the partner of choice

SONAE SIERRA

2018 Consolidated Report and Accounts

Index

Sonae Sierra, SGPS, SA and subsidiaries

Consolidated statements of financial position as of 31 December 2018 and 2017

(Translation of the statement of financial position originally issued in Portuguese – Note 48)
(Amounts stated in thousands of Euro)

	Notes	31 December 2018	31 December 2017
ASSETS			
NON-CURRENT ASSETS:			
Investment properties	8	**982,845**	740,424
Investment properties under development	8	**15,667**	41,455
Property, plant and equipment	9	**1,904**	1,885
Goodwill	10	**9,892**	4,274
Intangible assets	11	**1,462**	1,456
Investments in joint ventures and associates	4 and 5	**1,098,841**	1,222,965
Shareholders	20	**54,487**	130,604
Deferred tax assets	23	**2,404**	2,406
Derivative financial instruments	18	**492**	1,319
Other non current assets	12	**3,527**	3,288
Total non-current assets		**2,171,521**	2,150,076
CURRENT ASSETS:			
Trade receivables	13	**15,034**	22,354
Shareholders	20	**11,103**	5,680
Other receivables	14	**8,959**	53,756
State and other public entities	26	**8,151**	5,771
Other current assets	15	**8,017**	16,302
Cash and bank deposits	16	**312,665**	68,145
Total current assets		**363,929**	172,008
Total assets		**2,535,450**	**2,322,084**
EQUITY, NON-CONTROLLING INTERESTS AND LIABILITIES			
EQUITY:			
Share capital	17	**162,245**	162,245
Reserves	17	**57,329**	57,329
Currency translation reserve		**(179,820)**	(149,168)
Hedging reserve		**(1,433)**	(514)
Retained earnings		**1,030,964**	970,691
Consolidated net profit for the period attributable to the equity holders of Sonae Sierra		**110,117**	109,951
Equity attributable to the equity holders of Sonae Sierra		**1,179,402**	1,150,534
Non-controlling interests	7	**593,023**	578,506
Total equity		**1,772,425**	1,729,040
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans - net of current portion	18	**342,448**	198,186
Debentures loans - net of current portion	18	**99,181**	-
Derivative financial instruments	18	**-**	203
Shareholders	20	**3,792**	3,757
Accounts payable to suppliers	25	**452**	22
Other non current liabilities	22	**21,243**	6,193
Provisions	29	**607**	594
Deferred tax liabilities	23	**147,350**	133,753
Total non current liabilities		**615,073**	342,708
CURRENT LIABILITIES:			
Current portion of long term bank loans	18	**44,395**	71,763
Current portion of long term debentures loans	18	**-**	74,850
Short term bank loans and other borrowings	19	**-**	25,000
Shareholders	20	**3,764**	3,764
Accounts payable to suppliers	25	**9,839**	5,868
State and other public entities	26	**13,419**	9,496
Other payables	27	**24,713**	8,808
Other current liabilities	28	**48,457**	48,828
Provisions	29	**3,365**	1,959
Total current liabilities		**147,952**	250,336
Total equity, non-controlling interests and liabilities		**2,535,450**	**2,322,084**

The accompanying notes form an integral part of these consolidated statements of financial position.

The Board of directors

Sonae Sierra, SGPS, SA and subsidiaries

Consolidated statements of profit or loss for the periods ended 31 December 2018 and 2017

(Translation of the statement of financial position originally issued in Portuguese – Note 48)
(Amounts stated in thousands of Euro)

	Notes	2018	2017
Services rendered	30	**156,735**	173,356
Variation in fair value of the investment properties	31	**26,855**	60,831
Other operating revenue	32	**32,554**	3,659
		216,144	237,846
External supplies and services		**(61,422)**	(78,210)
Personnel expenses		**(50,170)**	(48,218)
Depreciation and amortisation	9 and 11	**(928)**	(1,036)
Provisions and impairment	29	**(1,743)**	(1,794)
Impairment losses and write-off	33	**(2,725)**	(1,676)
Other operating expenses	34	**(7,157)**	(6,947)
		(124,145)	(137,881)
		91,999	99,965
Finance income	35	**7,309**	6,876
Finance expenses	35	**(15,320)**	(14,820)
Share of results of joint ventures and associates	37	**90,622**	120,941
Gains and losses on investments	36	**14,369**	11,111
Profit before income tax		**188,979**	224,073
Income tax	24	**(20,013)**	(26,095)
Profit after income tax		**168,966**	197,978
Consolidated net profit for the period		**168,966**	197,978
Attributable to:			
Equity holders of Sonae Sierra		**110,117**	109,951
Non-controlling interests	7	**58,849**	88,027
		168,966	197,978
Consolidated net profit per share:			
Basic	43	**3.39**	3.38
Diluted	43	**3.39**	3.38

The accompanying notes form an integral part of these consolidated statements of profit or loss.

The Board of directors

Sonae Sierra, SGPS, SA and subsidiaries

Consolidated statements of comprehensive income for the periods ended 31 december 2018 and 2017

(Translation of the statement of financial position originally issued in Portuguese – Note 48)
(Amounts stated in thousands of Euro)

	Notes	2018	2017
Consolidated net profit for the period		**168,966**	197,978
Changes in the currency translation differences		**(30,652)**	(44,680)
Changes in the fair value of hedging instruments		**(1,798)**	695
Deferred tax related to components of other comprehensive income		**468**	(88)
Others		**59**	-
Other comprehensive income for the period		**(31,923)**	(44,073)
Total comprehensive income for the period		**137,043**	153,905
Attributable to:			
Equity holders of Sonae Sierra		**78,614**	65,902
Non-controlling interests		**58,429**	88,003
		137,043	153,905

The accompanying notes form an integral part of these consolidated statements of comprehensive income.

The Board of directors

Sonae Sierra, SGPS, SA and subsidiaries

Consolidated statements of changes in equity for the periods ended 31 december 2018 and 2017

(Translation of the statement of financial position originally issued in Portuguese – Note 48)
(Amounts stated in thousands of Euro)

		Equity attributable to the equity holders of Sonae Sierra								
			Reserves							
	Notes	Share capital	Legal reserves	Translation reserve	Hedging reserve	Retained earnings	Net profit attributable to the equity holders of Sonae Sierra	Total	Non-controlling Interests (Note 7)	Total
Balance as of 1 January 2017		162,245	57,329	(104,488)	(1,145)	864,275	181,198	1,159,414	508,485	1,667,899
Appropriation of consolidated net profit for 2016:										
Transfer to legal reserves and retained earnings		-	-	-	-	181,198	(181,198)	-	-	-
Dividends distributed		-	-	-	-	(74,782)	-	(74,782)	(12,475)	(87,257)
		-	-	-	-	106,416	(181,198)	(74,782)	(12,475)	(87,257)
Currency translation differences		-	-	(44,680)	-	-	-	(44,680)	-	(44,680)
Fair value of hedging instruments	18	-	-	-	730	-	-	730	(35)	695
Deferred tax in fair value of hedging instruments	23	-	-	-	(99)	-	-	(99)	11	(88)
Capital increase/decrease		-	-	-	-	-		-	(5,543)	(5,543)
Acquisitions/sale of subsidiaries effect		-	-	-	-	-		-	36	36
Consolidated net profit for the period ended 31 December 2017		-	-	-	-	-	109,951	109,951	88,027	197,978
Balance as of 31 December 2017		**162,245**	**57,329**	**(149,168)**	**(514)**	**970,691**	**109,951**	**1,150,534**	**578,506**	**1,729,040**
Balance as of 1 January 2018		162,245	57,329	(149,168)	(514)	970,691	109,951	1,150,534	578,506	1,729,040
Appropriation of consolidated net profit for 2017:										
Transfer to legal reserves and retained earnings		-	-	-	-	109,951	(109,951)	-	-	-
Dividends distributed		-	-	-	-	(49,746)	-	(49,746)	(43,912)	(93,658)
		-	-	-	-	60,205	(109,951)	(49,746)	(43,912)	(93,658)
Currency translation differences		-	-	(30,652)	-	-	-	(30,652)	-	(30,652)
Fair value of hedging instruments	18	-	-	-	(1,244)	-	-	(1,244)	(554)	(1,798)
Deferred tax in fair value of hedging instruments	23	-	-	-	325	-	-	325	143	468
Consolidated net profit for the period ended 31 December 2018		-	-	-	-	-	110,117	110,117	58,849	168,966
Balance as of 31 December 2018		**162,245**	**57,329**	**(179,820)**	**(1,433)**	**1,030,964**	**110,117**	**1,179,402**	**593,023**	**1,772,425**

The accompanying notes form an integral part of these consolidated statements of profit and loss.

The Board of directors

Sonae Sierra, SGPS, SA and subsidiaries

Consolidated statements of cash flows for the periods ended 31 december 2018 and 2017

(Translation of the statement of financial position originally issued in Portuguese – Note 48)
(Amounts stated in thousands of Euro)

	Notes	2018		2017	
OPERATING ACTIVITIES:					
Received from clients		**156,560**		168,195	
Paid to suppliers		**(55,857)**		(83,300)	
Paid to personnel		**(50,147)**		(47,431)	
Flows from operations		**50,556**		37,464	
(Payments)/receipts of income tax		**(11,370)**		(6,360)	
Other (payments)/receipts relating to operating activities		**(2,767)**		(2,796)	
Flows from operating activities [1]			**36,419**		28,308
INVESTING ACTIVITIES:					
Receipts relating to:					
Investments		**209,420**		5,403	
Tangible fixed assets		**74,646**		5,836	
Interest income		**3,872**		2,788	
Dividends		**53,145**		49,383	
Other		**-**	**341,083**	-	63,410
Payments relating to:					
Investments		**(40,561)**		(14,550)	
Tangible fixed assets		**(16,430)**		(10,389)	
Intangible fixed assets		**(592)**		(153)	
Other		**-**	**(57,583)**	-	(25,092)
Variation in loans granted			**(37,353)**		(19,715)
Flows from investing activities [2]			**246,147**		18,603
FINANCING ACTIVITIES:					
Receipts relating to:					
Bank loans	21	**290,000**		63,077	
Other		**-**	**290,000**	-	63,077
Payments relating to:					
Interest expenses		**(15,374)**		(13,628)	
Dividends		**(93,658)**		(90,185)	
Decrease of share capital - nominal value and discounts and premiums		**-**		(5,544)	
Bank loans	21	**(224,205)**		(79,684)	
Other		**-**	**(333,237)**	-	(189,041)
Variation in loans obtained - others			**62**		-
Flows from financing activities [3]			**(43,175)**		(125,964)
Variation in cash and cash equivalents [4]=[1]+[2]+[3]			**239,391**		(79,053)
Effect of exchange differences			**1**		(295)
Effect of the acquisitions and sales of companies:					
Parklake Shopping S.A.	6		**673**		-
Plenerg SRL	6		**29**		-
River Plaza Mall SRL	6		**(595)**		-
3shoppings (consolidated)	6		**-**		(2,135)
Cash and cash equivalents at the beginning of the year	16		**68,145**		149,628
Cash and cash equivalents at the end of the year	16		**307,644**		68,145

The accompanying notes form an integral part of these consolidated statements of comprehensive income.

The Board of directors

Sonae Sierra, SGPS, SA and subsidiaries

Notes to the consolidated financial statements as of 31 December 2018

(Translation of notes originally issued in Portuguese – Note 48)
(Amounts stated in thousands of Euro - kEuro)

1. INTRODUCTION

SONAE SIERRA, S.G.P.S., S.A. ("the Company" or "Sonae Sierra"), which has its head office in Lugar do Espido, Via Norte, Apartado 1197, 4471-909 Maia – Portugal, is the parent company of a group of companies, as explained in Notes 3, 4 and 5 ("the Group").

The Group's operations consist of investment, management and development of shopping centres.

The Group operates mainly in Portugal, Brazil, Spain, Greece, Germany, Italy, Romania, Colombia, Morocco, Turkey and Netherlands.

These financial statements are presented in Euro because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policy set out in Note 2.2.e).

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accompanying consolidated financial statements are as follows:

2.1. Basis of preparation

The accompanying consolidated financial statements have been prepared according to the International Financial Report Standards ("IFRS") as approved by the European Union, applicable to economic years beginning on 1 January 2018. These correspond to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC") and approved by the European Union.

The accompanying consolidated financial statements have been prepared on a going concern basis and in accordance with the accrual basis of accounting from the accounting records of the companies included in the consolidation, maintained according to the generally accepted accounting principles in the countries of each company, adjusted in the consolidation process to International Financial Reporting Standards ("IFRS"), as approved by the European Union.

New accounting standards and their impact in these consolidated financial statements

Up to the date of approval of these consolidated financial statements, the European Union endorsed the following standards, interpretations, amendments, and revisions with mandatory application to the economic year beginning on 1 January 2018:

	Applicable for financial years beginning on / after
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01-Jan-18
Amendments to IAS 40: Transfers of Investment Property	01-Jan-18
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	01-Jan-18
Annual Improvements to IFRS Standards 2014-2016 Cycle	01-Jan-18
IFRS 9 Financial Instruments	01-Jan-18
IFRS 15 Revenue from Contracts with Customers	01-Jan-18
Clarifications to IFRS 15 Revenue from contracts with customers	01-Jan-18
Amendments to IFRS 4: Applying IFRS 9 - Financial instruments with IFRS 4 - Insurance contracts	01-Jan-18

The Group has applied these amendments for the first time in 2018 and there is no significant impact on the accounts resulting from their application. Anyway and specially regarding IFRS 9 and IFRS 15:

(i) IFRS 9 – Financial Instruments

The Group has adopted as of January 1, 2018 the new standard IFRS 9, which replaces the previous IAS 39. Regarding the transition from IAS 39 to IFRS 9, the Group applied the simplified approach model, meaning that the Group did not apply IFRS 9 retrospectively.

Based on an analysis of the Group's financial assets and liabilities, the Board of Directors assessed the impact of the adoption of IFRS 9 on these financial statements as follows:

Classification and measurement

IFRS 9 introduced a model for the classification of financial assets based on the business model for managing the financial assets ("business model test") and their contractual cash flow characteristics ("SPPI test").

The application of IFRS 9 did not change the fair value hedge and cash flow hedge classification.

The measurement and classification of all financial instruments continued on the same basis as previously under IAS 39. Therefore, the captions accounts receivable, accounts payable and loans granted/obtained continued to be measured at amortized cost under IFRS 9.

Impairment

A new methodology for the calculation and reporting of other receivables impairment losses was introduced, changing the method from the incurred loss to the expected credit loss model (ECL), where the credit risk assessment is considered at the initial recognition.

The Board of Directors concluded that the application of the expected credit loss model resulted in the early recognition of credit losses for the corresponding assets in an immaterial amount, charged in the profit and loss of the year ended 31 December 2018.

(ii) IFRS 15 – Revenue from Contracts with customers

The Group has adopted as of 1 January 2018 the new standard IFRS 15, which replaces the previous IAS 18.

Revenue relates mainly to services provided to third parties, dividends and interest, which are recognised when they occur or when the Group has the right and has performed its obligations. The moment of recognition of the performance obligation occurs at a specific moment in time, which does not differ from the previous practice under IAS 18. There are no other significant performance obligations to be fulfilled thereafter.

The Board of Directors concluded that the application of IFRS 15 does not have a material impact on the Group's financial position or financial performance.

Up to the date of approval of these financial statements, the following standards and interpretations, with mandatory application in future reporting dates, have been endorsed by the European Union:

	Applicable for financial years beginning on / after
IFRIC 23 Uncertainty over Income Tax Treatments	01-Jan-19
IFRS 16 Leases	01-Jan-19
Amendments to IFRS 9: Prepayment Features with Negative Compensation	01-Jan-19

These standards and amendments, despite being endorsed by the European Union, have not been adopted by the Group in 2018 because their application is not yet mandatory. Nevertheless, no significant impacts are expected from its future adoption, except for the application of IFRS 16, which impacts were analysed by the Group as follows:

IFRS 16- ***Leases*** will replace IAS 17 - *Leases* for reporting periods beginning on or after 1 January 2019. IFRS 16 set outs a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The impact on the financial statements of the Group, as a lessee, relates essentially to the rental agreements of its automobile fleet and the properties occupied by its offices. The Group has elected the partial retrospective approach on transition, evaluating and identifying the respective components of all active leases as of 1 January 2019. On the transition date the incremental borrowing rate of the Group will be used, considering that the right of use (RoU) is equal to the lease liability with no impact on retained earnings.

The group expects to recognise right-of-use assets and lease liabilities of approximately 16,723 kEuro on 1 January 2019. The group expects that net profit before tax will decrease by approximately 134 kEuro for 2019 as a result of adopting this new standard.

As lessor, the changes introduced by IFRS 16 are not significant for the Group, the base revenue recognition model remains the straight line, except for contingent cash flows (remuneration and discounts based on sales) that must be recognised in the income statement in the period in which they occur. However, some additional disclosures will be required from 2019 on.

The following standards and interpretations were issued by the IASB but have not yet been endorsed by the European Union:

	Applicable for financial years beginning on / after
IFRS 17 - Insurance Contracts	01-Jan-21
Annual Improvements to IFRS Standards 2015-2017 Cycle	01-Jan-19
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	01-Jan-19
Amendments to IAS 28: Long-term investments in associates and Ioint ventures	01-Jan-19
Amendments to References to the Conceptual Framework in IFRS Standards	01-Jan-20
Amendment to IFRS 3 Business Combinations	01-Jan-20
Amendments to IAS 1 and IAS 8: Definition of Material	01-Jan-20

None of these standards have been adopted by the Group as they are not yet endorsed by the European Union. Nevertheless, no significant impacts are expected from their future adoption.

2.2. Basis of Consolidation and investments in joint ventures and associates

The financial statements of the parent company and its subsidiaries, joint ventures and associates, included for the purpose of these consolidated financial statements, have been prepared up to 31 December 2018 and have been adjusted, where applicable, to ensure consistency with the Group's accounting principles, described below.

a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company (Sonae Sierra) and the entities controlled by Sonae Sierra (subsidiaries). Control is achieved when the Company, has all of the following:

- power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- the ability to use its power to affect its returns.

The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than the majority of the voting rights of an entity, it has power over the entity when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the entity unilaterally. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an entity are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

As of 31 December 2018 and 2017, there were no entities to which these conditions applied.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary, by using the full consolidation method.

The purchase method of accounting is used when recording the acquisition of subsidiaries (Note 2.2.d)).

The interests in the net assets of subsidiaries that do not belong to the Group (non-controlling interests) are presented within equity, separately from equity attributable to equity holders of the parent company, under the caption "Non-controlling interests". Non-controlling interests consist of the amount of those interests at acquisition date (Note 2.2.d)) and of the proportion in changes in equity of subsidiaries acquired after the purchase date.

The net result and each component of comprehensive income are allocated to the Group and to the non-controlling interests in proportion to their holding (ownership interest), even if this results in a negative balance of non-controlling interests.

All intercompany transactions (including gains/losses obtained in sales within the Group), balances and dividends distributed within the Group are eliminated in the consolidation process.

When the Group loses control of a subsidiary, a gain or loss is recognised in the statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The changes in ownership interest in the Group's subsidiaries that do not result in loss of control are recorded as equity transactions.

The subsidiaries included in the consolidated financial statements by the full consolidation method are listed in Note 3.

b) Joint ventures and associates

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement instead of rights to the assets and obligations for the liabilities of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates are entities where the Group exercises significant influence. Significant influence (presumed when the contribution is above 20%) is the power to participate in the financial and operating decisions of the entity, but do not hold the control on joint control over those decisions.

Investments in joint ventures and associates are measured under the equity method, after initial recognition.

Under the equity method, investments in joint ventures and associates are recognised at cost on acquisition, adjusted after the date of acquisition, by the amount corresponding to the Group's proportion in net profit or loss and other comprehensive income of joint ventures and associates after that date. By applying the equity method, the Group's share in net profit or loss and other comprehensive income of joint ventures and associates is recorded against the statement of profit or loss or other comprehensive income, respectively, and the dividends received are deducted from the value of the investment.

The excess of cost of acquisition over the fair value of identifiable assets and liabilities of each joint venture and associate at the acquisition date is recognised as goodwill (Note 2.2.d)) and is kept under the caption of the investments in joint venture and associates. If the difference between the acquisition cost and fair value of assets and liabilities acquired is negative, it is recognised as a gain for the year in the statement of profit or loss.

The investments in joint ventures and associates including, when applicable, any goodwill (Note 2.2.d)), included as part of the investment in joint venture and associates, are assessed for impairment purposes when there are indicators that the asset may be impaired. Any existing impairment loss is recorded as a loss in the statement of profit or loss.

When the Group's share of accumulated losses of the joint venture or associate exceeds the amount at which the investment is recorded, the investment is reported at nil value and the recognition of losses is discontinued, except in the extent of the Group's commitment towards the joint venture or associate.

Unrealised gains and losses arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the joint venture or associate against the investment in that joint venture or associate.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or an associate or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture or associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between: (i) the carrying amount of the joint venture or associate at the date the equity method was discontinued, and (ii) the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture or associate, is included in the determination of the gain or loss on disposal of the joint venture or associate.

If the investment becomes a subsidiary, the Group applies IFRS 3 – Business Combinations and IFRS 10 - Consolidated financial statements (Notes 2.2.a) and 2.2.d)).

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

Investments in joint ventures are listed in Note 4.

Investments in associates are listed in Note 5.

c) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

As of 31 December 2018 and 2017, there are no joint operations within the Group.

d) Goodwill

In the acquisitions of subsidiaries after 1 January 2010, the positive differences between the transferred price (usually acquisition cost) increased by the amount of non-controlling interests at acquisition date and the fair value of identifiable net assets acquired and the assumed liabilities of such companies at the acquisition date, are recorded under caption "Goodwill". If the difference is negative, it is recognised as a gain of the year. The non-controlling interests at acquisition date are measured at fair value or by their share of the fair value of identifiable net assets at the acquisition date.

The positive differences between the acquisition cost of investments in subsidiaries acquired until 31 December 2009, joint ventures and associates and the fair value of identifiable assets and liabilities attributable to the Group of those companies at the acquisition date, are recorded under the caption "Goodwill (in the case of investments in subsidiaries) or in investment in joint ventures and associates (in the case of investments in joint ventures and associates). If the difference is negative, it is recognised as a gain of the year. Non-controlling interests include, in the case of acquisition of subsidiaries, their proportion in the fair value of identifiable assets and liabilities at the acquisition date.

The goodwill is not depreciated and is tested for impairment at each reporting date.

Any impairment loss on goodwill is immediately recognised in the statement of profit or loss of the year under the caption "Write-off and impairment losses" and not subsequently reversed.

The impairment tests of goodwill are based on the Net Asset Value ("NAV") of the shares held, at each reporting date.

The NAV corresponds to the fair value, at each reporting date, of the net assets of the subsidiary excluding deferred tax liabilities relating to unrealised gains on investment properties.

e) Translation of financial statements of foreign entities

The entities that operate abroad and are financially, economically, and organisationally autonomous are considered as foreign entities.

The assets and liabilities of the financial statements of foreign entities are translated to Euro at the exchange rate as of the reporting date and the income and expenses and also the cash-flow statement are translated to Euro using the average exchange rate. The amount related to the exchange rate difference is recorded in the equity under the caption "Translation reserve".

Goodwill and fair value adjustments resulting from the acquisition of those foreign entities are considered as assets and liabilities of that foreign entity, being translated to Euro at the exchange rate existing as of each reporting date.

Whenever a foreign entity is sold, the accumulated exchange differences are recognised as a gain or loss in the consolidated statement of profit or loss.

The exchange rates used for the conversion into Euro of the accounts of foreign subsidiaries, joint ventures and associates were the following:

	2018		2017	
	31.12.18	Average	31.12.17	Average
Brazilian Real	0.22502	0.23289	0.25171	0.27834
New Romanian Leu	0.21441	0.21489	0.21461	0.21892
Colombian Peso	0.00027	0.00029	0.00028	0.00030
Algerian Dinar	0.00739	0.00727	0.00725	0.00800
Hong Kong Dollar	0.11151	0.10813	0.10670	0.11386
Turkish Lira	0.16535	0.17966	0.22126	0.24339
Moroccan Dirham	0.09130	0.09026	0.08947	0.09150

2.3. Investment Properties

Investment properties consist of investments in buildings and other constructions in shopping centres to earn rentals or capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or for sale in the ordinary course of business.

Investment properties are recorded at their fair value based on appraisals made by independent specialised entities (fair value model). Changes in fair value of investment properties are accounted for in the period in which they occur, under the statement of profit or loss caption "Variation in fair value of investment properties".

The Group's assets which qualify as investment properties are recognised as such when they start being used or, in the case of the investment properties under development, when their development is considered irreversible. By the time the asset qualifies as investment property, it is booked at its historical or production cost under "Investment properties under development" as a tangible fixed asset– Property, Plant and Equipment (Note 2.4). Thereafter, such assets are accounted at their fair value. The difference between fair value and cost (of purchase or production), at that date, is recorded directly in the statement of profit or loss, under caption "Variation in fair value of investment properties".

Costs incurred related to investment properties in use, namely maintenance, repairs, insurance, and property taxes are recognised as an expense in the statement of profit or loss for the year to which they relate. The improvements estimated to generate additional economic benefits are capitalised under the caption "Investment properties".

If an investment property becomes owner-occupied, it is reclassified to the caption "Property, plant and equipment".

Fit out contracts are contracts under which the Group supports part of the expenses incurred with the fitout expenses and the tenant assumes the responsibility to reimburse the Group by the amount invested over the term of the contract, in terms and conditions specific to each contract. The amounts paid by the Group on each fit out contract are initially recorded at cost under the caption "Investment properties", being subsequently adjusted to the corresponding fair value, at each reporting date, as determined by specialised independent entities. The methodology used to determine the fair value of the fit-out contracts is like the one used in determining the fair value of the investment property to which these contracts relates. Variations in fair value of the fit-out contracts are recorded in the consolidated statement of profit or loss under the caption "Variation in fair value of the investment properties".

2.4. Property, Plant and Equipment

Tangible fixed assets (Property, Plant and Equipment) are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis, as from the date the assets start being used, over the estimated period of useful life of each group of assets.

The depreciation rates used correspond to the following periods of estimated useful life:

	Years
Buildings and other constructions	50
Machinery and equipment	10
Transport equipment	5
Tools and utensils	4
Administrative equipment	10
Other property, plant and equipment	5

Tangible fixed assets in progress and investment properties under development are recorded at cost of acquisition or production, deducted from eventual impairment losses. As fixed assets in progress relate mainly to tangible fixed assets, that will qualify in the future as investment properties, those are classified separately in the statement of financial position, under the caption "Investment properties under development".

Gains and losses arising from the sale or disposal (write-off) of tangible fixed assets are determined as being the difference between the sale price and the corresponding carrying amount as of the sale/disposal date, being recorded in the statement of profit or loss, under the captions "Other operating income" or "Other operating expenses".

2.5. Intangible assets

Intangible assets are stated at cost less accumulated depreciation and any impairment losses. Intangible assets are only recognised if it is likely to produce future economic benefits to the Group, are controlled by the Group and the cost of the asset can be reliably measured.

Expenditure on research activities are recorded as expenses in the period they are incurred.

Intangible assets as of 31 December 2018 consist mainly of:

- rights of facilities management, which are depreciated on a straight-line basis over the estimated period of the management right (periods ranging from 10 to 15 years);
- Software, which is depreciated over the estimated period of use (periods ranging from 3 to 5 years).

Depreciation of intangible assets are recorded in the statement of profit or loss under caption "Depreciation and amortisation".

2.6 Non-current assets held for sale

Non-current assets (and all related assets and liabilities to dispose) are classified as held for sale if it is expected that its book value will be recovered through sale rather than through continuing use. This condition is considered fulfilled only when the sale is highly probable and the asset (and all other related assets and liabilities to dispose) is available for immediate sale under current conditions. Additionally, there must be in place measures that make likely the sale will be held within 12 months after the date of the classification under this caption.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria describe above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after sale.

Non-current assets (and all related assets and liabilities to dispose) classified as held for sale are measured at the lower of book value or fair value, less costs related to the sale. In return, these assets are not amortised.

2.7. Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL), and
- those to be measured at amortised cost.

Financial assets measured subsequently at fair value include mainly derivative financial instruments. The subsequent measurement of these financial assets is carried at fair value and recorded in the statement of changes in equity, if they qualify for hedge accounting purposes (Note 2.8). If they do not qualify for hedge accounting purposes, the fair value of these financial assets is recorded in the statement of profit or loss.

Financial assets subsequently measured at amortised cost are those generated during normal operations of the Group, for which there is no intention to negotiate. Classified in this category are the accounts receivable and other receivables, loans to third parties and bank deposits. The subsequent measurement of these financial assets is carried at amortised cost in accordance with the effective interest method.

Financial liabilities are classified into the following measurement categories:

- those to be measured subsequently at fair value through profit or loss (FVTPL), and
- those to be measured at amortised cost.

Financial liabilities measured at fair value include mainly derivative financial instruments. The subsequent measurement of these financial liabilities is carried at fair value and recorded in the statement of changes in equity if they qualify for hedge accounting purposes (Note 2.8). If they do not qualify for hedge accounting purposes, the fair value of these financial liabilities is recorded in the statement of profit or loss.

Financial liabilities measured at amortised cost correspond to the other financial liabilities that are not classified in the former category. In this category are classified bank loans and loans from other entities, including shareholders and accounts payable and other payables. The subsequent measurement of these financial liabilities is carried at amortised cost, in accordance with the effective interest method.

a)Trade and Other Receivables

Accounts receivable and other receivables are recorded at amortised cost less any eventual impairment losses.

Impairment losses are recorded based on the valuation of estimated losses from non-collection of accounts receivable at the statement of financial position date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease, in a later period.

b) Borrowings

Loans are stated as liabilities and measured at amortised cost.

Any expenses incurred in obtaining such financing, usually paid in advance on issue, namely the bank fees and stamp duty as well as interest and similar expenses, are recognised using the effective interest method in the results of the year, over the lifetime of such financing. These prepaid expenses are deducted from the caption “Bank loans”.

Financial expenses including interest expenses and similar expenses (namely stamp duty), are recorded in the statement of profit or loss on an accrual basis of accounting. The amounts due and not paid at the reporting date are recorded under the caption “Other current liabilities”.

c) Trade and Other Payables

Accounts payable and other payables are stated at amortised cost. Usually, the amortised cost of these liabilities does not differ from its nominal value.

d) Cash and cash equivalents

The amounts under caption "Cash and cash equivalents" includes cash on hand, bank deposits on demand and other treasury applications which mature in less than three months that are subject to insignificant risk of change in value.

These assets are measured at amortised cost. Usually, the amortised cost of these financial assets does not differ from its nominal value.

For purposes of the statement of cash flows, “Cash and cash equivalents” also include bank overdrafts, which are included in the statement of financial position under caption “Other loans”.

e) Derivative financial instruments

The Group uses derivative financial instruments in managing their financial risks associated with fluctuating interest rate, only as a way to hedge those risks. Derivatives are not used for trading purposes (speculation).

Derivative financial instruments used by the Group relate mainly to instruments for hedging interest rate on bank loans obtained, usually corresponding to "swap" or "zero cost collars" of interest rate.

Derivative financial instruments are initially recorded at fair value on the date of their contract. At each reporting date, they are remeasured at fair value, with the corresponding gain or loss on the remeasurement recorded immediately in the statement of profit or loss, unless such instruments are designated as hedging instruments. When they are designated as a hedging instrument (Note 0), the corresponding gain or loss in the re-measurement is recorded against the caption "Hedging reserve" in equity and transferred to results when the covered position affects the statement of profit or loss.

A derivative with a positive fair value is recognised under caption "Derivative financial instruments" as a financial asset. A derivative financial instrument with a negative fair value is recognised under the same caption but as a financial liability.

A derivative is presented as non-current if the remaining maturity exceeds 12 months and is not expected that it will be executed or settled within that period.

In situations where there are derivatives embedded in other financial instruments or other host contracts, they are treated as separate derivatives in situations where the risks and characteristics are not closely related to the host contracts and in situations where the host contracts are not presented at fair value with unrealised gains or losses recorded in the statement of profit or loss.

f) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses "ECL" on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

2.8. Hedge accounting

As mentioned above, the Group uses derivative financial instruments (usually swaps and zero cost collars) to cover the risk of changing interest rate on Group's bank loans (cash flow hedge). The amount of loans, maturities, interest rates and reimbursement plan of loans underlying such financial instruments to hedge interest rate are usually identical in all conditions established for the correspondent contracted loans, which usually sets the perfect relationship coverage.

The criteria for classifying financial derivatives for hedging interest rate as cash flow hedges are as follows:

- The hedge transaction is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured;
- there is adequate documentation of the hedging relationships at the inception of the hedge;
- the forecast transaction that is hedged is highly probable.

Derivative financial instruments used by the Group to hedge the exposure to changes in the interest rate of its loans are initially recorded at cost, if any, and subsequently adjusted to the corresponding fair value. Changes in fair value of these hedging instruments are recorded in equity under the caption "Hedging reserve", and then recognised in the statement of profit or loss over the period the hedged instrument affects results, when those meet the conditions to hedge accounting, otherwise the changes in fair value are recognised through the statement of profit or loss.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption "Hedging reserve" are transferred to profit or loss of the year or to the book value of the hedged asset; subsequent variations in fair value are recorded in the statement of profit or loss.

2.9. Accounting for leases

A lease is classified as (i) finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee and as (ii) an operating lease if the risks and rewards of ownership are not transferred to the lessee.

Classifying a lease as finance or an operating lease depends upon the substance of transaction rather than the form of the contract.

Accounting for leases where the Group is the lessee

The assets acquired through finance lease contracts, as well as the corresponding responsibilities, are recognised by the financial method, including in the statement of financial position the acquired asset and the pending debts in accordance with the contractual terms. In addition, the interest included in the lease payments and the changes in the fair value of the investment property or the depreciation of the tangible assets, are posted in the statement of profit or loss of the year.

The existing situations where the Group is the lessee are operating leases and as such the lease payments are recognised as an expense on a straight-line basis over the lease term.

Accounting for leases where the Group is the lessor

The existing situations where the Group is the lessor relate to the contracts with the tenants of the shopping centres. These contracts are usually for a period of six years and establish the payment by the tenant of a monthly fixed rent (invoiced in advance), a turnover rent (invoiced if the monthly sales of the tenant are higher than the limit established in the contract) and the payment of tenant's share in the shopping centre operating expenses (common charges). The contract with the tenant may also establish the payment of an entrance fee in the shopping centre (key money income) and some discounts (usually in the first three years of the contract) to the fixed rent. These contracts can be renewed or cancelled by any of the parties involved (the company or the tenant). If the cancellation is proposed by the lessor it must pay a cancellation fee (buy-out cost) to the tenant.

In accordance to the conditions of these contracts, they are classified as operating leases, being the rents (fixed and turnover rents) and the common charges recorded as revenue in the statement of profit or loss in the year to which they relate. The expenses (namely discounts on fixed income and buy-out costs) as well as the key income and the cancellation fee related with the operating leases are recorded as expenses or income in the statement of profit or loss in the year to which they incurred or are received. This procedure is consistent with the one followed by the independent specialised entity which determines the fair value of the investment property to which the lease contracts are related (Note 2.3).

2.10. Borrowing costs

Financial costs related to borrowings are generally recognised as expense as incurred.

Borrowing costs related directly to the acquisition, construction, or production of tangible assets (usually investment properties under development) are capitalised as part of the cost of the qualified asset. Borrowing costs are capitalised from the time of preparation of the activities to construct or develop the asset to the time the production or construction is completed or when the development is suspended. Any eventual financial income derived from a loan obtained earlier and allocable to a qualifying account, is deducted from the financial expenses that qualify for capitalisation.

2.11. Provisions

Provisions are recognised when, and only when, the Group has an obligation (legal or implicit) resulting from a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed and adjusted at the reporting date to reflect the best estimate as of that date.

The Group recognises provisions for restructuring expenses when there is a formal and detailed restructuring plan and that such plan has been communicated to the parties involved.

2.12. Income tax

The income tax for the period comprises current and deferred tax.

The current income tax is determined based on the taxable results of the companies included in the consolidation in accordance with the tax laws enacted or substantively enacted at the reporting date in the countries where their head offices are located.

Deferred taxes are calculated using the financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are not recognised when the corresponding temporary differences arise from goodwill or from the initial recognition of assets and liabilities other than in a business combination.

Deferred tax assets and liabilities are calculated and evaluated annually at the tax rates expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially issued at the reporting date.

Deferred tax assets are recognised only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. At the reporting date, a review is made of the deferred tax assets and they are reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the statement of profit or loss, except if they relate to items directly recorded in equity captions. In these situations, the corresponding deferred tax is also recorded under the same caption.

2.13. Revenue

The Group's revenue is basically due to income from investment properties via the operating lease contracts and services related to: management services regarding the condominium and car parking of shopping centres, management services regarding the management of the shopping centres held by third parties and development fees regarding the consulting services on the development of new shopping centres.

The revenue related to income from investment properties via the operating lease contracts with the tenants (Note 2.9) is recognised in the year to which it relates, as follows:

- Fixed rent:
This income is invoiced in the previous month to which it relates and is recognised in the statement of profit or loss in the period to which it relates.

- Turnover rent:
This income is contingent and payable when the sales exceed the limit specified in the lease contract. As such, this income is recorded on an accrual basis.

- Other income and expenses:
Revenue arising from key money is recognised when received from the tenants and the revenue arising from contract transfer fees is recognised when charged to tenants, in the statement of profit or loss under captions "Other operating revenue" and "Services rendered", respectively. The discounts on fixed rents and the buy-out costs are recognised in the statement of profit or loss when granted to tenants, under captions "Services rendered" (as a deduction) and "Other operating expenses", respectively.

This procedure is consistent with the methodology used by the independent specialised entity that determines the fair value of the investment property to which the lease contracts are related.

Extra-contractual discounts granted to tenants are recorded on the statement of profit or loss, under the caption “Services rendered” (as a deduction).

Revenue relating the services provided is recognised when the Group transfers the control of the service to the customer. Such services are recognised as a performance obligation satisfied over time, being recognised in the period in which the services are rendered.

The dividends are recognised as gains in the year they are assigned to the shareholders.

2.14. Accrual basis of accounting

The income and expenses are recognised in the year to which they relate, regardless of the date of payment or receipt (accrual basis of accounting). The income and expenses for which actual amounts are not known are estimated.

Under the captions "Other current assets" and "Other current liabilities" are recorded income and expenses attributable to the current year, which settlement or receipt will only occur in future years, as well as amounts paid and received that have occurred on the reporting date, but which relate to future periods, and that will be charged to the statement of profit or loss of the corresponding year.

2.15.Impairment of assets

a) Non-financial assets, excluding goodwill

With the exception of investment properties (Note 2.3) and deferred tax assets (Note 2.12), non-financial assets are assessed for impairment at each reporting date and whenever events or changes in circumstances indicate that the amount by which the asset is registered may not be recovered.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised under the statement of profit or loss caption “Impairment losses and write-off”.

The recoverable amount is the higher of an asset’s net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm’s length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exists or has decreased. The reversal is recorded in the statement of profit or loss as operating result. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciations) in case no impairment loss had been recognised for that asset in prior years.

b) Financial assets (usually accounts receivable, in the case of Group)

Whenever there are objective indicators that the Group will not receive the amounts it is entitled to, in accordance with the arrangements agreed between the parties, an impairment loss is recorded in the statement of profit or loss. The indicators used by the Group to identify the signs of impairment are:

- Failure on the maturity and/or other terms agreed between the parties;
- Financial constraints of the debtor;
- Probability of insolvency of the debtor.

Whenever there is such evidence, the existence of impairment losses is assessed, which is determined by the difference between the asset's carrying amount and its corresponding recoverable amount.

Impairment losses are recorded in the statement of profit or loss under the caption "Write-off and impairment losses" in the period they are determined.

Subsequently, if the amount of the impairment loss reduces, it is reversed by results and recorded under the caption "Other operating revenue”.

2.16. Balances and transactions expressed in foreign currency

Transactions in currencies other than Euro are recorded at the exchange rates prevailing on the transaction date.

At each reporting date, all monetary assets and liabilities expressed in foreign currencies are translated to Euro using the closing exchange rates as of that date (Note 2.2.e)).

Exchange gains or losses, arising from differences between exchange rates effective at the date of transaction and those prevailing at the date of collection, payment or at the reporting date, are recorded as income or expenses in the statement of profit or loss

2.17. Current/non-current classification on the statement of financial position

Assets and liabilities due in more than one year from the reporting date are classified as non-current assets and liabilities, respectively.

2.18. Contingent assets and liabilities

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed in the notes unless the possibility of an outflow of resources incorporating economic benefits is remote.

A contingent asset is not recognised in the consolidated financial statements but disclosed in the notes when an inflow of economic benefits is probable.

2.19. Risk management policies

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department of the Group Sonae Sierra, under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk.

a) Foreign exchange risk

The main operating activity of each company is developed inside its country and consequently much of the company transactions are maintained in the same currency of its country. The policy to cover this specific risk is to avoid, whenever possible, the contracting of services in foreign currency.

As the operational activity of the Company is maintained in Euros, the Company policy is to obtain its borrowings also in Euros, in order to eliminate the foreign currency risk.

b) Credit risk

The group's credit risk results essentially from the credit risk of the tenants of the shopping centres managed by the Group. The control of this risk is made by an evaluation of the credit of the tenants before their acceptance in the shopping centre as well as a control over the credit limits attributed to each tenant.

c) Liquidity risk

The needs of treasury are managed by the financial department of the Sonae Sierra Group, which monitors the surplus and deficits of liquidity of each one of the companies included in the consolidation. The occasional needs for liquidity are covered by an adequate control of the accounts receivables and by the maintenance of adequate limits of credit arranged by the Group with its banks.

d) Interest rate risk

The Group's income and operating cashflows are influenced by changes in market interest rates, since its cash and cash equivalents and intragroup financing granted are dependent on the evolution of the interest rates in Euro which, historically, have had little volatility.

On long-term financing, and as a way to mitigate the changes in the long-term interest rates, the Group contracts cash flow hedge instruments ("swaps", "zero cost collars" or "caps"). Additionally, the Group also chose to fix the interest rate of some financings.

Interest rate sensitivity analysis:

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments in place during the reporting period. For floating rate assets and liabilities, the analysis is prepared based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of floating rate interest financial instruments and, in the case of fixed rates that were contracted during the period of analysis, changes in the interest rates also affect this component;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk, as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in market interest rates affect the fair value of derivatives designated as hedging instruments;
- The fair value of derivative financial instruments ("swaps", "zero cost collars" or "caps") and other financial assets and liabilities is estimated by discounting the future cash flows to their net present values, using appropriate market rates prevailing at yearend and assuming a parallel shift in yield curves;
- For the purposes of this sensitivity analysis, such analysis is performed based on all financial instruments outstanding at the end of the relevant year.

Sensitivity analyses are performed by changing one variable while holding all other variables constant. Nonetheless, this is a restrictive and highly unlikely assumption, since variables tend to be correlated.

If interest rates had been 75 basis points higher and all other variables were held constant, assumptions unlikely to occur due to interest rates correlation with other variables, the impact in the Group net profit and equity would be the following:

	2018	2017
	+75 b.p.	+75 b.p.
Net Profit (1)	(1,236)	(781)
Reserves (2)	33	79

(1) This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings;
(2) This is mainly a result of the changes in the fair value of derivatives entered as cash flow hedges that are efficient.

As of 31 December 2018 and 2017, the interest rate sensitive analysis if the interest rates had been 25 basis points lower was not done because Euribor in 2018 and 2017 was close to 0.25%.

In management's opinion, the sensitivity analysis is representative of the inherent interest rate risk of the year and expenses may not reflect the exposures during the year, due to any repayments made.

2.20. Financial instruments by category

The financial instruments according to the policies described in Note 2.7. were classified as follows:

Financial Assets

	Financial assets at amortised cost	Assets at fair value through other comprehensive income (Note 18)	Total
As of 31 December 2018			
Non current assets			
Derivative financial instruments		492	492
Shareholders	54,487		54,487
Other non-current assets	3,527		3,527
	58,014	**492**	**58,506**
Current assets			
Trade receivables	15,034		15,034
Shareholders	11,103		11,103
Other receivables	8,959		8,959
Cash and cash equivalents	312,665		312,665
	347,761	**-**	**347,761**
	405,775	**492**	**406,267**
As of 31 December 2017			
Non current assets			
Derivative financial instruments		1,319	1,319
Shareholders	130,604		130,604
Other non-current assets	3,288		3,288
	133,892	**1,319**	**135,211**
Current assets			
Trade receivables	22,354		22,354
Shareholders	5,680		5,680
Other receivables	53,756		53,756
Cash and cash equivalents	68,145		68,145
	149,935	**-**	**149,935**
	283,827	**1,319**	**285,146**

Financial Liabilities

	Carrying amount			Fair Value
	Liabilities at fair value through other comprehensive income (Note 18)	Liabilities at amortised cost	Total	Level 2
As of 31 December 2018				
Non current liabilities:				
Bank loans	-	342,448	342,448	347,872
Debentures loans	-	99,181	99,181	99,924
Finance Lease creditors	-	9	9	
Shareholders	-	3,792	3,792	
Trade payables	-	452	452	
Other non-current liabilities	-	21,234	21,234	
	-	**467,116**	**467,116**	
Current liabilities:				
Current portion of long term bank loans	-	44,395	44,395	45,963
Finance Lease creditors	-	5	5	
Shareholders	-	3,764	3,764	
Accounts payable to suppliers	-	9,839	9,839	
Other payables	-	24,708	24,708	
	-	**82,711**	**82,711**	
	-	**549,827**	**549,827**	
As of 31 December 2017				
Non current liabilities:				
Bank loans	-	198,186	198,186	212,692
Derivative financial instruments	203	-	203	
Shareholders	-	3,757	3,757	
Trade payables	-	22	22	
Other non-current liabilities	-	6,193	6,193	
	203	**208,158**	**208,361**	
Current liabilities:				
Current portion of long term bank loans	-	71,763	71,763	76,659
Short term bank loans	-	25,000	25,000	
Debentures loans	-	74,850	74,850	75,148
Shareholders	-	3,764	3,764	
Accounts payable to suppliers	-	5,868	5,868	
Other payables	-	8,808	8,808	
	-	**190,053**	**190,053**	
	203	**398,211**	**398,414**	

2.21. Judgments and estimates

In the preparation of the accompanying consolidated financial statements estimates were used which affected the assets and liabilities and the amounts recognised as income and expenses during the reporting period.

The estimates were calculated using the best information available, at the date of approval of the financial statements, of the events and transactions in course and of the experience from current and/or past events. However, events may occur in subsequent periods that were not anticipated as of the date of these statements and, consequently were not included in those estimates. Changes in the estimates after the closing of the consolidated financial statements will be booked in the subsequent year, as required in IAS 8.

The principal estimates of the Group relates to fair value, namely the fair value of the investment properties, the goodwill, the derivatives and deferred tax assets, as follows:

a) Investment properties

The investment properties in operation are recorded at their fair value based on annual appraisals by independent specialised entities. Those valuations assume several assumptions, including the estimate of future income and expense of each property and the use of an appropriate discount rate.

The investment properties under development measured at cost, the Group follows the procedure of, on an annual basis, evaluating their performance through assessments carried out by independent specialized agencies and/or testing carried out internally, in which the net cash flows expected of those properties are considered.

b) Derivative financial instruments

The derivative financial instruments are usually used by the Group to hedge the cash flow in the form of swaps ("interest rate swap") or zero cost collars. The fair value of those derivatives is, at each reporting date, calculated by external entities (usually the financial institution with which the derivative was contracted). The fair value calculated by them is internally tested in order to validate the calculation performed by the third parties.

c) Goodwill

The impairment tests on Goodwill are based on the "Net Asset Value" ("NAV") at the reporting date of the financial investment.

d) Deferred tax assets

The deferred tax assets are recognised only if it is expected that future fiscal profits will be enough to use the deferred tax assets. At each reporting date, the deferred tax assets are assessed and they are reduced if future recoverability is not anticipated. This revision is based on projections of the future activity of each company where it is applicable.

e) Other assets and liabilities

Concerning the other assets and liabilities, such as VAT to be reimbursed by tax authorities and the legal and fiscal processes that are reflected in the financial statements of the companies, the Legal and Fiscal departments are consulted by the Board to assess the probability of receiving and/or paying such amounts. With that information, the Board will estimate which adjustments will be made in the financial statements.

The main assumptions used in the Group estimates are disclosed in each related note.

2.22. Operating segments

Operating segments are reported in accordance with the information used internally by the management of the Group.

2.23. Subsequent events

Events occurred after the reporting date that provide additional information about conditions that existed at the reporting date (adjusting events) are reflected in the financial statements. Events occurred after the reporting date that provide information on conditions that occur after the reporting date (non-adjusting events) are disclosed in the consolidated financial statements, if materially significant.

3. SUBSIDIARIES

The subsidiaries of the Group, their head offices, and the percentage of interests held by the Group as of 31 December 2018 and 2017, are as follows:

	Company	Head office	Ownership interests and voting rights held 31.12.18	Ownership interests and voting rights held 31.12.17
	Parent company			
	Sonae Sierra, SGPS, S.A.	Maia (Portugal)	-	-
	Subsidiaries			
	Investment			
1)	ALEXA Holding GmbH	Dusseldorf (Germany)	-	100.00%
1)	ALEXA Shopping Centre GmbH	Dusseldorf (Germany)	-	100.00%
	Axnae Spain Holdings, S.L.	Madrid (Spain)	100.00%	100.00%
	Cascaishopping-Centro Comercial, S.A.	Maia (Portugal)	57.24%	57.24%
	Coimbrashopping- Centro Comercial, S.A.	Maia (Portugal)	50.10%	50.10%
	Dos Mares - Shopping Centre B.V.	Amsterdam (Netherlands)	50.10%	50.10%
	Dos Mares-Shopping Centre, S.A.	Madrid (Spain)	50.10%	50.10%
	Gli Orsi Shopping Centre 1 Srl	Milan (Italy)	100.00%	100.00%
	Iberian Holdings Spain, S.L.	Madrid (Spain)	100.00%	100.00%
	Land Retail B.V.	Amsterdam (Netherlands)	57.24%	57.24%
2)	Luz del Tajo B.V.	Amsterdam (Netherlands)	-	50.10%
5)	Parklake Shopping, S.A.	Bucharest (Romania)	100.00%	-
5)	Parklake Business Centre Srl	Bucharest (Romania)	100.00%	-
5)	Plenerg Srl	Bucharest (Romania)	100.00%	-
	Paracentro - Gestão de Galerias Comerciais, S.A.	Maia (Portugal)	100.00%	100.00%
	Plaza Eboli – Centro Comercial S.A.	Madrid (Spain)	100.00%	100.00%
	Plaza Mayor Parque de Ócio B.V.	Amsterdam (Netherlands)	50.10%	50.10%
	Plaza Mayor Parque de Ocio, S.A.	Madrid (Spain)	50.10%	50.10%
3)	Plaza Mayor Shopping B.V.	Amsterdam (Netherlands)	-	50.10%
	Plaza Mayor Shopping, S.A.	Madrid (Spain)	50.10%	50.10%
	River Plaza B.V.	Amsterdam (Netherlands)	100.00%	100.00%
6)	River Plaza Mall, Srl	Bucharest (Romania)	-	100.00%
	Shopping Centre Parque Principado B.V.	Amsterdam (Netherlands)	50.10%	50.10%
	Sierra Berlin Holding B.V.	Amsterdam (Netherlands)	100.00%	100.00%
2)	Sierra Core Assets Holdings, B.V.	Amsterdam (Netherlands)	-	50.10%
	Sierra European Retail Real Estate Assets Holdings B.V.	Amsterdam (Netherlands)	50.10%	50.10%
	Sierra GP Limited	Guernsey	100.00%	100.00%
	Sierra Investments (Holland) 1 B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Sierra Investments (Holland) 2 B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Sierra Investments Holdings B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Sierra Investments SGPS, S.A.	Maia (Portugal)	100.00%	100.00%
	Sierra Parma Project BV	Amsterdam (Netherlands)	100.00%	100.00%
	Sierra Retail Ventures BV	Amsterdam (Netherlands)	50.10%	50.10%
	Sierra Solingen Holding GmbH	Dusseldorf (Germany)	100.00%	100.00%
	Sierra Spain Malaga Holdings, S.L.	Madrid (Spain)	50.10%	50.10%
	SPF - Sierra Portugal	Luxembourg	100.00%	100.00%
	Services			
	Sierra Germany GmbH	Dusseldorf (Germany)	100.00%	100.00%
	Sierra Italy Srl	Milan (Italy)	100.00%	100.00%
	Sierra Management, SGPS, S.A.	Maia (Portugal)	100.00%	100.00%
	Sierra Maroc Services SARL	Casablanca (Morocco)	100.00%	100.00%
	Sierra Portugal, S.A.	Lisbon (Portugal)	100.00%	100.00%
	Sierra Romania Shopping Centers Services, SRL	Bucharest (Romania)	100.00%	100.00%
	Sierra Spain, Shopping Centers Services, S.A.	Madrid (Spain)	100.00%	100.00%
	Sierra Services Holland B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Sierra Turkey Gayrimenkul Yönetim Pazarlama ve Danışmanlık A.Ş.	Istanbul (Turkey)	100.00%	100.00%
	Developments			
	ARP Alverca Retail Park, S.A.	Maia (Portugal)	100.00%	100.00%
	CCCB Caldas da Rainha - Centro Comercial, S.A.	Maia (Portugal)	100.00%	100.00%
	Ioannina Development of Shopping Centres, S.A.	Athens (Greece)	100.00%	100.00%
	Parque de Famalicão - Empreendimentos Imobiliários, S.A.	Maia (Portugal)	100.00%	100.00%
	Project Sierra 2 B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Project Sierra 10 B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Project Sierra 11 B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Project Sierra 12 B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Project Sierra Four, Srl	Bucharest (Romania)	100.00%	100.00%
	Project Sierra Germany 4 (four) - Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	100.00%
	Project Sierra Spain 1 B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Project Sierra Spain 2- Centro Comercial S.A.	Madrid (Spain)	100.00%	100.00%
	Project Sierra Cúcuta B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Microcom Doi, Srl	Bucharest (Romania)	100.00%	100.00%
4)	Sierra Greece, S.A.	Athens (Greece)	-	100.00%
	Sierra Developments Holding B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Sierra Developments, SGPS, S.A.	Maia (Portugal)	100.00%	100.00%
	Sierra Maroc, SARL	Casablanca (Morocco)	100.00%	100.00%
	Sierra Project Nürnberg B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Sierra Real Estate Greece B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Sierra Zenata Project B.V.	Amsterdam (Netherlands)	100.00%	100.00%
	Weiterstadt Shopping B.V.	Amsterdam (Netherlands)	100.00%	100.00%

1) Company ALEXA Shopping Centre GmbH merged into ALEXA Holding GmbH with effects since 1 January 2018, being afterwards merged into Sierra Berlin Holding B.V. at 30 September 2018.
2) Companies liquidated in 2018.
3) Company merged into Plaza Mayor Parque de Ócio B.V. with effects since 1 January 2018.
4) Company merged into Ioannina Development of Shopping Centres, S.A. with effects since 1 January 2018.
5) In September 2018, the Group acquired 50% of these Companies (Note 6).
6) Company scoped out from consolidation in December 2018, since the Group lost control of the company, due to the agreement made with the financing entity.

These subsidiaries were included in the consolidation by the full consolidation method, as explained in Note 2.2.a)

4. JOINT VENTURES

The joint ventures of the Group, their head offices, and the percentage of interests held by the Group as of 31 December 2018 and 2017, are as follows:

			Ownership interests and voting rights held	
	Company	Head office	31.12.18	31.12.17
	Investment			
	Companies owned by Sierra BV			
	Arrábidashopping- Centro Comercial, S.A.	Maia (Portugal)	25.05%	25.05%
	Centro Colombo- Centro Comercial, S.A.	Maia (Portugal)	25.05%	25.05%
	Centro Vasco da Gama - Centro Comercial, S.A.	Maia (Portugal)	25.05%	25.05%
	DOC Malaga Holdings S.L.	Madrid (Spain)	25.05%	25.05%
	DOC Malaga SITECO, S.L.U.	Madrid (Spain)	25.05%	25.05%
	Gaiashopping I- Centro Comercial, S.A.	Maia (Portugal)	25.05%	25.05%
	Gaiashopping II- Centro Comercial, S.A.	Maia (Portugal)	25.05%	25.05%
	Harvey Dos Iberica, S.L.	Madrid (Spain)	25.05%	25.05%
1)	Iberian Assets, S.A.	Madrid (Spain)	-	25.05%
2)	Jamunder, S.L.	Madrid (Spain)	25.05%	-
	Madeirashopping- Centro Comercial, S.A.	Funchal (Portugal)	25.05%	25.05%
	Norte Shopping Retail and Leisure Centre B.V.	Amsterdam (Netherlands)	25.05%	25.05%
	Norteshopping- Centro Comercial, S.A.	Maia (Portugal)	25.05%	25.05%
	Parque Atlântico Shopping - Centro Comercial, S.A.	Ponta Delgada (Portugal)	25.05%	25.05%
	Shopping Centre Colombo Holding B.V.	Amsterdam (Netherlands)	25.05%	25.05%
	VdG Holding BV	Amsterdam (Netherlands)	25.05%	25.05%
	Via Catarina- Centro Comercial, S.A.	Maia (Portugal)	25.05%	25.05%
	Other investment companies			
6)	Freccia Rossa- Shopping Centre Srl	Milan (Italy)	-	50.00%
	Larissa Development of Shopping Centres, S.A.	Athens (Greece)	50.00%	50.00%
	Pantheon Plaza B.V.	Amsterdam (Netherlands)	50.00%	50.00%
3)	Parklake Shopping S.A.	Bucharest (Romania)	-	50.00%
3)	Plenerg Srl	Bucharest (Romania)	-	50.00%
	Solingen Shopping Centre GmbH	Dusseldorf (Germany)	50.00%	50.00%
	Developments			
	Aegean Park Constructions Real Estate and Development, S.A.	Athens (Greece)	50.00%	50.00%
	Park Avenue Developement of Shopping Centers S.A.	Athens (Greece)	50.00%	50.00%
	Proyecto Cúcuta S.A.S.	Santiago de Cali (Colombia)	50.00%	50.00%
	SC Aegean B.V.	Amsterdam (Netherlands)	50.00%	50.00%
	Sierra Central S.A.S.	Santiago de Cali (Colombia)	50.00%	50.00%
	Brazil			
	Fundo Investimento Imobiliário Parque Dom Pedro Shopping Center	Rio de Janeiro (Brazil)	20.68%	20.68%
	Fundo Investimento Imobiliário Shop. Parque Dom Pedro	Rio de Janeiro (Brazil)	31.56%	31.56%
	Parque D. Pedro 1 B.V. Sarl	Luxembourg	50.00%	50.00%
4)	Parque D. Pedro 2, Sarl	Luxembourg	50.00%	-
	Pátio Boavista Shopping, Ltda.	São Paulo (Brazil)	33.32%	33.32%
5)	Pátio Goiânia Shopping, Ltda.	São Paulo (Brazil)	-	33.32%
	Pátio Londrina Empreendimentos e Participações, Ltda.	São Paulo (Brazil)	33.32%	33.32%
	Pátio São Bernardo Shopping Ltda	São Paulo (Brazil)	33.32%	33.32%
	Pátio Sertório Shopping Ltda	Manaus (Brazil)	33.32%	33.32%
	Pátio Uberlândia Shopping Ltda	São Paulo (Brazil)	33.32%	33.32%
	Sierra Brazil 1 B.V.	Amsterdam (Netherlands)	50.00%	50.00%
	Sierra Investimentos Brasil Ltda	São Paulo (Brazil)	33.32%	33.32%
	Sonae Sierra Brasil, S.A.	São Paulo (Brazil)	33.32%	33.32%
	Sonae Sierra Brazil B.V. Sarl	Luxembourg	50.00%	50.00%
	Unishopping Consultoria Imobiliária Lda	São Paulo (Brazil)	33.32%	33.32%

1) In December 2018, the Group sold 37.5% of the share capital of the Company retaining a minority interest of 12.5% (Note 5).
2) Company acquired during 2018.
3) In September 2018, the Group acquired 50% of these Companies (Note 3)
4) Company incorporated in 2018.
5) Company merged into Sierra Investimentos Brasil Ltda in April 2018.
6) Company scoped out from consolidation since the Group lost control of the company.

The details of joint ventures of the Group as of 31 December 2018 and 2017 is as follows:

		31 December 2018						
		Equity	Net Profit	% own (*)	Carrying Amount	Proportion in P/L	Adjusted net profit (**)	Dividends received
	Investment							
	Companies owned by Sierra BV							
	Arrábidashopping- Centro Comercial, S.A.	60,786	5,454	50.00%	30,393	2,727	2,354	2,073
1)	Gaiashopping I- Centro Comercial, S.A.	70,019	5,144	50.00%	35,009	2,572	2,604	2,250
	Harvey Dos Iberica, S.L.	8,790	243	50.00%	4,395	121	122	-
10)	Iberian Assets, S.A	-	14,582	50.00%	-	7,291	6,925	-
	Madeirashopping- Centro Comercial, S.A.	30,256	(5,844)	50.00%	15,128	(2,922)	1,494	1,047
2)	Norte Shopping Retail and Leisure Centre B.V.	322,445	30,457	50.00%	161,223	15,229	7,568	-
	Parque Atlântico Shopping - Centro Comercial, S.A.	35,341	3,253	50.00%	17,670	1,626	1,295	3,750
3)	Shopping Centre Colombo Holding B.V.	510,729	54,469	50.00%	255,363	27,234	15,057	20,000
4)	VdG Holding BV	224,288	31,708	50.00%	112,144	15,854	6,686	8,275
	Via Catarina- Centro Comercial, S.A.	17,549	3,404	50.00%	8,775	1,702	752	-
5)	DOC Malaga Holdings S.L	7,182	(47)	50.00%	3,591	(24)	(24)	-
	Other investment companies							
	Freccia Rossa- Shopping Centre Srl	-	(12,029)	50.00%	-	(898)	837	-
6)	Pantheon Plaza B.V.	20,527	20,031	50.00%	10,264	10,016	(217)	-
9) 11)	Parklake Shopping Srl	-	4,650	50.00%	-	2,325	527	-
11)	Plenerg SRL	-	123	50.00%	-	62	62	-
	Solingen Shopping Centre GmbH	(8,315)	(4,364)	50.00%	(4,157)	(2,182)	554	-
	Developments							
	Park Avenue Development of Shopping Centres S.A.	(927)	(111)	50.00%	(464)	(56)	(56)	-
7)	SC Aegean B.V.	9,853	(200)	50.00%	4,926	(100)	(100)	-
	Proyecto Cúcuta S.A.S.	16,689	(692)	50.00%	8,344	(346)	(346)	-
	Goodwill Cúcuta							
	Pud Srl	10,226	(14)	50.00%	5,113	(7)	(7)	-
	Goodwill Pud				875			
	Sierra Central S.A.S.	114	(569)	50.00%	57	(285)	(285)	-
	Goodwill Sierra Central					(312)		
	Brazil							
8)	Sonae Sierra Brazil B.V. Sarl	482,357	(5,179)	50.00%	241,179	(2,589)	17,705	5,680
					909,828	**77,038**	**63,505**	**43,075**

		31 December 2017						
		Equity	Net Profit	% own (*)	Carrying Amount	Proportion in P/L	Adjusted net profit (**)	Dividends received
	Investment							
	Companies owned by Sierra BV							
	Arrábidashopping- Centro Comercial, S.A.	59,478	13,925	50.00%	29,739	6,963	2,609	3,500
1)	Gaiashopping I- Centro Comercial, S.A.	69,374	16,282	50.00%	34,687	8,141	2,566	3,766
	Harvey Dos Iberica, S.L.	8,548	181	50.00%	4,274	90	90	-
	Iberian Assets, S.A	272,527	28,479	50.00%	136,264	14,184	7,183	-
	Goodwill Iberian				6,471			-
	Madeirashopping- Centro Comercial, S.A.	38,193	8,662	50.00%	19,097	4,331	1,287	1,910
2)	Norte Shopping Retail and Leisure Centre B.V.	291,988	37,011	50.00%	145,994	18,505	7,318	9,300
	Parque Atlântico Shopping - Centro Comercial, S.A.	39,588	6,451	50.00%	19,794	3,226	1,264	1,500
3)	Shopping Centre Colombo Holding B.V.	497,991	82,936	50.00%	248,993	41,468	15,757	10,000
4)	VdG Holding BV	209,130	27,778	50.00%	104,565	13,889	6,514	5,750
	Via Catarina- Centro Comercial, S.A.	14,145	6,040	50.00%	7,073	3,020	612	-
5)	DOC Malaga Holdings S.L	7,230	(248)	50.00%	3,615	(124)	(124)	-
	Other investment companies							-
	Colombo Towers Holding, B.V.	-	(19)	50.00%	-	(9)	(9)	1,175
	Freccia Rossa- Shopping Centre Srl	(36,650)	(40,269)	50.00%	(18,325)	(20,134)	1,760	-
6)	Pantheon Plaza B.V.	417	(707)	50.00%	208	(354)	(354)	-
	Parklake Shopping S.A.	60,284	(6,595)	50.00%	30,142	(3,297)	922	-
	Plenerg Srl	46	85	50.00%	23	42	42	-
	Solingen Shopping Centre GmbH	(3,951)	(2,296)	50.00%	(1,975)	(1,148)	804	-
	Developments							-
	Park Avenue Development of Shopping Centres S.A.	(816)	(80)	50.00%	(408)	(40)	(40)	-
7)	SC Aegean B.V.	9,993	(146)	50.00%	4,996	(73)	(73)	-
	Proyecto Cúcuta S.A.S.	17,975	(954)	50.00%	8,987	(477)	(195)	-
	Goodwill Cúcuta					(229)		-
	Sierra Central S.A.S.	74	(564)	50.00%	37	(282)	(282)	-
	Goodwill Sierra Central					(280)		-
	Brazil							-
8)	Sonae Sierra Brazil B.V. Sarl	559,375	39,641	50.00%	279,687	19,820	22,383	7,153
					1,063,938	**107,232**	**70,032**	**44,054**

(*) The ownership interests are identical to voting rights.
(**) This adjusted net profit is calculated by deducting to the net profit the variation of the fair value of the investment properties net of the respective deferred taxes.

1) Amounts related to the consolidated accounts of Gaiashopping I- Centro Comercial, S.A. that owns 100% of Gaiashopping II- Centro Comercial, S.A..
2) Amounts related to the consolidated accounts of Norte Shopping Retail and Leisure Centre B.V. that owns 100% of Norteshopping- Centro Comercial, S.A..
3) Amounts related to the consolidated accounts of Shopping Centre Colombo Holding B.V. that owns 100% of Centro Colombo- Centro Comercial, S.A..
4) Amounts related to the consolidated accounts of Sierra VdG Holding B.V. that owns 100% of Centro Vasco da Gama - Centro Comercial, S.A..
5) Amounts related to the consolidated accounts of DOC Malaga Holdings S.L. that owns 100% of DOC Malaga SITECO, S.L.U and Jamunder, S.L. (company acquired in 2018).
6) Amounts related to the consolidated accounts of Pantheon Plaza B.V. that owns 100% of Larissa Development of Shopping Centres, S.A..
7) Amounts related to the consolidated accounts of SC Aeean BV that owns 100% of Aegean Park Constructions Real Estate and Development, S.A..
8) Amounts related to the consolidated accounts of Sonae Sierra Brasil B.V. Sarl. This company owns the following investments:

		Percentage of interests and voting rights held	
		31.12.18	31.12.17
	Fundo Investimento Imobiliário Parque Dom Pedro Shopping Center	41.36%	41.36%
	Fundo Investimento Imobiliário Shop. Parque Dom Pedro	63.12%	63.12%
	Parque D. Pedro 1 B.V. Sarl	100.00%	-
12)	Parque D. Pedro 2, Sarl	100.00%	100.00%
	Pátio Boavista Shopping, Ltda.	66.65%	66.65%
13)	Pátio Goiânia Shopping, Ltda.	-	66.65%
	Pátio Londrina Empreendimentos e Participações, Ltda.	66.65%	66.65%
	Pátio São Bernardo Shopping Ltda	66.65%	66.65%
	Pátio Sertório Shopping Ltda	66.65%	66.65%
	Pátio Uberlândia Shopping Ltda	66.65%	66.65%
	Sierra Brazil 1 B.V.	100.00%	100.00%
	Sierra Investimentos Brasil Ltda	66.65%	66.65%
	Sonae Sierra Brasil, S.A.	66.65%	66.65%
	Unishopping Consultoria Imobiliária Lda	66.63%	66.63%

9) Amounts related to the consolidated accounts of Parklake Shopping Srl that owns 100% of Parklake Business Centre Srl (company incorporated in 2018).
10) In December 2018 the Group sold 37.5% of the share capital of the Company retaining a minority interest of 12.5%.
11) In September 2018 the Group acquired 50% of these Companies.
12) Company incorporated in 2018.
13) Company merged into Sierra Investimentos Brasil Ltda in April 2018.

As mentioned in Note 2.2.b), joint ventures are measured by using the equity method.

During the years ended 31 December 2018 and 2017, the movement of investments in joint ventures was as follows:

	2018					2017				
	Investment					Investment				
	Companies owned by Sierra BV	Other investment companies	Developments	Brazil	Total	Companies owned by Sierra BV	Other investment companies	Developments	Brazil	Total
Opening balance	760,566	10,073	13,612	279,687	1,063,938	680,790	31,686	12,879	310,662	1,036,017
Iberian Assets:										
- sale of 50%	(150,068)	-	-	-	(150,068)	-	-	-	-	-
Acquisition of Parma	-	-	-	-	-	-	-	-	-	-
- Equity at acquisition date (Note 36)	-	-	5,742	-	5,742	-	-	-	-	-
- Goodwill (Note 36)	-	-	875	-	875	-	-	-	-	-
Parklake and Plenerg - transfer to subsidiaries (Note 6)	-	(32,552)	-	-	(32,552)	-	-	-	-	-
"Iberian - percentage change effect (acquisition of non-controlling interests)"	-	-	-	-	-	72	-	-	-	72
Scoped-out from consolidation	-	7,229	-	-	7,229	0	-	-	-	-
Capital decrease	-	-	-	-	-	(1,225)	(40)	-	-	(1,265)
Capital increase	-	12,034	661	-	12,695	3,190	4,546	3,390	-	11,126
Liquidation effect	-	-	-	-	-	-	(45)	-	-	(45)
Effect of the application of the equity method:										
Hedging reserve (hedge accounting)	(822)	-	(622)	-	(1,444)	(227)	-	-	-	(227)
Translation reserve	-	-	(311)	(30,239)	(30,550)	0	-	(1,276)	(43,642)	(44,918)
Net profit (Note 37)	71,410	9,323	(1,106)	(2,589)	77,038	113,693	(24,900)	(1,381)	19,820	107,232
Dividends	(37,395)	-	-	(5,680)	(43,075)	(35,726)	(1,175)	-	(7,153)	(44,054)
	643,691	**6,107**	**18,851**	**241,179**	**909,828**	**760,566**	**10,073**	**13,612**	**279,687**	**1,063,938**

The main acquisitions and sales of companies occurred during the year ended 31 December 2018 were as follows:

Transactions in 2018:

In September 2018, the subsidiaries Project Sierra 10, B.V. ("ProjBV10") and Project Sierra 11, B.V. ("ProjBV11"), acquired the remaining share capital of the joint ventures Parklake Shopping S.A. ("Parklake") (which owns 100% of the share capital of Parklake Business Centre SRL ("Parklake Business") and Plenerg SRL ("Plenerg") for kEuro 39,604. Since 1 October 2018, these companies are considered as subsidiaries (Note 6).

In December 2018, the subsidiary Iberian Holdings Spain, S.L. sold the entire share capital (50%) of the joint venture Iberian Assets, S.A.("Iberian") for kEuro 164,250 to the associate Trivium Real Estate Socimi, S.A. ("Trivium"). This transaction generated a net gain of kEuro 13,090 (net of expenses incurred in this transaction of kEuro 1,093) (Note 36). Since this date, Iberian is considered as associate (Note 5).

As of 31 December 2018 and 2017 the summarised financial information (adjusted when applicable to comply with the Group accounting policies mentioned in Note 2) of the Group's joint ventures, is as follows:

	31 December 2018				
	Investment				
	Companies owned by Sierra BV	Other investment companies	Developments	Brazil	Total
Investment properties	2,697,299	123,860	129,028	1,131,682	4,081,869
Other non-current assets	1,956	2,054	505	23,181	27,696
Total non-current assets	**2,699,255**	**125,914**	**129,533**	**1,154,863**	**4,109,565**
Other current assets	21,714	2,327	4,705	38,739	67,485
Cash and cash equivalents	107,307	4,445	5,097	63,972	180,821
Total current assets	**129,021**	**6,772**	**9,802**	**102,711**	**248,306**
Non current bank loans and other facilities	845,671	6,441	47,839	149,007	1,048,958
Other non-current liabilities	645,464	30,238	31,900	263,094	970,696
Total non-current liabilities	**1,491,135**	**36,679**	**79,739**	**412,101**	**2,019,654**
Current bank loans and other facilities	104	70,435	-	4,902	75,441
Other current liabilities	49,650	13,359	23,643	28,123	114,775
Total current liabilities	**49,754**	**83,794**	**23,643**	**33,025**	**190,216**
Equity	**1,287,387**	**12,213**	**35,953**	**812,448**	**2,148,001**
Non-controlling interests	-	-	-	330,090	330,090
Equity attributable to the equity holders of the parent company	1,287,387	12,213	35,953	482,358	1,817,911

	31 December 2017				
	Investment				
	Companies owned by Sierra BV	Other investment companies	Developments	Brazil	Total
Investment properties	3,030,460	419,346	31,865	1,180,028	4,661,699
Other non-current assets	5,271	3,951	35	35,348	44,605
Total non-current assets	**3,035,731**	**423,297**	**31,900**	**1,215,376**	**4,706,304**
Other current assets	24,301	17,667	263	32,082	74,313
Cash and cash equivalents	121,768	20,002	295	114,248	256,313
Total current assets	**146,069**	**37,669**	**558**	**146,330**	**330,626**
Non current bank loans and other facilities	878,737	144,423	-	195,066	1,218,226
Other non-current liabilities	703,463	165,371	1,371	219,682	1,089,887
Total non-current liabilities	**1,582,200**	**309,794**	**1,371**	**414,748**	**2,308,113**
Current bank loans and other facilities	42,072	82,340	-	17,930	142,342
Other current liabilities	49,336	48,686	3,861	26,523	128,406
Total current liabilities	**91,408**	**131,026**	**3,861**	**44,453**	**270,748**
Equity	**1,508,192**	**20,146**	**27,226**	**902,505**	**2,458,069**
Non-controlling interests	-	-	-	343,130	343,130
Equity attributable to the equity holders of the parent company	1,508,192	20,146	27,226	559,375	2,114,939

	2018				
	Investment				
	Companies owned by Sierra BV	Other investment companies	Developments	Brazil	Total
Services rendered	220,831	34,253	30	98,184	353,298
Variation in fair value of the investment properties	77,100	4,891	-	67,573	149,564
Other revenue	1,606	1,099	(27)	525	3,202
External supplies and services	(79,401)	(17,766)	(267)	(20,103)	(117,537)
Depreciation and amortisation	(15)	(15)	(12)	(452)	(494)
Other expenses	(4,295)	(5,645)	(511)	(18,923)	(29,373)
Interest income and similar	1,134	128	9	5,367	6,639
Interest expense and similar	(25,736)	(8,398)	(795)	(17,163)	(52,091)
Share of results of associates	-	-	-	1,552	1,552
Income tax	(48,402)	(137)	(12)	(87,877)	(136,429)
Net profit / (loss)	**142,821**	**8,411**	**(1,586)**	**28,684**	**178,330**
Attributable to:					
Equity holders of parent company	142,821	8,411	(1,586)	(5,179)	144,468
Non-controlling interests	-	-	-	33,863	33,863
	142,821	8,411	(1,586)	28,684	178,330
Other comprehensive income for the period	(1,646)	-	(6)	(111,411)	(113,063)
Total comprehensive income for the period	**141,175**	**8,411**	**(1,591)**	**(82,727)**	**65,267**
Attributable to:					
Equity holders of parent company	141,175	8,411	(1,591)	(65,658)	82,336
Non-controlling interests	-	-	-	(17,069)	(17,069)
	141,175	**8,411**	**(1,591)**	**(82,727)**	**65,267**

	2017				
	Investment				
	Companies owned by Sierra BV	Other investment companies	Developments	Brazil	Total
Services rendered	198,861	40,897	-	110,548	350,306
Variation in fair value of the investment properties	190,628	(55,833)	-	37,220	172,015
Other revenue	1,976	1,736	181	471	4,364
External supplies and services	(62,349)	(19,107)	(293)	(23,517)	(105,266)
Depreciation and amortisation	(15)	(3)	(13)	(639)	(670)
Other expenses	(2,725)	(6,206)	(589)	(22,210)	(31,730)
Interest income and similar	603	51	14	9,813	10,481
Interest expense and similar	(21,916)	(10,716)	(150)	(26,183)	(58,965)
Share of results of associates	-	-	-	1,510	1,510
Income tax	(77,566)	(620)	(894)	(19,637)	(98,717)
Net profit / (loss)	**227,497**	**(49,801)**	**(1,744)**	**67,376**	**243,328**
Attributable to:					
Equity holders of parent company	227,497	(49,801)	(1,744)	39,641	215,593
Non-controlling interests	-	-	-	27,735	27,735
	227,497	**(49,801)**	**(1,744)**	**67,376**	**243,328**
Other comprehensive income for the period	(453)	(71)	(12)	(140,845)	(141,381)
Total comprehensive income for the period	**227,044**	**(49,872)**	**(1,756)**	**(73,469)**	**101,947**
Attributable to:					
Equity holders of parent company	227,044	(49,872)	(1,756)	(47,645)	127,771
Non-controlling interests	-	-	-	(25,824)	(25,824)
	227,044	**(49,872)**	**(1,756)**	**(73,469)**	**101,947**

5. ASSOCIATES

The details of associates of the Group as of 31 December 2018 and 2017 is as follows:

		31 December 2018							
		Head office	Equity	Net profit / (loss)	% own (*)	Carrying amount	Proportion in P/L	Adjusted net profit (**)	Dividends received
	Investment								
1)	3shoppings - Holding, SGPS, S.A.	Maia (Portugal)	58,652	16,336	20.00%	11,730	3,267	888	
	ALEXA Asset GmbH & Co, KG	Dusseldorf (Germany)	428,998	41,410	9.00%	38,610	3,727	1,498	1,199
	Goodwill Alexa					519			
	Area Sur Shopping, S.L.	Madrid (Spain)	51,035	2,344	15.00%	7,655	352	393	11
	Le Terrazze - Shopping Centre 1 Srl	Milan (Italy)	76,925	6,780	10.00%	7,693	678	588	1,911
	Goodwill Le Terrazze					544			
	Loop5 Shopping Centre GmbH & Co KG	Dusseldorf (Germany)	115,820	(16,335)	9.00%	10,424	(1,470)	925	180
2)	Iberia Shop.C. Venture Coöperatief U.A. ("Iberia Coop")	Amsterdam (Netherlands)	229,658	10,220	10.00%	22,966	1,021	1,409	-
	Goodwill Iberia Coop					403			
3)	Sierra Portugal Real Estate ("SPF")	Luxembourg	185,129	23,442	22.50%	41,656	5,276	(3,361)	6,185
	Goodwill SPF					3,852			
4)	Olimpo Real Estate SOCIMI, S.A.	Madrid (Spain)	207,161	16,122	3.75%	7,769	605	411	130
	Serra Shopping- Centro Comercial, S.A.	Lisbon (Portugal)	20,265	3,805	5.00%	1,013	190	58	-
	Goodwill Serra Shopping						(6)		
5)	Trivium Real Estate Socimi, S.A.	Madrid (Spain)	255,168	14,273	12.50%	31,896	(39)	(39)	-
	Sonaegest - Soc. Gestora de Fundos de Investimento, S.A.	Maia (Portugal)	1,396	176	20.00%	278	35	35	34
	Services								
	Sierra Cevital Shopping Center, Spa	Algeria	78	-	49.00%	38	-	-	-
	Developments								
	Zenata Commercial Project	Morocco	17,883	(475)	11.00%	1,967	(52)	(52)	-
						189,013	**13,584**	**2,755**	**9,650**

		31 December 2017							
		Head office	Equity	Net profit / (loss)	% own (*)	Carrying amount	Proportion in P/L	Adjusted net profit (**)	Dividends received
	Investment								
1)	3shoppings - Holding, SGPS, S.A.	Maia (Portugal)	42,316	-	20.00%	8,463	-	-	
	ALEXA Asset GmbH & Co, KG	Dusseldorf (Germany)	453,550	34,591	9.00%	40,820	3,113	1,618	1,320
	Goodwill Alexa					519			
	Area Sur Shopping, S.L.	Madrid (Spain)	51,457	589	15.00%	7,718	88	208	
	Le Terrazze - Shopping Centre 1 Srl	Milan (Italy)	89,258	10,489	10.00%	8,926	1,049	509	98
	Goodwill Le Terrazze					544			
	Loop5 Shopping Centre GmbH & Co KG	Dusseldorf (Germany)	134,155	(10,968)	9.00%	12,074	(987)	712	900
2)	Iberia Shop.C. Venture Coöperatief U.A. ("Iberia Coop")	Amsterdam (Netherlands)	232,818	25,627	10.00%	23,283	2,563	1,276	-
	Goodwill Iberia Coop					403			
3)	Sierra Portugal Real Estate ("SPF")	Luxembourg	190,144	34,470	22.50%	42,783	7,756	3,536	3,375
	Goodwill SPF					3,852			
	Olimpo Real Estate SOCIMI, S.A. ("ORES")	Madrid (Spain)	195,956	1,212	3.75%	7,348	45	79	-
	Sonaegest - Soc. Gestora de Fundos de Investimento, S.A.	Maia (Portugal)	1,389	187	20.00%	277	37	37	56
	Services								
	Sierra Cevital Shopping Center, Spa	Algeria	76	48	49.00%	37	23	23	
	Expansion								
	Zenata Commercial Project	Morocco	17,996	201	11.00%	1,980	22	22	
						159,027	**13,709**	**8,019**	**5,749**

(*) The ownership interests are identical to voting rights.
(**) This adjusted net profit is calculated by deducting to the net profit the variation of the fair value of the investment properties net of the respective deferred taxes.

1) Amounts related to the consolidated accounts of 3shoppings-Holding, SGPS, S.A. that owns 100% of Guimarãeshopping-Centro Comercial, S.A. and Maiashopping-Centro Comercial, S.A..
2) Amounts related to the consolidated accounts of "Iberia Coop". This company owns the following investments:

		Percentage of interests and voting rights held	
	Head office	31.12.18	31.12.17
Albufeira RP (Luxembourg) 1, Sarl	Luxembourg	100%	100%
Albufeira RP (Luxembourg) 2, Sarl	Luxembourg	100%	100%
ALBRP Albufeira Retail Park, Lda	Maia (Portugal)	100%	100%
Algarveshopping- Centro Comercial, SA	Maia (Portugal)	100%	100%
Candotal Spain S.L.U	Madrid (Spain)	100%	100%
Estação Viana Centro Comercial, SA	Viana do Castelo (Portugal)	100%	100%
Imoconti - Sociedade Imobiliária, SA	Maia (Portugal)	100%	100%
Luz del Tajo Centro Comercial, SA	Madrid (Spain)	100%	100%
Project Guia, S.A.	Maia (Portugal)	100%	100%
Project Sierra 8 BV	Amsterdam (Netherlands)	100%	100%

3) Amounts related to the consolidated accounts of "SPF". This company owns the following investments:

		Percentage of interests and voting rights held	
	Head office	31.12.18	31.12.17
8a Avenida Centro Comercial, S..A.	Maia (Portugal)	100%	100%
ALBCC Albufeirashopping C.Comercial S.A.	Maia (Portugal)	100%	100%
Arrábidashopping- Centro Comercial, S.A.	Maia (Portugal)	50%	50%
Gaiashopping I- Centro Comercial, S.A.	Maia (Portugal)	50%	50%
Gaiashopping II- Centro Comercial, S.A.	Maia (Portugal)	50%	50%
LCC LeiriaShopping Centro Comercial S.A.	Maia (Portugal)	100%	100%
Loureshopping- Centro Comercial, S.A.	Maia (Portugal)	50%	50%
PORTCC - Portimaoshopping C.Comercial S.A.	Maia (Portugal)	100%	100%
Rio Sul- Centro Comercial, S.A.	Lisbon (Portugal)	50%	50%
Serra Shopping- Centro Comercial, S.A.	Lisbon (Portugal)	-	50%

4) Amounts related to the consolidated accounts of "ORES". This company owns the following investments:

			Percentage of interests and voting rights held	
		Head office	31.12.18	31.12.17
	Olimpo Asset 1, S.A.	Maia (Portugal)	100%	100%
	Olimpo Asset 2, S.A.	Maia (Portugal)	100%	100%
6)	Olimpo Asset 3, S.A.	Maia (Portugal)	100%	100%
7)	Olimpo Asset 4, S.A.	Maia (Portugal)	100%	100%
8)	Olimpo Asset 5, S.A.	Maia (Portugal)	100%	-
8)	Olimpo Asset 6, S.A.	Maia (Portugal)	100%	-
8)	Olimpo Asset 7, S.A.	Maia (Portugal)	100%	-
8)	Olimpo Asset 8, S.A.	Maia (Portugal)	100%	-

5) Amounts related to the consolidated accounts of Trivium Real Estate Socimi, S.A. that owns 100% of Iberian Assets, S.A..
6) Ex - Portitail - Investimentos Imobiliários, SA
7) Ex - Haciarriba – Projetos, Negócios e Promoções, S.A.
8) Companies acquired in 2018.

As mentioned in Note 2.2.b), associates are measured by using the equity method.

During the years ended 31 December 2018 and 2017, the movement of investments in associates was as follows:

	2018													
	3shoppings	Alexa Asset	Área Sur	Le Terrazze	Loop 5	Iberia Coop	SPF	ORES	Serra Shopping	Trivium	Sonaegest	Sierra Cevital	Zenata	Total
Opening balance	8,463	41,339	7,718	9,470	12,074	23,686	46,635	7,348	-	-	277	37	1,980	159,027
Serra Shopping - acquisition of 5%	-	-	-	-	-			-	654	-	-	-	-	654
Trivium (consolidated) - acquisition of 12.5% (Note 4)	-	-	-	-		-	-	-		31,935	-	-	-	31,935
Capital decrease	-	-	(375)	-	-	(1,338)	(218)	(54)		-	-	-	-	(1,985)
Capital increase	-	-	-	-					175		-	-	41	216
Deferred taxes - transfer from Alexa Holding to Alexa KG	-	(4,738)	-	-							-	-	-	(4,738)
Effect of the application of the equity method:														
Hedging reserve (hedge accounting)	-	-	(29)	-	-		-	-		-	-	-	-	(29)
Translation reserve	-	-	-	-	-	-	-	-		-	-	1	(2)	(1)
Net profit (Note 37)	3,267	3,727	352	678	(1,470)	1,021	5,276	605	184	(39)	35	-	(52)	13,584
Dividends	-	(1,199)	(11)	(1,911)	(180)	-	(6,185)	(130)	-	-	(34)	-	-	(9,650)
	11,730	**39,129**	**7,655**	**8,237**	**10,424**	**23,369**	**45,508**	**7,769**	**1,013**	**31,896**	**278**	**38**	**1,967**	**189,013**

	2017											
	3shoppings	Alexa Asset	Área Sur	Le Terrazze	Loop 5	Iberia Coop	SPF	ORES	Sonaegest	Sierra Cevital	Zenata	Total
Opening balance	-	39,546	-	8,519	13,961	21,679	42,250	7,303	296	19	(62)	133,511
Iberia Coop - acquisition:												-
- Equity held	-	-	-	-	-	337		-	-	-	-	337
3shoppings (consolidated) - transfer from subsidiaries (Note 3)	8,463	-	-	-		-	-	-	-	-	-	8,463
Capital decrease	-	-	-	-	-	(893)		-	-	-	-	(893)
Capital increase	-	-	7,648	-					-	-	2,017	9,665
Effect of the application of the equity method:												-
Hedging reserve (hedge accounting)	-	-	(18)	-	-		4	-	-	-	-	(14)
Translation reserve	-	-	-	-	-	-	-	-	-	(5)	3	(2)
Net profit (Note 37)	-	3,113	88	1,049	(987)	2,563	7,756	45	37	23	22	13,709
Dividends	-	(1,320)	-	(98)	(900)	-	(3,375)	-	(56)	-	-	(5,749)
	8,463	**41,339**	**7,718**	**9,470**	**12,074**	**23,686**	**46,635**	**7,348**	**277**	**37**	**1,980**	**159,027**

The main acquisitions and sales of companies occurred during 2018 and 2017 were as follows:

Transactions in 2018

In January 2018 the Group, through its associate Sierra Portugal Real Estate (SPFRE), sold 50% of the associate Serra Shopping- Centro Comercial, S.A. ("Serra Shopping") for kEuro 6,544 and on the same date the Group, through its subsidiary Sierra Investments Holding, B.V., acquired 5% of the associate Serra Shopping (2.5% from SPFRE and 2.5% from Paneuropeia - SGPS Unipessoal Lda) for kEuro 654.

In January 2018 the Group, through its associate ORES, acquired 100% of the share capital of the companies Olimpo Asset 5, S.A., Olimpo Asset 6, S.A., Olimpo Asset 7, S.A. and Olimpo Asset 8, S.A. for kEuro 1,310.

In November 2018, the Group acquired 12.5% of the associate Trivium for Euro 450; and in December 2018 Trivium acquired 100% of Iberian for kEuro 328,500 (Note 4).

Transactions in 2017

In February 2017 the Group, through its associate Iberia Coop, acquired 100% of the share capital of ALBRP Albufeira Retail Park Lda for kEuro 4,887. This acquisition generated a "goodwill" of kEuro 1,371.

In May 2017 the Group, through its associate ORES, acquired 100% of the share capital of Olimpo Asset 3, S.A. (Ex - Portitail-Investimentos Imobiliáriios, S.A.) for kEuro 6,505.

In June 2017 the Group, through its subsidiary AXNAE-Spain Holdings, S.L., acquired 15% of the share capital of Area Sur Shopping, S.L. for kEuro 450.

In August 2017 the Group, through its associate ORES, acquired 100% of the share capital of Olimpo Asset 2, S.A. for kEuro 5,939.

In October 2017 the Group, through its associate ORES, acquired 100% of the share capital of Olimpo Asset 4, S.A. (Ex - Haciarriba – Projectos, Negócios e Promoções, S.A.) for kEuro 10,110.

In December 2017 the Group sold 80% of the shares of 3shoppings - Holding, SGPS, S.A. ("3shoppings"), which owns 100% of Guimarãeshopping- Centro Comercial, S.A. ("Guimarãeshopping") and Maiashopping- Centro Comercial, S.A. ("Maiahopping"). After this date, these companies are measured using the equity method.

As of 31 December 2018 and 2017 the summarised financial information (adjusted when applicable to comply with the Group accounting policies mentioned in Note 2) of the Group's associates, is as follows:

	2018												
	3shoppings	Alexa Asset	Área Sur	Le Terrazze	Loop 5	Iberia Coop	SPF	ORES	Serra Shopping	Trivium	Sonaegest	Sierra Cevital	Zenata
Total non-current assets	104,610	443,000	115,664	140,361	231,420	377,269	256,772	362,542	32,512	531,877	20	15	42,099
Total current assets	5,380	18,860	4,313	10,671	18,974	13,025	8,892	15,776	2,284	16,660	1,711	436	8,219
Total non-current liabilities	15,780	27,734	67,175	72,344	123,858	151,941	56,828	165,617	12,905	283,094	44	-	28,120
Total current liabilities	35,558	5,128	1,767	1,763	10,716	8,695	23,707	5,540	1,626	10,275	291	373	4,315
Equity	**58,652**	**428,998**	**51,035**	**76,925**	**115,820**	**229,658**	**185,129**	**207,161**	**20,265**	**255,168**	**1,396**	**78**	**17,883**

	2017										
	3shoppings	Alexa Asset	Área Sur	Le Terrazze	Loop 5	Iberia Coop	SPF	ORES	Sonaegest	Sierra Cevital	Zenata
Total non-current assets	88,509	433,826	115,951	136,541	261,704	379,038	246,509	176,850	24	15	17,866
Total current assets	3,347	27,841	4,192	25,506	11,302	12,772	24,018	24,050	1,703	428	8,897
Total non-current liabilities	11,760	-	66,574	70,743	127,189	151,904	74,177	2,443	-	-	5,066
Total current liabilities	37,780	8,117	2,112	2,046	11,662	7,088	6,206	2,501	338	367	3,701
Equity	**42,316**	**453,550**	**51,457**	**89,258**	**134,155**	**232,818**	**190,144**	**195,956**	**1,389**	**76**	**17,996**

	2018												
	3shoppings	Alexa Asset	Área Sur	Le Terrazze	Loop 5	Iberia Coop	SPF	ORES	Serra Shopping	Trivium	Sonaegest	Sierra Cevital	Zenata
Services Rendered	12,083	29,216	9,288	11,110	20,224	34,783	12,365	18,560	3,941	35,342	990	-	3,314
Variation in fair value of the investment properties	15,796	(142)	218	2,520	(29,948)	(3,597)	15,261	7,199	3,568	2,798	-	-	-
Other revenue	20	520	18	80	-	103	15	37	9	205	-	-	-
External supplies and services	(6,223)	(11,997)	(4,248)	(3,246)	(6,851)	(13,602)	(3,004)	(4,155)	(2,021)	(14,020)	(106)	-	(164)
Depreciation	(8)	-	-	-	-	(1)	-	-	(2)	-	(2)	-	(2,261)
Other expenses	(140)	(1,090)	(293)	(706)	(751)	(644)	(284)	(397)	(91)	(2,270)	(646)	-	(339)
Financial Results	(496)	(3)	(1,854)	(2,438)	(2,340)	(3,397)	(1,182)	(3,049)	(436)	(2,861)	-	-	(553)
Share of results of associates	-	-	-	-	-	-	5,467	-	-	-	-	-	-
Income Tax	(4,696)	24,906	(785)	(540)	3,331	(3,425)	(5,196)	(2,073)	(1,163)	(4,921)	(60)	-	(472)
Net profit / (loss)	**16,336**	**41,410**	**2,344**	**6,780**	**(16,335)**	**10,220**	**23,442**	**16,122**	**3,805**	**14,273**	**176**	**-**	**(475)**
Other comprehensive income for the period	-	-	(196)	-	-	-	-	-	-	-	-	1	(13)
Total comprehensive income for the period	**16,336**	**41,410**	**2,148**	**6,780**	**(16,335)**	**10,220**	**23,442**	**16,122**	**3,805**	**14,273**	**176**	**1**	**(488)**

	2017										
	3shoppings	Alexa Asset	Área Sur	Le Terrazze	Loop 5	Iberia Coop	SPF	ORES	Sonaegest	Sierra Cevital	Zenata
Services Rendered	11,174	29,161	5,041	10,720	22,073	34,359	15,097	4,338	1,008	44	2,692
Variation in fair value of the investment properties	(5,248)	16,614	(669)	5,823	(21,002)	18,573	14,546	(1,520)	-	-	-
Other revenue	3	-	-	526	-	109	1,849	48	-	173	2
External supplies and services	(5,748)	(10,899)	(2,290)	(3,016)	(11,275)	(14,035)	(4,107)	(2,076)	(85)	(26)	(109)
Depreciation	(6)	-	-	-	-	(3)	-	-	(1)	(9)	(1,479)
Other expenses	110	(285)	(246)	(550)	(548)	(940)	(2,480)	(111)	(677)	(132)	(18)
Financial Results	(469)	-	(1,054)	(2,432)	(2,341)	(3,365)	(2,057)	4	-	(2)	(885)
Share of results of associates	-	-	-	-	-	-	15,973	-	-	-	-
Income Tax	184	-	(193)	(582)	2,125	(9,071)	(4,351)	529	(58)	-	(2)
Net profit / (loss)	**(219)**	**34,591**	**589**	**10,489**	**(10,968)**	**25,627**	**34,470**	**1,212**	**187**	**48**	**201**
Other comprehensive income for the period	-	-	(122)	-	-	-	18	-	-	(10)	23
Total comprehensive income for the period	**(219)**	**34,591**	**467**	**10,489**	**(10,968)**	**25,627**	**34,488**	**1,212**	**187**	**38**	**224**

6. ACQUISITION AND SALE OF COMPANIES

The main sales and acquisitions of companies occurring during the year 2018 and 2017 were as follows:

Acquisitions of subsidiaries in 2018

In September 2018 the Group acquired 50% of the shares of Parklake (that owns 100% of Parklake Business) for kEuro 39,604. This transaction generated a goodwill of kEuro 7,137 (Note 10).

On the same date, the Group also acquired 50% of the shares of Plenerg for Euro 21. This transaction generated a gain of kEuro 85.

Subsidiaries scoped-out from consolidation in 2018

In December 2018 the subsidiary River Plaza Mall, Srl ("River Plaza") was scoped-out from consolidation, since the Group lost control of the company, due to the agreement made with the financing entity. This operation generated a gain of kEuro 646 (Note 36).

Sales of subsidiaries in 2017

In December 2017 the Group sold 80% of the shares of 3shoppings - Holding, SGPS, S.A. ("3shoppings"), which owns 100% of Guimarãeshopping- Centro Comercial, S.A. ("Guimarãeshopping") and Maiashopping- Centro Comercial, S.A. ("Maiahopping") for kEuro 42,674. This transaction generated a net gain of kEuro 8,821 (Note 36). After this date these companies are measured using the equity method.

Effect of the acquisitions and sales

The effect of the acquisition of the companies during the period ended in 31 December 2018 was as follows:

		2018 Acquisitions		
		Parklake and Parklake Business	Plenerg	Total
Cash and cash equivalents	(I)	1,646	29	1,675
Investment properties (Note 7)		239,583	-	239,583
Investment properties under development (Note 7)		4,210	-	4,210
Property, plant and equipment		7	4	11
Deferred tax assets (Note 23)		157	-	157
Other non current assets		97	146	243
Trade receivables		2,081	202	2,283
Other current assets		3,089	345	3,434
Bank loans - non current		(62,859)	-	(62,859)
Accounts payable and other liabilities - non-current		(1,588)	(97)	(1,685)
Deferred tax liabilities (Note 23)		(11,095)	-	(11,095)
Bank loans - current		(5,434)	-	(5,434)
Shareholder loans - current		(93,132)	(199)	(93,331)
Accounts payable and other liabilities - current		(11,828)	(260)	(12,088)
Identifiable assets and liabilities at acquisition date		**64,934**	**170**	**65,104**
Carrying amount of the previous investment at acquisition date (Note 4)		(32,467)	(85)	(32,552)
Goodwill:				
Recorded as asset (Note 10)		7,137	-	7,137
Recorded as income		-	(85)	(85)
Purchase amount	**(II)**	**39,604**	**-**	**39,604**
Net cash flow	**(II-I)**	**37,958**	**(29)**	**37,929**

The effect of the companies scoped-out from consolidation during the period ended in 31 December 2018 was as follows:

		2018 Scoped-out from consolidation
		River Plaza
Cash and cash equivalents	(I)	595
Investment properties (Note 8)		16,234
Goodwill (Note 10)		1,334
Deferred tax assets (Note 23)		46
Trade receivables		215
Other current assets		152
Deferred tax liabilities (Note 23)		(1,223)
Accounts payable and other liabilities - non-current		-
Other non current liabilities		(262)
Accounts payable and other liabilities - current		(17,737)
Identifiable assets and liabilities at sales date		**(646)**
Transaction Result:		
- Profit / (loss) on sale (Note 36)		646
Sale amount	**(II)**	**-**
Net cash flow	**(II-I)**	**(595)**

The effect of the sales of the companies during the period ended in 31 December 2017 was as follows:

		2017 Sales
		3shoppings (consolidated)
Cash and cash equivalents	(I)	2,135
Investment properties (Note 8)		88,500
Deferred tax assets (Note 23)		4
Trade receivables		456
Other current assets		756
Deferred tax liabilities (Note 23)		(11,329)
Accounts payable and other liabilities - non-current		(10)
Other non current liabilities		(420)
Accounts payable and other liabilities - current		(37,780)
Identifiable assets and liabilities at sales date		**42,312**
Transaction Result:		
- Profit / (loss) on sale (Note 36)		8,821
Sale amount	**(II)**	**51,133**
Net cash flow	**(II-I)**	**48,998**

7. NON-CONTROLLING INTERESTS

As of 31 December 2018 and 2017, the details are as follows:

		31 December 2018					
		Head office	Equity	Net profit / (loss)	% (*)	Carrying amount	Proportion in P/L
	Investment						
	Sierra BV	Amsterdam (Netherlands)	1,110,666	105,419	49.90%	554,228	52,604
	Land Retail BV	Amsterdam (Netherlands)	217,823	34,745	17.81%	38,795	6,221
1)	Sierra Core Assets Holdings BV	Amsterdam (Netherlands)	-	48	49.90%	-	24
						593,023	**58,849**

1) Company liquidated in 2018.

	31 December 2017					
	Head office	Equity	Net profit / (loss)	% (*)	Carrying amount	Proportion in P/L
Investment						
Sierra BV	Amsterdam (Netherlands)	1,094,071	163,373	49.90%	545,947	81,524
Land Retail BV	Amsterdam (Netherlands)	182,948	36,569	17.81%	32,583	6,513
Sierra Core Assets Holdings BV	Amsterdam (Netherlands)	(48)	(20)	49.90%	(24)	(10)
					578,506	**88,027**

(*) The ownership interests are identical to voting rights.

During the years ended 31 December 2018 and 2017 the movement in non-controlling interests was as follows:

	2018				2017			
	Sierra BV	Land Retail BV	Sierra Core Assets Holdings BV	Total	Sierra BV	Land Retail BV	Sierra Core Assets Holdings BV	Total
Opening balance	545,947	32,583	(24)	578,506	480,292	28,207	(14)	508,485
Effect acquisition minority interests in Iberian Assets	-	-	-	-	35	-	-	35
Other effects	-	(9)	-	(9)		-	-	-
Capital decrease	-	-	-	-	(3,406)	(2,137)	-	(5,543)
Hedging reserve (hedge accounting)	(411)	-	-	(411)	(23)	-	-	(23)
Net profit	52,604	6,221	24	58,849	81,524	6,513	(10)	88,027
Dividends	(43,912)	-	-	(43,912)	(12,475)	-	-	(12,475)
	554,228	**38,795**	**-**	**593,023**	**545,947**	**32,583**	**(24)**	**578,506**

As of 31 December 2018 and 2017 the summarised financial information of the subsidiaries within non-controlling interests, before the elimination of intragroup balances and transactions, is as follows:

	31 December 2018		31 December 2017		
	Sierra BV	Land Retail BV	Sierra BV	Land Retail BV	Sierra Core Assets Holdings BV
Total non-current assets	989,468	439,923	1,108,858	409,019	-
Total current assets	226,345	15,110	90,773	8,274	28
Total non-current liabilities	51,942	226,952	63,039	221,995	75
Total current liabilities	53,205	10,258	42,521	12,350	1
Equity	**1,110,666**	**217,823**	**1,094,071**	**182,948**	**(48)**

	2018			2017		
	Sierra BV	Land Retail BV	Sierra Core Assets Holdings BV	Sierra BV	Land Retail BV	Sierra Core Assets Holdings BV
Variation in fair value of the investment properties	(5,838)	31,717	-	27,597	34,123	-
Services rendered and other revenue	34,801	29,753	57	42,686	28,306	-
Other revenue/(expenses)	76,456	(26,725)	(9)	93,090	(25,860)	(9)
Net profit / (loss)	**105,419**	**34,745**	**48**	**163,373**	**36,569**	**(20)**
Other comprehensive income for the period	(823)	-	-	(47)	-	-
Total comprehensive income for the period	**104,596**	**34,745**	**48**	**163,326**	**36,569**	**(20)**

8. INVESTMENT PROPERTIES

The movement in investment properties, during the years ended 31 December 2018 and 2017 was as follows:

	2018 Investment properties				
	in operation	"Fit Out"	Under development at cost	Advances	Total
Opening balance	738,936	1,488	39,730	1,725	781,879
Increases	9,369	-	4,375	-	13,744
Impairments and write-off (Note 33)	-	-	(2,540)	-	(2,540)
Sales	(15,370)	-	(31,833)	-	(47,203)
Fit-out receivables	-	(1,782)	-	-	(1,782)
Variation in fair value of the investment properties					
between years (Note 31):					
- Gains	38,277	304	-	-	38,581
- Losses	(11,716)	(10)	-	-	(11,726)
Increases through business combination (Note 6)	239,583	-	4,210	-	243,793
Scoped-out from consolidation (Note 6)	(16,234)	-	-	-	(16,234)
Closing balance	**982,845**	**-**	**13,942**	**1,725**	**998,512**

	2017 Investment properties				
	in operation	"Fit Out"	Under development at cost	Advances	Total
Opening balance	762,805	1,582	39,621	1,725	805,733
Increases	3,784	188	1,802	-	5,774
Reversal of impairments	-	-	20	-	20
Impairments and write-off (Note 33)	-	-	(1,676)	-	(1,676)
Fit-out receivables	-	(266)	-	-	(266)
Transfers	-	-	(37)	-	(37)
Variation in fair value of the investment properties					
between years (Note 31):					
- Gains	68,561	40	-	-	68,601
- Losses	(7,727)	(43)	-	-	(7,770)
Sales of companies (Note 6)	(88,487)	(13)	-	-	(88,500)
Closing balance	**738,936**	**1,488**	**39,730**	**1,725**	**781,879**

Increase in investment properties under development at cost, in the amount of kEuro 4,375 (31 December 2017: kEuro 1,802) relates mainly to a project in Nürnberg, which was sold in December 2018.

Sales of Investment Properties in operation and under development at cost in the amounts of kEuro 15,370 and kEuro 31,833, respectively, relates to Coimbrashopping and Nürnberg project respectively. These sales generated a gain of kEuro 28,169 (Note 32).

At 31 December 2018 and 2017 investment properties in operation and the information about the fair value assessment are as follows:

	31.12.2018		31.12.2017	
	Portugal / Spain	Other European Countries	Portugal / Spain	Other European Countries
10 yr discount rate				
Floor	6.95%	8.65%	7.25%	8.50%
Weighted average	7.28%	8.69%	6.49%	8.85%
Cap	8.10%	8.70%	10.75%	10.55%
10 yr cap rate				
Floor	5.20%	6.75%	5.50%	6.75%
Weighted average	5.46%	6.86%	4.89%	7.09%
Cap	6.10%	6.90%	9.00%	8.75%
Annual rent per sqm (€)				
Floor	17	15	15	14
Weighted average	31	18	25	17
Cap	54	21	52	21
Fair Value (Level 3)	645,050	337,795	627,280	111,656

The fair value of each investment property was determined by means of a valuation as of the reporting date made by independent specialised entities (Cushman & Wakefield and Jones Lang LaSalle).

The valuation of these investment properties was made in accordance with the Practice Statements of the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors ("Red Book"), located in England.

The methodology used to compute the market value of the investment properties consists in preparing 10 years' projections of income and expenses of each shopping centre added to the residual value, corresponding to a projected net income at year 11 and a return market rate ("Exit yield" or "cap rate"). These projections are then discounted to the valuation date using a discount market rate. Projections are intended to reflect the actual best estimate of the valuer regarding future revenues and costs of each shopping centre. Both the return rate and discount rate are defined in accordance to the local real estate and institutional market conditions, being the reasonableness of the market value obtained in accordance to the methodology referred above, tested also in terms of initial return using the estimated net income for the first year of projections.

In the valuation of investment properties, some assumptions, that in accordance with the Red Book are considered to be special, were in addition considered, namely in the case of recently inaugurated shopping centres, in which the possible costs still to be incurred were not considered, as the accompanying financial statements already include a provision for them.

IFRS 13 (Fair value measurement) requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable.
- Level 3: Inputs that are not based on observable market data (that is, unobservable inputs).

Considering the above hierarchy investments properties of the Group are all within Level 3.

The relationship of unobservable inputs to fair value can be described as follows:

- A decrease in the estimated annual rent will decrease the fair value;
- An increase in the discount rates and the capitalization rates will decrease the fair value.

As mentioned in the valuation reports of the investment properties prepared by independent specialised entities, the assessment of their fair value considered the definition of fair value in IFRS 13, which is consistent with the definition of market value defined by the investment properties valuation international standards.

As of 31 December 2018 there are no Fit-out contracts and as of 31 December 2017 the fair value of the fit out contracts existing in each investment property was as follows:

	31.12.2017						
	10 yr discount rate			10 yr cap rate			
	Floor	Weighted average	Cap	Floor	Weighted average	Cap	Amount
Portugal / Spain	7.25%	7.92%	10.75%	5.50%	5.97%	9.00%	1,488

The fair value of the fit-out contracts was determined by means of a valuation as of the reporting date made by an independent specialised entity (Cushman & Wakefield and Jones Lang LaSalle). The methodology used to compute the fair value of the fit-out contracts consisted in determining the discounted estimated cash flows of each one of the fit-out contracts, using a discounted market rate like the one used in determining the fair value of the investment property to which each fit out contract relates.

During the years ended on 31 December 2018 and 2017, the income (fixed rents net of discounts, turnover rents, mall income, key income and transfer fees) and the corresponding direct operating expenses (property tax, insurance expense, maintenance expense, management fee and asset management fee and other direct operating expenses), relating to the investment properties of the Group, was as follows:

	Income		Direct operating expenses	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Portugal / Spain	39,711	45,542	2,640	3,655
Other European Countries	11,885	8,728	1,383	1,150
	51,596	**54,270**	**4,023**	**4,805**

At 31 December 2018 and 2017 the following investment properties had been given in guarantee of bank loans:

Dos Mares	Plaza Mayor Parque de Ócio
Cascaishopping	Plaza Mayor Shopping
Gli Orsi	Parklake

At 31 December 2018 and 2017 there were no material contractual obligations to purchase, construct or develop investment properties or for repairs or maintenance, other than those referred to above, except for the obligations mentioned in notes 40 and 41.

Investment properties under development at 31 December 2018 and 2017 are made up as follows:

	31.12.2018	31.12.2017
Investment properties at cost:		
Portugal / Spain	15,163	15,086
Other european countries	68,771	92,096
	83,934	**107,182**
Impairment for assets at risk	**(68,267)**	**(65,727)**
	15,667	**41,455**

The amounts of kEuro 68,267 and kEuro 65,727 at 31 December 2018 and 2017, respectively, recorded under caption "Impairment for assets at risk", relates to the provision made to anticipate losses due to the delays on the development pipeline due to market uncertainty. In the year ended in 31 December 2018, the Group increased the impairment for assets at risk in the amount of kEuro 2,540, in order to reflect the expected outcome of the developments as well the economic environment of the country where they are located.

9. PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment and corresponding accumulated depreciation during the years ended 31 December 2018 and 2017 was as follows:

	31.12.2018								31.12.2017
	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Tools and utensils	Other tangible fixed assets	Tangible fixed assets in progress	Total	Total
Assets:									
Opening balance	2,253	999	123	2,908	265	694	-	7,242	7,959
Increases	23	-	-	51	10	2	270	356	387
Sales	-	(4)	-	(21)	(3)	(7)	-	(35)	(462)
Transfers and write-off	-	-	(81)	(1)	-	-	-	(82)	(622)
Currency translation differences	-	-	-	(8)	-	-	-	(8)	(10)
Merger	32	-	-	12	3	20	-	67	-
Change in consolidation perimeter	(32)	2	-	30	11	(20)	-	(9)	(9)
Closing balance	**2,276**	**997**	**42**	**2,971**	**286**	**689**	**270**	**7,531**	**7,243**
Accumulated depreciation and impairment losses:									
Opening balance	852	773	99	2,755	234	643	-	5,356	5,950
Depreciation for the year	135	56	9	89	20	33	-	342	439
Sales	-	(4)	-	(18)	(2)	(7)	-	(31)	(410)
Transfers and write-off	-	-	(81)	(1)	-	-	-	(82)	(608)
Currency translation differences	-	-	-	(7)	-	-	-	(7)	(8)
Merger	25	-	-	12	3	20	-	60	-
Change in consolidation perimeter	(25)	-	-	20	11	(17)	-	(11)	(5)
Closing balance	**987**	**825**	**27**	**2,850**	**266**	**672**	**-**	**5,627**	**5,358**
Net assets	**1,289**	**172**	**15**	**121**	**20**	**17**	**270**	**1,904**	**1,885**

10. GOODWILL

At 31 December 2018 and 2017 goodwill was made up as follows:

	31.12.2018				31.12.2017
	Year of aquisition	Gross amount	Impairment losses of the year	Carrying Amount	Carrying Amount
Dos Mares	2005	1,298	-	1,298	1,298
Parklake	2018	7,137	(185)	6,952	-
River Plaza Mall	-	-	-	-	1,334
Gli Orsi	2008	1,642	-	1,642	1,642
		10,077	**(185)**	**9,892**	**4,274**

The impairment tests made to the goodwill are based on the "Net Asset Value" ("NAV") at the reporting date.

11. INTANGIBLE ASSETS

The movement in intangible assets and corresponding accumulated depreciation during the years ended 31 December 2018 and 2017 was as follows:

	31.12.2018			31.12.2017
	Software	Other intangible assets	Total	Total
Assets:				
Opening balance	4,899	11,762	16,661	16,610
Increases	-	592	592	52
Sales, disposals and regularisations	-	-	-	(1)
Merger	14	-	14	-
Change in consolidation perimeter	(14)	-	(14)	-
Closing balance	**4,899**	**12,354**	**17,253**	**16,661**
Accumulated depreciation and impairment losses				
Opening balance	3,456	11,749	15,205	14,609
Depreciation for the year	583	3	586	597
Sales, disposals and regularisations	-	-	-	(1)
Merger	14	-	14	-
Change in consolidation perimeter	(14)	-	(14)	-
Closing balance	**4,039**	**11,752**	**15,791**	**15,205**
Net assets	**860**	**602**	**1,462**	**1,456**

12. OTHER NON CURRENT ASSETS

At 31 December 2018 and 2017 other non-current assets were made up as follows:

	31.12.2018	31.12.2017
Malaga City Council	-	156
Rent deposits from tenants	3,037	2,574
Bank and other guarantees	174	185
Other non current assets	316	373
	3,527	**3,288**

The amount of kEuro 3,037 relates to the deposit in official entities of rents received from tenants mainly from shopping centres located in Spain (Dos Mares and Plaza Mayor). The rent deposits received from tenants are classified under “Other non-current liabilities” (Note 22) and “Other payables” (Note 27).

13. TRADE RECEIVABLES

At 31 December 2018 and 2017 trade receivables were made up as follows:

	31.12.2018	31.12.2017
Accounts receivable from customers:		
Portugal	11,259	16,935
Spain	5,614	5,775
Italy	1,506	1,592
Germany	2,561	3,291
Romania	2,719	7,228
Morocco	386	475
Turkey	247	261
Greece	284	27
Other	111	55
	24,687	**35,639**
Accumulated impairment losses on accounts receivable from customers (Note 29)	(9,653)	(13,285)
	15,034	**22,354**

The Group's exposure to credit risk is attributed to accounts receivables relating to the operating activity of the Group. The amounts shown in the statement of financial position are net of the corresponding impairment losses on accounts receivable, which were estimated by the Group, based on the experience of the Group and assessment of the economic environment. The Board of Directors believes that the carrying amount of its trade receivables is similar to the corresponding fair value. The Group does not have a significant concentration of credit risk, as that risk is diluted over a variety of different tenants.

Per the information included in the statement of financial position, the ageing of the trade receivables is as follows:

	31.12.2018	31.12.2017
0-90 days	9,468	10,473
90-180 days	6,094	12,089
180-360 days	493	388
+ 360 days	8,632	12,689
	24,687	**35,639**

14. OTHER RECEIVABLES

At 31 December 2018 and 2017 other receivables were made up as follows:

	31.12.2018	31.12.2017
Sale of shares of 3shoppings	-	42,674
Tax notification paid	4,247	4,247
Escrow account	2,224	2,224
Amount to be received from Contimobe	201	1,421
Advances to suppliers	1,872	916
Dividend to be received from Alexa KG	-	420
Other	2,065	3,510
	10,609	55,412
Accumulated impairment losses on other receivables (Note 29)	(1,650)	(1,656)
	8,959	**53,756**

The amount of kEuro 4,247 includes:

- the amount of kEuro 3,707 regarding the payment made in 2013 by Sonae Sierra SGPS, S.A. within the Special Tax Debts Payment Regime (RERD) established by the Portuguese government in the law approved in October 2013 (Law 151-A/2013) by which the entities that pay the tax notification will be exempt of the payment of interest and penalties; this amount relates to corrections of the 2005 CIT due to: (i) non-deductible interest expenses amounting to kEuro 378; and (ii) corrections concerning the price adjustment related with the sale of shares of Cascaishopping in 1996 amounting to kEuro 3,329. The company contested the tax notifications received and did not record any impairment loss to face eventual losses on those amounts, as the Board of Directors believes that the result will be favourable to the company.
- the amount of kEuro 518 related to tax notifications on the income tax statements relating to years 1991 to 1997 paid by Cascaishopping – Centro Comercial, S.A. ("Cascaishopping") to tax authorities. The corrections proposed by tax authorities relate basically to the depreciation policy of improvements made in third parties property that, for tax purposes, were being depreciated over five years and that the Tax Authorities believe should be depreciated over 50 years. Cascaishopping contested the tax notifications received and did not record any impairment to cover eventual losses on those amounts, as the Board of Directors believes that the result will be favourable to Cascaishopping.

The amount of kEuro 2,224 under "Escrow Account" is related to an escrow account from 2005 relating to a lawsuit from a tenant, on which the court requested that the Group made a deposit of kEuro 2,224, in the event of the case being won by the tenant. Although the case has been won by the Group, the amount was incorrectly paid to the tenant. Therefore, a full refund of the amount paid is expected as the court's decision has been favourable to the Group.

The Group's exposure to credit risk is attributed to accounts receivable relating the operating activity of the Group. The amounts shown in the statement of financial position are net of the corresponding impairment losses on accounts receivable, which were estimated by the Group, based on the experience of the Group and assessment of the economic environment. The Board of Directors believes that the carrying amount of its trade receivables is similar to the corresponding fair value. The Group has not a significant concentration of credit risk, as that risk is diluted over a variety of different tenants.

15. OTHER CURRENT ASSETS

At 31 December 2018 and 2017 other current assets were made up as follows:

	31.12.2018	31.12.2017
Interest income receivable	1,495	6,713
Variable rents receivable	1,518	1,750
Recovered costs receivable	677	1,821
Insurance	377	404
Deferred costs with financing	42	15
Key Money	321	362
Management and administrative services receivable	1,971	3,409
Others	1,616	1,828
	8,017	**16,302**

In 2017 the amounts in "Interest income receivable" included interest on the advance for future share capital increase made by the Group on behalf of the JV partner of Parklake (kEuro 5,427), which was settled upon the acquisition of the remaining interest in the company.

16. CASH AND CASH EQUIVALENTS

At 31 December 2018 and 2017 cash and cash equivalents were made up as follows:

	31.12.2018	31.12.2017
Cash	79	170
Bank deposits	307,565	63,648
Cash and cash equivalents	**307,644**	**63,818**
Bank deposits-tenants retentions	5,021	4,327
Cash and bank deposits	**312,665**	**68,145**

The amounts of kEuro 5,021 and kEuro 4,327 at 31 December 2018 and 2017, respectively, relates to the guarantees made by the tenants. These amounts received from tenants are classified under "Other non-current liabilities" (Note 22) and "Other payables" (Note 27).

The bank deposits include deposits made by several companies included in the consolidation, repayable in less than three months of inception and that bear interest at market interest rates.

17. SHARE CAPITAL AND LEGAL RESERVES

At 31 December 2018 the share capital was made up of 32,514,000 fully subscribed and paid up ordinary shares of Euro 4.99 each.

The following entities own the share capital at 31 December 2018 and 2017:

Entity	2018	2017
Sonae SGPS. S.A.	70.00%	50.00%
Grosvenor Investments (Portugal), Sarl	30.00%	50.00%

On 12 September 2018, Sonae SGPS, SA acquired from Grosvenor Investments (Portugal) Sarl an additional interest of 20% in Sonae Sierra SGPS, S.A..

At 31 December 2018 and 2017 the legal reserves were as follows:

	31.12.2018	31.12.2017
Legal reserve	32,449	32,449
Special reserve	24,880	24,880
	57,329	**57,329**

Legal reserve: According to the company law, at least 5% of the annual net profit, if positive, should be used in the reinforcement of the legal reserve until it represents 20% of the capital. This reserve can only be distributed in case of liquidation of the company but can be used to cover losses after the other reserves have been used or can be incorporated in the share capital.

As mentioned in the Portuguese commercial code, and in consequence of the capital reduction in 2003, Sonae Sierra recorded a special reserve, to which the rules of the legal reserve apply, by an amount equivalent to the nominal amount of the shares extinguished (kEuro 24,880).

18. BANK LOANS

At 31 December 2018 and 2017 bank loans obtained were made up as follows:

	31.12.2018			31.12.2017		
		Used amount			Used amount	
	Limit	Current	Non current	Limit	Current	Non current
Bond loans:						
Sonae Sierra SGPS - Caixa BI	50,000	-	50,000	75,000	75,000	-
Sonae Sierra SGPS - Banco BPI	25,000	-	25,000			-
Sonae Sierra SGPS - Novo Banco	25,000	-	25,000			-
Total bond loans	100,000	-	100,000	75,000	75,000	-
Bank loans:						
Portugal/Spain						
a),b)	149,275	4,200	145,075	153,475	17,675	135,800
a)	35,857	35,857	-	40,076	17,321	22,755
n.a.	35,000	-	35,000	20,000	20,000	-
Other European Countries						
a),b),c)	128,700	5,200	123,500	-	-	-
a),b)	41,300	-	41,300	58,441	17,141	41,300
Total bank loans	390,132	45,257	344,875	271,992	72,137	199,855
Deferred bank expenses incurred on the issuance of bank debt		(862)	(3,246)		(524)	(1,669)
	490,132	**44,395**	**441,629**	**346,992**	**146,613**	**198,186**
Fair value of the financial hedging instruments - liability		-	-		-	203
		44,395	**441,629**		**146,613**	**198,389**

(a) To guarantee the repayment of these loans, the Group pledged the real estate properties owned by these companies.
(b) To guarantee the repayment of this loan, the Group pledged the shares of the subsidiary.
(c) To guarantee the repayment of this loan, the Group has a bank guarantee.

Bank loans bear interest at market interest rates and were all contracted in Euro.

At 31 December 2018 and 2017 the covenants in force can be detailed as follows:

		31.12.2018			31.12.2017		
			Used amount			Used amount	
		Limit	Current	Non current	Limit	Current	Non current
"Covenants":							
"Loan to Value", "Debt Service Cover Ratio"	(1),(2)	164,930	27,955	136,975	38,450	15,695	22,755
"Loan to Value", "Interest Cover Ratio"	(1),(3)	41,300	-	41,300	58,441	17,141	41,300
"Loan to Value", "Debt Service Cover Ratio", "Annual EBITDA"	(1),(2),(5)	135,800	4,200	131,600	140,000	4,200	135,800
"Debt to equity cover ratio"	(4)	-	-	-	1,999	1,999	-
"Debt/(Investment Properties + Investment in Joint ventures and associates)", "Net Debt/Adjusted EBIT"	(6),(7)	35,000	-	35,000	-	-	-

(1) "Loan to Value": Financial liabilities / Fair value of the investment property
(2) "Debt Service Cover Ratio": Cash flow / (Paid interests plus capital amortization)
(3) "Interest Cover Ratio": Cash flow / Paid interests
(4) "Debt to equity cover ratio": Equity / Financial liabilities
(5) "Annual EBITDA"
(6) "Debt/(Investment Properties + Investment in Joint ventures and associates)"
(7) "Net Debt/Adjusted EBIT"

Bank loans with covenants were analysed by the Group at the reporting date and, whenever breaches to these covenants occurred the classification of the current portion was made accordingly. Regarding bank loans due in 2019 and in the case of Plaza Mayor, the Group has started renegotiations with banks to review them.

At 31 December 2018 and 2017, loans and the respective interest are repayable as follows:

	31.12.2018		31.12.2017	
	Repayment	Interest	Repayment	Interest
Year N+1	45,257	10,118	147,137	7,027
Year N+2	9,400	9,904	26,955	3,842
Year N+3	74,175	9,094	4,200	3,643
Year N+4	54,399	7,921	45,499	3,168
Year N+5	286,900	4,194	4,200	2,713
Year N+6 and following years	20,001	480	119,001	749
	490,132	**41,711**	**346,992**	**21,142**

At 31 December 2018 and 2017, the Group's financial instruments related to interest rate swaps, caps and zero cost collars were as follows:

	31.12.2018		31.12.2017		
	Fair value of the financial hedging instrument		Fair value of the financial hedging instrument		
	Loan	Asset	Loan	Asset	Liability
Financial hedging instruments:					
"Swaps":					
River Plaza / Société Générale	-	-	17,141	-	203
		-		**-**	**203**
"Options":					
Cascaishopping / Santander (*)	43,650	146	45,000	451	-
Cascaishopping / ING (*)	24,250	81	25,000	201	-
Gli Orsi / ING (*)	41,300	2	41,300	35	-
Land Retail / Santander (*)	33,950	113	35,000	351	-
Land Retail / ING (*)	33,950	113	35,000	281	-
Parklake / OTP Group / Hypo Noe (*)	128,700	37	-	-	-
		492		**1,319**	**-**
		492		**1,319**	**203**

(*) These hedging instruments are Caps.

The fair value of the effective financial hedging instruments was recorded under hedging reserves of the Group (kEuro 2 and kEuro -168 in 31 December 2018 and 2017, respectively).

The interest rate swaps, caps and zero cost collars are stated at their fair value at the reporting date, determined by the valuation made by the bank entities, with which the derivatives were contracted. The computation of the fair value of these financial instruments was made taking into consideration the reporting date, the update of the future cash-flows relating to the difference between the interest rate to be paid by the company to the bank entity, with which the swap or collar was negotiated, and the variable interest rate to be received by the company from the bank entity that granted the loan. In addition, tests to the fair value of those derivative financial instruments were made by the treasury department of the Group, to validate the fair value determined by those entities.

The main hedging principles used by the Group when negotiating these hedging financial instruments are as follows:

- Matching between the cash-flows paid and received: the dates of interest payments of the loans obtained and their date of the derivatives flows with the bank are the same;
- Matching in the index interest rate used: the reference index interest rate used in the derivatives and in the loan are the same;
- In a scenario of increase or decrease in interest rates, the maximum amount of interest payable is perfectly calculated.

19. OTHER BANK LOANS

At 31 December 2018 and 2017 other bank loans were made up as follows:

	31.12.2018		31.12.2017	
	Limit	Current	Limit	Current
Short term facilities:				
SPF - Sierra Portugal	6,500	-	6,500	-
Sierra B.V.	-	-	8,000	-
Sierra Portugal, S.A.	249	-	249	-
Sonae Sierra, SGPS, S.A.	30,000	-	55,000	25,000
	36,749	**-**	**69,749**	**25,000**
Bank overdrafts	44,720	-	44,720	-
	81,469	**-**	**114,469**	**25,000**

20. SHAREHOLDERS LOANS

At 31 December 2018 and 2017 shareholder loans were made up as follows:

	31.12.2018		31.12.2017	
	Current	Non-Current	Current	Non-Current
Loans receivable:				
Axnae Spain Holdings, S.L.:				
Area Sur Shopping, S.L.	-	1,950	-	1,950
	-	**1,950**	**-**	**1,950**
Iberian Holdings Spain S.L.:				
Iberian Assets, S.A	-	-	-	9,594
	-	**-**	**-**	**9,594**
Project Sierra 10 BV:				
Parklake Shopping, S.A.	-	-	-	20,290
PLP S.a.r.l.	-	-	-	20,390
Plenerg Srl	-	-	-	100
	-	**-**	**-**	**40,780**
Project Sierra Cúcuta BV:				
Central Control II, SAS	2,160	-	-	-
Proyecto Cúcuta, S.A.S.	4,185	-	1,820	-
	4,185	**-**	**1,820**	**-**
Plaza Mayor Parque d'Ócio BV:				
Doc Malaga Holding, S.L.	-	11,040	-	5,835
	-	**11,040**	**-**	**5,835**
Sierra Developments Holding BV				
Parklake Shopping, S.A.	-	-	-	22,276
Park Avenue Development of Shopping Centres S.A.	46	442	-	442
	46	**442**	**-**	**22,718**
Sierra BV:				
Iberian Assets, S.A.	-	-	-	-
Shopping Centre Colombo Holding BV	-	9,000	-	9,000
	-	**9,000**	**-**	**9,000**
Sierra Investments Holding BV:				
Freccia Rossa - Shopping Centre, Srl	-	-	-	18,718
	-	**-**	**-**	**18,718**
Sierra Maroc Sarl:				
Zenata Commercial Project	1,307	-	137	-
	1,307	**-**	**137**	**-**
Sierra Retail Ventures BV:				
Arrábidashopping - Centro Comercial, S.A.	-	7,072	-	7,072
	-	**7,072**	**-**	**7,072**
Sierra Solingen Holding GmbH:				
Solingen Shopping Center GmbH	3,405	14,938	3,723	14,937
	3,405	**14,938**	**3,723**	**14,937**
Sierra Parma Project BV:				
PUD S.r.l.	-	10,045	-	-
	-	10,045	-	-
	11,103	**54,487**	**5,680**	**130,604**
	11,103	**54,487**	**5,680**	**130,604**

	31.12.2018		31.12.2017	
	Current	Non-Current	Current	Non-Current
Loans payable to:				
Sierra European Retail Real Estate Asset Fund LP Inc. ("Sierra LP"):				
Plaza Mayor Shopping B.V.*	-	-	-	3,757
Plaza Mayor Parque de Ócio BV	-	3,792	-	-
	-	**3,792**	**-**	**3,757**
Shopping Centre Parque Principado B.V.				
Harvey Dos Iberica, S.L.	3,764	-	3,764	-
	3,764	**-**	**3,764**	**-**
	3,764	**3,792**	**3,764**	**3,757**

*The company was merged into Plaza Mayor Parque de Ócio BV in October 2018

These loans bear interest at market interest rates and were contracted in Euro.

21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or, future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes				
	01.01.2018	Financing cash flows	Acquisition of subsidiaries	Excluded from consolidation	Interest capitalized	Fair value adjustments	31.12.2018
Debentures loans	75,000	25,000	-	-	-	-	100,000
Bank loans	271,992	65,795	69,400	(17,055)	-	-	390,132
Other borrowings	25,000	(25,000)	-	-	-	-	-
Loans from related parties	7,520	-	-	-	36	-	7,556
Derivative financial instruments	203	-	-	-	-	(203)	-
	379,715	**65,795**	**69,400**	**(17,055)**	**36**	**(203)**	**497,688**

			Non-cash changes			
	01.01.2017	Financing cash flows	Disposal of subsidiaries	Interest capitalized	Fair value adjustments	31.12.2017
Debentures loans	75,000	-	-	-	-	75,000
Bank loans	323,244	(16,607)	(34,645)	-	-	271,992
Other borrowings	25,000	-	-	-	-	25,000
Loans from related parties	7,480	-	-	40	-	7,520
Derivative financial instruments	1,319	-	-	-	(1,116)	203
	432,043	**(16,607)**	**(34,645)**	**40**	**(1,116)**	**379,715**

22. OTHER NON CURRENT LIABILITIES

At 31 December 2018 and 2017 other non-current liabilities were made up as follows:

	31.12.2018	31.12.2017
Rents deposits from tenants (Note 12 and 16)	6,481	5,928
Guarantees	457	-
Acquisition Parklake and Plenerg	14,000	-
Other non current accounts payable	305	265
	21,243	**6,193**

The amount of kEuro 14,000 relates to the debt amount to be paid in 2020 regarding the acquisition of Parklake and Plenerg.

23. DEFERRED TAXES

Deferred income tax assets and liabilities at 31 December 2018 and 2017, in accordance with the temporary differences that generate them, are made up as follows:

	Deferred tax assets		Deferred tax assets	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Difference between the fair value and tax cost of tangible				
fixed assets and intangible assets	94	-	148,150	134,596
Difference between the fair value and tax cost				
of the fit-out contracts and the correspondent tax basis	-	-	13	(121)
Write-off of deferred income relating entrance fees (key money)				
and expenses relating the opening of shopping centres	-	-	(814)	(730)
Fair value of hedging financial instruments	-	32	1	8
Fair value of hedging financial instruments (CAP)	(6)	-	-	-
Tax losses carried forward	2,010	2,027	-	-
Impairment losses on accounts receivable from customers	306	247	-	-
Impairment losses on other assets and write-off of deferred costs	-	100	-	-
	2,404	**2,406**	**147,350**	**133,753**

Deferred income tax assets relating to the fair value of the financial hedging instruments were recorded under hedging reserves of the Group (kEuro -1 and kEuro 24 at 31 De-cember 2018 and 2017, respectively).

The movement in deferred income tax assets and liabilities during the years ended 31 December 2018 and 2017 was as follows:

	31.12.2018		31.12.2017	
	Asset	Liability	Asset	Liability
Opening balance	2,406	133,753	2,879	125,101
Effect in net result:				
Difference between fair value and tax cost of				
tangible fixed assets and intangible assets	(3)	8,238	2	20,168
Difference between fair value and tax cost of the				
fit-out contracts	-	12	-	(78)
Write-off of movements ocurred in the year in deferred income				
relating key money and expenses related				
to the opening of shopping centers	-	221	(5)	(109)
Increase / (Decrease) of impairment losses not accepted for tax purposes	(69)	-	(46)	-
Increase / (Decrease) of tax losses carried forward	(18)	-	(235)	-
Valuation of hedging financial instruments	9	-	-	-
Sub-total (Note 24)	**(81)**	**8,471**	**(284)**	**19,981**
Effect in equity:				
Valuation of hedging financial instruments	(33)	(8)	(199)	(11)
Tax rate change effect related to the hedging	-	-	-	(3)
Transfer to associates (Note 5)	-	(4,738)	-	-
Changes in perimeter:				
Sales (Note 6)			(4)	(11,329)
Excluded from consolidation	(46)	(1,223)	-	-
Acquisitions (Note 6)	157	11,095	-	-
Others	1	-	14	14
Closing balance	**2,404**	**147,350**	**2,406**	**133,753**

The deferred income tax assets related to tax losses carried forward as of 31 December 2018 and 2017 are made up as follows:

	31.12.2018		31.12.2017	
	Tax loss	Deferred tax asset	Tax loss	Deferred tax asset
Spain:				
Without limit of use	8,000	2,000	8,000	2,000
Italy:				
Without limit of use	41	10	41	10
Germany:				
Without limit of use	-	-	111	18
	8,041	**2,010**	**8,152**	**2,028**

At the end of 2018 a revision of the tax losses likely to be recovered in the future was carried out and only deferred tax assets related to tax losses which future recovery is probable to occur, were recognised.

At the reporting date the tax losses carried forward for which no deferred taxes were recognised are as follows:

	31.12.2018			31.12.2017		
	Tax loss	Deferred tax asset	Limit expire date	Tax loss	Deferred tax asset	Limit expire date
Portugal:						
				1,214	255	2017
Generated in 2013	345	73	2018	3,227	678	2018
Generated in 2014	5,378	1,129	2026	7,580	1,592	2026
Generated in 2015	255	53	2027	255	53	2027
Generated in 2016	-	-	2028	8,775	1,843	2028
Generated in 2017	-	-	2022	10,623	2,231	2022
	5,978	**1,255**		**31,673**	**6,651**	
Spain:						
Without limit of use	**41,725**	**10,431**		**45,750**	**11,437**	
Italy:						
Without limit of use	**2,131**	**511**		**2,648**	**636**	
Germany:						
Without limit of use	**33,200**	**10,327**		**35,578**	**11,069**	
Greece:						
Generated in 2012	-	-		284	82	2017
Generated in 2013	273	79	2018	273	79	2018
Generated in 2014	300	87	2019	300	87	2019
Generated in 2015	119	35	2020	119	35	2020
Generated in 2016	216	63	2021	216	63	2021
Generated in 2017	700	203	2022	590	171	2022
Generated in 2018	139	40	2023	-	-	
	1,747	**507**		**1,782**	**517**	
Netherlands:						
Generated in 2008	-	-		1,033	232	2017
Generated in 2009	81	18	2018	81	18	2018
Generated in 2010	12,660	2,848	2019	15,259	3,433	2019
Generated in 2011	27	6	2020	565	127	2020
Generated in 2012	394	89	2021	394	89	2021
Generated in 2013	10,067	2,265	2022	10,067	2,265	2022
Generated in 2014	5,571	1,253	2023	5,571	1,253	2023
Generated in 2015	16,563	3,727	2024	20,218	4,549	2024
Generated in 2016	53,775	12,100	2025	3,970	893	2025
Generated in 2017	1,747	393	2026	2,289	515	2026
Generated in 2018	898	202	2027	-	-	
	101,783	**22,901**		**59,446**	**13,375**	
Romania:						
Generated in 2010	-	-		1,810	290	2017
Generated in 2011	1,675	268	2018	2,060	330	2018
Generated in 2012	1,412	226	2019	2,207	353	2019
Generated in 2013	1,085	174	2020	2,199	352	2020
Generated in 2014	-	-	2021	824	132	2021
Generated in 2015	68	11	2022	849	136	2022
Generated in 2016	2,804	449	2023	892	143	2023
Generated in 2017	5,446	871	2024	1,677	268	2024
Generated in 2018	2,138	342	2025	-	-	
Without limit of use	36,378	5,821		-	-	
	51,006	**8,162**		**12,517**	**2,003**	
Others:						
Generated in 2013	117	23	2019	-	-	
Generated in 2014	384	75	2020	-	-	
Generated in 2015	304	61	2021	-	-	
Generated in 2016	422	84	2022	8	2	
Generated in 2017	503	101	2023	-	-	
Generated in 2018	676	149	2024	-	-	
Without limit of use	-	-		4	1	
	2,406	**493**		**11**	**3**	
	239,976	54,587		189,406	45,692	

24. INCOME TAX

Income tax for the years ended 31 December 2018 and 2017 is made up as follows:

	2018	2017
Current tax	11,461	5,830
Deferred tax (Note 23)	8,552	20,265
	20,013	**26,095**

The numerical reconciliation between tax expense and the accounting profit multiplied by the applicable tax rate, during the years ended 31 December 2018 and 2017 is as follows:

	2018	2017
Profit before income tax	188,979	224,073
Gains/losses related to the sale of companies (Note 36)	(14,369)	(11,111)
Net result of joint ventures and associates (Note 37)	(90,622)	(120,941)
Impairment of goodwill	185	-
Impairment losses in the investments under development	2,540	1,676
Other permanent differences and tax losses for which the recoverability is not probable	4,475	8,639
Taxable profit	**91,188**	**102,336**
Effect of different income tax rates in other countries	4,113	21,927
	95,301	**124,263**
Income tax rate in Portugal	21.0%	21.0%
	20,013	**26,095**

The amount of kEuro 4,475 under "Other permanent differences and tax losses for which the recoverability is not probable" (kEuro 8,639 in 2017) includes the effect of the non-recognition of the deferred tax assets related to the tax losses carried forward of the companies for which the Group was not certain about its future recovery (Sonae Sierra, Sierra BV, Sierra Turkey, Sierra Romania, Iberian Holdings Spain and Parklake in 2018) (Sonae Sierra, Sierra BV, Sierra Greece, Sierra Turkey, Sierra Romania and River Plaza in 2017).

25. ACCOUNTS PAYABLE TO SUPPLIERS

At 31 December 2018 and 2017 accounts payable to suppliers were made up as follows:

	31.12.2018		31.12.2017	
	Current	Non-current	Current	Non-current
Trade payables	7,899	-	5,085	-
Fixed assets suppliers	1,940	452	783	22
	9,839	**452**	**5,868**	**22**

As of 31 December 2018 and 2017, this caption relates to amounts payable resulting from purchases made in the normal course of the Group's activities. As of 31 December 2018, the Board of Directors believes that the carrying amount of these accounts payable is similar to its corresponding fair value.

The amounts reported above have the following periods for payment:

	31.12.2018	31.12.2017
Current:		
0-90 days	5,288	4,156
90-180 days	186	1,060
+ 180 days	4,365	652
	9,839	5,868
Non-current:		
n+1	440	10
n+2	6	-
n+3	-	6
n+4	6	-
n+5	-	6
	452	22

26. STATE AND OTHER PUBLIC ENTITIES

At 31 December 2018 and 2017 state and other public entities were made up as follows:

	31.12.2018		31.12.2017	
	Asset	Liability	Asset	Liability
	Current	Current	Current	Current
Income tax	4,936	7,149	3,509	2,800
VAT	2,235	5,162	1,338	5,423
Social security contributions	338	903	243	782
Other taxes	642	205	681	491
	8,151	13,419	5,771	9,496

According to the current tax legislation, the tax returns of Portuguese companies included in the consolidation are subject to revision and correction by the fiscal authorities within a period of four years; the exceptions are when fiscal losses have occurred, fiscal incentives have been granted or auditing or claims are in course, in which case, depending on circumstances, the final dates can be extended or suspended. So, the tax returns of the Portuguese companies of the years 2015 until 2018 are still subject to review and possible adjustment.

The Board of Directors believes that any possible adjustments that may be made by the tax authorities as a result of their reviews will not have a significant effect on the financial statements as of 31 December 2018.

As of 31 December 2018, the Board of Directors believes that the carrying amount of these accounts receivable and payable is similar to its fair value.

As of 31 December 2018 and 2017, there are no overdue debts to state and other public entities.

27. OTHER PAYABLES

At 31 December 2018 and 2017 other payables were made up as follows:

	31.12.2018	31.12.2017
Gift cards	4,286	3,493
Advances from customers	2,269	3,375
Rent deposits from tenants (Note 12 e 16)	971	806
Acquisition Parklake and Plenerg	16,000	-
Other payables	1,187	1,134
	24,713	**8,808**

The amount of kEuro 4,286 of gift cards relates to deposits received until 31 December 2018 on the sale of those gift cards, net of gift cards expired or settled until that date. The Group recognises in an account payable all gift cards sold, being this account settled when the gift cards are compensated by the tenants (in this case the fee charged is recognised on the statement of profit or loss) or when the gift cards expire (in this case the income corresponds to the amount of the expired gift cards).

The amount of kEuro 16,000 relates to the debt amount to be paid in 2019 regarding the acquisition of Parklake and Plenerg.

As of 31 December 2018 and 2017, this caption relates to amounts payable resulting from acquisitions made in the normal course of the Group's activities. As of 31 December 2018, the Board of Directors believes that the carrying amounts of these accounts payable is similar to its fair value.

The above balance for other creditors shows an average payment period below 90 days.

28. OTHER CURRENT LIABILITIES

At 31 December 2018 and 2017 other current liabilities were made up as follows:

	31.12.2018	31.12.2017
Accrued services payable	11,821	10,152
Accrual for vacations and vacations bonus and other bonus	13,890	13,952
Accrued fixed assets payable	12,897	13,997
Accrued interest expense	2,154	3,054
Deferred rental income	3,858	2,785
Condominium margin	871	1,185
Accrued property tax	276	397
Accrued other taxes	-	-
Key money invoiced in advance	525	653
Others	2,165	2,653
	48,457	**48,828**

The accrual for vacations and vacations bonus and other bonus as of 31 December 2018 and 2017, includes the amounts of kEuro 2,174 and kEuro 2,564, respectively, related to the remuneration bonus attributed to some employees of the Group, which will be paid in the future, as long as the employees involved are still employees of the Group as of the payment date. These remuneration bonus will be adjusted, in each of the following periods, until the corresponding payment date, by the annual variation of the Net Asset Value (NAV) of the Group and for the remuneration bonus attributed after 2011, inclusive, will be also adjusted according to the direct result of the Group and the possible sales of assets during the deferred period. These remuneration bonus are expensed linearly over the deferred period and recorded as expense, on the basis of the gross amount that was attributed to those employees, and any subsequent adjustment, derived from the variation of the Group's NAV or other, recorded in the statements of profit or loss of the year in which the variation occurs.

As of 31 December 2018 and 2017, the amounts of kEuro 12,897 and kEuro 13,997, respectively, relate to the estimate, made by the Board of Directors for liabilities associated with the investments made in the investment properties, for which the corresponding invoices have not yet been received.

29. VARIATIONS ON PROVISIONS AND IMPAIRMENT LOSSES

The movement in provisions and impairment losses, current and non-current, during the years ended 31 December 2018 and 2017 is made up as follows:

	2018			
	Balance as of 31.12.2017	Increase/ decrease	Utilization	Balance as of 31.12.2018
Impairment losses on accounts receivable:				
Trade receivables (Note 13)	13,285	299	(3,931)	9,653
Other receivables (Note 14)	1,656	39	(45)	1,650
	14,941	**338**	**(3,976)**	**11,303**
Provisions for risks and expenses:				
Other risks and expenses	2,553	1,405	14	3,972
	17,494	**1,743**	**(3,962)**	**15,275**

	2017			
	Balance as of 31.12.2016	Increase	Utilization	Balance as of 31.12.2017
Impairment losses on accounts receivable:				
Trade receivables (Note 13)	15,467	779	(2,961)	13,285
Other receivables (Note 14)	1,608	69	(21)	1,656
	17,075	**848**	**(2,982)**	**14,941**
Provisions for risks and expenses:				
Other risks and expenses	1,613	946	(6)	2,553
	18,688	**1,794**	**(2,988)**	**17,494**

Impairment losses on accounts receivable are deducted from the amount of the corresponding asset.

30. SERVICES RENDERED

Services rendered for the years ended 31 December 2018 and 2017 are made up as follows:

	2018	2017
Services rendered:		
Fixed rents	49,587	51,556
Turnover rents	1,289	1,714
Mall income	3,605	3,712
Common charges	31,374	49,336
Service fees	68,011	64,300
Parking income	1,544	1,433
Other	1,325	1,305
	156,735	**173,356**

The caption “Fixed rents” is net of the discounts (contractual and extra-contractual) granted to the tenants in the amount of kEuro 3,079 and kEuro 5,067, respectively for 2018 and 2017.

31. VARIATION IN FAIR VALUE OF INVESTMENT PROPERTIES

The variation in fair value of the investment properties in 2018 and 2017 is made up as follows:

	2018	2017
Variation in fair value between years (Note 8):		
- Gains	38,277	68,561
- Losses	(11,716)	(7,727)
Variation in fair value on "fit-out" contracts (Note 8)	294	(3)
	26,855	**60,831**

32. OTHER OPERATING REVENUE

Other operating revenue for the years ended 31 December 2018 and 2017 is made up as follows:

	2018	2017
Co-generation	16	18
Development fees	2,480	1,221
Reversal of impairment losses	-	1,479
Reversal of provisions	-	297
Gain on sale of assets	28,169	7
Other	1,889	637
	32,554	**3,659**

33. IMPAIRMENT LOSSES AND WRITE-OFF

The impairment losses and write-offs for the years ended 31 December 2018 and 2017 are the following:

	2018	2017
Impairment losses goodwill (Note 10)	185	-
Write-off and Impairment losses in the investment properties under development (Note 8)	2,540	1,676
	2,725	**1,676**

The "Write-off and Impairment losses in the investment properties under development" relate to the provision made to anticipate losses due to the delays on the development pipeline due to market uncertainty.

34. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	2018	2017
Property tax	1,752	1,411
Distribution of results related to the building rights (Shopping Colombo)	-	2,927
Payment of the withholding tax re dividends	2,640	-
Tax on the increase of the value of Plaza Mayor's land plot	-	600
Loss on the sale of Coimbrashopping	729	-
Exchange rate losses	989	536
Goodwill Cucuta	-	229
Other	1,047	1,244
	7,157	**6,947**

35. NET FINANCIAL RESULTS

Net financial results are made up as follows:

	2018	2017
Expenses:		
Interest expense	9,671	11,947
Stamp duty related to financing	114	157
Foreign currency exchange losses	1	73
Loss on fair value of ineffective hedging derivatives	883	127
Other	**4,651**	**2,516**
	15,320	**14,820**
Net financial expenses	(8,011)	(7,944)
	7,309	**6,876**
Income:		
Interest income	7,133	6,179
Foreign currency exchange gains	69	(58)
Other	107	755
	7,309	**6,876**

36. GAINS AND LOSSES ON INVESTMENTS

Gains and losses on investments are made up as follows:

	2018	2017
Gain on sale of 3 Shoppings (Note 6)	-	8,821
Price adjustment of 3 Shoppings	633	-
Gain on sale of Iberian Assets (Note 6)	13,090	-
River Plaza - excluded from consolidation (Note 6)	646	-
Price adjustment of Le Terrazze	-	1,832
Price adjustment of Loop 5	-	458
	14,369	**11,111**

37. SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES

Share of results of joint ventures and associates during the years ended 31 December 2018 and 2017, is detailed as follows:

	2018	2017
Share of profit of joint ventures (Note 4)	77,038	107,232
Share of profit of associates (Note 5)	13,584	13,709
	90,622	**120,941**

38. OPERATING LEASES

In the operating leases where the Group is the lessor, the minimal lease payments (fixed rents) recorded during the years ended 31 December 2018 and 2017 amounted to kEuro 52,369 and kEuro 56,323 respectively (Note 30).

In addition, as of 31 December 2018 and 2017, the Group had, as lessor, operating lease contracts for which the minimal lease payments (fixed rent) are due as follows:

	31.12.2018	31.12.2017
Due in N+1	56,069	52,416
Due in N+2	49,493	46,026
Due in N+3	40,637	40,872
Due in N+4	28,952	32,568
Due in N+5	21,049	22,647
Due after N+5	62,588	64,721
Contracts automatically renewed	37	678
	258,825	259,928

In the Operational Leases where the Group is the lessee, the minimum lease payments recognised as expense during the years ended 31 December 2018 and 2017 reached the amounts of kEuro 2,214 and kEuro 2,175 respectively.

In addition, as of 31 December 2018 and 2017, the Group had, as lessee, operating lease contracts for which the minimum lease payments are due as follows:

	31.12.2018	31.12.2017
Due in N+1	2,006	1,905
Due in N+2	1,620	1,491
Due in N+3	1,417	1,204
Due in N+4	948	1,013
Due in N+5	283	392
Due after N+5	120	-
Contracts automatically renewed	307	344
	6,701	6,349

39. RELATED PARTIES

Balances and transactions with related parties, during the years ended 31 December 2018 and 2017, in addition to the loans obtained from and payable to the shareholders mentioned in Note 20, are detailed as follows:

	Balances					
	Accounts receivable		Accounts payable		Other liabilities	
	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17
BB Food Service, S.A.	2	11	-	-	2	6
Contimobe - Imobil. Castelo Paiva, S.A.	201	1,423	71	-	6	(189)
Digitmarket - Sistemas de Informação, S.A.	5	-	-	1	(156)	(144)
Infofield - Informática, S.A.	-	-	-	-	-	60
MCCARE - Serviços de Saúde, S.A.	1	24	-	-	17	17
MDS - Corretor de Seguros, S.A.	76	84	48	4	(545)	(389)
Modalfa - Comércio e Serviços, S.A.	7	7	-	-	-	19
Modalloop - Vestuário e Calçado, S.A.	-	-	-	-	14	14
Modelo Continente Hipermercados, S.A.	135	72	258	534	673	763
Modelo - Dist.e materiais de Construção, S.A.	-	-	-	-	-	31
Pharmacontinente - Saúde e Higiene, S.A.	-	38	-	3	7	14
RACE-Refrigeration & Air Condit.Engen.SA	30	4	502	164	2	1
Raso- Viagens e Turismo, S.A	1	2	61	95	14	(47)
Salsa Consolidated	-	-	17	-	16	25
SDSR - Sports Division SR, S.A.	-	3	-	1	18	21
Sonae Center Serviços II, S.A.	352	-	-	81	350	29
Torre Ocidente Imobiliária, S.A.	-	4	-	4	210	285
Troiaresort-Investimentos Turísticos, S.A.	22	29	-	-	22	3
Viajens y Turismo de Geotur España, S.L.	-	-	7	9	-	-
We Do Consulting-Sist. de Informação, S.A.	-	-	24	31	-	39
We Do Technologies BV	-	5	-	-	-	-
Worten – Equipamentos para o Lar, S.A.	23	70	1	2	108	93
Worten España Distribución, SL	-	-	30	30	-	-
Zippy - Comércio e Distribuição, S.A.	4	6	-	-	5	5
ZYEvolution-Invest.Desenv.,SA	78	-	164	-	65	-
Joint ventures and associates of Sonae Sierra	6,723	13,231	5,769	5,473	(931)	(2,507)
Sonae SGPS, S.A.	-	-	222	-	-	220
Paneuropeia SGPS, Unipessoal, Lda.	-	-	8	-	-	-
Sierra European Retail Real Estate Asset Fund LP Inc.	-	-	-	-	31	30
	7,660	15,013	7,182	6,432	(72)	(1,601)

	Transactions							
	Sales and services rendered		Purchases and services obtained		Interest income		Interest expense	
	2018	2017	2018	2017	2018	2017	2018	2017
BB Food Service, S.A.	35	90	1	(1)	-	-	-	-
Bom Momento - Restauração, S.A.	77	-	(2)	-	-	-	-	-
Contimobe - Imobil. Castelo Paiva, S.A.	32	31	(38)	(478)	-	-	-	-
Continente Hipermercados, S.A.	-	-	22	10	-	-	-	-
Digitmarket - Sistemas de Informação, S.A.	-	-	364	312	-	-	-	-
Infofield - Informática, S.A.	-	51	-	-	-	-	-	-
Integrum Colombo Energia, S.A.	-	-	-	(183)	-	-	-	-
Go Well, S.A.	63	-	(1)	-	-	-	-	-
MCCARE - Serviços de Saúde, SA	212	210	(7)	(2)	-	-	-	-
MDS - Corretor de Seguros, S.A.	-	-	443	157	-	-	-	-
Modalfa - Comércio e Serviços, S.A.	19	213	-	-	-	-	-	-
Modalloop - Vestuário e Calçado, S.A.	165	162	-	-	-	-	-	-
Modelo - Dist.e materiais de Construção, S.A.	93	659	-	-	-	-	-	-
Modelo Continente Hipermercados, S.A.	7,626	8,130	1,064	834	-	-	-	-
Pharmacontinente - Saúde e Higiene, S.A.	102	366	-	-	-	-	-	-
Público - Comunicação Social, SA	-	10	-	-	-	-	-	-
RACE-Refrigeration & Air Condit.Engen.SA	-	4	458	170	-	-	-	-
Raso- Viagens e Turismo, S.A	135	235	698	889	-	-	-	-
Salsa Consolidated	442	980	-	-	-	-	-	-
Saphety Level - Trusted Services, SA	-	-	128	148	-	-	-	-
SDSR - Sports Division SR, S.A.	648	2,330	-	(3)	-	-	-	-
Solinca - Health & Fitness, S.A.	-	443	-	(20)	-	-	-	-
Solinfitness - Club Malaga, S.L.	-	-	-	-	33	88	-	-
Sonae Center Serviços II, S.A.	-	-	339	331	-	-	-	-
Stichting Depositary APG Strategic Real Estate Pool	-	-	-	2,927	-	-	-	-
Tlantic Portugal - Sist.de Informação,SA	-	2	28	21	-	-	-	-
Torre Ocidente Imobiliária, S.A.	-	34	686	669	-	-	-	-
Troiaresort-Investimentos Turísticos, S.A.	165	151	22	21	-	-	-	-
Viajens y Turismo de Geotur España, S.L.	-	-	231	213	-	-	-	-
We Do Consulting-Sist. de Informação, S.A.	-	-	367	378	-	-	-	-
We Do Technologies BV	4	4	-	-	-	-	-	-
Worten – Equipamentos para o Lar, S.A.	1,301	2,170	(107)	(71)	-	-	-	-
Worten España Distribución, SL	161	155	-	-	-	-	-	-
Zippy - Comércio e Distribuição, S.A.	86	508	-	(1)	-	-	-	-
ZYEvolution-Invest.Desenv.,SA	-	-	198	-	-	-	-	-
Joint ventures and associates of Sonae Sierra	50,032	44,140	5,578	2,279	3,205	2,758	124	122
Sonae SGPS, S.A.	-	-	229	220	-	-	-	-
Sierra European Retail Real Estate Asset Fund LP Inc.	-	-	-	-	-	-	31	2
Sierra Investments (Luxembourg) 1 Sarl ("Luxco 1")	-	-	-	-	-	-	-	16
Sierra Investments (Luxembourg) 2 Sarl ("Luxco 2")	-	-	-	-	-	-	-	14
	61,398	61,078	10,701	8,820	3,238	2,846	155	154

The remuneration of the Board of Directors, during the years ended 31 December 2018 and 2017, was as follows:

	2018	2017
Fixed remuneration	1,450	1,625
Variable remuneration	1,403	1,203
	2,853	2,828

The total fees invoiced by the statutory auditor, amounted to kEuro 516, which include the amount of kEuro 272 relating to review of accounts and the amounts of kEuro 144, kEuro 86 and kEuro 14, relating to reliability assurance services, tax consulting and other services, respectively.

40. CONTINGENT LIABILITIES AND BANK GUARANTEES

As of 31 December 2018 and 2017, the main contingent liabilities relate to the following situations:

- In 2018 the Group has agreed to pay up to the amount of kEuro 13,250 in case of breach of the obligations undertaken under the investment agreement between Sierra Parma Project, B.V. and Parma Sviluppo, Srl.
- In 2018 the Group has agreed with the bank that granted the loan to Doc Malaga Siteco, S.L.U., for the construction of the shopping centre Designer Outlet Málaga, the payment of any amount requested by the bank in the maximum amount kEuro 7,500, in case the company is not able to comply with its obligations.
- In 2018 the Group has agreed with the bank that granted the loan to Proyecto Cúcuta S.A.S., for the construction of the shopping centre Jardín Plaza Cúcuta, the payment of any amount requested by the bank in the maximum amount kEuro 6,070, in case the company is not able to comply with its obligations.
- In December 2013 Gli Orsi received a tax notification, whereby it is asked to pay the amount of kEuro 19,463, related with real estate transfer tax in the amount of kEuro 9,485 and kEuro 9,978 related with penalties and interest, plus court agent fees amounting to kEuro 905. Based on the opinion of the tax expert there are valid reasons to consider the claim without foundation, and so the Group has appealed to the Supreme Court. In the specific case of the penalties requested by the tax authorities, the tax expert understands that no penalty is due. To provide for this contingency, the Group has expensed in 2013 an amount of keuro 10,390 (corresponding to real estate transfer tax (kEuro 9,485) plus count agent fee (kEuro 905). In 2016, the Group assumed the commitment to the bank ING Bank N. V. (Milan), that finance the company Gli Orsi Shopping Centre 1, Srl, to pay future tax liabilities which may arise in relation to these tax litigations up to the maximum amount of kEuro 25,000, in case the company is not able to settle it.
- Until this date, Sonae Sierra has received tax notifications regarding the tax deductibility of interest expenses on loans obtained, concerning the years 2005, 2008, 2009, 2010, 2011, 2013 and 2015, in the total amount of kEuro 10,195. All these tax notifications were claimed by Sonae Sierra and guarantees in the same amount were granted by the subsidiary Sierra Investments, SGPS, S.A. to the Portuguese tax authorities. No provision was recorded because the Board of Directors understands that the risk of these tax contingencies is unlikely. The fact that Sonae Sierra received a second favourable court decision and a first court decision, respectively on 2015 and 2017 regarding the deductibility of interest incurred in 2004 and 2009, corroborates the Group's assessment of these contingencies.

At 31 December 2018 and 2017 the bank guarantees granted to third parties were as following:

	31.12.2018	31.12. 2017
Bank guarantees:		
relating to tax processes in course	1,927	1,927
to complete the construction of several projects	3,506	1,271
to secure the reimbursement of the instalment of the preliminary sale and purchase agreement with Carrefour Romania	-	15,978
to secure any liability that may arise as a result of breach of commitments contained in the sale and purchase agreement of 3shoppings, SGPS, S.A.	6,600	-
Others	665	398
	12,698	19,574

No provision has been made for any liability arising from the tax and legal processes mentioned above, as the Board of Directors believes that the corresponding risk is not probable.

41. COMMITMENTS NOT REFLECTED ON THE FINANCIAL STATEMENTS

Following the sale of 49.9% of Sierra European Retail Real Estate Assets Holdings BV's ("Sierra BV") share capital to a group of Investors, in 2003, Sonae Sierra has agreed to revise the sale price of such shares in the event of a sale, to third parties, of some of the shopping centres owned by subsidiaries of Sierra BV (subject to some conditions).

The price revision can occur both with a sale of the asset (investment property in the case) or with a sale of the shares of the company that is, directly or indirectly, the owner of such asset.

The price revision will be made by Sonae Sierra to the Investors in Sierra Fund or to Sierra BV if, in a relevant sale, discounts related to deferred taxes on capital gains have been made.

The price revision will be dependent on the percentage ownership in the company that owns the asset, the Investors' ownership percentage in Sierra BV (and in case of a sale of shares adjusted by a 50% discount) and is limited to:

(i) in the case of the asset sale, a maximum amount of kEuro 101,705;
(ii) in the case of a sale of shares of the company that directly or indirectly owns the asset, a maximum amount of kEuro 50,852;
(iii) in the case of a sale of shares of the company that directly or indirectly owns the asset, the price revision plus the selling price, cannot result in a revised price that is greater than the proportion of the Net Asset Value.

Similar commitments were granted by Sonae Sierra in relation to the companies transferred to Sierra BV after 2003 and to CBRE companies regarding the sale of 50% of Vasco da Gama.

These commitments are valid while the current agreements with the other stockholders of Sierra BV are maintained.

Furthermore, Sonae Sierra has the right to make a proposal for the acquisition of the asset or the shares at stake before they are offered for sale to a third party.

In accordance with the agreements made between the shareholders of Sierra BV at the time of its incorporation in 2003, it was agreed that Sierra BV should exist for an initial period of 10 years (that ended in October 2013), that could be extended by two additional periods of one year starting in 2013. On September 2013 all the shareholders of Sierra BV approved an amendment agreement relating to the continuation of the operations of the Fund with a long-stop date until October 2018. In 2018 the shareholders of Sierra BV agreed to schedule a number of workshops to be carried out at each of the Core Assets – Colombo, Norteshopping, Vasco da Gama, Cascaishopping and Plaza Mayor – to ascertain in more depth the long-term strategy of each scheme, in view of agreeing the basis for a prospective long-term extension of the venture. The Group also continues to study several alternatives to dispose of the other properties held by Sierra BV, but there are no intentions to proceed with forced asset sales.

In accordance with the agreements made between the shareholders of SPF at the time of its incorporation in 2008, it was agreed that SPF should exist for a period of 10 years (that would end in 2018), with the shareholders having the option to redeem its shares after 2014, provided that some conditions are met. Upon a prospective redemption notice received from shareholders, the Manager (Sonae Sierra) shall carry out its best endeavours to redeem the respective interests, in a period of 12 months. Additionally, in 2015 shareholders agreed to extend the term of the fund until 2020.

The Group believes that the direct sale of the asset is a less attractive solution as it is subject to certain liabilities that are not crystalized in the event of a sale of the shares.

42. DIVIDENDS

Regarding the net Result of 2018, the Board of Directors proposes to transfer the amount to retained earnings.

The Board of Directors also proposes the distribution of free reserves in the amount of kEuro 115.100. The respective payment will be deferred to a date to be decided by the shareholders and after the recommendation of the Board of Directors.

43. EARNINGS PER SHARE

As of 31 December 2018 and 2017, basic earnings per share correspond to the net profit divided by the weighted average number of ordinary shares of Sonae Sierra during the year, and was computed as follows:

	2018	2017
Profit considered to compute the basic earnings per share		
(net profit of the year)	110,117	109,951
Number of shares	32,514,000	32,514,000
Earning per share (Euro)	**3.39**	**3.38**

Sonae Sierra has no potential diluted shares and, for that reason, the diluted earnings per share is similar to the basic earnings per share.

44. SEGMENT INFORMATION

In accordance to the Management Report, the segments used by the Management of the Group are as follows:

- Investment portfolio
- Developments
- Services
- Sonae Sierra Brazil

The Sonae Sierra's reportable segment information for the years ended 31 December 2018 and 2017, regarding the statement of profit or loss, can be detailed as follows:

	2018	2017
Net Operating Result		
Investment portfolio	75,946	75,192
Developments	(7,265)	(8,749)
Services	18,954	17,018
Sonae Sierra Brazil	20,025	21,293
Reclassifications and adjustments	1	1
Consolidated (1)	**107,661**	**104,755**
Net financial costs		
Investment portfolio	21,911	18,856
Developments	(1,171)	426
Services	2,069	93
Sonae Sierra Brazil	3,964	5,521
Consolidated (1)	**26,773**	**24,896**
Direct profit before taxes		
Investment portfolio	54,036	56,336
Developments	(6,094)	(9,174)
Services	16,885	16,925
Sonae Sierra Brazil	16,061	15,772
Reclassifications and adjustments	(1)	-
Consolidated	**80,887**	**79,859**
Indirect income before taxes		
Investment portfolio	50,652	66,340
Developments	25,527	(1,676)
Sonae Sierra Brazil	19,851	11,759
Reclassifications and adjustments	(1)	-
Consolidated	**96,029**	**76,423**
Corporate tax + Deferred tax		
Investment portfolio	(20,491)	(36,380)
Developments	(4,128)	869
Services	(3,669)	(3,962)
Sonae Sierra Brazil	(38,513)	(6,856)
Reclassifications and adjustments	1	-
Consolidated (1)	**(66,800)**	**(46,329)**
Net profit		
Investment portfolio	84,197	86,296
Developments	15,305	(9,981)
Services	13,216	12,964
Sonae Sierra Brazil	(2,601)	20,675
Reclassifications and adjustments	-	(3)
Consolidated	**110,117**	**109,951**

The Sonae Sierra's reportable segment information for the year ended 31 December 2018 and 2017, regarding the statement of financial position, can be analysed as follows:

	2018	2017
Investment properties		
Investment portfolio	1,734,596	1,667,902
Sonae Sierra Brazil	361,926	377,619
Others	1	545
Consolidated (1)	**2,096,523**	**2,046,066**
Properties under development		
Investment portfolio	31,725	10,177
Developments	80,315	59,143
Sonae Sierra Brazil	2,213	2,677
Others	(24)	(30)
Consolidated (1)	**114,229**	**71,967**
Bank loans		
Investment portfolio	628,961	586,236
Developments	27,046	1,999
Sonae Sierra Brazil	51,503	71,327
Bank loan at Sonae Sierra SGPS	135,000	120,000
Others	-	1
Consolidated (1)	**842,510**	**779,563**
Deferred taxes liabilities		
Investment portfolio	273,060	266,750
Developments	1,469	561
Sonae Sierra Brazil	95,621	68,551
Others	(2,269)	(1,814)
Consolidated	**367,881**	**334,048**

(1) The reconciliation with the statutory accounts is presented on the following tables.

The reportable segment information can be reconciled with the enclosed financial statements as follows:

Statement of profit or loss

	2018	2017
Net Operating Margin - segments	107,661	104,755
Equity method adjustment (1)	(73,156)	(70,637)
Proportional method adjustment (2)	12,441	10,158
Indirect Income:		
Variation in fair value of the investment properties	26,855	60,831
Other indirect income / costs	24,019	(3,526)
Depreciations, write-off and impairments losses	(2,725)	(1,676)
Withholding taxes related to Interests and dividends	-	(5)
Negative goodwill recognised in "Share of results of joint ventures and associates"	397	509
Other operating expenses	(3,395)	(456)
Others	(98)	12
Net Profit before interest and results from associated undertakings, as per Financial Statements	**91,999**	**99,965**
Net financial costs - segments	26,773	24,896
Equity method adjustment (1)	(16,985)	(17,604)
Proportional method adjustment (2)	1,592	1,062
Withholding taxes related to Interests and dividends	-	(5)
Other operating expenses	(3,395)	(456)
Others	26	51
(-) Finance income (-) Finance expenses as per Financial Statements	**8,011**	**7,944**
Corporate tax + Deferred Tax - segments	(66,800)	(46,329)
Equity method adjustment (1)	51,883	28,317
Proportional method adjustment (2)	(5,107)	(8,083)
Others	11	-
Income tax as per Financial Statements	**(20,013)**	**(26,095)**

(1) Joint ventures and associates are included in the statutory consolidated accounts by the equity method and in the management accounts by the proportionate method.
(2) The companies owned by the group by less than 100% and more that 50% are included in the management accounts by the proportionate method and in the statutory consolidated accounts are included by the full consolidation method.

Statement of financial position

	2018	2017
Investment properties - segments	2,096,523	2,046,066
Equity method adjustment (1)	(1,390,962)	(1,469,948)
Proportional method adjustment (2)	290,523	176,935
Goodwill (3)	(13,239)	(12,629)
Investment properties as per Financial Statements	**982,845**	**740,424**
Properties under development - segments	114,229	71,967
Equity method adjustment (1)	(91,747)	(30,614)
Proportional method adjustment (2)	137	102
Goodwill (3)	(6,952)	-
Investment properties under development as per Financial Statements	**15,667**	**41,455**
Cash and cash equivalents - segments	260,358	143,507
Equity method adjustment (1)	(64,567)	(91,084)
Proportional method adjustment (2)	116,874	15,722
Others	-	-
Cash and cash equivalents as per Financial Statements	**312,665**	**68,145**
Bank loans - segments	842,510	779,563
Equity method adjustment (1)	(435,068)	(459,933)
Proportional method adjustment (2)	82,690	52,362
Financing costs	(4,108)	(2,193)
Debt - current and non-current as per Financial Statements	**486,024**	**369,799**

(1) Joint ventures and associates are included in the statutory consolidated accounts by the equity method and in the management accounts by the proportionate method.
(2) The companies owned by the group by less than 100% and more that 50% are included in the management accounts by the proportionate method and in the statutory consolidated accounts are included by the full consolidation method.
(3) The Investment portfolio segment consider the Goowdill under the caption "Investment Properties" and "Properties under development".

The average number of employees in 2018 and 2017, by business segment is detailed as follows:

	2018	2017
Investment portfolio	26	23
Developments	22	19
Services	448	450
Non allocated	242	237
	737	729

45. INDICATORS RECONCILIATION

In addition to the financial information prepared in accordance with the International Financial Reporting Standards (IFRS) the Group uses a number of indicators in the analysis of the performance and financial position, which are classified as Alternative Performance Indicators (APM) in accordance with the guidelines set by the European Securities and Markets Authority (ESMA).

These indicators, together with a reconciliation between the management accounts and the enclosed financial statements are presented bellow:

	2018	2017
Interest cover ratio (*)	3.5	3.6

(*) Interest cover ratio = (EBIT total - Current tax) / Net financial costs

Description in the management accounts	Amount in the management accounts		Statutory accounts descriptoion (Consolidated statements of profit or loss and Note 44-Segment information (*))	Reconciliation with statutory accounts	
	2018	2017		2018	2017
			Consolidated statements of profit or loss:		
			(+) Services rendered	156,735	173,356
			(+) Other operating revenue	32,554	3,659
			(-) External supplies and services	-61,422	-78,210
			(-) Personnel expenses	-50,170	-48,218
			(-) Depreciation and amortisation	-928	-1,036
			(-) Provisions and impairment	-1,743	-1,794
			(-) Other operating expenses	-7,157	-6,947
			Note 44 (*):		
			(+) Equity method adjustment (1)	73,156	70,637
			(-) Proportional method adjustment (2)	-12,441	-10,158
			(+) Other indirect income / costs (4)	-24,019	3,526
			(+) Withholding taxes related to Interests and dividends (4)	0	5
			(-) Negative goodwill recognised in "Share of results of joint ventures and associates" in the Consolidated statements of profit or loss	-397	-509
			(+) Other operating expenses (4)	3,493	444
EBIT Total	**107,661**	**104,755**		**107,661**	**104,755**
			Consolidated statements of profit or loss:		
			(+) Income tax	20,013	26,095
			Note 44 (*):		
Current tax (3)	14,339	15,239	(+) Equity method adjustment (1)	51,883	28,317
Deferred tax	52,461	31,090	(-) Proportional method adjustment (2)	-5,107	-8,083
			(+) Others	11	0
Current tax + Deferred tax	**66,800**	**46,329**		**66,800**	**46,329**
			Consolidated statements of profit or loss:		
			(-) Finance income	-7,309	-6,876
			(+) Finance expenses	15,320	14,820
			Adjustments:		
			(+) Equity method adjustment (1)	16,985	17,604
			(-) Proportional method adjustment (2)	-1,592	-1,062
			(+) Withholding taxes related to Interests and dividends (4)	0	5
			(+) Other operating expenses (4)	3,493	444
			(+) Others (5)	-125	-39
Net financial costs	**26,773**	**24,896**		**26,772**	**24,896**

(*) Adjustaments presented in note 44.
(1) Joint ventures and associates are included in the statutory consolidated accounts by the equity method and in the management accounts by the proportionate method.
(2) The companies owned by the group by less than 100% and more that 50% are included in the management accounts by the proportionate method and in the statutory consolidated accounts are included by the full consolidation method.
(3) In the statutory accounts the item "Income tax" includes the deferred tax.
(4) Amount included in item "Other operating expenses" in the Consolidated statements of profit or loss.
(5) Amount included in item "Share of results of joint ventures and associates" in the Consolidated statements of profit or loss.

	31.12.2018	31.12.2017
Debt to assets ratio (*)	26.5%	30.2%

(*) Debt to assets ratio = (Bank loans-Cash & Equivalents) /(Investment properties+Properties under development - Goodwill)

Description in the management accounts	Amount in the management accounts		Statutory accounts descriptoion (Consolidated statements of profit or loss and Note 44-Segment information (*))	Reconciliation with statutory accounts	
	31.12.18	31.12.17		31.12.18	31.12.17
			Consolidated statements of financial position:		
			(+) Bank loans - net of current portion	342,448	198,186
			(+) Debentures loans - net of current portion	99,181	0
			(+) Current portion of long term bank loans	44,395	71,763
			(+) Current portion of long term debentures loans	0	74,850
			(+) Short term bank loans and other borrowings	0	25,000
			Note 44 (*):		
			(+) Equity method adjustment (1)	435,068	459,933
			(-) Proportional method adjustment (2)	-82,690	-52,362
			(+) Financing costs (4)	4,108	2,193
Bank loans	**842,510**	**779,563**		**842,510**	**779,563**
			Consolidated statements of financial position:		
			(-) Cash and bank deposits	312,665	68,145
			Adjustments:		
			(+) Equity method adjustment (1)	64,567	91,084
			(-) Proportional method adjustment (2)	-116,874	-15,722
Cash & Equivalents	**260,358**	**143,507**		**260,358**	**143,507**
			Consolidated statements of financial position:		
			(+) Propriedades de investimento	982,845	740,424
			Nota dos segmentos (*):		
			(+) Ajustamento MEP (1)	1,390,962	1,469,948
			(-) Ajustamento método proporcional (2)	-290,523	-176,935
			(+) Goodwill (3)	**13,239**	**12,629**
Investment properties	**2,096,523**	**2,046,066**		**2,096,523**	**2,046,066**
			Consolidated statements of financial position:		
			(+) Investment properties under development	15,667	41,455
			Adjustments:		
			(+) Equity method adjustment (1)	91,747	30,614
			(-) Proportional method adjustment (2)	-137	-102
			(+) Goodwill (3)	6,952	0
Properties under development	**114,229**	**71,967**		**114,229**	**71,967**

(*) Adjustments presented in note 44.
(1) Joint ventures and associates are included in the statutory consolidated accounts by the equity method and in the management accounts by the proportionate method.
(2) The companies owned by the group by less than 100% and more that 50% are included in the management accounts by the proportionate method and in the statutory consolidated accounts are included by the full consolidation method.
(3) In the management accounts the Goodwill is included in the lines "Investment properties" and "Properties under development". In the Consolidated statements of financial position the amount of kEuro 9,892 is presented in the line "Goodwill" (2017:kEuro 4,274) an the amount of kEuro 10,298 in "Investments in joint ventures and associates" (2017: kEuro 8,355).
(4) Amount inluded in the lines "Bank loans - net of current portion", "Debentures loans - net of current portion", "Current portion of long term bank loans" and "Current portion of long term debentures loans" of the Consolidated stetatements of financial position.

46. SUBSEQUENT EVENTS

In January, the Group sold its stake (9%) in the associate Loop5 Shopping Centre GmbH & Co KG ("Loop 5") for kEuro 10,281.

In January, the Group acquired for kEuro 2,000, a 50% stake in Balmain Asset Management Group's Central European platform, whom is operating for over 15 years in Poland.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorised for issuance on the 14 March of 2019. However, these financial statements are still depending on the approval by the Shareholders General Meeting, in accordance with business legislation prevailing in Portugal.

48. NOTE ADDED FOR TRANSLATION

This is a translation of financial statements originally issued in Portuguese in accordance with Portuguese Statutory requirements, some of which may not conform to or be required in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Board of Directors

Sonae Sierra, SGPS, SA

Statements of financial position as of 31 december 2018 and 2017

(Translation of the statement of financial position originally issued in Portuguese - Note 26)
(Amounts stated in thousands of Euro)

	Notes	31 December 2018	31 December 2017
ASSETS			
NON-CURRENT ASSETS:			
Investments in group companies and associated companies	3	**1,148,979**	1,148,979
Suplementary capital granted	4	**49,434**	49,434
Total non-current assets		**1,198,413**	1,198,413
CURRENT ASSETS:			
Loans to Group companies	5	**35,031**	41,040
Other receivables	6	**6,111**	7,010
State and other public entities	7	**975**	822
Other current assets	8	**915**	873
Cash and Cash Equivalents	9	**36,122**	10,710
Total current assets		**79,154**	60,455
Total assets		**1,277,567**	**1,258,868**
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	10	**162,245**	162,245
Legal Reserve		**57,329**	57,329
Other reserves		**168,026**	217,772
Retained earnings		**516,787**	524,007
Net Profit for the period		**(3,705)**	(7,221)
Total equity		**900,682**	954,132
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans - net of current portion	12	**34,942**	-
Debentures loans - net of current portion	11	**99,331**	-
Total non current liabilities		**134,273**	-
CURRENT LIABILITIES:			
Current portion of long term bank loans	12	**(18)**	44,947
Current portion of long term debentures loans	11	**(179)**	74,908
Loans from Group companies	13	**237,968**	178,202
Other Payables	15	**409**	350
State and other public entities	7	**134**	115
Other current liabilities	16	**4,298**	6,214
Total current liabilities		**242,612**	304,736
Total equity and liabilities		**1,277,567**	**1,258,868**

The accompanying notes form an integral part of these statements of financial position as of 31 December 2018.

The Board of directors

Sonae Sierra, SGPS, SA

Statements of profit and loss for the years ended 31 december 2018 and 2017

(Translation of the statement of financial position originally issued in Portuguese - Note 26)
(Amounts stated in thousands of Euro)

	Notes	2018	2017
Other operating revenue	17	**6**	2
		6	**2**
External supplies and services		**(280)**	(215)
Personnel expenses		**(26)**	-
Other operating expenses	18	**(36)**	(21)
		(342)	(236)
Net operating profit		**(336)**	**(234)**
Financial income	19	**1,909**	1,692
Financial expenses	19	**(10,524)**	(12,108)
Gains and losses on investments	19	**3,696**	1,718
Profit before income tax		**(5,255)**	**(8,933)**
Income tax	20	**1,550**	1,712
Profit after income tax		**(3,705)**	**(7,221)**
Net profit for the period		**(3,705)**	**(7,221)**

The accompanying notes form an integral part of these statement of profit or loss for the year ended 31 December 2018.

The Board of directors

Sonae Sierra, SGPS, SA

Statements of comprehensive income for the years ended 31 december 2018 and 2017

(Translation of the statement of financial position originally issued in Portuguese - Note 26)
(Amounts stated in thousands of Euro)

	Notes	2018	2017
Net profit for the period		**(3,705)**	(7,221)
Others		-	-
Other comprehensive income of the period		-	-
Total comprehensive income for the period		**(3,705)**	**(7,221)**

The accompanying notes form an integral part of these statements of compehensice income for the year ended 31 December 2018.

The Board of directors

Sonae Sierra, SGPS, SA

Statements of changes in equity for the years ended 31 december 2018 and 2017

(Translation of the statement of financial position originally issued in Portuguese - Note 26)
(Amounts stated in thousands of Euro)

		Attributable to Equity Holders of Sonae Sierra					
			Reserves				
	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Net profit	Total
Balance as of 1 January 2017		162,245	57,329	292,554	529,469	(5,462)	1,036,135
Appropriation of net profit for 2016:							
Appropriation of net profit for 2016		-	-	-	(5,462)	5,462	-
Dividends distributed		-	-	(74,782)	-	-	(74,782)
Net loss for period ended 31 December 2017		-	-	-	-	(7,221)	(7,221)
Balance as of 31 December 2017		**162,245**	**57,329**	**217,772**	**524,007**	**(7,221)**	**954,132**
Balance as of 1 January 2018	10	162,245	57,329	217,772	524,007	(7,221)	954,132
Appropriation of net profit for 2017:							
Appropriation of net profit for 2017	10	-	-	-	(7,221)	7,221	-
Dividends distributed		-	-	(49,746)	-		(49,746)
Net loss for period ended 31 December 2018		-	-	-	-	(3,705)	(3,705)
Balance as of 31 December 2018		162,245	57,329	168,026	516,787	(3,705)	900,682

The accompanying notes form an integral part of these statement of changes in equity for the year ended 31 December 2018..

The Board of directors

Sonae Sierra, SGPS, SA

Statements of cash flows for the years ended 31 december 2018 and 2017

(Translation of the statement of financial position originally issued in Portuguese - Note 26)
(Amounts stated in thousands of Euro)

	Notes	2018		2017	
OPERATING ACTIVITIES:					
Paid to suppliers		**(323)**		(252)	
Paid to personnel		**(85)**		(129)	
Flows from operations		**(407)**		(381)	
(Payments)/receipts of income tax		**(1,540)**		(641)	
Other (payments)/receipts relating to operating activities		**807**		(496)	
Flows from operating activities [1]			**1,940**		**(236)**
INVESTING ACTIVITIES:					
Receipts relating to:					
Interest income		**1,887**		1,144	
Dividends	19	**3,696**		1,718	
Loans granted	5	**6,009**	**11,592**	-	2,862
Payments relating to:					
Loans granted		**-**	**-**	(27,002)	(27,002)
Flows from investing activities [2]			**11,592**		**(24,140)**
FINANCING ACTIVITIES:					
Receipts relating to:					
Bank loans	12	**60,000**		25,000	
Debentures loans	11	**100,000**		-	-
Loans obtained - others	13	**59,766**	**219,766**	118,667	143,667
Payments relating to:					
Interest expenses		**(13,139)**		(9,307)	
Dividends	10	**(49,746)**		(74,782)	
Bank loans	12	**(70,000)**		(25,000)	
Debentures loans	11	**(75,000)**	**-**	-	
Loans obtained - others		**-**	**(207,884)**	-	(109,089)
Flows from financing activities [3]			**11,882**		**34,578**
Variation in cash and cash equivalents [4]=[1]+[2]+[3]			**25,412**		10,202
Cash and cash equivalents at the beginning of the year	9		**10,710**		508
Cash and cash equivalents at the end of the year	9		**36,122**		10,710

The accompanying notes form an integral part of these statements of cash flows for the year ended 31 December 2018.

The Board of directors

Sonae Sierra, SGPS, SA

Notes to the financial statements as of 31 December 2018

(Translation of notes originally issued in Portuguese – Note 26)
(Amounts stated in thousands of Euro - kEuro)

1. INTRODUCTION

SONAE SIERRA, S.G.P.S., S.A. ("the Company" or "Sonae Sierra"), has its head office in Lugar do Espido, Via Norte, Apartado 1197, 4471-909 Maia – Portugal, and its activity is holding and finance, group of companies operating in the management, development and investment of shopping centres business.

The financial statements are presented in Euro, the functional currency of the Company, as this is the currency of the primary economic environment in which the Company operates.

The Company has also prepared consolidated financial statements, which are separately presented and properly show the financial position, the results and comprehensive income of its operations, changes in equity and cash flows of the Sonae Sierra Group.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accompanying financial statements are as follows:

2.1. Basis of preparation

The accompanying financial statements have been prepared according to the International Financial Report Standards ("IFRS") and approved by the European Union, applicable to economic years beginning on 1 January 2018. These correspond to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC") and approved by the European Union.

The accompanying financial statements have been prepared on a going concern basis and in accordance with the accrual basis of accounting, maintained according to International Financial Reporting Standards, as approved by the European Union.

New accounting standards and their impact in these financial statements

Until the date of approval of these financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions with mandatory application to the economic year beginning on 1 January 2018:

	Applicable for financial years beginning on / after
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01-Jan-18
Amendments to IAS 40: Transfers of Investment Property	01-Jan-18
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	01-Jan-18
Annual Improvements to IFRS Standards 2014-2016 Cycle	01-Jan-18
IFRS 9 Financial Instruments	01-Jan-18
IFRS 15 Revenue from Contracts with Customers	01-Jan-18
Clarifications to IFRS 15 Revenue from contracts with customers	01-Jan-18
Amendments to IFRS 4: Applying IFRS 9 - Financial instruments with IFRS 4 - Insurance contracts	01-Jan-18

The Company has applied these amendments for the first time in 2018 and there is no significant impact on the accounts resulting from their application. Following the adoption of the standards IFRS 9 and IFRS 15, the impacts in the accounts can be detailed as follows:

(i) IFRS 9 – Financial Instruments

The Company has adopted as of January 1, 2018 the new standard IFRS 9, which replaces the previous IAS 39. Regarding the transition from IAS 39 to IFRS 9, the Company applied the simplified approach model, meaning that the Company did not applied IFRS 9 retrospectively.

Based on an analysis of the Company's financial assets and liabilities, the Board of Directors assessed the impact of the adoption of IFRS 9 on these financial statements as follows:

Classification and measurement:

IFRS 9 introduced a model for the classification of financial assets based on the business model for managing the financial assets ("business model test") and their contractual cash flow characteristics ("SPPI test").

The application of IFRS 9 did not change the fair value hedge and cash flow hedge classification.

The measurement and classification of all financial instruments continued on the same basis as previously under IAS 39. Therefore, the captions accounts receivable, accounts payable and loans granted/obtained continued to be measured at amortized cost under IFRS 9.

Impairment

A new methodology for the calculation and reporting of other receivables impairment losses was introduced, changing the method from the incurred loss to the expected credit loss model (ECL), where the credit risk assessment is considered at the initial recognition.

The Board of Directors concluded that the application of the expected credit loss model resulted in the early recognition of credit losses for the corresponding assets in an immaterial amount, charged in the profit and loss of the year ended 31 December 2018.

(ii) IFRS 15 – Revenue from Contracts with customers

The Company has adopted as of January 1, 2018 the new standard IFRS 15, which replaces the previous IAS 18.

Revenue relates mainly to dividends and interest when they occur or when the Company has the right and has performed its obligations. The moment of recognition of the performance obligation occurs at a specific moment in time, which does not differ from the previous practice under IAS 18. There are no other significant performance obligations to be fulfilled thereafter.

The Board of Directors concluded that the application of IFRS 15 does not have a material impact on the Company's financial position or financial performance.

Up to the date of approval of these financial statements, the following standards and interpretations, with mandatory application in future reporting dates, have been endorsed by the European Union:

	Applicable for financial years beginning on / after
IFRIC 23 Uncertainty over Income Tax Treatments	01-Jan-19
IFRS 16 Leases	01-Jan-19
Amendments to IFRS 9: Prepayment Features with Negative Compensation	01-Jan-19

These standards and amendments, despite being endorsed by the European Union, have not been adopted by the Company in 2018 because their application is not yet mandatory. Nevertheless, no significant impacts are expected from its future adoption.

The following standards and interpretations were issued by the IASB but have not yet been endorsed by the European Union:

	Applicable for financial years beginning on / after
IFRS 17 - Insurance Contracts	01-Jan-21
Annual Improvements to IFRS Standards 2015-2017 Cycle	01-Jan-19
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	01-Jan-19
Amendments to IAS 28: Long-term investments in associates and loint ventures	01-Jan-19
Amendments to References to the Conceptual Framework in IFRS Standards	01-Jan-20
Amendment to IFRS 3 Business Combinations	01-Jan-20
Amendments to IAS 1 and IAS 8: Definition of Material	01-Jan-20

None of these standards were adopted by the Company as they were not yet endorsed by the European Union. Anyway, it is not anticipated any significant impact on the accompanying financial statements derived from the future adoption of these standards.

2.2. Financial Investments

Financial investments in subsidiaries are recorded at acquisition cost less impairment losses. Impairment is assessed by comparing the cost of the investments with the corresponding Net Asset Value of the subsidiary company.

2.3. Financial assets and liabilities

Assets and liabilities are recognised in the statement of financial position when the Company becomes part of the corresponding contract.

Financial assets are initially recorded at their acquisition value, which is the fair value, including transaction costs, except for financial assets measured at fair value through profit and loss, where the transaction costs are immediately recorded in the profit and loss statement.

The Company derecognises financial assets when: (i) the contractual rights to cash flows expire; (ii) it transfers to another entity the significant risks and benefits associated with ownership of the property or; (iii) despite having retained some, but not substantially the significant risks and benefits, has transferred the control over them.

The Company derecognises financial liabilities only when the corresponding obligation is settled, cancelled or expires.

Financial assets are classified into the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL), and
- those to be measured at amortised cost.

Financial assets measured subsequently at fair value include mainly derivative financial instruments. The subsequent measurement of these financial assets is carried at fair value and recorded in the statement of changes in equity, if they qualify for hedge accounting purposes. If they do not qualify for hedge accounting purposes, the fair value of these financial assets is recorded in the statement of profit or loss.

Financial assets subsequently measured at amortised cost are those generated during normal operations of the Company, for which there is no intention to negotiate. Classified in this category are the accounts receivable and other receivables, loans to third parties and bank deposits. The subsequent measurement of these financial assets is carried at amortised cost in accordance with the effective interest method.

Financial liabilities are classified into the following categories:

- those to be measured subsequently at fair value through profit or loss (FVTPL), and
- those to be measured at amortised cost.

Financial liabilities measured at fair value include mainly derivative financial instruments. The subsequent measurement of these financial liabilities are carried at fair value and recorded in the statement of changes in equity if they qualify for hedge accounting purposes. If they do not qualify for hedge accounting purposes, the fair value of these financial liabilities is recorded in the statement of profit or loss.

Other financial liabilities correspond to other financial liabilities which are not classified in the former category. In this category are classified bank loans and other current liabilities, including shareholders and accounts payable and other payables. The subsequent measurement of these financial liabilities is carried at amortised cost, in accordance with the effective interest method.

a) Loans granted to Group companies

Loans granted to Group companies are recorded as assets at amortised cost which usually do not differ from the nominal value.

Financial income with interest received is recorded in the profit and loss statement on an accruals basis. The amounts due and not received at the statement of financial position date are recorded under the caption "Other current assets".

b) Trade and other receivables

Accounts receivable and other receivables are recorded at amortised cost less any eventual impairment losses. Usually, the amortised cost of these financial assets does not usually differ from its nominal value.

c) Loans

Loans are stated as liabilities at amortised cost.

Any expenses incurred in obtaining such financing, usually paid in advance on issue, namely the bank fees and stamp duty as well as interest expenses and similar expenses, are recognised using the effective interest method in the results of the year, over lifetime of such financing. These expenses incurred are deducted from the caption “Bank loans”.

Financial expenses with interest expenses and similar expenses (namely stamp tax), are recorded in the statement of profit and loss on an accrual basis of accounting. The amounts due and not paid at the statement of financial position date are recorded under the caption “Other current liabilities”.

d) Trade and other payables

Accounts payable and other payables are stated at amortised cost. Usually, the amortised cost of these liabilities does not differ from its nominal value.

e) Cash and cash equivalents

The amounts under caption "Cash and cash equivalents" includes cash on hand, cash at banks on demand and other treasury applications which mature in less than three months that are subject to insignificant risk of change in value.

These assets are measured at amortised cost. Usually, the amortised cost of these financial assets does not differ from its nominal value.

For purposes of the statement of cash flows, "Cash and cash equivalents" also include bank overdrafts, which are included in the statement of financial position under caption "Other loans".

2.4. Provisions

Provisions are recognised when, and only when, the Company has an obligation (legal or implicit) resulting from a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed and adjusted at the reporting date in order to reflect the best estimate as of that date.

Provisions for restructuring expenses are recognised by the Company when there is a formal and detailed restructuring plan and that such plan has been communicated to the involved parties.

2.5. Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes (Note 23), unless the possibility of an outflow of resources affecting economic benefits is remote.

A contingent asset is not recognized in the financial statements, but disclosed in the notes when an inflow of economic benefits is probable.

2.6. Income tax

Income tax represents the sum of the tax based on the taxable results of the Company and the deferred taxes.

Current income tax is determined based on the taxable result of the Company (which are different from accounting results), in accordance with the tax rules in force where its head office is located.

Deferred taxes are calculated using the financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Deferred tax assets and liabilities are not recognised when the corresponding temporary differences arise from goodwill or from the initial recognition of assets and liabilities other than in a business combination.

Deferred tax assets and liabilities are calculated and evaluated annually at the tax rates expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially issued at the statement of financial position date.

Deferred tax assets are recognised only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. At the statement of financial position date, a review is made of the deferred tax assets and they are reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the statement of profit and loss, except if they relate to items directly recorded in equity captions. In these situations the corresponding deferred tax is also recorded under the same caption.

2.7. Statement of financial position classification

Assets and liabilities due in more than one year from the date of the statement of financial position are classified as non-current assets and liabilities, respectively.

2.8. Revenue recognition and accrual basis

The dividends are recognised as gains in the year they are assigned by the shareholders.

The income and expenses are recognised in the year to which they relate, regardless of the date of payment or receipt (accrual basis of accounting). The income and expenses for which actual amounts are not known are estimated.

Under the captions "Other current assets" and "Other current liabilities" are recorded income and expenses attributable to the current year, which settlement or receipt will only occur in future years, as well as amounts paid and received that have occurred on the date of the statement of financial position, but which relate to future periods, and that will be charged to the profit and loss of the corresponding year.

2.9. Balances and transactions expressed in foreign currency

Transactions in currencies other than Euro are recorded at the exchange rates prevailing on the transaction date.

At each reporting date, all monetary assets and liabilities expressed in foreign currencies are translated to Euro using the closing exchange rates as of that date.

Exchange gains or losses, arising from differences between exchange rates effective at the date of transaction and those prevailing at the date of collection, payment or at the reporting date, are recorded as income or expenses in the statement of profit or loss.

2.10. Risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department of the Group Sonae Sierra, under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk.

a) Foreign exchange risk

The activity of the Company is developed inside Portugal and consequently the majority of the company's transactions are maintained in the same currency of the country. The policy to cover this specific risk is to avoid if possible the contracting of services in foreign currency.

b) Liquidity risk

The needs of treasury are managed by the financial department of Sonae Sierra which with an opportune and adequate form manages the surplus and deficits of liquidity of each company of the Group. The occasional needs of liquidity are covered by an adequate control of the accounts receivables and by the maintenance of adequate limits of credit settled by the Company with banking entities.

c) Interest rate risk

The Company's income and operating cashflows are influenced by changes in market interest rates, since its cash and cash equivalents and intragroup financing granted are dependent on the evolution of the interest rates in Euro which, historically, have little volatility.

On long-term financing, and as a way to mitigate the changes in the long-term interest rates, the Company's contracts, in some cases, hedge instruments ("swaps", "zero cost collars" or "caps").

Interest rate sensitivity analysis:

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments in place during the reporting period. For floating rate assets and liabilities, the analysis is prepared based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of floating rate interest financial instruments and, in the case of fixed rates that were contracted during the period of analysis, changes in the interest rates also affect the latter;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interests rates if these are recognize at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk, as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in market interest rates affect the fair value of derivatives designated as hedging instruments;
- The fair value of derivative financial instruments ("swaps", "zero cost collars" or "caps") and other financial assets and liabilities is estimated by discounting the future cash flows to their net present values, using appropriate market rates prevailing at yearend and assuming a parallel shift in yield curves;
- For the purposes of this sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the relevant year.

Sensitivity analyses are performed by changing one variable while maintaining all other variables unchanged. Nonetheless, this is a restrictive and highly unlikely assumption, since variables tend to be correlated.

If interest rates had been 75 basis points higher and all other variables were held constant, assumptions unlikely occur due to interest rates correlation with other variables, the impact in the Company's net profit and equity would be the following:

	2018	2017
	+75 b.p.	+75 b.p.
Net Profit (1)	(1,482)	(1,103)

(1) This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

As of 31 December 2018, and 2017 the interest rate sensitive analysis was not prepared considering a decrease of 25 basis points, because Euribor in 2018 and 2017 is lower than 0.25%.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk and the year-end exposure may not reflect the exposure during the year, due to the repayments made.

2.11. Judgments and estimates

In the preparation of the accompanying financial statements estimates were used which affecting the assets and liabilities and also the amounts booked as income and expenses during the reporting period.

The estimates were calculated using the best information available, at the date of approval of the financial statements, of the events and transactions in course and of the experience from current and/or past events. However, events may occur in subsequent periods that were not anticipated as of the date of these statements and, consequently were not included in those estimates. Changes in the estimates after the closing of the consolidated financial statements will be booked on the subsequent year, as defined in IAS 8.

The main assumptions used by the Company on its estimates are disclosed on the corresponding note.

2.12. Subsequent Events

Events occurred after the reporting date that provide additional information about conditions that existed at these statements of financial position date (adjusting events) are reflected in financial statements. Events occurred after the reporting date that provide information on conditions that occur after the reporting date (non-adjusting events) are disclosed in the financial statements, if materially significant.

3. INVESTMENTS IN GROUP COMPANIES

As of 31 December 2018 and 2017 the Company held the following participations in group companies:

	Percentage of share capital held	Equity	Net Profit	Book value	Book value
Company		31.12.18			31.12.17
Sierra Developments, SGPS, S.A.	100.00%	1,155,125	1,926	1,142,429	1,142,429
Sierra Management, SGPS, S.A.	100.00%	7,864	243	6,550	6,550
				1,148,979	**1,148,979**

4. SUPPLEMENTARY CAPITAL GRANTED

As of 31 December 2018 and 2017 supplementary capital granted was made up as follows:

	31.12.18	31.12.17
Sierra Developments, SGPS, S.A.	**49,434**	49,434
	49,434	**49,434**

5. LOANS TO GROUP COMPANIES

As of 31 December 2018 and 2017 loans to group companies was made up as follows:

	31.12.18	31.12.17
Sierra Developments, SGPS, S.A.	35,031	41,040
	35,031	41,040

6. OTHER RECEIVABLES

At 31 December 2018 and 2017 other receivables was made up as follows:

	31.12.18	31.12.17
Tax consolidation Regime (Note7):		
Sierra Portugal, S.A.	1,064	1,297
Sierra Investments, SGPS, S.A.	1,164	901
Sierra Management, SGPS, S.A.	67	95
Paracentro - Gestão de Galerias Comerciais S.A.	68	72
ARP Alverca Retail Park, S.A	10	-
Other debtors:		
Parklake Shopping, S.A.	2	18
Others	6	897
Tax to be recovered (amount paid under tax debts exceptional payment regime - "RERD")	3,707	3,707
Others claimed taxes	23	23
	6,111	7,010

The amount of kEuro 3,707 relates to the payment made in 2013 by the Company within the Special Tax Debts Payment Regime ("RERD") established by the Portuguese government in the law approved in October 2013 (Law 151-A/2013) by which the entities that pay the tax notifications will be exempt of the payment of interests and penalties; this amount relates to corrections of the 2005 CIT due to: (i) non-deductible interest expenses amounting kEuro 378; and (ii) corrections concerning the price adjustment related with the sale of shares of Cascaishopping in 1996 amounting to kEuro 3,329. The Company contested the tax notifications received and did not record any impairment loss to face eventual losses on those amounts, as the Board of Directors believes that the result will be favourable to the Company (Note 23).

The ageing of the other receivables is as follows:

	31.12.18	31.12.17
Not due	2,396	2,388
0-90 days	8	915
+ 360 days	3,707	3,707
	6,111	7,010

7. STATE AND OTHER PUBLIC ENTITIES

According to current legislation, the fiscal declarations of Portuguese companies are subject to a revision and correction by the tax authorities within the period of four years, exception made when fiscal losses have occurred, fiscal incentives have been conceded or tax auditing or claims are in course. In those cases, depending on circumstances, the due dates can be extended or suspended. Because of that the fiscal declarations of the Portuguese companies of the years 2015 until 2018 can be changed.

The Board of Directors considers that any eventual modification to the fiscal declarations will not have a significant impact on the financial statements as of 31 December 2018.

Under the terms of Article 88 of the Corporate Income Tax Code, the companies are subject to autonomous taxes on a series of charges of the rates established in this article.

The Company is taxed for income tax purposes under the tax consolidation regime ("Regime Especial de Tributação dos Grupos de Sociedades" - RETGS), being the consolidated taxable income of the companies included in it, calculated at the level of Sonae Sierra as "mother company" of the group. Anyway, each company included in RETGS computes and records at its individual level its separate estimate of current income tax by credit or debit of an account receivable from or payable to Sonae Sierra.

The companies included in the RETGS are the following:

- ARP Alverca Retail Park, S.A.,
- CCCB Caldas da Rainha - Centro Comercial, S.A.,
- Paracentro - Gestão de Galerias Comerciais, S.A.,
- Parque de Famalicão, Empreendimentos Imobiliários, S.A.,
- Sierra Developments SGPS, S.A.,
- Sierra Investments SGPS, S.A.,
- Sierra Management SGPS, S.A. and
- Sierra Portugal, S.A..

As of 31 December 2018 and 2017 state and other public entities was made up as follows:

	31.12.18		31.12.17	
	Asset	Liability	Asset	Liability
Income tax				
Tax recoverable from previous years	975	-	822	-
Income tax	-	134	-	115
	975	134	822	115

Income tax as of 31 December 2018 is detailed as follows:

	31.12.18
Estimate of current income tax - Company (Note 20)	(1,580)
Estimate of current income tax - RETGS (Notes 6 and 15)	1,974
Withholding taxes / Payments on account	(260)
	134

8. OTHER CURRENT ASSETS

As of 31 December 2018 and 2017 other current assets was made up as follows:

	31.12.18	31.12.17
Interests on loans granted to group companies:		
Sierra Developments, SGPS, S.A. (Note 21)	774	752
Insurance prepayment	141	121
	915	**873**

The amount of kEuro 774, relates to interests receivable on short term loans granted to Sierra Developments, SGPS, S.A..

9. CASH AND CASH EQUIVALENTS

At 31 December 2018 and 2017 cash and cash equivalents was made up as follows:

	31.12.18	31.12.17
Bank deposits payable on demand	36,122	10,710
	36,122	**10,710**

10. CAPITAL

At 31 December 2018 the share capital was made up of 32,514,000 fully subscribed and paid up ordinary shares of Euro 4.99 each.

The following entities own the share capital at 31 December 2018 and 2017

Entity	31.12.18	31.12.17
Sonae, SGPS, S.A.	70%	50%
Grosvenor Investments, (Portugal), Sarl	30%	50%

On 12th September 2018, Sonae SGPS, SA acquired from Grosvenor Investments (Portugal) Sarl an additional interest of 20% in Sonae Sierra SGPS, SA.

Following the Shareholders General Meeting deliberation, dated 10 April 2018, the net result of 2017 had the following application:

Retained earnings	(7,221)
	(7,221)

In the same meeting, the shareholders decided to distribute dividends out of free reserves, amounting to kEuro 49,746. These dividends were paid on 20 December 2018.

11. BOND LOAN

As of 31 December 2018 and 2017, bond loan was made up as follows:

	31.12.2018			31.12.2017			
		Used amount			Used amount		Reimbursement plan
Financing Entity	Limit	Current	Non current	Limit	Current	Non current	
Bond loan							
Caixa BI	50,000	-	50,000	75,000	75,000		january 2023
Banco BPI	25,000	-	25,000		-		january 2023
Novo Banco	25,000	-	25,000		-		january 2023
					-		
Total Bond Loan		**-**	**100,000**		**75,000**		
Deferred financing costs incurred on the issuance of the bond loan		(179)	(669)		(92)		
		(179)	**99,331**		**74,908**		

On the 25th of January, the Company issued three bond loans in a total of kEuro 100,000 and, on the same date, the previous bond loan on the amount of kEuro 75,000 was liquidated.

The principal conditions associated to these bond loans are as follows:

"SONAE SIERRA 2018-2025"

- 500 bonds: Nominal value: Euro 100,000;
- Maximum term: 7 (seven) years;
- Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month's rate on the second working day proceeding the interest period (floor 0%), with a spread of 2.35% p.a.;
- Interest Payment: half yearly in arrears, on 25 January and 25 July of each year;
- Reimbursement: five annual reimbursements, after 25 January 2021 (inclusive) until 25 January 2025
- Tax regime: in accordance with the legislation in force in Portugal.

"SONAE SIERRA 2018-2023"

- 250 bonds: Nominal value: Euro 100,000;
- Maximum term: 5 (five) years;
- Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month's rate on the second working day proceeding the interest period (floor 0%), with a spread of 2.00% p.a.;
- Interest Payment: half yearly in arrears, on 25 January and 25 July of each year;
- Reimbursement: at par, in one payment on 25 January 2025 the payment date of the last coupon;
- Tax regime: in accordance with the legislation in force in Portugal.

"€25,000,000 SONAE SIERRA JANEIRO 2023"

- 250 bonds: Nominal value: Euro 100,000;
- Maximum term: 5 (five) years;
- Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month's rate on the second working day proceeding the interest period (floor 0%), with a spread of 2.00% p.a.;
- Interest Payment: half yearly in arrears, on 25 January and 25 July of each year;
- Reimbursement: at par, in one payment on 25 January 2025 the payment date of the last coupon;
- Tax regime: in accordance with the legislation in force in Portugal.

At 31 December 2018, loans and the respective interests are repayable as follows:

	31.12.18		31.12.17	
	Repayment	Interest	Repayment	Interest
N+1	-	2,408	-	-
N+2	-	2,415	75,000	2,731
N+3	-	2,291	-	-
N+4	-	2,051	-	-
N+5	50,000	1,108	-	-
>5	50,000	479	-	-
	100,000	**10,752**	**75,000**	**2,731**

12. BANK LOANS

At 31 December 2018 and 2017 bank loans was made up as follows:

		31.12.2018			31.12.2017		
			Used amount			Used amount	
	Financing Entity	Limit	Current	Non current	Limit	Current	Non current
Bank loans:							
	Caixa de Crédito Agricola	10,000	-	10,000	20,000	20,000	-
Facilities:	Santander Totta	25,000	-	25,000	35,000	25,000	-
	BPI	12,470	-	-	12,470	-	-
	CGD	26,750	-	-	26,750	-	-
	Montepio Geral	20,000	-	-	20,000	-	-
	Novo Banco	5,500			5,500		
	Santander Totta	10,000	-	-	-	-	-
Total Bank loans			**-**	**35,000**		**45,000**	**-**
Deferred financing expenses incurred on the issuance of the bank loans			(18)	(58)		(53)	-
			(18)	**34,942**		**44,947**	**-**

Bank loans bear interests at market interest rates and were contracted in Euro.

13. LOANS FROM GROUP COMPANIES

At 31 December 2018 and 2017 loans from group companies was made up as follows:

	31.12.18	31.12.17
Loans obtained:		
Sierra Investments, SGPS, SA	198,045	142,662
Sierra Management SGPS, SA	7,635	11,032
Sierra Spain Shopping Centers Services, S.L.	13,738	10,000
Sierra Portugal, S.A.	18,550	14,258
Paracentro - Gestão Galeria Comercial S.A	-	250
	237,968	**178,202**

The amounts payable refers to loans obtained from group companies for less than one-year period and bear interests at market interest rates.

14. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	01.01.18	Financing cash flows	31.12.18
Debentures loans	75,000	25,000	100,000
Bank loans	45,000	(10,000)	35,000
Loans from related parties	178,202	59,766	237,968
	298,202	**74,766**	**372,968**

15. OTHER PAYABLES

At 31 December 2018 and 2017 other payables was made up as follows:

	31.12.18	31.12.17
Tax consolidation regime:		
Sierra Portugal, S.A.	117	123
CCCB Caldas da Rainha - Centro Comercial, S.A.	5	6
Paracentro -Gestão Galeria Comercial S.A.	1	9
Sierra Developments, SGPS, S.A.	211	114
Parque de Famalicão, Empreendimentos Imobiliários, S.A.	5	41
Sierra Investments, SGPS, S.A.	59	2
ARP Alverca Retail Park, S.A	2	45
Services rendered:		
Sierra Portugal, S.A.	-	1
Other	9	9
	409	**350**

The amounts reported above have the following repayment plan:

	31.12.18	31.12.17
Short term:		
0-90 days	9	10
90-180 days	400	340
	409	**350**

16. OTHER CURRENT LIABILITIES

At 31 December 2018 and 2017 other current liabilities was made up as follows:

	31.12.18	31.12.17
Accrual for vacations and vacations bonuses and bonus	-	58
Interest payable:		
Sierra Investments, SGPS, S.A.	2,605	3,339
Sierra Portugal, S.A.	51	76
Sierra Spain Shopping Centers Services, S.L.	162	215
Sierra Management. SGPS, S.A.	36	112
Paracentro - Gestão Galeria Comercial S.A.	-	8
Interest bond loans	967	1,843
Interest bank loans	191	370
Financing costs payable	256	158
Services rendered by third parties	20	26
Committees of guarantees	10	10
	4,298	**6,214**

17. OTHER OPERATING REVENUE

Other operating income for the years ended 31 December 2018 and 2017 is made up as follows:

	2018	2017
Recovery of costs	6	2
	6	**2**

18. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	2018	2017
VAT	13	11
Stamp duty	1	-
Other	20	10
	34	**21**

19. NET FINANCIAL RESULTS AND NET INCOME FROM INVESTMENTS

Net financial results are made up as follows:

	2018	2017
Expenses:		
Interests on loans obtained from group companies (Note 21)	5,804	5,077
Interests on bond loans	2,337	4,220
Interests on overdrafts	497	561
Interests on bank loans	518	608
Stamp duty related to financing	51	73
Bank charges	1,150	1,401
Guarantees	167	168
	10,524	**12,108**
Net financial expenses	(8,615)	(10,416)
	1,909	1,692
Income:		
Interest income (Note 21)	1,785	1,144
Other	124	548
	1,909	**1,692**

Gains and losses on investments are made up as follows:

	2018	2017
Dividends	3,696	1,718
	3,696	**1,718**

The amount recorded under the caption "Dividends" refers to dividends attributed and received from its subsidiary Sierra Management, SGPS, S.A..

20. INCOME TAX

Income tax for the years ended 31 December 2018 and 2017 is made up as follows:

	2018	2017
Current income tax (Note 7)	(1,580)	(1,898)
Correction of current income tax estimate of previous year	30	186
	(1,550)	**(1,712)**

The reconciliation between tax expense and the accounting profit multiplied by the applicable tax rate is as follows:

	2018	2017
Profit before income tax	(5,254)	(8,933)
Dividends (Note 19)	(3,696)	(1,718)
Other	33	28
Taxable profit	**(8,917)**	**(10,623)**
Effect of different income tax rates in other countries	-	-
	(8,917)	**(10,623)**
Income tax rate in Portugal	21.0%	21.0%
	(1,873)	**(2,231)**
Deferred income tax not recognized	1,873	2,231
Regularization of the consolidated tax estimate	(1,580)	(1,898)
Insuficiency of tax estimate	30	186
	(1,550)	**(1,712)**

21. RELATED PARTIES

Balances and transactions that existed with related parties, during the years ended 31 December 2018 and 2017, in addition to the loans conceded to and obtained from the shareholders mentioned in Notes 5 and 13, are detailed as follows:

	Balances					
	Other receivables (Note 6)		Other payables (Note 15)		Other current assets/liabilities (Notes 8 and 16)	
	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17
Sierra Portugal, S.A.	1,064	1,297	117	124	(51)	(76)
Sierra Management, SGPS, S.A.	67	95	-	-	(36)	(112)
Sierra Investments, SGPS, S.A.	1,164	901	59	2	(2,605)	(3,339)
Paracentro - Gestão de Galerias Comerciais S.A.	68	72	1	9	-	(8)
Parklake Shopping, S.A.	2	18	-	-	-	-
Sierra Developments, SGPS, S.A.	-	-	211	114	774	752
Parque de Famalicão, Empreendimentos Imobiliários, S.A.	-	-	5	41	-	-
CCCB Caldas da Rainha - Centro Comercial, S.A.	-	-	5	6	-	-
ARP Alverca Retail Park, S.A.	10	-	2	46	-	-
Sierra Spain Shopping Centers Services, S.L.	-	-	-	-	(162)	(215)
	2,375	**2,383**	**399**	**341**	**(2,080)**	**(2,998)**

	Balances			
	Interest income (Note 19)		Interest expense (Note 19)	
	31.12.18	31.12.17	31.12.18	31.12.17
Sierra Developments, SGPS, S.A.	1,785	1,144	81	28
Sierra Investments, SGPS, S.A.	-	-	4,520	3,999
Sierra Portugal, S.A.	-	-	530	258
Sierra Management. SGPS, S.A.	-	-	324	436
Sierra Spain Shopping Centres Services, S.L.	-	-	343	347
Paracentro-Gestão de Galerias Comerciais S.A.	-	-	6	9
	1,785	**1,144**	**5,804**	**5,077**

22. EARNINGS/LOSSES PER SHARE

As of 31 December 2018 and 2017, basic earnings per share correspond to the net profit divided by the weighted average number of ordinary shares of Sonae Sierra during the year, and was computed as follows:

	2018	2017
Profit/Losses considered to compute the basic earnings per share		
(net profit of the year)	(3,705)	(7,221)
Number of shares		
	32,514,000	32,514,000
Earning/Losses per share (Euro)		
	(0.11)	**(0.22)**

23. CONTINGENT LIABILITIES AND BANK GUARANTEES

During the year ended 31 December 2015, the Company was notified by the tax authorities regarding to the deductibility of the interest incurred with the loans obtained in the year of 2011, in the amount of kEuro 437. The subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 1,253, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, in order to suspend the effects of this process.

However, as of 31 December 2012, the Company had been notified by the tax authorities regarding to the deductibility of the interest incurred with loans obtained in the years 2005, 2007, 2008 and 2009 and 2010 as Mother Company of the RETGS in the amount of KEuro 10,195. This notification was claimed by the Company. No provision was recorded because the Board of Directors understands that the risk of this contingency is unlikely.

In what concerns the year 2005, the Company applied to the Tax Debts Exceptional Payment Regime (RERD) and paid the corresponding tax, which is expected to be reimbursed as the Company expects a favourable decision from the court regarding the related judicial claim (Note 6). In 20 January 2015 the Company has been notified by the court on the second favourable decision.

Additionally, as of 31 December 2018 and 2017 the following bank guarantees were granted:

	2018	2017
Bank guarantees:		
Tax processes in course	1,517	1,517
To guarantee the obligation of Proyecto Cucuta S.A.S., of refund up to 50% of the advance payments made by Património Autónomo Estratégias Inmobiliárias	1,160	-
To secure the reimbursement of the first instalment of the preliminary sale and purchase agreement with Carrefour Romania	-	2,108
To secure the reimbursement of the second instalment of the preliminary sale and purchase agreement with Carrefour Romania	-	8,500
To secure the reimbursement of the third instalment of the preliminary sale and purchase agreement with Carrefour Romania	-	5,370
	2,677	**17,495**

As of 31 December 2018 the amounts recorded under the caption "Tax processes in course", refer to guarantees issued in favour of "Direcção Geral dos Impostos", related to the suspension of income tax notifications for the years 1996 (kEuro 1,493) and of 2013 (kEuro 24).

During the year ended 31 December 2018, the Company granted a guarantee in favour of Património Autónomo Estratégias Inmobiliárias in the amount of kEuro 1,160 on behalf of its subsidiary Proyecto Cucuta S.A.S., to secure the reimbursement of refund up to 50% of the advance payments made by Património Autónomo Estratégias Inmobiliárias

During the year ended 31 December 2013, the Company had granted a guarantee to the Portuguese tax administration in the amount of kEuro 230 on behalf of its subsidiary Sierra Investments, SGPS, SA, to suspending the stamp tax notification for the year 2010 related to short-term loans granted to the shareholder. In April 2017, and as a result of a favourable decision in the court at first instance, the withdraw of this guarantee was ordered.

During the year ended December 31, 2012, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 8,316, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, in order to suspend the effects of IRC process for the year 2008, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS".

During the year ended December 31, 2013, the subsidiary Sierra Investments SGPS, SA provided three guarantees in the amount of kEuro 3,192, kEuro 943 and kEuro 163, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, in order to suspend the effects of IRC processes for the years 2009, 2010 and 2012, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS".

During the year ended December 31, 2014, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 182, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, in order to suspend the effects of IRC process for the year 2013, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS".

During the year ended December 31, 2015, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 201, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, in order to suspend the effects of IRC process for the year 2014, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS".

24. DISCLOSURES REQUIRED BY LEGISLATION

The information on fees charged by the statutory auditor is included in the information disclosed on the consolidated financial statements.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorised for issuance on the 14 of March 2019. However, these financial statements are still depending on the approval by the Shareholders General Meeting, in accordance with business legislation prevailing in Portugal.

26. NOTE ADDED FOR TRANSLATION

This is a translation of financial statements originally issued in Portuguese in accordance with Portuguese Statutory requirements, some of which may not conform to or be required in other countries. In the event of discrepancies, the Portuguese language version prevails.

STATUTORY AUDITOR'S REPORT

(Free translation of a report originally issued in Portuguese language: In case of doubt the Portuguese version prevails)

REPORT ON THE AUDIT OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separate financial statements of Sonae Sierra, S.G.P.S., S.A. ("the Entity") and its subsidiaries ("the Group"), which comprise the consolidated and separate statement of financial position as of 31 December 2018 (that presents a total of 2,535,450 thousand Euros and 1,277,567 thousand Euros, respectively, and total equity of 1,772,425 thousand Euros and 900,682 thousand Euros, respectively, including a consolidated net profit attributable to the shareholders of the parent-company of 110,117 thousand Euros and a separate net loss of 3,705 thousand Euros), the consolidated and separate statement of profit and loss by nature, the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and the accompanying notes to the consolidated and separate financial statements that include a summary of the significant accounting principles.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view, in all material respects, of the consolidated and separate financial position of Sonae Sierra, S.G.P.S., S.A. as of 31 December 2018 and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated and separate financial statements" section below. We are independent from the entities that are part of the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Applicable to the consolidated financial statements:

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
Fair value of investment properties	
As of 31 December 2018, the Group owns a significant portfolio of investment properties, amounting to 982,845 thousand Euros (740,424 thousand Euros as of 31 December 2017). Also as of 31 December 2018, the Group owns a significant portfolio of investments in joint ventures and associates, amounting 1,098,841 thousand euros (1,222,965 thousand euros as of 31 December 2017), related to interests on entities that directly or indirectly own investment properties. As mentioned in Note 2.3 of the notes to the consolidated financial statements, investment properties (including those owned by joint ventures and associates), which are mainly shopping centres, are measured at fair value. The determination of fair value is performed by external specialized and independent entities, and is determined with the application of property valuation methodologies based on assumptions, amongst which the discount rate and future projections of the shopping centres operations, being therefore a complex and judgmental computation. Given the significance of the measurement of these investment properties on the consolidated financial statements, we concluded this to be a key audit matter.	• Amongst others, our audit procedures included the analysis of the objectivity, competence, independence and professional experience of the external valuators, the analysis of the control activities related to the review of the valuation reports, the analysis of the reasonableness of main assumptions used, as well as validation tests on the computations performed by the valuators. • We obtained external valuation reports of investment properties and audit reports of the Groups' main components, with reference to the reporting date and verified that the amount of fair value recognized in the consolidated financial statements is the amount determined by the valuators, included in the corresponding valuation reports. • We obtained the independence confirmation from the valuators that performed the valuations. • We read the valuation reports, having met with the valuators and the Entity in order to analyse if the valuation methodologies were reasonable, as well as the main assumptions and base information used in the projections. • We analysed the reasonableness of disclosures included in the notes of the consolidated financial statements.

Applicable to the separate financial statements:

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
Impairment on investments in group companies, joint ventures and associates	
As referred in Note 2.2 of the notes to the separate financial statements, investments in subsidiaries joint ventures and associates are measured at cost, deducted by impairment losses, when applicable. Impairment is determined taking into consideration the measurement of these interest in accordance to NAV (Net Asset Value) methodology, specified by INREV (European Association for Investors in Non-Listed Real Estate Vehicles), which is based on the fair value of investment properties held directly or indirectly by the Entity's interests in those entities. The determination of fair value of the investment properties, as referred above, is performed by external specialized and independent entities, and is determined with the application of property valuation methodologies, based on assumptions and future projections of the shopping centres operations, being therefore a complex and judgmental computation. Therefore, we concluded this subject, to be a key audit matter.	• We obtained the detail of NAV (Net Asset Value) calculation prepared by the Entity, which is based on the investment properties fair value held directly or indirectly by the Entity. • Being fair value of the investment properties the most significant component of the NAV calculation we performed the procedures referred to above regarding the key audit matter of the consolidated financial statements "Fair value of investment properties."

Responsibilities of management and supervisory body for the consolidated and separate financial statements

Management is responsible for:

- the preparation of consolidated and separate financial statements that give a true and fair view of the Group's financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union;
- the preparation of the management report, in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity and Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity and Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether those financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the consolidated and separate financial statements and the verifications provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code ("Código das Sociedades Comerciais").

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to item e) of number 3 of article 451 of the Portuguese Companies' Code ("Código das Sociedades Comerciais"), it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated and separate financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatements.

In addition, pursuant to number 4 of article 451, of the Portuguese Company's Code ("Código das Sociedades Comerciais"), we conclude that the management report includes the elements required to the Entity regarding corporate governance, under the terms of number 6 of article 245-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material misstatements on the information disclosed therein, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of that article.

On the non financial information provided in article 508-G of the Portuguese Companies' Code

Pursuant to number 6 of article 451 of the Portuguese Companies' Code, we hereby inform that the Entity mentioned in its management report, that the non financial information as provided in article 508-G of the Portuguese Companies' Code, will be included in the "Economic and Social Report" ("Relatório Económico e Social"), to publish on its internet site under the defined legal deadline.

On the additional matters provided in article 10 of Regulation (UE) 537/2014

Pursuant to article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of 16 April 2014, in addition to the key audit matters mentioned above, we also report on the following:

- We were appointed as auditors of Sonae Sierra, S.G.P.S., S.A. for the actual mandate (from 2017 to 2020), on the shareholders' general assembly held on 18 April 2017. Sonae Sierra, S.G.P.S., S.A. became a public interest entity in 2018.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs, we maintained professional scepticism and we designed audit procedures to respond to the risk of material misstatements in the consolidated and separate financial statements due to fraud. As a result of our work, we have not identified any material misstatement on the consolidated and separate financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Group's supervisory body on 14 March 2019.
- We declare that we have not provided any prohibited services as described in number 8 of article 77, of the Ordem dos Revisores Oficiais de Contas statutes (Legal Regime of the Portuguese Statutory Auditors) and we have remained independent from the Group in conducting the audit.

Porto, 14 March 2019

Deloitte & Associados, SROC S.A.
Represented by Teresa Alexandra Martins Tavares, ROC

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

(Translation of a Report and Opinion originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)

To the Shareholders of
Sonae Sierra S.G.P.S, S.A.

In compliance with the applicable legislation and the mandate we have been conferred, we herewith submit for your consideration our Report and Opinion regarding our activity and the individual and consolidated financial statements of Sonae Sierra SGPS, S.A. ("Company") for the year ended 31 December 2018, including the corporate governance report, presented by the Company's Board of Directors.

SUPERVISION

During the year under analysis, the Statutory Audit Board accompanied in detail the management of the Company and its subsidiaries, and verified the regularity of the accounting records, the process of preparation and divulgation of the financial information and correspondent accounting policies, the compliance with the law and the statutes in force, the risk management and internal control system, having met, with the periodicity considered adequate, with the Company's Board of Directors and managers responsible for finance, accounting, internal audit, risk management issues and planning and control, as well as with the External Auditor, obtaining all the requested information and clarifications for an adequate understanding of the changes in the financial position and results.

Within the scope of its mandate, the Statutory Audit Board examined the individual and consolidated Balance sheets as at 31 December 2018, the individual and consolidated statements of profit or loss by nature, of cash flows and of changes in equity for the year then ended and the related notes to the accounts, and considered that the presented financial information comply with the law and regulations and is adequate for the understanding of the financial situation and results, both of the Company and consolidated.

The Statutory Audit Board has also examined the Management Report for the year ended 31 December 2018, including the Corporate Governance report, prepared by the Board of Directors, and the Statutory External Auditor's Report prepared by the External Auditor, and agreed with their content.

In light of the above, the Statutory Audit Board is of the opinion that the information contained in the financial statements under analysis, was prepared in accordance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, financial position and results of Sonae Sierra, S.G.P.S., S.A. and the companies included in consolidation perimeter, and that the Management report faithfully describes the business evolution, performance and financial position of the Company and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

It is further informed that the report on the Corporate Governance produced complies with the provisions of article 245-A of the Portuguese Securities Code.

OPINION

As a result of the aforementioned, the Statutory Audit Board is of the opinion that the conditions are fulfilled for the General Assembly to approve:

a) The management report, the individual and consolidated statement of financial position as of 31 December 2018, the individual and consolidated statements of profit or loss, of cash flows and of changes in equity for the year then ended and the related notes;
b) The proposal for the application of results presented by the Board of Directors.

DECLARATION OF RESPONSIBILITY

Pursuant to number 1 of article 245 item c) of the Portuguese Securities Code ("Código dos Valores Mobiliários"), the members of the Statutory Audit Board declare that to the best of their knowledge, the information contained in the management report and the financial statements was prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets, liabilities, financial position and results of the company and the companies included in the consolidation perimeter.

They further understand that the management report accurately reflects the evolution of the business, performance and position of the company and of the companies included in the consolidation perimeter and contains a description of the main risks and uncertainties that it faces.

Maia, 14 March 2019

The Statutory Audit Board

Ana Isabel Príncipe S.S. Lourenço

Carlos Manuel Pereira da Silva

Sónia Bulhões Costa Matos Lourosa