

Sonae Imobiliária: Consolidated Accounts reach PTE 2.1 billion in the 1st semester

1. NET PROFIT: Net Consolidated Profits were PTE 2.123 billion (€10.6 million). Excluding Extraordinary Results, the Company's first semester 2000 Results grew by 24.3%,

- Operating income grew by 16.9% to PTE 20.474 billion (€102.1 million),
- Operating profits went up by 16.4% in the same period, to PTE 3.8 billion,
- Market capitalisation reached PTE 100.4 billion (€501 million) a growth of 2.1% relative to 31/12/1999.

2. Development of new projects

- Madeira Shopping and Algarve Shopping are under construction (scheduled to open in 2001);
- 100% of the GLA of Sintra Retail Park already committed (scheduled to open 15 November);
- Plaza Mayor (Malaga): 78% of the GLA already committed;
- Agreements signed for the acquisition of the Parque Principado shopping centre (Oviedo);
- Parque D. Pedro, Brazil under construction (first phase to be completed by the end of 2001).

3. Portfolio of shopping centres performing well

- Total rental income up by 20.6%;
- Centro Vasco da Gama has received over 9.6 million visits and registered sales of PTE 13.8 billion;
- At Cascai Shopping, the Town Council has approved the second and third phases of its expansion.
- In Brazil, total rents went up 17.6%.

4. Overall management of 3,371 leasing contracts and 931,800m² of GLA

- Portugal: centres received 103 million visits (an increase of 9.4%) and yielded sales

- of over PTE 113.7 billion (up 27.8%);
- Spain: opening of Urbil shopping centre;
- Brazil: management of 105,700m² of GLA in five shopping centres and 729 leasing contracts.

5. Car Parks: turnover reaches PTE 430 million with a 23.7% growth

6. Residential: Three projects in Development

7. Environment: Implementation of Environmental Plans (Norm ISO 14.001)

1. Financial Results

During the first semester of 2000, Sonae Imobiliária achieved Net Consolidated Profit of PTE 2.123 billion (€10.6 million), as compared to PTE 2.117 billion (€10.6 million) achieved in the same period last year, including PTE 508 million (€2.5 million) in Extraordinary Results arising from the sale of non-strategic assets.

Excluding Extraordinary Results, the Company's Net Results grew by 24.3% in the first semester of 2000, while Operating Profits were up 16.9% to PTE 20.474 billion (€102.1 million). Operating profits went up by 16.4% over the same period, to PTE 3.8 billion.

In the first semester of 2000, the share price of the Company rose 2.1% relative to 30 December 1999, while the BVL 30 index grew just 1.8%, taking the Market capitalisation of the Company at semester-end to PTE 100.4 billion (€501 million).

The Company considers this value very low, specially when compared with Sonae Imobiliária's "bricks and mortar" NAV, which, in 31/12/1999, was valued at €17.15 per share. Furthermore, this per share NAV value is not up-dated and does not include the Company's other operating businesses.

2. Development of new projects

During the period being analysed, Sonae Imobiliária has increased the globalisation of its activities through the development of new projects in various markets.

In Portugal, the two shopping centres, which were in a developmental phase are already under construction and are in line with expectations. Madeira Shopping, on the island of Madeira will have a GLA of 25,000m². Algarve Shopping, in Guia, Algarve, will have a GLA of 40,000m². Both projects are scheduled to open in 2001.

At Cascai Shopping, the Town Council approved the second and third phases of its expansion and Phase II construction has already started. This phase, which will start operations during next November, shall increase the shopping centre GLA by 4900m² – to be occupied by FNAC and expansions of Cortefiel and Zara – and the shopping centre car parking by 506 places, corresponds to an investment of around PTE 3.3 billion (€ 16.5 million). The third phase shall start after the conclusion of Phase II and will increase Cascai Shopping's GLA by 6.800m² – which will add 45 new shops – and car parking by 690 new places. The total investment estimated for these several expansions is estimated to be PTE 10.5 billion (€ 52.3 million) clearly positioning Cascai Shopping as the dominant Shopping Centre in its catchment area with 72.000m² of GLA in 208 shop units and 4.575 car parking places.

With regard to Retail Park projects, Sintra Retail Park, located in Sintra, Greater Lisbon, Portugal, is also under construction. It is scheduled to open to the public on 15 November 2000. The project has 16 shop units, four of which are restaurants. Lettings have progressed extremely well with approximately 100% of the GLA already committed.

In early August, Sonae Imobiliária and Miller Developments signed a promissory contract for the acquisition of a plot of land to develop Setubal Retail Park in Setubal, Portugal, their second 50/50 retail park project.

At an international level, the Plaza Mayor, a shopping and leisure centre with a GLA of 27,700m² in Malaga (Spain) is under construction. It is held by Sonae Imobiliária and being co-developed with Castle City, with an estimated investment of € 46.9 million.

Lettings are progressing well, with 78% of its GLA already committed.

In June 2000, Sonae Imobiliária (25%), in partnership with the Spanish Grupo Lar (25%) and the Whitehall Fund (50%), signed a contract for the acquisition of the Parque Principado shopping centre. Parque Principado is located in Asturias, northern Spain, near the boundary of the municipality of Oviedo. Promodeico and Erosmer Ibérica are the developers of the shopping centre. It is scheduled to be opened in the spring of 2001. With a total investment estimated to be around PTE 20.4 billion (€101.7 million), Parque Principado will have a 70 000 m² of GLA and shall be anchored by a 14 000 m² hypermarket, a 22 000 m² entertainment area with a 20-screen Warner/Lusomundo cinema multiplex and a 3 500 m² bowling alley.

Through its subsidiary CCC – Consultoria de Centros Comerciales, SA, with head office in Madrid, Spain, the Sonae Imobiliária continues to expand its real estate and shopping centre development business in Spain.

Recently, Sonae Imobiliária has agreed on the establishment of a joint venture to develop a new Shopping Centre, in Madrid, with 40.000 m² anchored by a hypermarket. Sonae Imobiliária's Spanish subsidiary CCC – Consultoria de Centros Comerciales, SA, shall manage this new centre.

In Greece, through Sonae Charagionis, SA, Sonae Imobiliária's Athens-based subsidiary for the Greek market, the Company has been directing its efforts during the first half of 2000, to obtaining the zoning and planning consents for Aegean Park, a sub-regional shopping centre with 60,000 m² of GLA in the Greater Athens area.

The Company currently expects to obtain the consents during the first quarter of 2001, with construction commencing during the first half of that year.

The Company is also studying other shopping centre development opportunities in both Athens and Thessaloniki and has recently agreed the acquisition of a vacant site in central Athens for the development of a small downtown retail and leisure scheme, to be named Victoria Shopping. With a total investment estimated to be PTE 3,2 million (€16 million)

Victoria Shopping shall have 4.600m² of GLA, with 14 shop units, 1 anchor store and a multiplex cinema.

In Germany, the Company is currently studying a number of major shopping centre development projects together with potential joint venture partners through the Company's Düsseldorf-based subsidiary shopping centre service company Sonae West Shopping, AG.

Despite competition for good development schemes being fierce in Germany, the Company expects to close its first development transaction during the next year.

Sonae Imobiliária has also continued its efforts to expand in France and Italy. Over the past 12 months, the Company has studied several specific major redevelopment opportunities in different regions of Italy.

In Brazil, the Parque D. Pedro in Campinas (State of São Paulo) has been granted all the necessary consents and is now under construction. The centre, which will have 105,000 m² of GLA in its first phase, is 80% held by Sonae Imobiliária and 20% held by Sonae Enplanta. It is expected to open by the end of 2001. Phase I of Parque D. Pedro represents an estimated total investment of €100 million, for a total of 390 shop units. The shopping centre will be anchored by a "BIG" hypermarket (the brand under which Sonae Distribuição operates in Brazil), a 15-plex cinema, a health club and nine other anchor tenants, namely C&A, Zara, FNAC, Lojas Pernambucanas, Centro Líder and Covenac.

In early August, Sonae Imobiliária launched the project in the Brazilian market and lettings are progressing very well, with more than 50% of the GLA already committed.

Through Sonae Enplanta, Sonae Imobiliária's São Paulo-based investment subsidiary, the Company has continued to analyse several other investment opportunities in the Brazilian market.

3. Portfolio of shopping centres performing well

During the first semester of 2000, the global performance of Sonae Imobiliária's Shopping Centre portfolio was strong at both national and international levels.

Sonae Imobiliária is the owner or co-owner of nine operating shopping centres and three operating shopping galleries, with a total of 458,100 m² of GLA. During the first semester of 2000, the total rental income from this portfolio increased 20.6% relative to the same period in 1999.

Centro Vasco da Gama in Lisbon, which opened to the public in April of last year, continues to perform above expectations. During this year's first semester, it has received over 9.6 million visitors and its sales (excluding the Continente hypermarket and C&A) reached PTE 13.8 billion (€ 69 million).

In March this year at MIPIM, Centro Vasco da Gama has received the MIPIM Award in the Shopping Centre category. During April, at the 2000 International Council of Shopping Centres (ICSC) Europe (Berlin), Centro Vasco da Gama has received the Best Large Centre's Award. Also during this year, in Las Vegas, USA, Centro Vasco da Gama won the North American ICSC Design & Development Award. This continues the trend of Sonae Imobiliária winning international trade awards for its shopping centres since 1996, an unprecedented achievement in Europe.

In late August, Sonae Imobiliária has acquired the interests of ING Real Estate in Vasco da Gama, SA and Paracentro, SA, thus becoming the sole owner of Centro Vasco da Gama and of the company holding the master lease for the retail area in Gare do Oriente. This new shareholding interest of Sonae Imobiliária was obtained through the acquisition of 50% of the share capital and shareholders' loans in Vasco da Gama – Promoção de Centros Comerciais SA and 50% of the share capital of Paracentro – Planeamento, Comercialização e Gestão de Centros Comerciais SA from ING Real Estate Vasco da Gama BV, for a total consideration of PTE 2.511 billion (€ 12.5 million).

The Company estimates that the open-market value of Centro Vasco da Gama exceeds PTE 32 billion (€ 159.6 million) and, therefore, this PTE 2.5 billion (€ 12.5 million) acquisition of 50% of the Centre represents an increase in NAV of the Company's real

estate asset of more than PTE 10.2 billion (€ 51 million), as disclosed in Sonae Imobiliária's 1999 Management Report.

In Brazil, the five shopping centres co-owned by Sonae Enplanta and managed by Unishopping (the Shopping Centre management subsidiary of Sonae Enplanta), with a total GLA of 1,057,000 m², have also had a strong performance.

During the first semester of 2000, the total rental income from the Brazilian portfolio increased 17.6% (in Reais) relative to the same period in 1999.

4. Overall management of 3,371 leasing contracts and 931,800 m² of GLA

The consolidated business of the Company's shopping centre management, marketing and leasing activities has continued to grow. With the opening of Centro Vasco da Gama in Lisbon, Portugal, the acquisition of CCC in Madrid, Spain and Sonae Enplanta and Unishopping in São Paulo, Brazil, Sonae Imobiliária manages 3,371 leasing contracts in 931,800 m² of GLA.

In the first semester of 2000, Sonae Imobiliária was managing 690,000 m² of GLA, corresponding to 2,416 contracts with tenants, in Portugal. This portfolio received almost 103 million visits (an increase of 9.4% over the first semester of 1999) and its turnover represented more than PTE 113.7 billion (€ 567 million), an increase of 27.8% over the same period last year.

The performance of the nine major operating shopping centres and three galleries that the Company owns in Portugal was strong during the first semester of 2000. In this portfolio, visits and sales grew by 7.7% and 27.4% respectively, relative to the first semester of 1999. On a like-for-like basis sales grew by 17% and visitors marginally decreased by 1.4%. Occupancy reached 98% when measured in units and 97.4% when measured in GLA.

In Spain, Centro Comercial Urbil opened in mid-May in Usurbil, Guipuzcoa. It has 35,500m² of GLA in 71 shop units. With this new opening, CCC is now managing 136,000 of GLA and 226 contracts with tenants.

In Spain, the portfolio presented a strong performance during the first semester of 2000, with visits and sales growing by 5.7% and 10.1% respectively. On a like-for-like basis, sales increased by 2.1% and visits decreased slightly by 0.4%. Occupancy reached 99.7% when measured in units and 99.3% when measured in GLA.

The performance of the Brazilian Shopping Centre portfolio was also strong. Through Unishopping, SA, the São Paulo based Sonae Enplanta subsidiary specialising in shopping centre management – Sonae Imobiliária manages 105,700m² of GLA in five operating shopping centres and 729 contracts with tenants.

This portfolio received 23.3 million visits (an 8% growth relative to the first semester of 1999), corresponding to sales of over PTE 19.6 billion (€97.6 million), representing a growth of 21.1% relative to the same period last year.

5. Car Parks: turnover reaches PTE 430 million, growing 23.7%.

During the first semester of 2000, SPEL – the car parks specialist held 50/50 by Sonae Imobiliária and SABA – Sociedade de Aparcimentos de Barcelona, SA of Spain – generated a turnover of PTE 430 million (€2.1 million), an increase of 23.7% in relation to the first semester of 1999.

As at 30 June 2000, SPEL was managing 12,394 car parking spaces in eight parking facilities and metered zones.

During this first semester, SPEL has obtained municipal concessions in Avenida da Boavista (500 parking places), Praça do Infante (304 parking places), Praça dos Leões/ Praça Carlos Alberto (516 parking places) and Palácio da Justiça (333 parking places), all at the city of Porto, Portugal, and a parking and meter zone concession in Portimão (282 parking places), Algarve, Portugal, besides the municipal concessions, in Matosinhos,

Porto, with three carparkings (990 parking places) and a meter zone (357 car places), which had its adjudications confirmed in June.

6. Residential: Three projects in Development

Praedium, Sonae Imobiliária's specialist subsidiary which focusses on residential development, continued the development and construction of Condomínio Douro Foz in Oporto and of Torre São Gabriel in Lisbon. The former is scheduled to be concluded by December 2000 and all but three of its 61 apartments have been sold. The latter should be concluded by April 2001 and all its apartments have been pre-sold.

As stated in previous reports, Praedium started construction in late February of the Edifício Seda, the first residential block at Quinta das Sedas in Matosinhos, Oporto, Portugal. Out of a total of 78 apartments, 58 have been pre-sold. Conclusion is expected in February 2002.

8. Environment: Implementation of Environmental Plans (Norm ISO 14.001)

The Company continues the parallel implementation of its Environmental Plans in its shopping centres.

Sonae Imobiliária has finished the environmental audit of Centro Vasco da Gama and has started audits of Centro Colombo and Cascai Shopping. The Company has started the implementation of its Environmental Management System in accordance with ISO Norm 14.001.

During the semester, a total of PTE 15 million (€74,800) was invested in in-house awareness campaigns, in the implementation of the Environmental Management System and in technical studies. In relation to shopping centres, a total of PTE 58 million (€289,000) was invested in communication, promotion and environmental awareness directed at customers and PTE 17.540 (€87,500) in the improvement of existing environmental practices, including waste separation for recycling purposes, water

treatmentsystemsandnoisereduction.