

Maia, Portugal, November 10th 2008

Third quarter of 2008

Sonae Sierra recorded Direct Results of €50.5 million at the end of the third quarter

- Rents grew 4.7% on a like-for-like basis
- NAV reached €1.671 billion
- Two new developments launched in Brazil and three in Portugal
- Expansion of Shopping and Leisure Centre Plaza Mayor inaugurated in Malaga
- Two international awards and one national award
- Additional placement of the Sierra Portugal Fund

Sonae Sierra's Consolidated Net Profit in the third quarter of 2008 was a negative result of €18.1 million compared with a positive consolidated net profit of €206.6 million euros in the same period of last year. To note, however, that the share of the Consolidated Net Profit attributable to Equity holders generated a revenue of €5.5 million.

This variation in Net Profit is mainly driven by Indirect Net Profits that were adversely affected by two successive increases (in the second and third quarters of this year) in market capitalization yields in Europe, namely in Portugal and Spain.

Over the last few years, the Company has its property appraised by an independent evaluator bi-annually (June and December). With the creation of the new Sierra Portugal Fund (58% of which is placed with international investors), Sonae Sierra has committed itself to evaluate the Fund's property every quarter. Thus, this is the first time the Company has recorded the fluctuations in value of a part of its assets in September. If it weren't for this change in criteria, the Company's Consolidated Net Profit without the impact of the September properties evaluation would have reached € 16 million in September 30th 2008.

In the same period Sonae Sierra's Direct Results reached €50.5, compared to the €64.3 million in the same period of 2007. This reduction is basically explained by increased Net Financial Costs.

Therefore, the Company's Net Operating Margin reached €133.6 million, a considerable increase of 20% compared to the same period of last year, due to the growth of the portfolio under operation (openings and acquisition which took place in 2007 and 2008) and the organic growth of the existing portfolio.

The big shift in the Company's Results happened at the level of Indirect Results. In this area, the Company booked a loss of €68.6 million at the end of the third quarter of 2008, whereas it had booked a gain of €142.3 million in the same period of 2007. This Indirect Result has two main components.

In the first (Gains Realized on Investments), the Company shows a profit, in the period, of €17.2 million - corresponding basically to the gains made on the sale of positions to third party investors in the Sierra Portugal Fund.

The second component (Value Created on Investments) corresponds to changes in value, on the basis of independent valuations carried out this quarter, of the properties in the portfolio. In this component, the Company booked in the period a loss of €96.6 million.

The market value of the investment properties are being affected by the negative climate now prevailing in the properties markets of most of the developed countries where the Company operates. This context led to an upwards shift of the capitalization yields applied in the valuations carried out on assets in those countries, this increase implying a reduction in the value of the corresponding property.

The losses in Value Created on Investments were mitigated however by valuation gains in Brazil, a market that was not affected by the crisis and where yields went down.

As stated above, this is the first time the Company has recorded the fluctuations in value of a part of its assets in September.

Accordingly, the following assets were valued in this quarter:

ArrabidaShopping, Centro Colombo, CC Continente de Portimão, CC Modelo de Albufeira, Centro Vasco da Gama, GaiaShopping, LoureShopping, Rio Sul, SerraShopping, ViaCatarina e 8ª Avenida em Portugal, Grancasa, Max Center, La Farga, Valle Real, Zubiarte and Plaza Mayor Shopping in Spain, Freccia Rossa in Italy and Alexa in Germany.

In the case of Sonae Sierra, the exclusive effect of the variation in the yields led to a reduction in the value of the Investment Properties of 4.5%, which amounted to €163.3 million. The biggest losses occurred in Portugal (loss of €99.3 million) and Spain (loss of €56 million), the other European countries had a total loss of €19.7 million whereas Brazil recorded a gain of €11.7 million.

In terms of yield variation in the portfolio, these numbers translate an average yield increase of 28 basis points in Portugal, 52 basis points in Spain, and an average yield reduction in Brazil of 48 basis points.

This potential loss of €163.3 million, resultant from the increased yield, was strongly mitigated by a favourable evolution in at operating level. The combined effect of changes in the projections of rents, key money, other net income and maintenance and capital expenditures, led to an increase in the value of the properties of €78.4 million. Therefore, the net effect of the variation in the investment properties valuation was negative in €84.9 million.

To note that, on a like-for-like basis, the rents booked by the Company, grew in the period by 4.7% versus the same period of 2007.

Value Metrics

The Company measures its performance, in a first instance, on the basis of changes in Net Asset Value (NAV) plus dividends distributed. In this period, the Company decided to calculate its NAV on the basis of the guidelines published in 2007 by INREV (European Association for Investors in Non-listed Real Estate Vehicles), an association of which the Company is a member.

On the basis of this methodology, the NAV of Sonae Sierra, as of the 30th September 2008, was €1.671 billion.

(€ 000)

	NAV
Sierra Investments	1.061.628
Sierra Developments	391.127
Sierra Management	-14.223
Sonae Sierra Brasil	226.230
Centro Corporativo	6.357
Total	1.671.119

(€ 000)

Adjustments to Accounting NAV's	
Investments	
Accounting NAV	745.468
(+) Deferred Taxes Liabilities	283.245
(-) Goodwill	-35.174
(+) Margin in Expansions and Concessions	6.554
(+) Sierra Fund - Promote Fees	26.756
(+) Valuations Gross-up	34.779
Developments	
Accounting NAV	378.887
(+) Deferred Taxes Liabilities	22.936
(-) Goodwill	-10.696
Brasil	
Accounting NAV	204.849
(+) Deferred Taxes Liabilities	11.089
(+) Margin Parque D.Pedro Expansion	10.292

Accounting NAV correspond to the NAV in the business Balance Sheet minus Group assets plus Group liabilities

Further to this, the Company uses a second set of value metrics, the Net Operating Income (NOI) generated by its service activities. In the third quarter of 2008, the figures were:

(€ 000)

	NOI	
	9M08	9M07
Developments	-37,926	29,106
Asset Management	9,032	7,203
Property Management	4,040	4,411
Total	-24,853	40,719

The activities Asset Management and Property Management show a positive performance, the former with increased results, basically as a consequence of the increase of the portfolio under management.

The Developments activity shows a loss of €39.9 million - this compares with a gain of €10 million in the same period of 2007. Under this activity, we book both project development services and margins accrued in projects under development held by Sierra Developments. The negative result in the period has to do with this second component. The Company adjusted down the estimates for value created until inauguration in a number of projects. As a consequence, the Company cancelled margins accrued in previous periods relating to those projects.

Portfolio under development

Sonae Sierra's growth and expansion strategy continues, as the Company continued to develop, in the third quarter of 2008, a total of 17 shopping centres, and 13 new projects are in different stages of completion in Portugal, Spain, Italy, Germany, Greece, Romania and Brazil, with a total GLA of one million m².

In Brazil, a Sonae Sierra currently owns 9 shopping centres under operation, and four projects in the development stage. Manauara Shopping, in Manaus, scheduled to be inaugurated in the Spring of 2009, Boulevard Londrina, located in the city of Londrina, Paraná state, which represents an investment of €53 million, and is scheduled to be inaugurated in the Fall of 2010, and Uberlândia Shopping, located in Uberlândia, west of the Minas state, also scheduled to be inaugurated in 2010, representing an investment of €43.5 million. Finally, the 13th shopping centre in Brazil, Goiânia Shopping, located in the city of Goiânia, in the Goiás state, represents an investment of €123 million, and is scheduled to be inaugurated in 2011.

In Portugal, Sonae Sierra presented three new developments of future Shopping and Leisure Centres: LeiriaShopping (Leiria), Maia Jardim (Maia) and Centro Bordalo (Caldas da Rainha), representing a total investment of €212 million and the creation of 3,000 new jobs.

In Spain, Sonae Sierra inaugurated Shopping and Leisure Centre Plaza Mayor, in Malaga, representing an investment of €58 million, with more than 18,800 m² of Gross Lettable Area (GLA).

New placement of the Sierra Portugal Fund

During the third quarter, Sonae Sierra concluded a new placement of the Sierra Portugal Fund (SPF), with the investment being made by an additional fund managed by Aberdeen Property Investors. The gross combined investment from these investors is over €55 million, which corresponds to a participation of about 18% of the SPF. With this new placement, Sonae Sierra reduced its position in the SPF to about 42%.

National and International Awards

Alexa, the first shopping centre developed by Sonae Sierra in Germany, has just been distinguished with the "Silver Award" at the prestigious ICSC Solal Marketing Awards 2008 in the category "Grand Opening, Anniversary, Refurbishment or Extension", an International Council of Shopping Centres (ICSC) award. Meanwhile, Sonae Sierra itself has also been distinguished by RLI magazine - Retail & Leisure International - with the "RLI Developer of the Year" award, at the Global RLI Awards 2008, the annual awards of this prestigious British publication. Nationally, the "Jornal Construir" newspaper has also awarded Sonae Sierra, at the "Construir 2007" awards, with the "Best Real Estate Developer" prize.

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

Sonae Sierra

Consolidated Profit and Loss Account (€ 000)	9M08	9M07	% 08/07
Direct Income from Investments	231,588	198,478	17%
Operating costs	94,146	85,232	10%
Other costs	3,862	1,616	139%
Direct costs from investments	98,008	86,848	13%
Net Operating Margin	133,580	111,630	20%
Depreciation	1,580	1,386	14%
Net financial costs	66,659	31,313	113%
Direct profit before taxes	65,341	78,931	-17%
Corporate tax	14,870	14,619	2%
Direct profit	50,471	64,312	-22%
Gains realized on investments	17,224	-234	-
Value created on investments	-96,560	220,213	-144%
Indirect income	-79,336	219,979	-136%
Deferred tax	-10,689	77,647	-114%
Indirect profit	-68,647	142,332	-148%
Net profit before minorities	-18,176	206,644	-109%
Attributable to :			
Equity holders	5,546	138,803	-96%
Minority interests	-23,722	67,841	-135%

Sonae Sierra

Consolidated Balance Sheet (€ 000)	30/09/2008	31/12/2007	Var. (08 - 07)
Investment properties	3,600,910	3,774,495	-173,585
Properties under development and others	504,769	428,618	76,151
Group Companies	69,246	81,338	-12,092
Deferred taxes	25,282	22,194	3,087
Other assets	150,301	139,288	11,012
Cash & Equivalents	138,385	48,848	89,537
Total assets	4,488,893	4,494,782	-5,889
Net worth	1,283,174	1,339,137	-55,962
Minorities	491,653	448,970	42,683
Bank loans	1,868,915	1,750,513	118,401
Shareholder loans from minorities	27,065	88,636	-61,571
Deferred taxes	558,975	598,956	-39,982
Other liabilities	259,112	268,570	-9,458
Total liabilities	2,714,066	2,706,675	7,390
Net worth, minorities and liabilities	4,488,893	4,494,782	-5,889

Sonae Sierra's Consolidated Profit and Loss Account, and Consolidated Balance Sheet by business

Sierra Investments

(un-audited accounts)

Profit & Loss Account (€ 000)	9M08	9M07	% 08/07
Fixed Rental Income	147,371	121,934	21%
Turnover Rental Income	4,992	4,452	12%
Key-Money Income	4,842	4,670	4%
Other Income	6,681	5,362	25%
Retail Operating Income	163,886	136,418	20%
Property Management Services	8,042	7,101	13%
Asset Management Services	17,374	14,925	16%
Letting & Promotion	1,180	885	33%
Capital Expenditures	3,098	3,518	-12%
Other Costs	14,508	14,058	3%
Retail Operating Costs	44,203	40,487	9%
Retail Net Operating Margin	119,682	95,931	25%
Parking Net Operating Margin	2,209	2,119	4%
Co-generation Net Operating Margin	695	864	-20%
Shopping Centre Net Operating Income	122,586	98,914	24%
Offices Net Operating Income	470	591	-20%
Income from Asset Management Services	18,557	15,632	19%
Overheads	9,524	8,429	13%
Asset Management Net Operating Income	9,032	7,203	25%
Net Operating Income (NOI)	132,088	106,708	24%
Depreciation	865	574	51%
Recurrent net financial costs/(income)	61,397	40,353	52%
Non-Recurring costs/(income)	(27)	(2,189)	99%
Results Before Corporate Taxes	69,854	67,970	3%
Corporate Taxes	14,963	13,120	14%
Direct Profit	54,891	54,850	0%
Realized Property Profit	2,460	(3,728)	166%
Non-Realised Property Profit	(99,125)	159,638	-162%
Total Indirect Income from Investments	(96,664)	155,909	-162%
Group Companies	(13,019)	56,927	-123%
Indirect Profit	(83,646)	98,983	-185%
Net Profit for the Period	(28,755)	153,833	-119%
Attributable to :			
Equity holders	(7,282)	86,557	-108%
Minority interests	(21,472)	67,276	-132%

Sierra Investments

(un-audited accounts)

Consolidated Balance Sheet (€ 000)	30/09/2008	31/12/2007	Var. (08 - 07)
Investment properties & others	3,454,721	3,661,027	-206,306
Tenants	17,672	14,158	3,514
Deferred taxes	21,612	18,655	2,956
Other assets	90,269	87,298	2,971
Group Companies	169,293	175,638	-6,344
Cash & Equivalents	32,699	32,858	-159
Total assets	3,786,266	3,989,633	-203,367
Net worth	883,064	930,795	-47,731
Minorities	483,521	440,212	43,309
Bank loans	1,680,350	1,666,226	14,124
Shareholder loans	29,956	97,318	-67,362
Deferred taxes	513,011	561,079	-48,068
Group companies - Sierra Developments	31,698	117,935	-86,237
Other liabilities	164,666	176,068	-11,402
Total liabilities	2,419,681	2,618,626	-198,945
Net Worth, minorities and liabilities	3,786,266	3,989,633	-203,367

Sierra Developments

(un-audited accounts)

Profit & Loss Account (€ 000)	9M08	9M07	% 08/07
Project Development Services Rendered	10,651	8,524	25%
Value created in projects	(26,222)	40,034	-166%
Operating Income	(15,571)	48,558	-132%
Personnel costs	8,367	6,800	23%
Other costs	13,988	12,651	11%
Operating costs	22,355	19,452	15%
Net Operating Income (NOI)	(37,926)	29,106	-230%
Depreciation and provisions	27	13	106%
Net financial costs/(income)	3,563	(2,377)	250%
Non-recurring costs/(income)			-
Profit Before Taxes	(41,516)	31,469	-232%
Corporate taxes	(3,899)	(1,570)	-148%
Deferred tax	(7,713)	7,251	-206%
Net Profit for the Period	(29,903)	25,788	-216%
Attributable to :			
Equity holders	(29,903)	25,788	-216%
Minority interests	0	0	-

Sierra Developments

(un-audited accounts)

Consolidated Balance Sheet (€ 000)	30/09/2008	31/12/2007	Var. (08 - 07)
Properties under development	488,831	470,341	18,490
Customers	2,123	1,876	248
Group companies - Sierra Investments	31,698	117,935	-86,237
Other assets	47,958	37,570	10,388
Group Companies	54,250	16,520	37,730
Cash & Equivalents	20,121	17,651	2,470
Total assets	644,981	661,894	-16,913
Net worth	178,445	148,695	29,750
Minorities	0	1,225	-1,225
Bank loans	105,505	83,951	21,554
Shareholder loans	286,389	342,119	-55,730
Deferred taxes	22,936	28,050	-5,114
Other liabilities	51,705	57,854	-6,148
Total liabilities	466,536	511,974	-45,438
Net worth, minorities and liabilities	644,981	661,894	-16,913

Sierra Management

(un-audited accounts)

Profit & Loss Account (€ 000)	9M08	9M07	% 08/07
Property Management Income	21,347	18,927	13%
Letting Services Income	3,162	3,520	-10%
Other Income	1,879	1,988	-5%
Total Income from Management Services	26,388	24,435	8%
Operating Costs	22,347	20,025	12%
Net Operating Income (NOI)	4,040	4,411	-8%
Depreciation and Provisions	624	628	-1%
Net financial costs/(income)	(1,301)	(1,078)	-21%
Non-recurring costs/(income)	(32)	(17)	-96%
Results Before Corporate Taxes	4,751	4,877	-3%
Corporate taxes	1,452	1,291	13%
Net Profit for the Period	3,299	3,587	-8%
Attributable to :			
Equity holders	3,225	3,540	-9%
Minority interests	74	47	56%

Sierra Management

(un-audited accounts)

Consolidated Balance Sheet (€ 000)	30/09/2008	31/12/2007	Var. (08 - 07)
Net Fixed Assets	376	433	-57
Goodwill	4,865	5,472	-607
Tenants	14,844	13,240	1,604
Other Assets	12,050	7,024	5,027
Short Term Investment in Group Companies	17,866	19,432	-1,566
Cash & Equivalents	3,074	2,119	955
Total Assets	53,709	48,122	5,587
Net Worth	3,636	5,979	-2,343
Group Companies	157	84	74
Other Liabilities	49,916	42,060	7,856
Total Liabilities	49,916	42,060	7,856
Net Worth, Minorities and Total Liabilities	53,709	48,122	5,587

Sonae Sierra Brasil

(un-audited accounts)

Profit & Loss Account (€ 000)	9M08	9M07	% 08/07
Fixed Rental Income	24,114	13,323	81%
Turnover Rental Income	2,120	832	155%
Key-Money Income	1,774	999	78%
Other Income	1,457	386	278%
Retail Operating Income	29,465	15,539	90%
Property Management Services	1,334	287	364%
Letting & Promotion Services	505	142	256%
Other Costs	4,262	2,258	89%
Retail Operating Costs	6,101	2,687	127%
Parking Net Operating Margin	675	280	141%
Shopping Centre Net Operating Margin	24,039	13,132	83%
Income from Project Development Services	397	88	350%
Income from Property Management Services	5,542	2,445	127%
Total Income from Services Rendered	5,939	2,533	134%
Overheads	9,238	4,173	121%
Net Operating Income (NOI)	20,740	11,492	80%
Depreciation	174	62	180%
Provisions	598	326	83%
Net financial costs/(income)	(477)	(459)	-4%
Non-recurring costs/(income)	1,251	214	-
Results Before Corporate Taxes	19,194	11,349	69%
Corporate taxes	4,215	2,443	73%
Direct Profit	14,979	8,906	68%
Realised Property Profit	1,131	0	-
Non-Realised Property Profit	53,777	32,907	63%
Non-Realised Property Profit (Under Dev.)	11,356	2,886	294%
Total Indirect Income from Investments	66,264	35,793	85%
Deferred tax	21,879	11,968	83%
Indirect profit	44,385	23,824	86%
Net Profit for the Period	59,364	32,730	81%
Atributable to:			
Equity holders	57,548	31,655	82%
Minority interests	1,816	1,075	69%

Sonae Sierra Brasil

(un-audited accounts)

Consolidated Balance Sheet (€ 000)	30/09/2008	31/12/2007	Var. (08 - 07)
Properties	515,951	434,242	81,709
Tenants	5,186	6,018	-832
Tax Shelter	4,104	4,994	-889
Other Assets	11,123	5,360	5,763
Cash & Equivalents	4,316	4,127	189
Total Assets	540,680	454,740	85,940
Group Companies	411,477	365,753	45,724
Minorities	15,948	14,895	1,053
Bank Loans	19,954	673	19,281
Deferred Taxes	79,592	62,986	16,606
Other Liabilities	13,709	10,433	3,276
Total liabilities	113,255	74,092	39,163
Net Worth, Minorities and Total Liabilities	540,680	454,740	85,940

Corporate Centre

(un-audited accounts)

Profit & Loss Account (€ 000)	9M08	9M07	% 08/07
Services Rendered	24,437	22,370	9%
General Supplies and Services	13,784	11,895	16%
Personnel Costs	10,145	9,589	6%
Operating Costs	23,930	21,484	11%
Gross Operating Results	507	886	-43%
Depreciation	685	541	27%
Recurrent Operating Results	(178)	345	-152%
Non-Recurrent Operating Income	178	(345)	152%
Non-Recurrent Operating Results	178	(345)	152%
Operating Results	0	(0)	192%
Financial Results	(3,226)	5,311	-161%
Results Before Corporate Taxes	(3,226)	5,311	-161%
Corporate Taxes	(855)	1,407	-161%
Net Profit for the Period	-2,371	3,903	-161%

Corporate Centre

(un-audited accounts)

Consolidated Balance Sheet (€ 000)	30/09/2008	31/12/2007	Var. (08 - 07)
Investments	985,377	918,927	66,450
Investments in Group Companies	777,484	717,484	60,000
Loans In Group Companies	207,893	201,443	6,450
Other Assets	27,648	7,357	20,291
Short Term Loans (Group)	198,069	256,841	-58,773
Deposits	75,120	-7,875	82,995
Total Assets	1,286,214	1,175,250	110,964
Net Worth	947,475	943,747	3,728
Minorities	0	0	0
Group Company Loans	242,328	218,116	24,212
Bond Loans	75,000	0	75,000
Other Liabilities	21,411	13,387	8,024
Total liabilities	338,739	231,503	107,236
Net Worth, Minorities and Total Liabilities	1,286,214	1,175,250	110,964

Sonae Sierra, www.sonaesierra.com, is an international shopping centre specialist, with a passion for bringing innovation and excitement to the shopping and leisure centre industry. The Company owns 50 Shopping Centres in Portugal, Spain, Italy, Germany, Greece, Romania and Brazil, with a total Gross Lettable Area (GLA) of more than 1.9 million m². Sonae Sierra has 15 projects under development and 13 new projects in different phases of completion in Portugal, Spain, Italy, Germany, Greece, Romania and Brazil with a total GLA of 1,2 million m². In 2007, its centres welcomed more than 410 million visits.