

**SONAE CAPITAL, SGPS, SA**

Publicly Traded Company  
Registered Office: Lugar do Espido, Via Norte, Maia  
Share Capital: 250,000,000.00 Euros  
Registered at the Commercial Registry of Maia  
Registration and Tax N° 508 276 756

*(Translation from the Portuguese original)*

**ANNOUNCEMENT OF MATERIAL INFORMATION  
ACQUISITION OF A BIOMASS COGENERATION POWER PLANT**

Sonae Capital, SGPS, SA (Sonae Capital) hereby announces that, through its subsidiary CapWatt, SGPS, SA (CapWatt), it has acquired, from Sonae Arauco, SA (Sonae Arauco), 90% of the share capital and the voting rights of the company "Sociedade Iniciativa de Aproveitamentos Florestais-Energia, SA" (SIAF-Energia), for a global consideration of approximately 0.9 million Euros (plus cash and cash equivalents).

This company owns and operates the biomass fired cogeneration plant installed in Sonae Arauco's industrial facility in Mangualde and owns a license to develop and operate a new biomass fired cogeneration plant with installed electric capacity of 10MW. The development of the new cogeneration plant and the correspondent investment will be executed by CapWatt and it is due to replace the current plant in operation (including the sale of thermal energy to the mentioned industrial facility).

CapWatt's total investment in the development and construction of the mentioned plant will amount to 45 million Euros and it is due to start operating on the second semester of 2019. This investment will occur (in part) in parallel with Sonae Arauco's investment in the renovation and capacity increase of the mentioned industrial facility.

This investment is part of Sonae Capital's long-term strategy for the Energy segment and, particularly, for the strengthening and the development of the Cogeneration technology. This operation is expected to register an annual turnover of, approximately, 20 million Euros when operating in full capacity and profitability in line with the other cogeneration projects developed by CapWatt.

CapWatt, SGPS, SA and Sonae Arauco, SA still hold, respectively, a call and a put option regarding the remaining shares, which can be executed within a 3-year period.

Maia, 12<sup>th</sup> October 2017

The Representative for Capital Market Relations,

