



CTT – Correios de Portugal, S.A.
Av. dos Combatentes, 43 – 14th Floor
1643-001 LISBOA
Lisbon commercial registry and
fiscal no. 500 077 568
Share Capital EUR 71,957,500.00

Announcement – Lisbon, 4 May 2023

Material information

CTT - Correios de Portugal, S.A. ("CTT" or "Company") hereby informs on its Real Estate strategy¹ and announces that on this date it entered into a Sale and Purchase of Shares Agreement (the "SPA" or the "Transaction") with Sierra Investments, SGPS, S.A. ("Sierra") regarding an equity stake in CTT's Yield Portfolio (the "Yield Portfolio"), which will be contributed to CTT IMO YIELD S.A. ("CTT IMO YIELD", or the "Vehicle", or the "SPV").

CTT's new Real Estate strategy pursues a dual track for the optimisation of its properties, categorising these in two different classes: (1) Yield Portfolio, and (2) Development Assets.

The Yield Portfolio comprises 398 assets with over 240 thousand square meters of total gross leasable area with an agreed transaction valuation of €139m². The portfolio includes real estate assets of several typologies, such as retail, logistics, offices and other, in prime and secondary locations across Portugal, with more than 50% of its value concentrated in the districts of Lisbon and Porto. These assets are part of CTT's current and future logistics and retail networks.

Within this new strategy, CTT entered into a SPA with Sierra, according to which Sierra will acquire a 3.6% equity stake for €5m³ in the SPV. The Vehicle is envisaged to be converted to a real estate fixed capital investment company ("SICAFI"). Upon conversion, Sierra will be appointed as the manager of the Yield Portfolio and as the external manager of the SICAFI. Alongside Sierra's investment, additional investors, both institutional and family offices, will acquire a stake of 26.5%⁴, representing an investment of €37m³.

Sierra's ability to (i) build investment management solutions customised to its partners' preferences, by integrating multiple strengths in the creation of sustainable added value, as well as its skills in (ii) raising capital from both institutional investors and family offices played an important part in setting up this transaction. Sierra's role will be to maximise the value of assets under management, through the increase of occupancy rates, attracting new tenants and new use typologies, and development opportunities.

The Transaction encompasses the following steps (non-exhaustive), which are subject to the conditions precedent indicated below:

- The carve-in of the Yield Portfolio in the recently created CTT IMO YIELD;

¹Additional information can be found on a separate presentation covering CTT's Real Estate strategy

²Includes €2.6m earn-out

³Assuming the carve-in of all properties of Yield Portfolio.

⁴Subject to the respective adherence to the contractual documentation. Condition precedent of a minimum investment of €30m by new investors, excluding Sierra



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- The Yield Portfolio will be transferred to the SPV in two distinct phases.
- The phase one, at completion of the transaction expected to take place in 2H23, through the transfer of properties corresponding to at least 75% of the agreed asset value.
- Phase two is expected to occur up to 12 months after completion of phase one, with the transfer of pending properties to CTT IMO YIELD.
- Sierra and the investors will acquire shares in the SPV at the two phases of the transaction.
- CTT will enter into lease agreements for the assets that are part of its retail and logistics operation, thus becoming the main tenant of the SPV;
- The conversion of the SPV into a SICAFI;
- The appointment of Sierra as investment, property and asset manager of the SICAFI;
- The acquisition of shares representing a stake of 26.5%, an investment of €37m, by investors, both institutional and family offices, and of a 3.6% stake by Sierra (€5m investment)³.

The Transaction is subject to a set of conditions precedent⁵, including the necessary authorisations from CMVM and the non-opposition by the Competition Authority. Following the conclusion of the Transaction, CTT will fully consolidate CTT IMO YIELD.

This Transaction aims at (i) improving the efficiency of the operation of CTT's retail and logistic real estate assets; (ii) crystallising the value of the Yield Portfolio, and (iii) improving the liquidity position of CTT, through the immediate equity stake sale, while creating a liquidity buffer that will increase optionality for future capital allocation opportunities. Moreover, the creation of this SPV will allow a clearer assessment of the opportunity value of each property, and an active search for alternative locations that may be more appropriated to CTT's logistic and retail needs.

Additionally, CTT will continue focused on enhancing and crystallising the value of its real estate assets, namely by pursuing the optimisation of its Development Assets.

This information to the market and the general public is made under the terms and for the purposes of article 29-Q of the Portuguese Securities Code and other legislation in force in Portugal. It is also available on CTT website at:

https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?language_id=1.

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⁵ Further information on relevant conditions precedent can be found in slide 9 of the presentation referred to above