

Maia - Portugal, March 5th 2014

## **Sonae Sierra recorded a Net Profit of €3.6 million in 2013**

- Direct net profit reaches €57.6 million
- EBITDA at €113.5 million
- Three new shopping centres opened, in Brazil and Germany
- 59 new service provision contracts signed
- Expansion into a new market: Turkey

Sonae Sierra, the international shopping centre specialist, recorded a Net Profit of €3.6 million in 2013, which compares with the negative result of €45.9 million in 2012.

In the same period, the Direct net profit was €57.6 million, an 8% decrease compared to the previous year, while the EBITDA reached €113.5 million, a 2.5% decrease compared to the same period of 2012. These direct net profits are influenced by the sale of assets in 2012 under the Company's capital recycling strategy, particularly Munster Arkaden in Germany and our stake in three non-strategic shopping centres in Brazil. On a like-for-like basis, the Direct net profit and EBITDA remain stable.

According to Sonae Sierra's CEO, Fernando Guedes de Oliveira, "Overall, Sonae Sierra's business exceeded expectations for 2013. 2013 saw us consistently outperform the retail sales index in most of the European countries where we operate; continue to expand our business through the inauguration of new shopping centres and secure new mandates for our shopping centre professional services business."

Sonae Sierra's CEO also noted that "In Europe, we can identify a clear split in terms of the economic conditions across the year. In the first five months of 2013, we saw decline in sales and expansion in yields as forecast. However, from May onwards we witnessed an uplift in consumer confidence and since October we have achieved month-on-month sales growth across the majority of our portfolio, combined with a stabilising of yields, particularly in Portugal and Spain. We feel confident that the momentum will continue to pick up as we move into 2014 and we have built a strong platform to take advantage of market recovery as soon as it materialises. In Brazil our tenants achieved sales growth in excess of 5%, and we managed to show strong growth in rents."

## **Occupancy rates, shop sales and footfall**

Sonae Sierra's global portfolio registered an occupancy rate of 94%, a positive performance in a context where occupancy rates and sales performance in the retail real estate market in Europe are affected by the impact of the current economic situation. This result demonstrates the quality of the assets and the company's management of them.

The resilience of the business can also be seen in the relatively contained decline of tenants' sales in the European portfolio managed by Sonae Sierra, which decreased 1.8% compared to the same period of 2012, still penalized by the austerity climate, especially in Portugal and Spain. However, we highlight this indicator's improvement in the second half of 2013. There are moderate expectations for further improvement during 2014.

In Brazil, we maintain a positive performance with a 5.5% increase in tenant sales (in local currency), compared to the same period of 2012.

Overall, Sonae Sierra's global portfolio registered a footfall of more than 406 million visits during 2013.

## **Events of 2013: International growth, service provision and capital recycling**

In 2013, Sonae Sierra strengthened its presence in Brazil with two openings. In May, the opening of Boulevard Londrina Shopping, the company's first development in the southern region of Brazil, located in the city of Londrina. The centre has a Gross Leasable Area (GLA) of 48,400 m<sup>2</sup>, comprising an investment of about €122 million that created more than three thousand direct jobs.

In October, Sonae Sierra opened two new Shopping Centres - Hofgarten Solingen, in Germany, and Passeio das Águas, in Brazil - and announced a new market, Turkey, with the creation of Sierra Reval, a service provision company that offers development, management and leasing services in the shopping centre sector. In Romania, the first steps were taken in the development of Parklake, located in Bucharest with a GLA of 70,000m<sup>2</sup>, in a joint venture with Caelum Development.

2013 was, moreover, strongly marked by the increase in the provision of services to third parties across Europe, Africa and Asia, with the company having 56 active service contracts by the end of the year, with a total value of €20 million, representing an increase of 30% compared to 2012.

In Portugal, we highlight the investment in the acquisition of 50% of Cascai Shopping, the company's first shopping centre built from the greenfield.

Concerning expansions and refurbishments, in Portugal we inaugurated the expansion of Algarve Shopping, a €4.5 million investment that added 3,000 m<sup>2</sup> of GLA, enabling the opening of the largest C&A and H&M shops in the Algarve. This strengthened the Centre's commercial supply as well as its quality and asset attractiveness. We also announced and started the investment in the refurbishment of Norte Shopping, which will be €5 million, carried out in stages and scheduled to be completed this year.

In 2013, the Company began the expansion and refurbishment of Franca Shopping, in Brazil, which is scheduled to be completed by the end of 2014. This expansion, which represents a €31 million investment, will add around 11,000 m<sup>2</sup> of GLA and 68 new shops, for a total of 30,000 m<sup>2</sup> of GLA.

The capital recycling strategy adopted by the company, which aims to ensure sustainable growth, continued during 2013, through the sale of three centres owned by Sierra Fund: Parque Principado shopping centre in Spain for €141.5 million and Valecenter and Airone centres in Italy for €144.5 million.

We also highlight the agreement obtained from Sierra Fund investors for the extension of the Fund's operations until 2018.

## Value Metrics

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).

On the basis of this methodology, the Company's NAV (Net Asset Value), as of 31 December 2013, was €1 billion, a decrease of 4.7% compared to the value recorded in December 2012, which is mainly due to the adverse FX change of the Brazilian Real.

| <b>Net Asset Value (NAV)<br/>amounts in € 000</b> | <b>31 Dec 13</b> | <b>31 Dec 12</b> |
|---|------------------|------------------|
| NAV as per the financial statements               | 794,410          | 840,809          |
| Revaluation to fair value of developments         | 5,350            | 9,841            |
| Deferred tax for properties                       | 203,758          | 217,382          |
| Goodwill related to deferred tax                  | -16,459          | -34,503          |
| Gross-up of Assets                                | 13,176           | 16,443           |
| <b>NAV</b>  | <b>1,000,236</b> | <b>1,049,972</b> |

| <b>Ratios</b>     | <b>31 Dec 13</b> | <b>31 Dec 12</b> |
|-------------------|------------------|------------------|
| Loan-to-value     | 43.9%            | 42.9%            |
| Interest cover    | 2.54             | 2.60             |
| Development ratio | 9.4%             | 12.4%            |

## Sonae Sierra's Consolidated Profit and Loss Account and Balance Sheet

(audited accounts)

| <b>Consolidated Profit and Loss Account</b> | <b>2013</b>    | <b>2012</b>     | <b>% 13/12</b> |
|---|----------------|-----------------|----------------|
| <b>(€ 000)</b>                              |                |                 |                |
| Direct Income from Investments              | 228,087        | 227,326         | 0%             |
| Direct costs from investments               | 114,636        | 111,015         | 3%             |
| <b>EBITDA</b>                               | <b>113,451</b> | <b>116,311</b>  | <b>-2%</b>     |
| Net financial costs                         | 38,141         | 38,171          | 0%             |
| Other non-recurrent income/cost             | -2,699         | -2,552          | -6%            |
| <b>Direct profit before taxes</b>           | <b>72,612</b>  | <b>75,589</b>   | <b>-4%</b>     |
| <b>Corporate tax</b>                        | <b>14,974</b>  | <b>13,005</b>   | <b>15%</b>     |
| <b>Direct net profit</b>                    | <b>57,637</b>  | <b>62,584</b>   | <b>-8%</b>     |
| Gains realized on sale of investments       | -3,828         | 6,991           | -155%          |
| Impairment                                  | -9,322         | -34,965         | -              |
| Value created on investments                | -39,102        | -84,382         | 54%            |
| <b>Indirect income</b>                      | <b>-52,251</b> | <b>-112,356</b> | <b>53%</b>     |
| Deferred tax                                | 1,749          | -3,891          | -              |
| <b>Indirect net profit</b>                  | <b>-54,000</b> | <b>-108,466</b> | <b>50%</b>     |
| <b>Net profit</b>                           | <b>3,637</b>   | <b>-45,882</b>  | <b>-</b>       |

| <b>Consolidated Balance Sheet</b>       | <b>31-12-2013</b> | <b>31-12-2012</b> | <b>Var.</b>     |
|---|-------------------|-------------------|-----------------|
| <b>(€ 000)</b>                          |                   |                   |                 |
| Investment properties                   | 1,952,413         | 1,933,026         | 19,387          |
| Properties under development and others | 130,771           | 218,511           | -87,740         |
| Other assets                            | 117,153           | 125,602           | -8,449          |
| Cash & Equivalents                      | 124,609           | 153,260           | -28,651         |
| <b>Total assets</b>                     | <b>2,324,947</b>  | <b>2,430,399</b>  | <b>-105,453</b> |
| <b>Net worth</b>                        | <b>794,410</b>    | <b>840,809</b>    | <b>-46,399</b>  |
| Bank loans                              | 1,031,267         | 1,059,613         | -28,346         |
| Deferred taxes                          | 252,887           | 261,438           | -8,551          |
| Other liabilities                       | 246,382           | 268,538           | -22,156         |
| <b>Total liabilities</b>                | <b>1,530,536</b>  | <b>1,589,590</b>  | <b>-59,053</b>  |
| <b>Net worth and liabilities</b>        | <b>2,324,947</b>  | <b>2,430,399</b>  | <b>-105,453</b> |

## About Sonae Sierra

Sonae Sierra, [www.sonaesierra.com](http://www.sonaesierra.com), is the international Shopping Centre specialist, with a passion for creating innovative shopping experiences. The Company owns 47 shopping centres, with a market value of more than €5.6 billion euros, and is present in 4 continents and 12 countries: Portugal, Spain, Italy, Germany, Greece, Romania, Turkey, Azerbaijan, Morocco, Algeria, Colombia and Brazil. Sonae Sierra manages and/or lets 81 shopping centres, and a total Gross Leasable Area of 2.4 million m<sup>2</sup> with about 8,300 tenants. In 2013, the Company welcomed more than 406 million visits in the shopping centres it manages. Currently, Sonae Sierra has 6 projects under development, including 4 for third parties, and 4 new projects in pipeline.