

**APPENDIX TO THE PROPOSAL PRESENTED BY THE BOARD OF DIRECTORS WITHIN AGENDA ITEM NR. 6**

**REPORT FOR THE PROPOSAL EXPLANATION**

**(ARTICLES 366-2(c), 367 AND 460-5 OF THE PORTUGUESE COMPANIES ACT)**

**I - EXPLANATION OF THE PROPOSAL FOR SUPPRESSION OF THE PRE-EMPTIVE RIGHT**

The Company is considering the possibility of issuing bonds, either directly or through a subsidiary, conferring to investors the right to, under certain conditions, convert or exchange their rights for ordinary shares in Sonae SGPS S.A.

The issue of convertible bonds, as proposed by the Board Directors within agenda item nr. 5, would imply the necessary suppression of the pre-emptive rights of the shareholders in the form proposed by the Board of Directors to allow for placement in international qualified investors (or in financial intermediaries for indirect placement) relying on reasons of corporate interest and whose adoption is unequivocally advised.

Although the issuance of convertible bond is still potential, having the alternative to issue convertible bonds may allow the Company to access funding that will support its long term strategic goals success, potentially benefitting from better conditions than the ones available by traditional instruments, in terms of size, maturity and covenants.

Among the several benefits that this type of instrument allows for, it is highlighted, the diversification of the funding sourcing by accessing a broader base of investors, in particular specialised segments of international institution investors, the increasing of the visibility and reputation of the Company in international markets and the reinforcement of its future capacity of funding through capital markets. The Company will potentially expand its equity, reinforcing its capital structure and continuing to increase the shareholders diversification both in terms of geographies and investor types, while enabling at the same time the increase of the liquidity of its shares.

**II - FORM OF ALLOCATION AND RELEASE CONDITIONS OF THE CONVERTIBLE BONDS**

The bonds will be issued directly by Sonae SGPS SA for direct or indirect placement, through financial intermediaries, in qualified investors, or for the subscription of a wholly-owned subsidiary which has issued exchangeable bonds.

All the bonds will be entirely released at the time of subscription.

## **II - ISSUE PRICE AND CRITERIA FOR ITS DETERMINATION**

The price of the convertible bonds shall be equal to their nominal value with a minimum of 100,000 euros. However, if convenient to the particularities of the placement market, such price may have a premium or discount not higher than 5%.

The basis of the conversion will be determined by the conversion price, calculated by adding a conversion premium to the market price on the Euronext Lisbon of one share at the time of the issuance. The anticipated conversion premium, to be adjusted at the time of the issuance in accordance with market conditions, shall not be less than 20% of the trading price considered, which can, notably, be the Euronext Lisbon for the session immediately before the date of issuance, or any other reference price set forth in the bonds issue conditions, as decided by the Board of Directors. The conversion price initially defined shall prevail during the whole period of the issue, without prejudice to any possible readjustment by application of anti-dilution clauses customary in the market, in situations regulated in the issuance resolution and under the terms or formulas stipulated therein.

The above mentioned method for determining the conversion price shall also apply if the issuance of convertible bonds is intended to instrumentally support the issuance of exchangeable bonds to be carried out by a wholly-owned subsidiary of the Company. The conversion price shall, in this case, merely adequately mirror (with subsequent adjustments, if necessary) the final conditions of the exchangeable bonds issuance as placed in the market by the Company's subsidiary.

In any case, the amount of the initial implied share capital increase cannot exceed an amount equivalent to 10% of the share capital of Sonae, SGPS S.A. on the date of the resolution, without prejudice to the possibility of it being subsequently exceeded as a result of later conversion price readjustments as previously referred.

Maia, 18<sup>th</sup> March 2014

The Board of Directors,