

Sonae Sierra SGPS, SA

Lugar do Espido Via Norte
Apartado 1197
4471-909 Maia Portugal

Tel. (+351) 22 010 44 58
(+351) 22 010 44 36

Gera (+351) 22 948 75 22
|

Fax (+351) 22 010 46 98
www.sonaesierra.com



Consolidated Financial Statements

1st Half year 2011

INTRODUCTION

Sonae Sierra presented a Total Net Profit of € 13.2 million at the end of the first half of 2011, which compare with a Net Profit of € 648 thousand in the homologous period of 2010.

The positive variation of the Net Profit was leveraged by a 1% increase of the Direct Net Profit and a 44% improvement of the Indirect Net Profit, consequence of the resilience and increased operational efficiency of our assets, which minimized the effects of the negative behaviour of the yields in Portugal and Greece.

The NAV of Sonae Sierra, as of June 2011, was €1.22 billion and this corresponds a €37.59 per share.

PROSPECTS

Despite the economic conditions in Europe, which have been particularly challenging since 2008, our response to the situation and management of matters we can control has produced excellent results over the last months.

Our company is prudently geared, with a loan to value ratio of below 50% and solid financing agreements spread over a reasonable period of time.

As a result, we remain on course for continuing growth and ready to face the future with confidence.

We know we have the capacity to ensure we remain one of the world's leading shopping centre specialists.

OPERATIONAL PERFORMANCE

A new project in Germany and other three under construction

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

During the first half of 2011, Sonae Sierra has concluded a joint venture with MAB Development for the development of an innovative shopping centre project in Solingen, region North Rhine-Westphalia - Germany, and to this end purchased the former Karstadt-building from the property seller HLG/Movesta. The project with a total GLA of 28,000 m², which construction has started this summer, represents an investment of approximately €120 million and the opening is scheduled to end 2013/beginning 2014.

At the end of June 2011, the Company has four Shopping Centres under construction, representing a total investment of about €400 million: Solingen Shopping in Germany, Le Terrazze in Italy, and Uberlândia Shopping and Boulevard Londrina, both in Brazil. Seven other projects are in different stages of development in Portugal, Italy, Germany, Greece, Romania and Brazil.

In Italy, Le Terrazze is under construction, with a total GLA of 38,500 m² and an investment of more than €125 million. It is scheduled to be inaugurated in the first quarter of 2012.

Capital Recycling

Under the capital recycling strategy adopted by the Company, with the purpose of ensuring its sustainable growth, Sonae Sierra had successfully concluded the IPO of Sonae Sierra Brasil and the sale of two shopping centres in Spain – Plaza Éboli and El Rosal – to Doughty Hanson & Co Real Estate, with Sonae Sierra keeping their respective property management.

When the economic climate improves, we will continue to implement further European asset sales, so that we can fulfil our objectives in the new markets we believe will offer the potential growth and likely returns we seek

As part of our ongoing policy of capitalising on our assets, we have made considerable progress in the marketing of our expertise as developers of shopping centre projects and our property and asset management skills. Not only does this activity contribute to our overall income stream, it also improves our chances of breaking into new markets by enhancing our presence in territories where we currently have no operating shopping centres.

New property management and leasing activities

Sonae Sierra reinforced and increased the service provision to third parties, with the signing of two service contracts for the leasing of Sun Plaza and Vivantis Mall shopping centres, in Romania.

In Spain, Sonae Sierra strengthened its presence with the signing of a contract for leasing Carcaixent Retail Park.

In Italy, the company took over the property management and leasing of shopping centre Le Isole located in Piemonte.

Entry in Morocco

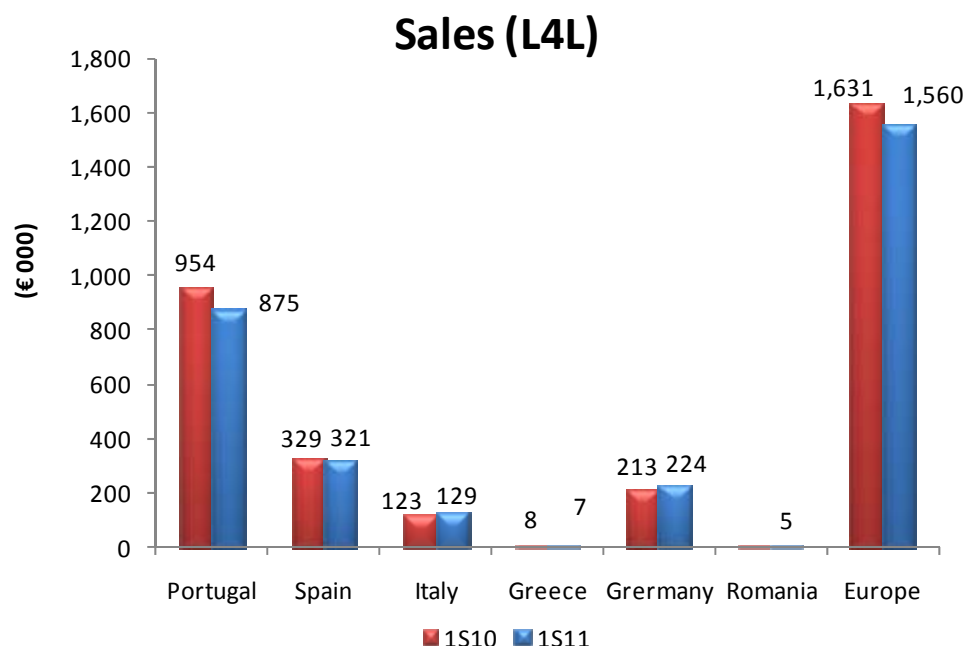
In March 2011, Sonae Sierra entered the Moroccan market, with the provision of services in the shopping centre sector, including the development and management of shopping centres.

The Company's first contract in this market was signed with the Moroccan companies Marjane (ONA Group) and Foncière Chellah (CDG Group - Caisse de Dépôt et de Gestion), for the provision of development services for a shopping centre with a total Gross Lettable Area (GLA) of 40,700 m² and 130 shops, which is scheduled to open to the public at the end of 2013. Located between the Hassan II Mosque and the Casablanca marina, this centre is a part of the Casablanca Marina project, which integrates housing, leisure and business.

Marjane is the largest hypermarket and supermarket chain operating in Morocco and Foncière Chellah is a real estate investment fund present in the real estate lease segment, fully owned by the CDG Group, one of Morocco's main financial institutions.

Sales and occupancy levels sustained

The tenant sales decreased by 4.4% on a like for like basis



The Occupancy Rate of the portfolio remained high and stable, recording a value of 96.3% at the end of June 2011 in Europe.

National and International recognition

In the first six months of the year Sonae Sierra was distinguished with several awards – national and international.

In the National Real Estate Awards 2011 Sonae Sierra was distinguished with three awards: the "Real Estate Oscar" in the retail developments category for LeiriaShopping and the "Special Magazine Award" for the refurbishment project of Centro Colombo. Additionally, Leiriashopping also received the Eurohypo Award, attributed directly by Eurohypo Bank, which is evidence of the project's unquestionable quality.

The "Real Estate Oscar" in the Retail category was the third earned by Sonae Sierra, after RioSul Shopping (in 2007) and 8ª Avenida (in 2008) were distinguished with the same award as the best shopping centre of the year.

Sonae Sierra was also distinguished at the "StrategicRISK European Risk Management Awards", an initiative of prestigious British magazine "Strategic Risk", which aims at rewarding the best and most innovative actions in the risk management area. This award, in the "Most Innovative Use of IT or other Technology" category, distinguishes Sonae Sierra's bet on the perfecting of the inspections system, employing a new technological platform

that enables the control and management of Safety & Health risks and environmental impacts in its Shopping Centres.

On this year edition of the "ICSC European Shopping Centre Awards" Loop5, in Weiterstadt (Germany), received a commendation in the category "New Developments: Large" has recognition of the high quality of this 56,500m² GLA development with 177 shops and 3000 free parking spaces. The ICSC Awards are considered the most prestigious awards in the shopping centre sector in Europe. The jury was composed of highly-renowned experts of the shopping centre business.

Good performance in Brazil

In Brazil, two shopping centres are under construction:

- Uberlândia Shopping, scheduled to be inaugurated in the first quarter 2012 will have a GLA of 43,600 m² and represents an investment of €62 million and
- Boulevard Londrina will have a GLA of 47,800 m², which corresponds to an investment of €88 million, and is scheduled to open in 2012

There are also two expansions under way in Brazil: Shopping Metropole and Shopping Campo Limpo

In the first half of 2011 the tenant sales of the Brazilian portfolio achieved R\$1,778 million, an increase of 12.7% when compared with 2010. On a comparable basis the sales increased by 10.4%.

The Occupancy Rate of the portfolio remained high and stable, recording a value of 97.5% at the end of June 2011.

FINANCIAL POSITION AND RESULTS

Sonae Sierra consolidated accounts

Profit & Loss accounts

Sonae Sierra Consolidated Net Profit in the first half of 2011 was of €13.2 million compared with a Consolidated Net Profit of €648 thousand in the same period of last year.

The Company's Direct Net Profit reached €28.8 million, which compare with €28.5 million in 2010, an increase of 1% due mainly to lower interest expenses has consequence of lower bank debt due to the sale of El Rosal and Plaza Éboli in 2011 and Alexa and Mediterranean Cosmos in 2010.

The Direct Income from Investments decreased by 6% (from €109.7 million in the first half 2010, to €103.2 million) due to the sale of the two centres in Spain (El Rosal and Plaza Éboli) and the IPO of Sonae Brasil.

EBITDA, however, has decreased only 4% (€55.6 million, compared to €57.9 million in the same period of 2010), reflecting the efficiency gains from the cost containment efforts in all areas of the Company.

In the Indirect Income we draw attention to the decrease in the deferred taxes. In 2010 the deferred taxes included the effect of the changes on the Portuguese Income Tax rate – the introduction of the new “Derrama Estadual” – which had as consequence the calculation of the deferred tax liabilities in the Portuguese portfolio by the new tax rate.

Balance sheet

The Consolidated Balance Sheet continues to show a solid financial position. The total assets amounted to €2.561 million at the end of June 2011; the decrease in Investment Properties is explained by the sale of El Rosal and Plaza Éboli and the IPO of Sonae Sierra Brasil.

The Bank Debt decreased due to the sale of El Rosal and laza Éboli. The Loan-to-value (measured as net indebtedness less cash and equivalents, as a percentage of total properties) decreased from 46.4% to 41.9%, a level below the target of 50%.

Ratios	30 Jun 11	31 Dec 10
Loan-to-value	41.9%	46.4%
Interest cover	2.60	2.27
Development ratio	12.5%	12.1%

Net Asset Value

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 on the basis of 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.

Net Asset Value (NAV) amounts in €000	30 Jun 11	31 Dec 10
NAV as per the financial statements	976,895	1,000,431
Revaluation to fair value of developments	12,404	14,033
Deferred tax for properties	248,194	249,382
Goodwill related to deferred tax	-36,924	-37,347
Gross-up of Assets	21,779	24,426
NAV	1,222,348	1,250,926
NAV per share (in €)	37.59	38.47

On the basis of this methodology, the NAV of Sonae Sierra, as of the 30th June 2011, was €1.22 billion, corresponding to a NAV per share of €37.59, 2.3% below the end of 2010.

Sonae Sierra

(unaudited accounts)

Consolidated Profit and Loss Account (€ 000)	6M11	6M10	% 11/10
Direct Income from Investments	103,242	109,666	-6%
Direct costs from investments	47,655	51,765	-8%
EBITDA	55,586	57,901	-4%
Net financial costs	18,824	20,795	-9%
Other non-recurrent income/cost	-835	-1,707	51%
Direct profit before taxes	35,927	35,399	1%
Corporate tax	7,172	6,916	4%
Direct net profit	28,754	28,483	1%
Gains realized on sale of investments	-4,304	-4,204	-2%
Impairment & Development funds at risk provision	-3,603	-2,868	-26%
Value created on investments	-815	535	-252%
Indirect income	-8,722	-6,537	-33%
Deferred tax	6,854	21,298	-68%
Indirect net profit	-15,575	-27,835	44%
Net profit	13,179	648	-

Consolidated Balance Sheet (€ 000)	30-06-2011	31-12-2010	Var. (11 - 10)
Investment properties	2,078,076	2,284,916	-206,840
Properties under development and others	220,449	223,484	-3,036
Other assets	124,819	139,709	-14,889
Cash & Equivalents	137,352	54,252	83,100
Total assets	2,560,695	2,702,360	-141,665
Net worth	976,895	1,000,431	-23,536
Bank loans	1,083,206	1,198,091	-114,885
Deferred taxes	294,381	304,627	-10,245
Other liabilities	206,213	199,212	7,001
Total liabilities	1,583,800	1,701,929	-118,129
Net worth and liabilities	2,560,695	2,702,360	-141,665

Sierra Investments

In the first six months of 2011, Sierra Investments contributed with €4.2 million to the Consolidated Net Profit of Sonae Sierra, which compares with a loss of €7.5 million in the same period of last year.

The Direct Profit rose 1% compared to the first half 2010, despite a reduction in the Net Operating Income has consequence of the sale of El Rosal, Plaza Èboli, Alexa and Mediterranean Cosmos (the last two were sold on 2010 on the 1st and 3rd quarter, respectively), that was more than offset by a reduction in financing costs arising from lower debt, as a result of these sales.

Sierra Investments (unaudited accounts)

Profit & Loss Account	6M11	6M10	% 11/10
(€ 000)			
Retail Net Operating Margin	51,368	52,874	-3%
Parking Net Operating Margin	665	808	-18%
Co-generation Net Operating Margin	283	381	-26%
Shopping Centre Net Operating Income	52,317	54,064	-3%
Offices Net Operating Income	0	36	-100%
Asset Management Net Operating Income	1,075	1,245	-14%
Net Operating Income (NOI)	53,392	55,345	-4%
Net financial costs	18,244	21,255	-14%
Other non-recurrent income/cost	-2,699	-2,996	10%
Direct profit before taxes	32,448	31,095	4%
Corporate tax	6,335	5,170	23%
Direct net profit	26,113	25,925	1%
Gains realized on sale of investments	-4,304	-4,213	-2%
Value created on investments	-17,749	-13,456	-32%
Indirect income	-22,053	-17,669	-25%
Deferred tax	-99	15,723	-101%
Indirect net profit	-21,954	-33,392	34%
Net Profit	4,159	-7,467	156%

Consolidated Balance Sheet	30-06-2011	31-12-2010	Var.
(€ 000)			(11 - 10)
Investment properties & others	1,774,333	1,910,802	-136,469
Other assets	170,246	162,321	7,926
Cash & Equivalents	45,368	75,317	-29,948
Total assets	1,989,948	2,148,439	-158,492
Net worth	679,219	713,140	-33,921
Bank loans	951,546	1,062,757	-111,211
Deferred taxes	239,991	238,206	1,785
Other liabilities	119,192	134,337	-15,145
Total liabilities	1,310,729	1,435,299	-124,571
Net Worth and liabilities	1,989,948	2,148,439	-158,492

Sierra Developments

Sierra Developments contributed negatively with €16.9 million to Sonae Sierra Consolidated Net Profit which compare with a loss of €8.6 million in 2010.

The income from the development services, capitalized on the projects under development, is lower than on the previous year, mainly related to a reduced pipeline of ongoing projects.

The operating costs decreased by 4% when compared with 2010, in line with a slowdown in the business operation and the cutting costs efforts in all the countries where the Company operates.

Sierra Developments (unaudited accounts)

Profit & Loss Account	6M11	6M10	% 11/10
(€000)			
Project Development Services Rendered	2,130	2,594	-18%
Value created in projects	-7,438	568	-1410%
Operating Income	-5,308	3,162	-268%
Operating costs	11,487	11,959	-4%
Net Operating Income (NOI)	-16,795	-8,797	-91%
Depreciation and provisions	1	6	-86%
Net financial costs	1,991	981	103%
Other non-recurrent income/cost	-397	-8	-5155%
Income tax	-2,320	-1,150	-102%
Net Profit	-16,864	-8,642	-95%

Consolidated Balance Sheet	30-06-2011	31-12-2010	Var.
(€000)			(11 - 10)
Properties under development	172,980	167,759	5,221
Other assets	73,134	73,733	-598
Cash & Equivalents	8,802	5,585	3,217
Total assets	254,916	247,077	7,839
Net worth	15,534	-68,465	83,998
Bank loans	14,744	9,320	5,423
Shareholder loans	90,057	175,476	-85,419
Deferred taxes	3,115	4,063	-948
Other liabilities	131,467	126,682	4,785
Total liabilities	239,382	315,541	-76,159
Net worth and liabilities	254,916	247,077	7,839

Sierra Management

During the first half of 2011, this business contributed with €2.2 million to the Consolidated Net Profit of Sonae Sierra, which compares with €2.3 million in the same period of last year.

The Net Operating Income (NOI) for this period was €2.9 million a decrease of 9% compared with the 1st half of 2010. This decrease was due mainly to a decrease in the income related to letting services obtained in Portugal and Spain.

Sierra Management		(unaudited accounts)	
Profit & Loss Account (€000)	6M11	6M10	% 10/09
Total Income from Management Services	16,713	17,454	-4%
Operating Costs	13,768	14,232	-3%
Net Operating Income (NOI)	2,945	3,223	-9%
Net financial costs	-460	-382	-20%
Other non-recurrent income/cost	0	-55	100%
Income tax	1,204	1,282	-6%
Net Profit	2,200	2,268	-3%

Consolidated Balance Sheet (€000)	30-06-2011	31-12-2010	Var. (11 - 10)
Other assets	31,692	29,774	1,918
Cash & Equivalents	36,902	34,541	2,360
Total assets	68,594	64,316	4,278
Net worth	11,800	9,939	1,861
Total liabilities	56,794	54,376	2,418
Net Worth and liabilities	68,594	64,316	4,278

Sonae Sierra Brazil

During the first half of 2011, Sonae Sierra Brazil contributed with €23.7 million to the Consolidated Net Profit of Sonae Sierra, which compares with €14.5 million in the same period of last year.

Sonae Sierra Brazil consolidates the Brazilian companies and the structure in Europe who are the owner of the Brazilian companies.

Shopping Centre Net Operating Income reached €12 million, a decrease of 7% compared with the same period of 2010, mainly due to the IPO of Sonae Sierra Brasil which resulted in a reduction of the consolidation percentage of the Brazilian companies from 47.8% to 33.3%.

Sonae Sierra Brazil		(unaudited accounts)	
Profit & Loss Account (€000)	6M11	6M10	% 11/10
Retail Net Operating Margin	10,419	11,431	-9%
Parking Net Operating Margin	1,583	1,449	9%
Shopping Centre Net Operating Income	12,002	12,880	-7%
Total Income from Services Rendered	2,717	3,051	-11%
Overheads	3,659	4,227	-13%
Net Operating Income (NOI)	11,059	11,705	-6%
Net financial costs/(income)	-952	-995	4%
Other non-recurrent income/cost	-125	-761	84%
Direct profit before taxes	11,886	11,939	0%
Corporate tax	1,277	1,633	-22%
Direct Profit	10,610	10,306	3%
Value created on investments	20,927	7,994	162%
Indirect income	20,927	7,994	162%
Deferred tax	7,828	3,758	108%
Indirect net profit	13,100	4,236	209%
Net Profit	23,709	14,542	63%

Consolidated Balance Sheet (€000)	30-06-2011	31-12-2010	Var. (11 - 10)
Properties	351,657	433,772	-82,115
Other assets	11,249	14,739	-3,490
Cash & Equivalents	69,276	14,294	54,983
Total Assets	432,182	462,804	-30,622
Net worth	323,585	338,404	-14,819
Bank loans	41,855	41,004	851
Deferred taxes	53,466	63,561	-10,095
Other liabilities	13,276	19,835	-6,559
Total liabilities	108,597	124,400	-15,803
Net Worth and liabilities	432,182	462,804	-30,622

Maia, 29 July 2011.

The Board of Directors

Paulo Azevedo
Chairman (non-executive)

Fernando Guedes Oliveira
President

Ana Guedes Oliveira
Director

Ângelo Paupério
Director (non-executive)

João Correia de Sampaio
Director

José Baeta Tomás
Director

José Edmundo Figueiredo
Director

Mark Preston
Director (non-executive)

Neil Jones
Director (non-executive)

Nicholas Scarles
Director (non-executive)

Pedro Caupers
Director

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF 3 JUNE 2011 AND 2010 AND 31 DECEMBER 2010

(Translation of the statement of financial position originally issued in Portuguese - Note 15)

(Amounts stated in thousands of Euro)

ASSETS	Notes	30 June 2011	31 December 2010	30 June 2010
NON CURRENT ASSETS:				
Investment properties	5	3,168,759	3,263,755	3,327,807
Investment properties in progress	5	216,597	203,541	191,852
Property, plant and equipment		2,496	2,773	2,877
Goodwill	6	45,983	46,406	46,406
Intangible assets		5,479	5,745	5,453
Investments in associates and companies excluded from consolidation	3	88,290	89,207	76,407
Deferred tax assets		19,111	24,335	31,156
Derivative financial instruments	7	2,950	847	486
State and other public entities		393	160	102
Other non current assets		25,518	28,895	29,020
Total non current assets		3,575,576	3,665,664	3,711,566
CURRENT ASSETS:				
Inventories		-	-	-
Trade receivables		32,902	33,802	35,696
State and other public entities		37,933	37,437	41,686
Other receivables		26,727	28,829	42,575
Other current assets		11,641	13,225	12,996
Cash and cash equivalents		182,697	54,129	69,855
Total current assets		291,900	167,422	202,808
Total assets		3,867,476	3,833,086	3,914,374
EQUITY, NON-CONTROLLING INTERESTS AND LIABILITIES				
EQUITY:				
Share capital		162,245	162,245	162,245
Reserves		57,329	57,329	57,329
Translation Reserve		26,081	44,902	45,120
Hedging Reserve		(12,852)	(21,191)	(26,016)
Retained earnings		730,839	748,452	760,912
Consolidated net profit for the period attributable to the equity holders of Sonae Sierra		13,179	8,694	648
Equity attributable to the equity holders of Sonae Sierra		976,821	1,000,431	1,000,238
Non-controlling interests	10	572,626	432,140	404,968
Total Equity		1,549,447	1,432,571	1,405,206
LIABILITIES:				
NON CURRENT LIABILITIES:				
Long term debt - net of current portion	7	1,363,867	1,457,865	1,492,658
Debentures loans - net of current portion	7	74,818	74,760	74,705
Derivative financial instruments	7	24,599	38,563	50,387
Other shareholders	9	9,870	10,955	11,996
Trade payables		6,074	6,171	1,201
Other non current liabilities		12,923	13,775	13,485
Provisions		319	374	256
Deferred tax liabilities		515,168	507,495	495,169
Total non current liabilities		2,007,638	2,109,958	2,139,857
CURRENT LIABILITIES:				
Current portion of long term debt	7	111,075	118,456	135,106
Current portion of long term of debentures loans	7	(112)	(108)	(105)
Short term debt and other borrowings	8	36	1,404	26,813
Other shareholders	9	10,791	10,791	10,791
Trade payables		33,970	32,539	43,250
State and other public entities		26,141	18,539	24,957
Other payables		51,410	27,770	26,924
Other current liabilities		75,223	79,081	101,217
Provisions		1,857	2,085	358
Total current liabilities		310,391	290,557	369,311
Total equity, minority interests and liabilities		3,867,476	3,833,086	3,914,374

The accompanying notes form an integral part of these consolidated statements of financial position.

The Board of Directors

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

FOR THE PERIODS ENDED 30 JUNE 2011 AND 2010

(Translation of statement of profit and loss originally issued in Portuguese - Note 15)

(Amounts stated in thousands of Euro)

	Notes	2011	2010
Operating revenue:			
Services rendered		193,454	189,662
Variation in fair value of the investment properties	5	8,176	(7,922)
Other operating revenue		5,724	11,237
Total operating revenue		<u>207,354</u>	<u>192,977</u>
Operating expenses:			
External supplies and services		(70,491)	(73,423)
Personnel expenses		(27,237)	(27,343)
Depreciation and amortisation		(1,076)	(1,124)
Provisions and impairment		(3,645)	(4,628)
Write-off and impairment losses		(3,626)	(2,868)
Other operating expenses		(11,951)	(8,950)
Total operating expenses		<u>(118,026)</u>	<u>(118,336)</u>
Net operating profit		89,328	74,641
Financial income		5,178	6,043
Financial expenses		(32,419)	(36,173)
Share of results of associated undertakings	3	(2,096)	(463)
Gains and losses on investments	4	(47)	(2,650)
Profit before income tax		59,944	41,398
Income tax		<u>(23,628)</u>	<u>(43,506)</u>
Profit after income tax		36,316	(2,108)
Net profit after tax from discontinuing operations		-	-
Consolidated net profit for the period		<u><u>36,316</u></u>	<u><u>(2,108)</u></u>
Attributable to:			
Equity holders of Sonae Sierra		13,179	648
Non-controlling interests	10	23,137	(2,756)
		<u>36,316</u>	<u>(2,108)</u>
Consolidated net profit per share:			
Basic	-	0.405	0.020
Diluted	-	0.405	0.020

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

The Board of Directors

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIODS ENDED 30 JUNE 2011 AND 2010

(Translation of the statement of comprehensive income originally issued in Portuguese - Note 15)

(Amounts stated in thousands of Euro)

	Notes	2011	2010
Consolidated net profit for the period		36,316	(2,108)
Changes in the currency translation differences		(9,660)	40,126
Changes in the fair value of hedging instruments		18,020	(6,569)
Income tax related to components of other comprehensive income		(3,036)	1,352
Costs related to IPO "Brazil"		(5,302)	-
Loss on IPO "Brazil"		(313)	-
Others		80	(401)
Other comprehensive income of the period		(211)	34,508
Total comprehensive income for the period		36,105	32,400
Attributable to:			
Equity holders of Sonae Sierra		12,368	33,017
Non-controlling interests		23,737	(617)
		36,105	32,400

The accompanying notes form an integral part of these consolidated statements of comprehensive income.

The Board of Directors

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED 30 JUNE 2011 AND 2010

(Translation of statements of changes in equity originally issued in Portuguese - Note 15)

(Amounts stated in thousands of Euro)

Notes	Attributable to Equity Holders of Sonae Sierra							Non-controlling Interests (Note 17)	
	Share capital	Reserves			Retained earnings	Net profit	Total	Total	Total
		Legal Reserves	Translation reserve	Hedging reserve					
Balance at 31 December 2009	162,245	57,329	10,850	(24,519)	899,614	(110,986)	994,533	407,232	1,401,765
Appropriation of consolidated net profit for 2009:									
Transfer to legal reserves and retained earnings	-	-	-	-	(138,298)	138,298	-	-	-
Dividends distributed	-	-	-	-	-	(27,312)	(27,312)	(1,647)	(28,959)
Currency translation differences	-	-	34,270	-	-	-	34,270	5,856	40,126
Transfer to non-controlling interests	-	-	-	-	-	-	-	-	-
Fair value of hedging instruments	-	-	-	(1,595)	-	-	(1,595)	(4,974)	(6,569)
Deferred tax in fair value of hedging instruments	-	-	-	97	-	-	97	1,255	1,352
Capital increase	-	-	-	-	-	-	-	-	-
Acquisitions/sale of subsidiaries effect	-	-	-	-	-	-	-	-	-
Consolidated net profit for period ended 30 June 2010	-	-	-	-	-	648	648	(2,756)	(2,108)
Others	-	-	-	-	(403)	-	(403)	2	(401)
Balance at 30 June 2010	162,245	57,329	45,120	(26,017)	760,913	648	1,000,238	404,968	1,405,206
Balance at 31 December 2010	162,245	57,329	44,902	(21,191)	748,452	8,694	1,000,431	432,140	1,432,571
Appropriation of consolidated net profit for 2010:									
Transfer to legal reserves and retained earnings	-	-	-	-	(15,041)	15,041	-	-	-
Dividends distributed	-	-	-	-	-	(23,735)	(23,735)	(2,165)	(25,900)
Currency translation differences	-	-	(6,578)	-	(15,041)	(8,694)	(23,735)	(2,165)	(25,900)
Transfer to/from non-controlling interests	-	-	-	-	-	-	(6,578)	(3,082)	(9,660)
Costs incurred with the IPO in Brazil	-	-	-	-	(2,332)	-	(2,332)	(1,167)	(3,499)
Fair value of hedging instruments	-	-	-	11,478	-	-	11,478	6,542	18,020
Deferred tax in fair value of hedging instruments	-	-	-	(3,139)	-	-	(3,139)	(1,700)	(4,839)
Capital increase/decrease	-	-	-	-	-	-	-	34,970	34,970
Acquisitions/sale of subsidiaries effect	-	-	(12,243)	-	(313)	-	(12,556)	83,944	71,388
Consolidated net profit for period ended 30 June 2011	-	-	-	-	-	13,179	13,179	23,137	36,316
Others	-	-	-	-	73	-	73	7	80
Balance at 30 June 2011	162,245	57,329	26,081	(12,852)	730,839	13,179	976,821	572,626	1,549,447

The accompanying notes form an integral part of these consolidated statement of changes in equity.

The Board of Directors

SONAE SIERRA, SGPS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED 30 JUNE 2011 AND 2010

(Translation of statement of cash flow originally issued in Portuguese - Note 15)

(Amounts stated in thousands of Euro)

	2011	2010
OPERATING ACTIVITIES:		
Received from clients	195,034	191,719
Paid to suppliers	(68,710)	(69,575)
Paid to personnel	(30,603)	(32,765)
Flows from operations	95,721	89,379
(Payments)/receipts of income tax	(6,610)	(8,750)
Other (payments)/receipts relating to operating activities	(4,557)	5,888
Flows from operating activities [1]	84,554	86,517
INVESTING ACTIVITIES:		
Receipts relating to:		
Investments	283	45,270
Tangible fixed assets	120,723	19,875
Interest income	4,648	1,840
Dividends	152	297
Other	3,176	2,451
	128,982	69,733
Payments relating to:		
Investments	(219)	-
Tangible fixed assets	(41,615)	(59,090)
Intangible fixed assets	(775)	(487)
Other	(3,060)	(140)
	(45,669)	(59,717)
Variation in Loans granted	(73)	993
Flows from investing activities [2]	83,240	11,009
FINANCING ACTIVITIES:		
Receipts relating to:		
Capital increase and share premiums	96,371	-
Bank loans	33,388	68,529
Other	-	-
	129,759	68,529
Payments relating to:		
Interest expenses	(29,547)	(36,115)
Dividends	(2,167)	(28,959)
Decrease of share capital - nominal value and discounts and premiums	-	-
Bank loans	(137,539)	(109,305)
Other	-	-
	(169,253)	(174,379)
Variation in Loans obtained - others	(1,081)	(482)
Flows from financing activities [3]	(40,575)	(106,332)
Variation in cash and cash equivalents [4]=[1]+[2]+[3]	127,219	(8,806)
Effect of exchange differences	1,348	2,255
Effect of the acquisitions and sales of companies:		
LeiriaShopping	-	-
MC Property Management	-	-
Project Sierra 6 BV	-	(11)
Alexa KG	-	(1)
Cash and cash equivalents at the beginning of the year	54,129	76,418
Cash and cash equivalents at the end of the year	182,696	69,855

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

The Board of Directors

SONAE SIERRA, SGPS, S.A. AND SUBSIDIARIES

Notes to the consolidated financial statements

as of 30 June 2011

(Translation of notes originally issued in Portuguese – Note 13)

(Amounts stated in thousands of Euro - kEuro)

1 INTRODUCTION

SONAE SIERRA, S.G.P.S., S.A. ("the Company" or "Sonae Sierra"), 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 ("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, Romania, Colombia and Netherlands.

These financial statements are presented in Euro because that is the currency of the primary economic environment in which the group operates.

2 PRINCIPAL ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared according to the International Financial Report Standards ("IFRS") and approved by the European Union, applicable to economic years beginning on 1 January 2011. These correspond to the 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") and approved by the European Union.

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 the countries of each company adjusted, in the consolidation process, to International Financial Reporting Standards ("IFRS"), as approved by the European Union.

The Board of Directors of the Company considers that the accompanying consolidated financial statements and their notes have, under IAS 34 – Interim Financial Reporting, an adequate presentation of the interim consolidated information. For additional information about the accounting policies of the Group and other information, the consolidated financial statements of the Company and their notes for the year 2010 should be consulted.

New accounting standards and their impact in these consolidated financial statements

Until the date of approval of these consolidated financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions with mandatory application to the economic periods beginning on 1 January 2011:

	Effective date (financial years beginning on/after)
IAS 24 Related Party Disclosures (Revised)	01-Jan-11
Amendments to IFRS 1 Limited Exemption from comparative IFRS 7 Disclosures for First Time Adopters	01-Jul-10
Amendment to IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues	01-Feb-10
IFRIC 19 - Extinguishing of Financial Liabilities with Equity Instruments	01-Jul-10
Amendment to IFRIC 14 - Prepayments of Minimum Funding Requirements	01-Jan-11

All these standards were first applied by the Group in 2011 and had no impact in the consolidated financial statements.

The following standards and interpretations, with mandatory application in future financial years, were, until the date of approval of these financial statements, endorsed by the European Union:

	Effective date (financial years beginning on/after)
Improvements to IFRS (2010)	Several (on / after 01-Jul-10)

These standards, despite being endorsed by the European Union, were not adopted by the Group in 2011, because their application is not yet mandatory. It is not anticipated that there will be retrospective impacts in the consolidated financial statements of the Group from the adoption of these standards.

The following standards and interpretations were issued by the IASB and they are not yet endorsed by the European Union:

	Effective date (financial years beginning on/after)
IFRS 9 - Financial Instruments	01-Jan-13
Amendments to IAS 12 - Deferred Tax: Recovery of Underlying Assets	01-Jan-12
Amendments to IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	01-Jul-11
Amendments to IFRS 7 - Financial Instruments: Disclosures	01-Jul-11
IFRS 10 - Consolidated Financial Statements	01-Jan-13
IFRS 11 - Joint Arrangements	01-Jan-13
IFRS 12 - Disclosure of Interests in Other Entities	01-Jan-13
IFRS 10 - Fair Value Measurement	01-Jan-13
IAS 27 (Revised 2011)- Separate Financial Statements	01-Jan-13
IAS 28 (Revised 2011)- Investments in Associates and Joint Ventures	01-Jan-13
Amendments to IAS 1 - Presentation of Comprehensive Income	01-Jan-12
Amendments to IAS 19 - Post Employment Benefits	01-Jan-13

Regarding the Amendment to IAS 12 – Deferred Tax: Recovery of Underlying Assets and IFRS 11 – Joint Arrangements, it is estimated a significant impact on the consolidated financial statements, namely derived from the abolition of the proportional method of consolidation regarding the Group's investments in joint ventures. In relation to the remaining standards it is not anticipated any significant impact on the accompanying consolidated financial statements. Any of these standards were however adopted by the Group as they were not yet endorsed by the European Union.

3 INVESTMENTS IN ASSOCIATES AND COMPANIES EXCLUDED FROM CONSOLIDATION

The associated companies and other companies excluded from consolidation, their head offices, percentages of their share capital held by the Group and book value as of 30 June 2011 and 31 December 2010, are as follows:

		30 June 2011						
	Head Office	Assets	Liabilities	Equity	Net Profit	% own	Book value	Net profit held
Associated companies:								
Campo Limpo Lda	S. Paulo (Brazil)	60,406	13,378	47,028	4,692	10.00%	4,703	469
Sierra Portugal Real Estate ("SPF") (*)	Luxemburg	434,421	304,740	129,681	(6,149)	47.50%	61,600	(2,921)
Goodwill SPF							14,027	-
Sonaegest - Soc. Gestora de Fundos de Investime	Maia	1,366	167	1,199	226	20.00%	240	45
ALEXA Asset GmbH & Co, KG	Dusseldorf (Germany)	374,020	214,657	159,363	6,909	4.50%	7,171	311
Goodwill Alexa							259	-
							88,000	(2,096)
Other participations:								
Ercasa Cogeneración S.A.	Grancasa (Spain)					5.00%	48	-
Car Parking of Grancasa	Grancasa (Spain)					62.37%	242	-
							290	-
							88,290	(2,096)

31 December 2010								
	Head				Net		Book	Net profit
	Office	Assets	Liabilities	Equity	Profit	% own	value	held
Associated companies:								
Campo Limpo Lda	S. Paulo (Brazil)	55,406	11,755	43,651	5,792	10.00%	4,365	579
Pylea S.A.	Athens (Greece)	-	-	-	2,560	19.95%	-	511
Sierra Portugal Real Estate ("SPF") (*)	Luxemburg	450,243	317,032	133,211	(6,332)	47.50%	63,277	(2,710)
Goodwill SPF							14,027	-
Sonaegest - Soc. Gestora de Fundos de Investime	Maia	1,506	157	1,349	418	20.00%	270	83
ALEXA Asset GmbH & Co, KG	Dusseldorf (Germany)	369,508	220,194	149,314	45,731	4.50%	6,719	2,058
Goodwill Alexa							259	-
							<u>88,917</u>	<u>521</u>
Other participations:								
Ercasa Cogeneración S.A.	Grancasa (Spain)					5.00%	48	-
Car Parking of Grancasa	Grancasa (Spain)					62.37%	242	-
							<u>290</u>	<u>-</u>
							<u>89,207</u>	<u>521</u>

(*) Amounts related to the consolidated accounts of "SPF". This company owns the following investments:

	<u>% own</u>
8ª Avenida Centro Comercial, S..A.	100%
ALBCC Albufeirashopping C.Comercial S.A.	50%
Arrábidashopping- Centro Comercial, S.A.	50%
Galashopping I- Centro Comercial, S.A.	50%
Galashopping II- Centro Comercial, S.A.	50%
LCC LeiriaShopping Centro Comercial S.A.	100%
Loureshopping- Centro Comercial, S.A.	50%
PORTCC - Portimaashopping C.Comercial S.A.	50%
Rio Sul- Centro Comercial, S.A.	50%
Serra Shopping- Centro Comercial, S.A.	50%

The associated companies were included in the consolidation by the equity method.

During the years ended 30 June 2011 and 2010, the movement occurred in associated companies was as follows:

	<u>30.06.11</u>	<u>30.06.10</u>
Opening balance	88,917	77,237
Alexa KG - entry effect on associated companies:		
- Equity held (Note 4)	-	5,225
- Goodwill (Note 6)	-	259
Capital decrease	-	(4,620)
Effect of the application of the equity method:		
Hedging reserve	1,408	(947)
Translation reserve	(77)	486
Net profit	(2,096)	(463)
Dividends	(152)	(1,060)
	<u>88,000</u>	<u>76,117</u>

4 ACQUISITION AND SALE OF COMPANIES

The main acquisitions and sales of companies occurred during the first half of 2011 were as follows:

Sale of subsidiaries:

During February and March 2011, the jointly controlled entity Sonae Sierra Brasil SA ("Sonae Sierra Brasil"), a company incorporated under the Brazilian law, carried out an initial public offer of 23,251,043 ordinary shares issued by the Company, all nominative, without par value, free and clear of any liens or charges, at the price of R\$ 20.00 per share, for a total of R\$ 465,020,860.00. After this operation, the jointly controlled entity "Sonae Sierra Brasil," which holds companies headquartered in Brazil, is now held by the Group at 33.32%. This transaction resulted in a loss of kEuro 12,556 recognised in the equity, which includes the transfer to non-controlling interests of the currency conversion reserve in the amount of kEuro -12,243. At this date were also recognised in equity the costs of the public offering (net of taxes) worth kEuro 2,332.

The main acquisitions and sales of companies occurred during the first half of 2010 were as follows:

Sale of subsidiaries:

In February 2010 the joint controlled entity ALEXA Shopping Centre GmbH ("Alexa Shopping"), sold 91% of the financial position in the company ALEXA Asset GmbH & Co, KG ("Alexa KG") (owner of the shopping centre "Alexa"), for the amount of kEuro 105,698 (kEuro 52.849 to the Group, as Alexa Shopping is a joint controlled entity). Due to the loss of the joint control of Alexa KG, this subsidiary (with reference to 1 January 2010) no longer integrates the consolidated financial statements by the proportional method and is now measured by the equity method, since there is significant influence on it.

In March 2010, Sierra Developments Holdings, BV (100% owned by the Group) sold its 100% of the financial position in the subsidiary Project Sierra 8 B.V. to Sierra Sierra European Retail Real Estate Assets Holdings, BV ("Sierra BV"), (held by the Group at 50.1%) by kEuro 18. Considering that Sierra BV is held by the Group in 50.1%, only 49.9% of the total gain in this sale was recorded by the Group (kEuro 12). Project Sierra 8 B.V. continues to be integrated in the consolidated financial statements by the full consolidation method.

In April 2010, Sierra Investments Holdings, BV (100% owned by the Group) sold 50% of the financial position in the company Project Sierra 6 BV, for the amount of kEuro 1, with a gain on sale of kEuro 1. After the sale Project 6 B.V. was consolidated in the financial statements by the proportional method.

Effect of the acquisitions and sales:

The effect of the sales occurred during the first half of 2010 was as follows:

		2010
		Alienações
		Alexa KG
Cash and cash equivalents	(I)	1
Investment properties (Note 5)		158,056
Other non current assets		39
Trade receivables		611
Accounts payable and other liabilities - non-current		(100,000)
Accounts payable and other liabilities - current		(651)
Identifiable assets and liabilities at sales date		58,056
Goodw ill of the subsidiary		2,881
		60,937
Transfer to associates (9%) (Note 3):		
- proporcional equity		(5,225)
- proporcional Goodw ill (Note 6)		(259)
Transaction Result:		
- Profit/ (loss) on sale		-
- Write-off of Goodw ill (Note 6)		(2,622)
Sale amount	(II)	52,831
Amount to be received	(III)	(7,620)
Net cash flow	(II-I+III)	45,210

5 INVESTMENT PROPERTIES

The movement in investment properties during the first half years ended 30 June 2011 and 30 June 2010 was as follows:

	30 June 2011					
	Investment properties					
	in progress					
	in operation	"Fit Out"	at cost	at fair value	Advances	Total
Opening balance	3,259,697	4,058	123,288	78,528	1,725	3,467,296
Increases	9,689	-	738	31,452	-	41,879
Impairments and write-off	-	-	(3,626)	-	-	(3,626)
Sales	(120,000)	-	-	-	-	(120,000)
Fit-out receivables	-	(216)	-	-	-	(216)
Transfers	-	-	(245)	(24)	-	(269)
Increases by transfer from investment properties in progress:						
- Production cost	8,290	-	1,807	(10,097)	-	-
- Adjustment to fair value	6,263	-	-	(3,670)	-	2,593
Variation in fair value of the investment properties between years:						
- Gains	40,842	100	-	-	-	40,942
- Losses	(31,973)	(35)	-	(3,351)	-	(35,359)
Currency translation differences	(7,956)	-	469	(397)	-	(7,884)
Closing balance	3,164,852	3,907	122,431	92,441	1,725	3,385,356

The amount of KEuro 120,000 corresponds to the sale of assets Plaza Eboli and El Rosal.

30 June 2010						
Investment properties						
	in progress				Advances	Total
	in operation	"Fit Out"	at cost	at fair value		
Opening balance	3,349,582	4,544	169,440	68,529	1,725	3,593,820
Increases	6,662	-	12,479	43,499	-	62,640
Impairments and write-off	-	-	(2,868)	-	-	(2,868)
Receivables	-	-	(19,150)	-	-	(19,150)
Fit-out receivables	-	(398)	-	-	-	(398)
Transfers	-	-	-	122	-	122
Increases by transfer from investment properties in progress:						
- Production cost	82,987	1,871	(5,534)	(79,324)	-	-
- Adjustment to fair value	5,194	-	-	1,825	-	7,019
Variation in fair value of the investment properties between years						
- Gains	26,405	160	-	-	-	26,565
- Losses	(40,381)	(1,125)	-	-	-	(41,506)
Sales of companies (Note 4)	(158,056)	-	-	-	-	(158,056)
Currency translation differences	50,362	-	(50)	1,159	-	51,471
Closing balance	3,322,755	5,052	154,317	35,810	1,725	3,519,659

As of 30 June 2011, 31 December 2010 and 30 June 2010 investment properties in operation can be detailed as follows:

	30.06.11					31.12.10					30.06.10				
	10 yr discount rate		Exit Yield		Amount	10 yr discount rate		Exit Yield		Amount	10 yr discount rate		Exit Yield		Amount
	Floor	Cap	Floor	Cap		Floor	Cap	Floor	Cap		Floor	Cap	Floor	Cap	
Portugal/Spain	8.60%	11.95%	6.30%	9.45%	2,012,969	8.45%	11.75%	6.20%	9.25%	2,137,471	8.40%	11.50%	6.15%	9.00%	2,222,403
Other European Countries	6.75%	11.85%	6.00%	9.00%	673,246	6.75%	10.75%	6.00%	8.00%	673,698	6.75%	10.75%	6.00%	8.00%	678,102
Brazil	12.75%	14.00%	8.25%	9.50%	478,637	12.75%	14.00%	8.25%	9.50%	448,528	12.75%	14.00%	8.25%	9.50%	422,250
					<u>3,164,852</u>					<u>3,259,697</u>					<u>3,322,755</u>

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

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 centre added to the residual value, corresponding to a projected net income of year 11 and a return market rate ("Exit yield" or "cap rate"). These projections are then discounted to the valuation date using a discount market rate. Projections are intended to reflect the actual best estimate of the valuer regarding future revenues and costs of each shopping. Both the return rate and discount rate are defined in accordance to the local real estate and institutional market conditions, being the reasonability of the market value obtained in accordance to the methodology above referred, tested also in terms of initial return, and obtained with the estimated net income for the 1st year of projections.

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 centres, in which the possible costs still to be incurred were not considered, as the accompanying financial statements already include a provision for them.

The open market value of the investment properties under development as at the reporting date is calculated by subtracting from the open market value at opening, calculated using the methodology described above, the investment necessary to finish the project and weighted by a risk factor defined by the valuer.

The Market

According to the valuer, whenever uncertainty could have a material effect on the opinion of value, the Red Book requires the valuer to draw attention to this, indicating the cause of uncertainty and the degree to which this is reflected in the valuation reported.

Since September 2008 there were unprecedented events at a global level, such as the failure of several major banks, the effective nationalisation of others. There have been substantial reductions in interest rates across Europe, with the ECB rapidly reducing base rates from 2.50% in December 2008 to 1% since May 2009. Following a relatively strong end to 2009, 2010 experienced a gradual upward movement of the Euribor, and this is expected to continue to rise during 2011. 2010 was characterised by the global banking crisis and the consequent hiatus of the debt markets. The fallout of the crisis in Greece prompted a wider breakdown in confidence relating to sovereign risk. Meanwhile in Portugal, a list of austerity measures have been announced by the new government, to support a bailout program agreed with the European Union and the International Monetary Fund.

A more general economic downturn unfolded throughout the year; the ECB and EU reacted accordingly, applying pressure to member states to control their public spending so as not to compromise potential growth in the future. In response, each EU country adopted budget consolidation policies via fiscal measures. While some of these measures had an immediate result, others will only take impact later this year.

According to the valuer, within the real estate sector, there remains limited clarity on pricing throughout Europe. Signs of increasing activity from both occupiers and investors emerged in the property market in 2010 and have continued active in the first semester of 2011; overly ambitious negotiations have occurred in both investments and leasing discussions. Nevertheless, confidence has certainly improved, and both occupiers and investors sense that for Grade 'A' property, pricing is now around as good as it will get. For secondary stock, however, there is no urgency to invest or occupy property and the gap to prime has increased.

Although some companies are facing financial difficulties, it is not appropriate to conclude all recent market activity represents forced transactions. An imbalance between supply and demand (for example, fewer buyers than sellers) is not always a determinant of a forced transaction. A seller might be under financial pressure to sell, but it is still available to sell at a market price if there is more than one potential buyer in the market and a reasonable amount of time is available for marketing. Similarly, transactions initiated during bankruptcy should not automatically be assumed to be forced.

It has been held that valuers may properly conclude within a range of values. This range is likely to be greater in an illiquid market where inherent uncertainty exists and a greater degree of judgement must therefore be applied.

The valuers strongly recommend that the company keep the valuation of the subject properties under review. The company should also anticipate a longer marketing period than would previously have been expected in the event that any property is offered for sale.

As of 30 June 2011, 31 December 2010 and 30 June 2010 the fair value of the fit out contracts existing in each investment property was as follows:

	30.06.11					31.12.10					30.06.10				
	10 yr discount rate		Exit Yield		Amount	10 yr discount rate		Exit Yield		Amount	10 yr discount rate		Exit Yield		Amount
	Floor	Cap	Floor	Cap		Floor	Cap	Floor	Cap		Floor	Cap	Floor	Cap	
Portugal/Spain	8.65%	11.40%	6.40%	9.00%	3,907	8.50%	11.40%	6.25%	8.90%	4,058	8.45%	11.50%	6.20%	9.00%	4,973
Other European Countries	11.85%	11.85%	8.60%	8.60%	-	11.75%	11.75%	8.50%	8.50%	-	10.25%	11.85%	7.00%	7.00%	79
					<u>3,907</u>					<u>4,058</u>					<u>5,052</u>

The fair value of the fit out contracts was determined by means of a valuation as of the reporting date made by an independent specialised entity (Cushman & Wakefield). The methodology used to compute the fair value of the fit out contracts consisted in determining the discounted estimated cash flows of each one of the fit out contracts, using a discounted marked rate, similar to the one used in determining the fair value of the investment property to which each fit out contract relates.

As of 30 June 2011 and 31 December 2010 the following investment properties had been given in guarantee of bank loans:

Airone	Loop 5
Algarveshopping	Luz del Tajo
Alverca	Madeirashopping
Arrabidashopping	Maiashopping
Cascaishopping	Manauara Shopping
Centro Colombo	Max Center
Centro Vasco da Gama	Munster Arkaden
Coimbrashopping	Norteshopping
Dos Mares	Parque Atlântico
El Rosal	Parque Principado
Estação Viana	Plaza Éboli
Freccia Rossa	Plaza Mayor
Gaiashopping	Plaza Mayor Shopping
Gli Orsi	River Plaza Mall
Grancasa	Torre Occidente
Guimarãesshopping	Valecenter
La Farga	Valle Real
LeiriaShopping	Viacatarina
	Zubiarte

As of 30 June 2011 and 31 December 2010 there were no material contractual obligations to purchase, construct or develop investment properties or for repairs or maintenance, other than those referred to above.

As of 30 June 2011, 31 December 2010 and 30 June 2010 investment properties in progress can be detailed as follows:

	30.06.11	31.12.10	30.06.10
Investment property at cost:			
Portugal:			
Alverca	6,139	6,137	6,134
Centro Bordalo	3,770	3,473	3,398
Parque de Famalicão	1,257	1,257	1,255
Torre Ocidente	-	-	3,410
Others	17	7	-
Germany:			
Alexa Tower	6,000	6,000	11,000
Garbsen	1,921	1,920	1,785
Others	58	14	14
Brazil:			
Boulevard Londrina Shopping	-	-	3,445
Goiânia Shopping	10,807	10,616	10,224
Parque D. Pedro (expansion)	-	-	1,705
Others	-	253	87
Spain:			
Pulianas Shopping	206	206	206
Dos Mares - expansion	2,810	2,810	2,810
Greece:			
Aegean Park	10,018	9,963	9,867
Pantheon Plaza	1,778	1,778	1,778
Galatsi Shopping	-	-	12,580
Ioannina	17,300	17,261	32,063
Italy:			
Le Terrazze (Hypermarket)	9,114	7,307	5,577
Caldogno	9,958	9,916	9,894
Others	-	505	522
Romania:			
Craiova Shopping	33,131	35,349	34,401
Ploiesti Shopping	14,839	14,635	14,323
	129,122	129,407	166,601
Impairment for assets at risk	(4,966)	(4,394)	(10,559)
	124,156	125,013	156,042
Investment property at fair value:			
Portugal:			
Torre Ocidente	-	12,276	-
Brazil:			
Uberlândia Shopping	31,517	22,076	12,655
Boulevard Londrina Shopping	23,942	12,647	-
Italy:			
Le Terrazze	36,982	31,529	23,155
	92,441	78,528	35,810
	216,597	203,541	191,852

The amounts of kEuro 4,966, kEuro 4,394 and kEuro 10,559 in 30 June 2011, 31 December 2010 and 30 June 2010, respectively, recorded under caption "Impairment for Assets at Risk" are related to the provision made to anticipate losses due to the non development of some of the actual projects, because of the uncertainty of markets.

The Aegean Park investment property in progress corresponds, at the moment, to the value of a site in Athens, Greece. In accordance with the information received, the local Municipal Authorities intention is to classify part of the site as green area, and the Man-

agement is being involved in negotiations with the local Municipal Authorities with the objective of determining which will be the final use of that site. The Board of Directors still believes that there will be no losses in the realisation value of the site; therefore no impairment losses have been recognised.

Investment property under development Ioannina, for which the Group recognised, during the year ended 31 December 2010, an impairment loss amounting to KEuro 15,000, corresponds to the value of land and existing facilities, which the Board hopes to develop in a near future, having for that resized the existing project.

Investment properties in progress include borrowing expenses incurred during the construction period. As of 30 June 2011 and 31 December 2010, total borrowing expenses capitalised amounted to kEuro 479 and kEuro 1,328, respectively.

6 GOODWILL

The movement in goodwill during the years ended 30 June 2011 and 31 December 2010 was as follows:

	30.06.11	31.12.10
Opening balance	46,406	49,287
Sales (Note 4)	-	(2,622)
Transfer to associates (Note 3 and 4)	-	(259)
Impairment losses for the year	(423)	-
Closing balance	45,983	46,406

As of 30 June 2011 and 31 December 2010 goodwill was made up as follows:

		30.06.11			31.12.10
	Year of aquisition	Gross amount	Impairment losses of the year	Carrying Amount	Carrying Amount
Iberian Assets, S.A:					
Grancasa	2002	1,471	-	1,471	1,471
Max Center	2002	4,558	-	4,558	4,558
Valle Real	2002	(558)	-	(558)	(558)
Valle Real	2003	1,000	-	1,000	1,000
		6,471	-	6,471	6,471
La Farga	2002	73	-	73	73
	2005	247	-	247	247
	2009	(58)	-	(58)	(58)
		262	-	262	262
Alexa	2004	10,877	-	10,877	10,877
	2005	(7,996)	-	(7,996)	(7,996)
	2010	(2,881)	-	(2,881)	(2,881)
		-	-	-	-
Parque Principado	2004	997	-	997	997
Plaza Eboli	2005	423	(423)	-	423
Luz del Tajo	2005	2,919	-	2,919	2,919
Dos Mares	2005	1,298	-	1,298	1,298
Valecenter	2005	28,340	-	28,340	28,340
River Plaza Mall	2007	1,334	-	1,334	1,334
Gli Orsi	2008	1,642	-	1,642	1,642
Le Terrazze	2009	2,720	-	2,720	2,720
		39,673	(423)	39,250	39,673
		46,406	(423)	45,983	46,406

The impairment tests made to the goodwill are based on the "Net Asset Value" ("NAV") at the statement of reporting date of the participations held.

7 BANK LOANS

As of 30 June 2011 and 31 December 2010 bank loans obtained were made up as follows:

			30.06.11			31.12.10				
			Used amount			Used amount				
Financing Entity			Medium and long term			Medium and long term			Reimbursement plan	
			Limit hort term long term			Limit hort term long term			Due date	
Bond Loans:										
Sonae Sierra SGPS	Caixa BI	-	75,000	-	75,000	75,000	-	75,000	Jul/2013	Final
Bank Loans:										
3shoppings - Holding, SGPS, SA	Eurohypo	(b), (f), (g)	56,090	1621	54,469	56,090	1621	54,469	Jul/2019	Annual
3shoppings - Holding, SGPS, SA	Eurohypo	(b), (c), (f), (g)	10,233	1784	8,449	10,233	1784	8,449	Jun/2014	Annual
Airone Shopping Centre, SA	Eurohypo	(b), (c), (f), (g)	8,000	8,000	-	8,000	-	8,000	May/2012	Final
Algarveshopping- C.C., S.A.	European Property Capital 3 p.l.c.	(b), (c), (f), (g)	9,990	9,990	-	10,850	10,850	-	May/2012	Quarterly
	European Property Capital 3 p.l.c.	(b), (c)	44,372	44,372	-	44,597	44,597	-	May/2012	Quarterly
Sierra B.V.	CGD	(a), (b), (i)	10,500	-	3,999	10,500	-	3,999	Aug/2013	Final
Arrábidasshopping - C.C., S.A.	Eurohypo	(a), (b), (c), (f), (g)	14,419	1,321	13,098	15,076	1,313	13,763	Mar/2017	Quarterly
Arrábidasshopping - C.C., S.A.	Eurohypo	(a), (b), (f), (g)	8,635	388	8,247	8,635	388	8,247	Mar/2017	Annual
Arrábidasshopping - C.C., S.A.	Eurohypo	(a), (b), (c), (f), (g)	11,250	540	10,710	11,520	540	10,980	Mar/2017	Quarterly
Cascaisshopping - C.C., S.A.	Eurohypo	(a), (b), (f), (g)	50,985	1,843	49,142	52,828	1,843	50,985	May/2027	Annual
Cascaisshopping - C.C., S.A.	Eurohypo	(a), (b), (c), (f), (g)	26,000	-	26,000	26,000	-	26,000	Jan/2016	Final
Centro Colombo - C.C., S.A.	Eurohypo	(a), (b), (c), (f), (h)	12,250	-	12,250	12,250	-	12,250	May/2017	Final
Centro Colombo - C.C., S.A.	Eurohypo, ING	(a), (b), (c), (f), (h)	500	-	500	500	-	500	May/2017	Final
Shopping C. Colombo, BV	Eurohypo, ING	(a), (b), (c), (f), (h)	49,500	-	49,500	49,500	-	49,500	May/2017	Final
Centro Vasco da Gama, S.A.	ING	(a), (b), (c), (f), (h)	53,300	1,950	51,350	54,275	1,950	52,325	Aug/2016	Quarterly
Dos Mares - Shop. Centre S.A.	Aareal Bank	(b), (f), (g)	17,375	900	16,475	17,825	900	16,925	Sep/2012	Quarterly
El Rosal Shopping, SA	Eurohypo	(b), (f), (g), (i)	-	-	-	71,069	4,669	66,400	-	-
Estação Viana- C.C., S.A.	BES	(b), (c), (f), (g)	31,584	2,268	29,316	32,592	2,016	30,576	Dec/2015	Haf Year
Freccia Rossa - Shop.C. S.r.l.	Unicredit	(a), (b), (c), (f), (g)	52,148	1,736	50,412	52,802	1,516	51,286	Dec/2025	Haf Year
Freccia Rossa - Shop.C. S.r.l.	Unicredit	(a), (f), (g)	6,609	-	6,609	6,609	-	6,609	Dec/2012	Haf Year
Gaishopping I- C.C., S.A.	Eurohypo	(a), (b), (f), (g)	25,025	413	24,612	25,025	413	24,612	Nov/2026	Annual
Gaishopping I- C.C., S.A.	Eurohypo	(a), (b), (f), (g)	9,175	300	8,875	9,325	300	9,025	Aug/2016	Annual
Gil Orsi - Shopping Centre S.r.l.	Bayern LB	(a), (b), (c)	72,000	2,000	70,000	73,000	2,000	71,000	Jun/2016	Quarterly
Iberian Assets, SA	Eurohypo	(a), (b), (f), (g)	16,829	2,104	14,725	17,805	2,028	15,777	Jun/2019	Haf Year
Iberian Assets, SA	Eurohypo	(a), (b), (f), (g)	23,650	850	22,800	23,650	850	22,800	Jul/2018	Annual
Iberian Assets, SA	Eurohypo	(a), (b), (f), (g)	20,469	1,150	19,319	21,019	1,100	19,919	Nov/2020	Haf Year
Iberian Assets, SA	Eurohypo	(a), (b)	14,950	225	14,725	15,025	150	14,875	Jan/2026	Haf Year
La Farga - Shopping Center, SL	Eurohypo	(a), (b), (f), (g)	13,500	750	12,750	14,250	750	13,500	Apr/2014	Annual
Le Terrazze - Shopping Centre 1Srl	Unicredit	(a), (b), (f), (i)	27,500	-	8,676	27,500	-	4,343	Dec/2024	Haf Year
Le Terrazze - Shopping Centre 1Srl	Unicredit	(a), (b), (f), (i)	6,500	-	2,129	6,500	-	988	Dec/2015	Final
Loop 5-Shopping Centre, GmbH	Bayern LB	(a), (b), (f), (h)	91,728	1,483	90,245	92,454	1,461	90,993	Jan/2019	Quarterly
Luz del Tajo C.C. S.A.	Deutsche Pfandbriefbank	(b), (c), (f), (g)	45,700	-	45,700	45,700	-	45,700	Jun/2014	Final
Madeirashopping- C.C., S.A.	ING	(a), (b), (f), (h)	18,000	450	17,550	18,000	225	17,775	Aug/2015	Quarterly
Münster Arkaden, BV	Nord LB	(b), (c), (f), (g)	122,410	2,312	120,098	123,503	2,222	121,281	Dec/2016	Quarterly
Norteshopping - C.C., S.A.	Eurohypo	(a), (b), (f), (g)	-	-	-	2,573	2,573	-	Jun/2011	Quarterly
Norteshopping - C.C., S.A.	Eurohypo	(a), (b), (f), (g)	35,398	-	35,398	35,398	-	35,398	Dec/2014	Quarterly
Norte Shopping B.V.	Eurohypo	(a), (b), (f), (g)	39,649	3,671	35,978	41,281	3,263	38,018	Dec/2014	Haf Year
Parque Atlântico Shop.- C.C., SA	CGD, BCP	(a), (b), (i)	14,000	1,400	12,600	14,700	1,400	13,300	Dec/2015	Quarterly
Parque Principado S.L.	Calyon	(a), (b), (c), (f), (h)	56,700	-	56,700	56,700	-	56,700	Jul/2013	Final
Pátio Boavista Shopping Ltda	Banco Itaú	(a), (e)	5,883	1,086	4,797	6,087	738	5,349	Nov/2016	Monthly
Pátio Boavista Shopping Ltda	Banco Itaú	(a), (b), (e)	11,648	121	11,527	-	-	-	Nov/2016	Monthly
Pátio Londrina Emp. e Part. Ltda	Banco Bradesco	(a), (b), (d)	52,654	-	5,739	54,110	-	-	Sep/2025	Monthly
Pátio Sertório Shopping Ltda	BASA	(a), (b), (d), (e), (i)	24,844	-	24,844	25,319	-	25,319	May/2020	Monthly
Pátio Uberlândia Shopping Ltda	Banco Bradesco	(a), (b), (d)	10,347	-	10,347	6,839	-	6,839	Dec/2020	Monthly
Plaza Eboli - C.C. S.A.	Deutsche Pfandbriefbank	(a), (b), (d)	-	-	-	27,412	400	27,012	-	-
Plaza Mayor Shopping, SA	Eurohypo	(b), (f), (g)	34,688	1,295	33,393	35,890	1,202	34,688	Apr/2019	Annual
Plaza Mayor - Parque de Ocio, S.A.	Eurohypo	(b)	24,461	1,743	22,718	26,144	1,683	24,461	Apr/2018	Annual
River Plaza Mall Srl	Société Générale/BRD	(b), (c)	22,438	753	21,685	22,733	691	22,042	May/2018	Quarterly
Sierra Investimentos Brasil, Ltda.	Banco Itaú	(a), (c), (d)	4,343	984	3,359	4,509	668	3,841	Oct/2025	Monthly
Sonae Sierra SGPS	Santander Totta	-	-	-	-	15,000	10,000	-	Jan/2011	-
Torre Ocidente Imobiliária, S.A.	CGD	(a), (b)	12,250	-	9,433	12,250	-	7,328	Sep/2017	Haf Year
Valecenter Srl	Eurohypo	(b), (c), (f), (g)	91,866	3,416	88,450	93,330	3,172	90,158	Jun/2015	Quarterly
Via Catarina- C.C., S.A.	Eurohypo	(a), (b)	17,836	294	17,542	18,130	294	17,836	Feb/2027	Annual
Zubiarte Inversiones Inmobil.,SL	ING	(a), (b), (f), (g)	22,332	8,858	13,474	22,704	8,410	14,294	Jun/2017	Quarterly
Total Bank Loans			1,562,513	112,371	1,370,714	1,685,616	119,980	1,466,434		
Deferred bank expenses incurred on the issuance of bank debt				(1,408)	(7,029)		(1,632)	(8,809)		
			110,963	1,438,685		118,348	1,532,625			
Fair value of the financial hedging instruments - asset			-	(2,950)		-	(847)			
Fair value of the financial hedging instruments - liability			-	24,599		-	38,563			
			110,963	1,460,334		118,348	1,570,341			

(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) To guarantee the repayment of this loan, the Group has a bank guarantee.

(e) In this loan the Sonae Sierra Brasil, SA was the guarantor

(f) This loan has a covenant "Loan to Value": Financial liabilities / Fair value of the investment property

(g) This loan has a covenant "Debt Service Cover Ratio": Cash flow / (Paid interests plus capital amortization)

(h) This loan has a covenant "Interest Cover Ratio": Cash flow / Paid interests

(i) This loan has a covenant "Debt to equity cover ratio": Equity / Financial liabilities

(j) Sonae Sierra SGPS provided a guarantee or a comfort letter to the bank in name of its subsidiary.

(k) Sierra Investments SGPS provided a comfort letter to the bank in name of its subsidiary.

(l) In this loan the Sierra Investment Brasil, Ltda was the guarantor

Bank loans bear interests at market interest rates and were all contracted in Euro, except for the bank loans of Sierra Investimentos Brasil Ltda, Pátio Boavista Ltda, Pátio Londrina Empr. e Part. Ltda, Pátio Sertório Ltda and Pátio Uberlândia Ltda which were contracted in Brazilian Real and translated to Euro using the exchange rate prevailing at the reporting date.

Bank loans with covenants were analyzed by the Group at the date of statement of financial position and, in situations where there were breaches the corresponding debt was reclassified to short term facility. These situations have occurred in case of loans obtained by Zubiarte, La Farga and River Plaza. Negotiations are currently underway in order to obtain a debt rescheduling with the correspondent banks.

As of 30 June 2011 and 31 December 2010, the loans are repayable as follows:

	30.06.11	31.12.10
N+1	112,371	119,980
N+2	70,246	96,514
N+3	274,002	195,995
N+4	157,937	177,528
N+5	116,475	163,439
N+6 and following years	827,054	907,958
	<u>1,558,085</u>	<u>1,661,414</u>

As of 30 June 2011 and 31 December 2010, the Group's financial instruments related to interest rate swaps, zero cost collars and exchange rate non deliverable forwards were as follows:

	30.06.11			31.12.10		
	Fair value of the financial instrument			Fair value of the financial instrument		
	Loan	Asset	Liability	Loan	Asset	Liability
Financial hedging instruments:						
"Swaps":						
3 Shoppings / Caixa BI	66,323	-	550	66,323	-	1,302
Airone / BBVA	8,000	-	163	8,000	-	348
ArrábidaShopping / BBVA	8,635	-	243	8,635	-	430
CascaShopping / BES	52,828	(547)	-	52,828	(309)	-
CascaShopping / BES	26,000	(820)	-	26,000	(213)	-
Colombo / BBVA	112,750	-	2,831	112,750	-	5,762
Colombo / Santander	112,750	-	1,854	112,750	-	1,555
Shopping Colombo BV/ BBVA	49,500	-	1,243	49,500	-	2,555
El Rosal / BES	-	-	-	35,534	-	1,835
El Rosal / BES	-	-	-	35,534	-	2,710
Estação Viana / BES	-	-	-	32,592	-	-
Freccia Rossa / Unicredit	30,493	-	744	31,063	-	1,259
Freccia Rossa / Unicredit	4,819	-	190	4,869	-	293
Galashopping / Caixa BI	25,025	-	776	25,025	-	1,221
Gil Orsi / Bayerische Landesbank	72,500	(677)	-	73,000	-	57
Le Terrazze / Unicredit	55,000	(61)	-	55,000	(9)	-
Munster Arkaden / BPI	122,961	-	8,244	123,503	-	10,327
Norteshopping / Eurohypo / BPI	36,684	-	248	37,971	-	672
Norteshopping BV / Eurohypo	41,281	-	278	41,281	-	748
Plaza Eboli / Deutsche Pfandbriefbank	-	-	-	27,413	(83)	-
Plaza Mayor Shopping / BES	17,945	-	355	17,945	-	705
River Plaza / Société Générale	22,586	-	2,042	22,734	-	2,656
Sonae Sierra SGPS / BES	75,000	-	3,458	-	-	-
Torre Ocidente / Caixa BI	8,674	-	5	7,328	-	29
Valecenter / Eurohypo	22,800	-	253	22,950	-	532
Vasco da Gama / BES	53,788	(770)	-	108,550	(232)	-
Viacatarina / BPI	17,836	-	474	18,130	-	864
		(2,875)	23,951		(846)	35,860
Options:						
Algarve / RBS *	10,422	(10)	-	10,850	-	-
Sierra BV / RBS *	44,485	(31)	-	44,597	(1)	-
ArrábidaShopping / BES	11,385	-	22	11,520	-	180
ArrábidaShopping / BPI	14,747	-	31	15,075	-	279
CascaShopping / Santander	-	-	-	26,000	-	123
Dos Mares / BBVA	17,600	-	80	17,825	-	299
Galashopping / BBVA	9,250	-	62	9,325	-	186
Luz del Tajo / Deutsche Pfandbriefbank	36,560	-	453	36,560	-	1,046
Parque Principado / Calyon*	56,700	(34)	-	56,700	-	-
Valecenter / Eurohypo	-	-	-	50,442	-	590
		(75)	648		(1)	2,703
		(2,950)	24,599		(847)	38,563

(*) These hedging instruments are a Cap. For the remaining ones, we have contracted Zero Cost Collars

The fair value of the financial hedging instruments was recorded under Hedging Reserves of the Group (kEuro -13,647 and kEuro -23,172 in 30 June 2011 and 31 December 2010 respectively) and hedging reserves of the non-controlling interests (kEuro -8,002 and kEuro -14,544 in 30 June 2011 and 31 December 2010 respectively).

The interest rate swaps and zero cost collars are stated at their fair value at the financial position statement date, determined by the valuation made by the bank entities with which the derivatives were contracted. The computation of the fair value of these financial instruments was made taking into consideration the actualisation to the statement of financial position sheet date of the future cash-flows relating the difference between the interest rate to be paid by the Company to the bank entity with which the swap or collar was negotiated and the variable interest rate to be received by the Company from the bank entity that granted the loan. In addition, tests to the fair value of those derivative financial instruments were made by the treasury department of the Group, in order to validate the fair value determined by those entities.

The main hedging principles used by the Group when negotiating these hedging financial instruments are as follows:

- Matching between the cash-flows paid and received: there is coincidence between the dates of interest payments of the loans obtained and their date of the derivatives flows with the bank;

- Matching in the index interest rate used: the reference index interest rates used in the derivatives and in the loan are coincident;
- In a scenario of increase or decrease in interest rates, the maximum amount of interest payable is perfectly calculated.

8 OTHER BANK LOANS

As of 30 June 2011 and 31 December 2010 this caption was made up as follows:

	30.06.11		31.12.10	
	Limit	Current	Limit	Current
Short term facilities:				
Cascaishopping - C.C., S.A.	2,619	36	2,619	690
Centro Colombo - C.C., S.A.	5,235	-	5,235	-
Sierra B.V.	10,000	-	10,000	-
Sierra Management Portugal, SA	249	-	249	-
Sonae Sierra, SGPS, SA	67,970	-	68,920	194
Via Catarina- C.C., S.A.	1,000	-	1,000	520
	<u>87,073</u>	<u>36</u>	<u>88,023</u>	<u>1,404</u>
Bank overdrafts	-	-	-	-
	<u>87,073</u>	<u>36</u>	<u>88,023</u>	<u>1,404</u>

9 ACCOUNTS PAYABLE TO OTHER SHAREHOLDERS

As of 30 June 2011 and 31 December 2010 this caption was made up as follows:

	30.06.11		31.12.10	
	Current	Non Current	Current	Non Current
SIERRA Investments (Luxembourg) 1 Sarl ("Luxco 1"):				
Plaza Mayor Shopping B.V.	-	3,629	-	4,233
SC Mediterranean Cosmos B.V.	-	76	-	76
Sierra European Retail Real Estate Assets Holdings BV	5,995	-	5,995	-
Zubiarte Inversiones Inmob,SA	-	1,779	-	1,778
	<u>5,995</u>	<u>5,484</u>	<u>5,995</u>	<u>6,087</u>
SIERRA Investments (Luxembourg) 2 Sarl ("Luxco 2"):				
Plaza Mayor Shopping B.V.	-	2,904	-	3,386
SC Mediterranean Cosmos B.V.	-	58	-	58
Sierra European Retail Real Estate Assets Holdings BV	4,796	-	4,796	-
Zubiarte Inversiones Inmob,SA	-	1,423	-	1,423
	<u>4,796</u>	<u>4,385</u>	<u>4,796</u>	<u>4,867</u>
Others	-	1	-	1
	-	1	-	1
	<u>10,791</u>	<u>9,870</u>	<u>10,791</u>	<u>10,955</u>

The amounts payable to Luxco 1 and Luxco 2 relate to shareholder loans payable by the subsidiaries and jointly controlled companies of Sierra BV, to the other shareholders of Sierra BV. These loans bear interests at market interest rates and were contracted in Euro. For the amounts classified as non-current the reimbursement is not expected in the short term.

10 NON-CONTROLLING INTERESTS

As of 30 June 2011, 31 December 2010 and 30 June 2010 the movement in non-controlling interests was as follows:

	%	Balance		P&L		
		30.06.11	31.12.10	30.06.11	31.12.10	30.06.10
Sierra BV	49.900%	393,140	379,705	8,590	16,676	(6,378)
Others		179,486	52,435	14,547	8,617	3,622
		<u>572,626</u>	<u>432,140</u>	<u>23,137</u>	<u>25,293</u>	<u>(2,756)</u>

11 SEGMENT INFORMATION

In accordance to the Management Report, the segments used by the Management of the Group are as follows:

- Sierra Investments
- Sierra Developments
- Sierra Management
- Sonae Sierra Brazil

The Sonae Sierra's reportable segment information for the half years ended 30 June 2011 and 2010 regarding the statement of profit and loss can be detailed as follows:

	30.06.11	30.06.10
Net Operating Margin		
Sierra Investments	53,392	55,345
Sierra Developments	(16,795)	(8,764)
Sierra Management	2,945	3,577
Sonae Sierra Brazil	11,059	11,705
Reclassifications and adjustments	4,985	(3,962)
Consolidated ⁽¹⁾	55,586	57,901
Direct profit before taxes		
Sierra Investments	32,448	31,095
Sierra Developments	(19,184)	(9,751)
Sierra Management	3,404	3,550
Sonae Sierra Brazil	11,886	11,939
Reclassifications and adjustments	7,373	(1,434)
Consolidated	35,927	35,399
Indirect income before taxes		
Sierra Investments	(22,053)	(17,669)
Sonae Sierra Brazil	20,927	7,994
Reclassifications and adjustments	(7,596)	3,138
Consolidated	(8,722)	(6,537)
Corporate tax + Deferred tax		
Sierra Investments	(6,236)	(20,893)
Sierra Developments	2,320	1,150
Sierra Management	(1,204)	(1,282)
Sonae Sierra Brazil	(9,104)	(5,391)
Reclassifications and adjustments	198	(1,797)
Consolidated ⁽¹⁾	(14,026)	(28,213)
Net profit before minorities		
Sierra Investments	4,159	(7,468)
Sierra Developments	(16,864)	(8,600)
Sierra Management	2,200	2,267
Sonae Sierra Brazil	23,708	14,542
Reclassifications and adjustments	(24)	(93)
Consolidated	13,179	648

(1) The reconciliation with the statutory accounts is presented on the following tables.

The amounts under the caption "Reclassifications and adjustments" can be analysed as follows:

	Net Operating Margin		Direct profit before taxes		Indirect income before taxes		Corporate tax + Deferred tax		Net profit before minorities	
	30.06.11	30.06.10	30.06.11	30.06.10	30.06.11	30.06.10	30.06.11	30.06.10	30.06.11	30.06.10
Reclassification of the value created in projects in Sierra Developments ⁽¹⁾	7,397	(1,174)	7,397	(1,174)	(7,596)	2,972	198	(1,796)	(1)	2
Intercompany Elimination	(2,457)	(2,926)	-	-	-	-	-	-	-	-
Others	45	138	(24)	(260)	-	166	-	(1)	(23)	(95)
Reclassifications and adjustments	4,985	(3,962)	7,373	(1,434)	(7,596)	3,138	198	(1,797)	(24)	(93)

(1) By a maximum period of 2 years after the opening date of the shopping or, if occurs sooner, until it's sold to third parties, Sierra Developments recognises in the Net Operating Margin the value created in the assets, that have been sold to the Sierra Investments; in the consolidated accounts these amounts are recognised under the caption "Indirect income before taxes" and "Deferred Taxes".

The Sonae Sierra's reportable segment information for the year ended 30 June 2011 and 31 December 2010, regarding the statement of financial position, can be analysed as follows:

	30.06.11	31.12.10
Investment properties		
Sierra Investments	1,774,333	1,910,802
Sonae Sierra Brazil	351,657	433,772
Investment Properties under development and others (Sierra Investments and Brazil)	(47,914)	(59,658)
Consolidated ⁽¹⁾	2,078,076	2,284,916
Bank loans		
Sierra Investments	951,546	1,062,757
Sierra Developments	14,744	9,320
Sonae Sierra Brazil	41,855	41,004
Bank loan at Sonae Sierra SGPS	75,000	85,194
Others	61	(184)
Consolidated ⁽¹⁾	1,083,206	1,198,091
Deferred taxes liabilities		
Sierra Investments	239,991	238,206
Sierra Developments	3,115	4,063
Sonae Sierra Brazil	53,466	63,561
Others	(2,191)	(1,203)
Consolidated	294,381	304,627

(1) The reconciliation with the statutory accounts is presented on the following tables.

The reportable segment information can be reconciled with the enclosed financial statements as follows:

Statement of profit and loss

	30.06.11	30.06.10
Net Operating Margin - segments	55,586	57,901
Equity method adjustment ⁽¹⁾	(6,249)	(5,158)
Proportional method adjustment ⁽²⁾	39,791	35,106
Indirect Income:		
Variation in fair value of the investment properties	8,176	(7,922)
Other indirect income / costs	255	(414)
Depreciations, write-off and impairments losses	(4,702)	(3,992)
Letting and Key money on opening ⁽³⁾	(235)	104
Withholding taxes related to Interests and dividends	(386)	(25)
Other taxes	(2,581)	-
Others	(327)	(959)
Net Operating Profit as per Financial Statements	89,328	74,641
Corporate tax + Deferred Tax - segments	(14,026)	(28,213)
Equity method adjustment ⁽¹⁾	(974)	1,588
Proportional method adjustment ⁽²⁾	(8,643)	(16,818)
Impairment of Goodwill	-	-
Others	15	(63)
Income tax as per Financial Statements	(23,628)	(43,506)

Statement of financial position

	30.06.11	31.12.10
Investment properties - segments	2,078,076	2,284,916
Equity method adjustment ⁽¹⁾	(211,418)	(219,736)
Proportional method adjustment ⁽²⁾	1,339,588	1,236,445
Goodwill ⁽³⁾	(37,446)	(37,869)
Others	(41)	(1)
Investment properties as per Financial Statements	3,168,759	3,263,755
Bank loans - segments	1,083,206	1,198,091
Equity method adjustment ⁽¹⁾	(125,030)	(126,896)
Proportional method adjustment ⁽²⁾	599,941	591,408
Financing costs	(8,436)	(10,441)
Short term facilities ⁽⁴⁾	-	194
Others	3	23
Debt - current and non-current as per Financial Statements	1,549,684	1,652,379

- (1) The associated companies are included in the Statutory consolidated accounts by the equity method and in the management accounts by the proportional method.
- (2) The companies owned by the group by less than 100% and more that 50% are included in the management accounts by the proportional method and in the Statutory consolidated accounts are included by the full consolidation method.
- (3) The Sierra Investment segment consider the Goowdill under the caption "Investment Properties".
- (4) The management accounts have the short term facilities recorded under the caption "Cash & Equivalents"

12 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorised for issuance on the 29th of July 2011.

13 NOTE ADDED FOR TRANSLATION

This is a translation of financial statements originally issued in Portuguese in accordance with Portuguese Statutory requirements, some of which may not conform to or be required in other countries. In the event of discrepancies, the Portuguese language version prevails.

Statement under the terms of Article 245, paragraph 1, c) of the Securities code

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, giving a truthful and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the Management Report faithfully describes the business evolution and position of the issuer and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Maia, 29 July 2011

The Board of Directors