



**SONAE SIERRA**

## ***Interview with Álvaro Portela, Sonae Sierra's CEO***

**Q - What's your analysis on 2006 for Sonae Sierra?**

**Álvaro Portela** - 2006 was a very good year for Sonae Sierra. Despite the generally poor performance of retail sales across the countries where we operate, the truth is Sonae Sierra's results have exceeded our expectations, with an 23% increase in our total net profit, a 20% increase in EBITDA, and an increase in our shopping centres NAV of 18%, which we consider to be excellent.

These results are due to the inspirational hard work and professionalism of the Sonae Sierra team, which adds value to our assets, both the new shopping and leisure centres we have inaugurated, and the ones in our existing portfolio.

In short, I will say that 2006 allowed us to make good progress towards our goal of making Sonae Sierra a € 2 billion NAV company.

**Q -Sonae Sierra has continued to privilege partnerships in its growth strategy ...**

A - That is true. One of our main objectives throughout 2006 was the strengthening of our financial base through the establishment of partnerships with prestigious companies, capable of adding value to the Company's strategic development.

At the start of the year, Grosvenor acquired an additional 17.04% of our share capital, which increased their holding to 50%, with Sonae SGPS onto an equal footing. Not only does this move reinforce our position in the market, it is - I believe - a direct reflection of the mutual trust and respect that exists between both our shareholders, and an expression of their total commitment to the Company's growth.

Also relevant was the partnership established for our operation in Brazil with Developers Diversified Realty, with the resulting injection of some R\$ 600 million over the next three years in Sonae Sierra Brazil. The new partner is one of the biggest and most prestigious shopping and leisure centre developers in the North-American market, and therefore I believe we have created the conditions for an accelerated growth in the Brazilian market, and to fight for the leadership of this industry in Brazil as well.

**Q - What were the most important investments made in 2006?**

A - Our two most important investments during the year have been in Greece - where, following a very competitive bidding process, we won the usage rights for the Galatsi Olympic Hall for the next 40 years - and in Germany, where we secured the acquisition of the Münster Arkaden shopping centre.

The Athens Star Dome development - a €69 million joint venture with Acropole Charagionis - will become our second Greek shopping and leisure centre development, after the successful inauguration of Mediterranean Cosmos in Thessaloniki.

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Securing the acquisition of Münster Arkaden is only one of several encouraging developments in Germany. We also acquired a well-located site in Weiterstadt, near Frankfurt, where we have already started to build a large shopping and leisure centre, and we are making good progress with our Alexa centre in Berlin.

**Q - What other aspects of Sonae Sierra's performance in 2006 would you highlight?**

A - I'm naturally proud to underline the fact that our activity, our creativity and our professionalism continue to earn distinctions from the market and from prominent institutions, which have again in 2006 awarded us with a valuable set of prizes.

For example, we were pleased to be recognised by the Portuguese and Spanish Chamber of Commerce and Industry as the best Portuguese company operating in Spain, and shopping and leisure centre Luz del Tajo, in Toledo, was considered by the Spanish Shopping Centre Association to be the best in the country.

It was satisfying, too, that our Personæ Project, which aims to make us the shopping and leisure centre company with the highest standards and practices of health, safety and social responsibility, won the 2006 ECO award in the 'Corporate Social Responsibility - Internal Public' category. The 2006 presentation ceremony, which took place in São Paulo, was attended by the former Vice President of the United States, Al Gore.

**Q - Is Sonae Sierra's international expansion strategy confined to the countries where the company already operates, or is it open to new markets?**

A - We have always stated that our expansion strategy is based on consolidating our position in the markets where we already operate, seeking to achieve a leadership position, but we're not overlooking the possibility of entering new markets, if interesting opportunities arise.

This strategy remains valid, and at the moment we have 14 shopping and leisure centres in different stages of development in the several markets where we operate, which ensures a short-term significant growth of our portfolio.

We are currently operating in Portugal, Spain, Italy, Germany, Greece and Brazil, but we are always looking for new opportunities, namely in Central Europe. Nevertheless, our study and evaluation process of new markets is very thorough, and even though we're interested in increasing our geographic reach, we only move forward after making sure that the circumstances are favorable for ourselves and our investors.

**Q - What are Sonae Sierra's long-term objectives?**

A - Sonae Sierra's ambition is to become one of the leading companies in the shopping and leisure centre business. We have a long-term investment strategy, and we intend to be in one of the top three positions in the every market where we operate.

We are aware that we will only be able to reach those objectives in the future if we can consolidate our business in the present. It is my belief that if we continue to develop our know-how, maintaining high standards of innovation and professionalism in everything we do, we will reach all of our objectives.