Press Release

Maia - Portugal, May 8th, 2014

Sonae Sierra records Net Profit of €11.8 million in the first quarter of 2014

- Tenant sales express recovery trend
- EBITDA at €25.6 million
- Refinancing of three assets for €156 million
- New management and leasing contracts in Morocco and Italy

Sonae Sierra, the international shopping centre specialist, recorded a Net Profit of €11.8 million in the first three months of the year. In the same period, the Direct profit was €11.7 million, which represents a 22% decrease compared to the same period of the previous year, and EBITDA was €25.6 million, which represents an 11% decrease compared to the same period of 2013.

The Direct profit was impacted by three main variables. First, it was impacted by the sales of properties that took place in 2013, namely Parque Principado, in Spain, and Valecenter and Airone, in Italy, as per the Company's capital recycling strategy. This factor explains 45% of the reduction in the Direct profit. Secondly, there was the impact of the devaluation of the Brazilian Real, in average terms, between 1Q14 and 1Q13. This effect explains 21% of the total reduction in Direct profit. The remaining reduction (34%) is explained by additional costs incurred by the Company in preparation for the entry in new markets.

During the period under analysis, the recovery of the European portfolio registered in the second semester of 2013 continued, as shown by the increased tenant sales, while the portfolio in Brazil kept growing in good rhythm.

Tenant sales in the European portfolio recorded a 0.5% increase, with emphasis on the growth of 2.7% in Portugal and in Italy, compared to the same period of 2013 and despite the fact that the positive Easter effect will only be reflected in April sales. In Brazil we continue to record a positive performance, with a 7.7% (BRL) climb in tenant sales, compared to the same period of 2013.

The Global Occupancy Rate of the portfolio was 94.6%, a 0.7% decrease compared to the same period of 2013, due to the quality of the Company's assets and management, in a context where occupancy rates and sales in the retail real estate market in Europe are still suffering the impact of the current economic situation.

According to **Sonae Sierra's CEO, Fernando Guedes de Oliveira**, "the first quarter of 2014 reinforced the recovery trend in the operational performance of our European portfolio. I would also like to highlight, in the same period, the refinancing of the debt of three assets in Portugal, in a total of €156 million and the growth of our third party service provision activity, with new contracts signed in two different geographies."

Debt refinancing

In another highlight of the quarter, Sonae Sierra was able to refinance the debt of three shopping centres in a total value of €156 million, which reflects the trust of national and international banks in the management and solidity of the Company and its assets.

In the scope of the operation, NorteShopping obtained a €135 million refinancing, while Centro Comercial Continente de Portimão was refinanced in €12 million and AlbufeiraShopping in €9 million. BES, BPI, Santander Totta, BIC, Banco Popular Portugal and Banco Popular Español were the banks involved in these refinancing operations.

New projects, asset acquisition, service provision and international expansion

In the first three months of this year, Sonae Sierra began the construction of two new projects. Located in Bucharest, Romania, ParkLake represents an investment of €180 million, and is scheduled to be inaugurated in 2016. The shopping centre will have a diversified and quality commercial offer in 70,000 m^2 of Gross Lettable Area (GLA) with about 200 shops and 2,600 indoor parking spaces. In São Paulo, Brazil, the expansion and refurbishment of Franca Shopping began, and is scheduled to be completed in late 2014. This expansion, which represents a €31 million investment, will add to the centre around 11,000 m^2 of GLA and 68 new shops, for a total of 30,000 m^2 of GLA.

Also in the first quarter of 2014, Sonae Sierra signed three new management and leasing contracts for assets in Morocco and Italy. In Morocco, Sonae Sierra will manage and lease shopping centres Carré Eden, in Marrakech, and Arribat Center, in Rabat. In Italy, the Company will assure the leasing of the new shopping centre La Perle, in Faenza.

In, Portugal, the Sierra Portugal Fund (SPF) has reached an agreement with GREP II, a fund managed by Grosvenor Fund Management, for the acquisition of its 50% stake in AlbufeiraShopping and Centro Comercial Continente de Portimão, and now owns both assets in their entirety.

Already in April, outside the scope of the first quarter results, Sonae Sierra entered into a joint venture with CITIC Capital, China's leading investment management company, for the provision of management and leasing services to shopping centres in China. Headquartered in Shanghai, the newly-founded company brings together a multidisciplinary team of local talent and expats specialized in marketing, leasing and management of shopping centres. The team is prepared to provide services to shopping centres in the portfolio of CITIC Capital or in the funds managed by the company.

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Net Asset Value (NAV) and Financial Ratios

Sonae Sierra calculates its NAV according to the guidelines published in 2007 by the INREV (European Association for Investors in Non-Listed Real Estate Vehicles).

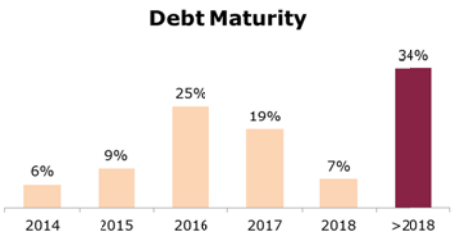
Based on this methodology, as of March 31st of this year, Sonae Sierra's NAV reached €1.029 billion. This value represents a 2.9% increase compared to the value in December 2013. This increase was a consequence, fundamentally, of the Net Profit of the period and the favourable rate variation of the Brazilian Real (between 31st December 2013 and 31st March 2014).

Net Asset Value (NAV) amounts in € 000	31 Mar 14	31 Dec 13
NAV as per the financial statements	820.318	794.410
Revaluation to fair value of developments	5.543	5.350
Deferred tax for properties	206.465	203.758
Goodwill related to deferred tax	-16.459	-16.459
Gross-up of Assets	13.258	13.176
NAV	**1.029.125**	**1.000.236**
NAV per share (in €)	**31,65**	**30,76**

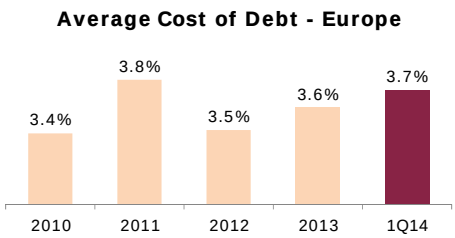
Sonae Sierra maintained its conservative long-term funding strategy. The Capital structure is supported by a long average debt maturity of 4.98 years, 70% of debt with fixed interest costs showing the prudent hedging of interest rate risk and a balanced debt maturity profile.

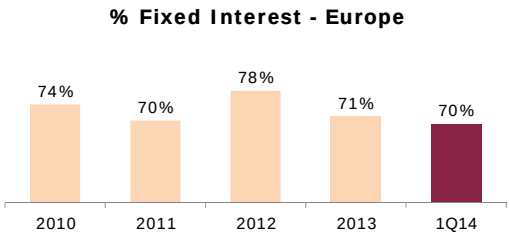
Comment [LSdA1]: Não será com letra minúscula?

The following chart illustrates Sonae Sierra's debt as at March 31st, 2014



Sonae Sierra continues to demonstrate good access to low cost financing in bank financing and capital markets. The average cost of debt for Sonae Sierra is in line with 2013 and currently stands at 4.3%. Excluding Brazil, the average cost of debt is 3.7%, which remains relatively low versus European peers.





The Financial Ratios continue to show the cautious attitude and financial strength of the Company's balance.

Ratios	31 Mar 14	31 Dec 13
Loan-to-value	43,7%	43,9%
Interest cover	2,15	2,54
Development ratio	9,3%	9,4%

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

(unaudited accounts)

Consolidated Profit and Loss Account (€ 000)	3M14	3M13	% 14/13
Direct income	53.211	54.865	-3%
Direct costs	27.626	26.016	6%
EBITDA	**25.584**	**28.848**	**-11%**
Net financial costs	10.372	9.109	14%
Other non-recurrent income/cost	-406	-510	20%
Direct profit before taxes	**14.807**	**19.230**	**-23%**
Corporate tax	3.154	4.365	-28%
Direct profit	**11.652**	**14.865**	**-22%**
Gains realized on sale of investments	2.655	-35	-
Indirect income	**2.655**	**-35**	**-**
Deferred tax	2.508	2.342	7%
Indirect profit	**147**	**-2.377**	**106%**
Net profit	**11.800**	**12.488**	**-6%**

Consolidated Balance Sheet (€ 000)	31-03-2014	31-12-2013	Var. (14 - 13)
Investment properties	1.976.604	1.952.413	24.190
Properties under development and others	133.233	130.771	2.462
Other assets	113.575	117.153	-3.578
Cash & equivalents	123.744	124.609	-865
Total assets	**2.347.156**	**2.324.947**	**22.209**
Net worth	**820.318**	**794.410**	**25.908**
Bank loans	1.036.989	1.031.267	5.722
Deferred taxes	258.260	252.887	5.372
Other liabilities	231.589	246.382	-14.792
Total liabilities	**1.526.838**	**1.530.536**	**-3.698**
Net worth and liabilities	**2.347.156**	**2.324.947**	**22.209**

About SONAE SIERRA

SONAE SIERRA, www.sonaesierra.com, is the international Shopping Centre specialist, with a passion for creating innovative shopping experiences. The Company owns 47 shopping centres with a market value of more than €5.6 billion euros, and is present in 4 continents and 13 countries: Portugal, Algeria, Azerbaijan, Brazil, China, Colombia, Germany, Greece, Italy, Morocco, Romania, Spain and Turkey. Sonae Sierra manages and/or lets 85 Shopping Centres with a total Gross Lettable Area of 2.7 million m^2 and about 8,300 tenants. In 2013, the Company welcomed more than 406 million visits in the Shopping Centres it manages. Currently, Sonae Sierra has 6 projects under development, including 4 for clients, and 4 new projects in pipeline.