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2Q11 CONFERENCE CALLS

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SONAE SIERRA BRASIL ANNOUNCES ADJUSTED EBITDA OF R$40.7 MILLION IN 2Q11, AN INCREASE OF 17.6% OVER 2Q10

São Paulo, August 10, 2011 – Sonae Sierra Brasil S.A. (BM&FBovespa: SSBR3), a leading Brazilian shopping mall developer, owner and manager, announces today its results for the second quarter of 2011 (2Q11).

Highlights

- The Company's Net Revenue increased 17.2% to R$53.2 million in 2Q11 compared to R$45.4 million in 2Q10.
- Adjusted EBITDA totaled R$40.7 million in 2Q11, an increase of 17.6% over the same period of last year. Adjusted EBITDA margin reached 76.5% in 2Q11.
- Adjusted FFO totaled R$44.4 million, a 29.4% increase over 2Q10. Adjusted FFO margin reached 83.5% in 2Q11.
- NOI increased by 15.2% in 2Q11 over the same period last year, reaching R$50.9 million.
- Same-store rent (SSR) reached a strong double-digit growth of 12.7% in 2Q11 and Same-store sales (SSS) increased by 9.8%.
- Total Net Income attributable to the Shareholders reached R$59.2 million in 2Q11, from R$31.6 million in 2Q10, an 87.1% increase.
- The Company secured a R$200 million financing for the construction of Passeio das Águas Shopping in Goiânia, at a rate of TR+11% p.a. and a 144-month term.



Financial Indicators (R$ million)	2Q11	2Q10	Var. %	1H11	1H10	Var. %
Net Revenue	53.2	45.4	17.2%	102.9	87.7	17.3%
EBITDA	40.7	33.0	23.3%	78.7	64.6	21.8%
EBITDA Margin	*76.5%*	*72.7%*	*+382 bps*	*76.5%*	*73.7%*	*+282 bps*
Adjusted EBITDA	40.7	34.6	17.6%	78.7	66.6	18.2%
Adjusted EBITDA Margin	*76.5%*	*76.2%*	*+30 bps*	*76.5%*	*75.9%*	*+54 bps*
Funds From Operations (FFO)	44.4	32.7	35.8%	78.8	62.0	27.1%
FFO Margin	*83.5%*	*72.0%*	*+1,147 bps*	*76.6%*	*70.7%*	*+588 bps*
Adjusted FFO	44.4	34.3	29.4%	78.8	64.0	23.1%
Adjusted FFO Margin	*83.5%*	*75.6%*	*+795 bps*	*76.6%*	*73.0%*	*+ 360 bps*
Net Operating Income (NOI)	50.9	44.2	15.2%	98.6	83.2	18.5%
NOI Margin	*95.7%*	*97.4%*	*-168 bps*	*95.8%*	*94.9%*	+94 bps

Operating Indicators	2Q11	2Q10	Var. %	1H11	1H10	Var. %
Total GLA ('000 sqm)	349.2	342.4	2.0%	349.2	342.4	2.0%
Owned GLA ('000 sqm)	202.8	199.5	1.7%	202.8	199.5	1.7%
Number of shopping malls	10	10	0.0%	10	10	0.0%
Sales (R$ million)	934.1	831.2	12.4%	1,775	1,575	12.7%
Sales/sqm (monthly average)	939.5	849.6	10.6%	888	807	9.9%
Occupancy rate	*97.5%*	*98.5%*	*-100 bps*	*97.5%*	*98.5%*	*-100 bps*
Cost of occupancy (% of sales)	*9.1%*	*9.1%*	*0 bps*	*9.5%*	*9.5%*	*0 bps*
SSS/sqm	949.7	864.9	9.8%	912.6	829.7	10.0%
SSS/sqm - Satellite stores	1,450.3	1,289.6	12.5%	1,371.2	1,217.9	12.6%
SSS/sqm - Anchor stores	754.6	712.5	5.9%	723.4	678.7	6.6%
SSS/sqm - Leisure	205.0	170.6	20.2%	206.1	181.8	13.3%
SSR/sqm	53.2	47.2	12.7%	52.4	46.4	12.9%
SSR/sqm - Satellite stores	102.7	91.0	12.9%	101.1	89.0	13.6%
SSR/sqm - Anchor stores	20.6	18.9	9.6%	20.5	18.6	10.1%
SSR/sqm - Leisure	19.3	15.2	26.8%	18.6	16.3	13.9%
Overdue Payments (25 days)	2.3%	2.4%	-5 bps	2.3%	3.0%	-72 bps



MANAGEMENT'S COMMENTS

Sonae Sierra Brasil maintained its robust growth trajectory in 2Q11, as our operating and financial indicators show.

Our same store rent, once again reached a strong double digit growth at 12.7% over the same period last year. Our same store sales growth reached 9.8% in 2Q11 and sales in our shopping centers totaled R$934.1, a 12.4% increase over the same period last year.

The Company's consolidated net revenues totaled R$53.2 million in 2Q11, a 17.2% increase over 2Q10, while Consolidated Adjusted EBITDA increased by 17.6% over the same period last year, totaling R$40.7 million with Adjusted EBITDA margin reaching 76.5% in 2Q11, compared to 72.7% in 2Q10. Consolidated Adjusted FFO totaled R$44.4 million in 2Q11, a significant increase of 29.4% over 2Q10. The Adjusted FFO margin reached 83.5% on net revenue in the quarter, compared to 75.6% in 2Q10. We continue to benefit from the good performance of our portifólio with low leves of vacancy and strong rent readjustment, as well as the maturation of our malls, particularly Manauara Shopping in Manaus and from growing parking revenues. The net income attributable to shareholders reached R$59.2 million in 2Q11, from R$31.6 million in 2Q10. This increase results mainly from the positive performance of the portfolio and to the valuation gains on investment properties in 2Q11.

The Company continues to execute the plans previously announced regarding development projects and expansions, with the construction of Uberlândia Shopping in Uberlândia (MG), Boulevard Londrina Shopping in Londrina (PR) as well as the expansions of Shopping Metrópole in São Bernardo do Campo (SP) and Shopping Campo Limpo in São Paulo (SP).

In July, Sonae Sierra Brasil secured a loan of up to R$200 million, at a rate of TR+11% and a 144-month term, an important step for the beginning of the construction of Passeio da Águas Shopping in Goiânia (GO), which will be one of our largest assets after its opening. We expect construction of this project to commence in 3Q11.

We remain confident in the growth strategy of our Company, focused primarily on the development of market dominant malls and targeted to the middle class segment.

The Management

FINANCIAL HIGHLIGHTS

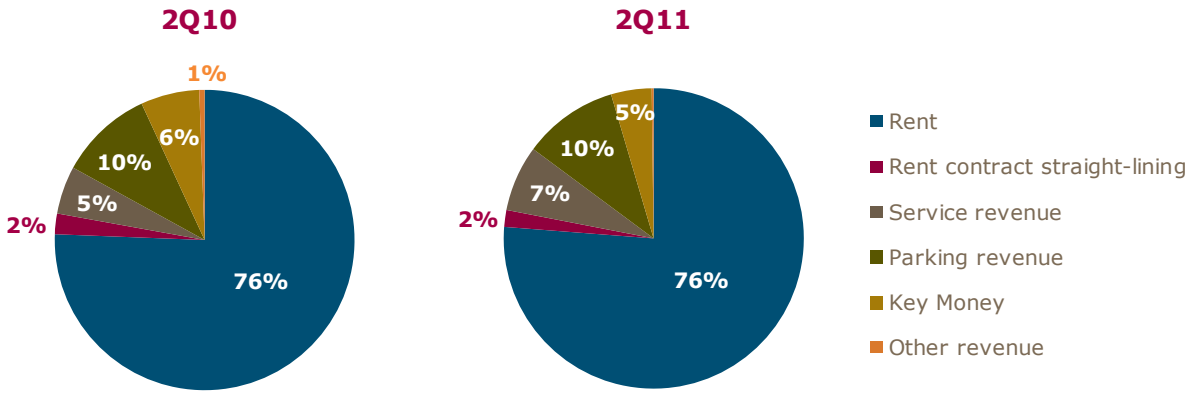
Consolidated Statutory Accounts

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 2Q11 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 stake in the mall).

Gross Revenue

Sonae Sierra Brasil's gross revenue totaled R$57.3 million in 2Q11, an increase of 17.4% over 2Q10. The increase in revenue was driven by growth in rental revenue which totaled R$44.7 million in 2Q11, a 17.7% increase over 2Q10 given the combination of strong leasing spreads, inflation adjustments and low vacancy. Another highlight was the significant increase in revenue from parking, which totaled R$5.8 million in 2Q11, 19.5% higher than 2Q10. Service revenue increased to R$4.1 million in 2Q11 from R$2.5 million in 2Q10, a 60.7% increase primarily driven by higher revenues from leasing and management fees.

Gross Revenue Breakdown





Gross Revenue (R$ '000)	2Q11	2Q10	Var. %	1H11	1H10	Var. %
Rent	43,692	36,905	18.4%	85,034	71,895	18.3%
Rent contract straight-lining	1,044	1,094	-4.6%	1,993	2,417	-17.6%
Service revenue	4,057	2,525	60.7%	8,090	6,978	15.9%
Parking revenue	5,882	4,922	19.5%	11,492	7,696	49.3%
Key Money	2,523	3,096	-18.5%	4,921	5,818	-15.4%
Other revenue	120	275	-56.3%	445	307	45.0%
Total	**57,318**	**48,817**	**17.4%**	**111,975**	**95,111**	**17.7%**

Costs and Expenses

Costs and Expenses totaled R$12.8 million in 2Q11, an 11.1% decrease over 2Q10. This decrease refers mainly to lower outsourced services, which decreased 60.7% to R$2.0 million in 2Q11 from R$5.2 million in 2Q10, due to expenses incurred during the 2Q10 with consulting and auditing in order to prepare the Company for its IPO process.

Approximately 56.7% of Cost and Expenses in 2Q11 represented Personnel costs, which totaled R$7.3 million, a 43.8% increase over the same period last year The increase in Personnel costs is mainly attributed to (i) operating and pre-operating costs, in the amount of R$1.4 million (R$0.4 million in 2Q10), relative to commissions paid to brokers given higher leasing activities, and (ii) the impact of the annual union salary increases in 2010 and 2011. It is important to highlight that the 2010 union salary increase was set in July, retroactively to May and in 2011 it was set in May, which magnifies the increase from 2Q10 to 2Q11.

Total Costs and Expenses were also impacted by the variances in provisions for doubtful accounts, which resulted in a net amount of provision (reversal) of R$248 thousand in 2Q11, from an expense of R$149 thousand in 2Q10.

Conversely, we continued to see lower Occupancy Costs. In 2Q11, Occupancy Costs totaled R$960 thousand, a 12.0% decrease compared to 2Q10.



Costs and Expenses (R$ '000)	2Q11	2Q10	Var. %	1H11	1H10	Var. %
Depreciation and amortization	359	260	38.1%	762	535	42.4%
Personnel	7,263	5,052	43.8%	12,886	9,881	30.4%
Outsourced services	2,026	5,160	-60.7%	4,158	6,882	-39.6%
Occupancy cost (vacant stores)	960	1,091	-12.0%	1,825	2,243	-18.6%
Cost of contractual agreements with tenants	275	137	100.7%	611	575	6.3%
Provision (reversal) of the allowance for doubtful accounts	(248)	149	n/a	332	(233)	n/a
Rent	716	699	2.4%	1,341	1,269	5.7%
Travel	389	336	15.8%	613	593	3.4%
Other	1,080	1,532	-29.5%	2,905	3,665	-20.7%
Total	**12,820**	**14,416**	**-11.1%**	**25,433**	**25,410**	**0.1%**
Classified as:						
Cost of rentals and services	8,742	7,355	18.9%	18,203	14,857	22.5%
Operating expenses	4,078	7,061	-42.2%	7,230	10,553	-31.5%
	12,820	**14,416**	**-11.1%**	**25,433**	**25,410**	**0.1%**

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. 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$71.7 million in 2Q11 compared to R$23.7 million in 2Q10. The increase reflects the improved valuation of the portfolio, given the NOI growth and the positive performance of operating metrics.

Net Financial Result

The consolidated net financial result in 2Q11 was net financial income of R$7.8 million, a 195.1% increase over 2Q10. Interest income had a substantial increase of 889.1% to R$11.5 million in 2Q11, primarily due to the interest income on the invested net IPO proceeds.

Net Financial Result (R$ thousand)	2Q11	2Q10	Var. %	1H11	1H10	Var. %
Financial income:						
Interests on financial investments	11,520	1,153	899.1%	17,431	2,419	620.6%
Interests on intercompany loans	-	172	n/a	-	172	n/a
Interests on receivables	391	153	155.6%	557	368	51.4%
Monetary and exchange rate variations	-	6,298	n/a	-	9,737	n/a
Other	420	(257)	n/a	1,001	308	225.0%
Total	**12,331**	**7,519**	**64.0%**	**18,989**	**13,004**	**46.0%**
Financial Expenses:						
Interests on loans and financing	(4,478)	(4,226)	6.0%	(8,764)	(8,693)	0.8%
Interests on intercompany loans	-	(544)	n/a	(400)	(1,776)	-77.5%
Monetary and exchange rate variations	54	-	n/a	(2,034)	-	n/a
Other	(117)	(109)	7.3%	(116)	(260)	-55.4%
Total	**(4,541)**	**(4,879)**	**-6.9%**	**(11,314)**	**(10,729)**	**5.5%**
Total Financial Result - Net	**7,790**	**2,640**	**195.1%**	**7,675**	**2,275**	**237.3%**

Net Income

Net Income totaled R$90.8 million in 2Q11, a 93.7% increase over 2Q10, largely driven by the Change in Fair Value of Investment Properties, which totaled R$71.7 million in 2Q11, 203.0% higher than 2Q10. The increase in Change in Fair Value of Investment Properties was led particularly by higher valuation of our malls, given the strong performance of the portfolio.

Net Operating Income (NOI)

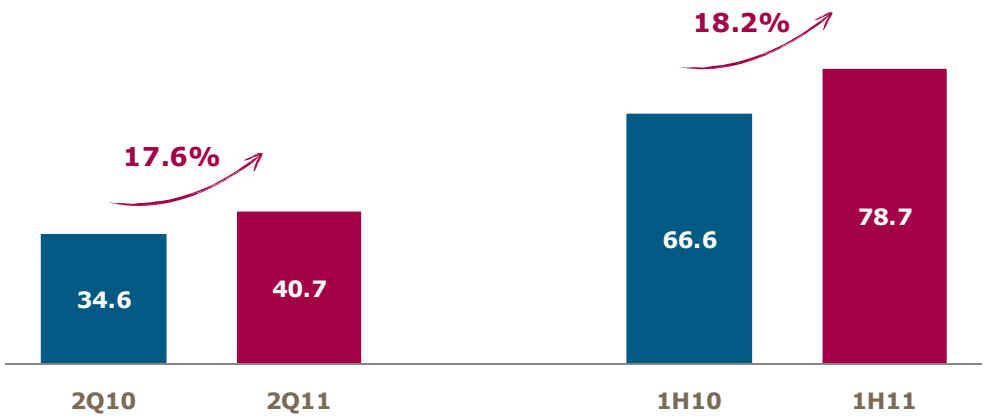
Consolidated NOI totaled R$50.9 million in 2Q11, a 15.2% increase over 2Q10, reflecting, as mentioned above, the overall positive performance of the portfolio.

Net Operating Income - NOI (R$ million)	2Q11	2Q10	Var. %	1H11	1H10	Var. %
Rent	44.9	38.3	17.2%	87.5	74.6	17.3%
Key Money	2.5	3.1	-19.4%	4.9	5.8	-15.5%
Parking	5.9	4.9	20.4%	11.5	7.7	49.4%
Total Revenues	**53.3**	**46.3**	**15.1%**	**103.9**	**88.1**	**17.9%**
(-) Malls' Operating Expenses	(2.4)	(2.0)	20.0%	(5.3)	(5.0)	6.0%
NOI	**50.9**	**44.3**	**15.2%**	**98.6**	**83.1**	**18.7%**

Adjusted EBITDA

Adjusted EBITDA totaled R$40.7 million in 2Q11, a 17.6% increase over 2Q10. Adjusted EBITDA margin reached 76.5% in 2Q11.

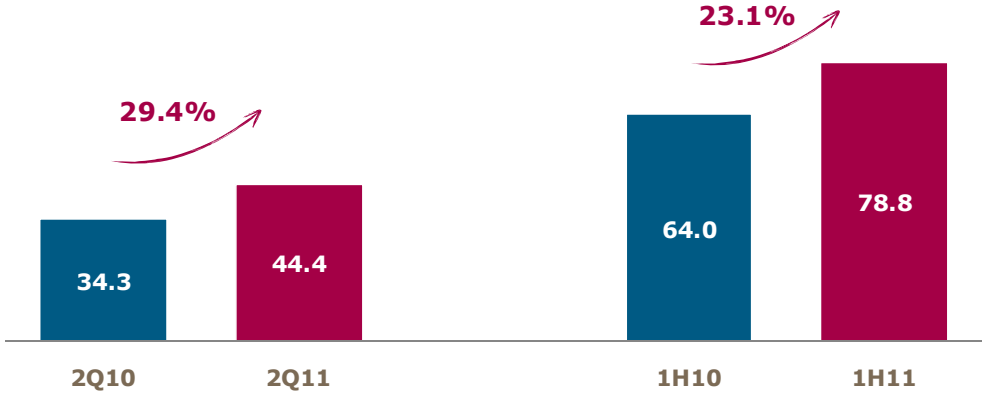
Adjusted EBITDA (R$ million)



Adjusted Funds From Operations (FFO)

Adjusted FFO totaled R$44.4 million in 2Q11, an increase of 29.4% over the same period last year. Adjusted FFO margin reached 83.5% over net revenue.

FFO Adjusted (R$ million)





The reconciliation of the operating income before financial results with the EBITDA, adjusted EBITDA, FFO, and Adjusted FFO is shown below:

Adjusted EBITDA and Adjusted FFO Reconciliation (R$ million)	2Q11	2Q10	Var. %	1H11	1H10	Var. %
Net Revenue	**53.2**	**45.4**	**17.2%**	**102.9**	**87.7**	**17.3%**
Operating income before financial result	**113.4**	**57.3**	**97.9%**	**222.9**	**104.0**	**114.3%**
Depreciation and amortization	0.4	0.3	33.3%	0.8	0.5	60.0%
Gain from fair value of investment properties	(73.0)	(24.6)	196.7%	(145.0)	(39.9)	263.4%
EBITDA	**40.7**	**33.0**	**23.3%**	**78.7**	**64.6**	**21.8%**
Non-recurring expenses	-	1.6	-	-	2.0	-
Adjusted EBITDA	**40.7**	**34.6**	**17.6%**	**78.7**	**66.6**	**18.2%**
EBITDA Margin	**76.5%**	**72.7%**	**+382 bps**	**76.5%**	**73.7%**	**+385 bps**
Adjusted EBITDA Margin	**76.5%**	**76.2%**	**+30 bps**	**76.5%**	**75.9%**	**+162 bps**
EBITDA	**40.7**	**33.0**	**23.3%**	78.7	64.6	21.8%
Net financial result	7.8	2.6	200.0%	7.7	2.3	234.8%
Current income and social contribution taxes	(4.1)	(3.0)	36.7%	(7.5)	(4.9)	53.1%
FFO	**44.4**	**32.7**	**35.8%**	**78.8**	**62.0**	**27.1%**
Non-recurring expenses	-	1.6	-	-	2.0	-
Adjusted FFO	**44.4**	**34.3**	**29.4%**	**78.8**	**64.0**	**23.1%**
FFO Margin	**83.5%**	**72.0%**	**+1,147 bps**	**76.6%**	**70.7%**	**+683 bps**
Adjusted FFO Margin	**83.5%**	**75.6%**	**+795 bps**	**76.6%**	**73.0%**	**+460 bps**

Management Accounts

In accordance with accounting policies adopted in Brazil and the 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. The key operating results under this methodology are presented below:

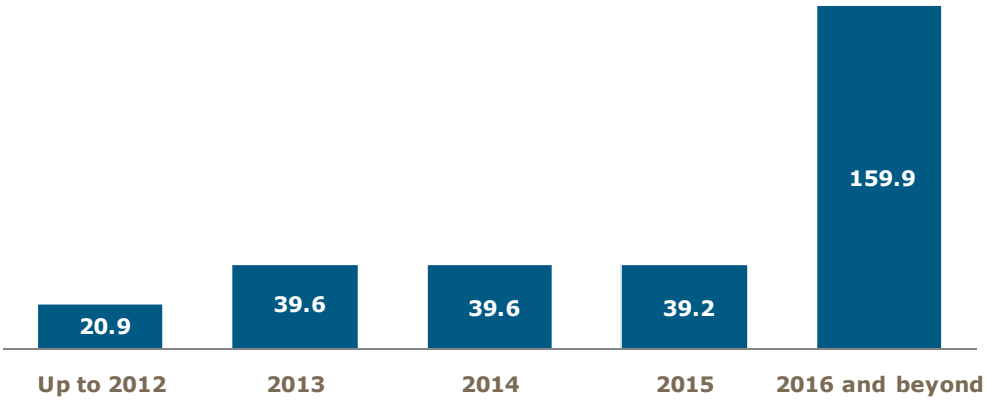
EBITDA and FFO Reconciliation *(Considering 51% of PDP)* (R$ million)	2Q11	2Q10	Var. %	1H11	1H10	Var. %
Net Revenue	**42.0**	**35.7**	**17.7%**	**80.9**	**68.1**	**18.8%**
Operating income before financial result	**82.0**	**42.2**	**94.3%**	**168.0**	**73.4**	**128.9%**
Depreciation and amortization	0.4	0.3	33.3%	0.8	0.5	60.0%
Gain from fair value of investment properties	(51.4)	(18.2)	128.4%	(109.4)	(26.8)	308.2%
EBITDA	**30.9**	**24.3**	**27.5%**	**59.4**	**47.2**	**25.9%**
Non-recurring expenses	-	1.6	n/a	-	2.0	n/a
Adjusted EBITDA	**30.9**	**25.9**	**19.6%**	**59.4**	**49.2**	**20.7%**
EBITDA Margin	**73.7%**	**68.0%**	**+571 bps**	**73.4%**	**69.3%**	**+411 bps**
Adjusted EBTIDA Margin	**73.7%**	**72.5%**	**+122 bps**	**73.4%**	**72.3%**	**+117 bps**
EBITDA	**30.9**	**24.3**	**27.2%**	**59.4**	**47.2**	**25.9%**
Net financial result	7.6	2.6	192.3%	7.2	2.1	242.9%
Current income and social contribution taxes	(4.1)	(3.0)	36.7%	(7.5)	(4.9)	53.1%
FFO	**34.4**	**23.8**	**44.5%**	**59.1**	**44.4**	**33.1%**
Non-recurring expenses	-	1.6	n/a	-	2.0	n/a
Adjusted FFO	**34.4**	**25.4**	**35.4%**	**59.1**	**46.4**	**27.4%**
FFO Margin	**82.0%**	**66.7%**	**+1,525 bps**	**73.0%**	**65.2%**	**+782 bps**
Adjusted FFO Margin	**82.0%**	**71.2%**	**+1,077 bps**	**73.0%**	**68.2%**	**+488 bps**

Cash, Cash Equivalents and Debt

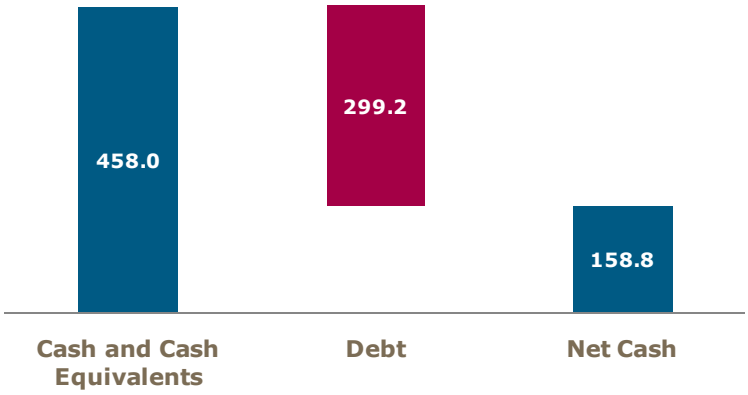
Cash and cash equivalents, which is comprised of cash, bank deposits and financial investments, increased by R$44.4 million, from R$413.6 million on March 31, 2011 to R$458.0 million on June 30, 2011, mainly as a result of the proceeds from received the new loans contracted to finance Londrina and Metrópole developing projects.

The Company's total debt reached R$299.2 million in 2Q11, and the respective amortization schedule is as follows:

Debt Amortization (R$ million)



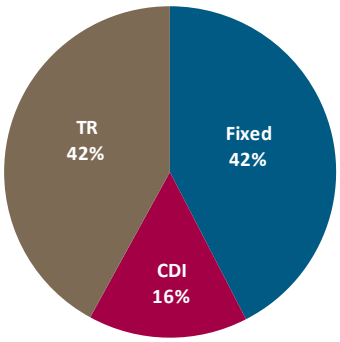
Net Cash Position (R$ million)



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 investment plan.

A total of R$126.9 million, which corresponds to approximately 42% of the Company's total debt, is fixed at a 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, with a final maturity of 12 years. The base rate debt profile at the end of 2Q11 was as follows:

Debt Profile



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 and Boulevard Londrina Shopping was previously contracted.

In July, the Company contracted with Banco Santander (Brasil) S.A a loan to finance the construction of Passeio das Águas Shopping in Goiânia, in the State of Goiás, for a total amount of up to R$200 million. The loan has a 12-year (144-month) term, including 30 months of grace period for principal and interest payments and 114 months of amortization. The interest rate of the financing is TR + 11.0% p.a.

SHOPPING CENTERS' SALES PERFORMANCE

Total sales in the ten existing and operating malls in Sonae Sierra Brasil's portfolio totaled R$934.1 million in 2Q11, a 12.4% increase over 2Q10. Considering the Company's ownership interest in each of the ten malls (including 20% of Campo Limpo Shopping and 100% of Parque D. Pedro Shopping), sales reached R$685.3 million in 2Q11, a 13.7% increase from 2Q10.

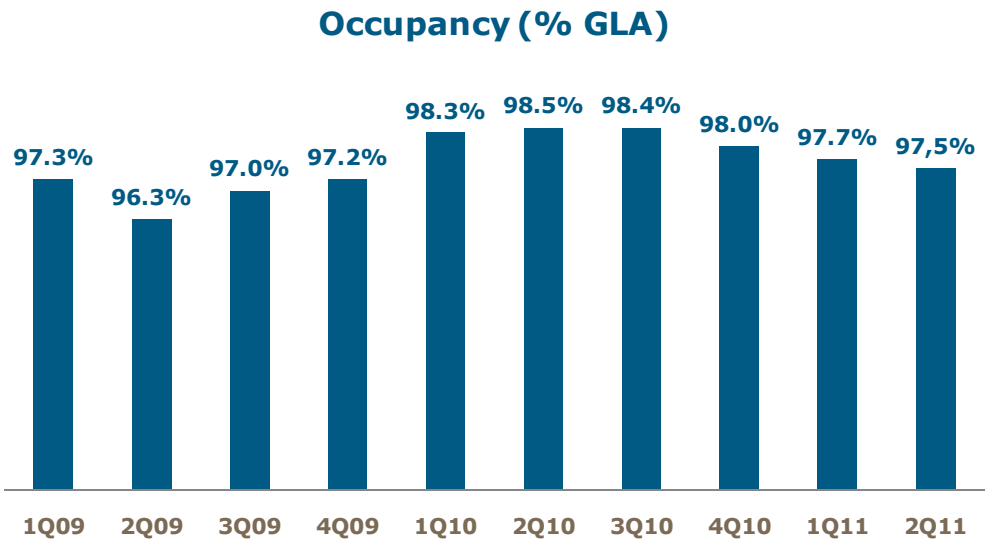
The best performing malls in 2Q11 in terms of sales growth were Manauara Shopping, Shopping Penha, Franca Shopping and Tivoli Shopping, with sales increases of 24.3%, 17.3%, 16.3% and 16.3%, respectively. The robust growth recorded by Manauara Shopping can be mainly attributed to the accelerated maturation of the mall, while

Shopping Penha, Franca Shopping and Tivoli Shopping were a result of performance and increase in their occupancy rates.

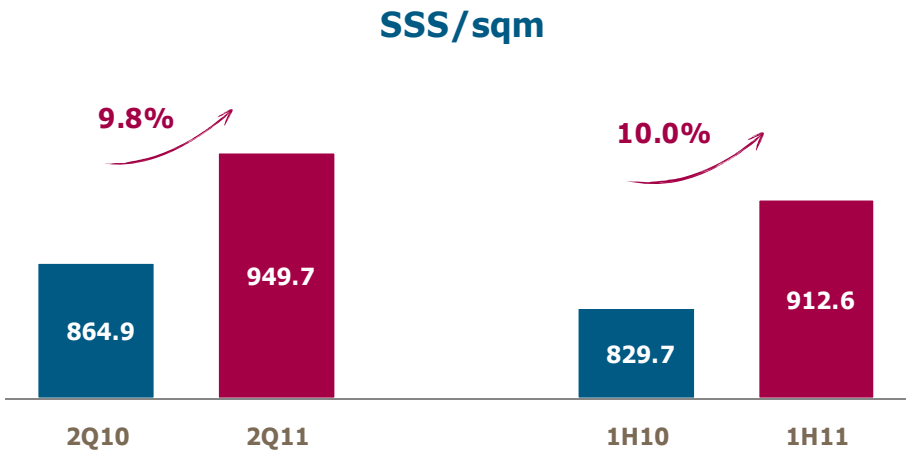
OPERATING HIGHLIGHTS

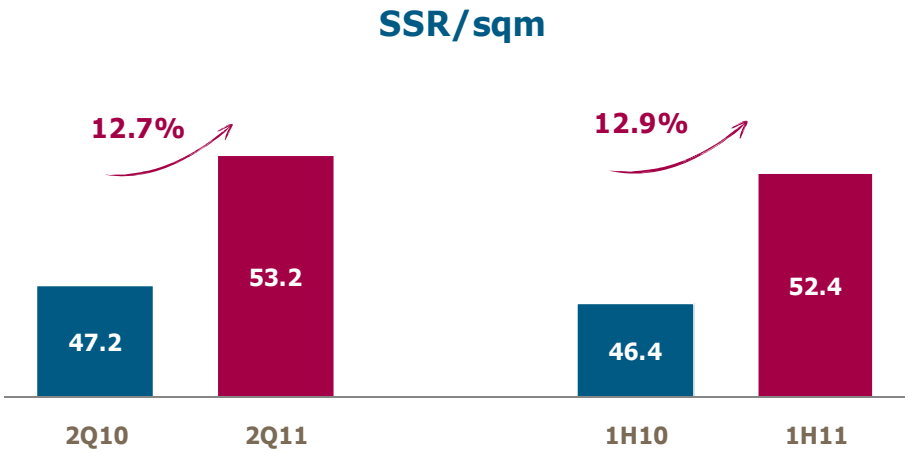
The operating indicators of Sonae Sierra Brasil in 2Q11 maintained the growth trend experienced in previous quarters. The overall occupancy rate in our malls was 97.5% of GLA in 2Q11, whilst Same-store rent (SSR) reached, once again, double-digit growth with an impressive 12.7% increase over 2Q10. Same-store sales (SSS) posted a solid 9.8% increase in 2Q11 compared to the same period last year, with SSS in the leisure area increasing by 20.2%.

Occupancy Rate



Same Store Sales and Same Store Rent (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 Developers Diversified Realty (NYSE: DDR), both companies that have deep experience in the development, ownership and management of shopping centers.

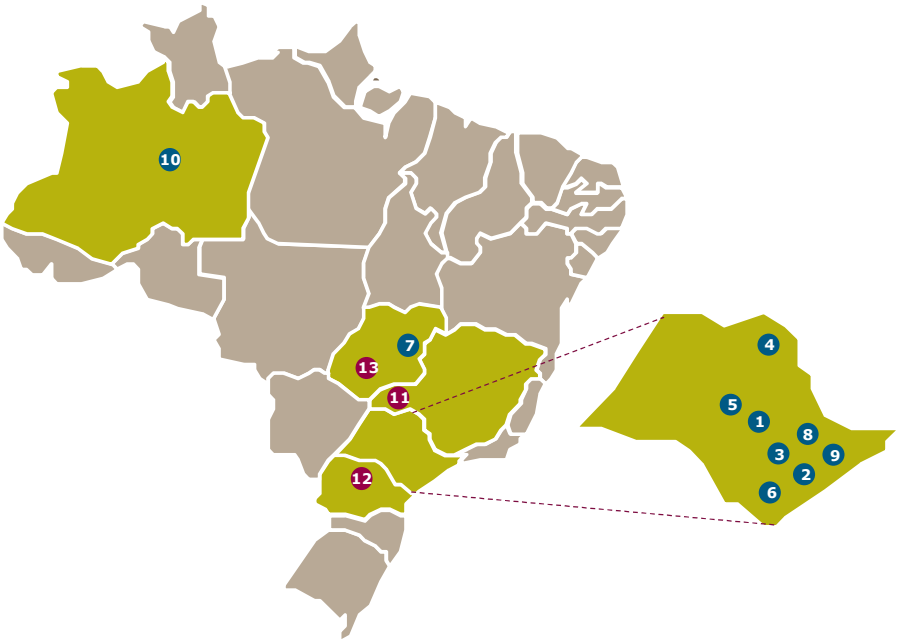
We are one of the leading real estate developers, owners, and operators of shopping malls in Brazil. Through our integrated business model, we work with all phases of the business, including development management, property management, leasing, asset management, and marketing services.

We hold a controlling interest in the majority of the shopping malls in our portfolio and manage all of them. On June 30, 2011, we had a weighted average ownership interest of 58.0% in the ten operating shopping malls in our portfolio, representing 202.7 thousand sqm of owned GLA and ownership control of six 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 are important centers for the agribusiness and services sectors which 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 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 on 169.5 thousand sqm.

The map below shows the location of our Brazilian malls. All figures related to GLA and the Company's interests are as at the end of June 2011, except where otherwise indicated:





	Shopping Centers in Operation	City	State	Stores	GLA ('000 sqm)	Ownership	Owned GLA ('000 sqm)	Actual occupancy index by area (%)
1	Parque D. Pedro	Campinas	SP	405	121.0	51.0%	61.7	94.9%
2	Boavista Shopping	São Paulo	SP	148	16.0	100.0%	16.0	98.1%
3	Penha Shopping	São Paulo	SP	197	29.6	73.2%	21.7	97.8%
4	Franca Shopping	Franca	SP	103	18.1	67.4%	12.2	99.4%
5	Tivoli Shopping	Santa Barbara d'Oeste	SP	146	22.1	30.0%	6.6	97.5%
6	Metrópole Shopping*	São Bernardo do Campo	SP	148	23.9	100.0%	23.9	100.0%
7	Pátio Brasil	Brasília	DF	234	28.8	10.4%	3.0	98.7%
8	Plaza Sul Shopping	São Paulo	SP	218	23.0	30.0%	6.9	100.0%
9	Campo Limpo Shopping	São Paulo	SP	127	19.9	20.0%	4.0	99.1%
10	Manauara Shopping	Manaus	AM	233	46.8	100.0%	46.8	99.3%
	Total			**1,959**	**349.2**	**58.1%**	**202.8**	**97.5%**

* Including an area of 5,161 sqm, currently reserved for expansion of the shopping mall

	Projects under Development	City	State	GLA ('000 sqm)	Ownership	Projected Opening
11	Uberlândia Shopping	Uberlândia	MG	43.6	100.0%	1H12
12	Boulevard Londrina	Londrina	PR	47.8	84.5%	2H12
13	Passeio das Águas	Goiânia	GO	78.1	100.0%	2013
	Total			**169.5**	**95.6%**	

OUR STRATEGY

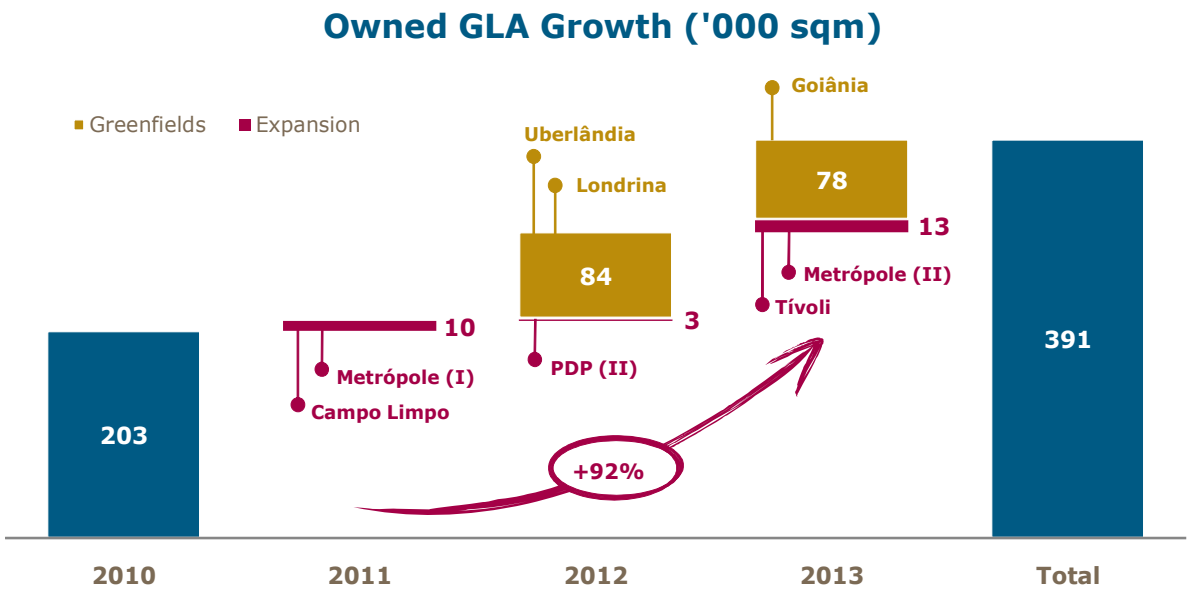
Our strategy focuses on profitably increasing our portfolio and maintaining our position as one of the leading developers, owners, and managers of shopping malls in Brazil, seeking to provide superior returns to our shareholders in a sustainable and responsible way. We intend to achieve our goals by continuing to pursue the following strategies:

***Focus on creating value through organic growth*.** Our growth strategy is based on two main sources: (i) developing new market dominant shopping malls that are able to establish and maintain a solid competitive position based on certain factors such as population density, purchasing power of the potential customers, and underserved consumer demand; and (ii) expanding and/or remodeling of existing shopping malls by including new tenants, features and attributes in order to increase their market share.

***Acquisition of additional stakes in properties*.** We plan on analyzing opportunistic acquisitions at reasonable prices of additional ownership interests in the shopping malls already part of our portfolio. In parallel, and whenever opportunities arise that fit our strategy, we will analyze potential acquisitions at attractive pricing of controlling interests in shopping malls that are not part of our portfolio, or at least a strategic interest to possibly allow us to eventually acquire control and to ensure that we control the management of the property.

ONGOING PROJECTS

Sonae Sierra Brasil currently has eight ongoing projects, comprised of three greenfield projects and five expansions, which should increase our owned GLA by approximately 92% to 391 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 (GREENFIELD)

Sonae Sierra Brasil's strategy is to develop greenfield projects that have the potential to become the leading malls in their trade areas. Based on this strategy, we have three such projects in our portfolio. Construction on two of these – Uberlândia Shopping and Boulevard Londrina Shopping – is already under way. Construction of the third mall, Passeio das Águas Shopping (in Goiânia), is scheduled to begin in the 3Q11.

Uberlândia Shopping: The construction of this mall, located in Uberlândia, Minas Gerais, started in February 2010. As of June 30, 2011 approximately 88% of GLA was committed to tenants.



Uberlândia Shopping Construction Site

Uberlândia Shopping	
City	Uberlândia
State	MG
Expected Opening	1Q12
GLA (`000 sqm)	43.6
SSB's ownership interest	100%
Committed GLA	88%
Capex Incurred (R$ million)	119.2



Uberlândia Shopping Construction Site



Uberlândia Shopping Construction Site



Uberlândia Shopping Project Illustration

Boulevard Londrina Shopping: Located in Londrina, the second largest city in the state of Paraná, Boulevard Londrina Shopping began construction in September 2010. The mall's GLA was 71% committed to tenants as of June 30, 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	71%
Capex Incurred (R$ million)	78.3



Boulevard Londrina Project Illustration

Passeio das Águas Shopping: Construction of Passeio das Águas Shopping, located in Goiânia, the capital and most important city of Goiás state, is scheduled to begin in 3Q11. In July 2011, Sonae Sierra Brasil secured a loan to finance up to R$200 million of the construction costs of this project.



Passeio das Águas Project Illustration

Passeio das Águas Shopping	
City	Goiânia
State	GO
Expected Opening	2013
GLA ('000 sqm)	78.1
SSB's ownership interest	100%
Committed GLA	24%
Capex Incurred (R$ million)	48.6

EXPANSIONS

Expansion and renovation of Shopping Metrópole – Phase I

We are currently renovating and expanding Metrópole Shopping, given the growing numbers of visitors, which we expect to increase even further with the addition of several high-end commercial and residential towers adjacent to the mall being developed by other companies. The expansion area, which is comprised of approximately 8.7 thousand sqm of GLA was 99% committed to tenants as of June 30, 2011. Opening of the expansion area is expected to be in November 2011.



Metrópole Project Illustration



Metrópole Renovation and Expansion

Campo Limpo Expansion

In early 2011, the Company also started the construction of the expansion of Shopping Campo Limpo. The strong performance of this mall has mainly been fueled by increased consumption of the lower income groups. The expansion will add 2.5 thousand sqm of GLA, of which approximately 95% was committed to tenants at the end of 2Q11. Opening of the expansion area is expected to be in September 2011.

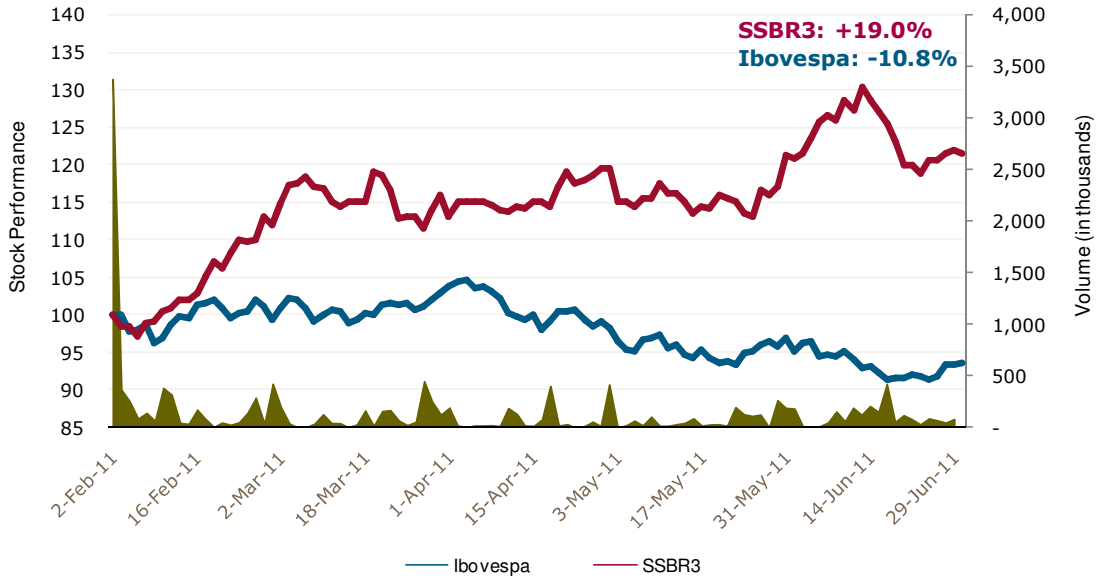


Campo Limpo Expansion Construction Site

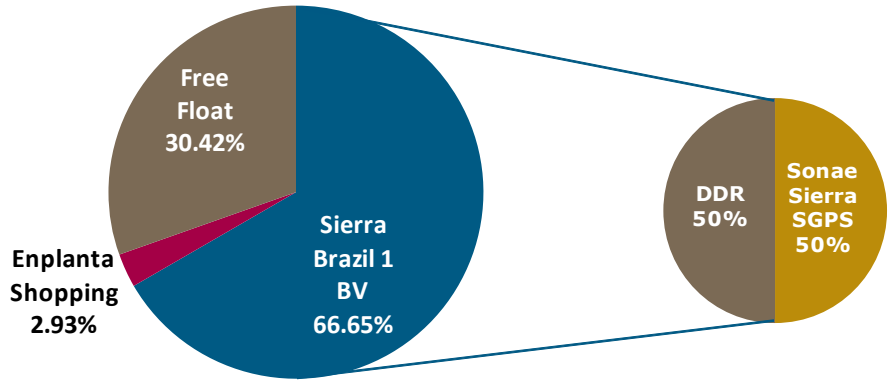
SHARE PERFORMANCE

Sonae Sierra Brasil's shares (BM&FBovespa: SSBR3) closed 2Q11 at R$24.30, a 4.9% gain from March 31, 2011. Over the same period, the Ibovespa Index decreased by 9.0%. Since the IPO in February 2011, the share price increased by 19%, compared to a decrease of 10.8% of the Ibovespa Index.

Sonae Sierra Brasil (SSBR3) vs. IBOVESPA



Ownership Breakdown





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)	2Q11	1Q11	Var. %
ASSETS			
CURRENT			
Cash and cash equivalents	458,016	413,621	10.7%
Accounts receivable, net	17,631	15,965	10.4%
Taxes recoverable	13,871	11,391	21.8%
Advances to suppliers	-	-	-
Prepaid expenses	338	201	68.2%
Other credits	3,879	5,193	-25.3%
Total current assets	493,735	446,371	10.6%
NON-CURRENT			
Long-term receivables:			
Restricted financial investments	1,325	944	40.4%
Accounts receivable, net	11,516	10,505	9.6%
Loans to condominiums	607	668	-9.1%
Deferred income and social contribution taxes	13,638	20,738	-34.2%
Juducial deposits	3,560	3,506	1.5%
Other credits	759	2,255	-66.3%
Total long-term assets	31,405	38,616	-18.7%
Investments	20,987	20,128	4.3%
Investment properties	2,451,388	2,309,821	6.1%
Fixed Assets	5,578	4,941	12.9%
Intangible Assets	912	954	-4.4%
Total non-current assets	2,510,270	2,374,460	5.7%
TOTAL ASSETS	**3,004,005**	**2,820,831**	**6.5%**



Consolidated Balance Sheet (R$ thousand)	2Q11	1Q11	Var. %
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Loans and financing	11,111	7,736	43.6%
Brazilian suppliers	12,289	15,959	-23.0%
Taxes payable	5,771	5,133	12.4%
Salaries, wages and benefits	6,911	6,429	7.5%
Technical structure	5,536	5,420	2.1%
Related parties	12,598	12,005	4.9%
Dividends payable	-	2,939	-100.0%
Other obligations	13,955	13,324	4.7%
Total current liabilities	68,171	68,945	-1.1%
NON-CURRENT			
Loans and financing	288,056	204,569	40.8%
Key Money	17,083	14,824	15.2%
Accounts payable - land purchases	25,000	25,000	0.0%
Deferred income and social contribution taxes	316,327	297,861	6.2%
Provision for civil, tax, labor and pension risks	10,111	10,706	-5.6%
Provisions for variable compensation	486	527	-7.8%
Total non-current liabilities	657,063	553,487	18.7%
SHAREHOLDERS' EQUITY			
Capital stock	997,866	997,866	0.0%
Capital reserve	80,249	80,730	-0.6%
Retained earnings	121,720	62,559	94.6%
Profit reserve	648,344	648,344	0.0%
Costs of fundraising	-	-	0.0%
Equity attributable to shareholders	**1,848,179**	**1,789,499**	**3.3%**
Advance for future capital increase	-	-	-
Equity attributable to owners of the parent company and advance for future capital increase	**1,848,178**	**1,789,499**	3.3%
Minority interests	430,592	408,900	5.3%
Total Shareholders' Equity	2,278,771	2,198,399	3.7%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,004,005**	**2,820,831**	**6.5%**



Consolidated Income Statement (R$ thousand, except earnings per share)	2Q11	2Q10	Var. %	1H11	1H10	Var. %
NET OPERATING REVENUE FROM RENT, SERVICES AND OTHER	53,196	45,411	17.1%	102,909	87,673	17.4%
COST OF RENT AND SERVICES	(9,647)	(7,096)	35.9%	(18,203)	(14,857)	22.5%
GROSS PROFIT	43,549	38,315	13.7%	84,706	72,816	16.3%
OPERATING REVENUE (EXPENSES)						
General and administrative	(3,174)	(7,320)	-56.6%	(7,230)	(10,553)	-31.5%
Outsourced services	(1,129)	(4,957)	-77.2%	(2,728)	(6,376)	-57.2%
Provisions for doubtful accounts	393	(149)	n/a	(187)	233	n/a
Other administrative expenses	(2,077)	(1,955)	6.2%	(3,551)	(3,875)	-8.4%
Depreciation and amortization	(359)	(260)	38.0%	(764)	(535)	42.8%
Taxes	(308)	(544)	-43.4%	(563)	(938)	-40.0%
Equity income	859	884	-2.9%	2,204	1,687	30.6%
Change in fair value of investment properties	71,745	23,681	203.0%	142,832	38,223	273.7%
Other operating revenue (expenses), net	730	2,330	-68.7%	986	2,753	-64.2%
Total operating revenue (expenses), net	69,852	19,031	267.0%	138,229	31,172	343.4%
OPERATING INCOME BEFORE FINANCIAL RESULT	113,401	57,346	97.7%	222,935	103,988	114.4%
NET FINANCIAL RESULT	7,791	2,640	195.1%	7,675	2,275	237.4%
INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	121,192	59,986	102.0%	230,610	106,263	117.0%
INCOME AND SOCIAL CONTRIBUTION TAXES						
Current	(4,106)	(3,001)	36.8%	(7,548)	(4,852)	55.6%
Deferred	(26,269)	(10,092)	160.3%	(46,007)	(17,703)	159.9%
Total	(30,375)	(13,093)	132.0%	(53,555)	(22,555)	137.4%
NET INCOME	90,817	46,893	93.7%	177,055	83,708	111.5%
INCOME ATTRIBUTABLE TO:						
Shareholders	59,161	31,619	87.1%	121,720	52,926	130.0%
Minority interests	31,656	15,274	107.3%	55,335	30,782	79.8%
EARNINGS PER SHARE	0.77	0.60	29.0%	1.71	1.00	71.0%



Cash Flow Statement (R$ thousand)	2Q11	2Q10
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the year	177,055	83,708
Adjustments to reconcile net income to net cash from (used in) operating activities:		
Depreciation and amortization	762	535
Residual cost of written-off fixed assets	-	59
Unbilled revenue from rentals	(1,993)	(2,217)
Provisions for doubtful accounts	332	(233)
Provisions (reversal of) for civil, tax, labor and pension risks	(795)	(744)
Acrrual for variable compensation	466	877
Deferred income and social contribution taxes	46,007	17,703
Financial charges on loans and financing	8,764	8,693
Interests, exchange rate changes on intercompany loans	2,516	(7,942)
Changes in fair value of investment property	(142,832)	(38,223)
Equity income	(2,204)	(1,687)
(Increase) decrease in operating assets:	-	-
Restricted investments	(768)	271
Accounts receivable	3,746	(360)
Loans to condominiums	(46)	(162)
Taxes recoverable	(4,212)	(1,764)
Advances to suppliers	183	(179)
Prepaid expenses	(163)	(331)
Judicial deposits	24	(461)
Other	3,624	(3,183)
Increase (decrease) in operating liabilities:		
Brazilian suppliers	(5,628)	(54)
Taxes payable	(831)	(903)
Salaries, wages and benefits	(228)	(6,980)
Technical structure	5,371	1,123
Other obligations	2,585	443
Cash provided by (used in) operating activities	91,735	47,989
interest paid	(7,823)	(10,034)
Net cash from (used in) operating activities	83,912	37,955
CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition or construction of investment property	(122,849)	(47,568)
Acquisition of fixed assets	(707)	(642)
Increase in intangible assets	(149)	(226)
Capital increase in subsidiaries	-	-
Dividends received	250	338
Net cash used in investment activities	(123,455)	(48,098)
CASH FLOW FROM FINANCING ACTIVITIES		
Capital increase	465,021	-
Loans and financing raised	94,972	-
Loans and financings paid - principal	(779)	(9,000)
Earnings distributed by real estate funds - minority shareholders	(18,401)	(14,933)
Dividends payed	(2,939)	-
Share issuance costs	(24,164)	-
Related parties	(77,717)	815
Net cash from financing activities	435,993	(23,118)
NET INCREASE (DECREASE) IN BALANCE OF CASH AND CASH EQUIVALENTS	396,450	(33,261)
CASH AND CASH EQUIVALENTS		
At end of year	458,016	52,991
At beginning of year	61,566	86,252
NET INCREASE (DECREASE) IN BALANCE OF CASH AND CASH EQUIVALENTS	396,450	(33,261)

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

Sonae Sierra Brasil S.A. and Subsidiaries

Individual and Consolidated Interim Financial Information for the Six-Month Period Ended June 30, 2011 and Report on Review of Interim Financial Information

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Sonae Sierra Brasil S.A. ("Company") and its subsidiaries, included in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2011, which comprises the balance sheet as of June 30, 2011 and the related income statement for the three-month and six-month period then ended and statement of changes in equity and statement of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 - Interim Financial Information and the consolidated interim financial information in accordance with CPC 21 and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards established by the Brazilian Securities Commission (CVM), applicable to the preparation of the Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission.

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Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission.

Other matters

Interim financial information of value added

We have also reviewed the individual and consolidated interim statements of value added ("DVA"), for the six-month period ended June 30, 2011, prepared under the responsibility of management the presentation of which is required by the standards established by the Brazilian Securities Commission (CVM) applicable to the preparation of Interim Financial Information (ITR) and is considered as supplemental information for IFRS that does not require a presentation of DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

Convenience translation

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

São Paulo, August 5, 2011

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Iara Pasian
Engagement Partner

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SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

BALANCE SHEETS AS OF JUNE 30, 2011 AND DECEMBER 31, 2010
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
ASSETS	Note	06/30/11	12/31/10	06/30/11	12/31/10
CURRENT ASSETS					
Cash and cash equivalents	4	287,164	2,798	458,016	61,566
Trade receivables, net	5	-	-	17,631	21,650
Recoverable taxes	6	1,977	653	13,871	9,659
Advances to suppliers		-	-	-	183
Prepaid expenses		54	-	338	175
Other receivables	5	11	145	3,879	5,801
Total current assets		289,206	3,596	493,735	99,034
NONCURRENT ASSETS					
Restricted investments	27	-	-	1,325	557
Trade receivables, net	5	-	-	11,516	9,582
Loans to condominiums	7	-	-	607	561
Deferred income tax and social contribution	20	3,190	940	13,638	13,590
Escrow deposits	14	1,813	1,751	3,560	3,584
Other receivables	5	-	-	759	2,461
Investments	8	1,556,373	1,352,695	20,987	19,033
Investment property	10	-	-	2,451,388	2,181,412
Property and equipment	9	-	1	5,578	4,532
Intangible assets	11	-	-	912	873
Total noncurrent assets		1,561,376	1,355,387	2,510,270	2,236,185
TOTAL ASSETS		1,850,582	1,358,983	3,004,005	2,335,219

		Company		Consolidated	
LIABILITIES AND EQUITY	Note	06/30/11	12/31/10	06/30/11	12/31/10
CURRENT LIABILITIES					
Loans and financing	12	-	-	11,111	7,171
Domestic trade accounts payable		286	27	12,289	15,807
Taxes payable	15	160	24	5,771	6,602
Personnel, payroll taxes, benefits, and rewards		-	-	6,911	6,733
Technical structure		-	-	5,536	5,410
Related parties	13	-	73,637	12,598	85,599
Dividends payable	21	-	2,939	-	2,939
Other payables		144	85	13,955	11,370
Total current liabilities		590	76,712	68,171	141,631
NONCURRENT LIABILITIES					
Loans and financing	12	-	-	288,056	194,677
Technical structure	13	-	-	17,083	11,838
Payables for purchase of land		-	-	25,000	25,000
Deferred income tax and social contribution	20	-	3,133	316,327	278,943
Provision for civil, tax, labor, and social security contingencies	14	1,813	1,751	10,111	10,906
Accrual for variable compensation	25	-	-	486	427
Total noncurrent liabilities		1,813	4,884	657,063	521,791
EQUITY	16				
Capital		997,866	532,845	997,866	532,845
Capital reserves		80,249	96,198	80,249	96,198
Retained earnings		121,720	-	121,720	-
Earnings reserves		648,344	648,344	648,344	648,344
Shareholder's equity		1,848,179	1,277,387	1,848,179	1,277,387
Noncontrolling interests		-	-	430,592	394,410
Total equity		1,848,179	1,277,387	2,278,771	1,671,797
TOTAL LIABILITIES AND EQUITY		1,850,582	1,358,983	3,004,005	2,335,219

The accompanying notes are an integral part of these interim financial information.

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

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

INCOME STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2011 AND 2010
(In thousands of Brazilian reais - R$, except earnings per share)

	Note	Company				Consolidated			
		Three-Month Period Ended 06/30/11	Six-Month Period Ended 06/30/11	Three-Month Period Ended 06/30/10	Six-Month Period Ended 06/30/10	Three-Month Period Ended 06/30/11	Six-Month Period Ended 06/30/11	Three-Month Period Ended 06/30/10	Six-Month Period Ended 06/30/10
NET OPERATING REVENUE FROM RENTALS, SERVICES, AND OTHER	17	-	-	-	1	53,196	102,909	45,411	87,673
COST OF RENTALS AND SERVICES	18	-	-	-	-	(9,647)	(18,203)	(7,096)	(14,857)
GROSS PROFIT		-	-	-	1	43,549	84,706	38,315	72,816
OPERATING (EXPENSES) INCOME									
General and administrative expenses	18	(235)	(758)	(2,309)	(2,920)	(3,174)	(7,230)	(7,320)	(10,553)
Tax expenses		(26)	(34)	(6)	(6)	(308)	(563)	(544)	(938)
Equity pick-up	8	52,027	112,678	28,495	47,522	859	2,204	884	1,687
Changes in fair value of investment property	10	-	-	-	-	71,745	142,832	23,681	38,223
Other operating income, net		-	-	-	-	730	986	2,330	2,753
Total income (expenses) from operations, net		51,766	111,886	26,180	44,596	69,852	138,229	19,031	31,172
OPERATING INCOME BEFORE FINANCIAL INCOME (EXPENSES)		51,766	111,886	26,180	44,597	113,401	222,935	57,346	103,988
FINANCIAL INCOME (EXPENSES), NET	19	10,228	12,667	6,414	10,011	7,791	7,675	2,640	2,275
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		61,994	124,553	32,594	54,608	121,192	230,610	59,986	106,263
INCOME TAX AND SOCIAL CONTRIBUTION									
Current	20	-	-	-	-	(4,106)	(7,548)	(3,001)	(4,852)
Deferred	20	(2,833)	(2,833)	(975)	(1,682)	(26,269)	(46,007)	(10,092)	(17,703)
Total		(2,833)	(2,833)	(975)	(1,682)	(30,375)	(53,555)	(13,093)	(22,555)
NET INCOME FOR THE PERIOD		59,161	121,720	31,619	52,926	90,817	177,055	46,893	83,708
NET INCOME ATTRIBUTABLE TO:									
Shareholders' equity		-	-	-	-	59,161	121,720	31,619	52,926
Noncontrolling interests		-	-	-	-	31,656	55,335	15,274	30,782
BASIC AND DILUTED EARNINGS PER SHARE - R$		0.77	1.71	0.60	1.00	0.77	1.71	0.60	1.00

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

The accompanying notes are an integral part of these interim financial information.

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

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (COMPANY AND CONSOLIDATED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2011 AND 2010
(In thousands of Brazilian reais - R$)

			Capital reserves			Earnings reserves								
	Note	Capital	Share Issuance costs	Share subscription premium	Treasury shares	Legal reserve	Earnings retention reserve	Unrealized earnings	Retained earnings	Total shareholders' equity	Advance for future capital increase	Total equity and advance for future capital increase	Noncontrolling interests	Total shareholders' 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		732	-	1,052	-	-	-	-	-	1,784	(1,784)	-	-	-
Net income for the period		-	-	-	-	-	-	-	52,926	52,926	-	52,926	30,782	83,708
Treasury shares		-	-	-	(1,500)	-	-	-	-	(1,500)	-	(1,500)	-	(1,500)
Dividends arising from operation of Fundo de Investimento Imobiliário Shopping Paque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center		-	-	-	-	-	-	-	-	-	-	-	(17,571)	(17,571)
BALANCE AT JUNE 30, 2010		530,516	-	91,869	(1,500)	2,503	509,586	-	52,926	1,185,900	-	1,185,900	371,146	1,557,046
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 period		-	-	-	-	-	-	-	121,720	121,720	-	121,720	55,335	177,055
Share issuance costs	16.9	-	(15,949)	-	-	-	-	-	-	(15,949)	-	(15,949)	-	(15,949)
Dividends arising from operation of Fundo de Investimento Imobiliário Shopping Paque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center		-	-	-	-	-	-	-	-	-	-	-	(19,153)	(19,153)
BALANCE AT JUNE 30, 2011		997,866	(15,949)	96,198	-	9,463	608,761	30,120	121,720	1,848,179	-	1,848,179	430,592	2,278,771

The accompanying notes are an integral part of these interim financial information.

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

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2011 AND 2010
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	06/30/11	06/30/10	06/30/11	06/30/10
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	121,720	52,926	177,055	83,708
Adjustments to reconcile net income to				
net cash (used in) provided by operating activities:				
Depreciation and amortization	-	-	762	535
Residual value of property and equipment written off	-	-	-	59
Unbilled revenue from rentals	-	-	(1,993)	(2,217)
Reversal of the allowance for doubtful accounts	-	-	332	(233)
Provision for (reversal of) civil, tax, labor, and social security contingencies	62	267	(795)	(744)
Accrual for variable compensation	-	-	466	877
Deferred income tax and social contribution	2,833	1,682	46,007	17,703
Interest on borrowings and financing	-	-	8,764	8,693
Interest, monetary and exchange variations on intercompany loans and borrowings	2,516	(7,942)	2,516	(7,942)
Changes in fair value of investment property	-	-	(142,832)	(38,223)
Equity pick-up	(112,678)	(47,522)	(2,204)	(1,687)
(Increase) decrease in operating assets:				
Restricted investments	-	-	(768)	271
Trade receivables	-	13	3,746	(360)
Loans to condominiums	-	-	(46)	(162)
Recoverable taxes	(1,324)	(111)	(4,212)	(1,764)
Advances to suppliers	-	-	183	(179)
Prepaid expenses	(54)	-	(163)	(331)
Escrow deposits	(62)	(267)	24	(461)
Other	134	(1,501)	3,624	(3,183)
Increase (decrease) in operating liabilities:				
Personnel, payroll taxes, benefits, and rewards	259	972	(5,628)	(54)
Domestic trade payables	136	(37)	(831)	(903)
Taxes payable	-	-	(228)	(6,980)
Key money	-	-	5,371	1,123
Other payables	59	440	2,585	443
Cash provided by (used in) operating activities	13,601	(1,080)	91,735	47,989
Interest paid	-	-	(7,823)	(10,034)
Net cash provided by (used in) operating activities	13,601	(1,080)	83,912	37,955
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition or construction of investment property	-	-	(122,849)	(47,568)
Purchase of property and equipment	-	-	(707)	(642)
Increase in intangible assets	-	-	(149)	(226)
Capital increase in investees	(91,000)	-	-	-
Dividends received	-	-	250	338
Net cash used in investing activities	(91,000)	-	(123,455)	(48,098)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital increase	465,021	-	465,021	-
New borrowings	-	-	94,972	-
Loans repaid - principal	-	-	(779)	(9,000)
Distributed earnings of real estate funds - noncontrolling interests	-	-	(18,401)	(14,933)
Dividends paid	(2,939)	-	(2,939)	-
Share issuance costs	(24,164)	-	(24,164)	-
Related parties	(76,153)	(36,068)	(77,717)	815
Net cash provided by (used in) financing activities	361,765	(36,068)	435,993	(23,118)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	284,366	(37,148)	396,450	(33,261)
CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at end of period	287,164	29,912	458,016	52,991
Cash and cash equivalents at beginning of period	2,798	67,060	61,566	86,252
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	284,366	(37,148)	396,450	(33,261)

The accompanying notes are an integral part of these interim financial information.

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

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2011 AND 2010
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	06/30/11	06/30/10	06/30/11	06/30/10
REVENUE				
Revenue from rentals and services	-	(2)	(111,530)	(94,804)
Other income	-	-	(572)	(2,142)
Changes in fair value of investment property	-	-	(142,832)	(38,223)
Revenues related to the construction of investment properties and property and equipment			(127,852)	(52,765)
Allowance for (reversal of) for doubtful accounts	-	-	332	(233)
	-	(2)	(382,454)	(188,167)
SERVICES AND SUPPLIES PURCHASED FROM THIRD PARTIES				
Cost of rentals and services	-	-	6,795	8,584
Supplies, power, outside services and other	733	2,921	4,358	6,108
Cost of construction of investment properties and property and equipment	-	-	127,852	52,765
	733	2,921	139,005	67,457
GROSS VALUE ADDED	733	2,919	(243,449)	(120,710)
DEPRECIATION AND AMORTIZATION	-	-	764	535
WEALTH CREATED BY THE COMPANY	733	2,919	(242,685)	(120,175)
WEALTH RECEIVED IN TRANSFER				
Equity in earnings (loss) of subsidiaries	(112,678)	(47,522)	(2,204)	(1,687)
Financial income	(15,183)	(11,982)	(18,989)	(13,004)
	(127,861)	(59,504)	(21,193)	(14,691)
DISTRIBUTION OF WEALTH	(127,128)	(56,585)	(263,878)	(134,866)
WEALTH DISTRIBUTED				
Personnel:				
Salaries and wages	20	-	7,982	5,634
Benefits	-	-	866	685
Severance pay fund (FGTS)	-	-	540	292
	20	-	9,388	6,611
Taxes and fees:				
Federal	2,872	1,688	63,091	31,212
Municipal	-	-	1,689	1,337
	2,872	1,688	64,780	32,549
Lenders and lessors:				
Interest expense	2,516	1,971	11,314	10,729
Rentals	-	-	1,341	1,269
	2,516	1,971	12,655	11,998
Interest on capital:				
Retained earnings	121,720	52,926	121,720	52,926
Noncontrolling interests	-	-	55,335	30,782
	121,720	52,926	177,055	83,708
Total	127,128	56,585	263,878	134,866

The accompanying notes are an integral part of these interim financial information.

1. GENERAL INFORMATION

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

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

a) Sierra Investimentos Brasil Ltda. ("Sierra Investimentos") - primarily engaged in: (a) planning, developing, implementing and investing in real estate, namely shopping malls and related activities, as developer, builder, lessor and advisor; (b) operating and managing own properties and stores and providing related services; and (c) holding equity interest in other companies. As at June 30, 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 at June 30, 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 planning, developing and implementing real estate as developer, builder, lessor and advisor, intermediating transactions and market studies and holding equity interest in other companies as partner or shareholder.

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

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

b) Unishopping Administradora Ltda. ("Unishopping Administradora") - engaged in planning, installing, developing and managing shopping malls, leasing, operating and managing car park areas, managing properties and related services. As at June 30, 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. As at June 30, 2011, Unishopping Consultoria is responsible for selling development stores in which the Group holds interests.

As at June 30, 2011 and 2010, and December 31, 2010, the Company's subsidiaries and associates held the following interests in shopping malls:

		Undivided interest - %		
Developer	Shopping mall	06/30/11	12/31/10	06/30/10
Fundos de Investimento Imobiliário I e II	Shopping Parque D. Pedro	100.00	100.00	100.00
Pátio Penha	Shopping Center Penha	73.18	73.18	73.18
Pátio Boavista	Shopping Center Metrópole	100.00	100.00	100.00
Pátio Boavista	Boavista Shopping	100.00	100.00	100.00
Sierra Enplanta	Tivoli Shopping	30.00	30.00	30.00
Sierra Enplanta	Pátio Brasil Shopping	10.42	10.42	10.42
Sierra Enplanta	Franca Shopping	67.42	67.42	67.42
Pátio São Bernardo	Shopping Plaza Sul	30.00	30.00	30.00
Campo Limpo	Shopping Campo Limpo	20.00	20.00	20.00
Pátio Sertório	Shopping Manauara	100.00	100.00	100.00
Pátio Londrina	Boulevard Londrina (i)	84.48	84.48	84.48
Pátio Uberlândia	Uberlândia Shopping (i)	100.00	100.00	100.00
Pátio Goiânia	Goiânia Shopping (i)	100.00	100.00	100.00

(i) The development is being implemented.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Declaration of conformity

Interim financial information included in the Company's Interim Financial Information - ITR comprises:

- Consolidated interim financial information prepared in accordance with IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board - IASB, and CPC 21 - Interim Financial Statements and are presented in accordance with the standards established by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information - ITR.

- Individual interim financial information prepared in accordance with CPC 21 - Interim Financial Statements and are presented in accordance with the standards established by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information - ITR.

The individual interim financial information 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 interim financial information prepared in accordance with IAS 34 and CPC 21, 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 interim financial information 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 interim financial information are summarized below. These practices are consistent with those adopted in the prior reporting period.

The Company's management reclassified revenue arising from the minimum guarantee recorded on "Fundo de Investimento Imobiliário II" activities, totaling R$1,836, from "Net revenue from rentals, services and other" to "Other operating income, net" in the income statement for the six-month period ended June 30, 2010, presented for comparative purposes.

2.3. Investments in subsidiaries and associates

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

Investments in companies in which management has significant influence or interest of 20% or more in the voting capital, that are part of the same group or are under the same control, are accounted for under the equity method (see Note 8).

2.4. Basis of consolidation

The consolidated interim financial information 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 June 30, 2011 and 2010, and December 31, 2010, the consolidated companies are as follows:

	Equity interest - %		
	06/30/11	12/31/10	06/30/10
Direct subsidiaries:			
Sierra Investimentos Brasil Ltda.	99.99	99.99	99.99
Unishopping Administradora Ltda.	99.99	99.99	99.99
Indirect subsidiaries:			
Unishopping Administradora Ltda.	100.00	100.00	100.00
Fundos de Investimento Imobiliário I e II	51.00	51.00	51.00
Unishopping Consultoria Imobiliária Ltda.	99.99	99.99	99.99
Sierra Enplanta Ltda.	100.00	100.00	100.00
Pátio Boavista Shopping Ltda.	100.00	100.00	100.00
Pátio Penha Shopping Ltda.	100.00	100.00	100.00
Pátio São Bernardo Shopping Ltda.	100.00	100.00	100.00
Pátio Sertório Shopping Ltda.	100.00	100.00	100.00
Pátio Uberlândia Shopping Ltda.	100.00	100.00	100.00
Pátio Londrina Empreendimentos e Participações Ltda.	100.00	100.00	100.00
Pátio Goiânia Shopping Ltda.	100.00	100.00	100.00
Unconsolidated associate-			
Campo Limpo Empreendimentos e Participações Ltda.	20.00	20.00	20.00

2.5. Segment reporting

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

2.6. Functional currency of the financial statements

The items included in interim financial information 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' interim financial information have been prepared in Brazilian reais (R$).

2.7. Foreign currency

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

2.8. Cash and cash equivalents

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

2.9. Restricted investments

As at June 30, 2011 and December 31, 2010, the Company had investments in Financial Treasury Bills (LFTs) linked to commitments assumed with Banco Ourinvest S.A., as described in Note 27. Short-term investments balances were carried at cost, plus income earned through the end of the reporting period.

2.10. Financial instruments

2.10.1 Recognition and measurement

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

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

2.10.2 Classification

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

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

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

2.11. Impairment of financial assets

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

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

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

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

2.12. Trade receivables

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

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

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

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

2.13. Property and equipment

Carried at cost of purchase. Depreciation is calculated on a straight-line basis at the rates mentioned in Note 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 at June 30, 2011 and December 31, 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 storeowners are allocated to income over the term of the first rental agreement.

Our revenue derives mainly from the following activities:

a) Rental

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

b) Parking

Refers to revenue from the operation of parking lots.

c) Services

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

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

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

d) Property space (key money) lease fee

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

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

e) Lessee transfer fees

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

2.20. Income tax and social contribution

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

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

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

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

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

2.21. Earnings per share

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

2.22. Statement of value added ("DVA")

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

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

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

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

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

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

The most significant impact of IFRS 9 related to the classification and measurement of financial liabilities refers to the accounting of changes in fair value of a financial liability (designated at fair value through profit or loss) attributable to changes in such liability's credit risk. Specifically, under IFRS 9 and as regards financial liabilities recognized at fair value through profit or loss, the amount of the change in fair value of a financial liability attributable to changes in such liability's credit risk is recognized in 'other comprehensive income', unless the recognition of the effects of changes in the liability credit risk in 'other comprehensive income' results in or increases the accounting mismatch in profit or loss. Changes in fair value attributable to changes in credit risk of a financial liability are not reclassified in profit or loss.

Previously, under IAS 39 and CPC 38, the total change in the fair value of a financial liability recognized at fair value through profit or loss was recognized in profit or loss.

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

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

b) IAS 12 - *Income Taxes*

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

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

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

b) Reserve for 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	
	06/30/11	12/31/10	06/30/11	12/31/10
Cash	36	36	224	249
Banks	629	177	8,404	10,129
Short-term investments (*)	286,499	2,585	449,388	51,188
Total	287,164	2,798	458.016	61,566

(*) As at June 30, 2011, the short-term investments are highly liquid and earn yield at the weighted average interest rate of 101.8% of the interbank deposit rate (CDI) (100% as at December 31, 2010).

5. TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

	Consolidated	
Trade receivables	06/30/11	12/31/10
Rentals	27,452	31,335
Assignment of rights receivable (a)	496	300
Total trade receivables billed	27,948	31,635
Unbilled revenue from rentals (b)	11,516	9,582
Total trade receivables billed and unbilled	39,464	41,217
Allowance for doubtful accounts	(10,317)	(9,985)
Total	29,147	31,232
(-) Current	(17,631)	(21,650)
Noncurrent	11,516	9,582

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

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

The aging list of trade receivables billed as at June 30, 2011 and December 31, 2010 is as follows:

	Consolidated	
	06/30/11	12/31/10
Current	15,493	17,450
Past-due:		
Up to 30 days	975	1,056
31 to 60 days	482	1,765
61 to 90 days	454	915
91 to 180 days	1,230	1,595
Over 180 days	9,314	8,854
Subtotal	12,455	14,185
Total	27,948	31,635

Allowance for doubtful accounts

Change in allowance for doubtful accounts in the six-month period ended June 30, 2011 and 2010 is as follows:

	Consolidated
Balance as at December 31, 2010	(9,985)
Addition	(332)
Balance as at June 30, 2011	(10,317)

	Consolidated
Balance as at December 31, 2009	(12,879)
Write-off	723
Reversal	233
Balance as at June 30, 2010	(11,923)

Other receivables

Additionally, as at June 30, 2011 and December 31, 2010, the balance of 'Other receivables' is broken down as follows:

	Company		Consolidated	
	06/30/11	12/31/10	06/30/11	12/31/10
Receivables of Banco Ourinvest S.A. (a)	-	-	833	833
Loan agreement with a storeowner (b)	-	-	1,027	1,418
Other receivables from condominiums	-	-	798	1,843
Receivables from parking operations ("Sem Parar")	-	-	981	415
Vacations, 13th salaries, and other advances to employees	-	-	213	1,104
Other	11	145	786	2,649
Total	11	145	4,638	8,262
(-) Current	(11)	(145)	(3,879)	(5,801)
Noncurrent	-	-	759	2,461

(a) As at June 30, 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 26).

(b) Refers to the loan agreement with a storeowner. The loan amount bears interest equivalent to the annual fluctuation of the CDI, plus spread of 2.44% per year. This loan is being repaid in 24 monthly installments, since August 2010. As at June 30, 2011, the subsidiary Pátio Sertório Shopping Ltda. has 13 installments receivables related to this agreement. The short-term balance recorded in current assets amounts to R$964.

6. RECOVERABLE TAXES

	Company		Consolidated	
	06/30/11	12/31/10	06/30/11	12/31/10
Withholding income tax (IRRF)	1,963	639	13,255	9,159
Social contribution - Law 10833/03	13	13	512	420
Other	1	1	104	80
Total	1,977	653	13,871	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	06/30/11	12/31/10
Pátio Boavista	Condomínio Shopping Boavista	13	18
Pátio São Bernardo	Condomínio Shopping Center Plaza Sul	234	234
Pátio Penha	Condomínio Shopping Center Penha	255	309
Sierra Enplanta	Condomínio Shopping Center Franca	105	-
Total		607	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

June 30, 2011	Number of shares held	Capital - equity interest - %	Equity	Net income for the semester	Equity in investees	Investment balance
Company						
Subsidiaries:						
Sierra Investimentos Brasil Ltda.	700,644,811	100	1,551,246	108,587	108,587	1,551,246
Unishopping Administradora Ltda.	10,910,860	100	5,127	4,091	4,091	5,127
Total			1,556,373	112,678	112,678	1,556,373
Consolidated						
Associate-						
Campo Limpo Empreendimentos e Participações Ltda.	41,537,062	20	104,934	11,020	2,204	20,987

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	1,350,754	130,717	130,717	1,350,754
Unishopping Administradora Ltda.	10,910,860	100	1,941	5,538	5,538	1,941
Total			1,352,695	136,255	136,255	1,352,695
Consolidated						
Associate-						
Campo Limpo Empreendimentos e Participações Ltda.	41,537,062	20	95,165	13,480	2,696	19,033

Changes in investments for the six-month period ended June 30, 2011 and 2010

	Company	Consolidated
Balance at December 31, 2010	1,352,695	19,033
Capital increase	91,000	-
Equity in investees	112,678	2,204
Dividends received	-	(250)
Balance at June 30, 2011	1,556,373	20,987

	Company	Consolidated
Balance at December 31, 2009	1,150,580	16,873
Equity in investees	47,522	1,687
Dividends received	-	(338)
Balance at June 30, 2010	1,198,102	18,222

9. PROPERTY AND EQUIPMENT

		06/30/11		
		Consolidated		
	Annual depreciation rate - %	Cost	Accumulated depreciation	Net
Facilities	10	2,428	(2,134)	294
Furniture and fixtures	10	773	(350)	423
Machinery and equipment	10	562	(157)	405
IT equipment	20	2,052	(1,524)	528
Vehicles	20	2,095	(640)	1,455
Other	20	325	(64)	261
Subtotal		8,235	(4,869)	3,366
Construction in progress	-	1,632	-	1,632
Advances to suppliers	-	580	-	580
Total		10,447	(4,869)	5,578

		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 six-month period ended June 30, 2011 and 2010

	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	15	45	165	181	14	287	707
Depreciation	(304)	(33)	(25)	(99)	(160)	(31)	(652)
Balances at June 30, 2011	294	423	405	528	1,455	261	3,366

	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	111	15	35	158	320	3	642
Write-off	-	-	-	-	(59)	-	(59)
Depreciation	(318)	(28)	(23)	(69)	(52)	(2)	(492)
Balances at June 30, 2010	780	448	287	443	1,418	3	3,379

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 1st, 2009.

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

	Consolidated	
	06/30/11	12/31/10
Constructed investment property	2,152,008	1,983,960
Investment property under construction	299,380	197,452
Total	2,451,388	2,181,412

Changes in investment property for the six-month period ended June 30, 2011 and 2010

	Consolidated		
	Constructed properties	Properties under construction	Total
Balance at December 31, 2010	1,983,960	197,452	2,181,412
Additions	28,026	99,118	127,144
Gain from the change in fair value of properties	140,022	2,810	142,832
Balance at June 30, 2011	2,152,008	299,380	2,451,388

	Consolidated		
	Constructed properties	Properties under construction	Total
Balance at December 31, 2009	1,807,096	82,079	1,889,175
Additions	13,412	38,711	52,123
Gain from the change in fair value of properties	38,223	-	38,223
Balance at June 30, 2010	1,858,731	120,790	1,979,521

Notes:

(a) The certificates of title of some properties part of the Shopping Center Penha and Shopping Boavista projects are not registered with the Registry of Deeds Office. As at June 30, 2011, the total amount carried as investment property is R$223,993 (R$208,767 as at 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 11th year and a market yield rate (exit yield or cap rate). For the calculation of the perpetuity we considered a real growth rate of 0.0%. These projections are discounted at the measurement date using a market discount rate. The projections are not forecasts but simply reflect the best estimate of the appraiser regarding the current view of the market with respect to the future revenue and cost of each property. The yield rate and the discount rate are set according to the local investment and institutional market and the reasonableness of the market value obtained according to the methodology above, equally tested in terms of the initial yield rate obtained based on net yield estimated for the first year of the projections.

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

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

The assumptions used as at June 30, 2011 and December 31, 2010 for the measurement at fair value described above are as follows:

03/31/11				12/31/10			
10-year discount rate		Exit yield		10-year discount rate		Exit yield	
Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
12.75%	14.50%	8.25%	10.00%	12.75%	14.00%	8.25%	9.50%

11. INTANGIBLE ASSETS

	Annual amortization rate - %	Consolidated 06/30/11	Consolidated 12/31/10
Software	20	1,355	1,206
Accumulated amortization (*)		(443)	(333)
Total		912	873

(*) In the six-month period ended June 30, 2011, the amortization expense of the cost of purchase of software, amounting to R$110 (R$43 as at June 30, 2010), is recognized in line item 'General and administrative expenses', in the statement of income.

Changes in intangible assets for the six-month period ended June 30, 2011 and 2010

	Consolidated		
	Cost	Amortization	Total, net
Balance at December 31, 2010	1,206	(333)	873
Additions	149	(110)	39
Balance at June 30, 2011	1,355	(443)	912

	Consolidated		
	Cost	Amortization	Total, net
Balance at December 31, 2009	525	(226)	299
Additions	226	(43)	183
Balance at June 30, 2010	751	(269)	482

12. LOANS AND FINANCING

		Consolidated	
Domestic	Maturity	06/30/11	12/31/10
Banco do Amazonas S.A. - BASA (a)	12/10/2020	126,919	123,925
Banco Itaú BBA S.A. (b)	10/21/2015	19,753	20,138
Banco Itaú BBA S.A (c)	10/17/2016	26,763	27,194
Banco Bradesco S.A. (d)	10/26/2025	47,128	30,591
Banco Bradesco S.A. (e)	10/27/2025	25,939	-
Banco Itaú BBA S.A. (f)	05/10/2018	52,665	-
Total		299,167	201,848

Domestic	Maturity	Consolidated 06/30/11	Consolidated 12/31/10
(-) Current		(11,111)	(7,171)
Noncurrent		288,056	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 Manaura. 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 Metropole. This loan has a six-month grace period for the payment of the first installment of principal.

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

(d) From August 2010 to June 2011, subsidiary Pátio Uberlândia Shopping Ltda. raised R$46,627 with Banco Bradesco S.A. to finance the construction of Shopping Uberlândia. This loan, in the total amount R$81.2 million, 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.

(e) On June 24, 2011, subsidiary Pátio Londrina Shopping Ltda. raised R$25,910 with Banco Bradesco S.A. to finance the construction of Shopping Londrina. This loan, in the total amount of R$120 million 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.

(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.

As at June 30, 2011, the Company and its subsidiaries are compliant with these restrictive covenants.

Changes in loans and financing

Balance at December 31, 2010	201,848
New borrowings	94,972
Payments - principal	(779)
Interest payments	(7,823)
Interest capitalized in investment property under construction	2,185
Interest allocated to net income	8,764
Balance at June 30, 2011	299,167
Balance at December 31, 2009	183,488
Payments - principal	(9,000)
Interest payments	(10,246)
Interest capitalized in investment property under construction	212
Interest allocated to net income	8,693
Balance at June 30, 2010	173,147

The noncurrent portion, as at June 30, 2011, matures as follows:

Year	
2012	9,831
2013	39,556
2014	39,556
2015	39,186
2016 - 2020	132,843
2021 - 2025	27,084
Total	288,056

13. KEY MONEY - CONSOLIDATED

		Consolidated	
Subsidiary	Shopping mall	06/30/11	12/31/10
Pátio Boavista	Boavista	1,970	1,196
Pátio Sertório	Manauara	12,256	12,673
Pátio Uberlândia	Uberlândia Shopping	4,080	1,975
Pátio Londrina	Boulevard Londrina	2,238	564
Pátio Goiânia	Passeio das Águas	87	68
Fundo de Investimento Imobiliário I	Parque D. Pedro	1,690	772
Fundo de Investimento Imobiliário II	Parque D. Pedro	298	-
Total		22,619	17,248
(-) Current		(5,536)	(5,410)
Noncurrent		17,083	11,838

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

The 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	
	06/30/11	12/31/10	06/30/11	12/31/10
Labor and social security (a)	-	-	5,641	6,306
Tax (b)	1,813	1,751	3,350	3,982
Civil (c)	-	-	1,120	618
Total	1,813	1,751	10,111	10,906

Changes in the reserve in the six-month period ended June 30, 2011 and 2010 are as follows:

	Consolidated		
	12/31/10	Additions and write-offs (*)	06/30/11
Labor and social security (a)	6,306	(665)	5,641
Tax (b)	3,982	(632)	3,350
Civil (c)	618	502	1,120
Total	10,906	(795)	10,111

	Consolidated		
	12/31/09	Additions and write-offs (*)	06/30/10
Labor and social security	7,193	(466)	6,727
Tax	4,753	(278)	4,475
Civil	422	-	422
Total	12,368	(744)	11,624

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

(a) Labor and social security

As of June 30, 2011, the Company was not a party to any labor lawsuits. However, some subsidiaries were parties to 5 labor lawsuits (5 labor lawsuits as at December 31, 2010), whose contingency in the amount of R$522 (R$543 as at December 31, 2010) was assessed as probable loss by the legal counsel.

As of June 30, 2011, the Company recorded a reserve of R$5,119 (R$5,763 as at 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$2,940 (R$2,839 as at 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$1,127, in order to write off the tax credit.

Additionally, Sierra Investimentos recognizes a reserve for contingencies and made an escrow deposit of R$410, corresponding to the administrative fine imposed by the CADE (Brazilian antitrust agency). As at June 30, 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$23,564 as at June 30, 2011 (R$22,199 as at 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$13,582 adjusted for inflation through June 30, 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	
	06/30/11	12/31/10	06/30/11	12/31/10
Labor and social security	-	-	52	48
Tax	1,813	1,751	3,351	3,379
Civil	-	-	157	157
Total	1,813	1,751	3,560	3,584

15. TAXES PAYABLE

	Company		Consolidated	
	06/30/11	12/31/10	06/30/11	12/31/10
Income tax and social contribution	160	24	2,558	2,928
IRRF	-	-	1,225	1,045
COFINS	-	-	874	1,358
PIS	-	-	189	295
ISS	-	-	689	700
Other	-	-	236	276
Total	160	24	5,771	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 at June 30, 2011, the Company's capital was R$997,866 (R$532,845 as at 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 at June 30, 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 at June 30, 2011, the Company had a legal reserve in the amount of R$9,463.

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 at June 30, 2011, the Company had R$30,120 related to the portion of unrealized net income for the year ended December 31, 2010.

16.6. Profit retention reserve

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.

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 and diluted earnings per share.

	Company and Consolidated	
	06/30/11	06/30/10
Net income for the year attributable to the Company´s owners	121,720	52,926
Weighted average of outstanding common shares (*)	71,334	53,020
Basic and diluted earnings per share - R$	1.71	1.00

(*) For the calculation of weighted average of outstanding common shares for the quarters ended June 30, 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$ 15,949 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	
	06/30/11	06/30/10	06/30/11	06/30/10
Gross revenue:				
Rentals	-	-	87,027	74,312
Revenue from services	-	2	8,090	6,978
Parking revenue	-	-	11,492	7,696
Key Money	-	-	4,921	5,818
Other income	-	-	445	307
Total	-	2	111,975	95,111

	Company		Consolidated	
	06/30/11	06/30/10	06/30/11	06/30/10
Deductions:				
Taxes on rentals and services	-	(1)	(6,682)	(5,786)
Discounts and abatements	-	-	(2,384)	(1,652)
Total	-	(1)	(9,066)	(7,438)
Net revenue	-	1	102,909	87,673

18. EXPENSES BY NATURE

	Company		Consolidated	
	06/30/11	06/30/10	06/30/11	06/30/10
Depreciation and amortization	-	-	762	535
Personnel	24	-	12,886	9,881
Outsourced services	693	2,724	4,158	6,882
Cost of occupancy (vacant stores)	-	-	1,825	2,243
Costs of contractual agreements with tenants	-	-	611	575
Allowance for (reversal of) doubtful lease receivables	-	-	332	(233)
Rentals	-	-	1,341	1,269
Travel expenses	11	-	613	593
Others	30	196	2,905	3,665
Total	758	2,920	25,433	25,410
Classified as:				
Cost of rentals and services	-	-	18,203	14,857
General and administrative expenses	758	2,920	7,230	10,553

19. FINANCIAL INCOME (EXPENSES), NET

	Company		Consolidated	
	06/30/11	06/30/10	06/30/11	06/30/10
Financial income:				
Interest from short-term investments	15,138	1,814	17,431	2,419
Interest on intercompany loans	-	449	-	172
Interest receivable	-	-	557	368
Monetary and exchange variations	-	9,713	-	9,737
Other	45	6	1,001	308
	15,183	11,982	18,989	13,004
Financial expenses:				
Interest on loans and financing	-	-	(8,764)	(8,693)
Interest on intercompany loans	(400)	(1,771)	(400)	(1,776)
Monetary and exchange variations on intercompany loans	(2,116)	-	(2,034)	-
Other	-	(200)	(116)	(260)
	(2,516)	(1,971)	(11,314)	(10,729)
Total, net	12,667	10,011	7,675	2,275

20. INCOME TAX AND SOCIAL CONTRIBUTION

a) Income tax and social contribution expense

	Company		Consolidated	
	06/30/11	06/30/10	06/30/11	06/30/10
Income before income tax and social contribution	124,553	54,608	230,610	106,263
Statutory rate	34%	34%	34%	34%
Expected income tax and social contribution charge, at statutory rate	(42,348)	(18,567)	(78,408)	(36,130)
Effect of income tax and social contribution on permanent differences:				
Equity in investees	38,311	16,158	749	574
Other permanent differences	-	-	(398)	(42)
Effect of income tax and social contribution on prior periods' temporary differences and tax loss carryforwards that had not been accrued since their realization was not reasonably assured:				
Temporary differences	-	5	729	195
Tax loss carryforwards	1,204	722	1,350	443
Effect of taxation of subsidiaries taxed based on deemed income	-	-	2,470	1,922
Effect of different taxation of Fundos de Investimento Imobiliário I and II (*)	-	-	19,953	10,483
Income tax and social contribution expense at effective rate	(2,833)	(1,682)	(53,555)	(22,555)
Effective rate - %	2	3	23	21

(*) 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	
	06/30/11	06/30/10	06/30/11	06/30/10
Tax loss carryforward	3,190	940	10,230	10,160
Reserve for civil, tax, labor, and social security risks	-	-	114	145
Allowance for doubtful accounts	-	-	1,725	1,588
Other temporary reserves	-	-	365	330
Change in fair value of investment property	-	-	(316,327)	(275,811)
Exchange differences taxed on a cash basis (*)	-	(3,133)	-	(3,133)
Other adjustments due to the first-time adoption of IFRS	-	-	1,205	1,368
Total deferred income tax and social contribution	3,190	(2,193)	(302,688)	(265,353)
In noncurrent assets	3,190	940	13,638	13,590
In noncurrent liabilities	-	(3,133)	(316,327)	(265,353)

(*) 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$13,638 as at June 30, 2011 should be realized within up to four years, as shown below:

Year	Company	Consolidated
2011	3,190	5,341
2012	-	3,398
2013	-	3,398
2014	-	1,501
Total	3,190	13,638

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 at June 30, 2011, December 31, 2010 and June 30, 2010 are as follows:

		Company		Consolidated	
Balance sheet	Purpose	06/30/11	12/31/10	06/30/11	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)	-	-	3	61
Condomínio Shopping Pátio Brasil	(a)	-	-	13	-
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 (*)		-	-	21	1,007
Current liabilities:					
Affiliates:					
Sierra Brazil 1 BV	(b)	-	73,637	-	73,637
Parque D. Pedro I BV/SARL	(c)	-	-	12,598	11,962
Total		-	73,637	12,598	85,599

Profit or loss	Purpose	Company 06/30/11	Company 06/30/10	Consolidated 06/30/11	Consolidated 06/30/10
Operating revenue:					
Affiliates:					
Condomínio Shopping Center Penha	(a)	-	-	556	516
Condomínio Civil Center Shopping São Bernardo	(a)	-	-	415	391
Condomínio Tivoli Shopping Center	(a)	-	-	222	207
Condomínio Shopping Pátio Brasil	(a)	-	-	500	469
Condomínio Franca Shopping Center	(a)	-	-	176	160
Condomínio Boavista Shopping	(a)	-	-	409	389
Condomínio Shopping Center Plaza Sul	(a)	-	-	602	491
Condomínio Parque Dom Pedro Shopping	(a)	-	-	1,275	1,149
Condomínio Campo Limpo Shopping	(a)	-	-	328	287
Condomínio Manauara Shopping	(a)	-	-	807	702
Total		-	-	5,290	4,761
Financial income (expenses)-					
Subsidiaries:					
Sierra Investimentos Brasil Ltda.		-	22	-	-
Pátio Boavista Shopping Ltda.	(d)	-	179	-	-
Pátio Sertório Shopping Ltda.	(d)	-	48	-	-
Pátio Uberlândia Shopping Ltda.	(d)	-	85	-	-
Pátio Goiânia Shopping Ltda.	(d)	-	12	-	-
Pátio Londrina Empreendimentos e Participações Ltda.	(d)	-	2	-	-
Subtotal		-	348	-	-
Affiliates:					
Sierra Brazil 1 BV	(c)	(2,516)	7,942	(2,434)	7,942
Sub Total		(2,516)	7,942	(2,434)	7,942
Grand total		(2,516)	8,290	2,856	12,703

(*) 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$73,637 as at December 31, 2010) and bears interest equivalent to three-month EURIBOR plus spread of 4% per year; the amount was released in two tranches (December 18 and 22, 2009), which mature 100 days after the date funds were received, automatically extendable for 100 days more. The purpose of this borrowing is to finance short-term transactions of the Company and its subsidiaries, associate, and related parties. The agreement entered into by the parties does not provide for any guarantees. This transaction was settled on February 8, 2011, in the amount of R$ 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 at June 30, 2011 and December 31, 2010, 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' storeowners and owners, brokerage services, and development of project for a new shopping mall.

b) Investment

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

	Consolidated	
	2011	2010
Shopping mall gross revenue by segment:		
Development and management	19,484	15,747
Investment	103,885	88,133
Elimination of intersegment revenue	(11,394)	(8,769)
Total	111,975	95,111
Deductions:		
Taxes	(6,682)	(5,786)
Discounts and rebates	(2,384)	(1,652)
Total	(9,066)	(7,438)
Net operating revenue	102,909	87,673
Shopping mall costs by segment:		
Development and management	(14,743)	(12,646)
Investment	(22,083)	(21,534)
Elimination of intersegment cost	11,393	8,770
	(25,433)	(25,410)
Adjusted operating profit	77,476	62,263

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 financial liabilities measured at fair value through profit or loss.

As at June 30, 2011 and December 31, 2010, the carrying amounts and fair values of the Company's and its subsidiaries' financial instruments are as follows:

Company

		06/30/11		12/31/10	
Type	Classification	Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Cash and cash equivalents	Fair value through profit or loss	287,164	287,164	2,798	2,798

Consolidated

		06/30/11		12/31/10	
Type	Classification	Carrying amount	Fair value	Carrying amount	Fair value
Assets:					
Cash and cash equivalents	Fair value through profit or loss	458,016	458,016	61,566	61,566
Trade receivables	Held to maturity	17,631	17,631	21,650	21,650
Liabilities-					
Loans and financing	Amortized cost	299,167	299,167	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.

23.2. Price fluctuation risk

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

23.3. Interest rate risk

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

Additionally, as described in Note 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.

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

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

- Base scenario: maintenance of interest in the same levels as those as at June 30, 2011.
- Adverse scenario: a 25% fluctuation of the main risk factor of the financial instrument compared to the level as at June 30, 2011.
- Remote scenario: a 50% fluctuation of the main risk factor of the financial instrument compared to the level as at June 30, 2011.

Assumptions

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

Assumptions	Base scenario	Adverse scenario	Remote Scenario
CDI fluctuation	11.00%	13.75%	16.50%

Management analysis

			Consolidated		
Risk factor	Financial instrument	Risk	Base scenario (*)	Adverse scenario	Remote scenario
Loans	Interest rate	Increase in CDI rate	5,117	6,396	7,675

(*) 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.

23.5. Derivatives

The Company did not conduct derivative transactions for the six-month period ended June 30, 2011 and 2010.

24. INSURANCE

As of June 30, 2011, insurance is as follows:

Line	Insured amount - R$
Civil liability (shopping mall operations)	56,251
Fire	721,176
Loss of profits	156,271
Windstorm/smoke	35,807

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

25. MANAGEMENT COMPENSATION

During the six-month period ended June 30, 2011 and 2010, expenses on management compensation are broken down as follows:

	Consolidated	
	06/30/11	06/30/10
Payroll and related taxes	1,594	1,490
Variable compensation	466	877
Benefits	90	73
Total	2,150	2,440

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

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

As at June 30, 2011, the balance of line item 'Accrual for variable compensation', totaling R$486 (R$427 as at 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.

26. ADDITIONAL DISCLOSURES ON CASH FLOWS

The Company conducted the following noncash transaction:

	Consolidated	
	03/31/11	03/31/10
Capitalized interest in properties for investment in construction	2,185	2,120
Increase in trade payable due to properties for investment in construction	2,110	4,343

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

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

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

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

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

As at June 30, 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$1,325 (R$557 as at December 31, 2010) in restricted investments, stated in noncurrent assets.

28. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved by the executive committee and authorized for issue on August 05, 2011.