SONAE SIERRA

CONSOLIDATED REPORT
AND ACCOUNTS 2020

# CREATING

the cities of the *Future*

SONAE SIERRA

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# CREATING
## the cities of the *Future*

From retail to urban living and working places

# Consolidated Financial Statements

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2020 AND 2019

(Translation of the statement of financial position originally issued in Portuguese - Note 49)
(Amounts stated in thousands of Euro)

| ASSETS | Notes | 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| **NON-CURRENT ASSETS:** | | | |
| Investment properties | 8 | 304,678 | 332,268 |
| Investment properties under development | 8 | 14,740 | 15,591 |
| Property, plant and equipment | 9 | 2,056 | 2,119 |
| Right-of-use | 10 | 10,058 | 12,268 |
| Goodwill | 11 | 1,642 | 7,326 |
| Intangible assets | 12 | 2,576 | 1,798 |
| Investments in joint ventures and associates | 4 and 5 | 588,938 | 663,771 |
| Loans to joint ventures and associates | 21 | 11,554 | 20,123 |
| Deferred tax assets | 24 | 3,628 | 3,047 |
| Derivative financial instruments | 19 | - | 2 |
| Other non current assets | 13 | 4,186 | 3,799 |
| **Total non-current assets** | | **944,056** | **1,062,112** |
| **CURRENT ASSETS:** | | | |
| Trade receivables | 14 | 12,295 | 9,740 |
| Loans to joint ventures and associates | 21 | 8,198 | 7,675 |
| Other receivables | 15 | 4,786 | 18,261 |
| State and other public entities | 27 | 5,432 | 9,105 |
| Other current assets | 16 | 7,106 | 5,176 |
| Cash and bank deposits | 17 | 249,158 | 212,641 |
| **Total current assets** | | **286,975** | **262,598** |
| Assets classified as held for sale | 6 | - | 1,058,598 |
| **Total assets** | | **1,231,031** | **2,383,308** |

| EQUITY, NON-CONTROLLING INTERESTS AND LIABILITIES | Notes | 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| **EQUITY:** | | | |
| Share capital | 18 | 162,245 | 162,245 |
| Reserves | 18 | 57,329 | 57,329 |
| Currency translation reserve | | (88,841) | (14,856) |
| Hedging reserve | | (1,033) | (1,777) |
| Retained earnings | | 668,363 | 1,025,757 |
| Consolidated net (loss)/profit for the period attributable to the equity holders of Sonae Sierra | | (41,892) | (108,577) |
| Equity attributable to the equity holders of Sonae Sierra | | 756,171 | 1,120,121 |
| Non-controlling interests | 7 | 60,025 | 445,923 |
| **Total equity** | | **816,196** | **1,566,044** |
| **LIABILITIES:** | | | |
| **NON CURRENT LIABILITIES:** | | | |
| Bank loans - net of current portion | 19 | 137,497 | 193,618 |
| Debentures loans - net of current portion | 19 | 89,526 | 99,185 |
| State and other public entities | 27 | 4,031 | 5,822 |
| Accounts payable to suppliers | 26 | 130 | 133 |
| Lease liabilities | | 8,269 | 10,504 |
| Other non current liabilities | 23 | 2,366 | 2,547 |
| Provisions | 30 | 8,557 | 616 |
| Deferred tax liabilities | 24 | 44,146 | 58,451 |
| **Total non current liabilities** | | **294,522** | **370,876** |
| **CURRENT LIABILITIES:** | | | |
| Current portion of long term bank loans | 19 | 56,197 | 4,854 |
| Current portion of long term debentures loans | 19 | 9,850 | - |
| Accounts payable to suppliers | 26 | 6,251 | 4,046 |
| State and other public entities | 27 | 9,689 | 10,416 |
| Lease liabilities | | 1,989 | 1,885 |
| Other payables | 28 | 5,455 | 8,236 |
| Other current liabilities | 29 | 30,001 | 28,698 |
| Provisions | 30 | 881 | 2,661 |
| **Total current liabilities** | | **120,313** | **60,796** |
| Liabilities directly associated with assets classified as held for sale | 6 | - | 385,592 |
| **Total equity, non-controlling interests and liabilities** | | **1,231,031** | **2,383,308** |

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

**The Board of Directors**

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Translation of the statement of profit or loss originally issued in Portuguese - Note 49)
(Amounts stated in thousands of Euro)

| | Notes | '20 | '19 |
|---|---|---|---|
| Services rendered | 31 | 93,719 | 165,534 |
| Variation in fair value of the investment properties | 32 | (27,909) | 4,924 |
| Other operating revenue | 33 | 995 | 2,577 |
| | | **66,805** | **173,035** |
| External supplies and services | | (31,955) | (55,561) |
| Personnel expenses | | (47,131) | (51,369) |
| Depreciation and amortisation | 9 and 11 | (2,764) | (2,964) |
| Provisions and impairment | 30 | (24,653) | (907) |
| Impairment losses and write-off | 34 | (6,886) | 185 |
| Other operating expenses | 35 | (4,484) | (6,065) |
| | | **(117,873)** | **(116,681)** |
| | | (51,068) | 56,354 |
| Finance income | 36 | 2,082 | 4,145 |
| Finance expenses | 36 | (10,199) | (16,305) |
| Share of results of joint ventures and associates | 38 | (48,472) | 74,123 |
| Gains and losses on investments | 37 | 59,010 | (199,034) |
| **Profit before income tax** | | (48,647) | (80,717) |
| Income tax | 25 | 2,252 | 5,159 |
| **Profit after income tax** | | **(46,395)** | **(75,558)** |
| **Consolidated net (loss)/profit for the period** | | **(46,395)** | **(75,558)** |
| Changes in the currency translation differences | | (73,985) | 164,964 |
| Changes in the fair value of hedging instruments | | 475 | (530) |
| Deferred tax related to components of other comprehensive income | | (141) | 128 |
| Others | | - | 45 |
| **Other comprehensive income for the period** | | **(73,651)** | **164,607** |
| **Total consolidated comprehensive income for the period** | | **(120,046)** | **89,049** |
| Consolidated net (loss)/profit for the period is attributable to: | | | |
| Equity holders of Sonae Sierra | | (41,892) | (108,577) |
| Non-controlling interests | 7 | (4,503) | 33,019 |
| | | **(46,395)** | **(75,558)** |
| Consolidated comprehensive income for the period is attributable to: | | | |
| Equity holders of Sonae Sierra | | (115,543) | 56,088 |
| Non-controlling interests | | (4,503) | 32,961 |
| | | **(120,046)** | 89,049 |
| Consolidated net (loss)/profit per share: | | | |
| Basic | 44 | (1,29) | (3,34) |
| Diluted | 44 | (1,29) | (3,34) |

The accompanying notes form an integral part of these consolidated statements of profit or loss and comprehensive income

**The Board of Directors**

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Translation of the statement of changes in equity originally issued in Portuguese - Note 49)
(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 2019** | | 162,245 | 57,329 | (179,820) | (1,433) | 1,030,964 | 110,117 | 1,179,402 | 593,023 | 1,772,425 |
| Appropriation of consolidated net profit for 2018: | | | | | | | | | | |
| Transfer to legal reserves and retained earnings | | - | - | - | - | 110,117 | (110,117) | - | - | - |
| Dividends distributed | | - | - | - | - | (115,100) | - | (115,100) | (177,185) | (292,285) |
| | | **-** | **-** | **-** | **-** | **(4,983)** | **(110,117)** | **(115,100)** | **(177,185)** | **(292,285)** |
| Currency translation differences | | - | - | (3,640) | - | - | - | (3,640) | - | (3,640) |
| Fair value of hedging instruments | 19 | - | - | - | (453) | - | - | (453) | (77) | (530) |
| Deferred tax in fair value of hedging instruments | 24 | - | - | - | 109 | - | - | 109 | 19 | 128 |
| Capital increase/decrease | | - | - | - | - | - | | - | (2,876) | (2,876) |
| Changes of ownership in JV and associates | | - | - | 168,604 | - | (269) | | 168,335 | - | 168,335 |
| Consolidated net profit for the period ended 31 December 2019 | | - | - | - | - | - | (108,577) | (108,577) | 33,019 | (75,558) |
| Others | | - | - | - | - | 45 | - | 45 | - | 45 |
| **Balance as of 31 December 2019** | | **162,245** | **57,329** | **(14,856)** | **(1,777)** | **1,025,757** | **(108,577)** | **1,120,121** | **445,923** | **1,566,044** |
| **Balance as of 1 January 2020** | | 162,245 | 57,329 | (14,856) | (1,777) | 1,025,757 | (108,577) | 1,120,121 | 445,923 | 1,566,044 |
| Appropriation of consolidated net profit for 2019: | | | | | | | | | | |
| Transfer to legal reserves and retained earnings | | - | - | - | - | (108,577) | 108,577 | - | - | - |
| Dividends distributed | | - | - | - | - | (248,407) | - | (248,407) | - | (248,407) |
| | | **-** | **-** | **-** | **-** | **(356,984)** | **108,577** | **(248,407)** | **-** | **(248,407)** |
| Currency translation differences | 4 and 5 | - | - | (73,985) | - | - | - | (73,985) | - | (73,985) |
| Fair value of hedging instruments | 19 | - | - | - | 475 | - | - | 475 | - | 475 |
| Deferred tax in fair value of hedging instruments | 24 | - | - | - | (141) | - | - | (141) | - | (141) |
| Capital increase/decrease | | - | - | - | - | - | | - | (25,222) | (25,222) |
| Acquisitions/sale of subsidiaries effect | 6 | - | - | - | - | - | | - | - | - |
| Changes of ownership in JV and associates | | - | - | - | 410 | (410) | | - | (356,173) | (356,173) |
| Consolidated net (loss)/profit for the period ended 31 December 2020 | | - | - | - | - | - | (41,892) | (41,892) | (4,503) | (46,395) |
| Others | | - | - | - | - | - | - | - | - | - |
| **Balance as of 31 December 2020** | | **162,245** | **57,329** | **(88,841)** | **(1,033)** | **668,363** | **(41,892)** | **756,171** | **60,025** | **816,196** |

The accompanying notes form an integral part of these consolidated statements of changes in equity

**The Board of Directors**

## CONSOLIDATED STATEMENTS OF OF CASH FLOWS FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Translation of the statement of cash flow originally issued in Portuguese - Note 49)
(Amounts stated in thousands of Euro)

| | Notes | '20 | | '19 | |
|---|---|---|---|---|---|
| **OPERATING ACTIVITIES:** | | | | | |
| Received from clients | | 85,110 | | 168,763 | |
| Paid to suppliers | | (33,084) | | (62,055) | |
| Paid to personnel | | (48,655) | | (49,705) | |
| **Flows from operations** | | 3,371 | | 57,003 | |
| (Payments)/receipts of income tax | | 392 | | (8,576) | |
| Other (payments)/receipts relating to operating activities | | (5,279) | | (5,945) | |
| **Flows from operating activities [1]** | | | **(1,516)** | | **42,482** |
| **INVESTING ACTIVITIES:** | | | | | |
| **Receipts relating to:** | | | | | |
| Investments | | 285,155 | | 87,310 | |
| Tangible fixed assets | | - | | 7 | |
| Interest income | | 1,607 | | 2,439 | |
| Dividends | | 6,148 | | 94,054 | |
| Other | | - | 292,910 | - | 183,810 |
| **Payments relating to:** | | | | | |
| Investments | | (4,767) | | (35,568) | |
| Tangible fixed assets | | (962) | | (17,232) | |
| Intangible fixed assets | | (1,113) | | (817) | |
| Other | | (124) | (6,966) | (135) | (53,752) |
| Variation in loans granted | | | (1,260) | | (4,773) |
| **Flows from investing activities [2]** | | | **284,684** | | **125,285** |

| | Notes | '20 | | '19 | |
|---|---|---|---|---|---|
| **FINANCING ACTIVITIES:** | | | | | |
| **Receipts relating to:** | | | | | |
| Capital increase and share premiums | | 19,050 | | - | |
| Bank loans | 19 | 25,000 | | 246,000 | |
| Other | | - | 44,050 | 18 | 246,018 |
| **Payments relating to:** | | | | | |
| Interest expenses | | (8,528) | | (16,447) | |
| Dividends | | (248,407) | | (292,954) | |
| Decrease of share capital - nominal value and discounts and premiums | | (1,269) | | (2,877) | |
| Bank loans | 19 | (30,200) | | (176,857) | |
| Leases | | (1,984) | | (2,015) | |
| Other | | - | (290,388) | - | (491,150) |
| Variation in loans obtained - others | | | (23) | | (3,805) |
| **Flows from financing activities [3]** | | | **(246,361)** | | **(248,937)** |
| **Variation in cash and cash equivalents [4]=[1]+[2]+[3]** | | | **36,807** | | **(81,170)** |
| **Effect of exchange differences** | | | (26) | | (94) |
| **Effect of the acquisitions and sales of companies:** | | | | | |
| Sierra Turkey | | | (132) | | - |
| Dos Mares Shopping Centre, S.A. | 6 | | - | | (2,444) |
| Reestruturing in Brazil | | | - | | 2,740 |
| **Cash and cash equivalents transferred to assets held for sale** | | | - | | (16,062) |
| **Cash and cash equivalents at the beginning of the year** | 17 | | **210,614** | | **307,644** |
| **Cash and cash equivalents at the end of the year** | 17 | | **247,263** | | **210,614** |

The accompanying notes form an integral part of these consolidated statements of cash flows

**The Board of Directors**

SONAE SIERRA, SGPS, S.A. AND SUBSIDIARIES

# Notes to the consolidated financial statements as of 31 December 2020

(Translation of notes originally issued in Portuguese – Note 49)
(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, Spain, Greece, Germany, Italy, Romania, Colombia, Brazil, Morocco, Poland, Luxembourg and Netherlands.

### Covid-19

On 11 March 2020, the World Health Organization declared the disease caused by the new coronavirus (COVID-19) as a pandemic. Following on this, several Governments have taken, during the year 2020, exceptional and temporary measures to contain the spread of the virus, which included confinement measures, time restrictions or closing of commercial spaces, which affected the activity of the Group's companies, namely, the valuation of investment properties. In Portugal, the Portuguese legislature decided, during the year 2020, to introduce exceptional rules, that came to significantly reduce the billing value of Portuguese companies to their tenants.

Therefore, during the year 2020, the Group granted specific discounts, of significant amount, to its customers (tenants) within the scope of the above restrictions and, in particular, the Portuguese subsidiaries, directly or indirectly held by the Group, reduced significantly the value of its revenue from fixed rents, following specific legislation approved by the Portuguese legislature, which allowed only the debit of turnover rents to tenants of shopping centres, that is calculated considering the value of the sales to the final customers, between 13 March 2020 and 31 December 2020.

As of the date of preparation of these financial statements, the coronavirus outbreak (COVID-19) continues to cause major disruptions to companies and economic activities. The uncertainties about the spread of COVID-19, already mired in a "third wave", as well as the efficiency and speed of the population vaccination process, are causing market volatility on a global scale.

The amount of the effect for the next fiscal year is difficult to determine, however, the Management are monitoring the situation and the effect it may have on the valuation of assets under management and the potential impact on future rental income. The Management maintain an open communication channel with their stakeholders, mainly their tenants, in a similar way to 2020, evaluating non-essential costs and the needs to undertake non-critical investments as well as granting support, exceptionally, to tenants.

As mentioned above, the Management monitor the situation very closely and, in this regard, carry out stress tests on the cash flow profile of the assets on a regular basis. Considering the conservative leverage position at the asset level, no issues are expected regarding the application of the going concern principle arising from the impacts of COVID-19.

### Material valuation uncertainty due to COVID–19

According to the Valuer, whenever uncertainty could have a material effect on the opinion of value, the Red Book requires the Valuer to draw attention to this, indicating the cause of the uncertainty and the degree to which this is reflected in the valuation reported.

The valuation performed by the Valuer is reported based on "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, the Valuer recommends that the valuation of the properties be kept under frequent review.

The Management will therefore be closely monitoring the evolution of the valuation of the properties. Nevertheless, it is important to emphasise that the Management is still confident that the impact of COVID-19 will be temporary and with influence only over short-term profitability.

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 2020. 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 2020:

| | Applicable for financial years beginning on / after |
|---|---|
| Amendments to References to the Conceptual Framework in IFRS Standards | 01-Jan-20 |
| Amendments to IAS 1 and IAS 8: Definition of Material | |
| Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform | 01-Jan-20 |
| Amendments to IFRS 3 Business Combinations | 01-Jan-20 |
| Amendments to IAS 16 Leases Covid 19-Related Rent Concessions | 01-Jan-20 |

The Group has applied these amendments for the first time in 2020 and there is no significant impact on the accounts resulting from their application.

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 |
|---|---|
| Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 | 01-Jan-21 |

These standards and amendments, despite being endorsed by the European Union, have not been adopted by the Group in 2020 because their application is not yet mandatory.

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 |
|---|---|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 | 01-Jan-21 |
| Amendments to IFRS 3 Business Combinations | 01-Jan-22 |
| Amendments to IAS 16 Property, Plant and Equipment | 01-Jan-22 |
| Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets | 01-Jan-22 |
| Amendments to Annual Improvements 2018-2020 | 01-Jan-22 |
| Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current | 01-Jan-23 |
| IFRS 17 Insurance Contracts, including Amendments to IFRS 17 | 01-Jan-23 |

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 2020 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 2020 and 2019, 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 2020 and 2019, 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:

| | '20 | | '19 | |
|---|---|---|---|---|
| | 31.12.20 | Average | 31.12.19 | Average |
| Brazilian Real | 0.15690 | 0.17198 | 0.22145 | 0.22676 |
| New Romanian Leu | 0.20536 | 0.20672 | 0.20924 | 0.21073 |
| Colombian Peso | 0.00024 | 0.00024 | 0.00027 | 0.00027 |
| Algerian Dinar | 0.00616 | 0.00693 | 0.00748 | 0.00748 |
| Hong Kong Dollar | 0.10511 | 0.11308 | 0.11432 | 0.11403 |
| Turkish Lira | 0.10959 | 0.12641 | 0.14997 | 0.15744 |
| Moroccan Dirham | 0.09145 | 0.09239 | 0.09290 | 0.09288 |
| Polish Zloty | 0.21931 | 0.22511 | 0.23492 | 0.23275 |

## 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 fit-out 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 2020 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 2.8), the corresponding gain or loss in the remeasurement 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

### Accounting for leases where the Group is the lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

### 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

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revenue in the statement of profit or loss in the year to which they relate. The expenses (namely discounts on fixed rents, extra contractual discounts related to due rents 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 2.9).

## 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 ) 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 extracontractual discounts on due 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 (related to due rents) are recorded on the statement of profit or loss, under the caption "Services rendered" (as a deduction).

In the year ended 31 December 31 2020, due to the pandemic caused by Covid-19, and following the successive states of emergency declared by the various European States, which led to the partial closure of shopping centres, the Group proceeded to register all the effects that impacted the recognition of revenue related to tenants, 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 recorded 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 cash-flows 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:

| | '20 | '19 |
|---|---|---|
| | +75 b.p. | +75 b.p. |
| Net Profit (1) | (1,504) | (1,362) |
| Reserves (2) | - | 9 |

(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 2020 and 2019, the interest rate sensitive analysis if the interest rates had been 25 basis points lower was not done because Euribor in 2020 and 2019 was below 0%.

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 19) | Total |
|---|---|---|---|
| **As of 31 December 2020** | | | |
| Non current assets | | | |
| Shareholders | 11,554 | | 11,554 |
| Other non-current assets | 4,186 | | 4,186 |
| | **15,740** | - | **15,740** |
| Current assets | | | |
| Trade receivables | 12,295 | | 12,295 |
| Shareholders | 8,198 | | 8,198 |
| Other receivables | 4,786 | | 4,786 |
| Cash and cash equivalents | 249,158 | | 249,158 |
| | 274,437 | - | 274,437 |
| | **290,177** | - | **290,177** |
| **As of 31 December 2019** | | | |
| Non current assets | | | |
| Derivative financial instruments | | 2 | 2 |
| Shareholders | 20,123 | | 20,123 |
| Other non-current assets | 3,799 | | 3,799 |
| | **23,922** | **2** | **23,924** |
| Current assets | | | |
| Trade receivables | 9,740 | | 9,740 |
| Shareholders | 7,675 | | 7,675 |
| Other receivables | 18,261 | | 18,261 |
| Cash and cash equivalents | 212,641 | | 212,641 |
| | 248,317 | - | 248,317 |
| | **272,239** | **2** | **272,241** |

| | CARRYING AMOUNT | FAIR VALUE |
|---|---|---|
| **Financial Liabilities** | **Liabilities at amortised cost** | **Level 2** |
| **As of 31 December 2020** | | |
| Non current liabilities: | | |
| Bank loans | 137,497 | 139,311 |
| Debentures loans | 89,526 | 89,399 |
| Lease liabilities | 8,269 | |
| Trade payables | 130 | |
| Other non-current liabilities | 2,366 | |
| | **237,788** | |
| Current liabilities: | | |
| Current portion of long term bank loans | 56,197 | 57,672 |
| Debentures loans | 9,850 | |
| Lease liabilities | 1,989 | |
| Accounts payable to suppliers | 6,251 | |
| Other payables | 5,455 | |
| | 79,742 | |
| | **317,530** | |
| **As of 31 December 2019** | | |
| Non current liabilities: | | |
| Bank loans | 193,618 | 196,897 |
| Debentures loans | 99,185 | 99,735 |
| Lease liabilities | 10,504 | |
| Trade payables | 133 | |
| Other non-current liabilities | 2,547 | |
| | **305,987** | |
| Current liabilities: | | |
| Current portion of long term bank loans | 4,854 | 6,318 |
| Lease liabilities | 1,885 | |
| Accounts payable to suppliers | 4,046 | |
| Other payables | 8,236 | |
| | 19,021 | |
| | **325,008** | |

## 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 main estimates of the Group are related 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 Management to assess the probability of receiving and/or paying such amounts. With that information, the Management 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 2020 and 2019, are as follows:

| | COMPANY | OWNERSHIP INTERESTS AND VOTING RIGHTS HELD | | |
|---|---|---|---|---|
| | | Head office | 31.12.20 | 31.12.19 |
| | **Parent company** | | | |
| | Sonae Sierra, SGPS, S.A. | Maia (Portugal) | - | - |
| | **Subsidiaries** | | | |
| | **Investment+Colombia+Brazil** | | | |
| | Axnae Spain Holdings, S.L. | Madrid (Spain) | 100.00% | 100.00% |
| 1) | Cascaishopping-Centro Comercial, S.A. | Maia (Portugal) | - | 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% |
| | Gli Orsi Shopping Centre 1 Srl | Milan (Italy) | 100.00% | 100.00% |
| | Iberian Holdings Spain, S.L. | Madrid (Spain) | 100.00% | 100.00% |
| 1) | Land Retail B.V. | Amsterdam (Netherlands) | - | 57.24% |
| 4) | Living Markets I, S.A. | Oporto (Portugal) | 100.00% | - |
| | Parklake Business Centre Srl | Bucharest (Romania) | 100.00% | 100.00% |
| | Parklake Shopping, S.A. | Bucharest (Romania) | 100.00% | 100.00% |
| | Parque D. Pedro 1 S.à r.l. | Luxembourg | 100.00% | 100.00% |
| 2) | Parque D. Pedro 2 S.à r.l. | Luxembourg | - | 100.00% |
| 1) | Plaza Mayor Parque de Ócio B.V. | Amsterdam (Netherlands) | - | 50.10% |
| 1) | Plaza Mayor Shopping, S.A. | Madrid (Spain) | - | 50.10% |
| | Plenerg Srl | Bucharest (Romania) | 100.00% | 100.00% |
| | Project Sierra 10 B.V. | Amsterdam (Netherlands) | 100.00% | 100.00% |
| | Project Sierra Cúcuta B.V. | Amsterdam (Netherlands) | 100.00% | 100.00% |
| | Project Sierra Spain 2- Centro Comercial S.A. | Madrid (Spain) | 100.00% | 100.00% |
| | River Plaza B.V. | Amsterdam (Netherlands) | 100.00% | 100.00% |
| 3) | Shopping Centre Parque Principado B.V. | Amsterdam (Netherlands) | - | 50.10% |
| | Sierra Brazil 1 S.à r.l. | Luxembourg | 100.00% | 100.00% |
| 1) | Sierra European Retail Real Estate Assets Holdings B.V. | Amsterdam (Netherlands) | - | 50.10% |

| | COMPANY | OWNERSHIP INTERESTS AND VOTING RIGHTS HELD | | |
|---|---|---|---|---|
| | | Head office | 31.12.20 | 31.12.19 |
| | Sierra GP Limited | Guernsey | 100.00% | 100.00% |
| | Sierra Iberian Assets Holding, S.A.U. | Madrid (Spain) | 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 Retail Ventures BV | Amsterdam (Netherlands) | 50.10% | 50.10% |
| | Sierra Solingen Holding GmbH | Dusseldorf (Germany) | 100.00% | 100.00% |
| 1) | Sierra Spain Malaga Holdings, S.L. | Madrid (Spain) | - | 50.10% |
| | Sonae Sierra Brazil Holdings S.à r.l. | Luxembourg | 100.00% | 100.00% |
| | SPF - Sierra Portugal | Luxembourg | 100.00% | 100.00% |
| | Weiterstadt Shopping B.V. | Amsterdam (Netherlands) | 100.00% | 100.00% |
| | **Services** | | | |
| 4) | BrightCity, S.A. | Maia (Portugal) | 100.00% | - |
| | Ioannina Development of Shopping Centres, S.A. | Athens (Greece) | 100.00% | 100.00% |
| | Paracentro - Gestão de Galerias Comerciais, S.A. | Maia (Portugal) | 100.00% | 100.00% |
| | Sierra Germany GmbH | Dusseldorf (Germany) | 100.00% | 100.00% |
| | Sierra Italy Agency Srl | Milan (Italy) | 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 Services Holland B.V. | Amsterdam (Netherlands) | 100.00% | 100.00% |
| | Sierra Spain, Shopping Centers Services, S.A. | Madrid (Spain) | 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% |
| | Microcom Doi, Srl | Bucharest (Romania) | 100.00% | 100.00% |
| | Parque de Famalicão - Empreendimentos Imobiliários, S.A. | Maia (Portugal) | 100.00% | 100.00% |
| | Project Sierra 11 B.V. | Amsterdam (Netherlands) | 100.00% | 100.00% |

| | COMPANY | OWNERSHIP INTERESTS AND VOTING RIGHTS HELD | | |
|---|---|---|---|---|
| | | Head office | 31.12.20 | 31.12.19 |
| | 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% |
| 3) | Project Sierra Spain 1 B.V. | Amsterdam (Netherlands) | - | 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, S.à r.l. | Casablanca (Morocco) | 100.00% | 100.00% |
| | Sierra Parma Project B.V. | Amsterdam (Netherlands) | 100.00% | 100.00% |
| 3) | Sierra Project Nürnberg B.V. | Amsterdam (Netherlands) | - | 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% |

1) Companies classified as held for sale in 2019 and sold in February 2020; the Group maintained a 25.1% stake in these companies.
2) Company merged into Parque D. Pedro 1 S.à r.l..
3) Companies liquidated in 2020.
4) Companies incorporated in 2020.

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 2020 and 2019, are as follows:

| | | OWNERSHIP INTERESTS AND VOTING RIGHTS HELD | | |
|---|---|---|---|---|
| | COMPANY | Head office | 31.12.20 | 31.12.19 |
| | **Investment+Colombia+Brazil** | | | |
| | **Companies owned by Sierra BV ("SierraBV") and Sierra Retail Ventures ("SRV")** | | | |
| | Arrábidashopping- Centro Comercial, S.A. | Maia (Portugal) | 25.05% | 25.05% |
| 1) | Centro Colombo- Centro Comercial, S.A. | Maia (Portugal) | - | 25.05% |
| 1) | Centro Vasco da Gama - Centro Comercial, S.A. | Maia (Portugal) | - | 25.05% |
| 1) | DOC Malaga Holdings S.L. | Madrid (Spain) | - | 25.05% |
| 1) | DOC Malaga SITECO, S.L.U. | Madrid (Spain) | - | 25.05% |
| 1) | Doc Málaga Siteco Phase 2, S.L. | Madrid (Spain) | - | 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% |
| | Madeirashopping- Centro Comercial, S.A. | Funchal (Portugal) | 25.05% | 25.05% |
| 1) | Norte Shopping Retail and Leisure Centre B.V. | Amsterdam (Netherlands) | - | 25.05% |
| 1) | Norteshopping- Centro Comercial, S.A. | Maia (Portugal) | - | 25.05% |
| 3) | North Tower B.V. | Amsterdam (Netherlands) | 25.05% | - |
| 3) | Torre Norte, S.A. | Maia (Portugal) | 25.05% | - |
| | Parque Atlântico Shopping - Centro Comercial, S.A. | Ponta Delgada (Portugal) | 25.05% | 25.05% |
| 1) | Shopping Centre Colombo Holding B.V. | Amsterdam (Netherlands) | - | 25.05% |
| 1) | VdG Holding BV | Amsterdam (Netherlands) | - | 25.05% |
| | Via Catarina- Centro Comercial, S.A. | Maia (Portugal) | 25.05% | 25.05% |
| | **Other investment companies** | | | |
| | Larissa Development of Shopping Centres, S.A. | Athens (Greece) | 50.00% | 50.00% |
| | Pantheon Plaza B.V. | Amsterdam (Netherlands) | 50.00% | 50.00% |
| | **Colombia** | | | |
| | Proyecto Cúcuta S.A.S. | Santiago de Cali (Colombia) | 50.00% | 50.00% |
| | Sierra Central S.A.S. | Santiago de Cali (Colombia) | 50.00% | 50.00% |

| | COMPANY | OWNERSHIP INTERESTS AND VOTING RIGHTS HELD | | |
|---|---|---|---|---|
| | | Head office | 31.12.20 | 31.12.19 |
| | **Services** | | | |
| | Sierra Balmain Asset Management Sp. z o. o. | Varsow (Poland) | 50.00% | 50.00% |
| | Sierra Balmain Property Managment Spółka z o. o. | Varsow (Poland) | 50.00% | 50.00% |
| 2) | Sierra Balmain Services Sp. z o. o. sp. k. | Varsow (Poland) | - | 50.00% |
| | SIERRA LM, SGPS, S.A. | Lisbon (Portugal) | 50.00% | 50.00% |
| | LMSA - Engenharia de Edifícios, S.A. | Lisbon (Portugal) | 50.00% | 50.00% |
| | LMGE - Gestão de Edifícios LDA | Lisbon (Portugal) | 50.00% | 50.00% |
| | LMIT - Innovation & Technology, LDA | Lisbon (Portugal) | 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% |
| | PUD Srl | Parma (Italy) | 50.00% | 50.00% |
| | SC Aegean B.V. | Amsterdam (Netherlands) | 50.00% | 50.00% |

1) Joint ventures classified as held for sale in 2019 and sold in February 2020; the Group maintained a 12.55% stake in these companies.
2) Company liquidated during 2020,
3) Company incorporated in 2020.

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The details of joint ventures of the Group as of 31 December 2020 and 2019 is as follows:

| | | | 31 DECEMBER 2020 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Equity | Net Profit | % own (*) | Carrying amount | Proportion in P/L | Adjusted net profit (**) | Dividends received |
| | | **Investment+Colombia+Brazil** | | | | | | | |
| | | **Companies owned by SRV (***)** | | | | | | | |
| | | Arrábidashopping- Centro Comercial, S.A. | 49,414 | (8,137) | 50,00% | 24,707 | (4,068) | 897 | 1,216 |
| | a) | Gaiashopping I- Centro Comercial, S.A. | 52,180 | (7,826) | 50,00% | 26,090 | (3,913) | 1,073 | 5,356 |
| 2) | | North Tower B.V. | 5,379 | (63) | 50,00% | 2,690 | (31) | (31) | - |
| | | Madeirashopping- Centro Comercial, S.A. | 31,461 | 3,035 | 50,00% | 15,730 | 1,517 | 831 | 1,457 |
| 1) | b) | Norte Shopping Retail and Leisure Centre B.V. | - | - | 50,00% | - | - | - | - |
| | | Parque Atlântico Shopping - Centro Comercial, S.A. | 29,832 | (3,177) | 50,00% | 14,916 | (1,589) | 719 | 1,250 |
| 1) | c) | Shopping Centre Colombo Holding B.V. | - | - | 50,00% | - | - | - | - |
| 1) | d) | VdG Holding BV | - | - | 50,00% | - | - | - | - |
| | | Via Catarina- Centro Comercial, S.A. | 18,233 | (2,203) | 50,00% | 9,117 | (1,101) | 264 | |
| 1) | e) | DOC Malaga Holdings S.L | - | - | 50,00% | - | - | - | - |
| | | **Other investment companies** | | | | | | | |
| | f) | Pantheon Plaza B.V. | 6,061 | (4,187) | 50,00% | 3,031 | (2,093) | (299) | - |
| | | **Colombia** | | | | | | | |
| | | Proyecto Cúcuta S.A.S. | 7,821 | (6,471) | 50,00% | 3,910 | (3,237) | (3,237) | - |
| | | Goodwill Cúcuta | | | | | | | |
| | | Sierra Central S.A.S. | 102 | (283) | 50,00% | 50 | (141) | (141) | - |
| | | Goodwill Sierra Central | | | | | (141) | (141) | |
| | | **Services** | | | | | | | |
| | h) | Sierra Balmain Asset Management sp. zo.o. | (692) | (170) | 50,00% | (347) | (86) | (86) | - |
| | | Goodwill Sierra Balmain | | | | - | (1,987) | (1,987) | |
| | i) | SIERRA LM, SGPS, S.A. | 1,774 | 785 | 50,00% | 887 | 393 | 384 | - |
| | | Goodwill Luis Malheiro | | | | 2,098 | | | |
| | | **Developments** | | | | | | | |
| | | Park Avenue Development of Shopping Centres S.A. | (881) | 28 | 50,00% | (441) | 13 | 14 | - |
| | j) | SC Aegean B.V. | 7,859 | (2,084) | 50,00% | 3,930 | (1,042) | (42) | - |
| | | Pud Srl | 9,737 | (120) | 50,00% | 4,869 | (60) | (60) | - |
| | | Goodwill Pud | | | | 875 | | | |
| | | | | | | **112,112** | **(17,566)** | **(1,842)** | **9,279** |

(*) The ownership interests are similar 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.
(***) Until 29 February 2020, Sierra BV was the owner these entities. On the 29 February 2020, due to the restructuring of Sierra BV, these entities were sold to Sierra Retail Ventures BV ("SRV")

| | | 31 DECEMBER 2019 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 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. | 59,982 | 2,196 | 50,00% | 29,991 | 1,098 | 2,625 | 1,500 |
| a) | Gaiashopping I- Centro Comercial, S.A. | 70,717 | 699 | 50,00% | 35,359 | 349 | 2,765 | - |
| | Harvey Dos Iberica, S.L. | - | 110 | 50,00% | - | 55 | 55 | - |
| | Madeirashopping- Centro Comercial, S.A. | 31,341 | 2,311 | 50,00% | 15,670 | 1,155 | 1,735 | 613 |
| b) | Norte Shopping Retail and Leisure Centre B.V. | 256,629 | 30,234 | 50,00% | 32,206 | 15,117 | 6,842 | 36,856 |
| | Parque Atlântico Shopping - Centro Comercial, S.A. | 35,509 | 1,968 | 50,00% | 17,755 | 984 | 1,439 | 900 |
| c) | Shopping Centre Colombo Holding B.V. | 504,206 | 40,137 | 50,00% | 63,278 | 20,069 | 16,052 | 23,250 |
| d) | VdG Holding BV | 226,532 | 17,316 | 50,00% | 28,430 | 8,658 | 7,005 | 7,500 |
| | Via Catarina- Centro Comercial, S.A. | 20,087 | 2,537 | 50,00% | 10,043 | 1,269 | 891 | - |
| e) | DOC Malaga Holdings S.L | 16,495 | (95) | 50,00% | 2,070 | (47) | (47) | - |
| | **Other investment companies** | | | | | | | - |
| f) | Pantheon Plaza B.V. | 9,988 | (10,949) | 50,00% | 4,994 | (5,475) | (799) | - |
| | Solingen Shopping Centre GmbH | - | 279 | 50,00% | - | 140 | 140 | - |
| | **Colombia** | | | | | | | |
| | Proyecto Cúcuta S.A.S. | 16,935 | 247 | 50,00% | 8,468 | 123 | (737) | - |
| | Sierra Central S.A.S. | 114 | (173) | 50,00% | 57 | (87) | (87) | - |
| | Goodwill Sierra Central | | | | | (89) | | - |
| | **Brazil** | | | | | | | - |
| g) | Sonae Sierra Brazil B.V. Sarl | - | 13,820 | 50,00% | - | 6,909 | 12,731 | 3,600 |
| | **Services** | | | | | | | - |
| h) | Sierra Balmain Asset Management sp. zo.o. | (556) | (44) | 50,00% | (278) | (22) | (22) | - |
| | Goodwill Sierra Balmain | | | | 1,987 | | | |
| i) | SIERRA LM, SGPS, S.A. | 1,547 | 184 | 50,00% | 774 | 92 | 90 | - |
| | Goodwill Luis Malheiro | | | | 1,818 | | | |
| | **Developments** | | | | | | | - |
| | Park Avenue Development of Shopping Centres S.A. | (923) | (20) | 50,00% | (461) | (10) | (10) | - |
| j) | SC Aegean B.V. | 9,816 | (140) | 50,00% | 4,908 | (70) | (70) | - |
| | Pud Srl | 9,642 | (51) | 50,00% | 4,821 | (25) | (26) | - |
| | Goodwill Pud | | | | 875 | | | |
| | | | | | **262,765** | **50,193** | **50,571** | **74,219** |

(*) 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.
(***) Until 29 February 2020, Sierra BV was the owner these entities. On the 29 February 2020, due to the restructuring of Sierra BV, these entities were sold to Sierra Retail Ventures BV ("SRV")

a) Amounts related to the consolidated accounts of Gaiashopping I- Centro Comercial, S.A. that owns 100% of Gaiashopping II- Centro Comercial, S.A..
b) Amounts related to the consolidated accounts of Norte Shopping Retail and Leisure Centre B.V. that owns 100% of Norteshopping- Centro Comercial, S.A..
c) Amounts related to the consolidated accounts of Shopping Centre Colombo Holding B.V. that owns 100% of Centro Colombo- Centro Comercial, S.A..
d) Amounts related to the consolidated accounts of Sierra VdG Holding B.V. that owns 100% of Centro Vasco da Gama - Centro Comercial, S.A..
e) Amounts related to the consolidated accounts of DOC Malaga Holdings S.L. that owns 100% of DOC Malaga SITECO, S.L.U and Doc Málaga Siteco Phase 2, S.L..
f) Amounts related to the consolidated accounts of Pantheon Plaza B.V. that owns 100% of Larissa Development of Shopping Centres, S.A..
g) Amounts related to the consolidated accounts of Sonae Sierra Brasil Sarl as of 30.06.2019. This company owns until 30.06.2019 (on this date it becames a subsidiary due to the reestructuring in Brazil) the following investments:

| | Percentage of interests and voting rights held | |
|---|---|---|
| | 31.12.20 | 30.06.19 |
| Fundo Investimento Imobiliário Parque Dom Pedro Shopping Center | - | 41,36% |
| Fundo Investimento Imobiliário Shop. Parque Dom Pedro | - | 63,12% |
| Parque D. Pedro 1 Sarl | - | 100,00% |
| Parque D. Pedro 2, Sarl | - | 100,00% |
| Pátio Boavista Shopping, Ltda. | - | 66,65% |
| Pátio Londrina Empreendimentos e Participações, Ltda. | - | 66,65% |
| Pátio São Bernardo Shopping Ltda | - | 66,65% |
| Pátio Sertório Shopping Ltda | - | 66,65% |
| Pátio Uberlândia Shopping Ltda | - | 66,65% |
| Sierra Brazil 1 Sarl | - | 100,00% |
| Sierra Investimentos Brasil Ltda | - | 66,65% |
| Aliansce Sonae Shopping Centers, S.A. | - | 66,65% |
| Unishopping Consultoria Imobiliária Lda | - | 66,63% |

h) Amounts related to the consolidated accounts of Sierra Balmain Asset Management sp. zo.o. that owns 100% of Sierra Balmain Property Managment Spółka z o. o.
i) Amounts related to the consolidated accounts of SIERRA LM, SGPS, S.A. ("LM Group") that owns directly or indirectly 100% of LMSA - Engenharia de Edifícios, S.A., LMGE - Gestão de Edifícios LDA and LMIT - Innovation & Technology, LDA.
j) Amounts related to the consolidated accounts of SC Aegean BV that owns 100% of Aegean Park Constructions Real Estate and Development, S.A..
1) Joint ventures classified as held for sale in 2019 and sold in February 2020; the Group maintained an interests of 12.55% in these companies.
2) Company incorporated in 2020.

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

During the years ended 31 December 2020 and 2019, the movement of investments in joint ventures was as follows:

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| | Investment+Colombia+Brazil | | | | Services | Developments | |
|---|---|---|---|---|---|---|---|
| | Companies owned by SRV (***) | Companies owned by Sierra BV | Other investment companies | Colombia | | | Total |
| Opening balance | - | 234,802 | 4,994 | 8,525 | 4,301 | 10,143 | 262,765 |
| Acquisition of Balmain e LM: | | | | | | | |
| - Equity at acquisition date | - | - | - | - | (7) | - | (7) |
| - Goodwill | - | - | - | - | 7 | - | 7 |
| Sale of Solingen | - | - | - | - | - | - | - |
| Transfer to SRV | 108,818 | (108,818) | - | - | - | - | - |
| Brazil and Sierra BV restructuring: | | | | | | | |
| - transfer to associates | - | (125,984) | - | - | - | - | (125,984) |
| - transfer to subsidiaries | - | - | - | - | - | - | - |
| Transfer to assets held for sale | - | - | - | - | - | - | - |
| Capital decrease | - | - | - | - | - | - | - |
| Capital increase | 2,896 | - | 130 | 282 | - | 71 | 3,379 |
| Liquidation effect | - | - | - | - | - | - | - |
| Effect of the application of the equity method: | | | | | | | |
| Hedging reserve (hedge accounting) | - | - | - | - | - | 108 | 108 |
| Translation reserve | - | - | - | (1,328) | 17 | - | (1,311) |
| Net profit (Note 38) | (9,185) | - | (2,093) | (3,519) | (1,680) | (1,089) | (17,566) |
| Dividends | (9,279) | - | - | - | - | - | (9,279) |
| | **93,250** | **-** | **3,031** | **3,960** | **2,638** | **9,233** | **112,112** |

(***) Until 29 February 2020, Sierra BV was the owner these entities. On the 29 February 2020, due to the restructuring of Sierra BV, these entities were sold to Sierra Retail Ventures BV ("SRV")

'19

| | Investment+Colombia+Brazil | | | | Services | Developments | |
|---|---|---|---|---|---|---|---|
| | Companies owned by Sierra BV | Other investment companies | Colombia | Brazil | | | Total |
| Opening balance | 643,691 | 6,107 | 8,401 | 241,178 | - | 10,450 | 909,827 |
| Acquisition of Balmain e LM: | | | | | | | |
| - Equity at acquisition date | - | - | - | - | 429 | - | 429 |
| - Goodwill | - | - | - | - | 3,805 | - | 3,805 |
| Sale of Solingen | - | 4,017 | - | - | - | - | 4,017 |
| Brazil and Sierra BV restructuring: | | | | | | | |
| - transfer to associates | - | - | - | (282,185) | - | - | (282,185) |
| - transfer to subsidiaries | - | - | - | 31,982 | - | - | 31,982 |
| Transfer to assets held for sale | (375,944) | - | - | - | - | - | (375,944) |
| Capital decrease | (11,170) | - | - | - | - | - | (11,170) |
| Capital increase | 4,704 | 205 | 177 | - | - | 65 | 5,151 |
| Liquidation effect | (4,450) | - | - | - | - | - | (4,450) |
| Effect of the application of the equity method: | | | | | | | |
| Hedging reserve (hedge accounting) | (117) | - | - | - | - | (267) | (384) |
| Translation reserve | - | - | - | 5,716 | (3) | - | 5,713 |
| Net profit (Note 38) | 48,707 | (5,335) | (53) | 6,909 | 70 | (105) | 50,193 |
| Dividends | (70,619) | - | - | (3,600) | - | - | (74,219) |
| | **234,802** | **4,994** | **8,525** | **-** | **4,301** | **10,143** | **262,765** |

The amount of kEuro -1,311 (kEuro 5,713 in 2019) was recognized under the caption "Currency translation differences" in the consolidated statement of changes in equity.

The main acquisitions and sales of companies occurred during the year ended 31 December 2020 and 2019 were as follows:

**Transactions in 2020:**

On the 29 February 2020, the Group signed and completed an agreement with APG, Allianz and Elo to create a leading retail real estate joint-venture in Iberia (Sierra BV – "Sierra Prime"). The companies included in this transaction were classified as held for sale in 2019 (Note 6). After the transaction, these companies, in the amount of kEuro 125,984, started to be classified as associates (Note 5).

**Transactions in 2019:**

In January 2019, the subsidiary Sierra Services Holland B.V. acquired 50% of the share capital of the joint ventures Sierra Balmain Asset Management sp. zo.o. that owns 100% of Sierra Balmain Services sp. zo. o. sp. k. ("Sierra Balmain") for kEuro 1,734. This transaction generated a goodwill of kEuro 1,987.

In May 2019, the subsidiary Sierra Services Holland B.V. acquired 50% of the share capital of the joint venture SIERRA LM, SGPS, S.A. (the parent company of a Group ("LM Group") that owns directly or indirectly 100% of LMSA - Engenharia de Edifícios, S.A., LMGE - Gestão de Edifícios LDA and LMIT - Innovation & Technology, LDA.) for kEuro 2,500. This transaction generated a goodwill of kEuro 1,818.

In May 2019, the subsidiary Sierra Solingen Holding GmbH. sold the entire share capital (50%) and the shareholder loans granted (including interest) of the joint venture Solingen Shopping Centre GmbH ("Solingen") for kEuro 2,919. This transaction generated a net loss of kEuro 12,627 (including expenses incurred in this transaction of kEuro 241) (Note 37).

During the third quarter of 2019, the business in Brazil was restructured: in August 2019, Aliansce Shopping Centers, S.A. merged into Sonae Sierra Brasil, S.A. that changed its name to Aliansce Sonae Shopping Centers, S.A.; afterwards Sierra Brazil 1 S.à r.l. and Sonae Serra Brazil S.à r.l. were demerged, being the new companies included in the consolidated accounts of Sonae Sierra (Note 3). During the second half, Aliansce Sonae Shopping Centers, S.A. increased its share capital. Following this restructuring, Sonae Sierra interests in the merged company is 6.3%, and is considered as associate (Note 5). This transaction generated a total net loss of kEuro 167,613 (Notes 38 and 24) (including the translation reserves generated up to the restructuring date in the amount of kEuro 168,604 that were recognized in the consolidated statement of profit or loss and an adjustment to the deferred tax recognised in 2018 in the amount of kEuro 14,452).

As of 31 December 2020 and 2019 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 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Investment+Colombia+Brazil | | | Services | Developments | |
| | Companies owned by SRV (***) | Other investment companies | Colombia | | | Total |
| Investment properties | 430,674 | 13,009 | - | - | 93,579 | 537,262 |
| Other non-current assets | 183 | 3 | 16,226 | 646 | 605 | 17,663 |
| **Total non-current assets** | **430,857** | **13,012** | **16,226** | **646** | **94,184** | **554,925** |
| Other current assets | 15,973 | 799 | 737 | 4,093 | 1,176 | 22,778 |
| Cash and cash equivalents | 12,591 | 1,206 | 2,669 | 1,868 | 719 | 19,053 |
| **Total current assets** | **28,564** | **2,005** | **3,406** | **5,961** | **1,895** | **41,831** |
| Non current bank loans and other facilities | 151,655 | 6,952 | 960 | 95 | 36,667 | 196,329 |
| Other non-current liabilities | 75,067 | 142 | 472 | 963 | 28,628 | 105,272 |
| **Total non-current liabilities** | **226,722** | **7,094** | **1,432** | **1,058** | **65,295** | **301,601** |
| Current bank loans and other facilities | 31,397 | 229 | - | (14) | 148 | 31,760 |
| Other current liabilities | 14,803 | 1,633 | 10,277 | 4,481 | 13,921 | 45,115 |
| **Total current liabilities** | **46,200** | **1,862** | **10,277** | **4,467** | **14,069** | **76,875** |
| **Equity** | **186,499** | **6,061** | **7,923** | **1,082** | **16,715** | **218,280** |
| Equity attributable to the equity holders of the parent company | 186,499 | 6,061 | 7,923 | 1,082 | 16,715 | 218,280 |

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| | 31 DECEMBER 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Investment+Colombia+Brazil | | | Services | Developments | |
| | Companies owned by Sierra BV | Other investment companies | Colombia | | | Total |
| Investment properties | 2,838,804 | 16,597 | 53,878 | - | 91,616 | 3,000,895 |
| Other non-current assets | 2,200 | 3 | 107 | 413 | 752 | 3,475 |
| **Total non-current assets** | **2,841,004** | **16,600** | **53,985** | **413** | **92,368** | **3,004,370** |
| Other current assets | 9,369 | 1,012 | 1,045 | 3,556 | 1,034 | 16,016 |
| Cash and cash equivalents | 116,023 | 475 | 298 | 984 | 2,279 | 120,059 |
| **Total current assets** | **125,392** | **1,487** | **1,343** | **4,540** | **3,313** | **136,075** |
| Non current bank loans and other facilities | 955,842 | 6,664 | 14,402 | 300 | 35,149 | 1,012,357 |
| Other non-current liabilities | 654,715 | 170 | 13,716 | 754 | 27,342 | 696,697 |
| **Total non-current liabilities** | **1,610,557** | **6,834** | **28,118** | **1,054** | **62,491** | **1,709,054** |
| Current bank loans and other facilities | 52,694 | (36) | - | 32 | 648 | 53,338 |
| Other current liabilities | 81,650 | 1,299 | 10,160 | 2,876 | 14,007 | 109,992 |
| **Total current liabilities** | **134,344** | **1,263** | **10,160** | **2,908** | **14,655** | **163,330** |
| **Equity** | **1,221,495** | **9,990** | **17,050** | **991** | **18,535** | **1,268,061** |
| Equity attributable to the equity holders of the parent company | 1,221,495 | 9,990 | 17,050 | 991 | 18,535 | 1,268,061 |

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| | Investment+Colombia+Brazil | | | Services | Developments | |
|---|---|---|---|---|---|---|
| | Companies owned by SRV (***) | Other investment companies | Colombia | | | Total |
| **Services rendered** | 31,318 | 2,049 | 27 | 11,858 | - | 45,252 |
| Variation in fair value of the investment properties | (34,534) | (3,588) | - | - | - | (38,122) |
| Other revenue | 11 | 197 | 57 | 440 | 92 | 797 |
| External supplies and services | (17,973) | (2,079) | (172) | (4,645) | (187) | (25,056) |
| Depreciation and amortisation | (4) | - | (9) | (146) | - | (159) |
| Other expenses | (814) | (374) | (4,321) | (6,483) | (2,110) | (14,103) |
| Interest income and similar | - | - | 46 | 2 | 40 | 88 |
| Interest expense and similar | (4,709) | (385) | (990) | (63) | (11) | (6,157) |
| Share of results of associates | - | - | (1,392) | - | - | (1,392) |
| Income tax | 8,334 | (6) | - | (347) | - | 7,981 |
| Profit / (loss) from continuing operations | (18,371) | (4,187) | (6,754) | 615 | (2,176) | (30,873) |
| Post - tax profit / (loss) from discontinued operations | - | - | - | - | - | - |
| Net profit / (loss) | (18,371) | (4,187) | (6,754) | 615 | (2,176) | (30,873) |
| **Attributable to:** | | | | | | |
| Equity holders of parent company | (18,371) | (4,187) | (6,754) | 615 | (2,176) | (30,873) |
| Non-controlling interests | - | - | - | - | - | - |
| | **(18,371)** | **(4,187)** | **(6,754)** | **615** | **(2,176)** | **(30,873)** |
| Other comprehensive income for the period | - | - | - | - | - | - |
| **Total comprehensive income for the period** | **(18,371)** | **(4,187)** | **(6,754)** | **615** | **(2,176)** | **(30,873)** |
| **Attributable to:** | | | | | | |
| Equity holders of parent company | (18,371) | (4,187) | (6,754) | 615 | (2,176) | (30,873) |
| | **(18,371)** | **(4,187)** | **(6,754)** | **615** | **(2,176)** | **(30,873)** |

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| | Investment+Colombia+Brazil | | | | Services | Developments | |
|---|---|---|---|---|---|---|---|
| | Companies owned by Sierra BV | Other investment companies | Colombia | Brazil | | | Total |
| **Services rendered** | 190,802 | 5,671 | 2,503 | 52,492 | 7,890 | 14 | 259,372 |
| Variation in fair value of the investment properties | 30,275 | (9,351) | 2,569 | - | - | - | 23,493 |
| Other revenue | 1,182 | 116 | 386 | 346 | 365 | - | 2,395 |
| External supplies and services | (67,856) | (4,936) | (2,027) | (9,905) | (3,108) | (72) | (87,904) |
| Depreciation and amortisation | (9) | - | (12) | (194) | (103) | - | (318) |
| Other expenses | (2,262) | (839) | (243) | (9,137) | (4,604) | (108) | (17,193) |
| Interest income and similar | 1,074 | 82 | 2 | 3,672 | 5 | 8 | 4,843 |
| Interest expense and similar | (24,142) | (1,404) | (2,281) | (8,352) | (51) | (2) | (36,232) |
| Share of results of associates | - | - | - | 465 | - | - | 465 |
| Income tax | (31,651) | (9) | (824) | (5,972) | (254) | (51) | (38,761) |
| Profit / (loss) from continuing operations | 97,413 | (10,670) | 73 | 23,414 | 140 | (211) | 110,159 |
| Post - tax profit / (loss) from discontinued operations | - | - | - | - | - | - | - |
| Net profit / (loss) | 97,413 | (10,670) | 73 | 23,414 | 140 | (211) | 110,159 |
| **Attributable to:** | | | | | | | |
| Equity holders of parent company | 97,413 | (10,670) | 73 | 13,820 | 140 | (211) | 100,565 |
| Non-controlling interests | - | - | - | 9,594 | - | - | 9,594 |
| | **97,413** | **(10,670)** | **73** | **23,414** | **140** | **(211)** | **110,159** |
| Other comprehensive income for the period | (161) | - | - | (52,404) | - | - | (52,565) |
| **Total comprehensive income for the period** | **97,252** | **(10,670)** | **73** | **(28,990)** | **140** | **(211)** | **57,594** |
| **Attributable to:** | | | | | | | |
| Equity holders of parent company | 97,252 | (10,670) | 73 | 25,252 | 140 | (211) | 111,836 |
| Non-controlling interests | - | - | - | (54,243) | - | - | (54,243) |
| | **97,252** | **(10,670)** | **73** | **(28,990)** | **140** | **(211)** | **57,594** |

## 5. ASSOCIATES

The details of associates of the Group as of 31 December 2020 and 2019 is as follows:

**31 DECEMBER 2020**

| | | | Head office | Equity | Net profit / (loss) | % own (*) | Carrying amount | Proportion in P/L | Adjusted net profit (**) | Dividends received |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **Investment+Brazil** | | | | | | | | |
| | | **Companies owned by Sierra BV** | | | | | | | | |
| 1) | a) | Sierra European Retail Real Estate Assets Holdings, BV ("Sierra BV") | Amsterdam (Netherlands) | 719,891 | (58,482) | 25,10% | 180,693 | (14,679) | 3,370 | - |
| | | **Other investment companies** | | | | | | | | |
| | b) | 3shoppings - Holding, SGPS, S.A. | Maia (Portugal) | 58,833 | (4,913) | 20,00% | 11,767 | (982) | 423 | |
| | | Area Sur Shopping, S.L. | Madrid (Spain) | 44,055 | (4,384) | 15,00% | 6,609 | (658) | 288 | - |
| | | Le Terrazze - Shopping Centre 1 Srl | Milan (Italy) | 58,082 | (4,088) | 10,00% | 5,808 | (409) | 241 | 436 |
| | | Goodwill Le Terrazze | | | | | 544 | | | |
| | c) | Iberia Shop.C. Venture Coöperatief U.A. ("Iberia Coop") | Amsterdam (Netherlands) | 147,624 | (3,473) | 10,00% | 14,762 | (348) | 663 | |
| | | Goodwill Iberia Coop | | | | | 403 | | | |
| | d) | Sierra Portugal Real Estate S.C.A. ("SPF") | Luxembourg | 71,164 | (7,964) | 22,50% | 16,011 | (1,792) | 447 | - |
| | | Goodwill SPF | | | | | 3,731 | (121) | (121) | |
| | e) | SPF - Sierra Potugal Feeder 1, S.C.A. ("Feeder1") | Luxembourg | 27,542 | (3,655) | 7,45% | 2,053 | (272) | (272) | |
| | f) | Olimpo Real Estate Portugal, SIGI, S.A. | Maia (Portugal) | 49,080 | (179) | 5,13% | 2,518 | (9) | 17 | - |
| | g) | Olimpo Real Estate SOCIMI, S.A. | Madrid (Spain) | 207,142 | 5,565 | 3,75% | 7,768 | 208 | 434 | 231 |
| | | Serra Shopping- Centro Comercial, S.A. | Lisbon (Portugal) | 19,632 | (1,368) | 5,00% | 982 | (68) | 43 | - |
| | h) | Trivium Real Estate Socimi, S.A. | Madrid (Spain) | 205,739 | (34,754) | 12,40% | 25,514 | (4,312) | 1,098 | 510 |
| 2) | | Mercado Urbano – Gestão Imobiliária, S.A. | Oporto (Portugal) | 6,056 | (228) | 20,00% | 1,211 | (46) | (55) | - |
| 3) | | SFS - Gestão de Fundos, SGFI, S.A. | Maia (Portugal) | 1,479 | 228 | 20,00% | 296 | 47 | 47 | 24 |
| | | **Brazil** | | | | | | | | |
| | i) | Aliansce Sonae Shopping Centers, S.A. ("ALSO") | Brazil | 1,265,983 | (71,352) | 6,30% | 79,758 | (4,494) | 2,269 | |
| | j) | Fundo Investimento Imobiliário Parque Dom Pedro Shopping Center ("FIIPDPSH") | Brazil | 133,761 | (3,740) | 7,97% | 10,656 | (298) | (15) | 295 |
| | | Fundo Investimento Imobiliário Shop. Parque Dom Pedro ("FIISHPDP") | Brazil | 329,127 | (8,505) | 31,52% | 103,727 | (2,680) | 2,879 | 2,932 |
| | | **Services** | | | | | | | | |
| 4) | | Sierra Cevital Shopping Center, Spa | Algeria | - | - | 49,00% | - | - | - | - |
| | | **Developments** | | | | | | | | |
| | | Zenata Commercial Project | Morocco | 18,324 | 52 | 11,00% | 2,015 | 7 | 7 | - |
| | | | | | | | **476,826** | **(30,906)** | **11,763** | **4,428** |

(*) The ownership interests are similar 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.

**31 DECEMBER 2019**

| | | Head office | Equity | Net profit/ (loss) | % own (*) | Carrying amount | Proportion in P/L | Adjusted net profit (**) | Dividends received |
|---|---|---|---|---|---|---|---|---|---|
| | **Investment+Brazil** | | | | | | | | |
| | **Other investment companies** | | | | | | | | |
| b) | 3shoppings - Holding, SGPS, S.A. | Maia (Portugal) | 63,747 | 5,095 | 20,00% | 12,748 | 1,019 | 940 | |
| | ALEXA Asset GmbH & Co, KG | Dusseldorf (Germany) | - | 8,553 | 9,00% | - | 770 | 800 | 810 |
| | Area Sur Shopping, S.L. | Madrid (Spain) | 49,799 | 1,378 | 15,00% | 7,470 | 207 | 471 | 92 |
| | Le Terrazze - Shopping Centre 1 Srl | Milan (Italy) | 66,529 | (6,225) | 10,00% | 6,653 | (622) | 458 | 417 |
| | Goodwill Le Terrazze | | | | | 544 | | | |
| | Loop5 Shopping Centre GmbH & Co KG | Dusseldorf (Germany) | - | - | 0,00% | - | - | - | - |
| c) | Iberia Shop.C. Venture Coöperatief U.A. ("Iberia Coop") | Amsterdam (Netherlands) | 157,097 | 9,379 | 10,00% | 15,710 | 938 | 1,870 | - |
| | Goodwill Iberia Coop | | | | | 403 | | | |
| d) | Sierra Portugal Real Estate S.C.A. ("SPF") | Luxembourg | 79,129 | 4,000 | 22,50% | 17,803 | 900 | 3,636 | 15,751 |
| | Goodwill SPF | | | | | 3,852 | | | |
| e) | SPF - Sierra Potugal Feeder 1, S.C.A. ("Feeder1") | Luxembourg | 46,864 | (6) | 7,45% | 3,492 | - | (0) | |
| | Goodwill SPF - Sierra Potugal Feeder 1 | | | | | | 1,313 | | |
| | Olimpo Real Estate Portugal, SIGI, S.A. | Maia (Portugal) | 49,288 | (762) | 5,13% | 2,528 | (39) | (39) | - |
| | Goodwill SIGI | | | | | | 67 | | |
| g) | Olimpo Real Estate SOCIMI, S.A. ("ORES") | Madrid (Spain) | 211,541 | 15,848 | 3,75% | 7,933 | 594 | 519 | 290 |
| | Serra Shopping- Centro Comercial, S.A. | Lisboa (Portugal) | 21,001 | 1,935 | 5,00% | 1,050 | 97 | 81 | 60 |
| | Goodwill Serra Shopping | | | | | | 4 | | |
| h) | Trivium Real Estate Socimi, S.A. | Madrid (Espanha) | 247,608 | 6,945 | 12,40% | 30,708 | 867 | 1,892 | |
| | Sonaegest - Soc. Gestora de Fundos de Investimento, S.A. | Maia (Portugal) | 1,371 | 134 | 20,00% | 274 | 27 | 27 | 32 |
| | **Brazil** | | | | | | | | |
| i) | Aliansce Sonae Shopping Centers, S.A. ("ALSO") | Brazil | 1,881,514 | 45,666 | 6,30% | 118,535 | 2,877 | 2,029 | |
| j) | Fundo Investimento Imobiliário Parque Dom Pedro Shopping Center ("FIIPDPSH") | Brazil | 198,117 | 18,157 | 7,97% | 15,784 | 1,447 | 850 | 313 |
| | Fundo Investimento Imobiliário Shop. Parque Dom Pedro ("FIISHPDP") | Brazil | 486,859 | 48,619 | 31,52% | 153,438 | 13,424 | 3,663 | 3,376 |

31 DECEMBER 2019

| | Head office | Equity | Net profit/ (loss) | % own (*) | Carrying amount | Proportion in P/L | Adjusted net profit (**) | Dividends received |
|---|---|---|---|---|---|---|---|---|
| **Services** | | | | | | | | |
| Sierra Cevital Shopping Center, Spa | Algeria | 79 | - | 49,00% | 39 | - | - | |
| **Developments** | | | | | | | | |
| Zenata Commercial Project | Morocco | 18,562 | 366 | 11,00% | 2,042 | 40 | 40 | |
| | | | | | **401,006** | **23,930** | **17,235** | **21,141** |

(*) 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.

a) Amounts related to the consolidated accounts of "Sierra BV". This company owns the following investments:

| | Head office | Percentage of interests and voting rights held 31.12.20 | 31.12.19 |
|---|---|---|---|
| Cascaishopping, Centro Comercial, S.A. | Maia (Portugal) | 100% | - |
| Land Retail B.V. | Amsterdam (Netherlands) | 100% | - |
| Plaza Mayor Parque de Ócio B.V. | Amsterdam (Netherlands) | 100% | - |
| Plaza Mayor Shopping, S.A. | Madrid (Spain) | 100% | - |
| Sierra Spain Malaga Holdings, S.L. | Madrid (Spain) | 100% | - |
| Doc Malaga Holdings S.L | Madrid (Spain) | 50% | - |
| DOC Malaga Siteco, S.L.U. | Madrid (Spain) | 50% | - |
| DOC Malaga Siteco Phase 2, S.L. | Madrid (Spain) | 50% | - |
| Norte Shopping Retail and Leisure Centre B.V. | Amsterdam (Netherlands) | 50% | - |
| Norteshopping- Centro Comercial, S.A. | Maia (Portugal) | 50% | - |
| Shopping Centre Colombo Holding B.V. | Amsterdam (Netherlands) | 50% | - |
| Centro Colombo- Centro Comercial, S.A. | Maia (Portugal) | 50% | - |
| VdG Holding BV | Amsterdam (Netherlands) | 50% | - |
| Centro Vasco da Gama - Centro Comercial, S.A. | Maia (Portugal) | 50% | - |

b) 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..

c) Amounts related to the consolidated accounts of "Iberia Coop". This company owns the following investments:

| | | Head office | Percentage of interests and voting rights held 31.12.20 | 31.12.19 |
|---|---|---|---|---|
| 5) | Albufeira RP (Luxembourg) 1, Sarl | Luxembourg | - | 100% |
| 5) | Albufeira RP (Luxembourg) 2, Sarl | Luxembourg | - | 100% |
| | Candotal Spain S.L.U | Madrid (Spain) | 100% | 100% |
| | Estação Viana Centro Comercial, SA | Viana do Castelo (Portugal) | 100% | 100% |
| | Luz del Tajo Centro Comercial, SA | Madrid (Spain) | 100% | 100% |
| 5) | Project Sierra 8 BV | Amsterdam (Netherlands) | - | 100% |

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

| | Head office | Percentage of interests and voting rights held 31.12.20 | 31.12.19 |
|---|---|---|---|
| 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% |

e) Amounts related to the consolidated accounts of "Feeder1".
This company owns the following investments:

| | Head office | Percentage of interests and voting rights held 31.12.20 | 31.12.19 |
|---|---|---|---|
| SPF - Sierra Potugal Feeder 2, Sarl | Luxembourg | 100% | 100% |
| "SPF" | Luxembourg | 39% | 39% |

f) Amounts related to the consolidated accounts of Olimpo Real Estate Portugal, SIGI, S.A. that owns 100% of Olimpo SIGI España, S.A., acquired in 2020.

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

| | Head office | Percentage of interests and voting rights held 31.12.20 | 31.12.19 |
|---|---|---|---|
| Olimpo Asset 1, S.A. | Maia (Portugal) | 100% | 100% |
| Olimpo Asset 2, S.A. | Maia (Portugal) | 100% | 100% |
| Olimpo Asset 3, S.A. | Maia (Portugal) | 100% | 100% |
| Olimpo Asset 4, S.A. | Maia (Portugal) | 100% | 100% |
| Olimpo Asset 5, S.A. | Maia (Portugal) | 100% | 100% |
| Olimpo Asset 6, S.A. | Maia (Portugal) | 100% | 100% |
| Olimpo Asset 7, S.A. | Maia (Portugal) | 100% | 100% |
| Olimpo Asset 8, S.A. | Maia (Portugal) | 100% | 100% |

h) Amounts related to the consolidated accounts of Trivium Real Estate Socimi, S.A. that owns 100% of Iberian Assets, S.A..
i) Amounts related to the consolidated accounts of ALSO (company listed on the Brazilian stock exchange, that was created from the merger between Aliansce Shopping Centers and Sonae Sierra Brasil, in August 2019) .
j) Amounts related to the consolidated accounts of FIIPDPSH that owns 20.2231% of FIISHPDP.

1) Companies classified as held for sale in 2019, whth the respective sale concluded in February 2020.
2) Company acquired in 2020.
3) Ex-Sonaegest - Soc. Gestora de Fundos de Investimento, S.A.
4) Company in liquidation process and removed from consolidation in 2020.
5) Companies liquidated in 2020.

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

During the years ended 31 December 2020 and 2019, the movement of investments in associates was as follows:

‘20

| | Investment+Brazil | | | Services | Developments | |
|---|---|---|---|---|---|---|
| | Companies owned by Sierra BV | Other investment companies | Brazil | | | Total |
| Opening balance | - | 111,168 | 287,757 | 39 | 2,042 | 401,006 |
| Sales | - | (2) | - | - | - | (2) |
| Partial sale of Sierra BV: | | | | | | |
| Transfer from subsidiaries (Note 6) | 69,592 | - | - | - | - | 69,592 |
| Transfer from joint ventures | 125,984 | - | - | - | - | 125,984 |
| Acquisitions: | | | | | | |
| - Equity held | | 1,257 | - | - | - | 1,257 |
| Liquidated | - | - | - | (39) | - | (39) |
| Capital decrease | - | (2,504) | - | - | - | (2,504) |
| Effect of the application of the equity method: | | | | | | |
| Hedging reserve (hedge accounting) | (204) | 21 | - | - | - | (183) |
| Translation reserve | - | - | (82,917) | - | (34) | (82,951) |
| Other changes in equity | - | - | - | - | - | - |
| Net profit (Note 38) | (14,679) | (8,641) | (7,472) | - | 7 | (30,785) |
| Dividends | - | (1,201) | (3,227) | - | - | (4,428) |
| Impairment losses of Goodwill | | (121) | - | - | - | (121) |
| | **180,693** | **99,977** | **194,141** | **-** | **2,015** | **476,826** |

'19

| | Investment+Brazil | | Services | Developments | |
|---|---|---|---|---|---|
| | Other investment companies | Brazil | | | Total |
| Opening balance | 187,007 | - | 38 | 1,967 | 189,012 |
| Sales | (49,330) | - | - | - | (49,330) |
| Brazil restructuring: | | | | | |
| Transfer from joint ventures | - | 282,186 | - | - | 282,186 |
| Capital decrease | (20,057) | - | - | - | (20,057) |
| Capital increase | 4,879 | - | - | - | 4,879 |
| Effect of the application of the equity method: | | | | | |
| Hedging reserve (hedge accounting) | (17) | - | - | - | (17) |
| Translation reserve | - | (10,709) | - | 34 | (10,675) |
| Other changes in equity | (4) | 2,224 | - | - | 2,220 |
| Net profit (Note 38) | 6,142 | 17,748 | - | 40 | 23,930 |
| Dividends | (17,452) | (3,689) | - | - | (21,141) |
| | **111,168** | **287,757** | **39** | **2,042** | **401,006** |

The amount of kEuro -82,951 (kEuro -10,675 in 2019) was recognized under the caption "Currency translation differences" in the consolidated statement of changes in equity.

The main acquisitions and sales of companies occurred during 2020 and 2019 were as follows:

**Transactions in 2020**

On the 29 February 2020, Sonae Sierra SGPS, SA signed and completed an agreement with APG, Allianz and Elo to create a leading retail real estate joint-venture in Iberia (Sierra Prime). The companies included in this transaction were classified as held for sale in 2019 (Note 6).

**Transactions in 2019**

In January 2019 the Group, through its subsidiary Weiterstadt Shopping B.V. sold the entire share capital (9%) of the associate Loop5 Shopping Centre GmbH & Co KG ("Loop 5") for kEuro 9,846. This transaction generated a net loss of kEuro 578 (Note 37).

In April 2019 the Group, through its associate Sierra Portugal Real Estate (SPFRE), sold the entire share capital (100%) of the associate LCC LeiriaShopping Centro Comercial S.A. ("Leiria Shopping") for kEuro 80,337. This transaction generated a net gain in the consolidated accounts of the Group of kEuro 1,230 (net of expenses incurred in this transaction of kEuro 14).

In July 2019 the Group, through its subsidiary Sierra Investments Holdings B.V. sold the entire share capital (9%) of the associate ALEXA Asset GmbH & Co, KG ("ALEXA") for kEuro 40,772. This transaction generated a net loss of kEuro 871 (including expenses in the amount of kEuro 2,505) (Note 37).

In July 2019 the Group, through its associate Iberia Shop.C. Venture Coöperatief U.A. ("Iberia Coop"), sold the entire share capital (100%) of the associates ALBRP Albufeira Retail Park, Lda , Algarveshopping- Centro Comercial, SA, Imoconti - Sociedade Imobiliária, SA and Project Guia, S.A. for kEuro 120,927. This transaction generated a net gain in the consolidated accounts of the Group of kEuro 698 (net of expenses incurred in this transaction of kEuro 261).

In December 2019 the Group, through its associate Sierra Portugal Real Estate (SPFRE), sold the entire share capital of the associates 8ª Avenida Centro Comercial, S..A. (100%) ("8Avenida"), Loureshopping- Centro Comercial, S.A. (50%) ("Loureshopping") and Rio Sul- Centro Comercial, S.A. (50%) ("Rio Sul") for kEuro 33,107. This transaction generated a net gain in the consolidated accounts of the Group of kEuro 37 (net of expenses incurred in this transaction of kEuro 449).

As of 31 December 2020 and 2019 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:

| | 31 DECEMBER 2020 | | | | 31 DECEMBER 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Investment-Brazil | | | Developments | Investment-Brazil | | Services | Developments |
| | Companies owned by Sierra BV | Other investment companies | Brazil | | Other investment companies | Brazil | | |
| Total non-current assets | 1,749,140 | 1,547,068 | 2,071,122 | 44,818 | 1,610,617 | 3,177,279 | 15 | 43,240 |
| Total current assets | 68,405 | 126,979 | 317,655 | 6,383 | 170,446 | 379,059 | 442 | 6,775 |
| Total non-current liabilities | 1,043,914 | 753,549 | 595,459 | 27,384 | 721,383 | 919,995 | - | 27,719 |
| Total current liabilities | 53,740 | 24,070 | 64,447 | 5,493 | 65,707 | 69,850 | 379 | 3,735 |
| **Equity** | **719,891** | **896,428** | **1,728,871** | **18,324** | **993,973** | **2,566,493** | **78** | **18,561** |

| | '20 | | | | '19 | | | |
|---|---|---|---|---|---|---|---|---|
| | Investment-Brazil | | | Developments | | | Services | Developments |
| | Companies owned by Sierra BV | Other investment companies | Brazil | | Other investment companies | Brazil | | |
| Services Rendered | 70,437 | 97,072 | 117,736 | 2,907 | 145,074 | 139,831 | - | 3,082 |
| Variation in fair value of the investment properties | (90,320) | (88,968) | (164,231) | - | (33,650) | 85,119 | - | - |
| Other revenue | 71 | 246 | 2,206 | - | 402 | 138 | - | - |
| External supplies and services | (41,107) | (40,402) | (33,679) | (333) | (52,829) | (33,679) | - | (133) |
| Depreciation | (3) | (367) | - | (2,083) | (24) | - | - | (1,928) |
| Other expenses | (24,041) | (8,260) | (28,407) | 1 | 8,179 | (21,084) | - | - |
| Financial Results | (13,263) | (15,733) | (15,510) | (294) | (18,910) | (23,206) | - | (372) |
| Share of results of associates | 20,313 | (7,982) | - | - | (1,406) | - | - | - |
| Income Tax | 19,431 | 5,181 | 38,288 | (146) | (562) | (34,677) | - | (283) |
| **Net profit / (loss)** | **(58,482)** | **(59,213)** | **(83,597)** | **52** | **46,274** | **112,442** | **-** | **366** |
| Other comprehensive income for the period | (813) | 110 | (741,011) | 7 | (114) | - | 1 | (15) |
| **Total comprehensive income for the period** | **(59,295)** | **(59,103)** | **(824,608)** | **59** | **46,160** | **112,442** | **1** | **351** |
| Attributable to: | | | | | | | | |
| Equity holders of parent company | (59,295) | (55,240) | (824,608) | 59 | 46,928 | 112,442 | 1 | 351 |

## 6. ACQUISITION AND SALE OF COMPANIES

The main sales and acquisitions of companies occurring during the year 2020 and 2019 were as follows:

### Sales of subsidiaries in 2020

In February 2020, consequence of the restructuring in Sierra BV Group the following transactions occurred:

- the interests held by Sierra Investments Holding BV and by Sierra LP in Land BV were sold to Sierra BV; after this transaction Sierra BV holds 100% of Land BV (owner of Cascaishopping),
- the interests held by Sierra BV in Sierra Retail Ventures BV (owner of the non-core assets of Sierra BV) were sold to Sierra Investments Holding BV and to Sierra LP (50.1% and 49.9%, respectively), and
- the interests held by Sierra Investments Holding BV in Sierra BV was partially sold to two new investors, Allianz Finance IX Luxembourg, S.A. and Elo Mutual Pension Insurance Company for kEuro 262,178; the interests in Sierra BV was reduced to 25.1%. These transactions generated a net gain of kEuro 58,992 (net of expenses incurred in these transactions of kEuro 14,080) (Note 37). These companies were classified as held for sale in 2019.

### Sales of subsidiaries in 2019

In June 2019, the subsidiary Iberian Holdings Spain, S.L. sold the entire share capital (100%) of the subsidiary Dos Mares-Shopping Centre, S.A. ("Dos Mares") for kEuro 15,450. This transaction generated a net loss of kEuro 4,118 (including expenses incurred in this transaction of kEuro 1,075) (Note 37).

### Effect of the acquisitions and sales

The effect of the sales of the companies sold during the period ended in 31 December 2020 classified as held for sale at the end of 2019 was as follows:

| | | Sales<br>Classified as held for sale in 2019 |
|---|---|---|
| Assets classified as held for sale | | 1,058,598 |
| Other assets/liabilities movements after 31 December 2019 | | (18,911) |
| Capital decrease after 31 December 2019 | | (47,288) |
| Dividends distributed after 31 December 2019 | | 8,063 |
| Transfer to Joint ventures and associates | | (69,592) |
| Non-controlling interests | | (356,173) |
| Liabilities directly associated with assets classified as held for sale | | (385,592) |
| **Identifiable assets and liabilities at sales date** | | 189,105 |
| Transaction result: | | |
| - Profit / (loss) on sale | | 73,073 |
| **Sale amount** | (I) | 262,178 |
| **Expenses incurred with the sale** | (II) | 14,081 |
| **Net cash flow** | **(I-II)** | **248,097** |

The effect of the sales of the companies during the period ended in 31 December 2019 was as follows:

| | | '19 Sales Dos Mares |
|---|---|---|
| Cash and cash equivalents | (I) | 2,444 |
| Investment properties (Note 8) | | 31,500 |
| Investment properties under construction (Note 8) | | 210 |
| Goodwill (Note 11) | | 1,299 |
| Other non current assets | | 545 |
| Trade receivables | | 102 |
| Other current assets | | 1,047 |
| Deferred tax liabilities (Note 24) | | (4,141) |
| Accounts payable and other liabilities - non-current | | (13,475) |
| Other non current liabilities | | (820) |
| Accounts payable and other liabilities - current | | (218) |
| **Identifiable assets and liabilities at sales date** | | 18,493 |
| Transaction Result: | | |
| - Profit / (loss) on sale (Note 37) | | (3,043) |
| Sale amount | (II) | 15,450 |
| Expenses incurred with the sale (Note 37) | (III) | 1,075 |
| **Net cash flow** | **(II-III-I)** | **11,931** |

## 7. NON-CONTROLLING INTERESTS

As of 31 December 2020 and 2019, the details are as follows:

| | 31 DECEMBER 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Head Office | Equity | Net profit / (loss) | % (*) | Carrying amount | Proportion in P/L |
| **Investment** | | | | | | |
| Sierra Retail Ventures BV | Amsterdam (Netherlands) | 120,290 | (9,024) | 49,90% | 60,025 | (4,503) |
| | | | | | **60,025** | **(4,503)** |

| | 31 DECEMBER 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Head Office | Equity | Net profit / (loss) | % (*) | Carrying amount | Proportion in P/L |
| **Investment** | | | | | | |
| Sierra BV | Amsterdam (Netherlands) | 829,664 | 60,967 | 49,90% | 414,006 | 30,422 |
| Land Retail BV | Amsterdam (Netherlands) | 179,203 | 14,579 | 17,81% | 31,917 | 2,597 |
| | | | | | **445,923** | **33,019** |

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

During the years ended 31 December 2020 and 2019 the movement in non-controlling interests was as follows:

| | 31 DECEMBER 2020 | | | | 31 DECEMBER 2019 | | |
|---|---|---|---|---|---|---|---|
| | Sierra Retail Ventures BV | Sierra BV | Land Retail BV | Total | Sierra BV | Land Retail BV | Total |
| Opening balance | - | 414,006 | 31,917 | 445,923 | 554,228 | 38,795 | 593,023 |
| Transfer of investments | 65,797 | (65,797) | - | - | | - | - |
| Sale | | (324,612) | (31,561) | (356,173) | | - | - |
| Capital decrease | (1,269) | (23,597) | (356) | (25,222) | - | (2,875) | (2,875) |
| Heding reserve (hedge accounting) | - | - | - | - | (59) | - | (59) |
| Net profit | (4,503) | - | - | (4,503) | 30,422 | 2,597 | 33,019 |
| Dividends | - | - | - | - | (170,585) | (6,600) | (177,185) |
| | **60,025** | - | - | **60,025** | **414,006** | **31,917** | **445,923** |

As of 31 December 2020 and 2019 the summarised financial information of the subsidiaries within non-controlling interests, before the elimination of intragroup balances and transactions, is as follows:

| | 31 DECEMBER 2020 | 31 DECEMBER 2019 | |
|---|---|---|---|
| | Sierra Retail Ventures BV | Sierra BV | Land Retail BV |
| Total non-current assets | 102,821 | 921,928 | 446,230 |
| Total current assets | 17,849 | 15,973 | 11,740 |
| | | | |
| Total non-current liabilities | - | 98,094 | 272,703 |
| Total current liabilities | 380 | 10,143 | 6,064 |
| | | | |
| **Equity** | **120,290** | **829,664** | **179,203** |
| **Equity attributable to the equity holders of the parent company** | **120,290** | **829,664** | **179,203** |

| | 31 DECEMBER 2020 | 31 DECEMBER 2019 | |
|---|---|---|---|
| | Sierra Retail Ventures BV | Sierra BV | Land Retail BV |
| Variation in fair value of the investment properties | - | 3,735 | 4,267 |
| Services rendered and other revenue | 1 | 17,730 | 30,513 |
| Other revenue/(expenses) | (9,025) | 39,502 | (20,201) |
| **Net profit / (loss)** | **(9,024)** | **60,967** | **14,579** |
| | | | |
| Other comprehensive income for the period | - | (117) | - |
| **Total comprehensive income for the period** | **(9,024)** | **60,850** | **14,579** |

## 8. INVESTMENT PROPERTIES

The movement in investment properties, during the years ended 31 December 2020 and 2019 was as follows:

'20

| | Investment properties in operation | Investment properties under development at cost | Advances | Total |
|---|---|---|---|---|
| Opening balance | 332,268 | 13,866 | 1,725 | 347,859 |
| Increases | 319 | 370 | - | 689 |
| Impairments and write-off (Note 34) | - | (1,202) | - | (1,202) |
| Transfers | - | (19) | - | (19) |
| Variation in fair value of the investment properties between years (Note 32): | | | | |
| - Losses | (27,909) | - | - | (27,909) |
| **Closing balance** | **304,678** | **13,015** | **1,725** | **319,418** |

| | '19 | | | |
|---|---|---|---|---|
| | Investment properties | | | |
| | in operation | under development at cost | Advances | Total |
| Opening balance | 982,845 | 13,942 | 1,725 | 998,512 |
| Increases | 11,119 | 3,578 | - | 14,697 |
| Variation in fair value of the investment properties | | | | |
| between years (Note 32): | | | | |
| - Gains | 8,689 | - | - | 8,689 |
| - Losses | (3,765) | - | - | (3,765) |
| Sales of companies (Note 6) | (31,500) | (210) | - | (31,710) |
| Transfer to assets held for sale | (635,120) | (3,444) | - | (638,564) |
| **Closing balance** | **332,268** | **13,866** | **1,725** | **347,859** |

At 31 December 2020 and 2019 investment properties in operation and the information about the fair value assessment are as follows:

| | 31 DECEMBER 2020 | | 31 DECEMBER 2019 | |
|---|---|---|---|---|
| | Portugal / Spain | Other European Countries | Portugal / Spain | Other European Countries |
| **10 yr discount rate** | | | | |
| Floor | n.a. | 8,95% | n.a. | 8,70% |
| Weighted average | n.a. | 9,00% | n.a. | 8,78% |
| Cap | n.a. | 9,15% | n.a. | 9,00% |
| **10 yr cap rate** | | | | |
| Floor | n.a. | 7,15% | n.a. | 6,90% |
| Weighted average | n.a. | 7,20% | n.a. | 6,98% |
| Cap | n.a. | 7,35% | n.a. | 7,20% |
| **Annual rent per sqm (€)** | | | | |
| Floor | n.a. | 14 | 17 | 18 |
| Weighted average | n.a. | 15 | 31 | 19 |
| Cap | n.a. | 16 | 55 | 21 |
| **Fair Value (Level 3)** | - | **304,678** | - | **332,268** |

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).

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.

During the years ended on 31 December 2020 and 2019, 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 | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| Portugal / Spain | - | 37,702 | - | 2,161 |
| Other European Countries | 16,607 | 22,085 | 2,464 | 3,533 |
| | **16,607** | **59,787** | **2,464** | **5,694** |

At 31 December 2020 and 2019 the following investment properties had been given in guarantee of bank loans:

| | |
|---|---|
| Cascaishopping | Plaza Mayor |
| Gli Orsi | Parklake |

At 31 December 2020 and 2019 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 41 and 42.

Investment properties under development at 31 December 2020 and 2019 are made up as follows:

| | 31.12.2020 | 31.12.2019 |
|---|---|---|
| **Investment properties at cost:** | | |
| Portugal / Spain | 12,858 | 12,831 |
| Other european countries | 69,306 | 68,982 |
| | 82,164 | 81,813 |
| | | |
| **Impairment for assets at risk** | (67,424) | (66,222) |
| | **14,740** | **15,591** |

The amounts of kEuro 67,424 and kEuro 66,222 at 31 December 2020 and 2019, 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 consequence of continuous market uncertainty.

## 9. PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment and corresponding accumulated depreciation during the years ended 31 December 2020 and 2019 was as follows:

| | 31.12.2020 | | | | | | | | 31.12.2019 |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | 2,388 | 1,101 | 37 | 2,950 | 320 | 984 | 55 | 7,836 | 7,531 |
| Increases | 53 | 11 | - | 234 | 19 | - | 43 | 360 | 645 |
| Sales | - | - | - | - | - | - | - | - | (24) |
| Transfers and write-off | - | - | - | (3) | (2) | - | (57) | (62) | (174) |
| Currency translation differences | - | - | (1) | (1) | - | - | - | (2) | (3) |
| Transfer to assets held for | - | - | - | - | - | - | - | - | (139) |
| Closing balance | 2,441 | 1,112 | 36 | 3,180 | 337 | 984 | 41 | 8,132 | 7,836 |
| **Accumulated depreciation and impairment losses:** | | | | | | | | | |
| Opening balance | 1,139 | 891 | 28 | 2,811 | 297 | 551 | - | 5,717 | 5,627 |
| Depreciation for the year | 159 | 81 | 5 | 84 | 28 | 10 | - | 367 | 347 |
| Sales | - | - | - | (3) | (3) | - | - | (6) | (23) |
| Transfers and write-off | - | (1) | - | - | - | - | - | (1) | (102) |
| Currency translation differences | - | - | - | (1) | - | - | - | (1) | (2) |
| Transfer to assets held for ale | - | - | - | - | - | - | - | - | (130) |
| Closing balance | 1,298 | 971 | 33 | 2,891 | 322 | 561 | - | 6,076 | 5,717 |
| **Net assets** | **1,143** | **141** | **3** | **289** | **15** | **423** | **41** | **2,056** | **2,119** |

## 10. RIGHT OF USE

The movement in right of use and corresponding accumulated depreciation during the years ended 31 December 2020 and 2019 was as follows:

| | 31.12.2020 | 31.12.2019 |
|---|---|---|
| | ROU - Buildings and other constructions | ROU - Buildings and other constructions |
| **Assets:** | | |
| Opening balance | 14,404 | - |
| Increases | - | 14,404 |
| Sales | (67) | - |
| Write-off | (163) | - |
| Closing balance | 14,174 | 14,404 |
| **Accumulated depreciation and impairment losses:** | | |
| Opening balance | 2,136 | - |
| Depreciation of the period | 2,062 | 2,136 |
| Sales | (21) | - |
| Write -off | (61) | - |
| Closing balance | 4,116 | 2,136 |
| **Net Right of Use** | **10,058** | **12,268** |

## 11. GOODWILL

At 31 December 2020 and 2019 goodwill was made up as follows:

| | 31.12.2020 | | | | 31.12.2019 |
|---|---|---|---|---|---|
| | Year of aquisition | Gross amount | Impairment losses of the year | Carrying Amount | Carrying Amount |
| Parklake | 2018 | 5,684 | (5,684) | - | 5,684 |
| Gli Orsi | 2008 | 1,642 | - | 1,642 | 1,642 |
| | | **7,326** | **(5,684)** | **1,642** | **7,326** |

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

The movement in the Goodwill during the years ended 31 December 2020 and 2019 was as follows:

| | '20 | '19 |
|---|---|---|
| Opening balance | 7,326 | 9,892 |
| Sales (Note 6) | - | (1,299) |
| Price adjustment | - | (1,452) |
| Impairment losses of the year (Note 30) | (5,684) | 185 |
| **Closing balance** | **1,642** | **7,326** |

## 12. INTANGIBLE ASSETS

The movement in intangible assets and corresponding accumulated depreciation during the years ended 31 December 2020 and 2019 was as follows:

| | 31.12.2020 | | | 31.12.2019 |
|---|---|---|---|---|
| | Software | Other intangible assets | Total | Total |
| **Assets:** | | | | |
| Opening balance | 5,249 | 12,820 | 18,069 | 17,253 |
| Increases | 112 | 1,001 | 1,113 | 817 |
| Sales, disposals and regularisations | 485 | (485) | - | (1) |
| Closing balance | 5,846 | 13,336 | 19,182 | 18,069 |
| **Accumulated depreciation and impairment losses:** | | | | |
| Opening balance | 4,518 | 11,753 | 16,271 | 15,791 |
| Depreciation for the year | 332 | 3 | 335 | 481 |
| Currency translation differences | - | - | - | (1) |
| Closing balance | 4,850 | 11,756 | 16,606 | 16,271 |
| **Net assets** | **996** | **1,580** | **2,576** | **1,798** |

## 13. OTHER NON-CURRENT ASSETS

At 31 December 2020 and 2019 other non-current assets were made up as follows:

| | 31.12.2020 | 31.12.2019 |
|---|---|---|
| Receivable from sale of Dos Mares | 3,000 | 3,000 |
| Sale of shares of Trivium | 246 | - |
| Rent deposits from tenants | 328 | 312 |
| Bank and other guarantees | 373 | 174 |
| Other non current assets | 239 | 313 |
| | **4,186** | **3,799** |

## 14. TRADE RECEIVABLES

At 31 December 2020 and 2019 trade receivables were made up as follows:

| | 31.12.2020 | 31.12.2019 |
|---|---|---|
| **Accounts receivable from customers:** | | |
| Portugal | 10,634 | 9,470 |
| Spain | 2,786 | 2,187 |
| Italy | 2,128 | 1,199 |
| Germany | 1,133 | 710 |
| Romania | 5,892 | 2,625 |
| Morocco | 383 | 840 |
| Turkey | - | 165 |
| Greece | 490 | 152 |
| Other | 14 | 27 |
| | 23,460 | 17,375 |
| Accumulated impairment losses on accounts receivable from customers (Note 30) | (11,165) | (7,635) |
| | **12,295** | **9,740** |

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:

| | 31.12.2020 | 31.12.2019 |
|---|---|---|
| 0-90 days | 10,584 | 5,337 |
| 90-180 days | 5,131 | 4,703 |
| 180-360 days | 569 | 489 |
| + 360 days | 7,176 | 6,846 |
| | **23,460** | **17,375** |

## 15. OTHER RECEIVABLES

At 31 December 2020 and 2019 other receivables were made up as follows:

| | 31.12.20 | 31.12.19 |
|---|---|---|
| Tax notification paid | 3,730 | 3,730 |
| Escrow account | 2,224 | 2,224 |
| Advances to suppliers | 1,499 | 1,564 |
| Receivable from sale of Dos Mares | - | 427 |
| Sale of shares of Trivium | - | 251 |
| Amount to be received from NovaCoop (Note 27) | - | 656 |
| Amount to be received from SPF - Sierra Portugal Real Estate ("SPFRE") | - | 9,000 |
| Other | 3,158 | 3,107 |
| | 10,611 | 20,959 |
| Accumulated impairment losses on other receivables (Note 30) | (5,825) | (2,698) |
| | **4,786** | **18,261** |

The amount of kEuro 3,730 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 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 was won by the Group, the amount was incorrectly paid to the tenant. The Group sued the State, to recover the amount mislaid, but the initial decision on this was not favorable to the Group. Independently of continuing to pursue the matter in court, the Group decided to provision the amount in full.

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 other 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 debtors.

## 16. OTHER CURRENT ASSETS

At 31 December 2020 and 2019 other current assets were made up as follows:

| | 31.12.2020 | 31.12.2019 |
|---|---|---|
| Interest income receivable | 1,063 | 1,417 |
| Rents to be invoiced | 3,035 | 685 |
| Recovered costs receivable | 395 | 372 |
| Insurance | 442 | 299 |
| Deferred costs with financing | 32 | 37 |
| Key Money | - | 332 |
| Management and administrative services receivable | 1,057 | 1,084 |
| Others | 1,082 | 950 |
| | **7,106** | **5,176** |

The amount of kEuro 3,035 includes the value of the rents that were not invoiced in 2020, related to the months in which shopping centres were closed (Note 1) and which will be invoiced in 2021.

## 17. CASH AND CASH EQUIVALENTS

At 31 December 2020 and 2019 cash and cash equivalents were made up as follows:

| | 31.12.2020 | 31.12.2019 |
|---|---|---|
| Cash | 54 | 64 |
| Bank deposits | 247,209 | 210,550 |
| Cash and cash equivalents | 247,263 | 210,614 |
| Bank deposits-tenants retentions | 1,895 | 2,027 |
| **Cash and bank deposits** | **249,158** | **212,641** |

The amounts of kEuro 1,895 and kEuro 2,027 at 31 December 2020 and 2019, respectively, relates to the guarantees made by the tenants. These amounts received from tenants are classified under "Other non-current liabilities" (Note 23) and "Other payables" (Note 28).

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.

## 18. SHARE CAPITAL AND LEGAL RESERVES

At 31 December 2020 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 2020 and 2019:

| ENTITY | '20 | '19 |
|---|---|---|
| Sonae SGPS. S.A. | 70.00% | 70.00% |
| Grosvenor Investments (Portugal), Sarl | 30.00% | 30.00% |

At 31 December 2020 and 2019 the legal reserves were as follows:

| | 31.12.2020 | 31.12.2019 |
|---|---|---|
| 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).

## 19. BANK LOANS

At 31 December 2020 and 2019 bank loans obtained were made up as follows:

| | 31.12.2020 | | | 31.12.2019 | | |
|---|---|---|---|---|---|---|
| | | Used amount | | | Used amount | |
| | Limit | Current | Non current | Limit | Current | Non current |
| Bond loans: | | | | | | |
| Sonae Sierra SGPS - Caixa BI | 50,000 | 10,000 | 40,000 | 50,000 | - | 50,000 |
| Sonae Sierra SGPS - Banco BPI | 25,000 | - | 25,000 | 25,000 | | 25,000 |
| Sonae Sierra SGPS - Novo Banco | 25,000 | - | 25,000 | 25,000 | | 25,000 |
| Total bond loans | 100,000 | 10,000 | 90,000 | 100,000 | - | 100,000 |
| Bank loans: | | | | | | |
| **Portugal/Spain** | | | | | | |
| n.a. | 35,000 | 10,000 | 25,000 | 35,000 | - | 35,000 |
| **Other European Countries** | | | | | | |
| a),b) | 159,600 | 46,500 | 113,100 | 164,800 | 5,200 | 159,600 |
| Total bank loans | 194,600 | 56,500 | 138,100 | 199,800 | 5,200 | 194,600 |
| Deferred bank expenses incurred on the issuance of bank debt | | (453) | (1,077) | | (346) | (1,797) |
| | 294,600 | 66,047 | 227,023 | 299,800 | 4,854 | 292,803 |
| | | **66,047** | **227,023** | | **4,854** | **292,803** |

(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.

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

At 31 December 2020 and 2019 the covenants in force can be detailed as follows:

| | | 31.12.2020 | | | 31.12.2019 | | |
|---|---|---|---|---|---|---|---|
| | | | Used amount | | | Used amount | |
| | | Limit | Current | Non current | Limit | Current | Non current |
| "Covenants": | | | | | | | |
| "Loan to Value", "Debt Service Cover Ratio" | (1),(2) | 118,300 | 5,200 | 113,100 | 123,500 | 5,200 | 118,300 |
| "Loan to Value", "Interest Cover Ratio", "Occupancy ratio" | (1),(3),(6) | 41,300 | 41,300 | - | 41,300 | - | 41,300 |
| "Debt/(Investment Properties + Investment in Joint ventures and associates)" | (4) | 10,000 | - | 10,000 | 10,000 | - | 10,000 |
| "Debt/(Investment Properties + Investment in Joint ventures and associates)", "Net Debt/Adjusted EBIT" | (4),(5) | 25,000 | 10,000 | 15,000 | 25,000 | - | 25,000 |

(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/(Investment Properties + Investment in Joint ventures and associates)
(5) Net Debt/Adjusted EBIT
(6) "Occupancy ratio": vacant GLA / total GLA

Bank loans with covenants were analysed by the Group at the reporting date and, whenever breaches to these covenants occurred or, for which waivers were not obtained, the classification of the current portion was made accordingly.

At 31 December 2020 and 2019, loans and the respective interest are repayable as follows:

| | 31 DECEMBER 2020 | | 31 DECEMBER 2019 | |
|---|---|---|---|---|
| | Repayment | Interest | Repayment | Interest |
| Year N+1 | 66,500 | 6,353 | 5,200 | 6,969 |
| Year N+2 | 40,200 | 5,379 | 66,500 | 6,314 |
| Year N+3 | 167,900 | 3,679 | 40,200 | 5,380 |
| Year N+4 | 10,000 | 359 | 167,899 | 3,679 |
| Year N+5 | 10,000 | 120 | 10,000 | 359 |
| Year N+6 and following years | - | - | 10,001 | 120 |
| | **294,600** | **15,890** | **299,800** | **22,821** |

At 31 December 2020 and 2019, the Group's financial instruments related to interest rate swaps, caps and zero cost collars were as follows:

| | 31 DECEMBER 2020 | | 31 DECEMBER 2019 | | |
|---|---|---|---|---|---|
| | | Fair value of the financial hedging instrument | | Fair value of the financial hedging instrument | |
| | Loan | Asset | Loan | Asset | Liability |
| Financial hedging instruments: | | | | | |
| "Options": | | | | | |
| Gli Orsi / ING (*) | 41,300 | - | 41,300 | - | - |
| Parklake / OTP Group / Hypo Noe (*) | 118,300 | - | 128,700 | 2 | - |
| | | **-** | | **2** | **-** |

(*) These hedging instruments are Caps.

The fair value of the effective financial hedging instruments was recorded under hedging reserves of the Group (kEuro 0 and kEuro 2 in 31 December 2020 and 2019, 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.

## 20. OTHER BANK LOANS

At 31 December 2020 and 2019 other bank loans were made up as follows:

| | 31 DECEMBER 2020 | | 31 DECEMBER 2019 | |
|---|---|---|---|---|
| | Limit | Current | Limit | Current |
| Short term facilities: | | | | |
| SPF - Sierra Portugal | - | - | 6,500 | - |
| Sierra Portugal, S.A. | 249 | - | 249 | - |
| Sonae Sierra, SGPS, S.A. | 10,000 | - | 10,000 | - |
| | **10,249** | **-** | **16,749** | **-** |
| Bank overdrafts | 44,720 | - | 44,720 | - |
| | **54,969** | **-** | **61,469** | **-** |

## 21. SHAREHOLDERS LOANS

At 31 December 2020 and 2019 shareholder loans were made up as follows:

| | 31 DECEMBER 2020 | | 31 DECEMBER 2019 | |
|---|---|---|---|---|
| | 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 |
| Project Sierra Cúcuta BV: | | | | |
| Central Control II, SAS | 2,227 | - | 2,025 | - |
| Proyecto Cúcuta, S.A.S. | 4,426 | - | 4,320 | - |
| | 6,653 | - | 6,345 | - |
| Sierra Developments Holding BV: | | | | |
| Park Avenue Development of Shopping Centres S.A. | - | 489 | - | 489 |
| | - | 489 | - | 489 |
| Sierra Services Holland BV: | | | | |
| Mercado Urbano – Gestão Imobiliária, S.A. | - | 64 | - | - |
| | - | 64 | - | - |
| Sierra Services Holland BV: | | | | |
| Sierra Balmain Asset Management sp. Z o.o | - | 350 | - | 350 |
| | - | 350 | - | 350 |
| Sierra Maroc Sarl: | | | | |
| Zenata Commercial Project | 1,495 | - | 1,330 | - |
| | 1,495 | - | 1,330 | - |
| Sierra Retail Ventures BV: | | | | |
| Arrábidashopping - Centro Comercial, S.A. | 50 | 6,572 | - | 6,572 |
| | 50 | 6,572 | - | 6,572 |
| Sierra Parma Project BV: | | | | |
| PUD S.r.l. | - | 11,540 | - | 10,762 |
| | **-** | **11,540** | **-** | **10,762** |
| | **8,198** | **20,965** | **7,675** | **20,123** |
| Accumulated impairment losses on other receivables (note 30) | **-** | **(9,411)** | | |
| | **8,198** | **11,554** | **7,675** | **20,123** |

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

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## 22. 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 | | | | |
|---|---|---|---|---|---|---|---|
| | 01.01.2020 | Financing cash flows | Disposals | Write-off | Held for sale | Acquisition of leases | 31.12.2020 |
| Debentures loans | 100,000 | - | - | - | - | - | 100,000 |
| Bank loans | 199,800 | (5,200) | - | - | - | - | 194,600 |
| Lease liabilities | 12,389 | (1,984) | (45) | (102) | - | - | 10,258 |
| | **312,189** | **(7,184)** | **(45)** | **(102)** | **-** | **-** | **304,858** |

| | | | NON-CASH CHANGES | | | | |
|---|---|---|---|---|---|---|---|
| | 01.01.2019 | Financing cash flows | Disposals | Write-off | Held for sale | Acquisition of leases | 31.12.2019 |
| Debentures loans | 100,000 | - | - | - | - | - | 100,000 |
| Bank loans | 390,132 | 69,143 | (13,475) | - | (246,000) | - | 199,800 |
| Loans from related parties | 7,556 | (7,556) | - | - | - | - | - |
| Lease liabilities | - | (2,015) | - | - | - | 14,404 | 12,389 |
| | **497,688** | **59,572** | **(13,475)** | **-** | **(246,000)** | **14,404** | **312,189** |

## 23. OTHER NON-CURRENT LIABILITIES

At 31 December 2020 and 2019 other non-current liabilities were made up as follows:

| | 31.12.2020 | 31.12.2019 |
|---|---|---|
| Rents deposits from tenants (Note 13 and 17) | 1,733 | 1,662 |
| Guarantees | 313 | 319 |
| Payable for the acquisition of Balmain | 206 | 300 |
| Other non current accounts payable | 114 | 266 |
| | **2,366** | **2,547** |

## 24. DEFERRED TAXES

Deferred income tax assets and liabilities at 31 December 2020 and 2019, in accordance with the temporary differences that generate them, are made up as follows:

| | DEFERRED TAX ASSETS | | DEFERRED TAX LIABILITIES | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| Difference between the fair value and tax cost of tangible fixed assets and intangible assets | 96 | 94 | 44,438 | 58,855 |
| Write-off of deferred income relating entrance fees (key money) and expenses relating the opening of shopping centres | - | - | (292) | (404) |
| Tax losses carried forward | 2,710 | 2,710 | - | - |
| Impairment losses on accounts receivable from customers | 660 | 216 | - | - |
| Impairment losses on other assets and write-off of deferred costs | 160 | 27 | - | - |
| | **3,628** | **3,047** | **44,146** | **58,451** |

The movement in deferred income tax assets and liabilities during the years ended 31 December 2020 and 2019 was as follows:

| | 31 DECEMBER 2020 | | 31 DECEMBER 2019 | |
|---|---|---|---|---|
| | Asset | Liability | Asset | Liability |
| Opening balance | 3,047 | 58,451 | 2,404 | 147,350 |
| Effect in net result: | | | | |
| Difference between fair value and tax cost of tangible fixed assets and intangible assets | 28 | (3,363) | 28 | 4,856 |
| Write-off of movements ocurred in the year in deferred income relating key money and expenses related to the opening of shopping centers | - | 5 | - | 228 |
| Increase / (Decrease) of impairment losses not accepted for tax purposes | 444 | - | (90) | - |
| Increase / (Decrease) of tax losses carried forward | 2 | - | 700 | - |
| Valuation of hedging financial instruments | - | - | 6 | - |
| Brazil restructuring (Note 4) | - | - | - | (14,452) |
| Sub-total (Note 24) | 474 | (3,358) | 644 | (9,368) |
| Effect in equity: | | | | |
| Valuation of hedging financial instruments | - | - | - | (1) |
| Current translation differences | - | (11,054) | - | 370 |
| Transfer to assets held for sale | - | - | - | (123,099) |
| Changes in perimeter: | | | | |
| Sales (Note 6) | - | - | - | (4,141) |
| Variation in consolidation percentage | - | - | - | 47,341 |
| Others | 107 | 107 | (1) | (1) |
| **Closing balance** | **3,628** | **44,146** | **3,047** | **58,451** |

The deferred income tax assets related to tax losses carried forward as of 31 December 2020 and 2019 are made up as follows:

| | 31 DECEMBER 2020 | | | 31 DECEMBER 2019 | |
|---|---|---|---|---|---|
| | Tax loss | Deferred tax asset | Limit expire date | Tax loss | Deferred tax asset |
| Portugal: | | | | | |
| Generated in 2020 | 10 | 2 | 2,032 | - | - |
| | **10** | **2** | | - | - |
| Spain: | | | | | |
| Without limit of use | **10,800** | **2,700** | | **10,800** | **2,700** |
| Italy: | | | | | |
| Without limit of use | **41** | **10** | | **41** | **10** |
| | **10,851** | **2,712** | | **10,841** | **2,0710** |

At the end of 2020 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 DECEMBER 2020 | | | 31 DECEMBER 2019 | | |
|---|---|---|---|---|---|---|
| | Tax loss | Deferred tax credit | Limit expire date | Tax loss | Deferred tax credit | Limit expire date |
| Portugal: | | | | | | |
| Generated in 2014 | 4,688 | 984 | 2028 | 4,671 | 981 | 2026 |
| Generated in 2015 | 255 | 53 | 2029 | 255 | 53 | 2027 |
| Generated in 2019 | 101 | 21 | 2026 | 136 | 29 | 2024 |
| Generated in 2020 | 6,850 | 1,438 | 2032 | - | - | |
| | **11,984** | **2,496** | | **5,062** | **1,063** | |
| Spain: | | | | | | |
| Without limit of use | **33,615** | **8,404** | | **36,164** | **9,041** | |
| Italy: | | | | | | |
| Without limit of use | **3,934** | **944** | | **2,312** | **555** | |
| Germany: | | | | | | |
| Without limit of use | **32,435** | **10,127** | | **31,889** | **9,957** | |

| | 31 DECEMBER 2020 | | | 31 DECEMBER 2019 | | |
|---|---|---|---|---|---|---|
| | Tax loss | Deferred tax credit | Limit expire date | Tax loss | Deferred tax credit | Limit expire date |
| Greece: | | | | | | |
| Generated in 2014 | - | - | | 300 | 72 | 2019 |
| Generated in 2015 | 119 | 29 | 2020 | 119 | 29 | 2020 |
| Generated in 2016 | 216 | 52 | 2021 | 216 | 52 | 2021 |
| Generated in 2017 | 700 | 168 | 2022 | 700 | 168 | 2022 |
| Generated in 2018 | 162 | 39 | 2023 | 162 | 39 | 2023 |
| Generated in 2019 | 101 | 24 | 2024 | 260 | 63 | 2024 |
| Generated in 2020 | 147 | 35 | 2025 | - | - | |
| | **1,445** | **347** | | **1,757** | **423** | |
| Netherlands: | | | | | | |
| Generated in 2010 | - | - | | 27 | 6 | 2019 |
| Generated in 2011 | 27 | 6 | 2020 | 27 | 6 | 2020 |
| Generated in 2012 | 27 | 82 | 2021 | 25 | 6 | 2021 |
| Generated in 2013 | 25 | 1,203 | 2022 | 30 | 7 | 2022 |
| Generated in 2014 | 30 | 238 | 2023 | 31 | 7 | 2023 |
| Generated in 2015 | 31 | 2,841 | 2024 | 14,054 | 3,162 | 2024 |
| Generated in 2016 | 14,054 | 7 | 2025 | 31 | 7 | 2025 |
| Generated in 2017 | 31 | 3 | 2026 | 15 | 3 | 2026 |
| Generated in 2018 | 15 | 424 | 2027 | 2,885 | 649 | 2027 |
| Generated in 2019 | 2,885 | 1,547 | 2028 | 1,470 | 331 | 2028 |
| Generated in 2020 | 1,470 | 915 | 2029 | - | - | |
| | **35,012** | **7,266** | | **18,595** | **4,184** | |
| Romania: | | | | | | |
| Generated in 2012 | - | - | | 1,371 | 219 | 2019 |
| Generated in 2013 | 1,037 | 166 | 2020 | 1,057 | 169 | 2020 |
| Generated in 2015 | 65 | 10 | 2022 | 66 | 11 | 2022 |
| Generated in 2016 | 2,615 | 418 | 2023 | 2,665 | 426 | 2023 |
| Generated in 2017 | 5,157 | 825 | 2024 | 5,257 | 841 | 2024 |
| Generated in 2018 | 3,786 | 606 | 2025 | 3,860 | 618 | 2025 |
| Generated in 2019 | 12,703 | 2,032 | 2026 | 9,649 | 1,544 | 2026 |
| Generated in 2020 | 10,399 | 1,664 | 2027 | - | - | |
| Without limit of use | 28,471 | 4,555 | | 34,836 | 5,574 | |
| | **64,233** | **10,276** | | **58,761** | **9,402** | |

| | 31 DECEMBER 2020 | | | 31 DECEMBER 2019 | | |
|---|---|---|---|---|---|---|
| | Tax loss | Deferred tax credit | Limit expire date | Tax loss | Deferred tax credit | Limit expire date |
| Others: | | | | | | |
| Generated in 2013 | - | - | | 106 | 23 | 2019 |
| Generated in 2014 | - | - | 2020 | 348 | 77 | 2020 |
| Generated in 2015 | - | - | 2021 | 277 | 59 | 2021 |
| Generated in 2016 | - | - | 2022 | 383 | 84 | 2022 |
| Generated in 2017 | 52 | 14 | 2023 | 508 | 114 | 2023 |
| Generated in 2018 | 59 | 16 | 2024 | 673 | 151 | 2024 |
| Generated in 2019 | 176 | 48 | 2025 | 460 | 109 | 2025 |
| Generated in 2020 | 579 | 108 | 2025 | - | - | |
| Without limit of use | 2,987 | 809 | | 3,765 | 1,019 | |
| | **3,853** | **995** | | **6,520** | **1,636** | |
| | **186,421** | **40,855** | | **161,060** | **36,261** | |

## 25. INCOME TAX

Income tax for the years ended 31 December 2020 and 2019 is made up as follows:

| | '20 | '19 |
|---|---|---|
| Current tax | 1,580 | 4,853 |
| Deferred tax (Note 24) | (3,832) | (10,012) |
| | **(2,252)** | **(5,159)** |

The numerical reconciliation between tax expense and the accounting profit multiplied by the applicable tax rate, during the years ended 31 December 2020 and 2019 is as follows:

| | '20 | '19 |
|---|---|---|
| Profit before income tax | (48,647) | (80,717) |
| Gains/losses related to the sale of companies (Note 37) | (59,010) | 199,034 |
| Net result of joint ventures and associates (Note 38) | 48,472 | (74,123) |
| Impairment of goodwill | 5,684 | - |
| Impairment losses in the investments under development | 1,202 | - |
| Impairment losses and other provisions not accepted as a fiscal cost | 23,419 | - |
| Brazil restructuring (Note 4) | - | (68,822) |
| Other permanent differences and tax losses for which the recoverability is not probable | 12,741 | (1,791) |
| | | |
| Taxable profit | (16,139) | (26,419) |
| Effect of different income tax rates in other countries | 5,412 | 1,851 |
| | **(10,727)** | **(24,568)** |
| Income tax rate in Portugal | 21,0% | 21,0% |
| | **(2,252)** | **(5,159)** |

The amount of kEuro 12,741 under "Other permanent differences and tax losses for which the recoverability is not probable" (kEuro -1,791 in 2019) 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 (Sierra Investments Holding, BV, Sierra Retail Ventures, BV, Sierra Italy, Sierra Germany and Parklake in 2020) Sierra BV, Sierra Investments Holding, BV, Sierra Turkey, Iberian Holdings Spain and Parklake in 2019) and a permanent difference related to the restructuring in Brazil.

## 26. ACCOUNTS PAYABLE TO SUPPLIERS

At 31 December 2020 and 2019 accounts payable to suppliers were made up as follows:

| | 31.12.2020 | | 31.12.2019 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Trade payables | 5,995 | - | 3,815 | - |
| Fixed assets suppliers | 256 | 130 | 231 | 133 |
| | **6,251** | **130** | **4,046** | **133** |

As of 31 December 2020 and 2019, this caption relates to amounts payable resulting from purchases made in the normal course of the Group's activities. As of 31 December 2020, 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:

| | 31.12.2020 | 31.12.2019 |
|---|---|---|
| Current: | | |
| 0-90 days | 5,076 | 3,129 |
| 90-180 days | 352 | 151 |
| + 180 days | 823 | 766 |
| | **6,251** | **4,046** |
| Non-current: | | |
| n+2 | - | 103 |
| n+3 | 100 | 30 |
| n+4 | 30 | - |
| | **130** | **133** |

## 27. STATE AND OTHER PUBLIC ENTITIES

At 31 December 2020 and 2019 state and other public entities were made up as follows:

| | 31.12.2020 | | | 31.12.2019 | | |
|---|---|---|---|---|---|---|
| | Asset | Liability | | Asset | Liability | |
| | Current | Current | Non current | Current | Current | Non current |
| Income tax | 3,864 | 4,682 | - | 5,995 | 4,879 | - |
| VAT | 1,227 | 2,104 | - | 2,291 | 2,496 | - |
| Social security contributions | 341 | 973 | - | 345 | 1,046 | - |
| Real Estate Transfer Tax | - | 1,792 | 4,031 | - | 1,972 | 5,822 |
| Other taxes | - | 138 | - | 474 | 23 | - |
| | **5,432** | **9,689** | **4,031** | **9,105** | **10,416** | **5,822** |

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 2017 until 2020 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 2020.

As of 31 December 2020, 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 2020 and 2019, there are no overdue debts to state and other public entities.

The amounts of kEuro 1,792 and 4,031 refers to the amount to be paid by Gli Orsi to the tax authorities.

## 28. OTHER PAYABLES

At 31 December 2020 and 2019 other payables were made up as follows:

| | 31.12.2020 | 31.12.2020 |
|---|---|---|
| Gift cards | 4,229 | 5,042 |
| Advances from customers | 525 | 1,990 |
| Rent deposits from tenants (Note 17) | 61 | 254 |
| Payable for the acquisition of Balmain | 100 | 106 |
| Other payables | 540 | 844 |
| | **5,455** | **8,236** |

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The amount of kEuro 4,229 of gift cards relates to deposits received until 31 December 2020 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).

As of 31 December 2020 and 2019, this caption relates to amounts payable resulting from acquisitions made in the normal course of the Group's activities. As of 31 December 2020, 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.

## 29. OTHER CURRENT LIABILITIES

At 31 December 2020 and 2019 other current liabilities were made up as follows:

| | 31.12.2020 | 31.12.2020 |
|---|---|---|
| Accrued services payable | 6,610 | 5,552 |
| Accrual for vacations and vacations bonus and other bonuses | 13,915 | 15,148 |
| Accrued fixed assets payable | 227 | 331 |
| Accrued interest expense | 1,484 | 1,517 |
| Accrued discounts on rents | 3,009 | 198 |
| Deferred rental income | 1,797 | 2,107 |
| Condominium margin | 551 | 430 |
| Accrued property tax | 24 | 15 |
| Key money invoiced in advance | 92 | 490 |
| Others | 2,292 | 2,910 |
| | **30,001** | **28,698** |

The accrual for vacations and vacation bonus and other bonuses as of 31 December 2020 and 2019, includes the amounts of kEuro 3,551 and kEuro 3,609, 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) and adjusted also according to ROIC (Return on Invested Capital). 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 2020 and 2019, the amounts of kEuro 227 and kEuro 331, 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.

## 30. VARIATIONS ON PROVISIONS AND IMPAIRMENT LOSSES

The movement in provisions and impairment losses, current and non-current, during the years ended 31 December 2020 and 2019 is made up as follows:

'20

| | Balance as of 31.12.2019 | Increase/decrease | Utilization and transfers | Balance as of 31.12.2020 |
|---|---|---|---|---|
| Impairment losses on accounts receivable: | | | | |
| Trade receivables (Note 14) | 7,635 | 4,251 | (721) | 11,165 |
| Other receivables (Note 15 and 21) | 2,698 | 12,222 | 316 | 15,236 |
| | 10,333 | 16,473 | (405) | 26,401 |
| Provisions for risks and expenses: | | | | |
| Other risks and expenses | 3,277 | 8,180 | (2,019) | 9,438 |
| | **13,610** | **24,653** | **(2,424)** | **35,839** |

The amount of kEuro 8,180 includes the following:

- kEuro 2,800 relates to the provision made to cover costs with the Company's restructuring process (consulting, early retirements and other costs).
- kEuro 2,500 relates to the provision made to cover costs derived from COVID-19 (legal and fiscal consulting, potential litigations, corporate communication and marketing costs among others).

'19

| | Balance as of 31.12.2018 | Increase/ decrease | Utilization and transfers | Transfer to held for sale | Balance as of 31.12.2019 |
|---|---|---|---|---|---|
| Impairment losses on accounts receivable: | | | | | |
| Trade receivables (Note 14) | 9,653 | 1,208 | (1,549) | (1,677) | 7,635 |
| Other receivables (Note 15 and 21) | 1,650 | (30) | 2,661 | (1,583) | 2,698 |
| | 11,303 | 1,178 | 1,112 | (3,260) | 10,333 |
| Provisions for risks and expenses: | | | | | |
| Other risks and expenses | 3,972 | (271) | (424) | - | 3,277 |
| | **15,275** | **907** | **688** | **(3,260)** | **13,610** |

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

## 31. SERVICES RENDERED

Services rendered for the years ended 31 December 2020 and 2019 are made up as follows:

| | '20 | '19 |
|---|---|---|
| Services rendered: | | |
| Fixed rents | 17,287 | 58,133 |
| Turnover rents | 402 | 2,024 |
| Mall income | 1,824 | 3,651 |
| Common charges | 12,597 | 29,667 |
| Service fees | 60,320 | 69,506 |
| Parking income | 315 | 1,399 |
| Other | 974 | 1,154 |
| | **93,719** | **165,534** |

The reduction in the captions "Fixed rents" and "Common charges" is due to the change in the perimeter whose impact is kEuro -35,110 and kEuro -10,016 for "Fixed rents" and "Common charges", respectively.

## 32. VARIATION IN FAIR VALUE OF INVESTMENT PROPERTIES

The variation in fair value of the investment properties in 2020 and 2019 is made up as follows:

| | '20 | '19 |
|---|---|---|
| Variation in fair value between years (Note 8): | | |
| - Gains | - | 8,689 |
| - Losses | (27,909) | (3,765) |
| | **(27,909)** | **4,924** |

## 33. OTHER OPERATING REVENUE

Other operating revenue for the years ended 31 December 2020 and 2019 is made up as follows:

| | '20 | '19 |
|---|---|---|
| Co-generation | 55 | 27 |
| Development fees | 57 | 270 |
| Gain on sale of assets | - | 1,132 |
| Other | 883 | 1,148 |
| | **995** | **2,577** |

## 34. IMPAIRMENT LOSSES AND WRITE-OFF

The impairment losses and write-offs for the years ended 31 December 2020 and 2019 are the following:

| | '20 | '19 |
|---|---|---|
| Impairment losses goodwill (Note 11) | 5,684 | - |
| Reverse of impairment losses goodwill (Note 11) | - | (185) |
| Write-off and Impairment losses in the investment properties under development (Note 8) | 1,202 | - |
| | **6,886** | **(185)** |

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 consequence of the market uncertainty.

## 35. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December 2020 and 2019 are made up as follows:

| | '20 | '19 |
|---|---|---|
| Property tax | 2,020 | 2,820 |
| Payment of the withholding tax re dividends | 484 | 553 |
| Exchange rate losses | 864 | 603 |
| Fines and penalties | 61 | 762 |
| Other | 1,055 | 1,327 |
| | **4,484** | **6,065** |

## 36. NET FINANCIAL RESULTS

Net financial results are made up as follows:

| | '20 | '19 |
|---|---|---|
| Expenses: | | |
| Interest expense | 7,664 | 11,834 |
| Stamp duty related to financing | 38 | 107 |
| Foreign currency exchange losses | 1,061 | 529 |
| Loss on fair value of ineffective hedging derivatives | 2 | 454 |
| Other | 1,434 | 3,381 |
| | 10,199 | 16,305 |
| Net financial expenses | (8,117) | (12,160) |
| | **2,082** | **4,145** |
| Income: | | |
| Interest income | 1,695 | 3,440 |
| Foreign currency exchange gains | 351 | 705 |
| Other | 36 | - |
| | **2,082** | **4,145** |

The reduction in the caption "Interest expense" is due to the change in the perimeter, which impact is kEuro -4,047.

## 37. GAINS AND LOSSES ON INVESTMENTS

Gains and losses on investments are made up as follows:

| | '20 | '19 |
|---|---|---|
| Loss on sale of Solingen | - | (12,627) |
| Loss on sale of Loop 5 | - | (578) |
| Gain/(Loss) on sale of Alexa KG | 285 | (871) |
| Loss on sale of Dos Mares (Note 6) | (59) | (4,118) |
| Loss on sale of Reval (Note 6) | (185) | - |
| Gain on partial sale of Sierra BV (Note 6) | 58,992 | - |
| Cumulative translation reserve and one-off corporate restructuring in Brazil | - | (182,065) |
| Price adjustment of Iberian Assets | - | 1,697 |
| Price adjustment of Le Terrazze | 140 | - |
| Sierra Cevital - excluded from consolidation (Note 6) | (39) | (47) |
| Other | (124) | (425) |
| | **59,010** | **(199,034)** |

## 38. SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES

Share of results of joint ventures and associates during the years ended 31 December 2020 and 2019, is detailed as follows:

| | '20 | '19 |
|---|---|---|
| Share of profit of joint ventures (Note 4) | (17,566) | 50,193 |
| Share of profit of associates (Note 5) | (30,906) | 23,930 |
| | **(48,472)** | **74,123** |

## 39. 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 2020 and 2019 amounted to

kEuro 22,456 and kEuro 61,361 respectively (Note 31).

In addition, as of 31 December 2020 and 2019, the Group had, as lessor, operating lease contracts for which the minimal lease payments (fixed rent) are due as follows:

| | 31.12.2020 | 31.12.2019 |
|---|---|---|
| Due in N+1 | 19,140 | 25,156 |
| Due in N+2 | 13,017 | 19,146 |
| Due in N+3 | 9,847 | 11,980 |
| Due in N+4 | 7,897 | 9,593 |
| Due in N+5 | 5,855 | 7,560 |
| Due after N+5 | 9,547 | 16,762 |
| Contracts automatically renewed | 50 | 36 |
| | **65,353** | **90,233** |

The reduction in the amount of rents receivable is related to contractual changes and changes in the portfolio's tenant mix.

## 40. RELATED PARTIES

Balances and transactions with related parties, during the years ended 31 December 2020 and 2019, in addition to the loans obtained from and payable to the shareholders mentioned in Note 21, are detailed as follows:

| | BALANCES | | | | | |
|---|---|---|---|---|---|---|
| | Accounts receivable | | Accounts payable | | Other liabilities | |
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| BB Food Service, S.A. | - | 2 | - | - | - | - |
| Contimobe - Imobil. Castelo Paiva, S.A. | - | - | 4 | 46 | - | - |
| Digitmarket - Sistemas de Informação, S.A. | - | - | 41 | - | (158) | (166) |
| Elergone Energias, Lda | - | - | 47 | - | 32 | - |
| Inovretail, S.A. | - | - | 18 | - | - | - |
| MCCARE - Serviços de Saúde, S.A. | - | 27 | - | - | (8) | 17 |
| MDS - Corretor de Seguros, S.A. | 33 | 87 | 96 | 31 | (804) | (365) |
| Modalfa - Comércio e Serviços, S.A. | - | 7 | 1 | - | - | - |
| Modalloop - Vestuário e Calçado, S.A. | - | - | - | - | - | - |
| Modelo Continente Hipermercados, S.A. | 32 | 82 | 7,915 | 8,239 | 4 | (53) |
| Pharmacontinente - Saúde e Higiene, S.A. | - | - | - | 2 | - | (5) |
| RACE-Refrigeration & Air Condit.Engen.SA | - | - | 25 | 5 | 7 | - |
| Raso- Viagens e Turismo, S.A | 5 | 1 | - | 82 | 2 | 4 |
| S21SEC Portug-Cyber Security Services,SA | - | - | 14 | - | - | - |
| Salsa Consolidated | - | - | - | 1 | - | 7 |
| SDSR - Sports Division SR, S.A. | - | - | 4 | 2 | (17) | 10 |
| Sonae Arauco Portugal, S.A. | - | - | - | - | 8 | - |
| Sonae Holdings, SA | - | - | 25 | - | - | - |
| Sonae Center Serviços II, S.A. | - | 78 | 264 | 1 | - | 211 |
| Sonaerp - Retail Properties, S.A. | - | - | 26 | 64 | - | - |
| Torre Ocidente Imobiliária, S.A. | 59 | 67 | - | 20 | 262 | 246 |
| Troiaresort-Investimentos Turísticos, S.A. | 17 | 25 | 2 | - | 19 | 16 |
| Viajens y Turismo de Geotur España, S.L. | - | - | - | - | - | 3 |
| Worten – Equipamentos para o Lar, S.A. | - | - | 7 | 3 | 3 | (5) |
| Zippy - Comércio e Distribuição, S.A. | - | 1 | - | - | (1) | 5 |
| Joint ventures and associates of Sonae Sierra | 5,549 | 3,906 | 1,438 | 865 | (921) | (2,553) |
| Sonae SGPS, S.A. | - | - | 418 | - | - | 258 |
| | **5,695** | **4,283** | **10,345** | **9,361** | **(1,572)** | **(2,370)** |

| | TRANSACTIONS | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Sales and services rendered | | Purchases and services obtained | | Interest income | | Interest expense | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| BB Food Service, S.A. | - | 3 | - | - | - | - | - | - |
| Bom Momento - Restauração, S.A. | 38 | 43 | - | - | - | - | - | - |
| Contimobe - Imobil. Castelo Paiva, S.A. | - | 11 | - | (105) | - | - | - | - |
| Continente Hipermercados, S.A. | - | - | - | 28 | - | - | - | - |
| Digitmarket - Sistemas de Informação, S.A. | - | - | 367 | 363 | - | - | - | - |
| Elergone Energias, Lda | - | - | 220 | - | - | - | - | - |
| Go Well, S.A. | - | 73 | - | (1) | - | - | - | - |
| MCCARE - Serviços de Saúde, SA | 134 | 216 | (6) | (8) | - | - | - | - |
| MDS - Corretor de Seguros, S.A. | - | - | 95 | 229 | - | - | - | - |
| Modalfa - Comércio e Serviços, S.A. | - | - | 14 | - | - | - | - | - |
| Modalloop - Vestuário e Calçado, S.A. | - | 70 | - | - | - | - | - | - |
| Modelo Continente Hipermercados, S.A. | 346 | 634 | 991 | 1,071 | - | - | 151 | 163 |
| Pharmacontinente - Saúde e Higiene, S.A. | 17 | 38 | - | - | - | - | - | - |
| RACE-Refrigeration & Air Condit.Engen.SA | - | - | 11 | 4 | - | - | - | - |
| Raso- Viagens e Turismo, S.A | 48 | 98 | 23 | 77 | - | - | - | - |
| S21SEC Portug-Cyber Security Services,SA | - | - | 60 | - | - | - | - | - |
| Salsa Consolidated | 7 | 438 | - | - | - | - | - | - |
| Saphety Level - Trusted Services, SA | - | - | 38 | 114 | - | - | - | - |
| SDSR - Sports Division SR, S.A. | 119 | 592 | 1 | - | - | - | - | - |
| Sonae Center Serviços II, S.A. | - | - | 215 | 222 | - | - | - | - |
| Sonae Holdings, SA | - | - | 42 | - | - | - | - | - |
| Tlantic Portugal - Sist.de Informação,SA | - | 1 | - | 8 | - | - | - | - |
| Torre Ocidente Imobiliária, S.A. | - | - | 168 | 633 | - | - | - | - |
| Troiaresort-Investimentos Turísticos, S.A. | 167 | 170 | 71 | 5 | - | - | - | - |
| Viajens y Turismo de Geotur España, S.L. | - | - | 1 | 120 | - | - | - | - |
| We Do Consulting-Sist. de Informação, S.A. | - | - | - | 1 | - | - | - | - |
| We Do Technologies BV | - | 4 | - | - | - | - | - | - |
| Worten – Equipamentos para o Lar, S.A. | 80 | 187 | (49) | (82) | - | - | - | - |
| Worten España Distribución, SL | - | 79 | - | - | - | - | - | - |
| Zippy - Comércio e Distribuição, S.A. | 28 | 344 | - | - | - | - | - | - |
| Joint ventures and associates of Sonae Sierra | 36,929 | 46,707 | 802 | 2,430 | 975 | 1,869 | - | 30 |
| Sonae SGPS, S.A. | - | - | 386 | 257 | - | - | - | - |
| Sierra European Retail Real Estate Asset Fund LP Inc. | - | - | - | - | - | - | - | 15 |
| | 37,913 | 49,708 | 3,450 | 5,366 | 975 | 1,869 | 151 | 208 |

The remuneration of the Board of Directors, during the years ended 31 December 2020 and 2019, was as follows:

| | '20 | '19 |
|---|---|---|
| Fixed remuneration | 1,039 | 1,266 |
| Variable remuneration | 811 | 806 |
| | **1,850** | **2,072** |

The total fees invoiced by the statutory auditor, amounted to kEuro 511, which include the amount of kEuro 380 relating to review of accounts and the amount of kEuro 131 relating to reliability assurance and other services.

Additionally, the total fees invoiced by other companies from Deloitte, amounted to kEu-ro 164, which include the amount of kEuro 155 relating to review of accounts and the amounts of kEuro 2 and kEuro 7, relating to reliability assurance services and tax consulting, respectively.

## 41. CONTINGENT LIABILITIES AND BANK GUARANTEES

As of 31 December 2020 and 2019, the main contingent liabilities relate to the following situations:

- In 2020 the Group provided a comfort letter to the bank that granted the loan to Mercado Urbano – Gestão Imobiliária, S.A. ("Mercado Urbano") by which the Group guarantees in the proportion of its stake of 20% the fulfilment of certain obligations arising from the financing agreement signed on 31.01.2020.
- In 2020 the Group provided a comfort letter in favour of a bank, by which the Group guarantees in the proportion of its stake of 20%, the fulfilment of certain obligations of Mercado Urbano arising from the contract between Mercado Urbano and the bank whereby the bank issued a bank guarantee of kEuro 685 in benefit of City Council of Porto ("CCP") in order to secure the obligations assumed towards CCP under the surface right contract in force between the Mercado Urbano and CCP related to the surface right over Mercado do Bom Sucesso.
- In 2020 the Group 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 3,400 in case the company is not able to comply with its obligations.
- Until this date, Sonae Sierra had been notified by the tax authorities regarding the deductibility of the interest incurred with loans obtained in the years 2008, 2009, 2010, 2013 and 2015 as Mother Company of the RETGS in the amount of KEuro 10,059. These notifications were claimed by the Company. In 2020 the Company has been notified by the court on a favourable decision regarding to the deductibility of the interest incurred with loans obtained in the year 2009, having the tax authorities claiming of this decision. No provision was recorded because the Board of Directors understands that the risk of this contingency is unlikely.
- In what concerns the year 2005, Sonae Sierra applied to the Tax Debts Exceptional Payment Regime (RERD) and paid the corresponding tax (kEuro 3,707) (Note 15), which is expected to be reimbursed as the company expects a favourable decision from the court regarding the related judicial claim. In 20 January 2015 the Company has been notified by the court on the second favourable decision.

At 31 December 2020 and 2019 the bank guarantees granted to third parties were as follows:

| | 31.12.20 | 31.12.19 |
|---|---|---|
| Bank guarantees: | | |
| relating to tax processes in course | 2,721 | 2,848 |
| to complete the construction of several projects | - | 8,427 |
| to secure any liability that may arise as a result of breach of commitments contained in the sale and purchase agreement of Loureshopping. | 500 | 500 |
| 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. | - | 3,300 |
| Others | 202 | 428 |
| | **3,423** | **15,503** |

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 Socie-ty "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".

During the year ended 31 December 2015, the Sonae Sierra 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 admin-istration on behalf of Sonae Sierra SGPS, SA, in order to suspend the effects of this process. In 2020, 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, 2018, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 171, 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". In 2020, 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, 2020, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 754, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, in order to suspend the effects of IRC process for the year 2015, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS".

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.

## 42. COMMITMENTS NOT REFLECTED ON THE FINANCIAL STATEMENTS

As of 31 December 2020 and 2019, the main contingent liabilities relate to the following situations:

As part of the restructuring of the Sierra BV portfolio, the ownership in the non-core assets was transferred to Sierra Retail Ventures BV ("SRV") (which shareholders are the same that owned Sierra BV, before the restructuring). The commitments agreed in 2003 at the time of the sale of 49.9% of Sierra BV share capital to a group of Investors, were transferred to SRV. According to this agreement, 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 (now SRV) (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 SRV 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 of ownership in the company that owns the asset, the Investors' ownership percentage in SRV (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 16,497;

(ii) in the case of a sale of shares of the company that directly or indirectly owns the asset, a maximum amount of kEuro 8,248;

(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.

These commitments are valid while the current agreements with the other stockholders of SRV 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 (now transferred to SRV) 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 contin-uation of the operations of the Fund with a long-stop date until October 2018.

On 19 September 2019, Sonae Sierra and APG agreed on a further extension of the long stop date from 10 October 2019 to 10 October 2020.

On 7 September 2020, Sonae Sierra and APG agreed on a further extension of the long stop date from 10 October 2020 to 10 October 2021.

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 ended 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 the shareholders agreed to extend the term of the fund until 2020. On 18 September 2020 the shareholders agreed to extend the term of the fund until 31 December 2021.

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.

## 43. DIVIDENDS

Regarding the net Result of 2020 of Sonae Sierra, the Board of Directors proposes to transfer the amount to retained earnings.

## 44. EARNINGS PER SHARE

As of 31 December 2020 and 2019, 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:

| | '20 | '19 |
|---|---|---|
| Profit considered to compute the basic earnings per share | | |
| (net profit of the year) | (41,892) | (108,577) |
| Number of shares | 32,514,000 | 32,514 000 |
| **Earning per share (Euro)** | **(1.29)** | **(3.34)** |

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

## 45. SEGMENT INFORMATION

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

- Properties (Investment + Colombia + Brazil)
- Developments
- Services

The Sonae Sierra's reportable segment information for the years ended 31 December 2020 and 2019, regarding the statement of profit or loss, can be detailed as follows:

| | '20 | '19 |
|---|---|---|
| Net Operating Result | | |
| Investment+Colombia+Brazil | 31,986 | 92,357 |
| Developments | (6,322) | (7,584) |
| Services | 5,102 | 18,431 |
| **Consolidated (1)** | **30,766** | **103,204** |
| Net financial costs | 17,755 | 23,259 |
| Direct profit before taxes | 4,799 | 79,945 |
| Indirect income before taxes | (58,496) | (168,747) |
| Corporate tax + Deferred tax | 11,805 | (19,775) |
| **Net profit** | **(41,892)** | **(108,577)** |

(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

| | '20 | '19 |
|---|---|---|
| Net Operating Margin - segments | 30,766 | 103,204 |
| Equity method adjustment[1] | (26,122) | (63,433) |
| Proportional method adjustment[2] | (17) | 12,362 |
| Indirect Income: | | |
| Variation in fair value of the investment properties | (27,909) | 4,924 |
| Other indirect income / costs | (20,478) | 145 |
| Depreciations, write-off and impairments losses | (6,887) | 185 |
| Withholding taxes related to Interests and dividends | (484) | (984) |
| Negative goodwill recognised in "Share of results of joint ventures and associates" | 141 | 89 |
| Other operating expenses | (356) | (248) |
| Others | 278 | 110 |
| **Net Profit before interest and results from associated undertakings, as per Financial Statements** | **(51,068)** | **56,354** |
| Net financial costs - segments | 17,755 | 23,259 |
| Equity method adjustment[1] | (9,108) | (13,235) |
| Proportional method adjustment[2] | (159) | 2,399 |
| Other operating expenses | (356) | (248) |
| Others | (15) | (15) |
| **(-) Finance income (-) Finance expenses as per Financial Statements** | **8,117** | **12,160** |
| Corporate tax + Deferred Tax - segments | 11,805 | (19,775) |
| Equity method adjustment[1] | (10,037) | 12,710 |
| Proportional method adjustment[2] | - | (3,910) |
| Fines related to taxes | - | 732 |
| Capital gain tax (Brazil) | - | 14,452 |
| Withholding taxes related to Interests and dividends | 484 | 984 |
| Others | - | (34) |
| **Income tax as per Financial Statements** | **2,252** | **5,159** |

[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.

01 CONSOLIDATED FINANCIAL STATEMENTS
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03 STATUTORY AUDITOR'S REPORT

Statement of financial position

| | '20 | '19 |
|---|---|---|
| Investment properties - segments | 1,261,289 | 1,914,339 |
| Equity method adjustment[1] | (944,667) | (1,220,139) |
| Proportional method adjustment[2] | - | 285,253 |
| Goodwill[3] | (11,944) | (12,065) |
| Assets held for sale | - | (635,120) |
| **Investment properties as per Financial Statements** | **304,678** | **332,268** |
| Properties under development - segments | 60,237 | 106,458 |
| Equity method adjustment[1] | (56,477) | (83,281) |
| Proportional method adjustment[2] | - | 1,543 |
| Goodwill[3] | - | (5,685) |
| Provisions | 11,596 | - |
| Assets held for sale | - | (3,444) |
| **Investment properties under development as per Financial Statements** | **15,356** | **15,591** |
| Cash and cash equivalents - segments | 282,725 | 293,512 |
| Equity method adjustment[1] | (41,965) | (71,299) |
| Proportional method adjustment[2] | 8,398 | 9,072 |
| Assets held for sale | - | (18,645) |
| **Cash and cash equivalents as per Financial Statements** | **249,158** | 212,641 |
| Bank loans - segments | 620,246 | 809,705 |
| Equity method adjustment[1] | (325,647) | (374,100) |
| Proportional method adjustment[2] | - | 110,195 |
| Financing costs | (1,529) | (2,143) |
| Assets held for sale | - | (246,000) |
| **Debt - current and non-current as per Financial Statements** | **293,070** | **297,657** |

[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 segment consider the Goowdill under the caption "Investment Properties" and "Properties under development".

The average number of employees in 2020 and 2019, by business segment is detailed as follows:

| | '20 | '19 |
|---|---|---|
| Developments | 20 | 21 |
| Services | 638 | 636 |
| Non allocated | 239 | 254 |
| | **898** | **911** |

## 46. INDICATORS RECONCILIATION

In addition to the financial information prepared in accordance with the International Fi-nancial 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 below:

| | '20 | '19 |
|---|---|---|
| Interest cover ratio[*] | 1.6 | 3.9 |

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

| Description in the management accounts | Amount in the management accounts '20 | Amount in the management accounts '19 | Statutory accounts description (Consolidated statements of profit or loss and Note 45-Segment information (*)) | Reconciliation with statutory accounts '20 | Reconciliation with statutory accounts '19 |
|---|---|---|---|---|---|
| | | | **Consolidated statements of profit or loss:** | | |
| | | | (+) Services rendered | 93,719 | 165,534 |
| | | | (+) Other operating revenue | 995 | 2,577 |
| | | | (-) External supplies and services | -31,955 | -55,561 |
| | | | (-) Personnel expenses | -47,131 | -51,369 |
| | | | (-) Depreciation and amortisation | -2,764 | -2,964 |
| | | | (-) Provisions and impairment | -24,653 | -907 |
| | | | (-) Other operating expenses | -4,484 | -6,065 |
| | | | **Note 45 (*):** | | |
| | | | (+) Equity method adjustment (1) | 26,122 | 63,433 |
| | | | (-) Proportional method adjustment (2) | 17 | -12,362 |
| | | | (+) Other indirect income / costs (4) | 20,478 | -145 |
| | | | (+) Withholding taxes related to Interests and dividends (4) | 484 | 984 |
| | | | (-) Negative goodwill recognised in "Share of results of joint ventures and associates" in the Consolidated statements of profit or loss | -141 | -89 |
| | | | (+) Other operating expenses (4) | 79 | 138 |
| **EBIT Total** | **30,766** | **103,204** | | **30,766** | **103,204** |

| Description in the management accounts | Amount in the management accounts | | Statutory accounts description (Consolidated statements of profit or loss and Note 45-Segment information (*)) | Reconciliation with statutory accounts | |
|---|---|---|---|---|---|
| | '20 | '19 | | '20 | '19 |
| | | | **Consolidated statements of profit or loss:** | | |
| | | | (+) Income tax | -2,252 | -5,159 |
| | | | **Note 45 (*):** | | |
| **Current tax (3)** | **2,242** | **11,918** | (+) Equity method adjustment[1] | -10,037 | 12,710 |
| Deferred tax | -14,048 | 7,858 | (-) Proportional method adjustment[2] | 0 | -3,910 |
| | | | (+) Capital gain tax (Brazil) | 0 | 14,452 |
| | | | (+) Withholding taxes related to Interests and dividends[4] | 484 | 984 |
| | | | (+) Others | 0 | 698 |
| **Current tax + Deferred tax** | **-11,805** | **19,775** | | **-11,805** | **19,775** |
| | | | **Consolidated statements of profit or loss:** | | |
| | | | (-) Finance income | -2,082 | -4,145 |
| | | | (+) Finance expenses | 10,199 | 16,305 |
| | | | **Adjustments:** | | |
| | | | (+) Equity method adjustment[1] | 9,108 | 13,235 |
| | | | (-) Proportional method adjustment[2] | 159 | -2,399 |
| | | | (+) Other operating expenses(4) | 371 | 263 |
| | | | (+) Others[5] | | |
| **Net financial costs** | **17,755** | **23,259** | | **17,755** | **23,259** |

[*] Adjustaments presented in Note 45.
[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] mount 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.

| | 31.12.20 | 31.12.2019 |
|---|---|---|
| Debt to assets ratio[*] | 25.8% | 25.7% |

[*] 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 description (Consolidated statements of financial position and Note 45-Segment information (*)) | Reconciliation with statutory accounts | |
|---|---|---|---|---|---|
| | 31.12.2020 | 31.12.2019 | | 31.12.2020 | 31.12.2019 |
| | | | **Consolidated statements of financial position :** | | |
| | | | (+) Bank loans - net of current portion | 137,497 | 193,618 |
| | | | (+) Debentures loans - net of current portion | 89,526 | 99,185 |
| | | | (+) Current portion of long term bank loans | 56,197 | 4,854 |
| | | | (+) Current portion of long term debentures loans | 9,850 | 0 |
| | | | **Note 45 (*):** | | |
| | | | (+) Equity method adjustment[1] | 325,647 | 374,100 |
| | | | (-) Proportional method adjustment[2] | 0 | -110,195 |
| | | | (+) Financing costs[4] | 1,529 | 2,143 |
| | | | (+) Assets held for sale[5] | 0 | 246,000 |
| **Bank loans** | **620,246** | **809,705** | | **620,246** | **809,705** |
| | | | **Consolidated statements of financial position :** | | |
| | | | (-) Cash and bank deposits | 249,158 | 212,641 |
| | | | **Note 45 (*):** | | |
| | | | (+) Equity method adjustment[1] | 41,965 | 71,299 |
| | | | (-) Proportional method adjustment[2] | -8,398 | -9,072 |
| | | | (+) Assets held for sale[5] | 0 | 18,645 |
| **Cash & Equivalents** | **282,725** | **293,512** | | **282,725** | **293,513** |
| | | | **Consolidated statements of financial position :** | | |
| | | | (+) Investment properties | 304,678 | 332,268 |
| | | | **Note 45 (*):** | | |
| | | | (+) Equity method adjustment[1] | 944,667 | 1,220 139 |
| | | | (-) Proportional method adjustment[2] | 0 | -285,253 |
| | | | (+) Assets held for sale[5] | 0 | 635,120 |
| | | | **(+) Goodwill[3]** | **11,944** | **12,065** |
| **Investment properties** | **1,261,289** | **1,914,339** | | **1,261,289** | **1,914,339** |

| Description in the management accounts | Amount in the management accounts | | Statutory accounts description (Consolidated statements of financial position and Note 45-Segment information (*)) | Reconciliation with statutory accounts | |
|---|---|---|---|---|---|
| | 31.12.2020 | 31.12.2019 | | 31.12.2020 | 31.12.2019 |
| | | | **Consolidated statements of financial position :** | | |
| | | | (+) Investment properties under development | 14,740 | 15,591 |
| | | | **Note 45 (*):** | | |
| | | | (+) Equity method adjustment[1] | 56,477 | 83,281 |
| | | | (-) Proportional method adjustment[2] | 0 | -1,543 |
| | | | (+) Provisions | -10,980 | 0 |
| | | | (+) Assets held for sale[5] | 0 | 3,444 |
| | | | **(+) Goodwill[3]** | **0** | **5,685** |
| **Properties under development** | **60,237** | **106,458** | | **60,237** | **106,458** |

(*) Adjustaments presented in Note 45.
(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 1,642 is presented in the line "Goodwill" (2019: kEuro 7,326) an the amount of kEuro 10,424 in "Investments in joint ventures and associates" (2019: kEuro 10,424).
(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.
(5) Note 30.

## 47. SUBSEQUENT EVENTS

On the 5 March 2021, Sonae, SGPS, SA announced that Grosvenor Investments (Portugal) S. à r. l. has given notice of its intent of exercising a put option over 10% of the shares held in Sonae Sierra, SGPS, SA. The irrevocable exercise of such put option is conditioned to a final confirmation by Grosvenor following the approval of these audited consolidated accounts. After the completion of this transaction, Sonae will hold 80% of the share capital and voting rights in Sonae Sierra.

As of the date of preparation of these financial statements, the coronavirus outbreak (COVID-19) continues to cause major disruptions to companies and economic activities. Since middle of January new lockdown measures and several restrictions have been implemented by many countries where the Group operates.

## 48. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorised for issuance on the 12 March of 2021. However, these financial statements are still depending on the approval by the Shareholders General Meeting, in accordance with business legislation prevailing in Portugal.

## 49. 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.

# Separate Financial Statements

## STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2020 AND 2019

(Translation of the statement of financial position originally issued in Portuguese - Note 25)
(Amounts stated in thousands of Euro)

| ASSETS | Notes | 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| NON CURRENT ASSETS | | | |
| Investments in group companies and associated companies | 3 | 1 148 979 | 1 148 979 |
| **Total non-current assets** | | **1 148 979** | **1 148 979** |
| CURRENT ASSETS | | | |
| Other receivables | 4 | 7 509 | 6 904 |
| State and other public entities | 5 | 931 | 1 083 |
| Other current assets | 6 | 287 | 143 |
| Cash and Cash Equivalents | 7 | 193 433 | 171 441 |
| **Total current assets** | | **202 160** | **179 571** |
| **Total assets** | | **1 351 139** | **1 328 550** |

| EQUITY, NON-CONTROLLING INTERESTS AND LIABILITIES | Notes | 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| **EQUITY:** | | | |
| Share capital | 8 | 162 245 | 162 245 |
| Legal Reserve | | 57 329 | 57 329 |
| Other reserves | | 52 926 | 52 926 |
| Retained earnings | | 255 389 | 513 082 |
| Net loss for the period | | (15 012) | (9 286) |
| **Total Equity** | | **350 632** | **776 296** |
| **LIABILITIES:** | | | |
| **NON CURRENT LIABILITIES** | | | |
| Bank loans - net of current portion | 10 | 24 980 | 34 961 |
| Debentures loans - net of current portion | 9 | 89 698 | 99 517 |
| **Total non current liabilities** | | **114 678** | **134 478** |
| **CURRENT LIABILITIES** | | | |
| Current portion of long term bank loans | 10 | 9 981 | (19) |
| Current portion of long term debentures loans | 9 | 9 814 | (186) |
| Loans from Group companies | 11 | 689 220 | 410 800 |
| State and other public entities | 5 | 15 | 154 |
| Other Payables | 13 | 1 315 | 157 |
| Other current liabilities | 14 | 13 239 | 6 870 |
| **Total current liabilities** | | **723 584** | **417 776** |
| **Total equity and liabilities** | | **1 188 894** | **1 328 550** |

The accompanying notes form an integral part of these statements of financial position as of 31 December 2020.

**The Board of Directors**

## STATEMENTS OF PROFIT AND LOSS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Translation of statement of profit and loss originally issued in Portuguese - Note 25)
(Amounts stated in thousands of Euro)

| | Notes | '20 | '19 |
|---|---|---|---|
| **Other operating revenue** | 15 | 22 | 10 |
| | | **22** | **10** |
| External supplies and services | | (484) | (373) |
| Personnel expenses | | (26) | (26) |
| Other operating expenses | 16 | (26) | (48) |
| | | **(536)** | (447) |
| **Net operating profit** | | **(514)** | **(437)** |
| Financial income | 17 | 6 | 47 |
| Financial expenses | 17 | (18,235) | (11,179) |
| Gains and losses on investments | 17 | 2 042 | 350 |
| **Profit before income tax** | | **(16,701)** | **(11,219)** |
| Income tax | 18 | 1 689 | 1 933 |
| **Profit after income tax** | | **(15,012)** | **(9,286)** |
| **Net loss for the period** | | **(15,012)** | **(9,286)** |

The accompanying notes form an integral part of these statement of profit and loss for the year ended 31 December 2020.

**The Board of Directors**

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Translation of the statement of comprehensive income originally issued in Portuguese - Note 25)
(Amounts stated in thousands of Euro)

| | Notes | '20 | '19 |
|---|---|---|---|
| Net loss for the period | | (15,012) | (9,286) |
| Others | | - | - |
| Other comprehensive income of the period | | - | - |
| **Total comprehensive loss for the period** | | **(15,012)** | **(9,286)** |

The accompanying notes form an integral part of these statements of comprehensive income for the year ended 31 December 2020.

**The Board of Directors**

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Translation of statements of changes in equity originally issued in Portuguese - Note 25)
(Amounts stated in thousands of Euro)

| | | ATTRIBUTABLE TO EQUITY HOLDERS OF SONAE SIERRA | | | | | |
|---|---|---|---|---|---|---|---|
| | | | RESERVES | | | | |
| | Notes | Share capital | Legal reserves | Other reserves | Retained earnings | Net profit | Total |
| **Balance as of 1 January 2019** | | **162,245** | **57,329** | **168,026** | **516,787** | **(3,705)** | **900,682** |
| Appropriation of net profit for 2018 | | - | - | - | (3,705) | 3,705 | - |
| Dividends distributed | | - | - | (115,100) | - | - | (115,100) |
| Net loss for period ended 31 December 2019 | | - | - | - | - | (9,286) | (9,286) |
| **Balance as of 31 December 2019** | | **162,245** | **57,329** | **52,926** | **513,082** | **(9,286)** | **776,296** |
| **Balance as of 1 January 2020** | 8 | **162,245** | **57,329** | **52,926** | **513,082** | **(9,286)** | **776,296** |
| Appropriation of net profit for 2019 | 8 | - | - | - | (9,286) | 9,286 | - |
| Dividends distributed | 8 | - | - | - | (248,407) | - | (248,407) |
| Net loss for period ended 31 December 2020 | | - | - | - | - | (15,012) | (15,012) |
| **Balance as of 31 December 2020** | | **162,245** | **57,329** | **52,926** | **255,389** | **(15,012)** | **512,877** |

The accompanying notes form an integral part of these statement of changes in equity for the year ended 31 December 2020.

**The Board of Directors**

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Translation of statement of cash flow originally issued in Portuguese - Note 25)
(Amounts stated in thousands of Euro)

| | Notes | '20 | | '19 | |
|---|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | | |
| Paid to suppliers | | (637) | | (362) | |
| Paid to personnel | | (27) | | (12) | |
| **Flows from operations** | | **(664)** | | **(374)** | |
| (Payments) /receipts of income tax | | 2,245 | | 780 | |
| Other (payments) /receipts relating to operating activities | | (2) | | (31) | |
| **Flows from operating activities [1]** | | | **1,579** | | **375** |
| **INVESTING ACTIVITIES** | | | | | |
| **Receipts relating to** | | | | | |
| Investments | | - | | 49,434 | |
| Interest income | | 8 | | 818 | |
| Dividends | 17 | 2,042 | | 350 | |
| Loans granted | | - | | 35,031 | |
| **Flows from investing activities [2]** | | | **2,050** | | **85,633** |
| **FINANCING ACTIVITIES** | | | | | |
| **Receipts relating to** | | | | | |
| Loans obtained - others | 11 | 278,420 | | 172,832 | |
| **Payments relating to:** | | | | | |
| Interest expenses | | (11,650) | | (8,421) | |
| Dividends | 8 | (248,407) | | (115,100) | |
| **Flows from financing activities [3]** | | | **18,363** | | **49,311** |
| **Variation in cash and cash equivalents [4]=[1]+[2]+[3]** | | | **21,992** | | **135,319** |
| **Cash and cash equivalents at the beginning of the year** | 7 | | **171,441** | | **36,122** |
| **Cash and cash equivalents at the end of the year** | 7 | | **193,433** | | **171,441** |

The accompanying notes form an integral part of these statements of compehensice income for the year ended 31 December 2020.

**The Board of Directors**

SONAE SIERRA, SGPS, S.A.

# Notes to the financial statements as of 31 December 2020

(Translation of notes originally issued in Portuguese – Note 25)
(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.

On 11 March 2020, the World Health Organization declared the new coronavirus as a pandemic. Following this situation, the Portuguese government adopted extraordinary and temporary measures throughout 2020 in order to contain the adverse effects of the pandemic, namely, the implementation of confinement measures, access restrictions or closing commercial businesses, affecting the activity of the Entity's subsidiaries. Furthermore, during the year 2020, the Portuguese Parliament approved specific legislation that caused significant reductions on the subsidiaries' rents invoiced to its tenants. Attending the facts above mentioned, and although the future effects from the pandemic are still uncertain on the Entity's and its subsidiaries activity, the Board of Directors evaluated the adequacy of the going concern assumption used on the preparation of the Entity's financial statements as of 31 December 2020 and concluded, based on all information available, for its appropriateness.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

### 2.1. Basis of preparation

The Board of Directors evaluated the Company's ability to operate on a continuous basis, based on all relevant information, facts and circumstances of a financial, commercial or other nature, including events subsequent to the future. As a result of the evaluation, the Board of Directors concluded that the Company has adequate resources to maintain its activities, with no intention of ceasing activities in the short term, and considered it appropriate to use the assumption of continuity of operations preparation of the financial statements.

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 2020. 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 2020.

| | Applicable for financial years beginning on / after |
|---|---|
| Amendments to References to the Conceptual Framework in IFRS Standards | 01-Jan-20 |
| Amendments to IAS 1 and IAS 8: Definition of Material | |
| Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform | 01-Jan-20 |
| Amendment to IFRS 3 Business Combinations | 01-Jan-20 |
| Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions | 01-Jan-20 |

The Company has applied these amendments for the first time in 2020 and there is no significant impact on the accounts resulting from their application.

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 |
|---|---|
| Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 | 01-Jan-21 |

These standards and amendments, despite being endorsed by the European Union, have not been adopted by the Company in 2020 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 |
|---|---|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 | 01-Jan-21 |
| Amendments to IFRS 3 Business Combinations | 01-Jan-22 |
| Amendments to IAS 16 Property, Plant and Equipment | 01-Jan-22 |
| Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets | 01-Jan-22 |
| Amendments to Annual Improvements 2018-2020 | 01-Jan-22 |
| Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current | 01-Jan-23 |
| IFRS 17 Insurance Contracts, including Amendments to IFRS 17 | 01-Jan-23 |

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 and 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 accrual's 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 21), 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 and loss.

## 2.9. 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.

In the context of the COVID-19 pandemic, the Company and its subsidiaries have taken additional measures in risk management, namely as a response to the increase in liquidity risk, due to the pressure on short-term cash flow, as well as credit risk, given the difficulties that many tenants of the shopping centers owned by the subsidiaries of the Company crossed. It was assumed a more conservative perspective regarding customer debt,

on the one hand, with a stricter control of current accounts, guarantees provided by customers and their execution and renewal, on the other hand, with the definition of a policy of provisions and constitution impairments with an additional degree of prudence. In line with the expectation of an increase in non-performing or bad debt, the Company's cash flow management followed a conservative approach, adapting payment terms to suppliers to the extension of payment terms for customers. This impact was felt mainly in the las months of 2020 and will continue in 2021 as long as the constraints to the operation of the activity of the Company and its subsidiaries are maintained.

### 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 cash-flows 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:

| | '20 | '19 |
|---|---|---|
| | +75 b.p. | +75 b.p. |
| Net Profit [(1)] | (4,337) | (500) |

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

As of 31 December 2020, and 2019 the interest rate sensitive analysis was not prepared considering a decrease of 25 basis points, because Euribor in 2020 and 2019 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 2020 and 2019 the Company held the following participations in group companies:

| | Percentage of share capital held | Equity | Net Profit | Book value | Book value |
|---|---|---|---|---|---|
| | '20 | | | | '19 |
| Sierra Developments, SGPS, S.A. | 100.00% | 1,309,467 | 148,019 | 1,142,429 | 1,142,429 |
| Sierra Management, SGPS, S.A. | 100.00% | 9,781 | 2,160 | 6,550 | 6,550 |
| | | | | **1,148,979** | **1,148,979** |

## 4. OTHER RECEIVABLES

As of 31 December 2020 and 2019 other receivables was made up as follows:

| | '20 | '19 |
|---|---|---|
| TAX CONSOLIDATION REGIME (NOTE 5 AND 19) | | |
| Sierra Investments, SGPS, S.A. | 1,891 | 1,430 |
| Sierra Developments, SGPS, S.A. | 1,542 | 593 |
| Sierra Portugal, S.A. | 285 | 1,048 |
| Sierra Management, SGPS, S.A. | 44 | 41 |
| ARP Alverca Retail Park, S.A | 12 | 5 |
| Paracentro - Gestão de Galerias Comerciais S.A. | 1 | 54 |
| OTHER DEBTORS | | |
| Others | 4 | 3 |
| Tax to be recovered (amount paid under tax debts exceptional payment regime - "RERD") | 3,707 | 3,707 |
| Others claimed taxes | 23 | 23 |
| | **7,509** | **6,904** |

The ageing of the other receivables is as follows:

| | '20 | '19 |
|---|---|---|
| Not due | 3,775 | 3,171 |
| 0-90 days | 4 | 3 |
| + 360 days | 3,730 | 3,730 |
| | **7,509** | **6,904** |

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 21).

## 5. 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 2017 until 2020 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 2020.

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 2020 and 2019 state and other public entities was made up as follows:

| | '20 | | '19 | |
|---|---|---|---|---|
| | Asset | Liability | Asset | Liability |
| Income tax | | | | |
| Tax recoverable from previous years | 907 | - | 1,083 | - |
| Income tax | 24 | - | - | 139 |
| Income taxes retained - wages | - | 8 | - | 8 |
| Social security contributions | - | 7 | - | 7 |
| | **931** | **15** | **1,083** | **154** |

Income tax as of 31 December 2020 is detailed as follows:

| | '20 |
|---|---|
| Estimate of current income tax - Company (Note 18) | (2,318) |
| Estimate of current income tax - RETGS (Notes 4 and 13) | 2,480 |
| Withholding taxes / Payments on account | (186) |
| | **(24)** |

## 6. OTHER CURRENT ASSETS

As of 31 December 2020 and 2019 other current assets was made up as follows:

| | '20 | '19 |
|---|---|---|
| Insurance prepayment | 287 | 140 |
| Interests on banks applications | - | 3 |
| | **287** | **143** |

## 7. CASH AND CASH EQUIVALENTS

As of 31 December 2020 and 2019 cash and cash equivalents was made up as follows:

| | '20 | '19 |
|---|---|---|
| Cash | 1 | 1 |
| Bank deposits payable on demand | 193,432 | 131,440 |
| Treasury applications | - | 40,000 |
| | **193,433** | **171,441** |

## 8. CAPITAL

At of 31 December 2020 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 2020 and 2019:

| ENTITY | '20 | '19 |
|---|---|---|
| Sonae, SGPS, S.A. | 70% | 70% |
| Grosvenor Investments, (Portugal), Sarl | 30% | 30% |

Following the Shareholders General Meeting deliberation, dated 11 March 2020, the net result of 2019 had the following application:

| | |
|---|---|
| Retained earnings | (9,286) |
| | **(9,286)** |

In the same meeting, the shareholders decided to distribute free reserves out of retained earnings, amounting to kEuro 248,407. This amount was paid on 12 March 2020.

## 9. BOND LOAN

As of 31 December 2020 and 2019, bond loan was made up as follows:

| | | '20 | | | '19 | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Used amount | | | Used amount | | |
| | Financing Entity | Limit | Current | Non-current | Limit | Current | Non-current | Reimbursement plan |
| Bond loan | | | | | | | | |
| | Caixa BI | 50,000 | 10,000 | 40,000 | 50,000 | - | 50,000 | January 2025 |
| | Banco BPI | 25,000 | - | 25,000 | 25,000 | - | 25,000 | January 2023 |
| | Novo Banco | 25,000 | - | 25,000 | 25,000 | - | 25,000 | January 2023 |
| Total Bond Loan | | | 10,000 | 90,000 | | - | 100,000 | |
| Deferred financing costs incurred on the issuance of the bond loan | | | (186) | (302) | | (186) | (483) | |
| | | | **9,814** | **89,698** | | **(186)** | **99,517** | |

On the 25th of January 2018, 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 Euro 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 2023 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 2023 the payment date of the last coupon;
- Tax regime: in accordance with the legislation in force in Portugal.

At 31 December 2020 and 2019, loans and the respective interests are repayable as follows:

| | '20 | | '19 | |
|---|---|---|---|---|
| | Repayment | Interest | Repayment | Interest |
| N+1 | 10,000 | 2,282 | - | 2,417 |
| N+2 | 10,000 | 2,048 | 10,000 | 2,290 |
| N+3 | 60,000 | 1,108 | 10,000 | 2,050 |
| N+4 | 10,000 | 359 | 60,000 | 1,108 |
| N+5 | 10,000 | 120 | 10,000 | 359 |
| >5 | - | - | 10,000 | 120 |
| | **100,000** | **5,917** | **100,000** | **8,344** |

## 10. BANK LOANS

As of 31 December 2020 and 2019 bank loans was made up as follows:

| | '20 | | | '19 | | | |
|---|---|---|---|---|---|---|---|
| | | Used amount | | | Used amount | | |
| Financing Entity | Limit | Current | Non-current | Limit | Current | Non-current | Reimbursement plan |
| **Bank loans:** | | | | | | | |
| Caixa de Crédito Agricola | 10,000 | - | 10,000 | 10,000 | | 10,000 | November 2022 |
| Santander Totta | 25,000 | 10,000 | 15,000 | 25,000 | - | 25,000 | August 2022 |
| BPI | 12,470 | - | - | 12,470 | | - | |
| CGD | 26,750 | - | - | 26,750 | - | - | |
| Montepio Geral | - | - | - | 20,000 | - | - | |
| Novo Banco | 5,500 | | | 5,500 | - | - | |
| Santander Totta | 10,000 | - | - | 10,000 | - | - | |
| **Total Bank loans** | | **10,000** | **25,000** | | **-** | **35,000** | |
| Deferred financing costs incurred on the issuance of the bank loans | | (19) | (20) | | (19) | (39) | |
| | | **9,981** | **24,980** | | **(19)** | **34,961** | |

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

## 11. LOANS FROM GROUP COMPANIES

As of 31 December 2020 and 2019 loans from group companies was made up as follows:

| | '20 | '19 |
|---|---|---|
| **LOANS OBTAINED** | | |
| Sierra Investments, SGPS, SA | 340,090 | 192,700 |
| Sierra Management SGPS, SA | 9,500 | 9,400 |
| Sierra Spain Shopping Centers Services, S.L. | 22,500 | 19,150 |
| Sierra Portugal, S.A. | 3,050 | 15,500 |
| Sierra Developments, SGPS, S.A. | 314,080 | 174,050 |
| | **689,220** | **410,800** |

The amounts payable refers to loans obtained from group companies, 100% held directly or indirectly, for less than one-year period and bear interests at market interest rates.

## 12. 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.

| | 01.01.20 | Financing cash flows | 31.12.20 | 01.01.19 | Financing cash flows | 31.12.19 |
|---|---|---|---|---|---|---|
| Debentures loans | 100,000 | - | 100,000 | 100,000 | - | 100,000 |
| Bank loans | 35,000 | - | 35,000 | 35,000 | - | 35,000 |
| Loans from related parties | 410,800 | 278,420 | 689,220 | 237,968 | 172,832 | 410,800 |
| | **545,800** | **278,420** | **824,220** | **372,968** | **172,832** | **545,800** |

## 13. OTHER PAYABLES

As of 31 December 2020 and 2019 other payables was made up as follows:

| | '20 | '19 |
|---|---|---|
| **TAX CONSOLIDATION REGIME (NOTE 19)** | | |
| Sierra Portugal, S.A. | 1,129 | 55 |
| CCCB Caldas da Rainha - Centro Comercial, S.A. | 2 | 3 |
| Paracentro -Gestão Galeria Comercial S.A. | 58 | - |
| Sierra Developments, SGPS, S.A. | 27 | - |
| Parque de Famalicão, Empreendimentos Imobiliários, S.A. | 4 | 3 |
| Sierra Investments, SGPS, S.A. | 74 | 84 |
| ARP Alverca Retail Park, S.A | 2 | 2 |
| **SERVICES RENDERED** | | |
| Sierra Investments, SGPS, S.A. | 5 | - |
| Other | 14 | 9 |
| | **1,315** | **157** |

The amounts reported above have the following repayment plan:

| | '20 | '19 |
|---|---|---|
| **SHORT-TERM:** | | |
| 0-90 days | 19 | 9 |
| 90-180 days | 1,296 | 148 |
| | **1,315** | **157** |

## 14. OTHER CURRENT LIABILITIES

As of 31 December 2020 and 2019 other current liabilities was made up as follows:

| | '20 | '19 |
|---|---|---|
| **INTEREST PAYABLE (NOTE 19)** | | |
| Sierra Investments, SGPS, S.A. | 5,557 | 2,933 |
| Sierra Portugal, S.A. | 16 | 51 |
| Sierra Spain Shopping Centers Services, S.L. | 258 | 231 |
| Sierra Management. SGPS, S.A. | 45 | 45 |
| Sierra Developments, SGPS, S.A. | 5,851 | 2,056 |
| Interest bond loans | 924 | 967 |
| Interest bank loans | 237 | 234 |
| Financing costs payable | 309 | 303 |
| Services rendered by third parties | 39 | 40 |
| Committees of guarantees | 3 | 10 |
| | **13,239** | **6,870** |

## 15. OTHER OPERATING REVENUE

Other operating income for the years ended 31 December 2020 and 2019 is made up as follows:

| | '20 | '19 |
|---|---|---|
| Recovery of costs | 22 | 10 |
| | **22** | **10** |

## 16. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December 2020 and 2019 are made up as follows:

| | '20 | '19 |
|---|---|---|
| VAT | 14 | 11 |
| Stamp duty | 5 | 35 |
| Other | 8 | 2 |
| | **27** | **48** |

## 17. NET FINANCIAL RESULTS AND NET INCOME FROM INVESTMENTS

Net financial results are made up as follows:

| | '20 | '19 |
|---|---|---|
| **EXPENSES** | | |
| Interests on loans obtained from group companies (Note 19) | 14,241 | 7,124 |
| Interests on bond loans | 2 181 | 2,205 |
| Interests on overdrafts | 435 | 433 |
| Interests on bank loans | 203 | 203 |
| Stamp duty related to financing | 38 | 40 |
| Bank charges | 966 | 1,006 |
| Guarantees | 171 | 167 |
| | **18,235** | **11,178** |
| Net financial expenses | (18,229) | (11,132) |
| | 6 | 47 |
| **INCOME** | | |
| Interest income | 6 | 47 |
| | **6** | **47** |

Gains and losses on investments are made up as follows:

| | '20 | '19 |
|---|---|---|
| Dividends | 2,042 | 350 |
| | **2,042** | **350** |

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

## 18. INCOME TAX

Income tax for the years ended 31 December 2020 and 2019 is made up as follows:

| | '20 | '19 |
|---|---|---|
| Current income tax (Note 5) | (2,318) | (2,877) |
| Correction of current income tax estimate of previous year | 629 | 944 |
| | **(1,689)** | **(1,933)** |

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

| | '20 | '19 |
|---|---|---|
| Profit before income tax | (16,701) | (11,219) |
| Dividends (Note 17) | (2,042) | (350) |
| Other | 41 | 33 |
| Taxable profit | (18,702) | (11,536) |
| Income tax rate in Portugal | 21.0% | 21.0% |
| | **(3,927)** | **(2,423)** |
| Deferred income tax not recognized | 3 927 | 2 423 |
| Regularization of the consolidated tax estimate | (2,318) | (2,877) |
| Insuficiency of tax estimate | 629 | 944 |
| | **(1,689)** | **(1,933)** |

## 19. RELATED PARTIES

Balances and transactions that existed with related parties, during the years ended 31 December 2020 and 2019, in addition to the loans obtained from the shareholders mentioned in Note 11, are detailed as follows:

### BALANCES

| | Other receivables (Note 4) | | Other payables (Note 13) | | Other current assets/liabilities (Notes 6 and 14) | |
|---|---|---|---|---|---|---|
| | 31.12.20 | 31.12.19 | 31.12.20 | 31.12.19 | 31.12.20 | 31.12.19 |
| Sierra Portugal, S.A. | 285 | 1,048 | 1 129 | 55 | (16) | (51) |
| Sierra Management, SGPS, S.A. | 44 | 41 | - | - | (45) | (45) |
| Sierra Investments, SGPS, S.A. | 1,891 | 1,430 | 79 | 84 | (5,557) | (2,933) |
| Paracentro - Gestão de Galerias Comerciais S.A. | 1 | 54 | 58 | 1 | - | - |
| Sierra Developments, SGPS, S.A. | 1,542 | 593 | 27 | - | (5,851) | (2,056) |
| Parque de Famalicão, Empreendimentos Imobiliários, S.A. | - | - | 4 | 3 | - | - |
| CCCB Caldas da Rainha - Centro Comercial, S.A. | - | - | 2 | 3 | - | - |
| ARP Alverca Retail Park, S.A. | 12 | 5 | 2 | 2 | - | - |
| Sierra Spain Shopping Centers Services, S.L. | - | - | - | - | (258) | (231) |
| | **3,775** | **3,171** | **1,301** | **148** | **(11,727)** | **(5,316)** |

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### TRANSACTIONS

| | Interest income (Note 17) | | Interest expense (Note 17) | |
|---|---|---|---|---|
| | 31.12.20 | 31.12.19 | 31.12.20 | 31.12.19 |
| Sierra Developments, SGPS, S.A. | - | 26 | 5,915 | 2,056 |
| Sierra Investments, SGPS, S.A. | - | - | 7,468 | 4,149 |
| Sierra Portugal, S.A. | - | - | 214 | 338 |
| Sierra Management. SGPS, S.A. | - | - | 205 | 192 |
| Sierra Spain Shopping Centres Services, S.L. | - | - | 439 | 371 |
| Sierra Services Holland B.V. | - | - | - | 18 |
| | **-** | **26** | **14,241** | **7,124** |

## 20. EARNINGS/LOSSES PER SHARE

As of 31 December 2020 and 2019, 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:

| | '20 | '19 |
|---|---|---|
| Profit/Losses considered to compute the basic earnings per share (net profit of the year) | (15,012) | (9,286) |
| Number of shares | 32,514,000 | 32,514,000 |
| Earning/Losses per share (Euro) | (0.46) | (0.29) |

## 21. CONTINGENT LIABILITIES AND BANK GUARANTEES

As of 31 December 2020, the Company had been notified by the tax authorities regarding to the deductibility of the interest incurred with loans obtained in the years 2008, 2009, 2010, 2013 and 2015 as Mother Company of the RETGS in the amount of KEuro 10,059. These notifications were claimed by the Company. In 2020 the Company has been notified by the court on a favourable decision regarding to the deductibility of the interest incurred with loans obtained in the year 2009, having the tax authorities claiming of this decision. 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 Pay-ment 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 judi-cial claim (Note 4). In 20 January 2015 the Company has been notified by the court on the second favourable decision.

Additionally, as of 31 December 2020 and 2019 the following bank guarantees were granted:

| | '20 | '19 |
|---|---|---|
| Bank guarantees | | |
| Tax processes in course | 1,517 | 1,517 |
| To avoid price retention on the purchase of Loureshopping | 500 | 500 |
| 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 | - | 6,081 |
| | **2,017** | **8,098** |

As of 31 December 2020, 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 refund up to 50% of the advance payments made by Património Autónomo Estratégias Inmobiliárias. During the year ended 31 December 2019, and as a result of the increase of the advance payments made by Património Autónomo Estratégias Inmobiliárias, the amount of this guarantee was increas-es for kEuro 6,081. As of 31 December 2020, this guarantee is no longer required since Património Autónomo

Estratégias Inmobiliárias acquired a 50% in Proyecto Cucuta S.A.S.' subsidiary, concluding the agreement under which the advance payments were being made.

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".

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. In 2020, 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, 2018, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 171, 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". In 2020, and as a result of the Portuguese tax administration reviewing the pro-cess and cancelling it, the withdraw of this guarantee was ordered.

During the year ended December 31, 2020, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 754, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, in order to suspend the effects of IRC process for the year 2015, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS".

## 22. DISCLOSURES REQUIRED BY LEGISLATION

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

## 23. SUBSEQUENT EVENTS

On 5 March 2021, Sonae SGPS, SA announced that Grosvenor Investments (Portugal) S.Àr.L. has given notice of its intent of exercising a put option over 10% (ten per cent) of the shares held in Sonae Sierra, SGPS, SA, for an estimated consideration of €82.16 mil-lion (eighty-two million, one hundred and sixty thousand euros).

After the completion of this transaction, Sonae will hold 80% of the share capital and vot-ing rights in Sonae Sierra

## 24. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and au-thorised for issuance on the 11 of March 2021. However, these financial statements are still depending on the approval by the Shareholders General Meeting, in accordance with business legislation prevailing in Portugal.

## 25. 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 re-quired in other countries. In the event of discrepancies, the Portuguese language version prevails.

# Statutory Auditor's Report and Audit 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" or "Sonae Sierra") and its subsidiaries ("the Group"), which comprise the consolidated and separate statement of financial position as of 31 December 2020 (that presents a total of 1,231,031 thousand Euros and

1,351,139 thousand Euros, respectively, and total equity of 816,196 thousand Euros and 512,877 thousand Euros, respectively, including a consolidated net loss attributable to the shareholders of the parent-company of

41,892 thousand Euros and a separate net loss of 15,012 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 2020 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

### Fair value of investment properties

As of 31 December 2020, the Group owns a significant portfolio of investment properties and investments in joint ventures and associates, related to interests on entities that directly or indirectly own investment properties, amounting 304,678 thousand euros (Note 8) and 588,938 thousand euros (Notes 4 and 5), respectively.

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 correspond mainly to shopping centres, are measured at fair value, determined by external independent specialized entities or internally by Sonae Sierra's finance department in the case of the investment properties located in Brazil, held by the participated company Aliansce Sonae Shopping Centers, S.A. ("Aliansce Sonae"), which contribution to the consolidated financial statements as of 31 December 2020 amounts to 78,758 thousand euros (Note 5).

The determination of fair value is performed through the application of valuation methodologies based on several assumptions, amongst which the future cash flow projections of the investment properties operations and the discount rate, involving therefore significant use of judgement and high complexity.

Additionally, as mentioned in Note 1 of the notes to the consolidated financial statements as of 31 December 2020, the the World Health Organization declared during this period the new coronavirus (COVID-19) as a pandemic, which outbreak has caused extensive disruptions in the economic environment and on entities activities, influencing, as well, namely, the determination of investment property valuation. Under this uncertain context, the majority of the valuations abovementioned, determined by specialized independent entities, express a material uncertainty in their reports.

Given the abovementioned and the significance of the measurement of these investment properties on the consolidated financial statements as of 31 December 2020, we considered this issue to be a key audit matter.

## SUMMARY OF THE AUDITOR'S RESPONSES TO THE ASSESSED RISKS OF MATERIAL MISSTATEMENT

### Fair value of investment properties

Amongst others, our audit procedures included:

- Obtaining 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, as included in the corresponding valuation reports;
- Identifying control activities related to the review of the valuation reports by the Group responsibles;
- Analysis of the objectivity, competence, independence and professional experience of the valuators engaged in determining the fair value of the investment properties;
- Reading the valuation reports, having met with the valuators with the objective of analysing the adequacy of the methodology, assumptions and the base information used. Specifically, we analysed the effects of the assumptions used in relation to the pandemic caused by COVID-19;
- Performance of validation tests on the base information included in the valuation reports; and
- Analysis of the reasonableness of disclosures included in the notes of 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 |
|---|---|
| **Revenue recognition and measurement criteria (COVID-19 pandemic impact)** | **Revenue recognition and measurement criteria (COVID-19 pandemic impact)** |
| The revenue recognition of the Group, from its investments on investment properties and in joint ventures and associates where it participates, from investment properties held directly and indirectly by those entities, recorded based on the equity method, is, usually and mainly related to fixed rents charged monthly to their customers (tenants).<br><br>As mentioned in Note 1 of the notes of the consolidated financial statements as of 31 December 2020, the World Health Organization declared the new coronavirus (COVID-19) as a pandemic. Following this situation, the Government entities of the countries where the investment properties are located, adopted, during 2020, extraordinary and temporary measures in order to sustain the spread of the pandemic, which influenced negatively the activity of the entities held directly and indirectly by the Group, including the adoption of lockdown periods and establishing access restrictions to shopping centers.<br><br>In this sense, during the year 2020, the Group conceded significant spot discounts to tenants, attending those measures and, in particular, the Portuguese entities, held directly or indirectly by the Group, experienced a decrease of their revenues from fixed rents, following the specific legislation approved by the Portuguese Parliament, which allowed, only, the invoicing of variable rents to the tenants of the shopping centers, considering the invoicing from these tenants to their ultimate customers, from the period between 13 March 2020 until 31 December 2020 (Note 1).<br><br>Considering the significance of the adverse effects from the abovementioned circumstances in respect of revenue measurement and on the Group's results of the year 2020, we concluded this subject to be a key audit matter. | Amongst others, our audit procedures included:<br><br>• Analysis of revenue recognition and measurement criteria adopted by the Group;<br>• Evaluation of relevant internal control procedures related to revenue recognition and measurement criteria;<br>• Performing substantive audit procedures related to revenue recognition and measurement, namely in respect to rent discounts conceded to tenants and the effects imposed by law occurred during the year in 2020, in particular in Portugal; and<br>• Analysis of the reasonableness of disclosures included in the notes of the consolidated financial statements. |

## DESCRIPTION OF THE MOST SIGNIFICANT RISKS OF MATERIAL MISSTATEMENT IDENTIFIED

**Impairment on financial investments in subsidiaries and associates**

As referred in Note 2.2 of the notes to the separate financial statements, financial investments in subsidiaries 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 owned the entities held, directly or indirectly, by the Entity.

The determination of fair value of the investment properties, as referred above, is performed by specialized and independent entities (or internally by Sonae Sierra's finance department in the case of the investment properties located in Brazil, held by Aliansce Sonae), and is determined with the application of property valuation methodologies, based on several assumptions, amongst which, future cash flow projections of the shopping centres operations and the discounts rates, involving therefore significant use of judgement and high complexity.

Additionally, as mentioned in Note 1 in the notes to the financial statements as of 31 December 2020, the World Health Organization declared the new coronavirus (COVID-19) which outbreak has caused extensive disruptions to the entities activities, influencing, also, namely, the valuation of investment properties. Under this uncertain context, the majority of the valuations abovementioned, determined by specialized independent entities, express a material uncertainty in their reports.

Considering the abovementioned, we concluded this subject to be a key audit matter.

## SUMMARY OF THE AUDITOR'S RESPONSES TO THE ASSESSED RISKS OF MATERIAL MISSTATEMENT

**Impairment on financial investments in subsidiaries and associates**

Amongst others, our audit procedures included:

- Obtaining 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, in order to analyse its reasonableness, we performed the procedures referred to above
- Regarding the key audit matter of the consolidated financial statements "Fair value of investment properties"; and
- Analysis of the reasonableness of disclosures included in the notes of the consolidated financial statements.

## 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 and the Entity'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, the corporate governance report and non-financial information 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's and Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about its 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's 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 Entity or 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, which measures have been adopted to eliminate the threats or which safeguards where applied.

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. As mentioned in number 7 of article 451 of the Portuguese Companies' Code, this report is applicable to the disclosure of non-financial information included in the management report.

### On the corporate governance report

In addition, pursuant to number 4 of article 451, of the Portuguese Company's Code ("Código das Sociedades Comerciais"), we conclude that the corporate governance report included in the management report, includes the required elements, 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

Pursuant to number 6 of article 451 of the Portuguese Companies' Code, we hereby inform that the Group mentioned in its management report, that the consolidated 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"), which should be published on its internet site attending 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.

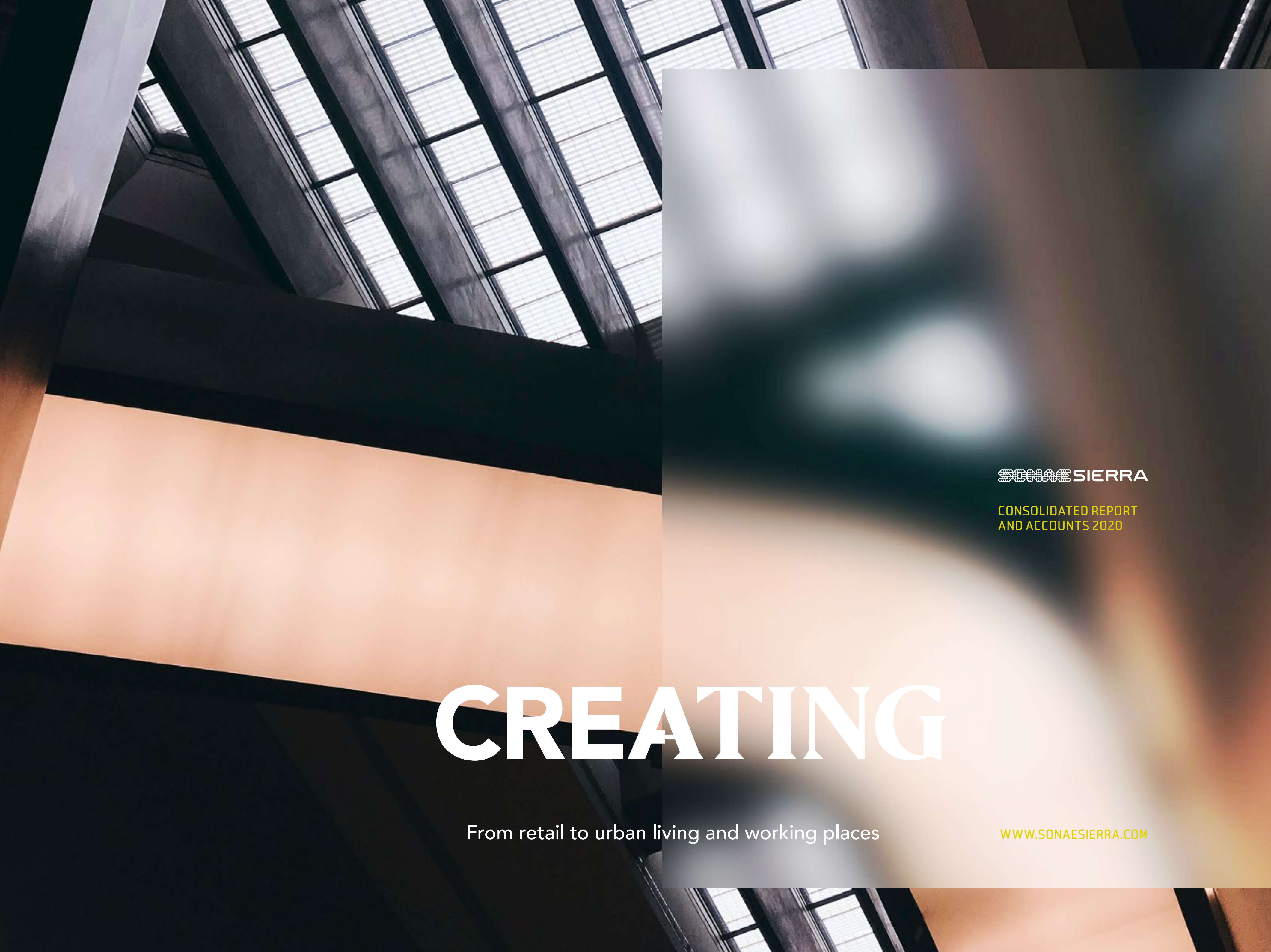
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs, we maintained professional scepticism and we designed audit procedures to respond 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 12 March 2021.

- 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.

Lisboa, 12 March 2021

Deloitte & Associados, SROC S.A.
Represented by Pedro Miguel Gonçalves Carreira Mendes, ROC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