



Maia, November 6<sup>th</sup> 2007

A 33% growth compared to the same period of 2006

## **Sonae Sierra reached a Net Profit of €206.6 million at the end of the third quarter**

- Direct Net Profit up 18% to €64.3 million
- Net Operating Margin grows 5% to €109.7 million
- NAV per share reaches €49.75

### **Two inaugurations in one quarter**

As part of its growth and expansion strategy, Sonae Sierra continued to develop, during the third quarter of 2007, a significant portfolio of projects in different stages, and continued to actively seek new business opportunities in markets where the company is currently present and in new markets.

The most significant events of the third quarter include the inauguration of two new shopping centres: the first was Alexa, a shopping and leisure centre in Berlin, which represented an investment of €290 million, and the second was 8<sup>a</sup> Avenida, in S. João da Madeira, which represented an investment of €54.3 million.

In terms of new projects, Sonae Sierra presented Pantheon Plaza to the public, which will be the largest shopping and leisure centre in Larissa, Greece, scheduled to be inaugurated in 2008 and representing an investment of about €76.3 million. In Brazil, the Company has presented the Manauara Shopping project, in Manaus, an investment of €67 million, scheduled to be inaugurated in the Spring of 2009.

Also during this quarter, Sonae Sierra announced that its partnership with ING Real Estate for the development of the Colombo Towers is now part of a consortium with Iberdrola/Caixa Geral de Depósitos. This new consortium will invest €80 million in the project, and the first Tower should be finished in the last quarter of 2008. Also in partnership with ING Real Estate, Sonae Sierra has announced the refurbishment of Centro Colombo (Lisbon) - an investment of €31 million euros in renovation works to mark its 10<sup>th</sup> anniversary.

Finally, Sonae Sierra won this quarter the prestigious Elite Lombard Award in Italy, distinguishing the company's strategy in the Italian market.



## Financial position and Results

Sonae Sierra obtained a consolidated Net Profit of €206.6 million in the first nine months of 2007, an increase of 33% on the same period of 2006.

The Direct Net Profit was €64.3 million (up 18%) and the Indirect Net Profit reached €142.3 million as a result of improved valuations and the value created in the centres inaugurated in the period.

Sonae Sierra's Net Asset Value (NAV) per share was 49.75 euros on September 30<sup>th</sup> 2007 versus 45.82 euros on December 31<sup>st</sup> 2006 - a growth of 8.6% on the nine months period.

## Value Metrics

Up to now, we have emphasised the Net Asset Value as the key metric for the valuation of the Company. NAV is, of course, the key metric when valuing a portfolio of properties. The problem with this approach is that it does not cover the service activities undertaken by the Company, namely development, asset management and property management.

In the past, it could be argued that it was difficult to establish true arm's length prices since the services were rendered, in most cases, to Group companies. With the establishment of the Sierra Fund, that problem was solved.

The Sierra Fund has an obligation, under certain conditions, to acquire the properties developed by Sierra Developments at a price corresponding to Open Market Value and furthermore, Sierra companies deliver asset management and property management services to the Fund.

We believe that, with these conditions in place, the service activities of the Company (development, asset and property management) can now be valued independently of the valuation of the property portfolios held by the Company.

The tables below detail the main value metrics for the activities of the Company.

### 1. Net Asset Value

The first table shows the NAV of the three portfolios held by the Company: the properties in operation in Europe (Investments), the properties under development in Europe (Developments), and the properties held in Brazil. There is a residual amount corresponding to Cash plus other Assets and Liabilities associated with the other business activities. These portfolios are valued on the basis of open-market values as determined by an independent valuer.

These figures should constitute the basis for the valuation of the property portfolios held by the Company.

(€ 000)

	NAV
Investments	1.003.911
Developments	323.764
Brazil	168.054
Cash & Others	121.750
<b>Total</b>	<b>1.617.480</b>



We are treating Cash as a separate asset, to be applied in the various businesses as the Company sees fit, depending on strategic decisions taken and on the opportunities that arise in the markets.

## 2. Net Operating Income

The second table shows the Net Operating Income generated by each service activity (development, asset management and property management).

(€ 000)

	NOI	
	9M07	9M06
Developments	29.106	21.355
Asset Management	7.203	6.628
Property Management	4.431	4.494
<b>Total</b>	<b>40.740</b>	<b>32.477</b>

The Developments' NOI, as shown in the Profit & Loss included in the Attachment, has two main components: (i) the operational activity related with the supply of development services to the Company's projects and (ii) the value added to projects during the development phase. To note that the value added to projects are booked on an accrual basis as the development of the project progresses. This is not an IFRS-compliant treatment, as under IFRS the valuation gains are booked, in full, on inauguration of the centre.

We book the gains in the Sierra Developments accounts, for management purposes, but in the consolidated accounts we book the gains only on inauguration, as per IFRS.

The 2007 year-to-date NOI reflects the significant number of projects under development in the period - some already inaugurated others to be inaugurated in 2008.

The Asset Management activity grew by 9% when compared with the same period of last year. The favourable variance relates with higher property valuations of the existing portfolio and an increase in the portfolio under management, due to the acquisitions and openings of the period.

Property Management shows a stable NOI, when compared with 2006. But this stability is the result of a significant increase in the Management Services Income (up 6%) that was compensated by an equally significant increase on the cost side (up 8%), mostly due to a reinforcement of the staff levels involved in this activity.

*Sona Sierra, [www.sonaesierra.com](http://www.sonaesierra.com), is an international shopping centre specialist, with a passion for bringing innovation and excitement to the shopping and leisure centre industry. The Company owns 47 Shopping Centres and 1 Retail Park in Portugal, Spain, Italy, Germany, Greece, Romania and Brazil, with a total Gross Lettable Area (GLA) of more than 1,8 million m<sup>2</sup>. Currently, Sona Sierra is developing 11 more projects in Portugal, Spain, Germany, Greece and Brazil, with a total GLA of more than 400.000 m<sup>2</sup>. In 2006, its centres welcomed more than 402 million visits to its shopping centres.*

*Attached: Sona Sierra's Consolidated Profit and Loss Account, Consolidated Balance Sheet and the Management Financial Statements by business (un-audited)*



## Sonae Sierra

Consolidated Profit and Loss Account (€ 000)	9M07	9M06	% 07/06
<b>Direct Income from Investments</b>	<b>200.353</b>	<b>190.937</b>	<b>4,9%</b>
Operating costs	85.232	79.936	7%
Other costs	3.491	6.111	-43%
<b>Direct costs from investments</b>	<b>88.723</b>	<b>86.047</b>	<b>3%</b>
<b>Net Operating Margin</b>	<b>111.630</b>	<b>104.890</b>	<b>6,4%</b>
Depreciation	1.386	1.350	3%
Net financial costs	31.313	33.974	-8%
<b>Direct profit before taxes</b>	<b>78.931</b>	<b>69.566</b>	<b>13%</b>
Corporate tax	14.619	15.173	-4%
<b>Direct profit</b>	<b>64.312</b>	<b>54.394</b>	<b>18%</b>
Gains realized on investments	-234	1.242	-119%
Value created on investments	220.213	150.055	47%
<b>Indirect income</b>	<b>219.979</b>	<b>151.297</b>	<b>45%</b>
Deferred tax	77.647	50.852	53%
<b>Indirect profit</b>	<b>142.332</b>	<b>100.445</b>	<b>42%</b>
<b>Net profit before minorities</b>	<b>206.644</b>	<b>154.838</b>	<b>33%</b>
Attributable to :			
Equity holders	138.803	97.674	42%
Minority interests	67.841	57.164	19%

Consolidated Balance Sheet (€ 000)	30-09-2007	31-12-2006	Var. (07 - 06)
Investment properties	3.439.141	2.729.662	709.479
Properties under development and others	486.638	357.426	129.212
Goodwill	51.292	48.464	2.829
Deferred taxes	24.720	25.483	-763
Other assets	136.260	108.742	27.517
Deposits	135.724	332.313	-196.588
<b>Total assets</b>	<b>4.273.775</b>	<b>3.602.089</b>	<b>671.686</b>
<b>Net worth</b>	<b>1.264.591</b>	<b>1.142.894</b>	<b>121.697</b>
<b>Minorities</b>	<b>454.641</b>	<b>405.513</b>	<b>49.129</b>
Bank loans	1.645.492	1.294.504	350.988
Shareholder loans from minorities	71.829	64.255	7.574
Deferred taxes	561.264	468.792	92.472
Other liabilities	275.958	226.131	49.827
<b>Total liabilities</b>	<b>2.554.543</b>	<b>2.053.682</b>	<b>500.861</b>
<b>Net worth, minorities and liabilities</b>	<b>4.273.775</b>	<b>3.602.089</b>	<b>671.686</b>



## Sierra Investments

(un-audited accounts)

Profit & Loss Account (€ 000)	9M07	9M06	% 07/06
Fixed Rental Income	122.232	112.890	8%
Turnover Rental Income	4.452	3.904	14%
Key-Money Income	4.670	5.449	-14%
Other Income	5.362	4.713	14%
<b>Retail Operating Income</b>	<b>136.717</b>	<b>126.956</b>	<b>8%</b>
Property Management Services	7.101	6.398	11%
Asset Management Services	14.925	13.342	12%
Letting & Promotion	885	749	18%
Capital Expenditures	3.518	2.002	76%
Other Costs	14.058	13.446	5%
<b>Retail Operating Costs</b>	<b>40.487</b>	<b>35.937</b>	<b>13%</b>
Retail Net Operating Margin	96.229	91.019	6%
Parking Net Operating Margin	2.119	2.258	-6%
Co-generation Net Operating Margin	864	884	-2%
<b>Shopping Centre Net Operating Income</b>	<b>99.212</b>	<b>94.161</b>	<b>5%</b>
Offices Net Operating Income	293	274	7%
Income from Asset Management Services	15.632	13.767	14%
Overheads	8.429	7.138	18%
<b>Asset Management Net Operating Income</b>	<b>7.203</b>	<b>6.628</b>	<b>9%</b>
<b>Net Operating Income (NOI)</b>	<b>106.708</b>	<b>101.063</b>	<b>6%</b>
Depreciation	574	1.384	-59%
Recurrent net financial costs/(income)	40.353	35.884	12%
Non-Recurring costs/(income)	(2.189)	484	-
Results Before Corporate Taxes	<b>67.970</b>	<b>63.311</b>	<b>7%</b>
<b>Corporate Taxes</b>	<b>13.120</b>	<b>13.448</b>	<b>-2%</b>
<b>Direct Profit</b>	<b>54.850</b>	<b>49.863</b>	<b>10%</b>
Realized Property Profit	(3.728)	222	-
Non-Realised Property Profit	159.638	120.006	33%
<b>Total Indirect Income from Investments</b>	<b>155.909</b>	<b>120.228</b>	<b>30%</b>
Deferred tax	56.927	41.477	37%
<b>Indirect Profit</b>	<b>98.983</b>	<b>78.750</b>	<b>26%</b>
<b>Net Profit for the Period</b>	<b>153.833</b>	<b>128.613</b>	<b>20%</b>
<b>Attributable to :</b>			
Equity holders	86.557	71.875	20%
Minority interests	67.276	56.738	19%

## Sierra Investments

(un-audited accounts)

Consolidated Balance Sheet (€ 000)	30-09-2007	31-12-2006	Var. (07 - 06)
Investment properties & others	3.326.642	2.661.382	665.260
Tenants	10.841	10.849	-9
Deferred taxes	19.816	15.677	4.139
Other assets	93.293	80.586	12.706
Deposits & short term investments	280.365	281.845	-1.480
<b>Total assets</b>	<b>3.730.956</b>	<b>3.050.339</b>	<b>680.616</b>
<b>Net worth</b>	<b>905.422</b>	<b>832.265</b>	<b>73.157</b>
<b>Minorities</b>	<b>445.979</b>	<b>398.014</b>	<b>47.965</b>
Bank loans	1.524.755	1.175.106	349.649
Shareholder loans	71.828	73.041	-1.213
Deferred taxes	530.469	446.430	84.039
Other liabilities	252.502	125.483	127.019
<b>Total liabilities</b>	<b>2.379.554</b>	<b>1.820.060</b>	<b>559.494</b>
<b>Net Worth, minorities and liabilities</b>	<b>3.730.956</b>	<b>3.050.339</b>	<b>680.616</b>



## Sierra Developments

(un-audited accounts)

<b>Profit &amp; Loss Account (€ 000)</b>	<b>9M07</b>	<b>9M06</b>	<b>% 07/06</b>
Project Development Services Rendered	8.524	9.600	-11%
Value created in projects	40.034	27.864	44%
<b>Operating Income</b>	<b>48.558</b>	<b>37.464</b>	<b>30%</b>
Personnel costs	6.800	5.577	22%
Other costs	12.651	10.533	20%
Operating costs	19.452	16.110	21%
<b>Net Operating Income (NOI)</b>	<b>29.106</b>	<b>21.355</b>	<b>36%</b>
Depreciation and provisions	13	(6)	324%
Net financial costs/(income)	(2.377)	(2.704)	12%
<b>Profit Before Taxes</b>	<b>31.469</b>	<b>24.064</b>	<b>31%</b>
Corporate taxes	(1.570)	(1.776)	12%
Deferred tax	7.251	6.888	5%
<b>Net Profit for the Period</b>	<b>25.788</b>	<b>18.951</b>	<b>36%</b>
<b>Attributable to :</b>			
Equity holders	<b>25.788</b>	<b>18.951</b>	36%
Minority interests	0	(0)	-

## Sierra Developments

(un-audited accounts)

<b>Consolidated Balance Sheet (€ 000)</b>	<b>30-09-2007</b>	<b>31-12-2006</b>	<b>Var. (07 - 06)</b>
Properties under development	512.696	397.437	115.259
Customers	1.970	1.248	721
Other assets	173.062	74.056	99.007
Deposits	36.790	33.210	3.580
<b>Total assets</b>	<b>724.518</b>	<b>505.951</b>	<b>218.567</b>
<b>Net worth</b>	<b>117.678</b>	<b>92.845</b>	<b>24.832</b>
<b>Minorities</b>	<b>1.912</b>	<b>2.229</b>	<b>-317</b>
Bank loans	323.553	132.976	190.578
Shareholder loans	1.912	2.229	-317
Deferred taxes	23.613	25.713	-2.099
Other liabilities	255.850	249.960	5.890
<b>Total liabilities</b>	<b>604.929</b>	<b>410.877</b>	<b>194.051</b>
<b>Net worth, minorities and liabilities</b>	<b>724.518</b>	<b>505.951</b>	<b>218.567</b>



### Sierra Management

(un-audited accounts)

Profit & Loss Account (€ 000)	9M07	9M06	% 07/06
Property Management Income	18.942	17.789	6%
Letting Services Income	3.520	3.081	14%
Other Income	1.994	2.111	-6%
<b>Total Income from Management Services</b>	<b>24.455</b>	<b>22.981</b>	<b>6%</b>
Operating Costs	20.025	18.487	8%
<b>Net Operating Income (NOI)</b>	<b>4.431</b>	<b>4.494</b>	<b>-1%</b>
Depreciation and Provisions	628	628	0%
Net financial costs/(income)	(1.078)	(668)	-61%
Non-recurring costs/(income)	(17)	(43)	61%
<b>Results Before Corporate Taxes</b>	<b>4.898</b>	<b>4.578</b>	<b>7%</b>
Corporate taxes	1.291	1.528	-16%
<b>Net Profit for the Period</b>	<b>3.607</b>	<b>3.050</b>	<b>18%</b>
<b>Atributable to :</b>			
Equity holders	<b>3.560</b>	<b>2.999</b>	<b>19%</b>
Minority interests	47	51	-7%

### Sierra Management

(un-audited accounts)

Consolidated Balance Sheet (€ 000)	30-09-2007	31-12-2006	Var. (07 - 06)
Net Fixed Assets	393	323	70
Goodwill	5.674	6.282	-608
Tenants	14.258	12.665	1.594
Tax Shelter			0
Other Assets	8.331	8.586	-255
Deposits	21.959	20.564	1.395
<b>Total Assets</b>	<b>50.616</b>	<b>48.420</b>	<b>2.196</b>
<b>Net Worth</b>	<b>4.535</b>	<b>4.246</b>	<b>289</b>
<b>Minorities</b>	<b>69</b>	<b>64</b>	<b>5</b>
Other Liabilities	46.012	44.111	1.902
<b>Total Liabilities</b>	<b>46.012</b>	<b>44.111</b>	<b>1.902</b>
<b>Net Worth, Minorities and Total Liabilities</b>	<b>50.616</b>	<b>48.420</b>	<b>2.196</b>


**Sonae Sierra Brasil**

(un-audited accounts)

<b>Profit &amp; Loss Account (€ 000)</b>	<b>9M07</b>	<b>9M06</b>	<b>% 07/06</b>
Fixed Rental Income	20.519	15.014	37%
Turnover Rental Income	1.404	894	57%
Key-Money Income	1.528	1.137	34%
Other Income	773	663	17%
<b>Retail Operating Income</b>	<b>24.224</b>	<b>17.707</b>	<b>37%</b>
Property Management Services	1.134	781	45%
Letting & Promotion Services	467	384	22%
Other Costs	3.591	3.230	11%
<b>Retail Operating Costs</b>	<b>5.192</b>	<b>4.394</b>	<b>18%</b>
Parking Net Operating Margin	519	127	308%
<b>Shopping Centre Net Operating Margin</b>	<b>19.551</b>	<b>13.440</b>	<b>45%</b>
Income from Project Development Services	167	133	26%
Income from Property Management Services	4.629	1.964	136%
<b>Total Income from Services Rendered</b>	<b>4.796</b>	<b>2.096</b>	<b>129%</b>
Overheads	6.601	3.393	95%
<b>Net Operating Income (NOI)</b>	<b>17.746</b>	<b>12.143</b>	<b>46%</b>
Depreciation	91	39	133%
Provisions	663	872	-24%
Net financial costs/(income)	(548)	1.464	-137%
Non-recurring costs/(income)	250	427	-41%
<b>Results Before Corporate Taxes</b>	<b>17.290</b>	<b>9.342</b>	<b>85%</b>
Corporate taxes	3.859	2.250	72%
<b>Direct Profit</b>	<b>13.430</b>	<b>7.092</b>	<b>89%</b>
Non-Realised Property Profit	33.277	2.790	-
Non-Realised Property Profit (Under Dev.)	4.125	0	-
<b>Total Indirect Income from Investments</b>	<b>37.402</b>	<b>2.790</b>	<b>-</b>
Deferred tax	13.328	2.439	-
<b>Indirect profit</b>	<b>24.074</b>	<b>351</b>	<b>-</b>
<b>Net Profit for the Period</b>	<b>37.504</b>	<b>7.443</b>	<b>-</b>
<b>Atributable to:</b>			
Equity holders	36.296	7.068	-
Minority interests	1.208	375	222%

**Sonae Sierra Brasil**

(un-audited accounts)

<b>Consolidated Balance Sheet (€ 000)</b>	<b>30-09-2007</b>	<b>31-12-2006</b>	<b>Var. (07 - 06)</b>
Properties	350.791	233.352	117.439
Tenants	3.188	4.107	-919
Tax Shelter	5.818	6.399	-581
Other Assets	5.577	4.541	1.036
Deposits	3.649	5.952	-2.303
<b>Total Assets</b>	<b>369.023</b>	<b>254.351</b>	<b>114.672</b>
<b>Net Worth</b>	<b>305.985</b>	<b>207.708</b>	<b>98.278</b>
<b>Minorities</b>	<b>12.886</b>	<b>10.401</b>	<b>2.485</b>
Bank Loans	718	953	-235
Shareholder Loans	0	-88	88
Deferred Taxes	42.713	27.980	14.733
Other Liabilities	6.720	7.396	-676
<b>Total Liabilities</b>	<b>50.151</b>	<b>36.242</b>	<b>13.909</b>
<b>Net Worth, Minorities and Total Liabilities</b>	<b>369.023</b>	<b>254.351</b>	<b>114.672</b>