

REPORT AND ACCOUNTS

31 DECEMBER 2015



SONAE CAPITAL

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PART I

**REPORT OF THE BOARD OF
DIRECTORS**

31 DECEMBER 2015



SONAE CAPITAL

REPORT AND ACCOUNTS 2015

Report of the Board of Directors

CHAIRMAN'S LETTER

Dear Shareholders,

2015 was a year of tremendous progress in the execution of the strategy that the Group has been implementing over the last three years and the year where it was possible to achieve the desired capital structure. In fact, the initiatives put in place to grow the profitable businesses and to improve the non-profitable ones, as well as the placement of real estate and other non-strategic assets, have allowed the generation of 85M€ of Free Cash Flow in the period of one year.

By end of the year the Group had achieved a quite conservative capital structure, regarding the financing of its operational activities as well as its real estate and financial assets, in a market environment where we continue to foresee positive results from the placement of real estate and financial assets.

The consequences of this journey and of its accomplishments so far are huge as the Group is now in position to implement its investment holding vocation, targeting to expand its investments both on current business segments as well as on new ones to be selected.

Also, within this context, the Board of Directors has decided to propose a shareholders' remuneration policy, through dividends distribution. Such dividend policy is based on the results generated by the Group plus the income generated with the sale of non-strategic assets, nevertheless subordinated to the maintenance of an adequate capital structure and the availability of Cash Flow to finance growth opportunities.

In fact, the Group still holds non-productive or non-strategic assets that will continue to be actively placed in the market and the success of such placement will definitely impact the ability to grow and remunerate shareholders in the years to come. With this respect, it is of major importance the real estate assets in Tróia - apartments, houses, plots and macro-plots - that besides contributing to the above mentioned objectives, are also important to the overall operational improvement of resort's operations and to the valuation of the remainder assets.

This new phase embodies also new challenges managing accelerated growth in some activities and on the ability to identify the industries and companies that fit our investment strategy. We are well aware of our responsibility in demonstrating our shareholders that we will be able to generate such economic and social value and only that way can we expect to retain their support.

In the past and facing quite tough market conditions, the Management Team delivered strong resilience and creativity in finding out the few and narrow sustainable routes to move forward. At the Board level we are confident that the Team will also be able to lead with equal merits this new phase.

Also, we would like to thank Sonae Capital Group's teams as well as to all members of the Governing Bodies and all other stakeholders: customers, suppliers, partners and supporting financial institutions.

*Paulo Azevedo
Sonae Capital Chairman*

1. CEO MESSAGE & HIGHLIGHTS

"2015 Group's performance was guided by the following strategic pillars: (i) grow with profitability, improving each business competitive position; (ii) privilege capital light strategies in order to strengthen our capital structure; and (iii) release cash from non strategic assets to support new businesses opportunities investments and, mainly, to reduce debt levels.

The results achieved in 2015 confirm our commitment and effort in implementing the approved strategy with a proved solid performance and with the general improvement of current businesses competitive position. Above all, the significant reduction of the debt levels leave us, today, compared to the previous years, in a completely different position to face future options with a much more balanced and comfortable capital structure. It should also be pointed out the achievement of positive Net Results, an important milestone in the Group's history.

In fact, the results achieved in 2015 highlight significant improvements in the key financial indicators: Total Operating Income grew 1.4%, EBITDA registered an improvement of 95.8% (with a margin of 13.3%) and net results were positive 1.40M€, reflecting a growth of 7.7M€ compared to the previous year. Per business unit, it should be highlighted the following: (i) Resorts: year marked by the on-going touristic real estate sales that despite the lower levels compared to the previous year, has improved profitability due to a more favourable sales mix; (ii) Energy, marked by the decrease of oil prices, with negative impacts on both sales and profitability of current operations. In this segment, strategic for the Group, we will keep searching for opportunities to enlarge our portfolio both on the domestic and international markets; (iii) Refrigeration & HVAC, where an aggressive internal restructuring and strategic repositioning process was implemented, leading to the abandon of some segments, the first results started to be visible; (iv) Fitness, where we continued to improve current operations profitability, we started to deploy an expansion plan that we expect to accelerate this year, under a capital light approach; and (v) Hospitality, where we face our biggest profitability challenges. During 2015 we conducted a few portfolio adjustments, namely with the sale of Lagos Hotel operation and we will keep searching, in an active way, for opportunities that could allow for an improvement of the overall global position of the segment.

It should also be pointed out, the sale of a set of real estate and financial assets, in the total amount of, 78.6M€ which, alongside with the operational performance of each one of the businesses, has allowed for a significant reduction (85.3M€) of the net debt levels. Net Debt stood, at the end of 2015, at 149.2M€, correspondent to a Net Debt/EBITDA ratio of 6.4x that, taking in consideration Group's portfolio of non strategic real estate and financial assets, it should be considered as a comfortable level of debt. However, this should not neglect the continued search for a more favourable capital structure in order to face potential future financial markets disruptions in a more tranquil way, without jeopardising the materialization of our Corporate strategy, namely, the incorporation of new businesses in our portfolio in areas of competence within the Group.

Within this context the Board of Directors has decided to propose a shareholders' remuneration in the shape of dividends payment. These will be based on the results generated by the Group and revenues driven by the sale of non-strategic assets, subordinated to the maintenance of an appropriate capital structure and the financing of growth opportunities. As a result of the 2015 performance, it is proposed a dividend distribution to shareholders in the total gross amount of 15M€ without negative impact on capital structure and financing needs.

Finally, I'm thankful to all employees' performance and commitment towards the Group strategy that has allowed for the achievement of positive, solid and sustainable future results. Their dedication and commitment only increases our responsibility and ambition levels towards all stakeholders."

Cláudia Azevedo, CEO

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2015 RESULTS CONFIRM A STRONG OPERATIONAL AND FINANCIAL PERFORMANCE OF THE GROUP AND OF ITS SEGMENTS, ACHIEVING POSITIVE NET RESULTS AND ANOTHER STRONG DECREASE OF THE NET DEBT LEVELS...

... Consolidated OPERATIONAL INCOME amounted to 186.3M€, an increase of 1.4%, supported on the following factors:

- Energy segment reached a Top Line of 50.6M€, registering an increase of 6.7% when compared to the same period last year due to: (i) 12 months contribution of the operations acquired at the end of 1Q14, despite (ii) the lower selling energy prices that were offset by higher energy production levels;
- Hospitality segment, in line with market performance, grew 13.1% to 17.1M€ driven by the improvement of key operational indicators, namely, the occupancy rate;
- Fitness segment achieved a growth of 10.6% to 15.2M€, consolidating 2015 trend, leveraging on the increased number of active members;
- Refrigeration & HVAC segment, in spite of a slight reduction of 0.7%, showed a good performance taking into account the discontinuation of some of non-strategic business lines due to the restructuring plan carried out during 2015;
- It should also be noted, the growth of Other Operating Income, which includes, among others, capital gains related to the sales of real estate assets that, in 2015, recorded material values;
- On the other hand, Resorts segment registered a decrease in Top Line of 26.5% to 29.7M€, due to a lower number of deeds, despite the favourable sales mix. During 2015 there were registered 32 deeds of real estate residential units in troiaresort (compared with 52 deeds registered in 2014), to which it should be added a stock of 9 promissory purchase and reserve agreements.

Consolidated EBITDA amounted to 23.2M€, a significant improvement of 95.8% (11.3M€) when compared to the same period last year:

- The contribution generated by the sale of non strategic real estate assets, with capital gains registered in the segment "Others";
- Refrigeration & HVAC has also registered an improvement of 2.09M€ to 2.97M€, leveraging on the implemented restructuring plan, with the aim of improving its efficiency, and on the discontinuation of some non-strategic business lines;
- Fitness, leveraging on the Top Line performance and materializing the increased number of active members registered, at the same time, efficiency gains, improving 33.6% to 1.82M€;
- Hospitality segment continued to improve its profitability and efficiency, with EBITDA growth (+26.8%) higher than Top Line (+13.1%);
- Energy segment, notwithstanding the Top Line performance, registered a decrease of 3.6% to 9.21M€, mainly due to the interruption of two cogeneration plants for repowering and corrective maintenance works in 3Q15 and 4Q15, respectively;
- Resorts segment, notwithstanding the lower number of deeds and consequently a lower Top Line, registered an improvement of 3.6% to 3.19M€ driven by a favourable sales mix and the overall improvement of resort operations.

In 2015, consolidated NET RESULTS amounted to positive 1.40M€, representing an improvement of 7.7M€ when compared to the same period last year. It should be pointed out the significant improvement of 2.75M€ in financial results due to lower debt levels and lower financing costs.

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FREE CASH FLOW (levered) reached 84.9M€, representing an improvement of 73.2M€ compared to last year, benefiting from the improved business units operational contribution and, primarily, from the cash inflow related to the sale of non-core real estate assets amounting to, approximately, 78.6M€.

NET DEBT registered another significant drop of 85.3M€ compared to YE2014 to 149.2M€, the lowest level since the spin-off of the Group.

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2. OVERALL PERFORMANCE

2015 overall financial and operational performance was positive combining a competitiveness improvement across all major businesses and the sale of non-core assets with significant impact at the Net Debt level that has decreased by 85.3M€ when compared to YE2014. It should also be highlighted the achievement of positive Net Results, an important milestone in the history of Sonae Capital Group.

2.1. CONSOLIDATED PROFIT & LOSS STATEMENT

| Consolidated Profit and Loss Account | | | | | | |
|----------------------------------------------------------------------|--------------|--------------|------------------|---------------|---------------|---------------|
| Million euro | | | | | | |
| | 4Q 2015 | 4Q 2014 | Δ 15/14 | FY 2015 | FY 2014 | Δ 15/14 |
| Total Operational Income | 46,03 | 48,70 | -5.5% | 186,29 | 183,68 | +1.4% |
| Turnover | 44,84 | 46,00 | -2.5% | 174,69 | 176,57 | -1.1% |
| Resorts | 5.77 | 7.81 | -26.2% | 29.68 | 40.36 | -26.5% |
| Hospitality | 2.46 | 2.36 | +4.1% | 17.09 | 15.11 | +13.1% |
| Fitness | 3.96 | 3.56 | +11.2% | 15.19 | 13.74 | +10.6% |
| Energy | 10.29 | 13.89 | -25.9% | 50.58 | 47.41 | +6.7% |
| Refrigeration & HVAC | 19.78 | 18.21 | +8.6% | 60.60 | 61.03 | -0.7% |
| Others & Eliminations | 2.59 | 0.17 | >100% | 1.54 | -1.07 | - |
| Other Operational Income | 1.19 | 2.70 | -56.1% | 11.60 | 7.11 | +63.2% |
| EBITDA, excluding Guaranteed Income Provisions ⁽¹⁾ | 2,96 | 2,68 | +10.5% | 24,14 | 15,53 | +55.5% |
| Resorts | -1.08 | 0.23 | - | 4.18 | 6.78 | -38.4% |
| Hospitality | -1.80 | -2.00 | +10.2% | -3.45 | -4.72 | +26.8% |
| Fitness | 0.57 | 0.26 | >100% | 1.82 | 1.37 | +33.6% |
| Energy | 1.51 | 2.52 | -40.0% | 9.21 | 9.55 | -3.6% |
| Refrigeration & HVAC | 1.56 | 1.36 | +15.0% | 2.97 | 0.88 | >100% |
| Others & Eliminations | 2.19 | 0.30 | >100% | 9.43 | 1.67 | >100% |
| Provisions for Guaranteed Income | -0.18 | -0.80 | +77.1% | -0.99 | -3.71 | +73.3% |
| EBITDA | 2,77 | 1,87 | +48.0% | 23,15 | 11,82 | +95.8% |
| Amortization & Depreciation | -3.90 | -3.89 | -0.4% | -15.79 | -14.79 | -6.7% |
| Provisions & Impairment Losses | 0.23 | 1.99 | -88.3% | 0.00 | 1.83 | - |
| Non-recurrent costs/income ⁽²⁾ | 0.27 | -0.15 | - | 0.06 | -0.15 | - |
| Discontinued Operations ⁽³⁾ | 0.00 | -0.07 | - | 0.00 | -0.29 | - |
| EBIT | -0,63 | -0,25 | <-100% | 7,42 | -1,57 | - |
| Net Financial Expenses | -1.54 | -2.45 | +37.3% | -8.77 | -11.52 | +23.9% |
| Investment Income and Results from Assoc. Undertakings | 0.13 | 6.18 | -97.9% | 3.16 | 11.29 | -72.0% |
| EBT | -2,04 | 3,47 | - | 1,82 | -1,80 | - |
| Taxation | 0.39 | -1.98 | - | -0.42 | -4.50 | +90.6% |
| Net Profit | -1,66 | 1,50 | - | 1,40 | -6,30 | - |
| Attributable to Equity Holders of Sonae Capital | -2.35 | 1.10 | - | -0.29 | -6.83 | +95.7% |
| Attributable to Non-Controlling Interests | 0.69 | 0.40 | +74.4% | 1.69 | 0.54 | >100% |

(1) EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at troiaresort

(2) Non-recurrent items mainly related to restructuring costs and one-off income

(3) Includes discontinued businesses in the reported period (2014/15)

Consolidated Total Operational Income reached 186.3M€ in 2015, a growth of 1.4% over the same period last year, registering significant efficiency gains. Consolidated EBITDA amounted to 23.2M€, reflecting an improvement of 95.8% when compared to last year and generating a margin of 13.3%, 6.6pp above 2014.

Turnover performance is detailed as follows: (i) Resorts: decrease of 26.5% due to a lower number of deeds signed; during 2015, 32 deeds were signed compared to 52 registered in 2014; (ii) Energy disclosed a 6.7% growth, notwithstanding the lower selling energy prices, the operations' interruption of a cogeneration plant for repowering works and the interruption of a cogeneration plant for corrective maintenance works; (iii) Refrigeration & HVAC, -0.7% which should be considered as a positive performance due to the discontinuation of some non-strategic business lines. It should also be highlighted: (iv) the continuous growth of the Hospitality business (+13.1%), due to the improvement of the main operational indicators namely occupancy rate and RevPar; and (v) the Fitness business which registered a 10.6% growth driven by the increase of 9.8% on the number of active members and 2.7% on average monthly fees.

Consolidated EBITDA in 2015, as mentioned above, amounted to 23.2M€ reaching an improvement of 95.8% when compared to last year. Energy business was the main contributor to the consolidated EBITDA with 9.21M€ but, due to some interruptions in cogeneration plants for repowering and corrective maintenance

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works, has decreased 3.6%. The Resorts business registered an improvement of 3.6% to 3.19M€, notwithstanding the lower number of deeds signed, due to a better sales mix. It should be highlighted that the Refrigeration & HVAC business, due to the restructuring and strategic repositioning process already mentioned in previous announcements, recorded a remarkable growth to 2.97M€, confirming the merits of the strategic redefinition carried out. The Fitness business, due not only to the growth in the number of active members but also to higher average monthly fees, has also registered a growth of 33.6% to 1.82M€, recording a margin of 12.0%, 2.1pp above last year. Finally, the contribution of Hospitality business, has also registered an improvement of 26.8%. It should also be highlighted the contribution generated to EBITDA from the sale of non-core real estate assets that in 2015 amounted to 6.9M€.

Consolidated Net Results reached positive 1.40M€, a growth of 7.7M€ when compared to the previous year, with particular emphasis on: (i) besides the already highlighted growth at the EBITDA level (+11.33M€); (ii) the decrease of Net Financial Expenses by 2.75M€ driven by lower levels of Net Debt and lower financing costs; (iii) the lower tax charges due to the recognition of the consolidated tax perimeter; and notwithstanding (iv) the higher costs with Depreciation and Amortization (1.0M€); and (v) the decrease of 8.13M€ related to Results from Associated Companies / Investment Income, mainly explained by the one-off contribution in 2014 related to the change in the accounting method of the affiliated company, Norscut.

2.2. CAPEX

Capex in 2015 amounted to 14.6M€, registering an increase of 6.6M€ when compared to last year. The main Capex contributions were registered at the Energy segment (mainly related to repowering plants' investments in order to increase their profitability) and Real Estate assets that are being rented.

2.3. CAPITAL STRUCTURE

At the end of 2015, Net Debt amounted to 149.2M€, 85.3M€ below the level registered at the end of 2014 and, as in previous reporting seasons, the lowest level since the Group's spin-off in 2007. This result was mainly driven by the consolidated FCF performance that included the sale, during the year, of the remaining Imosede Fund participation units, amounting to 34.1M€ and the reimbursement of loans and dividends distribution from the affiliated company Norscut in the total amount of 27.9M€. It should also be highlighted, due to the amounts involved, the 16.6M€ cash in related to two real estate assets sales on the 2Q15 and 3Q15.

Capital structure, mainly due to the Net Debt reduction, has also posted significant improvements, visible on the favourable evolution of 28.2pp of the Debt to Equity ratio, to 48.1%.

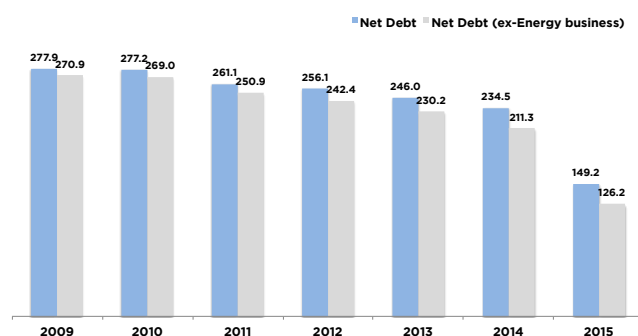
Taking in consideration the different types of assets that constitute Sonae Capital's portfolio, capital structure should be evaluated considering the coexistence of businesses that generate recurrent EBITDA, measured by a Net Debt/EBITDA ratio and Real Estate Assets that should be evaluated according to its fair market value. Assuming the independent Real Estate assets valuations, at the end of 2015, the

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implied ratios of Loan to Value and non real estate Net Debt/EBITDA businesses, amount to 21.8% and 2.2x, respectively, reflecting conservative and comfortable ratios in light of Sonae Capital business portfolio structure.

| Consolidated Balance Sheet | | | |
|--------------------------------------------------------------|--------------|--------------|---------------|
| Million euro | | | |
| | Dec 2015 | Dec 2014 | Δ Dec15/Dec14 |
| Total Assets | 574.0 | 636.0 | -9.7% |
| Tangible and Intangible Assets | 258.8 | 248.7 | +4.1% |
| Goodwill | 60.9 | 61.0 | -0.2% |
| Non-Current Investments | 13.6 | 54.8 | -75.3% |
| Other Non-Current Assets | 31.5 | 44.4 | -29.0% |
| Stocks | 126.8 | 157.6 | -19.5% |
| Trade Debtors and Other Current Assets | 47.2 | 60.2 | -21.6% |
| Cash and Cash Equivalents | 35.3 | 9.3 | >100% |
| Total Equity | 310.1 | 307.3 | +0.9% |
| Total Equity attributable to Equity Holders of Sonae Capital | 299.9 | 298.0 | +0.6% |
| Total Equity attributable to Non-Controlling Interests | 10.2 | 9.4 | +9.3% |
| Total Liabilities | 263.9 | 328.7 | -19.7% |
| Non-Current Liabilities | 121.0 | 217.4 | -44.4% |
| Non-Current Borrowings | 103.9 | 199.6 | -47.9% |
| Deferred Tax Liabilities | 10.9 | 11.7 | -6.5% |
| Other Non-Current Liabilities | 6.1 | 6.2 | -0.7% |
| Current Liabilities | 142.9 | 111.2 | +28.5% |
| Current Borrowings | 80.6 | 44.2 | +82.3% |
| Trade Creditors and Other Current Liabilities | 62.3 | 67.0 | -7.0% |
| Total Equity and Liabilities | 574.0 | 636.0 | -9.7% |
| Net Capital Employed | 459.3 | 541.8 | -15.2% |
| Fixed Assets | 319.7 | 309.7 | +3.2% |
| Non-Current Investments (net) | 28.0 | 81.3 | -65.6% |
| Working Capital | 111.6 | 150.8 | -26.0% |
| Capex (12M period) | 14.6 | 8.0 | +83.1% |
| % Fixed Assets | 4.6% | 2.6% | |
| Net Debt | 149.2 | 234.5 | -36.4% |
| % Net Capital Employed | 32.5% | 43.3% | |
| Debt to Equity | 48.1% | 76.3% | |
| Net Debt excluding Energy | 126.2 | 211.3 | -40.3% |



Net Capital Employed reduced 15.2% compared to YE2014, to 459.3M€ due to the improvement at the Working Capital level and the sale of non-current assets (sale of Imosede Fund shares and the reimbursement of loans and dividends distribution by Norscut).

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3. SEGMENTS PERFORMANCE

3.1. RESORTS

| Profit and Loss Account Million euro | | | | | | |
|--------------------------------------------------------|--------------|--------------|------------------|---------------|---------------|---------------|
| Resorts | 4Q 2015 | 4Q 2014 | Δ 15/14 | FY 2015 | FY 2014 | Δ 15/14 |
| Total Operational Income | 6.45 | 9.04 | -28.7% | 32.14 | 43.04 | -25.3% |
| Turnover | 5.77 | 7.81 | -26.2% | 29.68 | 40.36 | -26.5% |
| Other Operational Income | 0.68 | 1.23 | -44.4% | 2.46 | 2.68 | -8.2% |
| Total Operational Costs | -7.52 | -8.80 | +14.5% | -27.96 | -36.25 | +22.9% |
| Cost of Goods Sold | -0.50 | -0.71 | +29.8% | -4.18 | -1.74 | <-100% |
| Change in Stocks of Finished Goods | -1.27 | -2.89 | +56.1% | -5.49 | -15.04 | +63.5% |
| External Supplies and Services | -3.38 | -3.27 | -3.5% | -11.78 | -13.17 | +10.6% |
| Staff Costs | -0.82 | -0.89 | +8.4% | -3.77 | -3.51 | -7.4% |
| Other Operational Expenses | -1.56 | -1.05 | -49.3% | -2.74 | -2.78 | +1.6% |
| EBITDA excluding Guaranteed Income Provisions * | -1.08 | 0.23 | - | 4.18 | 6.78 | -38.4% |
| Provisions for Guaranteed Income | -0.18 | -0.80 | +77.1% | -0.99 | -3.71 | +73.3% |
| EBITDA | -1.26 | -0.57 | <-100% | 3.19 | 3.08 | +3.6% |
| Capex | 0.64 | 0.65 | -1.3% | 1.44 | 1.80 | -20.0% |
| EBITDA-Capex | -1.90 | -1.22 | -56.0% | 1.75 | 1.28 | +36.9% |

* EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at troiaresort

In 2015, 32 deeds of residential units in troiaresort were signed, (9 in 1Q15, 8 in 2Q15, 7 in 3Q15 and 8 in 4Q15). Additionally, it should be added a stock of 9 promissory purchase and reserve agreements with advance payments. It should be pointed out the slowdown in the "Golden Visa" market during the course of 2015, partially mitigated by the recovery of the domestic market. As at the 31 December 2015, a total of 351 deeds had been celebrated on residential units in troiaresort.

Mainly driven by the number of signed deeds, Top Line stood at 29.7M€, showing a decrease of 26.5% when compared to 2014. However, benefiting from a positive sales mix and the general improvement of the operations that support the Resort, namely, hospitality (touristic apartments operation), EBITDA registered 3.19M€ in 2015, a positive performance of 3.6% when compared to the same period last year.

For prudence reasons and following the traditional conservative approach that should govern the accounting principles, it is accounted as Provisions, at the time of the sale, the present value of potential costs for the entire period of the guaranteed income from troiaresort real estate sales (the difference between the guaranteed rate of return and a conservative expectation on commercial operation). Driven by the sales registered in 2015 and the favorable sales mix, the value amounted to 0.99M€, compared to the 3.71M€ registered in 2014.

CAPEX stood at controllable levels in 2015, below the amount of 2014 and consequently contributing to an improvement of 36.9% at the EBITDA-Capex level.

3.2. FITNESS

Fitness activity continued to show improvements on its competitive position, certified by the 9.8% growth in the average number of active members.

In this regard, as mentioned in previous announcements, it should be noted a new club opening during the 2Q15, in Alfragide (Oeiras). Presently the Solinca fitness club chain manages 13 clubs. It should also be noted that like for like, excluding the new club of Alfragide, the average number of active members has also a positive performance of 3.0% increasing the penetration in existing clubs.

In 2015, Top Line increased 10.6% to 15.19M€, as a result of the above-mentioned growth in the number of active members, being worth to note the positive performance on average monthly fees. EBITDA amounted to 1.82M€, a significant improvement over the previous year, corresponding to a margin of 12.0%, 2.1pp higher than the previous year.

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| Profit and Loss Account Million euro | | | | | | |
|-----------------------------------------|--------------|--------------|-----------------|---------------|---------------|-----------------|
| Fitness | 4Q 2015 | 4Q 2014 | Δ 15/14 | FY 2015 | FY 2014 | Δ 15/14 |
| Total Operational Income | 4.01 | 3.54 | +13.4% | 15.48 | 13.93 | +11.2% |
| Turnover | 3.96 | 3.56 | +11.2% | 15.19 | 13.74 | +10.6% |
| Other Operational Income | 0.05 | -0.02 | - | 0.29 | 0.19 | +53.1% |
| Total Operational Costs | -3.45 | -3.28 | -5.3% | -13.66 | -12.56 | -8.7% |
| Cost of Goods Sold | -0.03 | -0.04 | +26.9% | -0.12 | -0.14 | +13.4% |
| External Supplies and Services | -2.18 | -2.06 | -5.6% | -8.59 | -8.00 | -7.4% |
| Staff Costs | -1.03 | -1.13 | +8.9% | -4.16 | -3.97 | -4.8% |
| Other Operational Expenses | -0.21 | -0.04 | <-100% | -0.79 | -0.46 | -72.6% |
| EBITDA | 0.57 | 0.26 | >100% | 1.82 | 1.37 | +33.6% |
| Capex | 0.67 | 0.05 | >100% | 1.31 | 1.29 | +2.1% |
| EBITDA-Capex | -0.10 | 0.21 | - | 0.51 | 0.08 | >100% |

Capex in 2015 amounted to 1.31M€, marginally higher than in 2014, allowing to achieve an improvement of EBITDA-Capex of 0.43M€, to 0.51M€, when compared to the same period last year.

The expansion plan of the Solinca Fitness club chain will continue to be implemented during 2016.

3.3. HOSPITALITY

| Profit and Loss Account Million euro | | | | | | |
|-----------------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Hospitality | 4Q 2015 | 4Q 2014 | Δ 15/14 | FY 2015 | FY 2014 | Δ 15/14 |
| Total Operational Income | 2.62 | 2.48 | +5.4% | 17.57 | 15.56 | +12.9% |
| Turnover | 2.46 | 2.36 | +4.1% | 17.09 | 15.11 | +13.1% |
| Other Operational Income | 0.16 | 0.12 | +31.5% | 0.48 | 0.45 | +5.1% |
| Total Operational Costs | -4.42 | -4.49 | +1.5% | -21.02 | -20.28 | -3.7% |
| Cost of Goods Sold | -0.27 | -0.31 | +11.7% | -1.72 | -1.64 | -5.5% |
| External Supplies and Services | -2.64 | -2.71 | +2.5% | -12.46 | -12.21 | -2.1% |
| Staff Costs | -1.37 | -1.43 | +3.8% | -6.19 | -5.97 | -3.5% |
| Other Operational Expenses | -0.13 | -0.04 | <-100% | -0.65 | -0.47 | -39.0% |
| EBITDA | -1.80 | -2.00 | +10.2% | -3.45 | -4.72 | +26.8% |
| Capex | 0.08 | 0.08 | -3.1% | 0.58 | 0.47 | +21.2% |
| EBITDA-Capex | -1.88 | -2.09 | +9.9% | -4.03 | -5.19 | +22.4% |

In 2015, Top Line of the Hospitality segment has consolidated the positive trend and presented, in relation to the previous year, an increase of 13.1% to 17.09M€. This performance resulted mainly from the increase in occupancy rate of 3.8pp and ARR of 7.6%. In the same period, the number of room nights sold rose 11.9% in the total Group's hotel properties and RevPar also revealed an improvement of 17.8%.

Due to the increased Top Line and the optimization and rationalization cost measures implemented over the past few years, EBITDA, in 2015, showed an improvement over the previous year of 26.8% to negative, 3.45M€.

Excluding rents, it should be highlighted that the Hospitality segment EBITDAR registered 2.28M€, an increase of more than the double or 1.38M€ compared to 2014.

Hospitality Capex levels continued to be kept under tight control (0.58M€), despite the increase of 21.2% compared to 2014. Though, resulting from the operational performance, EBITDA-Capex showed an improvement of 22.4% compared to the same period last year.

It should be noted that, in the course of 4Q15, we have announced the sale of the Lagos operation Aqualuz Hotel, as we were unable to find alternatives that would lead to a significant improvement of its profitability. In 2015, consolidated and hospitality accounts considered 11 months contribution from this operation.

REPORT AND ACCOUNTS 2015

Report of the Board of Directors

3.4. ENERGY

| Profit and Loss Account Million euro | | | | | | |
|-----------------------------------------|--------------|---------------|-----------------|---------------|---------------|-----------------|
| Energy | 4Q 2015 | 4Q 2014 | Δ 15/14 | FY 2015 | FY 2014 | Δ 15/14 |
| Total Operational Income | 10.45 | 14.67 | -28.7% | 51.03 | 49.12 | +3.9% |
| Turnover | 10.29 | 13.89 | -25.9% | 50.58 | 47.41 | +6.7% |
| Other Operational Income | 0.16 | 0.78 | -79.2% | 0.45 | 1.71 | -73.9% |
| Total Operational Costs | -8.94 | -12.14 | +26.4% | -41.82 | -39.57 | -5.7% |
| Cost of Goods Sold | -6.94 | -9.78 | +29.0% | -34.07 | -32.64 | -4.4% |
| External Supplies and Services | -1.07 | -1.18 | +8.8% | -4.19 | -3.80 | -10.1% |
| Staff Costs | -0.74 | -0.52 | -43.0% | -2.87 | -1.87 | -53.7% |
| Other Operational Expenses | -0.18 | -0.67 | +72.5% | -0.69 | -1.26 | +44.9% |
| EBITDA | 1.51 | 2.52 | -40.0% | 9.21 | 9.55 | -3.6% |
| Capex | 1.60 | 0.33 | >100% | 6.24 | 1.63 | >100% |
| EBITDA-Capex | -0.08 | 2.20 | - | 2.96 | 7.92 | -62.6% |

Energy segment Top Line, in 2015, grew 6.7%, despite the lower selling energy prices, linked to the evolution of oil price. This performance includes the contribution of the higher energy production levels and the 12 months consolidation of the operations acquired in the 1Q14 (compared to the 10 months in the same period last year).

However, EBITDA showed a decrease of 3.6% to 9.21M€, driven by several factors: (i) the reduction of energy selling prices as a result of the registered falls in oil prices in the international markets; (ii) the operation interruption, in 3Q15, of a cogeneration plant for repowering works; (iii) the operation interruption, in 4Q15, of a cogeneration plant for corrective maintenance works; (iv) the discontinuation in 4Q15 of the activity of a cogeneration plant with 4MW of installed capacity; (v) the change, also in 4Q15, of the licensing framework in another plant with 8MW of installed capacity; and (vi) notwithstanding the increased production of electric and thermal energy. It should be noted that the overall effect of the changes mentioned in (iv) and (v) at the Turnover and Ebitda levels are approximately of 10.1M€ and 2.2M€, respectively, per year.

EBITDA margin, in 2015, amounted to 18.2%, a decrease of 1.9pp when compared to last year.

Capex registered 6.24M€, 4.1x above of the registered last year, mainly due to the repowering operations in progress, showing a reduction in EBITDA-Capex of 62.6%, to 2.96M€.

3.5. REFRIGERATION & HVAC

2015 was marked by the implementation of the reorganisation and strategic repositioning of Refrigeration & HVAC business unit, covering various issues, as the strategy reformulation and business lines positioning, the reshape of the organizational structure and the redesign and implementation of new internal processes. During the process of selecting the strategic business lines, "General Contracting" was discontinued in the 1Q15, and following the Group best practices, a MBO (Management Buy Out) of General Maintenance business line occurred in the 4Q15.

Notwithstanding all the changes, namely the discontinuation in 2015 of the above mentioned non-strategic business lines, Top Line registered 60.6M€, with a slight decrease of only 0.7% when compared to YE2014. International Top Line (consolidating the export from Portugal and foreign direct sales) represented 29% of the total consolidated Top Line, 6pp above the level registered in YE2014.

Backlog at the end of the period amounted to, approximately, 38M€ (representing 7.5 months of Top Line), driven by orders for the international market (exports), consubstantiating the internationalization strategy.

Under the continuous implementation of measures leading to a more balanced and flexible business cost structure adjusted to the new benchmark, and as a result of

REPORT AND ACCOUNTS 2015

Report of the Board of Directors

the implementation of the restructuring process, first results started to be visible. EBITDA amounted to 2.97M€, showing an improvement of 2.09M€ when compared to YE2014, reaching a 4.9% margin.

| Profit and Loss Account Million euro | | | | | | |
|-----------------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Refrigeration & HVAC | 4Q 2015 | 4Q 2014 | Δ 15/14 | FY 2015 | FY 2014 | Δ 15/14 |
| Total Operational Income | 20,07 | 18,41 | +9,0% | 61,31 | 61,66 | -0,6% |
| Turnover | 19,78 | 18,21 | +8,6% | 60,60 | 61,03 | -0,7% |
| Other Operational Income | 0.29 | 0.21 | +41.5% | 0.70 | 0.64 | +11.0% |
| Total Operational Costs | -18,51 | -17,06 | -8,5% | -58,34 | -60,78 | +4,0% |
| Cost of Goods Sold | -6.63 | -7.25 | +8,6% | -23,26 | -22,46 | -3,6% |
| Change in Stocks of Finished Goods | -1.69 | -0.24 | <-100% | 0,19 | -1,97 | - |
| External Supplies and Services | -6.94 | -5.51 | -25,9% | -20,53 | -20,36 | -0,8% |
| Staff Costs | -3.09 | -3.70 | +16,3% | -14,14 | -14,75 | +4,2% |
| Other Operational Expenses/Income | -0.15 | -0.35 | +56,8% | -0,61 | -1,24 | +51,2% |
| EBITDA | 1,56 | 1,36 | +15,0% | 2,97 | 0,88 | >100% |
| Capex | 0,02 | 0,07 | -73,2% | 0,19 | 0,30 | -36,8% |
| EBITDA-Capex | 1,54 | 1,29 | +19,7% | 2,77 | 0,58 | >100% |

Domestic operation EBITDA in 2015 (excluding discontinued business lines) increased to 2.93M€, showing an increase of 18.4%, when compared to YE2014.

Capex remained at low levels and the majority of the EBITDA-Capex increase of 0.58M€ to 2.77M€ resulted from the positive EBITDA performance.

3.6. OTHER ASSETS

Sonae Capital Group owns a set of non-strategic assets and thus available for sale, including Real Estate assets and Financial Shareholdings.

Following the defined strategy, during 2Q15 it was sold the “Duque de Loulé” real estate asset, for a value of 10M€, generating a capital gain in Sonae Capital Group consolidated results of, approximately, 6.0M€. During 3Q15 a promissory purchase and reserve agreement was signed with a 6.58M€ cash in, for a real estate asset (Plots 5 and 10 of Quinta das Sedas).

As at 31st of December, the Capital Employed in this set of assets (real estate) amounted to 118.3M€.

Furthermore, during 2015, the Group proceeded to the full sale of the Imosede financial asset (3.183 units in 1Q15, 25.445 units in 2Q15 and 14.314 units in 4Q15), for the global amount of 34.1M€.

During 2015, important developments have been recorded regarding Norscut financial asset, namely, the compliance of all legal formalities to the implementation of the new concession agreement, including the Court of Auditors approval. Indeed, with the complete approval by all stakeholders, of the legal procedures towards the review of the concession agreement of the highway A24, the affiliate Norscut proceeded to the reimbursement of shareholders loans and dividend distribution, in the global amount of 27.9M€.

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4. OUTLOOK

2015 represented, for Sonae Capital, the consolidation of the orientations and strategic pillars setup in 2013 and the results achieved so far give confidence and an enlarged level of ambition in keeping implementing the defined strategy. Additional and important steps will continue to be put forward in order to strengthen and improve each Business Unit current competitive position.

In Troia resort we will remain focused in enhancing and selling current inventory and will continue improving all resort operations, with a particular emphasis on Troia Residence, as well as not neglecting the investment needed in troiaresort brand and on the continuous improvement of current infrastructures. The placement of the real estate touristic projects for the areas not yet developed, now under the management of a new specific Business Unit, with the aim of assuring adequate developments to each one of the specific macro-plots, will remain one of our main focuses.

On the Energy front, the Group will remain watchful to new business opportunities both in Portugal and other markets, subject to the accomplishment of profitability and risk pre-defined criteria. If 2015 was mainly focused on the analysis of new markets and generation technologies, 2016 will be marked by the goal of reinforcing current domestic operations portfolio, expanding the range of operated technologies, not disregarding the search for other opportunities that may be identified in other markets.

Regarding Hospitality, we will continue focused on improving current operations profitability and competitive position, remaining attentive in the search for solutions that could improve the overall competitive global position of the segment.

Also in the Fitness segment, after the completion of Solinca repositioning process, we will continue searching for new opportunities aimed for profitability improvements. We will keep implementing the expansion plan already defined following a capital light approach.

In the Refrigeration & HVAC business, after concluding the implementation of the restructuring and the strategic repositioning process, we will continue focused on value creation for this segment. The internationalization process, based on exports, will be one of our main focuses while at the same time we will assess the current international presence model.

With the expectable improvement of country economic and financial conditions, we will remain concentrated - now with increased efforts with the recent setup of a new specific Business Unit - on the sale of the real estate assets portfolio, one of the fundamental aspects to the effective implementation of Group's Corporate Strategy. This is of particular relevance as the financial discipline and the necessary continued reduction of net debt levels will continue to guide the assumptions and goals to be defined by each business unit.

Finally, due to the results achieved in 2015 and based on the future foreseen results, particularly, in what respect to the ongoing sale of non-strategic assets, we will take firm steps on the materialization of our Corporate Strategy, looking to incorporate new businesses in our portfolio, with high potential for creating value to shareholders among the competences identified within the Group.

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5. PROPOSED ALLOCATION OF NET INCOME

Regarding the achievement of what is considered a well balanced capital structure and the gains registered on the sale of non-strategic assets, the Sonae Capital Board of Directors has approved a proposal of dividends distribution in the total gross amount of 15,000,000 euro to shareholders. This dividend results from the allocation of net results and the distribution of free reserves, correspondent to a gross dividend of 0.06 euro per share.

From the total dividends of 15,000,000 euros, the amount of dividends that would be attributable to the shares that, at the dividends distribution date, are held by the Company or by any of its subsidiaries should remain as Free Reserves.

This proposal is subjected to final approval of the Shareholders' General Meeting.

REPORT AND ACCOUNTS 2015

Report of the Board of Directors

6. SHARE PRICE PERFORMANCE

Sonae Capital's Share Information

Name: Sonae Capital, SGPS, SA

ISIN Code: PTSNPOAE0008

Security's Issuer: Sonae Capital, SGPS, SA

NYSE Euronext: SONC

Listing Date: 28 January 2008

Reuters: SONAC LS

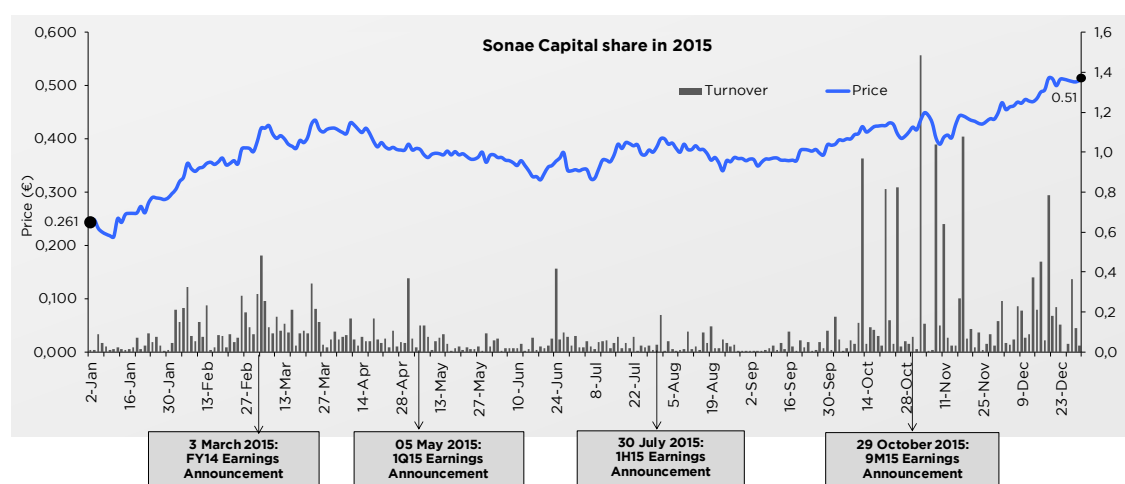
Share Capital: 250,000,000 euro

Bloomberg: SONC.PL

Listed amount: 250,000,000 shares

Treasury stock: As at 31 December 2015, the Company owns 6,068,850 own shares

During 2015, Sonae Capital's share price increased by 95.4%, closing the year at 0.51 euro. This performance outperformed the Portuguese Stock Market Index (PSI20), which increased by 10.7% during the same period.



The following table summarizes the most relevant information on the Sonae Capital shares traded in Euronext Lisbon:

| Euronext Lisbon | 2015 | 2014 |
|--------------------------------------------------------------------|------------------------------|------------------------------|
| Closing Price N-1 | 0.261 | 0.330 |
| Maximum Price | 0.514 (18.12.2015) | 0.520 (01.04.2014) |
| Minimum Price | 0.216 (12.01.2015) | 0.230 (16.10.2014) |
| 31 December N | 0.510 | 0.261 |
| Transactions | | |
| Average daily quantity | 252,366 | 360,632 |
| Total shares traded | 64,605,616 | 91,961,263 |
| Total volume (million euro) | 25.9 | 37.3 |
| Average daily volume (million euro) | 0.10 | 0.15 |
| Market capitalization 31.12.N (million euro) ^(a) | 127.50 | 65.25 |

^(a) Market capitalization calculated using the total number of shares

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Report of the Board of Directors

Relevant events announced to the market in 2015 include:

- The appointment of new Boards for three year period of 2015-2017 including the appointment of Duarte Paulo Teixeira de Azevedo as Chairman of the Board of Directors;
- The changes in the composition of the Qualified Shareholders namely the entry to the Company's Share Capital of Argos Funds (2.07%) and BPI Global Investment Fund (2.04%). In the opposite direction, BlueShore Global Equity Fund crossed the 2% threshold to below the minimum required to be a Qualified Shareholder;
- As at 27 October 2015, Sonae Capital was informed about the decision held on the 22nd of October by the Court of Auditors of the exemption to prior supervision regarding the new concession regime of Norscut. Following that decision, the new regime took retroactive effect as of 1 January 2014;
- As at 14 December 2015, Sonae Capital announced the sale of its subsidiary Aqualuz - Turismo e Lazer, Lda, which operates the Aqualuz Lagos Hotel;
- As at 17 December 2015, Sonae Capital announced that its subsidiary, Contacto Concessões, SGPS, SA, has received from the company Norscut the total amount of 27.9M€, as reimbursement of loans and dividends distribution.

REPORT AND ACCOUNTS 2015

Report of the Board of Directors

7. OTHER INFORMATION

7.1. INDIVIDUAL FINANCIAL STATEMENTS

Sonae Capital, SGPS, SA, the Group's holding company, posted a positive 12,198,781.85 euro net profit. Last year's result, a 17,035,205.49 euro net profit was positively impacted by around 10.9M€ regarding Results from Investments.

The year's result already includes 234,050 euro, intended for the executive directors' variable remuneration, through the year's net profit appropriation, under the terms of number 2 of article 31 of the Articles of Association and following a proposal by the Remuneration Committee, which is responsible for the enforcement of the remuneration policy approved in the Shareholders' General Meeting held on 31 March 2015.

7.2. OWN SHARES

In accordance with the approval given at the last Shareholders' General Meeting, Sonae Capital acquired, during 2015, 29,100 own shares, on NYSE Euronext Lisbon Stock Exchange, at an average transaction price of 0.4428 euro per share.

As a result of the above mentioned transactions and the alienation of 183,379 shares for the global amount of 72,435 euro related to share distribution in terms detailed in the medium-term variable remuneration, as at 31 December 2015 Sonae Capital held 5,914,571 own shares, representing 2.366% of its share capital.

7.3. ACTIVITY CARRIED OUT BY NON-EXECUTIVE BOARD MEMBERS

During 2015, Non-Executive Board Members provided significant insights in the discussion of the several options, keeping, as in previous years, close contact with the corporate directors and management teams. During the year, Non-Executive Board Members have effectively played their role as Board of Directors members and members of the Board Audit and Finance Committee and of the Nomination and Remuneration Committee.

Additional information on the activities of the above mentioned bodies is available in paragraph 29 of the Company's Corporate Governance Report, complementing the information on activities performed by Non-Executive Board Members described in this section of the report.

7.4. PROFIT APPROPRIATION PROPOSAL

Sonae Capital, SGPS, SA, as the holding company of the Group, posted a net profit of 12,198,781.85 euro in 2015. The Board of Directors proposes to the Shareholders' General Meeting that this amount should be transferred to Legal Reserve (609,939.09 euro) and to Dividend distribution (11,588,842.76 euro).

Since the proposed gross Dividend distribution is of 0.06 euro per share, it aims to use Free Reserves in the amount of 3,411,157.24 euro to attain the said Dividend distribution.

7.5. SUBSEQUENT EVENTS

There were no subsequent corporate events to register.

7.6. ACKNOWLEDGMENTS

The Board of Directors would like to thank all Sonae Capital's stakeholders for their support and trust during the year, emphasizing the Fiscal Board and Statutory Auditor's cooperation and work.

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Report of the Board of Directors

To our employees we thank the sense of commitment and valuable contribution to the significant improvement in operational results, and to shared effort in the pursuit of goals outlined.

We reiterate the belief that the basis for the Group's growth is stronger, trusting in the success and sustainability of the chosen strategy.

Maia, 25 February 2016

The Board of Directors

Duarte Paulo Teixeira de Azevedo
Chairman of the Board of Directors

Álvaro Carmona e Costa Portela
Member of the Board of Directors

Francisco de La Fuente Sánchez
Member of the Board of Directors

Paulo José Jubilado Soares de Pinho
Member of the Board of Directors

Maria Cláudia Teixeira de Azevedo
CEO

Ivone Pinho Teixeira
CFO

REPORT AND ACCOUNTS 2015

Report of the Board of Directors

APPENDIX

METHODOLOGICAL NOTES

The quarterly consolidated financial statements presented in this report are non-audited. The yearly consolidated financial statements presented in this report is audited and have been prepared in accordance with International Financial Reporting Standards ("IAS/IFRS"), issued by International Accounting Standards Board ("IASB"), as adopted by European Union.

With the aim of continuing improve the quality and transparency of the information provided, not only at the Consolidated level, but also, at the Business Unit level, from the 1Q15 onwards Sonae Capital reports Business Units' financial information on a consolidated basis and not as a contribution to the Sonae Capital Consolidated accounts as practice until last reporting season. At the EBITDA level there are no differences to the reported figures, both at the Consolidated and Business Unit level. The only change is reflected at the Business Units' Top Line (not affecting the reported Consolidated figures).

GLOSSARY

- HVAC = Heating, Ventilation and Air Conditioning
- Operational Cash Flow = EBITDA - Capex
- EBITDA = Operational Profit (EBIT) + Amortization and Depreciation + Provisions and Impairment Losses + Impairment Losses of Real Estate Assets in Stocks (included in Costs of Goods Sold) - Reversal of Impairment Losses and Provisions (including in Other Operation Income)
- EBITDA excluding Guaranteed Income Provisions = EBITDA + Provisions related to the estimated present value of potential costs for the full period of the Guaranteed Income from real estate sales at troiaresort
- EBITDAR = EBITDA + Rents for buildings
- Net Debt = Non-Current Loans + Current Loans - Cash and Cash Equivalents - Current Investments
- Capex = Investment in Tangible and Intangible Assets
- Gearing: Debt to Equity = Net Debt / Equity

PART II
**APPENDIX TO THE REPORT
OF THE BOARD OF
DIRECTORS**
31 DECEMBER 2015



SONAE CAPITAL

REPORT AND ACCOUNTS 2015

Corporate Governance Report

STATEMENT

Under the terms of Article 245, paragraph 1, c) of the Portuguese Securities Code
(Translation of a Statement originally issued in Portuguese)

The signatories individually declare that, to their knowledge, the Report of the Board of Directors, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared in accordance with applicable International Financial Reporting Standards, and give a true and fair view, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of Sonae Capital, SGPS, SA, and of the companies included in the consolidation perimeter, and that the Report of the Board of Directors faithfully describes major events that occurred during 2015 and their impacts, if any, in the business performance and financial position of Sonae Capital, SGPS, SA and of the companies included in the consolidation perimeter, and contains an appropriate description of the major risks and uncertainties that they face.

Maia, 25 February 2016

Duarte Paulo Teixeira de Azevedo
Chairman of the Board of Directors

Álvaro Carmona e Costa Portela
Member of the Board of Directors

Francisco de La Fuente Sánchez
Member of the Board of Directors

Paulo José Jubilado Soares de Pinho
Member of the Board of Directors

Maria Cláudia Teixeira de Azevedo
CEO

Ivone Pinho Teixeira
CFO

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Appendix to the Report of the Board of Directors

Article 447 of the Portuguese Companies Act and Article 14, paragraph 7, of the Portuguese Securities Commission (CMVM) Regulation no. 5/2008

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

| | Date | Additions | | Reductions | | Position as at 31.12.2015 | Balance as at | |
|------------------------------------------------------------|------------|-----------|-------------|------------|-------------|------------------------------|---------------|---------|
| | | Quantity | Av. Price € | Quantity | Av. Price € | | 31.12.2015 | |
| | | | | | | | Quantity | |
| Belmiro Mendes de Azevedo (**) (***) | | | | | | | | |
| Efanor Investimentos, SGPS, SA (1) | | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | Dominant | 837,000 |
| Duarte Paulo Teixeira de Azevedo (*) (**) | | | | | | | | |
| Efanor Investimentos, SGPS, SA (1) | | | | | | | | |
| Migracom, SA (2) | | | | | | | Minority | |
| Closely connected person (a) | | | | | | | Dominant | |
| | 28.09.2015 | 26,580 | 0.374 | | | | 26,991 | |
| Maria Cláudia Teixeira de Azevedo (*) (**) | | | | | | | | |
| Efanor Investimentos, SGPS, SA (1) | | | | | | | | |
| Linhacom, SGPS, SA (3) | | | | | | | Minority | |
| Álvaro Carmona e Costa Portela (*) | | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | | |
| Obrigações Sonae Capital/2014-2019 | | | | | | | | 24,942 |
| | | | | | | | | 1 |
| Paulo José Jubilado Soares de Pinho (*) | | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | | 12,650 |
| Closely connected person (b) | | | | | | | | 8,125 |
| Maria Margarida Carvalhais Teixeira de Azevedo (**) | | | | | | | | |
| Efanor Investimentos, SGPS, SA (1) | | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | Minority | 1,862 |

| | Date | Purchases | | Sales | | Position as at 31.12.2015 | Balance as at | |
|---------------------------------------------------------------------|------|-----------|-------------|----------|-------------|------------------------------|---------------|------------|
| | | Quantity | Av. Price € | Quantity | Av. Price € | | 31.12.2015 | |
| | | | | | | | Quantity | |
| (1) Efanor Investimentos, SGPS, SA | | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | | |
| Pareuro, BV (4) | | | | | | | Dominant | 88,859,200 |
| (2) Migracom, SA | | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | | |
| Imparfin - Investimentos e Participações Financeiras, SA (5) | | | | | | | Minority | 161,250 |
| (3) Linhacom, SGPS, SA | | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | | |
| Imparfin - Investimentos e Participações Financeiras, SA (5) | | | | | | | Minority | 43,912 |
| (4) Pareuro, BV | | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | | 66,600,000 |
| (5) Imparfin - Investimentos e Participações Financeiras, SA | | | | | | | | |
| Sonae Capital, SGPS, SA | | | | | | | | 513,160 |

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

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

(***) Member of the Board of Directors of Sonae Capital, SGPS, SA until 31/03/2015

(a) article 248 B, no.4, paragraph a) - family member who resides with the person discharging managerial responsibilities for more than a year

(b) article 248 B, no.4, paragraph b) - held by Change Partners, SCR, SA, of which is Member of the Board of Directors

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Appendix to the Report of the Board of Directors

APPENDIX REQUIRED BY ARTICLE 448 OF THE PORTUGUESE COMPANIES ACT

Number of shares held by shareholders owning more than 10%, 33% or 50% of
the company's share capital:

Number of shares as at 31.12.2015

Efanor Investimentos, SGPS, SA (1)

| | |
|-------------------------|------------|
| Sonae Capital, SGPS, SA | 88,859,200 |
| Pareuro, BV | Dominated |

Pareuro, BV

| | |
|-------------------------|------------|
| Sonae Capital, SGPS, SA | 66,600,000 |
|-------------------------|------------|

(1) Belmiro Mendes de Azevedo is, under the terms of paragraph b number 1 of Article 20 and number 1 of Article 21 of the Portuguese Securities Code, the "ultimate beneficial owner", as he is the controlling shareholder of Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV.

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Appendix to the Report of the Board of Directors

QUALIFIED SHAREHOLDINGS

Shares held and voting rights attributable to shareholders owning more than 2% of the share capital of the Sonae Capital, SGPS, SA, as required by article 8, no. 1, b) of the Portuguese Securities Market Commission (CMVM) Regulation No. 5/2008:

| Shareholder | Nr. of Shares | % of Share Capital | % of Voting Rights |
|-------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|
| Efanor Investimentos, SGPS, S.A. (1) | | | |
| Directly Owned | 88,859,200 | 35.544% | 36.405% |
| Through Pareuro, BV (controlled by Efanor) | 66,600,000 | 26.640% | 27.286% |
| Through Belmiro Mendes de Azevedo (Chairman of the Board of Directors of Efanor) | 837,000 | 0.335% | 0.343% |
| Through Maria Margarida Carvalhais Teixeira de Azevedo (Member of the Board of Directors of Efanor) | 1,862 | 0.001% | 0.001% |
| Through Linhacom, SGPS, S.A. (controlled by the Member of the Board of Directors of Efanor Maria Cláudia Teixeira de Azevedo) | 43,912 | 0.018% | 0.018% |
| Through Migracom, S.A. (controlled by the Member of the Board of Directors of Efanor Duarte Paulo Teixeira de Azevedo) | 161,250 | 0.065% | 0.066% |
| Total attributable | <u>156,503,224</u> | <u>62.601%</u> | <u>64.118%</u> |
| Argos Funds | | | |
| Total attributable | <u>5,181,429</u> | <u>2.073%</u> | <u>2.123%</u> |
| BPI Global Investment Fund | | | |
| Total attributable | <u>5,104,414</u> | <u>2.042%</u> | <u>2.091%</u> |
| Santander Asset Management - Sociedade Gestora de Fundos de Investimento Mobiliários, SA | | | |
| Through Santander Ações Portugal Fund (managed by Santander Asset Management) | 5,214,974 | 2.086% | 2.137% |
| Through Santander PPA Fund (managed by Santander Asset Management) | 484,869 | 0.194% | 0.199% |
| Total attributable | <u>5,699,843</u> | <u>2.280%</u> | <u>2.335%</u> |

(1) Belmiro Mendes de Azevedo is, under the terms of paragraph b number 1 of Article 20 and number 1 of Article 21 of the Portuguese Securities Code, the "ultimate beneficial owner", as he is the controlling shareholder of Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV.

PART III
**CORPORATE GOVERNANCE
REPORT**

31 December 2015



SONAE CAPITAL

REPORT AND ACCOUNTS 2015

Corporate Governance Report

[This translation into English of the Portuguese document was made only for the convenience of non-Portuguese speaking shareholders. For all intents and purposes, the Portuguese version shall prevail.]

CORPORATE GOVERNANCE REPORT

(Translation from the Portuguese Original)

PART I – SHAREHODING STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHODING STRUCTURE

I. Share Capital Structure

1. Share Capital structure

Sonae Capital (hereinafter referred to as “Company” or “Sonae Capital”) share capital of 250,000,000 euro fully subscribed and paid up, made up of 250,000,000 ordinary shares, bearer and nontitle, each with a nominal value of 1 (one) euro.

All shares of Sonae Capital were admitted to trading on Euronext Lisbon regulated market on 28 January 2008.

2. Share transmission and ownership restrictions

There are no limitation to transmission and ownership of Sonae Capital shares, nor shareholders holding special rights. Consequently, all shares admitted to trading on the stock exchange are freely transmissible in accordance with the normal regulations applicable.

3. Own Shares

As at 31 December 2015, the Company held 5,914,571 own shares, representing 2.366% of share capital and respective voting rights.

4. Impact of change in shareholder control of the Company in significant agreements

The Company neither has celebrated nor is it part of any important agreement that comes into effect, is amended or terminates in the event of a change in shareholder control over the Company due to a takeover bid.

Similarly, the Company has not adopted, via the approval of any statutory provisions or other measures adopted by the Company, rules or regulations designed to prevent the success of takeover bids.

5. Defensive measures in case of change in shareholding control

During the year of 2015 no defensive measures were adopted.

The majority of the share capital of the Company is owned by one shareholder. Likewise, there are no statutory provisions limiting the number of votes that can be held or exercised by a single shareholder, individually or in conjunction with other shareholders.

6. Shareholder agreements

The existence of any shareholders' agreements concerning the society is unknown.

II. Qualifying Shareholdings and Bonds held

7. Qualifying Shareholdings

As at 31 December 2015, those shareholders, who in accordance with article 20 of the Securities Code, held qualifying shareholdings representing at least 2% of the share capital of Sonae Capital, were the following:

| Shareholder | Nr Shares Held | % Share Capital | % Voting Rights ² |
|-----------------------------------------------|----------------|-----------------|------------------------------|
| Efanor Investimentos, SGPS, S.A. ¹ | 156,503,224 | 62.601% | 64.118% |
| Santander Asset Management | 5,699,843 | 2.280% | 2.335% |
| Argos Funds | 5,181,429 | 2.073% | 2.123% |
| BPI Global Investment Fund | 5,104,414 | 2.042% | 2.091% |

¹ Belmiro Mendes de Azevedo is, under the terms of paragraph b number 1 of Article 20 and number 1 of Article 21 of the Portuguese Securities Code, the ultimate beneficial owner, as he holds around 99% of the share capital and voting rights of Efanor Investimento SGPS, SA, which in entirely controls Pareuro BV.

² Voting Rights = Nr. Shares Held / (Nr. Total Shares - Own Shares)

8. Number of shares and bonds held by members of Governing Bodies, in accordance with number 5, article 447 of the Portuguese Company Law

The Company's or of any group Company's number of shares and bonds held by members of its governing bodies, directly or through related parties, are disclosed in the appendix to the report of the Board of Directors in accordance with and for the purposes of article 447 of the Portuguese Company Law and in accordance with number 7, article 14 of CMVM's Regulation 5/2008.

9. Board of Directors qualification due to share capital increase

The Articles of Association grants this competence uniquely to the General Meeting of Shareholders since December 2012 according to the legal terms.

10. Related Party Transactions

In the context of the commercial activities of the businesses that make up the portfolio of Sonae Capital, there are a set of commercial relationships between the Company and its subsidiaries and its qualified shareholders, or companies owned by them.

These transactions are part of the regular activity of each company and are conducted in accordance with best practices and market conditions. In addition, when involving related parties, these transactions are scrutinized and, when significant, are approved in advance by the Fiscal Board and the Board Audit and Finance Committee.

During the 2015 financial period, no significant business or commercial transactions occurred between the Company and the holders of qualified shareholdings in the Company. It should be noted however that, on 14 December 2015, Sonae Capital has publicly announced the sale of subsidiary Aqualuz - Turismo e Lazer, Lda., which owns the hotel operations of Hotel Aqualuz Lagos, to Efanor Group

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B. GOVERNING BODIES AND COMMITTEES

I. Shareholders' General Meeting

a) Board of the Shareholders' General Meeting

11. Name, function and mandate of the General Meeting Boards members

Until 31 March 2015, the Board of the Shareholders' General Meeting had the following members, mandated for the 2013-2014 period:

- António Agostinho Cardoso da Conceição Guedes (Chairman);
- Maria Daniela Farto Baptista Passos (Secretary).

At the Shareholders' General Meeting of March 31st 2015, the following members were mandated for the 2015-2017 period:

- Manuel Eugénio Pimentel Cavaleiro Brandão (Chairman);
- Maria da Conceição Henriques Fernandes Cabaços (Secretary).

b) Exercise of the voting rights

12. Possible restrictions on voting rights

The Company's Articles of Association do not establish any percentage or maximum limit to the exercise of voting rights for any shareholder, corresponding to each share one vote.

The Company has not issued non-voting preference shares.

For the presence in the General Meeting there is no need for blocking period, but should be accomplished the legal rules that define the "Record Date" as the relevant moment to be registered as a valid shareholder and to exercise the corresponding presence and voting rights for the Shareholders' General Meeting, as well as the arrangements for participation and voting of shareholders who professionally hold shares in their own name but on behalf of clients.

Shareholders may be represented at the Meeting by means of a written representation letter addressed to the Chairman of the Board of the Shareholders' General Meeting and delivered up to the beginning of the meeting, indicating the name and address of the representative nominated, as well as the date of the meeting. That written communication can be made using e-mail in accordance with instructions of the meeting's notice.

A shareholder may appoint several representatives related to own shares held through different share accounts, without undermining the principle of vote unity and the ability of professional shareholders to vote differently according with representation of different shareholders.

The Company makes available, within the legal deadlines, appropriate information - call general meetings, voting exercise forms and procedures to be followed for voting by correspondence or by proxy, as well as draft representation letter, in Portuguese and English language in its website (www.sonaecapital.pt) to ensure, promote and encourage the participation of shareholders in general meetings, directly or through representatives.

In addition to the Company's website, the referred documentation is also available to the shareholders for consultation at the Company's headquarters during office hours as well as on the Comissão Mercado dos Valores Mobiliários ("CMVM") Information Disclosure System (www.cmvm.pt) in the date of disclosure of the notice.

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Shareholders may vote using written voting papers in all matters subject to the approval of the Shareholders' General Meeting. Votes may be cast using electronic means, if these are made available to shareholders and mentioned in the meetings' notice.

The Company makes available to shareholders minutes of written voting papers in Portuguese and English language, on the Company's website (www.sonaecapital.pt) at the same time with the notice given to the Shareholders' General Meeting, as well as the corresponding preparatory documentation relating to the items on the agenda, both in Portuguese and English language.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or shareholders who have with the Company any relations of n. 1 of Article 20

There is no limitation on the number of votes that may be held or exercised by a single shareholder or group of shareholders.

14. Resolutions which only may be made by qualified majority

Under the terms of the Company's Articles of Association, resolutions at the Shareholders' General Meeting shall be made by simple majority, unless otherwise determined by law.

II. Administration & Supervision

a) Composition

15. Identification of model of governance adopted

Sonae Capital adopts the monist model of governance (composed by Board of Directors, a Fiscal Board and a Statutory Auditor), set out in articles 278.^o, paragraph 1, point a) and 413.^o, paragraph 1, point b), both from the Portuguese companies code (CSC), complemented by a delegation of management powers to the Executive Committee.

The Board of Directors has the responsibility of management, strategic guidance and appointment and general supervision of the Executive Committee activities and the specialized committees.

The Executive Committee exercises the powers delegated by the Board of Directors on current matters of the Company and corporate services.

The remaining two bodies have supervisory responsibility.

Details of the structure adopted, the bodies that compose and corresponding roles and responsibilities are presented in the following sections.

16. Statutory rules for procedural and material requirements applicable to appointment and replacement of members of the Board of Directors

In accordance with Law and the Company's Articles of Association, members of Board of Directors are elected under the terms of proposal approved at the Shareholders' General Meeting, and the Chairman has a casting vote.

The election of one member of the Board of Directors takes place independently from the remaining elections, under the terms of the law, among persons listed in proposals subscribed by groups of shareholders, provided that such groups of shareholders hold shares that represent more than ten and less than twenty percent of the share capital. The same shareholder cannot subscribe to more than one proposal. Each proposal must contain the identification of at least two persons

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eligible for each of the positions to be filled. If proposals are presented by more than one group of shareholders, voting will be based on all of these proposals.

The Board of Directors appoints a substitute in case of death, resignation or temporary or permanent incapacity or unavailability of any member, except the administrator elected under rule of minorities. This appointment shall be subjected to ratification by shareholders at the first Annual General Meeting to be held following the co-optation.

In the definitive absence of an elected Board member under the provisions set in the previous paragraph, the election of a new Board member may only occur through a General Meeting.

In the event a director misses two consecutive or interpolated meetings, without providing acceptable justification to the Board of Directors, it shall be deemed as a definitive absence of such director.

17. Composition of the Board of Directors

Under the Company's Articles of Association, the Board of Directors can be made up of an odd or even number of members, with a minimum of three members and a maximum of seven members, elected at the Shareholders' General Meeting.

The Board's term of office is of two years, and members can be re-elected for one or more times. The current term of the Board of Directors corresponds to the 2015-2017 period. The Board of Directors elects, under the Articles of Association, its Chairman.

As at 31 December 2015, the Board of Directors was made up of six members, two executive and four non-executives, of which two are independent.

The current members of the Board of Directors elected for the mandate 2015-2017 are the following:

| Name | First Appointment | Term of Office |
|-------------------------------------|-------------------|------------------|
| Duarte Paulo Teixeira de Azevedo | March 2015 | 31 December 2017 |
| Álvaro Carmona e Costa Portela | March 2011 | 31 December 2017 |
| Maria Cláudia Teixeira de Azevedo | March 2011 | 31 December 2017 |
| Ivone Pinho Teixeira | March 2013 | 31 December 2017 |
| Francisco de La Fuente Sánchez | April 2008 | 31 December 2017 |
| Paulo José Jubilado Soares de Pinho | April 2008 | 31 December 2017 |

18. Distinction between executive and non-executive members

¹ Until 31 March 2015 the Chairman of the Board of Directors, non-executive, was Eng. Belmiro de Azevedo.

| | |
|-------------------------------------|-------------------------------|
| Duarte Paulo Teixeira de Azevedo | Chairman – Non Executive |
| Álvaro Carmona e Costa Portela | Vice-Chairman – Non Executive |
| Maria Cláudia Teixeira de Azevedo | Executive |
| Ivone Pinho Teixeira | Executive |
| Francisco de La Fuente Sánchez | Non Executive (Independent) |
| Paulo José Jubilado Soares de Pinho | Non Executive (Independent) |

Non executive members were appointed based on their reputation in business, finance, academia and consultancy areas, to strengthen the skills of the Board of Directors, namely in relation to the approval of the portfolio configuration strategy and of the annual business plan and any significant changes to it.

Non executive members of the Board of Directors, Francisco de La Fuente Sánchez and Paulo José Jubilado Soares de Pinho, are considered independent under the terms of independence criteria established at 18.1 of the appendix I of the Regulation 4/2013 of CMVM and the recommendation II.1.7 of CMVM (2013).

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Independent non-executive Directors have to disclose immediately to the Company any event that, in the course of their mandate, might lead to conflicts of interest or loss of independence under the terms of legal requirements.

The current composition of the Board of Directors, especially the number of non executive and independent members (2 from a total of 6 members), ensure the necessary supervision of the activities performed by Executive Directors, taking into account the governance model adopted, the Company's dimension and its free float. The Report of the Board of Directors contains a section with a description of the activities carried out by Non Executive board members.

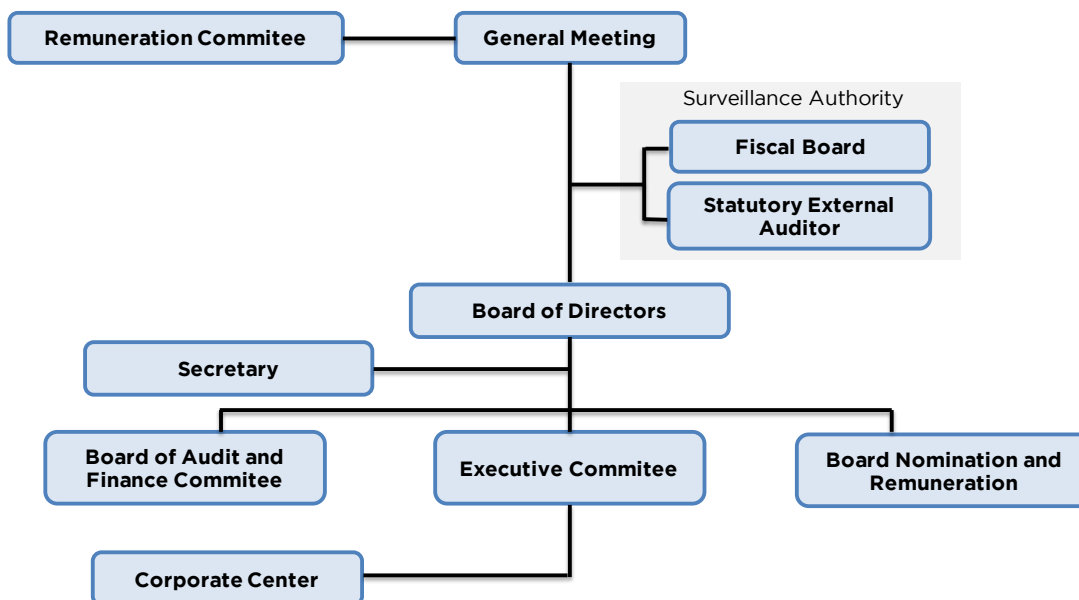
19. Professional qualifications of the members of the Board of Directors

Professional qualifications and other relevant curricula elements of the members of the Board of Directors are detailed in the appendix of this document.

20. Significant relationships between members of Board of Directors and qualified shareholders

The Chairman of the Board of Directors and the CEO, Maria Cláudia Teixeira de Azevedo, are shareholders and members of the Board of Directors of Efanor Investimentos, SGPS, SA, to which is attributed the domain of the capital and voting rights of the Company, pursuant the information provided in section 26 of this chapter.

21. Division of powers between the different boards, committees and / or departments within the Company, including information on delegating responsibilities, particularly with regard to the delegation of powers, in particular with regard to the delegation of daily management of the Company



Under the current governance structure, the Board of Directors is responsible for business portfolio strategic decisions and respective implementation.

The Board of Directors delegates to the Executive Committee the powers to manage the day-to-day operations of the Company and, regulates how the Executive Committee operates and how the delegated powers can be exercised.

The Board of Directors does not delegate the following powers:

- To appoint the Chairman of the Board;
- To co-opt a member to the Board;

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- To convene Shareholders' General Meetings;
- To approve the Annual Report and Accounts;
- To grant any pledges, guarantees or charges over the assets of the Company;
- To decide to change the Company's registered office or to approve any share capital increases;
- To decide on mergers, de-mergers, modifications to the corporate structure of the Company;
- To approve the portfolio management strategy;
- To approve the financial plan and any significant changes thereto.

The Corporate Centre is instrumental in supporting the Executive Committee and the Board of Directors in defining and executing major strategies, policies and objectives and is composed of seven sovereign functions and three shared services functions which provide services to all Group companies.

Those functions are the following:

| Sovereign functions | Shared services functions |
|--------------------------------|--------------------------------|
| Corporate Finance | Financial Services |
| Legal | Accounting, Tax and Reporting |
| Corporate Planning and Control | Administrative Human Resources |
| Corporate Human Resources | |
| Internal Audit | |
| Risk Management | |
| Portfolio Development | |
| Information Systems | |

The Corporate Finance function has the responsibility to define and implement financial strategies and policies to ensure an integrated and across the board view of the Group's needs as well as ensuring the liaison with capital, debt and banking markets. This department is also responsible for financial risk management at Group level and for the preparation and follow-up of the Group's financial plan.

The Legal function provides legal support in all domains, in an integrated manner, ensuring the safeguard of the Groups' interests and promoting the strategy defined by the Board of Directors, ensuring legal compliance, litigation management and corporate secretarial matters.

The Corporate Planning and Control function plays a role in supporting the strategic planning of the Group, in defining management information policies and in ensuring consolidated management reporting. This function includes the Investor Relations Office, which has as main responsibilities external reporting and ensuring a permanent contact with institutional investors, shareholders and analysts.

Corporate Human Resources have the responsibility of defining and implementing the strategy and policy of Human Resources of the Group as well as the planning and management of talent and careers of senior managers.

Portfolio Development has the main role of assisting the Board of Directors of Sonae Capital in projects of organic growth and in the management of Group's businesses, as well as in projects of portfolio optimization including the analysis and negotiation of investment or divestment opportunities.

The Internal Audit function defines and executes internal audit activities and evaluates systematically and independently Group's activities, with the objective of ensuring the efficacy of management systems and processes and internal control.

The Risk Management function supports the Board of Directors in identifying, modelling and monitoring Group's risks with the objective of controlling and mitigating those risks and also to include risk assessment in strategic and operational decision-making.

Information Systems function has the role of ensuring the alignment of information systems with Group's strategy, creating value by providing solutions that promote efficacy, efficiency and process innovation.

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Sovereign functions report to the Executive Committee of Sonae Capital.

With respect to the Shared Services functions, Financial Services have the mission of optimizing Group's financial flows by efficiently coordinating external partners, namely clients, suppliers and banks. The function is coordinated by a manager at the Corporate Centre level.

Accounting, Tax and Reporting has the purpose of maintaining the accounting organization to guarantee the availability and integrity of financial and accounting information and assets of the whole organization through an integrated information system. The function is coordinated by a manager at the Corporate Centre level.

Administrative Human Resources ensure the coordination of administrative management activities of human resources and alignment with businesses. The function is coordinated by the sovereign function of Corporate Human Resources.

b) Functioning

22. Location where the regulations governing the functioning of the Board of Directors can be found

Terms of Reference are available at the site of the Company (www.sonaecapital.pt) (Tab: Investors, Section: Corporate Governance/Terms of Reference).

23. Number of meetings held and attendance level of each member, as applicable, of the Board, the General and Supervisory Board and Executive Board of Directors

According to the Company's Articles of Association, the Board of Directors meets at least once every quarter and, in addition, whenever the Chairman or two Board Directors convene a meeting. During 2015, the Board of Directors held eight meetings and the respective attendance, personally or by representation, was as follows:

| | |
|-------------------------------------|-------------------------|
| Belmiro Mendes de Azevedo | 100% (until 31/03/2015) |
| Duarte Paulo Teixeira de Azevedo | 100% |
| Maria Cláudia Teixeira de Azevedo | 100% |
| Álvaro Carmona e Costa Portela | 100% |
| Ivone Pinho Teixeira | 100% |
| Francisco de La Fuente Sánchez | 100% |
| Paulo José Jubilado Soares de Pinho | 100% |

The functioning and other logistic issues are dealt with by the Board's Secretary, which also ensures that records of decisions made are kept in minutes of meetings and provides Board members with support information for the proposed agenda at least five days in advance and always leaving a weekend between distribution and the respective meeting.

24. Competent Bodies of the Company to appraise the performance of executive directors

Sonae Capital's Remunerations Committee is responsible for the performance appraisal, approval of remuneration, and other compensations of the Board of Directors, Fiscal Board and members of the Board of the Shareholders' General Meeting.

Furthermore, the non-executive members, as part of its oversight function, track the performance of executive directors in particular.

The Board Nomination and Remuneration Committee (BNRC), is fully composed by non-executive members and support the Shareholders' Remuneration Committee in its duties.

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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.

General growth business indicators, economic and financial KPIs (Key Performance Indicators) are divided into Company, department and individual KPI's.

The Company's 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. Meanwhile, the department business KPIs are similar in nature to the previous ones, being directly influenced by the performance of the Executive Director. The personal KPIs, which may include subjective and objective indicators, are determined by the compliance of individual obligations and commitments.

Additional information may be consulted in points 71-75.

26. Availability of each member of the Board of Directors indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities by members of these bodies during the financial year

Information on other offices held by members of the Board of Directors can be found in the curricula vitae included in an appendix to this report. Members of the Board of Directors consistently demonstrated availability for the proper exercise of their duties.

c) Committees within the board of directors and delegates

27. Identification of committees created within the board of directors and where can be found the Regulations on the functioning

In addition to the Executive Committee, the Board has also appointed specialised advisory committees, namely the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee.

The Regulations on the functioning of these committees can be found at the website of the Company (www.sonaecapital.pt) (Tab: Investors, Section: Corporate Governance/Terms of Reference).

28. Executive Committee¹

| Name | Position |
|-----------------------------------|-------------------------|
| Maria Cláudia Teixeira de Azevedo | Chief Executive Officer |
| Ivone Pinho Teixeira | Chief Financial Officer |

¹ Until 31 March 2015, the Vice -President of the Executive Committee was Eng. Álvaro Carmona e Costa Portela

29. Competences of each committee created and synthesis of activities in exercise of those competences

Executive Committee

The Executive Committee has the ability to manage the day-to-day operations of the Company, following the strategic guidelines set by the Board of Directors and under the powers delegated to it by this governing body.

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In accordance with the adopted policy, Executive Committee members share responsibilities in more than one area, with responsibilities being attributed according to the profile and experience of each member.

The Executive Committee meets monthly and also every time the Chief Executive Officer or the majority of its members convenes a meeting, in writing, at least 3 days in advance. Notwithstanding the regular contacts between the members of the Executive Committee in the periods between meetings, during the year 2015, the Executive Committee held 17 meetings.

The Board of Directors may only deliberate if a majority of their members is present or represented, and decisions will be made by a majority of votes cast by members present, represented or voting in writing.

The Executive Committee meetings may also be attended by members of the corporate centre team, at a Director's request, for assistance and advice on specific issues.

The functioning and other logistic issues are dealt with by the Board's Secretary, which also ensures that records of decisions made are kept in minutes of meetings and provides Board members with support information for the proposed agenda at least five days in advance and always leaving a weekend between distribution and the respective meeting. The existence of a common Secretary to both governing bodies, ensuring information flows between them, contributes to the timely supply of information and reduces misinterpretation of information requests, thus leading to more efficiency and effectiveness in the process.

During 2015, the approved minutes of the Executive Committee meetings were made available to Non-Executive Board members and Fiscal Board members. Members of the Executive Committee provide timely and adequate information whenever requested by members of other statutory bodies.

Board Audit and Finance Committee

The Board Audit and Finance Committee (BAFC) operate based on the terms approved by the Board of Directors.

As at 31 de December 2015, the BAFC is composed by Non-Executive independent members, Francisco de La Fuente Sánchez (President) and Paulo José Jubilado Soares de Pinho.

The BAFC reviews Company's reports, financial information and financial statements, before they are approved by the Board, advises the Board on reports to shareholders and financial markets, on the adequacy and appropriateness of internal information provided by the Executive Committee, including internal business controls, and on compliance with best practices in corporate governance, and reviews, on behalf of the Board, the internal audit and risk management activities and assesses processes and procedures in order to ensure monitoring of internal control and the efficient management of risks. The BAFC meets directly the Statutory External Auditors and the Internal Audit team.

Regarding risk issues and the respective control please revert to Chapter III of this report.

The BAFC shall meet at least six times a year before the disclosure of the annual and interim results, once before the approval of the annual consolidated budget, once to evaluate the effectiveness of corporate governance policies and practices of the Company and whenever it is convened by its Chairman, or the Board's Chairman or the Chief Executive Officer.

The Secretary of the BAFC circulates required agendas and support documents to the members of the BAFC at least five days in advance and always leaving a weekend between distribution and the respective meeting, also ensuring records of decisions made are kept in minutes of the meetings.

Board Nomination and Remunerations Committee

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The Board Nomination and Remunerations Committee (BNRC) was composed until 31 March 2015 by the former Chairman Mr. Belmiro Mendes de Azevedo and the Non Executive Member Francisco de La Fuente Sánchez (Independent). For the current mandate were entitled the present Chairman Duarte Paulo Teixeira de Azevedo, the Vice-President Álvaro Carmona e Costa Portela and maintaining the above mentioned Member Francisco de La Fuente Sánchez.

The BNRC members are appointed for a term of three years.

BNRC operates under terms of reference approved by the Board of Directors and is responsible for identifying potential candidates for the position of Director or Senior Management positions within the Sonae Capital Group. It is also responsible for overseeing the preparation of proposals on remuneration and other compensation on behalf of the Board of Directors, for the succession planning, monitoring of talent management processes and the contingency plans. The BNRC reports to the Board of Directors, in writing, whenever necessary, and operates in coordination with the Remuneration Committee in obtaining approval for remuneration and other compensations of members of the Board of Directors and other corporate bodies. The BNRC may receive assistance from external entities, which should guarantee absolute confidentiality.

The BNRC meets at least once a year, before the annual meeting of the Shareholders' Remuneration Committee.

III. Supervision

a) Composition

30. Identification of the Fiscal Board

The Fiscal Board and the Statutory Auditor are the Supervision bodies of the Company.

31. Composition

In accordance with the Company's Articles of Association, the Fiscal Board shall be made of an odd or even number of members, with a minimum number of three members and a maximum number of five members, being the number of members decided upon by the Shareholders' General Meeting of the Company. One or two substitutes shall be appointed if the Fiscal Board is made up of three or more members, respectively.

The Fiscal Board members are elected for a three years term, along with members of other corporate bodies.

The Fiscal Board appoints its Chairman if the Shareholders' General Meeting has not made such an appointment. If the Chairman ceases his/her functions before the end of his/her mandate, the remaining members shall choose amongst themselves who will perform those duties until the end of the mandate. Substitute member(s) shall replace effective member(s) who are unable or have ceased to exercise their functions, and shall remain member(s) until the next Shareholders' General Meeting which will appoint new members to fill any vacancy(ies). If there are no substitute members available, the Shareholders' General Meeting shall appoint new members.

32. Details of the independent members of the Supervisory Board

Until 31 March 2015, the members appointed for the mandate 2013-2014 were:

| Name | Position | First Appointment |
|----------------------------------|------------|-------------------|
| Manuel Heleno Sismeiro | Chairman | April 2009 |
| Armando Luís Vieira de Magalhães | Member | December 2007 |
| Jorge Manuel Felizes Morgado | Member | December 2007 |
| Carlos Manuel Pereira da Silva | Substitute | December 2007 |

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At the Shareholders' General Meeting of 31 March 2015, the following members were appointed for the current three year mandate (2015-2017):

| Name | Position | First Appointment |
|--------------------------------|------------|-------------------|
| António Monteiro de Magalhães | Chairman | March 2015 |
| Manuel Heleno Sismeiro | Member | April 2009 |
| Carlos Manuel Pereira da Silva | Member | December 2007 |
| Joaquim Jorge Amorim Machado | Substitute | March 2015 |

The members of the Fiscal Board are of the opinion that they can all be considered independent under the terms of number five article 414 of the CSC and that they comply with all incompatibility rules mentioned in number 1 article 414-A of the CSC.

In accordance with the Law, the members of the Fiscal board have the obligation to immediately inform the Company any change that can harm their independence.

For further information about the Statutory Auditor please see below point 39 to 41.

33. Professional Qualifications

Professional qualifications and other relevant curricula elements of the members (both former and in duty) of the Fiscal Board are detailed in the appendix of this document.

b) Functioning

34. Availability and place where the rules on the functioning of the Supervisory Board may be viewed

Regulations are available at the site of the Company (www.sonaecapital.pt) (Tab: Investors, Section: Corporate Governance/Terms of Reference).

35. Meeting of the Fiscal Board

Fiscal Board has at least one meeting in every three months. During 2015, the Fiscal Board held five meetings and the respective attendance, personally or by representation, was as follows:

| | |
|----------------------------------|------|
| António Monteiro de Magalhães | 100% |
| Manuel Heleno Sismeiro | 100% |
| Carlos Manuel Pereira da Silva | 100% |
| Armando Luís Vieira de Magalhães | 100% |
| Jorge Manuel Felizes Morgado | 100% |

¹ As at 31 March 2015

The resolutions of the Fiscal Board shall be made by a simple majority.

36. Availability of each member with description of positions held in other companies inside and outside the group and other relevant activities carried out

The members of the Fiscal Board performed their functions effectively and expressed total availability for holding such position.

Professional qualifications and other relevant curricula elements of the members of the Fiscal Board are detailed in the appendix of this document.

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c) Competences and functions

37. Description of the procedures and criteria for intervention by the Fiscal Board for the purpose of hiring additional services to the Statutory Auditor

The Fiscal Board is the responsible to approve the provision of additional audit services to the external auditor.

The Fiscal Board establishes, in the first meeting of each year, a work plan and timetable for the year, comprising among other subjects, the coordination of tasks with the Statutory Auditor including:

- Approval of the annual work plan of the Statutory 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;
- Joint meeting with the Board Audit and Finance Committee (BAFC) for the review of matters regarding Internal and External Audit;
- Analysis of supply of services other than audit services in compliance with CMVM recommendation IV.2.

In the assessment of criteria that support the hiring of additional works to the External Auditor, the Audit Committee verifies the presence of the following:

- the hiring of additional services does not affect the independence of the External Auditor;
- tax advisory services and other services are provided with high quality, autonomy and independence from the executed under the audit process;
- are fulfilled the necessary criteria to guarantee the independence and impartiality.

38. Other functions

The duties of the Fiscal Board are those determined by law, which include amongst others:

- i. Overseeing the Company's Board of Directors;
- ii. Overseeing compliance with legal and regulatory requirements and the Company's Articles of Association;
- iii. Supervising the preparation, disclosure and accuracy of financial information;
- iv. Verify, when deemed and by the method considered as appropriate, the extent of cash flow and inventories of any type of goods or assets belonging to the company or received by it as collateral, deposit or other evidence;
- v. Verify the accuracy of accounting reports;
- vi. Certify if the Corporate Governance Report includes the elements referred to in Article 245-A of the Portuguese Securities Code;
- vii. Verify whether the accounting policies and valuation criteria adopted by the Company lead to a fair assessment of assets and results;
- viii. Prepare, annually, a report on its enforcement activity to the shareholders and give an opinion on the financial statements and proposals made by the Administration;
- ix. Convene the Shareholders' General Meeting in cases that should be convened and the Chairman of that board do not proceed that way;
- x. Monitoring the effectiveness of the risk management system, internal control system and internal audit system, if exists;
- xi. Monitoring the independence of the internal auditor, in particular with respect to limitations on its organizational independence and the assessment of resources on the internal audit activity;
- xii. Receive reports of irregularities presented by shareholders, employees or others;
- xiii. Hire the services of specialists that assists one or more of its members in the exercise of their functions, having the hire and remuneration of consultants into account the importance of the matters committed and the economic situation of the company;
- xiv. Monitoring the accounting documents revision and disclosure;

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- xv. Monitoring the company's accounting documents revision;
- xvi. Monitoring the independence of the statutory auditor, namely, approving the additional supply of services to be provided to the audit by the Statutory auditor;
- xvii. Promoting that are ensured, within the company, the proper conditions to the Statutory Auditor exercise its role, being one party of company as well as a recipient of the reports;
- xviii. Comply with the duties established in the law and in the articles of association.

To carry out its duties, the Fiscal Board obtains from the Board of Directors, namely through the Board Audit and Finance Committee, all the necessary information to carry out its duties, namely relating to the operational and financial performance of the Company, changes to its business portfolio, the terms of any transactions that have occurred and the details of decisions made:

- Establish, at the first meeting of the year, its annual activity plan;
- Obtains from the Board of directors, through the Audit and Fiscal Board, the information necessary to the exercise of their activity, namely the operational and financial performance of the company, changes of company's portfolio, terms of transactions and contents of decisions taken.
- Reviews and monitors, during the year, the work of the internal and external auditors, and informs the Board of Directors of its recommendations;
- Monitors the risk management system, and, if there are any material issues, prepares an annual report of its assessment and recommendations to the Board of Directors;
- Receives from the Board of Directors, at least two days before the date of the meeting, the annual consolidated and individual financial statements and the Report of the Board of Directors and reviews in particular the main changes, relevant transactions and the corresponding accounting treatment applied and from the the Statutory Auditor, the statutory audit report on the financial statements, and reports its opinions and decisions made;
- Records in writing communications of alleged irregularities that have been addressed to it, requesting information and clarification through the Board of Directors, and internal and/or external auditors, and prepares a report on its conclusions;
- Informs the Board of Directors about the procedures and checks carried out and the results thereof;
- Attends Shareholders' General Meetings;
- Carries out any other supervisory duties required by law.

To support the Fiscal Board's activity, the Company provides human and technical resources needed for scheduling meetings, preparing agendas, minutes and support documents and ensuring their timely distribution. Additionally, internal staff deemed relevant for matters in the agenda, is also present in the meetings, to present and explain the main questions raised by the Fiscal Board. Items in the agenda regarding External Audit issues are discussed, at the request of the Fiscal Board, without the presence of other department's staff.

The Fiscal Board represents the company with the External Auditor and proposes to the General Shareholders meeting its appointment as well as its dismissal. It also proposes an evaluation of the performance work, assuring adequate conditions to do so and is the first recipient of their reports.

The Fiscal Board issues an annual report on the supervisory work performed including the annual assessment of the Statutory External Auditor, as well as an opinion on the report of the Board of Directors, consolidated and individual financial statements and corporate governance report presented by the Board of Directors, in order to meet the legal deadlines for presentation of those documents to the annual Shareholders' General Meeting. The Fiscal Board's report on annual activity is included in the annual reports made available on the Company's website (www.sonaecapital.pt).

The Statutory Auditor is the supervisory body responsible for legal certification of financial information of the Company, with the competence of:

- i. Verify the correctness of all the books, accounting records and supporting documents;

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- ii. Verify the extent of cash and stock of any assets or securities belonging to the Company by or received as collateral, deposit or other purpose;
- iii. Verify the accuracy of financial statements and express their opinion thereon in the Legal Certification of Accounts and the Audit Report;
- iv. Verify that the accounting policies and valuation criteria adopted by the Company result in the correct valuation of assets and results;
- v. Carry out any examinations and necessary tests for audit and legal certification of accounts and carry out all the procedures determined by law;
- vi. Verify the implementation of remuneration policies and systems and the effectiveness and operation of internal control mechanisms reporting any deficiencies to the Audit Committee, pursuant under and within the limits of its statutory competence and procedural;
- vii. Confirming that the Corporate Governance Report includes the information listed in Article 245-A of the Securities Code.

IV. Statutory Auditor

39. Statutory External Auditor identification and the representing partner

The Statutory Auditor of the Company for the three year period 2015-2017 is PricewaterhouseCoopers & Associados, SROC, represented by Hermínio António Paulos Afonso or by António Joaquim Brochado Correia.

In 2015 the Statutory Auditor was represented by Herminio António Paulos Afonso.

40. Permanence of Functions

The Statutory Auditor is in its third term – a three year term notwithstanding the first two mandated of two years each – having been re-elected for the current term under proposal of the Fiscal Board, at the General Meeting of March 31, 2015. The Company's auditor is the same auditor since 2011 in almost all subsidiary companies.

41. Other services provided to the Company

The Statutory Auditors additionally provides to the Company audit services as described below.

V. External Auditor

42. Identification

The Company's Statutory External Auditor for the term ended in 2015 was PricewaterhouseCoopers & Associados, SROC, registered with nr.9077 in Commission for Securities Market, represented by Hermínio António Paulos Afonso or by António Joaquim Brochado Correia.

In 2015 the Statutory Auditor was represented by Herminio António Paulos Afonso.

43. Permanence of Functions

The Statutory External Auditor was elected by the Shareholders' General Meeting, by proposal of the Fiscal Board for the first time in 2011, to the 2011-2012 term of office and is in its third one. The representing partner prosecutes his functions since then.

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44. Policy and frequency of rotation of the external auditor and its partner

The Statutory External Auditor and the Certified Public Accountant's partner that represents the external auditor in the fulfillment of these functions, is only serving his third term, therefore, the Company complies fully with the recommendations currently in force. The rotation policy and schedule of the external auditor and the respective partner that represents said auditor shall be determined in the light of best practice in corporate governance at the date of expiry of that term, where and when relevant.

45. External Auditor assessment

According to the Corporate Governance model, the election or removal of the Statutory External Auditor is decided at the General Meeting upon the proposal of the Fiscal Board.

Additionally, the Fiscal Board oversees the performance of the External Auditor and the work during each exercise, considers and approves the additional work to provide and, annually, prepare an assessment of the External Auditor, which includes an assessment of their independence.

46. Additional work

In order to ensure External Auditor independence, tax consultancy services and other services (mostly related with management consulting) were provided by different teams than those involved in audit services. The Board Audit and Finance Committee and the Fiscal Board reviewed the scope of other services and concluded they did not affect the independence of Auditors.

The services provided by the external auditor, other than audit services, were approved by the Fiscal Board within the recommended principles. The percentage of those services in total services provided by PricewaterhouseCoopers & Asociados, SROC (PwC) to the Company amounts to 23,1%. Given the amount involved and the fact that the services are provided by a completely different team from the entity that provides audit services, was preserved the auditor independence and impartiality.

As part of its work plan, the external auditor confirmed the application of policies and remuneration systems, as well as the effectiveness and performance of internal control mechanisms, and has not identified any material issues that should be reported to the Company's Fiscal Board.

47. Annual remuneration

During 2015, the total remuneration paid to the Company's external auditors was € 246,709 (two hundred and forty six thousand seven hundred and nine euros), corresponding to the following services provided:

| Services | Total 2015 | % | Sonae Capital SGPS | % | Other Group entities | % |
|------------------------------|----------------|------------|--------------------|------------|----------------------|------------|
| Statutory Audit ¹ | 189,635 | 76.9 | 35,707 | 95.5 | 153,928 | 73.5 |
| Tax Consultancy ² | 1,700 | 0,7 | 1,700 | 4.5 | 0 | 0.0 |
| Other Services ² | 55,374 | 22.4 | 0 | 0.0 | 55.374 | 26,5 |
| Total | 246,709 | 100 | 37,407 | 100 | 209,302 | 100 |

Values in Euro

1 Fees agreed for the year

2 Amounts invoiced

C. INTERNAL ORGANIZATION

I. Articles of Association

48. Rules governing amendment to the Articles of Association (Article 245-A/1/h))

Amendments to the Articles of Association follow the terms of the CSC, requiring a two-thirds majority of votes cast for approval of such resolution.

At a first meeting for a General Meeting to pass resolutions on amendments to the Company's Memorandum and Articles of Association, it is required that a minimum of 50% of the issued capital is present or represented at the General Meeting.

II. Whistle Blowing Policy

49. Whistle Blowing Policy

The definition of irregularities, which for the purpose of the Company's Policies and Procedures for the Communication of Irregularities are facts that infringe or severely damage:

- Compliance with legal, regulatory or ethical principles by members of the Company's statutory bodies and staff or of its affiliated companies, in the course of their professional activity;
- Assets of the Company and of its affiliated companies, as well as assets of clients, shareholders, suppliers and commercial partners of the Company or any of its affiliated companies;
- Good management practices and the image or reputation of the Company or of any of its affiliated companies.

The main features of the reporting of irregularities policy currently in place are:

- Setting up appropriate procedures for reporting irregularities, including the provision of a mail box with exclusive access by the Chairman of the Fiscal Board, together with receipt by regular mail, to ensure to all employees, shareholders or stakeholders that all communications or complaints connected to the reporting of irregularities arrive tamper-proof to the recipient. Although there is the need for explicit and clear identification of the complainant, their identity will be kept confidential and only known to the Chairman of the Fiscal Board, whenever requested.
- To ensure, following the reporting of irregularities or the knowledge of a potential irregular situation, by giving access to the Fiscal Board to all the relevant documentation that can be provided by the Company to fully investigate, through a rigorous and impartial review process, the reported irregularities and the prevention from access to the review process of any individual who, even indirectly, may have a conflict of interest with the disclosure of the review process.
- The handling of irregularities, particularly the fast and effective treatment of such communications, the implementation of corrective measures when necessary and the need to inform the whistle blower of such facts.
- The proposal of the Fiscal Board to the statutory bodies of the Company or to the statutory bodies of any affiliated Company, when deemed necessary, for the adoption of measures considered necessary to solve the irregularities investigated.
- Prevent the potential occurrence of reprisals as a consequence of the whistle blowing activity as long as the whistle blower has not shown bad faith or participated in any irregularity.

According to the best corporate governance practices the Company's Whistle Blowing Policy, which main features are summarized above, is available on the Company's website (www.sonaecapital.pt), and are applicable to all the Group subsidiaries.

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During 2015, the Fiscal Board has not received, through the available means, any communication that falls under the ruling of this policy.

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.

Sonae Capital assigns prime importance to the implementation of appropriate internal control and risk management principles. Market visibility, exposure and diversification of the businesses' risks and the increasing speed of information transmission, makes the implementation of these principles crucial to value creation and compliance with ethical and social responsibility values.

The main goal of Risk Management is to create value by i) managing and controlling opportunities and threats that can affect portfolio objectives and the going concern of Sonae Capital's businesses, ii) preventing errors and irregularities from occurring, minimizing their consequences and iii) maximizing the organisation's performance and the reliability of its information on a going concern basis. Risk Management is a pillar 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 inherent in all management processes and is a continued concern for all Group managers and employees. They are a key element of a conservative risk management culture that is intended to cross all activities and hierarchical levels of the company.

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. It promotes and supports the integration of risk management into the management and planning control processes of the Company's businesses.

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.

Financial and accounting information reliability and integrity risks are also evaluated and reported upon by the External Audit activity.

51. Disclosure of the relationship to other committees of the Society in hierarchical dependence and / or functional relation

BOARDS AND COMMITTEES RESPONSIBLE FOR RISK MANAGEMENT AND INTERNAL CONTROL

- Board of Directors
- Executive Committee
- BAFC (Board Audit & Finance Committee)
- Statutory External Auditor
- Internal Auditor
- Risk Management
- Corporate Centre

The Board of Directors is responsible for the definition of the Risk Management Policy for the Company and its subsidiaries.

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The Executive Committee is responsible for the ongoing assessment of risks that affect the organization and the approval of measures, models and mechanisms for the assessment, control and mitigation of those risks.

The Board Audit and Finance Committee informs the Board of Directors about the suitability of internal information provided by the Executive Committee and of the systems and internal control principles and for compliance with the best practices in corporate governance. In addition, The Board Audit and Finance Committee supports the Fiscal Board on the appointment of the Statutory Auditor and to define the scope and remuneration for their work.

External Audit evaluates and reports the risks of reliability and integrity of accounting and financial information, thereby validating the internal control system set up for that purpose at Sonae Capital.

The Internal Audit function, acting as an independent entity of internal counselling, identifies and evaluates the efficacy and efficiency of management and control of risks of business processes and information systems, as well as risks of non conformity with legislation, contracts, policies and procedures of companies. The Risk Management and Internal Audit functions are coordinated by a single manager at Sonae Capital's Corporate Centre level, and its activities are reported and followed up by the Board Audit and Finance Committee of the Board of Directors.

The Board Audit and Finance Committee reports to the Board of Directors about the quality and independence of the Internal Auditor and must be consulted by management regarding the appointment of the internal audit team.

Regarding the relationship between the two Audit committees, the Board Audit and Finance Committee reviews the scope of work of Internal Audit and its relation to the scope of work of the External Auditor and analyses with the external auditor and with the head of Internal Audit their reports on the review of the annual and interim financial information and the review of internal control, reporting the conclusions to the Board of Directors. These reports are issued to the Fiscal Board and to the Audit and Finance Committee simultaneously.

52. Existence of other functional areas regarding competences in risk control

The Risk Management, part of the Corporate Centre, reports to the Executive Committee and promotes, coordinates, eases and supports the procedure development of Risk Management, promoting the inclusion of risk level in strategic and operational decisions. This function as well as the Internal Audit function is coordinated by a manager at Sonae Capital's Corporate Centre level, and its activities are reported and followed up by the Board Audit and Finance Committee of the Board of Directors.

Like the Internal Audit and Risk Management functions, the management of financial and legal risks is also coordinated by two managers, at the Corporate Centre level of Sonae Capital and its activities are reported and followed up by the Audit and Finance Committee and by the Fiscal Board.

There are Risk Management Pivots at each business segment level, coordinated by Group Risk Management function, which work in connection with the owners of each risk to ensure the implementation of certain action plans, and constantly update the risk matrix of their business segment.

53. Main Risks (Economic, financial and legal) to which the Company and its Affiliates are exposed

53.1 General Risks

Cyclical Risks: Sonae Capital's activity is reliant upon the macroeconomic environment and the profile of the markets in which it operates. The majority of Sonae Capital subsidiaries activity is developed in Portugal therefore is largely exposed to Portuguese economy, which in turn is strongly conditioned by the developments in the Eurozone.

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In May 2011, Portugal has formalized a Memorandum of Understanding with the Troika regarding Economic and Financial Stabilization Program, which included a Eur 78 billion financing to Portugal, disbursed over a period of three years and subject to the implementation of a set of fiscal and structural measures. With the end of this program in May 2014, and despite of all the adjustments implemented, there are some doubts regarding Portuguese economy. In particular over recent years, despite of the improved quarterly variations, there has been a contraction in GDP, influenced by the restrictive fiscal policies, public spending and private sector cuts.

Given the above, the activity, business, operating results, financial situation, and Sonae Capital future perspectives, or its ability to achieve its goals, can be potentially adversely affected by a negative evolution in the Portuguese or Eurozone situation.

Several initiatives have been launched to mitigate this risk, which include inter alia internationalization of main businesses, stricter cost control measures and launching of innovative and alternative offers.

Financial Risks: Sonae Capital is exposed to a variety of financial risks namely interest rates, transaction and translation foreign currency exchange, liquidity and debt and equity financial market fluctuations, counterpart and credit risk (especially relevant in scenarios of economic downturn), commodity and raw material prices.

Sonae Capital's financial risk management policy seeks to minimize potential adverse effects of the volatility of financial markets, and with that end in mind, a coherent set of systems and processes are implemented at Sonae Capital allowing the identification, monitoring and management by the Corporate Finance function, on a timely basis.

The current situation of financial markets places liquidity risk, credit risk and fluctuations in capital and debt markets assume a forefront position in companies concerns due to potential impact in the continuity and development of businesses. In fact, the development of businesses of some companies held by Sonae Capital may require additional investment from Sonae Capital in its affiliates or Sonae Capital may intend to expand its businesses through organic growth or acquisitions and also business continuity demands the maintenance of appropriate liquidity reserves to face Company's activities. The additional investment and the maintenance of liquidity reserves may be raised through shareholders' equity or external debt.

Sonae Capital cannot guarantee whether these funds, if necessary, will be obtained or that they will be obtained under the desired conditions in which case plans for business expansion may have to be altered or postponed, conditioning the success of the outlined strategic goals.

In this context, the above-mentioned systems and processes of financial risks management, which are centralized in the Company's Corporate Centre, are set out in order to mitigate those risks and to ensure liquidity management through:

- i. short, medium and long term financial planning based on cash flow forecasts;
- ii. treasury and cash management control instruments;
- iii. rigorous credit policies towards customers and follow up of risk evolution;
- iv. a variety of sources of and counterparts to funding;
- v. the adjustment of debt maturity profiles to cash flow generation and investment plans; and
- vi. maintenance of an adequate level of liquidity through contractual arrangements relationship banks for short term credit facilities.

Additionally, Sonae Capital's attitude towards financial market risk management is conservative and cautious, sometimes using derivative instruments to hedge certain exposures related to its operating businesses or the arrangement of insurance credit whenever adequate.

The Company does not therefore enter into derivatives or other financial instruments that are unrelated to its operating businesses.

Legal Risks: Sonae Capital and its affiliated companies are subject to extensive and often complex regulation. As a result the performance of the activities and its compliance represents an important investment in terms of time spent and other

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resources, having therefore legal and fiscal advice. In fact Sonae Capital 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 Capital's interests while complying with legal obligations and applying best practices. Legal and tax function is also supported, on a national and international level, by external professionals, selected from reputed firms and based on criteria of competence, ethics and experience. However, Sonae Capital and its affiliated companies may be affected by legal and tax changes in Portugal, Eurozone, or other countries where it develops its activity. Sonae Capital does not control these changes, or changes regarding laws interpretation by any authority. Potential changes in Portugal laws, Eurozone or other countries where it operates may restrict the conduction of Sonae Capital business or its affiliated companies and, consequently, hinder or prevent the achievement of strategic objectives.

Information Systems Risks: Information systems of Sonae Capital are characterized by being comprehensive, wide-ranging and spread. From an information security stand point, several actions to mitigate risks of compromising confidentiality, availability and integrity of business data have been carried out. Among those actions are off site backups, implementation of high availability systems, network redundancies, control and quality check of flows between software, management of accesses and profiles and strengthening mechanisms for data network perimeter protection. On a recurrent basis, the Internal Audit function carries out audit assignments in several domains: software, servers and networks with the purpose to identify and correct potential vulnerabilities that may have a negative impact in the business as well as to ensure the protection of confidentiality, availability and integrity of information.

People Risks: Sonae Capital's ability to successfully implement its strategy depends on the ability to recruit and retain the most qualified and competent employees for each function. Despite Sonae Capital's human resources policy being oriented towards attaining those goals, it is not possible to guarantee that there will be no limitations in this area in the future.

Insurable Risks: In relation to the transfer of insurable risks (technical and operational), Group companies negotiate insurance coverage with the objective of rationalizing these types of risk by searching to establish a sound insurance capital structure for the capital values at risk, based on the constant changes in the businesses involved. On another level, insurance coverage and retention levels have also been optimized in accordance with the needs of each business, ensuring internally effective insurance management.

53.2 Company's Risks

Sonae Capital, as an investment holding Company (SGPS), promotes direct and indirectly the power to manage its affiliated companies, therefore the fulfilment of all obligations undertaken, are dependent on cash flows generated by those affiliated companies. Sonae Capital is therefore dependent upon the distribution of dividends by its affiliated companies, the payment of interest, the repayment of loans granted and other cash flows generated by those companies. The ability of affiliated companies to make funds available/repay to Sonae Capital will depend in part on their capacity to generate positive cash flows, in connection to its operational activities, as well as the legal, tax and statutory framework applicable to dividends distribution, and other forms of delivering or repayment shareholder's funds.

53.3 Affiliates Risks

Sonae Capital has a diversified portfolio, hence major risks to which its affiliates are exposed may be sector specific. Most relevant risks are identified below.

53.3.1 RESORTS

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a. The activities carried out by Resorts business are subject to economic cycles and dependent on the growth of tourism activity and real estate in Portugal. Therefore the tourism operations of this business are dependent on tourist demand which, in turn, is linked to economic trends, both nationally and internationally. Any negative developments in the Portuguese economy or in the main countries that contribute with tourists to the Portuguese market can have an adverse impact on its business performance, due to a shrinkage on the number of tourist.

b. The successful marketing of high-quality tourism and residential property developments depends on the state of the real estate sector in Portugal and in the countries of foreign investors (in view of the fact that a significant part of the tourism property developments is targeted at foreign investors) at the time that properties are put on the market as well as the stability of government incentives for foreign direct investment. The new rules for the allocation of foreign residence visas for those who want to invest in Portugal, under the Residence Permits for Investment (ARI), has caused a slowdown in the dynamics of this market segment. A less favorable economic environment than expected may impact the business, namely in relation to selling prices and marketing periods.

c. The business carried on by Resorts as tourism operator is subject to the supervision of the Directorate-General for Tourism and compliance with specific legislation for this activity. A less favourable economic framework than the one expected, may put at risk current business expectations, namely in relation to selling prices and marketing periods, with potentially negative impact on the financial performance of this business.

d. The activity carried out by Atlantic Ferries and by the Tróia Marina is subject to the terms and periods referred to in the concessionary contracts signed, as follows: (i) Atlantic Ferries entered into, with APSS (Associação dos Portos de Setúbal e Sesimbra), in 2005, a concessionary contract for the river crossing public transport service of passenger, light and heavy vehicles between Setúbal and the Tróia Peninsula. The concession was granted for a period of 15 years extendable for successive periods of 5 years, if both parties agree; (ii) the Tróia Marina entered into, with the APSS, in 2001, a concessionary contract for the operation of the Tróia Marina for a period of 50 years. Any breach of the contractual obligations could entail significant risks for the activity and have an impact on these earnings.

e. In Tróia Peninsula the tourism real estate developments may be affected by competition from other developments, in particular, on the Alentejo coast, the Algarve and southern Spain. However, it is Sonae Capital opinion that the troiaresort project is being developed in an area where the existing biodiversity and cultural heritage are considered to be the factors which differentiate the project, and can be capitalized on with new tourism services and products with a positive impact on the project.

f. The Resorts business may be subjected to seasonality, with the result that abnormally adverse conditions during these periods could negatively affect the level of activity and operating results.

53.3.2 HOSPITALITY

a. The activities carried out by the hospitality business are dependent on the growth of tourism activity in Portugal. Therefore the tourism operations of this business are dependent on tourist demand which, in turn, is linked to economic trends, both nationally and internationally. Any negative developments in the Portuguese economy or in the main countries feeding tourist visitors to the Portuguese market can have an adverse impact on its business performance, due to a shrinkage on the number of tourist

b. This activity is subject to fluctuations in demand associated with natural disasters, as well as to factors of a social or political nature which could have an impact on the inflow of tourists and consequently on occupancy rates.

c. The activity carried out by the hospitality business is subject to supervision by the Directorate-General for Tourism and compliance with specific legislation for this activity.

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d. The level of activity can depend on the intensity of competition – both regional and global – from the tourism destinations in which they operate. As a consequence of growth in demand, massive use of air transport, and the emergence of new destinations, competition between tourism destinations is becoming increasingly more aggressive. However, over and above the convenience of the location, the brand's widespread awareness and the quality of the property development, in particular the offer of complementary facilities (restaurants, golf, SPA and other leisure activities), are important competitive advantages in this sector.

e. The possibility of the occurrence of risks to public health in the restaurant and health club activities and of accidents that may put at risk the safety and health of customers at the respective premises, may result in Sonae Capital subsidiaries being held liable for damages, which could have an adverse effect on the Company's earnings and financial position. However, any possible risks for the restaurant and other businesses, arising from situations that could lead to public health risks are minimized by the implementation of a rigorous quality control and food safety system for processes and products, which is regularly audited by external companies with a view to continuous improvement. In this respect, Sonae capital subsidiaries uses tools such as HACCP (Hazard Analysis and Critical Control Points) defined in the "Codex Alimentarius" – Appendix to CAC/RCP 1-1969, Rev. 4 (2003), undertaking to comply with the requirements specified therein, as well as with prevailing legislation, namely with Regulation (EC) nr. 852/2004 of the European Parliament and Council of 29 April 2004, relating to food hygiene.

53.3.3 FITNESS

In the leisure sector, namely in the Fitness segment where Sonae Capital Group operates through Solinca Health & Fitness (health clubs), the most important risk are the follows:

a. Leisure activity (health clubs) can be affected by the economy's behavior, notably, through a drop in consumer confidence and the consequent impact on household disposable income.

b. The entrance of new competitors, mergers and acquisitions opportunities, the repositioning of current competitors or the actions they might take to reposition themselves to win new markets and gain market share (price conditions, promotional activity, introducing new concepts, innovation) may call into question the market share intended by Solinca and its business strategy. The response to increased competition could force a reduction in prices charged or the application of promotional discounts, which may have an impact on results of the company.

In order to minimize this risk, Solinca Health & Fitness constantly benchmarks competitor's actions and invests in improved or new formats, businesses and products/services in order to always offer its customers innovative proposals.

c. The provision of services, equipment and infrastructure that are not in accordance with the quality standards and changing requirements demanded by clients could expose the company to claims, difficult to capture and customer loyalty as well as negatively impact its image and reputation.

Customers frequently change their expectations and preferences, which imply a continuous adaptation and optimization of business concepts and offers.

In order to anticipate consumer needs and market trends, Solinca Health & Fitness analyses information about consumer behaviour, satisfaction and loyalty by conducting monthly surveys (Net Promoter Score). The introduction of new products, concepts and technologies is always tested using pilot schemes before being implemented globally. Additionally, Solinca Health & Fitness allocates a significant portion of its annual budget to the renewal of equipment and facilities to ensure the attractiveness and follow the challenges posed by the market.

d. The possibility of the occurrence of accidents or unforeseen situations by inadequate physical activity that affect the life, health or physical integrity of persons in health clubs that may put at risk the safety and health of costumers at the respective premises may result in Solinca Health & Fitness being held liable for

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damages, which could have an adverse effect on the companies' earnings and reputation.

In order to mitigate this risk, Solinca Health & Fitness has several initiatives such as for example the obligation of the customer to conduct a medical evaluation survey at the time of enrollment, the offer of physical assessment to all customers, training in basic life support to all employees as well as insurance schemes for accidents at work, property damage and liability.

e. Legislative changes (ex: tax, legal, labor, competition, etc.) can threaten the specific strategies defined by Solinca Health & Fitness in the development of its activities, involve contractual changes with key stakeholders or dictate the increase of its economic costs.

53.3.4 REFRIGERATION AND AIR CONDITIONING

Activities related to refrigeration and air conditioning have specific risks, the majority of which are related to competition from other companies operating in the same markets and to the economic situation. The following major risks are related to:

a. Group's activity is reliant upon the macroeconomic environment and the profile of the markets in which it operates. The products are fundamentally commodities, having the nature of durable goods, and are mainly intended for the construction and large food distribution sectors. The Group's operational activity is, therefore, cyclical, being positively correlated with general economic cycles and, in particular, with the evolution of the sectors mentioned. Thus, Group's and its subsidiaries' businesses can be negatively affected by periods of economic recession, in particular by a drop in private investment. The availability of credit in the economy is also relevant for Group's business due to its potential impact on the real estate market. The Group, through its subsidiaries, has a strong presence in Portugal, Brazil, Angola e Mozambique. These markets have different macroeconomic, political and social profiles and, as such, are reacting differently to the global economic and financial crisis. In fact, the rate at which the various markets emerge from the current crisis depends on variables outside of Group's control. Equally, possible political and/or social and/or religious tensions in any of the markets may have a material impact on Group's operations and financial situation that is impossible to estimate.

Considering the market environment that currently exist in Portugal, the development of this business area, is based on the business international growth, therefore developments in the global economy, specific risks from targeted countries and the ability to conquer new markets may have an impact on the activity performance of this business.

b. The Group activity is geographically diversified, with subsidiaries located in three different continents, and as such it is subject to transactions and balances denominated in real, kwanza and metical.

The Consolidated Statements of Financial Position and Income Statement are exposed to the risk of a change in exchange rates (risk relative to the value of capital invested in subsidiaries outside the Eurozone) and Group's subsidiaries are exposed to the risk of a change in both exchange and transaction rates (risk associated with commercial transactions made in currencies other than the euro). Transaction risk arises when there is exchange risk related to a cash flow in other than a subsidiary local currency. The Group company cash flows are largely denominated in the subsidiary local currency. This is valid independently of the nature of the cash flows, i.e.: operating or financial, and provides a degree of natural hedging, reducing the Group's transaction risk. In line with this reasoning, Group's subsidiaries only contract debt that is denominated in the respective local currency. In turn, the currency conversion risk emerges from the fact that, when preparing the Group's consolidated accounts, the financial statements of the subsidiaries denominated in currencies other than that of the consolidated accounts (euro), must be converted into euros. As exchange rates vary between accounting periods and as the value of the subsidiaries' assets do not match their liabilities, volatility in the consolidated accounts arise as a result of conversion in different periods at different exchange rates.

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In order to minimize potential adverse effects of the the volatility of financial markets, in addition to a foreign exchange risk management policy and control mechanisms to identify and quantify such exposure, the Group may also use derivative instruments to hedge certain exposures related to its operating business.

53.3.5 ENERGY

The area of Energy carries out its activity mainly in the development and management of CHP projects.

CHP is a form of rationalizing the consumption of energy, given that the production of power based on the energy released at the moment of combustion, is synonymous of a more efficient use of fuel (natural gas in the case of projects of Sonae Capital). A CHP plant uses less fuel compared to that used in separate production of the same quantities of thermal and power energy.

Although this form of power production is a more efficient alternative and “environmental friendly”, it nonetheless entails certain specific risks that could have an impact on the earnings of the companies, such as:

a. Sonae Capital’s CHP plants use natural gas as a primary source of energy and its purchase price has a significant weight in business’ cost structure. Consequently, the volatility of the natural gas purchase price, indexed to oil prices in international markets and the euro / dollar exchange rate, may negatively impact the company’s results and margins.

On the other hand, the power selling price is regulated and also indexed to oil price and the euro / dollar exchange rate, which allows a significant reduction on the exposure to this risk. In particular, the selling price set by Portaria 58/2002 (the remuneration scheme applicable to the majority of our CHP plants) and the natural gas purchase price have a high correlation, providing a considerable degree of natural hedge at the gross margin level.

However, the DL 23/2010 and Portaria 140/2012 established a new remuneration scheme for CHP in Portugal (applicable to new CHP units), which led to a loss of the natural hedging that we had until recently. Power price is less sensible than natural gas price to oil price and exchange rate fluctuations, which results in an increased risk of exposure to the volatility of natural gas purchase price. The importance of this theme will be greater as the CHP plants move to the new remuneration scheme.

In order to mitigate this risk, Sonae Capital Group regularly monitors the evolution of the natural gas price and its expected future trend in order to evaluate the attractiveness of hedging by fixing natural gas purchase price with supplier or through financial derivative instruments.

Concerning CO₂ emission licenses, the scheme for greenhouse gas emission allowance trading within the Community (ETS), introduced for the period starting 2013, significant changes in allocation plans for CO₂ emission allowances, being the total quantity of emission allowances determined at a Community level and allocated by auction. Allocation of free emission allowances is marginally performed using Community benchmarks. The free allocation of allowances follows a downward trend for the next years aiming to its termination in 2027. The CHP units that are under this legislation (terminal nominal power above 20MW) will have an increasing need to obtain those CO₂ emission allowances on the trading market, therefore being exposed to its price fluctuations.

b. The decrease in thermal energy consumption and the failure of the defined contractual terms by the host company, such as exclusivity, take-or-pay, among others, can impact on business revenue, either through the reduction of the power tariff premium or ultimately, loss of legal status of cogenerator.

c. The focus and concentration of business in CHP activity relative to other forms of alternative energy could increase the risk of the company to external factors and consumer profiles.

In order to minimize this risk, Sonae Capital Group established a growth strategy that foresees the investment in renewable energy and the internationalization of the CHP business with the aim to achieve a technological and geographical portfolio diversification.

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In what concerns to power production from renewable sources, Sonae Capital has identified the following specific risks:

d. The electricity tariff is also regulated in renewables sector. Any future change in tariff definition may have a negative impact on company's results and margins.

e. The amount of power generated depends on the availability of the resource. Lower availability than estimated could have a negative impact on project's turnover and profitability. In addition, one of the major challenges facing the use of renewable resources is their intermittency as weather conditions (wind strength, solar radiation, etc.) not always are the best when electricity is most needed.

In order to minimize this risk, Sonae Capital Group promotes a comprehensive resource study as part of the technical due diligence that carries out in each of its projects. This study includes a scenario analysis and subsequent evaluation of the economic viability of the project.

The area of Energy still holds, regardless of the source of primary energy used, the following main risks:

f. Electricity generation under the Special Regime has predefined tariffs defined by the Portuguese State, as a way to encouraging the production of this alternative form of electric power generation, more efficient and less polluting. Therefore the risks relating to the selling price of energy are presently minimized. Electricity is sold at the price defined by the Portuguese State for a prolonged period of time. However, profitability rates are dependent on the short, medium and long term stability of regulation and policies that supports the energy efficiency. In the current economic environment, Portugal is still with restrictive measures in force, so that barriers to the development of new projects can be added.

Any future changes to energy policy by the Portuguese govern, may prove to be a risk for future projects and for the viability of the business development in the long run.

g. The power production is subjected to supervision by the Direcção Geral de Energia e Geologia (DGEG) and by the Entidade Reguladora dos Serviços Energéticos (ERSE) - the entities responsible for regulating the electricity sector in Portugal, and to the compliance with specific legislation dealing with this sector. Any change to this wide ranging legal regime applicable to the sector could imply major risks for this business activity.

h. The occurrence of extraordinary situations, such as fires, storms and / or accidents, can threaten the company's ability to maintain operations, provide essential services or cover operating costs.

In order to minimize this risk, Sonae Capital Group conducts regular prevention and safety audits of the CHP facilities and equipments and conducts periodic review and adjustment of the coverage plans of insurance for property damage, operating losses and civil liability.

i. The absence or inadequate maintenance of equipment, or lack of control of suppliers' service levels that could not provide the functionality, appropriate security and compliance, can lead to inefficient processes or significant damage to the equipments. Additionally, the non-use of resources in an appropriate manner, at the lowest cost and with the highest income may impact the profitability of each project and threaten its viability.

j. The defined growth strategic plan requires additional investment, whose conditions may be conditioned by the financial framework, the group's debt current level and the evolution of its and its subsidiaries businesses. Sonae Capital can not ensure that such funds, if necessary, will be obtained in the desired conditions, which can cause changes or deferrals in the objectives or compromising business growth capacity.

53.3.6 OTHER ASSETS

a. Norscut, a Company in which Sonae Capital holds a 36% stake through its affiliated Company, Contacto Concessões, SGPA, SA, holds the concession for the operation and maintenance under the availability for remuneration scheme of the

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A24 motorway and associated roads (motorway which links Viseu to the Chaves border). The other shareholders of Norscut are Eiffage and its affiliated companies (current stake of 36%), CNCE, SA (15% stake) and Egis Projects a French group Egis Company (10%). The concession is operated under a contract signed with the State on 30 December 2000 for a period of 30 years, starting 2001. Any breach of the contract's conditions could entail major risks for Norscut's activity and its operating performance.

b. Still in the Other Asset framework, Sonae Capital Group has a diversified group of real estate assets. The sale of these assets, at an acceptable proposal is the Group's strategic guideline aim. However, this goal achievement is not certain. This real estate portfolio (excluding Tróia real estate assets) includes a diversified group of assets with different licensing and construction stages, including land plots with or without construction viability, residential units, construction projects, offices, industrial premises and commercial areas with a widespread geographical dispersion. As at 30 September 2014, the date of the most recent appraisal by an independent specialised entity Cushman & Wakefield of Sonae Capital real estate portfolio, these assets evaluation stood at 180.1 M.€. As at 31 December 2015, the Capital Employed in this set of assets stood at 118.3 M.€.

The loss of liquidity of the assets in the portfolio and / or difficulties in placing these assets in the market can affect the growth potential of the business and the achievement of strategic goals.

Sonae Capital Group holds a wide range of business in several areas and therefore is exposed to different economic cycles, as tourism activity, hospitality, fitness, energy, refrigeration and HVAC and financial and real estate assets. Some of these markets are in addition very competitive through national and international companies, therefore Sonae Capital affiliate companies are exposed to intensive competition. The ability of Sonae Capital affiliates to establish an adequate market position in the areas they operate may have a significant impact in Sonae Capital business or in their operating results.

Sonae Capital regularly monitors the behavior of the markets in which it operates with the aim to anticipate changes and / or new market trends in order to offer its customers an innovative and differentiating proposal.

54. Description of the identification, assessment, monitoring, control and risk management process

As a structured and disciplined approach that aligns strategy, processes, people, technology and knowledge, Risk Management is integrated throughout the planning process of Sonae Capital, aiming at identifying, assess and managing the opportunities and threats that the business of Sonae Capital face in pursuing their goals of creating value.

The management and monitoring by Sonae Capital of its main risks is completed through several approaches and agents, among which are:

Policies and procedures of internal control set at both corporate and business levels, with the goal for ensuring:

- Adequate segregation of functions and duties;
- Definition of authority and responsibility limits;
- Safeguarding Group's assets;
- Control, legal compliance and appropriateness of operations;
- Execution of corporate plans and policies;
- Integrity and accuracy of accounting records;
- Effectiveness of management and quality of information produced.

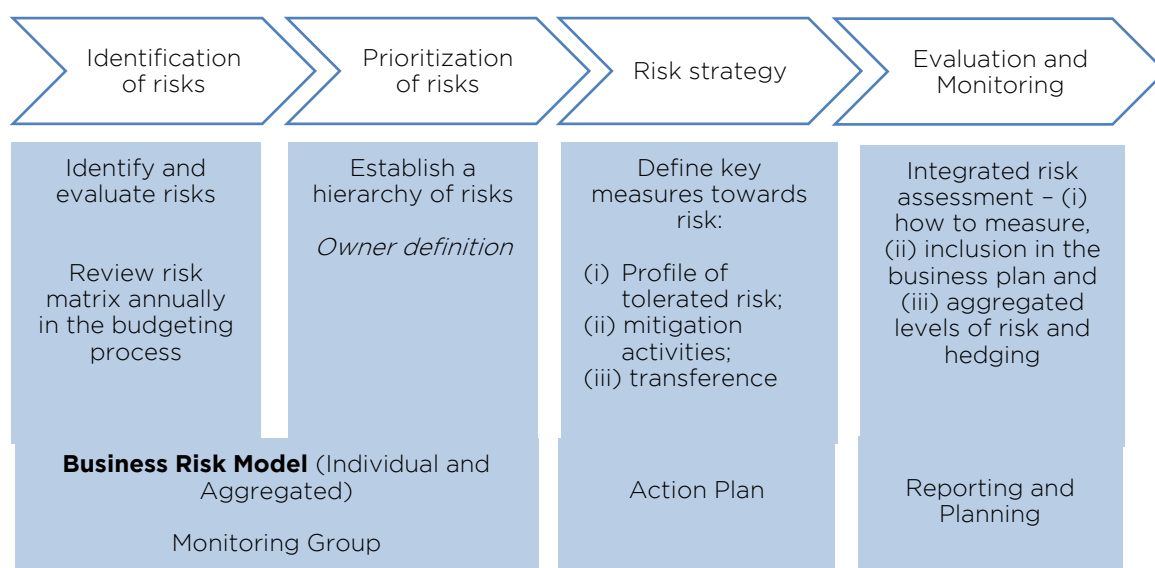
The Internal Audit team regularly carries out audit assignments with the objective of complying at all times with implemented policies and procedures.

Risk management process, relying on an uniform and systematic methodology based on the international model of Enterprise Risk Management - Integrated Framework of COSO (The Committee of Sponsoring Organizations of the Treadway Commission), which includes, amongst others, the following:

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- Definition of the risk management approach (risk dictionary, definitions, business risk matrix and a common language);
- Identification and classification of risks that affect the organization and each business segment and appointment of risk owners (employee with the responsibility to monitor risk evolution);
- Evaluation and attribution of the significance and priority of risks, according to the impact on businesses objectives and probability of occurrence;
- Identification of causes of risks and indicators for measuring those risks;
- Evaluation of risk management's strategies (accept, avoid, treat and transfer);
- Development of risk management's plan of actions and integration into the planning and management processes of each business unit and functions;
- Monitoring how risks evolve and report on progress made in implementation action plans.



This process consists of the following:

- Within the Strategic planning, are identified and assessed risks to the portfolio of existing business and the development of new business and relevant projects, and defined strategies to manage those risks;
- At the operational level, are identified and assessed risks of management of the business objectives and planned actions to manage those risks, which are monitored and included within the plans of the business units and functional units;
- For general risks, such as large scale organizational change, structured risk management programs are developed with the participation of heads of units and functions involved;
- Regarding safety risks of physical assets and human resources (risks "technical-operational"), audits and corrective measures are implemented. The reassessment of the financial coverage of insurable risks is done on a regular basis;
- Financial risk management is carried out and monitored within the financial functions of the Company and business centralized in the Corporate Center whose work is reported, coordinated and followed up by the Finance Committee of Sonae and the Board Audit and Finance Committee;
- The management of legal, tax and regulatory risks is carried out and monitored within the legal and tax function in the Corporate Centre;
- The Internal Audit develops annual work plans, which comprise audits on critical business processes, compliance audits, financial audits and audits of information systems.

Actions undertaken in 2015

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In accordance with methodologies defined and implemented in previous years, risk management procedures were integrated into business management planning and control procedures from the strategic review phase right through to operational planning, so that risk management actions were included in functional and resource plans of business units and functional departments, and monitored throughout the year.

In 2015, Risk Monitoring Groups (RMGs) were implemented in the Holding, Energy and Fitness segments, while the annual cycle of Enterprise Risk Management was followed up on, which is based on the activities described below:



| | Set-up/review of risk management function | Annual risk management exercise | Monitoring and follow-up | Review of annual exercise |
|------------------------|-------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Board | Review of risk management alignment with the Sonae Capital strategy Define/update the governance structure | Analysis of the impact of decisions on risk management | Monitoring of significant risks and the overall risk profile of Sonae Capital | Approval of new risk profiles (if applicable) |
| ExCom | Definition of periodic risk reporting mechanisms by business areas | Approve Sonae Capital's risk profile at the corporate level and for each business segments | Definition and review of the risk appetite defined at the corporate level and business Approval of defined mitigation actions | Approval of new risk portfolios (if applicable) |
| Corporate Risk Manager | Disclosure / internal communication of Sonae Capital policies, procedures and risk management milestones | Aggregation and prioritization of risks to be treated Support to the Board in standardization and prioritizing risks of the various businesses Proposal of the Sonae Capital risk profile | Monitoring of Sonae Capital KRI's (corporate and business) Monitoring of Sonae Capital mitigation actions (corporate and business) | Elaboration of Group KRIs status and mitigation actions Presentation to the Board of the state of play |
| BU Risk Manager | | Business risks assessment and definition of risk profiles, risk registry and response strategies | KRI update KRI monthly report and actions | Analysis of the current risks and identification of new critical risks Risk registry update |

Sonae Capital encourages continuous training and the adoption of best international methodologies and practices in Risk Management and Internal Audit. To that end, the Group supports attendance to training and knowledge update

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programmes, which include the international professional certification in Internal Audit promoted by the IIA – The Institute of Internal Auditors – the Certified Internal Auditor (CIA). The Internal Audit team members are Certified Internal Auditors.

External Audit evaluates and reports the risks of reliability and integrity of accounting and financial information, thereby validating the internal control system set up for that purpose at Sonae Capital and that materialize in the clear distinction between producers and users of such information and by performing several validation procedures throughout the process of its production and disclosure.

The Board of Audit and Finance Committee analyzes the risks of the Company, the models and the mechanisms adopted by the Executive Committee, assessing the suitability of these and propose to the Board possible needs for amendment of the Company's risk management policy.

55. Main elements of the internal control systems and risk management implemented by the Company regarding the financial disclosure process

The existence of an effective internal control environment, particularly in the financial reporting process, is a commitment of the Board of Directors of the Company, seeking to identify and improve the most important processes for the preparation and disclosure of financial information, with the objectives of transparency, consistency, simplicity, reliability and relevance. The purpose of the internal control system is to ensure a reasonable assurance regarding the preparation of financial statements in accordance with accounting principles, and the quality of financial reporting.

The reliability and integrity of accounting and financial information is guaranteed either by the clear distinction between producers and users, and the performing of several validation procedures throughout the process of its production and disclosure.

The internal control system with respect to accounting and preparation and dissemination of financial information includes the following key controls:

- The process of disclosure of financial information is formalized, the risks and controls are identified, being properly established and approved the criteria for the preparation and disclosure, which are periodically reviewed;
- There are three main types of controls: high-level (controls at the entity level), controls on information systems and procedural controls. These controls include a set of procedures related to the implementation, supervision, monitoring and improvement of processes, with the aim of preparing the Company's financial reporting;
- The use of accounting standards, which are explained in the notes to the financial statements, constitutes one of the fundamental pillars of the control system;
- Plans, procedures and records of the Group companies enable reasonable assurance that transactions are executed only with a general or specific authorization for management and that these transactions are recorded to allow that the financial statements comply with and that these transactions are recorded to allow the financial statements comply with generally accepted accounting standards. It also ensures that companies hold updated records of assets and the asset record is checked against the existing assets and appropriate measures are adopted when differences occur;
- The financial information is analyzed in a systematic and regular basis by the management and heads of business units, ensuring ongoing monitoring and control of the respective budget;
- A schedule is established during the process of preparing and reviewing financial information, which is shared with the different areas involved, and all documents are reviewed in detail. This procedure includes a review of the principles used to verify the accuracy of the information produced and the consistency with the principles and policies defined and used in prior periods;
- The accounting books and the preparation of financial statements are provided by the Accounting and Reporting area, which ensure the control of the recording of transactions and balances of assets, liabilities and equity;

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- The consolidated financial statements are prepared on a quarterly basis by the central function, Accounting and Reporting;
- The Board Directors Report is prepared by the Corporate Planning and Control department, with input and further review of several business and support areas. The Statutory Auditors also review the contents of this report (in its annual and semiannual versions) and its compliance with the financial support information;
- The Corporate Governance Report is prepared by the Legal department, in conjunction with the Planning and Control department;
- The financial statements are prepared under the supervision of the Executive Committee. The group of documents that constitute the semester and annually report are submitted for review and approval to the Board of Directors of Sonae Capital. Once approved, the documents are sent to the Statutory External Auditor, which discloses the Legal Certification of Accounts and the Report of the External Audit;
- The Statutory Auditor performs an annual audit and half year limited review of individual and consolidated financial statements. When performing their examination, in accordance with the Auditing Standards issued by the Portuguese Institute of Statutory Auditors, they are required to obtain a reasonable assurance, in the annual audit, and a moderate assurance, in the half year limited review, that financial statements are free from material misstatement. Such examination includes verifying, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Significant estimates and judgments made by management in their preparation are also assessed. Verification is also made of whether the accounting policies are appropriate, are consistently applied and adequately disclosed;
- In addition, in relation to the preparation of consolidated financial information and the Report of the Board of Directors, the whole process is overseen by the Fiscal Board and the Board Audit and Finance Committee. On a quarterly basis, these Bodies meet and review the consolidated financial statements and Report of the Board of Directors. The Statutory Auditors also present to the Fiscal Board and the Board Audit and Finance Committee, a summary of the main findings resulting from their examination of the Company's financial information;
- All those who are involved in the financial analysis of the Company are on the list of people with access to inside information, especially being informed about the content of their obligations and the sanctions resulting from the misuse of inside information;
- The internal rules for the disclosure of financial information aim to assure their timing and simultaneous disclosure to the entire market.

Among the causes of risk that may materially affect the accounting and financial reporting, we noted the following:

- Accounting Estimates - The most significant accounting estimates are described in the appendix to the financial statements. Estimates are based on the best information available during the preparation of the financial statements, and the best knowledge and experience;
- Balances and transactions with related parties - The most significant balances and transactions with related parties are disclosed in the notes to the financial statements. These are mainly related to operating activities of the Group, as well as loans granted and obtained, made at market prices and conditions.

More specific information about how these and other risks were mitigated is available in the appendix to the financial statements.

IV. Investor Relations Office

56. Department responsible for investor relations, composition, functions, information provided by these services and elements for contact

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Sonae Capital, SGPS, SA, via its Investor Relations Office maintains constant contact with investors and analysts by providing up to date information. In addition, on request, it provides clarification of relevant facts about the Company's activities, as already disclosed under the terms of law.

The objective of the Investor Relations Office of Sonae Capital, SGPS, SA is to ensure adequate relations with shareholders, investors, analysts, as well as with financial markets, particularly, with Euronext Lisbon and with the Portuguese Securities Market Commission (CMVM).

The Investor Relations Office of Sonae Capital, SGPS, SA, supplies, whenever necessary, all relevant information related to material events and answers queries from shareholders, investors, analysts and general public about financial indicators and different business areas' information available to the public.

In strict compliance with law and regulations, the Company informs expeditiously its shareholders and the capital markets in general of all relevant facts concerning its activities, avoiding delays between their occurrence and disclosure, in order to allow reasonable judgment about the evolution of the Company activity.

Information is made publicly available through the Information Disclosure System of the Portuguese Securities Market Commission (www.cmvm.pt) and on the Company's own website (www.sonaecapital.pt).

The Investor Relations Office can be contacted by: Telephone: +351 22 010 79 03; Fax: +351 22 010 79 35; e-mail: ir@sonaecapital.pt; Address: Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia. The Investor Relations Officer is Nuno Parreiro, who can be contacted using the above numbers and address.

57. Legal Representative for Capital Market Relations

The Legal Representative for Capital Market Relations is Anabela Nogueira Matos, who can be contacted by: Telephone: +351 22 010 79 25; Fax: +351 22 010 79 35 and e-mail: anm@sonaecapital.pt.

58. Information about the volume and response time for information request at the year or outstanding from previous years

The Investor Relations Office received in 2015 a regular number of information requests taking into account the size of the Company in the capital market.

Sonae Capital, SGPS, SA, through its Investor Relations Office maintains constant contact with investors and analysts by providing up to date information. In addition, on request, it provides clarification of relevant facts about the Company's activities, as already disclosed under the terms of law. All information requests are analysed and answered in the shortest possible by email, letter, or phone, as deemed most appropriate.

V. Web Site

59. Address

The Company has a website for disclosure of information. Its address is: <http://www.sonaecapital.pt>.

60. Location of the information mentioned in Article 171 of the Commercial Companies Code

Specific information can be found at the following website:

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=712&exmenuid=683>

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61. Location where the Articles of Regulation for the committees can be found

Specific information can be found at the following website:

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=712&exmenuid=1>

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=763&exmenuid=713>

62. Location where is provided information about the identity of the governing bodies, the representative for market relations, the Investor Relations Office, functions and means of access

Specific information can be found at the following website:

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=762&exmenuid=763>

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=714&exmenuid=715>

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=715&exmenuid=715>

63. Location where is provided the documents of accounting and the calendar of corporate events

Specific information can be found at the following website:

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=705&exmenuid=-1>

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=738&exmenuid=705>

64. Location where is provided the notice to General Meeting and related information

Specific information can be found at the following website:

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=800&exmenuid=742>

65. Location where the historical archives are available with resolutions adopted at general meetings of the Company, the represented share capital and the voting results, with reference to the previous 3 years

Specific information can be found at the following website:

<http://www.sonaecapital.pt/PresentationLayer/conteudostextoslistagem.aspx?menuid=742&exmenuid=800>

D. REMUNERATIONS

I. Competence

66. Competence for determining the remuneration of governing bodies of the executive committee members and managers of the Company

Based on the remuneration and compensation policy approved by the shareholders in the General Meeting, Sonae Capital's Remunerations Committee is responsible for the approval of remuneration and other compensations of the Board of Directors, Fiscal Board and members of the Board of the Shareholders' General Meeting.

Regarding the remuneration of Executive directors, the Nomination and Remunerations Committee liaises with the Shareholders' Remuneration Committee, contributing with proposals before a decision is made.

II. Remuneration Committee

67. Composition of the Remuneration Committee, including the identification of other independent commission hired to support the committee

The Board of Directors appointed the members of the Board Nomination and Remuneration Committee (BNRC).

The BNRC is composed of Duarte Paulo Teixeira de Azevedo (Chairman of the Board of Directors), Non-Executive Directors Álvaro Carmona e Costa Portela and Francisco de La Fuente Sánchez (Independent), for the 2015-2017 term.

The Board Nomination and Remuneration Committee is composed by Non-Executive Members and support the Remuneration Committee on its duties.

The members of the Remuneration Committee are independent of the board of directors, with the explanation contained in the following paragraph.

Duarte Paulo Teixeira de Azevedo, Chairman and Non-Executive member of the Board of Directors, is member of the Shareholders' Remuneration Committee, as a representative of Efanor Investimentos, SGPS, SA (majority shareholder of Sonae Capital), acting as a the shareholder's representative in the Remuneration Committee. To ensure the independence during the performance of his duties, this member does not take part in the discussion nor votes on any decision from which a conflict of interest may arise.

68. Experience and professional qualifications of the members of the Shareholders' Remuneration Committee

The experience and professional qualifications of the members of the Shareholders' Remuneration Committee is included in the appendix to this report and allows them to carry out their duties in a rigorous and competent manner.

III. Remuneration Structure

69. Remuneration policy and performance assessment

The remuneration of members of the statutory bodies of the Company is determined by the Shareholders' General Meeting. The Shareholders' General Meeting fulfilled in 31 March 2015 has appointed the current Shareholders' Remuneration Committee to set and propose the compensation and performance assessment policies and respective guidelines, pursuant to Article 2 of Law No. 28/2009 of 19th June.

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The proposals for the remuneration of members of statutory bodies are formulated, taking into account:

- General market benchmark;
- Practices of comparable companies, including other segments of Sonae Capital with comparable situations;
- Establishment a fixed remuneration for the members of the General Meeting, Fiscal Board and non-executive directors;
- Establishment of a fixed remuneration and, in some cases, variable for executive directors.

The remuneration policy for board members and executives of Sonae Capital, SGPS, SA in the current reporting period is available in Annex to this Report.

70. Information about remuneration structure in order to align the interests of members of the board with the long-term interests of the Company as well as about how the Company assesses and discourages excessive risk assumption

The proposals regarding remuneration and other compensations of the Executive Directors are prepared considering i) market benchmarks, ii) other internal comparisons and iii) individual assessment of each executive director, based on the performance against predefined objectives. Under the approved policy, the compensation package should promote the alignment between the management team and the interests of shareholders, with the variable component being dependent on both individual and Company's performance and, preventing behaviours which may lead to excessive risk assumption. This objective is also ensured by setting a maximum limit to each Key Performance Indicator (KPI).

The structure of remuneration as set out, and the deferral of at least half the value corresponding to the variable remuneration dependent on fluctuations in the share price, guarantees, in the opinion of the Company, the alignment of the interests of Executive Directors with those of all shareholders. This approach promotes management orientation towards long term interests of the Company and the adoption of risk weighting approaches.

71. Reference, if applicable, of the existence of a variable remuneration component and information about likely impact of performance appraisal in this component

As described before in point 69, remuneration and compensation policy for Executive Directors (ED) may include (i) a fixed remuneration, including a Base Salary and an annual responsibility allowance (ii) a variable remuneration, paid in the first half of the following year to which it relates and conditional to the fulfilment of the objectives set in the previous year, divided in two components, (a) a Short Term Variable Bonus, payable immediately after the granting date, and b) a Medium Term Variable Bonus, which will be payable on the third anniversary of the granting date.

It should also be noted that:

- i. Fixed remuneration of the Executive Director is determined according to individual skills and the responsibility level of each Executive Director, and is reviewed on an annual basis.
- ii. The variable remuneration aims at rewarding Directors for the achievement of predefined objectives, based on key performance indicators of business activity, of teams under his/her responsibility and on his/her individual performance and is attributed after the Company's earnings are known and performance appraisal has been done. Variable remuneration is set annually, and the value of the pre-defined objective varies between 30% and 60% of total annual remuneration (fixed remuneration and target for variable remuneration), depending on circa 70% from business KPI's which comprise a significant share of economic and financial indicators. These are objective indicators, which are divided into Company and department KPIs. The Company's 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. These KPIs take into

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consideration not only the real growth of the Company and value effectively delivered to shareholders, as well as its long-term sustainability and the limits on risk assumptions. Meanwhile, the department business KPIs are similar in nature to the previous ones, being directly influenced by the performance of the Executive Director. The remaining 30% are determined by the compliance of personal KPIs, which may include subjective and objective indicators.

72. Deferring payment of the variable remuneration component, specifying the period of deferral

As described before, at least 50% of variable remuneration is deferred for a three years period. The payment is carried out according to the following paragraph.

73. Criteria that underlie the allocation of variable remuneration in shares and the maintenance of these shares by Executive Directors

According to the plan approved by the Shareholders' General Meeting, eligible members are granted the right to acquire, at no cost, a number of shares corresponding to the division between the amount of the medium term variable bonus granted and the lower of the following closing share prices, in the Portuguese stock market: i) closing share price of the first business day after the Shareholders' General Meeting, or ii) the average closing share price of the thirty-day period of trading prior to the Shareholders' General Meeting.

If dividends are distributed, changes in the nominal value of shares or in the share capital of the Company occur or any other change in equity with impact in the economic value of attributed rights, after the granting date and before its exercise, the amount converted in shares will be adjusted to an equivalent figure considering the effect of the mentioned changes.

To ensure effectiveness and transparency of objectives of the Remuneration and Compensation Policy it was established that the executive directors:

- have not signed contracts with the Company or third parties aimed at mitigating the risk inherent to changes in the remuneration that was set by the Company;
- shall not sell during the new mandate, shares of the Company that were attributed as variable remuneration, up to the limit of two times the value of the total annual remuneration, except those which need to be sold to cover tax payments which may arise following the attribution of those same shares

74. Criteria that underlie the allocation of variable remuneration in options and indication of the deferral period and the exercise price and the members of the Company

The Company did not establish any variable remuneration in options.

75. Main parameters and reasoning for any scheme of annual bonuses and any other non-cash benefits

Main parameters and reasoning about variable remuneration are detailed at the remuneration policy approved in 31 March 2015 at Shareholders General Meeting and is available at: <http://www.sonaecapital.pt/>.

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.

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IV. Remuneration Disclosure

77. Statement of the annual amount of remuneration received by the board members including fixed and variable remuneration, and for this, mentioning the different components that gave rise

During 2015, members of the Board of Directors of Sonae Capital, SGPS, S.A. were paid the following remuneration and other compensation:

| Name | Fixed Remuneration | Performance Bonus Paid | Deffered Performance Bonus Paid | Total |
|-----------------------------------------|--------------------|------------------------|---------------------------------|------------------|
| Maria Cláudia Teixeira de Azevedo | 125,053 | 51,798 | 0 | 176,850 |
| Ivone Pinho Teixeira | 136,640 | 23,090 | 53,387 | 213,117 |
| Subtotal Executive Directors | 261,693 | 74,888 | 53,387 | 389,967 |
| Belmiro Mendes de Azevedo ^{a)} | 63,750 | 0 | 395,860 | 459,610 |
| Duarte Paulo Teixeira de Azevedo | 107,300 | 0 | 0 | 107,300 |
| Álvaro Carmona e Costa Portela | 76,050 | 0 | 0 | 76,050 |
| Francisco de La Fuente Sánchez | 37,300 | 0 | 0 | 37,300 |
| Paulo José Jubilado Soares de Pinho | 17,300 | 0 | 0 | 17,300 |
| Subtotal Non Executive Directors | 301,700 | 0 | 395,860 | 697,560 |
| Total | 563,393 | 74,888 | 449,247 | 1,087,527 |

^{a)} Ceased functions as at 31 March 2015

78. Any amounts paid by other companies in a control or group or that they are subject to the same domain

No other values than those described above, were paid to any the board members by other companies in a control or group domain.

79. Compensation paid in the form of profit sharing and / or bonus payments and the reasons why such bonuses and / or profit sharing were granted

Amounts were paid as described above - point 77, and were granted based on the degree of achievement of objectives, on account of achievement of pre-established objectives, according to the remuneration and compensation policy approved by the Shareholders' General Meeting of March 31, 2015.

80. Compensation paid or owed to former executive directors following the termination of their duties during the year

The Company neither paid nor has due compensations to any former executive director.

81. Indication of the annual remuneration earned in aggregate and individually, by the members of the Fiscal Board of the Company

During 2015, members of the Fiscal Board of Sonae Capital, SGPS, SA were paid the following fixed remuneration (no other remuneration was paid):

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| Name | Values in Euro Fixed Remuneration |
|------------------------------------------------|--------------------------------------|
| António Monteiro de Magalhães | 7,450 |
| Manuel Heleno Sismeiro | 7,350 |
| Carlos Manuel pereira da Silva | 5,950 |
| Armando Luis Vieira de Magalhães ^{a)} | 1,025 |
| Jorge Manuel Felizes Morgado ^{a)} | 1,025 |
| Total | 22,800 |

^{a)} Ceased functions as at 31 March 2015

Remuneration paid to Statutory Auditor was previously described in item 47.

82. Information about the annual remuneration earned by the Chairman of the Shareholders' General Meeting

The fixed remuneration of the former and current Chairman of the Shareholders' General Meeting was of 750 euro and 3,750 euro respectively in 2015.

V. Agreements with remuneration implications

83. Contractual limitations provided for compensation payable for unfair dismissal Managers and its relationship with the variable remuneration component

The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall be paid. It can be negotiated a different value if it is considered as reasonable for both parties.

Members of the Board of Directors receive no additional compensation, applying the same criteria as all employees. There are not yet any individual contracts with administrators to define the methodology of calculation of any compensation. Moreover, Sonae Capital never assigned or assigns any compensation plans in the event of dismissal or termination of service by inadequate performance.

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 individual agreements with any of the directors in order to establish a calculation method for any potential compensation to be paid in the event of unfair dismissal or termination of the employment relationship, following a change in Company control. Moreover, Sonae Capital has never assigned or plans to assign any compensation in case of dismissal or termination of service by inadequate performance.

VI. Plans in place to attribute shares or Stock Options

85. Identification of the plan and recipients

The current plan was approved by the Shareholders' General Meeting as at 31 March 2015, under proposal of the Remuneration Committee in establishment of article 2 of the Law 29/2009 of 19 June and the Recommendation II.1.5.4 CMVM (2010), currently Recommendation II.3.4 CMVM (2014), and can be found at www.sonaecapital.pt (General Meeting section).

The MTVR is one of the components of remuneration policy, integrating the share of the variable remuneration of executive directors whose payment is deferred in

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time. Under the approved plan, are eligible for the allocation of the MTVR executive directors of Sonae Capital Group. The Board of Directors may also extend the MTVR to employees whom, by this policy, the Plan is applicable.

| Eligible members | Value of reference of the variable medium term remuneration component (% of total variable remuneration objective) |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Sonae Capital Executive Directors | At least 50% |
| Business Executive Directors | At least 50% |
| Employees | Terms to be set up by the Board of each Company |

86. Plans functioning (assignment conditions, non-transfer share clauses, criteria on share and options valuation, exercising period for options, characteristics of shares or options to be granted, the existence of incentives for share acquisition and/or exercise of options)

The MTVR is set annually for three years periods. From the beginning of the third consecutive plan overlapping three-year plans will occur at every moment.

The MTVR is valued at the date of attributing at a representative price of the share price considering the effect corresponding to the closing of the first business day following the General Meeting or the average price more favourable value (considering for the purpose of determining the average price, the closing price in the 30 trading days prior to the date of the General Meeting).

To the members covered by the Plan is assigned the right to purchase a number of shares determined by dividing the value of the variable remuneration awarded and medium-term share price at the grant date calculated in accordance with the preceding paragraph, such right may be exercised after three years of the grant.

The executive directors covered by the plan, acquire the shares without payment of compensation. Other employees who have been assigned that right can acquire shares under the conditions established by the Board of each Company.

If dividends are distributed, changes in the nominal value of shares or in the share capital of the Company occur or any other change in equity with impact in the economic value of attributed rights, after the granting date and before its exercise, the amount converted in shares will be adjusted to an equivalent figure considering the effect of the mentioned changes.

On the vesting date, the Company reserves the right to settle in cash, equivalent to the marketvalue of shares. The right to exercise is dependent on the maintenance of a contractual link between the Director and the Company three years after the grant date.

The right to purchase the shares allocated by MTVB matures expired three years after being granted.

The exercise of the right to acquire the shares granted at the end of the Plan expires if occurs the termination of the bond between the member and the Company without prejudice in the following paragraphs.

The right will remain in force if permanent disability or death of the member, in which case, the payment to own or the inheritors at the date of the respective maturity.

In case of retirement of the member, which was granted the right, it may be exercised on its expiration date.

The plans of the MTVR of the executive members of the Board of Directors and Executive Directors of the Company active in 2015 can be summarized as follows:

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| Granting Year | Vesting Year | Number of Participants ¹ | # shares granted | Granting Date | | 31.12.2014 | |
|---------------|--------------|-------------------------------------|------------------|---------------|------------------|-------------|--------------------|
| | | | | Share Price | Value | Share Price | Value |
| 2012 | 2015 | 3 | 770.316 | 0,19 € | 146.360 € | 0,510 € | 392.861 € |
| 2013 | 2016 | 3 | 818.428 | 0,18 € | 147.317 € | 0,510 € | 417.398 € |
| 2014 | 2017 | 2 | 177.860 | 0,50 € | 88.930 € | 0,510 € | 90.709 € |
| 2015 | 2018 | 2 | 263.342 | 0,39 € | 103.151 € | 0,510 € | 134.304 € |
| Total | | | 2.029.946 | | 485.758 € | | 1.035.272 € |

¹ As at 31 December 2015

Under the approved remuneration policy, the Executive Directors may not alienate in the financial year and up to the term of office for which they were appointed the allotted Company's shares through the allocation of the variable remuneration, up to a limit of twice the amount of total annual remuneration, other than those that may be sold to withstand tax payments related to said shares.

87. Option rights granted to acquire shares (stock options) where the beneficiaries are Company employees

During 2015, the Company did not approve any plan to attribute share options.

88. Control mechanisms in any system of employee participation in the capital

There are any control mechanisms to control employee participation in the capital.

E - RELATED PARTY TRANSACTIONS

I. Mechanisms and Controls Procedures

89. Mechanisms implemented by the Company for purposes of monitoring of transactions with related parties (for this purpose refers to the concept resulting from IAS 24)

The Company defines the execution of transactions with related parties by principles of stringency, transparency and strict compliance with the competitive market rules. Such transactions are subjected to specific administrative procedures arising from regulatory constraints, including those relating to transfer pricing rules, or voluntary adoption of internal systems of checks and balances, in particular reporting processes or formal validation, depending on the value of transaction at issue.

In 2010, the Fiscal Board approved the regulation regarding transactions between the Company and qualified shareholders (under the terms of the Securities Code, article 16 and 20) and its related parties (definition of the Securities Code, article 20 paragraph 1), which defines the applicable transactions values from which the Executive Board must notify the Board of Audit and Finance Committee and the Fiscal Board. Such regulation implies that all related party transactions above 1 million euros are reported (on a semester basis) by the secretary of the ExCom to those Bodies and if above 10 million euros, a prior approval by the BAFC and Fiscal Board must be granted.

Under these rules, and jointly with the transaction notification, the Executive Board shall submit the procedures adopted to the BAFC and the Fiscal Board to ensure that the transaction is executed according to best practices and market conditions and is free from any potential conflicts of interest. Consequently, the Fiscal Board shall issue its opinion on those transactions.

In 2015, the Fiscal Board was informed, regularly, of transactions with related parties, having been provided detailed information whenever justified. During 2015, according to the regulation it was not necessary any prior approvals.

90. Statement of the transactions that were subject to control in the reference year

In accordance with the exposure in point 10, in 2015, there were no significant transactions with qualified shareholders. Transactions between the Company and its subsidiaries and its qualified shareholders, or companies owned by them are conducted following best practices and according to market prices and conditions.

During the 2015 financial period, no significant business or commercial transactions occurred between the Company and the Board of Directors or the Fiscal Board.

Transactions with the External Auditor were approved by the Fiscal Board and are detailed on point 47.

Transactions between the company and its subsidiaries and the holders of qualified shareholdings in the Company are conducted according to best practices and market conditions. The following types of transactions should be highlighted:

- Works conducted performed by the Refrigeration & HVAC businesses (Sistavac) driven, primarily by the development and maintenance of Sonae's Group retail stores;
- Rents, charged by Sonae Sierra, to the Fitness segment (Solinca gyms chain);
- IT/IS services, performed by Sonae's Group companies, as Sonae Capital has decided to outsource the majority of these services to specialized companies.

During 2015, besides the regular transactions, it should also be highlighted:

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- the sale, on the regulated market and at market prices, the total number of Imosede's Participation Units. Those Participation Units were acquired by Sonae's group companies;
- On 14 December 2015, Sonae Capital has publicly announced the sale of subsidiary Aqualuz - Turismo e Lazer, Lda., which owns the hotel operations of Hotel Aqualuz Lagos, to Efanor Group

The amounts and respective balances are detailed on the Notes to the Consolidated Financial Statements.

91. Description of the procedures and criteria for intervention by the Authority for the purpose of preliminary assessment of the business carried out between the Company and holders of qualifying holdings or entities that are in a relationship with them, under Article 20. of the CVM

Criteria and procedures defined in paragraph 89. above.

II. Elements related to transactions

92. Location where the financial statements and the information about transactions with subsidiaries can be found (in accordance of IAS 24)

Specific information can be found at the Company's website (www.sonaecapital.pt) (Tab: Investors, Section: Corporate Governance/Report and Accounts).

PART II – GOVERNANCE MODEL EVALUATION

1. Identification of 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 Relation no. 4/2014, 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 (2014).

This section should be read together with and as a complement to the 2014 Management Report and Individual and Consolidated Accounts.

The information requirements of 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 CMVM Regulation no. 5/2008 has been fulfilled.

The Company has adopted the Corporate Governance Code issued by the CMVM in July 2014.

All of the rules and regulations mentioned in this Report are publicly available at www.cmvm.pt.

2. Analysis of compliance with the adopted Corporate Governance Code

Sonae Capital has been promoting the implementation and adoption of best practices of corporate governance, basing its policy for high standards of conduct of ethics and social responsibility.

It is an objective the Board of Directors to implement an integrated and effective management of the Group, which allows the creation of value by the Company, promoting and ensuring the legitimate interests of shareholders, employees and stakeholders, always bringing transparency in the relationship with investors and the market.

Therefore, taking into account the forty recommendations contained in the new Corporate Governance Code 2013 CMVM, thirty-five were adopted in full by the Company and five were not applicable for the reasons set out below. The degree of adoption of the recommendations is complete and thorough.

Pursuant to and for the purposes of that laid down in paragraph o) of no. 1 of Article 245-A of the Securities Code, the recommendations included in the CMVM's Corporate Governance Code are listed below.

I. VOTING AND COMPANY CONTROL

I.1 Companies should encourage their shareholders to participate and vote in general meetings, in particular by not setting an excessively high number of shares required to be entitled to one vote and implementing essential means to the exercise of voting rights by electronic means.

RECOMMENDATION FULLY ADOPTED - CHAPTER 12 OF THIS REPORT

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 correspondence (postal vote) or electronically.

Additionally, the Company publishes on its website, from the date of notice of each General Meeting, standard documents to facilitate access to information necessary for issuing the

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notifications required by shareholders to ensure their presence at the meeting, and also provides an e-mail address to clarify all doubts and for the reception of all communications to participate in the General Meeting.

1.2 Companies should not adopt mechanisms that hinder the passing of resolutions by shareholders, including setting a deliberative quorum greater than foreseen in the law.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 12, 13 AND 14 OF THIS REPORT

The Company's Articles of Association do not establish deliberative quorum greater than the legally prescribed.

1.3 Companies shall not establish mechanisms, which therefore cause the mismatch between the right to receive dividends or subscription of new securities and the voting rights of each ordinary share, unless duly justified according to the long-term interests of shareholders.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 12 AND 13 OF THIS REPORT

Any mechanism of this nature is established.

1.4 Corporate Articles of Association that provide a limitation to the number of votes that may be held or exercised by a single shareholder, individually or in agreement with other shareholders, shall also establish that, at least every five years, the maintenance of such articles shall be subject to a resolution at the Shareholders' General Meeting - with no requirements for an aggravated quorum as compared to the legal one - and that upon such resolution all votes cast shall be counted without the operation of such limitation.

RECOMMENDATION NOT APPLICABLE

The Company's Articles of Association do not establish any limitation on the number of votes that may be issued by a shareholder.

1.5 Measures that have the effect of requiring payments or assumption of charge by the Company in the case of change of control or composition of the Board of Directors, thus hindering the shares' free transferability and shareholders' free evaluation of the performance of members of the Board of Directors, shall not be adopted.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 4 AND 84 OF THIS REPORT

The Company does not adopt, unilaterally, policies that by default may have any restrictions listed in this recommendation. The contracts concluded by the Company reflect the defence of their social interest in order to achieve business sustainability in the long term within market conditions framework.

II. SUPERVISION, ADMINISTRATION AND SURVEILLANCE

II.1 SUPERVISION AND ADMINISTRATION

11.1 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 Corporate Governance Report.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 28 AND 29 OF THIS REPORT

The Board of Directors has delegated the daily management of the Company to the Executive Committee.

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II.1.2 The Board of Directors shall ensure that the activity of the Company is in accordance with its ends, and should not delegate its duties, namely in what concerns: i) definition of the Company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions made that must be considered strategic due to the amounts, risk and particular characteristics involved.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 21 OF THIS REPORT

The powers not delegated by the Board of Directors comply with the rules contained in this recommendation.

II.1.3 The General Supervisory Board, in addition to the exercise of supervisory powers that are entrusted to them, must assume full responsibility at corporate governance level. So by the statutory provision or by equivalent means, should be given the obligation to this body to decide on the strategy and major policies of the Company, the definition of the corporate structure of the group and the decisions that must be considered strategic due to the amounts or risk. This body should also assess compliance with the strategic plan and the implementation of major policies of the Company.

RECOMMENDATION NOT APPLICABLE

The adopted Corporate Governance model does not include the General 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 set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvement.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 27 AND 29 OF THIS REPORT

The Board of Directors has appointed two specialized committees composed of non-executive members, for the purpose of assisting and enhancing the quality of its work. The Board Audit and Finance Committee and the Board of Nomination and Remuneration Committee are in place.

II.1.5 The Board of Directors or the General and Supervisory Board, depending on the model adopted, should set goals in terms of risk-taking and create systems for their control in order to ensure that the risks actually incurred are consistent with those goals.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 29 AND 51 OF THIS REPORT

The Board of Directors has established internal risk control systems with appropriate components.

II.1.6 The Board of Directors shall include a sufficient number of non-executive directors whose role is to ensure an actual ability to audit, supervise and assess the activity of its executive members.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 18 AND 29 OF THIS REPORT

The Board of Directors consists of a total of six members, three of whom are non-executive.

II.1.7 The Non-Executive Members shall include an appropriated number of independent members, taking into account the adopted governance model, the size of the Company and its shareholder structure and the respective free float.

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The independence of the members of the General and Supervisory Board and members of the Audit Committee is assessed in accordance with applicable law, and as to the other members of the Board are considered independent if the person is not associated with any group of specific interests of the Company, nor under any circumstance likely to affect their unbiased analysis or decision, particularly in relation to:

a. Have been an employee of the Company or with which it is found in a control or group situation in the past three years;

b. Have provided services or established significant business relationship with the Company or with which it is found in a control or group, either directly or as a partner, director, manager or agent, in the past three years;

c. Being in favour of compensation paid by Company or by a Company with which it is found in a control or group relation, in addition to the remuneration resulting from the exercise of the duties of a director;

d. Living in consensual union, or be a spouse, relative or other kind of relation directly to the 3rd degree, even in the collateral line, of Directors or individuals directly or indirectly qualifying shareholders;

e. Be qualified shareholder or a representative of a qualified shareholder.

RECOMMENDATION FULLY ADOPTED - CHAPTER 18 OF THIS REPORT

The Board of Directors is composed of two independent non-executive directors who meet the independence criteria set out in this recommendation.

II.1.8 When Directors that perform executive functions are requested by other Governing Bodies to provide information, the former shall do so in a timely manner and the information provided must be adequate to the request made.

RECOMMENDATION FULLY ADOPTED - CHAPTER 29 OF THIS REPORT

The Executive Committee provides in a timely manner to the Board of Directors the contents of all the resolutions it has adopted during the year. The executive members provide to non-executive members, as well as to the other Governing Bodies, all explanations necessary for the exercise of their powers, either at members' request or on their own initiative.

II.1.9 The Chairman of the Board of executive directors or Executive Committee shall send, as applicable, to the Chairman of the Board of Directors, the Chairman of the Fiscal Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Commission for Financial Affairs, the convening notices and minutes of its meetings.

RECOMMENDATION FULLY ADOPTED - CHAPTER 29 OF THIS REPORT

The Chief Executive Officer provided to the Chairman of the Board of Directors and Chairman of the Fiscal Board all the information regarding the meetings held.

II.1.10 If the Chairman of the Board of Directors has an executive role, this body shall appoint, amongst its members, an independent trustee to ensure the coordination of the work of other non-executive members and they make decisions in an independent and informed manner or find an equivalent mechanism to ensure such coordination.

RECOMMENDATION NOT APPLICABLE

The Chairman of the Board of Directors does not perform executive functions.

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II.2 SUPERVISION

II.2.1 The Chairman of the Fiscal Board, the Audit Committee or the Committee for Financial Affairs (as the applicable model) shall be independent, according to the applicable legal standard, and have adequate skills to carry out his duties.

RECOMMENDATION FULLY ADOPTED - CHAPTER 32 AND APPENDIX OF THIS REPORT

The Chairman of the Fiscal Board, as all the others board members, are independent according to the criteria set out in nr. 5 of article 414 of the Portuguese Companies Act and have the skills and experience needed to carry out their functions.

II.2.2 The Supervisory Board should be the main interlocutor of the external auditor and the first recipient of their respective reports, and also responsible for propose the respective remuneration and to ensure that are provided the appropriate conditions for the provision of services within the Company.

RECOMMENDATION FULLY ADOPTED - CHAPTER 38 OF THIS REPORT

The Fiscal Board is responsible for the supervision of the Statutory External Auditor activity and independence, interacting directly with him the terms of their competencies and performance standards contained in Regulation of the Fiscal Board, and receive and approve their reports. The Company believes that the fact that the Statutory External Auditor simultaneously sends reports to the Board of Directors does not threaten compliance with this recommendation.

II.2.3 The Supervisory Board shall assess the Statutory External Auditor on an annual basis and propose the removal of the same or the termination of the contract for the provision of their services whenever justifiable grounds are present.

RECOMMENDATION FULLY ADOPTED - CHAPTER 28 OF THIS REPORT, ANNUAL REPORT AND FISCAL BOARD REPORT

The Fiscal Board annually assesses the External Auditor, stating that evaluation on its annual report and opinions, available along with other required accounting documents at www.sonaecapital.pt (Investors tab, General Meeting's section).

II.2.4 The Supervisory Board shall evaluate the internal control and risk management systems and propose adjustments that may be required.

RECOMMENDATION FULLY ADOPTED - CHAPTER 38 OF THIS REPORT

The Board of Directors proactively ensures internal control and risk management systems. The Fiscal Board assesses the effectiveness of those systems, proposing necessary measures to optimize it and stating its opinion on the annual report and accounts.

II.2.5 The Audit Committee, the General and Supervisory Board and the Fiscal Board shall decide on the work plans and resources allocated to internal audit and to the services that ensure compliance with the rules applicable to the Company (compliance services), and should be addressed to the reports from these services at least when there are concerned matters related to accounting, identification or resolution of conflicts of interest and the detention of potential illegalities.

RECOMMENDATION FULLY ADOPTED - CHAPTER 38 AND 51 OF THIS REPORT

The Fiscal Board establishes the action plan with the internal audit, supervises their activities, receives regular reporting on activities undertaken, assesses the results achieved, assesses the existence of irregularities and issues guidelines as are deemed convenient.

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II.3 REMUNERATION DEFINITION

II.3.1 Members of the Remuneration Committee or similar, shall be independent from the executive members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.

RECOMMENDATION FULLY ADOPTED

Duarte Paulo Teixeira de Azevedo, elected at the Shareholders' General Meeting and indicated by the Board of Directors as Chairman, is a non executive member of the Remuneration Committee.

II.3.2 Any individual or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, or the Board itself or that has current relationship as consultant with the Company shall not be recruited to assist the Remuneration Committee. This recommendation also applies to any individual or legal person who has an employment contract or provides services.

RECOMMENDATION FULLY ADOPTED - CHAPTER 67 OF THIS REPORT

The Board Nomination and Remuneration Committee is entirely composed by non-executive directors and supports the Remuneration Committee in carrying out its responsibilities. This activity may be supported by independent and reference consultants autonomous from the Board of Directors, administrative and supervision Bodies.

II.3.3 The statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of 19 June, shall contain in addition:

- a) Identification and clarification of the criteria for determining the remuneration to be paid to members of governing bodies;*
- b) Information on the maximum potential amount, individually, and the maximum potential amount, aggregated, to be paid to members of governing bodies, and identification of the circumstances under which these maximum amounts may be payable;*
- c) Information regarding the liability or not of payments for the dismissal or termination of appointment of administrators.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 69 AND 80 OF THIS REPORT AS WELL AS REMUNERATION POLICY APPROVED IN 17 MARCH 2014.

A statement on the remuneration policy was presented to the Shareholders' General Meeting on 17 March 2014, which 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 www.sonaecapital.pt.

II.3.4 Proposals relative to approval of share attribution plans and/or share acquisition options, or based on share price variations, to Governing Bodies should be submitted to the General Meeting of Shareholders. Proposals should include all necessary elements for correct plan evaluation.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 85 AND 86 OF THIS REPORT

The variable compensation plan for the medium term and its implementation was approved at the Annual General Meeting held on 17 March 2014 and is available at www.sonaecapital.pt.

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II.3.5 Proposals relative to approval of any system of retirement benefits established for members of governing bodies must be submitted to the Shareholders' General Meeting. Proposals should include all necessary elements for correct system evaluation.

RECOMMENDATION NOT APPLICABLE

The approved remuneration policy does not establish any system of retirement benefits.

III. REMUNERATION

III.1 Remuneration of executive members of the Board of Directors shall be based on actual performance and discourage excessive risk-taking.

RECOMMENDATION FULLY ADOPTED - CHAPTER 70 OF THIS REPORT AND REMUNERATION POLICY APPROVED IN 17 MARCH 2014.

The remuneration of the members of the Board of Directors who perform executive functions is based on the performance of those Directors, measured according to predetermined criteria and is built to align their activities with the Company's sustainability and shareholder interests. Excessive risk taking is discouraged.

III.2 The remuneration of non-executive members of the Board of Directors and the remuneration of 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 - CHAPTER 69 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 17 MARCH 2014

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 of its value.

III.3 The variable component of remuneration should be reasonable in relation to the fixed component of remuneration and maximum limits should be set for all components.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 77 AND 78 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 17 MARCH 2014

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. It also sets maximum limits in accordance with the practices of comparable companies. Such measures were considered by shareholders and annually approved on the Shareholder's General Meeting.

III.4 A significant portion of variable remuneration should be deferred for a period not less than three years, and the right to receive should depend on the positive performance of the Company during that period.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 71, 72 AND 86 OF THIS REPORT

In accordance with the remuneration policy approved at the Annual General Meeting held on 31 March 2015, 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 performance of the Company over that period, once it is indexed to the share price performance.

III.5 The members of the Board of Directors shall not enter into contracts with the Company or with third parties, which have the effect of mitigating the risk inherent to the variability of the remuneration established by the Company.

RECOMMENDATION FULLY ADOPTED - CHAPTER 73 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 17 MARCH 2014

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The remuneration policy approved at the Shareholders' General Meeting held on 17 March 2014 addresses the principle defined in this recommendation.

III.6 Until the end of his mandate, executive directors shall hold their Company shares which were allotted by benefit of variable remuneration schemes, up to twice the value of total annual remuneration, except those which need to be sold for to pay taxes on the gains of the same actions.

RECOMMENDATION FULLY ADOPTED - CHAPTER 73 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 17 MARCH 2014

The remuneration policy approved at the Shareholders' General Meeting held on 17 March 2014 addresses the principle laid down in this recommendation.

III.7 When the variable remuneration includes stock options, the early exercise period shall be deferred for a period not less than three years

RECOMMENDATION NOT APPLICABLE

The approved remuneration policy doesn't include stock options.

III.8 When the removal of an administrator is not due to serious breach of its duties or their unfitness for the normal exercise of their functions, but still is due a poor performance, the Company should have the appropriate and necessary legal instruments to deal with any damages or compensation, beyond the legally owed, not required.

RECOMMENDATION FULLY ADOPTED - CHAPTER 83 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 17 MARCH 2014

The Company fully complies with this recommendation in its policy.

IV. AUDIT

IV.1 The external auditor must, within its responsibilities, verify the implementation of remuneration policies and systems of governing bodies, the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the Company's Supervisory Board.

RECOMMENDATION FULLY ADOPTED - CHAPTER 46 OF THIS REPORT

The Statutory Auditor pronounced on the activity carried out in its annual audit report, which is subject to approval at the Annual Shareholders' General Meeting, and is available in www.sonaecapital.pt.

IV.2 The Company or any entities with which it has a controlling relationship with shall not recruit the external auditor for services other than audit services, nor any entities with which takes part or incorporates the same network. If there are reasons for hiring such services - which must be approved by the Supervisory Board and explained in its Annual Corporate Governance Report - they should not exceed 30% of the total value of services rendered to the Company.

RECOMMENDATION ADOPTED WITH CLARIFICATIONS - CHAPTER 46 AND 47 OF THIS REPORT

The services provided by the external auditor, other than audit services, were approved by the Fiscal Board within the recommended principles. The percentage of those services in total services provided by PricewaterhouseCoopers & Associados, SROC (PwC) to the Company amounts to 17,7%.

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Corporate Governance Report

IV.3 Companies shall advocate the rotation of auditors after two or three terms of office in accordance with four or three years respectively. Their extension beyond this period must be based on a specific opinion for the Supervisory Board to formally consider the conditions of auditor independence and the benefits and costs of replacement.

RECOMMENDATION FULLY ADOPTED - CHAPTER 44 OF THIS REPORT

The External Auditor and the representative certified public accountant are still in their second mandate in 2014. The periodicity of rotation of the External Auditor shall be assessed in relation to the best practices in corporate governance at the expiry of that term of office.

V. CONFLICTS OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES

V.1 Where deals are concluded between the Company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 10, 89 AND 90 OF THIS REPORT

Transactions with holding companies, affiliates or group companies are conducted by principles of rigor, transparency and strict compliance with the competitive market rules. Such transactions are subject to specific administrative procedures arising from normative regulation, including those related with transfer pricing rules, or the voluntary adoption of internal checks and balances systems, in particular reporting processes or formal validation, depending on the value of transaction in question.

V.2 The Supervisory Board shall establish the required procedures and criteria to define the relevant significance level of business with holders of qualifying holdings or entities in any relationship situation referred to in no. 1 of article 20 of the Portuguese Securities Code. Conducting business of significant importance is dependent on prior opinion of this board.

RECOMMENDATION FULLY ADOPTED - CHAPTER 38 AND 89 OF THIS REPORT

The Company has adopted and implemented a formal internal procedure in order to obtain the opinion of the Fiscal Board and the Board of Audit and Finance Commission prior to the conducting of business by Executive Committee with holders of qualifying holdings or entities and related parties (according to the definition of article 20 of the Portuguese Securities Code), when such transactions involve an interest higher than ten million euro. All transactions in excess of one million euro are still subject to semi-annual reporting to those two Boards.

VI. INFORMATION

VI.1 Companies shall provide, through their website, in Portuguese and English, access to information to enable knowledge about their evolution and current reality in economic, financial and governance terms.

RECOMMENDATION FULLY ADOPTED

All the recommended information is available in Portuguese and English versions on the Company's website - www.sonaecapital.pt.

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VI.2 Companies should ensure the existence of an Investor Relations Office and the permanent contact with the market to timely respond to investor requests and a register of applications submitted and the treatment that was given should be maintained.

RECOMMENDATION FULLY ADOPTED - CHAPTER 56 OF THIS REPORT

The Company has an Investor Relations Office that provides to investors and financial community, regular and relevant information, making registration of relevant dialogues in order to optimize the quality of its performance.

3. Other information

There is no further information.

Maia, 25 February 2016

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Maria Cláudia Teixeira de Azevedo

Álvaro Carmona e Costa Portela

Ivone Pinho Teixeira

Francisco de La Fuente Sánchez

Paulo José Jubilado Soares de Pinho

Appendix to the Corporate Governance Report

Curricula Vitae of the Members of the Governing Bodies and Remuneration Policy

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Corporate Governance Report

Duarte Paulo Teixeira de Azevedo

Chairman of the Board of Directors of Sonae Capital, SGPS, S.A.

Age: 50

Nationality: Portuguese

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|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Education: | <ul style="list-style-type: none">▪ Graduation in Chemical Engineering - École Polytechnique Fédérale de Lausanne (1986)▪ MBA - Porto Business School (1989) |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Positions held in Group Companies: -

| | |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Positions held in other Companies: | <ul style="list-style-type: none">▪ Chairman of the Board of Directors of Sonae MC - Modelo Continente, SGPS, S.A.▪ Chairman of the Board of Directors of Sonae - Specialized Retail, SGPS, S.A.▪ Chairman of the Board of Directors Sonae Center II, S.A.▪ Chairman of the Board of Directors Sonae Indústria, SGPS, S.A.▪ Chairman of the Board of Directors and Co-CEO of Sonae, SGPS, S.A. |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Main Professional activities of the last five years: | <ul style="list-style-type: none">▪ 2009-2015 - Chairman of Curators Council of Universidade do Porto▪ 2012-2015 - Member of the Board of COTEC Portugal▪ Since 2008 - Member of ERT - European Round Table of Industrialists▪ Since 2013 - Member of International Advisory Board da Allianz, SE▪ Since 2015 - Member of Consejo Iberoamericano para la Productividad y la Competitividad |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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Álvaro Carmona e Costa Portela

Vice-President of the Board of Directors of Sonae Capital, SGPS, S.A.

Age: 63

Nationality: Portuguese

-
- Education:**
- Graduation in Mechanical Engineering - FEUP (1974)
 - MBA, Master of Business Administration (Universidade Nova de Lisboa - 1983)
 - AMP / ISMP - Harvard Business School (1997)
-

- Positions held in Group Companies:**
- Member of the Board of Directors of Capwatt, SGPS, S.A.
 - Member of the Board of Directors of SC, SGPS, S.A.
 - Member of the Board of Directors of Sistavac, SGPS, S.A.
 - Member of the Board of Directors of Spred, SGPS, S.A.
 - Member of the Board of Directors of Sonae Turismo, SGPS, S.A.
-

- Positions held in other Companies:**
- Non-Executive Director of Casa Agrícola HMR, S.A.
 - Non-Executive Director of COPAM - Companhia Portuguesa de Amidos, S.A.
 - Non-Executive Director of Sonae SGPS, S.A.
 - Non-Executive Director of SPDI - SECURE PROPERTY Development & Investment, PLC
 - Director of Foundation Victor e Graça Carmona e Costa
 - Manager of Portela & Portela, Lda.
 - Member of Investment Committee do ECE European Prime Shopping Centre Fund, Luxembourg
-

- Main Professional activities of the last five years:**
- 1990-2010 - Executive Chairman of Sonae Sierra, SGPS, S.A. and all its subsidiaries
 - 1999-2010 - Executive Director and Vice-President of Sonae, SGPS, S.A.
 - 2010-2015 - Non Executive Director of Sonae, SGPS, S.A.
 - 2010-2014 - Chairman (until 2012) and Member of the Council Representatives of Faculdade de Economia da Universidade do Porto
 - 2010-2012 - Trustee of Urban Land Institute (EUA)
 - 2010-2012 - Director of Sonae RP
 - 2010-2014 - Non Executive Chairman of the Board of Directors of MAF Properties, Dubai, EAU
 - 2011-2013 - Member of Investment Advisory Committee of PanEuropean Property Limited Partnership
-

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Corporate Governance Report

Francisco de La Fuente Sánchez

Non Executive Director of Sonae Capital, SGPS, S.A.

Age: 74

Nationality: Portuguese

Education: ▪ Graduation in Electro technical Engineering - Instituto Superior Técnico (1965)

Positions held in Group Companies: -

Positions held in other Companies:

- Chairman of the Shareholder's General Meeting of APEDS - Associação Portuguesa de Engenheiros para o Desenvolvimento Social
- Chairman of the Managing Council da AAAIST - Associação de Antigos Alunos do Instituto Superior Técnico
- Co-opted Member of Conselho da Escola do Instituto Superior Técnico
- Honorary Member of Hidroeléctrica del Cantábrico, S.A.
- Member of Remuneration Committee Sonae SGPS, S.A. and of Sonaecom, SGPS, S.A.
- Member of the Curators Council of Luso-Brazilian Foundation
- Member of Ibero America Forum
- Member of the Curators Council of Luso-Spanish Foundation
- Member of Patronato of Hidroeléctrica del Cantábrico Foundation

Main Professional activities of the last five years:

- 2010-2015 - Chairman of the Shareholder's General Meeting of Iberwind - Desenvolvimento e Projectos, S.A.
- 2007-2013 - Chairman of the General Council of PROFORUM
- 2007-2013 - Chairman of the National Council of the Electro technical Engineering Board of the Engineers Institute
- 2007-2012 - Invited member of Conselho Nacional da Água
- 2007-2012 - Chairman and Non-Executive Vice President of the Board of Directors of EFACEC Capital
- 2005-2012 - Member of Consulting Council of Fórum para a Competitividade
- 2004-2010 - Member of Consulting Council of Instituto Português de Corporate Governance
- 2000-2010 - Non Executive Director of Portugal-Africa Foundation
- Since 2009 - Co-option Member of Instituto Português de Corporate Governance
- Since 2005 - Member of Patronage of Fundação Hidroeléctrica del Cantábrico
- Since 2004 - Member of the Curators Council of the Luso-Brazilian Foundation
- Since 2003 - Member of the Ibero America Forum
- Since 2002 - Member of the Curators Council of the Luso-Spanish Foundation

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Corporate Governance Report

Paulo José Jubilado Soares de Pinho

Non Executive Director of Sonae Capital, SGPS, S.A.

Age: 53

Nationality: Portuguese

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|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Education: | <ul style="list-style-type: none">▪ Graduation in Economics - Faculdade de Economia da Universidade Nova de Lisboa (1985)▪ MBA - Master in Business Administration - Faculdade de Economia da Universidade Nova de Lisboa (1989)▪ PhD in Banking and Finance - City University Business School, London (1994)▪ Negotiation Analysis - Amsterdam Institute of Finance (2005)▪ Advanced Course - European Venture Capital and Private Equity Association (2006)▪ Valuation Guidelines Masterclass - European Venture Capital and Private Equity Association (2007)▪ Private Equity and Venture Capital Programme - Harvard Business School (2007) |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Positions held in Group Companies : -

| | |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Positions held in other Companies: | <ul style="list-style-type: none">▪ Chairman of the General Council of Venture Capital Syndication Fund PME-IAPMAI▪ Member of the Board Directors of Change Partners, SCR, S.A.▪ Managing Partner of Finpreneur, Ltda.▪ Academic Director of Lisbon MBA (MIT - Católica - Nova) |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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| Main Professional activities of the last five years: | <ul style="list-style-type: none">▪ Chairman of the General Council of Fundo de Sindicação de Capital de Risco PME-IAPMAI▪ Member of the Board Directors of Change Partners, SCR, S.A.▪ Director (representative in Portugal) da Venture Valuation, Suíça▪ Mangager Finpreneur, Ltda.▪ Senior Consulting of New Next Moves Consultants, Portugal▪ Associate Professor Faculdade de Economia da Universidade Nova de Lisboa▪ Visiting Professor at Cass Business School, London▪ Visiting Professor at Universidade do Luxemburgo |
|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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Corporate Governance Report

Maria Cláudia Teixeira de Azevedo

Chief Executive Officer of Sonae Capital, SGPS, S.A.

Age: 46

Nationality: Portuguese

Education: ▪ Graduation in Business Administration - Universidade Católica Portuguesa and MBA by INSEAD

Positions held in Group Companies:

- Chairman of the Board of Directors of Troiaresort, SGPS, S.A. (previously called Imoareaia - Investimentos Turísticos, SGPS, S.A.)
- Chairman of the Board of Directors of SC Hospitality, SGPS, S.A. (previously called Sonae Turismo - SGPS, S.A.)
- Member of the Board of Directors of Capwatt, SGPS, S.A.
- Member of the Board of Directors of Capwatt ACE, S.A. (previously called Integrum ACE, S.A.)
- Member of the Board of Directors of Capwatt - Brainpower, S.A.
- Member of the Board of Directors of Capwatt Colombo - Heat Power, S.A (previously called Integrum Colombo - Energia, S.A.)
- Member of the Board of Directors of Capwatt Engenho Novo - Heat Power, S.A. (previously called Integrum Engenho Novo - Energia, S.A.)
- Member of the Board of Directors of Complementary Grouping of Companies (Agrupamento Complementar de Empresas) Capwatt Hectare - Heat Power, ACE (previously called by Companhia Térmica Hectare, ACE)
- Member of the Board of Directors of Capwatt II - Heat Power, S.A. (previously called Integrum II - Energia, S.A.)
- Member of the Board of Directors of Capwatt III - Heat Power, S.A. (previously called Integrum III - Energia, S.A.)
- Member of the Board of Directors of Capwatt Maia - Heat Power, S.A. (previously called Ecociclo II - Energias, S.A.)
- Member of the Board of Directors of Capwatt Martim Longo - Solar Power, S.A. (previously called Integrum Martim Longo - Energia, S.A.)
- Member of the Board of Directors of Capwatt Vale do Caima - Heat Power, S.A. (previously called Integrum Vale do Caima - Energia, S.A.)
- Member of the Board of Directors of Capwatt Vale do Tejo - Heat Power, S.A. (previously called Integrum Vale do Tejo - Energia, S.A.)
- Member of the Board of Directors of SC, SGPS, S.A.
- Member of the Board of Directors of Sistavac, S.A.
- Member of the Board of Directors of Sistavac, SGPS, S.A.
- Member of the Board of Directors of Spred, SGPS, S.A.
- Member of the Board of directors of Sopair, S.A.
- Member of the Board of Directors of QCE - Desenvolvimento e Fabrico de Equipamentos, S.A.
- Member of Management Body of Carvemagere, Manutenção e Energias Renováveis, Lda.
- Member of Management Body of C.T.E. - Central Termoeléctrica do Estuário, Unipessoal, Lda.
- Member of Management Body of Enerlousado - Recursos Energéticos, Unipessoal, Lda.
- Member of Management Body of Ronfegen - Recursos Energéticos, Unipessoal, Lda.

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- Member of Management Body of Companhia Térmica Tagol, Unipessoal, Lda.

Positions held in Other Companies:

- Chairman of the Board of Directors of Digitmarket - Sistemas de Informação, S.A.
- Chairman of the Board of Directors of Efanor - Serviços de Apoio à Gestão, S.A.
- Chairman of the Board of Directors of GRUPO S 21 SEC GÉSTION, S.A.
- Chairman of the Board of Directors of ITRUST - Ciber Security and Intelligence Services, S.A.
- Chairman of the Board of Directors of Linhacom, SGPS, S.A.
- Chairman of the Board of Directors of Saphety Level - Trusted Services, S.A.
- Chairman of the Board of Directors of Sonaecom - Ciber Security and Intelligence Services, SGPS, S.A.
- Chairman of the Board of Directors of WeDo Consulting, Sistemas de Informação, S.A.
- Chairman of the Board of Directors of WeDo Technologies Americas, INC
- Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
- Member of the Board of Directors of Imparfin, SGPS, S.A.
- Member of the Board of Directors of PCJ - Público, Comunicação e Jornalismo, S.A.
- Member of the Board of Directors of Praesidium Services Limited
- Member of the Board of Directors of Público - Comunicação Social, S.A.
- Member of the Board of Directors of Sonaecom, SGPS, S.A.
- Member of the Board of Directors of Sonaecom - Serviços Partilhados, S.A.
- Member of the Board of Directors of Sonae Investment Management - Software and Technology, SGPS, S.A. (previously called Sonaecom Sistemas de Informação, SGPS, S.A.)
- Member of the Board of Directors of WeDo Technologies (UK) Limited.
- Member of the Board of Directors of WeDo Technologies Australia PTY, Limited.
- Member of the Board of Directors of ZOPT, SGPS, S.A.
- Member Curators Council of Fundação Belmiro de Azevedo
- Director of Sonaecom - Sistemas de Información España, SL
- Director of WeDo Technologies Mexico, S. De R.L. de C.V.
- Director of WeDo Technologies Egypt
- Manager of Saphety - Transacciones Electronicas, S.A.S

Main Professional activities of the last five years:

- Executive Director of Sonaecom, SGPS, S.A.
- Executive Director of Zon Optimus, SGPS, S.A.
- Member of the Board of Directors of the following companies:
 - Sonae Investment Management - Software and Technology, SGPS, S.A. (anteriormente designada por Sonaecom Sistemas de Informação, SGPS, S.A.)
 - Sonae Matrix Multimédia
 - WeDo Consulting, Sistemas de Informação, S.A.
 - Efanor Investimentos, SGPS, S.A.
 - ZOPT, SGPS, S.A.

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Corporate Governance Report

Ivone Pinho Teixeira

Executive Director and CFO of Sonae Capital, SGPS, S.A.

Age: 43

Nationality: Portuguese

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|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Education: | <ul style="list-style-type: none">▪ Graduation in Economics – Faculdade Economia da Universidade do Porto (1995)▪ Post Graduation Credit Analysis – Instituto Superior de Gestão Bancária (1996)▪ Post Graduation Internacional Taxation – Universidade Católica (2004) |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Positions held in Group Companies : | <ul style="list-style-type: none">▪ Member of the Board Directors of Complementary Grouping of Companies (Agrupamento Complementar de Empresas) Atelgen, Produção de Energia, ACE▪ Member of the Board of Directors of Atlantic Ferries – Tráfego Local, Fluvial e Marítimo, S.A.▪ Member of the Board of Directors of Bloco Q – Sociedade Imobiliária, S.A.▪ Member of the Board of Directors of Capwatt, SGPS, S.A.▪ Member of the Board of Directors of Capwatt ACE, S.A. (previously called Integrum ACE, S.A.)▪ Member of the Board of Directors of Capwatt – Brainpower, S.A.▪ Member of the Board of Directors of Capwatt Colombo – Heat Power, S.A. (previously called Integrum Colombo – Energia, S.A.)▪ Member of the Board of Directors of Capwatt Engenho Novo – Heat Power, S.A. (previously called Integrum Engenho Novo – Energia, S.A.)▪ Member of the Board Directors of Complementary Grouping of Companies (Agrupamento Complementar de Empresas) Capwatt Hectare – Heat Power, ACE (previously called Companhia Térmica Hectare, ACE)▪ Member of the Board of Directors of Capwatt II – Heat Power, S.A. (previously called Integrum II – Energia, S.A.)▪ Member of the Board of Directors of Capwatt III – Heat Power, S.A. (previously called Integrum III – Energia, S.A.)▪ Member of the Board of Directors of Capwatt Maia – Heat Power, S.A. (previously called Ecociclo II – Energias, S.A.)▪ Member of the Board of Directors of Capwatt Martim Longo – Solar Power, S.A. (previously called Integrum Martim Longo – Energia, S.A.)▪ Member of the Board of Directors of Capwatt Vale do Caima – Heat Power, S.A. (previously called Integrum Vale do Caima – Energia, S.A.)▪ Member of the Board of Directors of Capwatt Vale do Tejo – Heat Power, S.A. (previously called Integrum Vale do Tejo – Energia, S.A.)▪ Member of the Board of Directors of Casa da Ribeira – Sociedade Imobiliária, S.A.▪ Member of the Board of Directors of Centro Residencial da Maia – Urbanismo, S.A.▪ Member of the Board of Directors of Cinclus – Imobiliária, S.A.▪ Member of the Board of Directors of Complementary Grouping of Companies (Agrupamento Complementar de Empresas) Companhia Térmica do Serrado, ACE▪ Member of the Board of Directors of Contacto Concessões, SGPS, S.A.▪ Member of the Board of Directors of Country Club da Maia – Imobiliária, S.A. |
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- Member of the Board of Directors of Empreendimentos Imobiliários Quinta da Azenha, S.A.
- Member of the Board of Directors of Golf Time - Golfe e Investimentos Turísticos, S.A.
- Member of the Board of Directors of Imobeauty, S.A.
- Member of the Board of Directors of Imoclub - Serviços Imobiliários, S.A.
- Member of the Board of Directors of Imodivor - Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Imohotel - Empreendimentos Turísticos, S.A.
- Member of the Board of Directors of Imopenínsula - Imobiliária, S.A.
- Member of the Board of Directors of Imoponte - Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Imoresort - Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Imosedas - Imobiliária e Serviços, S.A.
- Member of the Board of Directors of Implantação - Imobiliária, S.A.
- Member of the Board of Directors of Inparvi, SGPS, S.A.
- Member of the Board of Directors of Marina de Tróia, S.A.
- Member of the Board of Directors of Marmagno - Exploração Hoteleira e Imobiliária, S.A.
- Member of the Board of Directors of Marvero - Exploração Hoteleira e Imobiliária, S.A.
- Member of the Board of Directors of Norscut - Concessionária de Auto-Estradas, S.A.
- Member of the Board of Directors of Porturbe - Edifícios e Urbanizações, S.A.
- Member of the Board of Directors of Praedium - Serviços, S.A.
- Member of the Board of Directors of SC Assets, SGPS, S.A. (previously called Praedium - SGPS, S.A.)
- Member of the Board of Directors of Praedium II - Imobiliária, S.A.
- Member of the Board of Directors of Prédios Privados - Imobiliária, S.A.
- Member of the Board of Directors of Predisedas - Predial das Sedas, S.A.
- Member of the Board of Directors of Promessa - Sociedade Imobiliária, S.A.
- Member of the Board of Directors of SC - Engenharia e Promoção Imobiliária, SGPS, S.A.
- Member of the Board of Directors of SC, SGPS, S.A.
- Member of the Board of Directors of SC - Sociedade de Consultadoria, S.A.
- Member of the Board of Directors of SC Finance, BV
- Member of the Board of Directors and Committee Executive of SC Hospitality, SGPS, S.A. (previously called Sonae Turismo - SGPS, S.A.)
- Member of the Board of Directors of S.I.I. - Soberana - Investimentos Imobiliários, S.A.
- Member of the Board of Directors of Sistavac, S.A.
- Member of the Board of Directors of Sistavac, SGPS, S.A.
- Member of the Board of Directors of Sete e Meio Herdades - Investimentos Agrícolas e Turismo, S.A.
- Member of the Board of Directors of Soira - Sociedade Imobiliária de Ramalde, SA
- Member of the Board of Directors of Solinca - Health and Fitness, SA
- Member of the Board of Directors of Porto Palácio Hotel - Exploração Hoteleira, S.A. (previously called Solinca -

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Investimentos Turísticos, S.A.)

- Member of the Board of Directors of Soltróia - Sociedade Imobiliária de Urbanização e Turismo de Tróia, S.A.
- Member of the Board of Directors of Sonae Turismo, SGPS, S.A. (previously called SC Assets, SGPS, S.A.)
- Member of the Board of Directors of Sopair, S.A.
- Member of the Board of Directors of Sotáqua - Sociedade de Empreendimentos Turísticos de Quarteira, S.A.
- Member of the Board of Directors of Complementary Grouping of Companies (Agrupamento Complementar de Empresas) Soternix - Produção de Energia, ACE
- Member of the Board of Directors of Spinveste - Gestão Imobiliária, SGII, S.A.
- Member of the Board of Directors of Spinveste - Promoção Imobiliária, S.A.
- Member of the Board of Directors of Spred, SGPS, SA
- Member of the Board of Directors of The Artist Porto Hotel & Bistro - Actividades Hoteleiras, S.A.
- Member of the Board of Directors of Tróia Market - Supermercados, S.A.
- Member of the Board of Directors of Troiaresort - Investimentos Turísticos, S.A.
- Member of the Board of directors of Troiaresort, SGPS, S.A. (previously called Imoareia - Investimentos Turísticos, S.A.)
- Member of the Board of Directors of Aqualuz Troia - Exploração Hoteleira e Imobiliária, S.A. (previously called Troiaverde - Exploração Hoteleira e Imobiliária, S.A.)
- Member of the Board of Directors of Tulipamar - Exploração Hoteleira e Imobiliária, S.A.
- Member of the Board of Directors of Urbisedas - Imobiliária das Sedas, S.A.
- Member of the Board of Directors of Vistas do Freixo - Empreendimentos Turísticos, S.A.
- Member of the Board of Directors of The Artist Ribeira - Actividades Hoteleiras, S.A.
- Member of the Board of Directors of QCE - Desenvolvimento e Fabrico de Equipamentos, S.A.
- Member of the Management Body of Carvemagere, Manutenção e Energias Renováveis, Lda.
- Member of the Management Body of Companhia Térmica Tagol, Unipessoal, Lda.
- Member of the Management Body of C.T.E. - Central Termoeléctrica do Estuário, Unipessoal, Lda.
- Member of the Management Body of Enerlousado - Recursos Energéticos, Unipessoal, Lda.
- Member of the Management Body of Ronfegen - Recursos Energéticos, Unipessoal, Lda.
- Member of the Management Body SC For - Serviços de Formação e Desenvolvimento de Recursos Humanos, Unipessoal, Lda

Main Professional activities of the last five years:

- Since 2012 - Chief Financial Officer, Sonae Capital Group
 - 2007-2012 - Head of Corporate Finance, Sonae Capital Group
-

REPORT AND ACCOUNTS 2015

Corporate Governance Report

António Monteiro de Magalhães

Chairman of the Fiscal Board of Sonae Capital, SGPS, S.A.

Education: ▪ Graduation in Economics - Faculdade de Economia da Universidade do Porto (1969)

Positions held in Group Companies: -

Positions held in Other Companies: ▪ Managing Partner of António Magalhães & Carlos Santos - SROC (since the company was founded, in 1989)
▪ Chairman of the Fiscal Board of Nexponor - Sociedade Especial de Investimento Imobiliário de Capital Fixo - SICAFI, S.A.
▪ Member of the Fiscal Board of the following companies:
 ▪ Montepio Holding, SGPS, S.A.
 ▪ Montepio Investimento, S.A.
 ▪ Cin - Corporação Industrial do Norte, S.A.

Main Professional activities in the last five years: ▪ Chairman of the Superior Council of Ordem dos Revisores Oficiais de Contas in mandates of 2012/2014 and 2015/2017
▪ Chairman of the Board of the Shareholders' General Meeting of Ordem dos Revisores Oficiais de Contas in mandate of 2009/2011

Manuel Heleno Sismeiro

Member of the Fiscal Board of Sonae Capital, SGPS, S.A.

Education: ▪ Bachelor degree in Accounting, ICL, Lisboa (1964)
▪ Graduation in Finance, ISCEF, Lisboa (1971)

Positions held in Group Companies: -

Positions held in Other Companies: ▪ Chairman of the Fiscal Board of the following companies:
 ▪ Sonae Indústria, SGPS, S.A.
 ▪ OCP Portugal - Produtos Farmacêuticos, S.A.
 ▪ BBI - Banif Banco de Investimentos, S.A.

▪ Member of the Fiscal Board of Sonae, SGPS, S.A.
▪ Chairman of the Board of the Shareholders' General Meeting of Segafredo Zanetti (Portugal) - Comercialização e Distribuição de Café, S.A.

Main Professional activities in the last five years: ▪ Since 2008 - Advisor, namely on matters of internal audit and internal control

REPORT AND ACCOUNTS 2015

Corporate Governance Report

Carlos Manuel Pereira da Silva

Member of Fiscal Board of Sonae Capital, SGPS, S.A.

Education: ▪ Graduation in Economics - Faculdade de Economia da Universidade do Porto (1978)

**Positions held
in Group
Companies:** -

**Positions held
in Other
Companies:** -

**Main
Professional
activities in the
last five years:** ▪ Since 2010 - Statutory Auditor and Managing Partner at Magalhães, Carlos Silva & Associados, SROC, Lda.

REPORT AND ACCOUNTS 2015

Corporate Governance Report

(Translation from a Portuguese Original)

Declaration of the Remuneration Committee about the Remuneration and Compensation Policy for statutory governing bodies and to key management staff (“dirigentes”) of the Company

ATTRIBUTION PLAN OF SONAE CAPITAL SHARES

(Medium term variable bonus - MTVB)

Characteristics and Regulation

1. Characteristics of MTVB

MTVB is one of the components of Sonae Capital’s Remuneration and Compensation Policy. This component is distinct from others due to its restrictive and volunteer nature, with attribution conditional to the eligibility rules described in this document.

MTVB allows participants to share with shareholders value created, through their direct intervention in strategy definition and business management, based on the result of the annual performance evaluation.

2. Scope of MTVB

MTVB aims to align executive directors’ interests with the objectives of the organisation, strengthening their commitment and the perception of the importance of their performance to Sonae Capital’s success, reflected in the market capitalisation of the share.

3. Eligibility

Executive directors of Sonae Capital, SGPS, SA and companies in domain relationship are eligible for the attribution of the MTVB.

In accordance with the remuneration policy approved by the Board of Directors, employees who, through that policy, are entitled to the Plan, are also eligible to the attribution of MTVB.

| Eligible Members | Reference Value of medium term variable bonus (% of total variable remuneration set as objective) |
|-------------------------------------|------------------------------------------------------------------------------------------------------|
| Sonae Capital’s Executive Directors | At least 50% |
| Businesses’ Executive Directors | At least 50% |
| Employees | Terms to be defined by each Company’s Board of Directors |

REPORT AND ACCOUNTS 2015

Corporate Governance Report

4. Duration of MTVB

MTVB is set on an annual basis, for a period of three years. From the beginning of the third consecutive plan, in each moment, three plans with three year duration will coexist.

5. MTVB reference amount

The MTVB is valued at the date of attribution using prices which represent the price of the share, in the Portuguese stock market, considering for this effect the most favourable of the following: closing share price of the first day of trading after the General Meeting of Shareholders or the average closing share price (regarding the thirty-day period of trading prior to the General Meeting of Shareholders).

Members entitled to MTVB have the right to acquire a number of shares corresponding to the division between the amount of MTVB granted and the price of the share at the date of attribution calculated under the terms of the previous paragraph. Such right can be exercised three years after attribution, which will be adjusted, through the deferral period by the completion level of long term KPIs, in order to ensure the continued alignment with the long term business sustainability objectives.

Aiming to ensure a policy that strengthens the alignment of executive directors with the company's long term objectives, the Remuneration Committee can, at its sole discretion, determine an executive director's co-payment in the acquisition of shares, which will correspond to a percentage of the share price, up to 5% of its share price at the date of the share transmission.

If dividends are distributed, changes in the nominal value of shares or in the share capital of the company occur or any other change in equity with impact in the economic value of attributed rights, after the granting date and before its exercise, the amount converted in shares will be adjusted to an equivalent figure considering the effect of the mentioned changes.

6. Delivery by the Company

On the vesting date of the MTVB plan, the company reserves the right to settle in cash, equivalent to the market value as at the date of the respective delivery, instead of shares.

7. Due date of MTVB

The right to acquire shares granted via MTVB expires three years after its attribution.

8. Conditions to exercise acquisition rights

The right to exercise acquisition rights of shares granted under MTVB plans expires if the contractual link between the member and the company ceases before the three year period subsequent to its attribution, notwithstanding situations included in the following paragraphs.

The right will remain valid in case of permanent incapacity or death of the member, in which case payment is made to the member himself or to his/her heirs on the vesting date.

In case of retirement of the member, the attributed right can be exercised in the respective vesting date.

The current policy is extensive to all active plans regarding which shares have not yet been transmitted.

PART IV
**CONSOLIDATED FINANCIAL
STATEMENTS**
31 DECEMBER 2015



SONAE CAPITAL

REPORT AND ACCOUNTS 2015

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2015 AND 31 DECEMBER 2014

(Amounts expressed in euro)

| ASSETS | Notes | 31.12.2015 | 31.12.2014 |
|--------------------------------------------------------------------------------|--------------|---------------------------|---------------------------|
| NON-CURRENT ASSETS: | | | |
| Tangible assets | 10 | 251,495,972 | 240,710,716 |
| Intangible assets | 11 | 7,338,337 | 8,024,620 |
| Goodwill | 12 | 60,892,528 | 60,990,244 |
| Investments in associated companies and joint ventures | 6 | 12,960,514 | 20,730,694 |
| Other investments | 7, 9 and 13 | 597,515 | 34,081,492 |
| Deferred tax assets | 20 | 23,620,310 | 23,718,439 |
| Other non-current assets | 9 and 14 | 7,871,931 | 20,653,819 |
| Total non-current assets | | <u>364,777,107</u> | <u>408,910,024</u> |
| CURRENT ASSETS: | | | |
| Inventories | 15 | 126,761,744 | 157,562,294 |
| Trade account receivables | 9 and 16 | 19,375,097 | 25,980,899 |
| Other Debtors | 9 and 17 | 9,003,693 | 10,904,150 |
| Taxes recoverable - Income tax | 18 | 3,795,910 | 10,270,836 |
| Taxes recoverable - Other taxes | 18 | 8,831,026 | 6,405,419 |
| Other current assets | 19 | 6,169,502 | 6,630,593 |
| Cash and cash equivalents | 9 and 21 | 35,318,251 | 9,327,550 |
| Total Current Assets | | <u>209,255,223</u> | <u>227,081,741</u> |
| TOTAL ASSETS | 48 | <u>574,032,330</u> | <u>635,991,765</u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY: | | | |
| Share capital | 22 | 250,000,000 | 250,000,000 |
| Own Shares | 22 | (1,426,791) | (1,486,301) |
| Reserves and retained earnings | 22 | 51,609,194 | 56,279,740 |
| Profit/(Loss) for the year attributable to the equity holders of Sonae Capital | | (294,678) | (6,832,009) |
| Equity attributable to the equity holders of Sonae Capital | | <u>299,887,725</u> | <u>297,961,430</u> |
| Equity attributable to non-controlling interests | 23 | 10,247,125 | 9,375,864 |
| TOTAL EQUITY | | <u>310,134,850</u> | <u>307,337,294</u> |
| LIABILITIES: | | | |
| NON-CURRENT LIABILITIES: | | | |
| Bank Loans | 9 and 24 | 46,693,174 | 78,223,573 |
| Bonds | 9 and 24 | 42,123,598 | 101,891,291 |
| Obligation under finance leases | 9, 24 and 25 | 14,809,541 | 18,846,111 |
| Other loans | 9 and 24 | 297,289 | 609,258 |
| Other non current liabilities | 9 and 27 | 3,033,619 | 3,073,863 |
| Deferred tax liabilities | 20 | 10,948,548 | 11,709,284 |
| Provisions | 32 | 3,079,824 | 3,079,824 |
| Total Non-Current Liabilities | | <u>120,985,593</u> | <u>217,433,204</u> |
| CURRENT LIABILITIES: | | | |
| Bank Loans | 9 and 24 | 17,725,702 | 39,992,932 |
| Bonds | 9 and 24 | 59,982,062 | - |
| Obligation under finance leases | 9, 24 and 25 | 2,546,998 | 2,851,514 |
| Other loans | 9, 24 and 26 | 337,920 | 1,374,127 |
| Trade creditors | 9 and 29 | 17,167,600 | 17,028,403 |
| Other creditors | 9 and 30 | 11,562,222 | 7,975,667 |
| Income tax | 18 | 945,628 | 6,495,689 |
| Other taxes and contributions payables | 18 | 2,624,731 | 3,072,266 |
| Other current liabilities | 31 | 24,661,098 | 26,788,468 |
| Provisions | 32 | 5,357,926 | 5,642,201 |
| Total Current Liabilities | | <u>142,911,887</u> | <u>111,221,267</u> |
| TOTAL LIABILITIES | 48 | <u>263,897,480</u> | <u>328,654,471</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>574,032,330</u> | <u>635,991,765</u> |

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS 2015

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE TWELVE MONTHS PERIODS ENDED 31 DECEMBER 2015 AND 2014

(Amounts expressed in euro)

| | Notes | 31.12.2015 | 31.12.2014 |
|---------------------------------------------------------------|-----------|--------------|--------------|
| Sales | 35 | 104,422,225 | 113,979,183 |
| Services rendered | 35 | 65,710,930 | 63,986,078 |
| Other operating income | 36 | 17,389,764 | 8,067,594 |
| Cost of sales | 15 | (61,139,628) | (63,129,092) |
| Changes in inventories of finished goods and work in progress | 37 | (5,983,190) | (18,040,703) |
| External supplies and services | 38 | (54,375,292) | (54,582,889) |
| Staff costs | 39 | (34,837,935) | (33,918,201) |
| Depreciation and amortisation | 10 and 11 | (15,787,289) | (14,791,562) |
| Provisions and impairment losses (Increases/Decreases) | 32 | (459,821) | 820,033 |
| Other operating expenses | 40 | (7,517,024) | (3,963,861) |
| Operational profit/(loss) | | 7,422,740 | (1,573,420) |
| Financial Expenses | 41 | (10,432,290) | (12,945,280) |
| Financial Income | 41 | 1,664,711 | 1,428,851 |
| Profit/(Loss) in associated and jointly controlled companies | | 3,976,671 | 8,585,816 |
| Investment income | 6 and 42 | (813,146) | 2,708,643 |
| Profit/(Loss) before taxation | | 1,818,686 | (1,795,390) |
| Taxation | 43 | (422,333) | (4,501,600) |
| Profit/(Loss) for the year | 44 | 1,396,353 | (6,296,990) |
| Attributable to: | | | |
| Equity holders of Sonae Capital | | (294,678) | (6,832,009) |
| Non-controlling interests | 23 | 1,691,031 | 535,019 |
| Profit/(Loss) per share | | | |
| Basic | 46 | (0.001196) | (0.027749) |
| Diluted | 46 | (0.001196) | (0.027749) |

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS 2015

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE 4th QUARTERS OF 2015 AND 2014

(Amounts expressed in euro)

| | Notes | 4 th Quarter 15 ¹ | 4 th Quarter 14 ¹ |
|---------------------------------------------------------------|-------|-----------------------------------------|-----------------------------------------|
| Sales | | 48,784,765 | 48,347,937 |
| Services rendered | | (4,446,185) | (2,293,099) |
| Other operating income | | 2,128,939 | 2,963,292 |
| Cost of sales | | (14,113,435) | (20,964,994) |
| Changes in inventories of finished goods and work in progress | | (3,287,346) | (3,607,026) |
| External supplies and services | | (16,610,950) | (14,636,405) |
| Staff costs | | (7,734,872) | (8,468,769) |
| Depreciation and amortisation | | (3,903,915) | (3,888,597) |
| Provisions and impairment losses (Increases/Decreases) | | (410,206) | 1,417,707 |
| Other operating expenses | | (1,037,575) | 882,036 |
| Operational profit/(loss) | | (630,780) | (247,918) |
| Financial Expenses | | (2,113,794) | (2,878,235) |
| Financial Income | | 575,591 | 424,540 |
| Profit/(Loss) in associated and jointly controlled companies | | 989,985 | 4,036,293 |
| Investment income | | (862,541) | 2,138,744 |
| Profit/(Loss) before taxation | | (2,041,539) | 3,473,424 |
| Taxation | | 385,635 | (1,977,496) |
| Profit/(Loss) for the period | | (1,655,904) | 1,495,928 |
| Attributable to: | | | |
| Equity holders of Sonae Capital | | (2,348,716) | 1,098,738 |
| Non-controlling interests | | 692,812 | 397,190 |
| Profit/(Loss) per share | | | |
| Basic | | (0.009535) | 0.004464 |
| Diluted | | (0.009535) | 0.004464 |

The accompanying notes are part of these financial statements.

¹Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited.

The Board of Directors

REPORT AND ACCOUNTS 2015

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS PERIODS ENDED 31 DECEMBER 2015 AND 2014

(Amounts expressed in euro)

| | 31.12.2015 | 31.12.2014 |
|------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------|
| Consolidated net profit/(loss) for the period | 1,396,353 | (6,296,990) |
| Items that may be reclassified subsequently to net profit / (loss): | | |
| Changes in the currency translation differences | 146,452 | 78,858 |
| Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5) | 1,588,081 | (65,531) |
| Change in the fair value of assets available for sale | 750,961 | (160,105) |
| Change in the fair value of cash flow hedging derivatives | 228,041 | 940,277 |
| Tax related to other comprehensive income captions | (293,476) | 119,119 |
| Other comprehensive income for the period | <u>2,420,059</u> | <u>912,618</u> |
| Total comprehensive income for the period | <u><u>3,816,412</u></u> | <u><u>(5,384,372)</u></u> |
| Attributable to: | | |
| Equity holders of Sonae Capital | 2,085,740 | (5,952,208) |
| Non-controlling interests | <u>1,730,672</u> | <u>567,836</u> |

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS 2015

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 4th QUARTERS OF 2015 AND 2014

(Amounts expressed in euro)

| | 4 th Quarter 15 ¹ | 4 th Quarter 14 ¹ |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Consolidated net profit/(loss) for the period | (1,655,904) | 1,495,928 |
| Items that may be reclassified subsequently to net profit / (loss): | | |
| Changes in the currency translation differences | (41,930) | (9,428) |
| Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5) | 419,002 | 226,754 |
| Change in the fair value of assets available for sale | (90,943) | (1,064,321) |
| Change in the fair value of cash flow hedging derivatives | 5,637 | 305,084 |
| Tax related to other comprehensive income captions | (27,643) | 248,387 |
| Other comprehensive income for the period | 264,123 | (293,524) |
| Total comprehensive income for the period | <u>(1,391,781)</u> | <u>1,202,404</u> |
| Attributable to: | | |
| Equity holders of Sonae Capital | (2,086,958) | 802,190 |
| Non-controlling interests | <u>695,177</u> | <u>400,214</u> |

The accompanying notes are part of these financial statements.

¹ Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited.

The Board of Directors

REPORT AND ACCOUNTS 2015

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2015 AND 2014

(Amounts expressed in Euro)

| | Attributable to Equity Holders of Sonae Capital | | | | | | | Net Profit/(Loss) | Total | Non-Controlling Interests (Note 23) | Total Equity | |
|-------------------------------------------------------------------|-------------------------------------------------|--------------------|----------------------------|----------------------|---------------------|------------------|--------------------------------------|-------------------|--------------------|-------------------------------------|-------------------|--------------------|
| | Share Capital | Own Shares | Demerger Reserve (Note 22) | Translation Reserves | Fair Value Reserves | Hedging Reserves | Other Reserves and Retained Earnings | | | | | Sub total |
| Balance as at 1 January 2014 | 250,000,000 | (1,124,125) | 132,638,253 | (189,622) | (590,856) | (1,166,854) | (62,056,375) | 68,634,546 | (13,200,373) | 304,310,048 | 8,850,291 | 313,160,339 |
| Total consolidated comprehensive income for the period | - | - | - | 58,740 | (160,105) | 927,578 | 53,588 | 879,801 | (6,832,009) | (5,952,208) | 567,836 | (5,384,372) |
| Appropriation of profit of 2013: | | | | | | | | | | | | |
| Transfer to legal reserves and retained earnings | - | - | - | - | - | - | (13,200,373) | (13,200,373) | 13,200,373 | - | - | - |
| Dividends paid | - | - | - | - | - | - | - | - | - | - | (721,525) | (721,525) |
| (Acquisition)/Sales of own shares | - | (362,176) | - | - | - | - | - | - | - | (362,176) | - | (362,176) |
| Changes in the percentage of capital held in affiliated companies | - | - | - | - | - | - | - | - | - | - | 679,088 | 679,088 |
| Other changes | - | - | - | - | - | - | (34,234) | (34,234) | - | (34,234) | 174 | (34,060) |
| Balance as at 31 December 2014 | <u>250,000,000</u> | <u>(1,486,301)</u> | <u>132,638,253</u> | <u>(130,882)</u> | <u>(750,961)</u> | <u>(239,276)</u> | <u>(75,237,394)</u> | <u>56,279,740</u> | <u>(6,832,009)</u> | <u>297,961,430</u> | <u>9,375,864</u> | <u>307,337,294</u> |
| Balance as at 1 January 2015 | 250,000,000 | (1,486,301) | 132,638,253 | (130,882) | (750,961) | (239,276) | (75,237,394) | 56,279,740 | (6,832,009) | 297,961,430 | 9,375,864 | 307,337,294 |
| Total consolidated comprehensive income for the period | - | - | - | 107,532 | 750,961 | 227,320 | 1,294,605 | 2,380,418 | (294,678) | 2,085,740 | 1,730,672 | 3,816,412 |
| Appropriation of profit of 2014: | | | | | | | | | | | | |
| Transfer to legal reserves and retained earnings | - | - | - | - | - | - | (6,832,009) | (6,832,009) | 6,832,009 | - | - | - |
| Dividends paid | - | - | - | - | - | - | - | - | - | - | (1,079,240) | (1,079,240) |
| (Acquisition)/Sales of own shares | - | 59,510 | - | - | - | - | - | - | - | 59,510 | - | 59,510 |
| Changes in the percentage of capital held in affiliated companies | - | - | - | - | - | - | (219,830) | (219,830) | - | (219,830) | 219,830 | - |
| Other changes | - | - | - | - | - | - | 875 | 875 | - | 875 | (1) | 874 |
| Balance as at 31 December 2015 | <u>250,000,000</u> | <u>(1,426,791)</u> | <u>132,638,253</u> | <u>(23,350)</u> | <u>-</u> | <u>(11,956)</u> | <u>(80,993,753)</u> | <u>51,609,194</u> | <u>(294,678)</u> | <u>299,887,725</u> | <u>10,247,125</u> | <u>310,134,850</u> |

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL

REPORT AND ACCOUNTS 2015

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2015 AND 2014

(Amounts expressed in Euro)

| | Notes | 31.12.2015 | 31.12.2014 | 4 th Quarter 15 ¹ | 4 th Quarter 14 ¹ |
|---------------------------------------------------------------------|-------|---------------------|----------------------|--------------------------------------------|--------------------------------------------|
| OPERATING ACTIVITIES: | | | | | |
| Cash receipts from trade debtors | | 179,322,909 | 179,986,235 | 42,023,545 | 45,175,491 |
| Cash receipts from trade creditors | | (109,671,262) | (111,665,349) | (29,811,416) | (31,097,416) |
| Cash paid to employees | | (34,110,758) | (33,612,749) | (8,287,973) | (8,882,928) |
| Cash flow generated by operations | | <u>35,540,889</u> | <u>34,708,137</u> | <u>3,924,156</u> | <u>5,195,147</u> |
| Income taxes (paid) / received | | (628,184) | (4,640,344) | (403,498) | (774,236) |
| Other cash receipts and (payments) relating to operating activities | | <u>(5,377,976)</u> | <u>(233,323)</u> | <u>(2,047,162)</u> | <u>4,941,328</u> |
| Net cash flow from operating activities (1) | 48 | <u>29,534,729</u> | <u>29,834,470</u> | <u>1,473,496</u> | <u>9,362,239</u> |
| INVESTMENT ACTIVITIES: | | | | | |
| Cash receipts arising from: | | | | | |
| Investments | 47 | 35,935,067 | 9,885,905 | 12,050,733 | 1,760,722 |
| Tangible assets | | 15,494,817 | 2,932,591 | 890,195 | 1,848,665 |
| Interest and similar income | | 2,189,792 | 1,411,822 | 1,083,566 | 168,772 |
| Loans | | 13,693,513 | - | 13,693,513 | - |
| Dividends | | <u>13,634,340</u> | <u>950,610</u> | <u>13,294,657</u> | <u>81,923</u> |
| | | <u>80,947,529</u> | <u>15,180,928</u> | <u>41,012,664</u> | <u>3,860,082</u> |
| Cash Payments arising from: | | | | | |
| Investments | 47 | (26,143) | (5,401,226) | (280) | (2,060,223) |
| Tangible assets | | (13,547,643) | (7,293,515) | (4,512,524) | (2,096,875) |
| Intangible assets | | (416,113) | (1,101,166) | (128,765) | (250,045) |
| Loans granted | | <u>(1,015,749)</u> | <u>(971,509)</u> | <u>(161)</u> | <u>(2,000)</u> |
| Net cash used in investment activities (2) | 48 | <u>(15,005,648)</u> | <u>(14,767,416)</u> | <u>(4,641,730)</u> | <u>(4,409,143)</u> |
| | | <u>65,941,881</u> | <u>413,512</u> | <u>36,370,934</u> | <u>(549,061)</u> |
| FINANCING ACTIVITIES: | | | | | |
| Cash receipts arising from: | | | | | |
| Loans obtained | | 16,100,000 | 88,950,000 | 7,000,000 | 17,799,000 |
| Capital increases, additional paid in capital and share premiums | | - | 25,768 | - | 375 |
| Sale of own shares | | <u>72,435</u> | <u>42,606</u> | <u>-</u> | <u>-</u> |
| | | <u>16,172,435</u> | <u>89,018,374</u> | <u>7,000,000</u> | <u>17,799,375</u> |
| Cash Payments arising from: | | | | | |
| Loans obtained | | (73,800,598) | (96,714,957) | (11,997,041) | (19,107,488) |
| Interest and similar charges | | (9,477,026) | (14,602,662) | (2,295,162) | (3,091,689) |
| Reimbursement of capital and paid in capital | | - | (28,385) | - | - |
| Dividends | | (924,617) | (2,303,987) | (888) | (706,617) |
| Purchase of own shares | | <u>(12,925)</u> | <u>(404,783)</u> | <u>(12,925)</u> | <u>-</u> |
| Net cash used in financing activities (3) | 48 | <u>(84,215,166)</u> | <u>(114,054,774)</u> | <u>(14,306,016)</u> | <u>(22,905,794)</u> |
| | | <u>(68,042,731)</u> | <u>(25,036,400)</u> | <u>(7,306,016)</u> | <u>(5,106,419)</u> |
| Net increase in cash and cash equivalents (4) = (1) + (2) + (3) | | <u>27,433,879</u> | <u>5,211,582</u> | <u>30,538,414</u> | <u>3,706,759</u> |
| Effect of foreign exchange rate | | <u>264,504</u> | <u>(14,987)</u> | <u>46,456</u> | <u>17,774</u> |
| Cash and cash equivalents at the beginning of the period | 21 | <u>8,148,876</u> | <u>2,922,307</u> | <u>4,826,293</u> | <u>4,459,891</u> |
| Cash and cash equivalents at the end of the period | 21 | <u>35,318,251</u> | <u>8,148,876</u> | <u>35,318,251</u> | <u>8,148,876</u> |

The accompanying notes are part of these financial statements.

Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited.

The Board of Directors

SONAE CAPITAL, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2015 and 2014

(Translation from the Portuguese Original)

(Amounts expressed in Euro)

1. INTRODUCTION

SONAE CAPITAL, SGPS, SA ("Company", "Group" or "Sonae Capital") whose head-office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, is the parent company of a group of companies, as detailed in Notes 5 to 7 ("Sonae Capital Group") and was set up on 14 December 2007 as a result of the demerger of the shareholding in SC, SGPS, SA (previously named Sonae Capital, SGPS, SA) from Sonae, SGPS, SA, which was approved by the Board of Directors on 8 November 2007 and by the Shareholder's General Meeting held on 14 December 2007.

Reflecting the current management structure, the reporting segments were revised, addressing the strategic business areas identified in the Group:

- Resorts;
- Hotels;
- Fitness;
- Energy,
- Refrigeration and HVAC;
- Other Assets.

The non-strategic assets (including non-tourism real estate assets and financial shareholdings) are included in the segment "Other assets".

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the accompanying consolidated financial statements are as follows:

2.1. Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" - previously named International Accounting Standards - "IAS"), issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the "IFRS Interpretation Committee" ("IFRIC"), previously named "Standing Interpretations Committee" ("SIC"), beginning on 1 January 2015.

Interim financial statements were presented quarterly, in accordance with IAS 34 - "Interim Financial Reporting".

The accompanying consolidated financial statements have been prepared from the books and accounting records of the Company and of its affiliated undertakings, on

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a going concern basis and under the historical cost convention, except for derivative financial instruments which are stated at fair value.

As at the date of the approval of these consolidated financial statements, the following standards have been endorsed by the European Union

a) In force for fiscal year 2015 and with no material impact on the consolidated financial statements at 31 December 2015:

| | Date of endorsement by the EU | Effective Date (Started on or after) |
|--------------------------------------------------------------------------------|-------------------------------|--------------------------------------|
| IFRIC 21 - Levies | 13-06-2014 | 17-06-2014 |
| Annual Improvements to International Financial Reporting Standards - 2010-2012 | 17-12-2014 | 01-07-2014 |
| Annual Improvements to International Financial Reporting Standards - 2011-2013 | 18-12-2014 | 01-01-2015 |

b) In force for periods subsequent to 31 December 2015:

| | Date of endorsement by the EU | Effective Date (Started on or after) |
|--------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------------|
| Amendments to IAS 16 and IAS 41 - Bearer Plants | 23-11-2015 | 01-01-2016 |
| Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations | 24-11-2015 | 01-01-2016 |
| Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation | 02-12-2015 | 01-01-2016 |

There will be no material impacts on future financial statements of the Group from adopting these standards.

2.2. Consolidation principles

The consolidation methods adopted by the Group are as follows:

a) Investments in Group companies

Investments in companies in which the Group 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 the Group), 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 balance sheet and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 5.

Comprehensive income and other components of equity are attributable to non-controlling interests, even if these captions show negative values.

Assets and liabilities of each Group company are measured at their fair value at the date of acquisition and this measurement may be adjusted within 12 months from the date of acquisition. Any excess of the cost of acquisition over the Group's interest in the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2.2.c). Any excess of the Group's share in the fair value of the identifiable net assets acquired over cost is recognized as income in profit or loss for the period of acquisition, after reassessment of the estimated fair value of net assets acquired. Non-controlling interests include their proportion of the fair value of net identifiable assets and liabilities recognised on acquisition of Group companies.

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The results of affiliated companies acquired/sold during the period are included in the income statement since the date of acquisition or until the date of sale.

Adjustments to the financial statements of Group companies are performed, whenever necessary, in order to adapt accounting policies to those used by the Group. All intra-group transactions, balances, income and expenses and distributed dividends are eliminated on consolidation.

Financial investments in companies excluded from consolidation are recorded at acquisition cost net of impairment losses (Note 7).

Whenever the Group 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 associated and in jointly controlled companies

Investments in associated companies (companies where the Group 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) and in jointly controlled companies are accounted for in accordance with the equity method.

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to the Group's share of changes in equity (including net profit) of associated and jointly controlled companies and by dividends received.

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2.2.c), which is included in the caption Investment in associated and jointly controlled companies. Any excess of the Group's share in the fair value of the identifiable net assets acquired over cost is recognised as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired.

An assessment of investments in associated and jointly controlled companies is performed when there is an indication that the asset might be impaired. Any impairment loss is disclosed in the income statement. Impairment losses recorded in prior years that are no longer justifiable are reversed.

When the Group's share of losses exceeds the carrying amount of the investment, this is reported at nil value and recognition of losses is discontinued, unless the Group is committed beyond the value of its investment.

The Group's share in unrealized gains arising from transactions with associated and jointly controlled companies is eliminated. Unrealized losses are eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

Investments in associated and jointly controlled companies are disclosed in Note 6.

c) Goodwill

The excess of the cost of acquisition of investments in group, jointly controlled and associated companies over the Group's share in the fair value of the assets and liabilities of those companies at the date of acquisition is shown as Goodwill (Note 12) or as Investments in associated and jointly controlled companies (Note 6).

The excess of the cost of acquisition of investments in foreign companies over the fair value of their identifiable assets and liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Group's currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are disclosed in Currency Translation Reserves.

Goodwill is not amortised, but is subject to impairment tests on an annual basis. The recoverable amount is determined based on the business plans used in the

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management of the Group or on valuation reports prepared by independent entities.

Impairment losses identified in the period are disclosed in the income statement under Provisions and impairment losses, and may not be reversed.

Any excess of the Group's share in the fair value of identifiable assets and liabilities in Group, jointly controlled and associated companies over costs, is recognised as income in the profit and loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets and liabilities acquired.

d) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the individual financial statements of foreign companies are translated to euro using exchange rates at the balance sheet date. 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 Currency Translation Reserves. Exchange rate differences that 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 balance sheet date.

Whenever a foreign company is sold (in whole or in part), the share of the corresponding accumulated exchange rate differences is recorded in the income statement as a gain or loss on the disposal, in the caption Investment income.

Exchange rates used on translation of foreign group, jointly controlled and associated companies are listed below:

| | 31 December 2015 | | 31 December 2014 | |
|--------------------|-------------------|-------------------|-------------------|-------------------|
| | End of the Period | Average of Period | End of the Period | Average of Period |
| Mozambican Metical | 0.01918 | 0.02320 | 0.02429 | 0.02405 |
| Brazilian Real | 0.23193 | 0.27451 | 0.31049 | 0.32063 |
| Angolan Kwanza | 0.00679 | 0.00757 | 0.00801 | 0.00766 |

Source: Bloomberg

2.3. Tangible assets

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition cost, or revaluated 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 are recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis, once the asset is available for use, over the expected useful life for each class of assets and disclosed in Amortisation and depreciation in the consolidated profit and loss account.

Impairment losses in tangible assets are accounted for in the year when they are estimated, and are disclosed in Impairment losses in the consolidated profit and loss account, except for those relating to Inventories whose impairment is recorded in Cost of goods sold and materials consumed.

Depreciation rates used correspond to the following estimated useful lives:

| | Years |
|---------------------|----------|
| Buildings | 10 to 50 |
| Plant and machinery | 10 to 20 |

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| | |
|-----------------------|---------|
| Vehicles | 4 to 5 |
| Tools | 4 to 8 |
| Fixture and fittings | 3 to 10 |
| Other tangible assets | 4 to 8 |

Maintenance and repair costs related 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 start being used.

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 operational income or other operational expenses.

2.4. Intangible assets

Intangible assets are stated at acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognised if it is probable that future economic benefits will flow from them, if the Group controls them and if their cost can be reliably measured.

Expenditure on research associated with new technical know-how is recognised as an expense recorded in the income statement when it is incurred.

Expenditure on development is recognised as an intangible asset if the Group 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 is probable are capitalized as intangible assets.

The Group adopted IFRIC 12 - Service Concession Arrangements from 2009 onwards whenever an affiliated undertaking enters into a service concession arrangement with a public sector entity to provide services to the public. The Troia Marina is the sole service concession arrangement to which this interpretation is applicable. In this case, costs incurred with building the infrastructure for the marina were recorded as an intangible asset which is amortised, on a straight line, over the period of the arrangement, because the affiliated undertaking was given rights to charge users of the public service but has no unconditional contractual right to receive cash from the grantor.

Amortisation is calculated on a straight line basis, once the asset is available for use, over the expected useful life which normally is between 3 and 6 years, and are disclosed in Amortisation and Depreciation in the consolidated profit and loss account, except for Troia Marina assets, recorded as Intangible assets under IFRIC 12 - Service Concession Arrangements, which are amortised over the period of the arrangement (50 years).

2.5. 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.

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.

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Accounting for leases where the Group is the lessee

Tangible assets acquired through finance lease contracts are recorded as assets and corresponding obligations as liabilities in the balance sheet. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability, at the lower of fair value and present value of minimum lease payments up to the end of the lease. Both the finance charge and the depreciation expense for depreciable assets are taken to the income statement in the period in which they are incurred.

Lease payments under operating lease contracts are recognised as an expense on a straight-line basis over the lease term.

Accounting for leases where the Group is lessor

Where the Group acts as a lessor in operating leases, the value of assets leased is maintained in the Group's balance sheet and related rents are taken to the profit and loss account on a straight line basis over the period of the lease.

2.6. Government grants

Government grants are recognised at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Investment subsidies related to the acquisition of fixed assets are recognised as deferred income under other current liabilities that are taken to the income statement, under other operating profit, on a systematic basis over the estimated useful life of the asset.

2.7. Impairment of non-current assets, except goodwill

Assets are assessed for impairment at each balance sheet 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 recognised in the income statement under Provisions and impairment losses.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less 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.

Reversal of impairment losses recognised in prior years is only recorded when it is concluded that the impairment losses recognised for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognised has been reversed. The reversal is recorded in the income statement in provisions and impairment losses (increases/decreases). However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for that asset in prior years.

2.8. Borrowing costs

Borrowing costs are normally recognised as an expense in the period in which they are incurred.

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Borrowing costs directly attributable to the acquisition, construction or production of tangible and real estate projects included under Inventories are capitalised as part of the cost of the qualifying asset. Borrowing costs are capitalised from the time of preparation of the activities to construct or develop the asset up to the time the production or construction is complete or when asset development is interrupted. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the borrowing costs that qualify for capitalisation.

2.9. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if the 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 costs to sell. These assets are not depreciated since the date they were classified as available for sale.

2.10. Inventories

Goods for sale and raw materials are stated at the lower of cost, net of discounts obtained or estimated, and net realisable value. Cost is determined on a weighted average basis. Goods for sale include mostly land for real estate developments.

Finished goods and work in progress are stated at the lower of the weighted average production cost or net realisable value. Production cost includes cost of raw materials, labour costs and overheads (including depreciation of production equipment based on normal levels of activity). Work in progress includes mostly resorts and real estate developments for sale in the normal course of business.

Net realisable value is the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale.

Differences between cost and net realisable value, if negative, are shown as operating expenses under Cost of sales or Changes in Inventories of finished goods and work in progress, depending on whether they refer to goods for sale and raw materials or finished goods and work in progress.

2.11. Provisions

Provisions are recognised when, and only when, the Group 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 balance sheet date to reflect the best estimate as of that date.

The Group records restructuring provisions whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

2.12. Financial instruments

Financial instruments were classified in the categories presented in the consolidated balance sheet as detailed in Note 9.

a) Investments

Investments are classified into the following categories:

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- 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 balance sheet 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 loss includes investments held for negotiation, which the Group acquires with a view to their disposal within a short time period. They are shown in the consolidated balance sheet as Current Investments.

The Group classifies as investments available for sale, those which are not considered as investments measured at fair value through profit or loss nor as investments held to maturity. These assets are classified as noncurrent assets, unless there is an intention to dispose of them in a period of less than 12 months from the balance sheet date.

All purchases and sales of investments are recognised on the trade date, independently of the settlement date.

Investments are initially measured at cost, which is the fair value of the consideration paid for them, including transaction costs.

Available-for-sale investments and investments measured at fair value through profit or loss are subsequently carried at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their quoted market price at the balance sheet date. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are stated at cost, 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, 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 recognised in equity is transferred to net profit or loss for the period.

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.

Held to maturity investments are carried at amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Non-current loans and accounts receivable

Loans and accounts receivable are booked at amortised cost using the effective interest method less any impairment losses.

Financial income is calculated using the effective interest rate, except for amounts receivable within a very short time period, for which the income receivable is immaterial.

These financial investments arise when the Group supplies money, goods or services directly to a debtor without the intention to negotiate the debt involved.

Loans and accounts receivable are classified as current assets, except in cases where the maturity date is more than 12 months from the date of the balance sheet, when they are classified as non-current assets. These financial investments are included in the classes identified in Note 9.

c) Customers and other third party debts

Amounts owing from Customers and other third party debts are booked at their nominal value and shown in the consolidated balance sheet less any impairment losses, recognised in the caption Losses due to impairment in receivables in order

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to reflect their net realisable value. These captions, when current, do not include interest, since the discount impact is considered immaterial.

Impairment losses are booked following the events that have taken place, which indicate objectively and in a quantifiable manner that the whole or a part of the debt will not be received. For this, each Group company takes into consideration market information which demonstrates that:

- The entity involved has significant financial difficulties;
- Significant delays have taken place in payments by the entity involved;
- There is a probability that the debtor will go into liquidation or financial restructuring.

Recognised impairment losses equal the difference between the amount receivable in the accounts and the related present value of future estimated cash flows, discounted at the initial effective interest rate, which is considered to be zero, since the discount impact is considered immaterial, in those cases where a receipt is expected within less than a year.

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. 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 2.16. 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

Accounts payable are stated at their nominal value, since they do not bear interest and the discount impact is considered immaterial.

g) Derivatives

The Group uses derivatives in the management of its financial risks, only to hedge such risks and/or to optimise funding costs.

The Group mainly to hedge interest rate risks on loans obtained uses derivatives classified as cash flow hedge instruments. 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. Inefficiencies that may exist are shown in the caption Net Financial Income/Expenses in the consolidated income statement.

The Group'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 forecasted transaction that is being hedged is highly probable.

Cash-flow hedge instruments used by the Group to hedge the exposure to changes in interest rate of its loans are initially accounted for at cost 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

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then recognised in net financial income/expenses in the income statement over the same period in which the hedged instrument affects income statement.

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.

In those cases in which derivative instruments, in spite of having been negotiated with the abovementioned objectives (essentially derivatives in the form of interest rate options), in relation to which the company did not apply hedge accounting, are initially recorded at cost, if any, and subsequently measured at fair value. The changes in value resulting from the measurement at fair value, calculated using especially designed software tools are included in Net financial charges in the consolidated income statement.

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 contract, and this is not stated at fair value, and unrealised gains or losses recorded in the consolidated income statement.

In specific situations, the Group may use interest rate derivatives with the goal of obtaining fair value cover. In these situations, derivatives are booked at their fair value in the consolidated financial statements. In situations in which the derivative involved is not measured at fair value (in particular borrowings that are measured at amortised cost), the effective share of cover will be adjusted to the accounting value of the derivative covered through the profit and loss account.

h) Equity instruments

Equity instruments are those that represent a residual interest on the Group's net assets and are recorded at the amount received, net of costs incurred with their issuance.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the balance sheet caption current bank loans.

2.13. Share-based payments

Share-based payments result from Deferred Performance Bonus Plans that are referenced to the Sonae Capital, SGPS, SA share price and vest within a period of 3 years after being granted.

Share-based payment liabilities are measured at fair value on the date they are granted (normally in March of each year) and are subsequently remeasured at the end of each reporting period, based on the number of shares or share options granted and the corresponding fair value at the closing date. These obligations are stated as Staff costs and other 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, when the Group has the choice to settle the transaction in cash.

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2.14. Contingent assets and liabilities

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.

Contingent assets are not recorded in the consolidated financial statements but disclosed when future economic benefits are probable.

2.15. 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 or of groups of companies included in tax consolidations, in accordance with the tax rules in force in the respective country of incorporation.

Deferred taxes are calculated using the balance sheet 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 in the periods when the temporary differences are expected to reverse.

Deferred tax assets are recognised 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 recognised and expected to reverse in the same period. At each balance sheet date a review is made of the deferred tax assets recognised, which are reduced whenever their future use is no longer probable.

Deferred taxes 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.

2.16. Revenue recognition and accrual basis

Revenue from the sale of goods is recognised 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 recognised 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 from services rendered is recognised in the income statement taking into consideration the stage of completion of the transaction at the balance sheet date.

Revenue associated with work in progress is recognized at the end of each year as follows: when total amounts invoiced are higher than corresponding costs, the excess is recorded in other current liabilities; and when costs are higher than corresponding amounts invoiced the excess is recorded in Work in progress.

Revenue arising from contract variations, claims and completion premiums is recorded when these are agreed with the customer, or when negotiations are at an advanced stage and it is probable that these will be favourable to the Group.

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 will only correspond to income or expenses of future years, when they will be recognised in the income statement.

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2.17. 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 balance sheet 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 balance sheet, 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.

2.18. Subsequent events

Events after the balance sheet date that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the consolidated financial statements. Events after the balance sheet date that are non-adjusting events are disclosed in the notes when material.

2.19. Judgements and estimates

The most significant accounting estimates reflected in the financial statements are as follows:

- Useful lives of tangible and intangible assets;
- Analysis of the impairment of goodwill and other tangible and intangible assets;
- Adjustments to the values of assets and provisions;
- Estimates of future income tax;
- Calculation of the fair value of derivatives.

Estimates were based on the best information available at the date of the preparation of the financial statements and on the best knowledge and experience of past and/or current events. These estimates may, however, be affected by subsequent events which are not foreseeable at the present date. Changes to these estimates, which take place after the date of the financial statements, will be recognised prospectively in the income statement, in accordance with IAS 8.

The main estimates and assumptions used relating to future events included in the consolidated financial statements are described in the corresponding notes attached.

2.20. Segments information

Financial information regarding business segments is included in Note 48.

3. FINANCIAL RISK MANAGEMENT

The ultimate purpose of financial risk management is to support Sonae Capital in the achievement of its long term strategy, reducing unwanted financial risk and volatility and mitigate any negative impacts in the income statement arising from such risks. Sonae Capital's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related

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to its operating business and, as a rule, Sonae Capital does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

The Corporate Finance Department of Sonae Capital is responsible for consolidating and measuring the group's financial risk exposure for reporting and monitoring purposes, being also responsible for submit proposal and implementation of hedging instruments to managing their own currency, interest rate, liquidity and refinancing risks. Exposures are recorded in a main system (Treasury Management System). Risk control and reporting is carried out both at each business level and on a consolidated.

In what concerns to customer and partner's credit risk management, the Department of Counterparty Risk, as part of the Finance Services, is responsible for assessing and monitoring the clients and partners' risk profile for all the business units as well as the implementation of instruments to mitigate such risks and reporting of exposures and credit quality.

3.1. Market risks

a) Interest rate risk - POLICY

As a result of maintaining its debt in the consolidated balance sheet at variable rates, and the resulting cash flows from interest payments, the Group is exposed to a Euro interest rate risk.

In view of the fact that:

- The volatility of Group results does not depend only on the volatility of its financial results linked to the volatility of interest rates;
- Under normal market conditions, there is a correlation between the levels of interest rates and economic growth, with the expectation being that the impact of movements in interest rates (and the respective volatility of cash flows to service the debt) can to some extent be compensated by movements in the remaining lines of the profit and loss account, in particular by operational profits or losses;
- The setting up of any form of risk cover structure has an implicit opportunity cost associated with it, the Group policy concerning the mitigation of this risk does not establish the maintenance of any minimum proportion of fixed interest rate debt (converted to fixed rate through use of derivatives), but rather has opted for a dynamic approach to monitoring exposure, which aligns market conditions to the real exposure of the Group, in order to avoid the possibility of exposure that could have a real impact on the consolidated results of the Group.

In view of the above, the Group policy concerning this issue defines a case by case review of each potential transaction, such that any contract for derivatives must follow the following principles:

- Derivatives are not used for trading or speculation;
- Derivatives to be contracted must match exactly the underlying exposures in relation to indices to be used, refixing dates for interest rates and dates for payment of interest, and the amortisation profile of the underlying debt to avoid any mismatch and hedging inefficiencies;
- The maximum financial cost of the entire derivative and underlying exposure must always be known and limited from the date of the derivative contract, with the aim that the resulting level of costs are within the cost of funds considered in the business plans;
- Derivative contracts are only agreed with authorised entities of high prestige, national and international recognition and based on respective credit ratings. It is Sonae Capital policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae Capital's relationships;
- All transactions must be the object of competitive bids, involving at least two financial institutions to ensure optimum conditions;

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- All transactions are entered into by using market standard contracts (ISDA - International Swaps and Derivatives Association), with schedules negotiated with each one of the Institutions;
- To determine the fair value of the hedging transactions, the Group uses a range of methods in accordance with market practices, namely option valuation models and discounted future cash flow models, with specific market assumptions (interest and exchange rates, volatilities, etc.) prevailing at the Balance Sheet date. Comparative quotes provided by financial institutions are also used as a valuation benchmark;
- The Board of Directors must individually approve any transaction that does not comply with all of the above principles.

b) Interest rate risk – Sensitivity Analysis

Interest rate sensitivity is based on the following assumptions:

- Changes in interest rates affect interest receivable and payable of financial instruments indexed to variable rates (interest payments, related to financial instruments not defined as hedging instruments for interest rate cash flow hedges). As a result, these instruments are included in the calculation of financial results sensitivity analysis;
- Changes in market interest rates affect income and expenses related to fixed interest rate financial instruments, in cases in which these are recognised at fair value. As such, all financial instruments with fixed interest rates booked at amortised cost, are not subject to interest rate risk, as defined in IFRS 7;
- In the case of instruments designated as fair value hedges of interest rate risk, when changes to the fair value of the hedging instrument, which are attributable to movements in interest rates, are almost completely compensated in the financial results in the same period, these financial instruments are also considered not to be exposed to interest rate risks;
- Changes in market interest rates of financial instruments which were designated as cash flow hedging instruments to cover fluctuations in payments resulting from changes in interest rates, are recorded in reserves, and are thus included in the sensitivity analysis calculation of shareholders' funds (other reserves);
- Changes in market interest rates of interest rate derivatives, which are specified as being part of hedging relationships as defined in IAS 39, affect the results of the company (net gain/loss resulting from the revaluation of the fair value of financial instruments), and are thus included in the calculation of profit and loss sensitivity;
- Changes in the fair value of derivatives and other financial assets and liabilities are estimated by calculating the discounted present value of future cash flows at existing market interest rates at the end of each year, and assuming a parallel variation in interest rate trends;
- The sensitivity analysis is applied to all financial instruments existing at the end of the period.

Given the above-mentioned assumptions, if interest rates of financial instruments denominated in euro had been 0.75-percentage points higher/lower, the consolidated net profit before tax of the Group as at 31 December 2015 would have been higher/lower by 1,055,902 euro (as at 31 December 2014 they would have been higher/lower by 946,577 euro). The impact in equity (excluding the impact on net profit) of the interest rate sensitivity analysis as at 31 December 2015 would have been lower/higher by around 0 euro (as at 31 December 2014 the impact would have been lower/higher by around 0 euro).

c) Exchange rate risk

The Sonae Capital Group, as an all, has an immaterial exposure to exchange rate risk.

However, the refrigeration and air conditioning business has international operations with subsidiaries operating in different jurisdictions and therefore it is exposed to the exchange rate risk.

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The Consolidated Statements of Financial Position and Income Statement are exposed to the risk of a change in exchange rates (risk relative to the value of capital invested in subsidiaries outside the Eurozone) and Group's subsidiaries are exposed to the risk of a change in both exchange and transaction rates (risk associated with commercial transactions made in currencies other than the euro). Transaction risk arises when there is exchange risk related to a cash flow in other than a subsidiary local currency. The Group company cash flows are largely denominated in the subsidiary local currency. This is valid independently of the nature of the cash flows, i.e.: operating or financial, and provides a degree of natural hedging, reducing the Group's transaction risk. In line with this reasoning, Group's subsidiaries only contract debt that is denominated in the respective local currency. In turn, the currency conversion risk emerges from the fact that, when preparing the Group's consolidated accounts, the financial statements of the subsidiaries denominated in currencies other than that of the consolidated accounts (euro), must be converted into euros. As exchange rates vary between accounting periods and as the value of the subsidiaries' assets do not match their liabilities, volatility in the consolidated accounts arise as a result of conversion in different periods at different exchange rates.

As a rule, whenever it is possible and economically viable, subsidiaries aim to offset assets and liabilities denominated in the same foreign currency, thus mitigating foreign exchange risks. Also as a general rule, in situations where there is significant exchange rate risk resulting from operating activities involving currencies other than the local currency of each subsidiary, the foreign exchange risk should be mitigated through the use of short-term foreign exchange derivatives contracted by the subsidiary exposed to that risk. Sonae Capital's subsidiaries do not contract exchange rate derivatives for trading, profit making or speculative purposes. As policy, the translation risk as a result of conversion of equity investments in subsidiaries different from Euro is not hedged, since these investments are considered long-term. Gains and losses related to the translation at different exchange rates of Equity investments in foreign non Euro subsidiaries are accounted under the Conversion Reserve, included in Other Reserves and Accumulated Earnings, on the Consolidated Balance Sheet.

In view of the low volume of balances in foreign currency, no exchange rate sensitivity analysis was carried out.

d) Other price risks

The Group is exposed to risks arising from the value of investments made in financial shareholdings. However, these investments are in general made with strategic objectives in mind and not for current trading.

3.2. Credit Risk

Credit risks at Sonae Capital arise mainly from (i) debts from customers relating to operational activity, (ii) its relationships with financial institutions in the course of its day to day business activity, and (iii) the risk of noncompliance by business counterparts in portfolio transactions.

Customer Credit: Sonae Capital's credit management is structured according to the particular needs of the businesses that are part of the Group, always taking in consideration:

- Customer credit risk evaluation before the transaction, as well as the rigorous determination of the credit limit adjusted to each customer profile. The analysis is based on pre-established and automatic model that guarantees the rigorous implementation of the principles;
- Automatic and daily monitoring of the customer credit risk and adoption of preventive measures when a modification occurs;
- The mitigation of the credit risk by credit insurance and additional warranties;
- Monitoring of customer accounts with focus proportional to its risk level;

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- The establishment of fragmented credit concession processes, through a separation between administrative and decision procedures
- The use of legal measures necessary to recover debts.

The implementation of all these mechanisms has allowed a strict fulfillment of the credit risk policy and also an under the average rate of clients' unfulfillment.

According to Intrum Justitia, during 2015 the client's unfulfillment rate in Portugal was 2.3% of the sales, in Europe 3.1%, whereas Sonae Capital achieved a 0% rate.

Financial Institutions: The credit risk is linked to possible noncompliance by financial institutions, to which the Group is contractually bound, in its normal operational activity, term deposits, cash balances and derivatives.

To mitigate this risk, the Group:

- Only executes transactions with counterparts with an Investment Grade minimum grading;
- Diversifies its counterparts, in order to avoid an excessive concentration of credit risk;
- Defines a restricted range of chosen instruments (aimed at not contracting complex instruments, the structure of which is not entirely known), requiring authorization from the Board of Directors to use alternative instruments;
- Regularly monitors total exposures with each counterpart, in order to guarantee compliance with the policy established.

Shareholding Buy/Sale transactions: In the course of its business, the Group is exposed to the credit risk of counterparts with whom it agrees transactions concerning investments in shareholdings. In these cases, the means used to mitigate risks are determined on a one on one basis, in order to take into account the specifics of the transaction, with the constant supervision of the Board of Directors. Despite the variability of the means used, there exists always the possibility of using normal market methods, namely carrying out due diligences, obtaining financial information concerning the counterpart in question, or the pledging of an asset which is released when the financial transaction has been completed, requesting bank guarantees, setting up escrow accounts, obtaining collateral, among others.

Sonae Capital Group's available cash mainly includes bank deposits resulting from cash generated by operations. By geography, bank deposits and short-term investments are distributed as follows:

Deposits and short term investments:

| | |
|-------------|--------|
| Portugal | 95.96% |
| Angola | 3.95% |
| Spain | 0.09% |
| Brazil | - |
| Netherlands | - |
| Mozambique | - |

The main financial institutions ratings (S&P rating, except in the case of Montepio Geral - Fitch) in which Sonae Capital Group had deposits and other investments as at 31 December 2015 is presented below:

| Rating | % of deposits |
|--------|---------------|
| A- | 0.05% |
| BB+ | 0.04% |
| BB- | 10.51% |
| B+ | 85.45% |
| n.d. | 3.95% |

In accordance with established policy, Sonae Capital Group only carry out bank deposits and other short-term investments with counterparties that have a high national and international prestige based on their respective rating notations and preference should be given to financial institutions that form part of Sonae Capital's

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relationship banks that have a credit position equal or greater than the amount of the short term investment that Sonae Capital aims to do.

3.3. Liquidity Risk

Sonae Capital 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, loans and structured facilities, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines.

The objective of liquidity risk management is to ensure at any given moment that the Group has the financial capability under favourable market conditions to: (i) comply with its payment obligations when these fall due and (ii) ensure in a timely manner the appropriate financing for the development of its businesses and strategy.

To that end, the Group aims at maintaining a flexible financial structure, so that the process of managing liquidity within the Group includes the following key aspects:

- Centralised liquidity management (cash surpluses and needs) at the holding company level, seeking to optimise the finance function in the Group;
- Financial planning based on cash flow forecasts, both at an individual company and consolidated levels, and for different time periods (weekly, monthly, annual and multiyear);
- Short and long term financial control systems (based on Treasury and Cash Management systems), which allow in a timely manner to identify variances, anticipate financing needs and identify refinancing opportunities;
- Diversification of sources of financing and counterparts;
- Spread of debt maturity dates, aiming at avoiding excessive concentration, at specific points in time, of debt repayments;
- Contracts with relationship Banks, of committed credit lines (of at least six months) and commercial paper programmes, with cancellation clauses which are sufficiently comfortable and prudent, seeking to obtain an appropriate level of liquidity while optimising the amount of commitment commissions payable;
- Negotiation of contract terms, which reduce the possibility of early termination of loans.

Sonae Capital, to ensure the ability to meet its commitments without having to refinance itself in unfavourable terms, maintains a liquidity reserve in form of credit lines with its relationship banks.

Additionally, Sonae Capital held, as at 31 December 2015, cash and cash equivalents and current investments.

Consequentially, Sonae Capital 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 or contracting new, if needed.

4. CHANGES IN ACCOUNTING POLICIES

Changes in international accounting standards that took effect on or after 1 January 2015 (note 2.1), had no significant impact on the financial statements at 31 December 2015.

5. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of the share capital held by the Group as at 31 December 2015 and 2014, are as follows:

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| Company | Head Office | Percentage of capital held | | | |
|-------------------------------------------------------------|---------------|----------------------------|---------|------------------|---------|
| | | 31 December 2015 | | 31 December 2014 | |
| | | Direct | Total | Direct | Total |
| Sonae Capital SGPS, SA | Maia | Holding | Holding | Holding | Holding |
| Hotels | | | | | |
| 1) Aqualuz - Turismo e Lazer, Lda | a) Lagos | - | - | 100,00% | 100,00% |
| 2) Porto Palácio Hotel, SA | a) Porto | 100,00% | 100,00% | 100,00% | 100,00% |
| 3) Sonae Turismo, SGPS, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| The Artist Porto Hotel & Bistrô - Atividades Hoteleiras, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 4) The Artist Ribeira, SA | a) Maia | 100,00% | 100,00% | - | - |
| 5) Aqualuz Tróia, SA | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Resorts | | | | | |
| Atlantic Ferries-Tráf.Loc.Flu.e Marít,SA | a) Grândola | 95,77% | 95,77% | 83,41% | 83,41% |
| Golf Time-Golfe e Invest. Turísticos, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Imoarea - Invest. Turísticos, SGPS, SA | a) Matosinhos | 100,00% | 100,00% | 100,00% | 100,00% |
| Imopenínsula - Sociedade Imobiliária, SA | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Imoresort - Sociedade Imobiliária, S.A. | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Marina de Tróia, SA. | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Marmagno-Expl.Hoteleira Imob.,SA | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Marvero-Expl.Hotel.Im.,SA | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| SII - Soberana Invest. Imobiliários, SA | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Soltroia-Imob.de Urb.Turismo de Tróia,SA | a) Lisbon | 100,00% | 100,00% | 100,00% | 100,00% |
| Tróia Market, S.A. | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Tróia Natura, S.A. | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Troiaresort-Investimentos Turísticos, SA | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Tulipamar-Expl.Hoteleira Imob.,SA | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Fitness | | | | | |
| Solinca - Health & Fitness, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Energy | | | | | |
| Atelgen - Produção Energia, ACE | a) Barcelos | 51,00% | 51,00% | 51,00% | 51,00% |
| CAPWATT - Brainpower, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 6) CAPWATT - ACE, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 7) Capwatt Colombo - Heat Power, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 8) Capwatt Engenho Novo - Heat Power, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 9) Capwatt Hectare - Heat Power, ACE | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 10) Capwatt II - Heat Power, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 11) Capwatt III - Heat Power, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 12) Capwatt Maia - Heat Power, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 13) Capwatt Martim Longo - Solar Power, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 14) Capwatt Vale do Caima - Heat Power, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 15) Capwatt Vale do Tejo - Heat Power, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| CAPWATT - SCSGPS, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Carvemagere - Manutenção e Energias Renováveis, Lda | a) Barcelos | 65,00% | 65,00% | 65,00% | 65,00% |
| Companhia Térmica SERRADO, ACE | a) Maia | 70,00% | 70,00% | 70,00% | 70,00% |
| Companhia Térmica Tagol, Lda. | a) Oeiras | 100,00% | 100,00% | 100,00% | 100,00% |
| CTE - Central Termoelectrica do Estuário, Lda | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Enerlousado - Recursos Energéticos, Lda. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |

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| | | | | | |
|---------------------------------------------------------|---------------|---------|---------|---------|---------|
| Ronfegen - Recursos Energéticos, Lda. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Soternix - Produção de Energia, ACE | a) Barcelos | 51,00% | 51,00% | 51,00% | 51,00% |
| Refrigeration and HVAC | | | | | |
| 16) QCE - Desenvolvimento e fabrico de Equipamentos, SA | a) Matosinhos | 100,00% | 70,00% | - | - |
| Sistavac, SA | a) Matosinhos | 100,00% | 70,00% | 100,00% | 70,00% |
| Sistavac, SGPS, SA | a) Matosinhos | 70,00% | 70,00% | 70,00% | 70,00% |
| Sistavac Sistemas HVAC-R do Brasil, Ltda | a) São Paulo | 100,00% | 70,00% | 100,00% | 70,00% |
| Sopair, S.A. | a) Madrid | 100,00% | 70,00% | 100,00% | 70,00% |
| Spinarq Moçambique, Lda | a) Maputo | 70,00% | 70,00% | 100,00% | 100,00% |
| Spinarq-Engenharia,Energia e Ambiente,SA | a) Luanda | 99,90% | 99,90% | 99,90% | 99,90% |
| 16)17) UPK - Gestão de Facilities e Manutenção, SA | a) Matosinhos | - | - | - | - |
| Other Assets | | | | | |
| Bloco Q-Soc.Imobil.SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Casa da Ribeira-Sociedade Imobiliária, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Centro Residencial da Maia,Urbân.,SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Cinclus Imobiliária,SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Contacto Concessões, SGPS, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Contry Club da Maia-Imobiliaria,SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Empreend.Imob.Quinta da Azenha,SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Fundo Esp.Inv.Imo.Fec. WTC | a) Maia | 99,82% | 99,82% | 99,82% | 99,82% |
| Imoclub-Serviços Imobiliários,SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Imodivor - Sociedade Imobiliária, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Imohotel-Emp.Turist.Imobiliários,SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Imoponte - Sociedade Imobiliária, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Imosedas-Imobiliária e Serviços,SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Implantação - Imobiliária, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Inparvi SGPS, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Interlog-SGPS,SA | a) Lisbon | 98,98% | 98,98% | 98,98% | 98,98% |
| 18) Martimope-Empreendimentos Turísticos, SA | a) Maia | - | - | 100,00% | 100,00% |
| Porturbe-Edifícios e Urbanizações,SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Praedium - Serviços, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Praedium II-Imobiliária,SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Praedium SGPS, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Prédios Privados Imobiliária,SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Predisedas-Predial das Sedas,SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Promessa Sociedade Imobiliária, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| SC-Eng. e promoção imobiliária,SGPS,S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Sete e Meio Herdades-Inv. Agr. e Tur.,SA | a) Grândola | 100,00% | 100,00% | 100,00% | 100,00% |
| Société de Tranchage Isoroy SAS. | a) Honfleur | 100,00% | 100,00% | 100,00% | 100,00% |
| 18) Soconstrução, BV | a) Amsterdam | - | - | 100,00% | 100,00% |
| Soira - Soc. Imobiliária de Ramalde, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Sótaqua - Soc. de Empreend. Turísticos | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Spinveste - Promoção Imobiliária, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Spinveste-Gestão Imobiliária SGH,SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Spred, SGPS, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 18) Torre São Gabriel-Imobiliária,SA | a) Maia | - | - | 100,00% | 100,00% |
| Urbisedas-Imobiliária das Sedas, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Vistas do Freixo-Emp.Tur.Imobiliários,SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| Others | | | | | |
| 20) Imobeauty, S.A. | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| SC - Sociedade de Consultadoria, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |

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| | | | | | |
|--------------------------------------------------------|-------------------------------------------------------|---------|---------|---------|---------|
| SC Finance BV | a) Amsterdam | 100,00% | 100,00% | 100,00% | 100,00% |
| SC For - Ser.Formação e Desenvolv.Recursos Humanos, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 19)21) SC Hospitality, SGPS, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| SC, SGPS, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| 19) Solinfitness - Club Málaga, S.L. | a) Málaga | 100,00% | 100,00% | 100,00% | 100,00% |
| 18)19) Sontur BV | a) Amsterdam | - | - | 100,00% | 100,00% |
| 20) Spred, SGPS, SA | a) Maia | 100,00% | 100,00% | 100,00% | 100,00% |
| a) | Majority of voting rights | | | | |
| 1) | Company sold in 14 December 2015; | | | | |
| 2) | Ex-Solinca-Investimentos Turísticos, SA; | | | | |
| 3) | Ex-SC Assets S.G.P.S., S.A.; | | | | |
| 4) | Company incorporated in the period; | | | | |
| 5) | Ex-Troiaverde-Expl.Hoteleira Imob., SA; | | | | |
| 6) | Ex- Integrum ACE, SA; | | | | |
| 7) | Ex-Integrum Colombo - Energia, SA; | | | | |
| 8) | Ex-Integrum Engenho Novo - Energia, SA; | | | | |
| 9) | Ex-Companhia Térmica Hectare, SA; | | | | |
| 10) | Ex-Integrum II - Energia, SA; | | | | |
| 11) | Ex-Integrum III - Energia, SA; | | | | |
| 12) | Ex- Ecocicloll - Energias, SA; | | | | |
| 13) | Ex-Integrum Martim Longo - Energia, SA; | | | | |
| 14) | Ex-Integrum Vale do Caima - Energia, SA; | | | | |
| 15) | Ex-Integrum Vale do Tejo - Energia, SA; | | | | |
| 16) | Company demerged from Sistavac, SA; | | | | |
| 17) | Company sold in 2 November 2015; | | | | |
| 18) | Company dissolved in the period; | | | | |
| 19) | Company included in the Tourism segment in 2014; | | | | |
| 20) | Company included in the Other Assets segment in 2014; | | | | |
| 21) | Ex-Sonae Turismo, SGPS, SA. | | | | |

These group companies are consolidated using the full consolidation method as described in Note 2.2.a).

6. INVESTMENTS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

Associated and jointly controlled companies included in the consolidated financial statements, their head offices and the percentage of share capital held by the Group as at 31 December 2015 and 2014 are as follows:

| Company | Head Office | Percentage of capital held | | | | Book Value | |
|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------------------|--------|------------------|--------|-------------------|-------------------|
| | | 31 December 2015 | | 31 December 2014 | | 31 December 2015 | 31 December 2014 |
| | | Direct | Total | Direct | Total | | |
| Other Assets | | | | | | | |
| Andar - Sociedade Imobiliária, SA | Maia | 50.00% | 50.00% | 50.00% | 50.00% | - | 53,344 |
| 1) Sociedade de Construções do Chile, SA | Maia | 100.00% | 50.00% | 100.00% | 50.00% | - | - |
| 1) Vastgoed One - Sociedade Imobiliária, SA | Maia | 100.00% | 50.00% | 100.00% | 50.00% | - | - |
| 1) Vastgoed Sun - Sociedade Imobiliária, SA | Maia | 100.00% | 50.00% | 100.00% | 50.00% | - | - |
| Lidergraf - Artes Gráficas, Lda | Vila do Conde | 24.50% | 24.50% | 24.50% | 24.50% | 975,156 | 891,317 |
| Norscut - Concessionária de Scut Interior Norte, SA | Lisbon | 36.00% | 36.00% | 36.00% | 36.00% | 11,761,812 | 19,654,903 |
| Operscut - Operação e Manutenção de Auto-estradas, SA | Lisbon | 15.00% | 15.00% | 15.00% | 15.00% | 24,000 | 24,000 |
| Energy | | | | | | | |
| Feneralt - Produção de Energia, ACE | Barcelos | 25.00% | 25.00% | 25.00% | 25.00% | 199,546 | 107,130 |
| Total | | | | | | 12,960,514 | 20,730,694 |
| 1) Null investment values result from the adoption of the equity method in Andar - Sociedade Imobiliária, SA, holder of all of these investments. | | | | | | | |

Associated and jointly controlled companies are consolidated using the equity method.

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Nil balances resulted from the reduction to acquisition cost of amounts determined by the equity method, discontinuing the recognition of its part of additional losses under the terms of IAS 28.

As at 31 December 2015 and 2014, aggregate values of main financial indicators of jointly controlled companies can be resumed as follows:

| | 31 December 2015 | 31 December 2014 |
|-------------------|------------------|------------------|
| Total Assets | 55,448,333 | 55,349,895 |
| Total Liabilities | 16,439,200 | 14,765,672 |
| Income | 97,288 | - |
| Expenses | 1,392,801 | 617,029 |

During the periods ended 31 December 2015 and 2014, movements in investments of associated and jointly controlled companies may be summarized as follows:

| | 31 December 2015 | 31 December 2014 |
|-----------------------------------------|-------------------|-------------------|
| Opening balance as at 1 January | 20,762,638 | 12,490,395 |
| Acquisitions in the period | 8,000 | 1,249,300 |
| Disposals in the period | - | (1,108,498) |
| Equity method | 5,564,752 | 8,157,927 |
| Dividends received | (13,342,933) | (26,486) |
| Change in the consolidation method | - | - |
| Closing balance as at 31 December | 12,992,457 | 20,762,638 |
| Accumulated impairment losses (Note 32) | (31,943) | (31,944) |
| | <u>12,960,514</u> | <u>20,730,694</u> |

The use of the equity method had the following impacts: 3,976,671 euro recorded on share of results of associated undertakings (8,223,458 euro at 31 December 2014), and 1,588,081 euro in changes in reserves (-65,531 euro at 31 December 2014).

7. OTHER INVESTMENTS

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, percentage of share capital held and book value as at 31 December 2015 and 2014 are as follows:

| Company | Head Office | Percentage of capital held | | | | 31 December 2015 | 31 December 2014 |
|---------------------------------------------------|-------------|----------------------------|--------|------------------|--------|------------------|------------------|
| | | 31 December 2015 | | 31 December 2014 | | | |
| | | Direct | Total | Direct | Total | | |
| Tourism | | | | | | | |
| Infratroia - Emp. de Infraest. de Troia, E.N. | Grândola | 25.90% | 25.90% | 25.90% | 25.90% | 64,747 | 64,747 |
| Other Assets | | | | | | | |
| Fundo de Investimento Imobiliário Fechado Imosede | Maia | - | - | 22.57% | 22.57% | - | 33,493,884 |
| Fundo de Investimento Imobiliário Imosonae Dois | Maia | 0.06% | 0.06% | 0.06% | 0.06% | 124,892 | 124,892 |
| Net, SA | Lisbon | 0.98% | 0.98% | 2.80% | 2.80% | 23,034 | 23,034 |
| Fundo de Capital de Risco F-HITEC | Lisbon | 6.48% | 6.48% | 6.48% | 6.48% | 250,950 | 250,950 |

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| | | |
|-------------------|----------------|-------------------|
| Other investments | 133,892 | 123,985 |
| Total (Note 9) | <u>597,515</u> | <u>34,081,492</u> |

Sonae Capital sold in the first half of the year a total of 28,628 units of the Imosede Real Estate Investment Fund in the amount of 22,510,231 euro and in the second half of 2015 the remaining units held. The sale totalled 34,082,452 euro, with a loss in Investment Income of -263,315 euros (Note 42).

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8. CHANGES TO THE CONSOLIDATION PERIMETER

During the period ended 31 December 2015 were sold the following companies:

| Company | Head Office | Percentage of capital held | |
|---------------------------------------------|-------------|----------------------------|---------|
| | | At the date of disposal | |
| | | Direct | Total |
| Aqualuz - Turismo e Lazer, Lda | Lagos | 100.00% | 100.00% |
| UPK - Gestão de Facilities e Manutenção, SA | Matosinhos | 100.00% | 70.00% |

Impacts in the consolidated financial statements at the exclusion date were as follows:

| | Date of disposal of shareholding | 31 December 2014 |
|--------------------------------------------------|----------------------------------|------------------|
| Net assets excluded | | |
| Tangible and intangible assets (Notes 10 and 11) | 726,343 | 311,930 |
| Inventories | 11,306 | 3,672 |
| Other assets | 1,519,824 | 477,224 |
| Cash and cash equivalents | 439,837 | 4,690 |
| Other liabilities | (1,528,922) | (4,445,534) |
| | 1,168,388 | (3,648,018) |
| Goodwill (Note 12) | 97,716 | - |
| | 1,266,104 | (3,648,018) |
| Gain/(Loss) on exclusion | (995,505) | - |
| | 270,599 | (3,648,018) |

| | Date of disposal of shareholding | 31 December 2014 |
|-------------------------------|----------------------------------|------------------|
| Sales and services rendered | 6,523,231 | 1,815,141 |
| Other operational income | 7,453 | 9,565 |
| Other operational expenses | (6,975,636) | (2,617,557) |
| Net financial expenses | (167,761) | (224,288) |
| Investment income | 31,805 | 173 |
| Profit/(Loss) before taxation | (580,908) | (1,016,966) |
| Taxation | (13,096) | (27,513) |
| Profit/(Loss) for the period | (594,004) | (1,044,479) |

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9. FINANCIAL INSTRUMENTS

Financial Instruments, in accordance with the policies described in Note 2.1, were classified as follows:

| Financial Assets | Note | Financial Instruments | | | | | Total |
|----------------------------------|-----------|--------------------------------------------------|--------------------|-----------------------------------|--------------------|------------------------------|--------------------|
| | | Borrowings and accounts receivable | Available for sale | Investments held to maturity | Sub-total | Assets not covered by IFRS 7 | |
| As at 31 de December 2015 | | | | | | | |
| Non-Current Assets | | | | | | | |
| Other Investments | 13 | - | 597,515 | - | 597,515 | - | 597,515 |
| Other non-current assets | 14 | 7,871,931 | - | - | 7,871,931 | - | 7,871,931 |
| | | <u>7,871,931</u> | <u>597,515</u> | <u>-</u> | <u>8,469,446</u> | <u>-</u> | <u>8,469,446</u> |
| Current Assets | | | | | | | |
| Trade account receivables | 16 | 19,375,097 | - | - | 19,375,097 | - | 19,375,097 |
| Other debtors | 17 | 9,003,693 | - | - | 9,003,693 | - | 9,003,693 |
| Cash and cash equivalents | 21 | 35,318,251 | - | - | 35,318,251 | - | 35,318,251 |
| | | <u>63,697,041</u> | <u>-</u> | <u>-</u> | <u>63,697,041</u> | <u>-</u> | <u>63,697,041</u> |
| | | <u>71,568,972</u> | <u>597,515</u> | <u>-</u> | <u>72,166,487</u> | <u>-</u> | <u>72,166,487</u> |
| As at 31 de December 2014 | | | | | | | |
| Non-Current Assets | | | | | | | |
| Other Investments | 13 | - | 34,081,492 | - | 34,081,492 | - | 34,081,492 |
| Other non-current assets | 14 | 20,653,819 | - | - | 20,653,819 | - | 20,653,819 |
| | | <u>20,653,819</u> | <u>34,081,492</u> | <u>-</u> | <u>54,735,311</u> | <u>-</u> | <u>54,735,311</u> |
| Current Assets | | | | | | | |
| Trade account receivables | 16 | 25,980,899 | - | - | 25,980,899 | - | 25,980,899 |
| Other debtors | 17 | 10,904,150 | - | - | 10,904,150 | - | 10,904,150 |
| Cash and cash equivalents | 21 | 9,327,550 | - | - | 9,327,550 | - | 9,327,550 |
| | | <u>46,212,599</u> | <u>-</u> | <u>-</u> | <u>46,212,599</u> | <u>-</u> | <u>46,212,599</u> |
| | | <u>66,866,418</u> | <u>34,081,492</u> | <u>-</u> | <u>100,947,910</u> | <u>-</u> | <u>100,947,910</u> |
| Financial Liabilities | | | | | | | |
| | Note | Financial liabilities recorded at amortised cost | | Liabilities not covered by IFRS 7 | | Total | |
| As at 31 de December 2015 | | | | | | | |
| Non-Current Liabilities | | | | | | | |
| Bank Loans | 24 | 46,693,174 | | - | | 46,693,174 | |
| Bonds | 24 | 42,123,598 | | - | | 42,123,598 | |
| Other loans | 24 | 15,106,830 | | - | | 15,106,830 | |
| Other non-current liabilities | 27 | 2,721,247 | | 312,372 | | 3,033,619 | |
| | | <u>106,644,849</u> | | <u>312,372</u> | | <u>106,957,221</u> | |
| Current Liabilities | | | | | | | |
| Bank Loans | 21 and 24 | 17,725,702 | | - | | 17,725,702 | |
| Other loans | 24 | 2,884,918 | | - | | 2,884,918 | |
| Bonds | 24 | 59,982,062 | | - | | 59,982,062 | |
| Trade Creditors | 29 | 17,167,600 | | - | | 17,167,600 | |
| Other current liabilities | 30 | 2,951,833 | | 8,610,389 | | 11,562,222 | |
| | | <u>100,712,115</u> | | <u>8,610,389</u> | | <u>109,322,504</u> | |
| | | <u>207,356,964</u> | | <u>8,922,761</u> | | <u>216,279,725</u> | |

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| Financial Liabilities | Note | Financial liabilities recorded at amortised cost | Liabilities not covered by IFRS 7 | Total |
|----------------------------------|-----------|--------------------------------------------------|-----------------------------------|--------------------|
| As at 31 de December 2014 | | | | |
| Non-Current Liabilities | | | | |
| Bank Loans | 24 | 78,223,573 | - | 78,223,573 |
| Bonds | 24 | 101,891,291 | - | 101,891,291 |
| Other loans | 24 and 25 | 19,455,369 | - | 19,455,369 |
| Other non-current liabilities | 27 | 2,740,634 | 333,229 | 3,073,863 |
| | | <u>202,310,867</u> | <u>333,229</u> | <u>202,644,096</u> |
| Current Liabilities | | | | |
| Bank Loans | 21 and 24 | 39,992,932 | - | 39,992,932 |
| Other loans | 24 | 4,225,641 | - | 4,225,641 |
| Trade Creditors | 29 | 17,028,403 | - | 17,028,403 |
| Other current liabilities | 30 | 3,517,225 | 4,458,443 | 7,975,668 |
| | | <u>64,764,201</u> | <u>4,458,443</u> | <u>69,222,644</u> |
| | | <u>267,075,068</u> | <u>4,791,672</u> | <u>271,866,740</u> |

10. TANGIBLE ASSETS

During the periods ended 31 December 2015 and 2014, movements in tangible assets as well as in amortisation and accumulated impairment losses, are made up as follows:

| | Tangible Assets | | | | | | Total Tangible Assets |
|----------------------------------------------------|--------------------|---------------------|------------------|-----------------------|------------------|-----------------------------|-----------------------|
| | Land and Buildings | Plant and Machinery | Vehicles | Fixtures and Fittings | Others | Tangible Assets in progress | |
| Gross Cost: | | | | | | | |
| Opening balance as at 1 January 2014 | 224,681,479 | 140,291,840 | 1,587,638 | 4,835,130 | 1,916,702 | 16,042,362 | 389,355,151 |
| Changes in consolidation perimeter (companies in) | 1,640,691 | 23,267,301 | - | 88,429 | 248,629 | 36,043 | 25,281,093 |
| Changes in consolidation perimeter (companies out) | - | - | - | - | - | - | - |
| Capital expenditure | 469,457 | 138,143 | 149,422 | 7,472 | 4,603 | 7,469,510 | 8,238,607 |
| Disposals | (4,648,543) | (1,864,164) | (278,491) | (227,287) | (59,360) | (1,285) | (7,079,130) |
| Exchange rate effect | - | 7,179 | 30,832 | 3,111 | 1,600 | - | 42,722 |
| Transfers | 146,364 | 11,101,616 | 3,938 | 299,174 | 85,603 | (1,666,444) | (29,749) |
| Opening balance as at 1 January 2015 | <u>222,289,448</u> | <u>172,941,915</u> | <u>1,493,339</u> | <u>5,006,029</u> | <u>2,197,777</u> | <u>11,880,186</u> | <u>415,808,694</u> |
| Changes in consolidation perimeter (companies in) | - | - | - | - | - | - | - |
| Changes in consolidation perimeter (companies out) | (48,781) | (2,031,168) | (46,937) | (369,605) | (81,957) | (413,843) | (2,992,291) |
| Capital expenditure | 331,308 | 1,324,552 | 61,425 | 9,552 | 3,607 | 12,189,440 | 13,919,884 |
| Disposals | (12,330,665) | (5,162,834) | (222,774) | (564,352) | (70,369) | (5,025) | (18,356,019) |
| Exchange rate effect | - | (25,237) | (81,884) | (17,382) | (13,333) | - | (137,836) |
| Transfers | 14,194,412 | 20,322,470 | 16,336 | 112,811 | 45,898 | (8,935,005) | 25,756,922 |
| Closing balance as at 31 December 2015 | <u>224,435,722</u> | <u>187,369,698</u> | <u>1,219,505</u> | <u>4,177,053</u> | <u>2,081,623</u> | <u>14,715,753</u> | <u>433,999,354</u> |

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Accumulated depreciation and impairment losses

| | | | | | | | |
|----------------------------------------------------|-------------------|-------------------|------------------|------------------|------------------|------------|--------------------|
| Opening balance as at 1 January 2014 | 86,377,115 | 57,387,623 | 1,290,654 | 4,204,938 | 1,542,592 | - | 150,802,923 |
| Changes in consolidation perimeter (companies in) | 1,419,542 | 18,540,649 | - | 87,484 | 178,843 | - | 20,226,518 |
| Changes in consolidation perimeter (companies out) | - | - | - | - | - | - | - |
| Charges for the period 1) | 5,779,261 | 11,180,186 | 214,094 | 208,818 | 83,977 | - | 17,466,336 |
| Disposals 2) | (11,534,915) | (1,192,951) | (263,419) | (219,410) | (49,123) | - | (13,259,818) |
| Exchange rate effect | - | 1,646 | 19,427 | 1,406 | 617 | - | 23,096 |
| Transfers | (80,619) | (10,842) | - | (64,207) | (5,409) | - | (161,077) |
| Opening balance as at 1 January 2015 | 81,960,384 | 85,906,311 | 1,260,756 | 4,219,029 | 1,751,497 | - | 175,097,978 |
| Changes in consolidation perimeter (companies in) | - | - | - | - | - | - | - |
| Changes in consolidation perimeter (companies out) | (48,508) | (1,805,772) | (18,152) | (319,764) | (76,558) | - | (2,268,754) |
| Charges for the period 1) | 2,961,986 | 11,883,358 | 140,857 | 209,095 | 86,333 | - | 15,281,629 |
| Disposals 2) | (1,357,968) | (3,268,129) | (222,016) | (559,944) | (62,970) | - | (5,471,027) |
| Exchange rate effect | - | (9,527) | (58,860) | (12,715) | (10,137) | - | (91,240) |
| Transfers | (1,112) | (10,806) | (14,383) | (11,686) | (7,217) | - | (45,204) |
| Closing balance as at 31 December 2015 | 83,514,782 | 92,695,435 | 1,088,202 | 3,524,015 | 1,680,948 | - | 182,503,382 |
| Carrying amount | | | | | | | |
| As at 31 December 2014 | 140,329,064 | 87,035,604 | 232,583 | 787,000 | 446,280 | 11,880,186 | 240,710,716 |
| As at 31 December 2015 | 140,920,940 | 94,674,263 | 131,303 | 653,038 | 400,675 | 14,715,753 | 251,495,972 |

1) Includes impairment losses amounting to 305,285 euro (3,384,666 euro at December 2014)

2) Includes reversal of impairment losses on 31 December 2014 amounting to 10,730,690 euro. Reversals recognized in net income for the year 2014, are not based on fixed assets revalued earlier.

In December 2015 transfers of real estate projects, from inventories to tangible assets, totalled 20,877,300 euro. Those assets will be used for renting. Regarding the divestments of tangible fixed assets, the most significant amount is related to the sale of the asset "Duque de Loulé".

Impairment losses and reversals of impairment losses for the year 2015 and 2014 are calculated from the assessments of the property assets of Sonae Capital Group, carried out by "Cushman & Wakefield - Consultoria Imobiliária, Unipessoal, Lda.". The evaluation was performed according to the Professional Standards contained in the RICS Valuation January 2014, published by The Royal Institution of Chartered Surveyors.

The assessments were intended to determine the fair value of the assets concerned, in accordance with the following rules:

- 1) Market value (most likely amount for which a property may be traded) for part of the portfolio, and
- 2) An Opinion of Value (when normal valuation criteria is not available and as a result the value arrived at cannot be considered as Market Value) for the remaining portfolio.

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The simulation of the valuation, taking into account a variation in the Market Value of +/- 10% and +/- 15% for the Opinion of Value, is as follows:

| Assessment C&W | 30 Sep. 2014 | Market Value | Opinion of Value | 31 Dez.2015 | 31 Dec.2015 (MV) | 31 Dec.2015 (OV) |
|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Tourim Assets | 72,785,400 | 72,785,400 | - | 72,785,400 | 72,785,400 | - |
| Hotels | 65,998,400 | 65,998,400 | - | 65,998,400 | 65,998,400 | - |
| Fitness | 6,787,000 | 6,787,000 | - | 6,787,000 | 6,787,000 | - |
| Troia Resort | 293,384,295 | 147,431,600 | 145,952,695 | 272,136,211 | 141,679,350 | 130,456,861 |
| Assets for sale | 154,389,295 | 43,958,600 | 110,430,695 | 133,141,211 | 38,206,350 | 94,934,861 |
| Real estate projects | 138,995,000 | 103,473,000 | 35,522,000 | 138,995,000 | 103,473,000 | 35,522,000 |
| Other Assets | 180,100,164 | 157,137,214 | 22,962,950 | 164,800,164 | 143,122,214 | 21,677,950 |
| Assets for sale | 57,904,950 | 37,381,000 | 20,523,950 | 56,619,950 | 37,381,000 | 19,238,950 |
| Real estate projects | 122,195,214 | 119,756,214 | 2,439,000 | 108,180,214 | 105,741,214 | 2,439,000 |
| Total | 546,269,859 | 377,354,214 | 168,915,645 | 509,721,775 | 357,586,964 | 152,134,811 |
| Valuation Simulation | | | | | | |
| Market Value | +/- 10% | | | 35,758,696 | 35,758,696 | |
| Opinion of Value | +/- 15% | | | 22,820,222 | | 22,820,222 |
| delta | | | | 58,578,918 | | |

The evaluations comprised the total of 114 properties held by the Group, of which 41 using the Market value rules, these being the most relevant in terms of net value at 31 December 2015 and 2014. This portfolio consists of number of properties for residential, hotel, retail, office and warehouse use as well as plots of urban and rural land.

The acquisition cost of Tangible assets held by the Group under finance lease contracts amounted as at 31 December 2015 to 35,601,106 euro (37,202,293 euro at 31 December 2014) and their net book value as of those dates amounted to 21,995,999 euro and 24,763,859 euro, respectively (Note 25).

Major amounts included in the caption Tangible assets in progress, refer to the following projects:

| | 31 December 2015 | 31 December 2014 |
|----------------------------|-------------------|-------------------|
| Tróia | 8,091,116 | 7,624,730 |
| Cogeneration Project | 52,083 | 1,555,061 |
| Health Clubs Refurbishment | 1,208,506 | - |
| Others | 5,364,048 | 2,700,395 |
| | 14,715,753 | 11,880,186 |

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11. INTANGIBLE ASSETS

During the periods ended 31 December 2015 and 2014, movements in intangible assets as well as in amortisation and accumulated impairment losses, are made up as follows:

| | Intangible Assets | | | | |
|-------------------------------------------------------|----------------------------------|------------------|----------------|-------------------------------|-------------------------|
| | Patents and other similar rights | Software | Others | Intangible Assets in progress | Total Intangible Assets |
| Gross Cost: | | | | | |
| Opening balance as at 1 January 2014 | 7,834,037 | 2,211,797 | 9,422 | 435,656 | 10,490,912 |
| Changes in consolidation perimeter (companies in) | - | - | 109,750 | - | 109,750 |
| Changes in consolidation perimeter (companies out) | - | - | - | - | - |
| Capital expenditure | - | 9,429 | 171,855 | 530,218 | 711,502 |
| Disposals | - | (45,916) | (163,541) | - | (209,457) |
| Exchange rate effect | - | 463 | - | - | 463 |
| Transfers | 12,721 | 701,816 | 339,372 | (748,377) | 305,533 |
| Opening balance as at 1 January 2015 | 7,846,758 | 2,877,589 | 466,858 | 217,498 | 11,408,703 |
| Changes in consolidation perimeter (companies in) | - | - | - | - | - |
| Changes in consolidation perimeter (companies out) | - | (43,811) | - | (2,925) | (46,736) |
| Capital expenditure | 14,040 | 189 | 200,883 | 429,266 | 644,378 |
| Disposals | - | (36,187) | (492,681) | - | (528,868) |
| Exchange rate effect | - | (7,801) | - | - | (7,801) |
| Transfers | (71,561) | 491,313 | (19,586) | (418,293) | (18,127) |
| Closing balance as at 31 December 2015 | 7,789,237 | 3,281,292 | 155,474 | 225,546 | 11,451,549 |
| Accumulated depreciation and impairment losses | | | | | |
| Opening balance as at 1 January 2014 | 1,207,452 | 1,528,846 | 8,788 | - | 2,745,086 |
| Changes in consolidation perimeter (companies in) | - | - | - | - | - |
| Changes in consolidation perimeter (companies out) | - | - | - | - | - |
| Charges for the period | 196,565 | 511,066 | 633 | - | 708,264 |
| Disposals | - | (45,914) | - | - | (45,914) |
| Exchange rate effect | - | 302 | - | - | 302 |
| Transfers | (23,654) | - | - | - | (23,654) |
| Opening balance as at 1 January 2015 | 1,380,363 | 1,994,300 | 9,421 | - | 3,384,083 |
| Changes in consolidation perimeter (companies in) | - | - | - | - | - |
| Changes in consolidation perimeter (companies out) | - | (39,928) | - | - | (39,928) |
| Charges for the period | 184,688 | 626,224 | - | - | 810,912 |
| Disposals | - | (41,694) | - | - | (41,694) |
| Exchange rate effect | - | (5,668) | - | - | (5,668) |
| Transfers | (42,405) | 47,912 | - | - | 5,507 |
| Closing balance as at 31 December 2015 | 1,522,646 | 2,581,146 | 9,421 | - | 4,113,212 |
| Carrying amount | | | | | |
| As at 31 December 2014 | 6,466,396 | 883,290 | 457,437 | 217,498 | 8,024,620 |
| As at 31 December 2015 | 6,266,592 | 700,147 | 146,053 | 225,546 | 7,338,337 |

As at December 2015 net assets of Marina de Troia amount to 5,849,778 euro (5,994,383 euro at December 2014).

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“APSS - Administração dos Portos de Setúbal e Sesimbra, SA” (APSS) signed in 2007 with an affiliated company a service concession arrangement to build and operate, in the public interest, a marina and support services in Troia, during a period of 50 years from the date of entry into operation. This period may be extended a maximum of 10 years if agreed between the parties. At the end of the service concession arrangement the concession will revert to APSS at no consideration, with some exceptions in the arrangement.

The Group has the right to charge fees for services to be provided under the concession. Maximum fee limits must be approved by the grantor based on a proposal submitted by the Group.

During the concession period the Group has a contractual obligation to maintain the infrastructure in a specific level of serviceability and pays the grantor a fixed fee and a variable fee, the latter based on revenues charged for the service provided.

The grantor may cancel the service concession arrangement whenever public interest is affected, provided that at least the contractual period is over and with at least 1 year notice, in which case the Group is entitled to compensation equal to the net book value of the infrastructure plus lost revenue calculated in accordance with the terms of the contract.

The Group carried out a sensitivity analysis of the recoverable value of the assets of “Marina de Tróia”.

The use of a five-year period for projecting cash flows has taken into consideration the extension and intensity of economic cycles to which the Group’s activity is subject to.

Calculation of recoverable amounts consisted in projecting operating cash flows over a five year period, thereafter extrapolated using perpetuity and discounted to 31 December 2015. Weighted Average Cost of Capital, before tax, calculated using CAPM (Capital Asset Pricing Model) methodology for this cash generating unit, was used as discount rate. These rates include specific market features and include different risk factors as well as risk-free interest rates of ten-year bonds.

The use of a five-year period for projecting cash flows has taken into consideration the extension and intensity of economic cycles to which “Marina de Tróia” activity is subject to.

Projected cash flows are based on the Group’s business plan and are updated annually so as to include changes in the economic outlook of each market where the Group is conducting business.

The impairment tests did not show any impairment loss to be recognized under Intangible Assets at 31 December 2015.

12. GOODWILL

During the periods ended 31 December 2015 and 2014, movements in goodwill, as well as in corresponding impairment losses, are as follows:

| | 31 December 2015 | 31 December 2014 |
|-------------------------------------------------|-------------------|-------------------|
| Gross amount: | | |
| Opening balance | 62,291,840 | 62,283,809 |
| Increases - acquisition of affiliated companies | - | 8,031 |
| Decreases - disposals of affiliated companies | (97,716) | - |
| Closing balance | 62,194,124 | 62,291,840 |
| Accumulated impairment losses: | | |
| Opening balance | 1,301,596 | 1,301,596 |
| Closing balance | 1,301,596 | 1,301,596 |
| Total | 60,892,528 | 60,990,244 |

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The Impairment tests to Goodwill were calculated by projecting operating cash flows over a five year period, thereafter extrapolated using perpetuity and discounted to 31 December 2015. The discount rates used are the average rates of the Weighted Average Cost of Capital (WACC).

The WACC rates used were calculated on the specific nature of each business and its respective target capital structures, as follows:

| | | | |
|----------------------|--------|----------------------------------|--------|
| Real Estate | 11.36% | Energy - solar | 10.24% |
| Resorts operational | 11.62% | Refrigeration & HVAC- Portugal | 11.17% |
| Fitness | 11.39% | Refrigeration & HVAC- Angola | 18.53% |
| Hotels | 11.62% | Refrigeration & HVAC- Brazil | 18.36% |
| Energy- cogeneration | 6.48% | Refrigeration & HVAC- Mozambique | 14.84% |

Sensitivity tests were performed, varying the WACC by 1ppp and using a DCF analysis the Goodwill remained without impairment.

As at 31 December 2015 and 2014, Goodwill may be split as follows:

| | 31 December 2015 | 31 December 2014 |
|------------------------|-------------------|-------------------|
| Resorts | 24,274,672 | 24,274,672 |
| Hotels | - | 97,715 |
| Fitness | - | - |
| Energy | 622,829 | 622,829 |
| Refrigeration and HVAC | 9,619,730 | 9,619,730 |
| Other Assets | 26,375,298 | 26,375,298 |
| | <u>60,892,528</u> | <u>60,990,244</u> |

13. OTHER INVESTMENTS

As at 31 December 2015 and 2014, movements in investments were as follows:

| | 31 December 2015 | | 31 December 2014 | |
|---------------------------------------------------------|------------------|----------|-------------------|----------|
| | Non current | Current | Non current | Current |
| <u>Investments at acquisition cost</u> | | | | |
| Opening balance as at 1 January | 879,446 | - | 8,071,101 | - |
| Acquisitions in the period | 9,907 | - | 17,742 | - |
| Disposals in the period | - | - | (7,652,356) | - |
| Transfers | - | - | 442,959 | - |
| Closing balance as at 31 December | 889,353 | - | 879,446 | - |
| Accumulated impairment losses (Note 32) | (291,838) | - | (291,838) | - |
| | <u>597,515</u> | <u>-</u> | <u>587,608</u> | <u>-</u> |
| <u>Investments held for sale</u> | | | | |
| Fair value as at 1 January | 33,493,884 | - | 39,305,931 | - |
| Disposals in the period | (34,244,847) | - | (5,221,742) | - |
| Transfers | - | - | (430,200) | - |
| Increase/(Decrease) in fair value | 750,963 | - | (160,105) | - |
| Fair value as at 31 December | - | - | 33,493,884 | - |
| Accumulated impairment losses (Note 32) | - | - | - | - |
| Fair value (net of impairment losses) as at 31 December | <u>-</u> | <u>-</u> | <u>33,493,884</u> | <u>-</u> |
| <u>Other Investments (Note 7)</u> | <u>597,515</u> | <u>-</u> | <u>34,081,492</u> | <u>-</u> |

The amounts shown under fair value related to the Imosede Fund (note 7).

Imosede Real Estate Investment Fund was fully sold in 2015, with a loss in Investment Income of -263,315 euros (Note 42).

These investments are recorded at acquisition cost less impairment losses.

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14. OTHER NON-CURRENT ASSETS

As at 31 December 2015 and 2014, other non-current assets are detailed as follows:

| | 31 December 2015 | 31 December 2014 |
|-----------------------------------------------------|------------------|-------------------|
| Loans granted to related parties | | |
| Norscut - Concessionária de Scut Interior Norte, SA | 5,911,400 | 18,647,695 |
| Others | 812,606 | 756,076 |
| | <u>6,724,006</u> | <u>19,403,771</u> |
| Impairment losses (Note 32) | (34,916) | (34,916) |
| | <u>6,689,090</u> | <u>19,368,855</u> |
| Trade accounts receivable and other debtors | | |
| Others | 1,182,841 | 1,284,964 |
| Impairment losses (Note 32) | - | - |
| | <u>1,182,841</u> | <u>1,284,964</u> |
| Other non current assets | <u>7,871,931</u> | <u>20,653,819</u> |

Generally, values included in other non-current assets bear interest at market rates, and it is estimated that their fair value does not significantly differ from amounts in the balance sheet.

As at 31 December 2015 and 2014, the ageing of Trade accounts receivable and other debtors can be detailed as follows:

| | Trade accounts receivable and other debtors | |
|----------------------|---------------------------------------------|------------------|
| | 31 December 2015 | 31 December 2014 |
| Not due | 61,366 | 139,634 |
| Due but not impaired | | |
| < 6 months | - | - |
| 6 - 12 months | - | - |
| > 1 year | 1,121,475 | 1,145,330 |
| | <u>1,121,475</u> | <u>1,145,330</u> |
| Due and impaired | | |
| > 1 year | - | - |
| | <u>1,182,841</u> | <u>1,284,964</u> |

Loans granted to related parties do not have a defined maturity, and therefore are not due. These loans bear interests.

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15. INVENTORIES

Inventories as at 31 December 2015 and 2014 can be detailed as follows, highlighting the value attributable to real estate developments:

| | 31 December 2015 | | 31 December 2014 | |
|--------------------------------------------------------|--------------------|-----------------------------------|--------------------|-----------------------------------|
| | Total | of which Real Estate Developments | Total | of which Real Estate Developments |
| Raw materials, by-products and consumables | 1,441,888 | - | 1,022,596 | - |
| Goods for sale | 30,394,043 | 29,000,343 | 31,110,475 | 29,736,226 |
| Finished goods | 23,487,868 | 23,487,868 | 53,463,323 | 53,463,323 |
| Work in progress | 77,389,696 | 75,405,755 | 78,258,356 | 76,373,416 |
| | <u>132,713,495</u> | <u>127,893,966</u> | <u>163,854,750</u> | <u>159,572,965</u> |
| Accumulated impairment losses on inventories (Note 32) | (5,951,751) | (5,939,087) | (6,292,456) | (6,242,656) |
| | <u>126,761,744</u> | <u>121,954,879</u> | <u>157,562,294</u> | <u>153,330,309</u> |

Cost of goods sold as at 31 December 2015 and 2014 amounted to 61,139,628 euro and 63,129,092 euro, respectively, and may be detailed as follows:

| | 31 December 2015 | 31 December 2014 |
|------------------------------------|-------------------|-------------------|
| Opening inventories | 32,133,071 | 33,318,213 |
| Exchange rate effect | (169,621) | 60,429 |
| Changes in consolidation perimeter | (13,794) | 32,496 |
| Purchases | 61,339,581 | 59,054,547 |
| Adjustments | (266,373) | 444,945 |
| Closing inventories | <u>31,835,931</u> | <u>32,133,071</u> |
| | 61,186,933 | 60,777,559 |
| Impairment losses (Note 32) | 804 | 2,945,370 |
| Reversion of impairment losses | (48,109) | (593,837) |
| Total Operations | <u>61,139,628</u> | <u>63,129,092</u> |

Impairment losses and reversals of impairment losses for the year 2015 are calculated from the assessments of the property assets of Sonae Capital Group, carried out by “Cushman & Wakefield - Consultoria Imobiliária, Unipessoal, Lda.”

16. TRADE ACCOUNTS RECEIVABLE

As at 31 December 2015 and 2014, trade accounts receivable and other current assets are detailed as follows:

| | 31 December 2015 | 31 December 2014 |
|----------------------------------------------------------|-------------------|-------------------|
| Trade accounts receivable | | |
| Resorts | 1,405,548 | 1,446,477 |
| Hotels | 1,009,200 | 852,675 |
| Fitness | 143,316 | 260,780 |
| Energy | 6,944,235 | 7,690,350 |
| Refrigeration and HVAC | 11,658,890 | 18,103,986 |
| Other Assets | 438,689 | 97,076 |
| | <u>21,599,878</u> | <u>28,451,345</u> |
| Doubtful debtors | 1,762,156 | 1,886,033 |
| | <u>23,362,034</u> | <u>30,337,378</u> |
| Accumulated impairment losses on Trade Debtors (Note 32) | (3,986,937) | (4,356,479) |
| Total Operations | <u>19,375,097</u> | <u>25,980,899</u> |

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In the normal course of activity collection risk may arise in Trade debtors. The amounts presented on the face of the balance sheet are net of impairment losses, which were estimated based on the Group's experience and on the assessment of present economic conditions. As a result, amounts disclosed in Trade debtors reflect their fair value.

As at 31 December 2015 we do not have any reason to believe that normal collection times regarding trade accounts receivable not due for which there are no impairment losses will not be met.

As at 31 December 2015 and 2014, the ageing of Trade Accounts Receivables can be detailed as follows:

| | | Trade Accounts Receivable | | | | | |
|---------------------------------------------|------------------|---------------------------|----------------|------------------|------------------------|--------------------|-------------------|
| | Resorts | Hotelaria | Fitness | Energy | Refrigeration and HVAC | Holding and Others | Total |
| 31 December 2015 | | | | | | | |
| Not Due | 335,298 | 229,825 | 2,198 | 5,563,518 | 7,032,975 | 181,700 | 13,345,514 |
| Due but not impaired | | | | | | | |
| 0 - 30 days | 34,226 | 136,099 | 1,722 | 1,269,302 | 962,635 | 158,079 | 2,562,063 |
| 30 - 90 days | 172,439 | 312,347 | 200 | 88,593 | 1,714,124 | 36,258 | 2,323,961 |
| + 90 days | 178,011 | 16,071 | 19,236 | 7,447 | 896,340 | 25,458 | 1,142,563 |
| Total | 384,676 | 464,517 | 21,158 | 1,365,342 | 3,573,099 | 219,795 | 6,028,587 |
| Due and impaired | | | | | | | |
| 0 - 90 days | 5,430 | 3,623 | 2,012 | - | 5,397 | - | 16,462 |
| 90 - 180 days | 3,692 | 4,272 | 1,170 | - | 17,371 | - | 26,505 |
| 180 - 360 days | 17,852 | 11,804 | 3,218 | - | 77,462 | - | 110,336 |
| + 360 days | 840,173 | 471,193 | 141,981 | 15,375 | 1,955,226 | 410,682 | 3,834,630 |
| Total | 867,147 | 490,892 | 148,381 | 15,375 | 2,055,456 | 410,682 | 3,987,933 |
| Total accumulated before impairments | 1,587,121 | 1,185,234 | 171,737 | 6,944,235 | 12,661,530 | 812,177 | 23,362,034 |
| 31 December 2014 | | | | | | | |
| Not Due | 346,170 | 200,057 | 5,431 | 5,982,654 | 11,162,845 | 15,054 | 17,712,211 |
| Due but not impaired | | | | | | | |
| 0 - 30 days | 31,105 | 73,932 | 52,688 | 496,339 | 3,069,204 | 24,618 | 3,747,885 |
| 30 - 90 days | 131,528 | 183,013 | 5,689 | 209,254 | 1,268,984 | 6,839 | 1,805,307 |
| + 90 days | 184,150 | 88,803 | 65,288 | 1,002,105 | 1,358,426 | 10,683 | 2,709,455 |
| Total | 346,783 | 345,748 | 123,665 | 1,707,697 | 5,696,613 | 42,140 | 8,262,646 |
| Due and impaired | | | | | | | |
| 0 - 90 days | 11,214 | 6,897 | 4,500 | - | 73,069 | 57,234 | 152,914 |
| 90 - 180 days | 7,489 | 9,729 | 78,866 | - | 19,998 | 3,344 | 119,426 |
| 180 - 360 days | 17,095 | 39,540 | 3,554 | - | 52,112 | 77,931 | 190,232 |
| + 360 days | 904,366 | 433,491 | 74,614 | - | 2,171,512 | 315,968 | 3,899,951 |
| Total | 940,164 | 489,657 | 161,534 | - | 2,316,691 | 454,477 | 4,362,523 |
| Total accumulated before impairments | 1,633,117 | 1,035,462 | 290,630 | 7,690,351 | 19,176,148 | 511,671 | 30,337,378 |

To determine the recoverability of Trade accounts receivable, the Group reviews all changes to the credit quality of its counterparties since the date of the credit to the

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date of reporting consolidated financial statements. Credit risk is not concentrated because of the significant number of trade debtors. The Group thus believes that credit risk does not exceed recorded impairment losses for trade accounts receivable doubtful accounts.

17. OTHER DEBTORS

As at 31 December 2015 and 2014, other debtors are made up as follows:

| | 31 December 2015 | 31 December 2014 |
|-------------------------------------------------------------------------------|------------------|-------------------|
| Loans granted to and other amounts to be received from related parties | | |
| Others | 74,506 | 167,444 |
| | <u>74,506</u> | <u>167,444</u> |
| Other Debtors | | |
| Suppliers with a debtor balance | 458,365 | 610,343 |
| Sale of assets | 10,525 | 10,659 |
| Sale of financial investments | 4,656,580 | 5,394,384 |
| Others | 4,369,117 | 11,077,668 |
| | <u>9,494,587</u> | <u>17,093,054</u> |
| Other Debtors | <u>9,569,093</u> | <u>17,260,498</u> |
| Accumulated impairment losses on Other Debtors (Note 32) | (565,400) | (6,356,348) |
| Total financial instruments (Note 9) | <u>9,003,693</u> | <u>10,904,150</u> |
| Total Operations | <u>9,003,693</u> | <u>10,904,150</u> |

Loans granted to related parties bear interest at market rates.

As at 31 December 2015 and 2014, ageing of other debtors can be summarised as follows:

| | Other Debtors | |
|---------------------------------------------|------------------|-------------------|
| | 31 December 2015 | 31 December 2014 |
| Not Due | 1,219,772 | 2,499,776 |
| Due but not impaired | | |
| 0 - 30 days | 457,467 | 891,355 |
| 30 - 90 days | 1,452,350 | 3,029,580 |
| + 90 days | 5,816,248 | 4,345,635 |
| Total | <u>7,726,065</u> | <u>8,266,570</u> |
| Due and impaired | | |
| 0 - 90 days | - | 70,140 |
| + 360 days | 548,749 | 6,256,567 |
| Total | <u>548,749</u> | <u>6,326,707</u> |
| Total accumulated before impairments | <u>9,494,587</u> | <u>17,093,054</u> |

As at 31 December 2015 we do not have any reason to believe that normal collection times regarding other debtors not due, and for which there are no impairment losses, will not be met.

Values included in other debtors are close to their fair value.

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18. TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2015 and 2014, taxes recoverable and taxes and contributions payable are made up as follows:

| | 31 December 2015 | 31 December 2014 |
|------------------------------------------------------------|-------------------|-------------------|
| Tax recoverable | | |
| Income taxation - payments on account and amounts withheld | 3,795,910 | 10,270,836 |
| VAT | 7,812,029 | 5,474,207 |
| Other taxes | 1,018,997 | 931,212 |
| Total Operations | <u>12,626,936</u> | <u>16,676,255</u> |
| | | |
| Taxes and contributions payable | | |
| Income taxation | 945,628 | 6,495,689 |
| VAT | 1,157,441 | 1,740,445 |
| Income taxation - amounts withheld | 714,652 | 727,284 |
| Social security contributions | 496,234 | 533,850 |
| Other taxes | 256,404 | 70,687 |
| Total Operations | <u>3,570,359</u> | <u>9,567,955</u> |

19. OTHER CURRENT ASSETS

As at 31 December 2015 and 2014, other current assets are made up as follows:

| | 31 December 2015 | 31 December 2014 |
|-------------------------------------------------|------------------|------------------|
| Interest receivable | 42,156 | 988,617 |
| | 1,381,730 | 2,265,426 |
| Deferred costs - External supplies and services | 1,121,317 | 1,419,585 |
| Deferred costs - Rents | 291,265 | 282,514 |
| Other current assets | 3,333,034 | 1,674,451 |
| Total Accumulated | <u>6,169,502</u> | <u>6,630,593</u> |

20. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2015 and 2014 can be detailed as follows, split between the different types of temporary differences:

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| | Deferred tax assets | | Deferred tax liabilities | |
|--------------------------------------------------------------------------------------|---------------------|-------------------|--------------------------|-------------------|
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Amortisation and Depreciation harmonisation adjustments | 592,345 | 767,399 | 3,754,439 | 3,145,808 |
| Provisions and impairment losses of non-tax deductible | 6,682,330 | 6,762,992 | - | - |
| Write off of tangible and intangible assets | 71,250 | 71,250 | - | - |
| Write off of accruals | - | - | - | - |
| Revaluation of tangible assets | - | - | 93,307 | 94,169 |
| Tax losses carried forward | 16,252,396 | 16,063,686 | - | - |
| Financial instruments | - | - | - | 1,066,862 |
| Write off of inventories | - | - | 548,376 | 906,974 |
| Taxable temporary differences arising from the fair value of non-current liabilities | - | - | 6,543,174 | 7,141,626 |
| Others | 21,990 | 53,111 | 9,252 | (646,156) |
| | <u>23,620,310</u> | <u>23,718,439</u> | <u>10,948,548</u> | <u>11,709,284</u> |

During the periods ended 31 December 2015 and 2014, movements in deferred tax are as follows:

| | Deferred tax assets | | Deferred tax liabilities | |
|---------------------------------------------------------|---------------------|--------------------|--------------------------|-------------------|
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Opening balance | 23,718,439 | 26,186,529 | 11,709,284 | 12,581,859 |
| Effect in results (Note 43): | - | - | - | - |
| Amortisation and Depreciation harmonisation adjustments | (26,953) | (48,701) | 608,630 | 642,432 |
| Provisions and impairment losses of non-tax deductible | - | - | - | - |
| Write off of tangible and intangible assets | - | (248,190) | - | - |
| Write off of accruals | - | (126,853) | - | - |
| Revaluation of tangible assets | - | - | - | (10,450) |
| Tax losses carried forward | 188,709 | 1,035,957 | - | - |
| Impairment of Assets | (80,662) | (1,446,718) | - | - |
| Financial Instruments | - | - | (1,353,851) | - |
| Changes in tax rates | - | (1,619,022) | - | (1,036,795) |
| Others | (24,635) | (24,975) | (301,641) | (358,075) |
| | <u>56,459</u> | <u>(2,478,502)</u> | <u>(1,046,862)</u> | <u>(762,888)</u> |
| Effect in reserves: | | | | |
| Financial Instruments | - | - | 286,989 | (108,707) |
| Others | (6,487) | (11,384) | (863) | (626) |
| | <u>(6,487)</u> | <u>(11,384)</u> | <u>286,126</u> | <u>(109,333)</u> |
| Changes in consolidation perimeter | (148,101) | 21,796 | - | - |
| Others | - | - | - | (354) |
| | <u>23,620,310</u> | <u>23,718,439</u> | <u>10,948,548</u> | <u>11,709,284</u> |

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 31 December 2015 and 2014, and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

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| | 31 December 2015 | | | 31 December 2014 | | |
|------------------------------------------------------|----------------------------|---------------------|------------|----------------------------|---------------------|------------|
| | Tax losses carried forward | Deferred tax assets | Time limit | Tax losses carried forward | Deferred tax assets | Time limit |
| With limited time use | | | | | | |
| Generated in 2009 | - | - | 2015 | 3,853,149 | 809,161 | 2015 |
| Generated in 2011 | - | - | 2015 | 16,629,456 | 3,492,186 | 2015 |
| Generated in 2012 | 20,023,107 | 4,204,852 | 2017 | 19,769,442 | 4,151,583 | 2017 |
| Generated in 2013 | 18,024,639 | 3,785,174 | 2018 | 18,088,306 | 3,798,545 | 2018 |
| Generated in 2014 | 11,725,573 | 2,462,370 | 2026 | 18,153,387 | 3,812,211 | 2026 |
| Generated in 2015 | 27,619,048 | 5,800,000 | 2027 | - | - | |
| | <u>77,392,368</u> | <u>16,252,396</u> | | <u>76,493,741</u> | <u>16,063,686</u> | |
| With a time limit different from the above mentioned | - | - | | - | - | |
| | <u>77,392,368</u> | <u>16,252,396</u> | | <u>76,493,741</u> | <u>16,063,686</u> | |

An analysis was made on the relevance of the recognition of deferred taxes, taking into account the possibility of them to be recovered in accordance with the medium and long term prospects of the Group.

Deferred tax assets arising from tax losses have been recorded only when it is likely to occur taxable income in the future.

Deferred tax assets were re-assessed against each company's business plans, which are regularly updated.

Since fiscal year 2014, most of the Group's subsidiaries based in Portugal are part of the perimeter of the group of companies that are taxed in accordance with the special taxation regime for company groups ("RETGS"), being Sonae Capital, SGPS, S.A. the dominant company.

Of the analysis made at 31 December 2015, it is concluded that there is a reasonable expectation on the recovery of the recorded deferred tax assets before their date expires.

As at 31 December 2015, tax losses carried forward amounting to 75,631,592 euro (109,866,615 euro as at 31 December 2014), have not originated deferred tax assets for prudential reasons and are detailed as follows:

| | 31 December 2015 | | | 31 December 2014 | | |
|------------------------------------------------------|----------------------------|-------------------|------------|----------------------------|-------------------|------------|
| | Tax losses carried forward | Tax Credit | Time limit | Tax losses carried forward | Tax Credit | Time limit |
| With limited time use | | | | | | |
| Generated in 2009 | - | - | 2015 | 37,739,388 | 7,925,271 | 2015 |
| Generated in 2011 | - | - | 2015 | 16,920,254 | 3,553,253 | 2015 |
| Generated in 2012 | 15,178,378 | 3,187,459 | 2017 | 14,136,576 | 2,968,681 | 2017 |
| Generated in 2013 | 22,917,452 | 4,812,665 | 2018 | 22,115,430 | 4,644,240 | 2018 |
| Generated in 2014 | 22,249 | 4,672 | 2026 | 70,534 | 14,812 | 2026 |
| Generated in 2015 | 18,638,746 | 3,914,137 | 2027 | - | - | |
| | <u>56,756,825</u> | <u>11,918,933</u> | | <u>90,982,182</u> | <u>19,106,258</u> | |
| Without limited time use | - | - | | - | - | |
| With a time limit different from the above mentioned | 18,874,767 | 4,758,800 | | 18,884,433 | 4,819,618 | |
| | <u>18,874,767</u> | <u>4,758,800</u> | | <u>18,884,433</u> | <u>4,819,618</u> | |
| | <u>75,631,592</u> | <u>16,677,733</u> | | <u>109,866,615</u> | <u>23,925,876</u> | |

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21. CASH AND CASH EQUIVALENTS

As at 31 December 2015 and 2014, cash and cash equivalents can be detailed as follows:

| | 31 December 2015 | 31 December 2014 |
|-----------------------------------------------------------------|--------------------------|-------------------------|
| Cash at hand | 111,450 | 132,458 |
| Bank deposits | 35,201,904 | 9,184,154 |
| Treasury applications | 4,897 | 10,938 |
| Cash and cash equivalents on the balance sheet | <u>35,318,251</u> | <u>9,327,550</u> |
| Bank overdrafts - (Note 24) | - | (1,178,675) |
| Cash and cash equivalents in the statement of cash-flows | <u><u>35,318,251</u></u> | <u><u>8,148,876</u></u> |

Bank overdrafts include creditor balances of current accounts in financial institutions, and are disclosed in the balance sheet under current bank loans (Note 24).

22. EQUITY

The share capital of Sonae Capital SGPS, SA is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each.

As at 31 December 2015, Sonae Capital SGPS, S.A. owns 5,914,571 own shares (6,068,850 own shares at 31 December 2014) booked for 1,426,791 euro (1,486,301 euro at 31 December 2014).

Other reserves includes amounts equal to the value of own shares held by the Group's parent company. This reserve should be unavailable while these shares are kept by the company.

The Reserves and retained earnings of Sonae Capital Group in the periods ended 31 December 2015 and 2014 are as follows:

| | 31 December 2015 | 31 December 2014 |
|---------------------------------------|--------------------------|--------------------------|
| Demerger reserve | 132,638,253 | 132,638,253 |
| Translation reserves | (23,350) | (130,882) |
| Fair value reserves | - | (750,961) |
| Hedging reserves | (11,956) | (239,276) |
| Other reserves and retained earnings | (80,993,753) | (75,237,394) |
| Reserves and retained earnings | <u><u>51,609,194</u></u> | <u><u>56,279,740</u></u> |

Demerger reserve

The demerger originated a reserve in the amount of 132,638,253 euro, which has a treatment similar to that of a Legal Reserve. According to Company Law, it cannot be distributed to shareholders, unless the company is liquidated, but can be used to make good prior year losses, once other reserves have been used fully, or for capital increases.

Translation reserves

This reserves are comprised by the conversion into euro of the financial statements of the subsidiaries that have other functional currency.

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Fair Value Reserves

This reserves are comprised by the fair value of assets available for sale.

Hedging Reserve

The reserve is comprised by the fair value of hedging derivatives and the accrued interest of that derivative, and it is transferred to profit and loss when its subsidiaries are sold or liquidated.

23. NON CONTROLLING INTERESTS

Movements in non-controlling interests in the periods ended 31 December 2015 and 2014 are as follows:

| | 31 December 2015 | 31 December 2014 |
|-------------------------------------------------------------------|-------------------|------------------|
| Opening balance as at 1 January | 9,375,864 | 8,850,291 |
| Changes in hedging reserves | 721 | 12,699 |
| Changes in the percentage of capital held in affiliated companies | 219,830 | 679,088 |
| Changes resulting from currency translation | 38,920 | 20,118 |
| Dividends paid | (1,079,240) | (721,525) |
| Others | (1) | 174 |
| Profit for the period attributable to minority interests | 1,691,031 | 535,019 |
| Closing balance | 10,247,125 | 9,375,864 |

The non-controlling interests, are primarily from companies in the refrigeration and HVAC segment.

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24. BORROWINGS

As at 31 December 2015 and 2014, Borrowings are made up as follows:

| | 31 December 2015 | | 31 December 2014 | | Repayable on |
|-----------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------|
| | Outstanding amount | | Outstanding amount | | |
| | Current | Non Current | Current | Non Current | |
| Bank loans | | | | | |
| Sonae Capital SGPS - commercial paper ^{a)} | - | - | 17,250,000 | - | Mar/2018 |
| Sonae Capital SGPS - commercial paper ^{d)} | 8,250,000 | - | 8,250,000 | - | Dec/2016 |
| Sonae Capital SGPS - commercial paper ^{b)} | - | - | - | 28,900,000 | Aug/2018 |
| Sonae Capital SGPS - commercial paper ^{c)} | - | 30,000,000 | - | 30,000,000 | Dec/2017 |
| Sonae Capital SGPS - commercial paper ^{f)} | 3,250,000 | 1,500,000 | 3,500,000 | 4,750,000 | May/2017 |
| Sonae Capital SGPS - commercial paper ^{g)} | - | - | 4,000,000 | - | Feb/2016 |
| Sonae Capital SGPS - commercial paper ^{h)} | 1,200,000 | 4,800,000 | - | - | Mar/2020 |
| Sonae Capital SGPS ^{e)} | 3,290,000 | 9,047,500 | 3,290,000 | 12,337,500 | Set/2019 |
| Up-front fees | - | (255,080) | - | (415,978) | |
| Others | 1,735,702 | 1,600,754 | 2,524,257 | 2,652,051 | |
| | <u>17,725,702</u> | <u>46,693,174</u> | <u>38,814,257</u> | <u>78,223,573</u> | |
| Bank overdrafts (Note 21) | - | - | 1,178,675 | - | |
| Bank loans | <u>17,725,702</u> | <u>46,693,174</u> | <u>39,992,932</u> | <u>78,223,573</u> | |
| Bond Loans | | | | | |
| Sonae Capital 2011/2016 Bonds | 10,000,000 | - | - | 10,000,000 | Jan/2016 |
| SC, SGPS, S.A. 2008/2018 Bonds | 50,000,000 | - | - | 50,000,000 | Mar/2018 |
| Sonae Capital 2014/2019 Bonds | - | 42,500,000 | - | 42,500,000 | May/2019 |
| Up-front fees | (17,938) | (376,402) | - | (608,709) | |
| Bond Loans | <u>59,982,062</u> | <u>42,123,598</u> | <u>-</u> | <u>101,891,291</u> | |
| Other loans | <u>311,968</u> | <u>297,289</u> | <u>752,665</u> | <u>609,258</u> | |
| Derivatives (Note 26) | 25,952 | - | 621,462 | - | |
| Obligations under finance leases | 2,546,998 | 14,886,301 | 2,851,514 | 18,935,072 | |
| Up-front fees on finance leases | - | (76,760) | - | (88,961) | |
| | <u>80,592,682</u> | <u>103,923,602</u> | <u>44,218,573</u> | <u>199,570,233</u> | |

- Short term commercial paper programme, issued on 28 March 2008 and valid for a 10 year period, which may be extended at the option of Sonae Capital. Placed in investors or financial institutions and guaranteed by credit lines, with commitment of at least six months to a year, placed in relationship banks.
- Commercial paper programme, with subscription guarantee, issued on 31 March 2011 and valid up to August 2018, except if the reimbursement is anticipated under the contracted terms of the call/put option, in August 2016. This loan is guaranteed by a mortgage on real estate assets.
- Commercial paper programme, with subscription guarantee, issued on 27 December 2012 and valid up to December 2017.
- Commercial paper programme, with subscription guarantee, issued on 31 December 2013, with automatic annual renewals up to 3 years, unless denounced by either party.
- Bank loan guaranteed by a mortgage on real estate, started on 2 June 2011 and valid up to September 2019, with quarterly payments.
- Commercial paper programme, with subscription guarantee, issued on 7 May 2014 and valid for a 3 year period, with semi-annual payments.
- Short term commercial paper programme, with subscription guarantee, issued on 17 February 2011, with annual renewals up to a maximum of 5 years, unless denounced by either party. At the date of the financial statements, the renovation program is underway.
- Commercial paper programme, with subscription guarantee, issued on 18 March 2015 and valid up to March 2020, with annual payments.

As at 31 December 2015, borrowings of the Group were as follows:

- SC, SGPS, SA, 2008/2018 bond loan in the amount of 50,000,000 euro, with a 10 year maturity, and a sole reimbursement on 3 March 2018, except if the reimbursement is anticipated, fully or partially, which can happen on 3 March 2016. This bond loan bears interest every six months. At the date of this report, the Bank had already exercised its option over the full loan amount.
- Sonae Capital SGPS - 2011/2016 bond loan in the amount of 10,000,000 euro, with a 5 year maturity, and a sole reimbursement on 17 January 2016. This bond loan bears interest every six months.

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- Sonae Capital SGPS, SA, 2014/2019 bond loan in the amount of 42,500,000 euro, with a 5 year maturity, and a sole reimbursement on 28 May 2019. This bond loan bears interest every six months.

The interest rate on bonds and bank loans in force on 31 December 2015 was on average 2.83% (2.87% in December 2014)

Bank loans pay interest rates that are indexed to the Euribor market rates of the period, and its fair value is considered close to its book value.

Other non-current loans include government reimbursable grants to group companies, which do not bear interest.

The repayment schedule of the nominal value of borrowings may be summarised as follows:

| | 31 December 2015 | | 31 Dezembro 2014 | |
|-----------|--------------------|-------------------|--------------------|-------------------|
| | Nominal value | Interest | Nominal value | Interest |
| N+1 | 80,584,669 | 4,867,436 | 43,597,111 | 6,730,136 |
| N+2 | 39,321,659 | 3,938,199 | 30,417,502 | 5,187,358 |
| N+3 | 7,644,816 | 2,421,339 | 48,102,235 | 4,615,274 |
| N+4 | 49,335,366 | 1,074,827 | 66,438,849 | 2,795,451 |
| N+5 | 3,505,904 | 87,101 | 48,576,622 | 1,110,569 |
| After N+5 | 4,824,098 | 109,720 | 7,148,672 | 216,245 |
| | <u>185,216,512</u> | <u>12,498,622</u> | <u>244,280,992</u> | <u>20,655,033</u> |

- a) Includes amounts drawn under commercial paper programmes. Of the total amount maturing in N+1, 16% concerns to commercial paper taken under lines of credit with commitment exceeding one year. Taking into account the policies and measures to manage liquidity risk, no risks that could jeopardize the continuity of operations are anticipated.

In the case any Bank institution or commercial paper investor do not renew, at the maturity date, its respective loans, the Group has credit lines available to overcome such renewables.

As at 31 December 2015 and 2014, the credit lines available and the amount of contracted lines, can be summarized as follows:

| | 31 December 2015 | | 31 December 2014 | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Commitments < 1 year | Commitments > 1 year | Commitments < 1 year | Commitments > 1 year |
| Value of available lines | | | | |
| Resorts | - | - | - | - |
| Hotels | - | - | - | - |
| Fitness | - | - | - | - |
| Energy | - | - | - | - |
| Refrigeration and HVAC | 741,161 | - | - | - |
| Other Assets | 53,799,398 | 24,400,000 | 30,099,398 | 7,700,000 |
| | <u>54,540,559</u> | <u>24,400,000</u> | <u>30,099,398</u> | <u>7,700,000</u> |
| Value of contracted lines | | | | |
| Resorts | - | - | - | - |
| Hotels | - | - | - | - |
| Fitness | - | - | - | - |
| Energy | - | - | - | - |
| Refrigeration and HVAC | 1,424,885 | - | 3,255,008 | - |
| Other Assets | 62,049,398 | 54,400,000 | 47,849,398 | 66,600,000 |
| | <u>63,474,283</u> | <u>54,400,000</u> | <u>51,104,406</u> | <u>66,600,000</u> |

25. OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2015 and 2014, Obligations under finance leases are made up as follows:

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| Obligations under finance leases | Minimum finance lease payments | | Present value of minimum finance lease payments | |
|---------------------------------------------------------------|--------------------------------|-------------------|-------------------------------------------------|-------------------|
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Amounts under finance leases: | | | | |
| N+1 | 2,814,372 | 3,234,557 | 2,546,998 | 2,851,514 |
| N+2 | 2,814,372 | 3,207,191 | 2,592,843 | 2,882,415 |
| N+3 | 2,814,372 | 3,209,191 | 2,640,100 | 2,940,516 |
| N+4 | 2,750,944 | 3,209,191 | 2,624,899 | 3,000,372 |
| N+5 | 2,286,141 | 3,212,442 | 2,204,362 | 3,064,756 |
| After N+5 | 4,933,818 | 7,263,078 | 4,824,098 | 7,047,014 |
| | <u>18,414,019</u> | <u>23,335,650</u> | <u>17,433,300</u> | <u>21,786,587</u> |
| Future Interest | (980,718) | (1,549,063) | | |
| | <u>17,433,301</u> | <u>21,786,587</u> | | |
| Up-front fees | | | (76,760) | (88,961) |
| Current obligations under finance leases | | | 2,546,999 | 2,851,515 |
| Obligations under finance leases - net of current obligations | | | <u>14,809,541</u> | <u>18,846,111</u> |

Finance leases are contracted at market interest rates, have defined useful lives and include an option for the acquisition of the related assets. The interest rate of these contracts as at 31 December 2015 was on average 1.63%.

As at 31 December 2015 and 2014, the fair value of finance leases is close to their book value.

Obligations under finance leases are guaranteed by related assets.

As at 31 December 2015 and 2014, the book value of assets acquired under finance leases can be detailed as follows:

| | 31 December 2015 | 31 December 2014 |
|---------------------------------------------|-------------------|-------------------|
| Assets acquired under finance leases | | |
| Land and Buildings | - | - |
| Plant and machinery | 21,992,829 | 24,760,139 |
| Vehicles | - | - |
| Tools | - | - |
| Fixtures and Fittings | 3,170 | 3,720 |
| Total tangible assets | <u>21,995,999</u> | <u>24,763,859</u> |

26. DERIVATIVES

Interest rate derivatives

Hedging instruments used by the Group as at 31 December 2015 were mainly interest rate options (cash-flow hedges) contracted with the goal of hedging interest rate risks on loans in the amount of 579,787 euro, whose fair value of 25,952 euro (621,462 euro at 31 December 2014) is recorded as liabilities in other loans. As at 31 December 2015 and 31 December 2014, all derivatives are hedging derivatives.

These interest rate hedging instruments are valued at fair value as at the balance sheet date, determined by valuations made by the Group using derivative valuation calculation schedules and external valuations when these schedules do not permit the valuation of certain instruments. For options, fair value is determined using the Black-Scholes model and its variants.

The fair value of derivatives is calculated using valuation models based on assumptions which are confirmed by market benchmarks, thus complying with level 2 requirements set on the IFRS 7.

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Risk coverage guidelines generally used by the Group in contractually arranged hedging instruments are as follows:

- Matching between cash-flows received and paid, i.e., there is a perfect match between the dates of the re-fixing of interest rates on financing contracted with the bank and the dates of the re-fixing of interest rates on the derivative;
- Perfect matching between indices: the reference index for the hedging instrument and that for the financing to which the underlying derivative relates are the same;
- In the case of extreme rises in interest rates, the maximum cost of financing is limited.

Counterparts for derivatives are selected based on their financial strength and credit risk profile, with this profile being generally measured by a rating note attributed by rating agencies of recognized merit. Counterparts for derivatives are top level, highly prestigious financial institutions which are recognized nationally and internationally.

Fair value of derivatives

The fair value of derivatives is as follows:

| | Assets | | Liabilities | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Non-Hedge accounting derivatives | | | | |
| Interest rate | - | - | - | - |
| Hedge accounting derivatives | | | | |
| Interest rate (Note 24) | - | - | 25,952 | 621,462 |
| Other derivatives | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>25,952</u> | <u>621,462</u> |

27. OTHER NON-CURRENT LIABILITIES

As at 31 December 2015 and 2014 other current liabilities can be detailed as follows:

| | 31 December 2015 | 31 December 2014 |
|-----------------------------------------------------------|------------------|------------------|
| Loans and other amounts payable to related parties | | |
| Plaza Mayor Parque de Ocio, SA (Note 45) | 1,928,510 | 2,017,783 |
| Others | 230,846 | 216,645 |
| | <u>2,159,356</u> | <u>2,234,428</u> |
| Other creditors | | |
| Creditors in the restructuring process of Torralta | 561,891 | 506,206 |
| Others | - | - |
| | <u>561,891</u> | <u>506,206</u> |
| Deferred income | - | - |
| Obligations by share-based payments (Note 28) | 312,372 | 333,229 |
| | <u>312,372</u> | <u>333,229</u> |
| Other non current liabilities | <u>3,033,619</u> | <u>3,073,863</u> |

As at 31 December 2015 and 2014, other creditor's balances maturity can be detailed as follows:

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| 31 December 2015 | N+1 | N+2 | N+3 | N+4 | N+5 | Total |
|-----------------------------|-----|-----|-----|-----|---------|---------|
| Fixed assets suppliers | - | - | - | - | - | - |
| Other non current creditors | - | - | - | - | 561,891 | 561,891 |
| Total | - | - | - | - | 561,891 | 561,891 |

| 31 December 2014 | N+1 | N+2 | N+3 | N+4 | N+5 | Total |
|-----------------------------|-----|-----|-----|-----|---------|---------|
| Fixed assets suppliers | - | - | - | - | - | - |
| Other non current creditors | - | - | - | - | 506,206 | 506,206 |
| Total | - | - | - | - | 506,206 | 506,206 |

28. SHARE-BASED PAYMENTS

In 2012 and in previous years, the Sonae Capital Group granted deferred performance bonuses to employees, based on shares of Sonae Capital SGPS, SA to be acquired at nil cost, three years after they were attributed to the employee. In any case, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the choice to settle in cash instead of shares. The option can only be exercised if the employee still works for the Sonae Capital Group on the vesting date.

As at 31 December 2015 and 2014, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

| | Year of grant | Vesting year | Number of participants | Fair Value | |
|---------------|---------------|--------------|------------------------|------------------|------------------|
| | | | | 31 December 2015 | 31 December 2014 |
| Shares | | | | | |
| | 2012 | 2015 | - | - | 341,223 |
| | 2013 | 2016 | 7 | 579,291 | 423,280 |
| | 2014 | 2017 | 7 | 272,420 | 153,131 |
| | 2015 | 2018 | 7 | 335,036 | - |
| Total | | | | 1,186,747 | 917,634 |

As at 31 December 2015 and 2014, 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 have not yet vested:

| | 31 Dezembro 2015 | 31 Dezembro 2014 |
|-----------------------------------------|------------------|------------------|
| Other non current liabilities (Note 27) | 312,372 | 333,230 |
| Other current liabilities | 579,291 | 341,223 |
| Reserves | 34,317 | 391,028 |
| Staff Costs | 857,346 | 283,425 |

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29. TRADE ACCOUNTS PAYABLE

As at 31 December 2015 and 2014 trade accounts payable can be detailed as follows:

| | 31 December 2015 | Payable | | |
|-------------------------------------|--------------------------|--------------------------|-----------------------|-----------------------|
| | | Less than 90 days | 90 to 180 days | More than 180 days |
| Trade creditors current account | | | | |
| Resorts | 1,744,931 | 1,315,687 | 33,588 | 395,656 |
| Hotels | 667,938 | 554,915 | 27,641 | 85,382 |
| Fitness | 755,298 | 741,367 | 2,391 | 11,540 |
| Energy | 3,410,076 | 3,325,996 | 80,878 | 3,202 |
| Refrigeration and HVAC | 8,519,106 | 8,234,815 | 231,330 | 52,961 |
| Other Assets | 785,412 | 735,273 | 24,454 | 25,685 |
| | <u>15,882,761</u> | <u>14,908,053</u> | <u>400,282</u> | <u>574,426</u> |
| Trade creditors - Invoices Accruals | 1,284,839 | 1,136,608 | 109,197 | 39,034 |
| Total Operations | <u><u>17,167,600</u></u> | <u><u>16,044,661</u></u> | <u><u>509,479</u></u> | <u><u>613,460</u></u> |

| | 31 December 2014 | Payable | | |
|-------------------------------------|--------------------------|--------------------------|-----------------------|-----------------------|
| | | Less than 90 days | 90 to 180 days | More than 180 days |
| Trade creditors current account | | | | |
| Resorts | 1,646,303 | 1,555,240 | 21,325 | 69,738 |
| Hotels | 597,588 | 509,944 | 27,840 | 59,804 |
| Fitness | 621,851 | 605,787 | 3,941 | 12,123 |
| Energy | 3,722,598 | 3,595,628 | 117,218 | 9,752 |
| Refrigeration and HVAC | 8,525,156 | 8,164,241 | 177,183 | 183,732 |
| Other Assets | 924,983 | 599,776 | 134,353 | 190,854 |
| | <u>16,038,479</u> | <u>15,030,616</u> | <u>481,860</u> | <u>526,003</u> |
| Trade creditors - Invoices Accruals | 989,924 | 743,642 | 70,582 | 175,700 |
| Total Operations | <u><u>17,028,403</u></u> | <u><u>15,774,258</u></u> | <u><u>552,442</u></u> | <u><u>701,703</u></u> |

As at 31 December 2015 and 2014, this caption relates only to trade payables due in the normal course of Group companies activities. The Board of Directors believes that the fair market value of these payables is approximately their book value, and that the effect of discounting these balances is immaterial.

30. OTHER CREDITORS

As at 31 December 2015 and 2014 other creditors can be detailed as follows:

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| | 31 December 2015 | Payable | | |
|-------------------------------------------|-------------------|-------------------|----------------|--------------------|
| | | Less than 90 days | 90 to 180 days | More than 180 days |
| Other creditors | | | | |
| Fixed assets suppliers | 1,273,301 | 857,257 | 390,544 | 25,500 |
| Others | 1,678,532 | 636,061 | 49,476 | 992,995 |
| | <u>2,951,833</u> | <u>1,493,318</u> | <u>440,020</u> | <u>1,018,495</u> |
| Advances from customers and down payments | 8,291,899 | | | |
| | <u>11,243,732</u> | | | |
| Related parties | 318,490 | | | |
| Total | <u>11,562,222</u> | | | |

| | 31 December 2014 | Payable | | |
|-------------------------------------------|------------------|-------------------|----------------|--------------------|
| | | Less than 90 days | 90 to 180 days | More than 180 days |
| Other creditors | | | | |
| Fixed assets suppliers | 1,296,713 | 325,800 | 332,871 | 638,042 |
| Others | 2,220,512 | 1,185,889 | 218,525 | 816,098 |
| | <u>3,517,225</u> | <u>1,511,689</u> | <u>551,396</u> | <u>1,454,140</u> |
| Advances from customers and down payments | 4,350,703 | | | |
| | <u>7,867,928</u> | | | |
| Related parties | 107,739 | | | |
| Total | <u>7,975,667</u> | | | |

As at 31 December 2015 and 2014, this caption includes balances payable to other creditors and fixed assets suppliers that do not include interest. The caption includes also advances from customers on promissory sales of Inventories and tangible assets and down payments from financial institutions regarding the discount of letters of credit over customers. The Board of Directors believes that the fair market value of these payables is approximately their book value, and that effects of discounting these balances are immaterial.

31. OTHER CURRENT LIABILITIES

As at 31 December 2015 and 2014 other current liabilities can be detailed as follows:

| | 31 December 2015 | 31 December 2014 |
|----------------------------------------------|-------------------|-------------------|
| Staff Costs | 5,902,111 | 5,987,039 |
| Amounts invoiced for works not yet completed | 3,219,828 | 4,667,245 |
| | 2,321,743 | 4,126,642 |
| Interest payable | 611,463 | 821,515 |
| Investment aid | 1,447,902 | 1,601,914 |
| Others | 11,158,051 | 9,584,113 |
| Total Operations | <u>24,661,098</u> | <u>26,788,468</u> |

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Refrigeration and HVAC is the segment with the most significant contribution to works not yet completed, amounting to 2.4 million euros as at 31 December 2015 (3.4 million euros at 31 December 2014).

32. PROVISIONS AND ACUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses over the period ended 31 December 2015 and 2014 were as follows:

| Captions | Balance as at 1 January 2015 | Increases | Decreases | Utilisations | Balance as at 31 December 2015 |
|------------------------------------------|------------------------------|------------------|--------------------|--------------------|--------------------------------|
| Accumulated impairment losses on: | | | | | |
| Tangible Assets (Note 10) | 38,824,512 | 305,285 | - | - | 39,129,797 |
| Goodwill (Note 12) | 1,301,596 | - | - | - | 1,301,596 |
| Other Investments (Notes 6 and 13) | 323,781 | - | - | - | 323,781 |
| Other non current assets (Note 14) | 34,916 | - | - | - | 34,916 |
| Trade accounts receivable (Note 16) | 4,356,479 | 298,264 | (617,895) | (49,910) | 3,986,937 |
| Other current assets (Note 17) | 6,356,348 | 85,434 | (75,105) | (5,801,277) | 565,400 |
| Inventories (Note 15) | 6,292,456 | 804 | (341,509) | - | 5,951,751 |
| Non current provisions | 3,079,824 | - | - | - | 3,079,824 |
| Current provisions | 5,642,201 | 1,512,681 | (294,286) | (1,502,670) | 5,357,926 |
| | 66,212,114 | 2,202,468 | (1,328,795) | (7,353,857) | 59,731,929 |

| Captions | Balance as at 1 January 2014 | Increases | Decreases | Utilisations | Balance as at 31 December 2014 |
|------------------------------------------|------------------------------|-------------------|---------------------|---------------------|--------------------------------|
| Accumulated impairment losses on: | | | | | |
| Tangible Assets (Note 10) | 47,068,517 | 3,384,666 | (10,730,690) | (897,981) | 38,824,512 |
| Goodwill (Note 12) | 1,301,596 | - | - | - | 1,301,596 |
| Other Investments (Notes 6 and 13) | 7,868,877 | - | - | (7,545,095) | 323,781 |
| Other non current assets (Note 14) | 34,916 | - | - | - | 34,916 |
| Trade accounts receivable (Note 16) | 6,039,005 | 896,543 | (837,707) | (1,741,361) | 4,356,479 |
| Other current debtors (Note 17) | 7,707,008 | 196,303 | (122,838) | (1,424,127) | 6,356,348 |
| Inventories (Note 15) | 3,725,862 | 3,162,695 | (596,100) | - | 6,292,456 |
| Non current provisions | 3,079,824 | - | - | - | 3,079,824 |
| Current provisions | 2,957,713 | 4,041,823 | (126,656) | (1,230,679) | 5,642,201 |
| | 79,783,318 | 11,682,030 | (12,413,991) | (12,839,243) | 66,212,113 |

In December 2015 and 2014, the amounts recorded in provisions and impairment losses were recognized for prudence; it is not possible to predict when these provisions and impairment charges will result in future cash flows.

As at 31 December 2015 and 2014 increases in provisions and impairment losses can be detailed as follows:

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| | 31 December 2014 | 31 December 2013 |
|------------------------------------------------------------------------------------------------------------------|------------------|-------------------|
| Provisions and impairment losses (Increases\Decreases) | 459,822 | (820,033) |
| Decreases of provisions and impairment losses | 1,741,842 | 9,339,368 |
| Provisions and impairment losses - Increases | 2,201,664 | 8,519,335 |
| Provisions and impairment losses recorded in cost of goods sold note 15) and changes in inventories (note 37) | 804 | 3,162,695 |
| | <u>2,202,468</u> | <u>11,682,030</u> |

Impairment losses are deducted from the book value of the corresponding asset.

As at 31 December 2015 and 2014 detail of other provisions was as follows:

| | 31 December 2015 | 31 December 2014 |
|------------------------------|------------------|------------------|
| Judicial claims | 2,033,391 | 1,802,697 |
| Provision for secured income | 3,838,298 | 4,350,846 |
| Others | 2,566,061 | 2,568,482 |
| | <u>8,437,750</u> | <u>8,722,025</u> |

The amount considered in provision for guaranteed income, corresponds to the estimate of the difference between the amount to be charged through the properties sold in "Tróia" and the guaranteed income to property owners.

The amount to be charged through the marketing of real estate, is estimated based on the average of the values obtained in previous years.

33. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2015 and 2014 the most important contingent liabilities referred to guarantees given and were made up as follows:

| | 31 December 2015 | 31 December 2014 |
|--------------------------|------------------|------------------|
| Guarantees given: | | |
| on VAT reimbursements | 5,105,475 | 5,064,574 |
| on tax claims | 9,956,905 | 5,729,805 |
| on municipal claims | 1,134,224 | 1,134,224 |
| Others | 12,082,176 | 14,418,892 |

Others include the following guarantees:

- 6,114,365 euro as at 31 December 2015 (7,507,705 euro as at 31 December 2014) of guarantees on construction works given to clients;
- 5,264,966 euro as at 31 December 2015 (5.581.280 euro as at 31 December 2014) of guarantees given concerning building permits in the Resorts segments.

The Group has not registered provisions for the events/disagreements for which these guarantees were given since the Group believes that the above mentioned events will not result in a loss for the Group.

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34. OPERATIONAL LEASES

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 2015 and 2014 amounted to 2,787,429 euro and 2,949,018 euro, respectively.

Additionally, as at 31 December 2015 and 2014, the Group had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

| | 31 December 2015 | 31 December 2014 |
|---------------------------|------------------|------------------|
| Due in: | | |
| N+1 automatically renewed | 3,314,032 | 2,284,206 |
| N+1 | 629,063 | 180,548 |
| N+2 | 495,476 | 178,888 |
| N+3 | 439,448 | 96,245 |
| N+4 | 439,448 | 26,195 |
| N+5 | 231,697 | 26,195 |
| After N+5 | 41,575 | 68,185 |
| | 5,590,739 | 2,860,462 |

Lease payments arising from operational leases, in which the Group acts as a lessee, recognized as an expense during the period ended 31 December 2015 and 2014 amounted to 4,804,737 euro and 3,296,974 euro, respectively.+

Additionally, as at 31 December 2015 and 2014, the Group had operational lease contracts, as a lessee, whose minimum lease payments (fixed income) had the following payment schedule:

| | 31 December 2015 | 31 December 2014 |
|---------------------------|------------------|------------------|
| Due in: | | |
| N+1 automatically renewed | 2,262,169 | 1,796,942 |
| N+1 | 1,285,020 | 1,107,046 |
| N+2 | 854,093 | 729,388 |
| N+3 | 654,289 | 560,439 |
| N+4 | 536,417 | 508,802 |
| N+5 | 401,731 | 398,362 |
| After N+5 | 784,355 | 1,017,697 |
| | 6,778,074 | 6,118,676 |

35. TURNOVER

Turnover for the year ended 31 December 2015 and 2014 was as follows:

| | 31 December 2015 | 31 December 2014 |
|-------------------------|------------------|------------------|
| Sale of goods | 87,804,366 | 83,277,861 |
| Sale of products | 16,617,859 | 30,701,322 |
| | 104,422,225 | 113,979,183 |
| Services Rendered | 65,710,930 | 63,986,078 |
| Total Operations | 170,133,155 | 177,965,261 |

The sale of products includes amounts related to the sale of real estate, totalling 14.5 million euro as at 31 December 2015 (28.2 million euro at 31 December 2014).

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At 31 December 2015 the most significant amounts under IAS 11 - Construction contracts, are as follows:

| | |
|------------------------------------------------------------------------------------|-------------|
| Revenue on the works in progress for construction contracts at 31 December 2015 | 48,282,424 |
| Invoicing on works in progress at 31 December 2015 | 49,403,886 |
| Amounts not invoiced for works in progress at 31 December 2015 | 35,241,384 |
| Expenses with works in progress at 31 December 2015 | 38,725,616 |
| Other current liabilities - Works already invoiced but not yet performed (Note 31) | (3,219,828) |
| Inventories for the works in progress at 31 December 2015 | 1,959,801 |

36. OTHER OPERATIONAL INCOME

Other operational income for the year ended 31 December 2015 and 2014 was as follows:

| | 31 December 2015 | 31 December 2014 |
|--------------------------|-------------------|------------------|
| Own work capitalised | 2,206,574 | 2,766,356 |
| Gains on sales of assets | 8,815,657 | 1,558,189 |
| Supplementary income | 834,126 | 745,506 |
| Others | 5,533,407 | 2,997,543 |
| Total | 17,389,764 | 8,067,594 |

At December 2015 in the amount of gains on disposal of assets, about 6 million are related to the sale of the non-strategic asset "Duque de Loulé".

37. CHANGES IN INVENTORIES

Changes in Inventories for the years ended 31 December 2015 and 2014 was as follows:

| | 31 December 2015 | 31 December 2014 |
|-----------------------------|--------------------|---------------------|
| Finished goods | (5,491,839) | (15,045,655) |
| Work in progress | (778,814) | (2,779,601) |
| | (6,270,652) | (17,825,256) |
| Impairment losses (Note 32) | 287,462 | (215,447) |
| Total Operations | (5,983,190) | (18,040,703) |

Changes in Inventories were calculated as follows:

| | 31 December 2015 | 31 December 2014 |
|--------------------------------|--------------------|---------------------|
| Opening inventories | 131,721,679 | 149,337,662 |
| Inventories adjustments | (24,573,463) | 209,274 |
| Closing inventories (Note 15) | 100,877,564 | 131,721,679 |
| | (6,270,652) | (17,825,257) |
| Impairment losses | - | (217,325) |
| Reversion of impairment losses | 287,462 | 1,879 |
| Total Operations | (5,983,190) | (18,040,703) |

The Inventories adjustments includes an amount of 20,877,300, due to a transfer to tangible assets of real estate assets (Note 10).

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38. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2015 and 2014, external supplies and services were made up as follows:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|-----------------------------|--------------------------|--------------------------|
| Subcontracts | 15,952,051 | 14,566,854 |
| Services | 6,994,020 | 6,511,821 |
| Rents | 6,639,093 | 6,114,912 |
| Fees | 794,322 | 784,261 |
| Maintenance | 3,979,136 | 3,816,731 |
| Cleaning, health and safety | 2,693,317 | 2,568,759 |
| Electricity | 2,371,268 | 2,417,071 |
| Travelling expenses | 1,106,020 | 1,007,408 |
| Publicity | 1,981,627 | 5,515,646 |
| Fuel | 750,149 | 809,790 |
| Security | 541,404 | 575,579 |
| Communication | 833,097 | 894,122 |
| Comissions | 3,690,177 | 3,063,689 |
| Other fluids | 1,166,832 | 1,379,039 |
| Insurance | 740,886 | 774,757 |
| Others | 4,141,893 | 3,782,450 |
| Total Operations | <u><u>54,375,292</u></u> | <u><u>54,582,889</u></u> |

Refrigeration and HVAC is the segment with the most significant contribution to subcontracts, totalling 13.8 million euros as at 31 December 2015 (13.4 million euros at 31 December 2014)

39. STAFF COSTS

As at 31 December 2015 and 2014, staff costs were made up as follows:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|-------------------------------|--------------------------|--------------------------|
| Salaries | 27,520,859 | 27,074,976 |
| Social security contributions | 4,987,871 | 4,842,005 |
| Insurance | 709,526 | 582,486 |
| Welfare | 171,256 | 201,379 |
| Other staff costs | 1,448,423 | 1,217,355 |
| Total Operations | <u><u>34,837,935</u></u> | <u><u>33,918,201</u></u> |

Sonae Capital's average headcount can be detailed as follows:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|-----------------------------|-------------------------|-------------------------|
| Resorts | 143 | 139 |
| Hotels | 263 | 246 |
| Fitness | 182 | 180 |
| Energy | 48 | 40 |
| Refrigeration and HVAC | 507 | 572 |
| Other Assets | 107 | 111 |
| Continued Operations | <u><u>1,250</u></u> | <u><u>1,288</u></u> |

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40. OTHER OPERATIONAL EXPENSES

As at 31 December 2015 and 2014, other operational expenses were made up as follows:

| | 31 December 2015 | 31 December 2014 |
|----------------------------|------------------|------------------|
| Losses on sales of assets | 299,829 | 59,350 |
| Other taxes | 791,256 | 937,843 |
| Property tax | 710,196 | 895,013 |
| CO2 Emissions | 376,436 | 439,737 |
| Doubtful debts written-off | 3,614 | 98,135 |
| Others | 5,335,693 | 1,533,783 |
| Total Operations | 7,517,024 | 3,963,861 |

41. NET FINANCIAL EXPENSES

As at 31 December 2015 and 2014, net financial expenses were made up as follows:

| | 31 December 2015 | 31 December 2014 |
|-------------------------------------------|--------------------|---------------------|
| Expenses: | | |
| Interest payable | | |
| Related with bank loans and overdrafts | 2,991,827 | 5,792,179 |
| Related with bank non convertible bonds | 2,759,434 | 2,256,930 |
| Related with finance leases | 364,654 | 478,630 |
| Related with hedge accounting derivatives | 230,796 | 1,178,311 |
| Others | 155,428 | 373,055 |
| | <u>6,502,139</u> | <u>10,079,106</u> |
| Exchange Losses | 1,266,215 | 1,208 |
| Payment discounts given | 533 | 1,984 |
| Up front fees | - | 1,000 |
| Other financial expenses | 2,663,403 | 2,861,982 |
| | <u>10,432,290</u> | <u>12,945,280</u> |
| Income: | | |
| Interest receivable | 1,161,357 | 1,393,628 |
| Exchange gains | 492,910 | - |
| Other financial income | 10,444 | 35,223 |
| | <u>1,664,711</u> | <u>1,428,851</u> |
| Net financial expenses | (8,767,579) | (11,516,429) |

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42. INVESTMENT INCOME

As at 31 December 2015 and 2014, Investment income was made up as follows:

| | 31 December 2015 | | 31 December 2014 | |
|---------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| Dividends | - | 205,830 | - | 235,135 |
| | - | - | - | - |
| Equity settlement of group companies | - | - | (1,108) | - |
| Gain on acquisition of companies in the Energy segment | - | - | 37,985 | - |
| Adjustment to the selling price of "Contacto - Sociedade de Construções, SA" | - | - | (2,150,000) | - |
| Adjustment to the selling price of "Box Lines Navegação" | 108,650 | - | 2,660,262 | - |
| Capital increase of "Spinarg - Moçambique" with reduction of sharedholding percentage | - | - | 30,031 | - |
| Sale of Aqualuz - Turismo e Lazer, Lda | (1,112,341) | - | - | - |
| Sale of UPK - Gestão de Facilities e Manutenção, SA | 116,836 | - | - | - |
| Gains on disposal of investments in group companies | - | (886,855) | - | 577,170 |
| | - | - | - | - |
| Equity settlement in other investments | - | - | (106,220) | - |
| Sale of " APOR - Agência para a modernização do Porto, SA | - | - | 78,392 | - |
| Sale of investment units from Fundo de Investimento Imobiliário Fechado Imosedo | (263,315) | - | - | - |
| Income from "Fundo de Investimento Imobiliário Fechado Imosedo" | 100,922 | - | 1,916,178 | - |
| Income from "Fundo de Investimento Imobiliário Imosona Dois" | 30,890 | - | 8,100 | - |
| Gains/(Losses) on sale of other investments | - | (131,503) | - | 1,896,450 |
| Others | - | (618) | - | (112) |
| Investment Income | - | (813,146) | - | 2,708,643 |

43. TAXATION

As at 31 December 2015 and 2014, Taxation was made up as follows:

| | 31 December 2015 | 31 December 2014 |
|-----------------|------------------|------------------|
| Current tax | 1,528,794 | 2,785,985 |
| Deferred tax | (1,106,461) | 1,715,615 |
| Taxation | 422,333 | 4,501,600 |

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The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2015 and 2014 may be summarised as follows:

| | 31 December 2015 | 31 December 2014 |
|---------------------------------------------------------------------------|---------------------|--------------------|
| Profit before income tax | 1,818,686 | (1,795,390) |
| Income tax rate in Portugal | 21.00% | 23.00% |
| Theoretical Income tax | 381,924 | (412,940) |
| Difference between accounting and tax treatment of capital gains/(losses) | (11,879,464) | (2,247,571) |
| Share of results of associated undertakings | (835,101) | (1,891,395) |
| Provisions and impairment losses not accepted for tax purposes | 71,820 | (3,395,228) |
| Other permanent differences | (946,411) | 1,838,813 |
| | <u>(13,207,231)</u> | <u>(6,108,321)</u> |
| Use of tax losses carried forward | (153,493) | (3,222,792) |
| Recognition of tax losses that have not originated deferred tax assets | 13,360,724 | 11,166,276 |
| | <u>-</u> | <u>1,835,163</u> |
| Effect of different income tax rates in other countries | (413,104) | 28,067 |
| Effect of increases or decreases in deferred taxes | (1,050,055) | 1,715,615 |
| Municipality tax | 892,520 | 859,931 |
| Under / (over) taxation estimates | 932,788 | (125,732) |
| Autonomous taxes and tax benefits | 60,184 | 188,556 |
| Taxation | <u>422,333</u> | <u>4,501,600</u> |

44. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 31 December 2015 and 2014, the reconciliation of consolidated net profit can be analysed as follows:

| | 31 December 2015 | 31 December 2014 |
|---------------------------------------------------------------|------------------|--------------------|
| Aggregate net profit | (24,013,556) | 61,698,212 |
| Harmonisation adjustments | (3,807,715) | 2,180,994 |
| Elimination of intragroup dividends | (39,204,648) | (173,282,508) |
| Share of gains/(losses) of associated undertakings | (9,366,260) | 8,223,458 |
| Elimination of intragroup capital gains/(losses) | 82,573,807 | 59,681,362 |
| Elimination of intragroup impairment | (57,304,713) | 33,104,534 |
| Adjustments of gains/(losses) on assets disposals | 4,142,033 | - |
| Adjustments of gains/(losses) of financial shareholdings sale | 48,377,405 | 1,817,268 |
| Others | - | 279,690 |
| Consolidated net profit for the year | <u>1,396,353</u> | <u>(6,296,990)</u> |

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45. RELATED PARTIES

Balances and transactions during the periods ended 31 December 2015 and 2014 with related parties are detailed as follows:

| | Sales and services rendered | | Purchases and services obtained | |
|----------------------------------------|-----------------------------|-------------------|---------------------------------|-------------------|
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Transactions | | | | |
| Parent company (a) | - | - | - | - |
| Associated companies | 309,335 | 288,195 | 28,195 | 24,019 |
| Other partners and Group companies (b) | 37,794,559 | 34,227,763 | 4,848,710 | 5,392,659 |
| | <u>38,103,894</u> | <u>34,515,958</u> | <u>4,876,905</u> | <u>5,416,678</u> |
| | | | | |
| | Interest income | | Interest expenses | |
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Parent company (a) | - | - | - | - |
| Associated companies | 986,897 | 1,020,380 | - | - |
| Other partners and Group companies (b) | - | - | 110,567 | 127,689 |
| | <u>986,897</u> | <u>1,020,380</u> | <u>110,567</u> | <u>127,689</u> |
| | | | | |
| | Accounts receivable | | Accounts payable | |
| Balances | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Parent company (a) | - | - | - | - |
| Associated companies | 79,083 | 1,599,727 | 6,302 | 18,980 |
| Other partners and Group companies (b) | 10,106,073 | 11,254,391 | 8,946,752 | 2,243,084 |
| | <u>10,185,156</u> | <u>12,854,118</u> | <u>8,953,054</u> | <u>2,262,064</u> |
| | | | | |
| | Loans obtained | | Loans granted | |
| Balances | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Parent company (a) | - | - | - | - |
| Associated companies | - | - | 6,689,090 | 19,368,854 |
| Other partners and Group companies (b) | 1,928,510 | 2,017,783 | - | - |
| | <u>1,928,510</u> | <u>2,017,783</u> | <u>6,689,090</u> | <u>19,368,854</u> |

a) The parent company is Efanor Investimentos, SGPS, SA;

b) Balances and transactions with Group Sonae, SGPS and Group Sonae Indústria, SGPS, SA are included under Other partners in Group companies.

Remunerations attributed in 2015 to key management staff of main companies of the Sonae Capital Group (excluding members of the Board of Directors of Sonae Capital, SGPS, SA) amounted to 1,087,527 euro (744,297 euro in 2014), of which 563,392 euro (587,951 euro in 2014) are fixed remunerations and 524,135 euro (156,346 euro in 2014) are performance bonuses.

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46. EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2015 and 2014 were calculated taking into consideration the following amounts:

| | 31 December 2015 | 31 December 2014 |
|--------------------------------------------------------------------------------------------------------|------------------|------------------|
| Net profit | | |
| Net profit taken into consideration to calculate basic earnings per share (Net profit for the period) | (294,678) | (6,832,009) |
| Net profit taken into consideration to calculate diluted earnings per share | (294,678) | (6,832,009) |
| Number of shares | | |
| Weighted average number of shares used to calculated basic earnings per share | 246,341,811 | 246,211,552 |
| Weighted average number of shares used to calculated diluted earnings per share | 246,341,811 | 246,211,552 |
| Earnings per share (basic and diluted) | (0.001196) | (0.027749) |

There are no convertible instruments included in Sonae Capital, SGPS, SA's shares, hence there is no dilutive effect.

47. CASH RECEIPTS/PAYMENTS RELATED TO INVESTMENTS

As at 31 December 2015 and 2014, cash receipts and cash payments related to investments can be analysed as follows:

| | 31 December 2015 | | 31 December 2014 | |
|----------------------------------------------------------------------------|------------------|-------------|------------------|-------------|
| | Amount received | Amount paid | Amount received | Amount paid |
| | - | - | - | - |
| Sale of units from "Fundo de Investimento Imobiliário Fechado Imosede" | 34,011,844 | - | 5,000,134 | - |
| Income from "Fundo de Investimento Imobiliário Fechado Imosede" | 100,921 | - | 1,916,178 | - |
| Sale of "Sociedade Imobiliária Tróia B3, S.A." | - | - | 2,457,492 | - |
| Sale of "APOR - Agência para a modernização do Porto, S.A." | - | - | 300,000 | - |
| Adjustment to the selling price of "Contacto-Sociedade de Construções, SA" | - | - | - | 3,228,529 |
| Sale of "Sear - Sociedade Europeia de Arroz, S.A." | - | - | - | 2,150,000 |
| Sale of "Saúde Atlantica - Gestão Hospitalar", S.A. and its affiliates | 768,969 | - | 99,129 | - |
| Adjustment to the selling price of "Box Lines Navegação" | 600,000 | - | - | - |
| Other | 453,333 | 26,143 | 112,972 | 22,697 |
| Total Operations | 35,935,067 | 26,143 | 9,885,905 | 5,401,226 |

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48. SEGMENTS INFORMATION

In 31 December 2015 and 2014, the following were identified as segments:

- Resorts
- Hotels
- Fitness
- Energy
- Refrigeration and HVAC
- Other Assets:

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The contribution of the business segments to the income statement of the periods ended 31 December 2015 and 31 December 2014 can be detailed as follows:

31 December 2015

| Profit and Loss Account | Resorts | Hotels | Fitness | Energy | Refrigeration and HVAC | Other Assets | Intersegment Adjustments | Consolidated |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------|-------------------|--------------------------|--------------------|
| Turnover | 25,123,883 | 17,091,103 | 15,191,171 | 50,584,114 | 60,603,991 | 16,080,636 | -14,541,743 | 170,133,155 |
| Other operational income | 7,154,234 | 503,991 | 415,210 | 1,284,117 | 803,213 | 6,715,048 | 513,951 | 17,389,764 |
| Total operational income | 32,278,117 | 17,595,094 | 15,606,381 | 51,868,231 | 61,407,204 | 22,795,684 | -14,027,792 | 187,522,919 |
| Operational cash-flow (EBITDA) | 3,187,727 | -3,454,955 | 1,823,771 | 9,205,067 | 2,965,233 | 9,426,983 | -1 | 23,153,825 |

31 December 2014

| Profit and Loss Account | Resorts | Hotels | Fitness | Energy | Refrigeration and HVAC | Other Assets | Discontinued Operations | Intersegment Adjustments | Consolidated |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------|-------------------|-------------------------|--------------------------|--------------------|
| Turnover | 40,358,257 | 15,109,037 | 13,737,013 | 47,409,879 | 60,558,957 | 15,360,196 | 1,863,099 | -16,431,177 | 177,965,261 |
| Other operational income | 2,716,442 | 608,429 | 247,889 | 1,807,775 | 569,734 | 668,701 | 183,251 | 1,265,373 | 8,067,594 |
| Total operational income | 43,074,699 | 15,717,466 | 13,984,902 | 49,217,654 | 61,128,691 | 16,028,897 | 2,046,350 | -15,165,804 | 186,032,855 |
| Operational cash-flow (EBITDA) | 3,389,693 | -4,769,895 | 1,234,861 | 9,545,592 | 698,651 | 1,579,377 | -286,454 | 1 | 11,391,826 |

The contribution of the business segments to the Balance sheets as at 31 December 2015 and 31 December 2014 can be detailed as follows:

31 December 2015

| Balance Sheet | Resorts | Hotels | Fitness | Energy | Refrigeration and HVAC | Other Assets | Intersegment Adjustments | Consolidated |
|------------------------------------------------|--------------------|-------------------|-------------------|-------------------|------------------------|----------------------|--------------------------|--------------------|
| Fixed Assets Tangible, Intangible and Goodwill | 149,956,529 | 12,436,077 | 9,005,028 | 26,895,189 | 9,993,052 | 111,446,972 | -6,010 | 319,726,837 |
| Investments | 41,797,580 | 10,705,291 | 27,638 | 213,433 | 4,283 | 360,907,202 | -400,097,398 | 13,558,029 |
| Other Assets | 76,197,823 | 8,070,031 | 2,747,073 | 10,745,078 | 42,435,788 | 593,656,434 | -493,104,764 | 240,747,465 |
| Total Assets | 267,951,933 | 31,211,399 | 11,779,739 | 37,853,700 | 52,433,123 | 1,066,010,608 | -893,208,172 | 574,032,331 |
| Total Liabilities | 231,646,193 | 29,764,342 | 9,121,409 | 35,009,190 | 18,086,642 | 433,849,763 | -493,580,059 | 263,897,480 |
| Technical investment | 1,437,829 | 575,136 | 1,312,420 | 6,242,443 | 191,289 | 4,805,144 | - | 14,564,262 |
| Gross Debt | 13,654,719 | 0 | 261,161 | 6,693,808 | 684,942 | 163,221,655 | - | 184,516,284 |
| Net Debt | 13,471,474 | -104,405 | 221,797 | 6,306,008 | -813,557 | 130,116,717 | - | 149,198,033 |

REPORT AND ACCOUNTS 2015

Consolidated Financial Statements

31 December 2014

| Balance Sheet | Resorts | Hotels | Fitness | Energy | Refrigeration and HVAC | Other Assets | Intersegment Adjustments | Consolidated |
|------------------------------------------------|--------------------|-------------------|-------------------|-------------------|------------------------|----------------------|--------------------------|--------------------|
| Fixed Assets Tangible, Intangible and Goodwill | 135,559,390 | 13,705,579 | 9,301,498 | 26,480,547 | 10,176,911 | 113,983,432 | 518,223 | 309,725,580 |
| Investments | 39,365,628 | 31,163,716 | 24,563 | 120,196 | 611 | 613,053,027 | -628,915,555 | 54,812,186 |
| Other Assets | 106,471,805 | 42,913,396 | 2,854,314 | 11,866,682 | 41,948,979 | 990,664,413 | -925,265,587 | 271,453,999 |
| Total Assets | 281,396,823 | 87,782,691 | 12,180,375 | 38,467,424 | 52,126,501 | 1,717,700,872 | -1,553,662,919 | 635,991,765 |
| Total Liabilities | 232,409,762 | 37,437,989 | 8,905,387 | 38,162,518 | 19,532,634 | 921,903,264 | -929,697,084 | 328,654,471 |
| Technical investment | 1,768,152 | 470,708 | 1,285,193 | 2,637,973 | 311,956 | 2,492,189 | - | 8,966,171 |
| Gross Debt | 16,056,102 | 0 | 734,375 | 11,382,132 | 1,283,258 | 214,332,939 | - | 243,788,806 |
| Net Debt | 15,869,776 | -119,991 | 683,804 | 10,986,752 | -30,877 | 207,071,791 | - | 234,461,256 |

Contribution of the main business segments to the cash-flow statement for the periods ended 31 December 2015 and 2014 can be detailed as follows:

31 December 2015

| | Resorts | Hotelaria | Fitness | Energy | Refrigeration and HVAC | Other Assets | Consolidated |
|--------------------------------------------|------------------|-------------------|------------------|--------------------|------------------------|--------------------|-------------------|
| Operating activities | 3,187,002 | 97,590 | 4,434,399 | 9,809,847 | 8,768,803 | 3,237,088 | 29,534,729 |
| Investment activities | 4,076,010 | 14,342,499 | (725,437) | (6,182,647) | (24,964) | 54,456,420 | 65,941,881 |
| Financing activities | (2,603,139) | (72,746) | (497,093) | (4,743,102) | (493,350) | (59,633,301) | (68,042,731) |
| Change in cash and cash equivalents | 4,659,873 | 14,367,343 | 3,211,869 | (1,115,902) | 8,250,489 | (1,939,793) | 27,433,879 |

31 December 2014

| | Resorts | Hotelaria | Fitness | Energy | Refrigeration and HVAC | Other Assets | Consolidated |
|--------------------------------------------|-------------------|------------------|------------------|------------------|------------------------|---------------------|------------------|
| Operating activities | 20,941,008 | 3,766,405 | 3,606,711 | 9,668,090 | 3,329,596 | (11,477,340) | 29,834,470 |
| Investment activities | 3,830,476 | 5,359,481 | (1,271,738) | 3,533,136 | (254,268) | (10,783,575) | 413,512 |
| Financing activities | (2,649,765) | 41,116 | (571,619) | (5,660,374) | (707,315) | (15,488,443) | (25,036,400) |
| Change in cash and cash equivalents | 22,121,719 | 9,167,002 | 1,763,354 | 7,540,852 | 2,368,013 | (37,749,358) | 5,211,582 |

REPORT AND ACCOUNTS 2015

Consolidated Financial Statements

49. COMPLIANCE WITH LEGAL REQUIREMENTS

Decree Law Nr. 185/09 article 11

During the years ended 31 December 2015 and 2014, the following amounts have been paid to the company's external auditor:

| | 31 December 2015 | | 31 December 2014 | |
|----------------------------------------|------------------|----------------|------------------|----------------|
| Audit and Statutory Audit ¹ | 189,635 | 76.87% | 176,336 | 82.35% |
| Other Assurance ² | - | 0.00% | 1,000 | 0.47% |
| Tax Consultancy ² | 1,700 | 0.69% | 6,000 | 2.80% |
| Other Services ² | 55,374 | 22.45% | 30,800 | 14.38% |
| Total | 246,709 | 100.00% | 214,136 | 100.00% |

¹ Fees agreed for the year.

² Amounts already paid.

50. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 31 December 2015.

51. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 25 February 2016.

The Board of Directors

PART V
**INDIVIDUAL FINANCIAL
STATEMENTS**
31 DECEMBER 2015



SONAE CAPITAL

REPORT AND ACCOUNTS 2015

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL BALANCE SHEETS AS AT 31 DECEMBER 2015 AND 31 DECEMBER 2014

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

| ASSETS | Notes | 31 December 2015 | 31 December 2014 |
|-------------------------------------|-------|---------------------------|-----------------------------|
| NON CURRENT ASSETS: | | | |
| Tangible assets | | 29,790 | 28,987 |
| Investments | 4 | 352,789,105 | 434,115,996 |
| Deferred tax assets | 7 | 8,275,218 | 4,069,727 |
| Other non current assets | 5 | 376,801,628 | 197,085,531 |
| Total Non Current Assets | | <u>737,895,741</u> | <u>635,300,241</u> |
| CURRENT ASSETS: | | | |
| Income tax | 6 | 1,525,643 | 7,519,432 |
| Other current assets | 6 | 49,145,079 | 565,664,627 |
| Cash and cash equivalents | 8 | 30,562,977 | 5,112,291 |
| Total Current Assets | | <u>81,233,698</u> | <u>578,296,350</u> |
| TOTAL ASSETS | | <u><u>819,129,439</u></u> | <u><u>1,213,596,591</u></u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY: | | | |
| Share Capital | 9 | 250,000,000 | 250,000,000 |
| Own shares | 9 | (1,426,791) | (1,486,301) |
| Legal reserve | 10 | 9,463,225 | 8,611,464 |
| Other reserves | 10 | 309,676,446 | 293,493,001 |
| Profit / (Loss) for the period | | 12,198,782 | 17,035,205 |
| TOTAL EQUITY | | <u>579,911,662</u> | <u>567,653,369</u> |
| LIABILITIES: | | | |
| NON CURRENT LIABILITIES: | | | |
| Bank loans | 11 | 45,125,994 | 75,613,439 |
| Bonds | 11 | 42,123,598 | 52,013,159 |
| Other non current liabilities | | 107,760 | 157,880 |
| Total Non Current Liabilities | | <u>87,357,352</u> | <u>127,784,478</u> |
| CURRENT LIABILITIES | | | |
| Suppliers | 13 | 101,559 | 107,498 |
| Bank loans | 11 | 25,990,000 | 36,293,800 |
| Other creditors | 12 | 124,763,497 | 476,548,040 |
| Income tax | 13 | - | 4,105,403 |
| Other current liabilities | 13 | 1,005,369 | 1,104,003 |
| Total Current Liabilities | | <u>151,860,425</u> | <u>518,158,744</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>819,129,439</u></u> | <u><u>1,213,596,591</u></u> |

The accompanying notes are an integral part of these financial statements

REPORT AND ACCOUNTS 2015

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENTS BY NATURE

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2015 AND 2014

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

| | <u>Notes</u> | <u>31 December 2015</u> | <u>31 December 2014</u> |
|---------------------------------|--------------|-------------------------|-------------------------|
| Operational income | | | |
| Other operational income | | 27,805 | 22,614 |
| Total operational income | | <u>27,805</u> | <u>22,614</u> |
| Operational expenses | | | |
| External supplies and services | 14 | (1,038,486) | (439,162) |
| Staff costs | 16 | (1,284,716) | (1,029,244) |
| Depreciation and amortisation | | (1,935) | (3,769) |
| Other operational expenses | | (106,621) | (53,465) |
| Total operational expenses | | <u>(2,431,758)</u> | <u>(1,525,640)</u> |
| Operational profit/(loss) | | <u>(2,403,953)</u> | <u>(1,503,026)</u> |
| Financial income | 17 | 29,087,119 | 10,795,440 |
| Financial expenses | 17 | (9,958,040) | (9,938,257) |
| Net financial income/(expenses) | | <u>19,129,079</u> | <u>857,183</u> |
| Investment income | 17 | (10,322,170) | 10,914,428 |
| Profit/(loss) before taxation | | <u>6,402,956</u> | <u>10,268,585</u> |
| Taxation | 18 | 5,795,826 | 6,766,620 |
| Profit/(loss) for the period | | <u>12,198,782</u> | <u>17,035,205</u> |
| Profit/(loss) per share | | | |
| Basic and diluted | 19 | 0.049520 | 0.069189 |

The accompanying notes are an integral part of these financial statements

REPORT AND ACCOUNTS 2015

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENT BY NATURE

FOR THE THREE MONTHS ENDED 31 DECEMBER 2015 AND 2014

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

| | 4 th Quarter 2015 (Unaudited) | 4 th Quarter 2014 (Unaudited) |
|---------------------------------|---------------------------------------------|---------------------------------------------|
| Operational income: | | |
| Other operational income | 10,362 | 1,139 |
| Total operational income | <u>10,362</u> | <u>1,139</u> |
| Operational expenses: | | |
| External supplies and services | (266,502) | (108,017) |
| Staff costs | (268,241) | (169,602) |
| Depreciation and amortisation | (273) | (1,009) |
| Other operational expenses | (13,956) | (38,059) |
| Total operational expenses | <u>(548,972)</u> | <u>(316,687)</u> |
| Operational profit/(loss) | <u>(538,610)</u> | <u>(315,548)</u> |
| Financial income | 3,632,301 | 2,969,279 |
| Financial expenses | <u>(2,629,420)</u> | <u>(2,182,261)</u> |
| Net financial income/(expenses) | <u>1,002,881</u> | <u>787,018</u> |
| Investment income | <u>(7,928,013)</u> | <u>(4,876,387)</u> |
| Profit/(loss) before taxation | <u>(7,463,742)</u> | <u>(4,404,917)</u> |
| Taxation | 3,595,657 | 1,030,934 |
| Profit/(loss) for the period | <u><u>(3,868,085)</u></u> | <u><u>(3,373,983)</u></u> |
| Profit/(loss) per share | | |
| Basic and diluted | (0.015702) | (0.013704) |

The accompanying notes are part of these financial statements

REPORT AND ACCOUNTS 2015

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2015 AND 2014

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|----------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Net profit for the period | 12,198,782 | 17,035,205 |
| Items that may subsequently be reclassified to net income: | | |
| Change in currency translation reserve | - | - |
| Share of other comprehensive income of associated undertakings and joint ventures accounted for by the equity method | - | - |
| Change in the fair value of assets available for sale | - | - |
| Change in the fair value of cash flow hedging derivatives | - | - |
| Income tax relating to components of other comprehensive income | - | - |
| Other comprehensive income for the period | - | - |
| Total comprehensive income for the period | <u>12,198,782</u> | <u>17,035,205</u> |

The accompanying notes are an integral part of these financial statements

REPORT AND ACCOUNTS 2015

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 DECEMBER 2015 AND 2014

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

| | <u>4th Quarter 2015 (Unaudited)</u> | <u>4th Quarter 2014 (Unaudited)</u> |
|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| Net profit for the period | (3,868,085) | (3,373,983) |
| Exchange differences on translating foreign operations | - | - |
| Share of other comprehensive income of associates and joint ventures accounted by the equity method | - | - |
| Change in the fair value of assets available for sale | - | - |
| Change in the fair value of cash flow hedging derivatives | - | - |
| Gains on property revaluation | - | - |
| Income tax relating to components of other comprehensive income | - | - |
| Other comprehensive income for the period | - | - |
| Total comprehensive income for the period | <u>(3,868,085)</u> | <u>(3,373,983)</u> |

The accompanying notes are part of these financial statements

REPORT AND ACCOUNTS 2015
Individual Financial Statements

SONAE CAPITAL SGPS, SA

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2015 AND 2014

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

| | Share Capital | Own Shares | Legal Reserve | Other Reserves | Sub total | Net profit / (loss) | Total Equity |
|-------------------------------------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------------|--------------------|
| Balance as at 1 January 2014 | 250,000,000 | (1,124,125) | 8,307,376 | 287,715,325 | 296,022,701 | 6,081,764 | 550,980,341 |
| Total comprehensive income for the period | - | - | - | - | - | 17,035,205 | 17,035,205 |
| Appropriation of profits: | | | | | | | |
| Transfer to legal reserve and retained earnings | - | - | 304,088 | 5,777,676 | 6,081,764 | (6,081,764) | - |
| Acquisition/(disposal) of own shares | - | (362,177) | - | - | - | - | (362,177) |
| Others | - | - | - | - | - | - | - |
| Balance as at 31 December 2014 | <u>250,000,000</u> | <u>(1,486,301)</u> | <u>8,611,464</u> | <u>293,493,001</u> | <u>302,104,465</u> | <u>17,035,205</u> | <u>567,653,369</u> |
| Balance as at 1 January 2015 | 250,000,000 | (1,486,301) | 8,611,464 | 293,493,001 | 302,104,465 | 17,035,205 | 567,653,369 |
| Total comprehensive income for the period | - | - | - | - | - | 12,198,782 | 12,198,782 |
| Appropriation of profits: | | | | | | | |
| Transfer to legal reserve and retained earnings | - | - | 851,760 | 16,183,445 | 17,035,205 | (17,035,205) | - |
| Acquisition/(disposal) of own shares | - | 59,510 | - | - | - | - | 59,510 |
| Others | - | - | - | - | - | - | - |
| Balance as at 31 December 2015 | <u>250,000,000</u> | <u>(1,426,791)</u> | <u>9,463,225</u> | <u>309,676,446</u> | <u>319,139,670</u> | <u>12,198,782</u> | <u>579,911,662</u> |

The accompanying notes are an integral part of these financial statements

SONAE CAPITAL

REPORT AND ACCOUNTS 2015

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL CASH FLOW STATEMENTS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2015 AND 2014

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

| | Notes | 31 December 2015 | 31 December 2014 |
|------------------------------------------------------------------------|-------|---------------------------|-----------------------------|
| <u>OPERATING ACTIVITIES</u> | | | |
| Cash paid to trade creditors | | 983,732 | 552,793 |
| Cash paid to employees | | 1,305,748 | 753,043 |
| Cash flow generated by operations | | <u>(2,289,480)</u> | <u>(1,305,836)</u> |
| Income taxes (paid)/received | | (4,125,927) | (623,877) |
| Other cash receipts/(payments) relating to operating activities | | <u>(28,416)</u> | <u>(167,454)</u> |
| Net cash flow from operating activities [1] | | <u><u>1,808,031</u></u> | <u><u>(849,413)</u></u> |
| <u>INVESTMENT ACTIVITIES</u> | | | |
| Cash receipts arising from: | | | |
| Investments | 21 | 395,129,800 | 32,597,559 |
| Interest and similar income | | 18,809,354 | 9,528,735 |
| Dividends | | 22,184,180 | 125,805,486 |
| Others | | 1,019,649 | 746,313 |
| Loans obtained | | <u>402,834,502</u> | <u>191,422,949</u> |
| | | <u>839,977,485</u> | <u>360,101,042</u> |
| Cash payments arising from: | | | |
| Investments | 21 | - | 330,699,459 |
| Tangible assets | | 11,003 | 18,574 |
| Loans granted | | <u>406,099,000</u> | <u>464,521,489</u> |
| | | <u>406,110,003</u> | <u>795,239,522</u> |
| Net cash flow from investment activities [2] | | <u><u>433,867,482</u></u> | <u><u>(435,138,480)</u></u> |
| <u>FINANCING ACTIVITIES</u> | | | |
| Cash receipts arising from: | | | |
| Sale of own shares | | 42,606 | 42,606 |
| Loans obtained | | <u>505,402,128</u> | <u>505,402,128</u> |
| | | <u>505,444,734</u> | <u>505,444,734</u> |
| Cash Payments arising from: | | | |
| Interest and similar costs | | 10,766,017 | 10,766,017 |
| Acquisition of own shares | | 404,783 | 404,783 |
| Loans obtained | | <u>53,960,000</u> | <u>53,960,000</u> |
| | | <u>65,130,800</u> | <u>65,130,800</u> |
| Net cash flow from financing activities [3] | | <u><u>440,313,934</u></u> | <u><u>440,313,934</u></u> |
| Net increase/(decrease) in cash and cash equivalents [4] = [1]+[2]+[3] | | <u>875,989,447</u> | <u>4,326,041</u> |
| Cash and cash equivalents at the beginning of the period | 8 | <u>786,250</u> | <u>786,250</u> |
| Cash and cash equivalents at the end of the period | 8 | <u><u>5,112,291</u></u> | <u><u>5,112,291</u></u> |

The accompanying notes are an integral part of these financial statements

REPORT AND ACCOUNTS 2015

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED 31 DECEMBER 2015 AND 2014

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

| | <u>4th Quarter 2015</u> (Unaudited) | <u>4th Quarter 2014</u> (Unaudited) |
|------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| <u>OPERATING ACTIVITIES</u> | | |
| Cash paid to trade creditors | 212,714 | 149,699 |
| Cash paid to employees | 191,440 | 211,232 |
| Cash flow generated by operations | <u>(404,154)</u> | <u>(360,931)</u> |
| Income taxes (paid)/received | (682,696) | 212,632 |
| Other cash receipts/(payments) relating to operating activities | <u>164,161</u> | <u>199,786</u> |
| Net cash flow from operating activities [1] | <u><u>442,703</u></u> | <u><u>(373,777)</u></u> |
| <u>INVESTMENT ACTIVITIES</u> | | |
| Cash receipts arising from: | | |
| Investments | 556,235 | 32,597,559 |
| Interest and similar income | 2,603,725 | (583,347) |
| Dividends | - | 110,934,700 |
| Others | 1,019,649 | 746,313 |
| Loans granted | <u>402,240,063</u> | <u>149,054,315</u> |
| | <u>406,419,672</u> | <u>292,749,540</u> |
| Cash payments arising from: | | |
| Investments | - | 330,699,459 |
| Tangible assets | - | 16,960 |
| Loans granted | <u>59,444,351</u> | <u>417,763,080</u> |
| | <u>59,444,351</u> | <u>748,479,499</u> |
| Net cash flow from investment activities [2] | <u><u>346,975,321</u></u> | <u><u>(455,729,959)</u></u> |
| <u>FINANCING ACTIVITIES</u> | | |
| Cash receipts arising from: | | |
| Loans obtained | <u>7,000,000</u> | <u>434,402,128</u> |
| | <u>7,000,000</u> | <u>434,402,128</u> |
| Cash Payments arising from: | | |
| Interest and similar costs | 4,535,714 | 2,887,524 |
| Acquisition of own shares | 12,925 | - |
| Loans obtained | <u>319,136,279</u> | <u>(29,309,806)</u> |
| | <u>323,684,918</u> | <u>(26,422,282)</u> |
| Net cash from financing activities [3] | <u><u>(316,684,918)</u></u> | <u><u>460,824,410</u></u> |
| Net increase/(decrease) in cash and cash equivalents [4] = [1]+[2]+[3] | <u>30,733,106</u> | <u>4,720,674</u> |
| Cash and cash equivalents at the beginning of the period | <u>(170,129)</u> | <u>391,617</u> |
| Cash and cash equivalents at the end of the period | <u><u>30,562,977</u></u> | <u><u>5,112,291</u></u> |

The accompanying notes are an integral part of these financial statements

SONAE CAPITAL, SGPS, SA

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE
TWELVE MONTHS ENDED 31 DECEMBER 2015 and 2014**

(Translation from the Portuguese Original)

(Amounts expressed in Euro)

1. INTRODUCTION

Sonae Capital, SGPS, SA (“the Company” or “Sonae Capital”) whose registered office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, was set up on 14 December 2007 by public deed, following the demerger from Sonae, SGPS, SA of the whole of the shareholding in the company formerly named Sonae Capital, SGPS, SA, now named SC, SGPS, SA, in compliance with paragraph a) of article 118 of the Commercial Companies Code.

The Company’s financial statements are presented as required by the Commercial Companies Code. According to Decree-Law 158/2009 of 13 July of 2009, the Company’s financial statements have been prepared in accordance with International Financial Reporting Standards

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the accompanying individual financial statements are as follows:

2.1 Basis of preparation

The accompanying individual financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS” - previously named International Accounting Standards - “IAS”), issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the “International Financial Reporting Interpretations Committee” (“IFRIC”), previously named “Standing Interpretations Committee” (“SIC”), beginning on 1 January 2015.

As at the date of the approval of these consolidated financial statements, the following standards have been endorsed by the European Union

c) In force for fiscal year 2015 and with no material impact on the consolidated financial statements at 31 December 2015:

| | Date of endorsement by the EU | Effective Date (Started on or after) |
|--------------------------------------------------------------------------------|-------------------------------|--------------------------------------|
| IFRIC 21 – Levies | 13/06/2014 | 17/06/2014 |
| Annual Improvements to International Financial Reporting Standards - 2010-2012 | 17/12/2014 | 01/07/2014 |
| Annual Improvements to International Financial Reporting Standards - 2011-2013 | 18/12/2014 | 01/01/2015 |

d) In force for periods subsequent to 31 December 2015:

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| | Date of endorsement by the EU | Effective Date (Started on or after) |
|----------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------|
| Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture | 23/11/2015 | 01/01/2016 |
| Amendments to IFRS 11 - Joint Arrangements | 24/11/2015 | 01/01/2016 |
| Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets | 02/12/2015 | 01/01/2016 |

There will be no material impacts on future financial statements of the Group from adopting these standards.

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, which are stated at fair value (Note 2.3).

2.2. Borrowing costs

Financial charges connected with loans contracted are generally recognised as a cost in accordance with the accruals principle, using for this purpose the effective interest rate method.

2.3. Financial instruments

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 balance sheet date. Investments classified as held to maturity have defined maturities and the Company has the intention and ability to hold them until the maturity date. Investments measured at fair value through profit or loss are classified as current investments. Available-for-sale investments are classified as non-current assets.

Investments measured at fair value through profit and loss include investments held for negotiation, which the company acquires with a view to disposal within a reasonable period of time and are classified in the balance sheet as current investments.

The Company classifies as available for sale investments those, which are not classified as investments measured at fair value through profit and loss nor as investments held to maturity. These investments are classified as non current assets, unless there is an intention to dispose of them within 12 months of the balance sheet date.

All purchases and sales of investments are recognised on the trade date, independently of the settlement date.

Investments are initially measured at cost, which is 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 carried at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their quoted market price at the balance sheet date. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are stated at cost, less impairment losses.

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Gains and 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 its fair value is lower than its carrying amount and that corresponds to an impairment loss, at which time the cumulative gain or loss previously recognised in equity is transferred to net profit or loss for the period.

Gains and losses resulting from changes to the fair value of derivatives valued at fair value are shown in the financial statements in the caption net financial charges/income.

Held to maturity investments are carried at amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

In accordance with IAS 27, investments in affiliated and associated undertakings are stated at acquisition cost, less impairment losses.

b) 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.

c) 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 2.4. 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.

d) Trade accounts payable

Trade accounts payable are stated at their nominal value.

e) Derivatives

The Company uses derivatives in the management of its financial risks only to hedge such risks, and/or to optimize funding costs, in accordance with the interest rate risk policy stated in Note 3.1.

The derivatives used by the Company defined as cash-flow hedge instruments relate mainly to interest rate hedge instruments on loans contracted. The indices, calculation methods, dates for re-fixing interest rates and the reimbursement plans for the interest rate hedge instruments are all identical to the conditions established for the underlying contracted loans, and thus qualify as perfect hedges. Inefficiencies that may exist are shown in the caption Net financial income/expenses in the income statement.

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 forecast transaction that is being hedged is highly probable.

Cash-flow hedge instruments used by the Company to hedge the exposure to changes in interest rates of its loans are initially accounted for at cost, if any, 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

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hedging instrument, the fair value differences recorded in equity, under the caption Hedging reserves, 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.

In cases in which derivative instruments, in spite of having been negotiated in accordance with the interest rate risk policy stated in Note 3.1, in relation to which the Company did not apply hedge accounting, are initially recorded at cost, if any, and subsequently measured at fair value. Changes in value resulting from the measurement at fair value, calculated using especially designed software tools, are included in Net financial charges in the income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and characteristics are not closely related to economic risks and characteristics of the host contract, and this is not stated at fair value, and unrealized gains or losses arising from these derivatives recorded in the income statement.

In specific situations, the Company may use interest rate derivatives with the goal of obtaining fair value hedging. In these situations, derivatives are booked at their fair value in the profit and loss account. In situations in which the derivative involved is not measured at fair value (in particular borrowings measured at amortised cost), the effective share of hedging will be adjusted to the accounting value of the derivative hedged through the profit and loss account.

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the cash-flow statement, cash and cash equivalents also include bank overdrafts, which are included in the balance sheet caption current bank loans

2.4. Revenue recognition and accrual basis

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 recognised in the income statement.

2.5. Subsequent events

Events after the balance sheet date that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the financial statements. Events after the balance sheet date that are non-adjusting events are disclosed in the notes when material.

2.6. Judgements and estimates

The most significant accounting estimates reflected in the financial statements are as follows:

- a) Useful lives of tangible and intangible assets;
- b) Adjustments to the values of assets and provisions;
- c) Analysis of the impairment of loans and investments;
- d) Calculation of the fair value of derivatives.

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Estimates were based on the best information available at the date of the preparation of the financial statements and on the best knowledge and experience of past and/or current events. These estimates may, however, be affected by subsequent events which are not foreseeable at the present day. Changes to these estimates, which take place after the date of the financial statements, will be recognized prospectively in the income statement, in accordance with IAS 8.

The main estimates and assumptions concerning future events included in the financial statements are described in the corresponding notes to the accounts, when applicable.

2.7. Income Tax

Current income tax is determined in accordance with tax rules in force in Portugal, considering the profit for the period.

The Company is subject to a special fiscal regime applicable to Group companies, according article 69 and next of the IRC code (RETGS), being part of a fiscal perimeter whose mother company is Sonae Capital SGPS, SA. Companies being part of the perimeter of the Group of companies subject to this regime calculate and account for Tax Income as on a stand-alone basis. The tax savings attributed to the RETGS is accounted for at the mother company.

Deferred taxes are calculated using the balance sheet liability method. Deferred tax assets are recognised only when their use is probable.

3. FINANCIAL RISK MANAGEMENT

The main objective of financial risk management is to support the Company in the pursuit of long-term strategy of Sonae Capital, reducing unwanted financial risk, volatility associated and mitigate any negative impacts on the Group's results of such risks. The attitude of Sonae Capital in relation to financial risk management is conservative and prudent, and when used derivative instruments to hedge certain risks related to operating activities of Sonae Capital, does not contract, by policy, derivatives or other financial instruments for speculative purposes or they are not related to the Company's operations.

3.1. Market risks

e) Interest rate risk - POLICY

As a result of maintaining its debt in the consolidated balance sheet at variable rates, and the resulting cash flows from interest payments, the Group is exposed to a Euro interest rate risk.

In view of the fact that:

- The volatility of Group results does not depend only on the volatility of its financial results linked to the volatility of interest rates;
- Under normal market conditions, there is a correlation between the levels of interest rates and economic growth, with the expectation being that the impact of movements in interest rates (and the respective volatility of cash flows to service the debt) can to some extent be compensated by movements in the remaining lines of the profit and loss account, in particular by operational profits or losses;
- The setting up of any form of risk cover structure has an implicit opportunity cost associated with it, the Group policy concerning the mitigation of this risk does not establish the maintenance of any minimum proportion of fixed interest rate debt (converted to fixed rate through use of derivatives), but rather has opted for a dynamic approach to monitoring exposure, which

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aligns market conditions to the real exposure of the Group, in order to avoid the possibility of exposure that could have a real impact on the consolidated results of the Group.

In view of the above, the Group policy concerning this issue defines a case by case review of each potential transaction, such that any contract for derivatives must follow the following principles:

- i. Derivatives are not used for trading or speculation;
- ii. Derivatives to be contracted must match exactly the underlying exposures in relation to indices to be used, refixing dates for interest rates and dates for payment of interest, and the amortisation profile of the underlying debt;
- iii. The maximum financial cost of the entire derivative and underlying exposure must always be known and limited from the date of the derivative contract, with the aim that the resulting level of costs are within the cost of funds considered in the business plans;
- iv. Derivative contracts are only agreed with authorised entities, specifically Financial Institutions with a minimum Investment Grade rating, giving preference to Banking Relationship Institutions of the Group;
- v. All transactions must be the object of competitive bids, involving at least two financial institutions;
- vi. All transactions are entered into by using market standard contracts (ISDA - International Swaps and Derivatives Association), with schedules negotiated with each one of the Institutions;
- vii. To determine the fair value of the hedging transactions, the Group uses a range of methods in accordance with market practices, namely option valuation models and discounted future cash flow models, with specific market assumptions (interest and exchange rates, volatilities, etc.) prevailing at the Balance Sheet date. Comparative quotes provided by financial institutions are also used as a valuation benchmark;
- viii. Any transaction that does not comply with all of the above principles must be individually approved by the Board of Directors.

f) Interest rate risk – Sensitivity Analysis

Interest rate sensitivity is based on the following assumptions:

- i. Changes in interest rates affect interest receivable and payable of financial instruments indexed to variable rates (interest payments, related to financial instruments not defined as hedging instruments for interest rate cash flow hedges). As a result, these instruments are included in the calculation of financial results sensitivity analysis;
- ii. Changes in market interest rates affect income and expenses related to fixed interest rate financial instruments, in cases in which these are recognised at fair value. As such, all financial instruments with fixed interest rates booked at amortised cost, are not subject to interest rate risk, as defined in IFRS 7;
- iii. In the case of instruments designated as fair value hedges of interest rate risk, when changes to the fair value of the hedging instrument, which are attributable to movements in interest rates, are almost completely compensated in the financial results in the same period, these financial instruments are also considered not to be exposed to interest rate risks;
- iv. Changes in market interest rates of financial instruments which were designated as cash flow hedging instruments to cover fluctuations in payments resulting from changes in interest rates, are recorded in reserves, and are thus included in the sensitivity analysis calculation of shareholders' funds (other reserves);

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- v. Changes in market interest rates of interest rate derivatives, which are specified as being part of hedging relationships as defined in IAS 39, affect the results of the company (net gain/loss resulting from the revaluation of the fair value of financial instruments), and are thus included in the calculation of profit and loss sensitivity;
- vi. Changes in the fair value of derivatives and other financial assets and liabilities are estimated by calculating the discounted present value of future cash flows at existing market interest rates at the end of each year, and assuming a parallel variation in interest rate trends;
- vii. The sensitivity analysis is applied to all financial instruments existing at the end of the period.

Given the above mentioned assumptions, if interest rates of financial instruments denominated in euro had been 0.75 percentage points higher/lower, the consolidated net profit before tax of the Group as at 31 December 2015 would have been higher/lower by 2,008,425 euro (as at 31 December 2013 they would have been higher/lower by 141,092 euro).

g) Exchange rate risk

Sonae Capital is not exposed to a exchange risk.

h) Other price risks

The Company is exposed to risks arising from the value of investments made in financial shareholdings. However, these investments are in general made with strategic objectives in mind and not for current trading.

3.2. Credit Risk

Credit risk is defined as the probability of an financial loss resulting from failure to meet contractual payment obligations of a counterparty. Sonae is a holding company and has no commercial activity in addition to the normal activities of a portfolio manager participation and providing services to its subsidiaries. As such a regular basis, the Company is only exposed to credit risk arising from financial instruments (investments and deposits in banks and other financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) or loans to subsidiaries.

Credit risks at Sonae Capital arises mainly from (i) its relationships with financial institutions in the course of its day to day business activity, and (ii) the risk of non compliance by business counterparts in portfolio transactions.

- (i) Financial Institutions: The credit risk is linked to possible non compliance by Financial Institutions, from which the Company, in its normal operational activity, contracted term deposits, cash balances and derivatives.

To mitigate this risk, the Company:

- a) Only executes transactions with counterparts with Investment Grade minimum rating and/or financial institutions with high credit quality, giving preference to banking institutions with which the Company already works;
- b) Diversifies its counterparts, in order to avoid an excessive concentration of credit risk;
- c) Defines a limited range of eligible instruments (aimed at not contracting complex instruments, whose structure is not entirely known), requiring proper authorization from the Board of Directors for use of other alternative instruments;
- d) Regularly monitors total exposures with each counterpart, in order to guarantee compliance with the policy established.

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The ratings (S & P rating, except in the case of Montepio Geral - Fitch) of the main institutions of credit where Sonae Capital had deposits and other investments at 31 December 2015 can be detailed as follows:

| Rating | Deposits % |
|--------|---------------|
| BB+ | 0.002% |
| BB- | 1.792% |
| B+ | 98.206% |

- (ii) Shareholding Buy/Sale transactions: In the course of its business, the Company is exposed to the credit risk of counterparts with whom it agrees transactions concerning investments in shareholdings. In these cases, the means used to mitigate risks are determined on a one on one basis, in order to take into account the specifics of the transaction, with the constant supervision of the Board of Directors. Despite the wide range of means used, there exists always the possibility of using normal market methods, namely carrying out due diligence, obtaining financial information concerning the counterpart in question, or the pledging of an asset which is released when the financial transaction has been completed.

3.3. Liquidity Risk

Sonae Capital has a regular need for external funds to finance its current operations and its expansion plans holding a diversified loan portfolio, which consists mainly of long-term bonds, but also includes a variety of short-term financing transactions, in the form of commercial paper and credit lines.

The objective of liquidity risk management is to ensure at any given moment that the Company has the financial capability under favourable market conditions to: (i) comply with its payment obligations when these fall due and (ii) ensure in a timely manner the appropriate financing for the development of its businesses and strategy.

To that end, the Company aims at maintaining a flexible financial structure, so that the process of managing liquidity within the Company includes the following key aspects:

- i. Financial planning based on cash flow forecasts and for different time periods (weekly, monthly, annual and multi year);
- ii. Short and long term financial control systems (based on Treasury and Cash Management systems), which allow in a timely manner to identify variances, anticipate financing needs and identify refinancing opportunities;
- iii. Diversification of sources of financing and counterparts;
- iv. Spread of debt maturity dates, aiming at avoiding excessive concentration, at specific points in time, of debt repayments;
- v. Contracts with relationship Banks, of committed credit lines (of at least one year) and Commercial Paper Programmes, with cancellation clauses which are sufficiently comfortable and prudent, seeking to obtain an appropriate level of liquidity while optimising the amount of commitment commissions payable.
- vi. Negotiation of contract terms which reduce the possibility of early termination of loans.

Sonae Capital maintains a liquidity reserve in the form of credit lines with its relationship banks, in order to ensure the ability to meet its commitments without having to refinance in unfavourable conditions. Additionally at the end of the year Sonae Capital had a liquidity reserve consisting of cash and cash equivalent.

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Sonae Capital believes that it has access to all the necessary financial resources and expects thus meet its short-term commitments, whether through release of funds generated by the business, whether using their financial applications, or if necessary by the existing credit lines or contracting new financing.

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4. FINANCIAL INVESTMENTS

As at 31 December 2015 and 31 December 2014 Investments are detailed as follows:

| | 31 December 2015 | 31 December 2014 |
|-------------------------------------------------------|--------------------|---------------------|
| Investments in affiliated and associated undertakings | 360,864,815 | 494,491,377 |
| Investments in other companies | | |
| Sonae RE - (0,04%) | 1,200 | 1,200 |
| Fundo Invest. Imob. Imosonae Dois - (0,001%) | 2,546 | 2,546 |
| Matadouro Alto Alentejo, SA - (0,89%) | 1 | 1 |
| NET Novas Tecnologias, SA - (2,80%) | 23,034 | 23,034 |
| Saúde Atlântica - Gestão Hospitalar, SA (0,01%) | - | 34 |
| Fundo F HITEC - (6,46%) | 250,950 | 250,950 |
| | <u>361,142,546</u> | <u>494,769,143</u> |
| Impairment | <u>(8,353,441)</u> | <u>(60,653,147)</u> |
| | <u>352,789,105</u> | <u>434,115,996</u> |

4.1 Investments in affiliated and associated undertakings

As at 31 December 2015 and 31 December 2014, the detail of Investments in Affiliated and Associated Companies is as shown in the table below

| Sociedade | % Held | 31.12.2015 | | | | |
|------------------------------------------------|------------|------------|--------------------|--------------------|-------------|-----------------------|
| | | Fair Value | Book Value | Fair Value Reserve | Equity | Profit / (Loss) for t |
| CAPWATT, S.G.P.S., S.A. | 100.00% | - | 2,725,000 | - | 2,727,911 | 22,523 |
| Fundo Esp de Invest. Imob Fechado WTC | 59.57% | - | 42,057,274 | - | 71,930,258 | 2,803,517 |
| Troiareort, SGPS, S.A. | b) 100.00% | - | 167,132,793 | - | 81,544,939 | (1,267,436) |
| Interlog - SGPS, S.A. | 98.94% | - | 21,658,210 | - | 21,822,827 | 69,173 |
| Lidergraf - Artes Gráficas, SA. | 24.50% | - | 1,125,301 | - | 5,657,875 | 920,936 |
| SC Assets S.G.P.S., SA | a) 100.00% | - | 25,577,659 | - | 17,298,473 | (2,965,535) |
| Sonae Turismo, S.G.P.S., S.A. | 100.00% | - | 5,857,175 | - | 6,441,284 | (8,964,192) |
| SC Finance B.V. | 100.00% | - | 263,698 | - | (9,872,274) | (10,166,776) |
| SC-Eng. e Promoção imobiliária, S.G.P.S., S.A. | 100.00% | - | 34,575,100 | - | 28,471,076 | 1,353,511 |
| Sistavac, SGPS, S.A. | 70.00% | - | 32,492,436 | - | 41,890,333 | 742,129 |
| Solinca - Health & Fitness, S.A. | 100.00% | - | 13,553,639 | - | 327,590 | (892,854) |
| Spred, S.G.P.S., S.A. | 100.00% | - | 13,846,529 | - | 6,887,774 | (1,923,514) |
| Total | | | 360,864,815 | | | |

| Sociedade | % Held | 31.12.2014 | | | | |
|------------------------------------------------|------------|------------|--------------------|--------------------|------------|-----------------------|
| | | Fair Value | Book Value | Fair Value Reserve | Equity | Profit / (Loss) for t |
| CAPWATT, S.G.P.S., S.A. | 100.00% | - | 2,725,000 | - | 2,705,388 | (19,612) |
| Fundo Esp de Invest. Imob Fechado WTC | 59.57% | - | 42,057,274 | - | 70,328,267 | 2,177,577 |
| Troiareort, SGPS, S.A. | b) 100.00% | - | 167,132,793 | - | 82,812,376 | (428,587) |
| Interlog - SGPS, S.A. | 98.938% | - | 21,658,210 | - | 21,753,654 | 84,688 |
| Lidergraf - Artes Gráficas, SA. | 24.50% | - | 1,125,301 | - | 5,315,674 | 927,549 |
| SC Assets S.G.P.S., SA | a) 100.00% | - | 25,577,659 | - | 20,264,008 | (2,512,717) |
| Sonae Turismo, S.G.P.S., S.A. | 100.00% | - | 93,714,351 | - | 53,056,218 | (23,739,606) |
| SC Finance B.V. | 100.00% | - | 263,698 | - | 294,502 | 16,205 |
| SC-Eng. e Promoção imobiliária, S.G.P.S., S.A. | 100.00% | - | 34,575,100 | - | 27,117,565 | (865,317) |
| Sistavac, SGPS, S.A. | 70.00% | - | 32,492,436 | - | 82,296,409 | 897,315 |
| Solinca - Health & Fitness, S.A. | 100.00% | - | 13,553,639 | - | 2,440,889 | (559,111) |
| Spred, S.G.P.S., S.A. | 100.00% | - | 59,615,917 | - | 40,939,316 | 23,292,661 |
| Total | | | 494,491,377 | | | |

a) Formerly Praedium SGPS, S.A.

b) Formerly Imoarea - Invest. Turísticos, S.G.P.S., SA

Investments carried at cost correspond to those in unlisted companies and for which a fair value cannot be reliably estimated.

Impairment tests on financial investments were performed, based on external valuations of the real estate of group companies or DCF methodology, to assess the fair value of such investments.

These assessments use discount rates that correspond to the weighted average rates of the cost of capital (WACC), calculated on the basis of the business type in which they operate and its target capital structures, and are in the range [6.98% - 11.86%]. 5 years projections were considered and growth rates in perpetuity were considered void.

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As a result of this impairment tests as at 31 December 2015 and 31 December 2014, the detail of Impairments on Investments in Affiliated and Associated Companies is as shown in the table below.

| | 31 December 2015 | 31 December 2014 | Variation |
|----------------------------|--------------------|---------------------|-------------------|
| Fundo Esp.Inv.Imo.Fec. WTC | - | (159,628) | 159,628 |
| Spred, SGPS, SA | (4,884,029) | (16,926,218) | 12,042,189 |
| SC Assets, SGPS, SA (a) | (3,469,412) | - | (3,469,412) |
| Sonae Turismo, SGPS, SA | - | (43,567,301) | 43,567,301 |
| | <u>(8,353,441)</u> | <u>(60,653,147)</u> | <u>52,299,706</u> |

a) formerly Praedium SGPS, S.A.

5. OTHER NON-CURRENT ASSETS

As at 31 December 2015 and 2014, other non-current assets are detailed as follows:

| | 31 December 2015 | 31 December 2014 |
|----------------------------------------------|--------------------|--------------------|
| Loans granted to group companies: | | |
| Sonae Turismo, SGPS, SA | - | 11,703,934 |
| SC Assets, SGPS, SA b) | 181,059,991 | 85,134,991 |
| Troiaresort, S.G.P.S., SA a) | 186,861,637 | 94,593,637 |
| SC-Eng. e Promoção imobiliária, S.G.P.S., SA | - | 2,788,000 |
| SC Finance BV | 5,885,000 | - |
| Solinca - Health & Fitness, SA | 2,995,000 | 2,864,968 |
| | <u>376,801,628</u> | <u>197,085,531</u> |

a) formerly Imoareia - Invest. Turísticos, S.G.P.S., SA

b) formerly Praedium, S.G.P.S., SA

These assets were not due or impaired as at 31 December 2015. The fair value of loans granted to Group companies is basically the same as their book value.

Loans to group companies bear interest at market rates and are repayable within a period exceeding one year. The interest rate as at 31 December 2015 stood, in average, at approximately 4.609%.

6. OTHER CURRENT ASSETS AND INCOME TAX

As at 31 December 2015 and 2014, other current assets and Income tax are made up as follows:

| | 31 December 2015 | 31 December 2014 |
|---------------------------------|-------------------|--------------------|
| Customers | 9,512 | - |
| Other Debtors - Group (Note 20) | 1,097,451 | 4,077,753 |
| Loans granted (Note 20) | 31,283,000 | 207,734,600 |
| Other Debtors | 28,188 | 347,371,160 |
| Accrued income (Note 20) | 16,240,101 | 5,948,878 |
| Deferred costs | 486,827 | 532,236 |
| | <u>49,145,079</u> | <u>565,664,627</u> |
| Income tax | <u>1,525,643</u> | <u>7,519,432</u> |
| | <u>50,670,722</u> | <u>573,184,059</u> |

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The balance registered at Shareholding, other Operations is related to the values transferred from subsidiaries under the IRC regime (RETGS).

As at 31 December 2015 and 2014, the item Loans Granted is related to financial operations with the following subsidiaries:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|--------------------------------------------------|-------------------------|-------------------------|
| Loans granted | | |
| SC Assets, SGPS, SA b) | 10,000 | 100,050,000 |
| SC Sociedade de Consultadoria, SA | 5,000 | - |
| Sonae Turismo, SGPS, SA | 5,341,000 | - |
| Aqualuz - Turismo e Lazer, Lda | - | 139,000 |
| Bloco Q-Soc.Imobil.SA | - | 310,000 |
| CAPWATT, SGPS, S.A. | 16,711,000 | 12,982,500 |
| Casa da Ribeira-Sociedade Imobiliária, S.A. | - | 8,000 |
| Contacto Concessões, SGPS, S.A. | - | 1,041,000 |
| Inparvi SGPS, SA | 108,000 | 118,000 |
| Martimope-Empreendimentos Turísticos, SA | - | 214,000 |
| Praedium II-Imobiliária,SA | - | 5,000 |
| SC Finance BV | 5,748,000 | - |
| SC-Eng. e promoção imobiliária,SGPS,S.A. | - | 2,890,200 |
| Sete e Meio Herdades-Inv. Agr. e Tur.,SA | - | 1,000 |
| Solinca - Health & Fitness, SA | 1,147,000 | 1,162,000 |
| Sótaqua - Soc. de Empreend. Turísticos | - | 6,000 |
| Spinveste - Promoção Imobiliária, SA | - | 2,000 |
| Spinveste-Gestão Imobiliária SGII,SA | - | 952,000 |
| The Artist Porto Hotel & Bistrô - Activ. Hotel., | - | 316,000 |
| Troiareport, S.G.P.S., SA a) | 2,213,000 | 87,537,900 |
| | <u>31,283,000</u> | <u>207,734,600</u> |

a) formerly Imo areia - Invest. Turísticos, S.G.P.S., SA

b) formerly Praedium, S.G.P.S., SA

Loans to group companies bear interest at market rates and are repayable within a period inferior to one year. The interest rate as at 31 December 2015 stood, in average, at approximately 3.347%.

The item Other Debtors includes as at 31 December 2014 the amount 346,559,973 euro relative to a debt from SC Finance BV relative to the sale of SC SGPS, SA in December 2014. The effective payment was due to February 2015.

As at 31 December 2015 and 2014, the item Income tax is made up as follows:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|-------------------------------|-------------------------|-------------------------|
| Income tax withheld | 576,441 | 2,359,147 |
| Income tax (advanced payment) | 1,570,680 | 2,028,682 |
| Income tax | <u>(621,478)</u> | <u>3,131,602</u> |
| | <u>1,525,643</u> | <u>7,519,432</u> |

The amount registered in the caption Tax on income (IRC) includes the tax savings generated in RETGS in the amount of 3,474,922 euros (3,131,602 at 31 December 2014).

The amount registered in Accrued Income includes 16,240,101 euro relative to interest o loan granted to subsidiaries.

Deferred Costs includes 455,988 euros relative to bank commissions that are deferred for the loan period.

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7. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2015 and 2014 can be detailed as follows, split between the different types of temporary differences:

| | Deferred tax assets | | Deferred tax liabilities | |
|----------------------------|---------------------|------------------|--------------------------|------------------|
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Tax losses carried forward | 8,275,218 | 4,069,727 | - | - |
| Others | - | - | - | - |

During the periods ended 31 December 2015 and 2014, movements in deferred tax are as follows:

| | Deferred tax assets | | Deferred tax liabilities | |
|-------------------------------|---------------------|------------------|--------------------------|------------------|
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Opening balance | 4,069,727 | 407,059 | - | - |
| Effect in results (Nota 17): | | | | |
| Tax losses carried forward | 4,205,490 | 3,687,193 | - | - |
| Others | - | (24,525) | - | - |
| Effect in reserves: | - | - | - | - |
| Closing balance | 8,275,218 | 4,069,727 | - | - |

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 31 December 2015 and 2014, tax losses carried forward can be summarized as follows:

| | 31 December 2015 | | | 31 December 2014 | | |
|-----------------|----------------------------|---------------------|------------------|----------------------------|---------------------|------------------|
| | Tax losses carried forward | Deferred tax assets | To be used until | Tax losses carried forward | Deferred tax assets | To be used until |
| Gerados em 2011 | - | - | - | 1,165,089 | 244,669 | 2015 |
| Gerados em 2013 | 61,175 | 12,847 | 2018 | 61,175 | 12,847 | 2018 |
| Gerados em 2014 | 11,725,573 | 2,462,370 | 2026 | 18,153,387 | 3,812,211 | 2026 |
| Gerados em 2015 | 27,619,048 | 5,800,000 | 2028 | - | - | - |
| | 39,405,796 | 8,275,217 | | 19,379,651 | 4,069,727 | |

The constitution of deferred tax assets was based on the analysis of the relevance of its recognition, notably as regards the possibility of their recovered, given the prospects for medium and long term of the company.

The deferred tax assets recognized resulting from fiscal losses are recorded to the extent that it is probable that taxable profit will occur in the future.

The valuation of deferred tax assets is based on the business plans of the Group companies, periodically reviewed and updated.

Since fiscal year 2014, most of the Group's subsidiaries, based in Portugal, are part of the perimeter of the taxed Corporate Group in accordance with the Special Taxation Regime for Company Groups (RETGS), whose parent company is the Sonae Capital, SGPS, SA.

The analysis carried out on 31 December 2015, resulted that there is reasonable expectation of recovery of deferred tax assets recorded before their date of expiry.

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8. CASH AND CASH EQUIVALENTS

As at 31 December 2015 and 2014, cash and cash equivalents can be detailed as follows:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|------------------------------------------------------|--------------------------|-------------------------|
| Cash | - | 4 |
| Bank deposits | <u>30,562,977</u> | <u>5,112,287</u> |
| Cash and cash equivalents in the balance sheet | <u><u>30,562,977</u></u> | <u><u>5,112,291</u></u> |
| Bank overdrafts | - | - |
| Cash and cash equivalents in the cash flow statement | <u><u>30,562,977</u></u> | <u><u>5,112,291</u></u> |

9. EQUITY

The share capital of Sonae Capital SGPS, SA both in December 2015 and 2014 is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each.

As at 31 December 2015, Sonae Capital SGPS, SA holds 5,914,571 own shares representing 2.366% of the share capital (6,068,850 shares at 31 December 2014), recorded by 1,426,791 euros (1,486,301 euros at 31 December 2014) (Note 10).

10. RESERVES

As at 31 December 2015, and 31 December 2014 the caption Other Reserves can be detailed as follows:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|--------------------|---------------------------|---------------------------|
| Free reserves | 175,611,402 | 159,368,447 |
| Demerger reserve | 132,638,253 | 132,638,252 |
| Own shares reserve | <u>1,426,791</u> | <u>1,486,301</u> |
| | <u><u>309,676,446</u></u> | <u><u>293,493,001</u></u> |

Free Reserves: These reserves result from the transfer of the positive results obtained in retained exercises and can be distributed to shareholders provided they are not required to cover losses.

The overall value of the **demerger reserve** (Note 1), representing the difference between the book value of the stake in SC, SGPS, SA (382,638,252 euros) which was highlighted Sonae, SGPS, SA for the Company and the amount of capital social Society (250,000,000 euros) which is comparable to the legal Reserve, according to the Companies Code, may not be distributed to the shareholders except in the event of liquidation of the Company, but may be used to absorb accumulated losses, after other reserves are exhausted, or can be incorporated into capital.

Legal Reserve: Under the law, at least 5% of annual net profit is positive, should be allocated to the legal reserve until it represents 20% of the share capital. This reserve is not distributable except in the event of liquidation of the company, but can be used to absorb losses after the other reserves, or increase capital. On 31 December 2015 the value of this item amounts to 9,463,225 Euros.

Own shares Reserve: This reserve, established in accordance with article 342 of the CSC, is the same amount of the own shares value held by the company. This reserve is unavailable while the own shares are in possession of the company.

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11. LOANS

As at 31 December 2015 and 31 December 2014 this caption included the following loans:

| | 31 December 2015 | | 31 December 2014 | |
|---------------------------------------------------|-------------------|-------------------|-------------------|--------------------|
| | Current | Non Current | Current | Non Current |
| Bank loans | | | | |
| Sonae Capital SGPS - commercial paper a) | - | - | 17,253,800 | - |
| Sonae Capital SGPS - commercial paper d) | 8,250,000 | - | 8,250,000 | - |
| Sonae Capital SGPS - commercial paper b) | - | - | - | 28,900,000 |
| Sonae Capital SGPS - commercial paper c) | - | 30,000,000 | - | 30,000,000 |
| Sonae Capital SGPS e) | 3,290,000 | 9,047,500 | 3,290,000 | 12,337,500 |
| Sonae Capital SGPS - commercial paper g) | 3,250,000 | 1,500,000 | 3,500,000 | 4,750,000 |
| Sonae Capital SGPS - commercial paper i) | 1,200,000 | 4,800,000 | - | - |
| Sonae Capital SGPS - commercial paper j) | - | - | 4,000,000 | - |
| Up-front fees not yet charged to income statement | - | (221,506) | - | (374,061) |
| | <u>15,990,000</u> | <u>45,125,994</u> | <u>36,293,800</u> | <u>75,613,439</u> |
| Bank overdrafts (Nota 8) | - | - | - | - |
| | <u>15,990,000</u> | <u>45,125,994</u> | <u>36,293,800</u> | <u>75,613,439</u> |
| Bond Loans | | | | |
| Sonae Capital 2011/2016 Bonds f) | 10,000,000 | - | - | 10,000,000 |
| Sonae Capital 2014/2019 Bonds h) | - | 42,500,000 | - | 42,500,000 |
| Up-front fees not yet charged to income statement | - | (376,402) | - | (486,841) |
| | <u>10,000,000</u> | <u>42,123,598</u> | <u>-</u> | <u>52,013,159</u> |
| | <u>25,990,000</u> | <u>87,249,592</u> | <u>36,293,800</u> | <u>127,626,597</u> |

- a) Short term commercial paper programme, issued on 28 March 2008 and valid for a 10 year period, which may be extended at the option of Sonae Capital. Placed in investors or financial institutions and guaranteed by credit lines, with commitment of at least six months to a year, placed in relationship banks.
- b) Commercial paper programme, with subscription guarantee, issued on 31 March 2011 and valid up to August 2018, except if the reimbursement is anticipated under the contracted terms of the call/put option, in August 2016. This loan is guaranteed by a mortgage on real estate assets
- c) Commercial paper programme, with subscription guarantee, issued on 27 December 2012 and valid up to December 2017.
- d) Commercial paper programme, with subscription guarantee, issued on 31 December 2014, with annual renewals up to 3 years.
- e) Bank loan guarantee by a mortgage on real estate, started on 2 June 2011 and valid up to September 2019, with quarterly payments.
- f) Bond loan Sonae Capital, SGPS 2011/2016, repayable after 5 years, in one instalment, on 17 January 2016. This bond issue pays interest every six months.
- g) Commercial paper programme, with subscription guarantee, issued on 7 May 2014 and valid for a 3 year period, with semi-annual payments.
- h) Bond loan Sonae Capital, SGPS 2014/2019, repayable after 5 years, in one instalment, on 28 May 2019. This bond issue pays interest every six months.
- i) Commercial paper programme, with subscription guarantee, issued on 18 March 2015 and valid up to March 2020, with annual payments.
- j) Short term commercial paper programme, with subscription guarantee, issued on 17 February 2011, with annual renewals up to a maximum of 5 years, unless terminated by either party. At the date of these financial statements, the renewal of the program is underway.

The interest rate on bank loans and bonds in force on 31 December 2015 was on average 3.787%

Bank loans pay interest rates that are indexed to the Euribor market rates of the period, and its fair value is considered close to its book value.

In case of any Bank institution or commercial paper investor do not renew, at the maturity date, its respective loans, the Group has credit lines available to overcome such renewables

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The repayment schedule of the nominal value of borrowings may be summarised as follows:

| | 31 December 2015 | | 31 December 2014 | |
|-----------|--------------------|---------------------|--------------------|---------------------|
| | Capital | Interest | Capital | Interest |
| N+1 | 25,990,000 | (4,056,941) | 36,293,800 | (5,009,570) |
| N+2 | 35,990,000 | (3,256,774) | 26,173,333 | (4,133,292) |
| N+3 | 4,490,000 | (2,046,106) | 44,423,333 | (3,661,382) |
| N+4 | 46,167,500 | (1,007,463) | 12,923,333 | (2,234,577) |
| N+5 | 1,200,000 | (67,513) | 44,967,500 | (944,533) |
| After N+5 | - | (109,720) | - | - |
| | <u>113,837,500</u> | <u>(10,544,518)</u> | <u>164,781,300</u> | <u>(15,983,355)</u> |

As at 31 December 2015 and 31 December 2014, available credit lines may be summarised as follows:

| | 31 December 2015 | | 31 December 2014 | |
|------------------------------------|------------------|------------|------------------|------------|
| | Commitments | | Commitments | |
| | less than 1Y | over 1 Y | less than 1Y | over 1 Y |
| Amounts of credit lines available | 53,799,398 | 24,400,000 | 30,099,398 | 7,700,000 |
| Amounts of credit lines contracted | 62,049,398 | 54,400,000 | 47,849,398 | 66,600,000 |

12. OTHER CREDITORS

As at 31 December 2015 and 2014 other creditors can be detailed as follows:

| | 31 December 2015 | 31 December 2014 |
|----------------------------------------------|--------------------|--------------------|
| <u>Other creditors</u> | | |
| Group companies - Short term loans (Note 20) | 122,913,765 | 472,356,998 |
| Other creditors | <u>1,849,732</u> | <u>4,191,042</u> |
| | <u>124,763,497</u> | <u>476,548,040</u> |

As at 31 December 2015 and 2014 the caption loans granted is relative to financial operations granted to the following subsidiaries:

| | 31 December 2015 | 31 December 2014 |
|--------------------------------------------------|--------------------|--------------------|
| Group companies - Short term loans: | | |
| Imobeauty, S.A. | - | 12,513,000 |
| Interlog-SGPS,SA | 21,836,500 | 21,774,000 |
| Porturbe-Edifícios e Urbanizações,SA | - | 13,000 |
| SC Finance BV | 5,885,051 | 263,000 |
| Sonae Turismo, S.G.P.S., S.A. | - | 16,030,513 |
| SC, SGPS, SA | 48,703,000 | 232,684,567 |
| SC-Eng. e Promoção Imobiliária,SGPS,S.A. | 21,292,214 | - |
| SC For - Serv. de For. e Desenv. de Recur. Hum., | 14,000 | - |
| Sistavac, SGPS, S.A. | 21,002,000 | 14,301,000 |
| Solinca-Investimentos Turísticos,SA | - | 3,610,000 |
| Soltroia-Imob.de Urb.Turismo de Tróia,SA | - | 9,000 |
| SC Hospitality, SGPS, S.A | - | 135,685,517 |
| Spred, SGPS, SA | 4,181,000 | 35,473,400 |
| | <u>122,913,765</u> | <u>472,356,998</u> |

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Loans obtained from group companies bear interest at market rates and are repayable within one year. The interest rate as at 31 December 2015 was, in average, approximately 0.238%.

The item Other Creditors - other, there are included 1,839,666 euros (Note 20) regarding transfers from subsidiaries of tax estimates under the special regime RETGS.

13. SUPLIERS, TAXES and OTHER CURRENT LIABILITIES

As at 31 December 2015 and 2014 these items were as follows:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|---------------------------|-------------------------|-------------------------|
| Suppliers | 101,559 | 107,498 |
| Income tax | - | 4,105,403 |
| Other taxes | 58,272 | 65,525 |
| Other Current Liabilities | | |
| Accruals: | | |
| Staff costs | 378,224 | 339,294 |
| Interest payable | 449,038 | 657,638 |
| Other accruals | 115,543 | 37,253 |
| Deferred income | 4,292 | 4,292 |
| | <u>1,005,369</u> | <u>1,104,003</u> |

As at 31 December 2015 and 2014 suppliers had the following maturity:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|--------------------|-------------------------|-------------------------|
| Payable | | |
| Less than 90 days | 101,517 | 102,453 |
| 90 to 180 days | - | 592 |
| More than 180 days | 43 | 4,453 |
| Total | <u>101,559</u> | <u>107,498</u> |

As at 31 December 2015 and 2014 the Income tax and Other taxes can be detailed as follows:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|------------------------------------|-------------------------|-------------------------|
| Income tax | | |
| Income tax (IRC) | - | 4,105,403 |
| Other taxes | | |
| Income taxation - amounts withheld | 39,568 | 42,766 |
| VAT | 462 | 69 |
| Social security contributions | 18,242 | 22,690 |
| | <u>58,272</u> | <u>65,525</u> |

14. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2015 and 2014 External Supplies and services can be detailed as follows:

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| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|---------------------|-------------------------|-------------------------|
| Operational rents | 17,418 | 44,738 |
| Insurance costs | 50,218 | 48,952 |
| Travelling expenses | 26,709 | 26,560 |
| Services obtained | 922,527 | 302,962 |
| Other services | 21,614 | 15,951 |
| | <u>1,038,486</u> | <u>439,162</u> |

The variation observed in Services obtained results mainly from the increase in heading Holding cost that in 2015 includes a value of around 391 thousand euros (18 thousand euros in 2014) and heading fee of shared services that in 2015 includes a value of around 247 thousand euros (100 thousand euros in 2014), invoiced by subsidiary SC Consultancy Company, SA.

15. OPERATIONAL LEASES

As at 31 December 2015 and 2014, the Group had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|-----|-------------------------|-------------------------|
| N+1 | 10,937 | 11,680 |
| N+2 | 10,937 | 8,892 |
| N+3 | - | 8,892 |
| | <u>21,874</u> | <u>29,464</u> |

16. STAFF COSTS

As at 31 December 2015 and 2014, staff costs were made up as follows:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|---------------------------------|-------------------------|-------------------------|
| Governing bodies' remunerations | 1,125,602 | 892,903 |
| Social security contributions | 122,708 | 108,211 |
| Other staff costs | 36,407 | 28,130 |
| | <u>1,284,716</u> | <u>1,029,244</u> |

17. NET FINANCIAL EXPENSES AND INVESTMENT INCOME

As at 31 December 2015 and 31 December 2014, Net Financial Expenses and Investment Income can be detailed as follows:

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| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|------------------------------------------|-------------------------|-------------------------|
| Interest payable and similar expenses | | |
| Interest arising from: | | |
| Bank loans | (2,783,730) | (5,547,709) |
| Bonds | (2,221,283) | (1,604,973) |
| Other | (2,437,766) | (107,896) |
| Other financial expenses | <u>(2,515,261)</u> | <u>(2,677,679)</u> |
| | <u>(9,958,040)</u> | <u>(9,938,257)</u> |
| Interest receivable and similar income | | |
| Interest income | <u>29,087,119</u> | <u>10,795,440</u> |
| | <u>29,087,119</u> | <u>10,795,440</u> |
| | <u>19,129,079</u> | <u>857,183</u> |
| Net financial expenses | | |
| Reversal or Impairment losses (Note 4.1) | 52,299,706 | (53,233,118) |
| Dividends received | 22,184,180 | 125,805,486 |
| losses on Financial investments | (85,826,563) | (62,404,442) |
| Other income | <u>1,020,507</u> | <u>746,502</u> |
| Investment income | <u>(10,322,170)</u> | <u>10,914,428</u> |

As at 31 December 2015, the amount mentioned in "Interest arising from Other" refers in its entirety the interest incurred with current loans obtained from group companies.

As at 31 December 2015, the amount of dividends received from affiliated companies was as follows:

| | |
|---------------------------------|-------------------|
| Lidergraf - Artes Gráficas, SA. | 56,151 |
| Spred SGPS, SA | <u>22,128,028</u> |
| | <u>22,184,180</u> |

As at 31 December 2015, the amount registered as losses on financial investments is related to the capital loss driven by the reductions in share capital of the following subsidiaries:

| | |
|-------------------------|-------------------|
| Sonae Turismo, SGPS, SA | 50.057.175 |
| Spred SGPS, SA | <u>35.769.388</u> |
| | 85.826.563 |

18. TAXATION

As at 31 December 2015 and 2014, Taxation was made up as follows:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|-----------------------|-------------------------|-------------------------|
| Current tax | 1,590,336 | 3,103,952 |
| Deferred tax (Note 7) | <u>4,205,490</u> | <u>3,662,668</u> |
| | <u>5,795,826</u> | <u>6,766,620</u> |

18.1 Reconciliation of the effective income tax

The reconciliation between profit before income tax and taxation for the periods ended 31 December 2015 and 31 December 2014 is made up as follows:

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| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|------------------------------------------------------------------------|-------------------------|-------------------------|
| Profit before income tax (1) | 6,402,956 | 10,268,585 |
| Tax Charge | 21% | 23% |
| Taxation | (1,344,621) | (2,361,775) |
| Increases or (decreases) in taxable profit: | | |
| Reversal of Impairment losses | 16,694,226 | 1,706,607 |
| Dividends received | 4,658,678 | 28,935,262 |
| Payment based on shares | (88,463) | 25,358 |
| Impairment losses | (5,711,288) | (13,950,224) |
| Financial investment losses | (17,052,884) | (14,353,022) |
| Tax losses deduction | 257,515 | - |
| Recognition of tax losses that have not originated deferred tax assets | - | (2,206) |
| Tax savings (RETGS) | 4,785,224 | 3,131,602 |
| Municipality tax | (604,127) | - |
| Autonomous taxes | (3,924) | (27,650) |
| Effect of increases or decreases in deferred taxes | <u>4,205,490</u> | <u>3,662,668</u> |
| Income tax (2) | <u><u>5,795,826</u></u> | <u><u>6,766,620</u></u> |
| Effective tax Charge (2) / (1) | - | - |

As stated in Note 2.7, the Company is taxable according to the RETGS.

19. EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2015 and 2014 were calculated taking into consideration the following amounts:

| | <u>31 December 2015</u> | <u>31 December 2014</u> |
|--------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| Net profit | | |
| Net profit taken into consideration to calculate basic earnings per share (Net profit for the period) | 12,198,782 | 17,035,205 |
| Effect of dilutive potential shares | - | - |
| Net profit taken into consideration to calculate diluted earnings per share | <u><u>12,198,782</u></u> | <u><u>17,035,205</u></u> |
| Number of shares | | |
| Weighted average number of shares used to calculate basic earnings per share | 246,341,811 | 246,211,552 |
| Weighted average number of shares used to calculate diluted earnings per share | <u><u>246,341,811</u></u> | <u><u>246,211,552</u></u> |
| Earnings per share (basic and diluted) | <u><u>0.049520</u></u> | <u><u>0.069189</u></u> |

20. RELATED PARTIES

Balances and transactions during the periods ended 31 December 2015 and 2014 with related parties are detailed as follows:

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| | Expenses (Note 14 and 17) | | Income (Note 17) | |
|--------------------------------|-------------------------------|--------------------|---------------------------------|--------------------|
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Transactions | | | | |
| Parent company | - | - | - | - |
| Group and associated companies | 88,926,067 | 62,643,992 | 51,282,755 | 136,590,016 |
| | <u>88,926,067</u> | <u>62,643,992</u> | <u>51,282,755</u> | <u>136,590,016</u> |
| | | | | |
| | Accounts payable (Note 12) | | Accounts receivable (Note 6) | |
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Balances | | | | |
| Parent company | - | - | - | - |
| Group and associated companies | 1,937,997 | 4,274,417 | 17,340,213 | 356,586,604 |
| | <u>1,937,997</u> | <u>4,274,417</u> | <u>17,340,213</u> | <u>356,586,604</u> |
| | | | | |
| | Loans obtained (Note 12) | | Loans granted (Note 5 and 6) | |
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Balances | | | | |
| Parent company | - | - | - | - |
| Group and associated companies | 122,913,765 | 472,356,998 | 408,084,628 | 404,820,131 |
| | <u>122,913,765</u> | <u>472,356,998</u> | <u>408,084,628</u> | <u>404,820,131</u> |

In 2015, the expenses include 85.826.563 euro with financial investments (Note 17).

In 2015, the income include dividends received from group companies in the amount of 22.184.180 euro.

21. CASH RECEIPTS/PAYMENTS RELATED TO INVESTMENTS

| | 31 December 2015 | | 31 December 2014 | |
|------------------------------------------------|--------------------|-------------|-------------------|--------------------|
| | Amount received | Amount paid | Amount received | Amount paid |
| CAPWATT, S.G.P.S., S.A. | - | - | - | 2,725,000 |
| Fundo Esp de Invest. Imob IMOSONAE II | 858 | - | - | - |
| TroiareSORT, S.G.P.S., SA b) | - | - | - | 167,132,793 |
| Interlog - SGPS, S.A. | - | - | - | 21,658,210 |
| Lidergraf - Artes Gráficas, SA. | - | - | - | 1,125,301 |
| SC Assets, SGPS, SA a) | - | - | - | 25,577,659 |
| Sonae Turismo, S.G.P.S., S.A. | 37,800,000 | - | - | 11,714,351 |
| SC Finance B.V. | - | - | - | 263,698 |
| SC, S.G.P.S., S.A. | 346,559,973 | - | - | - |
| SC-Eng. e Promoção imobiliária, S.G.P.S., S.A. | - | - | - | 34,575,100 |
| Sistavac, SGPS, S.A. | - | - | - | 32,492,436 |
| Solinca - Health & Fitness, S.A. | - | - | - | 13,553,639 |
| SC Hospitality, SGPS, S.A | - | - | 32,597,559 | - |
| Spred, S.G.P.S., S.A. | 10,000,000 | - | - | 19,615,917 |
| Saude Atlantica - Gestão Hospitalar, SA | 768,969 | - | - | 34 |
| Matadouro Alto Alentejo, SA | - | - | - | 1 |
| NET Novas Tecnologias, SA | - | - | - | 23,034 |
| Fundo F HITEC | - | - | - | 242,285 |
| | <u>395,129,800</u> | <u>-</u> | <u>32,597,559</u> | <u>330,699,458</u> |

a) formerly Praedium SGPS, S.A.

b) formerly Imoarea - Invest. Turísticos, S.G.P.S., SA

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22. COMPLIANCE WITH LEGAL REQUIREMENTS

Art 5 nr 4 of Decree-Law nr 495/88 of 30 December changed by art 1 of Decree-Law nr 318/94 of 24 December.

In the period ended 31 December 2015 shareholders' loan contracts were entered into with the companies SC Assets SGPS, SA, Troiaresort SGPS, SA, SC Finance BV, Solinca Health and Fitness, SA.

In the period ended 31 December 2015 short-term loan contracts were entered with the companies C.^ª Térmica Tagol,Lda, CAPWATT MAIA-HEAT POW.,SA, CAPWATT MARTIM Longo -S.P.,SA, CAPWATT VALE CAIMA-H.P,SA, CAPWATT, SGPS, S.A., Contacto Concessões, SGPS, SA, IMORESORT-Soc.Imobil.S.A., INPARVI, SGPS, SA, MARVERO-Expl.Hotel.Im.,SA, QCE-D.FAB.EQUIPAMENTOS,SA, SC Assets, SGPS, SA, SC Finance BV, SC-Soc.Consultadoria, SA., SISTAVAC, SA, SISTAVAC, SGPS, S.A., SOBERANA Invest.Imobil.SA., Solinca-Health Fitness,SA., SOLTROIA-Socied.Imobil.SA., SONAE TURISMO, SGPS, S.A., Sotáqua-S.Em.Tu.Quarteira, SA., Spinveste-Promoção Imob, SA., SPRED, SGPS, SA., The Artist Porto Hotel, SA., The Artist Ribeira-A.Ho.,SA., Troiamarket, SA., Troiaresort SGPS, SA

As at 31 December 2015 amounts due by affiliated companies can be summarized as follows:

Loans and Short term loans granted

| Companies | Closing Balance |
|-----------------------------------|--------------------|
| SC Assets, SGPS, SA a) | 181,069,991 |
| SC Sociedade de Consultadoria, SA | 5,000 |
| Sonae Turismo, SGPS, SA | 5,341,000 |
| CAPWATT, SGPS, S.A. | 16,711,000 |
| Inparvi SGPS, SA | 108,000 |
| SC Finance BV | 11,633,000 |
| Solinca - Health & Fitness, SA | 4,142,000 |
| Troiaresort, S.G.P.S., SA b) | 189,074,637 |
| | <u>408,084,628</u> |

a) formerly Praedium SGPS, S.A.

b) formerly Imoarea - Invest. Turísticos, S.G.P.S., SA

As at 31 December 2015 amounts due to affiliated companies can be summarized as follows:

Short term loans obtained

| Companies | Closing Balance |
|--------------------------------------------------------------|--------------------|
| SC For - Serv. de For. e Desenv. de Recur. Hum., Unipe., Lda | 14,000 |
| Spred, SGPS, SA | 4,181,000 |
| SC Finance BV | 5,885,051 |
| Sistavac, SGPS, S.A. | 21,002,000 |
| SC-Eng. e Promoção Imobiliária,SGPS,S.A. | 21,292,214 |
| Interlog-SGPS,SA | 21,836,500 |
| SC, SGPS, SA | 48,703,000 |
| | <u>122,913,765</u> |

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23. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 31 December 2015.

24. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on 25 February 2016.

Board of Directors

PART VI

**REPORT AND OPINION OF THE
FISCAL BOARD**

31 DECEMBER 2015



SONAE CAPITAL

REPORT AND OPINION OF THE FISCAL BOARD

(Translation of a report originally issued in Portuguese)

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

In accordance with applicable legislation and the mandate given to the Fiscal Board, we hereby submit our Report and Opinion which covers the report of the Board of Directors and the consolidated and individual financial statements of Sonae Capital, S.G.P.S., SA for the year ended 31 December 2015, which are the responsibility of the Company's Board of Directors.

Supervisory activities

During the year, we have monitored the management of the Company, reviewed the development of the operations of the Company and of its main affiliates, and held meetings whenever considered necessary and with the appropriate scope. In face of the subject under review, these meetings were attended by key staff of the finance department, namely the Chief Financial Officer, of the planning and control department and of internal audit and risk management. We have also followed up closely the work of the statutory auditor and external auditor of the Company who kept us informed of the scope and conclusions of the audit work performed. In performing these tasks, the Fiscal Board has obtained from the Board of Directors, Company staff and affiliated companies' staff and from the statutory auditor all the necessary information and explanations, for a proper understanding and assessment of business developments, financial performance and position, as well as of risk management and internal control systems.

We have also reviewed the preparation and disclosure of financial information, as well as the statutory audit performed on the individual and consolidated accounts of the Company, having obtained from the statutory auditor all information and explanations requested. Additionally, within the scope of the mandate given to the Fiscal Board, we examined the individual and consolidated balance sheets as at 31 December 2015, the individual and consolidated statements of profit and loss by nature, statements of cash flows, statements of comprehensive income and statements of changes in equity for the year ended on that date and related notes.

We have also reviewed the report of the Board of Directors and the Corporate Governance Report for the year 2015, issued by the Board of Directors, and the Statutory Auditor's Report issued by the External Auditor of the Company, whose content we agree with.

Considering the above, we are of the opinion that the consolidated and individual financial statements referred to above were prepared in accordance with applicable accounting, legal and statutory standards and give a true and fair view of the assets and liabilities, financial position and results of Sonae Capital, S.G.P.S., SA and of its main affiliates, and that the report of the Board of Directors faithfully describes business developments, performance and financial position of the Company and of its affiliates and the main risks and uncertainties they face. We hereby inform that the Corporate Governance report issued complies with article 245-A of the Portuguese Securities Code.

The Fiscal Board would like to express its gratitude to the Company's Board of Directors and staff for their cooperation.



Opinion

In face of the above mentioned, we are of the opinion that the Shareholders' General Meeting can approve:

- a) The report of the Board of Directors, the individual and consolidated balance sheets as at 31 December 2015, the individual and consolidated financial statements of profit and loss by nature, of cash flows, of comprehensive income and of changes in equity for the year ended on that date and related notes;
- b) The profit appropriation proposal of the Board of Directors.

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

Under the terms of Article 245, paragraph 1, c) of the Portuguese Securities Code, the members of the Fiscal Board hereby declare that, to their knowledge, the information disclosed in the Report of the Board of Directors and other accounting documents, was prepared in accordance with applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and results of the Company and of its affiliates.

Moreover, members of the Fiscal Board consider that the Report of the Board of Directors faithfully describes business developments, the performance and the position of the Company and of its affiliates and the main risks and uncertainties they face.

Maia, 24 February 2016

The Fiscal Board,

António Monteiro de Magalhães

Manuel Heleno Sismeiro

Carlos Manuel Pereira da Silva



PART VII
**STATUTORY AUDIT AND
AUDITORS' REPORT**
31 DECEMBER 2015



SONAE CAPITAL

Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Consolidated Financial Information

(Free translation from the original in Portuguese)

Introduction

1 As required by law, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached consolidated financial statements of Sonae Capital, S.G.P.S., S.A., comprising the consolidated balance sheet as at 31 December 2015 (which shows total assets of Euro 574,032,330 and total shareholder's equity of Euro 310,134,850 including non-controlling interests of Euro 10,247,125 and a net profit of Euro 1,396,353), the consolidated statement of income by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and the consolidated financial statements which present fairly, in all material respects, the financial position of the Company and its subsidiaries, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Accordingly, our audit included: (i) verification that the Company and its subsidiaries' financial statements have been appropriately examined and, for the cases where such an audit was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations and the utilization of the equity method; (iii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated financial information.

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451^o of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of Sonae Capital, S.G.P.S., S.A. as at 31 December 2015, the consolidated results and the consolidated comprehensive income of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is consistent with the consolidated financial statements for the year and that the Corporate Governance Report includes the information required under Article 245^o-A of the Portuguese Securities Market Code.

February 25, 2016

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077
represented by:

Hermínio António Paulos Afonso, R.O.C.

(This is a translation, not to be signed)

Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Individual Financial Information

(Free translation from the original in Portuguese)

Introduction

1 As required by law, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached financial statements of Sonae Capital, S.G.P.S., S.A., comprising the balance sheet as at 31 December 2015 (which shows total assets of Euro 819,129,439 and total shareholder's equity of Euro 579,911,662 including a net profit of Euro 12,198,782), the statement of income by nature, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and the financial statements which present fairly, in all material respects, the financial position of the Company, the results and the comprehensive income of its operations, the changes in equity and the cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain an appropriate system of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Accordingly, our audit included: (i) verification, on a sample basis, of the evidence supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the financial statements; (ii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) assessing the overall presentation of the financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the financial information.

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451^o of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of Sonae Capital, S.G.P.S., S.A. as at 31 December 2015, the results and the comprehensive income of its operations, the changes in equity and the cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is consistent with the financial statements for the year and that the Corporate Governance Report includes the information required under Article 245^o-A of the Portuguese Securities Market Code.

February 25, 2016

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