



SONAE SIERRA

Maia, Portugal, March 7th 2007

23% growth in comparison to 2005

Sonae Sierra achieved a total net profit of €270.6 million in 2006

- ❑ NAV per share: € 45.8 (+18%)
- ❑ NAV: € 1,490 million (+18%)
- ❑ EBITDA: € 150.3 million (+20%)
- ❑ 7.293 tenant contracts under management
- ❑ 402 million visits in shopping centres under management
- ❑ The company owns or co-owns 1.660 million m2 of Gross Lettable Area

Sonae Sierra achieved in 2006 a total net profit of € 270.6 million, which represents a 23% increase in comparison to 2005. EBITDA grew by 20%, from € 125.7 million to € 150.3 million, direct profits increased by 22%, from € 68.8 million to € 83.7 million and indirect profits grew 24% from € 150.7 million to € 186.9 million.

All main financial indicators show a remarkable growth in 2006, confirming Sonae Sierra's business strategy, whose main pillars are the international expansion of its business and the consolidation of its leadership in Portugal.

As for the 2006 highlights, we underline the reinforcement of the company's portfolio, with the inauguration, in Portugal, of shopping and leisure centre RioSul, in Seixal, as well as the launching of an important set of new developments in every market where the company operates, namely in Spain, Greece, Italy, Germany and Brazil.

The significant reinforcement of our partnerships with companies able to contribute know-how and investment capacity to the company's business is also noteworthy. The most relevant example is the partnership (50%/50%) established for the development of Sonae Sierra's operation in Brazil, with Developers Diversified Realty (DDR), a company listed in the New York stock exchange, and a leader in the development, ownership and management of shopping and leisure centres in the USA.

Representing the acknowledgement by the sector of the Company's activity, we emphasize the awards attributed to Sonae Sierra throughout 2006, in particular the award for best shopping centre in Spain won by Luz del Tajo, in Toledo. Other highly relevant distinction was the Eco Award, in the "Corporate Social Responsibility Projects – Internal Public" category, organized by the American Chamber of Commerce, won in Brazil by the Personae Project, which aims at making Sonae Sierra the most advanced shopping centre company in terms of Health, Safety and Social Responsibility. Sonae Sierra also received an award for the best Portuguese company in the Spanish market, in the 5th edition of the Spanish and Portuguese Chamber of Commerce and Industry awards.

PRESS RELEASE



Sonae Sierra has the objective of being a sustainable company and becoming the best international specialist in shopping and leisure centres, reaching a leadership position in all markets where it operates. Its growth strategy is based on the ability to innovate and on a successful business model, which has at its core an integrated structure of the Company's three business areas: ownership, development and management.

THE BUSINESSES

Sierra Investments

The shopping and leisure centre ownership business achieved very positive results in 2006, with Sierra Investments consolidating its presence in Portugal, Germany and Italy, and significantly increasing its contribution to Sonae Sierra's profits.

Significant events in 2006

- ❑ Acquisition of RioSul shopping centre from Sierra Developments
- ❑ Contribution of Spain's Zubiarte and Avenida M40 shopping centres to the Sierra Fund
- ❑ Securing of the acquisition, in conjunction with GREP Fund, of Modelo de Albufeira and Continente de Portimão shopping centres, in Portugal
- ❑ Securing of the acquisition of Münster Arkaden, in Germany
- ❑ Opening of the expanded food court at Arrábida Shopping, in Portugal
- ❑ Opening of the first phase of the Valecenter refurbishment, in Italy
- ❑ Increase of €567 million in the portfolio's market value (for 100% detention), a growth of 12% for the year

Main financial indicators for 2006

- ❑ Retail operating income of €173 million;
- ❑ EBITDA increased by 13% to €138.3 million;
- ❑ Value created on properties of €221 million;
- ❑ Net profit of €240.9 million, an increase of 39%.

The company fully consolidates the Sierra Fund, given that it holds effective control with 50.1% of the capital and its management.

Sierra Developments

2006 was a positive year for Sierra Developments, which holds responsibility for the development of Sonae Sierra's European projects, from procurement to opening to the public. Besides the inauguration of RioSul, in Seixal, Portugal, several new projects were approved and are being developed: six new shopping and leisure centres are scheduled to open in 2007. In addition to the scheduled openings three centres are in the construction phase and four more are in the licensing phase.

Significant events in 2006

- ❑ Inauguration of RioSul, in Seixal, Portugal
- ❑ Acquisition of a green-field site in Weiterstadt for the development of a major out-of-town shopping centre, in Germany, in joint venture with Foncière Euris
- ❑ Successful bid, in conjunction with Acropole Charagionis, for the right to develop a new shopping and leisure centre on the site of the Galatsi Olympic Hall, in Athens, Greece



- ❑ Construction works continue on the following developments: Lima Retail Park, in Viana do Castelo; 8ª Avenida, in S. João da Madeira; El Rosal, in Ponferrada, and Plaza Mayor Shopping, in Málaga, both in Spain; Alexa, in Germany; and Freccia Rossa, in Italy
- ❑ At the beginning of 2007, and as a direct consequence of Deutsch Bahn (site owner) unilateral decision to terminate the ongoing negotiations for the development of the 3do Shopping and Leisure Centre (Dortmund; Germany), the Company decided to write-off the total amount invested to date in this project in the 2006 accounts.

Main financial indicators for 2006

- ❑ Development services rendered €12.9 million
- ❑ Value created on properties €28 million
- ❑ Net profit of €11.8 million

Sierra Management

2006 was a year of consolidation for Sierra Management. We added three new centres to our portfolio – RioSul in Seixal, Portugal, Alcalá de Guadaíra Retail Park near Seville and La Trocha in Cocha, near Malaga, Spain – and we began the leasing activities for ten centres under development.

Significant events in 2006

- ❑ Portfolio increased by three new centres: one in Portugal and two in Spain
- ❑ Opening of RioSul, in Seixal, Portugal
- ❑ Beginning of the letting process for 10 new centres under development
- ❑ 322 million visits in shopping centres under management in Europe

Main financial indicators for 2006

- ❑ Income from management services €31.4 million
- ❑ EBITDA €6.6 million
- ❑ Net profit of €4.5 million, an increase of 39%

Sonae Sierra Brazil

The most relevant fact of Sonae Sierra Brazil's activity in 2006 was the partnership (50%/50%) established with Developers Diversified Realty (DDR), a leading company in the development, ownership and management of shopping centres in the USA. Sonae Sierra and DDR, according to the Joint Venture Agreement are committed to re-invest in Brazil BRL 600 million during the next three years, opening up to Sonae Sierra Brazil an excellent perspective in terms of growth and leadership in this market.

Significant events in 2006

- ❑ Establishment of a partnership with Developers Diversified Realty (DDR) for all activity in Brazil
- ❑ Opening of the third and last phase of Shopping Campo Limpo, in São Paulo
- ❑ Occupancy rates increased from 84,4% to 94,3% throughout 2006

Main financial indicators for 2006

- ❑ Shopping centre operating margin up by 46% to €19 million;
- ❑ EBITDA increased by 55% to €17.8 million;
- ❑ Net profit of €21.5 million.



**SONAE SIERRA – CONSOLIDATED PROFIT AND LOSS ACCOUNT AND
CONSOLIDATED BALANCE SHEET**

Consolidated Profit and Loss Account (€ 000)	2006	2005	% 06/05
Direct Income from Investments	242.052	220.175	10%
Operating costs	84.773	82.983	2%
Other costs	6.974	11.532	-40%
Direct costs from investments	91.747	94.516	-3%
EBITDA	150.305	125.659	20%
Depreciation	1.950	1.743	12%
Recurrent net financial costs	44.162	39.049	13%
Non recurrent net financial costs			-
Direct profit before taxes	104.193	84.867	23%
Corporate tax	20.548	16.084	28%
Direct net profit	83.645	68.783	22%
Indirect Income from gains on sale of Investments	-13.861	24.378	-157%
Indirect Income from valuation of Investments	269.892	183.753	47%
Indirect income	256.031	208.131	23%
Deferred tax	69.094	57.440	20%
Indirect net profit	186.937	150.691	24%
Total Net Profit	270.583	219.474	23%
Attributable to:			
Equity Holders	160.318	148.149	8%
Minority Interests	110.265	71.324	55%

Non-audited accounts

Consolidated Balance Sheet (€000)	31-12-2006	31-12-2005	Var. (06 - 05)
Investment properties	2.729.662	2.491.398	238.264
Properties under development and others	354.544	254.910	99.634
Goodwill	51.345	52.346	-1.001
Deferred taxes	25.483	27.673	-2.190
Other assets	108.742	121.843	-13.101
Deposits	332.313	256.841	75.471
Total assets	3.602.089	3.205.011	397.078
Net worth	1.142.894	1.002.154	140.741
Minorities	405.513	298.896	106.617
Bank loans	1.294.504	1.196.942	97.562
Shareholder loans from minorities	64.255	77.254	-12.999
Deferred taxes	468.792	402.727	66.065
Other liabilities	226.131	227.039	-908
Total liabilities	2.053.682	1.903.962	149.720
Net worth, minorities and liabilities	3.602.089	3.205.011	397.078

Non-audited accounts

Sonae Sierra (www.sonaesierra.com) is an international specialist in the construction of shopping centres. We seek to add innovative flair and excitement to the worlds of shopping and leisure. The company owns (or co-owns) 43 shopping centres in Portugal, Spain, Italy, Germany, Greece and Brazil, with a GLA of more than 1.6 million m². At present the company is engaged in the development of 14 further projects in Germany, Spain, Portugal, Greece and Brazil with a total GLA of more than 500,000 m².