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4Q11 CONFERENCE CALLS

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SONAE SIERRA BRASIL ANNOUNCES EBITDA OF R$49.1 MILLION IN 4Q11, AN INCREASE OF 22.0% OVER 4Q10

São Paulo, March 6th, 2012 – Sonae Sierra Brasil S.A. (BM&FBovespa: SSBR3), a leading Brazilian shopping mall developer, owner and manager, announces today its results for 2011 and for the fourth quarter of 2011 (4Q11).

Highlights

- The Company's Net Revenue increased 18.0% to R$61.5 million in 4Q11 compared to R$52.1 million in 4Q10. In 2011, Net Revenue increased by 18.5%.
- EBITDA totaled R$49.1 million in 4Q11, an increase of 22.0% over the same period of last year with EBITDA margin reaching a historically high 79.8% in 4Q11. The 2011 EBITDA totaled R$168.4 million, a 22.3% increase over the same period of 2010.
- FFO totaled R$48.2 million in the 4Q11, a 35.3% increase over 4Q10. FFO margin reached 78.3% in 4Q11. In 2011, FFO increased by 40.4% to R$ 169.7 million.
- Same-store rent (SSR) reached, once again, a strong double-digit growth of 12.7% in 4Q11 and 11.6% in 2011. Same-store sales (SSS) increased by 7.9% in 4Q11 and 8.5% in 2011.
- Total Net Income attributed to the shareholders reached R$231.1 million in 2011, 66.0% higher than 2010.
- In November 2011, Sonae Sierra Brasil successfully opened the expansion of Shopping Metrópole, adding 8.7 thousand sqm of GLA and bringing over 30 new stores to the mall.
- In January 2012, SSBR3 was included in BM&FBovespa's Small Cap (SMLL) and Real Estate (IMOB) indexes.
- In 2012, the Board of Directors approved the first issue of Debentures in the amount of R$300 million.
- In January 2012, the Company obtained the controlling ownership interest in Shopping Plaza Sul.



Financial Indicators (R$ million)	4Q11	4Q10	Var. %	2011	2010	Var. %
Net Revenue	61.5	52.1	18.0%	219.2	185.0	18.5%
EBITDA	49.1	40.3	22.0%	168.4	137.8	22.3%
EBITDA Margin	*79.8%*	*77.2%*	*+261 bps*	*76.8%*	*74.5%*	*+239 bps*
Adjusted EBITDA	49.1	40.4	*21.7%*	168.9	140.3	*20.4%*
Adjusted EBITDA Margin	*79.8%*	*77.4%*	*+242 bps*	*77.1%*	*75.8%*	*+126 bps*
Funds From Operations (FFO)	48.2	35.6	*35.3%*	169.7	120.9	*40.4%*
FFO Margin	*78.3%*	*68.3%*	*+1,000 bps*	*77.4%*	*65.4%*	*+1,207 bps*
Adjusted FFO	48.2	35.7	*34.9%*	170.2	123.4	*37.9%*
Adjusted FFO Margin	*78.3%*	*68.5%*	*+981 bps*	*77.7%*	*66.7%*	*+1,095 bps*
Net Operating Income (NOI)	61.2	51.2	*19.5%*	211.5	174.4	*21.3%*
NOI Margin	*95.1%*	*95.7%*	*-57 bps*	*94.7%*	*93.2%*	*+150 bps*

Operating Indicators	4Q11	4Q10	Var. %	2011	2010	Var. %
Total GLA ('000 sqm)	356.6	350.1	1.9%	356.6	350.1	1.9%
Owned GLA ('000 sqm)	208.5	203.7	2.4%	208.5	203.7	2.4%
Number of shopping malls	10	10	0.0%	10	10	0.0%
Sales (R$ million)	1,257.7	1,119.1	12.4%	3,969.4	3,545.3	12.0%
Sales/sqm (monthly average)	1,256.1	1,125.8	11.6%	995.9	981.7	1.4%
Occupancy rate	*98.8%*	*98.0%*	*+74 bps*	*98.8%*	*98.0%*	*+74 bps*
Cost of occupancy (% of sales)	*8.7%*	*8.1%*	*+57 bps*	*9.2%*	*8.0%*	*+120 bps*
SSS/sqm	1,272.3	1,179.1	7.9%	1,039.2	958.2	8.5%
SSS/sqm - Satellite stores	1,957.9	1,792.5	9.2%	1,566.5	1,421.6	10.2%
SSS/sqm - Anchor stores	1,001.1	940.1	6.5%	826.6	777.1	6.4%
SSS/sqm - Leisure	214.9	216.6	-0.8%	218.1	206.5	5.6%
SSR/sqm	68.9	61.2	12.7%	57.0	51.0	11.6%
SSR/sqm - Satellite stores	133.1	116.8	13.9%	110.7	98.9	11.9%
SSR/sqm - Anchor stores	27.8	25.1	10.9%	23.7	21.4	10.7%
SSR/sqm - Leisure	18.5	19.1	-3.2%	19.5	17.8	9.8%
Overdue Payments (25 days)	2.1%	2.3%	-15 bps	2.1%	2.3%	-15 bps



MANAGEMENT'S COMMENTS

Sonae Sierra Brasil's 4Q11 and full year 2011 solid operating and financial indicators continue to validate the Company's growth strategy. In 4Q11, our same store rent (SSR), once again reached a strong double digit growth of 12.7% over the same period last year, driven by inflation adjustments and by strong leasing spreads in contract renewals and new leases. In the year, the same-store rent grew by 11.6% compared to 2010. Sales in our shopping centers totaled R$1.3 billion in 4Q11, a 12.4% increase over the same period last year and same store sales (SSS) growth reached 7.9% in 4Q11. In 2011, the sales in out shopping centers totaled R$4.0 billion, a 12.0% increase compared to 2010, and the same store sales in the period grew 8.5%.

The Company's consolidated net revenues totaled R$61.5 million in 4Q11, an 18.0% increase over 4Q10, while Consolidated EBITDA increased by 22.0% over the same period last year, totaling R$49.1, million with the EBITDA margin reaching a historically high 79.8% in 4Q11. Consolidated FFO totaled R$48.2 million in 4Q11, a significant increase of 35.3% over 4Q10. The FFO margin reached 78.3% in the quarter. In 2011 the net revenues of Sonae Sierra Brasil reached R$219.2 million, an 18.5% growth over 2010, with consolidated EBITDA of R$168.4 million, 22.3% higher than 2010 and EBITDA margin of 76.8%. The 2011 FFO reached R$169.7 million, a 40.4% increase over 2010, with FFO margin of 77.4%. We continue to benefit from the strong performance of our portfolio with high occupancy rates, low delinquency rates and increasing rents, as well as the maturation of our malls, particularly Manauara Shopping in addition to the recent opening of expansions in Shopping Campo Limpo in São Paulo and Shopping Metrópole in São Bernardo do Campo (SP). Total Net Income attributed to the shareholders reached R$231.1 million for 2011, a 66.0% increase over the net income of 2010.

Regarding the development projects and expansions in the pipeline, Sonae Sierra Brasil continues to execute the plans previously announced, with the construction of Uberlândia Shopping in Uberlândia (MG) which is scheduled to open on March 27th, 2012, Boulevard Londrina Shopping in Londrina (PR) and Passeio da Águas Shopping in Goiânia (GO). In November 2011, we successfully opened the expansion of Shopping Metrópole in São Bernardo do Campo (SP), with 100% of its GLA leased.

The Company began 2012 with intense activity, with the announcement of the board approval for the first issue of debentures, which should raise R$ 300 million and a swap agreement to obtain the controlling ownership interest in Shopping Plaza Sul.

In our view, 2012 will be another very important year for Sonae Sierra Brasil with the opening of new shopping centers. In addition, the Company will continue to seek opportunities to create value for the shareholders and enhance the quality of the portfolio, focusing particularly on development opportunities targeted to the middle class customer segment in markets with an inherent mismatch between supply and demand for mall space. We are committed to making our malls the most dominant in their respective markets. We remain confident in our strategy and prospects for growth opportunities.

The Management



ECONOMIC SCENARIO

Although more modest than in previous years, the macroeconomic scenario in 2011 still provided favorable conditions for the growth of retail in Brazil, as well as for Sonae Sierra Brasil.

Retail sales volume registered solid growth of 6.7% in 2011 compared to 2010, while nominal revenues grew 11.5%. The tenants' sales in our shopping centers registered an even stronger growth, with a 12.0% increase in 2011 over 2010. The unemployment rate of the economically active population measured by IBGE reached 4.7% at the end of 2011, the lowest level recorded since the beginning of the publication of this study in March 2002. However, the intense activity of the population and its increase in purchasing power, associated with a more aggressive policy from the Central Bank towards interest rates cuts, contributed to a higher inflationary pressure in 2011, with the IPCA index reaching 6.5%, compared to 5.9% in 2010.

Despite the uncertainties of the global economic scenario in 2012, we believe that the Brazilian economy will continue to provide favorable conditions for the growth of national retail sales, as well as for our activities.

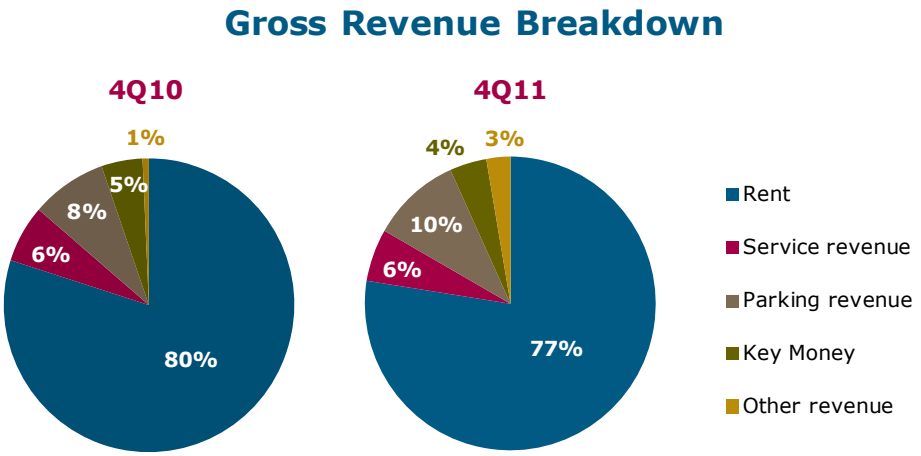
FINANCIAL HIGHLIGHTS

Consolidated Statutory Accounts

The consolidated financial and operating information outlined below is based on accounts prepared in accordance with accounting policies adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB, and correspond to the comparison of the results obtained in the 4Q11 with the same period of the previous year, also adjusted to the new accounting standards. Therefore, the consolidated financial information includes 100% of the results of Parque D. Pedro Shopping (even though the Company holds a 51% ownership interest in the mall).

Gross Revenue

Sonae Sierra Brasil's gross revenue totaled R$68.4 million in 4Q11, an increase of 19.4% over 4Q10. This increase was driven by growth in rental revenue which totaled R$54.3 million in 4Q11, 14.5% higher than 4Q10 given the combination of strong leasing spreads, inflation adjustments and low vacancy. Another highlight of the quarter was the significant increase in revenue from parking, which totaled R$7.0 million in 4Q11, 39.9% growth over 4Q10, driven by higher parking charges and volume. Service revenue reached R$4.1 million in 4Q11 from R$3.8 million in 4Q10, a 7.6% increase, primarily driven by higher revenues from management fees. Other revenue totaled R$1.9 million in 4Q11 from R$ 424 thousand in 4Q10, a 340.8% increase, largely attributed to higher transfer fees charged to tenants.



In 2011, the gross revenue totaled R$239.6 million, an 18.9% increase over 2010, driven by higher rent and parking revenues.

Gross Revenue (R$ '000)	4Q11	4Q10	Var. %	2011	2010	Var. %
Rent	54,283	47,391	14.5%	184,773	156,435	18.1%
Rent contract straight-lining	(1,618)	(1,980)	-18.3%	1,285	1,811	-29.0%
Service revenue	4,058	3,771	7.6%	16,294	14,477	12.5%
Parking revenue	6,992	4,998	39.9%	24,172	17,682	36.7%
Key Money	2,859	2,719	5.1%	10,341	10,399	-0.6%
Other revenue	1,869	424	340.8%	2,784	808	244.5%
Total	**68,443**	**57,323**	**19.4%**	**239,649**	**201,612**	**18.9%**



Costs and Expenses

Costs and Expenses totaled R$12.9 million in 4Q11, a 3.0% increase over 4Q10.

Costs and expenses were mainly impacted by higher costs with personnel, primarily involved in leasing activities for the new malls under development, as well as due to legal wage increases.

Occupancy cost increased by 29.7% mainly due to the costs with a 13.8 thousand sqm area under refurbishment for a new tenant in Parque D. Pedro Shopping.

As seen in the last quarter, we continued to see lower contractual agreement costs, which decreased by 44.6% in 4Q11.

Costs and expenses were also positively impacted by a 47.0% reduction in other costs and expenses, which were impacted in the 4Q10 by expenses with the termination of a contract with a consulting firm hired to prospect new projects.

In 2011, costs and expenses totaled R$53.7 million, a 5.9% increase compared to 2010, mainly driven by higher costs with personnel, which increased by 20.1% in the year. On the other hand, external services, occupancy costs and costs with contractual agreements decreased by 15.1% in 2011.

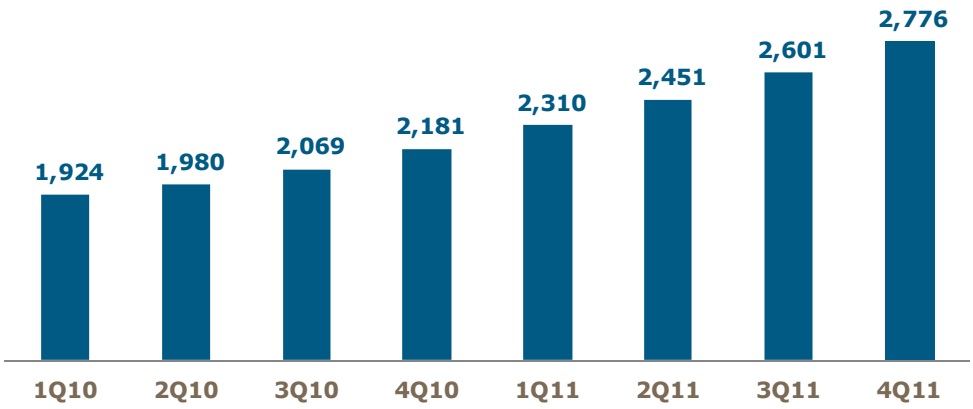
Costs and Expenses (R$ '000)	4Q11	4Q10	Var. %	2011	2010	Var. %
Depreciation and amortization	362	325	11.4%	1,467	1,210	21.2%
Personnel	5,691	4,189	35.9%	24,935	20,757	20.1%
External services	2,828	2,824	0.1%	10,654	12,832	-17.0%
Occupancy cost (vacant stores)	1,110	856	29.7%	3,851	4,070	-5.4%
Cost of contractual agreements with tenants	285	514	-44.6%	1,428	1,873	-23.8%
Provision (reversal) of the allowance for doubtful accounts	(195)	(460)	-57.6%	418	(890)	N/A
Rent	724	702	3.1%	2,780	2,749	1.1%
Travel	399	417	-4.3%	1,442	1,338	7.8%
Other	1,647	3,106	-47.0%	6,711	6,762	-0.8%
Total	**12,851**	**12,473**	**3.0%**	**53,686**	**50,701**	**5.9%**
Classified as:						
Cost of rentals and services	8,852	7,592	16.6%	36,809	33,528	9.8%
Operating expenses	3,999	4,881	-18.1%	16,877	17,173	-1.7%
Total	**12,851**	**12,473**	**3.0%**	**53,686**	**50,701**	**5.9%**

Changes in Fair Value of Investment Properties

Sonae Sierra Brasil adopted IFRS accounting standards, under which, the Company values its investment properties at fair market value on a quarterly basis. Thus, the gains and losses resulting from changes in fair market value of the properties are

recorded in the Change in Fair Value of Investment Properties account, which totaled R$68.7 million in 4Q11 compared to R$76.4 million in 4Q10. The lower gain in 4Q11 compared to the gain in 4Q10 is mainly attributed to the gain recognized upon the opening of the expansion in Parque D. Pedro Shopping in November, 2010. In the year, the gain with the evaluation of the properties totaled R$276.9 million, 94.0% higher than the gain of 2010. In 4Q11, the Value of Investment Properties totaled R$2,776 million, 27.3% above 4Q10 and 6.7% above 3Q11. The fair market value of investment properties are based on appraisals conducted by Cushman & Wakefield.

Fair Value of Investment Properties (in R$ million)



Net Financial Result

The consolidated net financial result in 4Q11 was a net financial income of R$8.1 million, compared to a net financial income of R$268 thousand in 4Q10. This variance is mainly explained by higher interest income on financial investments in 4Q11 given the Company's net cash position, as a result of the net proceeds from the IPO in February 2011. Offsetting this positive variance was a positive exchange rate income in 4Q10 which did not occur in 4Q11.

In 2011, the consolidated net financial result was a net financial income of R$23.2 million compared to a net financial expense of R$4.4 million in 2010, mainly driven by interest income on financial investments, derived from the net proceeds from the IPO.

Net Financial Result (R$ thousand)	4Q11	4Q10	Var. %	2011	2010	Var. %
Financial Income (Expenses):						
Interest on financial investments	12,923	1,032	1152.2%	41,887	4,121	916.4%
Interest on intercompany loans	-	(586)	-100.0%	(400)	(3,467)	-88.5%
Interest on receivables	399	288	38.5%	1,202	1,426	-15.7%
Monetary and exchange rate variations	132	3,074	-95.7%	(1,883)	9,405	N/A
Interest on loans and financing	(4,886)	(4,081)	19.7%	(18,223)	(16,809)	8.4%
Other	(423)	541	N/A	577	884	-34.7%
Total Financial Result - Net	**8,146**	**268**	**2939.7%**	**23,160**	**(4,440)**	**N/A**

Income and Social Contribution Taxes

The current income and social contribution taxes totaled R$9.1 million in 4Q11, an 84.8% growth compared to 4Q10. This variation is mainly explained by the income tax generated by the growth of the net financial result in the period, which represented an income of R$8.1 million in the 4Q11 compared to R$268 thousand in the 4Q10. The current income tax of 2011 increased by 76.5% compared to 2010, which was also influenced by the variance of the net financial result, which came from an expense of R$4.4 million in 2010 to an income of R$23.2 million in 2011.

Net Income

The Company's net income totaled R$94.6 million in 4Q11, a 6.1% increase over 4Q10, largely driven by the Change in Fair Value of Investment Properties which resulted from the improved performance of the entire portfolio. Net income for the year 2011 attributed to the shareholders reached R$231.1 million, a 66.0% increase over 2010, also reflecting the improved performance of the Company's portfolio in the year.

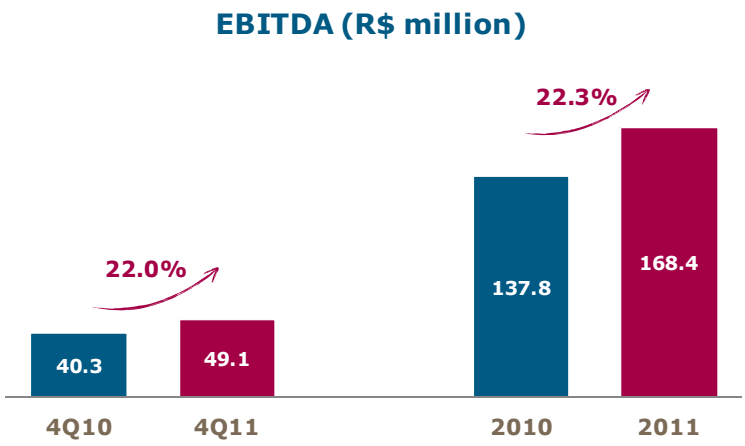
Net Operating Income (NOI)

Consolidated NOI totaled R$61.2 million in 4Q11, a 19.5% increase over 4Q10, reflecting, as mentioned above, the overall positive performance in revenues. For the full year, NOI increased 21.3% to R$211.5 million, as a result of strong growth in revenues and a 7.0% reduction in mall operating expenses.

Net Operating Income - NOI (R$ million)	4Q11	4Q10	Var. %	2011	2010	Var. %
Rent	54.5	45.8	19.0%	188.8	159.1	18.7%
Key Money	2.9	2.7	5.1%	10.3	10.4	-0.6%
Parking	7.0	5.0	39.9%	24.2	17.7	36.7%
Total Revenues	**64.4**	**53.6**	**20.2%**	**223.4**	**187.1**	**19.4%**
(-) Malls' Operating Expenses	(3.2)	(2.3)	35.9%	(11.9)	(12.8)	-7.0%
NOI	**61.2**	**51.2**	**19.5%**	**211.5**	**174.4**	**21.3%**

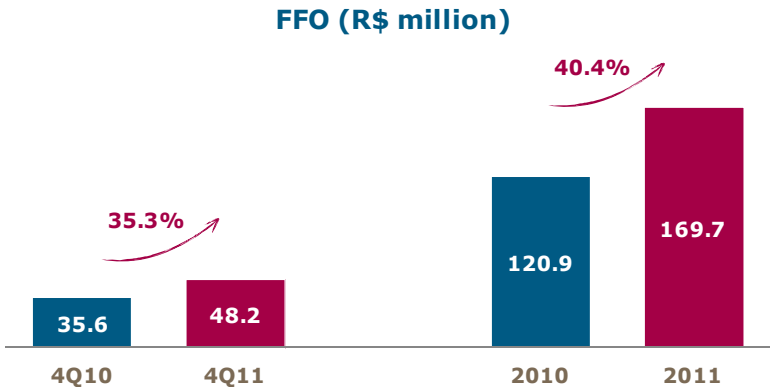
EBITDA

EBITDA totaled R$49.1 million in 4Q11, a 22.0% increase over 4Q10. EBITDA margin reached a historically high 79.8% in 4Q11. In 2011 the EBITDA increased 22.3%, reaching R$168.4 million, with an EBITDA margin of 76.8%.



Funds from Operations (FFO)

FFO totaled R$48.2 million in 4Q11, an increase of 35.3% over the same period last year. FFO margin reached 78.3%. In 2011, FFO reached R$169.7, a 40.4% increase over 2010.



The reconciliation of the operating income before financial results with the EBITDA, adjusted EBITDA, FFO, and Adjusted FFO is shown below. In order to calculate the EBITDA and FFO, it is considered, in the line of gain in fair value of investment properties, the gain in Shopping Campo Limpo's fair value:

Adjusted EBITDA and Adjusted FFO Reconciliation (R$ million)	4Q11	4Q10	Var. %	2011	2010	Var. %
Net Revenue	**61.5**	**52.1**	**18.0%**	**219.2**	**185.0**	**18.5%**
Operating income before financial result	**118.1**	**116.9**	**1.0%**	**450.5**	**282.0**	**59.8%**
Depreciation and amortization	0.4	0.4	-14.8%	1.5	1.2	21.3%
Gain in fair value of investment properties	(69.3)	(77.1)	-10.1%	(283.5)	(145.4)	94.9%
EBITDA	**49.1**	**40.3**	**22.0%**	**168.4**	**137.8**	**22.3%**
Non-recurring expenses	-	0.1	-	0.5	2.5	-80.0%
Adjusted EBITDA	**49.1**	**40.4**	**21.7%**	**168.9**	**140.3**	**20.4%**
EBITDA Margin	**79.8%**	**77.2%**	**+261 bps**	**76.8%**	**74.5%**	**+239 bps**
Adjusted EBITDA Margin	**79.8%**	**77.4%**	**+242 bps**	**77.1%**	**75.8%**	**+126 bps**
EBITDA	**49.1**	**40.3**	**22.0%**	**168.4**	**137.8**	**22.3%**
Net financial result	8.1	0.3	2939.7%	23.2	(4.4)	N/A
Current income and social contribution taxes	(9.1)	(4.9)	84.8%	(21.9)	(12.4)	76.5%
FFO	**48.2**	**35.6**	**35.3%**	**169.7**	**120.9**	**40.4%**
Non-recurring expenses	-	0.1	-	0.5	2.5	-80.0%
Adjusted FFO	**48.2**	**35.7**	**29.4%**	**170.2**	**123.4**	**37.9%**
FFO Margin	**78.3%**	**68.3%**	**+1,000 bps**	**77.4%**	**65.4%**	**+1,207 bps**
Adjusted FFO Margin	**78.3%**	**68.5%**	**+981 bps**	**77.7%**	**66.7%**	**+1,095 bps**

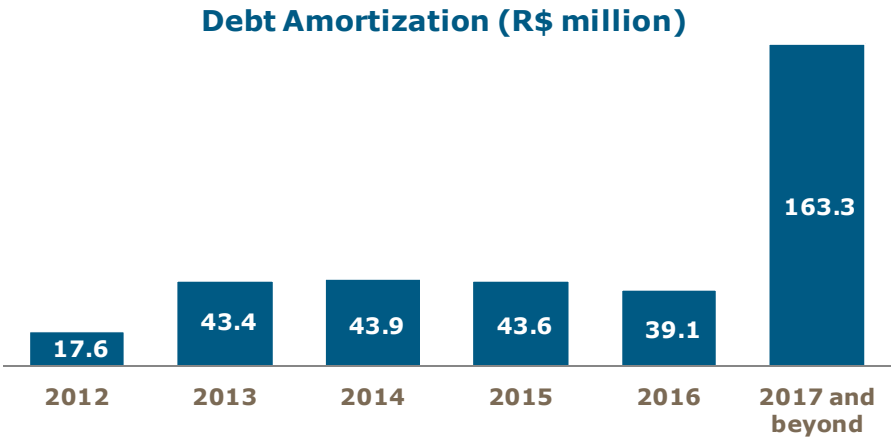
Management Accounts

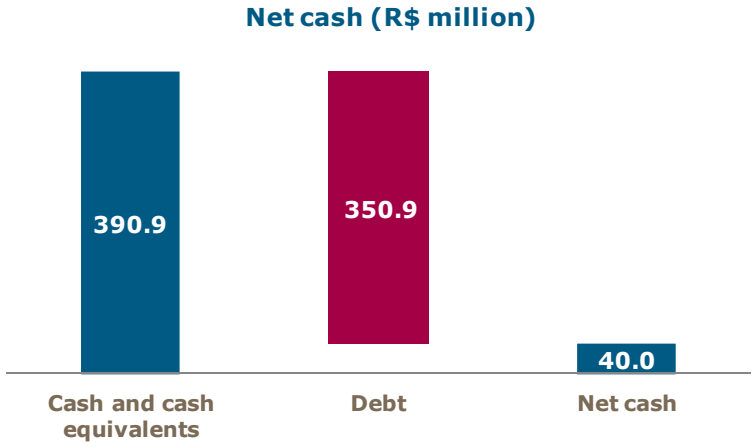
In accordance with accounting policies adopted in Brazil and IFRS, the Company consolidates 100% of Parque D. Pedro Shopping despite owning only 51% of this mall. However, considering the relevance of this mall to the Company's results, we prepared pro-forma management accounts with the proportional consolidation of Parque D. Pedro Shopping. The key operating results under this methodology are presented below:

EBITDA and FFO Reconciliation *(Considering 51% of PDP)* (R$ million)	4Q11	4Q10	Var. %	2011	2010	Var. %
Net Revenue	**48.5**	**40.4**	**20.2%**	**172.2**	**143.8**	**19.7%**
Operating income before financial result	**74.6**	**86.9**	**-14.1%**	**318.2**	**208.9**	**52.3%**
Depreciation and amortization	0.4	0.3	11.4%	1.5	1.2	21.3%
Gain in fair value of investment properties	(36.9)	(57.2)	-35.5%	(191.8)	(108.5)	76.7%
EBITDA	**38.1**	**30.0**	**26.9%**	**127.9**	**101.6**	**25.9%**
Non-recurring expenses	-	0.5	-	0.5	2.5	-80.0%
Adjusted EBITDA	**38.1**	**30.5**	**24.8%**	**128.4**	**104.1**	**23.3%**
EBITDA Margin	**78.5%**	**74.3%**	**+413 bps**	**74.2%**	**70.6%**	**+361 bps**
Adjusted EBTIDA Margin	**78.5%**	**75.6%**	**+290 bps**	**74.5%**	**72.4%**	**+216 bps**
EBITDA	**38.1**	**30.0**	**26.9%**	**127.9**	**101.6**	**25.9%**
Net financial result	7.9	0.1	6698.6%	22.2	(4.9)	N/A
Current income and social contribution taxes	(9.1)	(4.9)	84.8%	(21.9)	(12.4)	76.5%
FFO	**36.9**	**25.2**	**46.3%**	**128.2**	**84.3**	**52.1%**
Non-recurring expenses	-	0.5	-	0.5	2.5	-80.0%
Adjusted FFO	**36.9**	**25.7**	**43.4%**	**128.7**	**86.8**	**48.3%**
FFO Margin	**76.0%**	**62.5%**	**+1,357 bps**	**74.4%**	**58.6%**	**+1,584 bps**
Adjusted FFO Margin	**76.0%**	**63.7%**	**+1,233 bps**	**74.7%**	**60.3%**	**+1,439 bps**

Cash, Cash Equivalents and Debt

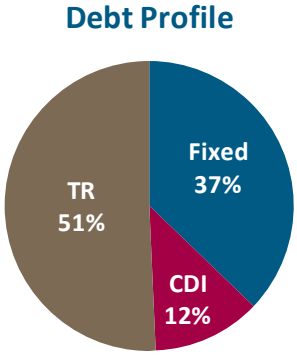
Cash and cash equivalents, which is comprised of cash, bank deposits and financial investments, decreased by R$49.1 million, from R$440.1 million in 3Q11 to R$390.9 million in 4Q11, mainly as a result of investments in the Company's development projects. The Company's total debt, considering amounts already drawn down from lenders reached R$350.9 million in 4Q11, and the corresponding amortization schedule is as follows:





Considering our cash position, the long-term profile of our debt and our operating cash flow, we believe that we are well positioned in terms of the capital required to fund our greenfield projects and expansions currently in our development pipeline.

Approximately 51% of the Company's debt considering amounts already drawn down from lenders is linked to the TR index. A total of R$130.1 million, which corresponds to approximately 37% of the Company's total debt, is fixed at an 8.5% p.a. interest rate (10.0% p.a. with a 15% discount) on the loan from the Banco da Amazônia (BASA) for the construction of Manauara Shopping. The base rate debt profile, considering resources already drawn down from lenders at the end of 4Q11 was as follows:



Sonae Sierra Brasil's leverage strategy is to finance the greenfield projects and expansions with an average property-level debt of approximately 50% of the total project costs. Financing for Uberlândia Shopping, Boulevard Londrina Shopping and Passeio das Águas Shopping has already been contracted.

Considering all the loans contracted by the Company, including amounts yet to be drawn down, total contracted debt was R$613.5 million with an average cost of 11.6% by the end of the quarter.

Contracted Debt Financing	Committed Amount (R$ MM)	Term (years)	Interest Rate	Balance as of 12/31/11 (R$ million)
Working Capital	20	5	CDI + 2.85%	18
Working Capital	27	6	CDI + 3.30%	25
Manauara Shopping	112	12	8.50%	130
Metrópole Shopping - Expansion I	53	8	TR + 10.30%	54
Uberlândia Shopping	81	15	TR + 11.30%	53
Boulevard Londrina Shopping	120	15	TR + 10.90%	72
Passeio das Águas Shopping	200	12	TR + 11.00%	0
Total	614			351
Weighted Average		12.1	11.62%	

Considering LTM TR at 1.21% p.a. and CDI at 10.87% p.a. as of December 31, 2011

SHOPPING CENTERS' SALES PERFORMANCE

Total tenant sales in the ten existing and operating malls in Sonae Sierra Brasil's portfolio totaled R$1.3 billion in 4Q11, a 12.4% increase over 4Q10. Considering the Company's ownership interest in each of the ten malls (including 20% of Campo Limpo Shopping and 51% of Parque D. Pedro Shopping), sales reached R$756.4 million in 4Q11, a 14.6% increase over 4Q10.

In 2011, tenant sales in the operating malls totaled R$4.0 billion, resulting in a 12.0% growth compared to 2010. Considering the Company's ownership in each of the malls, sales reached R$2.4 billion, a 13.8% increase over 2010.

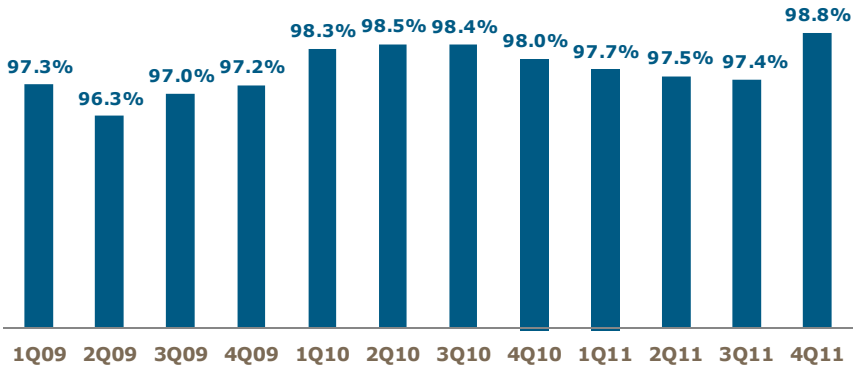
The best performing malls in 4Q11 in terms of sales growth were: Manauara Shopping, Shopping Campo Limpo and Shopping Metrópole, with sales increases of 28.8%, 23.0% and 18.1%, respectively. The robust growth recorded by Manauara Shopping can be mainly attributed to the accelerated maturation of the mall, while Shopping Campo Limpo and Shopping Metrópole opened expansions in September, 2011 and in November, 2011, respectively.

Shopping Center Tenant Sales (R$ thousand)	4Q11	4Q10	Var. %	2011	2010	Var. %
Penha Shopping	106,690	95,985	11.2%	338,181	296,441	14.1%
Metrópole Shopping	94,996	80,469	18.1%	282,152	245,952	14.7%
Tivoli Shopping	56,363	50,526	11.6%	179,739	159,680	12.6%
Franca Shopping	45,314	39,787	13.9%	148,403	124,146	19.5%
Pátio Brasil	107,088	106,775	0.3%	350,134	340,949	2.7%
Parque D. Pedro Shopping	372,103	341,046	9.1%	1,231,848	1,123,778	9.6%
Boavista Shopping	74,104	70,722	4.8%	240,903	230,089	4.7%
Plaza Sul Shopping	124,611	116,046	7.4%	386,726	362,676	6.6%
Campo Limpo Shopping	83,343	67,747	23.0%	246,386	216,558	13.8%
Manauara Shopping	193,126	149,972	28.8%	564,957	445,035	26.9%
Total	**1,257,739**	**1,119,076**	**12.4%**	**3,969,429**	**3,545,305**	**12.0%**

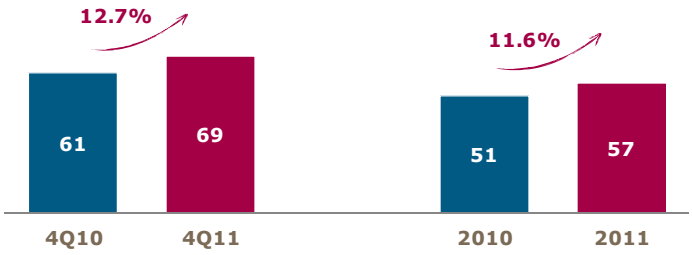
OPERATING HIGHLIGHTS

The operating indicators of Sonae Sierra Brasil in 4Q11 confirm the continued growth of the Company. The overall occupancy rate in our malls was 98.8% of GLA on December 31st, 2011 (excluding 13.8 thousand sqm in Parque D. Pedro Shopping under renovation for a new tenant). Same-store rent (SSR) reached, once again, double-digit growth with a strong 12.7% increase over 4Q10, driven by rising inflation adjustments and strong leasing spreads in lease contract renewals and new leases. Same-store sales (SSS) posted a 7.9% increase in 4Q11 compared to the same period last year. In the year the same-store rent reached an 11.6% increase over 2010 and the same-store sales grew 8.5% compared to the same period of 2010.

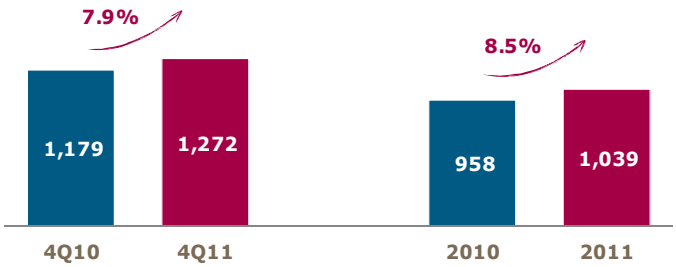
Occupancy (% GLA)



Same Store Rents (SSR)/sqm (in R$)



Same Store Sales (SSS)/sqm (in R$)





DESCRIPTION OF BUSINESS

Sonae Sierra Brasil S.A. is a company specialized in the shopping center business and is led by the expertise of its management team and its international controlling shareholders: the European group Sonae Sierra and the U.S. REIT DDR Corp. (NYSE: DDR), both companies that have deep experience in the development, ownership and management of shopping centers.

We are one of the leading real estate developers, owners, and operators of shopping malls in Brazil. Through our integrated business model, we work with all phases of the business, including development management, property management, leasing, asset management, and marketing services.

We hold a controlling interest in the majority of the shopping malls in our portfolio and manage all of them. We have a weighted average ownership interest of 58.5% in the ten operating shopping malls in our portfolio, representing 208.5 thousand sqm of owned GLA and ownership control of seven of the ten shopping malls.

OUR PORTFOLIO

Our portfolio is comprised of ten shopping malls in operation. Additionally, we are in the process of developing three new shopping malls in three major cities in Brazil: (i) Uberlândia, the second most populous city in the state of Minas Gerais; (ii) Londrina, the second largest city in the state of Paraná; and (iii) Goiânia, the state capital of the State of Goiás. These three cities have experienced strong demographic and economic growth. The selection of these cities for developing new shopping malls fits into our primary strategy of growth through the development of potentially market dominant shopping malls, in trade areas with income per capita and population density that meet our requirements. We estimate that the combined GLA from these three shopping malls is approximately 171.8 thousand sqm.

	Shopping Centers in Operation	City	Stores	GLA ('000 sqm)	Ownership	Owned GLA ('000 sqm)	Actual occupancy index by area (%)
1	Parque D. Pedro*	Campinas (SP)	404	121.1	51.0%	61.8	98.8%
2	Boavista Shopping	São Paulo (SP)	148	16.0	100.0%	16.0	96.8%
3	Penha Shopping	São Paulo (SP)	198	29.6	51.0% (1)	15.1	99.0%
4	Franca Shopping	Franca (SP)	103	18.1	67.4%	12.2	99.5%
5	Tivoli Shopping	Santa Barbara d'Oeste (SP)	146	22.1	30.0%	6.6	97.6%
6	Metrópole Shopping	São Bernardo do Campo (SP)	177	28.7	100.0%	28.7	99.5%
7	Pátio Brasil	Brasília (DF)	232	28.8	10.4%	3.0	98.4%
8	Plaza Sul Shopping	São Paulo (SP)	222	23.0	60.0% (2)	13.8	99.4%
9	Campo Limpo Shopping	São Paulo (SP)	146	22.4	20.0%	4.5	99.5%
10	Manauara Shopping	Manaus (AM)	231	46.8	100.0%	46.8	98.8%
	Total		**2,007**	**356.6**	**58.5%**	**208.5**	**98.8%**

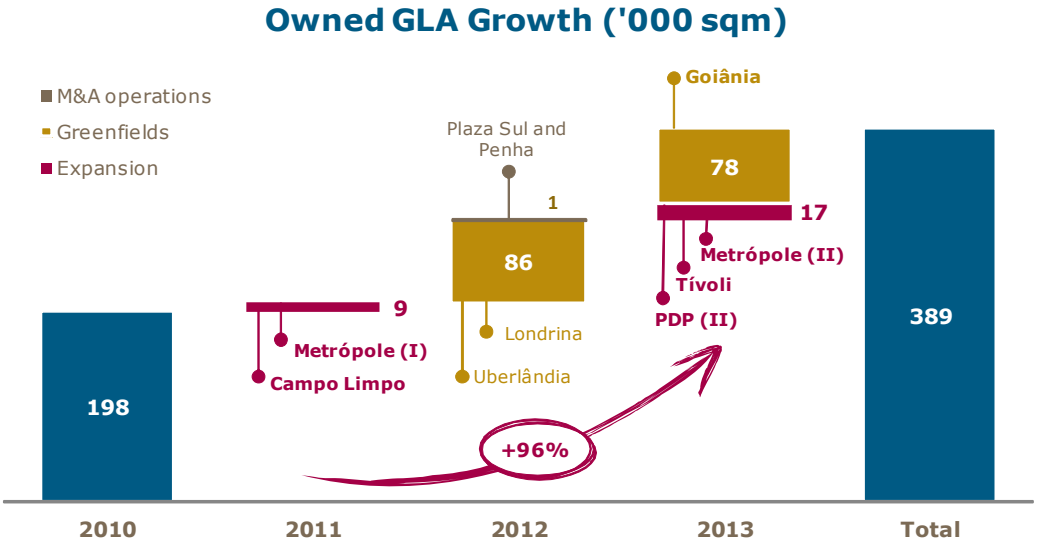
* For the occupancy rate calculation was not considered a 13,757 sqm area under refurbishment for a new tenant.
(1) 73.2% on 12/31/11 (2) 30.0% on 12/31/11

	Projects under Development	City	GLA ('000 sqm)	Ownership	Projected Opening
11	Uberlândia Shopping	Uberlândia (MG)	45.3	100.0%	1Q12
12	Boulevard Londrina Shopping**	Londrina (PR)	47.8	84.5%	2H12
13	Passeio das Águas Shopping	Goiânia (GO)	78.1	100.0%	2H13
	Total		**171.2**	**95.7%**	

** Ownership considering partner will fully exercise its rights in the project

ONGOING PROJECTS

Sonae Sierra Brasil currently has a pipeline comprised of three greenfield projects and three expansions, which should increase our owned GLA by approximately 96% to 389 thousand sqm by 2013. It is worth noting that this substantial growth includes only those projects already in our pipeline and excludes future projects yet to be announced.



NEW PROJECTS (GREENFIELDS)

Uberlândia Shopping: Construction of Uberlândia Shopping is on its final stage and the opening of the mall is scheduled for March 27th, 2012. Approximately 92% of total GLA was already committed to tenants as of 4Q11, which is already above our minimum target of 90% at opening. Walmart and Leroy Merlin, two important anchors in this project, opened for business in 4Q11.

In October 2011, Uberlândia Shopping received two certificates simultaneously, the ISO 14001 - the green certificate - and the OHSAS 18001 (Occupational Health and Safety Assessment Series). Uberlândia Shopping was the second shopping mall in the world, and the first one within the Americas, to receive the two certificates at the same time, during construction.



Uberlândia Shopping Interior

Uberlândia Shopping	
City	Uberlândia
State	MG
Expected Opening	1Q12
GLA ('000 sqm)	45.3
SSB's ownership interest	100%
Committed GLA	92%
Gross Investment To-Date (R$ million)	187.2



Uberlândia Shopping Façade

Boulevard Londrina Shopping: Construction of Boulevard Londrina started in September 2010, with expected opening in 2H12. The mall's GLA was 69% committed to tenants as of December 31, 2011.



Boulevard Londrina Construction Site

Boulevard Londrina Shopping	
City	Londrina
State	PR
Expected Opening	2H12
GLA ('000 sqm)	47.8
SSB's ownership interest*	84.5%
Committed GLA	69%
Gross Investment To-Date (R$ million)	117.4

* Ownership considering partner will fully exercise its rights in the project



Boulevard Londrina Project Illustration

Passeio das Águas Shopping: Construction of Passeio das Águas Shopping, located in Goiânia, the capital and most important city of the State of Goiás, started in September 2011 with expected opening at the second semester of 2013. The mall's GLA was 41% committed to tenants as of December 31, 2011.



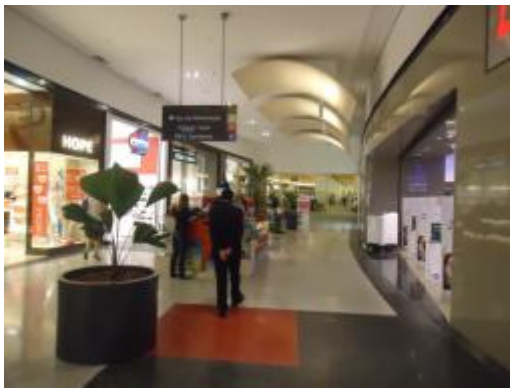
Passeio das Águas Project Illustration

Passeio das Águas Shopping	
City	Goiânia
State	GO
Expected Opening	2H13
GLA ('000 sqm)	78.1
SSB's ownership interest	100%
Committed GLA	41%
Gross Investment To-Date (R$ million)	74.0

EXPANSIONS

Expansion and renovation of Shopping Metrópole – Phase I

The renovation and first expansion of Shopping Metrópole was opened in November 2011. The expansion comprises approximately 8.7 thousand sqm of additional GLA, which was 100% committed to tenants by the opening day, increasing the mall's total GLA to approximately 28.7 thousand sqm.



Metrópole Expansion Area



Metrópole New Façade

REINVESTMENT OF PROFITS AND DIVIDEND PAYMENT POLICY

In accordance with Brazilian Corporate Law, it is the responsibility of our shareholders to establish at the Annual General Meeting (AGM) the allocation of our net income for the year end and the distribution of dividends from the preceding fiscal year. According to the Company's bylaws, shareholders are entitled to a minimum compulsory dividend of 25% of net income, adjusted according to Brazilian Corporation Law.

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$154.1 million.

The earnings retention reserve has the main objective of funding the budgeted investment plans for expansion, renewal and maintenance of shopping malls.



Dividend distribution

According to the Company's bylaws, shareholders are entitled to a minimum compulsory dividend of 25% of net income adjusted according to Brazilian Corporation Law. These dividends were recorded on December 31st, 2011, as shown below:

Dividend distribution (R$ '000)	12/31/2011
Net income for the year (a)	231,050
Legal reserve (5%)	(11,553)
Dividend Calculation Basis	219,497
Minimum compulsory dividends - 25% before the formation of Reserve of Unrealized Profits (b)	54,875
Unrealized profits	-
Equity in earnings	(217,073)
Unearned income (c)	(217,073)
Profit achieved in the year, corresponding to the compulsory minimum dividends payable (a) - (c) = (d)	13,977
Formation of reserve of unrealized profits (b) - (d)	40,898

The Company's management will propose to the Annual Shareholder's Meeting the payment of additional dividend in the amount of R$10.5 million. In 2011, the minimum realized mandatory dividends and the proposed additional dividend amount to R$24.5 million.

SERVICES OF INDEPENDENT AUDITORS - IN COMPLIANCE WITH CVM INSTRUCTION No. 381/2003

The policies of the Company and its subsidiaries adopted in relation to hiring the services of independent auditors have the purpose of ensuring that there is no conflict of interest and/or loss of independence or objectivity of the auditors.

During the year ended December 31, 2011 , the Company's independent auditors, Deloitte Touche Tohmatsu, were hired for additional services to examine the financial statements. . These additional services relate to the process of the public offering and distribution of the Company's primary shares and fees related to the analysis of tax aspects and the issue of comfort letter required in the process of issuing securities. The respective fees totaled R$ 309 thousand.



HUMAN RESOURCES

On December 31st, 2011, our wholly owned subsidiaries, Unishopping Administradora Ltda. Unishopping Consultoria Ltda., and Sierra Investimentos Ltda., had 156 employees (146 on December 31st, 2010).

We grant the following benefits to all our employees: health insurance, life insurance, and personal injury insurance. Beyond these benefits, managers and directors are provided with benefits relating to auto and fuel costs. Benefits are granted based on functional groups and are provided in accordance with our compensation policies.

We are registered in PAT (Worker's Meal Program) and offer food vouchers for all our employees.

We do not have an incentive compensation policy based on shares. However, employees are eligible to receive short-term variable compensation based on achieving individual KPIs. Executive officers are also entitled to long-term compensation.

ENVIRONMENTAL SUSTAINABILITY

Activities related to the shopping mall segment in Brazil are subject to regulations and licensing requirements as well as federal, state, and city environmental control. The procedure for obtaining environmental licensing is necessary both for the initial development and construction stages of each property as well as for any expansion of the shopping centers, and the licenses granted must be periodically renewed.

In this sense we can affirm that we maintain high standards of environmental and corporate responsibility as part of our goal to maintain sustainable development. We have adopted environmental policies and practices that benefit the environment more than those required by existing regulations that apply to us.

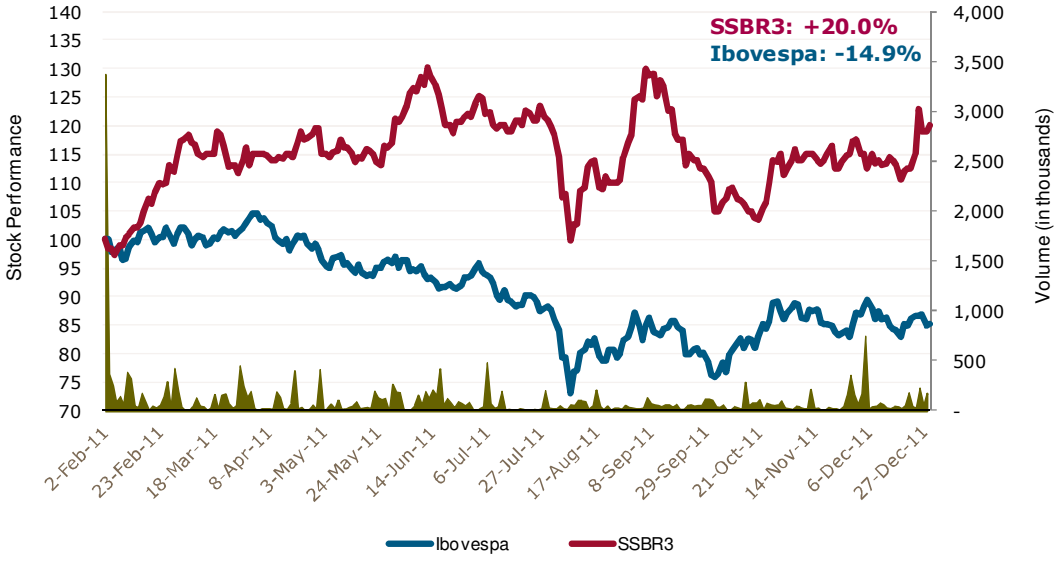
It should be made clear that we have been pioneers in developing new concepts of safety systems and environmental practices. The Company also has received the ISO 14001:2004 certification in recognition of its management of environmental issues in all the shopping malls in operation in our portfolio Additionally, Parque D. Pedro Shopping, Shopping Penha and Shopping Plaza Sul hold the OHSAS 18001 certification in occupational health and safety and during 2011, as mentioned before, Uberlândia Shopping also received this certification during its construction.

SHARE PERFORMANCE

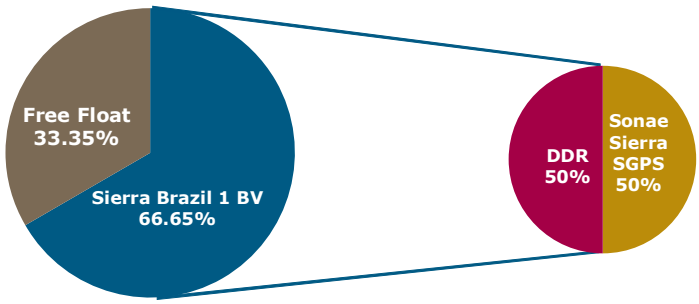
Sonae Sierra Brasil's shares (BM&FBovespa: SSBR3) closed 4Q11 at R$24.00, an 8.0% increase from September 30, 2011. Over the same period, the Ibovespa Index increased by 8.5%. Since the IPO in February 2011, the share price increased by 20.0%, compared to a decrease of 14.9% of the Ibovespa Index in the same period.

In January SSBR3 was included in BM&FBOVESPA's Small Cap (SMLL) and Real Estate (IMOB) indexes.

Sonae Sierra Brasil (SSBR3) vs. IBOVESPA



Ownership Breakdown





SUBSEQUENT EVENTS

First Issue of Debentures:

On January26th, 2012, the Board of Directors approved the first issue of simple debentures of the Company, non convertible into shares, unsecured, in up to two series, for distribution with limited placement efforts. It will be issued 30,000 debentures with a unit par value of R$10,000, in the total amount of R$300 million. The date of issuance will be February 15th, 2012. The debentures of the 1st series will have a term of five years from the issue date, with maturity, therefore, on February 15th, 2017. The debentures of the 2nd Series will have a term of seven years counted from the issue date, with maturity on February 15th, 2019. The net funds raised by the Company with the Issue will be allocated to: (i) the acquisition of new plots of land; (ii) the increase of the Company's participation in shopping malls; (iii) the acquisition of new shopping malls; (iv) the development of new shopping malls; and (v) cash reserves for the Company.
Moody's has assigned a Aa3.br rating to Sonae Sierra Brasil's debentures in addition to a first-time global scale rating of Ba2 and a Aa3.br corporate family national scale rating to Sonae Sierra Brasil S.A.

Deal to obtain Shopping Plaza Sul control:

On January 27th, 2012, Sonae Sierra Brasil completed a transaction agreement with CSHG Brasil Shopping FII, a fund managed by Credit Suisse Hedging-Griffo, to obtain an additional 30.0% ownership stake in Shopping Plaza Sul in exchange for a 17.1% minority stake in Shopping Penha and R$ 63.9 million in cash, which will be paid to CSHG Brasil Shopping FII in 42 monthly installments adjusted by CDI. The nominal, unleveraged and after-tax internal rate of return (IRR) for the transaction is 16.9%. The implied cap rate of the transaction for Plaza Sul is 9.4% based on the mall's expected NOI in 2012. The implied cap rate of the transaction for Shopping Penha is 9.5% based on the mall's expected NOI in 2012. With the transaction, Sonae Sierra Brasil reduced its ownership in Shopping Penha from 73.2% to 56.1%, nevertheless maintaining the controlling ownership stake of this mall.

Sale of additional minority stake in Shopping Penha:

On February 6th, 2012, Sonae Sierra Brasil sold a 5.1% additional minority stake of Shopping Penha to CSHG Brasil Shopping FII for R$ 11.5 million in cash. The implied cap rate is 9.5% based on the mall's expected NOI in 2012. With the transaction, Sonae Sierra Brasil reduced its ownership in Shopping Penha from 56.1% to 51.0%, maintaining the controlling ownership stake in this mall.



GLOSSARY

GLA (Gross Leasable Area): Equivalent to the sum total of all the areas available for leasing in the shopping malls.

ABRASCE: Brazilian Shopping Mall Association.

BM&FBOVESPA: BM&FBovespa S.A. - Securities, Commodities and Futures Exchange.

CSLL: Social contribution tax on net income.

EBITDA: Operating income before financial result + depreciation and amortization - gain from fair value of investment properties

Adjusted EBITDA: EBITDA adjusted for the effects of non-recurring expenses effect

FFO (Funds from Operations): EBITDA +/- Net financial result – current income and social contribution taxes

Adjusted FFO: FFO adjusted for the effects of non-recurring expenses.

IFRS: International Financial Reporting Standards.

IGP-M: General Market Price Index, published by the FGV.

IPCA: Consumer Price Index, published by the IBGE.

Anchor Store or Large Anchors: Well-known stores with special marketing and structural features that serve to attract consumers, assuring continuous visitor flows and uniform traffic in all areas of the mall.

Satellite Stores or Satellites: Small stores without special marketing or structural features located around the anchor stores and aimed at general commerce.

NOI (Net Operating Income): Gross revenue from malls (excluding service revenue) + parking revenue – mall operating expenses – provisions for doubtful accounts.

Novo Mercado: A special listing segment of the BM&FBOVESPA with special corporate governance rules determined by the Novo Mercado Regulations.

SSR (same-store rent): Relation between invoiced rent for the same operation in the current period compared to previous period.

SSS (same-store sales): Relation between sales for the same tenant in the current period compared to the previous period.

Occupancy Rate: Ratio between leased area and total GLA of each mall at the end of each period.



APPENDICES

Consolidated Balance Sheet (R$ thousand)	4Q11	3Q11	Var. %
ASSETS			
CURRENT			
Cash and cash equivalents	390,918	440,065	-11.2%
Accounts receivable, net	24,690	17,507	41.0%
Taxes recoverable	16,765	17,002	-1.4%
Prepaid expenses	505	583	-13.4%
Other credits	4,971	5,559	-10.6%
Total current assets	437,849	480,716	-8.9%
NON-CURRENT			
Long-term receivables:			
Restricted financial investments	2,171	1,745	24.4%
Accounts receivable, net	10,815	12,394	-12.7%
Loans to condominiums	328	406	-19.2%
Deferred income and social contribution taxes	5,915	11,080	-46.6%
Juducial deposits	3,729	3,681	1.3%
Other credits	833	843	-1.2%
Total long-term assets	23,791	30,149	-21.1%
Investments	26,157	25,267	3.5%
Investment properties	2,776,050	2,601,349	6.7%
Fixed Assets	5,972	5,808	2.8%
Intangible Assets	1,582	990	59.8%
Total non-current assets	2,833,552	2,663,563	6.4%
TOTAL ASSETS	**3,271,401**	**3,144,279**	**4.0%**



Consolidated Balance Sheet (R$ thousand)	4Q11	3Q11	Var. %
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Loans and financing	17,619	11,855	48.6%
Accounts payable	13,512	13,628	-0.9%
Taxes payable	8,700	7,010	24.1%
Salaries, wages and benefits	8,396	8,890	-5.6%
Deferred revenue	5,540	5,537	0.1%
Related parties	13,673	12,920	5.8%
Dividends payable	13,977	-	N/A
Accounts payable - land purchase	25,000	25,000	0.0%
Other obligations	18,913	15,522	21.8%
Total current liabilities	125,330	100,362	24.9%
NON-CURRENT			
Loans and financing	333,272	320,404	4.0%
Deferred revenue	20,486	19,080	7.4%
Deferred income and social contribution taxes	351,444	333,272	5.5%
Provision for civil, tax, labor and pension risks	10,285	9,950	3.4%
Provisions for variable compensation	189	142	33.1%
Total non-current liabilities	715,676	682,848	4.8%
SHAREHOLDERS' EQUITY			
Capital stock	997,866	997,866	0.0%
Capital reserve	80,115	80,115	0.0%
Retained earnings	-	180,188	N/A
Profit reserve	865,417	648,344	33.5%
Equity attributable to shareholders	**1,943,398**	**1,906,512**	**1.9%**
Advance for future capital increase	-	-	-
Equity attributable to owners of the parent company and advance for future capital increase	**1,943,398**	**1,906,512**	**1.9%**
Minority interests	486,997	454,556	7.1%
Total Shareholders' Equity	2,430,395	2,361,068	2.9%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,271,401**	**3,144,279**	**4.0%**



Consolidated Income Statement (R$ thousand, except earnings per share)	4Q11	4Q10	Var. %	2011	2010	Var. %
NET OPERATING REVENUE FROM RENT, SERVICES AND OTHER	61,524	52,145	18.0%	219,185	185,009	18.5%
COST OF RENT AND SERVICES	(8,853)	(7,592)	16.6%	(36,809)	(33,528)	9.8%
GROSS PROFIT	52,671	44,553	18.2%	182,376	151,481	20.4%
OPERATING REVENUE (EXPENSES)						
General and administrative	(4,000)	(4,881)	-18.0%	(16,877)	(17,173)	-1.7%
External Services	(1,585)	(1,843)	-14.0%	(6,951)	(9,027)	-23.0%
Provisions for doubtful accounts	195	460	-57.6%	(418)	890	N/A
Other administrative expenses	(2,248)	(3,173)	-29.2%	(8,041)	(7,826)	2.7%
Depreciation and amortization	(362)	(325)	11.4%	(1,467)	(1,210)	21.2%
Taxes	(539)	(171)	215.2%	(1,457)	(1,925)	-24.3%
Equity income	1,290	664	94.3%	7,774	2,696	188.4%
Change in fair value of investment properties	68,728	76,419	-10.1%	276,913	142,726	94.0%
Other operating revenue (expenses), net	(59)	350	N/A	1,724	4,163	-58.6%
Total operating revenue (expenses), net	65,420	72,381	-9.6%	268,077	130,487	105.4%
OPERATING INCOME BEFORE FINANCIAL RESULT	118,091	116,934	1.0%	450,453	281,968	59.8%
NET FINANCIAL RESULT	8,146	268	2939.6%	23,160	(4,440)	N/A
INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	126,237	117,202	7.7%	473,613	277,528	70.7%
INCOME AND SOCIAL CONTRIBUTION TAXES						
Current	(9,083)	(4,915)	84.8%	(21,881)	(12,397)	76.5%
Deferred	(22,577)	(23,158)	-2.5%	(87,425)	(52,371)	66.9%
Total	(31,660)	(28,073)	12.8%	(109,306)	(64,768)	68.8%
NET INCOME	94,577	89,129	6.1%	364,307	212,760	71.2%
INCOME ATTRIBUTABLE TO:						
Shareholders	50,862	58,959	-13.7%	231,050	139,194	66.0%
Minority interests	43,715	30,170	44.9%	133,257	73,566	81.1%
EARNINGS PER SHARE	0.66	1.11	-40.5%	3.13	2.62	19.5%



Cash Flow Statement (R$ thousand)	For the twelve months period ended on 12/31/2011	12/31/2010
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the year	364,307	212,760
Adjustments to reconcile net income to net cash from (used in) operating activities:		
Depreciation and amortization	1,467	1,210
Residual cost of written-off fixed assets	516	71
Unbilled revenue from rentals	(1,285)	(1,571)
Provisions for doubtful accounts	418	(890)
Provisions (reversal of) for civil, tax, labor and pension risks	(621)	(1,462)
Acrrual for variable compensation	777	1,373
Deferred income and social contribution taxes	87,425	52,371
Financial charges on loans and financing	18,223	16,809
Interests, exchange rate changes on intercompany loans	2,283	(5,938)
Changes in fair value of investment property	(276,913)	(142,726)
Equity income	(7,774)	(2,696)
(Increase) decrease in operating assets:		
Restricted investments	(1,614)	(139)
Accounts receivable	(3,406)	(2,034)
Loans to condominiums	233	(112)
Taxes recoverable	(7,106)	(2,292)
Advances to suppliers	183	5
Prepaid expenses	(330)	21
Judicial deposits	(145)	(707)
Other	2,458	(3,560)
Increase (decrease) in operating liabilities:		
Brazilian suppliers	(4,332)	(1,878)
Taxes payable	2,098	2,130
Salaries, wages and benefits	648	(2,879)
Technical structure	8,778	4,716
Other obligations	7,543	2,243
Cash provided by (used in) operating activities	193,831	124,825
Interest paid	(26,083)	(18,643)
Net cash from (used in) operating activities	167,748	106,182
CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition or construction of investment property	(306,545)	(117,617)
Acquisition of fixed assets	(3,203)	(1,197)
Increase in intangible assets	(947)	(681)
Dividends received	650	537
Net cash used in investment activities	(310,045)	(118,958)
CASH FLOW FROM FINANCING ACTIVITIES		
Capital increase	465,021	3,555
Loans and financing raised	153,216	77,333
Loans and financings paid - principal	(5,456)	(59,000)
Earnings distributed by real estate funds - minority shareholders	(37,966)	(27,435)
Dividends payed	(2,939)	(3,136)
Share issuance costs	(24,368)	-
Related parties	(75,859)	(3,227)
Net cash from financing activities	471,649	(11,910)
NET INCREASE (DECREASE) IN BALANCE OF CASH AND CASH EQUIVALENTS	329,352	(24,686)
CASH AND CASH EQUIVALENTS		
At end of year	390,918	61,566
At beginning of year	61,566	86,252
NET INCREASE (DECREASE) IN BALANCE OF CASH AND CASH EQUIVALENTS	329,352	(24,686)

Note: The operating and financial indicators have not been audited by our independent auditors.

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

Sonae Sierra Brasil S.A. and Subsidiaries

Individual and Consolidated Financial Statements for the Year Ended December 31, 2011 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

Deloitte.

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

INDEPENDENT AUDITOR'S 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") and its subsidiaries, identified as Company and Consolidated, which comprise the balance sheet as at December 31, 2011, 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 ("IFRSs"), 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 Company's financial position as at December 31, 2011, 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 Company's consolidated financial position as at December 31, 2011, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs issued by IASB and the accounting practices adopted in Brazil. Our opinion was not qualified due to this matter.

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 the Company, 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, 2011, prepared under the responsibility of the Company's management, 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 financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, February 28, 2012

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Iara Pasian
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 OF DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
ASSETS	Note	12/31/11	12/31/10	12/31/11	12/31/10
CURRENT ASSETS					
Cash and cash equivalents	4	125,834	2,798	390,918	61,566
Trade receivables, net	5	-	-	24,690	21,650
Recoverable taxes	6	4,150	653	16,765	9,659
Advances to suppliers		-	-	-	183
Prepaid expenses		13	-	505	175
Other receivables	5	-	145	4,971	5,801
Total current assets		129,997	3,596	437,849	99,034
NONCURRENT ASSETS					
Restricted investments	27	-	-	2,171	557
Trade receivables, net	5	-	-	10,815	9,582
Loans to condominiums	7	-	-	328	561
Deferred income tax and social contribution	20	690	940	5,915	13,590
Escrow deposits	14	1,879	1,751	3,729	3,584
Other receivables	5	-	-	833	2,461
Investments	8	1,827,185	1,352,695	26,157	19,033
Investment property	10	-	-	2,776,050	2,181,412
Property and equipment	9	-	1	5,972	4,532
Intangible assets	11	-	-	1,582	873
Total noncurrent assets		1,829,754	1,355,387	2,833,552	2,236,185
TOTAL ASSETS		1,959,751	1,358,983	3,271,401	2,335,219

		Company		Consolidated	
LIABILITIES AND EQUITY	Note	12/31/11	12/31/10	12/31/11	12/31/10
CURRENT LIABILITIES					
Loans and financing	12	-	-	17,619	7,171
Domestic trade accounts payable		7	27	13,512	15,807
Taxes payable	15	262	24	8,700	6,602
Personnel, payroll taxes, benefits, and rewards		-	-	8,396	6,733
Key money	13	-	-	5,540	5,410
Related parties	21	-	73,637	13,673	85,599
Dividends payable	16	13,977	2,939	13,977	2,939
Payables for purchase of land		-	-	25,000	-
Other payables		228	85	18,913	11,370
Total current liabilities		14,474	76,712	125,330	141,631
NONCURRENT LIABILITIES					
Loans and financing	12	-	-	333,272	194,677
Key money	13	-	-	20,486	11,838
Payables for purchase of land		-	-	-	25,000
Deferred income tax and social contribution	20	-	3,133	351,444	278,943
Reserve for civil, tax, labor, and social security services risks	14	1,879	1,751	10,285	10,906
Accrual for variable compensation	25	-	-	189	427
Total noncurrent liabilities		1,879	4,884	715,676	521,791
EQUITY	16				
Capital		997,866	532,845	997,866	532,845
Capital reserves		80,115	96,198	80,115	96,198
Earnings reserves		865,417	648,344	865,417	648,344
Equity attributable to owners of the Company		1,943,398	1,277,387	1,943,398	1,277,387
Noncontrolling interests		-	-	486,997	394,410
Total equity		1,943,398	1,277,387	2,430,395	1,671,797
TOTAL LIABILITIES AND EQUITY		1,959,751	1,358,983	3,271,401	2,335,219

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

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$, except earnings per share)

	Note	Company		Consolidated	
		12/31/11	12/31/10	12/31/11	12/31/10
NET OPERATING REVENUE FROM RENTALS, SERVICES, AND OTHER	17	-	1	219,185	185,009
COST OF RENTALS AND SERVICES	18	-	-	(36,809)	(33,528)
GROSS PROFIT		-	1	182,376	151,481
OPERATING (EXPENSES) INCOME					
General and administrative expenses	18	(1,486)	(3,465)	(16,877)	(17,173)
Tax expenses		(110)	(565)	(1,457)	(1,925)
Equity pick-up	8	217,073	136,255	7,774	2,696
Changes in fair value of investment property	10	-	-	276,913	142,726
Other operating income (expenses), net		(8)	-	1,724	4,163
Total income (expenses) from operations, net		215,469	132,225	268,077	130,487
OPERATING INCOME BEFORE FINANCIAL INCOME (EXPENSES)		215,469	132,226	450,453	281,968
FINANCIAL INCOME (EXPENSES), NET	19	21,545	9,161	23,160	(4,440)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		237,014	141,387	473,613	277,528
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	20	(561)	-	(21,881)	(12,397)
Deferred	20	(5,403)	(2,193)	(87,425)	(52,371)
Total		(5,964)	(2,193)	(109,306)	(64,768)
NET INCOME FOR THE YEAR		231,050	139,194	364,307	212,760
NET INCOME ATTRIBUTABLE TO:					
Owners of the Company		-	-	231,050	139,194
Noncontrolling interests		-	-	133,257	73,566
BASIC EARNINGS PER SHARE - R$		3.13	2.62	3.13	2.62

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

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$, except dividends)

			Capital reserves			Earnings reserves									
	Note	Capital	Share Issuance costs	Share subscription premium	Treasury shares	Legal reserve	Earnings retention reserve	Unrealized earnings	Additional dividends proposed	Retained earnings	Equity attributable to owners of the parent	Advance for future capital increase	Total equity attributable to owners of the parent and advance for future capital increase	Noncontrolling interests	Total equity
BALANCE AT DECEMBER 31, 2009		529,784	-	90,817	-	2,503	509,586	-	-	-	1,132,690	1,784	1,134,474	357,935	1,492,409
Capital increase		2,329	-	4,329	-	-	-	-	-	-	6,658	-	6,658	-	6,658
Capital increase through advance for future capital increase		732	-	1,052	-	-	-	-	-	-	1,784	(1,784)	-	-	-
Net income for the year		-	-	-	-	-	-	-	-	139,194	139,194	-	139,194	73,566	212,760
Share buyback		-	-	-	(1,500)	-	-	-	-	-	(1,500)	-	(1,500)	-	(1,500)
Sale of own shares		-	-	-	1,500	-	-	-	-	-	1,500	-	1,500	-	1,500
Advance for future capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management's proposal:															
Legal reserve		-	-	-	-	6,960	-	-	-	(6,960)	-	-	-	-	-
Unrealized earnings		-	-	-	-	-	-	30,120	-	(30,120)	-	-	-	-	-
Earnings retention reserve		-	-	-	-	-	99,175	-	-	(99,175)	-	-	-	-	-
Minimum dividends proposed by management (R$0.26 per share)		-	-	-	-	-	-	-	-	(2,939)	(2,939)	-	(2,939)	-	(2,939)
Dividends arising from operation of Fundo de Investimento Imobiliário Shopping Parque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center		-	-	-	-	-	-	-	-	-	-	-	-	(37,091)	(37,091)
BALANCE AT DECEMBER 31, 2010		532,845	-	96,198	-	9,463	608,761	30,120	-	-	1,277,387	-	1,277,387	394,410	1,671,797
Capital increase	16.2	465,021	-	-	-	-	-	-	-	-	465,021	-	465,021	-	465,021
Net income for the year		-	-	-	-	-	-	-	-	231,050	231,050	-	231,050	133,257	364,307
Share issuance costs	16.9	-	(16,083)	-	-	-	-	-	-	-	(16,083)	-	(16,083)	-	(16,083)
Management's proposal:															
Legal reserve		-	-	-	-	11,553	-	-	-	(11,553)	-	-	-	-	-
Unrealized earnings		-	-	-	-	-	-	40,898	-	(40,898)	-	-	-	-	-
Earnings retention reserve		-	-	-	-	-	154,143	-	-	(154,143)	-	-	-	-	-
Minimum dividends proposed by management (R$0.18 per share)		-	-	-	-	-	-	-	-	(13,977)	(13,977)	-	(13,977)	-	(13,977)
Additional dividends proposed by management (R$0.14 per share)		-	-	-	-	-	-	-	10,479	(10,479)	-	-	-	-	-
Dividends arising from operation of Fundo de Investimento Imobiliário Shopping Parque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center		-	-	-	-	-	-	-	-	-	-	-	-	(40,670)	(40,670)
BALANCE AT DECEMBER 31, 2011		997,866	(16,083)	96,198	-	21,016	762,904	71,018	10,479	-	1,943,398	-	1,943,398	486,997	2,430,395

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, 2011 AND 2010
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	12/31/11	12/31/10	12/31/11	12/31/10
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the year	231,050	139,194	364,307	212,760
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	1,467	1,210
Residual value of property and equipment written off	-	-	516	71
Unbilled revenue from rentals	-	-	(1,285)	(1,571)
Provision (reversal) of the allowance for doubtful accounts	-	-	418	(890)
Provision for (reversal of) civil, tax, labor, and social security risks	128	338	(621)	(1,462)
Accrual for variable compensation	-	-	777	1,373
Deferred income tax and social contribution	5,403	2,193	87,425	52,371
Interest on loans and financing	-	-	18,223	16,809
Interest, monetary and exchange variations on intercompany loans	2,516	(5,848)	2,283	(5,938)
Changes in fair value of investment property	-	-	(276,913)	(142,726)
Equity pick-up	(217,073)	(136,255)	(7,774)	(2,696)
(Increase) decrease in operating assets:				
Restricted investments	-	-	(1,614)	(139)
Trade receivables	-	13	(3,406)	(2,034)
Loans to condominiums	-	-	233	(112)
Recoverable taxes	(3,497)	(496)	(7,106)	(2,292)
Advances to suppliers	-	-	183	5
Prepaid expenses	(13)	-	(330)	21
Escrow deposits	(128)	(338)	(145)	(707)
Other receivables	145	(134)	2,458	(3,560)
Increase (decrease) in operating liabilities:				
Domestic trade accounts payable	(20)	(34)	(4,332)	(1,878)
Taxes payable	238	(21)	2,098	2,130
Personnel, payroll taxes, benefits and rewards	-	-	648	(2,879)
Key money	-	-	8,778	4,716
Other payables	143	(258)	7,543	2,243
Cash provided by (used in) operating activities	18,892	(1,646)	193,831	124,825
Interest paid	-	-	(26,083)	(18,643)
Net cash provided by (used in) operating activities	18,892	(1,646)	167,748	106,182
CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition or construction of investment property	-	-	(306,545)	(117,617)
Purchase of property and equipment	-	-	(3,203)	(1,197)
Increase in intangible assets	-	-	(947)	(681)
Capital increase in investees	(257,417)	(65,861)	-	-
Dividends received	-	-	650	537
Net cash used in investing activities	(257,417)	(65,861)	(310,045)	(118,958)
CASH FLOW FROM FINANCING ACTIVITIES				
Capital increase	465,021	3,555	465,021	3,555
Acquisition of treasury shares	-	(1,500)	-	(1,500)
Sale of treasury shares	-	1,500	-	1,500
Proceeds from loans and financing	-	-	153,216	77,333
Loans repaid - principal	-	-	(5,456)	(59,000)
Distributed earnings of real estate funds - noncontrolling interests	-	-	(37,966)	(27,435)
Dividends paid	(2,939)	(3,136)	(2,939)	(3,136)
Share issuance costs	(24,368)	-	(24,368)	-
Related parties	(76,153)	2,826	(75,859)	(3,227)
Net cash provided by (used in) financing activities	361,561	3,245	471,649	(11,910)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	123,036	(64,262)	329,352	(24,686)
CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at end of year	125,834	2,798	390,918	61,566
Cash and cash equivalents at beginning of year	2,798	67,060	61,566	86,252
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	123,036	(64,262)	329,352	(24,686)

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

STATEMENTS OF VALUE ADDED
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	12/31/11	12/31/10	12/31/11	12/31/10
REVENUE				
Revenue from rentals and services	-	2	226,524	190,405
Other income	-	-	13,125	11,207
Changes in fair value of investment property	-	-	276,913	142,726
Revenues related to the construction of investment properties and property and equipment	-	-	309,516	150,643
Allowance for (reversal of) for doubtful accounts	-	-	(418)	890
	-	2	825,660	495,871
SERVICES AND SUPPLIES PURCHASED FROM THIRD PARTIES				
Cost of rentals and services	(104)	-	(13,869)	(22,536)
Supplies, power, outside services and other	(1,284)	(3,465)	(10,485)	(8,659)
Cost of construction of investment properties and property and equipment	-	-	(309,516)	(150,643)
	(1,388)	(3,465)	(333,870)	(181,838)
GROSS VALUE ADDED	(1,388)	(3,463)	491,790	314,033
DEPRECIATION AND AMORTIZATION	-	-	(1,467)	(1,210)
WEALTH CREATED BY THE COMPANY	(1,388)	(3,463)	490,323	312,823
WEALTH RECEIVED IN TRANSFER				
Equity pick up	217,073	136,255	7,774	2,696
Financial income	24,106	12,646	44,113	16,005
	241,179	148,901	51,887	18,701
DISTRIBUTION OF WEALTH	239,791	145,438	542,210	331,524
WEALTH DISTRIBUTED				
Personnel:				
Salaries and wages	80	-	16,018	11,045
Benefits	-	-	1,935	1,788
Severance pay fund (FGTS)	-	-	980	812
	80	-	18,933	13,645
Taxes and fees:				
Federal	6,090	2,759	131,643	80,051
Municipal	-	-	3,593	1,874
	6,090	2,759	135,236	81,925
Lenders and lessors:				
Interest expense	2,560	3,485	20,953	20,445
Rentals	11	-	2,780	2,749
	2,571	3,485	23,733	23,194
Interest on capital:				
Retained earnings	217,073	136,255	217,073	136,255
Dividends	13,977	2,939	13,977	2,939
Noncontrolling interests	-	-	133,258	73,566
	231,050	139,194	364,308	212,760
Total	239,791	145,438	542,210	331,524

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 trades its shares on BM&FBovespa (São Paulo Stock Exchange), under the ticker symbol "SSBR3".

The Company`s immediate parent is Sierra Brazil 1 BV, a company headquartered in Netherlands while its ultimate parents are Sonae Sierra SGPS S.A., headquartered in Portugal, and DDR Corp., headquartered in the United States of America.

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

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 of December 31, 2011, 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 of December 31, 2011, 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 June 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: (a) planning, developing and implementing real estate as developer, builder, lessor and advisor; and (b) 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: (a) planning, developing and implementing real estate as developer, builder, lessor and advisor; and (b) 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 of December 31, 2011, 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. The Unishopping Consultoria is responsible for selling development stores in which the Group holds interests.

As of December 31, 2011 and 2010, the Company's subsidiaries and associates held the following interests in shopping malls:

Developer	Shopping mall	Undivided interest - % 12/31/11	12/31/10
Fundos de Investimento Imobiliário I e II	Shopping Parque D. Pedro	100.00	100.00
Pátio Penha	Shopping Center Penha	73.18	73.18
Pátio Boavista	Shopping Center Metrópole	100.00	100.00
Pátio Boavista	Boavista Shopping	100.00	100.00
Sierra Enplanta	Tivoli Shopping	30.00	30.00
Sierra Enplanta	Pátio Brasil Shopping	10.42	10.42
Sierra Enplanta	Franca Shopping	67.42	67.42
Pátio São Bernardo	Shopping Plaza Sul	30.00	30.00
Campo Limpo	Shopping Campo Limpo	20.00	20.00
Pátio Sertório	Shopping Manauara	100.00	100.00
Pátio Londrina	Boulevard Londrina (*)	84.48	84.48
Pátio Uberlândia	Uberlândia Shopping (*)	100.00	100.00
Pátio Goiânia	Goiânia Shopping (*)	100.00	100.00

(i) (*) The development is being implemented.

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 as 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.

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.

The main accounting practices adopted in preparing these financial statements are summarized below. These practices are consistent with those adopted in the prior reporting period.

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 registered 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 8).

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.

As of December 31, 2011 and 2010, the consolidated companies are as follows:

	Equity interest - %	
	12/31/11	12/31/10
Direct subsidiaries:		
Sierra Investimentos Brasil Ltda.	99.99	99.99
Unishopping Administradora Ltda.	99.99	99.99

	Equity interest - %	
	12/31/11	12/31/10
Indirect subsidiaries:		
Unishopping Administradora Ltda.	100.00	100.00
Fundos de Investimento Imobiliário I e II	51.00	51.00
Unishopping Consultoria Imobiliária Ltda.	99.99	99.99
Sierra Enplanta Ltda.	100.00	100.00
Pátio Boavista Shopping Ltda.	100.00	100.00
Pátio Penha Shopping Ltda.	100.00	100.00
Pátio São Bernardo Shopping Ltda.	100.00	100.00
Pátio Sertório Shopping Ltda.	100.00	100.00
Pátio Uberlândia Shopping Ltda.	100.00	100.00
Pátio Londrina Empreendimentos e Participações Ltda.	100.00	100.00
Pátio Goiânia Shopping Ltda.	100.00	100.00
Unconsolidated associate-		
Campo Limpo Empreendimentos e Participações Ltda.	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 the 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 of December 31, 2011 and 2010, the Company had investments in Financial Treasury Bills (LFTs) linked to commitments assumed with Banco Ourinvest S.A., as described in note 27. 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 fair value.

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

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 significant impact 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 9 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 recognition 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 10.

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. Loans and financing

Loans 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 of December 31, 2011 and 2010, the main provisions recognized by the Company and subsidiaries are as follows:

2.18.1. Reserve for civil, tax, labor and social security risks

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 tenants 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 tenants and other commercial space, such as sales stands. Includes rental of commercial space for advertising and promotion. Rentals to shopping malls' tenants 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' tenants and owners, and brokerage services.

The company receives management fees from tenants 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 tenants, 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 (key money) lease fee

Refers to the lease fees payable by new tenants as consideration for the advantages and benefits obtained by the tenants 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 tenants is negotiated based on the market value of the rented space. Usually the new tenants 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 IFRSs 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 and diluted earnings per share are calculated using net income for the year attributable to the owners of the Company and the weighted average number of shares outstanding in the year.

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 and its subsidiaries, 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

a) Standards, interpretations and revised standards effective on December 31, 2011, which did not have a material impact on the Company's financial statements.

The following interpretations and revised standards were issued and were effective on December 31, 2011. However, they did not have a material impact on the Company's financial statements:

Standards	Main requirements	Effective date
Improvements to IFRSs - 2010	Amendment of several standards. The adoption of the amendments did not affect the amounts reported in the consolidated financial statements.	Effective for annual periods beginning on or after January 1, 2011
IAS 24 Related--party Disclosures	IAS 24 changed two aspects: (a) introduces the partial exemption from disclosure requirements for government entities; and (b) IAS 24 (revised in 2009) changed the definition of related party.	Effective for annual periods beginning on or after January 1, 2011

Standards	Main requirements	Effective date
	The adoption of the revised definition of related party pursuant to IAS 24 (revised in 2009) in the current year allows the identification of related parties not identified as such according to the previous standard. Specifically, the associates of the Company's holding are classified as the Group's related parties in conformity with the revised standard. The Company's related party disclosures already comprise these amendments as they already apply CPC 5 (R1) Related Party Disclosure to the consolidated financial statements.	
Amendments to IFRIC 14 Prepayments of Minimum Funding Requirements	The amendments are applicable when an entity is subject to minimum funding requirements and makes a prepayment for funding contributions whose benefit is permitted to be recognized as an asset.	Effective for annual periods beginning on or after January 1, 2011

Concerning the accounting practices adopted in Brazil, during 2011, the Accounting Pronouncements Committee (CPC), under its commitment to issue pronouncements, guidelines and interpretations as new international financial reporting standards are issued and revised, revised the following standards effective for annual fiscal years beginning on or after January 1, 2011:

- CPC 00 (R1) - Conceptual Framework for Financial Reporting
- CPC 15 (R1) - Business Combinations
- CPC 19 (R1) - Interest in Joint Venture
- CPC 20 (R1) - Borrowing Costs
- CPC 21 (R1) - Interim Financial Statements
- CPC 26 - Presentation of Financial Statements
- CPC 35 (R1) - Separate Financial Statements
- CPC 36 (R2) - Consolidated Financial Statements
- ICPC 01 - Concession Arrangements

The pronouncements and interpretations above include both amendments made by the IASB after the approval of the final document, based on the volume of IFRSs for 2011, and certain adjustments to the wording to ensure that, when applied, the CPCs have the same accounting effects as the IFRSs. The revisions do not change the substance of the original pronouncements, therefore, do not cause the carrying amounts to be different from those previously recorded. With respect to CPC 19 (R1), in addition to adjustments to the wording, the revised version permits a company to recognize investments in joint ventures under the equity method in its consolidated financial statements. In the prior version originally approved by the CPC, this option, which already existed in the IFRSs issued by IASB, had been removed, since, for investments in joint ventures, the accounting practices adopted in Brazil only provided for the proportionate consolidation method.

b) Standards, interpretations and revised standards not yet effective and which were not early adopted by the Company.

The following standards and revised standards 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.

Standards	Main requirements	Effective date
IFRS 9 - Financial Instruments	Introduces new requirements for the classification, measurement, and derecognition of financial assets and financial liabilities. Clarifies other IAS 39-related issues. IFRS 9 retains but simplifies the measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The classification base depends on the entity's business model and the contractual characteristics of the cash flow from financial assets. The guidance included in IAS 39 on impairment of financial assets and hedge accounting is applicable. Prior periods are not required to be restated if the entity adopts this standard for reporting periods beginning on or after January 1, 2012. Management does not expect significant impacts on the consolidated financial statements as a result of adopting this standard.	Effective for annual periods beginning on or after January 1, 2013

Standards	Main requirements	Effective date
Amendments to IFRS 7 - Financial Instruments - Disclosure	Enhancement of financial asset transaction disclosure requirements, aiming at the disclosure of risk exposures when a financial asset is transferred; however, the Company still retains exposure risk to a certain degree. The amendments also require the disclosure of transfers of financial assets when they are not distributed in the period on a pro rata basis. The Company's management does not expect that these amendments to IFRS 7 will impact the Group's disclosures.	Effective for annual periods beginning on or after July 1, 2011
Amendments to IAS 12 – Income Tax	Deferred taxes - recovery of underlying assets when the asset is measured under the fair value model in IAS 40. The amendments to IAS 12 provide an exception to the basic principle of measuring deferred tax assets and liabilities, which should reflect the tax effects resulting from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties measured based on the fair value model in IAS 40 - Investment Property are expected to be recovered through sale for purposes of measuring deferred taxes, unless the assumption is not appropriate in the circumstances. The Company already records deferred taxes using this assumption and does not expect any significant impacts in the consolidated financial statements.	Effective for annual periods beginning on or after January 1, 2012
IAS 28 - Investmen in Associates and Joint Ventures	Amendment to IAS 28 to include the changes introduced by IFRSs 10, 11 and 12. Clarifies the concept of "Significant Influence", examples for application of the equity method of accounting and how to conduct impairment tests for associates and joint ventures.	Effective for annual periods beginning on or after January 1, 2013
IAS 27 (revised in 2011) - Separate Financial Statements"	The IAS 27 requirements relating to the consolidated financial statements were replaced by IFRS 10. The requirements applicable to separate financial statements remained unchanged. The Company's management does not expect that these changes will have a significant impact on the consolidated financial statements.	Effective for annual periods beginning on or after January 1, 2013

Standards	Main requirements	Effective date
IFRS 10 - Consolidated Financial Statements	Replaces the IAS 27 requirements applicable to consolidated financial statements and SIC 12. IFRS 10 provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. Additionally, IFRS 10 provides a new definition of control encompassing three components: (a) authority over an investee; (b) exposure, or right to variable returns on its interest in the investee and (c) ability to use its authority over the investee to affect the amount of returns to the investor. The Company's management does not expect that these changes will have a significant impact on the consolidated financial statements.	Effective for annual periods beginning on or after January 1, 2013
IFRS 11 - Joint Arrangements	Eliminates the option of proportionate consolidation model. Joint ventures should be accounted for under the equity method. IFRS 11 also eliminates the existing concept of "jointly-controlled assets" and classifies joint arrangements as either "joint operations" or "joint ventures". The Company's management does not expect that these changes will have a significant impact on the consolidated financial statements.	Effective for annual periods beginning on or after January 1, 2013
IFRS 12 - Disclosure of Interests in Other Entities	Enhances the requirements to make qualitative disclosures of interests in subsidiaries, joint arrangements or unconsolidated entities by the entity, including significant judgments and assumptions it has made in determining that it controls other entity or has significant influence over another entity, or the type of joint arrangement (joint operation or joint venture), and other information on the nature and extent of significant restrictions and associated risks. Management believes that this standard will not significantly impact the consolidated financial statements.	Effective for annual periods beginning on or after January 1, 2013

Standards	Main requirements	Effective date
IFRS 13 - Fair Value Measurement	Replaces the fair value measurement guidance currently dispersed across different IFRS standards with a single definition of fair value. IFRS 13 defines fair value and provides guidance on how to measure fair value and requirements for disclosure relating to fair value measurement. However, it does not introduce new or revised requirements for when fair value measurement is required, since these requirements remain unchanged. Management believes that this standard will not significantly impact the consolidated financial statements.	Effective for annual periods beginning on or after January 1, 2013
Amendments to IAS 1 "Presentation of Financial Statements"	The amendments to IAS 1 allow the presentation of income and other comprehensive income in a single statement or in two separate and consecutive statements. However, the amendments to IAS 1 require additional disclosures in the other comprehensive income section so that other comprehensive income items are grouped in two categories: (a) However, the amendments to IAS 1 require additional disclosures in the other comprehensive income section so that other comprehensive income items are grouped in two categories. Income tax on other comprehensive income items will be similarly recognized. Management believes that this standard will not significantly impact the consolidated financial statements.	Effective for annual periods beginning on or after January 1, 2013

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 and its subsidiaries management understands as relevant for the preparation of the individual and consolidated financial statements:

a) 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 and its subsidiaries' 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 civil, tax, labor and social security risks: as described in note 2.18.1, the reserve for risks 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. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	12/31/11	12/31/10	12/31/11	12/31/10
Cash	5	36	191	249
Banks	51	177	1,550	10,129
Short-term investments (*)	125,778	2,585	389,177	51,188
Total	125,834	2,798	390,918	61,566

(*) As of December 31, 2011, the short-term investments are highly liquid and earn yield at the weighted average interest rate of 102.2% of the interbank deposit rate (CDI) (100% as of December 31, 2010).

5. TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

	Consolidated	
Trade receivables	12/31/11	12/31/10
Rentals	34,025	31,335
Assignment of rights receivable (a)	399	300
Total trade receivables billed	34,424	31,635
Unbilled revenue from rentals (b)	10,808	9,582
Total trade receivables billed and unbilled	45,232	41,217
Allowance for doubtful accounts	(9,727)	(9,985)
Total	35,505	31,232
(-) Current	(24,690)	(21,650)
Noncurrent	10,815	9,582

(a) Represent receivables from lease of commercial spaces in shopping malls, also known as "Key Money".

(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 of December 31, 2011 and 2010 is as follows:

	Consolidated	
	12/31/11	12/31/10
Current	24,233	17,450
Past due:		
Up to 30 days	714	1,056
31 to 60 days	497	1,765
61 to 90 days	413	915
91 to 180 days	1,115	1,595
Over 180 days	7,452	8,854
Subtotal	10,191	14,185
Total	34,424	31,635

Allowance for doubtful accounts

Change in allowance for doubtful accounts for the years ended December 31, 2011 and 2010 is as follows:

	Consolidated
Balance as of December 31, 2010	(9,985)
Write-offs	676
Addition	(418)
Balance as of December 31, 2011	(9,727)

	Consolidated
Balance as of December 31, 2009	(12,879)
Reversal	890
Write-offs	1,281
Write-offs due to matching with condominiums accounts	723
Balance as of December 31, 2010	(9,985)

Other receivables

Additionally, as of December 31, 2011 and 2010, the balance of "Other receivables" is broken down as follows:

	Company		Consolidated	
	12/31/11	12/31/10	12/31/11	12/31/10
Receivables of Banco Ourinvest S.A. (a)	-	-	833	833
Loan agreement with a storeowner (b)	-	-	592	1,418
Other receivables from condominiums	-	-	1,231	1,843
Receivables from parking operations	-	-	1,748	415
Vacations, 13th salaries, and other advances to employees	-	-	189	1,104
Other	-	145	1,211	2,649
Total	-	145	5,804	8,262
Current	-	(145)	(4,987)	(5,801)
Noncurrent	-	-	833	2,461

(a) As of December 31, 2011, 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 27).

(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 of December 31, 2011, the subsidiary Pátio Sertório Shopping Ltda. has 7 installments receivables related to this agreement.

6. RECOVERABLE TAXES

	Company		Consolidated	
	12/31/11	12/31/10	12/31/11	12/31/10
Withholding income tax (IRRF)	4,136	639	15,980	9,159
Social contribution - Law 10,833/03	13	13	667	420
Other	1	1	118	80
Total	4,150	653	16,765	9,659

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.

7. 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	12/31/11	12/31/10
Pátio Boavista	Condomínio Shopping Boavista	8	18
Pátio São Bernardo	Condomínio Shopping Center Plaza Sul	125	234
Pátio Penha	Condomínio Shopping Center Penha	195	309
Total		328	561

These loans are considered related-party transactions.

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.

8. INVESTMENTS

December 31, 2011	Number of shares held	Capital - equity interest - %	Equity	Net income for the year	Equity in investees	Investment balance
Company						
Subsidiaries:						
Sierra Investimentos Brasil Ltda.	936,912,172	100.00	1,819,228	211,058	211,058	1,819,228
Unishopping Administradora Ltda.	10,910,860	100.00	7,957	6,015	6,015	7,957
Total			1,827,185	217,073	217,073	1,827,185
Consolidated						
Associate-						
Campo Limpo Empreendimentos e Participações Ltda.	41,537,062	20.00	130,784	38,871	7,774	26,157

December 31, 2010	Number of shares held	Capital - equity interest - %	Equity	Net income for the year	Equity in investees	Investment balance
Company						
Subsidiaries:						
Sierra Investimentos Brasil Ltda.	681,344,811	100.00	1,350,754	130,717	130,717	1,350,754
Unishopping Administradora Ltda.	10,910,860	100.00	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	20.00	95,165	13,480	2,696	19,033

Changes in investments for the years ended December 31, 2011 and 2010

	Company	Consolidated
Balance at December 31, 2010	1,352,695	19,033
Capital increase	257,417	-
Equity in investees	217,073	7,774
Dividends received	-	(650)
Balance at December 31, 2011	1,827,185	26,157
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

9. PROPERTY AND EQUIPMENT

		12/31/11		
		Consolidated		
	Annual depreciation rate - %	Cost	Accumulated depreciation	Net
Facilities	10	2,747	(2,540)	207
Furniture and fixtures	10	920	(402)	518
Machinery and equipment	10	623	(219)	404
IT equipment	20	2,501	(1,631)	870
Vehicles	20	2,166	(634)	1,532
Other	20	41	(38)	3
Subtotal		8,998	(5,464)	3,534
Construction in progress	-	1,979	-	1,979
Advances to suppliers	-	459	-	459
Total		11,436	(5,464)	5,972

		12/31/10		
		Consolidated		
	Annual depreciation rate -%	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

Changes in property and equipment in operation for the years ended December 31, 2011 and 2010

	Consolidated						
	Facilities	Furniture and fixtures	Machinery and equipment	IT equipment	Vehicles	Other	Total
Balances at December 31, 2010	583	411	265	446	1,601	5	3,311
Additions	334	192	226	630	585	3	1.986
Write-off	-	-	-	-	(516)	-	(516)
Depreciation	(710)	(85)	(87)	(206)	(154)	(5)	(1,247)
Balances at December 31, 2011	207	518	404	870	1.532	3	3.534

	Consolidated						
	Facilities	Furniture and fixtures	Machinery and equipment	IT equipment	Vehicles	Other	Total
Balances at December 31, 2009	987	461	275	354	1,209	2	3,288
Additions	252	23	35	243	640	4	1,197
Write-off	-	-	-	-	(71)	-	(71)
Depreciation	(656)	(73)	(45)	(151)	(177)	(1)	(1,103)
Balances at December 31, 2010	583	411	265	446	1.601	5	3,311

10. 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, from January 1, 2009.

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

	Consolidated	
	12/31/11	12/31/10
Constructed investment property	2,338,796	1,983,960
Investment property under construction	437,254	197,452
Total	2,776,050	2,181,412

Changes in investment property for the for the years ended December 31, 2011 and 2010

	Consolidated		
	Constructed properties	Properties under construction	Total
Balance at December 31, 2010	1,983,960	197,452	2,181,412
Additions	73,442	244,283	317,725
Gain from the change in fair value of properties	281,394	(4,481)	276,913
Balance at December 31, 2011	2,338,796	437,254	2,776,050
Balance at December 31, 2009	1,807,096	82,079	1,889,175
Additions	55,368	94,143	149,511
Gain 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

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 of December 31, 2011, the total amount carried as investment property is R$234,466 (R$208,767 as of December 31, 2010).

(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 11^{th} 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 of December 31, 2011 and 2010 for the measurement at fair value described above are as follows:

12/31/11				12/31/10			
10-year discount rate		10-year exit yield		10-year discount rate		10-year exit yield	
Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
12.75%	14.00%	8.25%	9.50%	12.75%	14.00%	8.25%	9.50%

11. INTANGIBLE ASSETS

	Annual amortization rate - %	Consolidated 12/31/11	Consolidated 12/31/10
Software	20	2,153	1,206
Accumulated amortization (*)		(571)	(333)
Total		1,582	873

(*) For the year ended December 31, 2011, the amortization expense of the cost of purchase of software, amounting to R$238 (R$107 as of December 31, 2010), is recognized in line item “General and administrative expenses”, in the statement of income.

Changes in intangible assets for the years ended December 31, 2011 and 2010

	Consolidated		
	Cost	Amortization	Net
Balance at December 31, 2010	1,206	(333)	873
Additions	947	(238)	709
Balance at December 31, 2011	2,153	(571)	1,582
Balance at December 31, 2009	525	(226)	299
Additions	681	(107)	574
Balance at December 31, 2010	1,206	(333)	873

12. LOANS AND FINANCING

		Consolidated	
Domestic	Maturity	12/31/11	12/31/10
Banco do Amazonas S.A. - BASA (a)	12/10/2020	130,073	123,925
Banco Itaú BBA S.A. (b)	10/21/2015	17,532	20,138
Banco Itaú BBA S.A. (c)	10/17/2016	24,362	27,194
Banco Bradesco S.A. (d)	10/26/2025	53,842	30,591
Banco Bradesco S.A. (e)	10/27/2025	71,767	-
Banco Itaú BBA S.A. (f)	05/10/2018	53,315	-
Total		350,891	201,848
Current		(17,619)	(7,171)
Noncurrent		333,272	194,677

(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 Manauara. In the year ended December 31, 2009, the subsidiary obtained new loans totaling R$21,985. These loans 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. 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 Metrópole property; (ii) net receivables of Shopping Metrópole. 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 Metrópole property; and (ii) net receivables of Shopping Metrópole. This loan has a six-month grace period for the payment of the first installment of principal.

(d) In the months of June and December 2011, subsidiary Pátio Londrina Shopping Ltda. raised R$53,451 with Banco Bradesco S.A. to finance the construction of Shopping Londrina. This loan, in the total amount of R$120,000 bears a fixed rate equivalent to TR (a managed prime rate) plus 10.90% per year. The agreement is effective for 15 years, with a 2-year grace period for repaying the principal. After this period, the outstanding balance will be paid in 155 monthly consecutive installments. The loan is collateralized by the Shopping Londrina property. The Company is the guarantor of this transaction.

(e) From August 2010 to December 2011, subsidiary Pátio Uberlândia Shopping Ltda. raised R$70,924 with Banco Bradesco S.A. to finance the construction of Shopping Uberlândia. This loan, in the total amount R$81,200, 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, consecutive installments. The loan is collateralized by the Shopping Uberlândia property. The Company is the guarantor of this transaction.

(f) On June 29, 2011, subsidiary Pátio Boavista Shopping Ltda. raised R$52,651 with Banco Itaú BBA S.A. to finance the expansion of Shopping Metrópole. This loan bears a fixed rate equivalent to TR (a managed prime rate) plus 10.30% per year. The agreement is effective for 7 years, with a 12-month grace period for repaying the principal. After this period, the outstanding balance will be paid in 72 monthly consecutive installments. The Company is the guarantor of this transaction. The loan is collateralized by: (i) the Shopping Metrópole property; and (ii) Shopping Metrópole's net receivables.

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.

Changes in loans and financing for the years ended December 31, 2011 and 2010

Balance at December 31, 2009	183,488
New borrowings	77,333
Payments - principal	(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
New borrowings	153,216
Payments - principal	(5,456)
Interest payments	(26,083)
Interest capitalized in investment property under construction	9,143
Interest allocated to net income	18,223
Balance at December 31, 2011	350,891

The noncurrent portion, as of December 31, 2011, matures as follows:

Year	
2013	43,391
2014	43,935
2015	43,564
2016 - 2020	155,468
2021 - 2025	46,914
Total	333,272

13. KEY MONEY - CONSOLIDATED

		Consolidated	
Subsidiary	Shopping mall	12/31/11	12/31/10
Pátio Boavista	Boavista	2,280	1,196
Pátio Sertório	Manauara	11,062	12,673
Pátio Uberlândia	Uberlândia Shopping	6,292	1,975
Pátio Londrina	Boulevard Londrina	3,994	564
Pátio Goiânia	Passeio das Águas	365	68
Fundo de Investimento Imobiliário I	Parque D. Pedro	1,725	772
Fundo de Investimento Imobiliário II	Parque D. Pedro	308	-
Total		26,026	17,248
Current		(5,540)	(5,410)
Noncurrent		20,486	11,838

Refers to the lease agreements for the use of property space, payable by tenants 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 tenants 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 key money 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.

14. RESERVE FOR CIVIL, TAX, LABOR AND SOCIAL SECURITY SERVICES RISKS

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. The reserve for risks is broken down as follows:

	Company		Consolidated	
	12/31/11	12/31/10	12/31/11	12/31/10
Labor and social security (a)	-	-	5,375	6,306
Tax (b)	1,879	1,751	3,455	3,982
Civil (c)	-	-	1,455	618
Total	1,879	1,751	10,285	10,906

Changes in the reserve for the years ended December 31, 2011 and 2010 are as follows:

	Consolidated			
	Labor and social security (a)	Tax (b)	Civil (c)	Total
Balance at December 31, 2009	7,193	4,753	422	12,368
Addition	609	-	285	894
Inflation adjustments	482	373	40	895
Reversal/payments	(1,978)	(1,144)	(129)	(3,251)
Balance at December 31, 2010	6,306	3,982	618	10,906
Addition	728	-	873	1,601
Inflation adjustments	368	206	25	599
Reversal/payments	(2,027)	(733)	(61)	(2,821)
Balance at December 31, 2011	5,375	3,455	1,455	10,285

(a) Labor and social security

As of December 31, 2011, the Company was not a party to any labor lawsuits. However, some subsidiaries were parties to 11 labor lawsuits (5 labor lawsuits as of December 31, 2010), whose contingency in the amount of R$562 (R$543 as of December 31, 2010) was assessed as probable loss by the legal counsel.

For the social security risks, as of December 31, 2011, the Company maintained a reserve of R$4,813 (R$5,763 as of December 31, 2010) according to the legal counsel's opinion, which estimated that the likelihood of loss on these lawsuits is probable.

(b) Tax

(b.1) 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$3,045 (R$2,839 as of December 31, 2010), 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$1,166, 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 of December 31, 2011, 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$27,946 as of December 31, 2011 (R$22,199 as of December 31, 2010).

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$13,933 adjusted for inflation through December 31, 2011) 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	
	12/31/11	12/31/10	12/31/11	12/31/10
Labor and social security	-	-	53	48
Tax	1,879	1,751	3,455	3,379
Civil	-	-	221	157
Total	1,879	1,751	3,729	3,584

15. TAXES PAYABLE

	Company		Consolidated	
	12/31/11	12/31/10	12/31/11	12/31/10
Income tax and social contribution	232	24	4,829	2,928
IRRF	30	-	1,122	1,045
COFINS	-	-	1,373	1,358
PIS	-	-	298	295
ISS	-	-	1,066	700
Other	-	-	12	276
Total	262	24	8,700	6,602

16. EQUITY - COMPANY

16.1. Capital

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.

As of December 31, 2011, the Company's capital was R$997,866 (R$532,845 as of December 31, 2010), represented by 76,423,831 common shares without par value.

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 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.

16.2. 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.

16.3. Share premium reserve

As of December 31, 2011, the Company had R$96,198 registered as share premium reserve that represents the premium paid by shareholders on issuance of shares.

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.

16.4. 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 of December 31, 2011, the Company had a legal reserve in the amount of R$21,016.

16.5. 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 net equity gains in investees.

As of December 31, 2011, the Company had R$71,018 related to the portion of unrealized earnings reserve.

16.6. 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$154,143.

The earnings retention reserve has the main objective of funding the budgeted investment plans for expansion, renewal and maintenance of shopping malls.

16.7. 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 of December 31, 2011, as follows:

	12/31/2011
Net income for the year (a)	231,050
Legal reserve (5%)	(11,553)
Calculation base for dividends	219,497
Minimum mandatory dividends before recognition of unrealized earnings reserve (b)	54,875
Unrealized earnings	
Equity in investees	(217,073)
Unrealized net income (c)	(217,073)
Realized net income for the year corresponding to minimum mandatory dividends payable (a) - (c) = (d)	13,977
Recognition of unrealized earnings reserve (b) - (d)	40,898

In the year ended December 31, 2011, realized minimum mandatory dividends totaled R$13,977.

Management will propose to the Annual Shareholders' Meeting the payment of additional dividends in the amount of R$10,479. In 2011, the minimum realized mandatory dividends and the proposed additional dividends amount to R$24,456.

16.8. Earnings per share

As required by IAS 33, equivalent to technical pronouncement CPC 41 (Earnings per Shares) below is the reconciliation of net income to the amounts used to calculate the basic earnings per share.

The Company has no debt convertible into shares or stock options granted; therefore, no diluted earnings per share were calculated.

	Company and Consolidated	
	12/31/11	12/31/10
Net income for the year attributable to the Company's owners	231,050	139,194
Weighted average of outstanding common shares (*)	73,890	53,036
Basic per share - R$	3.13	2.62

(*) For the calculation of weighted average of outstanding common shares for the years ended December 31, 2011, and 2010 it was considered the 1-for-10 reverse stock split of Company shares approved on January 11, 2011.

16.9. Share issuance costs

The Company completed an initial public offering and the related shares issuance costs in the amount of R$16,083 net of taxes, were accounted for as a reduction to the capital reserves. These costs are comprised mainly by commissions, attorney's fees, audit fees, registration fee, printing, publications and other expenses.

17. NET REVENUE

	Company		Consolidated	
	12/31/11	12/31/10	12/31/11	12/31/10
Gross revenue:				
Rentals	-	-	186,058	158,246
Revenue from services	-	2	16,294	14,777
Parking revenue	-	-	24,172	17,682
Key Money	-	-	10,341	10,399
Other income	-	-	2,784	808
Total	-	2	239,649	201,612
Deductions:				
Taxes on rentals and services	-	(1)	(14,768)	(12,802)
Discounts and abatements	-	-	(5,696)	(3,801)
Total	-	(1)	(20,464)	(16,603)
Net revenue	-	1	219,185	185,009

18. EXPENSES BY NATURE

	Company		Consolidated	
	12/31/11	12/31/10	12/31/11	12/31/10
Depreciation and amortization	-	-	1,467	1,210
Personnel	93	-	24,935	20,757
External services	1,093	3,202	10,654	12,832
Cost of occupancy (vacant stores)	-	-	3,851	4,070
Costs of contractual agreements with tenants	-	-	1,428	1,873
Allowance for (reversal of) doubtful lease receivables	-	-	418	(890)
Rent	11	-	2,780	2,749
Travel expenses	188	-	1,442	1,338
Others	101	263	6,711	6,762
Total	1,486	3,465	53,686	50,701
Classified as:				
Cost of rentals and services	-	-	36,809	33,528
General and administrative expenses	1,486	3,465	16,877	17,173

19. FINANCIAL INCOME (EXPENSES), NET

	Company		Consolidated	
	12/31/11	12/31/10	12/31/11	12/31/10
Financial income:				
Interest from short-term investments	24,018	2,294	41,887	4,121
Interest on intercompany loans	-	1,023	-	-
Interest receivable	-	-	1,202	1,426
Monetary and exchange variations	-	9,315	-	9,405
Other	88	14	1,024	1,053
	24,106	12,646	44,113	16,005
Financial expenses:				
Interest on loans and financing	-	-	(18,223)	(16,809)
Interest on intercompany loans	(400)	(3,467)	(400)	(3,467)
Monetary and exchange variations	(2,116)	-	(1,883)	-
Other	(44)	(18)	(447)	(169)
	(2,560)	(3,485)	(20,953)	(20,445)
Total, net	21,545	9,161	23,160	(4,440)

20. INCOME TAX AND SOCIAL CONTRIBUTION

a) Income tax and social contribution expense

	Company		Consolidated	
	12/31/11	12/31/10	12/31/11	12/31/10
Income before income tax and social contribution	237,014	141,387	473,613	277,528
Statutory rate	34%	34%	34%	34%
Expected income tax and social contribution charge, at statutory rate	(80,585)	(48,072)	(161,028)	(94,360)
Effect of income tax and social contribution on permanent differences:				
Equity in investees	73,805	46,327	2,643	917
Other permanent differences	-	-	(907)	(799)
Effect of income tax and social contribution on temporary differences and tax loss carryforwards:				
Temporary differences	-	26	1,303	(769)
Tax loss carryforwards	816	(474)	609	140
Effect of taxation of subsidiaries taxed based on deemed income	-	-	5,641	4,455
Effect of different taxation of Fundos de Investimento Imobiliário I and II (*)	-	-	42,433	25,647
Income tax and social contribution expense at effective rate	(5,964)	(2,193)	(109,306)	(64,768)
Effective rate - %	3	2	23	23

(*) 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	
	12/31/11	12/31/10	12/31/11	12/31/10
Tax loss carryforward	690	940	2,535	10,160
Reserve for civil, tax, labor, and social security risks	-	-	553	145
Allowance for doubtful accounts	-	-	1,764	1,588
Other temporary reserves	-	-	597	329
Change in fair value of investment property	-	-	(351,444)	(275,810)
Exchange differences taxed on a cash basis (*)	-	(3,133)	-	(3,133)
Other adjustments due to the first-time adoption of IFRS	-	-	466	1,368
Total deferred income tax and social contribution	690	(2,193)	(345,529)	(265,353)
In noncurrent assets	690	940	5,915	13,590
In noncurrent liabilities	-	(3,133)	(351,444)	(278,943)

(*) In 2010 and 2011, 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 21 b). This transaction was settled on February 8, 2011.

Recognized noncurrent tax credits totaling R$690 (Company) and R$5,915 (Consolidated) as of December 31, 2011 should be realized within up to two years, as shown below:

Year	Company	Consolidated
2012	690	3,474
2013	-	2,441
Total	690	5,915

21. 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 of December 31, 2011 and 2010 are as follows:

		Company		Consolidated	
Balance sheet	Purpose	12/31/11	12/31/10	12/31/11	12/31/10
Current assets:					
Affiliates:					
Condomínio Shopping Center Penha	(a)	-	-	-	127
Condomínio Civil Center Shopping São Bernardo	(a)	-	-	-	95
Condomínio Tivoli Shopping Center	(a)	-	-	-	90
Condomínio Franca Shopping Center	(a)	-	-	6	61
Condomínio Shopping Pátio Brasil	(a)	-	-	-	-
Condomínio Parque Dom Pedro Shopping	(a)	-	-	5	260
Condomínio Boavista Shopping	(a)	-	-	-	93
Condomínio Shopping Center Plaza Sul	(a)	-	-	-	135
Condomínio Manauara Shopping	(a)	-	-	-	146
Total (*)		-	-	11	1,007
Current liabilities:					
Affiliates:					
Sierra Brazil 1 BV	(b)	-	73,637	-	73,637
Parque D. Pedro I BV/SARL	(c)	-	-	13,673	11,962
Total		-	73,637	13,673	85,599

		Company		Consolidated	
Profit or loss	Purpose	12/31/11	12/31/10	12/31/11	12/31/10
Operating revenue:					
Affiliates:					
Condomínio Shopping Center Penha	(a)	-	-	1,130	956
Condomínio Civil Center Shopping São Bernardo	(a)	-	-	846	729
Condomínio Tivoli Shopping Center	(a)	-	-	463	394
Condomínio Shopping Pátio Brasil	(a)	-	-	784	906
Condomínio Franca Shopping Center	(a)	-	-	361	300
Condomínio Boavista Shopping	(a)	-	-	834	720
Condomínio Shopping Center Plaza Sul	(a)	-	-	1,215	902
Condomínio Parque Dom Pedro Shopping	(a)	-	-	2,548	2,130
Condomínio Campo Limpo Shopping	(a)	-	-	685	538
Condomínio Manauara Shopping	(a)	-	-	1,609	1,303
Total		-	-	10,475	8,878
Financial income (expenses)-					
Subsidiaries:					
Sierra Investimentos Brasil Ltda.	(d)	-	44	-	-
Pátio Boavista Shopping Ltda.	(d)	-	589	-	-
Pátio Sertório Shopping Ltda.	(d)	-	74	-	-
Pátio Uberlândia Shopping Ltda.	(d)	-	292	-	-
Pátio Goiânia Shopping Ltda.	(d)	-	5	-	-
Pátio Londrina Empreendimentos e Participações Ltda.	(d)	-	19	-	-
Total		-	1,023	-	-
Affiliates-					
Sierra Brazil 1 BV	(c)	(2,516)	5,848	(2,516)	5,938
Subtotal		(2,516)	5,848	(2,516)	5,938
Grand total		(2,516)	6,871	7,959	14,816

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

(a) 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 17.

(b) 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$73,637 as of 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, its subsidiaries and associate. The agreement entered into by the parties does not provide for any guarantees. This transaction was settled on February 8, 2011, in the amount of R$76,153.

(c) 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.

(d) 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. As of December 31, 2011, there are no balances related to these contracts.

22. OPERATING SEGMENTS REPORTING

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' tenants and owners, brokerage services, and development of project for a new shopping mall.

b) Investment

Refers to the rental of store space to tenants 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.

	Consolidated	
	2011	2010
Shopping mall gross revenue by segment:		
Development and management	39,383	36,666
Investment	223,355	186,998
Elimination of intersegment revenue	(23,089)	(22,052)
Total	239,649	201,612
Deductions:		
Taxes	(14,768)	(12,802)
Discounts and rebates	(5,696)	(3,801)
Total	(20,464)	(16,603)
Net operating revenue	219,185	185,009

	Consolidated	
	2011	2010
Shopping mall costs by segment:		
Development and management	(32,711)	(31,373)
Investment	(44,066)	(41,876)
Elimination of intersegment cost	23,091	22,548
	(53,686)	(50,701)
Adjusted operating profit	165,499	134,308

23. 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) Loans and financing: Are classified as other financial liabilities.

As of December 31, 2011 and 2010, the carrying amounts and fair values of the Company's and its subsidiaries' financial instruments are as follows:

Company

		12/31/11		12/31/10	
Type	Classification	Carrying amount	Fair value	Carrying Amount	Fair value
Assets					
Cash and cash equivalents	Fair value through profit or loss	125,834	125,834	2,798	2,798

Consolidated

		12/31/11		12/31/10	
Type	Classification	Carrying amount	Fair value	Carrying amount	Fair value
Assets:					
Cash and cash equivalents	Fair value through profit or loss	390,918	390,918	61,566	61,566
Trade receivables	Loans and receivables	24,690	24,690	21,650	21,650
Liabilities-					
Loans and financing	Other financial liabilities	350,891	350,891	201,848	201,848

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:

23.1. 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.

The credit risk related to cash and cash equivalents is limited as the counterparties are represented by banks with a high rating assigned by international credit rating agencies.

23.2. Price fluctuation risk

The Company's revenue consists basically of rentals received from shopping malls' tenants. 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.

23.3. Interest rate risk

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

Additionally, as described in note 21.b), 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. This transaction was settled on February 8, 2011.

23.4. Currency risk

As described in note 21.b), 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. This loan was paid on February 8, 2011.

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

23.5. Capital risk

The Company and its subsidiaries manage their capital to ensure regular business continuity and, at the same time, maximize return for all stakeholders or parties involved in their operations, by optimizing debt and equity balance.

The Company's and its subsidiaries' equity structure consists of net debt (loans and financing detailed in note 12, less cash and cash equivalents) and consolidated shareholders' equity (including capital, reserves and noncontrolling interests, as mentioned in note 16).

Indebtedness level

As of December 31, 2011 and 2010, the indebtedness level is as follows:

	Consolidated	
	12/31/11	12/31/10
Debt (a)	350,891	201,848
Cash and cash equivalents	(390,918)	(61,566)
Net debt (net cash)	(40,027)	140,282
Shareholders' equity (b)	1,943,398	1,277,387
Net debt-to-equity ratio	(2,1)%	11,0%

(a) Debt is defined as short- and long-term loans as detailed in note 12.

(b) Shareholders' equity includes the Company's total capital and reserves, managed as capital.

23.6. Liquidity risk management

The Company and its subsidiaries manage the liquidity risk by maintaining proper reserves, bank and other credit facilities to raise new borrowings that they consider appropriate, based on the continuous monitoring of budgeted and actual cash flows, and the combination of the maturity profiles of financial assets and financial liabilities.

Liquidity risk and interest tables

The tables below detail the remaining contractual maturity of the Company's financial liabilities and the contractual payment periods. These tables were prepared in accordance with non-discounted cash flows of financial liabilities based on the closest date when the Company and its subsidiaries should settle the corresponding obligations. The tables include interest and principal cash flows. As interest flows are based on floating rates, the undiscounted amount was based on the interest curves at yearend. Contractual maturity is based on the most recent date when the Company and its subsidiaries should settle the related obligations.

	Weighed average effective interest rate	Less than 1 month	From one to three months	From to three months to one year	Between one and five years	More than five years	Total
Loans and financing	11.6%	3,258	6,453	34,470	319,047	167,360	530,588

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 of December 31, 2011.

- Adverse scenario: a 25% fluctuation of the main risk factor of the financial instrument compared to the level as of December 31, 2011.

- Remote scenario: a 50% fluctuation of the main risk factor of the financial instrument compared to the level as of December 31, 2011.

Assumptions

As described above, the Company believes that it is exposed mainly to the risks of fluctuation of the interbank deposit rate (CDI) and TR, which is the basis to adjust a substantial portion of short-term investments and loans and financing. Accordingly, the table below shows the indices and rates used to prepare the sensitivity analysis:

Assumptions	Base scenario	Adverse scenario	Remote Scenario
CDI fluctuation			
Short-term investments	11.60%	8.70%	5.80%
Loans and financing	11.60%	14.50%	17.40%
TR fluctuation			
Loans and financing	1.21%	1.51%	1.81%

Management analysis

			Consolidated		
Risk factor	Financial instrument	Risk	Base scenario (*)	Adverse scenario	Remote scenario
Short-term investments	Interest rate	Decrease in CDI rate	45,145	33,858	22,572
Loans and financing	Interest rate	Increase in CDI rate	4,937	6,171	7,405
Loans and financing	Interest rate	Increase in TR rate	2,153	2,691	3,230

(*) The Company's base scenario is comprised of interest estimated for the next twelve-month period.

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

23.7. Derivatives

The Company and its subsidiaries did not conduct derivative transactions for the years ended December 31, 2011 and 2010.

24. INSURANCE

As of December 31, 2011, insurance is as follows:

Line	Insured amount - R$
Civil liability (shopping mall operations)	64,067
Fire	745,931
Loss of profits	249,498
Windstorm/smoke	36,165

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.

25. MANAGEMENT COMPENSATION

During for the years ended December 31, 2011 and 2010, expenses on management compensation are broken down as follows:

	Consolidated	
	12/31/11	12/31/10
Payroll and related taxes	4,146	2,604
Variable compensation	777	1,373
Benefits	297	176
Total	5,220	4,153

These amounts are recorded in line item "Personnel Costs", 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 of December 31, 2011, the balance of line item "Accrual for variable compensation", totaling R$189 (R$427 as of December 31, 2010), 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 April 28, 2011, the overall compensation to Company Directors and Officers in 2011 is R$10,000.

26. ADDITIONAL DISCLOSURES ON CASH FLOWS

The Company conducted the following noncash transaction:

	Consolidated	
	12/31/11	12/31/10
Capitalized interest in properties for investment in construction	9,143	1,861
Purchase of land (see note 10)	-	25,000
Increase in trade payable due to properties for investment in construction	2,037	6,894

27. 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 12,024, 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 of 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 of December 31, 2011, 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 classified in item 'Other receivables', in noncurrent assets (see note 5). In addition, subsidiary Sierra Investimentos has a balance of R$2,171 (R$557 as of December 31, 2010) in restricted investments, stated in noncurrent assets.

28. SUBSEQUENT EVENTS

a) First issuance of debentures

On January 26, 2012, the Board of Directors have approved the first (1st) issue of simple debentures of the Company, non convertible into shares, unsecured, in up to two series ("Offer" and "Debentures"), for distribution with limited placement efforts, pursuant to CVM Instruction nº 476/09, as amended ("Limited Offer"). It will be issued 30,000 (thirty thousand) Debentures with unit par value of R$10,000.00 (ten thousand Brazilian reais), in the total amount, on the Issue Date (as defined bellow), of R$300,000,000.00 (three hundred million Brazilian reais).

For all legal purposes, the date of issuance of the debentures will be February 15, 2012 ("Issue Date"). The Debentures of the 1st series will have a term of five (5) years from the Issue Date, with maturity, therefore, on February 15, 2017; and the Debentures of the 2nd Series will have a term of 7 (seven) years counted from the Issue Date, with maturity, therefore, on February 15, 2019. The remuneration of the debentures of the 1st and 2nd series it will be set on the book building process.

The net funds raised by the Company with the Issue will be allocated (i) to the acquisition of new plots of land; (ii) to the increase of the Company's participation in shopping malls; (iii) to the acquisition of new shopping malls; (iv) to the development of new shopping malls; and (v) to constitute cash reserve for the Company.

b) Control obtainment of Shopping Plaza Sul

On January 27, 2012, Sonae Sierra Brasil completed a transaction agreement with CSHG Brasil Shopping FII a fund managed by Credit Suisse Hedging-Griffo to obtain an additional 30.0% ownership interest in Shopping Plaza Sul in exchange for a minority stake in Shopping Penha and R$63,900 in cash.

With this transaction, Sonae Sierra Brasil will reduce its ownership in Shopping Penha from 73.18% to 56.06%, nevertheless maintaining the controlling ownership stake of this mall.

c) Sells of an additional minority stake in Shopping Penha

On February 6, 2012, Sonae Sierra Brasil sold an additional minority ownership of 5.1% of Shopping Penha to CSHG Brasil Shopping FII for R$11,500 in cash. With the transaction, the company has reduced its ownership in Shopping Penha from 56.1% to 51.0%, maintaining the controlling ownership stake in this mall.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by management and Board of Directors and authorized for issue on February 28, 2012.