

# ANNOUNCEMENT



## **SONAE SIERRA - SGPS, S. A.**

Head Office: Lugar do Espido, Via Norte, Maia  
Share Capital : € 162.244.860,00  
Maia Commercial Registry and fiscal Number: 502 290 811

(translation from Portuguese original)

## **Announcement to CMVM**

Avenida M40 SA, the Spanish company that owns the Avenida M40 shopping centre, located in Madrid (Spain), has entered today into insolvency proceedings, so as to satisfy the requirements of Spanish law. The company is held 100% by Sierra Fund and this, in turn, is held 50.1% by Sonae Sierra.

This shopping centre has delivered a worsening operating performance, with continued reductions in number of visitors and tenant sales. This worsening performance is explained by the excessive concentration of competing centres in its catchment area in the South of Madrid but the trend was accelerated by the effects of the economic crisis.

As a consequence, Avenida M40 SA became unable to fulfill its obligations, particularly in terms of debt service. The only material creditor of the company right now is the bank syndicate that financed the property, originally for € 68,25 million, on a non-recourse basis of which € 39.8 million is currently outstanding.

Given that the syndicate of banks was not available to grant a waiver on the principal and interest of the mortgage-backed finance contract, the presentation of Avenida M40 SA to insolvency became inevitable under the provisions of the Spanish Law.

The economic and financial performance of this centre is a clear exception within the portfolio of the Sierra Fund or the global portfolio of Sonae Sierra. To note also that the problems in this centre will not affect, in any way, the other properties under management.

The decision by Avenida M40 SA to go into insolvency proceedings will have impacts, on the Sierra Fund and on Sonae Sierra, that are neutral to positive, in accounting terms, and neutral in cash-flow terms.

Maia, 15th of January 2010

Edmundo Figueiredo  
(Investor Relations)