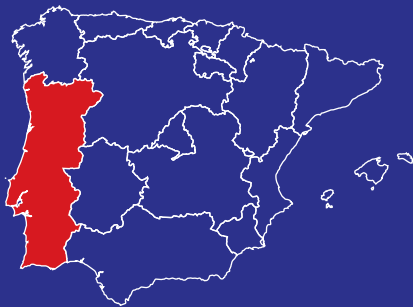**FINANCIAL INNOVATION OF THE YEAR**

SONAE SIERRA – CTT IMO YIELD

LOCATION:

Portugal

SECTOR:

Retail, Logistics, Residential and Offices

DATE:

Q4 2023

HIGHLIGHTED FEATURES:

Creation of a Collective Investment Vehicle to manage around 400 properties and increase value shareholder

In 2023, Sonae Sierra and CTT created a Collective Investment Vehicle (CIV), under the name CTT IMO YIELD. Setting a long-term relationship between the two companies and a group of investors, the transaction had an agreed value of €138 million, and the properties total circa 240,000 sqm of gross lettable area with multiple uses such as retail, logistics, residential and offices.

The vehicle is an innovative solution that will be focused on the management of a part of CTT's real estate assets with unique characteristics, covering around 400 properties, many of which drenched in history. More than half of the portfolio's value is concentrated in the districts of Lisbon and Porto and most of the properties are leased with long-term "triple-net" contracts, with further real estate development opportunities still available.

The properties are now held by the new CIV, under the name CTT IMO YIELD, in which CTT is the main shareholder, while Sierra and a club deal of Portuguese investors acquired a stake of just over 26%, which translated into the receival by CTT of gross proceeds that, when all phases of the transaction go through, will amount to around €36 million. Sierra also plays the role of investment and property manager, focused on value creation and active portfolio management.

The transaction aimed at improving the efficiency of the operation of CTT's real estate assets, by optimising the occupation of spaces, attracting new tenants and types of use, and looking for expansion opportunities, namely in the logistics network. The transaction aimed to (i) improve the efficiency of the operation of CTT's real estate assets, (ii) crystallise the value of the portfolio by pursuing development opportunities and (iii) enhance the liquidity position of CTT.