SONAE SIERRA BRASIL

# 4Q14 RESULTS PRESENTATION




March 5, 2015

# 4Q14/2014 HIGHLIGHTS

- Same-store rents (SSR): **+11.0%** compared to 4Q13 and; **+10.2%** versus 2013.
- Same-store sales (SSS): **+10.2%** over 4Q13 and; **+7.8%** compared to 2013.
- Total sales in the Company's malls: R$ 1.5 billion in 4Q14, **+15.3%** over 4Q13 and; R$ 4.7 billion in the year, **+16.5%** versus 2013.
- Occupancy in our mature portfolio increased to **98.9%** versus 97.2% in 4Q13.
- Late payment remained low at **3.2%**.
- Net revenue: R$ 86.6 million in 4Q14, **increased 10.6%** over 4Q13 and; R$ 318.7 million in 2014, **+15.6%** vs 2013.
- NOI: R$ 83,4 million in 4Q14, **growing 11.2%** when compared to 4Q13 and; R$ 303.7 million in 2014, **growth of 13.1%** over 2013.
- Adjusted EBITDA: R$ 63.8 million, **+10.4%** higher than 4Q13 and; R$ 226.7 million in 2014, **+9.6%** compared to 2013.
- Adjusted FFO: R$ 42.8 million, +**11.8%** over 4Q13 and; R$ 145.0 million in 2014, **-2.0%** vs 2013.

# EXPANSIONS AND REFURBISHMENTS

Sonae Sierra Brasil has three expansion or renovation ongoing projects, in **Uberlândia**, **Franca** and **Parque D. Pedro** shopping centers.

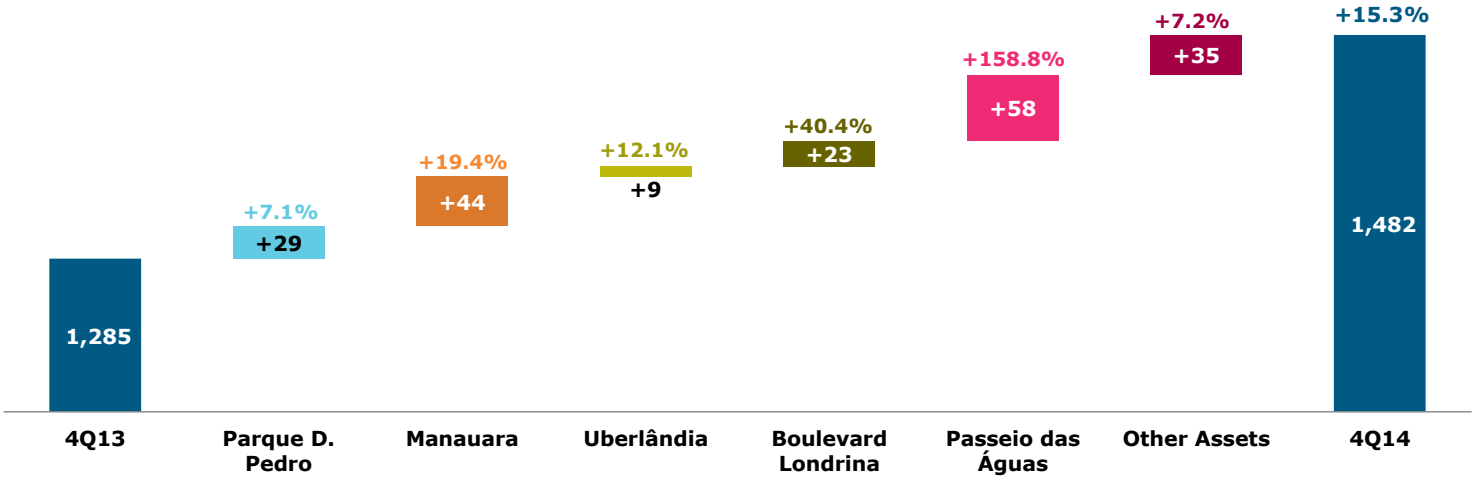
| Project | Franca Shopping Expansion | Parque D. Pedro Shopping Refurbishment | Uberlândia Shopping Expansion |
|---|---|---|---|
| **Location** | Franca (SP) | Campinas (SP) | Uberlândia (MG) |
| **Description** | Expansion and refurbishment of current mall | Mall refurbishment and new restaurant area | Expansion dedicated to new anchor stores |
| **Sonae Sierra Brasil Stake** | 100% | 51% | 100% |
| **Additional GLA ('000 sqm)** | 11.0 | 1.2 | 8.1 |
| **Expected Opening** | 2016 | 2016 | 2015/2016 |
| **Gross CAPEX (R$ million)*** | 121.0 | 24.8 | 35.5 |

*Represent SSB stake on total project CAPEX.

# SHOPPING CENTER SALES

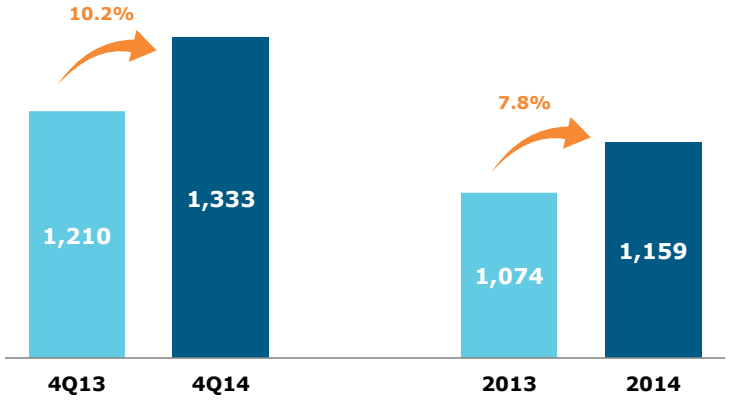
| Shopping Center Tenant Sales (R$ thousand) | 4Q14 | 4Q13 | Δ | 2014 | 2013 | Δ |
|---|---|---|---|---|---|---|
| Shopping Metrópole | 109,146 | 108,196 | 0.9% | 361,539 | 353,921 | 2.2% |
| Franca Shopping | 70,996 | 60,760 | 16.8% | 219,097 | 197,776 | 10.8% |
| Parque D. Pedro Shopping | 434,664 | 406,005 | 7.1% | 1,400,300 | 1,312,755 | 6.7% |
| Boavista Shopping | 81,373 | 78,238 | 4.0% | 274,614 | 264,358 | 3.9% |
| Shopping Plaza Sul | 140,907 | 136,013 | 3.6% | 438,930 | 424,250 | 3.5% |
| Shopping Campo Limpo | 120,033 | 104,226 | 15.2% | 371,230 | 328,403 | 13.0% |
| Manauara Shopping | 267,309 | 223,804 | 19.4% | 832,426 | 728,451 | 14.3% |
| Uberlândia Shopping | 84,618 | 75,457 | 12.1% | 280,889 | 249,805 | 12.4% |
| Boulevard Londrina Shopping | 78,495 | 55,927 | 40.4% | 230,836 | 116,382 | 98.3% |
| Passeio das Águas Shopping | 94,758 | 36,614 | 158.8% | 263,290 | 36,614 | 619.1% |
| **Total** | **1,482,297** | **1,285,241** | **15.3%** | **4,673,151** | **4,012,716** | **16.5%** |

## 4Q14 Shopping Center Sales Growth Breakdown (R$ million)



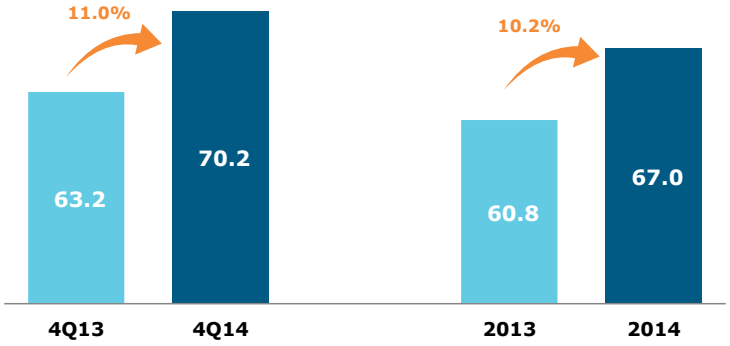
# OPERATING PERFORMANCE

## Same-store sales (SSS)




| Same-Store Sales (SSS) | 4Q14 | 4Q13 | Δ |
|---|---|---|---|
| Satellite | 2,191.8 | 1,998.9 | 9.6% |
| Anchor | 981.0 | 885.0 | 10.9% |
| Leisure | 187.1 | 165.4 | 13.1% |
| **Total** | **1,332.7** | **1,209.8** | **10.2%** |

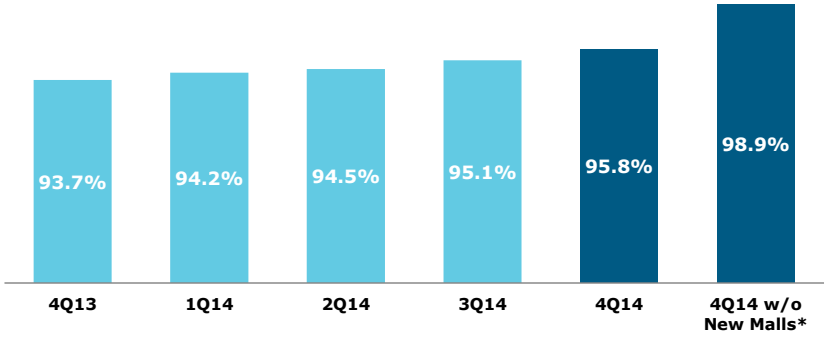
## Same-store rents (SSR)



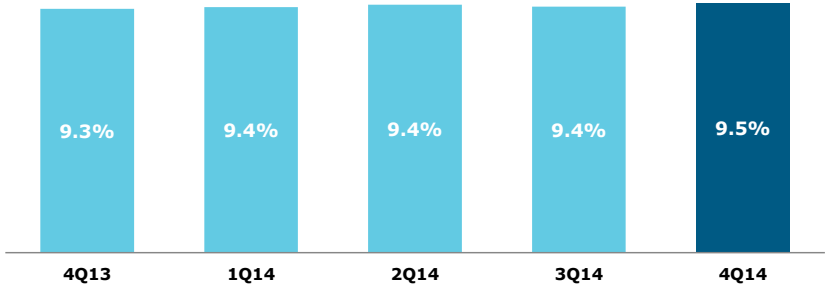

| Same-Store Rents (SSR) | 4Q14 | 4Q13 | Δ |
|---|---|---|---|
| Satellite | 145.5 | 131.3 | 10.8% |
| Anchor | 27.7 | 24.8 | 11.7% |
| Leisure | 18.9 | 16.8 | 12.5% |
| **Total** | **70.2** | **63.2** | **11.0%** |

# OPERATING PERFORMANCE

## **Occupancy** (% GLA)




## **Occupancy Cost** (%)



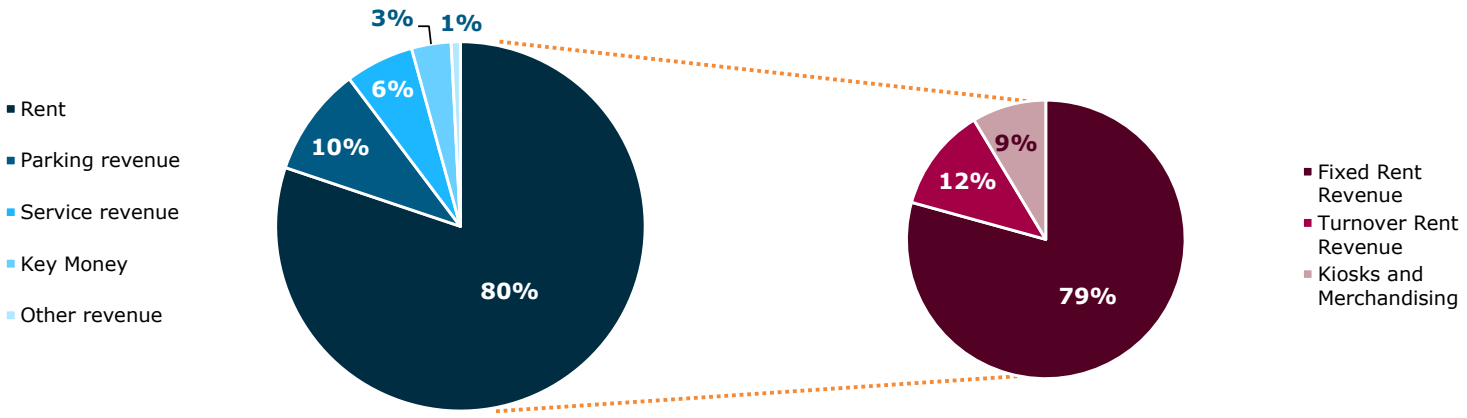

| Operating Shopping Centers | Occupancy (% GLA) | | |
|---|---|---|---|
| | 3Q14 | 4Q14 | Δ |
| Shopping Metrópole | 98.4% | **99.3%** | 90 bps |
| Franca Shopping | 100.0% | **99.8%** | -20 bps |
| Parque D. Pedro Shopping | 98.6% | **98.6%** | 0 bps |
| Boavista Shopping | 94.8% | **95.2%** | 40 bps |
| Shopping Plaza Sul | 99.6% | **99.8%** | 20 bps |
| Shopping Campo Limpo | 100.0% | **99.9%** | -10 bps |
| Manauara Shopping | 99.3% | **99.9%** | 60 bps |
| Uberlândia Shopping | 96.2% | **95.4%** | -80 bps |
| Boulevard Londrina Shopping | 92.7% | **94.6%** | 190 bps |
| Passeio das Águas Shopping | 82.5% | **85.4%** | 290 bps |

*Uberlândia, Boulevard Londrina and Passeio das Águas shopping centers.

# REVENUE BREAKDOWN

| Revenues (R$ million) | 4Q14 | 4Q13 | Δ | 2014 | 2013 | Δ |
|---|---|---|---|---|---|---|
| Rent | 81.0 | 71.4 | 13.4% | 286.1 | 241.5 | 18.5% |
| Rent contract straight-lining | (1.4) | (0.5) | 177.5% | 2.7 | 2.0 | 36.1% |
| Service revenue | 6.0 | 5.8 | 2.9% | 24.0 | 20.2 | 19.0% |
| Parking revenue | 9.5 | 7.9 | 20.1% | 33.1 | 27.9 | 18.7% |
| Key Money | 3.4 | 4.7 | -26.9% | 17.0 | 19.0 | -10.8% |
| Other revenue | 0.8 | 1.8 | -56.7% | 4.1 | 5.2 | -21.1% |
| **Total Gross Revenue** | **99.3** | **91.1** | **9.0%** | **367.0** | **315.8** | **16.2%** |

## Gross Revenue Breakdown in the quarter

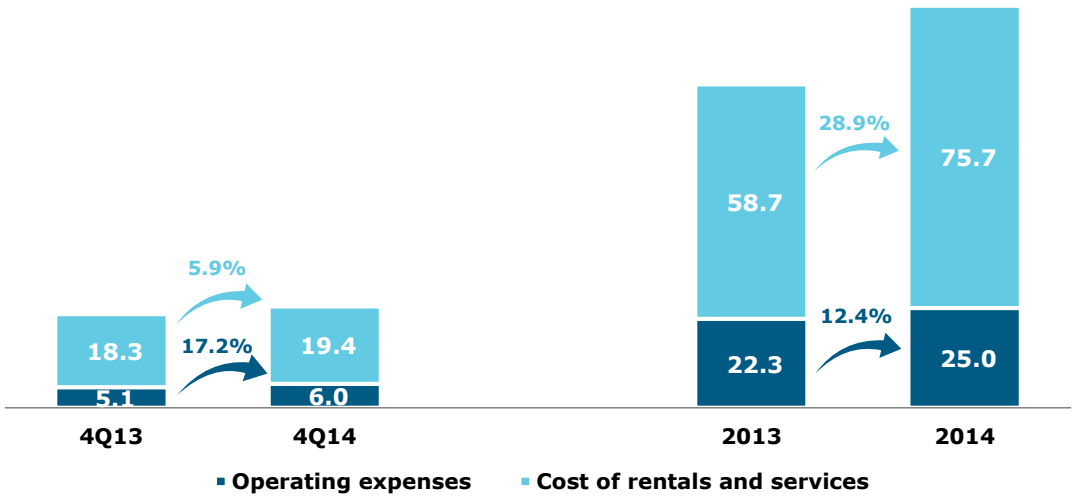



Data considers 100% of Parque D. Pedro Shopping.

# COSTS AND EXPENSES

| Costs and Expenses (R$ million) | 4Q14 | 4Q13 | Δ | 2014 | 2013 | Δ |
|---|---|---|---|---|---|---|
| Depreciation and amortization | 0.6 | 0.6 | 4.6% | 2.5 | 2.3 | 6.8% |
| Personnel | 9.6 | 8.0 | 21.0% | 36.9 | 31.7 | 16.3% |
| External services | 2.7 | 2.6 | 3.1% | 9.1 | 11.4 | -20.8% |
| Occupancy expense (vacant stores) | 4.7 | 5.7 | -18.4% | 21.9 | 14.5 | 51.0% |
| Cost of contractual agreements with tenants | 3.0 | 2.6 | 18.7% | 11.0 | 6.3 | 75.3% |
| Provision for bad debts | 0.7 | 0.1 | 359.4% | 5.5 | 2.8 | 96.3% |
| Rent (headquarters) | 0.8 | 0.6 | 32.6% | 3.0 | 2.8 | 10.3% |
| Other | 3.3 | 3.2 | 1.4% | 10.8 | 9.2 | 18.2% |
| **Total** | **25.4** | **23.4** | **8.4%** | **100.7** | **81.0** | **24.4%** |

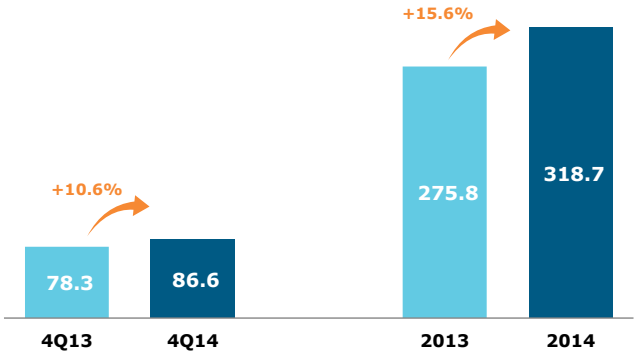
## Costs and Expenses (R$ million)



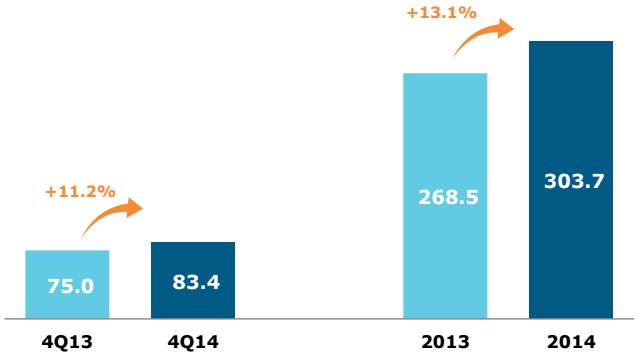

Data considers 100% of Parque D. Pedro Shopping.

# FINANCIAL PERFORMANCE (R$ million)

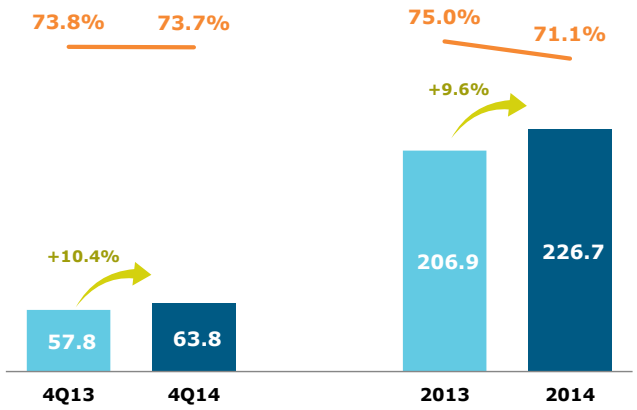
## Net Revenue



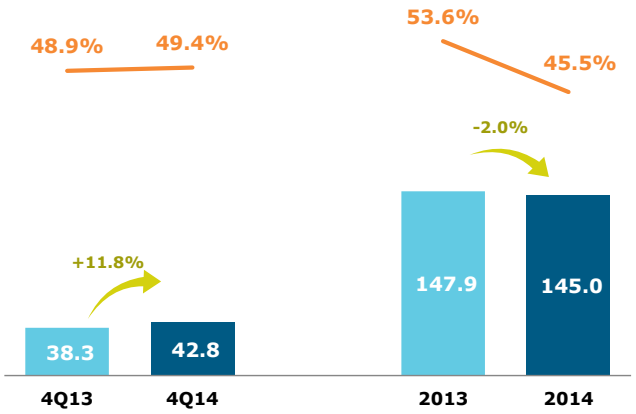

## NOI




## Adj. EBITDA and Margin



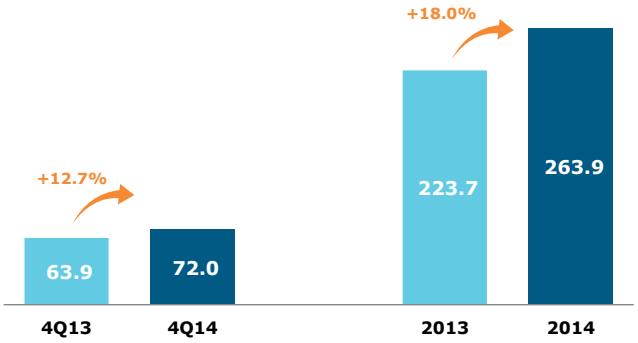

## Adj. FFO and Margin



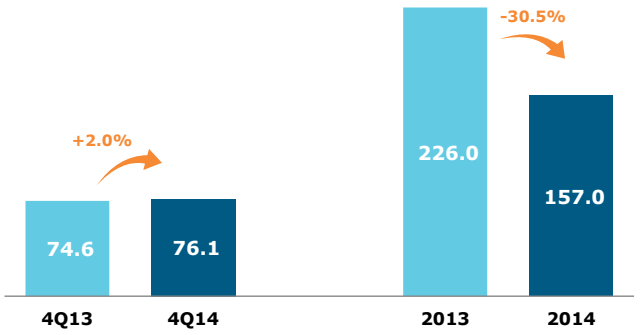

Data considers 100% of Parque D. Pedro Shopping.

# FINANCIAL PERFORMANCE – 51% PDP (R$ million)

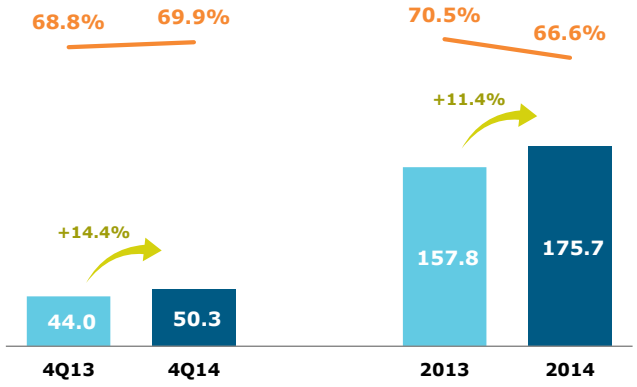
## Net Revenue



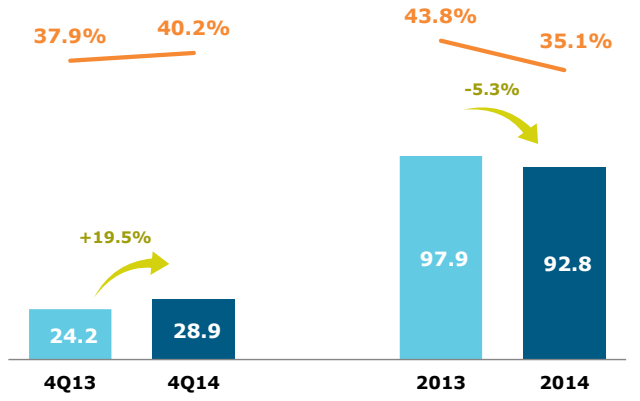

## Net Income




## Adj. EBITDA and Margin




## Adj. FFO and Margin

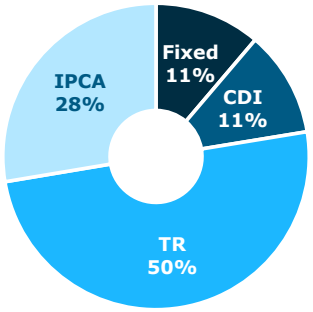



Data considers 51% of Parque D. Pedro Shopping.

# CASH POSITION AND LEVERAGE

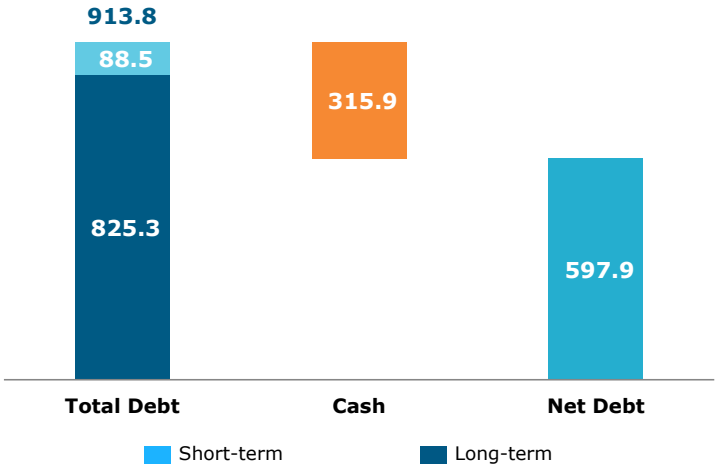
Sonae Sierra Brasil reiterates its commitment to a **disciplined investment approach** to created value for all of its shareholders. The Company's balance sheet remains **one of the strongest in the sector**, with a consolidated **net debt to EBITDA ratio of 2.6 times** and with a debt average cost of **11.14%**

## Debt Profile

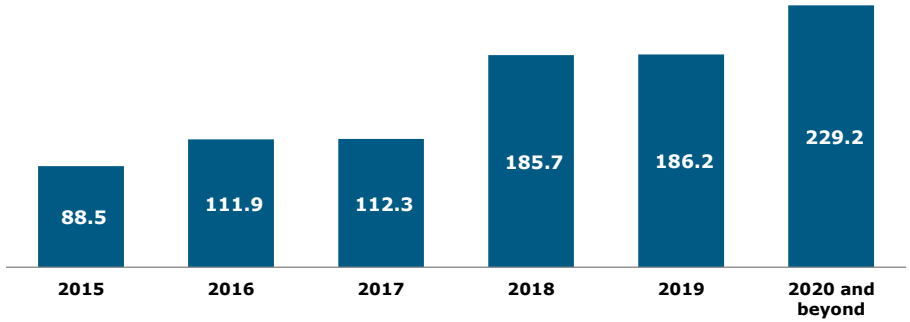



## Net Financial Debt

(R$ million)




## Financial Debt Amortization Schedule (R$ million)




Data on 12/31/14

# Thank you!




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