Sonae Sierra recorded a Net Profit of €58.9 million in the 1st half of 2018

Maia – Portugal, 10th August, 2018

- Direct Result rises 9.3% to €33 million
- EBIT reaches €51.8 million, a 3.7% increase
- Tenant sales and rents perform positively
- Successful implementation of the capital recycling strategy
- Growth in services turnover

Sonae Sierra recorded a Net Profit of €58.9 million in the first half of 2018, compared to the €64.2 million reached in the same period of last year. The reduction is totally explained by a decrease in Indirect Result.

EBIT reached €51.8 million, a 3.7% increase over the previous year mainly due to improved Services turnover and margins. The improved performance from the European investment properties was offset by the effect of the disposals that took place in 2017.

The Direct Result rose to €33.0 million, an improvement of 9.3% compared to the same period of 2017. This reflects higher EBIT and better financial result.

The Indirect Result stood at €25.9 million, 24% lower than the previous year, mainly due to lower increase in the valuation of Investment Properties.

According to **Fernando Guedes de Oliveira, Sonae Sierra's CEO**, *"Shopping Centre operational performance has improved in the first semester of 2018, with tenant sales and rents growing across the portfolio, while guaranteeing a high and stable occupancy across all regions. Additionally, we have further increased our development pipeline, while our services business signed 200 new contracts."*

The underlying operational performance of the Shopping Centres continued to improve. Tenant sales grew 2.5% overall (excluding FX impact) and 3.0% in the European portfolio, marked by a 15.1% growth in Spain following the acquisition of Area Sur in June 2017, and a 2.1% increase in Portugal. In Romania, tenant sales grew 5.9% in absolute terms, due to the improved performance of ParkLake. In Brazil tenant sales also improved, rising 1.3% in Brazilian Real.

Occupancy of the portfolio was stable at 95.8%. In Europe, occupancy remained largely stable at 96.7%, with Portugal rising by 0.3 b.p. to 98.9%, whereas Brazil increased occupancy from 92.3% to 93.0%.

Rents grew by 1.6% in total, increasing 1.3% in Europe and 2.8% in Brazil (in Brazilian Real), above the average inflation rate of the period in Portugal and Brazil.

Active implementation of the capital recycling strategy

Sonae Sierra continued to implement its capital recycling strategy.

In terms of acquisitions, ORES Socimi, Sonae Sierra's venture with Spain's Bankinter, acquired several properties in Spain and Portugal, for a total investment of circa €115 million in the period. The Sierra Fund also acquired the hypermarket in the Valle Real Shopping Center.

On the other hand, the Sierra Portugal Fund sold SerraShopping to a new joint-venture (5%/95%) between Sonae Sierra and Armórica Portugal.

Development pipeline and services provision growth

The Company's development pipeline includes: Jardín Plaza Cúcuta (Colombia), the new Emilia District in Parma (Italy), the McArthurGlen Designer Outlet Málaga (Spain), Shopping Centre Zenata (Morocco), and in Portugal, the NorteShopping and Centro Colombo expansions.

In February, a new project was announced in Parma, Italy, with construction works already underway. This 50/50 joint venture between Sonae Sierra and Impresa Pizzarotti & c. S.p.A represents an investment of around €200 million to develop an urban regeneration project that will create a Shopping Centre and a Retail Park with a total 74,000 m^2 of GLA and 170 units.

Construction work has already begun on the McArthurGlen Designer Outlet Malaga (Spain). This 50/50 joint venture between McArthurGlen and Sonae Sierra represents a €140 million investment to create 30,000 m^2 of new retail space. It will offer consumers a strong mix of over 170 brands.

Construction is also advanced on Jardín Plaza Cúcuta, a partnership between Sonae Sierra and Central Control. The project has a total investment of €52 million and a gross leasable area of 43,000 m^2, making it the largest shopping centre in the city. The opening is planned for the end of 2018.

The construction works of the NorteShopping expansion also started, to add circa 15,000 m2 to the existing 54,618 m^2 of GLA, representing an investment of €72 million.

In the professional services area, Sonae Sierra signed a total of 200 new contracts in the first half of 2018: 189 for Development Services, 9 for Property Management, and 2 for Investment Management. In addition, and following the recent disposals in Portugal, 3 service contracts were renewed.

Net Asset Value (NAV) and Financial Ratios

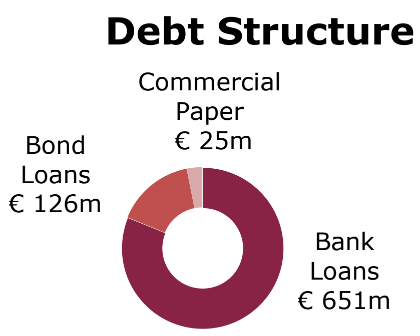
Sonae Sierra calculates its NAV according to the guidelines published in 2007 by the INREV (European Association for Investors in Non-Listed Real Estate Vehicles).

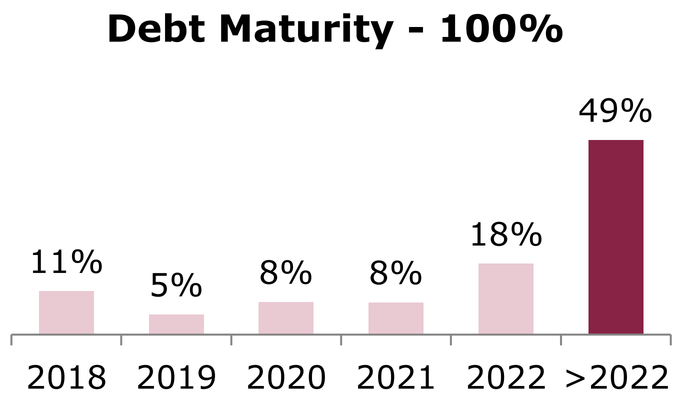
Based on this methodology, as of June 30, 2018, Sonae Sierra's NAV stood at €1.4 billion. This value represents a 1.4% decrease compared to the value in December 2017 – the Net Result of the period was totally offset by the distribution of dividends and by the adverse effect on Reserves of the depreciation of the Brazilian Real.

Net Asset Value (NAV) amounts in € million	**30 Jun 18**	31 Dec 17
NAV as per the financial statements	**1,127.1**	1,150.5
Revaluation to fair value of PdPedro Expansion	**2.5**	2.7
Deferred tax for properties	**278.5**	274.9
Goodwill related to deferred tax	**-9.4**	-9.4
Gross-up of Assets	**13.9**	13.5
NAV	**1,412.6**	1,432.3
NAV per share (in €)	**43.45**	44.05

Sonae Sierra maintains its conservative long-term funding and hedging strategies. The Company's capital structure is supported by an average debt maturity of 3.6 years, 42% of which with hedged interest costs.

The following chart illustrates Sonae Sierra's debt structure and maturity as of 30 June 2018:



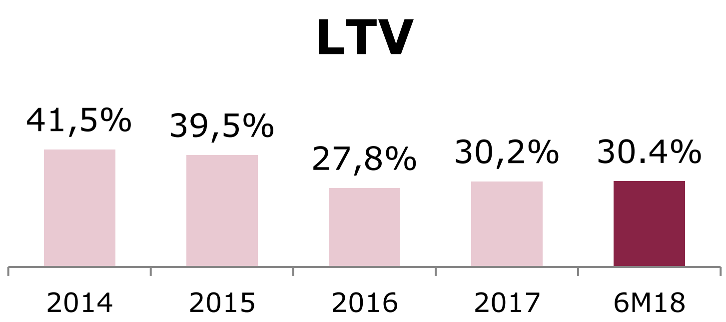


Sonae Sierra continues to benefit from good access to debt funding. In the first semester of 2018, the company refinanced its Bond Loan and the debt of several shopping centres for a total amount of around € 672 million.

The average cost of debt for Sonae Sierra is 0.5 b.p. below 2017 and currently standing at 3.3%. Excluding Brazil, the average cost of the debt has fallen to 2.7% mainly driven by the refinancing of the Bond Loan in January at lower interest rates.

The financial ratios show a prudent and solid approach and the financial strength of the Company's balance sheet.

Ratios	30 Jun 18	31 Dec 17
Loan-to-value	**30.4%**	30.2%
Interest cover	**4.1x**	3.6x
Development Ratio	**18.4%**	14.0%



Sonae Sierra's Profit and Loss Account and Consolidated Balance Sheet
(unaudited accounts)

Consolidated Profit and Loss Account (€ million)	6M18	6M17	% 18/17
Direct income from properties	**68.3**	70.3	-3%
Direct costs from properties	**25.5**	27.9	-8%
EBIT from properties	**42.8**	**42.4**	**1%**
Services rendered	**37.7**	36.8	2%
Direct costs from services	**28.6**	29.3	-2%
EBIT from services	**9.1**	**7.5**	**20%**
Net financial costs	**10.7**	11.6	-8%
Direct profit before taxes	**41.2**	**38.4**	**7%**
Current tax	**8.2**	8.2	0%
Direct net profit	**33.0**	**30.2**	**9%**
Gains on sale of investments	**0.2**	2.2	-90%
Value created in investments	**41.7**	49.0	-15%
Deferred tax	**16.0**	17.3	-8%
Indirect net profit	**25.9**	**34.0**	**-24%**
Net profit	**58.9**	**64.2**	**-8%**

Consolidated Balance Sheet (€ million)	30 Jun 18	31 Dec 17	Var. (18 - 17)
Investment properties	**2,055**	2,046	9
Properties under development and others	**109**	72	37
Other assets	**114**	134	-20
Cash & Equivalents	**149**	144	5
Total assets	**2,427**	**2,396**	**31**
Net worth	**1,127**	**1,151**	**-23**
Bank loans	**802**	780	22
Deferred taxes	**341**	334	7
Other liabilities	**157**	132	25
Total liabilities	**1,299**	**1,245**	**54**
Net worth and liabilities	**2,427**	**2,396**	**31**

END

About Sonae Sierra

Sonae Sierra (www.sonaesierra.com) is the international company dedicated to develop and service vibrant retail-centred properties. The company operates from corporate offices in 12 countries providing services to clients in geographies as diverse as Portugal, Algeria, Brazil, Colombia, Germany, Greece, Italy, Morocco, Romania, Russia, Slovakia, Spain, Tunisia and Turkey.
Sonae Sierra owns 46 shopping centres with a market value of about €7 billion and manages and/or lets 81 Shopping Centres with a Gross Lettable Area of about 2.6 million m^2 and more than 9,300 tenant contracts. At present, Sonae Sierra has 16 projects under development, including 10 for third parties.

Sonae Sierra currently works with more than 20 co-investors at asset level and manages four real estate funds for a large number of investors coming from across the world.