

Maia, Portugal – November 10<sup>th</sup> 2010

### **Results of the third quarter of 2010**

## **Sonae Sierra recorded a Total Net Profit of €14.9 million**

- **EBITDA grew 13% to €89.9 million**
- **NAV grew 2% to €1.25 billion**
- **Portfolio sales grew 6.9% in Europe and 24.6% in Brazil (in Reais)**
- **Global occupancy levels grew 0.5% to 96.4%**
- **LeiriaShopping sold to Sierra Portugal Fund for €92 million**

Sonae Sierra, the international shopping centre specialist, presented a Total Net Profit of €14.9 million at the end of the third quarter of 2010, an increase of 116% versus the same period of last year.

The favourable change in the Total Net Profit was mainly driven by a 42% increase of the Direct Results. Value Created was positive, in spite of slight yield increases in Portugal and Greece, thanks to good overall operating performance.

In fact, the Direct Income from Investments recorded an 8% increase compared to the first nine months of 2009, mainly due to the increase of the portfolio with the inaugurations of LOOP5 in Germany and Manauara Shopping in Brazil in 2009, and LeiriaShopping, in Portugal, in 2010.

EBITDA recorded a 13% increase, and is now at €89.9 million, compared to the €79.7 million presented in the first nine months of 2009. This increase derives not only from the inaugurations mentioned above, but also from efficiency gains as a consequence of the pro-active and persistent efforts in containing cost increases in all areas of the Company.



Sonae Sierra's portfolio presented a positive performance when compared with the first nine months of last year, with sales growing 6.9% (+1.5% like-for-like) in Europe and 24.6% (+17.8% like-for-like) in Brazil (in Reais). The Total Rents grew 11.2% when compared with the same period of last year (+4.8% like-for-like).

The Occupancy Rate of the portfolio remained high and stable, recording a value of 96.4% at the end of September 2010.

### Value Metrics

The Company measures its performance, in a first instance, on the basis of changes in Net Asset Value (NAV) plus dividends distributed. The Company calculates its NAV according to the guidelines published in 2007 by INREV (European Association for Investors in Non-listed Real Estate Vehicles), an association of which the Company is a member.

On the basis of this methodology, the NAV of Sonae Sierra, as of September 30 2010, was €1.25 billion, an increase of 2.0% compared to the value recorded at the end of 2009.

<b>Net Asset Value (NAV)</b> <b>amounts in € 000</b>	<b>30 Sep 10</b>	<b>31 Dec 09 (PF)</b>
NAV as per the financial statements	1.000.209	994.533
Revaluation to fair value of developments	19.136	14.519
Deferred tax for properties	246.816	233.066
Goodwill related to deferred tax	-37.347	-37.932
Gross-up of Assets	24.623	24.310
<b>NAV</b>	<b>1.253.438</b>	<b>1.228.497</b>
<b>NAV per share (in €)</b>	<b>38,55</b>	<b>37,78</b>



### **New project under construction and several agreements for third party property management and leasing**

Sonae Sierra continues with its growth and expansion strategy, although the Company has adjusted its development timings to the evolution of the financial and retail markets.

During the third quarter of this year the Company successfully completed the food-court refurbishment of Centro Vasco da Gama (Lisbon, Portugal), and started the construction of Boulevard Londrina (Londrina, Brazil), a 47.800 m2 GLA shopping centre that represents an investment of €97 million which is schedule to open in 2012.

At the end of the first nine months of 2010, the Company has three new shopping centres under construction and 7 projects in different stages of development in Portugal, Italy, Germany, Greece, Romania and Brazil.

In Italy, Sonae Sierra is currently developing Le Terrazze in La Spezia, which is scheduled to be inaugurated in the third quarter of 2011, representing an investment of more than €125 million. Currently, 65% of its GLA is already let. In Brazil, besides Boulevard Londrina, the Company is developing Uberlândia Shopping (Uberlândia) scheduled to open in 2011, and representing a total investment of €62 million.

During the third quarter of the year the company signed three new service contracts to lease and/or manage third-party shopping centres in Spain, Italy and Greece. Also in the services forefront, Sonae Sierra is currently providing Development services to third-party projects in Portugal, Italy, Romania, Cyprus, Serbia, Morocco and China.

### **Sonae Sierra sells 100% of LeiriaShopping for €92 million to Sierra Portugal Fund (SPF)**

The SPF, seeded in 2008 with eight Portuguese shopping centres, now counts with LeiriaShopping to contribute towards its objective of providing investors with capital growth and income return through the investment in a portfolio of high-quality Portuguese shopping and leisure centres.

With this operation Sonae Sierra's interest in the SPF has increased to approximately 47.5%. This transaction reinforces the Company's goal of increasing its asset management activity, while leveraging its investments through long term partnerships.

## **International recognition**

In September Sonae Sierra received the "Best Retail Developer" award for Portugal, Spain and Italy at the Real Estate Awards, an initiative of Euromoney magazine, a leading international banking and economy publication.

The votes for the Real Estate Awards are cast by the readers of the magazine, and award the "Best Retail Developer" amongst the companies with greater dynamic and innovation ability in the creation of investment opportunities in the retail area.

## **About Sonae Sierra**

**Sonae Sierra**, [www.sonaesierra.com](http://www.sonaesierra.com), is the international shopping centre specialist, with a passion for bringing innovation and excitement to the shopping centre industry. The Company owns 51 Shopping Centres in Portugal, Spain, Italy, Germany, Greece, Romania and Brazil, with a total Gross Lettable Area (GLA) of 2 million m<sup>2</sup>. Sonae Sierra is also providing services to third parties in Cyprus, Serbia, Morocco, Colombia and China. Currently, the Company has 3 projects under construction and 7 new projects in different phases of completion in Portugal, Italy, Germany, Greece, Romania and Brazil. In 2009 our Shopping Centres had more than 436 million visits.

## Sonae Sierra's Consolidated Profit and Loss Account and Balance Sheet

Sonae Sierra (unaudited accounts)

Consolidated Profit and Loss Account (€ 000)	9M10	9M09 PF *	9M09	% 10/09PF
Direct Income from Investments	167.640	154.546	225.167	8%
Direct costs from investments	77.708	74.814	93.931	4%
<b>EBITDA</b>	<b>89.933</b>	<b>79.732</b>	<b>131.236</b>	<b>13%</b>
Net financial costs	32.119	38.716	61.952	-17%
Other non-recurrent income/cost	-2.843	-102	1.110	-2693%
<b>Direct profit before taxes</b>	<b>54.971</b>	<b>40.914</b>	<b>70.395</b>	<b>34%</b>
Corporate tax	10.539	9.521	14.586	11%
<b>Direct net profit</b>	<b>44.432</b>	<b>31.393</b>	<b>55.808</b>	<b>42%</b>
Gains realized on sale of investments	-3.772	2.149	1.545	-276%
Impairment & Development funds at risk provision	-5.207	-6.453	-6.412	19%
Value created on investments	7.399	-151.586	-243.223	105%
<b>Indirect income</b>	<b>-1.579</b>	<b>-155.890</b>	<b>-248.091</b>	<b>99%</b>
Deferred tax	27.946	-30.048	-48.747	193%
<b>Indirect net profit</b>	<b>-29.525</b>	<b>-125.842</b>	<b>-199.344</b>	<b>77%</b>
<b>Net profit before minorities</b>	<b>14.906</b>	<b>-94.449</b>	<b>-143.536</b>	<b>116%</b>
Attributable to :				
Equity holders	14.906	-94.449	-94.449	116%
Minority interests	0	0	-49.086	-100%

\* 9M09 PF - with all the companies consolidated by the proportional method

Sonae Sierra

Consolidated Balance Sheet (€ 000)	30-09-10	31-12-09 (PF)	Var. (10 - 09)
Investment properties	2.252.899	2.304.609	-51.709
Properties under development and others	230.600	263.801	-33.200
Other assets	177.695	194.266	-16.571
Cash & Equivalents	42.229	28.987	13.242
<b>Total assets</b>	<b>2.703.424</b>	<b>2.791.662</b>	<b>-88.239</b>
<b>Net worth</b>	<b>1.000.209</b>	<b>994.533</b>	<b>5.676</b>
Bank loans	1.185.428	1.295.221	-109.792
Deferred taxes	296.418	272.232	24.186
Other liabilities	221.368	229.676	-8.309
<b>Total liabilities</b>	<b>1.703.214</b>	<b>1.797.129</b>	<b>-93.915</b>
<b>Net worth and liabilities</b>	<b>2.703.424</b>	<b>2.791.662</b>	<b>-88.239</b>

## Consolidated Profit and Loss Account and Balance Sheet by business

### Sierra Investments

(unaudited accounts)

Profit & Loss Account (€ 000)	9M10	9M09 PF *	% 10/09
Retail Net Operating Margin	79.724	79.905	0%
Parking Net Operating Margin	1.132	1.269	-11%
Co-generation Net Operating Margin	544	504	8%
<b>Shopping Centre Net Operating Income</b>	<b>81.400</b>	<b>81.678</b>	<b>0%</b>
Offices Net Operating Income	54	142	-62%
Asset Management Net Operating Income	2.007	3.754	-47%
<b>Net Operating Income (NOI)</b>	<b>83.462</b>	<b>85.573</b>	<b>-2%</b>
Recurrent net financial costs/(income)	29.589	34.349	-14%
Non-Recurring costs/(income)	4.440	3.574	24%
<b>Corporate Taxes</b>	<b>8.008</b>	<b>8.914</b>	<b>-10%</b>
<b>Direct Profit</b>	<b>41.425</b>	<b>38.737</b>	<b>7%</b>
Realized Property Profit	(5.001)	(110)	-4428%
Non-Realised Property Profit	(7.944)	(113.168)	93%
Deferred tax	18.306	(34.216)	154%
<b>Indirect Profit</b>	<b>(31.252)</b>	<b>(79.063)</b>	<b>60%</b>
<b>Net Profit for the Period</b>	<b>10.173</b>	<b>(40.326)</b>	<b>125%</b>

### Sierra Investments

Consolidated Balance Sheet (€ 000)	30-09-10	31-12-09 (PF)	Var. (10 - 09)
Investment properties & others	1.903.828	1.995.363	-91.536
Other assets	170.970	157.318	13.652
Cash & Equivalents	85.681	61.629	24.052
<b>Total assets</b>	<b>2.160.479</b>	<b>2.214.311</b>	<b>-53.832</b>
Net worth	694.862	688.031	6.831
Bank loans	1.059.775	1.139.137	-79.362
Deferred taxes	236.047	220.369	15.678
Other liabilities	169.795	166.774	3.021
<b>Net Worth and liabilities</b>	<b>2.160.479</b>	<b>2.214.311</b>	<b>-53.832</b>



## Sierra Developments

(unaudited accounts)

<b>Profit &amp; Loss Account</b> (€ 000)	<b>9M10</b>	<b>9M09 PF *</b>	<b>% 10/09</b>
Project Development Services Rendered	4.896	4.044	21%
Value created in projects	(6.555)	(46.787)	86%
<b>Operating Income</b>	<b>(1.659)</b>	<b>(42.743)</b>	<b>96%</b>
<b>Operating costs</b>	<b>17.521</b>	<b>19.249</b>	<b>-9%</b>
<b>Net Operating Income (NOI)</b>	<b>(19.180)</b>	<b>(61.991)</b>	<b>69%</b>
Depreciation and provisions	96	14	577%
Net financial costs/(income)	1.596	3.798	-58%
Corporate taxes	(1.349)	486	-378%
<b>Net Profit for the Period</b>	<b>(19.522)</b>	<b>(66.289)</b>	<b>71%</b>

## Sierra Developments

<b>Consolidated Balance Sheet</b> (€ 000)	<b>30-09-10</b>	<b>31-12-09 PF</b>	<b>Var. (10 - 09)</b>
Properties under development	190.948	245.479	-54.532
Other assets	102.235	109.407	-7.171
Cash & Equivalents	5.544	2.724	2.821
<b>Total assets</b>	<b>298.727</b>	<b>357.610</b>	<b>-58.882</b>
Net worth	-16.507	-5.526	-10.981
Bank loans	7.466	33.315	-25.849
Shareholder loans	193.516	202.960	-9.445
Deferred taxes	3.298	4.464	-1.166
Other liabilities	110.955	122.396	-11.441
<b>Net worth and liabilities</b>	<b>298.727</b>	<b>357.610</b>	<b>-58.882</b>



# Sierra Management

(unaudited accounts)

Profit & Loss Account (€ 000)	9M10	9M09 PF *	% 10/09
Total income from management services	25.933	24.601	5%
Operating costs	20.225	21.518	-6%
<b>Net operating income (NOI)</b>	<b>5.708</b>	<b>3.082</b>	<b>85%</b>
Net financial costs/(income)	(585)	(974)	40%
Non-recurring costs/(income)	616	411	50%
Corporate taxes	2.183	1.419	54%
<b>Net Profit for the period</b>	<b>3.494</b>	<b>2.226</b>	<b>57%</b>

# Sierra Management

Consolidated Balance Sheet (€ 000)	30-09-10	31-12-09 (PF)	Var. (10 - 09)
Other assets	33.207	34.343	-1.137
Cash & Equivalents	33.467	28.148	5.319
<b>Total assets</b>	<b>66.673</b>	<b>62.491</b>	<b>4.182</b>
Net worth	10.023	4.327	5.696
Other liabilities	56.651	58.164	-1.514
<b>Net Worth and liabilities</b>	<b>66.673</b>	<b>62.491</b>	<b>4.182</b>

**Sonae Sierra Brazil**

(unaudited accounts)

<b>Profit &amp; Loss Account</b> (€ 000)	<b>9M10</b>	<b>9M09 PF *</b>	<b>% 10/09</b>
Retail Operating Margin	17.556	11.992	46%
Parking Net Operating Margin	2.349	647	263%
<b>Shopping Centre Net Operating Margin</b>	<b>19.905</b>	<b>12.639</b>	<b>57%</b>
Total Income from Services Rendered	4.889	3.511	39%
Overheads	6.662	4.812	38%
<b>Net Operating Income (NOI)</b>	<b>18.132</b>	<b>11.339</b>	<b>60%</b>
Net financial costs/(income)	317	1.541	-79%
Non-recurring costs/(income)	1.049	201	421%
Corporate taxes	2.133	1.467	45%
<b>Direct Profit</b>	<b>14.633</b>	<b>8.129</b>	<b>80%</b>
Realised Property Profit	-	1.888	-
Non-Realised Property Profit	14.245	15.971	-11%
Deferred tax	6.447	3.614	78%
<b>Indirect profit</b>	<b>7.798</b>	<b>14.246</b>	<b>-45%</b>
<b>Net Profit for the Period</b>	<b>22.431</b>	<b>22.375</b>	<b>0%</b>

**Sonae Sierra Brazil**

<b>Consolidated Balance Sheet</b> (€ 000)	<b>30-09-10</b>	<b>31-12-09 (PF)</b>	<b>Var. (10 - 09)</b>
Properties	389.678	328.273	61.404
Other assets	13.286	14.112	-826
Cash & Equivalents	11.150	18.295	-7.145
<b>Total Assets</b>	<b>414.114</b>	<b>360.681</b>	<b>53.433</b>
Net worth	313.751	270.456	43.295
Bank loans	33.630	32.768	862
Deferred taxes	57.056	47.089	9.968
Other liabilities	9.676	10.368	-692
<b>Net Worth and liabilities</b>	<b>414.114</b>	<b>360.681</b>	<b>53.433</b>