

SONAE IMOBILIÁRIA

Consolidated Accounts 1st Quarter of 1999

INTRODUCTION

Sonae Imobiliária's unaudited Net Consolidated Profits (after Minority Interests) grew 30.1%, from PTE 595 million (€ 3.0 million), in the first quarter of 1998, to PTE 774 million (€ 3.9 million) in the first quarter of 1999. During this period, its share price decreased by 9,18% relative to December 31st, 1998, while the BVL 30 index decreased by 3,66%, taking the market capitalisation of the Company at quarter-end to PTE 111.6 billion (€ 556.6 million).

In December 31st, 1998, Sonae Imobiliária had all its real estate assets valued independently on an open-market basis. The Company's properties were valued at PTE 235.9 billion (€ 1.18 billion) in total, of which PTE 130.2 billion (€ 649.5 million) are attributable to the Company.

ORGANISATION

In line with the Company's globalisation strategy, Sonae Imobiliária reviewed its internal organisation and changed the names of the companies Viacentro (development services) and SPCC (operation manager and leasing services) to Sonae Imobiliária Serviços, SA and Sonae Imobiliária Gestão, SA, respectively, thus enhancing Sonae Imobiliária's brand, more and more internationally recognised as a shopping centre leader.

SHOPPING CENTRES

DEVELOPMENT AND INVESTMENT

Norteshopping, in Matosinhos, opened to the public in October last year and is performing in line with expectations. During this years' first quarter NorteShopping has received 4,6 million visits and its sales (excluding Continente Hypermarket) have reached PTE 7.2 billion (€36.1 million).

During the recent 1999 ICSC Europe (Madrid), NorteShopping has received an award in the Refurbishment/Expansion category for its overall quality.

On the 21st April this year, the Company, together with ING - our 50% partner in this shopping centre -, opened, on time and within budget, Centro Vasco da Gama, in Lisbon in the old Expo 98 site, with 164 shops and 46,000 m² of GLA, fully let. During its first week of operation Centro Vasco da Gama has received more than 518,000 visits.

The Company is preparing a comprehensive renovation and extension of Cascaishopping, of which the first phase was opened on the 28th April 1999, fully let. The three-phase expansion shall increase the shopping GLA by around 11,000 m², adding 62 more shops, 2,000 m² of cinemas and 1,140 car parking places, representing an investment of around PTE 9.3 billion (€ 46.4 million). We have firm commitments from tenants for the second phase, which shall include FNAC as an anchor store. The two last expansion phases are still under licensing process.

The Grandella building, in old downtown Lisbon, is already fully let, with the Sportzone unit having opened in November 1998 and the Oásis unit in April 1999. Valentim de Carvalho and Perfumes & Companhia units are expected to be open during the second semester of this year.

Following the opening of Norteshopping and Centro Vasco da Gama and the acquisition of the leasehold in the Grandella building, Sonae Imobiliária is the owner or co-owner of 9 shopping centres and 3 shopping galleries, with a total of 460,700 m² of GLA.

During the first quarter of 1999, the total rental and other income from these assets continued to grow

substantially (35%), from PTE 2,6 billion (€ 13.1 million), in the first quarter of 1998, to PTE 3.6 billion (€ 17.8 million).

At the end of this quarter, the operating portfolio represented 1,426 units, of which only 38 were unlet, implying an occupancy rate of 97.3%.

The Company has continued to develop various projects in Portugal, namely in Madeira and Algarve. In both cases licensing is under way, although it is still too soon to indicate opening dates.

MadeiraShopping shall have around 18,000 m² of GLA and will be anchored by a Modelo Supermarket and a multiplex cinema. Total investment is estimated to be PTE 6.3 billion (€ 31.1 million) to be shared with a 50% local partner.

AlgarveShopping shall have around 40,000 m² of GLA and will be anchored by a Continente Hypermarket and a large multiplex cinema. Total investment is estimated to be PTE 10.1 billion (€ 50.6 million), excluding the hypermarket.

In consolidated terms, Sonae Imobiliária's net capital investment amounted to PTE 68 million (€ 339 thousand) during the first quarter of 1999. This figure does not include PTE 2,6 billion (€ 12.7 million) which were invested, during this period, in Vasco da Gama - Promoção de Centros Comerciais, SA, a company consolidated under the equity method.

Sonae Imobiliária has continued its efforts to expand in Europe and Brazil. The Company has analysed several business opportunities for the development of new shopping centres or the acquisition of existing ones, in those two areas. In this context, the Company has acquired a plot of land in Malaga (Spain) to develop a retail and leisure centre with 30,000 m² of GLA, anchored by a "megaplex" cinema. This project will be developed together with our 25% partner Castle City.

In February 1999, Sonae Imobiliária concluded a joint-venture agreement with the Charagionis Group, a major Greek developer and retailer, with a view to developing shopping centres in Greece. This agreement resulted in the incorporation of Sonae Charagionis, SA, based in Athens, owned 50% each by Sonae Imobiliária and the Charagionis Group. Through this vehicle both partners shall concentrate their investment efforts in shopping centres in Greece, around the 4.7 million population of Greater Athens.

MANAGEMENT

The consolidated business of our shopping centre management, marketing and leasing activities, has continued to grow as the Company's assets under management have increased. After the opening of Centro Vasco da Gama, Sonae Imobiliária is managing 671,000 m² of GLA.

The consolidated turnover of Sonae Imobiliária Gestão, including rents, service charges and key money collected from the whole of the portfolio under management grew by 61.6%, to reach PTE 8.1 billion (€ 40.3 million).

The performance of the 8 operating shopping centres under management was very satisfactory in this first quarter of 1999, with visitors and sales growing by 35.5% and 46% respectively, relative to the first quarter of 1998. On a like-for-like basis, visitors grew by 12.3% and sales by 18%.

Sonae Imobiliária is particularly proud of the results achieved at Centro Colombo. Comparing 1998 and 1999 first quarter figures, its visitors and sales have grown 41.4% and 33.2% respectively.

CAR PARKS

During the first quarter of 1999, SPEL generated a turnover of PTE 152 million (€ 755 thousand), an increase of 16.6% in relation to the first quarter of 1998.

The growth of SPEL shall continue through new municipal concessions in Viseu - already contracted and with investment in progress - and in Praça do Infante, Porto, where the contract is being finalised, and with the inclusion in its management portfolio of the car park at Centro Vasco da Gama, Lisbon, with 2,900 parking

spaces.

RESIDENTIAL

Praedium, the specialist subsidiary focused on residential development, has started construction of Douro Foz, Porto, and shall be starting construction of S. Gabriel Tower, Lisbon, during next quarter.

As stated in previous reports, both pre-sales campaigns of the residential components of the developments were very successful, with 85% and 75% of the apartments sold, respectively.

FINANCIAL POSITION AND RESULTS

FINANCIAL PERFORMANCE

<u>Consolidated Profit & Loss Account</u>	1998 1st Quarter		1999 1st Quarter		Var.%
	Million PTE	Million €	Million PTE	Million €	
<u>31st March (Unaudited)</u>					
Total operating income	5.376	26,8	8.562	42,7	59.3%
Operating results	498	2,5	1.028	5,2	106.4%
Net Financial income	154	0,8	87	0,4	-43.5%
Current results	652	3,3	1.115	5,6	71.0%
Associated companies	43	0,2	211	1,0	390.7%
Extraordinary results	1	0	20	0,1	
Profit before tax	696	3,5	1.346	6,7	93.4%
Minority interests	-8	-0	100	0,5	
Income tax	-109	-0,5	-472	-2,3	330.0%
Net profit	595	3,0	774	3,9	30.1%

<u>Consolidated Balance Sheet</u>	1998 1st Quarter		1999 1st Quarter	
	Million PTE	Million €	Million PTE	Million €
<u>31st March (Unaudited)</u>				
Net Fixed Assets	63.539	316.9	73.288	365.6
Net Current Assets	22.736	113.4	30.723	153.2
Total Net Assets	86.275	430.3	104.011	518.8
Shareholders' Funds	43.060	214.8	45.973	229.3
Minority Interests	2.415	12.0	4.075	20.3
Total Net Worth	45.475	226.8	50.048	249.6
Long Term Liabilities	25.131	125.4	31.907	159.2
Short Term Liabilities	15.669	78.1	22.056	110.0
Total Liabilities	40.800	203.5	53.963	269.2

In consolidated terms Sonae Imobiliária finished the first quarter of 1999 with total revenue of PTE 8,6 billion (€ 42.7 million), representing a growth of 59.3% relative to the same period of the previous year. This growth was due principally to the contribution from NorteShopping and to the growth in rents in all Sonae Imobiliária's shopping centres.

The operating profit was PTE 1.0 billion (€ 5.2 million), up 106.4% relative to the first quarter of 1998.

The decrease in financial results is a consequence of increased liabilities to fund the investment programme of the Company, in spite of a significant reduction in interest rates and re-negotiation of

some of our bank loan terms.

Sonae Imobiliária's current results showed a significant 71% growth, relative to the first quarter of 1998, reaching PTE 1.1 billion (€ 5.6 million).

Associated Companies' results reflect mainly the good performance of Centro Colombo and Minority Interests are a consequence of the profit generated by NorteShopping, during this first quarter of 1999.

Profits before taxes grew by 93.4% to reach PTE 1.3 billion (€ 6.7 million) and net consolidated profits (after Minority interests) grew 30.1%, from PTE 595 million (€ 3.0 million), in the first quarter of 1998, to PTE 774 million (€ 3.9 million) in the same period of 1999.

THE YEAR 2000 BUG

Sonae Imobiliária, in its various businesses and companies, has analysed during 1998 and this first quarter of 1999 the risks that can arise with the new millennium, and has identified the following two potential ones:

Companies' information systems (software and hardware);
Shopping centre equipment (lifts, escalators, building management systems, etc.)

Relative to the first, the Company decided to adopt the SAP software package, which is Euro compliant and immune to the year 2000 bug, and the replacement of part of the hardware used by several companies. This system, installed in all Sonae Imobiliária's companies, was operational on the first working day of 1999, and will cost around PTE 130 million (€ 648 thousand), of which around PTE 105 million (€ 524 thousand) were already incurred.

Relative to the second, the Company started last year an audit to the equipment in all its shopping centres and has asked from suppliers for certificates of conformity of the equipment installed, all of which Sonae Imobiliária anticipates to have finalised during the first semester of this year. In the centres audited so far, no significant problems have been found.

Maia, 29th April 1999.

The Board of Directors.