(Convenience Translation into English from the Original Previously Issued in Portuguese)

Sonae Sierra Brasil S.A. and Subsidiaries

Financial Statements for the Year Ended December 31, 2010 and Independent Auditors' Report

Deloitte Touche Tohmatsu Auditores Independentes

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INDEPENDENT AUDITORS' REPORT

To the Shareholders, Directors and Management of
Sonae Sierra Brasil S.A.
São Paulo - SP

We have audited the accompanying financial statements of Sonae Sierra Brasil S.A. ("Company") , which comprise the balance sheet as at December 31, 2010, and the income statement, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion on the individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Sonae Sierra Brasil S.A. as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sonae Sierra Brasil S.A. as at December 31, 2010, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and with accounting practices adopted in Brazil.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 to the individual financial statements, which describe the basis of preparation. The individual financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Sonae Sierra Brasil S.A. these practices differ from IFRSs, applicable to the separate financial statements, only with respect to the valuation of investments in subsidiaries, affiliates and jointly controlled entities under the equity method of accounting, while for IFRS purposes these investments would be measured at cost or fair value.

Other matters

Statements of value added

We have also audited the statement of value added ("DVA"), for the year ended December 31, 2010, the presentation of which is required by the Brazilian Corporate Law for publicly-traded companies, and as supplemental information for IFRS that does not require a presentation of DVA. This statement was subject to the same auditing procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

The accompanying interim financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 17, 2011

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Iara Pasian
Engagement Partner

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT DECEMBER 31, 2010 AND 2009, AND JANUARY 1, 2009
(In thousands of Brazilian reais - R$)

		Company - BR GAAP			Consolidated - BR GAAP & IFRS		
ASSETS	Note	12/31/2010	12/31/2009	1/1/2009	12/31/2010	12/31/2009	1/1/2009
CURRENT ASSETS							
Cash and cash equivalents	5	2,798	67,060	225	61,566	86,252	27,442
Trade receivables, net	6	-	13	33	21,650	18,003	17,330
Recoverable taxes	7	653	157	101	9,659	7,367	3,457
Advances to suppliers		-	-	-	183	188	97
Prepaid expenses		-	-	-	175	196	-
Other receivables	6	145	11	14	5,801	3,139	731
Total current assets		3,596	67,241	373	99,034	115,145	49,057
NONCURRENT ASSETS							
Restricted investments	29	-	-	-	557	418	-
Trade receivables, net	6	-	-	-	9,582	8,011	2,573
Loans to condominiums	8	-	-	-	561	449	1,328
Deferred income tax and social contribution	22	940	-	-	13,590	16,829	12,351
Escrow deposits	15	1,751	1,413	1,173	3,584	2,877	2,108
Other receivables	6	-	-	-	2,461	1,563	-
Related parties	23	-	2,811	-	-	76	1,148
Investments	9	1,352,695	1,154,422	888,192	19,033	16,874	14,508
Investment property	11	-	-	-	2,181,412	1,889,175	1,437,569
Property and equipment	10	1	1	38	4,532	3,468	3,540
Intangible assets	12	-	-	-	873	299	149
Total noncurrent assets		1,355,387	1,158,647	889,403	2,236,185	1,940,039	1,475,274
TOTAL ASSETS		1,358,983	1,225,888	889,776	2,335,219	2,055,184	1,524,331

		Company - BR GAAP			Consolidated - BR GAAP & IFRS		
LIABILITIES AND EQUITY	Note	12/31/2010	12/31/2009	1/1/2009	12/31/2010	12/31/2009	1/1/2009
CURRENT LIABILITIES							
Borrowings and financing	13	-	-	17	7,171	65,763	44,372
Domestic trade payables		27	61	28	15,807	10,791	10,260
Taxes payable	16	24	45	8	6,602	4,472	3,396
Personnel, payroll taxes, benefits, and rewards		-	-	-	6,733	7,661	4,975
Technical structure	14	-	-	-	5,410	5,362	318
Related parties	23	73,637	79,470	655	85,599	85,281	5,637
Dividends payable	17	2,939	6,239	-	2,939	6,239	-
Other payables		85	343	523	11,370	9,127	1,878
Total current liabilities		76,712	86,158	1,231	141,631	194,696	70,836
NONCURRENT LIABILITIES							
Borrowings and financing	13	-	-	-	194,677	117,725	90,554
Key money	14	-	-	-	11,838	7,170	7,640
Payables for purchase of land		-	-	-	25,000	-	-
Deferred income tax and social contribution	22	3,133	-	-	278,943	229,811	164,910
Reserve for civil, tax, labor, and social security contingencies	15	1,751	1,413	1,173	10,906	12,368	11,808
Accrual for variable compensation	27	-	-	-	427	1,005	837
Allowance for investment losses	9	-	3,843	6,549	-	-	-
Total noncurrent liabilities		4,884	5,256	7,722	521,791	368,079	275,749
EQUITY	17						
Capital		532,845	529,784	483,822	532,845	529,784	483,822
Capital reserve		96,198	90,817	31,054	96,198	90,817	31,054
Earnings reserves		648,344	512,089	365,947	648,344	512,089	365,947
Equity attributable to the owners of the Company		1,277,387	1,132,690	880,823	1,277,387	1,132,690	880,823
Advance for future capital increase		-	1,784	-	-	1,784	-
Equity attributable to the owners of the Company and advances for future capital increase		1,277,387	1,134,474	880,823	1,277,387	1,134,474	880,823
Noncontrolling interests		-	-	-	394,410	357,935	296,923
Total equity		1,277,387	1,134,474	880,823	1,671,797	1,492,409	1,177,746
TOTAL LIABILITIES AND EQUITY		1,358,983	1,225,888	889,776	2,335,219	2,055,184	1,524,331

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(In thousands of Brazilian reais - R$, except earnings per share)

	Note	Company - BR GAAP		Consolidated - BR GAAP & IFRS	
		2010	2009	2010	2009
NET OPERATING REVENUE FROM RENTALS, SERVICES, AND OTHER	18	1	290	185,009	154,141
COST OF RENTALS AND SERVICES	19	-	-	(34,738)	(41,761)
GROSS PROFIT		1	290	150,271	112,380
OPERATING (EXPENSES) INCOME					
General and administrative expenses	19	(3,465)	(1,529)	(15,963)	(14,114)
Tax expenses	20	(565)	(611)	(1,925)	(2,916)
Equity in investees	9	136,255	152,523	2,696	2,662
Changes in fair value of investment property	11	-	-	142,726	226,651
Other operating income (expenses), net		-	(28)	4,163	347
Total income (expenses) from operations, net		132,225	150,355	131,697	212,630
OPERATING INCOME BEFORE FINANCIAL INCOME (EXPENSES)		132,226	150,645	281,968	325,010
FINANCIAL INCOME (EXPENSES), NET	21	9,161	1,736	(4,440)	(11,917)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		141,387	152,381	277,528	313,093
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	22	-	-	(12,397)	(9,797)
Deferred	22	(2,193)	-	(52,371)	(60,423)
Total		(2,193)	-	(64,768)	(70,220)
NET INCOME FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		139,194	152,381	212,760	242,873
NET INCOME ATTRIBUTABLE TO:					
Owners of the Company		-	-	139,194	152,381
Noncontrolling interests		-	-	73,566	90,492
BASIC AND DILUTED EARNINGS PER SHARE - R$		0.26	0.30	0.26	0.30

There is no comprehensive income for the current year and the prior year, except net income for the year. Accordingly, the Company does not present a statement of comprehensive income.

The accompanying notes are an integral part of these financial statements.

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SONAE SIERRA BRASIL S.A.

STATEMENTS OF CHANGES IN EQUITY (COMPANY)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(In thousands of Brazilian reais - R$, except dividends)

	Note	Capital	Capital reserve	Earnings reserves									
			Share subscription premium	Legal reserve	Earnings retention reserve	Unrealized earnings	Treasury shares	Retained earnings	Total equity	Advance for future capital increase	Total equity and advance for future capital increase	Noncontrolling interests	Total equity
BALANCE AT DECEMBER 31, 2008 (ORIGINALLY DISCLOSED)		483,822	31,054	1,189	6,395	-	-	-	522,460	-	522,460	83,513	605,973
											-		-
Adjustments arising from first-time adoption of IFRSs		-	-	-		-	-	358,363	358,363	-	358,363	213,410	571,773
Allocation of effects of adoption of IFRSs		-	-	-	358,363	-	-	(358,363)	-		-		-
BALANCE AT JANUARY 1, 2009		-	-	1,189	364,758	-	-	-	880,823	-	880,823	296,923	1,177,746
Capital increase	17.2	45,962	62,469	-	-	-	-	-	108,431	-	108,431	-	108,431
Share buyback	17.3	-	-	-	-	-	(2,706)	-	(2,706)	-	(2,706)	-	(2,706)
Cancellation of treasury shares	17.3	-	(2,706)	-	-	-	2,706	-	-	-	-	-	-
Advance for future capital increase		-	-	-	-	-	-	-	-	1,784	1,784		1,784
Net income for the year		-	-	-	-	-	-	-	-	-	-	90,492	90,492
Management's proposal:											-		-
Legal reserve	17.5	-	-	1,314	-	-	-	(1,314)	-	-	-	-	-
Earnings retention reserve	17.7	-	-	-	18,719		-	(18,719)	-	-	-	-	-
Minimum dividends proposed by management (R$0.30 per share)	17.8	-	-	-	-	-	-	(6,239)	(6,239)	-	(6,239)	-	(6,239)
Allocation of effects of adoption of IFRSs		-	-	-	126,109	-	-	(126,109)	-	-		-	-
Dividends arising from operation of Fundo de Investimento Imobiliário Shopping Paque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center												(29,480)	- (29,480)
BALANCE AT DECEMBER 31, 2009		45,962	59,763	2,503	509,586	-	-	(152,381)	980,309	1,784	982,093	357,935	1,340,028
Capital increase	17.2	2,329	4,329	-	-	-	-	-	6,658	-	6,658	-	6,658
Capital increase through advance for future capital increase	17.2	732	1,052	-	-	-	-	-	1,784	(1,784)	-		-
Share buyback	17.3	-	-	-	-	-	1,500	-	1,500	-	1,500	-	1,500
Sale of own shares	17.3	-	-	-	-	-	(1,500)	-	(1,500)	-	(1,500)	-	(1,500)
Net income for the year		-	-	-	-	-	-	(2,193)	(2,193)	-	(2,193)	73,566	71,373
Management's proposal:										-	-	-	-
Legal reserve	17.5	-	-	6,960	-	-	-	(6,960)	-	-	-	-	-
Unrealized earnings	17.6	-	-	-	-	30,120	-	(30,120)	-	-	-	-	-
Earnings retention reserve	17.7	-	-	-	99,175	-	-	(99,175)	-	-	-	-	-
Minimum dividends proposed by management (R$0.26 per share)	17.8	-	-	-	-	-	-	(2,939)	(2,939)	-	(2,939)	-	(2,939)
Dividends arising from operation of Fundo de Investimento Imobiliário Shopping Paque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center											-	(37,091)	- (37,091)
BALANCE AT DECEMBER 31, 2010		49,023	65,144	9,463	608,761	30,120	-	(293,768)	983,619	-	983,619	394,410	1,378,029

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(In thousands of Brazilian reais - R$)

	Note	Company - BR GAAP		Consolidated - BR GAAP and IFRS	
		2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the year		139,194	152,381	212,760	242,873
Adjustments to reconcile net income to					
net cash (used in) provided by operating activities:					
Depreciation and amortization	19	-	-	1,210	1,206
Residual value of property and equipment written off		-	37	71	181
Unbilled revenue from rentals	4	-	-	(1,571)	(5,599)
Reversal of the allowance for doubtful accounts	19	-	-	(2,171)	(99)
Reserve for (reversal of) civil, tax, labor, and social security contingencies	15	338	240	(1,462)	560
Accrual for variable compensation		-	-	1,373	4,180
Deferred income tax and social contribution	20	2,193	-	52,371	60,423
Interest on borrowings and financing	13	-	122	16,809	16,788
Interest on intercompany loans and borrowings		(5,848)	-	(5,938)	-
Changes in fair value of investment property	11	-	-	(142,726)	(226,651)
Equity in investees	9	(136,255)	(152,523)	(2,696)	(2,662)
(Increase) decrease in operating assets:					
Restricted investments		-	-	(139)	(418)
Trade receivables		13	20	(753)	(413)
Loans to condominiums		-	-	(112)	879
Recoverable taxes		(496)	(56)	(2,292)	(3,910)
Advances to suppliers		-	-	5	(91)
Prepaid expenses		-	-	21	(196)
Escrow deposits		(338)	(240)	(707)	(769)
Other		(134)	3	(3,560)	(3,971)
Increase (decrease) in operating liabilities:					
Personnel, payroll taxes, benefits, and rewards		-	-	(2,879)	1,326
Domestic trade payables		(34)	33	(1,878)	(3,415)
Taxes payable		(21)	37	2,130	1,076
Technical structure		-	-	4,716	4,574
Other payables		(258)	(180)	2,243	7,249
Cash provided by (used in) operating activities		(1,646)	(126)	124,825	93,121
Interest paid		-	(122)	(18,643)	(7,861)
Net cash provided by (used in) operating activities		(1,646)	(248)	106,182	85,260
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition or construction of investment property	11	-	-	(117,617)	(221,009)
Purchase of property and equipment	10	-	-	(1,197)	(1,132)
Increase in intangible assets	12	-	-	(681)	(225)
Capital increase in investees	9	(65,861)	(117,045)	-	-
Dividends received		-	632	537	296
Net cash used in investing activities		(65,861)	(116,413)	(118,958)	(222,070)
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital increase	17.2	3,555	108,431	3,555	108,431
Acquisition of treasury shares	17.3	(1,500)	-	(1,500)	-
Sale of treasury shares	17.3	1,500	-	1,500	-
Advance received for future capital increase		-	1,784	-	1,784
Borrowings	13	-	-	77,333	96,985
Borrowings repaid - principal	13	-	(17)	(59,000)	(62,666)
Dividends paid		(3,136)	-	(3,136)	-
Distributed earnings of real estate funds - noncontrolling interests		-	-	(27,435)	(24,922)
Related parties		2,826	73,298	(3,227)	76,008
Net cash provided by financing activities		3,245	183,496	(11,910)	195,620
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET		(64,262)	66,835	(24,686)	58,810
CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at end of year		2,798	67,060	61,566	86,252
Cash and cash equivalents at beginning of year		67,060	225	86,252	27,442
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET		(64,262)	66,835	(24,686)	58,810

The accompanying notes are an integral part of these financial statements.

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SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(In thousands of Brazilian reais - R$)

	Company - BR GAAP		Consolidated - BR GAAP & IFRS	
	2010	2009	2010	2009
REVENUE				
Revenue from rentals and services	(2)	(330)	(190,405)	(147,767)
Other income	-	-	(11,207)	(21,056)
Revenues related to the construction of investment properties and property, plant and equipment	-	-	(150,643)	(226,152)
Allowance for doubtful accounts	-	-	(2,171)	(99)
	(2)	(330)	(354,426)	(395,074)
SERVICES AND SUPPLIES PURCHASED FROM THIRD PARTIES				
Cost of rentals and services	-	-	22,536	27,245
Supplies, power, outside services and other	3,465	1,529	9,690	10,807
Cost of construction of investment properties and property, plant and equipment	-	-	150,643	226,152
	3,465	1,529	182,869	264,204
GROSS VALUE ADDED	3,463	1,199	(171,557)	(130,870)
DEPRECIATION AND AMORTIZATION	-	-	1,210	1,206
WEALTH CREATED BY THE COMPANY	3,463	1,199	(170,347)	(129,664)
WEALTH RECEIVED IN TRANSFER				
Changes in fair value of investment property	-	-	(142,726)	(226,651)
Equity in earnings (loss) of subsidiaries	(136,255)	(152,523)	(2,696)	(2,662)
Financial income	(12,646)	(1,869)	(16,005)	(5,142)
	(148,901)	(154,392)	(161,427)	(234,455)
DISTRIBUTION OF WEALTH	(145,438)	(153,193)	(331,774)	(364,119)
WEALTH DISTRIBUTED				
Personnel:				
Salaries and wages	-	-	11,045	14,427
Benefits	-	-	1,788	1,822
Severance pay fund (FGTS)	-	-	812	773
	-	-	13,645	17,022
Taxes and fees:				
Federal	2,759	670	80,051	83,565
Municipal	-	9	1,874	1,655
	2,759	679	81,925	85,220
Lenders and lessors:				
Interest	3,485	133	20,445	17,059
Rentals	-	-	2,999	1,945
	3,485	133	23,444	19,004
Interest on capital:				
Dividends distributed with net income for the year	2,939	6,239	2,939	6,239
Retained earnings	136,255	146,142	136,255	146,142
Noncontrolling interests	-	-	73,566	90,492
	139,194	152,381	212,760	242,873
Total	145,438	153,193	331,774	364,119

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION

Sonae Sierra Brasil S.A. (the "Company") was established on June 18, 2003 and is primarily engaged in: (a) planning, developing, implementing and investing in real estate, namely shopping malls and related activities, as developer, builder, lessor and advisor; (b) operating and managing own and/or third-party properties and stores and providing related services; and (c) holding equity interest in other companies and/or real estate investment funds, directly or indirectly through subsidiaries and associates.

The Company's direct and indirect subsidiaries included in the consolidated financial statements are as follows:

a) Sierra Investimentos Brasil Ltda. ("Sierra Investimentos") - primarily engaged in: (a) planning, developing, implementing and investing in real estate, namely shopping malls and related activities, as developer, builder, lessor and advisor; (b) operating and managing own properties and stores and providing related services; and (c) holding equity interest in other companies. As at December 31, 2010, this company is the parent company of Sierra Enplanta Ltda., Pátio Boavista Shopping Ltda., Pátio Penha Shopping Ltda., Pátio São Bernardo Shopping Ltda., Pátio Sertório Shopping Ltda., Pátio Uberlândia Shopping Ltda., Fundo de Investimento Imobiliário Shopping Parque D. Pedro, Fundo de Investimento Imobiliário - FII Parque Dom Pedro Shopping Center, Pátio Londrina Empreendimentos e Participações Ltda., and Pátio Goiânia Shopping Ltda.

   (i) Fundo de Investimento Imobiliário Shopping Parque D. Pedro ("Fundo de Investimento Imobiliário I") - engaged in holding long-term investment properties, basically to earn income by renting and leasing properties of its real estate assets. As at December 31, 2010, Fundo de Investimento Imobiliário I holds a trust equivalent to 85% of the undivided interest in Shopping Parque D. Pedro.

   (ii) Fundo de Investimento Imobiliário - FII Parque Dom Pedro Shopping Center ("Fundo de Investimento Imobiliário II") - engaged in holding long-term investment properties, basically to earn income by renting and leasing properties of its real estate assets. Established on September 30, 2009 through the partial spin-off of Fundo de Investimento Imobiliário I's operations, Fundo de Investimento Imobiliário II holds a trust equivalent to 15% of the undivided interest in Shopping Parque D. Pedro.

   (iii) Sierra Enplanta Ltda. ("Sierra Enplanta") - primarily engaged in: (a) investing in real estate, namely shopping malls and related activities; and (b) operating and managing own and third-party properties and stores, and providing related services.

(iv) Pátio Boavista Shopping Ltda. ("Pátio Boavista") - primarily engaged in: (a) investing in real estate, namely shopping malls and related activities; and (b) operating and managing own and third-party properties and stores, and providing related services.

(v) Pátio Penha Shopping Ltda. ("Pátio Penha") - engaged in: (a) planning, developing, implementing and investing in real estate, namely shopping malls and related activities, as developer, builder, lessor and advisor; and (b) intermediating transactions.

(vi) Pátio São Bernardo Shopping Ltda. ("Pátio São Bernardo") - engaged in: (a) planning, developing, implementing and investing in real estate, namely shopping malls and related activities, as developer, builder, lessor and advisor; and (b) intermediating transactions.

(vii) Pátio Sertório Shopping Ltda. ("Pátio Sertório") - engaged in: (a) planning, developing, implementing and investing in real estate, namely shopping malls and related activities, as developer, builder, lessor and advisor; and (b) intermediating transactions.

(viii) Pátio Uberlândia Shopping Ltda. ("Pátio Uberlândia") - engaged in planning, developing and implementing real estate as developer, builder, lessor and advisor, intermediating transactions and market studies and holding equity interest in other companies as partner or shareholder.

(ix) Pátio Londrina Empreendimentos e Participações Ltda. ("Pátio Londrina") - engaged in planning, developing and implementing real estate as developer, builder, lessor and advisor, intermediating transactions and market studies and holding equity interest in other companies as partner or shareholder.

(x) Pátio Goiânia Shopping Ltda. ("Pátio Goiânia") - engaged in planning, developing and implementing real estate as developer, builder, lessor and advisor, intermediating transactions and market studies and holding equity interest in other companies as partner or shareholder.

b) Unishopping Administradora Ltda. ("Unishopping Administradora") - engaged in planning, installing, developing and managing shopping malls, leasing, operating and managing car park areas, managing properties and related services. As at December 31, 2010, in addition to managing the developments in which the Group holds interests, Unishopping Administradora is the parent company of Unishopping Consultoria Imobiliária Ltda.

c) Unishopping Consultoria Imobiliária Ltda. ("Unishopping Consultoria") - engaged in planning, installing, developing and managing shopping malls, leasing, operating and managing car park areas, managing properties and related services. As at December 31, 2010, Unishopping Consultoria is responsible for selling development stores in which the Group holds interests.

As at December 31, 2010 and 2009, and January 1, 2009, the Company's subsidiaries and associates held the following interests in shopping malls:

		Undivided interest - %		
Developer	Shopping mall	12/31/10	12/31/09	01/01/09
Fundos de Investimento Imobiliário I e II (ii)	Shopping Parque D. Pedro	100.00	100.00	100.00
Pátio Penha	Shopping Center Penha	73.18	73.18	73.18
Pátio Boavista	Shopping Center Metrópole	100.00	100.00	83.00
Pátio Boavista	Boavista Shopping	100.00	100.00	100.00
Sierra Enplanta	Tivoli Shopping	30.00	30.00	30.00
Sierra Enplanta	Pátio Brasil Shopping	10.42	10.42	10.42
Sierra Enplanta	Franca Shopping	67.42	67.42	64.50
Pátio São Bernardo	Shopping Plaza Sul	30.00	30.00	30.00
Campo Limpo	Shopping Campo Limpo	20.00	20.00	20.00
Pátio Sertório	Shopping Manauara	100.00	100.00	100.00
Pátio Londrina	Boulevard Londrina (i)	84.48	84.48	84.48
Pátio Uberlândia	Uberlândia Shopping (i)	100.00	100.00	100.00
Pátio Goiânia	Goiânia Shopping (i)	100.00	100.00	100.00

(i) The development is being implemented.

(ii) On June 30, 2009, Fundo de Investimento Imobiliário I had its equity partially spun-off at the ratio of 15%, and a new real estate investment fund was concurrently formed based on the spin-off portion. In July and December 2009, 10.53% and 12.61%, respectively, of the interest held in the venture were sold to third parties.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Declaration of conformity

The Company's financial statements comprise:

- The consolidated financial statements of the Company and subsidiaries prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), and accounting practices adopted in Brazil, identified as Consolidated - IFRS and BR GAAP; and

- The individual financial statements of the parent company prepared in accordance accounting practices adopted in Brazil, identified Company - BR GAAP.

The accounting practices adopted in Brazil comprise the policies set out in the Brazilian Corporate Law and the pronouncements, guidance, and interpretations issued by the Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Securities and Exchange Commission ("CVM").

The individual financial statements present the valuation of investments in subsidiaries and associates under the equity method, pursuant to prevailing Brazilian statutes. Accordingly, these individual financial statements are not considered as in accordance with IFRSs, which require the measurement of such investments in separate financial statements of the parent, at their fair values or at cost.

As there is no difference between the consolidated shareholders' equity and the consolidated net income attributable to the owners of the Company, disclosed in the consolidated financial statements prepared in accordance with IFRSs and the Brazilian accounting practices, and the Company's shareholders' equity and net income, disclosed in the individual financial statements prepared in accordance with accounting practices adopted in Brazil, the Company opted for presenting these individual and consolidated financial statements is a single set, side by side.

In the interim financial statements for the quarter ended March 31, 2011, the Company will state its 2010 interim financial statements comparatively with the 2009 financial statements, to be disclosed together, as if these new procedures, interpretations and guidance had been effective since the beginning of the year ended December 31, 2009.

2.2. Basis of preparation

The financial statements have been prepared based on the historical cost and adjusted to reflect the fair values of the investment properties and certain financial instruments against net income for the year. The historical cost is generally based on the fair value of the consideration paid in exchange for assets.

In 2009 and 2010, the CVM approved several technical pronouncements, interpretations, and technical guidance issued by the CPC that change certain accounting practices previously adopted in Brazil, effective for period beginning on or after January 1, 2010, with retrospective application to January 1, 2009 (transition date), for comparative purposes. The financial statements for the year ended December 31, 2010 already contemplate these standards, and the financial statements for the year ended December 31, 2009 and the opening balance sheet as at January 1, 2009 have been adjusted and reclassified to consider the application of these standards and make the financial statements for the different years disclosed comparable.

The following is a summary of the significant accounting policies adopted by the Group:

2.3. Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for under the equity method.

Investments in companies in which management has significant influence or interest of 20% or more in the voting capital, that are part of the same group or are under the same control, are accounted for under the equity method (see Note 9).

2.4. Basis of consolidation

The consolidated financial statements have been prepared and are presented in conformity with accounting practices adopted in Brazil and standards issued by CVM the main accounting practices applied are described above and include the financial statements of the Company and the subsidiaries below. Intercompany balances and the Company's investments in subsidiaries have been eliminated in consolidation. Noncontrolling interests are stated separately. The individual and consolidated shareholders' equity and net income (loss) do not differ due to the absence of unrealized profits.

As at December 31, 2010 and 2009, and January 1, 2009, the consolidated companies are as follows:

	Equity interest - %		
	12/31/10	12/31/09	01/01/09
Direct subsidiaries:			
Sierra Investimentos Brasil Ltda.	99.99	99.99	99.99
Unishopping Administradora Ltda.	99.99	99.99	99.99
Indirect subsidiaries			
Unishopping Administradora Ltda.	100.00	100.00	100.00
Fundos de Investimento Imobiliário I e II	51.00	51.00	51.00
Unishopping Consultoria Imobiliária Ltda.	99.99	99.99	99.99
Sierra Enplanta Ltda.	100.00	100.00	100.00
Pátio Boavista Shopping Ltda.	100.00	100.00	100.00
Pátio Penha Shopping Ltda.	100.00	100.00	100.00
Pátio São Bernardo Shopping Ltda.	100.00	100.00	100.00
Pátio Sertório Shopping Ltda.	100.00	100.00	100.00
Pátio Uberlândia Shopping Ltda.	100.00	100.00	100.00
Pátio Londrina Empreendimentos e Participações Ltda.	100.00	100.00	100.00
Pátio Goiânia Shopping Ltda.	100.00	100.00	100.00
Unconsolidated associate-			
Campo Limpo Empreendimentos e Participações Ltda.	20.00	20.00	20.00

2.5. Segment reporting

Segment reporting is consistent with the internal report provided to the chief operating decision maker.

2.6. Functional currency of the financial statements

The items included in financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Company's and its subsidiaries' financial statements have been prepared in Brazilian reais (R$).

2.7. Foreign currency

In preparing the financial statements of the individual entities, transactions in foreign currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

2.8. Cash and cash equivalents

Represented by available bank accounts. Short-term investments may be redeemed within 90 days and are comprised of highly-liquid securities convertible into cash that present an immaterial risk of change in fair value. Short-term investment balances are carried at cost, plus income earned through the end of the reporting period.

2.9. Restricted investments

As at December 31, 2010 and 2009, the Company had investments in Financial Treasury Bills (LFTs) linked to commitments assumed with Banco Ourinvest S.A., as described in Note 29. Short-term investments balances were carried at cost, plus income earned through the end of the reporting period.

2.10. Financial instruments

2.10.1 Recognition and measurement

Transactions with financial instruments are initially recognized at cost of purchase, on the date they are contracted, and subsequently remeasured at fair value. Changes in fair value are recorded in the income of the period. The Company's management defines fair value using valuation techniques. These techniques include an analysis of transactions contracted with third parties, the use of other instruments that are substantially similar, and an analysis of discounted cash flows and option pricing models that optimize the use of market generated information and minimize the use of inputs from the Company's management. The Company and its subsidiaries do not have derivatives negotiated.

Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities are added to or deducted from the fair values of financial assets and financial liabilities, if applicable, after their initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are immediately recognized in profit or loss.

2.10.2 Classification

Under IAS 39, the Company's and its subsidiaries' financial instruments have been classified into the following categories:

a) Measured at fair value through profit or loss: financial assets and financial liabilities held for trading, i.e., acquired or originated primarily for the purpose of sale or repurchase in the short term. Changes in fair value are accounted for in profit or loss and balances are stated at fair value.

b) Loans and receivables: non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are classified as current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as noncurrent assets. The Company's loans and receivables include loans to associates and subsidiaries, and trade and other receivables.

2.11. Impairment of financial assets

Financial assets, except those designated at fair value through profit or loss, are valued using impairment indicators at the end of each annual reporting period. Impairment losses are recognized if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with an impact on the estimated future cash flows.

The criteria used by the Company to determine if there is objective evidence that a financial asset is impaired include:

- Significant financial difficulty of the issuer or debtor.
- A breach of contract, such as default or delinquency in interest or principal payments.
- It is probable that the borrower will enter bankruptcy or other financial reorganization.
- The disappearance of an active market for that financial asset because of financial difficulties.

The carrying amount of the financial asset is directly reduced by any impairment loss for all financial assets, except for receivables, in which case the carrying amount is reduced through use of an allowance account. Subsequent recoveries of previously written-off amounts are added to the allowance. Changes in the carrying amount of the allowance account are recognized in profit or loss.

2.12. Trade receivables

Firstly stated at billed amounts based on contractual rental amounts and services provided, adjusted based on effects arising from the recognition of revenues from rental on a straight-line basis, calculated according to contractual terms.

An allowance for doubtful accounts is recorded in an amount considered sufficient by management to cover probable losses on the realization of trade receivables, under the following criterion: allowance for 100% of amounts over 120 days past due.

Past-due and renegotiated amounts are recorded at the renegotiation amounts, including principal plus financial charges to be collected according to the new receiving period. Concurrently, an additional allowance is recorded on financial charges incurred and included in renegotiations. The allowance is registered until the payment of the renegotiated balance.

Trade receivables are not adjusted to present value, as they do not have a relevant effect on the financial statements.

2.13. Property and equipment

Carried at cost of purchase. Depreciation is calculated on a straight-line basis at the rates mentioned in note 10 based on the estimated useful lives of the assets.

The residual values and the useful lives of the assets are annually reviewed and adjusted, when appropriate.

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising on the derecognition of a property and equipment item corresponds to the difference between the amounts received and the carrying amount of the asset, and is recognized in profit or loss.

2.14. Investment property

Investment properties are represented by land and buildings in shopping malls held to earn rentals and/or for capital appreciation, as disclosed in Note 11.

Investment properties are measured initially at their cost, including transaction costs. After initial recognition, investment properties are measured at fair value. The gain or loss from the change in fair value of investment properties in operation are recognized in profit or loss for the period in which it arises. Valuations were made by independent external appraisers using the cash flow model discounted at market rates. Every quarter, reviews are conducted to value any changes in the recognized balances.

Investment property under construction is recognized at cost of construction until it is placed into service or when the Company is able to measure reliably the fair value of the asset.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure.

2.15. Intangible assets - consolidated

Intangible assets acquired separately with finite useful lives are carried at cost less accumulated amortization accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.16. Impairment of tangible and intangible assets excluding goodwill

Items in property and equipment, intangible assets, and other noncurrent assets are evaluated annually to identify evidence of unrecoverable losses or whenever significant events or material changes in circumstances indicate that the carrying value is not recoverable. In the event of a loss resulting from situations where the carrying amount of an asset exceeds its recoverable value, which is defined as the value in use of the asset, using the discounted cash flow method, an impairment loss is recognized in profit or loss.

2.17. Borrowings and financing

Borrowings are initially recognized at fair value, less transaction costs incurred, and subsequently stated at amortized cost. Any difference between the amounts raised (less transaction costs) and the settlement amount is recognized in the income statement during the period the borrowings remain outstanding, using the effective interest rate method.

2.18. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, when a reliable estimate can be made of the amount of the obligation, and its settlement is probable.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

As at December 31, 2010 and 2009, the main provisions recognized by the Company are as follows:

2.18.1. Reserve for contingencies

Recorded for lawsuits assessed by the legal counsel and management of the Company and its subsidiaries as probable losses, considering the nature of the lawsuits and the legal counsel and management's experience in similar cases. Reserves have been recognized for matters classified as legal obligations, regardless of the expected final outcome of lawsuits.

2.18.2. Accrual for variable compensation

Recognized to cover the amounts of performance bonuses granted to some Company officers and which will only be paid three years after such bonuses are granted, providing the officers are still employees of the Company and subsidiaries. These bonuses are adjusted through the payment date based on the annual fluctuation of the Company's market value and are recognized on a straight-line basis in the income of period during the three-year period (from grant date to payment year) at the gross amount granted to these officers. A possible subsequent adjustment arising from changes in market value is recorded in the income of period, when incurred.

2.19. Revenue recognition

Revenue, costs, and expenses are recognized on the accrual basis. Revenue from rentals is recognized on a straight-line basis over the term of rental agreements, pursuant to CPC 06 Leases, taking into account the contractual adjustment and the collection of the 13th monthly rental, and revenue from services is recognized when services are provided. Revenues from assignment of rights to storeowners are allocated to income over the term of the first rental agreement.

Our revenue derives mainly from the following activities:

a) Rental

Refers to the rental of store space to storeowners and other commercial space, such as sales stands. Includes rental of commercial space for advertising and promotion. Rentals to shopping malls' storeowners accounts for the highest percentage of Company's and its subsidiaries' revenue.

b) Parking

Refers to revenue from the operation of parking lots.

c) Services

Refer to the provision of asset and property management services to shopping malls' storeowners and owners, and brokerage services.

The company receives management fees from storeowners from the management of the shopping malls' common areas.

Brokerage services include the sale of vacant spaces and the identification and development of relationships with prospect storeowners, such as store chains, in each case to minimize a shopping mall vacancy rate. Management fees are calculated as a percentage of the rental charged from a potential lessee.

d) Property space (technical structure) lease fee

Refers to the lease fees payable by new storeowners as consideration for the advantages and benefits obtained by the storeowners from their right to use the infrastructure offered by the shopping malls when new projects are launched, existing projects are expanded, or the store rental is discontinued.

The amount payable by new storeowners is negotiated based on the market value of the rented space. Usually the new storeowners pay a higher fee for stores with greater visibility and exposure in the busiest areas of the shopping mall.

e) Lessee transfer fees

Revenue generated by the fees paid when the rental is transferred from a lessee to another, generally calculated as a percentage of the amount involved in the transfer.

2.20. Income tax and social contribution

Income tax is calculated at the rate of 15% plus a 10% surtax on annual taxable income exceeding R$240. Social contribution is calculated at the rate of 9% on annual taxable income. Deferred income tax and social contribution result from temporary differences in the recognition of income and expenses for tax and financial reporting purposes, and tax loss carryforwards when their utilization against future taxable income is probable. As permitted by tax legislation, certain consolidated subsidiaries opted for taxation based on deemed income. Tax bases of income tax and social contribution are calculated at the rate of 32% on gross revenues from services and 100% of financial income, on which regular tax rates of 15%, plus a 10% surtax, for income tax and 9% for social contribution are applied. As a result, these consolidated companies did not record deferred income tax and social contribution on tax loss carryforwards and temporary differences and are not subject to the noncumulative regime for taxes on revenue (PIS and COFINS).

Shareholders of Fundo de Investimento Imobiliário I and II are subject to tax on income from the fund.

The Company and its subsidiaries opted for the Transitional Tax Regime (RTT) created by Provisional Act 449/08, subsequently converted to Law 11941/09, under which the calculation of corporate income tax (IRPJ), social contribution on net income (CSLL), and taxes on revenue (PIS and COFINS) for the two-year period, 2008 and 2009, continues to be based on methods and criteria set out by Law 6404/76, in effect on December 31, 2007.

When applicable, the deferred income tax and social contribution calculated on adjustments arising from the adoption of the new accounting practices introduced by Laws 11638/07 and 11941/09 were recorded in the Company and subsidiaries' financial statements.

In the specific case of the adjustment to fair value of investment property, regardless of the taxation regime elected by the subsidiaries and associate, deferred tax (liabilities) was recognized at the rate of 34% on such adjustments (except for the property under Fundo de Investimento Imobiliário I and II, which are tax exempt), based on the assumption that these properties can be sold and a capital gain be determined.

2.21. Earnings per share

Basic earnings per share are calculated using net income for the period attributable to the owners of the Company and noncontrolling interests and the weighted average number of shares outstanding in the period. Diluted earnings per share are calculated using said weighted average number of shares outstanding in the reporting period, pursuant to CPC 41 and IAS 33.

2.22. Statement of value added ("DVA")

The purpose of this statement is to disclose the wealth created by the Company and its associate and the distribution thereof during a certain reporting period, and is presented by the Company, as required by the Brazilian Corporate Law, as an integral part of its individual financial statements, and as additional disclosure of the consolidated financial statements, since this statement is not required by IFRSs.

The statement of value added was prepared using information obtained in the same accounting records used to prepare the financial statements and pursuant to the provisions of CPC 09 *Statement of Value Added*.

2.23. New and revised standards and interpretations issued and not yet adopted

The following standards, revised standards, and interpretations that have an impact on the Company and its subsidiaries and associates have been issued and are mandatory for reporting periods beginning on or after January 1, 2011. However, the Company did not early adopt these standards and revised standards.

f) IFRS 9 *Financial Instruments*, issued in November 2009 and amended in October 2010, introduces new requirements for the classification, measurement, and derecognition of financial assets and financial liabilities.

IFRS 9 prescribes that all recognized financial assets that are within the scope of *IAS 39 Financial Instruments: Recognition and Measurement* shall be subsequently measured at amortized cost or fair value Specifically, debt instruments held according to a business model whose objective is to receive contractual cash flows and that have contractual cash flows referring exclusively to payments of principal and interest on principal due are generally measured at amortized cost at the end of the subsequent reporting periods. All other debt instruments and investments in equity securities are measured at fair value at the end of the subsequent reporting periods.

The most significant impact of IFRS 9 related to the classification and measurement of financial liabilities refers to the accounting of changes in fair value of a financial liability (designated at fair value through profit or loss) attributable to changes in such liability's credit risk. Specifically, under IFRS 9 and as regards financial liabilities recognized at fair value through profit or loss, the amount of the change in fair value of a financial liability attributable to changes in such liability's credit risk is recognized in 'other comprehensive income', unless the recognition of the effects of changes in the liability credit risk in 'other comprehensive income' results in or

increases the accounting mismatch in profit or loss. Changes in fair value attributable to changes in credit risk of a financial liability are not reclassified in profit or loss. Previously, under IAS 39 and CPC 38, the total change in the fair value of a financial liability recognized at fair value through profit or loss was recognized in profit or loss.

IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

The Company's and its subsidiaries' management has not estimated the impact of adopting IFRS 9.

g) IAS 12 *Income Taxes*

On December 20, 2010, the IASB issue an amendment to IAS 12 *Income Taxes* called Deferred Tax: Recovery of Underlying Assets. IAS 12 requires that an entity measures deferred taxes related to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. When an asset is measured under the fair value model of IAS 40 *Investment Property*, it can be difficult and subjective to assess whether the asset will be recovered through use or sale. The amendment presents a practical solution to the problem, introducing the presumption that the recovery of the carrying amount will normally be through sale. As a result of the amendments, SIC 21 *Income Taxes - Recovery of Revalued Non-Depreciable Assets* will no longer be applicable to investment properties held at fair value. The amendments should become effective for annual periods beginning on or after January 1, 2012 and earlier adoption is permitted. The Company will assess the impacts of the amendments to IAS 12 in 2011.

The Accounting Pronouncements Committee ("CPC") has not yet issued the pronouncements and amendments related to the new and revised IFRSs presented above. Because of the CPC's and the Brazilian Securities and Exchange Commission (CVM)'s commitment to keep the set of standards issued updated according to the changes made by the International Accounting Standards Board (IASB), we expect that such pronouncements and amendments be issued by the CPC and approved by the CVM by the date they become effective.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The following are the main judgments and accounting estimates that the Company's management understands as critical for the preparation of the individual and consolidated financial statements:

a) Amount of investment properties: Investment property value: the fair value of investment property is determined by valuating the cash flows of each property at present value, as determined by independent valuers. The Company's management uses its judgment to choose the method and define assumptions, which are mainly based on market conditions existing at the end of the reporting period.

b) Reserve for contingencies: as described in Note 2.18.1, the reserve for contingencies is recognized for lawsuits assessed by the legal counsel and management of the Company and its subsidiaries as probable losses, considering the nature of the lawsuits and the legal counsel and management's experience in similar cases. Reserves have been recognized for matters classified as legal obligations, regardless of the expected final outcome of lawsuits.

c) Projections prepared for the realization of deferred income tax and social contribution balances: based on analyses of the multiyear operating projections, the Company recognized tax credits related to prior year tax loss carryforwards and temporary differences.

   Maintenance of tax credits from tax loss carryforwards - deferred income tax and social contribution tax loss carryforwards is supported by future earnings projections prepared by the Company's Management and periodically reviewed, for the next ten years, to determine the recoverability of tax loss carryforwards and temporary differences.

4. EFFECT OF ADOPTING IFRSs AND NEW PRONOUNCEMENTS ISSUED BY THE CPC

4.1. Effects of adopting IFRSs on the consolidated financial statements

4.1.1. Application of IFRSs

The consolidated financial statements for the year ended December 31, 2010 (identified as Consolidated) are the first to be presented in accordance with IFRSs. The Company applied the accounting policies set out in note 2 to all periods presented, which includes the transition date balance sheet, defined as January 1, 2009. For the measurement of the adjustments of the opening balances and in preparing the transition date balance sheet, the Company applied the mandatory exceptions and certain optional exemptions to the retrospective application prescribed by IFRS 1 and CPC 37(R1) First-time Adoption of International Financial Reporting Standards, as described in the notes below:

a) Exemption for business combinations

The Company and its subsidiaries elected to adopt the exemption related to business combinations and are not restating business combinations completed before de January 1, 2009.

b) Exemption from presentation of the fair value of tangible and intangible assets as acquisition cost

The Company and its subsidiaries elected not to adopt the deemed cost for property, plant and equipment items as they understand that there are no significant difference between the carrying amounts of the items recognized in the financial statements and the respective fair values as at the transition date January 1, 2009.

c) Exemption from measurement of compound financial instruments (derivatives)

The Company did not have any compound financial instruments at the date of transition to IFRSs.

d) Exemption from recognition of interests in subsidiaries

The Company's subsidiaries did not have financial statements presented in accordance with IFRSs at the transition date; therefore, the Company elected to adopt the same transition date for all its subsidiaries.

e) Exemption from the classification of financial instruments

The Company elected to classify and measure its financial instruments according to IAS 32/CPC 39 *Financial Instruments: Presentation* and IAS 39CPC/38 *Financial Instruments: Recognition and Measurement* at the transition date; therefore, the retrospective analysis of the original contracts of the current financial instruments was not conducted at the date of transition to IFRSs. All financial instruments contracted after the transition date were analyzed and classified at the transaction contract date in accordance with IFRSs.

The Company considered the mandatory exceptions from full retrospective application, as follows:

a) Derecognition of financial assets and financial liabilities

The Company concluded that there were no non-derivative financial assets or financial liabilities to be derecognized from accounting records at the date of transition to IFRSs.

b) Hedge accounting

The Company did not have transactions eligible for hedge accounting for IFRSs purposes at the transition date, and therefore there were no adjustments to be accounted for.

c) Estimates

The Company did not make any adjustment to the estimates recognized according to the previous BR GAAP since it believes that such estimates were in accordance with IFRSs at the transition date.

d) Assets classified as held for sale and discontinued operations

The Company did not have an assets classified as held for sale.

4.1.2. Reconciliations for previous accounting policies

Effects of adopting IFRSs on the consolidated balance sheet:

		At 01/01/2009 (transition date)			At 12/31/2009 (date of the last period presented according to previous accounting policies)		
Line items	Item	Previous BR GAAP	Effects of transition to IFRSs	IFRSs	Previous BR GAAP	Effects of transition to IFRSs	IFRSs
	(*)	R$	R$	R$	R$	R$	R$
ASSETS							
Current assets							
Cash and cash equivalents		27,442	-	27,442	86,252	-	86,252
Trade receivables, net	(i)	17,330	-	17,330	24,804	(6,801)	18,003
Recoverable taxes		3,457	-	3,457	7,367	-	7,367
Advances to suppliers		97	-	97	188	-	188
Prepaid expenses	(b)	-	-	-	4,499	(4,303)	196
Deferred income tax and social contribution	(f)	2,227	(2,227)	-	2,573	(2,573)	
Other receivables		1,105	(374)	731	3,139	-	3,139
Total current assets		51,658	(2,601)	49,057	128,822	(13,677)	115,145
Noncurrent assets							
Long-term assets:							
Restricted investments		-	-	-	418	-	418
Trade receivables, net	(i)	2,573	-	2,573	11,919	(3,908)	8,011
Loans to condominiums		1,328	-	1,328	449	-	449
Deferred income tax and social contribution	(f)	7,886	4,465	12,351	11,201	5,628	16,829
Escrow deposits	(h)	-	2,108	2,108	-	2,877	2,877
Other receivables		-	-	-	1,563	-	1,563
Due from related parties		1,148	-	1,148	76	-	76
Assets held for sale	(a)	4,145	(4,145)	-	4,145	(4,145)	-
Investments	(d)	9,541	4,967	14,508	9,763	7,111	16,874
Investment properties	(a)	-	1,437,569	1,437,569	-	1,889,175	1,889,175
Property and equipment	(a)	694,685	(691,145)	3,540	891,805	(888,337)	3,468
Intangible assets	(e)	6,367	(6,218)	149	6,517	(6,218)	299
Deferred charges	(c)	6,209	(6,209)	-	4,682	(4,682)	-
Total noncurrent assets		733,882	741,392	1,475,274	942,538	997,501	1,940,039
TOTAL ASSETS		785,540	738,791	1,524,331	1,071,360	983,824	2,055,184

Line items	Item	At 01/01/2009 (transition date) Previous BR GAAP	Effects of transition to IFRSs	IFRSs	At 12/31/2009 (date of the last period presented according to previous accounting policies) Previous BR GAAP	Effects of transition to IFRSs	IFRSs
	(*)	R$	R$	R$	R$	R$	R$
Liabilities and equity							
Current liabilities							
Borrowings and financing		44.372	-	44.372	65.763	-	65.763
Domestic trade payables		10.260	-	10.260	10.791	-	10.791
Taxes payable		3.396	-	3.396	4.472	-	4.472
Personnel, payroll taxes, benefits, and rewards		4.975	-	4.975	7.661	-	7.661
Technical structure	(e)	318	-	318	5.362	-	5.362
Due to related parties		5.637	-	5.637	85.281	-	85.281
Dividends payable		-	-	-	6.239	-	6.239
Other payables		1.878	-	1.878	9.127	-	9.127
Total current liabilities		70.836	-	70.836	194.696	-	194.696
Noncurrent liabilities							
Borrowings and financing		90.554	-	90.554	117.725	-	117.725
Technical structure	(e)	7.640	-	7.640	17.879	(10.709)	7.170
Deferred income tax and social contribution	(f)	-	164.910	164.910	-	229.811	229.811
Reserve for contingencies	(h)	9.700	2.108	11.808	9.491	2.877	12.368
Accrual for variable compensation		837	-	837	1.005	-	1.005
Total noncurrent liabilities		108.731	167.018	275.749	146.100	221.979	368.079
Noncontrolling interests	(g)	83.513	(83.513)	-	80.562	(80.562)	-
Equity							
Capital		483.822	-	483.822	529.784	-	529.784
Capital reserve		31.054	-	31.054	90.817	-	90.817
Earnings reserves		7.584	358.363	365.947	27.617	484.472	512.089
Total equity		522.460	358.363	880.823	648.218	484.472	1.132.690
Advance for future capital increase		-	-	-	1.784	-	1.784
Total equity and advance for future capital increase		522.460	358.363	880.823	650.002	484.472	1.134.474
Noncontrolling interests		-	296.923	296.923	-	357.935	357.935
Total equity, advance for future capital increase, and noncontrolling interests		522.460	655.286	1.177.746	650.002	842.407	1.492.409
						-	
TOTAL LIABILITIES AND EQUITY		785.540	738.791	1.524.331	1.071.360	983.824	2.055.184

(*) See breakdown in Note 4.1.3.

Reconciliation of consolidated equity:

	Item	At 01/01/2009 (transition date)	At 12/31/2009 (date of the last period presented according to previous accounting policies)
	(*)	R$	R$
Total equity, advance for future capital increase, and noncontrolling interests according to previous accounting policies		522,460	650,002
– Adjustment of the fair value of investment property	(a)	742,279	996,693
– Write-off of prepaid commission expenses	(b)	(374)	(4,303)
– Write-off of deferred charges	(c)	(6,209)	(4,682)
– Adjustment to equity in investees due to first-time adoption of IFRSs by investee Campo Limpo Empreendimentos e Participações Ltda.	(d)	4,967	7,111
– Goodwill impairment	(e)	(6,218)	(6,218)
– Effect of deferred income tax and social contribution	(f)	(162,672)	(226,756)
– Reclassification of noncontrolling interests to equity	(g)	83,513	80,562
Total adjustment to equity		655,286	842,407
Total IFRS equity		1,177,746	1,492,409

(*) See breakdown in Note 4.1.3.

Effects of adopting IFRSs on the consolidated statement of income:

Line items	Item	At 12/31/2009 (date of the last period presented according to previous accounting policies) Previous BR GAAP	Effects of transition to IFRSs	IFRSs
	(*)	R$	R$	R$
NET REVENUE FROM RENTALS, SERVICES AND OTHER		154,141	-	154,141
COST OF RENTALS AND SERVICES	(a) e (b)	(64,614)	22,853	(41,761)
GROSS PROFIT		89,527	22,853	112,380
OPERATING (EXPENSES) INCOME				
General and administrative expenses	(b) e (c)	(16,623)	2,509	(14,114)
Tax expenses		(2,916)		(2,916)
Equity in investees	(d)	518	2,144	2,662
Gain on fair value of investment property	(a)	-	226,651	226,651
Other operating income (expenses), net		347		347
Total income (expenses) from operations, net		(18,674)	231,304	212,630
OPERATING INCOME BEFORE FINANCIAL INCOME (EXPENSES)		70,853	254,157	325,010
FINANCIAL INCOME (EXPENSES), NET		(11,917)	-	(11,917)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		58,936	254,157	313,093
INCOME TAX AND SOCIAL CONTRIBUTION				
Current		(9,797)		(9,797)
Deferred	f)	3,661	(64,084)	(60,423)
Total		(6,136)	(64,084)	(70,220)
NET INCOME FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		52,800	190,073	242,873
COMPANY'S OWNERS		26,272	126,109	152,381
NONCONTROLLING INTERESTS		26,528	63,964	90,492

Reconciliation of consolidated net income:

	Item	At 12/31/2009 (date of the last period presented according to previous accounting policies) Net income for the year
	(*)	R$
According to previous accounting policies		26.272
Adjustment of investment property to fair value	(a)	254.414
Write-off of prepaid commission expenses	(b)	(3.928)
Write-off of deferred charges	(c)	1.527
Adjustment to equity in investees due to first-time adoption of IFRSs by investee Campo Limpo Empreendimentos e Participações Ltda.	(d)	2.144
Effect of deferred income tax and social contribution	(f)	(64.084)
Effect of adjustments attributed to noncontrolling interests	(g)	(63.964)
Total adjustments to income		126.109
According to IFRSs		152.381

(*) See breakdown in Note 4.1.3.

Effects of adopting IFRSs on the consolidated statement of cash flows:

	At 12/31/2009 (date of the last period presented according to previous accounting policies)		
	Previous BR GAAP	Effects of transition to IFRSs	IFRSs
	R$	R$	R$
Cash flows from operating activities	93,681	(13,421)	85,260
Cash flows from investing activities	(244,061)	(1,991)	(222,070)
Cash flows from financing activities	189,190	6,430	195,620

4.1.3. Notes to the reconciliations in equity as of December 31, 2009, January 1, 2009, and net income for the year ended December 31, 2009

The transition to IFRSs resulted in the following changes in accounting policies:

a) Investment property is measured initially at its cost, including transaction costs, and after the initial recognition it is measured at fair value. Under the previous accounting practices, investment properties were measured at cost. The impact of these changes is a R$996,693 increase in consolidated assets and equity as at December 31, 2009 (R$742,279 as at January 1, 2009), and a R$254,414 increase in the 2009 consolidated net income.

b) The Company recorded costs on commissions paid on store rentals as prepaid expenses, which were amortized over a five-year period taking into account the start and the termination of the lease agreements. These expenses and costs do not meet the definition of asset according to IFRSs and, therefore, were recognized as operating costs in 2009.

c) In accordance with the provisions for the first-time adoption of Law 11638/07, the Company and its subsidiaries maintained preoperating expenses incurred on feasibility projects of shopping malls until December 31, 2008 as deferred charges. These assets were being amortized over the remaining period, which could not exceed five years. These expenses and costs do not meet the definition of asset according to IFRSs and, therefore, were recognized as operating expenses in the opening balance sheet as at January 1, 2009. The impact of this change is a R$4,682 increase in consolidated assets and equity as at December 31, 2009 (R$6,209 as at January 1, 2009), and a R$1,527 increase in the 2009 consolidated net income.

d) During the process of convergence of previous accounting practices with IFRSs, associate Campo Limpo Empreendimentos e Participações Ltda. adopted the changes described in a), b) and c) above. The impact of these changes is a R$7,111 increase in consolidated assets and equity as at December 31, 2009 (R$4,967 as at January 1, 2009), and a R$2,144 increase in the 2009 consolidated net income arising from the effect of equity in investees.

e) Subsidiary Sierra Investimentos Brasil Ltda. had a goodwill balance arising from the acquisition of ownership interest based on the expected future earnings as well as on the appreciation of land. With the valuation at fair value as at the IFRS transition date of these subsidiaries' properties for investment, which are mainly recorded as investment properties in the consolidated financial statements, the Company recorded impairment on the total goodwill amount. The effect of this change is a decrease in consolidated assets and shareholders' equity as of December 31, 2009 of R$6,218 (R$6,218 as of January 1, 2009).

f) Corresponds to deferred tax effects on the adjustments for the new accounting policies adopted by the Company.

g) In equity, refers to the reclassification of noncontrolling interests. In net income, refers to IFRS adjustments attributable to noncontrolling interests.

h) Impact of the reclassification of escrow deposits from noncurrent liabilities to noncurrent assets.

i) Impact of the reclassification of the unbilled technical structure from current assets to noncurrent liabilities.

4.2. Effects of adopting the new accounting pronouncements issued by the CPC on the financial statements

4.2.1. Adoption of the new Brazilian accounting practices

In preparing its individual financial statements (identified as Company), the Company adopted all the pronouncements and the related interpretations and guidance issued by the CPC and approved by the CVM, which together with the accounting practices included in the Brazilian Corporate Law are called the Brazilian accounting practices (BR GAAP).

The Company applied the accounting policies set out in note 2 to all periods presented, which includes the opening balance sheet as at January 1, 2009. In measuring the adjustments to and preparing this opening balance sheet, the Company applied the requirements set out in CPC 43(R1) *First-time Adoption of CPCs 15-40*, and adjusted its individual financial statements so that when consolidated they produced the same amounts of equity, attributable to the owners of the Company, and net income of the consolidation prepared in accordance with IFRSs by applying IFRS 1 and CPC 37(R1) First-time Adoption of International Financial Reporting Standards. Accordingly, the Company made to its individual financial statements the adjustments made upon the adoption of IFRSs in the consolidated financial statements, as described in Note 2 above. This procedure was adopted to obtain the same net income and equity attributable to the owners of the Company in the individual and consolidated financial statements.

4.2.2. Reconciliations for previous accounting policies (previous BR GAAP)

Effects of the first-time adoption of the new Brazilian accounting practices on the individual balance sheet

		At 01/01/2009 (transition date)			At 12/31/2009 (date of the last period presented according to previous accounting policies)		
Line items	Item (*)	Previous BR GAAP	Effect of adopting new CPCs	Restated BR GAAP	Previous BR GAAP	Effect of adopting new CPCs	Restated BR GAAP
ASSETS							
Current assets							
Cash and cash equivalents		225	-	225	67,060	-	67,060
Trade receivables, net		33	-	33	13	-	13
Recoverable taxes		101	-	101	157	-	157
Other receivables		14	-	14	11	-	11
Total current assets		373	-	373	67,241	-	67,241
Noncurrent assets							
Long-term assets:							
Due from related parties		-	-	-	2,811	-	2,811
Escrow deposits	(a)	-	1,173	1,173	-	1,413	1,413
Investments	(b)	529,829	358,363	888,192	669,951	484,471	1,154,422
Property and equipment		38	-	38	1	-	1
Total noncurrent assets		529,867	359,536	889,403	672,763	485,884	1,158,647
TOTAL ASSETS		530,240	359,536	889,776	740,004	485,884	1,225,888

(*) See breakdown in Note 4.2.3.

Line items	Item (*)	At 01/01/2009 (transition date) Previous BR GAAP	Effect of adopting new CPCs	Restated BR GAAP	At 12/31/2009 (date of the last period presented according to previous accounting policies) Previous BR GAAP	Effect of adopting new CPCs	Restated BR GAAP
LIABILITIES AND EQUITY							
Current liabilities							
Borrowings and financing		17	-	17	-	-	-
Domestic trade payables		28	-	28	61	-	61
Taxes payable		8	-	8	45	-	45
Due to related parties		655	-	655	79,470	-	79,470
Dividends payable		-	-	-	6,239	-	6,239
Other payables		523	-	523	343	-	343
Total current liabilities		1,231	-	1,231	86,158	-	86,158
Noncurrent liabilities							
Reserve for contingencies	(a)	-	1,173	1,173	-	1,413	1,413
Allowance for investment losses		6,549	-	6,549	3,843	-	3,843
Total noncurrent liabilities		6,549	1,173	7,722	3,843	1,413	5,256
Equity							
Capital		483,822	-	483,822	529,784	-	529,784
Capital reserve		31,054	-	31,054	90,817	-	90,817
Earnings reserves	(b)	7,584	358,363	365,947	27,617	484,472	512,089
Total equity		522,460	358,363	880,823	648,218	484,472	1,132,690
Advance for future capital increase		-	-	-	1,784	-	1,784
Total equity and advance for future capital increase		522,460	358,363	880,823	650,002	484,472	1,134,474
TOTAL LIABILITIES AND EQUITY		530,240	359,536	889,776	740,004	485,884	1,225,888

(*) See breakdown in Note 4.2.3.

Reconciliation of equity

	Item (*)	At 01/01/2009 (transition date) R$	At 12/31/2009 (date of the last period presented according to previous accounting policies) R$
Total equity and advance for future capital increase according to previous accounting practices		522,460	650,002
Adjustment to equity in investees due to first-time adoption of IFRSs by investees Sierra Investimentos Brasil Ltda., Unishopping Adm. Ltda. and Unishopping Consultoria Ltda.	(b)	358,363	484,472
Total adjustment to equity		358,363	484,472
Total equity and advance for future capital increase according to Restated BR GAAP		880,823	1,134,474

Effects of adopting the new accounting practices adopted in Brazil on the statement of income

Line items	Item (*)	At 12/31/2009 (date of the last period presented according to previous accounting practices) Previous BR GAAP R$	Effect of adopting new CPCs R$	Restated BR GAAP R$
NET REVENUE FROM RENTALS, SERVICES AND OTHER		290	-	290
COST OF RENTALS AND SERVICES		-	-	-
GROSS PROFIT		290	-	290
OPERATING (EXPENSES) INCOME				
General and administrative expenses		(1,529)	-	(1,529)
Tax expenses		(611)	-	(611)
Equity in investees	(b)	26,414	126,109	152,523
Other operating income (expenses), net		(28)	-	(28)
Total income (expenses) from operations, net		24,246	126,109	150,355
OPERATING INCOME BEFORE FINANCIAL INCOME (EXPENSES)		24,536	126,109	150,645
FINANCIAL INCOME (EXPENSES), NET		1,736	-	1,736
NET INCOME FOR THE YEAR		26,272	126,109	152,381

Reconciliation of net income

	Item (*)	At 12/31/2009 (date of the last period presented according to previous accounting policies) Net income for the year R$
According to previous accounting policies		26,272
Adjustment to equity in investees due to first-time adoption of IFRSs by investees Sierra Investimentos Brasil Ltda., Unishopping Adm. Ltda. and Unishopping Consultoria Ltda.	(b)	126,109
Total adjustments to income		126,109
According to restated BR GAAP		152,381

(*) See breakdown in Note 4.2.3.

Effects of adopting BR GAAP on the statement of cash flows

	At 12/31/2009 (date of the last period presented according to previous accounting policies)		
	Previous BR GAAP R$	Effect of adopting new CPCs R$	Restated BR GAAP R$
Cash flows from operating activities	(401)	153	(248)
Cash flows from investing activities	(116,414)	1	(116,413)
Cash flows from financing activities	183,650	154	183,493

4.2.3. Notes to the reconciliations in equity as at December 31, 2009 and January 1, 2009, and net income for the year ended December 31, 2009

The adoption of CPCs 15 to 43 resulted in the following changes in accounting practices:

a) Impact of the reclassification of escrow deposits from noncurrent liabilities to noncurrent assets.

b) During the process of convergence of previous accounting practices with IFRSs, subsidiaries Sierra Investimentos Brasil Ltda., Unishopping Administradora Ltda. and Unishopping Consultoria Ltda. adopted the changes described above in Note 4.1.3. The impact of these changes is a R$484,472 increase in consolidated assets and equity as at December 31, 2009 (R$358,363 as at January 1, 2009), and a R$126,109 increase in the 2009 consolidated net income arising from the effect of equity in investees.

5. CASH AND CASH EQUIVALENTS

	Company			Consolidated		
	12/31/10	12/31/09	01/01/09	12/31/10	12/31/09	01/01/09
Cash	36	134	115	249	288	159
Banks	177	742	110	10,129	11,132	7,701
Short-term investments (*)	2,585	66,184	-	51,188	74,832	19,582
Total	2,798	67,060	225	61,566	86,252	27,442

(*) As at December 31, 2010 and 2009 and January 1, 2009, short-term investments are highly liquid and earn yield at the weighted average interest rate of 100% of the interbank deposit rate (CDI) (99.5% and 99.9% as at December 31, 2009 and January 1, 2009, respectively).

6. TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

Trade receivables

	Consolidated		
Trade receivables	12/31/10	12/31/09	01/01/09
Rentals	31,335	30,329	29,579
Assignment of rights receivable (a)	300	553	841
Services	-	-	49
Total trade receivables billed	31,635	30,882	30,469
Unbilled revenue from rentals	9,582	8,011	2,412
Total trade receivables billed and unbilled	41,217	38,893	32,881
Allowance for doubtful accounts	(9,985)	(12,879)	(12,978)
Total	31,232	26,014	19,903
(-) Current	(21,650)	(18,003)	(17,330)
Noncurrent (b)	9,582	8,011	2,573

(a) Represent receivables from lease of commercial spaces in shopping malls, also known as "technical structure". The amounts will be received within 60 months, pursuant to the contracts with storeowners.

(b) Represent the effect of unbilled revenue from rentals recognized on a straight-line basis according to agreement terms.

The aging list of trade receivables billed as at December 31, 2010 and 2009, and January 1, 2009 is as follows:

	Consolidated		
	12/31/10	12/31/09	01/01/09
Current	17,450	15,389	19,990
Past-due:			
Up to 30 days	1,056	917	1,043
31 to 60 days	1,765	750	247
61 to 90 days	915	549	181
91 to 180 days	1,595	1,227	867
Over 180 days	8,854	12,050	8,141
Subtotal	14,185	15,493	10,479
Total	31,635	30,882	30,469

Allowance for doubtful accounts

Change in allowance for doubtful accounts in the year is as follows:

	Consolidated
Balance as at January 1, 2009	(12.978)
Reversals, net	99
Balance as at December 31, 2009	(12.879)
Reversals, net	2.171
Write-offs in period due to matching with condominiums (a)	723
Balance as at December 31, 2010	(9.985)

Other receivables

Additionally, as at December 31, 2010 and 2009, and January 1, 2009, the balance of 'Other receivables' is broken down as follows:

	Company			Consolidated		
	12/31/10	12/31/09	01/01/09	12/31/10	12/31/09	01/01/09
Receivables of Banco Ourinvest S.A. (a)	-	-	-	833	-	-
Loan agreement with a storeowner (b)	-	-	-	1.418	1.563	-
Other receivables from condominiums	-	-	-	1.843	1.133	-
Receivables from parking operations ("Sem Parar")	-	-	-	415	1.009	35
Vacations, 13th salaries, and other advances to employees	-	-	-	1.104	116	50
Other	145	11	14	2.649	881	646
Total	145	11	14	8.262	4.702	731
(-) Current	(145)	(11)	(14)	(5.801)	(3.139)	(731)
Noncurrent	-	-	-	2.461	1.563	-

(a) As at December 31, 2010, subsidiary Sierra Investimentos Brasil Ltda. has R$833 in receivables from Banco Ourinvest S.A., as a result from the commitment entered into on October 29, 2009 (see note 29).

(b) Refers to the loan agreement with a storeowner. The loan amount bears interest equivalent to the annual fluctuation of the CDI, plus spread of 2.44% per year. This loan is being repaid in 24 monthly installments, since August 2010. As at December 31, 2010, the subsidiary Pátio Sertório Shopping Ltda. has 19 installments receivables related to this agreement. The short-term balance recorded in current assets amounts to R$854.

7. RECOVERABLE TAXES

	Company			Consolidated		
	12/31/10	12/31/09	01/01/09	12/31/10	12/31/09	01/01/09
Withholding income tax (IRRF)	639	142	90	9,159	6,811	3,129
Social contribution - Law 10833/03	13	14	11	420	541	275
Other	1	1	-	80	15	53
Total	653	157	101	9,659	7,367	3,457

Recoverable taxes were generated from the operations of the Company and its subsidiaries and do not depend on court or administrative decisions to be realized.

8. LOANS TO CONDOMINIUMS

Represent advances to condominiums of the shopping malls to cover cash shortages, notably arising from default. The amounts will be recovered as the common area maintenance fees are received and according to the condominiums' cash availability.

		Consolidated		
Subsidiary	Condominium	12/31/10	12/31/09	01/01/09
Sierra Investimentos	Condomínio Shopping Dom Pedro	-	-	1,094
Pátio Boavista	Condomínio Shopping Boavista	18	143	-
Pátio São Bernardo	Condomínio Shopping Center Plaza Sul	234	306	234
Pátio Penha	Condomínio Shopping Center Penha	309	-	-
Total		561	449	1,328

These loans are considered related-party transactions (see Note 23).

The Company has been receiving the amounts prepaid according to the condominiums' cash and management does not expect problems on the realization of these amounts.

9. INVESTMENTS

December 31, 2010	Number of shares held	Capital - equity interest - %	Equity	Net income (loss) for the year	Equity in investees	Investment balance
Company						
Subsidiaries:						
Sierra Investimentos Brasil Ltda.	681,344,811	100	1,350,754	130,717	130,717	1,350,754
Unishopping Administradora Ltda.	10,910,860	100	1,941	5,538	5,538	1,941
Total			1,352,695	136,255	136,255	1,352,695
Consolidated						
Associate- Campo Limpo Empreendimentos e Participações Ltda.	41,537,062	20	95,165	13,480	2,696	19,033

December 31, 2009	Number of shares held	Capital - equity interest - %	Equity (deficit)	Net income for the year	Equity in investees	Investment balance	Allowance for investment losses
Company							
Subsidiaries:							
Sierra Investimentos Brasil Ltda.	605,144,811	100	1,154,422	147,667	147,667	1,154,422	-
Unishopping Administradora Ltda.	10,850,860	100	(3,657)	5,042	4,856	-	(3,843)
Total			1,150,765	113,511	152,523	1,154,422	(3,843)
Consolidated							
Associate-							
Campo Limpo Empreendimentos e Participações Ltda.	41,537,062	20	84,370	13,310	2,662	16,874	-

(*) Equity in investee Unishopping Administradora Ltda. was adjusted by unearned income from services provided by this investee to other indirect subsidiaries, which total R$186 and was capitalized by these subsidiaries.

January 1, 2009	Number of shares held	Capital - equity interest - %	Equity (deficit)	Investment balance	Allowance for investment losses
Company					
Subsidiaries:					
Sierra Investimentos Brasil Ltda.	496,720,451	100	888,192	888,192	-
Unishopping Administradora Ltda.	10,850,860	100	(6,549)	-	(6,549)
Total			881,643	888,192	(6,549)
Consolidated					
Associate-					
Campo Limpo Empreendimentos e Participações Ltda.	41,537,062	20	72,540	14,508	-

Changes in investments, net

	Company	Consolidated
Balance at January 1, 2009 (*)	881,643	14,508
Capital increase	117,045	-
Equity in investees	152,523	2,662
Dividends received	(632)	(296)
Balance at December 31, 2009 (*):	1,150,579	16,874
Capital increase	65,861	-
Equity in investees	136,255	2,696
Dividends received	-	(537)
Balance at December 31, 2010	1,352,695	19,033

(*) Changes are shown net of allowance for investment losses, recorded in noncurrent liabilities.

10. PROPERTY, PLANT AND EQUIPMENT

		12/31/2010		
	Annual depreciation rate - %	Consolidated		
		Cost	Accumulated depreciation	Net
Facilities	10	2,413	(1,830)	583
Furniture and fixtures	10	728	(317)	411
Machinery and equipment	10	397	(132)	265
IT equipment	20	1,871	(1,425)	446
Vehicles	20	2,081	(480)	1,601
Other	20	38	(33)	5
Subtotal		7,528	(4,217)	3,311
Construction in progress	-	1,162	-	1,162
Advances to suppliers	-	59	-	59
Total		8,749	(4,217)	4,532

		12/31/2009		
	Annual depreciation rate - %	Consolidated		
		Cost	Accumulated depreciation	Net
Facilities	10	2,161	(1,174)	987
Furniture and fixtures	10	705	(244)	461
Machinery and equipment	10	361	(86)	275
IT equipment	20	1,634	(1,280)	354
Vehicles	20	1,616	(407)	1,209
Other	20	34	(32)	2
Subtotal		6,511	(3,223)	3,288
Construction in progress	-	147	-	147
Advances to suppliers	-	33	-	33
Total		6,691	(3,223)	3,468

		01/01/2009		
	Annual depreciation rate - %	Consolidated		
		Cost	Accumulated depreciation	Net
Facilities	10	2,345	(645)	1,700
Furniture and fixtures	10	658	(174)	484
Machinery and equipment	10	180	(51)	129
IT equipment	20	1,526	(1,158)	368
Vehicles	20	1,078	(295)	783
Other	20	34	(30)	4
Subtotal		5,821	(2,353)	3,468
Advances to suppliers	-	72	-	72
Total	-	5,893	(2,353)	3,540

Changes in property, plant and equipment in operation

	Facilities	Furniture and fixtures	Machinery and equipment	IT equipment	Vehicles	Other	Total
Balances at January 1, 2009	1,700	484	129	368	783	4	3,468
Additions	13	47	181	109	781	1	1,132
Write-offs	(96)	-	-		(85)	-	(181)
Depreciation	(630)	(70)	(35)	(123)	(270)	(3)	(1,131)
Balance at December 31, 2009	987	461	275	354	1,209	2	3,288
Additions	252	23	35	243	640	4	1,197
Write-offs	-	-	-	-	(71)	-	(71)
Depreciation	(656)	(73)	(45)	(151)	(177)	(1)	(1,103)
Balance at December 31, 2010	583	411	265	446	1,601	5	3,311

11. INVESTMENT PROPERTY

Under CPC 28, properties held to earn rentals or for capital appreciation or both can be recognized as investment property. Investment property was initially measured at cost. The Company's management adopted the fair value method to reflect better its business.

The measurement at and change in fair value of property are made on a quarterly basis, at the date of the interim financial statements.

	Consolidated		
	12/31/10	12/31/09	01/01/09
Constructed investment property	1,983,960	1,807,096	1,191,034
Investment property under construction	197,452	82,079	246,535
	2,181,412	1,889,175	1,437,569

Changes in investment property:

	Consolidated		
	Constructed properties	Properties under construction	Total
Balances at January 1, 2009	1,191,034	246,535	1,437,569
Additions	96,577	85,578	182,155
Purchase of properties (1)	42,800	-	42,800
Transfer of properties under construction to properties in operation	250,034	(250,034)	-
Gain (loss) from the change in fair value of properties	226,651	-	226,651
Balance at December 31, 2009	1,807,096	82,079	1,889,175
Additions	55,368	94,143	149,511
Gain (loss) from the change in fair value of properties	121,496	21,230	142,726
Balance at December 31, 2010	1,983,960	197,452	2,181,412

(1) On October 15, 2009, the Company acquired an additional interest of 17.0% in Shopping Metrópole in a public auction, for the total amount of R$42.8 million. This interest of 17.0% was previously held by Instituto Aerus de Seguridade Social, or Aerus. This acquisition increased the Company´s interest in Shopping Metrópole, held by the indirect subsidiary Pátio Boavista Shopping Ltda., to 100.0%.

Notes:

(a) The certificates of title of some properties part of the Shopping Center Penha and Shopping Boavista projects are not registered with the Registry of Deeds Office. As at December 31, 2010, the total amount carried as investment property is R$208,767 (R$194,911 as at December 31, 2009).

(b) On September 13, 2010, subsidiary Pátio Londrina Shopping Ltda. acquired 77.6% of the land located in Londrina, PR, for the future construction of the Boulevard Londrina Shopping real estate project. The subsidiary agreed to transfer undivided interest equivalent to 11,36% of the project in consideration for the land.

Fair value measurement methodology

The fair value of each investment property in operation and in construction was determined based on a valuation reported at the time, prepared by an independent external appraiser (Cushman & Wakefield).

The valuation of these investment properties was prepared in accordance with the practice statements of the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors (Red Book), based in the United Kingdom.

The methodology adopted to calculate the market value (fair value) of investment property in operation involves developing making related to ten-year projections of gains and losses for each shopping mall, added to the residual value, which corresponds to a perpetuity calculated based on the net earnings of the 11th year and a market yield rate (exit yield or cap rate). For the calculation of the perpetuity we considered a real growth rate of 0.0%. These projections are discounted at the measurement date using a market discount rate. The projections are not forecasts but simply reflect the best estimate of the appraiser regarding the current view of the market with respect to the future revenue and cost of each property. The yield rate and the discount rate are set according to the local investment and institutional market and the reasonableness of the market value obtained according to the methodology above, equally tested in terms of the initial yield rate obtained based on net yield estimated for the first year of the projections.

In the valuation of the investment properties, some assumptions were taken into consideration that, according to the Red Book classification, are considered special, namely with respect to recently opened shopping malls, for which possible still due investment expenses have not been taken into account as such amounts are duly recognized in the financial statements.

The fair value of the investment properties in construction, measured at fair value at this date, is obtained by discounting the fair value of the property at the opening date, calculated using the methodology described above, and the investment necessary to complete the construction is weighted by a risk rate set by the appraiser for the property being valued.

The assumptions used as at December 31, 2010 and 2009 and January 1, 2009 for the measurement at fair value described above are as follows:

12/31/10				12/31/09				01/01/09			
10-year discount rate		Exit yield		10-year discount rate		Exit yield		10-year discount rate		Exit yield	
Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
12.75%	14.00%	8.25%	9.50%	12.75%	14.00%	8.25%	9.50%	13.45%	14.95%	8.25%	9.75%

12. INTANGIBLE ASSETS

	Annual amortization rate - %	Consolidated		
		12/31/10	12/31/09	01/01/09
Software	20	1,206	525	300
Accumulated amortization (*)		(333)	(226)	(151)
Total		873	299	149

(*) In the year ended December 31, 2010, the amortization expense of the cost of purchase of software, amounting to R$107 (R$75 in 2009), is recognized in line item 'General and administrative expenses', in the statement of income.

Changes in intangible assets

	Consolidated		
	Cost	Amortization	Total, net
Balances at January 1, 2009	300	(151)	149
Additions in the year	225	(75)	150
Balance at December 31, 2009	525	(226)	299
Additions in the year	681	(107)	574
Balance at December 31, 2010	1,206	(333)	873

13. BORROWINGS AND FINANCING

		Consolidated		
Domestic borrowings	Maturity	12/31/10	12/31/09	01/01/09
Banco do Amazonas S.A. - BASA (a)	12/10/2020	123,925	118,086	90,554
Banco Itaú BBA S.A. (b)	10/21/2015	20,138	-	-
Banco Itaú BBA S.A (c)	10/17/2016	27,194	-	-
Banco Bradesco S.A. (d)	10/26/2025	30,591	-	-
Banco Itaú BBA S.A. (e)	8/16/2010	-	28,172	-
Banco Itaú BBA S.A. (f)	10/16/2010	-	28,172	-
Banco Bradesco S.A. (g)	6/4/2010	-	9,058	-
Banco Itaú BBA S.A. (h)	2/20/2009	-	-	22,996
Banco Itaú BBA S.A. (i)	2/20/2009	-	-	7,045
BANIF - Banco de Investimentos (Brasil) S.A. (j)	9/8/2009	-	-	5,068
União de Bancos Brasileiros - Unibanco (k)	8/4/2009	-	-	5,038
União de Bancos Brasileiros - Unibanco (l)	8/2/2009	-	-	3,617
Other	1/31/2009	-	-	608
Total		201,848	183,488	134,926
(-) Current		(7,171)	(65,763)	(44,372)
Noncurrent		194,677	117,725	90,554

(a) On December 17, 2008, subsidiary Pátio Sertório raised a loan of R$90,315 with Banco do Amazonas S.A. - BASA to finance the construction of the mall Shopping Manaura. In the year ended December 31, 2009, the subsidiary raised new borrowings totaling R$21,985. These borrowings bear fixed interest of 10% per year, with possible discount of 15% if payments are made on the maturity date, and have a grace period of 48 months, during which only 50% of interests incurred are paid. The remaining balance of accrued interest will be paid after the grace period together with the principal repayment installments. The loan is collateralized by the Shopping Manauara property. The Company and subsidiary Sierra Investimentos are guarantors of this transaction.

(b) On November 16, 2010, subsidiary Sierra Investimentos Brasil Ltda. raised R$20,000 with Banco Itaú BBA S.A. to finance working capital. This loan is subject to average interest linked to CDI plus 2.85% per year. The Company is the guarantor of this transaction. The loan is collateralized by: (i) the Shopping Metropole property; (ii) net receivables of Shopping Metropole. This loan has a six-month grace period for the payment of the first installment of principal.

(c) On November 16, 2010, subsidiary Pátio Boavista Shopping Ltda. raised R$27,000 with Banco Itaú BBA S.A. to finance working capital. This loan is subject to average interest linked to CDI plus 3.3% per year. The Company is the guarantor of this transaction. The loan is collateralized by: (i) the Shopping Metropole property; and (ii) net receivables of Shopping Metropole. This loan has a six-month grace period for the payment of the first installment of principal.

(d) In August and September 2010, subsidiary Pátio Uberlândia Shopping Ltda. raised R$30,355 with Banco Bradesco S.A. to finance the constructions works of Shopping Uberlândia. This loan bears a fixed rate equivalent to TR (a managed prime rate) plus 11.30% per year. The agreement is effective for 15 years, with a two-year grace period for the interest installment. After this period, the outstanding balance will be paid in 156 monthly, consecutive installments. The loan is collateralized by the Shopping Uberlândia property. The Company is the guarantor of this transaction.

(e) On February 18, 2009, Sierra Investimentos Brasil Ltda. raised R$25,000 with Banco Itaú BBA S.A. to finance the construction of the mall Shopping Manauara. This loan was subject to average interest linked to CDI plus 5% per year. The Company was the guarantor of this transaction. On February 3, 2010, such agreement was renegotiated and the loan maturity was extended to August 16, 2010, subject to interest of CDI plus 3.22% per year. The loan guarantees and other contractual terms remained unchanged. This loan was settled on August 16, 2010.

(f) On February 2, 2009, subsidiary Pátio Sertório raised R$25,000 with Banco Itaú BBA S.A. to finance the construction of the mall Shopping Manauara. This loan was subject to average interest linked to CDI plus 5% per year. The Company was the guarantor of this transaction. On February 3, 2010, such agreement was renegotiated and the loan maturity was extended to August 16, 2010, subject to interest of CDI plus 3.22% per year. The loan guarantees and other contractual terms remained unchanged. On August 16, 2010, the Company's management rescheduled this loan, extending its maturity to October 16, 2010. This loan was settled on October 16, 2010.

(g) On June 8, 2009, subsidiary Pátio Boavista raised R$15,000 with Banco Bradesco S.A. to finance working capital for its operations. This loan was subject to average interest linked to CDI plus 3.66% per year. The Company was the guarantor of this transaction. This loan was settled on June 4, 2010.

(h) On February 27, 2008, subsidiary Pátio Uberlândia Shopping Ltda. raised R$25,000 with Banco Itaú BBA S.A. to finance the construction of Shopping Manauara. This loan was subject to average interest linked to CDI plus 0.45% per year. Sonae Sierra Brasil S.A. was the guarantor of this transaction. This loan was settled on February 20, 2009.

(i) On February 27, 2008, subsidiary Pátio Sertório raised R$25,000 with Banco Itaú BBA S.A. to finance the construction of the mall Shopping Manauara. This loan was subject to average interest linked to CDI plus 0.45% per year. Sonae Sierra Brasil S.A. was the guarantor of the loan. This loan was settled on February 20, 2009.

(j) On December 5, 2008, subsidiary Pátio Sertório raised R$5,000 with BANIF - Banco de Investimentos (Brasil) S.A. to finance the construction works of Shopping Manaura. This loan was subject to average interest linked to CDI plus 7.5% per year. The loan was collateralized by shares of Fundo de Investimento Imobiliário I. On March 5, 2009, such agreement was renegotiated and the loan maturity was extended to September 8, 2009, subject to CDI fluctuation plus 7% per year. The loan guarantees and other contractual terms remained unchanged. This loan was settled on August 13, 2009.

(k) On November 7, 2008, subsidiary Pátio Sertório raised R$5,038 with União de Bancos Brasileiros S.A. - Unibanco to finance the construction of Shopping Manaura. The loan was subject to interest of 21.27% per year. Sonae Sierra Brasil S.A. was the guarantor of the loan. On February 5, 2009, this loan was rescheduled and its maturity was extended to August 4, 2009, subject to interest of 17.60% per year. The loan guarantees and other contractual terms remained unchanged. This loan was settled on August 4, 2009.

(l) On September 3, 2008, subsidiary Pátio Sertório raised R$3,545 with União de Bancos Brasileiros S.A. - Unibanco to finance the construction works of Shopping Manaura. The loan was subject to interest of 23.29% per year. Sonae Sierra Brasil S.A. was the guarantor of the loan. On February 3, 2009, this loan was rescheduled and its maturity was extended to August 2, 2009, subject to interest of 17.6% per year. The loan guarantees and other contractual terms remained unchanged. This loan was settled on August 3, 2009.

Covenants

The loan agreements entered by the Company and its subsidiaries, described above, do not provide for compliance with any financial ratios such as debt ratios, expenses coverage with interests, etc.

Additionally, the loan agreement entered into by subsidiary Pátio Uberlândia Shopping Ltda., to finance the construction of Shopping Uberlândia provides for the following main special terms:

- Subsidiary Pátio Uberlândia Shopping Ltda. has agreed to maintain an engineering risk insurance policy that covers builders' civil liability (RCC) and damages to property (DFI) over the entire construction and agreement period, under the penalty of an acceleration of maturity.

- In the event of a full or partial early settlement of the debt, prior to five years from this agreement's date, a prepayment fee of the higher of 2% of the outstanding balance or of the amortized amount will be due.

As at December 31, 2010, the Company and its subsidiaries are compliant with these restrictive covenants.

Changes in borrowings

Balances at January 1, 2009	134,926
New borrowings	96,985
Repayments	(62,666)
Interest payments	(7,861)
Interest capitalized in investment property under construction	5,316
Interest allocated to net income	16,788
Balance at December 31, 2009	183,488
New borrowings	77,333
Repayments	(59,000)
Interest payments	(18,643)
Interest capitalized in investment property under construction	1,861
Interest allocated to net income	16,809
Balance at December 31, 2010	201,848

The noncurrent portion, as at December 31, 2010, matures as follows:

Year	
2012	9,742
2013	27,134
2014	27,134
2015	26,394
2016 and 2020	92,994
2021 - 2025	11,279
Total	194,677

14. KEY MONEY - CONSOLIDATED

		Consolidated		
Subsidiary	Shopping mall	12/31/10	12/31/09	01/01/09
Pátio Boavista	Boavista	1,196	411	559
Pátio Sertório	Manauara	12,673	12,121	7,399
Pátio Uberlândia		1,975	-	-
Pátio Londrina		564	-	-
Pátio Goiânia		68	-	-
Fundo de Investimento Imobiliário I		772	-	-
Total		17,248	12,532	7,958
(-) Circulante		(5,410)	(5,362)	(318)
Não circulante		11,838	7,170	7,640

Refers to the lease agreements for the use of property space, payable by storeowners from the time the point of sales lease agreement is executed. Mainly on the launching of new projects, expansions or when a store is returned, the new storeowners pay for the right to use commercial locations in the shopping malls. These amounts are negotiated based on the market value of the locations.

The technical structure amounts are billed according to the lease term, in up to 60 months, and are recognized on a straight-line basis in the income statement over the lease agreement period.

15. RESERVE FOR CONTINGENCIES

The Company and its subsidiaries are parties to civil, tax, labor and social security lawsuits at different courts and levels. Based on the opinion of its legal counsel, the Company's management recorded a reserve for lawsuits whose likelihood of an unfavorable outcome is considered probable. Contingencies are broken down as follows:

	Company			Consolidated		
	12/31/10	12/31/09	01/01/09	12/31/10	12/31/09	01/01/09
Labor and social security (a)	-	-	-	6,306	7,193	7,435
Tax (b)	1,751	1,413	1,173	3,982	4,753	4,373
Civil (c)	-	-	-	618	422	-
Total	1,751	1,413	1,173	10,906	12,368	11,808

Changes in the reserve in the year ended December 31, 2010 are as follows:

	Consolidated				
	01/01/09	Additions and write-offs (*)	12/31/09	Additions and write-offs (*)	12/31/10
Labor and social security (a)	7,435	(242)	7,193	(887)	6,306
Tax (b)	4,373	380	4,753	(771)	3,982
Civil (c)	-	422	422	196	618
Total	11,808	560	12,368	(1,462)	10,906

(*) Includes increases, inflation adjustments, reversals, and settlements.

(a) Labor and social security

As of December 31, 2010, the Company was not a party to any labor lawsuits. However, some subsidiaries were parties to 5 labor lawsuits (8 labor lawsuits as at December 31, 2009), whose contingency in the amount of R$543 (R$331 as at December 31, 2009) was assessed as probable loss by the legal counsel.

The Company recorded a reserve of R$5,763 (R$6,862 as at December 31, 2009) according to the legal counsel's opinion, which estimated that the likelihood of loss on these lawsuits is probable.

(b) Tax

(b.1) ISS

Reserve recognized based on the risk estimate made by the legal counsel related to the discussion regarding the place of payment of Services Tax (ISS) by subsidiaries. As at December 31, 2010, the reserve recorded an amount of R$733 (R$1,877 as at December 31, 2009) and there is no escrow deposit for this contingency.

(b.2) IRRF, CIDE, CPMF, and CADE

The Company is claiming the suspension of the payment of IRRF, economic intervention contribution (CIDE), and tax on banking transaction (CPMF) on payments made abroad. The historical amounts of such lawsuits correspond to the total amount of R$2,839 (R$2,466 as at December 31, 2009), which are deposited in escrow and accrued, considering that the likelihood of loss on these lawsuits is probable.

The CIDE and IRRF lawsuits await ruling at lower court and appellate court, respectively.

In the year ended December 31, 2010 there was a final and unappealable decision on the lawsuit challenging the CPMF levied on foreign payments unfavorable decision to subsidiary Sierra Investimentos Brasil Ltda. This decision will not require disbursements since the court costs have already been paid and the subsidiary was not sentenced to pay attorney's fees to prevailing party arising from the injunction. Presently, subsidiary Sierra Investimentos waits the settlement of the escrow deposit, which amounts to R$1,089, in order to write off the tax credit.

Additionally, Sierra Investimentos recognizes a reserve for contingencies and made an escrow deposit of R$410, corresponding to the administrative fine imposed by the CADE (Brazilian antitrust agency). As at December 31, 2010, this lawsuit had already obtained a final and unappealable decision. Presently, Sierra Investimentos is awaiting the withdrawal of said of escrow deposits by the CADE to settle said fine, with no impact on net income.

(c) Civil

The Company’s subsidiaries are defendants in several lawsuits arising from their regular business activities, especially involving compensation, contract termination and shopping mall rental renewal and revision lawsuits.

The Company’s subsidiaries are plaintiffs in lawsuits mostly related to evictions (due to default and contractual breaches), executions and collections, in general.

The Company and its subsidiaries are parties to other tax, civil, labor and social security lawsuits arising from the normal course of their business and whose likelihood of loss is possible. These lawsuits amount to R$22,199 as at December 31, 2010 (R$6,667 as at December 31, 2009).

The most material lawsuit is an action started on July 3, 2009 by subsidiary Pátio Sertório Shopping Ltda. against R.D. Comércio e Engenharia Ltda. It refers to an action involving rescission of contract combined with indemnity for pain and suffering claiming the payment of compensation due to non-performance and irregularities in the construction of Manauara Shopping. Currently the lawsuit is in the fact finding phase, with the need to obtain evidence from an expert being determined. The amount involved has not been quantified.

Additionally, subsidiary Pátio Sertório Shopping Ltda. is a defendant in a lawsuit started by R.D. Comércio e Engenharia Ltda., claiming the payment of R$11,112 (R$12,552 adjusted for inflation through December 31, 2010) related to the execution of the construction of Manauara Shopping.

Both lawsuits were assessed by the Company's legal counsel as possible loss.

(d) Escrow deposits

Breakdown of escrow deposits:

	Company			Consolidated		
	12/31/10	12/31/09	01/01/09	12/31/10	12/31/09	01/01/09
Labor and social security	-	-	-	48	5	5
Tax	1,751	1,413	1,173	3,379	2,872	2,103
Civil	-	-	-	157	-	-
Total	1,751	1,413	1,173	3,584	2,877	2,108

16. TAXES PAYABLE

	Company			Consolidated		
	12/31/10	12/31/09	01/01/09	12/31/10	12/31/09	01/01/09
Income tax and social contribution	24	11	3	2,928	2,053	1,608
IRRF	-	-	-	1,045	613	500
COFINS	-	12	2	1,358	999	599
PIS	-	3	1	295	132	130
ISS	-	2	2	700	475	311
Other	-	17	-	276	200	248
Total	24	45	8	6,602	4,472	3,396

17. EQUITY - COMPANY

17.1. Capital

As at December 31, 2010, the Company's capital was R$532,845 (R$529,784 as at December 31, 2009 and R$483,822 as at January 1, 2009), represented by 531,727,887 common shares without par value (528,673,841 and 483,822,299 as at December 31, 2009 and January 1, 2009).

According to its bylaws, the Company is authorized to increase the capital regardless of any amendment to said bylaws up to a cap of R$1,500,000,000.00 (one billion and five hundred million of Brazilian reais) by decision of the Board of Directors, which will set in each case the number of shares to be issued, the issue price, and the terms and conditions for the capital subscription and payment.

17.2. Capital increase - in cash

In the year ended December 31, 2010, there was a capital increase of R$8,442, through the capitalization of an advance for future capital increase recorded as at December 31, 2009, in the amount of R$1,784, plus the amount of R$3,555 in cash, and proposed and undistributed dividends, in the amount of R$3,103. The excess amount paid by shareholders when shares were issued is recorded as goodwill. (See note 17.4.)

17.3. Treasury shares

Changes in treasury shares in the year	Number of shares	Purchase (sell) share price	Average purchase (sell) price per share - R$
Treasury shares at December 31, 2010	-	-	-
Purchase of treasury shares on May 18, 2010 (*)	552,161	1,500	2.72
Sale treasury shares on August 6, 2010 (*)	(552,161)	(1,500)	(2.72)
Treasury shares at December 31, 2010	-	-	-

(*) Under to the purchase and sale agreement entered into by the Company and related party Enplanta Shopping Participações Ltda. (noncontrolling shareholder), on May 18, 2010, the Company purchased 552,161 common shares for R$1,500. On August 6, 2010, such shares were sold to related party Sierra Brazil 1 B.V. for R$1,500.

17.4. Share premium reserve

The share premium reserve recognized for the year ended December 31, 2010, amounting to R$5,381 represents the premium paid by shareholders on issuance of shares, as established in the Annual and Extraordinary Shareholders' Meetings of March 18, 2010 and the Extraordinary Shareholders' Meeting of December 22, 2010.

The amount will remain in line item 'Capital reserve' until its capitalization. Such amount will be capitalized proportionately to the interest held by each shareholder.

17.5. Legal reserve

As provided for by Article 193 of Law 6404/76, 5% of net income for the year must be used to recognize a legal reserve, which cannot exceed 20% of capital. As at December 31, 2010, the Company recognized a legal reserve in the amount of R$6,960 (R$2,503 as at December 31, 2009).

	31/12/09
Net income originally reported	26,272
	5%
Legal reserve approved by the Annual Shareholders' Meeting	1,314

The Company did not recalculate the legal reserve recognized in 2009 and approved by the Annual Shareholders' Meeting so as to reflect the changes in accounting policies adopted beginning January 1, 2009, since this is not required by Brazilian corporate law.

17.6. Unrealized earnings reserve

In years when mandatory dividends, calculated as prescribed by the Company's bylaws, exceed the realized portion of net income, the Shareholders' Meeting can, as proposed by management bodies, allocate net income surplus to the unrealized earnings reserve.

Is considered realized the portion of net income for the year that exceeds the sum of the following amounts:

a) Net equity gains in investees;

As at December 31, 2010, the Company recognized R$30,120 related to the portion of unrealized net income for the year.

17.7. Profit retention reserve

Management will propose to the Annual Shareholders' Meeting the retention of net income for the year after the recognition of the legal reserve, the unrealized earnings reserve, and the distribution of dividends amounting to R$99,175.

The earnings retention reserve has the main objective of funding the budgeted investment plans for expansion, renewal and maintenance of shopping malls. The reserve recognition was approved at the Annual and Extraordinary Shareholders' Meeting of March 18, 2010.

17.8. Dividends

Under the bylaws, shareholders are entitled to minimum dividends of 25% of net income adjusted according to Brazilian Corporate Law. These dividends were recorded as at December 31, 2010, as follows.

	12/31/10
Net income for the year (a)	139,194
Legal reserve (5%)	(6,960)
Calculation base for dividends	132,234
Minimum mandatory dividends - 25% before recognition of unrealized earnings reserve (b)	33,059
Unrealized earnings	
Equity in investees	(136,255)
Unrealized net income (c)	(136,255)
Realized net income for the year corresponding to minimum mandatory dividends payable (a) - (c) = (d)	2,939
Recognition of unrealized earnings reserve (b) - (d)	30,120

The company's management proposed, for approval at the Annual Shareholders' Meeting, the distribution of supplementary dividends amounting to R$2,939 related to the year ended December 31, 2010.

17.9. Earnings per share

As required by IAS 33, equivalent to technical pronouncement CPC41 (Earnings per Shares) below is the reconciliation of net income to the amounts used to calculate the basic and diluted earnings per share.

	Company and Consolidated	
	12/31/10	12/31/09
Net income for the year attributable to the Company´s owners	139,194	152,381
Weighted average of outstanding common shares	530,418	501,552
Basic and diluted earnings per share - R$	**0.26**	**0.30**

18. NET REVENUE

	Company		Consolidated	
	12/31/10	12/31/09	12/31/10	12/31/09
Gross revenue:				
Rentals	-	-	158,246	132,370
Revenue from services	2	330	15,530	18,390
Sale of land	-	-	16,629	6,645
Parking revenue	-	-	10,399	9,232
Technical structure	-	-	808	2,186
Other income	2	330	201,612	168,823
Total				
Taxes on rentals and services	(1)	(40)	(12,802)	(9,430)
Discounts and abatements	-	-	(3,801)	(5,252)
Net revenue	1	290	185,009	154,141

19. EXPENSES BY NATURE

	Company		Consolidated	
	12/31/10	12/31/09	12/31/10	12/31/09
Depreciation and amortization	-	-	1,210	1,206
Personnel	-	-	16,075	19,676
Outside services	3,202	1,507	9,829	6,906
Cost of occupancy (vacant stores)	-	-	4,070	5,828
Costs of contractual agreements with storeowners	-	-	1,873	2,340
Commissions on rentals	-	-	4,036	4,933
Reversal of the allowance for doubtful lease receivables	-	-	(2,171)	(99)
Rentals	-	-	2,999	1,945
Travel expenses	-	-	1,338	950
Others	263	22	11,442	12,190
Total	3,465	1,529	50,701	55,875
Classified as:				
Cost of rentals and services	-	-	34,738	41,761
Operating expenses	3,465	1,529	15,963	14,114

20. TAX EXPENSES

	Company		Consolidated	
	12/31/10	12/31/09	12/31/10	12/31/09
Tax on financial transactions (IOF)	83	501	598	1,628
Income tax/CIDE on service imports	471	14	652	334
Municipal property tax (IPTU)	-	-	93	72
Tax penalties	2	-	110	-
Other	9	96	472	882
Total	565	611	1,925	2,916

21. FINANCIAL INCOME (EXPENSES), NET

	Company		Consolidated	
	12/31/10	12/31/09	12/31/10	12/31/09
Financial income:				
Interest from short-term investments	2,294	128	4,121	1,118
Interest on intercompany borrowings	1,023	-	-	-
Interest receivable	-	-	1,426	1,016
Gains on inflation adjustments and exchange differences	9,315	1,692	9,405	1,812
Other	14	49	1,053	1,196
	12,646	1,869	16,005	5,142
Financial expenses:				
Interest on borrowings and financing	-	(122)	(16,809)	(16,788)
Interest on intercompany borrowings	(3,467)	-	(3,467)	-
Other	(18)	(11)	(169)	(271)
	(3,485)	(133)	(20,445)	(17,059)
Total, net	9,161	1,736	(4,440)	(11,917)

22. INCOME TAX AND SOCIAL CONTRIBUTION

a) Income tax and social contribution expense

	Company		Consolidated	
	12/31/10	12/31/09	12/31/10	12/31/09
Income before income tax and social contribution	141,387	152,381	277,528	313,093
Statutory rate	34%	34%	34%	34%
Expected income tax and social contribution charge, at statutory rate	(48,072)	(51,810)	(94,360)	(106,452)
Effect of income tax and social contribution on permanent differences:				
Equity in investees	46,327	51,858	917	905
Other permanent differences	-	-	(799)	(1,469)
Effect of income tax and social contribution on prior years' temporary differences and tax loss carryforwards that had not been accrued since their realization was not reasonably assured:				
Temporary differences	26	5	(769)	2,844
Tax loss carryforwards	(474)	(53)	140	449

	Company		Consolidated	
	12/31/10	12/31/09	12/31/10	12/31/09
Effect of taxation of subsidiaries taxed based on deemed income	-	-	4,455	3,050
Effect of different taxation of Fundos de Investimento Imobiliário I and II (*)	-	-	25,647	30,453
Income tax and social contribution expense at effective rate	(2,193)	-	(64,768)	(70,220)
Effective rate - %	2%	-	23%	22%

(*) Fundos de Investimento Imobiliário I and II are tax exempt.

b) Deferred income tax and social contribution

Based on analyses of the multiyear operating projections, the Company recognized tax credits related to tax loss carryforwards and temporary differences in prior years.

Maintenance of tax credits from tax loss carryforwards - deferred income tax and social contribution tax loss carryforwards - is supported by future earnings projections prepared by the Company's management and periodically reviewed, for the next ten years, to determine the recoverability of tax loss carryforwards and temporary differences.

Deferred income tax and social contribution are broken down as follows:

	Company			Consolidated		
	12/31/10	12/31/09	01/01/09	31/12/10	12/31/09	01/01/09
Tax loss carryforward	940	-	-	10,160	10,237	7,530
Reserve for civil, tax, labor, and social security contingencies	-	-	-	145	167	39
Allowance for doubtful accounts	-	-	-	1,588	2,190	1,860
Other temporary reserves	-	-	-	330	1,180	684
Change in fair value of investment property	-	-	-	(275,811)	(229,811)	(164,910)
Exchange differences taxed on a cash basis (*)	(3,133)	-	-	(3,133)	-	-
Other adjustments due to the first-time adoption of IFRS	-	-	-	1,368	3,055	2,238
Total deferred income tax and social contribution	(2,193)	-	-	(265,353)	(212,982)	(152,559)
In noncurrent assets	940	-	-	13,590	16,829	12,351
In noncurrent liabilities	(3,133)	-	-	(278,943)	(229,811)	(164,910)

(*) In 2010, the Company decided to tax revenues and expenses from foreign exchange variation on a cash basis. As of December 31, 2010, the main agreement denominated in foreign currency entered into by the Company refers to a loan obtained from the related company Sierra Brazil 1 BV, as described in note 23.

Recognized noncurrent tax credits totaling R$13.590 as at December 31, 2010 should be realized within up to four years, as shown below:

Year	
2012	3,398
2013	3,398
2014	3,398
2015	3,396
Total	13.590

23. RELATED-PARTY TRANSACTIONS

In the course of the Company's business, controlling shareholders, subsidiaries, the associate, and condominiums (related parties) carry out commercial and financial intercompany transactions. These commercial transactions include mainly management of shopping malls (common charges and promotion fund).

Balances and transactions with related parties as at December 31, 2010 and 2009, and January 1, 2009 are as follows:

		Company			Consolidated		
Balance sheet	Purpose	12/31/10	12/31/09	01/01/09	12/31/10	12/31/09	01/01/09
Current assets:							
Affiliates:							
Condomínio Shopping Center Penha	(e)				127		
Condomínio Civil Center Shopping São Bernardo	(e)				95		
Condomínio Tivoli Shopping Center	(e)				90		
Condomínio Franca Shopping Center	(e)	-	-	-	61	5	20
Condomínio Shopping Pátio Brasil	(e)	-	-	-	-	21	21
Condomínio Parque Dom Pedro Shopping	(e)	-	-	-	260	27	125
Condomínio Boavista Shopping	(e)	-	-	-	93	3	-
Condomínio Shopping Center Plaza Sul					135		
Condomínio Manauara Shopping	(e)	-	-	-	146	42	-
Total (*)		-	-	-	1.007	98	166
Noncurrent assets:							
Subsidiaries:							
Pátio Boavista Shopping Ltda.	(a)	-	602	-	-	-	-
Pátio Sertório Shopping Ltda.	(a)	-	1.607	-	-	-	-
Pátio Uberlândia Shopping Ltda.	(a)	-	251	-	-	-	-
Pátio Goiânia Shopping Ltda.	(a)	-	251	-	-	-	-
Pátio Londrina Empreendimentos e Participações Ltda.	(a)	-	100	-	-	-	-
Subtotal		-	2.811	-	-	-	-

		Company			Consolidated		
Balance sheet	Purpose	12/31/10	12/31/09	01/01/09	12/31/10	12/31/09	01/01/09
Affiliate:							
Enplanta Shopping Ltda.	(a)	-	-	-	-	-	1.087
Subsidiary:							
Campo Limpo Empreendimentos e Participações Ltda.	(b)	-	-	-	-	76	61
Total		-	2.811	-	-	76	1.148
Current liabilities:							
Affiliates:							
Sierra Brazil 1 BV	(c)	73.637	79.470	-	73.637	79.470	-
Parque D. Pedro I BV/SARL	(d)	-	-	-	11.962	5.811	5.425
Subtotal		73,637	79,470	-	85,599	85,281	5,425
Subsidiary:							
Sierra Investimentos Brasil Ltda.	(a)	-	-	655	-	-	212
Total		73.637	79.470	655	85.599	85.281	5.637

		Company		Consolidated	
Profit or loss	Purpose	12/31/10	12/31/09	12/31/10	12/31/09
Operating revenue:					
Affiliates:					
Condomínio Shopping Center Penha	(e)	-	-	956	1,025
Condomínio Civil Center Shopping São Bernardo	(e)	-	-	729	794
Condomínio Tivoli Shopping Center	(e)	-	-	394	418
Condomínio Shopping Pátio Brasil	(e)	-	-	906	951
Condomínio Franca Shopping Center	(e)	-	-	300	323
Condomínio Boavista Shopping	(e)	-	-	720	773
Condomínio Shopping Center Plaza Sul	(e)	-	-	902	956
Condomínio Parque Dom Pedro Shopping	(e)	-	-	2,130	2,355
Condomínio Campo Limpo Shopping	(e)	-	-	538	540
Condomínio Manauara Shopping	(e)	-	-	1,303	887
Total		-	-	8,878	9,022
Financial income (expenses):					
Subsidiaries:					
Pátio Boavista Shopping Ltda.	(a)	589	2	-	-
Pátio Sertório Shopping Ltda.	(a)	74	6	-	-
Pátio Uberlândia Shopping Ltda.	(a)	292	1	-	-
Pátio Goiânia Shopping Ltda.	(a)	5	1	-	-
Pátio Londrina Empreendimentos e Participações Ltda.	(a)	19	1	-	-
Subtotal		979	11	-	-
Affiliates:					
Parque D. Pedro I BV/SARL	(a)	-	(136)	-	(136)
Sierra Brazil 1 BV	(c)	5,848	-	5,938	-
Enplanta Engenharia Ltda.		-	-	-	550
Subsidiary:					
Sierra Investimentos Brasil Ltda.	(a)	44	-	-	-
Total		6,871	(125)	5,838	414
Grand total		6,871	(125)	14,816	9,436

(*) Included in the balance of receivables, net, and other receivables.

(a) Refers to Brazilian real-denominated intercompany loans totaling R$18,419, between the Company and its subsidiaries, associate and related parties maturing within the period from December 22 to 29, 2010, which bears interest equivalent to three-month EURIBOR plus spread of 4% per year. There are no foreign currency-denominated transactions between the Company and its subsidiaries, associate and related parties in Brazil. The balances reported as at January 1, 2009 refer to accounts payable and receivable on the reimbursement of expenses and recovery of revenues between the companies. There are no foreign currency-denominated transactions between the Company and its subsidiaries, associate and related parties in Brazil.

(b) Refers to accounts payable and receivable on the reimbursement of expenses and recovery of revenues between the companies.

(c) Refers to a borrowing with related party Sierra Brazil 1 BV (controlling shareholder of the Company). The total amount raised in this transaction was €31,591 thousand (R$72,489 as at December 31, 2010) and bears interest equivalent to three-month EURIBOR plus spread of 4% per year; the amount was released in two tranches (December 18 and 22, 2009), which mature 100 days after the date funds were received, automatically extendable for 100 days more. The purpose of this borrowing is to finance short-term transactions of the Company and its subsidiaries, associate, and related parties. The agreement entered into by the parties does not provide for any guarantees. As described in note 30 to the financial statements, this transaction was settled on February 8, 2011.

(d) Yield payable to Fundos de Investimento Imobiliário I and II. Related company Parque D. Pedro I BV/SARL holds 27.6% and 15.9% of the units of these funds, respectively.

(e) Refers to revenue from services provided by subsidiary Unishopping Administradora Ltda. related to the management of common charges and the promotion fund of said condominiums. This revenue is recognized in line item 'Service revenue', as disclosed in Note 18.

Additionally, the balances of loans to condominiums considered as related-party transactions, disclosed in Note 8, is stated in a separate line item of balance sheet.

24. OPERATING SEGMENTS

Segment reporting is used by the Company's top management to make decisions about resources to be allocated to a segment and assess its performance. Assets and liabilities by segment are not presented as they are not analyzed for strategic decision-making by the top management.

Therefore, the Company's segments reportable pursuant to IFRS 8 and CPC 22 are follows:

a) Development and management

Refer to the provision of asset and property management services to shopping malls' storeowners and owners, brokerage services, and development of project for a new shopping mall.

b) Investment

Refers to the rental of store space to storeowners and other commercial space, such as sales stands; rental of commercial space for advertising and promotion; operation of parking lots; and the property space (key money) lease fee.

	2010	2009
Shopping mall gross revenue by segment:		
Development and management	36,666	33,804
Investment	186,998	149,755
Elimination of intersegment revenue	(22,052)	(14,736)
Total	201,612	168,823
Deductions:		
Taxes	(12,802)	(9,430)
Discounts and rebates	(3,801)	(5,252)
Total	(16,603)	(14,682)
Net operating revenue	185,009	154,141
Shopping mall costs by segment:		
Development and management	(31,373)	(27,958)
Investment	(41,876)	(41,497)
Other segments	22,548	13,580
Elimination of intersegment revenue	(50,701)	(55,875)
Adjusted operating profit	134,308	98,266

25. FINANCIAL INSTRUMENTS

The Company and its subsidiaries conduct transactions involving financial instruments, all of which recorded in balance sheet accounts, which are intended to meet their operating and financial needs.

These financial instruments are managed based on policies, definition of strategies, and establishment of control systems, which are duly monitored by the Management of the Company and its subsidiaries, with a view to maximize shareholder value and achieve a balance between debt and equity capital.

The Company's and its subsidiaries' main financial instruments are represented by:

a) Cash and cash equivalents: are classified as held for trading and their carrying amount is equivalent to the assets´ fair value;

b) Trade accounts receivables: Are classified as held to maturity and recorded at the contracted amounts, which approximate market;

c) Borrowings and financing: Are classified as financial liabilities measured at fair value through profit or loss.

As at December 31, 2010 and 2009, the carrying amounts and fair values of the Company's and its subsidiaries' financial instruments are as follows:

Company:

Type	Classification	31/12/10 Carrying amount	31/12/10 Fair value	31/12/09 Carrying amount	31/12/09 Fair value	01/01/09 Carrying amount	01/01/09 Fair value
Assets							
Cash and cash equivalents	Fair value through profit or loss	2,798	2,798	67,060	67,060	225	225

Consolidated:

Type	Classification	31/12/10 Carrying amount	31/12/10 Fair value	31/12/09 Carrying amount	31/12/09 Fair value	01/01/09 Carrying amount	01/01/09 Fair value
Assets							
Cash and cash equivalents	Fair value through profit or loss	61,566	61,566	86,252	86,252	27,442	27,442
Trade receivables	Held to maturity	21,650	21,650	18,003	18,003	17,330	17,330
Liabilities							
Borrowings and financing	Amortized cost	201,848	201,848	183,488	183,488	134,926	134,926

According to their nature, financial instruments may involve known or unknown risks, and the Company's judgment is important to the risk assessment. Thus, risks may exist with or without guarantees depending on circumstantial or legal aspects. The main market risk factors that may affect the Company's business are as follows:

25.1. Credit risk

The Company has a large number of customers and constantly monitors trade receivables through internal controls, thus limiting the default risk. The allowance for doubtful accounts is recognized as mentioned in note 2.12.

25.2. Price fluctuation risk

The Company's revenue consists basically of rentals received from shopping malls' storeowners. In general, rentals are adjusted based on the annual fluctuation of consumer price index (IPCA), as provided in the lease agreements. The rental levels may vary according to adverse economic conditions and, consequently, the revenue level may be affected. Management monitors these risks in order to minimize impacts on its business.

25.3. Interest rate risk

Results from the portion of debt contracted with interest linked to the CDI and involves the risk of increase in financial expenses as a result of unfavorable rates.

Additionally, as described in Note 23, the loan transactions between the company and related company Sierra Brazil 1 BV bear interest equivalent to three-month EURIBOR plus spread of 4% per year.

25.4. Currency risk

As described in Note 23.c), in December 2009 the Company entered into a loan agreement with related party Sierra Brazil 1 BV that is exposed to risks of exchange fluctuation between the euro and the real. As at December 31, 2010, the Company and its subsidiaries do not have any derivative contracted to hedge against possible foreign exchange fluctuations.

Trade receivables and trade payables are denominated in Brazilian reais and are not exposed to exchange fluctuations.

Sensitivity analysis for foreign currency

As described in Note 23.c), in December 2009 the Company entered into a loan agreement with related party Sierra Brazil 1 BV that is exposed to risks of exchange fluctuation between the euro and the real. The table below shows the Company's sensitivity to a 10% appreciation and depreciation in Brazilian real (R$) against Euro.

	Impact of fluctuations in Euro	
	2010	2009
Increase and/or decrease in net income and equity	7,700	7,756

Supplementary sensitivity analysis on financial instruments, pursuant to CVM 475/08

Considering the financial instrument previously described, the Company has developed a sensitivity analysis, according to the CVM Instruction 475/08, which requires the presentation of two additional scenarios based on 25% and 50% fluctuations in the risk variable taken into consideration. These scenarios may impact the Company's and its subsidiaries' net income and/or future cash flows, as described below:

- Base scenario: maintenance of interest in the same levels as those as at December 31, 2010.

- Adverse scenario: a 25% fluctuation of the main risk factor of the financial instrument compared to the level as at December 31, 2010.

- Remote scenario: a 50% fluctuation of the main risk factor of the financial instrument compared to the level as at December 31, 2010.

Assumptions

As described above, the Company believes that it is exposed mainly to the risks of fluctuation of the interbank deposit rate (CDI), based on witch a substantial portion of its borrowings is adjusted, and the euro exchange fluctuation in relation to the Brazilian real, based on which a loan from a related company is adjusted. Accordingly, the table below shows the indices and rates used to prepare the sensitivity analysis:

Assumptions	Base scenario	Adverse scenario	Remote scenario
CDI fluctuation	9.71%	12.14%	14.57%

Management analysis

			Consolidated		
Risk factor	Financial instrument	Risk	Base scenario[(1)]	Adverse scenario	Remote scenario
Loans	Interest rate	Increase in CDI rate	4,596	5,745	6,894

[(1)] The Company's base scenario is comprised of interest estimated for the next year.

The Company's management understands that the market risks originated from other financial instruments are immaterial.

As mentioned in note 30 to the financial statements, the Company settled the loan with the related party Sierra Brazil 1 B.V. on February 8, 2011, in the amount of R$76,153. Accordingly, the potential effects of currency fluctuations were not included in the sensitivity analysis.

25.5. Derivatives

The Company did not conduct derivative transactions in the years ended December 31, 2010 and 2009.

26. INSURANCE

As of December 31, 2010, insurance is as follows:

Line	Insured amount - R$
Civil liability (shopping mall operations)	17,000
Fire	697,260
Loss of profits	141,414
Windstorm/smoke	35,807

The Company's and its subsidiaries' Board of Directors' members and Executive Officers are covered by a directors and officers liability insurance (D&O) which is valid nationwide. Said insurance is payable to cover damages or defense costs in case Management suffers losses as a result of a lawsuit while acting in their capacity as directors and officers for the Company. The D&O insurance premium amounts to R$20,000.

27. MANAGEMENT COMPENSATION

During the years ended December 31, 2010 and 2009, expenses on management compensation are broken down as follows:

	Consolidated	
	12/31/10	12/31/09
Payroll and related taxes	2,604	1,962
Variable compensation	1,373	4,180
Benefits	176	267
Total	4,153	6,409

These amounts are recorded in line item 'Cost of rentals and services', in the income statement.

The amounts referring to the compensation of key management personnel are represented by short- and long-term benefits, substantially corresponding to management fees and sharing profit (including performance bonuses). The Company does not pay postemployment benefits or share-based compensation.

As at December 31, 2010, the balance of line item 'Accrual for variable compensation', totaling R$427 (R$1,005 as at December 31, 2009 and R$837 as at January 1, 2009), stated in noncurrent liabilities, includes only variable compensation (performance bonuses) awarded to Company officers. This accrual is recognized as described in note 2.18.2.

Additionally, as approved at the Annual and Extraordinary Shareholders' Meetings held on March 18, 2010, the overall compensation to Company Directors and Officers in 2010 is R$10,000.

28. ADDITIONAL DISCLOSURES ON CASH FLOWS

The Company conducted the following noncash transaction:

	Consolidated	
	12/31/10	12/31/09
Share buyback (*)	-	2,706
Purchase of property, plant and equipment (*)	-	799
Purchase of land	25,000	-
Increase in trade payable due to properties for investment in construction	6,894	3,946

(*) The loan agreement with the related company Enplanta Engenharia Ltda. totaling R$3,505 was settled in November 2009 by netting the accounts of two transactions: (i) share buyback; and (ii) acquisition of interest in real estate project - Franca Shopping.

29. COMMITMENTS

a) The Shareholders' Meeting of Fundo de Investimento Imobiliário - FII Parque Dom Pedro Shopping Center held on June 24, 2009 authorized the issuance of 288,672 shares, totaling R$25,302, equivalent to 50.1% of its capital, fully subscribed by Sierra Investimentos, to be paid in within up to 40 months after the date of said Shareholders' Meeting.

Management plans to pay in capital with proceeds from the sale of 288,672 shares in the total amount of R$25,302 of Fundo de Investimento Imobiliário FII Shopping Parque D. Pedro. Management's intention is that these shares be acquired by Fundo de Investimento Imobiliário - FII Parque Dom Pedro Shopping Center.

b) With the enactment of Law 12024, of August 27, 2009, which prescribes the tax treatment applicable to income earned by real estate investment funds, the administrator of Fundo de Investimento Imobiliário I, Banco Ourinvest S.A., stopped retain IRRF on income paid to a certain shareholder headquartered in Brazil. In view of the inquiry made by Banco Ourinvest S.A. to the Federal Revenue Service on the content and scope of this Law, Sierra Investimentos committed in an agreement entered into with this bank, dated October 29, 2009, to make a short-term investment under custody to cover a possible collection of the tax that is not being withheld. At the same date, Parque D. Pedro 1 BV/SARL (a Luxembourg company belonging to the same corporate group of the Company) and Sierra Investimentos entered into an agreement under which Parque D. Pedro 1 BV/SARL agrees to reimburse Sierra Investimentos for any type of risk arising from the nonpayment of said tax by Banco Ourinvest S.A.

On January 13, 2010, Banco Ourinvest S.A. obtained the reply to its inquiry to the Federal Revenue Service, which concludes for the need to continue retaining IRRF on income paid to shareholders established as real estate investment funds whose interests exceed 10% of the units of a fund.

In order to avoid the mandatory withholding of IRRF, Banco Ourinvest S.A. filed an injunction with federal courts to stay the withholding of income tax on income paid to Fundo de Investimento Imobiliário I and other real estate investment funds. Accordingly, all income tax amounts not withheld until January 13, 2010, which were part of the short-term investments under the custody of Sierra Investimentos, were redeemed and transferred to Banco Ourinvest S.A. and subsequently deposited in escrow.

On April 9, 2010, Banco Ourinvest S.A. obtained from a federal lower court a decision awarding the injunction described above. A federal lower court issued a decision favorable to the claim for not withholding income tax on earnings distributed by real estate investment funds, whose units are traded exclusively on stock exchanges or the over-the-counter market, to another real estate investment fund. The decision also establishes that after a final and unappealable decision is issued, the plaintiff will have the right to withdraw the voluntary deposits made in court.

As at May 13, 2010, the federal government filed an appeal against the federal lower court decision. On June 11, 2010, Banco Ourinvest S.A. filed its counterarguments and currently awaits the appellate court decision.

As at December 31, 2010, subsidiary Sierra Investimentos has R$833 receivable from Banco Ourinvest S.A. as a result of the agreement entered into on October 29, 2009. These receivables are stated in line item ‘Other receivables’, in noncurrent assets (see Note 6). In addition, subsidiary Sierra Investimentos has a balance of R$557 (R$418 as at December 31, 2009) in restricted investments, stated in noncurrent assets.

30. EVENTS AFTER THE REPORTING PERIOD

Reverse stock split

The Extraordinary Shareholders' Meeting held on January 11, 2011 approved the 1-for-10 reverse stock split of Company shares, and the number of common shares decreased from 531,727,887 to 53,172,788, distributed amount the shareholders in the same proportion held previously to the reverse stock split, and the Company’s capital was maintained at R$532,845.

Capital increase

Capital increase on February 7, 2011:

The Company's Board of Directors approved a capital increase of R$434,783, within the authorized capital cap, from R$532,845 to R$967,628, through the subscription and payment of 21,739,130 common shares issued by the Company in the context of the primary distribution, at the subscription price of R$20.00 per share, representing 100% of total common shares issued by the Company in the capital increase authorized by the Board of Directors at the meeting held on February 1, 2011.

Capital increase on March 4, 2011:

The Company's Board of Directors approved a capital increase of R$30,238, within the authorized capital cap, from R$967,628 to R$997,866, through the subscription and payment of 1,511,913 common shares issued by the Company in the context of the primary distribution, at the subscription price of R$20.00 per share, representing 100% of total common shares issued by the Company in the capital increase authorized by the Board of Directors at the meeting held on March 4, 2011.

Settlement of loan agreement with related party Sierra Brazil 1 BV

The Company settled on February 8, 2011 the loan agreement entered into with related party Sierra Brazil 1 BV (controlling shareholder of the Company), amounting to R$ 76,153. This loan was already expected to be paid using proceeds from IPO, as disclosed in the Offering Memorandum.

31. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the executive committee and authorized for issue on March 17, 2011.

32. EFFECTS OF THE ADOPTION OF IFRSs AND CPCs ON SHAREHOLDERS' EQUITY AS OF MARCH 31, JUNE 30, AND SEPTEMBER 30, 2010 AND 2009 AND NET INCOME (LOSS) OF THE QUARTERS THEN ENDED

CVM allowed publicly-traded companies to present interim financial statements during 2010 in accordance with the accounting standards effective in 2009. CVM has required, however, that the entities that elected this option restate their 2010 interim financial statements comparatively with the 2009 interim financial statements, also adjusted to the new 2010 standards, at least when the first 2011 interim financial statement is presented. CVM has also required that the entities using this option present a note evidencing, for each quarter of 2010 and 2009, the effects on profit or loss and shareholders' equity arising from the full adoption of 2010 accounting standards.

These interim financial statements have been subjected to special review procedures applied by the Company's independent auditors, in accordance with CVM requirements for interim financial statements (Standard on Auditing Procedure (NPA) 06 of the Brazilian Institute of Independent Auditors (IBRACON)), including the adjustments arising from the adoption of the new accounting policies, and were not, therefore, subjected to auditing procedures.

Reconciliation related to the quarters ended March 31, 2010 and 2009

	Company			Consolidated		
	2010		2009	2010		2009
	Equity	Net income for the period	Net income for the period	Equity	Net income for the period	Net income for the period
Balance prior to the adoption of new accounting policies	660,660	10,658	6,441	660,660	10,658	6,441
Adjustment of the fair value of investment property	-	-	-	1,009,493	12,800	5,616
Write-off of prepaid commission expenses	-	-	-	(4,191)	112	12
Write-off of deferred charges	-	-	-	(4,470)	212	365
Adjustment to equity in investees due to the first-time adoption of IFRSs by investees	490,968	6,496	2,608	7,694	584	553
Goodwill impairment	-	-	-	(6,218)	-	-
Effect of deferred income tax and social contribution	-	-	-	(230,607)	(3,851)	(815)
Reclassification of noncontrolling interests to equity	-	-	-	79,746	-	-
Total adjustment	490,968	6,496	2,608	851,447	9,857	5,731
Balance after the adoption of new accounting policies	1,151,628	17,154	9,049	1,512,107	20,515	12,172

Reconciliation related to the quarters and six-month period ended June 30, 2010 and 2009

	2010						2009			
	Company			Consolidated			Company		Consolidated	
		Net income			Net income		Net income		Net income	
	Equity	For the quarter	For the six-month period	Equity	For the quarter	For the six-month period	For the quarter	For the six-month period	For the quarter	For the six-month period
Balance prior to the adoption of new accounting policies	673,084	13,924	24,582	673,084	13,924	24,582	4,163	10,604	4,163	10,604
Adjustment of the fair value of investment property	-	-	-	1,052,032	42,539	55,339	-	-	45,797	51,413
Write-off of prepaid commission expenses	-	-	-	(4,116)	75	187	-	-	(3,639)	(3,627)
Write-off of deferred charges	-	-	-	(4,229)	241	453	-	-	446	811
Adjustment to equity in investees due to the first-time adoption of IFRSs by investees	512,816	21,848	28,344	8,365	671	1,255	19,851	22,459	460	1,013
Goodwill impairment	-	-	-	(6,218)	-	-	-	-	-	-
Effect of deferred income tax and social contribution	-	-	-	(240,685)	(10,078)	(13,929)	-	-	(14,517)	(15,332)
Reclassification of noncontrolling interests to equity	-	-	-	78,813	-	-	-	-	-	-
Total adjustment	512,816	21,848	28,344	883,962	33,448	43,305	19,851	22,459	28,547	34,278
Balance after the adoption of new accounting policies	1,185,900	35,772	52,926	1,557,046	47,372	67,887	24,014	33,063	32,710	44,882

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Reconciliation related to the quarters and nine-month period ended September 30, 2010 and 2009

	2010						2009			
	Company			Consolidated			Company		Consolidated	
		Net income			Net income		Net income		Net income	
	Equity	For the quarter	For the nine-month period	Equity	For the quarter	For the nine-month period	For the quarter	For the nine-month period	For the quarter	For the nine-month period
Balance prior to the adoption of new accounting policies	687,821	9,681	34,263	687,821	9,681	34,263	6,972	17,576	6,972	17,576
Adjustment of the fair value of investment property	-	-	-	1,088,800	36,768	92,107	-	-	122,103	173,516
Write-off of prepaid commission expenses	-	-	-	(7,125)	(3,009)	(2,822)	-	-	(449)	(4,076)
Write-off of deferred charges	-	-	-	(4,011)	218	671	-	-	648	1,459
Adjustment to equity in investees due to the first-time adoption of IFRSs by investees	530,444	17,628	45,972	8,404	39	1,294	58,784	81,243	596	1,609
Goodwill impairment	-	-	-	(6,218)	-	-	-	-	-	-
Effect of deferred income tax and social contribution	-	-	-	(252,285)	(11,600)	(25,529)	-	-	(29,468)	(44,800)
Reclassification of noncontrolling interests to equity	-	-	-	77,091	-	-	-	-	-	-
Total adjustment	530,444	17,628	45,972	904,656	22,416	65,721	58,784	81,243	93,430	127,708
Balance after the adoption of new accounting policies	1,218,265	27,309	80,235	1,592,477	32,097	99,984	65,756	98,819	100,402	145,284