted	8 and 43	560,705,466	12,703,189
Dividends		254,847	12,183,294
Others		44,728,550	31,275,257
		656,327,005	89,405,320
Cash Payments arising from:			
Investments	45	(19,352,742)	(39,496,295)
Tangible assets and investment properties		(197,893,756)	(195,931,097)
Intangible assets		(66,007,214)	(139,576,585)
Loans granted		(10,096,722)	(17,433,995)
Others		(11,776,766)	(15,005,500)
		(305,127,200)	(407,443,472)
Net cash used in investment activities (2)		351,199,805	(318,038,152)
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		3,269,087,739	5,199,568,253
Capital increases, additional paid in capital and share premiums		254,886	15,882,000
Coverage of losses		399,810	-
Others		-	2,444,713
		3,269,742,435	5,217,894,966
Cash Payments arising from:			
Loans obtained		(3,861,165,231)	(5,395,770,802)
Interests and similar charges		(86,470,211)	(98,801,011)
Dividends		(88,553,383)	(83,878,895)
Purchase of own shares		(515,821)	(2,612,424)
Others		(4,160,800)	(5,308,697)
		(4,040,865,446)	(5,586,371,829)
Net cash used in financing activities (3)		(771,123,011)	(368,476,863)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		21,382,005	(51,720,682)
Effect of foreign exchange rate		617,524	368,525
Effect of discontinued operations	8	(18,262,934)	-
Cash and cash equivalents at the beginning of the period	21	363,367,909	415,457,116
Cash and cash equivalents at the end of the period	21	365,869,456	363,367,909

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 2013

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

1 INTRODUCTION

A 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 Note 47 and in the management report.

During the year ended at 31 December 2013, the merger between Zon Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. ('Zon') and Optimus SGPS, SA (note 8) was completed. Accordingly, the telecommunications segment was classified, for disclosure purposes, as a discontinued operation.

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 2013, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") 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 and joint ventures, 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.

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 2013, have been endorsed by the European Union:

With mandatory application on 1 January 2013:	Da Effective Date(for financial years beginning on/after)
IFRS 13 - (Fair Value Measurement)	01 Jan 2013
IAS 19 - Amendments (Employee Benefits)	01 Jan 2013
IAS 1 - Amendments (Presentation of Items of Other Comprehensive Income)	01 Jan 2013
IFRS 7 - Admendments (Disclosures of Financial Instruments)	01 Jul 2012
IFRIC 20 - Interpretation (Stripping Costs in the Production Phase of a Surface Mine)	01 Jan 2013
IFRS 1 - Amendments (Government Loans)	01 Jan 2013
	01 Jan 2013

The application of these standards and interpretations had no material effect on the financial statements of the Group.

The following standards, interpretations, amendments and revisions have been at the date of approval of these financial statements, approved (endorsed) by the European Union, whose application is mandatory in future financial years:

With mandatory application after 2013:	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

(*) In accordance with the EU Regulation which approved the adoption of IFRS 10, 11 and 12 and the amendments to IAS 27 and IAS 28, an entity shall use these standards no later than periods beginning on or after 1 January 2014. The early adoption is however permitted;

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 2013, since their application is not yet mandatory. No significant impacts are expected in the financial statements resulting from the adoption of these standards, namely because the

Group has amended the measurement of investments in jointly controlled entities by applying the equity method.

2.2 Consolidation Principles

The consolidation methods adopted by Sonae are as follows:

a) Investments in Sonae companies (subsidiaries)

Investments in companies in which Sonae owns, directly or indirectly, more than 50% of the voting rights at Shareholders' General Meetings or is able to establish financial and operational policies so as to benefit from its activities (definition of control normally used by Sonae), are included in the consolidated financial statements using the full consolidation method. 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.

Whenever Sonae has, in substance, control over other entities created for a specific purpose, even if no share capital interest is directly held in those entities, these are consolidated by the full consolidation method. Such entities, when applicable, are disclosed in Note 5.

b) Investments in jointly controlled companies and associated companies

Investments in jointly controlled entities are recorded using the equity method. Investments in jointly controlled companies are classified as such based on shareholders' agreements that establish joint control.

Investments in associated companies (companies where Sonae exercises significant influence but does not establish financial and operational policies – usually corresponding to holdings between 20% and 50% in a company's share capital) are also accounted in accordance with 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.

Any excess of the cost of acquisition over Sonae's share in the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.c)), 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 associated 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 unrealised gains arising from transactions with jointly controlled and associated companies is 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.

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.

The moment a sales 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.

O 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. 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-13		31-Dec-12	
	End of exercice	Average of exercise	End of exercice	Average of exercise
US Dollar	0.72511	0.75332	0.75792	0.77871
Swiss Franc	0.81460	0.81246	0.82836	0.82971
Pound Sterling	1.19947	1.17795	1.22534	1.23368
Brazilian Real	0.30697	0.35076	0.36988	0.39996
Australian Dollar	0.64838	0.72943	0.78670	0.80630
Chilean Peso	0.00138	0.00152	0.00160	0.00160
Mexican Peso	0.05533	0.05907	0.05820	0.05920
Singapore Dollar	0.57425	0.60211	0.62070	0.62320
Turkish Lira	0.33778	0.39651	0.42461	0.43242
Polish Zloty	0.24071	0.23832	0.24546	0.23910

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".

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 'Depreciation and amortisation' 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

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 in progress that do not fulfil the conditions to reliably measure their fair value are recorded at acquisition cost or production cost, net of depreciation and possible accumulated impairment losses.

T The investment properties in progress are considered investment property, within the scope of IFRS, when they fulfil the conditions for their fair value, to be reliably measured.

It is considered that an Investment property in progress fulfil the conditions for its fair value to be reliably measured, when a there is a high probability that the project will be concluded in a short period. This probability is high when the following events are simultaneously accomplished:

– land is acquired

– construction license is obtained

– financing contract for the property is signed

– construction works of the property have started

– lease contracts with the main anchors stores or possible lessee are signed

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.

The group's investment properties are mainly property held by Sonae Sierra and its subsidiaries which are recorded under the equity method (Note 6).

2.5 Intangibles assets

Intangible assets are stated at acquisition 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 capitalised 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 amortised 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.

Amortisation 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 6 years, except for property occupation rights and mobile and cable operator licenses which are amortised over the duration of the contract which establishes these rights. It is recorded in the caption of "Amortizations and depreciations", 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 recognised 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 recognised 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 far 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".

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", included in "Reserves and retained earnings" 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.

Changes in the fair value of investments measured at fair value through profit or loss are included in the consolidated income statement for the period under 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 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, namely in the Telecommunications segment. 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.

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.

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) 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.

g) Derivatives

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.

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 Reserves and retained earnings.

i) Cash and cash equivalentes

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 fair value of stock options is determined based on the model of "Black-Scholes". 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

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.

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 Retail Segment, is 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).

The expenses and income of the 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 retail operating segments, 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.

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 trough 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 main 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 mechanisms.

- 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).

- Joint venture – (Sonae Sierra)

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.

- Sonae Holding

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 2013, the total gross debt (excluding shareholders loans) was 1,596 million euro (2,213 million euro as at 31 December 2012) excluding the contributions of Shopping Centers, Zon Optimus and Travel operating segments consolidated 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 2013, Sonae's average debt maturity was approximately 1.9 years (2.2 years as at December 2012) excluding the contributions of Shopping Centres 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 reliably 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 2014 is of 230 million euro (524 million euro maturing in 2013) and as at 31 December 2013 Sonae had undrawn committed credit facilities of 497 million euro (410 million euro in 2012) cancellable within a previous notice of less than one year and 310 million euro (401 million euro in 2012) cancellable with a previous notice of no less than 360 days.

Additionally, Sonae held, as at 31 December 2013, cash and cash equivalents and current investments amounting to 366 million euro (378 million euro as at 31 December 2012). 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.

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.

As all Sonaecom's borrowings bear interests at variable rates, interest rate swaps and other derivatives are used to hedge future changes in cash flow relating to interest payments. Interest rate swaps have the financial effect of converting the respective borrowings from floating rates to fixed rates. Under interest rate swaps, the Company agrees with third parties (banks) to exchange, in pre-determined periods, the difference between the amount of interest calculated at the fixed contract rate and the floating rate at the time of re-fixing, by reference to the respective agreed notional amounts.

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.

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").

- Joint venture – (Sonae Sierra)

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.

- Sonae Holding

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 zero cost collars or purchased 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.

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 2013 would decrease by approximately 8.5 million euro, (12.9 million euro decrease as at 31 December 2012). The impact in equity (including non-controlling interests and excluding net income), as a consequence of interest rate change effect according to interest rate risk, would be an increase as at 31 December 2013 of, approximately, 2.4 million euro (increase by approximately 5.8 million euro in 2012).

3.5 Exchange rate risks

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 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.

- Joint venture – (Sonae Sierra)

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.

- 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 sensivity analysis

As at 31 December 2013 and 2012 the assets and liabilities denominated in a currency different from the subsidiary functional currency where the following (amounts in euro):

	Assets		Liabilities	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Euro	-	-	608,472	4,828,279
Brazilian Real	8,794,246	12,040,467	5,669,959	7,071,362
British Pound	499,963	335,847	40,692	4,106,374
US Dollar	6,473,540	31,247,430	19,367,092	13,351,369
Other Currencies	770,903	585,396	302,274	1,014,312

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.

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 will 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 (as at 31 December 2012 the impact would be 847 thousand euro).

In the investment Zon Optimus, SGPS, SA , a variation of 10% in value of the share price would have an impact on equity of 20.2 million euro.

4 DISCONTINUED OPERATIONS

During the year ended at 31 December 2013, as a result of the incorporation by merger of Optimus SGPS in Zon (Note 8), 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 and 2012, 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 detail of discontinued operations in the income statement can be analyzed as follows:

	31-Dec-12			27-Aug-13
(Amounts expressed in euro)	Published	Discontinued operations	Restated	Discontinued operations
Sales	4,552,547,876	(29,424,648)	4,523,123,228	17,839,599
Services rendered	825,974,638	(679,310,420)	146,664,218	434,877,950
Investment income	15,995,991	-	15,995,991	-
Financial income	12,511,831	(4,108,199)	8,403,632	2,697,675
Other income	441,222,195	(7,810,675)	433,411,520	5,367,439
Cost of goods sold and materials consumed	(3,561,004,682)	42,695,268	(3,518,309,414)	(21,477,208)
Changes in stocks of finished goods and work in progress	(666,354)	-	(666,354)	-
External supplies and services	(968,190,488)	345,662,362	(622,528,126)	(225,940,029)
Staff costs	(656,383,176)	50,588,403	(605,794,773)	(30,481,543)
Depreciation and amortisation	(333,108,546)	137,978,864	(195,129,682)	(91,871,085)
Provisions and impairment losses	(48,931,954)	21,245,835	(27,686,119)	(9,601,175)
Financial expense	(106,687,966)	4,103,761	(102,584,205)	(2,584,998)
Other expenses	(51,877,587)	14,580,134	(37,297,453)	(10,381,299)
Share of results of joint ventures and associated undertakings	(24,382,535)	-	(24,382,535)	-
Profit/(Loss) from continuing operations, before taxation	97,019,243	(103,799,315)	(6,780,072)	68,445,326
Taxation	(25,328,860)	2,967,281	(22,361,579)	2,802,374
Profit/(Loss) from continuing operations, after taxation	71,690,383	(100,832,034)	(29,141,651)	71,247,700
Profit/(Loss) from discontinuing operations, after taxation	-	100,832,034	100,832,034	-
Investment income relating to the merger process (Note 8)	-	-	-	442,605,639
Consolidated profit/(Loss) for the period	71,690,383	-	71,690,383	513,853,339
Attributable to equity holders of the Parent Company:	32,572,259	-	32,572,259	-
Attributable to non-controlling interests	39,118,124	-	39,118,124	-

The detail of discontinued operations in the cash flows statements can be analysed as follows:

Cash flows for the period from discontinued operations	27-Aug-13
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 2013 and 31 December 2012 are as follows:

				Percentage of capital held			
				31-Dec-2013		31- Dec- 2012	
	Company		Head Office	Direct	Total*	Direct	Total*
	Sonae - SGPS, S.A.		Maia	HOLDING	HOLDING	HOLDING	HOLDING
	Retail						
	Arat Inmuebles, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Azulino Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	BB Food Service, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Bom Momento - Restauração, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Canasta - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1)	Carnes do Continente - Indústria e Distribuição Carnes, SA	a)	Santarém	100.00%	100.00%	100.00%	100.00%
	Chão Verde - Sociedade de Gestão Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Contibomba - Comércio e Distribuição de Combustíveis, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
	Continente Hipermercados, SA	a)	Lisbon	100.00%	100.00%	100.00%	100.00%
	Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Discovery Sports, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
1)	Edições Book.it, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
1)	Estevão Neves - Hipermercados da Madeira, SA	a)	Madeira	100.00%	100.00%	100.00%	100.00%
	Farmácia Selecção, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Fashion Division, SA	a)	Maia	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	100.00%	100.00%	100.00%	100.00%
	Fozmassimo - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2)	Fundo de Investimento Imobiliário Fechado Imosede	a)	Maia	74.15%	74.15%	67.64%	67.64%
	Fundo de Investimento Imobiliário Imosonae Dois	a)	Maia	99.48%	99.48%	99.89%	99.89%
	Igimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoconti - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Infofield - Informática, SA	a)	Maia	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	100.00%	100.00%	100.00%	100.00%
	Modalfa - Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modalloop - Vestuário e Calçado, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo Continente Hipermercados, SA	a)	Matosinhos	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	100.00%	100.00%	100.00%	100.00%
	Modelo.com - Vendas p/Correspond., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1)	Peixes do Continente - Indústria e Distribuição de Peixes, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmaconcept – Actividades em Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Predicomercial - Promoção Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	SDSR – Sports Division SR, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
3)	SDSR – Sports Division 2, SA	a)	Matosinhos	100.00%	100.00%	-	-
	Selifa - Empreendimentos Imobiliários de Fafe, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto	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	100.00%	100.00%	100.00%	100.00%
	Sociloures - Sociedade Imobiliária, SA	a)	Matosinhos	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	100.00%	100.00%	100.00%	100.00%

	Sonae Investimentos, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae MC – Modelo Continente SGPS, SA	a)	Matosinhos	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%
	Sonaegest-Soc.Gest.Fundos Investimentos, SA	a)	Maia	100.00%	90.00%	100.00%	90.00%
	Sonaerp - Retail Properties, SA	a)	Porto	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	100.00%	100.00%	100.00%	100.00%
	Sondis Imobiliária, SA	a)	Maia	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	92.76%	92.76%	92.76%	92.76%
3)	Tlantic, BV	a)	Amsterdam (Netherlands)	77.76%	77.76%	-	-
	Tlantic Portugal - Sistemas de Informação, SA	a)	Maia	77.76%	77.76%	100.00%	100.00%
	Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	77.76%	77.76%	100.00%	100.00%
1)	Todos os Dias - Com. Ret. Expl. C. Comer., SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Valor N, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Worten - Equipamento para o Lar, SA	a)	Matosinhos	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	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	100.00%	100.00%	100.00%	100.00%
	Telecommunications						
4)	Be Artis - Concepção, Construção e Gestão de Redes de Comunicações, SA	a)	Maia	100.00%	75.07%	100.00%	54.57%
4)	Be Towering – Gestão de Torres de Telecomunicações, SA	a)	Maia	100.00%	75.07%	100.00%	54.57%
4)	Optimus - Comunicações, SA	a)	Maia	100.00%	75.07%	100.00%	54.57%
4)	Optimus SGPS, SA	a)	Maia	100.00%	75.07%	100.00%	54.57%
4)	Per-Mar - Sociedade de Construções, SA	a)	Maia	100.00%	75.07%	100.00%	54.57%
4)	Sontária – Empreendimentos Imobiliários, SA	a)	Maia	100.00%	75.07%	100.00%	54.57%
	Investment Management						
	ADD Avaliações Engenharia de Avaliações e Perícias, Ltda	a)	Brazil	100.00%	50.00%	100.00%	50.00%
5)	Cape Tecnologies Limited	a)	Dublin (Ireland)	100.00%	75.07%	100.00%	54.57%

5)6)	Connectiv Solutions Inc	a)	Delaware (USA)	100.00%	75.07%	100.00%	54.57%
5)	Digitmarket - Sistemas de Informação, SA	a)	Maia	75.10%	56.37%	75.10%	40.98%
	Herco Consultoria de Risco e Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
	Herco, Consultoria de Risco, SA	a)	Maia	100.00%	50.01%	100.00%	50.01%
	HighDome PCC Limited	a)	Malta	100.00%	50.01%	100.00%	50.01%
	Larim Corretora de Resseguros Ltda	a)	Brazil	99.99%	50.01%	99.99%	50.01%
	Lazam/mds Correctora Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
5)	Lugares Virtuais, SA	a)	Maia	100.00%	75.07%	100.00%	54.57%
5)	Mainroad – Serviços em Tecnologias de Informação, S.A.	a)	Maia	100.00%	75.07%	100.00%	54.57%
	MDS - Corretor de Seguros, SA	a)	Porto	100.00%	50.01%	100.00%	50.01%
	MDS Affinity-Sociedade de Mediação Lda	a)	Porto	100.00%	50.01%	100.00%	50.01%
	MDS África, SGPS, SA	a)	Porto	100.00%	50.01%	100.00%	50.01%
	MDS Auto - Mediação de Seguros, SA	a)	Porto	50.01%	25.01%	50.00%	25.01%
	Mds Knowledge Centre, Unipessoal, Lda	a)	Lisbon	100.00%	50.01%	100.00%	50.01%
	MDS Malta Holding Limited	a)	Malta	100.00%	50.01%	100.00%	50.01%
	MDS, SGPS, SA	a)	Maia	50.01%	50.01%	50.01%	50.01%
5)	Miauger - Org. Gestão Leilões Electrónicos, SA	a)	Maia	100.00%	75.07%	100.00%	54.57%
7)	Miral Administração e Corretagem de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
	Modelo - Distribuição de Materiais de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
5)	PCJ-Público, Comunicação e Jornalismo, SA	a)	Maia	100.00%	75.07%	100.00%	54.57%
5)	Praesidium Services Limited	a)	Berkshire (U.K.)	100.00%	75.07%	100.00%	54.57%
5)	Público - Comunicação Social, SA	a)	Porto	100.00%	75.07%	100.00%	54.57%
7)	Quorum Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
	RSI Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
3)5)	Saphety – Transacciones Electronicas SAS	a)	Bogota(Colombia)	86.99%	65.30%	-	-
5)8)	Saphety Brasil Transações Electrônicas Lda	a)	São Paulo (Brazil)	86.99%	65.30%	-	-
5)	Saphety Level - Trusted Services, SA	a)	Maia	86.99%	65.30%	86.99%	47.47%
5)	Sonaecom – Serviços Partilhados, SA	a)	Maia	100.00%	75.07%	100.00%	54.57%
5)	Sonaecom - Sistemas de Informação, SGPS, SA	a)	Maia	100.00%	75.07%	100.00%	54.57%
5)	Sonaecom - Sistemas de Información España, SL	a)	Madrid	100.00%	75.07%	100.00%	54.57%
5)	Sonaecom BV	a)	Amsterdam (Netherlands)	100.00%	75.07%	100.00%	54.57%
5)9)	Sonaecom, SGPS, SA	a)	Maia	75.44%	75.07%	55.10%	54.57%
5)	Sonaetelecom, BV	a)	Amsterdam (Netherlands)	100.00%	75.07%	100.00%	54.57%
5)	Tecnológica Telecomunicações, Ltda	a)	Rio de Janeiro (Brazil)	99.99%	74.99%	99.99%	54.41%
5)	We Do Brasil Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.91%	74.99%	99.91%	54.52%

5)	We Do Consulting - Sistemas de Informação, SA	a)	Maia	100.00%	75.07%	100.00%	54.57%
5)	We Do Poland Sp.Z.o.o.	a)	Posnan (Poland)	100.00%	75.07%	100.00%	54.57%
5)	We Do Technologies (UK) Limited	a)	Berkshire (U.K.)	100.00%	75.07%	100.00%	54.57%
5)	We Do Tecnologies Americas, Inc.	a)	Delaware (EUA)	100.00%	75.07%	100.00%	54.57%
5)	We Do Technologies Australia PTY Limited	a)	Sidnei (Australia)	100.00%	75.07%	100.00%	54.57%
5)10)	We Do Technologies Chile, SpA	a)	Santiago (Chile)	100.00%	75.07%	100.00%	54.57%
5)	We Do Technologies Egypt Limited Liability Company	a)	Cairo (Egypt)	100.00%	75.07%	100.00%	54.57%
5)	We Do Technologies Mexico S. de RL	a)	México City	100.00%	75.07%	100.00%	54.57%
5)	We Do Technologies Panamá SA	a)	Panamá City	100.00%	75.07%	100.00%	54.57%
5)	We Do Technologies Singapore PTE. LDT	a)	Singapore	100.00%	75.07%	100.00%	54.57%
5)	We Do Tecnologies BV	a)	Amsterdam (Netherlands)	100.00%	75.07%	100.00%	54.57%
	Others						
	Libra Serviços, Lda	a)	Funchal	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	100.00%	100.00%	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 direct and indirect percentage on the share capital held by the Group.

a) Control held by majority of voting rights;

b) Control held by Management control;

c) Control determined in accordance with SIC 12 - Special purpose entities.

1) Companies merged into Modelo Continente Hipermercados, SA;

2) Sonae Holding acquired in the market 12,392 units of this Fund for the amount of 10 million euro to a related entity (Note 43);

3) Company created during the period;

4) Companies included in the merger between Zon Multimédia– Serviços de Telecomunicações e Multimédia, SGPS, SA and Optimus, SGPS, SA, as at 27 August 2013. The company resulting of this merger is consolidated as a subsidiary of Zopt. In result of an increase in capital, Sonae maintained a 50% share capital of Zopt, starting to incorporate this joint controlled company in its financial statements through the equity method (Note 6);

5) Companies included in 2012 in the Telecommunications segment;

6) Companies merged into We Do Tecnologies Americas, Inc;

7) Companies merged into Lazam/mds Correctora Ltda;

8) Company acquired during the period;

9) During the year ended at 31 December 2013, an agreement was reached with a subsidiary of France Telecom ("FT-Orange") to transfer 20% of the capital of Sonaecom, SGPS, SA for Sonae, SGPS, SA. Sonae proceeded to the registration of this asset as an acquisition with deferred payment, since the shares rights under this agreement are attributed to Sonae (Note 30);

10) Company liquidated during the period.

These entities are consolidated using the full consolidation method.

6 JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES

Jointly controlled entities and associated companies included in the consolidated financial statements, their head offices and the percentage of share capital held by Sonae as at 31 December 2013 and 31 December 2012 are as follows:

Jointly controlled entities

			Percentage of share capital held			
			31-Dec-2013		31-Dec-2012	
	Company	Head Office	Direct	Total*	Direct	Total*
	Shopping Centres					
	3shoppings - Holding, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
	8ª avenida Centro Comercial, SA	Maia	100.00%	23.75%	100.00%	23.75%
	Adlands BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
	Aegean Park, SA	Athens(Greece)	100.00%	25.00%	100.00%	25.00%
1)	Airone - Shopping Centre, Srl	Milan (Italy)	100.00%	25.05%	100.00%	25.05%
	ALBCC – Albufeirashopping – Centro Comercial, SA	Maia	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	100.00%	25.05%	100.00%	25.05%
2)	ARP Alverca Retail Park, SA	Maia	50.00%	50.00%	50.00%	25.00%
	Arrábidashopping - Centro Comercial, SA	Maia	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%
3)	Cascaishopping - Centro Comercial, SA	Maia	100.00%	28.62%	50.00%	12.53%
3)	Cascaishopping Holding I, SGPS, SA	Maia	100.00%	28.62%	100.00%	25.05%
	CCCB Caldas da Rainha - Centro Comercial,SA	Maia	100.00%	50.00%	100.00%	50.00%
	Centro Colombo - Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
	Centro Vasco da Gama - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Coimbrashopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%

	Colombo Towers Holding, BV	The Hague (Netherlands)	50.00%	25.00%	50.00%	25.00%
	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	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 (FundII)	São Paulo (Brazil)	50.00%	10.34%	50.00%	10.34%
	Fundo de Investimento Imobiliário Shopping Parque Dom Pedro Shopping	São Paulo (Brazil)	87.61%	15.78%	87.61%	15.78%
	Gaiashopping I - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Gaiashopping II - Centro Comercial, SA	Maia	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	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%
	Inparsa - Gestão de Galeria Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Ioannina Development of Shopping Centres, SA	Athens(Greece)	100.00%	50.00%	100.00%	50.00%
	La Farga - Shopping Centre, SL	Madrid (Spain)	100.00%	12.48%	100.00%	12.48%
4)	Land Retail, BV	Amsterdam (Netherlands)	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	100.00%	23.75%	100.00%	23.75%
	Le Terrazze – Shopping Centre 1, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
	Loop 5 - Shopping Centre Gmbh	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
	Loureshopping – Centro Comercial, SA	Maia	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	100.00%	25.05%	100.00%	25.05%
	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	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	100.00%	50.00%	100.00%	50.00%

	Park Avenue Developement of Shopping Centers, SA	Athens(Greece)	100.00%	25.00%	100.00%	25.00%
5)	Parklake Shopping, Srl	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	100.00%	50.00%	100.00%	50.00%
6)	Parque Principado, SL	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
	Pátio Boavista Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
7)	Pátio Campinas Shopping, Ltda	São Paulo (Brazil)	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%
8)	Pátio Penha Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio São Bernardo Shopping Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Sertório Shopping Ltda	São Paulo (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%
9)	Plaza Eboli, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
9)	Plaza Mayor Holding, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ócio, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ócio, SA	Madrid (Espanha)	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	50.00%	11.88%	50.00%	11.88%
9)	Project 4, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project SC 1, BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
9)	Project SC 2, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	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%
	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 Srl	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 3 (three), 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%
9)	Project Sierra Italy 2 - Development of Shopping Centres, Srl	Milan (Italy)	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%
	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%
9)	Project Sierra Spain 7 - Centro Comercial, SA	Madrid (Spain)	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	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%
	S.C. Microcom Doi Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	SC Aegean, BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
	SC Mediterranean Cosmos, BV	Amsterdam (Netherlands)	50.00%	12.53%	50.00%	12.53%
	Serra Shopping – Centro Comercial, SA	Covilhã	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%
4)	Sierra Asia Limited	Hong Kong	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	Argelia	49.00 %	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	100.00%	50.00%	100.00%	50.00%
10)	Sierra Enplanta, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	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%
11)	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	100.00%	50.00%	100.00%	50.00%

		(Netherlands)				
	Sierra Investments Holding, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	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	100.00%	50.00%	100.00%	50.00%
	Sierra Portugal, SA	Lisbon	100.00%	50.00%	100.00%	50.00%
4)	Sierra Project Nürnberg BV	Amsterdam (Netherlands)	100.00%	50.00%	-	-
12)	Sierra Property Management Greece, SA	Athens(Greece)	100.00%	50.00%	100.00%	50.00%
4)	Sierra Real Estate Greece BV	Amsterdam (Netherlands)	100.00%	50.00%	-	-
13)	Sierra Reval Gayrimenkul Yönetim Pazarlama ve Danı manlık A. .	Istambul (Turkey)	50.00%	25.00%	-	-
	Sierra Romania Shopping Centers Services, SRL	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
14)	Sierra Services Holland BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
4)	Sierra Services Holland 2 BV	Amsterdam (Netherlands)	100.00%	50.00%	-	-
	Sierra Solingen Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Sierra Spain – Shopping Centers Services, SL	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Sierra Spain 2 Services, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
15)	Sierra Zenata Project B.V.	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Solingen Shopping Center GmbH	Frankfurt(Germany)	50.00%	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	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	50.00%	12.50%	50.00%	12.50%
16)	Unishopping Administradora, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Unishopping Consultoria Imobiliária, Ltda	São Paulo (Brazil)	99.98%	16.66%	99.98%	16.66%
1)	Valecenter, Srl	Milan (Italy)	100.00%	25.05%	100.00%	25.05%
	Via Catarina - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Vuelta Omega, S.L.	Madrid (Spain)	100.00%	12.53%	100.00%	12.53%
	Weiterstadt Shopping BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Zubiarte Inversiones Inmobiliarias, SA	Madrid (Spain)	49.83%	12.48%	49.83%	12.48%

	Telecommunications					
17)	ZOPT, SGPS, SA	Porto	50.00%	37.54%	100.00%	54.57%
	Investment Management					
	Equador & Mendes - Agência de Viagens e Turismo, Lda	Lisbon	50.00%	37.50%	50.00%	37.50%
18)	Infosystems – Sociedade de Sistemas de Informação, S.A.	Luanda (Angola)	50.00%	37.54%	50.00%	27.28%
19)	Marcas do Mundo - Viagens e Turismo, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
	Movimentos Viagens - Viagens e Turismo, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
	Nova Equador Internacional, Agência de Viagens e Turismo, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
	Nova Equador P.C.O. e Eventos, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
	Raso SGPS, SA	Lisbon	50.00%	50.00%	50.00%	50.00%
	Raso - Viagens e Turismo, SA	Lisbon	50.00%	50.00%	50.00%	50.00%
18)	SIRS – Sociedade Independente de Radiodifusão Sonora, SA	Porto	45.00%	33.78%	45.00%	24.56%
18)	SSI Angola, S.A.	Luanda (Angola)	100.00%	37.54%	100.00%	27.28%
18)	Unipress - Centro Gráfico, Lda	Vila Nova de Gaia	50.00%	37.54%	50.00%	27.28%
	Viagens y Turismo de Geotur España, S.L.	Madrid (Spain)	50.00%	50.00%	50.00%	50.00%

* the percentage of ownership total represents the total direct and indirect percentage on the share capital held by the Group.

1) In December 2013 Sierra European Retail Real Estate Assets Holdings, BV ("Sierra BV") sold its 100% held on the share capital of Valecenter, Srl ("Valecenter") (owner of the shopping centre Valecenter and owner of the subsidiary Airone - Shopping Centre, Srl ("Airone") that owns the shopping centre Airone) by the amount of 31 million euro;

2) In August 2013, Sierra Investments Holding, B.V. acquired the remaining 50% of the share capital of the company ARP Alverca Retail Park, S.A. ("Alverca");

3) In May 2013 the subsidiary Cascaishopping Holding I, SGPS, S.A. acquired the remaining 50% of the share capital of the company Cascaishopping-Centro Comercial, S.A. ("Cascaishopping"). On the same date Sierra European Retail Real Estate Assets Holdings B.V. (owner of 100% of the subsidiary Cascaishopping Holding I, SGPS, S.A.) sold 50% of its ownership to Land Retail B.V. by the amount of 32 million euro;

4) Company created during the period;

5) Ex-S.C. Caelum Development Srl ;

6) In October 2013, the joint controlled entities Harvey Dos Iberica, S.L. ("Harvey") and Vuelta Omega, S.L.("Vuelta") each sold its 50% held on the share capital of the joint controlled entity Parque Principado, S.L. ("Principado") by the amount of 33.7 million euro;

7) Company incorporated in October 2013 by the demerger of subsidiary Pátio Boavista Shopping, Ltda;

8) Company merged into subsidiary Pátio Londrina Empreendimentos e Participações, Ltda in 30 October 2013;

9) Company liquidated during 2013;

10) Company merged into subsidiary Pátio Uberlândia Shopping Ltda in 30 October2013;

11) Ex- Sierra Development of Shopping Centres Greece, SA;

12) Company merged into subsidiary Sierra Greece, S.A. with effects since 1 January 2013;

13) In September 2013, Sierra Services Holland B.V. acquired 50% of the share capital of the company Sierra Reval Gayrimenkul Yönetim Pazarlama ve Danı manlık A. . ("Sierra Reval") by the amount of 360 thousand euro;

14) Ex- Sierra Corporate Services Holland, BV;

15) Ex- Sierra Air RetailBV;

16) Company merged into subsidiary Unishopping Consultoria Imobiliária Lda in 30 October 2013;

17) This company was created in 2012 and it's the company vehicle used to own the financial participation resulting from the merger of Zon-Multimedia, SGPS with Optimus SGPS, SA. This means that is the company that owns the control of Zon Optimus;

18) Companies previously included in the Telecommunications segment;

19) Company merged into subsidiary Raso – Viagens e Turismo, SA.

Associated companies

		Percentage of share capital held			
		31-Dec-2013		31-Dec-2012	
Company	Head Office	Direct	Total*	Direct	Total*
Retail					
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%
Mundo Vip - Operadores Turísticos, SA	Lisbon	33.34%	33.34%	33.34%	33.34%

* the percentage of ownership total represents the total direct and indirect percentage on the share capital held by the Group

Jointly controlled companies and associated companies were included in the consolidated financial statements by the equity method.

The book value of investments in jointly controlled entities and associated companies can be presented as follows:

COMPANY	31-Dec-13	31-Dec-12
Shopping Centres		
Sonae Sierra SGPS, SA (consolidated)	427,254,900	448,355,598
Telecommunications		
ZOPT, SGPS, S.A.	709,606,944	25,000
Investment Management		
Raso SGPS, SA (consolidated)	6,147,367	6,713,236
Unipress - Centro Gráfico, Lda	882,859	453,620
Infosystems – Sociedade de Sistemas de Informação, S.A.	-	1,003
SIRS - Sociedade Independente de Radiodifusão Sonora, SA	-	-
SSI Angola, SA	-	-
Investments in joint ventures	1,143,892,070	455,548,457
Retail		
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	899,945	897,831
Mundo Vip - Operadores Turísticos, SA	-	-
Investment in associated companies	899,945	897,831
Total	1,144,792,015	456,446,288

The investment in Mundo Vip amounts to zero, since it includes an impairment loss amounting to 2,101,337 euro.

The aggregated values of main financial indicators of joint controlled companies are as follows:

	31-Dec-13					
Joint ventures	Assets	Liabilities	Equity	Income	Expenses	Net Profit
Investment Management	67,413,721	38,709,241	28,704,480	42,891,148	44,041,371	(1,150,223)
Shopping Centres b)	3,340,574,090	2,051,816,569	1,288,757,521	300,175,654	291,750,981	8,424,673
Telecommunications a)b)	4,413,649,000	1,902,694,000	2,510,955,000	476,848,000	478,797,000	(1,949,000)
TOTAL	7,821,636,811	3,993,219,810	3,828,417,001	819,914,802	814,589,352	5,325,450

	31-Dec-12					
Joint ventures	Assets	Liabilities	Equity	Income	Expenses	Net Profit
Investment Management	65,247,647	35,392,945	29,854,702	42,764,046	48,411,033	(5,646,987)
Shopping Centres	3,608,333,536	2,235,848,486	1,372,485,050	286,912,729	331,581,034	(44,668,305)
Telecommunications a)	-	-	-	-	-	-
TOTAL	3,673,581,183	2,271,241,431	1,402,339,752	329,676,775	379,992,067	(50,315,292)

a) The increase from 2012 to 2013 follows the consolidation of Zopt group by the equity method (Note 8);

b) Disclosed values are relative to the consolidated accounts of Sonae Sierra and Zopt (Note 48).

The aggregated values of main financial indicators of associated companies can be summarized as follows:

	31-Dec-13					
Associated companies	Assets	Liabilities	Equity	Income	Expenses	Net Profit
Retail	12,140,682	11,125,907	1,014,775	59,239,099	59,374,124	(135,025)
Investment Management	5,046,859	4,269,761	777,098	4,201,285	4,209,673	(8,388)
TOTAL	17,187,541	15,395,668	1,791,873	63,440,384	63,583,797	(143,413)

	31-Dec-12					
Associated companies	Assets	Liabilities	Equity	Income	Expenses	Net Profit
Retail	12,966,266	11,959,946	1,006,320	63,465,069	63,608,550	(143,481)
Investment Management	6,162,864	5,089,640	1,073,224	4,214,111	4,151,585	62,526
TOTAL	19,129,130	17,049,586	2,079,544	67,679,180	67,760,135	(80,955)

During the year ended at 31 December 2013 and 2012, movements in investments in joint ventures and associated companies are as follows:

	31-Dec-13			31-Dec-12		
Joinr ventures and associated companies	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Initial balance as at January,1	379,191,284	77,255,004	456,446,288	419,702,609	114,431,480	534,134,089
Acquisitions during the period	-	-	-	31,182	-	31,182
Loss of significant influence	-	-	-	13,174,585	(33,987,738)	(20,813,153)
Change of consolidation method (Note 8)	225,680,194	486,961,750	712,641,944	-	-	-
Equity method	-	-	-	-	-	-
Gains or losses in joint controlled and associated companies	17,199,003	(14,243,092)	2,955,911	(22,841,079)	(1,541,456)	(24,382,535)
Distributed dividends	(158,202)	-	(158,202)	(10,666,052)	-	(10,666,052)
Effect in equity capital and non-controlling interests	(27,093,926)	-	(27,093,926)	(20,898,379)	142,472	(20,755,907)
Other effects in net income	-	-	-	688,418	(1,789,754)	(1,101,336)
	594,818,353	549,973,662	1,144,792,015	379,191,284	77,255,004	456,446,288

During the year ended at 31 December 2013, the caption “Change of consolidation method” is related with the capital increase of Zopt (Note 8) and subsequent conversion of 115 million euro of shareholder loans in supplementary capital subscriptions.

The caption "Loss of significant influence" in 31 December 2012 is related to the loss of significant influence in Cooper Gay Sweet & Crawford Ltd on the disposal of shares representing 11.3% of the company share capital, followed by a capital increase of that company that implied a decrease in the percentage of ownership to 9.72%. The remaining amount was transferred to the statement of financial position under the caption "Other Investments".

Goodwill decrease recorded under the caption "Gains or losses in jointly controlled and associated companies" includes 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 effect on equity in 2012, is mainly the result of currency translation figures of companies with functional currency different from the euro namely Cooper Gay Sweet Crawford, Ltd.

The measurement of the existence or not of impairment in investments in jointly controlled 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 carried out by comparison with the "Net Asset Value", this results from the valuation of investment properties at market value, not including the deduction of deferred taxes on unrealized capital gains.

7 OTHER NON-CURRENT INVESTMENTS

The caption other non-current investments, their head offices, percentage of share capital held and book value as at 31 December 2013 and 2012, are as follows:

		Percentage of share capital held				Statment of financial position	
		31-Dec-13		31-Dec-12			
Company	Head Office	Direct	Total	Direct	Total	31-Dec-13	31-Dec-12
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%	748,197	748,197
Investment Management							
Lusa - Agên. de Notícias de Portugal, SA	Lisbon	1.38%	0.75%	1.38%	0.75%	97,344	197,344
Cooper Gay Swett & Crawford ltd	London	9.72%	4.86%	9.72%	4.86%	15,468,095	22,854,831
Other investments						15,668,225	36,067,375
Total (Note 13)						31,991,837	59,877,723

As at 31 December 2013, other non-current assets are detailed as follows:

- 12,512,681 euro (33,716,476 euro as at 31 December 2012) related to deposited amounts on an Escrow Account which is invested 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 from 2012 to 2013 follows the use of the Escrow Account for payments related to contractual liabilities related with subsidiaries included in the above mentioned business (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.

Financial investment in Cooper Gay Sweet & Crawford Ltd was remeasured to fair value at 31 December 2013. The valuation of this investment was performed on a binding acquisition proposal received from an unrelated entity and knowledgeable entity of the sector in the last quarter of 2013, which was not considered appropriate by the board of directors of the company (Level 3).

As at 31 December 2013, with the exception of Cooper Gay Sweet & Crawford, Ltd and the 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 a reasonable approximation to its fair value, adjusted, if applicable, by impairments identified.

The measurement of the existence, or not, of impairments on the financial investments described above is done by comparison with the share of the Group in total equity of the company and with multiples of sales and EBITDA of companies within the same business segment.

8 CHANGES IN CONSOLIDATION PERIMETER

8.1 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 and 2012, 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:

		Percentage of capital held	
		At operation date	
Company	Head Office	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 (Note 6), 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, Sonacom 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 X 50.01%)-230)X 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, respectivetly (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, a preliminary assessment of the fair value of assets acquired, assumed liabilities and contingent liabilities through this operation was made on Zopt. The allocation of the acquisition price is still subject to changes within one year from the date of acquisition, in accordance with IFRS 3 - Business Combinations. Nevertheless, the Company does not expect significant changes result from any changes to the allocation made. The detail of Zon and Optimus net assets and Goodwill identified under this transaction are as follows:

Amounts expressed in Euro	Book Value	Fair value adjustments	Fair value
Acquired assets			
Tangible assets	1,168,116	(5,315)	1,162,801
Intangible assets	490,975	216,055	707,030
Investments in group companies	33,646	284,807	318,453
Deferred tax assets	156,948	38,007	194,955
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	2,990,829
Acquired liabilities			
Borrowings	1,269,797	7,634	1,277,431
Provisions	61,172	37,889	99,061
Deferred tax liabilities	8,592	79,588	88,180
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	2,088,566
Total net acquired assets	513,875	388,388	902,263
Goodwill			1,947,737
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 (+99.3 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 over a 10 years period which is estimated as the average period for client retention , (iii) financial investments (304 million euro) including 267 million euro in estimated future economic benefits ('goodwill') of subsidiaries , valuations of channels in the amount of 29 million euro, valuation of client portfolios in the amount of 17 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 46,7 million euro 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 for which was used its rebuilding costs (Level 2), for Basic Equipment for which were used replacement costs (Level 2) was used and for Contractual obligations for which was used the comparison with today's fees charged (Level 2).

In identifying the fair value of acquired assets and liabilities the Group's management made estimates, assumptions and judgments such as: (i) the average period of retention of Optimus' clients used in the valuation of the client portfolio; (ii) revenue evolution and future results of channels; (iii) 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; (iv) evolution of revenue and results of subsidiaries; 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 analyses performed have not led to significant changes 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 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 and its subsidiaries, the recognition of the investments in Zopt and Zon Optimus, and the loans to be received from Zopt, it was registered a capital gain of 443 million euro.

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.

8.2 Connectiv acquisition

At 30 April 2012, the group acquired the entire share capital of Connectiv Solutions. Following that, the company started from 1 May 2012 to consolidate the financial statements using the full consolidation method. As at 1 January 2013, Connectiv was incorporated, by merger, in WeDo USA.

Connectiv has as main activity the rendering of services in information systems.

Following the acquisition of Connectiv Solutions, the company carried out a preliminary assessment of the fair value of acquired assets and liabilities, which led to the recognition of software and clients portfolio in the amount of 3,383,070 euro.

As usual on mergers and acquisitions, namely in the acquisition of Connectiv, there was a part of the acquisition price which was not possible to be allocated to the fair value of some identified assets and liabilities, that was considered as Goodwill. 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, technical skills and market power. The total amount of this Goodwill will be considered as fiscal cost in Connectiv accounts, for a period of 15 years, according with the United States of America law.

The acquisition price includes a deferred amount payable of 2 million USD (1 million USD to be paid in 2013 and 1 million USD to be paid in 2014) and a contingent amount to be paid annually, during 4 years, depending on revenues of the company, which were estimated in about 2 million USD (having already been paid for the period ended 31 December 2013, 658 thousand USD).

For the period ended 31 December 2013, the contingent amount payable was adjusted in 547,579 USD (412,703 euro). It was also made an allocation to know-how in the amount of 4,547,579 USD (3,478,653 euro), which is being depreciated over a 28 months period, which resulted in an adjustment to the initial goodwill, as permitted by IFRS 3 Business Combinations, since this adjustment occurred in the period permitted by IFRS 3 for goodwill allocation.

8.3 Business combination through acquisition to Jorge Sá Group

In 2013 a business combination took place involving the acquisition of 8 food retail stores in Madeira (Região Autónoma da Madeira), previously held by Jorge Sá Group.

The impact on the financial statements can be presented as follows:

	At acquisition date
Tangible Assets	6,013,260
Goodwill	3,986,740
Acquisition Value	10,000,000
Cash paid	5,798,180
Amount paid in income	3,298,216
Amount in debt	903,604

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 profit	Available for sale	Derivates (Note 26)	Sub-total	Assets not within scope of IFRS 7	Total
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 deditors	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 nas 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	817,153,484	17,289,393	834,442,877
		-	-	-	-	-	-	-
As at 31 December 2012		-	-	-	-	-	-	-
Non-current assets		-	-	-	-	-	-	-
Other investments	7 and 13	33,716,476	-	26,161,247	-	59,877,723	-	59,877,723
Other non-current assets	14	27,312,961	-	-	-	27,312,961	22,218,354	49,531,315
		61,029,437	-	26,161,247	-	87,190,684	22,218,354	109,409,038
Current assets		-	-	-	-	-	-	-
Trade receivables	16	171,053,729	-	-	-	171,053,729	-	171,053,729
Other deditors	17	117,941,848	-	-	-	117,941,848	-	117,941,848
Investments	13	881,581	-	-	30,341	911,922	-	911,922
Cash nas cash equivalent	21	376,635,163	-	-	-	376,635,163	-	376,635,163
		666,512,321	-	-	30,341	666,542,662	-	666,542,663
		727,541,758	-	26,161,247	30,341	753,733,345	22,218,354	775,951,700

Financial liabilities	Notes	Derivates (Note 26)	Financial liabilities recorded at amortised cost	Sub-total	Liabilities not within scope of IFRS 7	Total
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	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	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
As at 31 December 2012						
Non-current liabilities						
Bank loans	24	-	364,137,659	364,137,659	-	364,137,659
Bonds	24	-	1,287,944,455	1,287,944,455	-	1,287,944,455
Obligations under finance	24 and 25	-	27,593,734	27,593,734	-	27,593,734
Other loans	24	6,993,896	90,166	7,084,062	-	7,084,062
Other non-current liabilities	27	-	54,308,839	54,308,839	33,649,592	87,958,431
		6,993,896	1,734,074,853	1,741,068,749	33,649,592	1,774,718,341
Current liabilities						
Bank loans	24	-	65,557,681	65,557,681	-	65,557,681
Bonds	24	-	450,820,688	450,820,688	-	450,820,688
Obligations under finance	24 and 25	-	7,037,038	7,037,038	-	7,037,038
Other loans	24	2,627,817	33,466	2,661,283	-	2,661,283
Trade creditors	29	-	1,221,772,727	1,221,772,727	-	1,221,772,727
Other creditors	30	-	227,781,624	227,781,624	-	227,781,624
		2,627,817	1,973,003,224	1,975,631,041	-	1,975,631,041
		9,621,713	3,707,078,077	3,716,699,790	33,649,592	3,750,349,382

Financial instruments recognized at fair value

In 2013 the Group applied for the first time IFRS 13 - Fair Value Measurement. This standard requires that the fair value is disclosed in accordance with the following hierarchy:

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.

	31-Dec-13			31-Dec-12		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Investments	202,442,350	-	15,468,095	-	22,854,831	-
Derivatives	-	35,999	-	-	30,341	-
	202,442,350	35,999	15,468,095	-	22,885,172	-
Financial liabilities measured at fair value						
Derivatives	-	3,836,167	-	-	9,621,713	-
	-	3,836,167	-	-	9,621,713	-

10 TANGIBLE ASSETS

During the periods ended as at 31 December 2013 and 2012, movements in tangible assets as well as depreciation and accumulated impairment losses are made up as follows:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others	Tangible assets in progress	Total Tangible Assets
Gross costs:							
Opening balance as at 1 January 2012	1,943,600,538	2,189,684,537	21,935,131	316,270,043	45,147,159	64,547,668	4,581,185,076
Investment	3,946,530	8,062,867	89,529	17,113,479	46,127	186,179,820	215,438,352
Acquisitions of subsidiaries	-	103,084	-	1,004,738	-	-	1,107,822
Disposals	(4,224,270)	(89,596,736)	(969,701)	(14,164,383)	(1,354,215)	(2,374,690)	(112,683,995)
Exchange rate effect	(14,782)	(173,673)	(52,162)	(426,686)	16,015	(43,617)	(694,905)
Transfers	942,580	161,205,855	674,169	5,626,851	1,648,853	(195,618,231)	(25,519,924)
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	4,658,832,426
Discontinued operations (Note 8)	(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)
Closing balance as at 31 December 2013	1,659,329,823	1,248,692,623	21,511,456	115,197,852	39,830,064	31,848,923	3,116,410,740
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2012	414,752,961	1,178,263,851	17,633,868	260,894,953	37,232,547	-	1,908,778,180
Depreciation and impairment losses	35,914,835	170,277,222	1,397,600	30,492,896	3,948,955	-	242,031,508
Acquisitions of subsidiaries	-	90,165	-	441,202	-	-	531,367
Disposals	(2,143,516)	(73,678,088)	(931,824)	(13,701,428)	(1,290,821)	-	(91,745,677)
Exchange rate effect	(11,584)	(110,105)	(37,574)	(251,304)	-	-	(410,567)
Transfers	(142,103)	(662,838)	(345,316)	(2,231,555)	(80,351)	-	(3,462,163)
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)	(169,205,712)	(687,662,778)	(83,381)	(197,585,549)	(6,077,566)	-	(1,060,614,986)
Depreciation of the 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)
Closing balance as at 31 December 2013	409,943,585	737,980,900	17,601,163	88,846,577	34,874,112	-	1,289,246,337
Carrying amount							
As at 31 December 2012	1,495,880,003	995,105,727	3,960,212	49,779,278	5,693,609	52,690,950	2,603,109,778
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

The investment in 2013 includes:

- approximately 99.6 million euro of assets acquisition primarily associated with the opening and remodeling of stores of Sonae retail operating segments;

- approximately 26.8 million euro (75 million euro in 2012) 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). As at 27 August 2013, following the merger mentioned in Note 8, the telecommunications business, including the above assets, was derecognized. These amounts are disclosed under the caption "Discontinued operations";

- and 6 million euro related to the business combination detailed in Note 8.3.

As at 31 December 2012 the caption "Tangible assets" included an amount of 25.1 million euro regarding to the net book value of the telecommunications equipment delivered to customers, under free lease agreements with a predefined period, which are being amortized over the duration of their contracts, all of these amounts were derecognised (Note 8).

The caption "impairment losses the period" at 2013 can be detailed as follows:

Impairments	31-Dec-13
Layout change and rebranding of:	
Sonae SR stores	43,746,620
Sonae MC stores	9,988,367
Real estate impairment	100,029,307
Others	183,618
	153,947,912

The impairment losses recorded for real estate assets 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 7.40% and 9.50%, For IFRS 13 purposes, this is a "Level 3" fair value measurement.

Major amounts included in the caption tangible assets in progress refer to the following projects:

	31-Dec-13	31-Dec-12
Refurbishment and expansion of stores in the retail businesses located in Portugal	17,595,991	22,221,243
Refurbishment and expansion of stores in the retail businesses located in Spain	1,297,219	842,420
Projects "Continente" stores for which advance payments were made	11,532,400	8,274,617
Development of mobile network	-	15,652,408
Development of fixed network	455,656	1,514,961
Others	967,657	4,185,301
	31,848,923	52,690,950

11 INTANGIBLE ASSETS

During the periods ended as at 31 December 2013 and 2012, movements in intangible assets as well as amortization and accumulated 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 2012	461,394,359	454,752,170	57,492,003	134,955,822	1,108,594,354
Investment	24,156,887	1,772,860	110,563	42,349,366	68,389,676
Acquisitions of subsidiaries	1,608,263	1,686,153	-	-	3,294,416
Disposals	(12,808,851)	(993,025)	(795,628)	(907,764)	(15,505,268)
Disposals of subsidiaries	-	-	-	-	-
Exchange rate effect	(2,983)	(424,996)	(3,589,201)	(14,305)	(4,031,485)
Transfers	100,123,221	42,630,156	(4,521,369)	(132,265,679)	5,966,329
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)	(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
Closing balance as at 31 December 2013	115,657,930	226,196,642	47,428,954	29,084,967	418,368,493
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2012	171,505,301	334,710,780	22,596,484	-	528,812,565
Depreciation of the period	46,596,030	41,167,126	3,313,882	-	91,077,038
Acquisitions of subsidiaries	-	55,004	-	-	55,004
Disposals	(12,425,614)	(860,640)	(795,628)	-	(14,081,882)
Exchange rate effect	(1,849)	(344,377)	(918,268)	-	(1,264,494)
Transfers	303,814	(8,882)	(640,363)	-	(345,431)
Opening balance as at 1 January 2013	205,977,682	374,719,011	23,556,107	-	604,252,800
Discontinued operations (Note 8)	(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)
Closing balance as at 31 December 2013	32,462,492	158,427,893	24,623,952	-	215,514,337
Carrying amount					
As at 31 December de 2012	368,493,214	124,704,307	25,140,261	44,117,440	562,455,222
As at 31 December de 2013	83,195,438	67,768,749	22,805,002	29,084,967	202,854,156

Under the agreed terms resulting from the grant of the UMTS License, Optimus – 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 which will have to be realized until the end of 2015.

In accordance with the Agreement established on 5 June 2007 with the Ministry of Public Works, Transportation and Communications (MOPTC), part of these commitments, up to 159 million euro, would be realized through own projects eligible as contributions to the 'Information Society' which will be incurred under the normal course of Optimus – Comunicações, S.A.'s business (investments in network and technology, if not directly related with the accomplishment of other obligations inherent to the attribution of the UMTS License, and activities of research, development and promotion of services, contents and applications). These own projects must be recognized by the MOPTC and by entities created specifically for this purpose. The total amount was already incurred and validated by the above referred entities, so, at this date, there are no additional responsibilities related to these commitments. These charges were recorded in the attached financial statements at the moment the projects were carried out and the estimated costs became known.

The remaining commitments, up to 116 million euro, has been realized, as agreed between Optimus – Comunicações S.A. and MOPTC, through contributions to the 'Iniciativas E' project (modem offers, discounts on tariffs, cash contributions, among others, assigned to the widespread use of broadband internet for students and teachers). These contributions are made through the 'Fund for the Information Society', now known as the 'Fundação para as Comunicações Móveis' (Foundation for Mobile Communications), established by the three mobile operators with businesses in Portugal. All responsibility was recognized as an additional cost of UMTS license, against an entry in the captions 'Other non-current liabilities' and 'Other current liabilities'. Thus, at 31 December 2013, all the responsibilities with such commitments were derecognized from consolidated financial statements following the merger between Optimus SGPS and Zon following derecognition of assets and liabilities of the telecommunications business (Note 8).

Intangible assets as at 31 December 2012, include an amount of approximately 110 million euro, corresponding to the current value of future payments related with the acquisition of rights of use for frequency (spectrum) bands of 800 MHz, 1800 MHz and 2600 MHz, which will be used to develop 4th generation services (LTE - Long Term Evolution). The payable amount totals 113 million euro. In January 2012, an amount of 83 million euro was already paid as well as an amount of 6 million euro in January 2013. The remaining amount can be paid in four annual instalments of 6 million euro, having the company, at each annual payment, the option to anticipate the payment of the amount in debt. During the year ended 31 December 2012, considering the availability of LTE (Long Term Evolution) technology (although subject to restrictions in some areas of the country) and the subsequent launching the commercial operation, a fraction of the present value of future payments related to the acquisition of rights of use for 4th generation frequencies services was transferred from work in progress (92.9 million euro) and the amortization was started, for an estimated period until 2041. This asset was derecognized, as at 31 December 2013, following the merger between Optimus SGPS and Zon and consequent derecognition of assets and liabilities of the telecommunications segment (Note 8).

At 31 December 2012, the Group kept recorded under the heading 'Intangible assets – brands and contents' the amount of 170,425,449 euro that correspond to the investments net of depreciations made in the development of the UMTS network, including: (i) 54,005,186 euro related to the license; (ii) 18,045,113 euro related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal; (iii) 5,542,199 euro related to a contribution to the 'Fundação para as Comunicações Móveis', established in 2007, under an agreement entered with 'MOPCT' and the three mobile telecommunication operators in Portugal; and (iv) 88,218,718 euro related with the programme 'Initiatives E', these last two associated to the commitments assumed by the Group in relation to the 'Information Society'. These assets were derecognized, as at 31 December 2013, following the merger between Optimus SGPS and Zon and consequent derecognition of assets and liabilities of the telecommunications segment (Note 8).

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 2012).

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 plans 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 Units - 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 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 and Multimedia business, previously included in the Telecommunications segment; (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;

At 31 December 2013 and 2012, the caption “Goodwill” was as follows:

	31-Dec-13	31-Dec-12
Sonae MC	476,919,251	472,932,511
Sonae SR	85,168,152	87,653,701
Sonae RP	3,315,934	3,671,352
Investment management	44,784,521	45,140,508
Telecommunications	-	48,829,978
	610,187,858	658,228,050

During the years ended 31 December 2013 and 2012, movements in Goodwill as well as in the corresponding impairment losses, are as follows:

	31-Dec-13	31-Dec-12
Gross value:		
Opening balance	664,502,705	664,766,628
Acquisition of Connectiv and Goodwill adjustment (Note 8.2)	(3,383,070)	5,167,775
Discontinued operations (Note 8.1)	(33,955,548)	-
Goodwill generated in the period (Note 8.3)	3,986,740	-
Other variations	(1,942,716)	(1,604,413)
Currency translation	(4,667,471)	(3,827,285)
Closing balance	624,540,640	664,502,705
Accumulated impairment		
Opening balance	6,274,655	4,953,135
Increases (Note 32)	8,078,127	1,321,520
Closing balance	14,352,782	6,274,655
Carrying amount:	610,187,858	658,228,050

Sonae does annual impairment tests of Goodwill and whenever there are indications of goodwill impairment. During the periods ended at 31 December 2013 and 2012, Sonae tested for goodwill impairment, having as a result of that analysis, recorded impairment losses as follows:

	31-Dec-13	31-Dec-12
Sonae SR	2,485,549	-
Sonae RP	355,418	540,273
Investment management	5,237,160	781,247
	8,078,127	1,321,520

The impairment of goodwill of Sonae SR results mainly of goodwill allocated to stores that closed.

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 an average cost of capital and with a growth rate of cash-flows in perpetuity that can be detailed as follows:

	31-Dec-13			31-Dec-12		
	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% to 10%	≤ 1%	4%	9% to 10%	≤ 1%	3%
Sonae SR - Portugal	9% to 11%	≤ 1%	6%	9% to 11%	≤ 1%	4%
Investment management (excluding Information Systems, Multimedia and Insurance)	8% to 10%	<= 1,5%	6%	8% to 10%	<= 1,5%	5%

The recoverable value of cash generating units on the specialized retail formats in Spain, is determined based on its value in use, which is calculated taking into consideration the approved business plans for periods of 10 years. Assuming this is the most realistic and appropriate deadline for the implementation of the strategy of internationalization of Sonae in specialized retail segment, taking into consideration not only the nature of the products in question (more discretionary character) but also the current macroeconomic conditions and restrictions on access to new financing, which limit an internationalization accelerated process. The analysis described above aims to demonstrate the recovery of non-current assets and deferred tax assets of Sonae SR in Spain, since it does not have any value of goodwill allocated.

Investment management

The main assumptions used in segment of Investment management are:

Information Systems and Multimedia

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 discount rates used were based on the estimated weighted average cost of capital, which depends of the operating segment of each subsidiary, as indicated in the table below. In perpetuity, the Group considered a growth rate of around 3% in segment of Information Systems and 0% in segment of Multimedia. In situations where the measurement of the existence or otherwise of impairment is made based on the net selling price, values and other similar transactions performed proposals are used.

	31-Dec-13		
	Basis of recoverable amount	Discount rates	Growth rate in perpetuaty
Information Systems	value in use	13%	3%
Multimedia	value in use	12%	0%

Insurance

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-13		31-Dec-12	
	Portugal	Brazil	Portugal	Brazil
Sales increase rate during the projected period	3% to 8,93%	7,8% to 13%	2% to 6%	8% to 12,3%
Perpetuity growth rate	2%	4.5%	2%	4.5%
Discount rate used	8,9% to 10,7%	13.9%	8,9% a 10,7%	13.9%

13 OTHER INVESTMENTS

As at 31 December 2013 and 2012, this caption is made up as follows:

	31-Dec-13		31-Dec-12	
	Non current	Current	Non current	Current
Other investments:				
Fair value (net of impairment losses) as at 1 January	59,877,723	881,581	40,940,837	3,064,147
Acquisitions in the period	891,408	155,805,631	580,805	177,247
Disposals in the period	(21,213,170)	(875,476)	(4,498,750)	(2,359,813)
Increase/(Decrease) in fair value	(7,564,124)	46,636,719	3,840,447	-
Transfers (Note 6)	-	-	19,014,384	-
Fair value (net of impairment losses) as at 31 December	31,991,837	202,448,455	59,877,723	881,581
			-	
Derivative financial instruments (Note 26)				
Fair value as at 1 January	-	30,341	-	2,797,071
Acquisitions in the period	-	26,398	-	-
Increase/(Decrease) in fair value	-	(20,740)	-	(2,766,730)
Fair value as at 31 December	-	35,999	-	30,341
	31,991,837	202,484,454	59,877,723	911,922

The amount of increase/(decrease) in fair value and transfers in the caption "Other non-current investments" is related to the measurement at fair value of the investment in Cooper Gay Sweet & Crawford 7,386,736 euro at 31 December 2013 (Note 7).

Under the caption other non-current financial investments an amount of 12,512,681 euro (33,716,476 euro in 31 December 2012) is recorded related to deposited amounts on an Escrow Account (Note 7). The amount of decrease in this caption in 2013 results from the use of the Escrow Account for payments relating to civil and labor litigations mentioned in Note 32. The amount of decrease in the caption "Other non-current investments" in 2012 is associated primarily to the disposal of Sonae Capital SGPS, SA shares (Note 7).

The amounts of increase (155,805,631 euro) and increase in fair value (46,636,719 euro) under the caption "Other current assets" follow the recording of the financial investment in Zon Optimus at fair value (Note 8). As stated in the shareholder agreement these shares do not confer any right to vote or further interfere in the situation of shared control in Zon Optimus. The fair value of the investment is determined based on the price of Zon Optimus 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 3,134,574 euro (3,306,383 euro in 31 December 2012) 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 257,055 euro (85,778 euro in 31 December 2012).

14 OTHER NON-CURRENT ASSETS

As at 31 December 2013 and 2012, Other non-current assets are detailed as follows:

	31-Dec-13			31-Dec-12		
	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	10,001,942	(1,000,000)	9,001,942
Trade accounts receivable and other debtors						
Legal deposits	818,011	-	818,011	973,963	-	973,963
Recognition of the value to be received from Wall Mart	7,858,057	-	7,858,057	9,468,476	-	9,468,476
Cautions	5,725,333	-	5,725,333	5,919,711	-	5,919,711
Others	276,249	-	276,249	1,948,869	-	1,948,869
	14,677,650	-	14,677,650	18,311,019	-	18,311,019
Total financial instruments (Note 9)	14,681,220	-	14,681,220	28,312,961	(1,000,000)	27,312,961
Reinsurer's' share of technical provisions	16,789,943	-	16,789,943	22,126,693	-	22,126,693
Other non-current assets	499,450	-	499,450	91,661	-	91,661
	31,970,613	-	31,970,613	50,531,315	(1,000,000)	49,531,315

Loans granted to related parties bear interests at market rates and do not have a defined maturity. The fair value of these loans is estimated to be similar to its carrying amount.

As a result of the agreements signed in 2005 by the former subsidiary - Sonae Distribuição Brasil, SA (sold to Wall-Mart in 2005) with Carrefour Comércio e Indústria 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 São 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.

It is the understanding of the Board of Directors and the Group attorneys that the amount paid will be recovered. The company already established legal proceedings against Carrefour Comércio e Indústria, Ltda., through society Wms - Supermarkets in Brazil, SA (formerly Sonae Distribution Brazil, SA, sold to Wal-Mart Group, as mentioned above) to recover the above mentioned amount (for Sonae, by right of claim on the Wms). It's the Board of Directors and the Group attorneys understanding that the above mentioned amount is recoverable, since Carrefour has never proved the existence of the costs that it claims and which validate the usage of the above mentioned warranty, or through the warranty expiration date (according the Brazilian law).

According to the Group attorneys, the amount improperly received by Carrefour for which a reimbursement will be requested (25,340,145.80 Brazilian real), will bear interests at the SELIC rate. It is expected that the legal proceeding will exist for a period up to 7 years, since it's beginning in 2011.

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: Provision for unearned premiums 5,045,333 euro (7,448,667 euro as at December 2012) and Provisions for outstanding claims 11,744,610 euro (14,678,026 euro as at December 2012) (Note 32).

15 INVENTORIES

As at 31 December 2013 and 2012, inventories are as follows:

	31-Dec-13	31-Dec-12
Raw materials and consumables	1,125,967	1,447,061
Goods for resale	619,774,885	584,072,124
Finished and intermediate goods	478,877	318,157
Work in progress	237,215	187,376
	621,616,944	586,024,718
Accumulated impairment losses on Inventories (Note 32)	(32,667,082)	(47,538,541)
	588,949,862	538,486,177

Cost of goods sold as at 31 December 2013 and 2012 amounted to 3,602,380,328 euro and 3,518,309,414 euro, respectively, and may be detailed as follows:

	31-Dec-13	31-Dec-2012 Restated Note 4
Opening balance (a)	568,156,694	696,316,589
Purchases	3,675,441,541	3,409,388,097
Adjustments (a)	(9,766,771)	(28,457,790)
Closing balance	620,900,851	568,156,694
	3,612,930,613	3,509,090,202
Impairment losses (Note 32)	(10,550,285)	9,219,212
	3,602,380,328	3,518,309,414

(a) At 31 December 2012, under "Opening balance" and "Adjustments" are included 18,858,417 euro relating to discontinued operations

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 2013 and 2012, trade accounts receivable are detailed as follows:

	31-Dec-13			31-Dec-12		
Trade accounts receivable and doubtful accounts	Gross Value	Accumulated impairment losses (Note 32)	Carrying Amount	Gross Value	Accumulated impairment losses	Carrying Amount
Sonae MC	30,899,444	(2,639,880)	28,259,564	25,511,894	(2,797,278)	22,714,616
Sonae SR	13,290,302	(393,922)	12,896,380	6,791,166	(519,778)	6,271,388
Sonae RP	164,896	(47,024)	117,872	851,799	(47,024)	804,775
Telecommunications	-	-	-	221,226,998	(82,069,573)	139,157,425
Investment management	40,514,254	(3,944,314)	36,569,940	1,789,017	(60,266)	1,728,751
Sonae Holding	417,622	-	417,622	376,774	-	376,774
	85,286,518	(7,025,140)	78,261,378	256,547,648	(85,493,919)	171,053,729

The decrease under the caption “Trade accounts receivable"' includes the effect of derecognition of the subsidiaries relating to the telecommunications business and the reclassification to the investment management segment of the SSI and multimedia companies as a result of the merger between Optimus SGPS and Zon (Note 8).

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 2013 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 2013 and 2012, the ageing of the trade receivables are as follows:

	Trade Receivables			
31-Dec-13	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

	Trade Receivables				
31-Dec-12	Retail	Telecommunications	Investment Management	Sonae Holding	Total
Not due	10,640,201	51,700,564	312,850	376,480	63,030,095
Due but not impaired					
0 - 30 days	2,413,702	18,008,982	856,513	-	21,279,197
30 - 90 days	14,638,258	16,684,529	138,293	-	31,461,080
+ 90 days	1,615,641	24,279,347	421,095	294	26,316,377
Total	18,667,601	58,972,858	1,415,901	294	79,056,654
Due and impaired					
0 - 90 days	502,766	3,957,205	1,741	-	4,461,712
90 - 180 days	11,949	2,829,240	1,741	-	2,842,930
180 - 360 days	78,851	6,284,434	9,071	-	6,372,356
+ 360 days	3,253,491	97,482,697	47,713	-	100,783,901
Total	3,847,057	110,553,576	60,266	-	114,460,899
	33,154,859	221,226,998	1,789,017	376,774	256,547,648

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 2013 and 2012, other debtors are as follows:

	31-Dec-13	31-Dec-12
Granted loans to related companies	8,599,429	7,947,797
Other debtors		
Trade creditors - debtor balances	34,270,501	30,250,465
Special regime for payment of tax and social security debts	28,354,934	12,047,569
Deposit in favor of Cosec [a)]	11,798,127	-
Dividends to be received of jointly controlled companies	10,567,050	10,567,050
Interests and accounts receivable from discontinued activities	10,936,329	-
Disposal of financial investments	-	20,535,907
Vouchers and gift cards	3,289,808	2,231,940
VAT recoverable on real estate assets	2,905,724	1,143,779
Reinsurance operations	2,102,625	6,638,468
TRS related to own shares (Note 22)	410,944	12,693,574
Project "Iniciativas E"	-	10,918,467
Advances to agents	-	1,479,606
Advances to suppliers	665,532	1,406,353
Other current assets	23,985,624	15,792,142
	129,287,198	125,705,320
Accumulated impairment losses in receivables (Note 32)	(14,460,950)	(15,711,269)
Total of Financial Instruments (Note 9)	123,425,677	117,941,848

a) Deposit in favor 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.

The amount disclosed as 'Special regime for payment of tax and social security debts' corresponds to taxes paid which were previously disputed and subject to reimbursement claims. The tax litigations are still in progress, although following the payment the 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. Since 31 December 2012, the caption "Other debtors" increased, following the Group decision to benefit from the newly approved Special regime for payment of tax and social security debts, and the payment of approximately 17 million euro (Note 33).

At 31 December 2012, the net position of telecommunications segment with the 'Fundação para as Comunicações Móveis', under the 'Iniciativas E' programme, amounts to a receivable of Euro 10,918,467. At 31 December 2013 these amounts were desrecognized following the merger between Optimus SGPS and Zon and the consequent desrecognition of the assets and liabilities of the telecommunications sector (Note 8).

At as 31 December 2013 and 2012, the ageing of other debtors is as follows:

	Other Debtors	
	31-Dec-13	31-Dec-12
Not due	52,522,869	61,107,297
Due but not impaired		
0 - 30 days	13,190,190	5,717,263
30 - 90 days	37,869,908	20,561,119
+ 90 days	11,243,281	22,608,372
Total	62,303,379	48,886,754
Due and impaired		
0 - 90 days	205,875	854,012
90 - 180 days	224,684	753,583
180 - 360 days	759,187	872,727
+ 360 days	13,271,204	13,230,947
Total	14,460,950	15,711,269
	129,287,198	125,705,320

As at 31 December 2013 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 2013 and 2012, Taxes recoverable and taxes and contributions payable are made up as follows:

	31-Dec-13	31-Dec-12
Tax recoverable		
Income taxation	44,093,654	41,227,464
VAT	26,880,720	31,316,124
Other taxes	1,473,127	2,399,280
	72,447,501	74,942,868
Taxes and contributions payable		
Income taxation	13,259,922	8,075,614
VAT	25,201,787	33,082,297
Staff income taxes withheld	5,531,471	5,760,480
Social security contributions	11,365,579	12,007,806
Other taxes	398,366	816,021
	55,757,125	59,742,218

19 OTHER CURRENT ASSETS

As at 31 December 2013 and 2012, Taxes recoverable and taxes and contributions payable are made up as follows:

	31-Dec-13	31-Dec-12
Invoices to be issued	6,251,905	54,632,025
Commercial discounts	30,455,235	30,687,590
Prepayments of external supplies and services	12,077,662	24,864,876
Prepayments - Rents	6,210,168	6,459,176
Commissions to be received	2,627,215	1,926,548
Insurance indemnities	2,430,736	7,423,141
Other current assets	11,484,397	13,917,189
	71,537,318	139,910,545

The caption "Invoices to be issued" at 31 December 2012 was essentially related to the Telecommunications business and with invoices to be issued to customers and other telecommunications operators. At 31

December 2013 these liabilities were derecognized following the merger between Optimus SGPS and Zon and the consequent derecognition of the assets and liabilities of those subsidiaries (Note 8).

The caption "Commercial discounts" refers to promotional campaigns carried out in the retail operating segment stores and reimbursed by Sonae suppliers (Note 38).

The caption "Insurance indemnities" reflects the best estimate of Sonae, of the amount to be recovered from insurance institutions regarding a fire at one of "Continente" stores in Portimão. The decrease since 2012 is related with the partial payment of the above mentioned indemnity by the insurance institution.

20 DEFERRED TAX

Deferred tax assets and liabilities as at 31 December 2013 and 2012 are as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Difference between fair value and acquisition cost	5,911,741	3,914,608	27,533,300	38,686,766
Amortisation and Depreciation	1,371,758	6,690,907	62,855,081	68,450,708
Provisions and impairment losses not accepted for tax purposes	38,828,805	50,059,893	-	-
Write off of tangible and intangible assets	3,663,000	34,731,470	-	-
Write off of deferred costs	-	13,516,992	-	1,159,359
Valuation of hedging derivatives	210,756	107,198	60,252	48,946
Temporary differences arising from the securitization of receivable operatic	-	3,220,000	-	-
Amortisation of Goodwill for tax purposes	-	-	25,128,058	23,732,055
Deferred costs related with loyalty contracts	-	-	-	995,025
Revaluation of tangible assets	-	-	1,543,774	1,737,802
Tax losses carried forward	62,456,417	100,082,810	-	-
Reinvested capital gains/(losses)	-	-	1,512,257	1,000,609
Tax Benefits	4,464,928	9,709,216	-	-
Others	6,252,459	2,685,397	2,463,247	1,132,330
	123,159,864	224,718,491	121,095,969	136,943,600

During the periods ended 31 December 2013 and 2012, movements in Deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Opening balance	224,718,491	221,875,249	136,943,600	134,191,549
Effects in net income:				
Difference between fair value and acquisition cost	2,293,557	511,651	(8,154,588)	(1,818,029)
Amortisation and Depreciation of harmonisation adjustments	1,247,614	(348,110)	(884,981)	5,445,911
Provisions and impairment losses not accepted for tax purposes	24,305,747	11,606,575	463,067	93,775
Write-off of tangible and intangible assets	(3,863,953)	(9,227,386)	-	-
Write-off of deferred accrued costs	-	(6,685,729)	(1,159,359)	1,146,785
Revaluation of tangible assets	-	-	(142,627)	(143,299)
Tax losses carried forward	(33,645,656)	3,239,385	-	-
Temporary differences arising from the securitization of receivable	(2,146,667)	(3,220,000)	-	-
Amortization of Goodwill for tax purposes	-	-	1,333,298	1,396,003
Reinvested capital gains/(losses)	-	-	581,432	(205,410)
Changes in tax rates	(3,917,249)	734,663	(6,863,639)	3,640,629
Tax Benefits	12,253,877	6,189,691	-	-
Discontinued operations	(3,559,820)	-	(740,174)	-
Others	568,886	(54,201)	1,732,237	(4,852,839)
	(6,463,664)	2,746,539	(13,835,334)	4,703,526
Effects in equity:				
Valuation of hedging derivatives	90,963	130,612	5,156	(574,230)
Others	(119,978)	(33,909)	(3,017,379)	(1,377,245)
	(29,015)	96,703	(3,012,223)	(1,951,475)
Discontinued operations (Note 8)	(95,065,948)	-	999,926	-
Closing balance	123,159,864	224,718,491	121,095,969	136,943,600

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 business's in Spain, the group decided on their annulment.

The reduction in deferred taxes includes the derecognition of discontinued operations and can be analysed as follows:

	31-Dec-13		31-Dec-12	
	Deferred tax assets		Deferred tax liabilities	
	Movements in year	Discontinued operations	Movements in year	Discontinued operations
Tax losses	(1,126,584)	4,501,586	-	-
Tax provisions not accepted and other temporary differences	4,694,863	39,434,788	-	-
Tax benefits (SIFIDE and RFAI)	4,559,485	12,524,383	-	-
Write off of tangible and intangible assets	603,240	30,866,513	-	-
Write off of deferred costs	(3,024,517)	10,225,164	-	-
Temporary differences arising from the securitization of receivable operation	(2,146,667)	1,073,334	-	-
Others	-	-	740,174	259,752
	3,559,820	98,625,768	740,174	259,752

The rate used at 31 December 2013, in Portuguese companies, to calculate the deferred tax assets relating to tax losses carried forward was 23%, as a consequence of the IRC rate change from 25% to 23% from 2014 onwards. The rate used to calculate deferred taxes in temporary differences in Portuguese companies is 24.5% 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, were used rates applicable in each jurisdiction.

As at 31 December 2013 and 2012, 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-13			31-Dec-12		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2007	-	-	2013	1,223,112	305,778	2013
Generated in 2008	1,296,239	298,135	2014	1,399,902	349,975	2014
Generated in 2009 (a)	145,240	33,405	2015	22,658,706	5,664,676	2015
Generated in 2010	99,670	22,924	2014	99,670	24,918	2014
Generated in 2011	1,199,591	294,472	2015	1,214,539	303,635	2015
Generated in 2012	87,055	20,023	2017	87,055	21,764	2017
Generated in 2013	-	-	2018	-	-	
	2,827,795	668,959		26,682,984	6,670,746	
Without limited time use	-	-		1,076,048	134,506	
With a time limit different from the above mentioned (b)	205,722,563	61,787,458		310,915,439	93,277,558	
	208,550,358	62,456,417		338,674,471	100,082,810	

(a) Reduction from 2012 to 2013 results from the derecognition of discontinued operations;

(b) Includes, as at 31 December 2013, 58 million euro (76 million euro as at 31 December 2012) related to deferred tax assets for which the carry forward period count hasn't started. The decrease compared to the year ended 31 December 2012, is associated with the reversal of deferred tax assets in retail operations, in Spain.

As at 31 December 2013 and 2012, 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 2013 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 57.9 million euro (57.7 million euro as at 31 December 2012). 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 2013 and 2012, was the dominant entity within the group of companies taxed in accordance with the Spanish regime for taxing groups of companies. It is the understanding of The Board of Directors, based on existing business plans, that the mentioned deferred tax assets are fully recoverable.

The recoverability of the deferred tax assets mentioned above, regarding Sonae operations in Spain, is conditioned by the fulfilment of the 10 year business plans, approved by the Board of Directors, for those markets and businesses that are part of the fiscal perimeter in Spain. These business plans were also used in the impairment analysis of other non-current assets.

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 favourable 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 ("Audiência 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. As at 31 December 2013, tax losses arising from the depreciation of Goodwill, including 2008, amount to 83.7 million euro (79.1 million euro as at 31 December 2012). The company maintains recorded, related to this subject, deferred tax assets and deferred tax liabilities amounting to 25.1 million euro (23.7 million euro in December 2012).

As at 31 December 2013, there were tax losses carried forward, amounting to 356.6 million euro (322.6 million euro in 2012) for which no deferred tax assets were recognized due to uncertainties of their future use. These may be summarised as follows:

	31-Dec-13			31-Dec-12		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use (b)						
Generated in 2007	-	-	2013	55,856,584	13,964,147	2013
Generated in 2008	8,723,778	2,120,486	2014	9,842,086	2,460,522	2014
Generated in 2009	10,226,350	2,404,541	2015	18,025,218	4,506,304	2015
Generated in 2010	11,187,572	2,624,821	2014	15,161,998	3,790,499	2014
Generated in 2011	7,520,472	1,784,165	2015	7,520,471	1,880,118	2015
Generated in 2012	11,599,479	2,756,301	2017	11,693,227	2,923,307	2017
Generated in 2013	17,313,620	4,036,044	2018	-	-	
	66,571,271	15,726,358		118,099,584	29,524,897	
Without limited time use	36,681,986	7,303,523		36,048,907	9,941,860	
With a time limit different from the above mentioned (a)	253,301,226	70,394,923		168,461,162	43,067,009	
	356,554,483	93,424,804		322,609,653	82,533,766	

(a) The increase over the prior period is primarily associated with the reverse of deferred tax assets in the retail operations in Spain.

(b) The decrease of 2012 to 2013 as a result from derecognition of discontinued activities

21 CASH AND CASH EQUIVALENTS

As at 31 December 2013 and 2012, Cash and cash equivalents are as follows:

	31-Dec-13	31-Dec-12
Cash at hand	7,547,903	7,117,200
Bank deposits	197,242,711	290,568,494
Treasury applications	161,518,304	78,949,469
Cash and cash equivalents on the statement of financial position	366,308,918	376,635,163
Bank overdrafts (Note 24)	(439,462)	(13,267,254)
Cash and cash equivalents on the statement of cash flows	365,869,456	363,367,909

Bank overdrafts are disclosed in the statement of financial position under Current bank loans.

22 SHARE CAPITAL

As at 31 December 2013, 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 15 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 2013 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 103,289,056 euro(Note 30) (84,664,905 euro as at 31 December 2012) reflecting the market value of Sonae Holding shares.

These liabilities are adjusted at the end of each month by the effect in Sonae Holding share price, as applicable, being recognized an asset/liability in order to present the right/obligation related to the cash settlement of the operation that resets monthly (Note 17). As at 31 December 2013, the receivable amount 410,944 euro (12,693,574 euro in 31 December 2012), results from the change in Sonae Holding shares price.

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 2013 amounted to 4,040,865 euro (4,079,197 euro in 2012), that was credited to equity.

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 2013, the following entities held more than 20% of the subscribed share capital:

Entity	%
Efanor Investimentos, SGPS, SA and subsidiaries	52.48

The capital structure is analysed in the Management Report section titled "Business Performance".

23 NON-CONTROLING INTEREST

Movements in non-controlling interests during the periods ended as at 31 December 2013 and 2012 are as follows:

	31-Dec-13	31-Dec-12
Opening balance as at 1 January	349,901,121	336,803,275
Dividends	(11,035,037)	(11,481,147)
Income Distribution on investment funds	(2,587,351)	(5,986,265)
Increased shareholding by acquisitions	(131,471,460)	(20,745,608)
Change in currency translation reserve	(2,469,207)	(2,094,864)
Obligation fulfilled by share attribution to employees	2,023,158	(257,882)
Change in the fair value of investments available for sale (Note 13)	(3,692,629)	1,919,839
Derecognition of incentive plans of discontinued operations (Note 8)	(1,612,922)	-
Changes in hedge and fair value reserves	17,059	(68,165)
Increase of capital and premium on subsidiaries	-	1,166,629
Addicional paid in capital	-	15,000,000
Loss of significant influence (Cooper Gay Swett & Crawford)	-	1,775,180
Others	212,326	(5,247,995)
Profit for the period attributable to non-controlling interests	145,040,771	39,118,124
Closing balance as at 31 December	344,325,829	349,901,121

The caption "Changes in percentage by share acquisition" in 2013 is mainly due associated with the acquisition of 20% equity Sonaecom SGPS, SA held by Sonae SGPS, SA during 2013 (Note 5).

24 LOANS

As at 31 December 2013 and 2012, Loans are made up as follows:

	31-Dec-13		31-Dec-12	
	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	-	20,000,000	-	-
Sonae Investimentos, SGPS,SA - commercial paper	32,500,000	65,000,000	28,500,000	147,500,000
Sonae Investimentos affiliated /2011/2026	20,000,000	45,000,000	10,000,000	65,000,000
Sonaecom SGPS, SA - commercial paper	-	-	-	30,000,000
MDS, SGPS, SA - commercial paper	2,500,000	15,700,000	1,250,000	17,400,000
MDS SGPS, SA affiliated / 2011/2016	3,530,206	12,125,491	-	18,863,880
Others	4,925,194	9,429,115	10,614,896	12,016,722
	65,417,083	242,254,606	52,326,579	365,780,602
Bank overdrafts (Note 21)	439,462	-	13,267,254	-
Up-front fees beard with the issuance of borrowings	(64,638)	(1,090,766)	(36,152)	(1,642,943)
Bank loans	65,791,907	241,163,840	65,557,681	364,137,659
Bonds				
Bonds Sonae SGPS / 2005/2013	-	-	100,000,000	-
Bonds Sonae SGPS / 2007/2014	150,000,000	-	-	150,000,000
Bonds Sonae SGPS / 2007/2015	-	250,000,000	-	250,000,000
Bonds Continente -7% /2012/2015	-	200,000,000	-	200,000,000
Bonds Sonae Investimentos SGPS / 2007/2015	-	200,000,000	-	200,000,000
Bonds Sonae Investimentos SGPS / 2007/2015	-	155,000,000	155,000,000	155,000,000
Bonds Sonae Investimentos SGPS / 2009/2014	10,000,000	-	16,000,000	10,000,000
Bonds Sonae Investimentos SGPS/ 2012/2017	-	170,000,000	-	170,000,000
Bonds Sonae Investimentos SGPS/ 2013/2018	-	50,000,000	-	-
Sonae Investimentos SGPS/2013-EUR 75 M.Floating R.Notes-2018	-	75,000,000	-	-
Bonds Sonaecom SGPS/ 2005/2013	-	-	150,000,000	-
Bonds Sonaecom SGPS/ 2010/2013	-	-	30,000,000	-
Bonds Sonaecom SGPS/ 2010/2015 (a)	-	-	-	40,000,000
Bonds Sonaecom SGPS/ 2011/2015 (a)	-	-	-	100,000,000
Bonds Sonaecom SGPS/ 2012/2015 (b)	-	-	-	20,000,000
Bonds Sonaecom SGPS/ 2013/2016	-	20,000,000	-	-
Up-front fees beard with the issuance of borrowings	(37,642)	(6,600,100)	(179,312)	(7,055,545)
Bonds	159,962,358	1,113,399,900	450,820,688	1,287,944,455
Other loans	33,466	53,936	33,466	90,166
Derivative instruments (Note 26)	3,836,167	-	2,627,817	6,993,896
Other loans	3,869,633	53,936	2,661,283	7,084,062
Obligations under finance leases (Note 25)	4,314,843	7,980,489	7,037,038	27,593,734
	233,938,741	1,362,598,165	526,076,690	1,686,759,911

(a) During the year ended at 31 December 2013, following the merger of Zon Optimus (Note 8), the Bond Loans of 100 million and 40 million euro was transferred to Zon Optimus;

(b) During the year ended at 31 December 2013, following the merger of Zon Optimus (Note 8), the Bond Loan of Euro 20 million was fully reimbursed and, subsequently, transferred to Zon Optimus the capacity to use this facility in the form of commercial paper by the same amount.

The average interest rate at 31 December 2013 of bonds and loans was of 3.19% (2.83% 31 December 2012). Most bonds and bank loans bear interests at variable interest rates indexed to Euribor.

The above mentioned loans estimated fair value does not differ significantly from 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 its market price at the statement of financial position date.

The derivative instruments are recorded at fair value (Note 26).

The loans face value, maturities and interests are as follows (including obligations under financial leases):

	31-Dec-13		31-Dec-12	
	Capital	Interests	Capital	Interests
N+1 a)	230,204,854	52,121,234	523,664,337	58,827,139
N+2	953,858,993	46,076,262	218,237,298	53,350,955
N+3	159,231,129	17,989,775	1,147,031,249	41,879,085
N+4	99,897,102	8,909,862	202,327,938	11,888,422
N+5	149,488,617	4,761,426	101,814,617	3,438,725
After N+5	7,813,190	225,694	19,053,401	644,212
	1,600,493,885	130,084,253	2,212,128,840	170,028,538

a) Includes amounts drawn under commercial paper programs when classified as current.

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.

As at 31 December 2013 in the retail units operating segment, there are financial covenants included in borrowing agreements at market conditions. As at 31 December 2013 none of the mentioned covenants has been breached and it is the Board of Directors expectation that such covenants will not be breached.

As at 31 December 2013 and 2012, the available credit facilities are as follows:

	31-Dec-13		31-Dec-12	
	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	324,760,000	310,000,000	185,763,449	400,000,000
Telecommunications	-	-	69,000,000	-
Investment management	19,550,000	-	3,000,000	1,350,000
Sonae Holding	152,695,242	-	152,695,242	-
	497,005,242	310,000,000	410,458,691	401,350,000
Agreed credit facilities				
Retail	357,260,000	375,000,000	227,260,000	547,500,000
Telecommunications	-	-	69,000,000	30,000,000
Investment management	21,500,000	16,250,000	4,250,000	18,750,000
Sonae Holding	152,695,242	20,000,000	152,695,242	-
	531,455,242	411,250,000	453,205,242	596,250,000

25 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2013 and 2012, Obligations under finance leases are as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
Amounts under finance leases:	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
N+1	4,826,404	8,854,409	4,314,843	7,037,038
N+2	2,853,682	5,889,151	2,735,741	4,743,290
N+3	2,781,887	6,215,015	2,714,799	5,249,632
N+4	860,712	5,230,293	829,697	4,504,835
N+5	586,948	2,743,611	561,704	2,201,459
After N+5	1,156,046	12,317,802	1,138,548	10,894,518
	13,065,679	41,250,281	12,295,332	34,630,772
Interests	(770,347)	(6,619,509)		
	12,295,332	34,630,772		
Current obligations under finance leases			4,314,843	7,037,038
Non-current obligations under finance leases			7,980,489	27,593,734

The variation occurred between both years includes the effect of the derecognition of the amounts of the telecommunications (Note 8).

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 2013 and 2012, 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 2013 and 2012, accounting net value of assets acquired under finance leases can be detailed as follows:

	31-Dec-13	31-Dec-12
Lands and buildings	17,435,119	17,740,946
Plant and machinery	867,727	19,627,978
Vehicles	-	18,775
Fixture and Fittings	2,669,769	6,766,188
Total tangible assets	20,972,615	44,153,887
Software	-	856,718
Total intangible assets	-	856,718
	20,972,615	45,010,605

As at 31 December 2013, the acquisition cost of tangible and intangible assets amounted to 34,429,748 euro (73,081,529 euro as at 31 December 2012).

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 2013 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 1,415,143 euro as liabilities (953,531 euro as at 31 December 2012) and 35,999 euro as assets (30,341 euro as at 31 December 2012).

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 “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”.

The change in fair value of derivative instruments when considered speculation is recorded in the income statement under "Other Costs".

Exchange rate derivatives

As at 31 December 2013, derivatives used by Sonae refer essentially to swaps and interest rate options ("cash flow hedges"). These were negotiated to hedge the interest rate risk of loans amounting to 150,000,000 euro (250,000,000 euro as at 31 December 2012). The net fair value of these derivatives amounts to -2,421,024 euro (-8,668,182 euro as at 31 December 2012), and was recorded as liabilities.

The derivatives were valuated 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 2013 and 2012 the derivatives had the following estimated cash flows:

	31-Dec-13	31-Dec-12
N+1	(2,423,065)	(6,297,744)
N+2	-	(2,393,076)
N+3	-	-
N+4	-	-
N+5	-	-

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 or 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 2013 no contracts existed related to interest rate and exchange rate derivatives at the same time.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
Hedging derivatives	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Exchange rate	35,999	30,341	1,415,143	953,531
Interest rate	-	-	2,421,024	8,668,182
	35,999	30,341	3,836,167	9,621,713

27 OTHER NON-CURRENT LIABILITIES

As at 31 December 2013 and 2012 Other non-current liabilities are made up as follows:

	31-Dec-13	31-Dec-12
Shareholders loans	13,298,924	22,678,988
Fixed assets suppliers	1,626,708	1,676,708
Spectrum for 4th generation	-	21,602,124
Other non-current liabilities	3,210,995	8,351,019
Financial instruments (Note 9)	18,136,627	54,308,839
"E-Initiatives" Program	-	13,944,247
Deferral of the disposal of the extended warranties (Note 2.17)	25,679,570	14,550,263
Accruals and deferrals	7,431,684	5,155,082
Other non-current liabilities	51,247,881	87,958,431

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.

The caption “Spectrum for 4th Generation” as at 31 December 2012 refers to the current value of the amount to be paid in future years resulting from the allocation, to the subsidiary Optimus, of the frequency of services necessary for the development of 4th Generation. This liabilities concerning ' Information Society ' were derecognized, in the period ended December 31, 2013, following the merger between Optimus SGPS and Zon and the consequent derecognition of the assets and liabilities of the telecommunications sector (Note 8).

The carrying amount of “Other non-current liabilities” is estimated to be approximately its fair value.

28 SHARE-BASED PAYMENTS

In 2013 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 2013, 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 2013, 2012 and 31 December 2011. Share-based payments costs are recognized on a straight line basis between the grant and the settlement date.

As at 31 December 2013 and 2012, 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:

						Number of shares			
		Number of participants		Share price on date of assignment		31-Dec-13		31-Dec-12	
Grant year	Vesting year	Sonae SGPS	Sonaecom	Sonae SGPS	Sonaecom	Sonae SGPS	Sonaecom	Sonae SGPS	Sonaecom
2010	2013					-	-	1,557,748	250,987
2011	2014	55	44	0.811	1.399	3,984,562	477,778	4,112,348	2,944,458
2012	2015	61	45	0.401	1.256	6,648,312	540,805	6,959,217	3,057,697
2013	2016	65	46	0.701	1.505	3,471,375	406,903		
			Total		Total	14,104,249	1,425,486	12,629,313	6,253,142

During the period ending 31 December 2013 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
Opening balance as at 01 January 2013	141	12,629,313	731	6,253,142
Grant	71	3,739,546	346	2,335,126
Vesting	(9)	(1,557,748)	(4)	(247,423)
Excluded from the perimeter of consolidation	(12)	(410,509)	(946)	(6,898,655)
Canceled /extinct / corrected / transferred (1)	(10)	(296,353)	8	(16,704)
Closing balance as at 31 December 2013	181	14,104,249	135	1,425,486

(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 2013 and 2012, 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:

		Fair value *			
		31-Dec-13		31-Dec-12	
Grant year	Vesting year	Sonae SGPS	Sonaecom	Sonae SGPS	Sonaecom
2010	2013	-	-	980,992	340,736
2011	2014	3,831,488	212,649	1,648,023	2,543,766
2012	2015	3,487,040	269,234	1,195,246	1,132,112
2013	2016	606,912	47,778	-	-
	Total	7,925,440	529,661	3,824,261	4,016,614

* Share market value as of 31December 2013 and 2012.

As at 31 December 2013 and 2012 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-13	31-Dec-12
Recorded in staff costs	3,547,677	2,514,124
Recorded in previous years	2,928,998	3,839,894
	6,476,675	6,354,018
Recorded in other liabilities	592,658	475,223
Recorded value in Other reserves	5,884,017	5,878,795
	6,476,675	6,354,018

29 TRADE CREDITORS

As at 31 December 2013 and 2012 Trade creditors are as follows:

		Payable to	
	31-Dec-13	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

	31-Dec-12	Payable to up to 90 days	Payable to more than 90 days
Trade creditors - current account			
Sonae MC	648,181,889	648,125,089	56,800
Sonae SR	329,929,456	329,911,245	18,211
Sonae RP	1,865,266	1,837,169	28,097
Telecommunications	131,179,782	101,266,174	29,913,608
Investment Management	9,989,163	9,896,898	92,265
Sonae Holding	183,564	183,564	-
	1,121,329,120	1,091,220,139	30,108,981
Trade creditors - Invoice Accruals	100,443,607	100,443,607	-
	1,221,772,727	1,191,663,746	30,108,981

As at 31 December 2013 and 2012 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. As at 31 December 2013 the "confirming" amounts to 79,077,211 euro (71,680,001 euro as at 31 December 2012).

30 OTHER CREDITORS

As at 31 December 2013 and 2012, Other creditors are as follows:

	31-Dec-13	Payable to up to 90 days	Payable to 90 to 180 days	Payable to 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			

	31-Dec-12	Payable to up to 90 days	Payable to 90 to 180 days	Payable to more than 180 days
Fixed assets suppliers	82,777,613	80,559,285	770,919	1,447,409
Other debts	144,551,555	41,610,534	7,354,070	95,586,951
	227,329,168	122,169,819	8,124,989	97,034,360
Related undertakings	452,456			
	227,781,624			

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. Taking into consideration that under this agreement, the rights related with these shares were transferred to Sonae, the Company recorded this asset acquisition through a deferred payment. The value by which this asset was accounted for, corresponds to the agreed price in the case of the existence of a consolidation operation in the telecommunications sector in Portugal (a fact which was confirmed later) discounted to the time of the acquisition. This account payable is accounted for at its discounted amount (to be paid on August 2014).

The caption Other debts includes:

- 103,449,607 euro (84,664,905 euro as at 31 December 2012) relating to the fair value of the shares covered by Sonae Holding financial derivative referred to in Note 22;

- 24.881.013 euro (22,632,350 euro as at 31 December 2012) of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente";

- 13,229,762 euro (8,690,788 euro as at 31 December 2012) related to vouchers, gift cards and discount tickets not yet redeemed;

- 4,320,249 (5,208,150 euro as at 31 December 2012) related to amounts payable to Sonae Distribuição Brasil. S.A. buyer as result of responsibilities assumed with that entity (Note 33);

- 3,838,573 euro (2,262,387 euro as at 31 December 2012) relating to amounts payable to insurance companies, insurance buyers and insurance agents; and

- 5,541,899 euro (7,309,099 euro as at 31 December 2012) relating to amounts payable related to reinsurance operations;

As at 31 December 2013 and 2012, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interest. 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 2013 and 2012, Other current liabilities are made up as follows:

	31-Dec-13	31-Dec-12
Holiday pay and bonuses	106,440,174	115,799,220
Other external supplies and services	41,371,260	49,041,584
Interest payable	15,321,429	16,796,482
Marketing expenses	14,853,351	17,812,013
Advance receipts from Trade Receivables	10,813,245	24,547,723
Expenses on purchases	5,090,656	7,345,148
Rentals	4,207,271	5,064,320
Deferred Revenue of warranty extension (Note 2.17)	3,532,918	-
Insurance payable	2,252,529	1,222,338
Invoices to be issued a)	-	30,053,910
Fixed assets accrued costs a)	-	10,940,733
Commissions	45,287	2,858,892
Others	10,740,474	21,381,720
	214,668,594	302,864,083

a) These liabilities were derecognized, in the period ended December 31, 2013, following the merger between Optimus SGPS and Zon and the consequent derecognition of the assets and liabilities of the telecommunications sector (Note 8).

32 PROVISION AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the period ended 31 December 2013 and 2012 are as follows:

Caption	Balance as at 31 Dec 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 current debtors (Note 17)	15,711,269	5,182,972	(5,784,217)	(649,074)	14,460,950
Accumulated impairment losses on inventories (Note 15)	47,538,541	-	(12,567,829)	(2,303,630)	32,667,082
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
	285,632,080	196,683,832	(90,937,677)	(126,997,516)	264,380,719

Caption	Balance as at 31 Dec 2011	Increase	Decrease	Balance as at 31 Dec 2012
Accumulated impairment losses on investments (Note 6 and 13)	94,406	1,101,337	(8,628)	1,187,115
Accumulated impairment losses on other non current assets (Note 14)	-	1,000,000	-	1,000,000
Accumulated impairment losses on intangible assets (Note 11)	17,803,982	-	-	17,803,982
Accumulated impairment losses on trade account receivables (Note 16)	82,155,922	20,784,764	(17,446,767)	85,493,919
Accumulated impairment losses on other debtors (Note 17)	21,061,746	8,231,857	(13,582,334)	15,711,269
Accumulated impairment losses on inventories	48,303,523	764,982	-	47,538,541
Non current provisions	91,036,377	36,324,755	(12,890,687)	114,470,445
Current provisions	2,266,767	235,726	(75,684)	2,426,809
	262,722,723	68,443,421	(44,004,100)	285,632,080

As at 31 December 2013 and 2012 increases in Provisions and impairment losses are as follows:

	31-Dec-13	31-Dec-12
Provisions and impairment losses	187,418,749	27,686,119
Discontinued operations	20,307,476	21,053,397
Goodwill (Note 12)	(8,078,127)	(1,321,520)
Provisions for financial investments (Note 14) (a)	1,100,000	1,101,337
Recorded in cost of goods sold (Note 15)	-	9,219,212
Reclass. "Other current liabilities"	-	1,658,066
Technical provisions on reinsurance	-	17,225,851
Others	(4,064,266)	(8,179,041)
	196,683,832	68,443,421

(a) Transfer of impairment losses of "Other non-current assets".

As at 31 December 2013 and 2012 the value of decreases in provisions and impairment losses can be detailed as follows:

	31-Dec-13	31-Dec-12
Provisions and impairment losses reversal	(12,646,544)	(10,544,117)
Direct use of impairments on accounts receivable	(26,869,439)	(22,390,153)
Direct use of Brazil provisions	(19,183,612)	-
Direct use and reversals recorded in inventories	(10,550,285)	-
Direct use of technical provisions on reinsurance	(6,668,766)	-
Direct use and reversals recorded in fixed assets tangible	(1,312,302)	(8,964,477)
Discountinued operations	(11,454,683)	-
Provisions for financial investments (Note 14) (a)	(1,100,000)	-
Ohers responsibilities (d)	(1,152,046)	(2,105,353)
	(90,937,677)	(44,004,100)

As at 31 December 2013 and 2012, the provisions detail is as follows:

	31-Dec-13	31-Dec-12
Technical provisions on reinsurance (a)	18,116,091	24,410,745
Future liabilities relating to retail subsidiaries in Brazil sold (b)	13,470,170	24,423,571
Dismantling of telecommunication sites	-	13,983,949
Clients Guarantees (c)	13,890,215	19,316,820
Judicial claims	2,592,579	6,933,018
Others responsibilities (d)	5,419,371	27,829,151
	53,488,426	116,897,254

(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: 3,586,112 euro (3,212,000 euro as at 31 December 2012) of provisions for non-acquired insurance premiums and 14,529,979 euro (21,198,745 euro as at 31 December 2012) of provisions for outstanding claims. The amount to be recovered from the reinsurance companies is recorded in the caption "Reinsurer's share of technical provisions" (Note 14) and "Other Debtors" (Note 17);

(b) The caption non–current provisions and current provisions includes 13,470,170 euro (24,423,571 euro as at 31 December 2012), relating to non-current contingencies assumed by the Company, when selling its subsidiary Sonae Distribuição 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 the period, Sonae updated its estimate, following the results of the last conference process conducted with the buyer of the former subsidiary in Brazil;

(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 15,126,215 euro (19,316,820 euro as at 31 December 2012). 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) The caption "Others" includes approximately 19 million euro related to costs incurred in the current period or past periods, for which it is not possible to estimate reliably the timing of occurrence of the payment, which includes the amount of 6.8 million euro related to the dispute concerning interconnection tariffs of 2001 and the amount of 5.2 million euro related to roaming discounts. This liability was derecognised as a result of the merger of Zon Optimus (Note 8);

Impairment losses are deducted from the book value of the corresponding asset.

33 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2013 and 2012, major Contingents liabilities exposed are as follows:

Guarantees and sureties given

	31-Dec-13	31-Dec-12
Guarantees given:		
on tax claims	853,320,334	545,729,951
on judicial claims	211,268	289,988
on municipal claims	6,284,639	6,140,484
contract by proper compliments	19,829,236	24,966,958
ICP - ANACOM related with the 4th generation spectrum	-	30,000,000
others guarantees	3,531,287	12,952,128

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 375 million euro (193.9 million euro as at 31 December 2012) related to the period from 2004 to 2009, 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 2008 and 2009. 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 71.4 million euro, in favor of Tax authorities regarding 2007, 2008 and 2009. 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. 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, 22.4 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 37.5 million euro (122 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 amout of, approximately, 28 million euro (12 million euro to 31 December 2012), 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.

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 programmes for the Brazilian State of tax recovery, amount to near 37.8 million euro (39.3 million euro at 31 December 2012).

Furthermore, there are other tax assessments totaling 61.3 million euro (61.3 million euro at 31 December 2012) 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 2013 and 2012 amounted to 7,318,963 euro and 6,054,795 euro, respectively.

Additionally, as at 31 December 2013 and 2012, Sonae had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

	31-Dec-13	31-Dec-12
Due in:		
N+1 automatically renewal	3,674,722	2,565,216
N+1	3,136,169	3,555,872
N+2	2,524,155	2,973,480
N+3	2,178,600	2,126,479
N+4	1,649,953	1,600,837
N+5	2,214,665	1,218,532
After N+5	3,178,231	1,075,010
	18,556,495	15,115,426

Rents arising from operational leases, in which Sonae acts as a lessee, during the period ended 31 December 2013, amounted to 102,969,532 euro (135,810,961 euro as at 31 December 2012).

Additionally, as at 31 December 2013 and 2012, Sonae had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31-Dec-13	31-Dec-12
Due in:		
N+1 automatically renewal	10,440,169	15,717,772
N+1	90,382,777	122,376,391
N+2	80,466,716	113,367,351
N+3	72,492,231	99,247,492
N+4	64,103,323	87,757,974
N+5	58,414,669	77,393,161
After N+5	501,862,182	537,084,095
	878,162,067	1,052,944,236

The decrease of 2012 to 2013 results from the derecognition of discontinued operations (Note 8)

35 TURNOVER

As at 31 December 2013 and 2012, Turnover is made up as follows:

	31-Dec-13	31-Dec-2012 Restated Note 4
Sale of goods	4,645,087,783	4,510,669,049
Sale of products	10,672,836	12,454,179
	4,655,760,619	4,523,123,228
Services rendered	165,580,722	146,664,218
Turnover	4,821,341,341	4,669,787,446

36 GAINS OR LOSSES ON INVESTMENTS

As at 31 December 2013 and 2012, Gain or losses Investment is made up as follows:

	31-Dec-13	31-Dec-2012 Restated Note 4
Dividends	96,645	216,683
Cooper Gay Swett & Crawford disposal	-	11,756,086
Others	15,687	60,317
Gains / (losses) on the sale of investments in subsidiaries	15,687	11,816,403
Gains / (losses) on the sale of investments on available for sale (Note 6)	-	1,592,654
Others	(23,005)	3,471,588
Impairment losses on investments in subsidiaries	-	-
Impairment losses on investments in associated companies (Note 6)	-	(1,101,337)
Impairment losses on investments in available for sale assets	(102,009)	-
Impairment reversal/(losses) on investments	(102,009)	(1,101,337)
	(12,682)	15,995,991

"Others" includes in 2012 the amount of 3,464,657 euro related to the fair value of the investment retained on Cooper Gay Sweet & Crawford (Note 7).

37 NET FINANCIAL EXPENSES

As at 31 December 2013 and 2012, Net financial expenses are as follows:

	31-Dec-13	31-Dec-2012 Restated Note 4
Expenses:		
Interest payable		
related with bank loans and overdrafts	(19,213,293)	(19,857,769)
related with non convertible bonds	(43,461,456)	(50,075,846)
related with financial leases	(357,649)	(260,229)
related with hedge derivatives	(6,138,158)	(5,928,650)
others	(9,231,445)	(5,156,518)
	(78,402,001)	(81,279,012)
Exchange losses	(3,675,916)	(5,190,408)
Up front fees and commissions related to loans	(10,458,794)	(9,165,094)
Others	(4,534,058)	(6,949,690)
	(97,070,769)	(102,584,204)
Income		
Interest receivable		
related with bank deposits	808,703	1,788,318
others	8,015,296	1,697,241
	8,823,999	3,485,559
Exchange gains	3,835,202	4,369,916
Payments discounts received	14,222	62,372
Fair value adjustment of investments registered at fair value on the income statement (Note 13)	46,636,719	-
Other financial income	2,579,560	485,785
	61,889,702	8,403,632
Net financial expenses	(35,181,067)	(94,180,572)

The caption of financial income includes approximately the amount of 5.7 million euro charged to interests Zon Optimus, jointly controlled company.

38 OTHER INCOME

As at 31 December 2013 and 2012, Other income is made up as follows:

	31-Dec-13	31-Dec-2012 Restated Note 4
Supplementary income	379,393,595	368,583,842
Prompt payment discounts obtained	26,356,062	26,107,864
Foreign currency exchange gains	14,976,163	9,129,377
Own work capitalised	5,884,457	9,701,657
Gains on sales of assets	1,051,920	2,494,384
Impairment losses reversals	12,646,544	10,544,117
Subsidies	419,044	287,866
Taxes refunded	758,261	574,246
Outros	3,857,127	5,988,167
	445,343,173	433,411,520

The caption "Supplementary income" relates mainly to promotional campaigns carried out in the stores of retail segment, reimbursed by the suppliers of Sonae.

The caption "Gains on disposals of assets" includes about 2.5 million euro in 2012, related with the estimated indemnity by the insurance company for the fire on a "Continente" store in Portimão (Note 19).

39 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2013 and 2013, External supplies and services are as follows:

	31-Dec-13	31-Dec-2012 Restated Note 4
Rents	138,590,499	141,940,954
Publicity	105,131,610	111,113,840
Electricity	54,284,751	59,585,231
Transports	52,644,415	50,340,411
Services	51,154,872	48,983,308
Subcontracts	27,175,169	27,806,926
Maintenance	23,312,451	22,999,080
Costs with automatic payment terminals	22,904,474	23,647,388
Security	20,606,729	22,790,932
Cleaning up services	19,826,527	20,900,548
Consumables	16,435,275	15,672,331
Travel expenses	14,371,088	12,049,980
Commissions	8,254,359	8,828,162
Insurances	7,314,724	5,900,462
Communications	6,969,308	4,855,696
Home delivery	5,395,933	5,749,667
Others	41,462,094	39,363,210
	615,834,278	622,528,126

40 STAFF COSTS

As at 31 December 2013 and 2012, Staff costs are as follows:

	31-Dec-13	31-Dec-2012 Restated Note 4
Salaries	488,189,641	485,593,140
Social security contributions	100,111,274	97,345,814
Insurance	10,123,390	9,142,790
Welfare	3,989,530	3,399,708
Other staff costs	9,435,318	10,313,321
	611,849,153	605,794,773

41 OTHER EXPENSES

As at 31 December 2013 and 2012, Other expenses are as follows:

	31-Dec-13	31-Dec-2012 Restated Note 4
Exchange differences	14,805,576	9,173,380
Other taxes	9,334,866	8,375,995
Losses on the sale and write-off of assets	4,427,435	1,278,351
Municipal Property tax	2,268,245	2,690,816
Donations	7,792,030	8,576,518
Doubtful debts written-off	184,649	1,045,964
Others	25,070,492	6,156,429
	63,883,293	37,297,453

42 INCOME TAX

As at 31 December 2013 and 2012, Income tax is made up as follows:

	31-Dec-13	31-Dec-2012 Restated Note 4
Current tax	23,278,422	19,926,899
Deferred tax (Note 20)	(7,369,211)	2,434,680
	15,909,211	22,361,579

The reconciliation between the profit before Income tax and the tax charge for the years ended 31 December 2013 and 2012 is as follows:

	31-Dec-13	31-Dec-2012 Restated Note 4
Profit before income tax	(33,923,844)	(6,780,072)
Difference between capital (losses)/gains for accounting and tax purposes	(672,581)	(7,386,692)
Gains or losses in jointly controlled and associated companies (Note 6)	(2,955,910)	24,382,535
Impairment of goodwill (Note 12)	8,078,127	1,321,520
Provisions and impairment losses not accepted for tax purposes	21,859,110	17,101,337
Taxable Profit	(7,615,098)	28,638,628
Use of tax losses that have not originated deferred tax assets	(8,749,020)	-
Recognition of tax losses that have not originated deferred tax assets	35,022,382	36,291,601
	18,658,264	64,930,229
Income tax rate in Portugal	25.00%	25.00%
	4,664,566	16,232,557
Effect of different income tax rates in other countries	(13,038,729)	(7,498,355)
Effect of the write-off of deferred taxes (Note 20)	32,850,671	-
Effect of increases or decreases in deferred taxes	-	(1,681,293)
Effect of change in tax income rate in the calculation of deferred taxes	(2,946,390)	-
Use of tax benefits	(8,773,664)	(2,903,245)
Under/(over) Income tax estimates	(1,350,607)	1,792,900
Autonomous taxes and tax benefits	1,908,366	1,586,008
Municipality surcharge	3,947,485	11,639,237
Others	(1,352,487)	3,193,770
Income tax	15,909,211	22,361,579

43 RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2013 and 2012 are as follows:

	Sales and services rendered		Purchases and services obtained	
Transactions	31-Dec-13	31-Dec-2012 Restated Note 4	31-Dec-13	31-Dec-2012 Restated Note 4
Parent Company	156,318	155,727	639,261	302,932
Jointly controlled companies	13,203,632	11,179,046	34,092,856	34,891,902
Associated companies	31,036,728	32,228,711	1,435,622	1,672,794
Other related parties	65,591,154	63,147,544	20,062,619	21,214,926
	109,987,832	106,711,028	56,230,358	58,082,554

Transactions	Interest income 31-Dec-13	Interest income 31-Dec-2012 Restated Note 4	Interest expenses 31-Dec-13	Interest expenses 31-Dec-2012 Restated Note 4
Parent Company	-	-	31,438	607,674
Jointly controlled companies	6,236,669	357,634	-	-
Associated companies	10,772	104,152	-	-
Other related parties	640	-	568,103	1,812,391
	6,248,081	461,786	599,541	2,420,065

Balances	Accounts receivable 31-Dec-13	Accounts receivable 31-Dec-12	Accounts payable 31-Dec-13	Accounts payable 31-Dec-12
Parent Company	51,445	18,901	767,433	912,998
Jointly controlled companies	32,554,816	15,620,816	17,795,118	5,269,818
Associated companies	6,612,647	5,374,847	364,066	378,425
Other related parties	14,510,202	15,436,493	7,475,633	13,221,879
	53,729,110	36,451,057	26,402,250	19,783,120

	Loans			
	Obtained		Granted	
Balances	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Parent Company	-	-	-	-
Jointly controlled companies	-	-	8,599,429	7,939,822
Associated companies	-	-	-	8,317,566
Other related parties	13,383,628	22,209,147	3,570	-
	13,383,628	22,209,147	8,602,999	16,257,388

The caption other related parties includes Sonae Sierra SGPS, SA, Zopt SGPS, SA, Raso SGPS, SA, Sonae Indústria, 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 parent company Efanor Investimentos, SGPS, SA.

As at 31 December 2013, from the Zon Optimus merger disclosed in note 8, resulted cash receipts amounting to to 427,850,000 euro from loans granted to Optimus.

During 2013, the Group increased the percentage held in Fundo de Investimento Imobiliário Fechado do Imosede, through the acquisition of 6.5% of its share capital, to a related party for the amount of 10 million euro (in 2012 there was a 13% increase of the percentage of share capital held for an amount of 20 million euro).

Members of the Board of Directors and Strategic Direction were attributed the following remuneration in 2013 and 2012:

	31-Dec-13		31-Dec-12	
	Board of Directors	Strategic direction (a)	Board of Directors	Strategic direction (a)
Short-term employee benefits	2,573,205	8,882,066	2,973,905	8,778,605
Share-based payments	844,200	2,976,700	652,000	2,376,524
	3,417,405	11,858,766	3,625,905	11,155,129

(a) Includes personnel responsible for the strategic management of the companies of Sonae (excluding members of the Board of Directors of Sonae Holding);

(b) Includes personnel of Sonae Sierra and Zopt.

44 EARNING PER SHARE

Earnings per share for the periods ended 31 December 2013 and 2012 were calculated taking into consideration the following amounts:

	31-Dec-13		31-Dec-2012 Restated Note 4	
	Continuing operations	Discontinuing operations	Continuing operations	Discontinuing operations
Net profit				
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	(66,746,036)	385,725,550	(22,863,277)	55,435,536
Effect of dilutive potential shares	-	-	-	-
Interest related to convertible bonds (net of tax)	-	-	-	-
Net profit taken into consideration to calculate diluted earnings per share	(66,746,036)	385,725,550	(22,863,277)	55,435,536
Number of shares				
Weighted average number of shares used to calculate basic earnings per share	1,877,258,913	1,877,258,913	1,872,720,391	1,872,720,391
Effect of dilutive potential ordinary shares from convertible bonds	-	-	-	-
Outstanding shares related with share based payments	14,104,249	14,104,249	12,629,313	12,629,313
Shares related to performance bonus that can be bought at market price	(3,376,626)	(3,376,626)	(7,553,334)	(7,553,334)
Weighted average number of shares used to calculate diluted earnings per share	1,887,986,536	1,887,986,536	1,877,796,370	1,877,796,370
Earnings per share				
Basic	(0.035555)	0.205473	(0.012209)	0.029602
Diluted	(0.035353)	0.204305	(0.012176)	0.029522

The 2013 average number of shares considered 122,080,504 Sonae Holding shares (123,238,581 in 31 December 2012) as treasury shares (Note 22).

45 CASH RECEIPTS AND CASH PAYMENTS RELATED TO INVESTMENTS

As at 31 December 2013 and 2012, cash receipts and cash payments related to investments can be detailed as follows:

Receipts	31-Dec-13	31-Dec-2012 Restated Note 4
Cooper Gay Sweett Crawford disposal	20,381,439	-
Magna Nº1 securitisation Notes	9,320,000	-
Funding application in Bradesco and Citybank (Note 13)	887,022	2,182,230
Disposal of Imosonae II fund units	809,759	-
Disposal of 16,600,000 Sonae Capital SGPS shares	-	3,569,000
Others	14,274	112,742
	31,412,494	5,863,972

Payments	31-Dec-13	31-Dec-2012 Restated Note 4
Acquisition of Imosede's fund units	10,000,541	20,000,000
Acquisition of Sonaecom's shares	2,500,042	6,646,428
Cooper Gay Sweett & Crawford loans	3,739,461	-
Lazam debt relating the acquisition of ADD and Miral	-	5,583,606
Connectiv acquisition	1,213,536	5,970,672
Acquisition of Polinsur and Serenitas	-	695,178
Others	1,899,162	600,411
	19,352,742	39,496,295

46 DIVIDENDS

In the Shareholders Annual General Meeting held on 30 April 2013, the payment of a gross dividend of 0.0331 euro per share (0.0331 euro per share in 2012) corresponding to a total of 66,200,000 euro (66,200,000 euro at 2012) was approved.

For 2013, the Board of Directors will propose a gross dividend of 0.0348 euro per share corresponding to a total of 69,600,000 euro. This dividend is subject to approval by shareholders in the Shareholders Annual Meeting.

47 SEGMENT INFORMATION

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 465 stores and 83 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, Book.it and Wells.

- Sonae SR is our specialised retail unit, with a presence in the electronics, sports and fashion market operating 521 stores and 51 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 Público.

In addition to the operating segments above mentioned Sonae still has two major partnerships Sonae Sierra and 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 have 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 2013 and 2012 can be detailed as follows:

Turnover	31-Dec-13	Inter-segment income	31-Dec-2012 Restated Note 4	Inter-segment income
Sonae MC	3,415,473,893	(4,566,804)	3,281,052,311	(3,296,830)
Sonae SR	1,210,380,000	(29,775,266)	1,209,409,361	(29,172,960)
Sonae RP	123,971,896	(109,508,732)	119,889,493	(108,478,175)
Investment management	222,738,698	(10,771,743)	209,146,793	(12,277,352)
Other, eliminations and adjustments	(151,223,146)	(160,000)	(149,710,512)	-
Total consolidated	4,821,341,341	(154,782,545)	4,669,787,446	(153,225,317)

	Depreciation and amortisation		Provisions and impairment losses		EBIT	
	31-Dec-13	31-Dec-2012 Restated Note 4	31-Dec-13	31-Dec-2012 Restated Note 4	31-Dec-13	31-Dec-2012 Restated Note 4
Sonae MC	84,247,677	85,667,321	1,913,099	5,815,517	174,072,149	160,701,736
Sonae SR	58,035,246	63,353,286	3,875,180	2,836,009	(70,078,091)	(106,822,684)
Sonae RP	29,978,301	31,152,308	338,359	35,070	84,631,674	75,988,596
Investment management	13,957,855	14,701,435	3,687,267	2,358,935	(752,589)	(5,784,480)
Other, eliminations and adjustments (1)	967,319	255,332	4,044,861	1,640,588	98,506,556	136,173,896
Total direct consolidated	187,186,398	195,129,682	13,858,766	12,686,119	286,379,699	260,257,064

	Net financial expenses (2)		Income tax (2)	
	31-Dec-13	31-Dec-2012 Restated Note 4	31-Dec-13	31-Dec-2012 Restated Note 4
Retail businesses	(33,090,850)	(42,500,942)	11,366,210	23,778,119
Investment management	(7,081,035)	(17,614,829)	3,639,412	(36,734)
Holding (1)	(41,645,901)	(34,064,802)	903,589	(1,379,806)
Total consolidated	(81,817,786)	(94,180,573)	15,909,211	22,361,579

	Investment (CAPEX)		Invested capital	
	31-Dec-13	31-Dec-2012 Restated Note 4	31-Dec-13	31-Dec-2012 Restated Note 4
Sonae MC	103,121,235	77,516,635	476,722,790	395,111,744
Sonae SR	32,386,892	33,558,073	100,910,578	258,068,203
Sonae RP	28,582,717	15,507,647	1,253,629,991	1,334,747,641
Discontinued operations	-	143,208,000	-	955,991,451
Investment management	76,793,359	2,275,508	350,547,503	152,294,468
Other, eliminations and adjustments (1)	108,081,504	19,932,218	945,565,097	388,792,687
Total consolidated	348,965,707	291,998,081	3,127,375,959	3,485,006,194

	Total net debt (2) (3)	
	31-Dec-13	31-Dec-2012 Restated Note 4
Retail businesses	749,628,495	784,342,592
Discontinued operations	-	360,560,000
Investment management	56,363,559	70,926,455
Holding (1)	413,272,470	600,618,233
Total consolidated	1,219,264,524	1,816,447,280

1) I 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;

3) Includes shareholder loans and excluding inter-segment securitized debt.

The caption "Eliminations Adjustments and Others" can be analysed as follows:

	Turnover		EBIT	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Inter-segment income	(154,782,545)	(153,225,317)	-	-
Discontinued operations	-	-	71,247,700	100,832,034
Equity method	-	-	27,333,571	30,757,308
Others	3,559,399	3,514,805	(74,715)	4,584,554
Other, eliminations and adjustments	(151,223,146)	(149,710,512)	98,506,556	136,173,896

	Investment		Invested capital	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Inter-segment balances	-	366,360	14,233,065	18,299,053
Investments	106,130,365	20,000,000	1,144,792,015	455,548,457
Cash settled equity swap (4)	-	-	(103,289,056)	(84,664,905)
Debt to France Télécom-Orange (Note 30)	-	-	(102,095,077)	-
Others eliminations and adjustments	1,951,139	(434,142)	(8,075,850)	(389,918)
Other, eliminations and adjustments	108,081,504	19,932,218	945,565,097	388,792,687

4) 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:

	31-Dec-13		31-Dec-12	
Destination market	Non-current assets	Sales and services rendered	Non-current assets	Sales and services rendered
Portugal	3,685,831,585	4,451,873,035	4,189,860,980	4,287,683,375
Spain	95,686,012	316,058,660	188,912,500	327,728,784
United Kingdom	-	2,428,677	-	3,493,835
Brazil	62,953,173	34,915,340	100,573,321	35,363,447
Other European countries	119,318,003	6,176,619	124,289,502	5,996,893
Rest of the world	9,333,708	9,889,007	11,116,565	9,521,112
	3,973,122,481	4,821,341,338	4,614,752,868	4,669,787,446

48 INFORMATION RELATING TO 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

a) Investment Properties

Investment properties consist of investments in buildings and other constructions in shopping centres 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 and are owned by Sonae Sierra and its subsidiaries which are consolidated by the equity method (Note 6).

The investment properties in development, which do not fulfil the conditions to reliably measure their fair value are recorded at their historical or production cost, net from impairment losses.

The investment property in progress are considered investment property, within the scope of IFRS, when they fulfil the conditions to reliably measure their fair value.

It is considered that an Investment property in progress fulfil the conditions for its fair value to be reliably measured, when there is a high probability that the project will be concluded in a short period. This probability is high when the following events are simultaneously accomplished:

- land is acquired
- construction license is obtained
- financing contract for the property is signed
- construction works of the property have started
- lease contracts with the main anchors stores or possible lessee are signed

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.

Sonae Sierra 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.

Costs incurred with investment properties in use, such as maintenance, repairs, insurance and property taxes, are recognized in the income statement for the period to which they refer. Costs incurred with refurbishments-improvement which will generate estimated additional future economic benefits are capitalized.

The movement in investment properties, during the years ended 31 December 2013 and 2012 was as follows:

Investment Properties			in progress			
	In Operation	Fit Out	at cost	at fair value	Advances	Total
Opening balance as at 1 January 2012	3,100,957,500	3,811,499	134,237,120	120,574,104	1,725,000	3,361,305,223
-	12,216,007	42,500	89,736,186	14,317,315	-	116,312,007
Reimbursements	15,236,513	-	-	-	-	15,236,513
Write-offs and impairment losses	(12,494,000)	-	(19,926,287)	-	-	(32,420,287)
Disposals	(208,763,193)	-	(8,609,386)	-	-	(217,372,579)
Reimbursements of Fit - Out	-	(400,617)	-	-	-	(400,617)
Transfers	-	(15,089)	(1,222,037)	(143,114)	-	(1,380,240)
Transfers from investment properties in progress:						
Construction and other costs	105,064,307	15,089	25,873,322	(130,952,718)	-	-
Adjustment to fair value	4,388,899	-	(11,765,623)	(1,301,522)	-	(8,678,246)
Change in fair value of investment properties between periods:						
- Gains	53,731,346	43,789	-	-	-	53,775,136
- Losses	(177,116,239)	(714,267)	-	-	-	(177,830,506)
Additions by concentrations of business activities	-	-	24,144,733	-	-	24,144,733
Exchange rate effect	(57,536,342)	-	(9,470,851)	(2,494,065)	-	(69,501,257)
Opening balance as at 1 January 2013	2,835,684,798	2,782,905	222,997,177	-	1,725,000	3,063,189,880
Increases	26,293,899	-	94,748,671	-	-	121,042,570
Reimbursements	-	85,298	-	-	-	85,298
Write-offs and impairment losses	-	-	(4,754,800)	-	-	(4,754,800)
Disposals	-	-	(5,245,601)	-	-	(5,245,601)
Reimbursements of Fit - Out	-	(307,797)	-	-	-	(307,797)
Transfers	(1,107,067)	-	(2,942,804)	-	-	(4,049,871)
Transfers from investment properties in progress:						
Construction and other costs	204,048,939	-	(204,048,947)	-	-	(8)
Adjustment to fair value	(1,258,406)	-	-	-	-	(1,258,406)
Change in fair value of investment properties between periods:						
- Gains	70,074,271	123,407	-	-	-	70,197,678
- Losses	(151,242,005)	(54,314)	-	-	-	(151,296,319)
Additions by concentrations of business activities	140,495,000	-	6,171,398	-	-	146,666,398
Disposal of subsidiaries	(215,250,000)	-	-	-	-	(215,250,000)
Exchange rate effect	(111,702,956)	-	(6,061,087)	-	-	(117,764,043)
Closing balance as at 31 December 2013	2,796,036,473	2,629,499	100,864,008	-	1,725,000	2,901,254,979

The amount of 4.8 million euro 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 5.2 million euro under the caption "Sales" relates to the sale of 11.36% interest in Boulevard Londrina Shopping located in Brazil.

The increases by transfer from investment properties under development relate to the opening in 2013 of Hofgarten Solingen in Germany and Boulevard Londrina Shopping and Passeio das Águas Shopping in Brazil.

The amount of 146.7 million euro under caption "Increases through business combination" refers to: (i) the acquisition of 50% of Cascaishopping-Centro Comercial, S.A. (140.5 million euro) (owner of the shopping centre Cascaishopping located in Portugal) and (ii) the acquisition of 50% of ARP Alverca Retail Park, S.A (6.2 million euro).

The amount of 215.3 million euro under caption "Sales of companies" refers to: (i) the sale of 50% of Parque Principado, S.L. (70.8 million euro) (owner of the shopping centre Parque Principado located in Spain) and (ii) the sale of 100% of Valecenter, Srl (144.5 million euro) (owner of the shopping centre Valecenter and owner of the subsidiary Airone - Shopping Centre, Srl that owns the shopping centre Airone located in Italy).

At 31 December 2013 and 2012 investment properties in operation and the information about the fair value assessment can be detailed as follows:

	31-Dec-13			31-Dec-12		
	10 years "discount rate"	Yields	million of euros	10 years "discount rate"	Yields	million of euros
Portugal and Spain	8,85% and 14,05%	6,85% and 12,05%	1,740,739	9,10% and 13,65%	6,85% and 11,15%	1,795,978
Other European Countries	6,25% and 15,00%	6,00% and 12,00%	455,553	6,75% and 14,50%	6,25% and 11,50%	533,874
Brazil	12,25% and 14,00%	7,75% e 9,50%	599,745	8,65% and 14,00%	8,45% and 9,50%	505,833
			2,796,037			2,835,685

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.

In 2013 the Group adopted for the first time IFRS 13 - Fair value measurement. This standard provides a single source of fair value measurement and disclosure requirements for use across IFRSs.

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable.; and
- Level 3 - inputs that are not based on observable market data (that is, unobservable inputs).

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 uncertainty

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.

It is opinion of the valuers that the ongoing lack of availability of finance continues to impact on the market, particularly for secondary or vacant properties, which has experienced unusually low transaction volumes. As a consequence, there has been a significant reduction in market evidence upon which to base the valuation and requiring the valuer to exercise a greater degree of judgement than usual. The valuers have considered both current and historic market evidence available and endeavoured to reflect current market sentiment, although the signals are mixed.

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.

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 evidence of a forced transaction. A seller might be under financial pressure to sell, but it is still able 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.

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.

b) Goodwill

The goodwill valuation in the shopping centres segment is a located to the subsidiaries with investment proprieties, 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).

c) Other non-current assets

The amount of 7.8 million euro, accounted under the caption “Other non-current assets”, due by the Municipal Council of Lisbon, relates to works developed by the jointly controlled company Centro Colombo – Centro Comercial, S.A.. These works were developed on behalf of the Municipal Council of Lisbon (“CML”) in accordance with protocols signed between the technical services of CML and Colombo at the end of 2001. On the other hand, the caption "Other non-current liabilities", as of 31 December 2013 and 2012, includes the amount of 3.2 million euro relating to works developed by CML on behalf of Colombo and licenses. A legal action against CML was presented in 2001 reclaiming the totality of the improvements made by Colombo on behalf of CML and corresponding interests and other expenses incurred by Colombo under the above mentioned protocols. The Colombo Board of Directors believes, based on advice from its legal counsel, that the legal action will be favorable to Colombo and consequently did not record any impairment loss to cover eventual losses on this account receivable.

d) Contingent Liabilities

As at 31 December 2013 and 2012, the main contingent liabilities relate to the following situations:

a) In December 2013 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.

b) During 2010 the subsidiary Sierra Investments SGPS granted a guarantee to the Portuguese tax administration of 5.6 million euro to deal with the complaint submitted by Sonae Sierra in relation to a notification received relating to income tax. No provision was made by Sonae Sierra as the risk of this contingency crystalizing is regardless unlikely.

c) On March 2011, the Group won an arbitration procedure against Olympic Properties SA (now called ETA and owner of the land for a project in Greece) allowing the Group to suspend the payment of rents until the building permit for the project is issued. At the same date, the Group committed itself before ETA to fulfil their obligations in the Lease Agreement. On July 2013, the company concluded an amicable agreement with ETA for the termination of the concession agreement regarding ex-Olympic facilities. Associated with the termination of the concession agreement the Parties waived any claim (past, pending or future) they might have against each other.

d) During 2009, the participated company Larissa (owned 50% by the Group) was notified by the municipality of Larissa to the payment of a fine amounting to 11.3 million euro (5.7 million euro for the Group) for buildings adjacent to the mall that were not expressly permitted in the license. The Group complained about this notification and the Court decided in 2010 to its favour. The municipality of Larissa, however, objected to the decision. Meanwhile, in 2011, a new law was published in Greece by which entities would legalize the construction by paying a special tax. As so, Larissa has submitted an administrative return by which it would pay an amount of 0.8 million euro (accrued on the company’s financial statements), however it has been accepted that the payment of such additional fee reduces the amount of the fine imposed by the municipality.

At 31 December 2013 and 31 December 2012 the bank guarantees granted to third parties were as following:

	31-Dec-13	31-Dec-12
Guarantees provided (thousands of Euro):		
on tax claims	3,785	3,501
on judicial claims	325	105
to complete the construction of several projects	2,158	3,569
to secure claims of the buyer of the Münster	19,000	19,000
on behalf of bank loans obtained	-	11,500
others guarantees	3,228	1,817

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 affiliate Zon Optimus as at 31 December 2013 and 2012, incorporated in the financial statements of Sonae through ZOPT by the equity method (Note 8) can be detailed as follows:

Consolidated Statement of financial position

Amounts in thousands of Euros	31-Dec-2013		31-Dec-2012 Restated Note 4	
	Zopt	Zon Optimus	Zopt	Zon Optimus
Assets				
Tangible assets	1,153,257	1,096,823	-	618,238
Intangible assets	694,518	1,111,107	-	323,621
Goodwill	1,597,737	-	-	-
Deferred tax assets	172,453	165,416	-	52,193
Other non-current assets	340,833	61,143	-	80,438
Non-current assets	3,958,798	2,434,489	-	1,074,490
Trade account receivables	276,630	276,630	-	119,147
Cash and cash equivalents	74,390	74,380	50	273,179
Other current assets	103,831	103,831	-	83,768
Current assets	454,851	454,841	50	476,094
Total assets	4,413,649	2,889,330	50	1,550,584
Liabilities	-	-	-	-
Borrowings	932,770	928,239	-	711,994
Provisions	95,698	92,429	-	29,951
Other non-current liabilities	108,471	46,221	-	14,924
Non-current liabilities	1,136,939	1,066,889	-	756,869
Borrowings	215,791	213,431	-	295,328
Trade creditors	296,915	296,823	-	158,133
Other current liabilities	253,049	251,974	-	120,846
Total current liabilities	765,755	762,228	-	574,307
Total liabilities	1,902,694	1,829,117	-	1,331,176
Shareholders' funds excluding non-controlling interests	1,250,729	1,050,598	50	210,013
Non-controlling interests	1,260,226	9,615	-	9,395
Total shareholders' funds	2,510,955	1,060,213	50	219,408
Total shareholders' funds and liabilities	4,413,649	2,889,330	50	1,550,584

Consolidated income statment

Amounts in thousands of Euros	31-Dec-2013		31-Dec-2012 Restated Note 4	
	Zopt	Zon Optimus	Zopt	Zon Optimus
Total revenue	476,848	990,259	-	787,133
Costs and losses	-	-	-	-
Direct costs and External supplies and services	(204,528)	(413,817)	-	(325,822)
Depreciation and amortisation	(116,718)	(243,070)	-	(204,119)
Other operating costs	(134,793)	(258,744)	-	(156,481)
	(456,039)	(915,631)	-	(686,422)
Financial results	(16,663)	(46,936)	-	(41,044)
Income taxation	(6,095)	(16,433)	-	(19,303)
Consolidated net income/(loss) for the year	(1,949)	11,259	-	40,364
Attributed to non-controlling interests	(852)	449	-	869
Attributed to shareholders'of parent company	(1,097)	10,810	-	39,494

The value of Zopt income statement results from Zon Optimus 4 month's net income, the net result of Zopt, the impact on income of the fair value allocation to the assets and liabilities acquired by Zopt and less the effect of non-controlling interests.

Contingent liabilities can be analyzed as follows:

During the course of the 2003 to 2013 financial years, certain companies of the ZON Optimus Group were the subject of tax inspections for the 2001 to 2011 financial years. Following these inspections, ZON Optimus, 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 30.7 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 31 December 2013, accounts receivable and accounts payable include 37,139,253 euros and 29,913,608 euros, respectively, resulting from a dispute between the subsidiary Optimus – Comunicações, S.A. and, essentially, the operator TMN – Telecomunicações Móveis, S.A., in relation to the indefinition of interconnection tariffs, recorded in the year ended at 31 December 2001. In the lower court, the decision was favorable to Optimus. The 'Tribunal da Relação' (Court of Appeal), on appeal, rejected the intentions of TMN. However, TMN 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.

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.

Additionally, the Group has a similar commitment with DDR (revision of the sales price) if the gain realized on the sale of some investment properties in Brazil is taxed by the Brazilian tax authorities.

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), having the non Sonae Sierra shareholders 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 non-core 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 is only calculated in the direct income compnent, excluding the indirect contributions.

The reconciliation between consolidated income and direct-indirect income for the periods ended 31 December 2013 and 2012 can be summarised as follows:

	31-Dec-13			31-Dec-2012 Restated Note 4		
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Indirect income	Direct income
Turnover	4,821,341,341	-	4,821,341,341	4,669,787,446	-	4,669,787,446
Investment income						
Dividends	96,645	96,645	-	216,683	216,683	-
Impairment losses	(102,009)	-	(102,009)	(1,101,337)	(1,101,337)	-
Others	(7,318)	-	(7,318)	16,880,645	(1,000,000)	17,880,645
Other income						
Negative goodwill	-	-	-	-	-	-
Impairment losses reversal	12,733,171	-	12,733,171	12,438,110	-	12,438,110
Others	432,610,002	(2,640,758)	435,250,760	420,973,410	-	420,973,410
Total income	5,266,671,832	(2,544,113)	5,269,215,945	5,119,194,957	(1,884,654)	5,121,079,611
Total expenses	(4,893,765,372)	(10,770,564)	(4,882,994,808)	(4,770,786,370)	-	(4,770,786,370)
Depreciation and amortisation	(187,186,398)	-	(187,186,398)	(195,129,682)	-	(195,129,682)
Non-recurring impairment losses over inventories	-	-	-	(13,809,750)	-	(13,809,750)
Provisions and impairment						
Provisions for warranty extensions	-	-	-	(75,245)	-	(75,245)
Goodwill impairment	(8,078,127)	(7,722,709)	(355,418)	-	-	-
Unusals provisions and impairments	(155,025,977)	(155,025,977)	-	(906,000)	-	(906,000)
Others	(24,314,645)	(10,811,297)	(13,503,348)	(26,704,874)	(15,000,000)	(11,704,874)
Profit before financial results and share of results in associated companies	(1,698,687)	(186,874,660)	185,175,973	111,783,036	(16,884,654)	128,667,690
Gains and losses on investments recorded at fair value through results	46,636,719	46,636,719	-	-	-	-
Financial profit/(loss)	(81,817,786)	(64,645)	(81,753,141)	(94,180,573)	(216,683)	(93,963,890)
Share of results in joint ventures and associated undertakings						
Sonae Sierra	3,917,521	(27,000,115)	30,917,636	(23,847,555)	(55,139,875)	31,292,320
ZOPT	(523,500)	-	(523,500)	-	-	-
Others	(438,110)	-	(438,110)	(534,980)	-	(534,980)
Profit before income tax	(33,923,843)	(167,302,701)	133,378,858	(6,780,072)	(72,241,212)	65,461,140
Income tax	(15,909,211)	13,653,705	(29,562,916)	(22,361,579)	-	(22,361,579)
Profit/(Loss) from continuing operations	(49,833,054)	(153,648,996)	103,815,942	(29,141,651)	(72,241,212)	43,099,561
Profit/(Loss) from discontinued operations	513,853,339	442,605,639	71,247,700	100,832,034	-	100,832,034
Net profit for the period	464,020,285	288,956,643	175,063,642	71,690,383	(72,241,212)	143,931,595
Attributable to equity holders of Sonae	318,979,514	168,404,372	150,575,142	32,572,259	(72,241,212)	104,813,471
Non-controlling interests	145,040,771	120,552,271	24,488,500	39,118,124	-	39,118,124
"Underlying" EBITDA (a)	-	-	377,564,113	-	-	330,435,265
EBITDA (b)	-	-	474,793,701	-	-	469,444,505
	-	-	-	-	-	-
	-	-	286,379,699	-	-	260,257,064

(a) 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.

(b) "Underlying" EBITDA = total direct income - total expenses - reversal of impairment losses (see reconciliation).

(c) Direct EBIT = Direct EBT - financial results + discontinued operations of Optimus

(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 non-current 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-13	31-Dec-2012 Restated Note 4
Discontinued operations (Note 4)	442,605,639	-
Indirect income of Sonae Sierra	(27,000,115)	(55,139,875)
Provision for contingencies in Brazil (Note 32)	(11,414,278)	(15,000,000)
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)	-
Measurement of 7.28% of Zon Optimus at fair value	46,636,719	-
Impairment of financial investments and loans granted to associates (Note 6 and 32)	-	(2,101,337)
Others	(384,319)	-
Total	288,956,643	(72,241,212)

"Underlying EBITDA" could be analysed as follows:

	31-Dec-13	31-Dec-2012 Restated Note 4
Direct EBITDA	474,793,701	469,444,505
Share of results of joint ventures and associated undertakings	(29,956,026)	(30,757,340)
Consolidated net income/(loss) from discontinued operations	(71,247,700)	(100,832,034)
Capital gain from the disposal of Cooper Gay Sweet & Crawford (Note 6)	-	(15,227,674)
Non-recurring expenses of Sonae RE for claims	-	5,000,000
Indemnities	-	2,800,000
Other expenses considered non-recurring	3,974,138	7,808
Underlying EBITDA	377,564,113	330,435,265

51 OTHERS

On 29 October 2013, Sonaecom has announced to make a voluntary tender offer for the acquisition of a maximum of 88,479,803 shares representing 24.16% of its own share capital. This transaction takes place after the merger of Optimus SGPS, S.A. and Zon Multimédia, SGPS, S.A., of which resulted Zon Optimus SGPS, S.A., in which Sonaecom, as a previous Optimus shareholder, became thereinafter the direct holder of 37,489,324 shares representing 7.28% of the share capital and voting rights of Zon Optimus and the indirect joint holder of 50.01% of the share capital and voting rights in Zon Optimus, through the 50% equity holding in Zopt, SGPS, S.A..

Sonaecom has the intention to accordingly give the option to its shareholders to sell, in equal standing conditions, their Sonaecom shares for consideration of the directly held 37,489,324 Zon Optimus shares, which are not necessary to the pursuit of Sonaecom's business purposes, thereby enabling direct exposure of Sonaecom shareholders to Zon Optimus, the reference asset of Sonaecom portfolio.

Sonaecom offers an overall price equivalent to 2.45 euro per Sonaecom share, to be composed of Zon Optimus shares and, where applicable, a remaining cash amount, which represents a premium, per Sonaecom share, of approximately 10% over Sonaecom share closing price at 28 October 2013 and over the average weighted closing price of the last 30 days; 24% by reference to the last 90 days average weighted closing price of Sonaecom share; and 17% in relation to Sonaecom share average target price of 2.10 euro. For determining the Sonaecom/Zon Optimus share trade ratio, it was taken into consideration Zon Optimus share average weighed closing price of the last 5 trading days, which was that of 5.08 euro per Zon Optimus share.

52 SUBSEQUENT EVENTS

On 23 and 24 January 2014, under terms previously authorized by the Portuguese Securities Market Commission, CMVM, Sonae – SGPS, S.A. (Sonae) acquired over the counter 1,454,134 Sonaecom shares from Sonaecom directors and related parties.

The consideration of this acquisition was determined and settled on 20 February 2014, the date of calculation of the results of the tender offer, by the same amount paid to the shareholders who accepted the offer. Following this transaction, Sonae became the direct holder of 78,133,508 shares and the indirect holder of 194,063,119 shares, giving Sonae a total participation of 272,196,627 Sonaecom shares.

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 2014 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. During 2014 Sonaecom will reduce its capital at about 136 million euros. Euronext announced Sonaecom exclusion from the PSI-20 on 24 February 2014.

The physical and financial settlement of the offer occurred on 25 February 2014, being the consideration of the offer composed by 26,476,792 ZON OPTIMUS shares and 19,631 euro in cash.

Following the offer, Sonaecom became the holder of 11,012,532 ZON OPTIMUS shares, corresponding to 2.14% of the company's share capital.

On 10 March 2014, Sonae announced that it has completed, directly and through its subsidiaries, a number of financing transactions with maturities between 5 and 7 years for the total amount of 240 million euro, with several financial institutions. These operations enabled Sonae to anticipate under favorable conditions a significant part of the refinancing programme of its medium and long-term credit facilities maturing up to the end of 2015.

53 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 18 March 2014 nevertheless they are still subject to approval at the Shareholders Annual General Meeting.

The Board of Directors

Belmiro Mendes de Azevedo; Presidente do Conselho de Administração

Álvaro Carmona e Costa Portela; membro do Conselho de Administração

Álvaro Cuervo Garcia; membro do Conselho de Administração

Bernd Bothe; membro do Conselho de Administração

Christine Cross; membro do Conselho de Administração

Michel Marie Bon; membro do Conselho de Administração

José Neves Adelino; membro do Conselho de Administração

Duarte Paulo Teixeira de Azevedo; CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério; membro da Comissão Executiva

INDIVIDUAL FINANCIAL STATEMENTS

INDIVIDUAL STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 AND 2012

(Translation of individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2013	31 Dec 2012
ASSETS			
NON-CURRENT ASSETS:			
Tangible assets	6	144,778	178,042
Intangible assets	7	13,245	28,770
Investments in affiliated companies	4, 8	3,638,337,796	3,503,796,314
Other investments	4, 9	29,367,435	38,628,607
Other non-current assets	4, 10	472,066,551	352,823,000
Total non-current assets		4,139,929,805	3,895,454,733
CURRENT ASSETS:			
Trade account receivables	4, 11	468,059	467,461
Other debtors	4, 12	11,194,379	11,287,813
Taxes recoverable	13	2,589,020	1,270,260
Other current assets	4, 14	3,302,072	2,057,079
Cash and cash equivalents	4, 15	96,239,237	158,667,623
Total current assets		113,792,767	173,750,236
TOTAL ASSETS		4,253,722,572	4,069,204,969
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	16	2,000,000,000	2,000,000,000
Legal reserves	17	188,285,864	187,137,648
Hedging reserve, fair value reserve and other reserves	18	1,082,932,419	1,119,192,176
Retained earnings		-	(63,194,492)
Profit for the year		159,490,511	22,964,317
TOTAL EQUITY		3,430,708,794	3,266,099,649
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bonds	4, 20	447,088,540	595,047,114
Bank loans	4, 20	94,420,250	74,024,250
Other non-current liabilities		1,127,105	3,992,080
Other loans	4, 20	-	6,993,896
Total non-current liabilities		542,635,895	680,057,340
CURRENT LIABILITIES:			
Bonds	4, 20	149,972,236	99,919,906
Bank loans	4, 20	1,961,683	1,961,683
Other loans	4, 20	2,421,024	1,674,286
Trade accounts payable	4	189,969	443,191
Other creditors	4, 21	114,842,829	7,680,960
Taxes and contributions payable	13	454,452	214,619
Other current liabilities	4, 22	10,535,690	11,153,335
Total current liabilities		280,377,883	123,047,980
TOTAL EQUITY AND LIABILITIES		4,253,722,572	4,069,204,969

The accompanying notes are part of these individual financial statements.

The Board of Directors

INDIVIDUAL INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Translation of individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2013	31 Dec 2012
Services rendered	26	477,612	476,701
Gains or losses on investments	27	171,972,960	26,836,460
Financial income	28	34,142,610	33,388,218
Other income		3,151,542	2,458,028
External supplies and services	29	(3,799,164)	(2,995,820)
Staff costs	30	(2,400,652)	(2,450,853)
Depreciation and amortisation	6, 7	(64,008)	(108,546)
Financial expense	28	(43,443,818)	(33,079,256)
Other expenses		(537,227)	(1,551,201)
Profit/(Loss) before taxation		159,499,855	22,973,731
Taxation	31	(9,344)	(9,414)
Profit/(Loss) after taxation		159,490,511	22,964,317
Profit/(Loss) per share			
Basic	32	0.079745	0.011485
Diluted	32	0.079690	0.011480

The accompanying notes are part of these individual financial statements.

The Board of Directors

INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Translation of the individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	31 Dec 2013	31 Dec 2012
Net Profit / (Loss) for the year	159,490,511	22,964,317
Items that may be reclassified subsequently to profit or loss:		
Changes on fair value of available-for-sale financial assets	67,926,242	(61,201,255)
Transfer of fair value of available-for-sale financial assets to the income statement	-	50,271
Changes in hedge and fair value reserves	3,546,546	2,646,872
Other comprehensive income for the year	71,472,788	(58,504,112)
Total comprehensive income for the year	230,963,299	(35,539,795)

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 2013 AND 2012

(Translation of the individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

					Reserves and retained earnings							
(Amounts expressed in euro)	Notes	Share capital	Treasury shares	Legal reserve	Fair value reserve	Hedging reserve	Share based payments reserve	Free reserves	Retained earnings	Total reserves and retained earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2012		2,000,000,000	-	187,137,648	573,554,460	(5,030,164)	825,953	674,376,391	322,737	1,244,049,377	(63,517,229)	3,367,669,796
Total comprehensive income for the year		-	-	-	(61,150,984)	2,646,872	-	-	-	(58,504,112)	22,964,317	(35,539,795)
Appropriation of profit of 2011:												
Transfer to other reserves	17	-	-	-	-	-	-	-	(63,517,229)	(63,517,229)	63,517,229	-
Dividends distributed	34	-	-	-	-	-	-	(66,187,813)	-	(66,187,813)	-	(66,187,813)
Purchase of treasury shares		-	(2,612,424)	-	-	-	-	-	-	-	-	(2,612,424)
Alienação de ações próprias		-	2,346,376	-	-	-	-	98,337	-	98,337	-	2,444,713
Share based payments	19	-	266,048	-	-	-	(170,952)	230,076	-	59,124	-	325,172
Balance as at 31 December 2012		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
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	17	-	-	1,148,216	-	-	-	(41,378,391)	63,194,492	21,816,101	(22,964,317)	-
Dividends distributed	34	-	-	-	-	-	-	(66,200,000)	-	(66,200,000)	-	(66,200,000)
Obligation fulfilled by a third party		-	(515,821)	-	-	-	-	-	-	-	-	(515,821)
Share based payments	19	-	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

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 2013 AND 2012

(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 2013	31 Dec 2012
OPERATING ACTIVITIES			
Cash receipts from trade debtors		476,761	512,727
Cash paid to trade creditors		(3,610,452)	(2,876,547)
Cash paid to employees		(2,477,481)	(2,085,266)
Cash flow generated by operations		(5,611,172)	(4,449,086)
Income taxes (paid) / received		(1,329,687)	(610,903)
Other cash receipts and (payments) relating to operating activities		1,419,123	512,413
Net cash flow from operating activities (1)		(5,521,736)	(4,547,576)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	33	18,640,000	22,689,000
Tangible assets		-	170
Interest and similar income		31,651,988	33,671,828
Dividends	27	202,565,008	29,071,221
Others		2,283,251	3,291,839
Loans granted		994,656,172	668,825,307
		1,249,796,419	757,549,365
Cash payments arising from:			
Investments	33	(10,000,541)	(23,263,454)
Tangible assets		(4,280)	(20,201)
Intangible assets		(10,845)	(9,188)
Others		(4,444,000)	-
Loans granted		(1,113,899,723)	(627,783,241)
		(1,128,359,389)	(651,076,084)
Net cash used in investment activities (2)		121,437,030	106,473,281
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		761,351,683	1,722,262,341
Sale of treasury shares		255,144	2,189,569
		761,606,827	1,724,451,910
Cash payments arising from:			
Loans obtained		(836,267,049)	(1,568,619,259)
Interest and similar charges		(37,484,854)	(30,367,342)
Dividends		(66,198,604)	(66,186,556)
Purchase of treasury shares		-	(2,612,424)
		(939,950,507)	(1,667,785,581)
Net cash used in financing activities (3)		(178,343,680)	56,666,329
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(62,428,386)	158,592,034
Cash and cash equivalents at the beginning of the year	15	158,667,623	75,589
Cash and cash equivalents at the end of the year	15	96,239,237	158,667,623

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 2013

(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 effective as at 1 January 2009. This standards were issued by the International Accounting Standards Board ("IASB") and interpretations issued by International Financial Reporting Interpretations Committee ("IFRIC") 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 2013. These changes are presented in Note 2 of the notes to the consolidated financial statements. The adoption, during 2013, of the mentioned standards did not produce 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 2014. 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).

When 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.

When settlement is made in cash the value of such liabilities shall be determined at the grant date and subsequently updated at the end of each reporting period based on the number of shares and the corresponding fair value at the closing date. These obligations are recognized as staff costs and other current liabilities, and are recorded 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.

2.12 Income tax

Current income tax is determined in accordance with tax rules in force in Portugal, considering the taxable profit for the period.

Deferred taxes are calculated using the statement of financial position liability method. Deferred tax assets are recognised only when its use is probable.

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 2013 the total gross debt was 696 million euro (780 million euro as at 31 December 2012) (Note 20).

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 2013 Sonae debt average life maturity was 1.3 years (1.9 years as at 31 December 2012);

- 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 201.5 million euro committed credit facilities, of which only 28% 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 2013 181.5 million euro are available (as at 31 December 2012 Sonae had credit facilities committed 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 96 million euro as at 31 December 2013 (159 million euro as at 31 December 2012).

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 optimising the cost of debt when deemed appropriate according to prevailing financial market conditions.

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 2013 (individual statements) would decrease by approximately 1.6 million euro (as at 31 December 2012 would decrease 1.5 million euro). Total equity, as at 31 December 2013, (not considering the impact over net profit) would increase by about 568 thousand euro (3.2 million as at 31 December 2012) as a result of the effect of changing interest rate up 75 basis points.

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 Notes 8.

For the investment in Sonaecom, SGPS, SA a 10% change in the shares price would have an impact in total equity amounting to 19.7 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:

		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 2012				
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	-	3,503,796,314	3,503,796,314	-	3,503,796,314
Other available for sale investments	9	-	38,628,607	38,628,607	-	38,628,607
Other non-current assets	10	352,823,000	-	352,823,000	-	352,823,000
		352,823,000	3,542,424,921	3,895,247,921	-	3,895,247,921
Current assets						
Trade accounts receivables	11	467,461	-	467,461	-	467,461
Other debtors	12	11,287,813	-	11,287,813	-	11,287,813
Other current assets	14	1,974,168	-	1,974,168	82,911	2,057,079
Cash and cash equivalents	15	158,667,623	-	158,667,623	-	158,667,623
		172,397,065	-	172,397,065	82,911	172,479,976
		525,220,065	3,542,424,921	4,067,644,986	82,911	4,067,727,897

		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	20	-	447,088,540	447,088,540	-	447,088,540
Bank loans	20	-	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	20	-	149,972,236	149,972,236	-	149,972,236
Bank loans	20	-	1,961,683	1,961,683	-	1,961,683
Other loans	20	2,421,024	-	2,421,024	-	2,421,024
Trade accounts payable		-	189,969	189,969	-	189,969
Other payables accounts	21	-	114,842,829	114,842,829	-	114,842,829
Other current liabilities	22	-	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 Liabilities	Notes	31 Dec 2012 Derivatives used for cash flow hedging	Other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total
Non-current liabilities						
Bonds	20	-	595,047,114	595,047,114	-	595,047,114
Bank loans	20	-	74,024,250	74,024,250	-	74,024,250
Other non-current liabilities		3,992,080	-	3,992,080	-	3,992,080
Other loans	20	6,993,896	-	6,993,896	-	6,993,896
		10,985,976	669,071,364	680,057,340	-	680,057,340
Current liabilities						
Bonds	20	-	99,919,906	99,919,906	-	99,919,906
Bank loans	20	-	1,961,683	1,961,683	-	1,961,683
Other loans	20	1,674,286	-	1,674,286	-	1,674,286
Trade accounts payable		-	443,191	443,191	-	443,191
Other payables accounts	21	-	7,680,960	7,680,960	-	7,680,960
Other current liabilities	22	-	10,275,049	10,275,049	878,286	11,153,335
		1,674,286	120,280,789	121,955,075	878,286	122,833,361
		12,660,262	789,352,153	802,012,415	878,286	802,890,701

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 2013			31.Dec.2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair values						
Investments in affiliated companies	196,989,312	-	500,118,000	5,079,830	-	524,986,000
Other investments	-	-	29,315,009	-	-	19,936,181
	196,989,312	-	529,433,009	5,079,830	-	544,922,181
Financial liabilities at fair value						
Derivatives	1,127,105	2,421,024	-	3,992,080	8,668,182	-
	1,127,105	2,421,024	-	3,992,080	8,668,182	-

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 operating in the real estate business, which fair value is determinated based on the net asset value of the assets held by those entities. This amount is determinated based on independent valuations of its real estate, mainly based on the income that is expected to be earned by properties, updated by required rates of return, which are observable on the 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 2013 and 2012 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 2012	121,578	194,768	1,649,144	723	-	1,966,213
Increase	50	-	-	-	20,151	20,201
Decrease	-	-	(2,000)	-	-	(2,000)
Transfers and write-offs	11,114	-	9,037	-	(20,151)	-
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
Decrease	-	-	-	-	-	-
Transfers and write-offs	-	-	549	-	(549)	-
Closing balance as at 31 December 2013	132,742	194,768	1,658,834	723	1,722	1,988,789
Accumulated depreciation						
Opening balance as at 1 January 2012	25,438	194,768	1,536,453	723	-	1,757,382
Increase	13,585	-	37,405	-	-	50,990
Decrease	-	-	(2,000)	-	-	(2,000)
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
Decrease	-	-	-	-	-	-
Closing balance as at 31 December 2013	52,294	194,768	1,596,226	723	-	1,844,011
Carrying amount						
As at 31 December 2012	93,719	-	84,323	-	-	178,042
As at 31 December 2013	80,448	-	62,608	-	1,722	144,778

7 INTANGIBLE ASSETS

As at 31 December 2013 and 2012 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 2012	167,349	2,682	-	170,031
Increase	-	-	9,188	9,188
Transfers and write-offs	9,188	-	(9,188)	-
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)	-
Closing balance as at 31 December 2013	187,305	2,758	-	190,063
Accumulated depreciation				
Opening balance as at 1 January 2012	90,285	2,608	-	92,893
Increase	57,482	74	-	57,556
Opening balance as at 1 January 2013	147,767	2,682	-	150,449
Increase	26,365	4	-	26,369
Closing balance as at 31 December 2013	174,132	2,686	-	176,818
Carrying amount				
As at 31 December 2012	28,770	-	-	28,770
As at 31 December 2013	13,173	72	-	13,245

8 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2013 and 2012, the Company held investments in the following subsidiaries:

	31 Dec 2013					
Companies	% 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 (c)	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

	31 Dec 2012					
Companies	% 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%	1,893,270,729	-	51,249	-	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%	586,449,500	-	-	(61,463,500)	524,986,000
Sonaecom, SGPS, SA	0.94%	789,750	3,263,451	-	1,026,629	5,079,830
Sonaegest, SA	20.00%	159,615	-	-	-	159,615
Sonaecenter Serviços, SA	100.00%	731,545	-	-	-	731,545
Sontel, BV (c)	42.86%	405,641,099	-	-	-	405,641,099
Total		3,726,520,983	3,263,451	51,249	(60,436,871)	3,669,296,314
Impairment		165,500,000	-	-	-	165,500,000
Total		3,561,020,983	3,263,451	51,249	(60,436,871)	3,503,796,314

(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) Market value was determined based on an independent valuation as at 31 December 2013 and 2012 of assets held by this affiliated company, after deduction of associated net debt and of the share attributable to non-controlling interests. The major assumptions used for the purpose of estimating the fair value of the assets are disclosed on the consolidated financial statements.

(c) Between 2012 and 2013, the percentage of share capital held by Sonae SGPS decreased due to the dilution caused by the capital increase not subscribed by Sonae SGPS.

During 2012, Sonae entered into a contract with Sonaecom, SGPS, SA, in which it agrees to handover Sonaecom shares to employees of that subsidiary during 2016. This obligation stands to 2,780,000 shares with an acquisition cost amounting to 3,263,451 euro. A liability amounting to 3,291,520 euro was recorded under the caption “other non-current liabilities”. During the 2013 3rd quarter he number of shares of this contract was reduced to 438,733 and the inherent liability was reduced to 492,436 euro. The change in the fair value of the above mentioned shares and liability was recognized in the income statements.

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. Sonae recorded this asset as an acquisition with deferred payment, since the shares rights under this agreement are attributed to Sonae. The carrying amount corresponded to the agreed price considering the consolidation of the telecommunications sector in Portugal, discounted to the acquisition date (97,289,802 euro).

In previous years, the Company recorded an impairment loss over the financial investment held in Sontel BV as a result of applying the accounting policy mentioned in 2.6 k, and according to a valuation made by the use of discounted cash flow models, in order to estimate the value in use of those investments. The accumulated impairment loss on this subsidiary amounts to 165,500,000 euro (165,500,000 euro as at 31 December 2012). In the current year the Company recorded an impairment loss on the investment held in Sonae Investments BV amounting to 32,500,000 euro, following the results of the above mentioned policy.

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 2013 and 2012 other investments available for sale are as follows:

	31 Dec 2013				
Companies	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

	31 Dec 2012				
Companies	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	-	20,000,003	-	(63,822)	19,936,181
Magma No. 1 Securitisation Notes	37,680,000	-	19,040,000	-	18,640,000
Sonae Capital, SGPS, SA	6,972,000	-	6,972,000	-	-
Total	44,704,426	20,000,003	26,012,000	(63,822)	38,628,607
Impairment	2,490,000	-	2,490,000	-	-
Total	42,214,426	20,000,003	23,522,000	(63,822)	38,628,607

During the 1st half of 2013 Sonae acquired 12,392 shares in Fundo de Investimento Imobiliário Fechado Imosede. The change in fair value recorded was based on the value for the investment fund disclosed by the managing company as at 31 December 2013 and 2012.

In December 2008, the Company has completed the subscription of securitized assets, through a private offering, in the amount of approximately 100 million euro, issued by Tagus - Sociedade de Titularização de Créditos, SA named "Magma Nº 1 Securitisation Notes".

These bonds have a maturity of 5 years (2008/2013), and are amortized in equal quarterly instalments, having as underlying asset the future receivables to be generated under a portfolio of existing corporate customer contracts of Sonaecom - Serviços de Comunicações, SA, with a comfortable over colaterization, which strongly minimize this investment credit risk.

These bonds were fully reimbursed in 2013.

10 OTHER NON-CURRENT ASSETS

As at 31 December 2013 and 2012 other non-current assets are as follows:

	31 Dec 2013	31 Dec 2012
Loans granted to group companies:		
Sonae Investments, BV	124,666,551	5,403,000
Sonae Investimentos, SGPS, SA	347,400,000	347,400,000
Sontel, BV	-	20,000
	472,066,551	352,823,000

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.

The fair value of the bonds related to this loan as at 31 December 2013, is 41,495 euro (42,606 euro as at 31 December 2012) per bond, according with a valuation made by the use of discounted cash flow models. 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 2013 and 2012. 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 468,059 euro and 467,461 euro as at 31 December 2013 and 2012 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 2013 and 2012 other debtors are as follows:

	31 Dec 2013	31 Dec 2012
Group companies - Interest:		
Sonae Investments, BV	388,391	138,928
Sontel, BV	-	1,202
	388,391	140,130
Group companies - Dividends:		
Sonae Sierra SGPS, SA	10,567,050	10,567,050
	10,567,050	10,567,050
Other debtors		
Others	238,938	580,633
	11,194,379	11,287,813

Loans granted to group companies return interest at variable market rates indexed to Euribor and have a maturity less than one year.

There were no assets impaired or past due as at 31 December 2013 and 2012. The fair value of loans granted is similar to its carrying amount.

13 TAXES

As at 31 December 2013 and 2012 taxes balances are as follows:

Assets	31 Dec 2013	31 Dec 2012
Advance payments	26,064	117,872
Taxes withheld	1,332,258	1,110,404
Others	1,230,698	41,984
	2,589,020	1,270,260

Liabilities	31 Dec 2013	31 Dec 2012
Income tax charge for the year	7,768	9,350
Taxes withheld		
Staff	38,891	42,534
Capital	227,628	52,769
Value added tax	168,802	97,420
Social security contributions	11,363	12,426
Stamp duty	-	120
	454,452	214,619

The amount recorded under the caption "Others" relates to income tax receivables, still unreimbursed.

14 OTHER CURRENT ASSETS

As at 31 December 2013 and 2012 other current assets are as follows:

	31 Dec 2013	31 Dec 2012
Accrued income	3,184,466	1,974,168
Prepayments	117,606	82,911
	3,302,072	2,057,079

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 2013 and 31 December 2012 cash and cash equivalents are as follows:

	31 Dec 2013	31 Dec 2012
Cash in hand	89	89
Bank deposits	96,239,148	158,667,534
Cash and cash equivalents on the balance sheet	96,239,237	158,667,623
Cash and cash equivalents on the cash flow statement	96,239,237	158,667,623

As at 31 December 2013 the company held bank deposits amounting to 44,000,000 euro, which had less than a three month maturity period and where redeemed in early 2014, the remaining bank deposits are readily convertible.

16 SHARE CAPITAL

As at 31 December 2013 and 2012 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

As at 31 December 2013 and 2012 Efanor Investimentos, SGPS, SA and affiliated companies held 52.48% of Sonae's share capital.

17 LEGAL RESERVE

The company has set up legal reserves in accordance with Commercial Companies Code. In 2013, 1,148,216 euro was transferred from profit for the year to legal reserves.

18 HEDGING RESERVE, FAIR VALUE RESERVE AND OTHER RESERVES

As at 31 December 2013 and 2012 other reserves are detailed as follows:

	31 Dec 2013	31 Dec 2012
Free reserves	500,735,979	608,516,991
Hedging reserve	1,163,254	(2,383,292)
Fair value reserve:		
Sonae Investimentos, SGPS, SA	477,128,820	477,128,820
Sonae Sierra, SGPS, SA	10,004,660	34,872,661
Sonaecom, SGPS, SA	93,881,772	465,819
Fundo de Investimento Imobiliário Fechado Imosede	(685,534)	(63,824)
Share-based payments reserve (Note 19)	703,468	655,001
	1,082,932,419	1,119,192,176

Movements occurred in 2013 and 2012 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.

Fair value reserves correspond to changes in the fair value of the financial instruments classified as available for sale

The share-based payments reserve relates to equity-share based payments under the deferred performance bonuses.

19 SHARE-BASED PAYMENTS

In 2013 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 2013 and 2012, the outstanding plans were as follows:

	Vesting period		31 Dec 2013		31 Dec 2012	
	Year of grant	Vesting year	Number of participants	Number of shares	Number of participants	Number of shares
Plan 2009	2010	2013	-	-	1	485,707
Plan 2010	2011	2014	1	502,379	1	481,878
Plan 2011	2012	2015	1	947,551	1	908,883
Plan 2012	2013	2016	2	601,730	-	-

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 2013	31 Dec 2012
Plan 2009	2010	2013	313,200	-	333,681
Plan 2010	2011	2014	345,000	526,995	331,050
Plan 2011	2012	2015	335,400	993,981	624,403
Plan 2012	2013	2016	404,600	631,215	-

During the year the movements occurred can be detailed as follows:

Number of shares	31 Dec 2013	31 Dec 2012
Opening balance	1,876,468	1,509,756
Changes during the year:		
Attributed	660,899	986,038
Vested	(485,707)	(619,326)
Closing balance	2,051,660	1,876,468

Amount	31 Dec 2013	31 Dec 2012
Recorded as staff cost in the year	361,668	325,172
Recorded as staff cost in previous year	341,800	329,829
	703,468	655,001

20 BORROWINGS

As at 31 December 2013 and 2012 this caption included the following loans:

	31 Dec 2013	31 Dec 2012
Bonds Sonae, SGPS 2007/2014	-	150,000,000
Bonds Sonae, SGPS 2010/2015	250,000,000	250,000,000
Bonds Continente - 7% - 2012/2015	200,000,000	200,000,000
Up-front fees not yet charged to income statement	(2,911,460)	(4,952,886)
Bonds	447,088,540	595,047,114
Bank loan 2012/2015	75,000,000	75,000,000
Commercial paper	20,000,000	-
Up-front fees not yet charged to income statement	(579,750)	(975,750)
Bank loans	94,420,250	74,024,250
Derivatives	-	6,993,896
Non-current loans	541,508,790	676,065,260
Bonds Sonae, SGPS 2005/2013	-	100,000,000
Bonds Sonae, SGPS 2007/2014	150,000,000	-
Up-front fees not yet charged to income statement	(27,764)	(80,094)
Bonds	149,972,236	99,919,906
Derivatives	2,421,024	1,674,286
Bank loan 2012	1,961,683	1,961,683
Current loans	154,354,943	103,555,875

As at 31 December 2013 and 2012, 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.

Maturity of Borrowings

As at 31 December 2013 and 2012 the analysis of the maturity of loans excluding derivatives is as follows:

	31 Dec 2013		31 Dec 2012	
	Nominal value	Interests	Nominal value	Interests
N+1	151,961,683	24,500,964	101,961,683	25,514,464
N+2	525,000,000	20,534,139	150,000,000	23,820,144
N+3	-	766,770	525,000,000	19,817,448
N+4	-	764,675	-	-
N+5	20,000,000	693,445	-	-

The interest amount was calculated considering the applicable interest rates for each loan at 31 December.

The amount of credit facilities aimed to cover cash shortages as at 31 December 2013 and 2012 are as follows:

	31 Dec 2013		31 Dec 2012	
	Commitments of less than one	Commitments of more than one	Commitments of less than one	Commitments of more than one
Agreed credit facilities amounts	181,500,000	20,000,000	146,500,000	35,000,000
Available credit facilities amounts	181,500,000	-	146,500,000	35,000,000

Interest rate as at 31 December 2013 of the bonds and bank loan was, in average, 3.58% (3.37% as at 31 December 2012).

Interest rate derivatives

The financial instruments considered to be hedging instruments are, mainly variable to fixed interest rates swaps entered into with the purposes of hedging interest rate risk of borrowings amounting to 150 million euro, 100% of the loans were hedge, (250 million euro as at 31 December 2012) which fair value amounted to -2,421,024 euro (-8,668,182 euro as at 31 December 2012).

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 2013 and 2012, derivatives have the following estimated cash flows:

	31 Dec 2013	31 Dec 2012
N+1	(2,423,065)	(6,297,744)
N+2	-	(2,393,076)

21 OTHER CREDITORS

As at 31 December 2013 and 2012 other creditors are as follows:

	31 Dec 2013	31 Dec 2012
Group companies - Short term loans:		
Sonae Investments, BV	12,426,000	-
Sontel, BV	-	7,296,265
Sonaecenter Serviços, SA	104,000	145,135
	12,530,000	7,441,400
Shareholders	71,746	70,350
Others	102,241,083	169,210
	114,842,829	7,680,960

The amount recorded under the caption "other creditors" includes 102.095.077 euro (discounted to 31 December 2013 which will be paid in August 2014) relating the acquisition of 20% share capital of Sonaecom, SGPS, SA (note 8).

22 OTHER CURRENT LIABILITIES

As at 31 December 2013 and 2012 other current liabilities are as follows:

	31 Dec 2013	31 Dec 2012
Accruals:		
Salaries	605,802	525,658
Interest	9,133,850	10,275,049
Others	796,038	352,628
	10,535,690	11,153,335

23 CONTINGENT LIABILITIES

As at 31 December 2013 and 2012, contingent liabilities were guarantees given are as follows

	31 Dec 2013	31 Dec 2012
Guarantees given:		
on tax claims	71,421,912	48,093,333
on judicial claims	70,766	70,766
Guarantees given in the name of subsidiaries (a)	272,612,454	230,569,501

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 2007, 2008 and 2009 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.

24 OPERATIONAL LEASES

As at 31 December 2013 and 2012, the company had operational lease contracts, as a lessee, whose minimum lease payments had the following schedule:

	31 Dec 2013	31 Dec 2012
Due in		
N+1 automatically renewable	257,846	255,319
N+1	22,276	25,242
N+2	7,445	22,276
N+3	7,445	7,445
N+4	3,102	7,445
N+5	-	3,102
	298,114	320,829

In 2013 Sonae recognized costs on operational leases amounting 278,714 euro (278,773 euro as at 31 December 2012).

25 RELATED PARTIES

As at 31 December 2013 and 2012 balances and transactions with related parties are as follows:

Balances	31 Dec 2013	31 Dec 2012
Group companies	3,836,846	2,576,963
Jointly controlled companies	10,780,435	10,779,542
Other partners in group companies	98,005	98,000
Accounts receivable	14,715,286	13,454,505
Parent company	767,423	912,998
Group companies	1,462,346	3,738,595
Jointly controlled companies	2,098	39,654
Other partners in group companies	4,712	4,533
Accounts payable	2,236,579	4,695,780
Group companies	472,066,551	352,823,000
Loans granted	472,066,551	352,823,000
Group companies	12,530,000	7,441,400
Loans obtained	12,530,000	7,441,400
Transactions	**31 Dec 2013**	**31 Dec 2012**
Group companies	3,291,362	2,602,884
Jointly controlled companies	217,612	217,467
Other partners in group companies	100,169	100,000
Services rendered	3,609,143	2,920,351
Parent company	639,260	305,324
Group companies	1,305,465	1,130,900
Jointly controlled companies	64,095	65,660
Other partners in group companies	10,649	29,675
Purchases and services obtained	2,019,469	1,531,559
Group companies	31,330,427	31,731,142
Interest income	31,330,427	31,731,142
Parent company	-	607,674
Group companies	2,824,595	1,202,304
Interest expenses	2,824,595	1,809,978
Group companies	202,565,008	17,203,611
Jointly controlled companies	-	10,567,050
Dividend income (Note 27)	202,565,008	27,770,661
Group companies	-	80,000
Other partners in group companies	-	3,569,000
Disposal of investments (Note 33)	-	3,649,000
Other partners in group companies	10,000,541	20,000,003
Acquisition of investments (Note 33)	10,000,541	20,000,003
Group companies	-	2,061,797
Jointly controlled companies	-	382,914
Sale of treasury shares	-	2,444,711

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 2013 and 2012 is detailed as follows:

	31 Dec 2013	31 Dec 2012
Variable - short term	1,969,861	1,958,940
Share based payments	541,400	404,600
	2,511,261	2,363,540

In 2013 and 2012 no loans were granted to the Company's Directors.

As at 31 December 2013 and 2012 no balances existed with the Company's Directors.

26 SERVICES RENDERED

Services rendered amounted to 477,612 euro and 476,701 euro, in 31 December 2013 and 2012, respectively. Services rendered include management fees over subsidiaries in accordance with Holding companies law.

27 GAINS OR LOSSES RELATED TO INVESTMENTS

As at 31 December 2013 and 2012 investment income are as follows:

	31 Dec 2013	31 Dec 2012
Dividends received (Note 25)	202,565,008	27,770,661
Gains/(Losses) on sale of investments	2,283,250	(934,201)
Impairment losses (Note 8)	(32,500,000)	-
Gains / (losses) on sale investments	(375,298)	-
	171,972,960	26,836,460

Dividends were received from Sonae Investimentos, SGPS, SA (34,158,036 euro), Sonaegest, SA (95,372 euro), Sonaecom, SGPS, SA (411,600 euro) and Sonae Investments BV (167,900,000 euro).

28 FINANCIAL INCOME / EXPENSES

As at 31 December 2013 and 2012 net financial expenses are as follows:

	31 Dec 2013	31 Dec 2012
Interest arising from:		
Bank loans	(3,426,035)	(3,230,432)
Bonds	(21,740,049)	(18,639,880)
Other	(13,768,272)	(7,738,627)
Up front fees on the issuance of debt	(4,180,342)	(3,372,947)
Other financial expenses	(329,120)	(97,370)
Financial expenses	(43,443,818)	(33,079,256)
Interest income	31,787,534	33,388,218
Changes in fair value	2,355,076	-
Finacial income	34,142,610	33,388,218

29 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2013 and 2012 external supplies and services are as follows:

	31 Dec 2013	31 Dec 2012
Operational rents	379,532	376,868
Services obtained	2,361,571	1,941,798
Others	1,058,061	677,154
	3,799,164	2,995,820

30 STAFF COSTS

As at 31 December 2013 and 2012 staff costs are as follows:

	31 Dec 2013	31 Dec 2012
Salaries	2,256,820	2,285,376
Social costs	92,186	88,518
Other staff costs	51,646	76,959
	2,400,652	2,450,853

31 INCOME TAX

Income tax charge for the year amounted to 9,344 euro and 9,414 euro, in 31 December 2013 and 2012, respectively.

31.1 Reconciliation of effective tax rate

The reconciliation between the profit before taxation and the tax charge for the years ended 31 December 2013 and 2012 are summarized as follows:

	31 Dec 2013	31 Dec 2012
Profit before taxes	159,499,855	22,973,731
Dividends	(202,565,008)	(27,770,661)
Impairment losses	32,500,000	-
(Decrease) / Increase to net income for tax purposes	(3,351,364)	1,438,057
Taxable income	(13,916,517)	(3,358,873)
Use of carried forward tax losses	-	-
Tax losses for wich no deferred tax assets were recognized	13,916,517	3,358,873
Net taxable income	-	-
Tax charge @ 25%	-	-
Change in income tax estimate from previous years	1,576	64
Autonomous taxation	7,768	9,350
Municipal surcharge	-	-
Tax charge	9,344	9,414
Effective average tax rate	0.006%	0.041%

31.2 Carried forward tax losses

	31 Dec 2013		31 Dec 2012	
	Carried forward tax loss	Limit for use	Carried forward tax loss	Limit for use
Generated in 2009	3,070,501	2,015	3,070,501	2,015
Generated in 2010	2,812,551	2,014	2,812,551	2,014
Generated in 2011	-	-	-	-
Generated in 2012	3,352,342	2,017	3,358,873	2,017
Generated in 2013	13,916,517	2,018	-	-
	23,151,911		9,241,925	

32 EARNINGS PER SHARE

Earnings per share for the period ended 31 December 2013 and 2012 were calculated taking into consideration the following amounts:

	31 Dec 2013	31 Dec 2012
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	159,490,511	22,964,317
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	159,490,511	22,964,317
Number of shares		
Weighted average number of shares used to calculated basic earnings	2,000,000,000	1,999,432,845
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Outsanding shares related with deferred performance bonus	1,838,985	1,673,374
Number of shares that could be acquired at average market price	(459,005)	(700,550)
Weighted average number of shares used to calculated diluted earnings per share	2,001,379,980	2,000,405,669
Profit/(Loss) per share		
Basic	0.079745	0.011485
Diluted	0.079690	0.011480

33 RECEIPTS / PAYMENTS OF INVESTMENTS

During 2013 and 2012, the following receipts and payments occurred:

	31 Dec 2013		
Companies	Total	Amount received	Amount paid
Magma Nº 1 Securitisation Notes	18,640,000	18,640,000	-
Fundo Especial de Invest.Imob. Fechado Imosonae Dois	10,000,541	-	10,000,541
Sonaecom, SGPS, SA	97,289,802	-	-
	125,930,343	18,640,000	10,000,541

	31 Dec 2012		
Companies	Total	Amount received	Amount paid
Magma Nº 1 Securitisation Notes	19,040,000	19,040,000	-
Fundo Especial de Invest.Imob. Fechado Imosonae Dois	20,000,003	-	20,000,003
Sonaecom, SGPS, SA	3,263,451	-	3,263,451
Sonae Investmentos, SGPS, SA	80,000	80,000	-
Sonae Capital, SGPS, SA	3,569,000	3,569,000	-
	45,952,454	22,689,000	23,263,454

34 DIVIDENDS

The Shareholders Annual Meeting held on 30 April 2013, approved the payment of a gross dividend of 0.0331 euro (0.0331 euro 2012) per share was approved, corresponding to a total of 66,200,000 euro (66,200,000 euro in 2012).

For 2013, the Board of Directors proposed a gross dividend of 0.0348 euro per share, totalling 69,600,000 euro. This dividend is subject to approval by shareholders in the Shareholders Annual Meeting.

35 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors on 18 March 2014. These financial statements will be presented to the Shareholders' General Meeting for final approval.

36 INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

In the twelve months period ended 31 December 2013 shareholders' loan contracts were entered into with the following companies:

Sonae Investments, BV

In 2013 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

Fozmassimo – Sociedade Imobiliária, SA

Modelo Hiper Imobiliária, SA

Modelo.com – Vendas por Correspondência, SA

Sesagest Projectos e Gestão Imobiliária, SA

Sonae Center Serviços II, SA

Sonae Investments, BV

Sonae Investimentos, SGPS, SA

Sonaecenter, Serviços, SA

Sonaecom, SGPS, SA

As at 31 December 2013, amounts owed by subsidiaries can be detailed as follows:

	Closing Balance
Sonae Investments, BV	124,666,551
Total	124,666,551

As at 31 December 2013 amounts owed to subsidiaries can be detailed as follows:

	Closing Balance
Sonae Investments, BV	12,426,000
Sonaecenter Serviços, SA	104,000
Total	12,530,000

Article 66 A of the Commercial Companies Code

As at 31 December 2013, fees Statutory Auditor amounted to 28,868 euro fully related with audit fees.

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

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 2013 of Sonae, S.G.P.S., S.A. ("Company") (which comprise the Consolidated and Individual Statements of Financial Position as at 31 December 2013 that presents total consolidated and individual assets of 5,476,537,589 Euro and of 4,253,722,572 Euro respectively, and consolidated and individual equity of 1,908,111,418 Euro and of 3,430,708,794 Euro respectively, including consolidated net profit attributable to the Company's Equity Holders of 318,979,514 Euro and an individual net profit of 159,490,511 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 451º 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 2013, 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 in the Report of the Board of Director and in Notes 4 and 8.1. to the consolidated financial statements, on 27 August 2013, Optimus, S.G.P.S., S.A. was merged into Zon Optimus, S.G.P.S., S.A., which became a subsidiary of the jointly controlled entity ZOPT, S.G.P.S., S.A.. As result of loss of control over Optimus, S.G.P.S., S.A. and its subsidiaries, the most part of the telecommunications segment was considered, for presentation purposes, as a discontinued operation and a gain amounting to 442,605,639 Euro was recognized in the caption "Profit from discontinued operations". As at 31 December 2013, the shareholding interest in ZOPT, S.G.P.S., S.A. is recognized in accordance with the equity method.

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, 18 March 2014

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 2013, 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.

For that purpose, 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 were 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, oversaw the reports issued by Sonae's ombudsman. The Statutory Audit Board has also assessed the group internal control and risk management system in relation with the process of preparing the individual and consolidated statements 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.

During the year the Statutory Audit Board accompanied, with special care, the accounting treatment of transactions that had had material impact on the evolution of operations reflected in the financial statements under analysis, and highlights the strategic significance of the completion of the merger process involving Optimus, S.G.P.S., S.A. and Zon Multimédia – Serviços de Telecomunicações e Multimédia, S.G.P.S., S.A..

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 article 20 of the Portuguese Securities Market Code not having identified relevant transactions that complied with that criteria.

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 these information was prepared in accordance with the applicable legislation and that it is appropriate to the understanding of the financial position and 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, the consolidated and individual statements of financial position, profit and loss, comprehensive income, changes in equity and of cash flows and related notes for the year ended 31 December 2013.

b) 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 2014

The Statutory Audit Board

Daniel Bessa Fernandes Coelho

Arlindo Dias Duarte Silva

Jorge Manuel Felizes Morgado

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Design
Ivity Brand Corp.

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