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**SONAE SIERRA**

# Consolidated Financial Statements - 1st Half 2005

## INTRODUCTION

Sonae Sierra Net Consolidated Profit (after minority interests) reached € 40 million for the first six months of 2005, an increase of 24% compared to the same period of last year.

In consolidated terms, Sonae Sierra ended the first six months of 2005 with Direct Profits of € 27.31 million, which represent an increase of 48%, compared with the first six months of 2004. Indirect profits were € 45.31 million, an increase of 44% compared with the same period of last year. This growth was basically due to the increase in value of assets owned as result of a general decrease in yields in Spain and Portugal.

All of Sonae Sierra´s real estate fixed assets were independently valued at Open Market Value (OMV) as at 30 June 2005, and totalled € 3,646 million (€ 3,341 million as at 31/12/2004), of which € 2,236 million (€ 1,908 million as at 31/12/2004, an increase of 17%) are controlled by Sonae Sierra. On a like-for-like basis, the attributable value increased by 5%.

As of June 30 2005, the NAV per share ("Net Asset Value") of the attributable property portfolio stood at € 35.28 (€ 32.60 as of 31/12/2004), an increase of 8%.

## MAIN EVENTS DURING THE FIRST HALF OF 2005

The main events during the first half of 2005 were the following:

February: Change of name from Sonae Imobiliária to Sonae Sierra, associated with a repositioning of the company, based on a set of values - "Innovative", "Modern" e "Spirited" and a greater involvement with its different stakeholders, and sustained by the multi-cultural activity and strong international expansion strategy that it is currently implementing.

March: Opening on 15 March of the Plaza Éboli Shopping Centre (Pinto-Madrid). This Shopping Centre represents an investment of € 56.1 million, in partnership with the Éroski Group, with 101 stores and a Gross Lettable Area (GLA) of 32,030m$^2$. The promotion of this Shopping Centre is being undertaken by Sonae Sierra (65%) and the Éroski Group (35%). The Plaza Éboli is the eleventh Shopping Centre of Sonae Sierra in Spain and the second in the Madrid region after Avenida M40.

April: The Sierra Fund announces that an agreement has been signed for the acquisitions of two Shopping Centres. One was the Shopping Centre Valecenter, located in Marcon (Venice), with a GLA of 54,800 m² and a hypermarket owned and operated by Carrefour as the anchor store. The entertainment complex has Warner Village Multiplex cinema as anchor with twelve cinemas and a GLA of 11,700 m². The second was the Shopping Centre Airone, located in Monselice (Padova), with a GLA of around 16,200 m² and the supermarket Cityper as anchor store.

Acquisition of the shareholdings of the Eroski Group in the Shopping and Leisure Centres: Dos Mares (Múrcia), Luz del Tajo (Toledo), Plaza Éboli (Madrid) and Avenida M40 (Madrid). It was an operation that had already been planned in agreements made between the two companies in which, after the development and opening of these centres, Sonae Sierra could acquire the shareholding of the Eroski Group in them within two years of their opening to the public.

With this investment, amounting to € 99.3 million, Sonae Sierra now owns 100% of all these centres, through the acquisition of the 40% shareholding held by the Eroski Group in Avenida M40 (Madrid) and the 35% held by Eroski in the remaining three shopping centres: Dos Mares (Murcia), Luz del Tajo (Toledo) and Plaza Éboli (Madrid).

Sonae Sierra has won various Awards from the International Council of Shopping Centres (ICSC): Estação Viana won the Louvor prize, while six merit prizes were won in the marketing area.

May: Publication of the first Sonae Sierra Corporate Responsibility Report. With 410 million visitors to its Shopping Centres each year and more than 6,100 contracts with tenants across the world, this report arises out of the company's recognition of the significant impact of its activities on the environment, the economy and local communities, and with a view to responding to our stakeholders concerning transparency and disclosure.

Ceremony to hand over store keys to tenants at Mediterranean Cosmos, in Thessalonica, the first Shopping and Leisure Centre in Greece, the opening of which is planned for 19 October.

June: The inauguration of LoureShopping, in Loures, was announced for October 27. Also, promotion of the key handing over ceremony to tenants was carried out.

Sale to the SIERRA Fund of 50% of Principado (Oviedo, Spain) for € 131 million and 100% of Dos Mares (Murcia, Spain) for € 39.3 million.

The SIERRA Fund and Miller Development sold Coimbra Retail Park to the Scottish Widows Fund, for € 19.3 million.

## BUSINESSES

### SIERRA INVESTMENTS

In the first half of 2005, the performance of Sierra Investments shopping centres continued above expectations despite the slow economic recovery, due to a general fall in yields that led to an increase in the valuation of assets owned.

#### Portugal

Sonae Sierra is the owner (or co-owner) of 14 Shopping Centres in Portugal, with a total of 631,550 m2 of GLA.

During the first half of 2005, the total rental income of these centres was € 76 millions, an increase of 3,9%, compared to the same period of 2004. This increase was due to a positive movement in fixed rents as a result of contract renegotiations with tenants.

#### Spain

Sierra Investments is the owner (or co-owner) of 11 shopping centres, with a total of 478,490 m2 of GLA.

During the period, total rental income increased by 54.2% compared to the same period of 2004. This increase is explained by: the increase in the property portfolio (Luz del Tajo (Toledo), Zubiarte (Bilbau) and Plaza Éboli (Madrid); the fact that the results for Dos Mares (opening in April 2004) and Avenida M40 (opening in May 2004) were included for the entire first six months of 2005 (they opened in the middle of the first half of 2004); and by the increase in the occupancy rate of the more recent Shopping Centres. On a like for like basis, total rental income increased by 5.3%.

#### Italy

In Italy, Sierra Investments is owner of 2 Shopping Centres with a total GLA of 82,700 m2: Valecenter (Marcon) and Airone (Monselice).

This acquisition was the first step of Sierra Investments in the Italian market, being part of Sonae Sierra's internacionalization policy. Italy is one of the company's target markets for developing new shopping centres.

## SIERRA DEVELOPMENTS

### Portugal

LoureShopping (Loures), currently under development by Sierra Development and with planned opening on 27 October, represents an investment of around € 67 million. With a GLA of 38,630 m2, this Centre is the first Shopping Centre in Portugal to have been awarded environmental certification during the construction phase (ISO 14001) and to have included in its surface area a Leisure Garden of 52,000 m2.

The official opening of Serra Shopping (Covilhã) is planned for November 2005. This new shopping centre, owned 100% by Sierra Developments, which is the result of an expansion plan of Modelo in Covilhã, represents an investment of € 28 million and will have a total of 89 stores with a GLA of 17,830 m2.

The future shopping and leisure centre RioSul Shopping (Seixal), owned and promoted by Sonae Sierra, is planned for opening in the spring of 2006. This innovative building represents an investment of € 65.3 million, and with a GLA of 40,000 m2 constitutes a decisive step towards modernising the shopping and leisure offer in the South Tejo region. RioSul was also awarded environmental certification for the construction phase.

Setúbal Retail Park is the third investment of this kind by Sonae Sierra in Portugal, in partnership with Miller Developments. It is forecast that this investment will total around € 23 million.

Sonae Sierra won a public tender offer for the purchase of land in S. João da Madeira for the construction of a shopping and leisure centre. This centre represents an investment of around € 49 million with a GLA of around 17,500 m2. Construction is planned to commence in March 2006 with opening expected in the autumn of 2007.

### Spain

In Malaga, we expect to begin construction of Plaza Mayor Shopping during the second half of 2005, immediately after obtaining a construction licence. This project, in partnership with Castle Management (75/25), represents an investment of € 45 million with 18,600 m2 of GLA.

An agreement was made with the Town Council of Ponferrada for the construction of the Las Médulas shopping and leisure centre. This project, in partnership with Mall Inversiones (70/30), will represent an investment of € 110 million, with 49,400 m2 of GLA.

## Italy

We expect to begin construction of Freccia Rossa (Brescia) in the second half of the year, immediately after obtaining a construction licence. This project represents an investment of € 114 million, in partnership with AIG (40%) and Coimpredil (10%) while Sonae Sierra will own 50% of the Centre. With a GLA of 29,530 m2 and 130 stores, opening is planned for the spring of 2007.

The future shopping and leisure centre Caselle, located in an area next to Turin airport, is a project wholly owned by Sonae Sierra, will represent an investment of € 248 million and will be one of the largest in Italy with a GLA of 85,705 m2. The start of construction is dependent on obtaining the necessary licences.

The third investment in Italy, a shopping and leisure centre in Biella, arose as a result of a partnership with NovaCoop, and should represent an investment of € 72 million. The new complex with opening planned for the second half of 2007, will have a GLA of 35,000 m2, including a hypermarket operated by Nova Coop with 13,500 m2.

Sonae Sierra and ING Real Estate Development have established a partnership (50/50) for the promotion of a new shopping and leisure centre in La Spezia, with opening planned for the autumn of 2008. With a GLA of 38,000 m2 and representing an investment of € 130 million, the centre will have a hypermarket operated by Coop Liguria as its main anchor store.

## Germany

Construction and commercialisation continued of the modern Alexa Shopping Centre in Berlin. This partnership with the Foncière Euris Group (50/50) is a project involving an investment of € 266 million and a GLA of 54,650 m2. The Centre is expected to be completed in the autumn of 2006.

Construction work should begin at 3DO in Dortmund during 2006, immediately following the finalisation of an agreement with Deutsche Bahn. With a total investment of € 272 million, this centre will have a GLA of 63,340 m2

## Greece

The shopping and leisure centre Mediterranean Cosmos in Thessalonica will open to the public on October 19, and has been developed as a partnership between Sierra Charagionis (39.9%) and LAMDA Developments (60.1%). This centre represents an investment of € 100 million, will have a GLA of 46,560 m2. , and is an important step in Sonae Sierra's international expansion plan, since it is the first shopping and leisure centre of the company in Greece.

Through Sierra Charagionis, - the company set up for the joint-venture with the Charagionis Group (50/50) – efforts continue to obtain the necessary licences to promote and build the

Aegean Park, in Athens. This shopping and leisure centre represents an investment of around € 152 million and GLA of 53,000 m2.

## SIERRA MANAGEMENT

The Management business is currently setting up management structures in Greece and Germany and strengthening them in Italy, in order to respond to the constant increase in the portfolio under management and commercialisation. The business now manages 5.272 contracts covering 1,725 thousand m2 of GLA.

### Portugal

During the first six months of 2005, Sonae Sierra managed 932 thousand m2 of GLA, equal to 3,390 tenant contracts. The commercialisation of LoureShopping and RioSul began while 90% of Serra Shopping was already sold. This portfolio performed well, receiving more than 124.5 million visits, while sales reached € 893 million increasing by 4.2%.

The occupancy rate of the portfolio was 96.1%.

### Spain

During the first half of 2005, Sonae Sierra began management of Plaza Éboli (Madrid). The portfolio under management now consists of 12 shopping centres and 2 galleries. Sierra Management currently manages 1.560 leasing contracts in 574 thousand m2 of GLA.

Performance was positive during the first six months with a 42.8% increase in sales and 30.7% increase in visits. On a like-for-like basis, sales increased by 7.8% while occupancy reached 92.3%.

### Italy

During the first half of 2005, Sonae Sierra began management of 2 Shopping Centres, Valecenter e Airone, and strengthened its management structure in this country. Valecenter is a shopping centre in the Marcon region (Venice), with a catchment area of 1 million people. Airone is located in Moselice (Padova), with a catchment area of 143 thousand people. Together, these two shopping centres represent an effective increase in GLA of 82,700 $m^2$.

GLA in Italy now totals 219 thousand $m^2$, more than double the GLA of the same period last year. The business now manages 322 contracts.

**SONAE SIERRA BRASIL**

In Brazil, Sonae Sierra Brasil is owner (or co-owner) of 7 shopping and leisure centres, equal to a total of 245 thousand m2 of GLA.

During the six months, total rental income from the Brazilian portfolio increased by 21.9% in Reais, compared to the same period last year. On a like-for-like basis, growth was 18.8%.

The Brazilian business manages 1,221 contracts with tenants. The portfolio received 35,3 million visits (an increase of 20.6% over the same period of last year), with sales of more than R$ 763.8 million (€ 239.3 million) an increase of 31.2% (in Reais) comparing with the same period of last year. On a like-for-like basis, visits increased by 10.8% and sales increased by 23.1%. The occupancy in this portfolio reached 82.3%.

Exercising due prudence and caution, Sonae Sierra will continue to analyse other investment opportunities in the Brazilian market.

## FINANCIAL POSITION AND RESULTS

### Consolidated Financial Performance

The Company closed the first half of 2005 with Direct Income from Investments of € 99.7 million, compared to € 83.25 million in the first half of 2004, an increase of 19%.

EBITDA reached € 56.7 million compared to € 46.2 million in the first six months of 2004, an increase of 22.6%. EBITDA was positively influenced by:

1) the openings of Luz de Tajo, Zubiarte and Plaza Éboli in Spain, reflecting the increase in total rental income;

2) the renewal of contracts with tenants in some Shopping Centres in Portugal; and

3) the increase in rental income in Brazil due to an increase in the occupancy rate at Parque D. Pedro, the contribution of Boavista Shopping and the opening of the Penha Shopping expansion.

Indirect Profit totalled € 45.31 million, equal to an increase of 44% compared to the same period of last year. The Value created on investments was € 54.5 million, of which:

1) € 48.1 million relates to the value created by shopping and leisure centres already operating at the end of 2004;

2) € 9.6 million to shopping and leisure centres opened during the first half of 2005; and

3) € -3.9 million resulting from the acquisition price difference on Eroski shareholding in the Spanish centres.

The property gains are related to the sale of Coimbra Retail Park to Scottish Widows and of Dos Mares to the Sierra Fund.

Net profits before minority interests were € 72.61 million compared to € 49.9 million in the first half of 2004. Minorities include the 49.9% minority interest of the Sierra Fund.

Analysis of the consolidated Balance Sheet demonstrates the continued sound financial position of Sonae Sierra. Gearing (measured as net indebtedness as a percentage of total assets less cash and equivalents) was 34.4% as of June 2005, a very comfortable percentage for this type of business

SONAE SIERRA

**Sonae Sierra** (un-audited accounts)

| Consolidated Profit and Loss Account (€ 000) | 1st semester 2005 | 1st semester 2004 | % 05/04 |
|---|---|---|---|
| **Direct Income from Investments** | **99.165** | **83.253** | **19,1%** |
| Operating costs | 38.149 | 33.572 | 14% |
| Other costs | 4.347 | 3.450 | 26% |
| **Direct costs from investments** | **42.496** | **37.022** | **15%** |
| **EBITDA** | **56.669** | **46.232** | **22,6%** |
| **Depreciation** | **1.312** | **2.267** | **-42%** |
| **Recurrent net financial costs** | **20.119** | **18.374** | **10%** |
| **Direct profit before taxes** | **35.237** | **25.591** | **38%** |
| **Corporate tax** | **7.928** | **7.176** | **10%** |
| **Direct profit** | **27.309** | **18.415** | **48%** |
| Realized on properties | 1.850 | 1.736 | 7% |
| Value created on investments | 54.542 | 40.423 | 35% |
| **Indirect income** | **56.392** | **42.159** | **34%** |
| **Deferred tax** | **11.086** | **10.667** | **4%** |
| **Indirect profit** | **45.305** | **31.492** | **44%** |
| **Net profit before minorities** | **72.614** | **49.907** | **45%** |
| **Attributable to :** | | | |
| **Equity holders** | **39.990** | **32.182** | **24%** |
| **Minority interests** | **32.624** | **17.725** | **84%** |

**Sonae Sierra** (un-audited accounts)

| Consolidated Balance Sheet (€ 000) | 30-06-2005 | 31-12-2004 | Var. (05 - 04) |
|---|---|---|---|
| Investment properties | 2.233.722 | 1.984.733 | 248.989 |
| Properties under development and others | 285.042 | 246.117 | 38.925 |
| Goodwill | 42.876 | 18.989 | 23.887 |
| Deferred taxes | 26.801 | 18.885 | 7.916 |
| Other assets | 145.375 | 125.206 | 20.169 |
| Deposits | 111.762 | 245.212 | -133.450 |
| **Total assets** | **2.845.578** | **2.639.142** | **206.436** |
| **Net worth** | **885.354** | **821.818** | **63.536** |
| **Minorities** | **247.506** | **250.077** | **-2.571** |
| Bank loans | 1.053.539 | 933.970 | 119.569 |
| Shareholder loans from minorities | 83.625 | 95.105 | -11.480 |
| Deferred taxes | 352.704 | 315.807 | 36.897 |
| Other liabilities | 222.849 | 222.365 | 484 |
| **Total liabilities** | **1.712.717** | **1.567.247** | **145.470** |
| **Net worth, minorities and liabilities** | **2.845.578** | **2.639.142** | **206.436** |

**Management Financial Statements by business (un-audited)**

We resent pro-forma financial statements (un-audited) by business in accordance with International Accounting Standards (IAS).

**Sierra Investments**

This business contributed € 42.3 million to Consolidated Profits compared to € 27.8 million in the first six months of 2004, an increase of 52%.

Retail operating income increased compared to the same period of last year, mainly due to the increase in the portfolio of Sonae Sierra (Luz del Tajo, Zubiarte and Plaza Éboli, Dos Mares e Avenida M40, all shopping centres located in Spain), the increase in the occupancy rates of new Shopping Centres in Spain and the renewal of tenant contracts in some Shopping Centres in Portugal.

EBITDA totalled € 57.16 million, a 20% increase compared with same period of last year.

Financial costs increased by 41% compared to the first half of 2004, due to the increase in the portfolio in 2004 and 2005 and the refinancing of the Vasco da Gama and NorteShopping Shopping Centres (both in Portugal).

The property gains are result of price adjustments made between Sierra Developments and Sierra Investments for the transactions of assets to the Sierra Fund.

Value created on properties amounted to € 57.1 million during the period compared to € 26.7 million in the same period of 2004, a result of a general fall in yields in Spain and Portugal, leading to an increase in OMVs of the assets owned.

SONAE SIERRA

## Sierra Investments

(un-audited accounts)

| Profit & Loss Account (€ 000) | 1st semester 2005 | 1st semester 2004 | % 05/04 |
|---|---|---|---|
| Fixed rental income | 63.546 | 52.817 | 20% |
| Turnover rental income | 2.046 | 1.880 | 9% |
| Key-money | 4.326 | 3.431 | 26% |
| Other income | 2.642 | 2.126 | 24% |
| Retail operating income | 72.561 | 60.254 | 20% |
| Property management services | 4.217 | 3.527 | 20% |
| Letting & promotion | 1.938 | 1.006 | 93% |
| Capital expenditure | 1.501 | 1.639 | -8% |
| Other costs | 5.811 | 5.509 | 5% |
| Retail operating costs | 13.467 | 11.682 | 15% |
| Retail operating margin | 59.094 | 48.572 | 22% |
| Parking operating margin | 1.474 | 1.575 | -6% |
| Co-generation operating margin | 577 | 564 | 2% |
| **Shopping centre net operating margin** | **61.146** | **50.712** | **21%** |
| **Offices operating margin** | **173** | **162** | **7%** |
| Overheads | 4.158 | 3.213 | 29% |
| **EBITDA** | **57.161** | **47.660** | **20%** |
| Depreciation and Provisions | 1.403 | 1.217 | 15% |
| Recurrent net financial costs/(income) | 19.520 | 13.832 | 41% |
| Non-recuring costs/(income) | 233 | 89 | 163% |
| **Direct profit before taxes** | **36.006** | **32.522** | **11%** |
| Corporate tax | 6.992 | 7.816 | -11% |
| **Direct profit** | **29.013** | **24.706** | **17%** |
| Gain on sale of properties | 6.045 | 1.975 | 206% |
| Value created on properties | 57.077 | 26.721 | 114% |
| **Indirect income** | **63.121** | **28.696** | **120%** |
| Deferred tax | 19.387 | 6.266 | 209% |
| **Indirect profit** | **43.734** | **22.430** | **95%** |
| **Net profit before minorities** | **72.747** | **47.136** | **54%** |
| **Attributable to :** | | | |
| Equity holders | 42.257 | 27.784 | 52% |
| Minority interests | 30.490 | 19.352 | 58% |

## Sierra Investments

(un-audited accounts)

| Consolidated Balance Sheet (€ 000) | 30-06-2005 | 31-12-2004 | Var. (05 - 04) |
|---|---|---|---|
| Investment properties & others | 2.061.386 | 1.844.598 | 216.789 |
| Goodwill | 39.491 | 7.541 | 31.950 |
| Tenants | 9.579 | 7.813 | 1.766 |
| Deferred taxes | 14.885 | 14.261 | 624 |
| Other assets | 122.708 | 82.573 | 40.135 |
| Deposits & short term investments | 333.491 | 438.847 | -105.355 |
| **Total assets** | **2.581.541** | **2.395.633** | **185.908** |
| **Net worth** | **784.298** | **761.305** | **22.993** |
| **Minorities** | **239.232** | **221.056** | **18.176** |
| Bank loans | 989.771 | 870.124 | 119.647 |
| Shareholder loans | 83.071 | 96.668 | -13.597 |
| Deferred taxes | 334.235 | 285.014 | 49.222 |
| Other liabilities | 150.933 | 161.465 | -10.532 |
| **Total liabilities** | **1.558.011** | **1.413.271** | **144.739** |
| **Net Worth, minorities and liabilities** | **2.581.541** | **2.395.633** | **185.908** |

## Sierra Developments

This business made a positive contribution to Consolidated Profits of € 5.2 million, compared to a loss of € 296 thousand for the same period of last year.

The positive performance shown by Sierra Developments in 2005 is due to the significant increase in value created on properties under development, and justified by the investments in projects under development and by the general decrease in yields.

**Sierra Developments** (un-audited accounts)

| Profit & Loss Account (€ 000) | 1st semester 2005 | 1st semester 2004 | % 05/04 |
|---|---|---|---|
| **Development services rendered** | **6.117** | **3.779** | **62%** |
| Operating costs | 10.967 | 9.509 | 15% |
| **EBITDA** | **(4.850)** | **(5.731)** | **15%** |
| Depreciation and provisions | 117 | 43 | 173% |
| Net financial costs/(income) | 107 | 309 | -65% |
| Non-recuring costs/(income) | (527) | 124 | - |
| **Direct profit before taxes** | **(4.546)** | **(6.207)** | **27%** |
| Corporate tax | (872) | (936) | 7% |
| **Direct profit** | **(3.674)** | **(5.270)** | **30%** |
| Realized on investments | (7.608) | 62 | - |
| Value created on properties under development | 23.769 | 4.631 | - |
| **Indirect profit** | **16.161** | **4.692** | **244%** |
| Deferred tax | 7.336 | (221) | |
| **Net profit before minorities** | **5.151** | **(357)** | **-** |
| **Attributable to :** | | | |
| Equity holders | **5.152** | **(296)** | - |
| Minority interests | (1) | (62) | 98% |

**Sierra Developments** (un-audited accounts)

| Consolidated Balance Sheet (€ 000) | 30-06-2005 | 31-12-2004 | Var. (05 - 04) |
|---|---|---|---|
| Properties under development | 267.134 | 234.093 | 33.040 |
| Tenants | 2.796 | 2.750 | 45 |
| Other assets | 61.390 | 66.470 | -5.080 |
| Deposits | 11.899 | 12.640 | -741 |
| **Total assets** | **343.218** | **315.954** | **27.264** |
| **Net worth** | **62.166** | **62.080** | **87** |
| **Minorities** | **1.237** | **19.764** | **-18.527** |
| Bank loans | 30.608 | 18.020 | 12.588 |
| Shareholder loans | 176.498 | 127.868 | 48.630 |
| Deferred taxes | 5.060 | 10.876 | -5.816 |
| Other liabilities | 67.648 | 77.346 | -9.698 |
| **Total liabilities** | **279.814** | **234.110** | **45.704** |
| **Net worth, minorities and liabilities** | **343.218** | **315.954** | **27.264** |

## Sierra Management

This business contributed € 1.7 million to Consolidated Profits compared to € 2.6 million in the same period of last year. Total income increased 9% compared to the first half of 2004, due to the increase in the portfolio of Shopping Centres under management and commercialisation, and the renewal of contracts with tenants in some Shopping Centres in Portugal.

On the other hand, operating costs increased by 16%, due to investment in setting up management structures in Greece and Germany and strengthening them in Italy, which justifies the decrease in results in the period, comparing with last year.

**Sierra Management** (un-audited accounts)

| Profit & Loss Account (€ 000) | 1st semester 2005 | 1st semester 2004 | % 05/04 |
|---|---|---|---|
| Property management fees | 10.923 | 9.512 | 15% |
| Letting fees | 1.489 | 1.998 | -25% |
| Other income | 1.469 | 1.218 | 21% |
| Income from prop. management services | 13.881 | 12.728 | 9% |
| Operating costs | 10.648 | 9.152 | 16% |
| **EBITDA** | **3.233** | **3.576** | **-10%** |
| Depreciation | 696 | 625 | 11% |
| Net financial costs/(income) | (388) | (373) | -4% |
| Non-recuring costs/(income) | 103 | 21 | 399% |
| **Profit before taxes** | **2.822** | **3.303** | **-15%** |
| Corporate tax | 1.110 | 701 | 58% |
| **Net profit before minorities** | **1.713** | **2.602** | **-34%** |
| **Attributable to :** | | | |
| Equity holders | **1.704** | **2.599** | **-34%** |
| Minority interests | 9 | 3 | 249% |

**Sierra Management** (un-audited accounts)

| Consolidated Balance Sheet (€ 000) | 30-06-2005 | 31-12-2004 | Var. (05 - 04) |
|---|---|---|---|
| Net fixed assets | 715 | 511 | 204 |
| Goodwill | 7.758 | 8.412 | -654 |
| Tenants | 12.761 | 9.649 | 3.112 |
| Deferred taxes | 623 | 452 | 172 |
| Other assets | 7.756 | 4.247 | 3.509 |
| Deposits | 16.256 | 27.130 | -10.874 |
| **Total assets** | **45.869** | **50.400** | **-4.532** |
| **Net worth** | **4.592** | **7.893** | **-3.301** |
| **Minorities** | **23** | **58** | **-36** |
| Shareholder loans | 1 | 8.846 | -8.845 |
| Other liabilities | 41.253 | 33.603 | 7.650 |
| **Total liabilities** | **41.254** | **42.449** | **-1.195** |
| **Net worth, minorities and liabilities** | **45.869** | **50.400** | **-4.532** |

## Sonae Sierra Brasil

Sonae Sierra Brasil comprises the Development, Investment and Property Management businesses in Brazil.

Retail operating income amounted to € 7.5 million, an increase of 22% compared to the same period of last year, due mainly to the expansion of Penha Shopping in the fourth quarter of 2004 and an increase in occupancy rates at Parque D.Pedro and Boavista Shopping.

Operating profits of Shopping Centres increased from € 3.7 million to € 4.6 million, an increase of 25% compared to the first half of 2004.

Net financial costs fell, compared to last year, since in 2004 a withholding tax on interests on equity in Parque Dom Pedro was treated as a cost.

The Value created on properties was negative for the first half of 2005, totalling € 8.2 million, as a result of valuation adjustments of Parque D. Pedro (€ 6.5 million), Boavista Shopping (€ 1.2 million) and Penha Shopping – São Paulo (€ 700 thousand).

**Sonae Sierra Brasil** (un-audited accounts)

| Profit & Loss Account (€ 000) | 1st semester 2005 | 1st semester 2004 | % 05/04 |
|---|---|---|---|
| Fixed rental income | 6.572 | 4.540 | 45% |
| Turnover rental income | 361 | 291 | 24% |
| Key-money | 386 | 1.158 | -67% |
| Other income | 177 | 153 | 16% |
| Retail operating income | 7.496 | 6.142 | 22% |
| Property management services | 338 | 128 | 164% |
| Letting & promotion services | 699 | 983 | -29% |
| Other costs | 1.872 | 1.352 | 39% |
| Retail operating costs | 2.910 | 2.463 | 18% |
| Parking operating margin | (11) | (3) | -235% |
| **Shopping centre net operating margin** | **4.575** | **3.675** | **25%** |
| Income from project development services | 62 | 210 | -70% |
| Income from property management services | 886 | 584 | 52% |
| **Income from services rendered** | **949** | **794** | **19%** |
| Overheads | 1.845 | 1.932 | -4% |
| **EBITDA** | **3.679** | **2.537** | **45%** |
| Depreciation | 44 | 40 | 9% |
| Provisions | 963 | 224 | 330% |
| Net financial costs/(income) | 879 | 2.663 | -67% |
| Non-recuring costs/(income) | 5 | 40 | -89% |
| **Direct profit before taxes** | **1.788** | **(430)** | **-** |
| Corporate tax | 410 | (763) | 154% |
| **Direct Profit** | **1.378** | **333** | **314%** |
| Value created on properties | (8.249) | 2.490 | - |
| Value created on properties under development | 0 | (1.836) | - |
| **Indirect income** | **(8.249)** | **654** | **-** |
| Deferred tax | (11.104) | 876 | - |
| **Indirect profit** | **2.854** | **(222)** | **-** |
| **Net profit before minorities** | **4.232** | **110** | **-** |
| **Attributable to :** | | | |
| Equity holders | **4.115** | **6** | **-** |
| Minority interests | 117 | 105 | 12% |

**Sonae Sierra Brasil** (un-audited accounts)

| Consolidated Balance Sheet (€ 000) | 30-06-2005 | 31-12-2004 | Var. (05 - 04) |
|---|---|---|---|
| Properties | 187.304 | 153.527 | 33.776 |
| investments | 186.691 | 153.527 | 33.164 |
| under development | 612 | 0 | 612 |
| Tenants | 2.693 | 3.897 | -1.204 |
| Deferred taxes | 5.602 | 4.131 | 1.471 |
| Other assets | 5.918 | 2.651 | 3.267 |
| Deposits | 3.023 | 1.008 | 2.015 |
| **Total assets** | **204.539** | **165.215** | **39.324** |
| **Net worth** | **11.880** | **-33.021** | **44.901** |
| **Minorities** | **3.297** | **2.518** | **779** |
| Bank loans | 690 | 772 | -82 |
| Shareholder loans | 168.781 | 164.625 | 4.156 |
| Deferred taxes | 13.719 | 20.703 | -6.984 |
| Other liabilities | 6.172 | 9.618 | -3.447 |
| **Total liabilities** | **189.362** | **195.718** | **-6.356** |
| **Net worth, minorities and liabilities** | **204.539** | **165.215** | **39.324** |

Maia, 6 September 2005.

The Board of Directors

______________________

Belmiro Mendes de Azevedo

Non-Executive Chairman

______________________

Jeremy Henry Moore Newsum

Non-Executive Director

______________________

Neil Leslie Jones

Non- Executive Director

______________________

Ângelo Ribeirinho Paupério

Non-Executive Director

________________________________________

Benoit Prat-Stanford

Non-Executive Director

___________________________

Álvaro Carmona e Costa Portela

Chairman

______________________________

João Gonçalo Sassetti Pessoa Jorge

Director

_____________________________________

José Edmundo Medina Barroso de Figueiredo

Director

___________________________

Pedro José D'Hommée Caupers

Director

________________________________________

Fernando Maria Guedes Machado Antunes Oliveira

Director

________________________________________

António José Santos Silva Casanova

Director

SONAE SIERRA

SONAE SIERRA, S.G.P.S., S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2005, 31 DECEMBER 2004 AND 30 JUNE 2004

(Translation of balance sheets originally issued in Portuguese - Note 8)

(Amounts stated in Euro)

| ASSETS | Notes | 30 June 2005 | 31 December 2004 | 30 June 2004 |
|---|---|---|---|---|
| NON CURRENT ASSETS: | | | | |
| Investment properties | 4 | 2 233 721 684 | 1 984 732 629 | 1 751 851 679 |
| Investment properties in progress | 4 | 263 455 579 | 224 893 570 | 171 267 101 |
| Property, plant and equipment | | 1 973 843 | 2 180 871 | 2 422 454 |
| Goodwill | 5 | 42 876 377 | 18 989 313 | 8 437 281 |
| Intangible assets | | 8 778 361 | 9 159 420 | 9 405 628 |
| Investments in associates and companies excluded from consolidation | | 4 122 428 | 2 834 879 | 3 091 067 |
| Deferred tax assets | | 25 695 693 | 20 586 894 | 17 283 786 |
| Other non current assets | | 33 458 624 | 27 879 266 | 26 823 537 |
| Total non current assets | | 2 614 082 589 | 2 291 256 842 | 1 990 582 533 |
| CURRENT ASSETS: | | | | |
| Inventories | | - | - | 101 460 |
| Trade receivables | | 17 899 263 | 18 144 734 | 24 752 871 |
| Other shareholders | | 26 999 728 | 130 000 000 | 130 000 000 |
| Other receivables | | 77 637 065 | 64 558 035 | 55 028 323 |
| Other current assets | | 14 809 836 | 11 435 227 | 12 244 367 |
| Cash and cash equivalents | | 81 034 833 | 115 212 239 | 155 368 611 |
| Total current assets | | 218 380 725 | 339 350 235 | 377 495 632 |
| Total assets | | 2 832 463 314 | 2 630 607 077 | 2 368 078 165 |
| **EQUITY, MINORITY INTERESTS AND LIABILITIES** | | | | |
| EQUITY: | | | | |
| Share capital | | 162 244 860 | 162 244 860 | 162 244 860 |
| Reserves | | 41 310 112 | 4 796 283 | (561 042 907) |
| Retained earnings | | 641 809 127 | 572 530 009 | 1 132 860 340 |
| Consolidated net profit for the period attributable to the equity holders of Sonae Sierra | | 39 989 872 | 82 246 357 | 32 182 267 |
| Equity attributable to the equity holders of Sonae Sierra | | 885 353 971 | 821 817 509 | 766 244 560 |
| Minority interests | | 247 506 369 | 250 077 187 | 212 819 667 |
| Total Equity | | 1 132 860 340 | 1 071 894 696 | 979 064 227 |
| LIABILITIES: | | | | |
| NON CURRENT LIABILITIES: | | | | |
| Long term debt - net of current portion | 6 | 891 360 748 | 844 869 988 | 707 558 504 |
| Debentures loans - net of current portion | 6 | 32 470 063 | 30 000 000 | |
| Other loans | 7 | - | - | 12 475 |
| Other shareholders | | 78 381 056 | 89 517 203 | 89 512 493 |
| Other non current liabilities | | 19 901 883 | 10 888 231 | 8 995 416 |
| Deferred tax liabilities | | 351 421 693 | 317 608 544 | 275 067 771 |
| Total non current liabilities | | 1 373 535 443 | 1 292 883 966 | 1 081 146 659 |
| CURRENT LIABILITIES: | | | | |
| Current portion of long term debt | 6 | 123 187 799 | 39 364 097 | 46 834 840 |
| Current portion of long term of debentures loans | 6 | - | 11 939 990 | 61 939 990 |
| Short term debt and other borrowings | 7 | 318 969 | 41 573 | 124 476 |
| Trade payables | | 55 219 927 | 100 239 871 | 61 146 517 |
| Other shareholders | | 4 920 500 | 5 568 242 | 26 911 088 |
| Other payables | | 41 871 824 | 33 035 217 | 42 177 075 |
| Other current liabilities | | 98 863 293 | 74 973 632 | 67 870 828 |
| Provisions | | 1 685 219 | 665 793 | 862 465 |
| Total current liabilities | | 326 067 531 | 265 828 415 | 307 867 279 |
| Total equity, minority interests and liabilities | | 2 832 463 314 | 2 630 607 077 | 2 368 078 165 |

The accompanying notes form an integral part of these consolidated balance sheets.

The Board of Directors

SONAE SIERRAM, S.G.P.S., S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURE

FOR THE SEMESTERS ENDED 30 JUNE 2005 AND 2004

(Translation of statements of profit and loss originally issued in Portuguese - Note 8)

(Amounts stated in Euro)

| | Notes | 2005 | 2004 |
|---|---|---|---|
| Operating revenue: | | | |
| Sales | | - | - |
| Services rendered | | 130 567 229 | 120 100 433 |
| Variation in fair value of the investment properties | 4 | 58 064 014 | 42 868 322 |
| Other operating revenue | 3 | 11 214 314 | 10 634 723 |
| Total operating revenue | | 199 845 557 | 173 603 478 |
| Operating expenses: | | | |
| Cost of inventories sold | | - | - |
| External supplies and services | | (56 806 430) | (63 339 208) |
| Personnel expenses | | (17 315 798) | (15 611 953) |
| Depreciation and amortisation | | (1 045 939) | (944 884) |
| Provisions and impairment | | (2 332 016) | (870 176) |
| Other operating expenses | | (11 965 847) | (8 539 054) |
| Total operating expenses | | (89 466 030) | (89 305 275) |
| Net operating profit | | 110 379 527 | 84 298 203 |
| Financial income | | 5 384 749 | 5 466 430 |
| Financial expenses | | (25 599 880) | (23 837 963) |
| Share of results of associated undertakings | | (80 364) | (2 172) |
| Investment income | | 1 493 211 | 1 825 930 |
| Profit before income tax | | 91 577 243 | 67 750 428 |
| Income tax | | (18 962 989) | (17 843 404) |
| Profit after income tax | | 72 614 254 | 49 907 024 |
| Net profit after tax from discontinuing operations | | - | - |
| Consolidated net profit for the period | | 72 614 254 | 49 907 024 |
| Attributable to: | | | |
| Equity holders of Sonae Sierra | | 39 989 872 | 32 182 267 |
| Minority interests | | 32 624 382 | 17 724 757 |
| Consolidated net profit per share: | | | |
| Basic | | 1.230 | 0.990 |
| Diluted | | 1.230 | 0.990 |

The accompanying notes form an integral part of these consolidated statements of profit and loss.

The Board of Directors

SONAE SIERRA

SONAE SIERRA S.G.P.S., S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SEMESTERS ENDED 30 JUNE 2004 AND 2003

(Translation of statements of changes in equity originally issued in Portuguese - Note 8)

(Amounts stated in Euro)

| | Attributable to Equity Holders of Sonae Sierra | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | | | |
| | Share capital | Legal Reserves | Translation reserve | Hedging reserve | Retained earnings | Net profit | Total | Minority Interests | Total |
| Balance at 31 December 2003 | 162 244 860 | 56 883 214 | (53 296 011) | (1 518 974) | 374 239 613 | 208 667 527 | 747 220 229 | 194 629 961 | 941 850 190 |
| Appropriation of consolidated net profit for 2003: | | | | | | | | | |
| Transfer to legal reserves and retained earnings | - | 445 898 | 746 694 | - | 198 371 015 | (199 563 607) | - | - | - |
| Dividends distributed | - | - | - | - | - | (9 103 920) | (9 103 920) | - | (9 103 920) |
| Currency translation differences | - | - | (4 736 364) | - | - | - | (4 736 364) | (140 940) | (4 877 304) |
| Fair value of hedging instruments | - | - | - | 1 068 235 | - | - | 1 068 235 | 266 965 | 1 335 200 |
| Deferred tax in fair value of hedging instruments | - | - | - | (291 766) | - | - | (291 766) | (71 357) | (363 123) |
| Capital increase | - | - | - | | - | - | - | 107 288 | 107 288 |
| Acquisitions/sale of subsidiaries effect | - | - | - | | - | - | - | (91 113) | (91 113) |
| Consolidated net profit for the period ended 30 June 2004 | - | - | - | - | - | 32 182 267 | 32 182 267 | 17 724 757 | 49 907 024 |
| Others | - | - | - | - | (94 121) | - | (94 121) | 394 106 | 299 985 |
| Balance at 30 June 2004 | 162 244 860 | 57 329 112 | (57 285 681) | (742 505) | 572 516 507 | 32 182 267 | 766 244 560 | 212 819 667 | 979 064 227 |
| Balance at 31 December 2004 | 162 244 860 | 57 329 112 | (51 027 901) | (1 504 928) | 572 530 009 | 82 246 357 | 821 817 509 | 250 077 187 | 1 071 894 696 |
| Appropriation of consolidated net profit for 2004: | | | | | | | | | |
| Transfer to legal reserves and retained earnings | - | - | - | - | 69 240 757 | (69 240 757) | - | - | - |
| Dividends distributed | - | - | - | - | - | (13 005 600) | (13 005 600) | (3 304 478) | (16 310 078) |
| Currency translation differences | - | - | 37 883 171 | - | - | - | 37 883 171 | 365 610 | 38 248 781 |
| Fair value of hedging instruments | - | - | - | (1 965 294) | - | - | (1 965 294) | (2 188 614) | (4 153 908) |
| Deferred tax in fair value of hedging instruments | - | - | - | 595 952 | - | - | 595 952 | 651 195 | 1 247 147 |
| Capital increase | - | - | - | | - | - | - | 5 866 438 | 5 866 438 |
| Acquisitions/sale of subsidiaries effect | - | - | - | | - | - | - | (36 735 215) | (36 735 215) |
| Consolidated net profit for the period ended 30 June 2005 | - | - | - | - | - | 39 989 872 | 39 989 872 | 32 624 382 | 72 614 254 |
| Others | - | - | - | - | 38 361 | - | 38 361 | 149 864 | 188 225 |
| Balance at 30 June 2005 | 162 244 860 | 57 329 112 | (13 144 730) | (2 874 270) | 641 809 127 | 39 989 872 | 885 353 971 | 247 506 369 | 1 132 860 340 |

The accompanying notes form an integral part of these consolidated balance sheets.

The Board of Directors

SONAE SIERRA, SGPS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SEMESTERS ENDED 30 JUNE 2005 AND 2004

(Translation of statement of cash flow originally issued in Portuguese - Note 8)

(Amounts stated in Euro)

| | 2005 | | 2004 | |
|---|---|---|---|---|
| **OPERATING ACTIVITIES:** | | | | |
| Received from clients | 132 458 673 | | 125 196 536 | |
| Paid to suppliers | (51 687 118) | | (56 198 588) | |
| Paid to personnel | (17 426 109) | | (16 095 815) | |
| **Flows from operations** | 63 345 445 | | 52 902 133 | |
| (Payments)/receipts of income tax | (4 222 895) | | (10 978 987) | |
| Other (payments)/receipts relating to operating activities | 3 875 605 | | (8 178 809) | |
| **Flows from operating activities [1]** | | 62 998 155 | | 33 744 337 |
| **INVESTING ACTIVITIES:** | | | | |
| **Receipts relating to:** | | | | |
| Investments | 5 486 539 | | 42 271 660 | |
| Tangible fixed assets | 232 022 | | 1 421 783 | |
| Intangible fixed assets | - | | 105 354 | |
| Interest income | 4 484 439 | | 3 465 897 | |
| Other | - | 10 203 000 | 6 248 | 47 270 942 |
| **Payments relating to:** | | | | |
| Investments | (126 303 031) | | (2 380 234) | |
| Tangible fixed assets | (132 941 270) | | (87 818 264) | |
| Intangible fixed assets | (312 953) | | (36 928) | |
| Other | (3 535 990) | (263 093 244) | (548 207) | (90 783 633) |
| Net Loans granted | | 102 180 154 | | (20 806 492) |
| **Flows from investing activities [2]** | | (150 710 089) | | (64 319 183) |
| **FINANCING ACTIVITIES:** | | | | |
| **Receipts relating to:** | | | | |
| Capital increase and share premiums | 355 589 | 355 589 | - | - |
| **Payments relating to:** | | | | |
| Interest expenses | (27 816 259) | | (21 838 944) | |
| Dividends | (16 321 442) | | (9 177 621) | |
| Decrease of share capital - nominal value and discounts and premiums | (72 367) | | - | |
| Other | (6 348) | (44 216 416) | - | (31 016 565) |
| Net Loans obtained | | 94 817 640 | | 31 480 722 |
| **Flow from financing activities [3]** | | 50 956 813 | | 464 157 |
| **Variation in cash and cash equivalents [4]=[1]+[2]+[3]** | | (36 755 122) | | (30 110 689) |
| **Effect of exchange differences** | | 303 095 | | (16 985) |
| **Effects of changes in the perimeter:** | | | | |
| Acquisition / sale of companies | | 2 319 195 | | 167 786 |
| **Cash and cash equivalents at the beginning of the year** | | 115 212 179 | | 185 262 099 |
| **Impairment of the treasury application odf Parque Dom Pedro** | | (351 008) | | |
| **Cash and cash equivalents at the end of the year** | | 80 728 339 | | 155 302 211 |

The accompanying notes form an integral part of these consolidated statements of cash flows.

The Board of Directors

**Sonae Sierra SGPS, SA**
Lugar do Espido Via Norte
Apartado 1197
4471-909 Maia Portugal

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SONAE SIERRA, SGPS, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 JUNE 2005

(Translation of notes originally issued in Portuguese – Note 8)

(Amounts expressed in Euro)

## 1. INTRODUCTION

SONAE SIERRA, S.G.P.S., S.A. ("the Company" or "Sonae Sierra"), named Sonae Imobiliária, SGPS, S.A. until February 16th 2005, which has its head office in Lugar do Espido, Via Norte, Apartado 1197, 4471-909 Maia – Portugal, is the parent company of a group of companies, as explained in Notes 3 and 4 ("the Group").

The Group's operations consist of investment, management and development of shopping centres.

The Group operates in Portugal, Brazil, Spain, Greece, Germany, Italy and Netherlands..

## 2. PRINCIPAL ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, except for investment properties and financial instruments which are stated at fair value, from the accounting records of the companies included in the consolidation, maintained in accordance with generally accepted accounting principles in Portugal adjusted, in the consolidation process, to International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), applicable to economic years beginning on 1 January 2004. Specifically, the anticipated application of the Improvements to International Accounting Standards ("IAS") and IFRS 2 to 5 was not adopted, as in general, these standards are applicable only to economic years beginning on or after 1 January 2005.

In the preparation of the accompanying financial statements, were used estimates that affect the reporting amounts of the assets and liabilities, as well the reporting amounts of income and expenses. All the estimates and assumptions made by the Board of Directors were however made, based on the best knowledge existing, as of the approval date of the financial statements, of the events and transaction in course.

The Group adopted International Financial Reporting Standards in the preparation of consolidated financial statements as from 1 January 2001 and, consequently, some of the generally accepted accounting principles in Portugal, as defined in the Official Plan of Accounts (Plano Oficial de Contas - "POC"), were not applied, namely the historical cost convention relating to investment properties and financial instruments, which are stated at their fair value.

The effect of the adjustments as of 31 December 2000, relating to changes in accounting principles to IFRS, amounting to Euro 222.683.763, was recorded in the equity captions "Retained earning" (Euro 223.565.176), "Hedging reserve" (negative amount of Euro 946,300) and "Translation reserve" (Euro 64.887)

The Board of the Company considerer that the accompanying consolidated financial statements and their notes have an adequate presentation of interim consolidated information. For additional information about the accounting policies and other information, consult the consolidated financial statements of the Company and their notes for the year 2004

## 3. CHANGES IN THE COMPOSITION OF THE GROUP

The main acquisitions and sales of companies occurred during the semester ended 30 June 2005 and 2004 were as follows:

Acquisition of subsidiaries

During the first semester of 2005 the Group acquired the remaining share capital of the following subsidiaries:
- 35% of the subsidiary Dos Mares – Shopping Centre, SA ("Dos Mares"). With the acquisition of this 35% by the amount of Euro 6.110.123 a Goodwill in the amount of Euro 1.280.174 was booked (Note 5);
- 40% of the subsidiary Avenida M40, SA ("Avenida M40"). With the acquisition of this 40% by the amount of Euro 4.713.630 a Goodwill in the amount of Euro 1.162.443 was booked (Note 5);
- 35% of the subsidiary Luz del Tajo, Centro Comercial, SA ("Luz del Tajo") With the acquisition of this 35% by the amount of Euro 11.069.282 a Goodwill in the amount of Euro 3.636.982 was booked (Note 5);
- 35% of the subsidiary Plaza Éboli, Centro Comercial, SA ("Plaza Éboli") With the acquisition of this 35% by the amount of Euro 6.769.915 a Goodwill in the amount of Euro 3.337.743 was booked (Note 5);

These acquisitions were reported to 30 June 2005, because they occurred during the second quarter of 2005. On this date impairment tests to the Goodwill's were made, and the amounts of Euro 2.172.380, Euro 1.057.458 and Euro 717.993 related to the impairments of the Goodwill of Plaza Éboli, Avenida M40 and Luz del Tajo, respectively, were booked in the Profit and Loss account (Note 5).

These acquisitions had no impact on the assets, liabilities, revenue and expenses included in the consolidation of the Group as these companies at the date of the acquisition, were already included in the consolidation by the full integration method. The variation in perimeter derived from these acquisitions only had impact on the movement in minority interests

In June 2005 the company Valecenter Sierra, Srl (owned by the Group in 50.1%) acquired 100% of the share capital of of the company Valecenter, Spa ("Valecenter") by Euro 77.712.233 and 48% of the company Templo, Srl ("Templo") by Euro 3.309.854; the remaining 52% of Templo are held by Valecenter. With these acquisitions were booked

Goodwill's of Euro 25.528.035 and Euro 952.123 related to Valecenter and Templo respectively (Note 5). These acquisitions were reported to 30 June 2005 and included in the consolidated financial statements by the full integration method.

During the first semester of 2005 the Group acquired additional 49% of the share capital of the subsidiary Berlin Alexanderstrabe Grundstucksgesellschaft mbH & Co. KG ("Alexander Platz"), by Euro 34.303.204. This acquisition and the acquisition of the initial 50% were reported to 1 January 2005 and a total Goodwill of Euro 3.068.828 was booked (Note 5). This company was consolidated according the proportional consolidation method, because its shareholder is a jointly controlled company.

At the end of June 2005, the Group acquired 100% of the share capital of the companies Sonae Retalho Especializado, SGPS, SA and Efanet, SGPS, SA, by Euro 68.385.620 and Euro 1.754.771, respectively. The Goodwill's of Euro 47.682 and 37.776 related to these acquisitions were booked in the financial statements as an operational cost.

Sales of subsidiaries

In June 2005, the Group sold the investment held in Sóguia - Sociedade Imobiliária, S.A. ("Sóguia"), by Euro 3.400.756. This sale was reported to the 30 June 2005 and from the sale a gain of Euro 968.994 was computed.

During the first semester of 2005 he Group sold 1% of the investment held in Alexa Holding Gmbh ("Alexa Holding"), by Euro 250 and from this sale a loss of Euro 361.785 was computed. With this sale the Group has now 50% of the share capital of Alexa Holding and because of this is consolidated according the proportional method.

In May 2005, the subsidiary Sierra Investments Holdings, BV (owned by the Group in 100%) contributed in kind the 100% investment held in the company Shopping Centre Parque Principado, BV ("Parque Principado BV") (company which owns 50% of the share capital of Parque Principado SL ("Parque Principado")) to the capital increase of the company Sierra Holdings, BV ("Sierra BV") (owned by the Group in 50,1%). This capital increase was subscribed and carried through in kind only by Sierra Investments Holdings, BV, and after this, 49,9% of this investment was sold to third parties by Euro 1.669.453. Considering that the subsidiary Sierra BV is owned by the Group in 50,1%, only 49,9% of the loss on this sale was recognised (Euro -283.157). The subsidiaries Parque Principado BV and Parque Principado keep being consolidated according the full consolidation and proportional method, respectively, because the new shareholder, Sierra BV, is consolidated according the full consolidation method.

In May 2005, the subsidiary Sierra Investments Holdings, BV (owned by the Group in 100%) contributed in kind the 100% investment held in the company Dos Mares Shopping, BV ("Dos Mares BV") (company which owns 50% of the share capital of Dos Mares Shopping Centre, SA ("Dos Mares")) to the capital increase of the company Sierra Holdings, BV ("Sierra BV") (owned by the Group in 50,1%). This capital increase was subscribed and carried through in kind only by Sierra Investments Holdings, BV, and after this, 49,9% of this investment was sold to third parties by Euro 4.069.805. Considering that the subsidiary Sierra BV is owned by the Group in 50,1%, only 49,9% of the gain on this sale was recognised (Euro 545.068). The subsidiaries Dos Mares BV and Dos Mares keep being consolidated according the full consolidation, because the new shareholder, Sierra BV, is consolidated according the full consolidation method.

In January 2004, the Group sold the investment held in Sintra Retail Park - Parques Comerciais, S.A. ("Sintra Retail") by Euro 8.832.008. This sale was reported to 1 January 2004 and from this sale a gain of Euro 2.106.207 was computed.

## Effect of the acquisitions and sales

| | | 05.06.30 Acquisitions | | | | |
|---|---|---|---|---|---|---|
| | | Efanet | Sonae Retalho Especializado | Templo | Valecenter Spa (Consolidated) | Total |
| Cash and cash equivalents | (I) | 604 823 | 6 004 | - | 1 835 832 | 2 446 659 |
| Investment properties | | - | - | - | 110 149 000 | 110 149 000 |
| Deferred tax assets | | 1 062 273 | 4 043 272 | - | - | 5 105 545 |
| Other non current assets | | - | - | - | 996 369 | 996 369 |
| Other receivables from shareholders | | - | 63 811 000 | - | - | 63 811 000 |
| Trade receivables | | - | - | - | 412 995 | 412 995 |
| Other current assets | | 52 726 | 501 443 | - | 1 745 076 | 2 299 245 |
| Deferred tax liabilities | | - | - | - | (27 670 204) | (27 670 204) |
| Other liabilities - non current | | - | - | - | (8 605 953) | (8 605 953) |
| Accounts payable and other liabilities - current | | (2 837) | (23 781) | - | (24 321 186) | (24 347 804) |
| Minorities | | - | - | 2 357 731 | (2 357 731) | - |
| Identifiable assets and liabilities at acquisition date | | 1 716 985 | 68 337 938 | 2 357 731 | 52 184 198 | 124 596 852 |
| Goodwill | | 37 786 | 47 682 | 952 123 | 25 528 035 | 26 565 626 |
| Amount of purchase | (II) | 1 754 771 | 68 385 620 | 3 309 854 | 77 712 233 | 151 162 478 |
| Net cash flow | (II-I) | 1 149 948 | 68 379 616 | 3 309 854 | 75 876 401 | 148 715 819 |

| | | 05.06.30 Sales | 04.06.30 Sales |
|---|---|---|---|
| | | Soguia | Sintra |
| Cash and cash equivalents | (I) | 137 464 | 358 048 |
| Investment properties | | 9 650 000 | 14 850 000 |
| Deferred tax assets | | 122 702 | - |
| Trade receivables | | 30 045 | 6 864 |
| Other assets | | 752 584 | 49 242 |
| Deferred tax liabilities | | (902 987) | (2 107 448) |
| Bank loans and shareholder loans - non current | | (6 095 345) | (3 898 153) |
| Accounts payable and other liabilities - current | | (1 262 701) | (2 532 752) |
| Identifiable assets and liabilities at acquisition date | | 2 431 762 | 6 725 801 |
| Profit/ (loss) on sale | | 968 994 | 2 106 207 |
| Amount of sale | (II) | 3 400 756 | 8 832 008 |
| Net cash flow | (II-I) | 3 263 292 | 8 473 960 |

SONAE SIERRA

## 4. INVESTMENT PROPERTIES

The movement in investment properties during the period ended 30 June of 2005 and 2004 was as follows:

| | 05.06.30 | | | 04.06.30 | | |
|---|---|---|---|---|---|---|
| | Investment properties | | | Investment properties | | |
| | In operation | In progress | Total | In operation | In progress | Total |
| Opening balance | 1 984 732 629 | 224 893 570 | 2 209 626 199 | 1 582 305 537 | 221 157 549 | 1 803 463 086 |
| Increases | 7 836 179 | 80 885 957 | 88 722 136 | 6 605 266 | 86 497 065 | 93 102 331 |
| Transfers | - | - | - | - | - | - |
| Impairment losses | - | - | - | - | (1 676 426) | (1 676 426) |
| Increases by transfer from investment properties in progress: | | | - | | | - |
| Production cost | 42 326 064 | (42 326 064) | - | 134 038 379 | (134 038 379) | - |
| Adjustment to fair value | 9 582 936 | - | 9 582 936 | 15 313 968 | - | 15 313 968 |
| Variation in fair value of the investment properties between years: | | | - | | | - |
| Gains | 70 649 121 | - | 70 649 121 | 32 421 518 | - | 32 421 518 |
| Losses | (22 068 051) | - | (22 068 051) | (173 500) | - | (173 500) |
| Increases through concentration of business activities | 110 149 000 | | 110 149 000 | | | - |
| Sales of companies | (9 650 000) | - | (9 650 000) | (14 850 000) | - | (14 850 000) |
| Currency translation differences | 40 163 806 | 2 116 | 40 165 922 | (3 809 489) | (672 707) | (4 482 196) |
| Closing balance | 2 233 721 684 | 263 455 579 | 2 497 177 263 | 1 751 851 679 | 171 267 102 | 1 923 118 781 |

Impairment losses relate to the project "Parque Jockey" which was abandoned in 2004.

At 30 June 2005, 31 December 2004 and 30 June 2004 investment properties in operation corresponded to the fair value of the Group's proportion of the following shopping centres:

| | 05.06.30 | | | 04.12.31 | | | 04.06.30 | | |
|---|---|---|---|---|---|---|---|---|---|
| | % of consolidation | Yield | Amount | % of consolidation | Yield | Amount | % of consolidation | Yield | Amount |
| **Portugal:** | | | | | | | | | |
| Algarveshopping | 100% | 7.15% | 107 381 000 | 100% | 7.50% | 98 100 000 | 100% | 7.65% | 93 074 000 |
| Arrabidashopping | 50% | 7.15% | 66 032 000 | 50% | 7.25% | 64 027 500 | 50% | 7.50% | 63 436 500 |
| Cascaishopping | 50% | 6.50% | 140 369 000 | 50% | 6.50% | 133 310 000 | 50% | 6.85% | 131 014 500 |
| Centro Colombo | 50% | 6.35% | 305 245 500 | 50% | 6.50% | 297 955 500 | 50% | 6.75% | 285 491 000 |
| Centro Vasco da Gama | 50% | 6.35% | 116 539 000 | 50% | 6.50% | 108 727 000 | 50% | 6.75% | 106 460 500 |
| Coimbra Retail Park | - | - | - | 50% | 8.25% | 8 277 500 | 50% | 8.25% | 8 088 500 |
| Coimbrashopping | 100% | 7.25% | 37 110 000 | 100% | 7.50% | 34 803 000 | 100% | 7.85% | 33 639 000 |
| Estação Viana | 100% | 7.25% | 67 505 000 | 100% | 7.50% | 65 532 000 | 100% | 7.75% | 61 191 000 |
| Gaiashopping | 50% | 7.00% | 69 137 000 | 50% | 7.15% | 67 033 000 | 50% | 7.35% | 64 760 500 |
| Guimarãeshopping | 100% | 7.25% | 42 149 000 | 100% | 7.50% | 39 700 000 | 100% | 7.75% | 37 931 000 |
| Madeirashopping | 50% | 7.65% | 36 245 500 | 50% | 7.85% | 35 385 000 | 50% | 8.15% | 34 683 000 |
| Maiashopping | 100% | 7.25% | 56 235 000 | 100% | 7.50% | 53 687 000 | 100% | 7.75% | 52 298 000 |
| Norteshopping | 50% | 6.35% | 164 496 000 | 50% | 6.65% | 155 956 000 | 50% | 6.75% | 154 500 000 |
| Parque Atlântico | 50% | 7.75% | 29 194 000 | 50% | 8.00% | 27 965 500 | 50% | 8.25% | 26 237 000 |
| Viacatarina | 50% | 7.25% | 35 693 500 | 50% | 7.50% | 34 965 500 | 50% | 7.75% | 34 295 500 |
| | | | 1 273 331 500 | | | 1 225 424 500 | | | 1 187 100 000 |
| **Brazil:** | | | | | | | | | |
| Franca Shopping (33,05%) (SI Brasil) | 100% | 12.00% | 2 340 700 | 100% | 12.00% | 1 809 307 | 100% | 12.00% | 1 583 872 |
| Parque Dom Pedro Shopping | 100% | 11.00% | 133 598 834 | 100% | 11.00% | 110 722 515 | 100% | 11.00% | 107 061 625 |
| Boavista Shopping | 100% | 13.00% | 21 285 682 | 100% | 13.00% | 17 314 465 | 100% | 13.00% | 19 959 870 |
| Pátio Penha (60,23%) | 100% | 12.50% | 20 473 412 | 100% | 13.00% | 16 764 220 | | | |
| Sonae Enplanta | 50% | | 8 992 556 | 50% | | 6 916 622 | 50% | - | 6 116 312 |
| | | | 186 691 184 | | | 153 527 129 | | | 134 721 679 |
| **Spain:** | | | | | | | | | |
| Avenida M 40 | 100% | 6.75% | 97 253 000 | 100% | 6.75% | 98 164 000 | 100% | 6.75% | 95 000 000 |
| Dos Mares | 100% | 7.00% | 41 234 000 | 100% | 7.25% | 36 467 000 | 100% | 7.25% | 34 352 000 |
| Grancasa | 50% | 6.25% | 69 013 500 | 50% | 6.50% | 69 007 500 | 50% | 6.50% | 67 459 500 |
| Kareaga | 50% | 6.50% | 72 016 000 | 50% | 6.75% | 69 587 500 | 50% | 6.85% | 66 714 000 |
| La Farga | 50% | 7.50% | 26 025 000 | 50% | 7.75% | 24 385 500 | 50% | 7.75% | 22 576 500 |
| Plaza Eboli | 100% | 6.90% | 51 909 000 | - | - | - | - | - | - |
| Luz del Tajo | 100% | 6.50% | 78 027 000 | 100% | 6.75% | 74 200 000 | - | - | - |
| Plaza Mayor | 100% | 7.50% | 76 534 000 | 100% | 7.50% | 75 939 000 | 100% | 7.50% | 75 746 000 |
| Parque Principado | 50% | 6.60% | 68 536 000 | 50% | 6.65% | 67 531 500 | 25% | 6.75% | 32 550 500 |
| Valle Real | 50% | 6.60% | 39 251 500 | 50% | 6.75% | 38 089 000 | - | - | - |
| Zubiarte | 50% | 6.50% | 43 751 000 | 50% | 6.60% | 52 410 000 | 50% | 6.75% | 35 631 500 |
| | | | 663 550 000 | | | 605 781 000 | | | 430 030 000 |
| **Italy:** | | | | | | | | | |
| Airone | 100% | 7.75% | 16 447 000 | - | - | - | - | - | - |
| Valecenter | 100% | 7.00% | 76 703 000 | - | - | - | - | - | - |
| Warner Village | 100% | 7.50% | 16 999 000 | - | - | - | - | - | - |
| | | | 110 149 000 | | | - | | | - |
| | | | 2 233 721 684 | | | 1 984 732 629 | | | 1 751 851 679 |

The fair value of each investment property was determined by means of a valuation as of the balance sheet date made by an independent specialised entity (Cushman & Wakefield Healey & Baker).

The valuation of these investment properties was made in accordance with the Practice Statements of the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors ("Red Book"), located in England.

The methodology used to compute the market value of the investment properties consists in preparing 10 years projections of income and expenses of each shopping mall which are then discounted to the balance sheet date using a discount market rate. The residual amount at the end of year 10 is computed by applying a return rate ("Exit yield" or "cap rate") on the projected net income of year 11. The market values so obtained are then tested by calculating and analyzing the capitalization yield that is implicit in those values – corresponding to the yield shown in the list above. Projections are intended to reflect the actual best estimate of the valuator regarding future revenues and costs of each shopping mall. Both the return rate and discount rate are defined in accordance to the real estate local and institutional market conditions, being the reasonability of the market value thus obtained tested in terms of initial gain.

In the valuation of investment properties some assumptions, that in accordance with the Red Book are considered to be special, were in addition considered, namely in the case of recently inaugurated shopping malls, in which the possible costs still to be incurred were not considered, as the accompanying financial statements already include a provision for them.

Investment properties in progress at 30 June 2005, 31 December 2004 and 30 June 2004 are made up as follows:

| | 05.06.30 | 04.12.31 | 04.06.30 |
|---|---|---|---|
| **Portugal:** | | | |
| Parque de Famalicão | 2 974 270 | 2 967 131 | 2 943 419 |
| Setubal Retail Park | 1 410 146 | 1 349 363 | 1 290 211 |
| Loureshopping | 60 584 523 | 31 605 682 | 17 496 142 |
| Torres Colombo | 8 408 912 | 8 541 831 | 8 692 694 |
| Cacém Shopping | 1 692 593 | 1 641 090 | 1 601 385 |
| Serra Shopping | 12 210 001 | 3 989 183 | - |
| Rio Sul | 35 445 901 | 20 605 857 | 643 300 |
| Algarveshopping - expansion | 1 139 150 | 529 584 | - |
| Other | 183 923 | 95 683 | - |
| **Germany:** | | | |
| Berlin Alexanderplatz | 59 325 035 | 58 645 410 | 6 592 914 |
| 3DO | 13 372 400 | 10 241 710 | 6 592 222 |
| **Brazil:** | - | | |
| Penha Shopping | - | - | 11 851 001 |
| Other | 15 533 | - | - |
| **Spain:** | | | |
| Plaza Mayor Shopping | 10 755 469 | 9 601 015 | 8 518 444 |
| Luz del Tajo | - | - | 35 176 570 |
| Plaza Éboli | - | 29 455 470 | 18 458 824 |
| Dos Mares - expansion | 3 309 804 | 2 809 804 | - |
| Zubiarte | - | - | 30 221 143 |
| Ponferrada | 1 033 229 | 104 572 | - |
| **Greece:** | | | |
| Aegean Park | 18 670 812 | 18 496 605 | 18 246 520 |
| Other | 19 282 | - | - |
| **Italy:** | | | |
| Brescia Centre | 25 645 996 | 24 213 580 | 2 942 312 |
| Biella | 7 258 600 | - | - |
| | 263 455 579 | 224 893 570 | 171 267 101 |

At 30 June 2005 and 31 December 2004 the following investment properties had been given in guarantee of bank loans:

- Centro Colombo
- Norteshopping
- Gaiashopping
- Maiashopping
- Guimarãeshopping
- Arrabidashopping
- Madeirashopping
- Plaza Mayor
- Kareaga
- La Farga
- Parque Atlântico
- Avenida M40
- Dos Mares
- Centro Vasco da Gama
- Cascaishopping
- Viacatarina
- Coimbrashopping
- Sintra Retail Park (2003)
- Algarveshopping
- Parque Principado
- Grancasa
- Valle Real
- Coimbra Retail Park
- Zubiarte
- Luz del Tajo
- Plaza Éboli

## 5. GOODWILL

On the 30 June 2005 and 31 December 2004 the Goodwill was made up as follows:

| | 05.06.30 | | | | 04.12.31 |
|---|---|---|---|---|---|
| | Year of acquisition | Amount | Depreciation and impairment losses of the period | Book Value | Book Value |
| Sierra Management Spain - Gestion C.C, SA | 2002 | 509 633 | 254 816 | 254 817 | 509 633 |
| Sierra Developments Germany A.G. | 2002 | 61 599 | - | 61 599 | 61 599 |
| Iberian Assets, S.A | 2002 | 5 470 794 | - | 5 470 794 | 5 470 794 |
| Hospitalet Center S.L. | 2002 | 72 706 | - | 72 706 | 72 706 |
| Iberian Assets, S.A | 2003 | 1 000 549 | - | 1 000 549 | 1 000 549 |
| Parque Principado | 2004 | 997 416 | - | 997 416 | 997 416 |
| Alexander Platz (Note 3) | 2004 | 10 876 616 | - | 10 876 616 | 10 876 616 |
| Alexander Platz (Note 3) | 2005 | (7 807 788) | - | (7 807 788) | - |
| Avenida M40 (Note 3) | 2005 | 1 162 442 | 1 057 458 | 104 984 | - |
| Plaza Eboli (Note 3) | 2005 | 3 337 743 | 2 172 380 | 1 165 363 | - |
| Luz del Tajo (Note 3) | 2005 | 3 636 982 | 717 993 | 2 918 989 | - |
| Dos Mares (Note 3) | 2005 | 1 280 174 | - | 1 280 174 | - |
| Valecenter Spa (Note 3) | 2005 | 25 528 035 | - | 25 528 035 | - |
| Templo Srl (Note 3) | 2005 | 952 123 | - | 952 123 | - |
| | | 47 079 024 | 4 202 647 | 42 876 377 | 18 989 313 |

# 6. BANK LOANS

At 30 June 2005 and 31 December 2004 bank loans obtained were made up as follows:

| | Entity | | 05.06.30 Limit | 05.06.30 Used amount Short term | 05.06.30 Used amount Medium and long term | 04.12.31 Limit | 04.12.31 Used amount Short term | 04.12.31 Used amount Medium and long term | Due date | Reimbursement plan |
|---|---|---|---|---|---|---|---|---|---|---|
| Debenture loans: | | | | | | | | | | |
| Sonae Imobiliária / 98 bonds | | | | - | - | | 11 939 990 | - | Jan/2005 | Final |
| Sonae Imobiliária / 99 bonds | | | | - | 30 000 000 | | - | 30 000 000 | Dec/2006 | Final |
| | | | | - | 30 000 000 | | 11 939 990 | 30 000 000 | | |
| Bank Loans: | | | | | | | | | | |
| 3shoppings - Holding, SGPS, S.A | Eurohypo | (b) | 64 843 727 | 972 656 | 62 898 415 | 64 843 727 | 972 656 | 62 898 415 | Jul/2026 | Annual |
| Algarveshopping- Centro Comercial, S.A. | JP Morgan Chase | (b), (c) | 55 000 100 | 1 324 000 | 32 709 496 | 55 000 100 | - | 34 353 496 | May/2010 | Quarterly |
| Sierra European Retail R.E. A. Holdings B.V. | JP Morgan Chase | | | - | 18 514 504 | | 1 290 000 | 17 540 504 | | |
| Arrábidashopping - Centro Comercial, S.A. | Eurohypo | (a), (b), (c) | 27 750 000 | 1 237 500 | 20 762 500 | 27 750 000 | 1 250 000 | 21 375 000 | Mar/2017 | Quarterly |
| Avenida M-40, S.A. | Westdeutsche Immobai | (b) | 68 250 000 | - | 68 250 000 | 68 250 000 | - | 58 074 455 | Dec/2014 | Quarterly |
| Avenida M-40, S.A. | Sindicated Loan | | 9 000 000 | 4 281 053 | - | 9 000 000 | 3 954 325 | - | Oct/2006 | Final |
| Berlin Alexanderstraße G. mbH & Co. KG | SEB AG | (a), (b) | 8 000 000 | 7 791 001 | - | 8 000 000 | 7 691 850 | - | Aug/2005 | Final |
| Cascaishopping Holding II, SGPS, S.A. | Eurohypo | (a), (b) | 61 428 000 | 1 228 560 | 58 970 880 | 61 428 000 | 1 228 560 | 60 199 440 | May/2027 | Annual |
| Centro Colombo - Centro Comercial, S.A. | Eurohypo | (a), (b) | 112 250 000 | - | 112 250 000 | 112 250 000 | - | 112 250 000 | Sep/2026 | Annual |
| Centro Vasco da Gama - C.Comercial, S.A. | ING Belgium SA/NV | (a), (b), (c) | 65 000 000 | 1 950 000 | 63 050 000 | 65 000 000 | 1 950 000 | 63 050 000 | Aug/2016 | Annual |
| Dos Mares - Shopping Centre S.A. | Aareal Bank | (b) | 22 500 000 | 562 500 | 21 762 500 | 17 500 000 | 350 000 | 17 150 000 | Sep/2012 | Quarterly |
| Dos Mares - Shopping Centre S.A. | Aareal Bank | | 2 700 000 | 1 934 781 | - | 2 700 000 | 1 602 496 | - | Oct/2006 | Final |
| Freccia Rossa - Shopping Centre S.r.l. | Eurohypo | (a), (c) | 10 306 509 | 10 306 509 | - | - | - | - | Sep/2005 | Final |
| Gaiashopping I- Centro Comercial, S.A. | Eurohypo | (a), (b) | 27 500 000 | 412 500 | 27 087 500 | 27 500 000 | 412 500 | 27 087 500 | Nov/2016 | Annual |
| Hospitalet Center, S.L. | Eurohypo | (a), (b) | 15 000 000 | - | 15 000 000 | 15 000 000 | - | 13 967 712 | Apr/2014 | Annual |
| Iberian Assets, SA | Eurohypo | (a), (b) | 39 967 305 | 1 352 277 | 25 693 267 | 39 967 305 | 1 277 153 | 26 369 407 | Jun/2019 | Half year |
| Iberian Assets, SA | Eurohypo | (a), (b) | 26 369 406 | 500 000 | 24 494 406 | 26 369 406 | 450 000 | 24 769 406 | Nov/2020 | Half year |
| Iberian Assets, SA | Eurohypo | (a), (b) | 12 500 000 | 427 500 | 11 645 000 | 12 500 000 | 427 500 | 11 645 000 | Jul/2018 | Annual |
| Iberian Assets, SA | Eurohypo | (a), (b) | 6 500 000 | 222 500 | 6 055 000 | 6 500 000 | 222 500 | 6 055 000 | Jul/2018 | Annual |
| Iberian Assets, SA | Eurohypo | (a), (b) | 8 500 000 | - | 8 500 000 | 8 500 000 | - | 8 500 000 | Jul/2018 | Annual |
| Iberian Assets, SA | Eurohypo | (a), (b) | 15 025 303 | - | 15 025 303 | 15 025 303 | - | 15 025 303 | Jan/2026 | Half year |
| Loureshopping- Centro Comercial, S.A. | CGD | (b) | 45 000 000 | - | 12 204 324 | - | - | - | Feb/2020 | Half year |
| Luz del Tajo Centro Comercial S.A. | Hypo Real Estate | (b), (c) | 45 700 000 | - | 31 487 500 | 43 000 000 | - | 25 500 513 | Jun/2014 | Quarterly |
| Luz del Tajo Centro Comercial S.A. | Hypo Real Estate | (c) | 8 000 000 | 3 877 768 | - | 8 000 000 | 3 068 830 | - | Dec/2006 | Final |
| Madeirashopping- Centro Comercial, S.A. | BCP | (a), (b) | 14 253 148 | 1 839 116 | 7 356 464 | 14 253 148 | 1 839 116 | 8 276 022 | May/2010 | Quarterly |
| Micaelense - Emp. Imobiliários, S.A. | CGD, BCP | (a), (b) | 11 500 000 | 1 035 000 | 10 005 000 | 11 500 000 | 977 500 | 10 522 500 | Apr/2013 | Half year |
| Micaelense - Emp. Imobiliários, S.A. | CGD, BCP | (a) | 2 000 000 | 683 487 | - | 683 487 | 683 487 | - | Jun/2006 | Final |
| Norteshopping - Centro Comercial, S.A. | BPI | (a), (b) | 3 673 033 | 456 229 | 1 370 621 | 3 673 033 | 456 229 | 1 598 735 | Jun/2009 | Quarterly |
| Norteshopping - Centro Comercial, S.A. | Eurohypo, BPI | (a), (b) | 18 750 000 | 1 403 320 | 14 500 972 | 18 750 000 | 1 169 433 | 15 202 632 | Jun/2011 | Quarterly |
| Norteshopping - Centro Comercial, S.A. | Eurohypo | (a), (b) | 81 572 970 | - | 35 397 970 | 81 572 970 | - | 35 397 970 | Dec/2014 | Half year |
| Norte Shopping Retail & Leisure Centre B.V. | Eurohypo | (a), (b) | | 815 730 | 44 951 405 | | 815 730 | 45 359 270 | | |
| Parque Principado S.L. | Eurohypo | (a), (b) | 48 080 966 | 1 171 974 | 44 745 351 | 48 080 966 | 1 171 974 | 44 745 351 | Oct/2021 | Annual |
| Plaza Eboli - Centro Comercial S.A. | Hypo Real Estate | (b), (c) | 30 485 000 | - | 16 970 394 | 30 485 000 | - | 9 007 661 | Oct/2010 | Quarterly |
| Plaza Eboli - Centro Comercial S.A. | Hypo Real Estate | (c) | 6 000 000 | 2 304 128 | - | 6 000 000 | 1 320 957 | - | Jan/2007 | Final |
| Plaza Mayor Shopping, SA | Eurohypo | (b) | 37 000 000 | - | - | - | - | - | Apr/2016 | Annual |
| Plaza Mayor - Parque de Ocio, S.A. | Eurohypo | (b) | 35 459 714 | 1 262 125 | 31 853 642 | 35 459 714 | 1 202 024 | 33 115 767 | Apr/2018 | Annual |
| Rio Sul - Centro Comercial, S.A. | Eurohypo | (b), (c) | 41 000 000 | - | - | - | - | - | Apr/2015 | Annual |
| Serra Shopping - Centro Comercial, S.A. | CGD | (b) | 14 800 000 | - | - | - | - | - | Feb/2020 | Half year |
| Sierra Enplanta, S.A. | Unibanco | (a) | 191 849 | 191 849 | - | 317 760 | 317 760 | - | Nov/2005 | Monthly |
| Sierra Enplanta, S.A. | Banco ABC | (a) | 497 905 | 407 377 | 90 528 | 453 934 | 193 517 | 260 417 | Mar/2007 | Monthly |
| Sierra Enplanta, S.A. | Banco Safra | | 29 430 | 29 430 | - | - | - | - | Jul/2005 | Final |
| Sóguia - Sociedade Imobiliária, S.A. | CGD, MG | (a), (b), (f) | - | - | - | 4 500 000 | 493 224 | 3 945 794 | Nov/2013 | Half year |
| Sóguia - Sociedade Imobiliária, S.A. | CGD, MG | (a), (f) | - | - | - | 784 282 | 784 282 | - | Nov/2006 | Final |
| Templo S.r.l. | Banca di Roma | | 4 957 986 | 3 813 756 | - | - | - | - | Jul/2005 | Final |
| Templo S.r.l. | MCC | (a) | 5 371 152 | 3 310 281 | - | - | - | - | Jul/2005 | Final |
| Valecenter S.p.a. | Jnicredit Banca d'Impres | (a) | 18 075 991 | 4 575 662 | - | - | - | - | Jul/2005 | Final |
| Valecenter S.p.a. | Aareal Bank | (a) | 9 812 681 | 3 406 817 | - | - | - | - | Jul/2005 | Final |
| Valecenter S.p.a. | Aareal Bank | (a) | 5 164 569 | 2 501 618 | - | - | - | - | Jul/2005 | Final |
| Valecenter S.p.a. | - | | 1 444 996 | 1 444 996 | - | - | - | - | Jul/2005 | Final |
| Valecenter Sierra Srl | Eurohypo | | 52 000 000 | 52 000 000 | - | - | - | - | Jun/2006 | Final |
| Via Catarina- Centro Comercial, S.A. | Eurohypo | (a), (b) | 19 600 000 | 294 000 | 19 306 000 | 19 600 000 | - | 19 600 000 | Oct/2021 | Annual |
| Zubiarte Inversiones Inmobiliarias, SL. | ING Real Estate Finance | (a), (b) | 29 800 000 | - | 29 800 000 | - | - | - | Jun/2017 | Quarterly |
| Zubiarte Inversiones Inmobiliarias, SL. | Santander Espanha | (a) | 2 300 000 | 2 300 000 | - | 2 300 000 | 1 752 873 | - | Aug/2005 | Final |
| Zubiarte Inversiones Inmobiliarias, SL. | Santander Espanha | (a), (b), (e) | 18 000 000 | - | - | 18 000 000 | 663 601 | 15 262 827 | Jul/2015 | Monthly |
| | | | 1 268 911 740 | 123 628 000 | 892 708 942 | 990 498 135 | 39 990 077 | 848 106 097 | | |
| Total | | | | 123 628 000 | 922 708 942 | | 51 930 067 | 878 106 097 | | |
| Fair value of the financial hedging instruments | | | | - | 7 637 407 | | 1 807 | 3 632 912 | | |
| Deferred bank expenses incurred on the issuance of bank debt | | | | (440 201) | (6 515 538) | | (627 787) | (6 869 021) | | |
| | | | | 123 187 799 | 923 830 811 | | 51 304 087 | 874 869 988 | | |

(a) These amounts are considered at the control proportion held by the Group
(b) To guarantee the repayment of these loans, the Group pledged the real estate properties owned by these companies
(c) To guarantee the repayment of this loan, the Group pledged the shares of this subsidiary
(d) The Group constituted bank garantees as guarantee of the repayment of this loan
(e) This loan was repaid before its term
(f) Company sold in 2004

At 30 June 2005 loans classified as medium and long term were repayable as follows:

| | |
|---|---|
| 2006 | 41 356 475 |
| 2007 | 22 983 679 |
| 2008 | 26 451 271 |
| 2009 | 28 736 938 |
| 2010 | 92 453 313 |
| 2011 and following years | 710 727 266 |
| | 922 708 942 |

## 7. OTHER LOANS

At 30 June 2005 and 31 December 2004 other loans obtained were made up as follows:

| | 05.06.30 | | 04.12.31 | |
|---|---|---|---|---|
| | Short term | Medium and long term | Short term | Medium and long term |
| Bank loans: | | | | |
| Imo R - Sociedade Imobiliária, S.A. | 12 475 | - | 24 950 | - |
| Maiashopping - Empreendimentos Imobiliários, S.A. | - | - | 16 563 | - |
| | 12 475 | - | 41 513 | - |
| Bank overdrafts | 306 494 | - | 60 | - |
| | 318 969 | - | 41 573 | - |

## 8. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese in accordance with generally accepted accounting principles in Portugal, some of which may not conform with or be required by generally accepted accounting principles in other countries. In the event of discrepancies the Portuguese language version prevails.

LIMITED REVIEW REPORT ON THE HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

**To the Shareholders and Board of Directors of**
**Sonae Sierra, S.G.P.S., S.A.**

(Translation of a report originally issued in Portuguese)

**Introduction**

1. We have performed a limited review of the half year consolidated financial statements of Sonae Sierra, S.G.P.S., S.A. ("Company"), which comprise the consolidated Balance sheet as of 30 June 2005 that reflects a total of 2,832,463,314 Euros and total equity of 1,132,860,340 Euros, including a profit for the period of 72,614,254 Euros, the consolidated Statement of profit and loss by nature, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half year then ended and the corresponding notes.

**Responsibilities**

2. The preparation of financial statements that present a true and fair view of the financial position of the companies included in the consolidation and the results of their operations, their cash flows and their changes in equity, as well the adoption of adequate accounting principles and the maintenance of an appropriate system of internal control is the responsibility of the Company's Board of Directors. Our responsibility is to issue a moderate assurance report based on our limited review work on those financial statements.

**Scope**

3. Our review was performed in accordance with the auditing standards ("Normas Técnicas e Directrizes de Revisão / Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas") applicable to limited review works, which require that our work be planned and performed with the objective of obtaining moderate assurance on whether the financial statements are free of material misstatement. Our work consisted principally of enquiries to the Company's personnel and its participated companies and analytical review procedures to determine: the reliability of the assertions included in the financial information; the adequacy of the accounting policies adopted considering the circumstances and their consistent application; the applicability, or otherwise, of the going concern concept; and the presentation of the financial information. A limited review provides less assurance than an audit and, consequently, we can not express an audit opinion.

**Conclusion**

4. Based on our work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the financial statements referred to in paragraph 1 above, are not exempt from material misstatement that affects its conformity with the International Financial Reporting Standards adopted by the European Union.

Oporto, 6 September 2005

DELOITTE & ASSOCIADOS, SROC S.A.
Represented by Jorge Manuel Araújo de Beja Neves