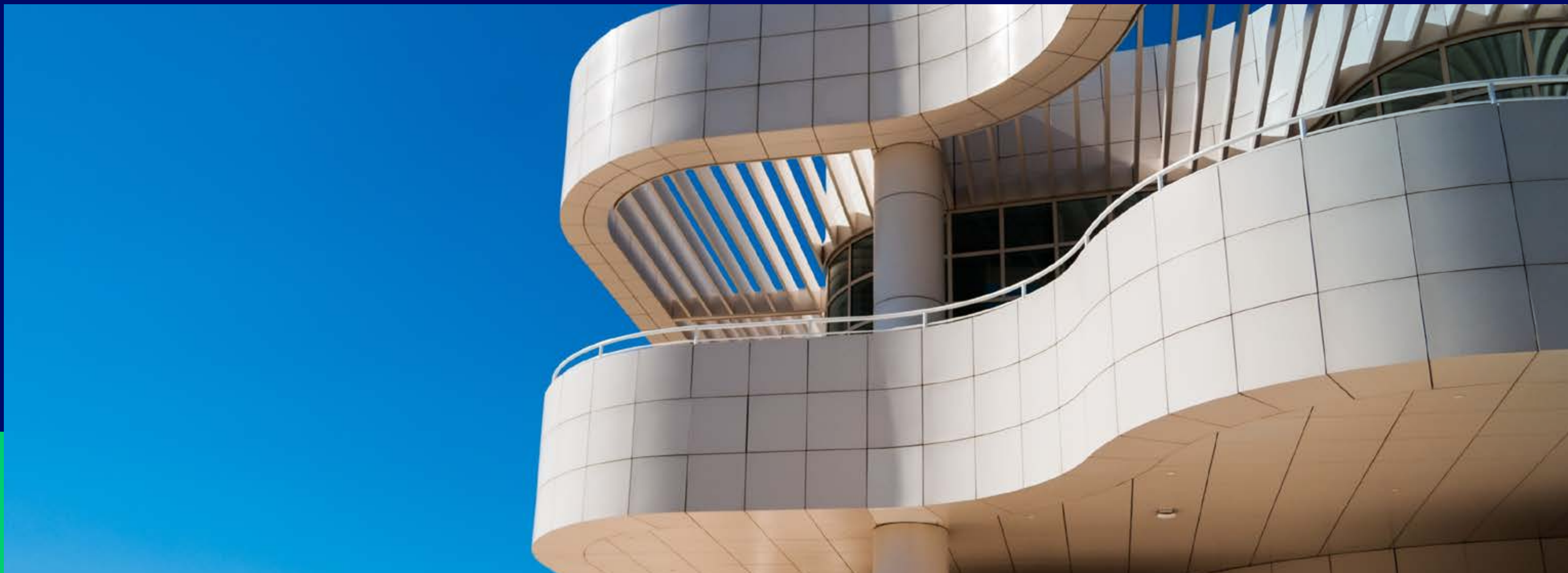
Consolidated Report
and Accounts 2022

Sierra
Sonae

The acts of change

Open mind,
Greater value.



Contents

The acts
of change

Consolidated Financial Statements

Consolidated Statements of Financial Position as of 31 December 2022 and 2021

(Translation of the statement of financial position originally issued in Portuguese - Note 50)
(Amounts stated in thousands of Euro)

ASSETS	NOTES	31 DECEMBER 2022	31 DECEMBER 2021
NON-CURRENT ASSETS:			
Investment properties	8	306,279	303,894
Investment properties under development	8	36,337	15,974
Property, plant and equipment	9	3,317	2,576
Right of use	10	8,816	8,011
Goodwill	11	3,586	3,586
Intangible assets	12	3,957	2,986
Investments in joint ventures and associates	4 and 5	655,398	602,885
Loans to joint ventures and associates	22	17,649	11,392
Deferred tax assets	25	3,003	3,700
Derivative financial instruments	20	4,254	236
Assets at fair value through other comprehensive income	13	29,559	-
Other non current assets	14	4,189	4,173
Total non-current assets		**1,076,344**	**959,413**
CURRENT ASSETS:			
Trade receivables	15	14,832	12,161
Loans to joint ventures and associates	22	7,915	8,342
Other receivables	16	19,164	5,376
State and other public entities	28	6,029	4,757
Other current assets	17	7,139	5,333
Cash and bank deposits	18	128,830	240,625
Total current assets		**183,909**	**276,594**
Total assets		**1,260,253**	**1,236,007**

EQUITY, NON-CONTROLLING INTERESTS AND LIABILITIES	NOTES	31 DECEMBER 2022	31 DECEMBER 2021
EQUITY:			
Share capital	19	162,245	162,245
Reserves	19	57,329	57,329
Currency translation reserve		(70,820)	(87,787)
Hedging reserve		7,643	305
Retained earnings		623,068	626,471
Consolidated net (loss)/profit for the period attributable to the equity holders of Sonae Sierra		30,691	15,096
Equity attributable to the equity holders of Sonae Sierra		810,156	773,659
Non-controlling interests	7	59,688	65,898
Total equity		**869,844**	**839,557**
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans - net of current portion	20	46,470	143,645
Bond loans - net of current portion	20	74,456	79,867
Shareholders	22	903	660
State and other public entities	28	448	2,239
Accounts payable to suppliers	27	439	116
Lease liabilities		7,786	6,528
Other non current liabilities	24	3,001	3,060
Provisions	31	10,482	10,751
Deferred tax liabilities	25	50,778	45,478
Total non current liabilities		**194,763**	**292,344**
CURRENT LIABILITIES:			
Current portion of long term bank loans	20	107,528	39,792
Current portion of long term bond loans	20	24,846	9,831
Accounts payable to suppliers	27	12,412	7,736
State and other public entities	28	7,890	7,039
Lease liabilities		1,297	1,721
Other payables	29	7,604	7,635
Other current liabilities	30	33,670	29,901
Provisions	31	399	451
Total current liabilities		**195,646**	**104,106**
Total equity, non-controlling interests and liabilities		**1,260,253**	**1,236,007**

The accompanying notes form an integral part of these consolidated statements of financial position.

The Board of Directors

Consolidated Statements of Profit or Loss and Comprehensive Income for the Periods Ended 31 December 2022 and 2021

(Translation of the statement of profit or loss originally issued in Portuguese - Note 50)
(Amounts stated in thousands of Euro)

	NOTES	2022	2021
Services rendered	32	117,304	97,945
Variation in fair value of the investment properties	33	(3,544)	(2,468)
Other operating revenue	34	3,138	1,530
		116,898	**97,007**
External supplies and services		(45,954)	(33,316)
Personnel expenses		(50,752)	(46,256)
Depreciation and amortisation	9, 10 and 12	(2,950)	(2,774)
Provisions and impairment	31	(998)	(1,059)
Impairment losses and write-off	35	(2,614)	(2,300)
Other operating expenses	36	(4,146)	(4,436)
		(107,414)	**(90,141)**
		9,484	6,866
Finance income	37	1,937	1,745
Finance expenses	37	(11,285)	(9,385)
Share of results of joint ventures and associates	39	32,891	24,256
Gains and losses on investments	38	5,996	99
Profit before income tax		39,023	23,581
Income tax	26	(4,932)	(2,185)
Corporate income tax		(2,220)	(1,148)
Deferred tax		(2,712)	(1,037)
Profit after income tax		**34,091**	**21,396**
Consolidated net (loss)/profit for the period		**34,091**	**21,396**
Changes in the currency translation differences		16,967	1,054
Changes in the fair value of hedging instruments		9,258	1,751
Changes in the fair value of financial investments		(3,448)	-
Deferred tax related to components of other comprehensive income		(1,901)	(413)
Others		230	-
Other comprehensive income for the period		**21,106**	**2,392**
Total consolidated comprehensive income for the period		**55,197**	**23,788**
Consolidated net (loss)/profit for the period is attributable to:			
Equity holders of Sonae Sierra		30,691	15,096
Non-controlling interests	7	3,400	6,300
		34,091	**21,396**
Consolidated comprehensive income for the period is attributable to:			
Equity holders of Sonae Sierra		51,779	17,488
Non-controlling interests		3,418	6,300
		55,197	**23,788**
Consolidated net (loss)/profit per share:			
Basic	45	0.94	0.46
Diluted	45	0.94	0.46

The accompanying notes form an integral part of these consolidated statements of profit or loss and comprehensive income.

The Board of Directors

Consolidated Statements of Changes in Equity for the Periods Ended 31 December 2022 and 2021

(Translation of the statement of changes in equity originally issued in Portuguese - Note 50)
(Amounts stated in thousands of Euro)

		EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF SONAE SIERRA								
			RESERVES							
	Notes	Share Capital	Legal Reserves	Translation Reserve	Hedging Reserve	Retained Earnings	Net Profit Attributable to the Equity Holders of Sonae Sierra	Total	Non-Controlling Interests (Note 7)	Total
Balance as of 1 January 2021		**162,245**	**57,329**	**(88,841)**	**(1,033)**	**668,363**	**(41,892)**	**756,171**	**60,025**	**816,196**
Appropriation of consolidated net profit for 2020:										
Transfer to legal reserves and retained earnings		-	-	-	-	(41,892)	41,892	-	-	-
Dividends distributed		-	-	-	-	-	-	-	(427)	(427)
		-	**-**	**-**	**-**	**(41,892)**	**41,892**	**-**	**(427)**	**(427)**
Currency translation differences	-	-	-	1,054	-	-	-	1,054	-	1,054
Fair value of hedging instruments	20	-	-	-	1,751	-	-	1,751	-	1,751
Deferred tax in fair value of hedging instruments	25	-	-	-	(413)	-	-	(413)	-	(413)
Consolidated net profit for the period ended 31 December 2021		-	-	-	-	-	15,096	15,096	6,300	21,396
Balance as of 31 December 2021		**162,245**	**57,329**	**(87,787)**	**305**	**626,471**	**15,096**	**773,659**	**65,898**	**839,557**
Balance as of 1 January 2022		**162,245**	**57,329**	**(87,787)**	**305**	**626,471**	**15,096**	**773,659**	**65,898**	**839,557**
Appropriation of consolidated net profit for 2021:										
Transfer to legal reserves and retained earnings		-	-	-	-	15,096	(15,096)	-	-	-
Dividends distributed		-	-	-	-	(15,282)	-	(15,282)	(3,041)	(18,323)
		-	-	-	-	(186)	(15,096)	(15,282)	(3,041)	(18,323)
Currency translation differences	4 and 5	-	-	16,967	-	-	-	16,967	-	16,967
Fair value of hedging instruments	20	-	-	-	9,234	-	-	9,234	24	9,258
Deferred tax in fair value of hedging instruments	25	-	-	-	(1,896)	-	-	(1,896)	(5)	(1,901)
Capital increase/decrease		-	-	-	-	-	-	-	(6,587)	(6,587)
Fair value of financial investments	13	-	-	-	-	(3,448)	-	(3,448)	-	(3,448)
Consolidated net (loss)/profit for the period ended 31 December 2022		-	-	-	-	-	30,691	30,691	3,400	34,091
Others		-	-	-	-	231	-	231	(1)	230
Balance as of 31 December 2022		**162,245**	**57,329**	**(70,820)**	**7,643**	**623,068**	**30,691**	**810,156**	**59,688**	**869,844**

The accompanying notes form an integral part of these consolidated statement of changes in equity.

The Board of Directors

Consolidated Statements of Cash Flows for the Periods Ended 31 December 2022 and 2021

(Translation of the statement of cash flow originally issued in Portuguese - Note 50)
(Amounts stated in thousands of Euro)

	NOTES	2022		2021	
OPERATING ACTIVITIES:					
Received from clients		112,557		101,752	
Paid to suppliers		(42,372)		(32,710)	
Paid to personnel		(51,637)		(46,254)	
Flows from operations		18,548		22,788	
(Payments)/receipts of income tax		(961)		(3,552)	
Other (payments)/receipts relating to operating activities		(9,377)		(5,181)	
Flows from operating activities [1]			**8,210**		**14,055**
INVESTING ACTIVITIES:					
Receipts relating to:					
Investments		13,346		7,020	
Tangible fixed assets		5		1	
Interest income		996		1,152	
Dividends		32,343		5,120	
Other		-	46,690	-	13,293
Payments relating to:					
Investments		(87,510)		(4,428)	
Tangible fixed assets		(17,273)		(2,428)	
Intangible fixed assets		(1,202)		(689)	
Other		-	(105,985)	(47)	(7,592)
Variation in loans granted			(7,251)		2,944
Flows from investing activities [2]			**(66,546)**		**8,645**

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	NOTES	2022		2021	
FINANCING ACTIVITIES:					
Receipts relating to:					
Bank loans	20	123,000		25,000	
Other		-	123,000	-	25,000
Payments relating to:					
Interest expenses		(9,134)		(8,766)	
Dividends		(18,324)		-	
Decrease of share capital - nominal value and discounts and premiums		(6,587)		(427)	
Bank loans	20	(142,200)		(48,050)	
Leases		(1,985)		(1,994)	
Other		-	(178,230)	-	(59,237)
Variation in loans obtained - others			243		546
Flows from financing activities [3]			**(54,987)**		**(33,691)**
Variation in cash and cash equivalents [4]=[1]+[2]+[3]			**(113,323)**		**(10,991)**
Effect of exchange differences			138		5
Effect of the acquisitions and sales of companies:	6				
North Tower B.V.			15		-
Torre Norte, S.A.			1,156		1,725
ARP Alverca Retail Park, S.A.			(26)		-
Parque de Famalicão - Empreendimentos Imobiliários, S.A.			(4)		-
Cash and cash equivalents at the beginning of the year	18		**238,002**		**247,263**
Cash and cash equivalents at the end of the year	18		**125,958**		**238,002**

The accompanying notes form an integral part of these consolidated statements of cash flows.

The Board of Directors

Sonae Sierra, SGPS, S.A. and Subsidiaries

Notes to the consolidated financial statements as of 31 December 2022

(Translation of notes originally issued in Portuguese – Note 50)

(Amounts stated in thousands of Euro - kEuro)

1. Introduction

SONAE SIERRA, S.G.P.S., S.A. (“the Company” or “Sonae Sierra”), which has its head office in Lugar do Espido, Via Norte, Apartado 1197, 4471-909 Maia – Portugal, is the parent company of a group of companies, as explained in Notes 3, 4 and 5 (“the Group”).

The Group is an integrated real estate player. Its business model allows the Group to be present in the entire real estate value chain through 5 major pillars: Developments, Asset Management, Property Management, Investment Management and Reify..

The Group operates mainly in Portugal, Spain, Greece, Germany, Italy, Romania, Colombia, Brazil, Morocco, Poland, Luxembourg, and the Netherlands.

As a result of the conflict between Ukraine and Russia, impacts on the regional and global economy are still uncertain and difficult to assess in terms of duration and severity. The Management will continue to monitor market conditions as information becomes available and evaluate the potential impact, if any, on the value of the Company’s real estate investments and its operations going forward. As of this date, no significant direct effects on the Group are expected.

These financial statements are presented in Euro because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policy set out in Note 2.2.e).

2. Principal Accounting Policies

The principal accounting policies adopted in preparing the accompanying consolidated financial statements are as follows:

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared according to the International Financial Report Standards (“IFRS”) as approved by the European Union, applicable to economic years beginning on 1 January 2022. These correspond to the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) or by the previous Standing Interpretations Committee (“SIC”) and approved by the European Union.

The accompanying consolidated financial statements have been prepared on a going concern basis and in accordance with the accrual basis of accounting from the accounting records of the companies included in the consolidation, maintained according to the generally accepted accounting principles in the countries of each company, adjusted in the consolidation process to International Financial Reporting Standards (“IFRS”), as approved by the European Union.

Although the attached consolidated financial statements present current assets lower than current liabilities, the Board of Directors considers that the Group’s operational and financial activity allows for the resolution of this imbalance in the short term.

New accounting standards and their impact in these consolidated financial statements

Up to the date of approval of these consolidated financial statements, the European Union ("EU") endorsed the following standards, interpretations, amendments, and revisions with mandatory application to the economic year beginning on 1 January 2022:

Standards / Interpretations / Amendments / Revisions	Amendment	Applicable in the EU for the annual period beginning on or after
Amendments to IFRS 3 Business Combinations	The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework; additional requirements to analyse the obligations within the scope of IAS 37 or IFRIC 21 at the acquisition date; the amendments also confirm that contingent assets should not be recognised at the acquisition date.	1-jan-22
Amendments to IAS 16 Property, Plant and Equipment - "Proceeds before intended use"	The amendments prohibit deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced before that asset is available for use	1-jan-22
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract.	1-jan-22
Annual Improvements 2018-2020	The Annual Improvements 2018-2020 include amendments to 4 Standards: • **IFRS 1** - the amendment provides additional relief to a subsidiary which becomes a first-time adopter later than is parent in respect of accounting for cumulative translation differences. As a result of the amendment, the subsidiary can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards; • **IFRS 9** - the amendment clarifies the type of fees that should be included in applying the '10 per cent' test to assess whether to derecognise a financial liability; • **IFRS 16** - the amendment removes the illustration of the reimbursement of leasehold improvements; • **IAS 41** - the amendment removes the requirement to exclude cash flows for taxation when measuring fair value.	1-jan-22

The Group has applied these amendments for the first time in 2022 and there is no significant impact on the accounts resulting from their application.

Up to the date of approval of these financial statements, the following standards, interpretations, amendments, and revisions, with mandatory application in future reporting dates, have been endorsed by the European Union:

Standards / Interpretations / Amendments / Revisions	Amendment	Applicable in the EU for the annual period beginning on or after
IFRS 17 Insurance Contract	Establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	1-jan-23
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	This amendment published by the IASB in February 2021 change the definition of an accounting estimates to “monetary amounts in financial statements that are subject to measurement uncertainty”.	1-jan-23
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	This amendment published by the IASB in February 2021 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material.	1-jan-23
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	This amendment published by the IASB in May 2021 clarify that an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.	1-jan-23
Amendments to IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9 – Comparative Information	This amendment published by the IASB in December 2021 introduce changes on what comparative data should be presented when an entity adopts both standards IFRS 17 and IFRS 9, simultaneously.	1-jan-23

These standards and amendments, despite being endorsed by the European Union, have not been adopted by the Group in 2022 because their application is not yet mandatory. Nevertheless, no significant impacts are expected from their future adoption.

The following standards, interpretations, amendments, and revisions were issued by the IASB but have not yet been endorsed by the European Union:

Standards / Interpretations / Amendments / Revisions	Amendment	Applicable in the EU for the annual period beginning on or after
Amendments to IAS 1 Presentation of Financial Statements - classification of Liabilities as Current or Non-current, deferral of effective date and, Non-current Liabilities with Covenants	These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendment related to non-current liabilities with covenants clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. And finally postpone the effective date to 1 January 2024.	1-jan-24
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	Clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	1-jan-24

None of these standards and amendments have been adopted by the Group as they are not yet endorsed by the European Union. Nevertheless, no significant impacts are expected from their future adoption.

2.2 Basis of Consolidation and investments in joint ventures and associates

The financial statements of the parent company and its subsidiaries, joint ventures and associates, included for the purpose of these consolidated financial statements, have been prepared up to 31 December 2022 and have been adjusted, where applicable, to ensure consistency with the Group's accounting principles, described below.

a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company (Sonae Sierra) and the entities controlled by Sonae Sierra (subsidiaries). Control is achieved when the Company has all the following:

- power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- the ability to use its power to affect its returns.

The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than the majority of the voting rights of an entity, it has power over the entity when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the entity unilaterally. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an entity are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

As of 31 December 2022 and 2021, there were no entities to which these conditions applied.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary, by using the full consolidation method.

The purchase method of accounting is used when recording the acquisition of subsidiaries (Note 2.2.d)).

The interests in the net assets of subsidiaries that do not belong to the Group (non-controlling interests) are presented within equity, separately from equity attributable to equity holders of the parent company, under the caption "non-controlling interests". Non-controlling interests consist of the amount of those interests at acquisition date (Note 2.2.d)) and of the proportion in changes in equity of subsidiaries acquired after the purchase date.

The net result and each component of comprehensive income are allocated to the Group and to the non-controlling interests in proportion to their holding (ownership interest), even if this results in a negative balance of non-controlling interests.

All intercompany transactions (including gains/losses obtained in sales within the Group), balances and dividends distributed within the Group are eliminated in the consolidation process.

When the Group loses control of a subsidiary, a gain or loss is recognised in the statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The changes in ownership interest in the Group's subsidiaries that do not result in loss of control are recorded as equity transactions.

The subsidiaries included in the consolidated financial statements by the full consolidation method are listed in Note 3.

b) Joint ventures and associates

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement instead of rights to the assets and obligations for the liabilities of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates are entities where the Group exercises significant influence. Significant influence is the power to participate in the financial and operating decisions of the entity, but do not hold the control or joint control over those decisions.

Investments in joint ventures and associates are measured under the equity method, after initial recognition.

Under the equity method, investments in joint ventures and associates are recognised at cost on acquisition, adjusted after the date of acquisition, by the amount corresponding to the Group's proportion in net profit or loss and other comprehensive income of joint ventures and associates after that date. By applying the equity method, the Group's share in net profit or loss and other comprehensive income of joint ventures and associates is recorded against the statement of profit or loss or other comprehensive income, respectively, and the dividends received are deducted from the value of the investment.

The excess of cost of acquisition over the fair value of identifiable assets and liabilities of each joint venture and associate at the acquisition date is recognised as goodwill (Note 2.2.d)) and is kept under the caption of the investments in joint venture and associates. If the difference between the acquisition cost and fair value of assets and liabilities acquired is negative, it is recognised as a gain for the year in the statement of profit or loss.

The investments in joint ventures and associates including, when applicable, any goodwill (Note 2.2.d)), included as part of the investment in joint venture and associates, are assessed for impairment purposes when there are indicators that the asset may be impaired. Any existing impairment loss is recorded as a loss in the statement of profit or loss.

When the Group's share of accumulated losses of the joint venture or associate exceeds the amount at which the investment is recorded, the investment is reported at nil value and the recognition of losses is discontinued, except in the extent of the Group’s commitment towards the joint venture or associate.

Unrealised gains and losses arising from transactions with joint ventures and associates are eliminated to the extent of the Group’s interest in the joint venture or associate against the investment in that joint venture or associate.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or an associate or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture or associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between: (i) the carrying amount of the joint venture or associate at the date the equity method was discontinued, and (ii) the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture or associate, is included in the determination of the gain or loss on disposal of the joint venture or associate.

If the investment becomes a subsidiary, the Group applies IFRS 3 – Business Combinations and IFRS 10 - Consolidated financial statements (Notes 2.2.a) and 2.2.d)).

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

Investments in joint ventures are listed in Note 4.

Investments in associates are listed in Note 5.

c) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

As of 31 December 2022 and 2021, there are no joint operations within the Group.

d) Goodwill

The positive differences between the acquisition cost of investments in subsidiaries, joint ventures and associates increased by the amount of non-controlling interests (in case of investments in subsidiaries) and the fair value of identifiable net assets acquired and the liabilities of such companies at the acquisition date, are recorded under caption "Goodwill" (in the case of investments in subsidiaries) or in investment in joint ventures and associates (in the case of investments in joint ventures and associates). If the difference is negative, it is recognised as a gain of the year. The non-controlling interests at acquisition date are measured at fair value or by their share of the fair value of identifiable net assets at the acquisition date.

The goodwill is not depreciated and is tested for impairment at each reporting date.

Any impairment loss on goodwill is immediately recognised in the statement of profit or loss of the year under the caption "Impairment losses and write-off” and not subsequently reversed.

The impairment tests of goodwill are based on the Net Asset Value (“NAV”) and/or the business plan prepared by the Management of the shares held, at each reporting date.

The NAV corresponds to the fair value, at each reporting date, of the net assets of the subsidiary excluding deferred tax liabilities relating to unrealised gains on investment properties.

e) Translation of financial statements of foreign entities

The entities that operate abroad and are financially, economically, and organisationally autonomous are considered as foreign entities.

The assets and liabilities of the financial statements of foreign entities are translated to Euro at the exchange rate as of the reporting date and, the income and expenses and the cash-flow statement are translated to Euro using the average exchange rate.

The amount related to the exchange rate difference is recorded in the equity under the caption “Translation reserve”.

Goodwill and fair value adjustments resulting from the acquisition of those foreign entities are considered as assets and liabilities of that foreign entity, being translated to Euro at the exchange rate existing as of each reporting date.

Whenever a foreign entity is sold, the accumulated exchange differences are recognised as a gain or loss in the consolidated statement of profit or loss.

The exchange rates used for the conversion into Euro of the accounts of foreign subsidiaries, joint ventures and associates were the following:

	2022		2021	
	31.12.2022	Average	31.12.2021	Average
Brazilian Real	0.17735	0.18458	0.15848	0.15694
New Romanian Leu	0.20213	0.20280	0.20210	0.20322
Colombian Peso	0.00019	0.00022	0.00022	0.00023
Algerian Dinar	0.00680	0.00670	0.00633	0.00626
Moroccan Dirham	0.08961	0.09362	0.09509	0.09407
Polish Zloty	0.21364	0.21349	0.21754	0.21906

2.3 Investment Properties

Investment properties consist of investments in buildings and other constructions in shopping centres to earn rentals or capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or for sale in the ordinary course of business.

Investment properties are recorded at their fair value based on appraisals made by independent specialised entities (fair value model). Changes in fair value of investment properties are accounted for in the period in which they occur, under the statement of profit or loss caption “Variation in fair value of investment properties”.

The Group’s assets which qualify as investment properties are recognised as such when they start being used or, in the case of the investment properties under development, when their development is considered irreversible. By the time the asset qualifies as investment property, it is booked at its historical or production cost under “Investment properties under development” as a tangible fixed asset–Property, Plant and Equipment (Note 2.4). Thereafter, such assets are accounted at their fair value. The difference between fair value and cost (of purchase or production), at that date, is recorded directly in the statement of profit or loss, under caption “Variation in fair value of investment properties”.

Costs incurred related to investment properties in use, namely maintenance, repairs, insurance, and property taxes are recognised as an expense in the statement of profit or loss for the year to which they relate. The improvements estimated to generate additional economic benefits are capitalised under the caption “Investment properties”.

If an investment property becomes owner-occupied, it is reclassified to the caption “Property, plant and equipment”.

Fit out contracts are contracts under which the Group supports part of the expenses incurred with the fit-out expenses and the tenant assumes the responsibility to reimburse the Group by the amount invested over the term of the contract, in terms and conditions specific to each contract. The amounts paid by the Group on each fit-out contract are initially recorded at cost under the caption “Investment properties”, being subsequently adjusted to the corresponding fair value, at each reporting date, as determined by specialised independent entities. The methodology used to determine the fair value of the fit-out contracts is like the one used in determining the fair value of the investment property to which these contracts relate. Variations in fair value of the fit-out contracts are recorded in the consolidated statement of profit or loss under the caption “Variation in fair value of the investment properties”.

2.4 Property, Plant and Equipment

Tangible fixed assets (Property, Plant and Equipment) are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis, as from the date the assets start being used, over the estimated period of useful life of each group of assets.

The depreciation rates used correspond to the following periods of estimated useful life:

	Years
Buildings and other constructions	50
Machinery and equipment	10
Transport equipment	5
Tools and utensils	4
Administrative equipment	10
Other property, plant and equipment	5

Tangible fixed assets in progress and investment properties under development are recorded at cost of acquisition or production, deducted from eventual impairment losses. As fixed assets in progress relate mainly to tangible fixed assets, that will qualify in the future as investment properties, those are classified separately in the statement of financial position, under the caption “Investment properties under development”.

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Gains and losses arising from the sale or disposal (write-off) of tangible fixed assets are determined as being the difference between the sale price and the corresponding carrying amount as of the sale/disposal date, being recorded in the statement of profit or loss, under the captions “Other operating income” or “Other operating expenses”.

2.5 Intangible assets

Intangible assets are stated at cost less accumulated depreciation and any impairment losses. Intangible assets are only recognised if it is likely to produce future economic benefits to the Group, are controlled by the Group and the cost of the asset can be reliably measured.

Expenditure on research activities is recorded as expenses in the period they are incurred.

Intangible assets as of 31 December 2022 consist mainly of:

- rights of facilities management, which are depreciated on a straight-line basis over the estimated period of the management right (periods ranging from 10 to 15 years);
- Software, which is depreciated over the estimated period of use (periods ranging from 3 to 5 years).

Depreciation of intangible assets are recorded in the statement of profit or loss under caption “Depreciation and amortisation”.

2.6 Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Group’s statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL), and
- those to be measured at amortised cost.

Financial assets measured subsequently at fair value include:

a) derivative financial instruments.
The subsequent measurement of these financial assets is carried at fair value and recorded in the statement of changes in equity if they qualify for hedge accounting purposes (Note 2.7). If they do not qualify for hedge accounting purposes, the fair value of these financial assets is recorded in the statement of profit or loss.

b) equity instruments.
These financial assets are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Financial assets subsequently measured at amortised cost are those generated during normal operations of the Group, for which there is no intention to negotiate. Classified in this category are the accounts receivable and other receivables, loans to third parties and bank deposits. The subsequent measurement of these financial assets is carried at amortised cost in accordance with the effective interest method.

Financial liabilities are classified into the following measurement categories:

- those to be measured subsequently at fair value through profit or loss (FVTPL), and
- those to be measured at amortised cost.

Financial liabilities measured at fair value include mainly derivative financial instruments. The subsequent measurement of these financial liabilities is carried at fair value and recorded in the statement of changes in equity if they qualify for hedge accounting purposes (Note 2.7). If they do not qualify for hedge accounting purposes, the fair value of these financial liabilities is recorded in the statement of profit or loss.

Financial liabilities measured at amortised cost correspond to the other financial liabilities that are not classified in the former category. In this category are classified bank loans and loans from other entities, including shareholders and accounts payable and other payables. The subsequent measurement of these financial liabilities is carried at amortised cost, in accordance with the effective interest method.

a) Trade and Other Receivables
Accounts receivable and other receivables are recorded at amortised cost less any eventual impairment losses.

Impairment losses are recorded based on the valuation of estimated losses from non-collection of accounts receivable at the statement of financial position date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease, in a later period.

b) Borrowings
Loans are stated as liabilities and measured at amortised cost.

Any expenses incurred in obtaining such financing, usually paid in advance on issue, namely the bank fees and stamp duty as well as interest and similar expenses, are recognised using the effective interest method in the results of the year, over the lifetime of such financing. These prepaid expenses are deducted from the caption “Bank loans”.

Financial expenses including interest expenses and similar expenses (namely stamp duty), are recorded in the statement of profit or loss on an accrual basis of accounting. The amounts due and not paid at the reporting date are recorded under the caption “Other current liabilities”.

c) Trade and Other Payables
Accounts payable and other payables are stated at amortised cost. Usually, the amortised cost of these liabilities does not differ from its nominal value.

d) Cash and cash equivalents
The amounts under caption "Cash and cash equivalents" includes cash on hand, bank deposits on demand and other treasury applications which mature in less than three

months that are subject to insignificant risk of change in value.

These assets are measured at amortised cost. Usually, the amortised cost of these financial assets does not differ from its nominal value.

For purposes of the statement of cash flows, “Cash and cash equivalents” also include bank overdrafts, which are included in the statement of financial position under caption “Other loans”.

e) Derivative financial instruments

The Group uses derivative financial instruments in managing their financial risks associated with fluctuating interest rate, only as a way to hedge those risks. Derivatives are not used for trading purposes (speculation).

Derivative financial instruments used by the Group relate mainly to instruments for hedging interest rate on bank loans obtained, usually corresponding to "swap" or "zero cost collars" of interest rate.

Derivative financial instruments are initially recorded at fair value on the date of their contract. At each reporting date, they are remeasured at fair value, with the corresponding gain or loss on the remeasurement recorded immediately in the statement of profit or loss, unless such instruments are designated as hedging instruments. When they are designated as a hedging instrument (Note 2.7), the corresponding gain or loss in the remeasurement is recorded against the caption "Hedging reserve" in equity and transferred to results when the covered position affects the statement of profit or loss.

A derivative with a positive fair value is recognised under caption "Derivative financial instruments" as a financial asset. A derivative financial instrument with a negative fair value is recognised under the same caption but as a financial liability.

A derivative is presented as non-current if the remaining maturity exceeds 12 months and is not expected that it will be executed or settled within that period.

In situations where there are derivatives embedded in other financial instruments or other host contracts, they are treated as separate derivatives in situations where the risks and characteristics are not closely related to the host contracts and in situations where the host contracts are not presented at fair value with unrealised gains or losses recorded in the statement of profit or loss.

f) Assets at fair value through other comprehensive income

The Group includes in this category the percentage of interest held in entities over which the Group does not exercise control, joint control or significant influence, and that the group has irrevocably chosen, on the date of initial recognition, to designate the fair value through other comprehensive income and, fair value changes are recorded directly in the other comprehensive income, in Equity, and there is no future reclassification even after derecognition of the investment

g) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses “ECL” on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, considering legal advice, when appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

2.7 Hedge accounting

As mentioned above, the Group uses derivative financial instruments (usually swaps and zero cost collars) to cover the risk of changing interest rate on Group’s bank loans (cash flow hedge). The amount of loans, maturities, interest rates and reimbursement plan of loans underlying such financial instruments to hedge interest rate are usually identical in all conditions established for the correspondent contracted loans, which usually sets the perfect relationship coverage.

The criteria for classifying financial derivatives for hedging interest rate as cash flow hedges are as follows:

- The hedge transaction is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured;
- There is adequate documentation of the hedging relationships at the inception of the hedge;
- The forecast transaction that is hedged is highly probable.

Derivative financial instruments used by the Group to hedge the exposure to changes in the interest rate of its loans are initially recorded at cost, if any, and subsequently adjusted to the corresponding fair value. Changes in fair value of these hedging instruments are recorded in equity under the caption “Hedging reserve”, and then recognised in the statement of profit or loss over the period the hedged instrument affects results, when those meet the conditions to hedge accounting, otherwise the changes in fair value are recognised through the statement of profit or loss.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption “Hedging reserve” are transferred to profit or loss of the year or to the book value of the hedged asset; subsequent variations in fair value are recorded in the statement of profit or loss.

2.8 Accounting for leases

Accounting for leases where the Group is the lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right of use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right of use asset, the costs are included in the related right of use asset, unless those costs are incurred to produce inventories.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right of use assets is presented as a separate line in the consolidated statement of financial position.

Accounting for leases where the Group is the lessor

The existing situations where the Group is the lessor relate to the contracts with the tenants of the shopping centres. These contracts are usually for a period of six years and establish the payment by the tenant of a monthly fixed rent (invoiced in advance), a turnover rent (invoiced if the monthly sales of the tenant are higher than the limit established in the contract) and the payment of tenant’s share in the shopping centre operating expenses (common charges). The contract with the tenant may also establish the payment of an entrance fee in the shopping centre (key money income) and some discounts (usually in the first three years of the contract) to the fixed rent. These contracts can be renewed or cancelled by any of the parties involved (the company or the tenant). If the cancellation is proposed by the lessor, it must pay a cancellation fee (buy-out cost) to the tenant.

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In accordance with the conditions of these contracts, they are classified as operating leases, being the rents (fixed and turnover rents) and the common charges recorded as revenue in the statement of profit or loss in the year to which they relate. The expenses (namely discounts on fixed rents, extra contractual discounts related to due rents and buy-out costs) as well as the key income and the cancellation fee related with the operating leases are recorded as expenses or income in the statement of profit or loss in the year to which they incurred or are received. This procedure is consistent with the one followed by the independent specialised entity which determines the fair value of the investment property to which the lease contracts are related (Note 2.3).

2.9 Borrowing costs

Financial costs related to borrowings are generally recognised as expense as incurred.

Borrowing costs related directly to the acquisition, construction, or production of tangible assets (usually investment properties under development) are capitalised as part of the cost of the qualified asset. Borrowing costs are capitalised from the time of preparation of the activities to construct or develop the asset to the time the production or construction is completed or when the development is suspended. Any eventual financial income derived from a loan obtained earlier and allocable to a qualifying account, is deducted from the financial expenses that qualify for capitalisation.

2.10 Provisions

Provisions are recognised when, and only when, the Group has an obligation (legal or implicit) resulting from a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed and adjusted at the reporting date to reflect the best estimate as of that date.

The Group recognises provisions for restructuring expenses when there is a formal and detailed restructuring plan and that such plan has been communicated to the parties involved.

2.11 Income tax

The income tax for the period comprises current and deferred tax.

The current income tax is determined based on the taxable results of the companies included in the consolidation in accordance with the tax laws enacted or substantively enacted at the reporting date in the countries where their head offices are located.

Deferred taxes are calculated using the financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are not recognised when the corresponding temporary differences arise from goodwill or from the initial recognition of assets and liabilities other than in a business combination.

Deferred tax assets and liabilities are calculated and evaluated annually at the tax rates expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially issued at the reporting date.

Deferred tax assets are recognised only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. At the reporting date, a review is made of the deferred tax assets, and they are reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the statement of profit or loss, except if they relate to items directly recorded in equity captions. In these situations, the corresponding deferred tax is also recorded under the same caption.

2.12 Revenue

The Group's revenue is basically due to income from investment properties via the operating lease contracts and services related to management services regarding the condominium and car parking of shopping centres, management services regarding the management of the shopping centres held by third parties and development fees regarding the consulting services on the development of new projects.

The revenue related to income from investment properties via the operating lease contracts with the tenants (Note 8) is recognised in the year to which it relates, as follows:

• **Fixed rent:**
This income is invoiced in the previous month to which it relates and is recognised in the statement of profit or loss in the period to which it relates.

• **Turnover rent:**
This income is contingent and payable when the sales exceed the limit specified in the lease contract. As such, this income is recorded on an accrual basis.

• **Other income and expenses:**
Revenue arising from key money is recognised when received from the tenants and the revenue arising from contract transfer fees is recognised when charged to tenants, in the statement of profit or loss under captions "Other operating revenue" and "Services rendered", respectively. The discounts on fixed rents and extracontractual discounts on due rents, and the buy-out costs are recognised in the statement of profit or loss when granted to tenants, under captions "Services rendered" (as a deduction) and "Other operating expenses", respectively.

This procedure is consistent with the methodology used by the independent specialised entity that determines the fair value of the investment property to which the lease contracts are related.

Revenue relating the services provided is recognised when the Group transfers the control of the service to the customer. Such services are recognised as a performance obligation satisfied over time, being recognised in the period in which the services are rendered.

The dividends are recognised as gains in the year they are assigned to the shareholders.

2.13 Accrual basis of accounting

The income and expenses are recognised in the year to which they relate, regardless of the date of payment or receipt (accrual basis of accounting). The income and expenses for which actual amounts are not known are estimated.

Under the captions "Other current assets" and "Other current liabilities" are recorded income and expenses attributable to the current year,

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which settlement or receipt will only occur in future years, as well as amounts paid and received that have occurred on the reporting date, but which relate to future periods, and that will be charged to the statement of profit or loss of the corresponding year.

2.14 Impairment of assets

a) Non-financial assets, excluding goodwill
With the exception of investment properties (Note 2.3) and deferred tax assets (Note 2.11), non-financial assets are assessed for impairment at each reporting date and whenever events or changes in circumstances indicate that the amount by which the asset is recorded may not be recovered.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised under the statement of profit or loss caption “Impairment losses and write-off”.

The recoverable amount is the higher of an asset’s net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm’s length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exists or has decreased. The reversal is recorded in the statement of profit or loss as operating result. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciations) in case no impairment loss had been recognised for that asset in prior years.

b) Financial assets (usually accounts receivable, in the case of Group)
Whenever there are objective indicators that the Group will not receive the amounts, it is entitled to, in accordance with the arrangements agreed between the parties, an impairment loss is recorded in the statement of profit or loss. The indicators used by the Group to identify the signs of impairment are:

- Failure on the maturity and/or other terms agreed between the parties;
- Financial constraints of the debtor;
- Probability of insolvency of the debtor.

Whenever there is such evidence, the existence of impairment losses is assessed, which is determined by the difference between the asset's carrying amount and its corresponding recoverable amount.

Impairment losses are recorded in the statement of profit or loss under the caption "Write-off and impairment losses" in the period they are determined.

Subsequently, if the amount of the impairment loss reduces, it is reversed by results and recorded under the caption "Other operating revenue”.

2.15 Balances and transactions expressed in foreign currency

Transactions in currencies other than Euro are recorded at the exchange rates prevailing on the transaction date.

At each reporting date, all monetary assets and liabilities expressed in foreign currencies are translated to Euro using the closing exchange rates as of that date (Note 2.2.e)).

Exchange gains or losses, arising from differences between exchange rates effective at the date of transaction and those prevailing at the date of collection, payment or at the reporting date, are recorded as income or expenses in the statement of profit or loss.

2.16 Current/non-current classification on the statement of financial position

Assets and liabilities due in more than one year from the reporting date are classified as non-current assets and liabilities, respectively.

2.17 Contingent assets and liabilities

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed in the notes unless the possibility of an outflow of resources incorporating economic benefits is remote.

A contingent asset is not recognised in the consolidated financial statements but disclosed in the notes when an inflow of economic benefits is probable.

2.18 Risk management policies

The Group’s activities are exposed to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

Risk management is carried out by a central treasury department of the Group Sonae Sierra, under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk.

a) Foreign exchange risk
The main operating activity of each company is developed inside its country and consequently much of the company transactions are maintained in the same currency of its country. The policy to cover this specific risk is to avoid, whenever possible, the contracting of services in foreign currency.

As the operational activity of the Company is maintained in Euros, the Company policy is to obtain its borrowings also in Euros, in order to eliminate the foreign currency risk.

b) Credit risk
The group’s credit risk results essentially from the credit risk of the tenants of the shopping centres managed by the Group. The control of this risk is made by an evaluation of the credit of the tenants before their acceptance in the shopping centre as well as a control over the credit limits attributed to each tenant.

c) Liquidity risk
The needs of treasury are managed by the financial department of the Sonae Sierra Group, which monitors the surplus and deficits of liquidity of each one of the companies included in the consolidation. The occasional needs for liquidity are covered by an adequate control of the accounts receivables and by the maintenance of adequate limits of credit arranged by the Group with its banks.

d) Interest rate risk

The Group's income and operating cash-flows are influenced by changes in market interest rates, since its cash and cash equivalents and intragroup financing granted are dependent on the evolution of the interest rates in Euro which, historically, have had little volatility.

On long-term financing, and as a way to mitigate the changes in the long-term interest rates, the Group contracts cash flow hedge instruments ("swaps", "zero cost collars" or "caps"). Additionally, the Group also chose to fix the interest rate of some financings.

Interest rate sensitivity analysis:

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments in place during the reporting period. For floating rate assets and liabilities, the analysis is prepared based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of floating rate interest financial instruments and, in the case of fixed rates that were contracted during the period of analysis, changes in the interest rates also affect this component;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk, as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in market interest rates affect the fair value of derivatives designated as hedging instruments;
- The fair value of derivative financial instruments ("swaps", "zero cost collars" or "caps") and other financial assets and liabilities is estimated by discounting the future cash flows to their net present values, using appropriate market rates prevailing at yearend and assuming a parallel shift in yield curves;
- For the purposes of this sensitivity analysis, such analysis is performed based on all financial instruments outstanding at the end of the relevant year.

Sensitivity analyses are performed by changing one variable while holding all other variables constant. Nonetheless, this is a restrictive and highly unlikely assumption, since variables tend to be correlated.

If interest rates had been 100 basis points higher (Year 2021: 50 basis points higher) and 100 basis points lower and all other variables were held constant, assumptions unlikely to occur due to interest rates correlation with other variables, the impact in the Group net profit and equity would be the following:

	2022		2021
	-100 b.p.	+100 b.p.	+50 b.p.
Net Profit (1)	609	(1,661)	(870)
Reserves (2)	(1,128)	1,378	120

(1) This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings;
(2) This is mainly a result of the changes in the fair value of derivatives entered as cash flow hedges that are efficient.

As of 31 December 2021, the interest rate sensitive analysis if the interest rates had been 50 basis points lower was not done because Euribor in 2021 was below 0%.

In Management's opinion, the sensitivity analysis is representative of the inherent interest rate risk of the year and expenses may not reflect the exposures during the year, due to any repayments made.

2.19 Financial instruments by category

The financial instruments according to the policies described in Note 6. were classified as follows:

FINANCIAL ASSETS	FINANCIAL ASSETS AT AMORTISED COST	ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	TOTAL
As of 31 December 2022			
Non current assets			
Derivative financial instruments		4,254	4,254
Loans to joint ventures and associates	17,649		17,649
Assets at fair value through other comprehensive income	-	29,559	29,559
Other non-current assets	4,189		4,189
	21,838	**33,813**	**55,651**
Current assets			
Trade receivables	14,832		14,832
Loans to joint ventures and associates	7,915		7,915
Other receivables	19,164		19,164
Cash and cash equivalents	128,830		128,830
	170,741		170,741
	192,579	**33,813**	**226,392**
As of 31 December 2021			
Non current assets			
Derivative financial instruments		236	236
Loans to joint ventures and associates	11,392		11,392
Other non-current assets	4,173		4,173
	15,565	**236**	**15,801**
Current assets			
Trade receivables	12,161		12,161
Loans to joint ventures and associates	8,342		8,342
Other receivables	5,376		5,376
Cash and cash equivalents	240,625		240,625
	266,504	-	266,504
	282,069	**236**	**282,305**

FINANCIAL LIABILITIES	CARRYING AMOUNT Liabilities at amortised cost	FAIR VALUE Level 2
As of 31 December 2022		
Non current liabilities:		
Bank loans	46,470	44,350
Debentures loans	74,456	73,311
Lease liabilities	7,786	
Shareholders	903	
Trade payables	439	
Other non-current liabilities	3,001	
	133,055	
Current liabilities:		
Current portion of long term bank loans	107,528	106,580
Debentures loans	24,846	23,610
Lease liabilities	1,297	
Accounts payable to suppliers	12,412	
Other payables	7,604	
	153,687	
	286,742	
As of 31 December 2021		
Non current liabilities:		
Bank loans	143,645	144,806
Debentures loans	79,867	80,183
Lease liabilities	6,528	
Shareholders	660	
Trade payables	116	
Other non-current liabilities	3,060	
	233,876	
Current liabilities:		
Current portion of long term bank loans	39,792	41,127
Debentures loans	9,831	9,281
Lease liabilities	1,721	
Accounts payable to suppliers	7,736	
Other payables	7,635	
	66,715	
	300,591	

2.20 Judgments and estimates

In the preparation of the accompanying consolidated financial statements estimates were used which affected the assets and liabilities and the amounts recognised as income and expenses during the reporting period.

The estimates were calculated using the best information available, at the date of approval of the financial statements, of the events and transactions in course and of the experience from current and/or past events. However, events may occur in subsequent periods that were not anticipated as of the date of these statements and consequently were not included in those estimates. Changes in the estimates after the closing of the consolidated financial statements will be booked in the subsequent year, as required in IAS 8.

The main estimates of the Group are related to fair value, namely the fair value of the investment properties, the goodwill, the derivatives, and deferred tax assets, as follows:

a) Investment properties

The investment properties in operation are recorded at their fair value based on annual appraisals by independent specialised entities. Those valuations assume several assumptions, including the estimate of future income and expense of each property and the use of an appropriate discount rate.

The investment properties under development are measured at cost; the Group follows the procedure of evaluating, at least once a year, their performance through assessments carried out by independent specialized agencies and/or testing carried out internally, in which the net cash flows expected of those properties are considered.

b) Derivative financial instruments

The derivative financial instruments are usually used by the Group to hedge the cash flow in the form of swaps ("interest rate swap") or zero cost collars. The fair value of those derivatives is, at each reporting date, calculated by external entities (usually the financial institution with which the derivative was contracted). The fair value calculated by them is internally tested in order to validate the calculation performed by the third parties.

c) Goodwill

The impairment tests on Goodwill are based on the "Net Asset Value" ("NAV") and/or the business plan prepared by the Management at the reporting date of the financial investment.

d) Deferred tax assets

The deferred tax assets are recognised only if it is expected that future fiscal profits will be enough to use the deferred tax assets. At each reporting date, the deferred tax assets are assessed, and they are reduced if future recoverability is not anticipated. This revision is based on projections of the future activity of each company where it is applicable.

e) Other assets and liabilities

Concerning the other assets and liabilities, such as VAT to be reimbursed by tax authorities and the legal and fiscal processes that are reflected in the financial statements of the companies, the Legal and Fiscal departments are consulted by the Management to assess the probability of receiving and/or paying such amounts. With that information, the Management will estimate which adjustments will be made in the financial statements.

The main assumptions used in the Group estimates are disclosed in each related note.

2.21 Operating segments

Operating segments are reported in accordance with the information used internally by the Management of the Group.

2.22 Subsequent events

Events occurred after the reporting date that provide additional information about conditions that existed at the reporting date (adjusting events) are reflected in the financial statements. Events occurred after the reporting date that provide information on conditions that occur after the reporting date (non-adjusting events) are disclosed in the consolidated financial statements, if materially significant.

3. Subsidiaries

The subsidiaries of the Group, their head offices, and the percentage of interests held by the Group as of 31 December 2022 and 2021, are as follows:

			Ownership Interests and Voting Rights Held	
	COMPANY	Head office	31.12.2022	31.12.2021
	Parent company			
	Sonae Sierra, SGPS, S.A.	Maia (Portugal)	-	-
	Subsidiaries			
	Investment+Colombia+Brazil			
	Axnae Spain Holdings, S.L.	Madrid (Spain)	100.00%	100.00%
	Coimbrashopping- Centro Comercial, S.A.	Maia (Portugal)	50.10%	50.10%
	Gli Orsi Shopping Centre 1 Srl	Milan (Italy)	100.00%	100.00%
	Iberian Holdings Spain, S.L.	Madrid (Spain)	50.10%	50.10%
	Parklake Shopping, S.A.	Bucharest (Romania)	100.00%	100.00%
	Parque D. Pedro 1 S.à r.l.	Luxembourg	100.00%	100.00%
	Plenerg Srl	Bucharest (Romania)	100.00%	100.00%
	Project Sierra 10 B.V.	Amsterdam (the Netherlands)	100.00%	100.00%
	Project Sierra 11 B.V.	Amsterdam (the Netherlands)	100.00%	100.00%
1)	Sierra Colombia Holding, S.L.	Madrid (Spain)	100.00%	100.00%
	River Plaza B.V.	Amsterdam (the Netherlands)	100.00%	100.00%
	Sierra Brazil 1 S.à r.l.	Luxembourg	100.00%	100.00%
	Sierra GP Limited	Guernsey	100.00%	100.00%
	Sierra Colombia Investments, S.A.S.	Bogotá (Colombia)	100.00%	100.00%
	Sierra Iberian Assets Holding, S.A.U.	Madrid (Spain)	100.00%	100.00%
	Sierra Investments (Holland) 1 B.V.	Amsterdam (the Netherlands)	100.00%	100.00%
	Sierra Investments (Holland) 2 B.V.	Amsterdam (the Netherlands)	100.00%	100.00%

	COMPANY	Head office	Ownership Interests and Voting Rights Held 31.12.2022	31.12.2021
	Sierra Investments Holdings B.V.	Amsterdam (the Netherlands)	100.00%	100.00%
	Sierra Investments SGPS, S.A.	Maia (Portugal)	100.00%	100.00%
	Sierra Retail Ventures BV	Amsterdam (the Netherlands)	50.10%	50.10%
	Sierra Solingen Holding GmbH	Dusseldorf (Germany)	100.00%	100.00%
	Sonae Sierra Brazil Holdings S.à r.l.	Luxembourg	100.00%	100.00%
	SPF - Sierra Portugal	Luxembourg	100.00%	100.00%
	Weiterstadt Shopping B.V.	Amsterdam (the Netherlands)	100.00%	100.00%
	Services			
	BrightCity, S.A.	Maia (Portugal)	100.00%	100.00%
	Ioannina Development of Shopping Centres, S.A.	Athens (Greece)	100.00%	100.00%
	La Galleria Srl	Milan (Italy)	80.00%	80.00%
	Living Markets I, S.A.	Oporto (Portugal)	100.00%	100.00%
	Paracentro - Gestão de Galerias Comerciais, S.A.	Maia (Portugal)	100.00%	100.00%
	SFS- Gestão de Fundos, SGOIC, S.A.	Maia (Portugal)	100.00%	100.00%
	Sierra Germany GmbH	Dusseldorf (Germany)	100.00%	100.00%
	Sierra IG, SGOIC, S.A.	Maia (Portugal)	100.00%	100.00%
	Sierra Italy Agency Srl	Milan (Italy)	100.00%	100.00%
	Sierra Italy Srl	Milan (Italy)	100.00%	100.00%
	Sierra Management, SGPS, S.A.	Maia (Portugal)	100.00%	100.00%
	Sierra Maroc Services SARL	Casablanca (Morocco)	100.00%	100.00%
	Sierra Portugal, S.A.	Lisbon (Portugal)	100.00%	100.00%
	Sierra Romania Shopping Centers Services, SRL	Bucharest (Romania)	100.00%	100.00%
	Sierra Services Holland B.V.	Amsterdam (the Netherlands)	100.00%	100.00%
3)	Sierra - Serviços de Mediação Imobiliária, S.A.	Maia (Portugal)	100.00%	-
	Sierra Spain, Shopping Centers Services, S.A.	Madrid (Spain)	100.00%	100.00%

	COMPANY	Head office	Ownership Interests and Voting Rights Held 31.12.2022	31.12.2021
	Developments			
4)	ARP Alverca Retail Park, S.A.	Maia (Portugal)	-	100.00%
	CCCB Caldas da Rainha - Centro Comercial, S.A.	Maia (Portugal)	100.00%	100.00%
	Microcom Doi, Srl	Bucharest (Romania)	100.00%	100.00%
6)	North Tower B.V.	Amsterdam (the Netherlands)	100.00%	-
	Parklake Business Centre Srl	Bucharest (Romania)	100.00%	100.00%
5)	Parque de Famalicão - Empreendimentos Imobiliários, S.A.	Maia (Portugal)	-	100.00%
3)	Project São João de Deus, S.A.	Maia (Portugal)	100.00%	-
	Project Sierra 12 B.V.	Amsterdam (the Netherlands)	100.00%	100.00%
3)	Project Sierra 13 B.V.	Amsterdam (the Netherlands)	100.00%	-
2)	Project Sierra 14 B.V.	Amsterdam (the Netherlands)	100.00%	100.00%
	Project Sierra Four, Srl	Bucharest (Romania)	100.00%	100.00%
	Project Sierra Germany 4 (four) - Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	100.00%
	Sierra Developments Holding B.V.	Amsterdam (the Netherlands)	100.00%	100.00%
	Sierra Developments, SGPS, S.A.	Maia (Portugal)	100.00%	100.00%
	Sierra Maroc, S.à r.l.	Casablanca (Morocco)	100.00%	100.00%
	Sierra Real Estate Greece B.V.	Amsterdam (the Netherlands)	100.00%	100.00%
	Sierra Zenata Project B.V.	Amsterdam (the Netherlands)	100.00%	100.00%
6)	Torre Norte, S.A.	Maia (Portugal)	100.00%	-

1) Formerly Project Sierra Cúcuta B.V. with head office in Amsterdam (the Netherlands)
2) Formerly Sierra Parma Project B.V.
3) Companies incorporated in 2022.
4) In September 2022 the Group sold the Company.
5) In December 2022 the Group sold the Company.
6) In May 2022 the Group acquired 50% of these Companies.

These subsidiaries were included in the consolidation by the full consolidation method, as explained in Note 2.2.a)

4. Joint Ventures

The joint ventures of the Group, their head offices, and the percentage of interests held by the Group as of 31 December 2022 and 2021, are as follows:

	COMPANY	Head office	Ownership Interests and Voting Rights Held 31.12.2022	31.12.2021
	Investment+Colombia			
	Companies owned by Sierra Retail Ventures ("SRV")			
1)	Arrábidashopping, SICAFI, S.A.	Maia (Portugal)	25.05%	25.05%
2)	Gaiashopping, SICAFI, S.A.	Maia (Portugal)	25.05%	25.05%
3)	Gaiashopping II- Centro Comercial, S.A.	Maia (Portugal)	-	25.05%
	Madeirashopping- Centro Comercial, S.A.	Funchal (Portugal)	25.05%	25.05%
4)	North Tower B.V.	Amsterdam (the Netherlands)	-	25.05%
4)	Torre Norte, S.A.	Maia (Portugal)	-	25.05%
	Parque Atlântico Shopping - Centro Comercial, S.A.	Ponta Delgada (Portugal)	25.05%	25.05%
	Via Catarina- Centro Comercial, S.A.	Maia (Portugal)	25.05%	25.05%
	Other investment companies			
	Larissa Development of Shopping Centres, S.A.	Athens (Greece)	50.00%	50.00%
	Pantheon Plaza B.V.	Amsterdam (the Netherlands)	50.00%	50.00%
5)	Visionarea, Promoção Imobiliária, S.A.	Oporto (Portugal)	50.00%	-
5) 6)	Nova Centralidade - Sociedade de Desenvolvimento Imobiliário, S.A.	Oporto (Portugal)	-	-
5)	Quinta da Foz - Empreendimentos Imobiliários, S.A.	Oporto (Portugal)	50.00%	-
	Colombia			
	Proyecto Cúcuta S.A.S.	Cucuta (Colombia)	50.00%	50.00%
	Sierra Central S.A.S.	Santiago de Cali (Colombia)	50.00%	50.00%

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	COMPANY	Head office	Ownership Interests and Voting Rights Held 31.12.2022	31.12.2021
	Services			
	Sierra Balmain Asset Management Sp. z o. o.	Varsow (Poland)	50.00%	50.00%
	Sierra Balmain Property Managment Spółka z o. o.	Varsow (Poland)	50.00%	50.00%
7)	LMSI - Engineering, S.A.	Lisbon (Portugal)	50.00%	50.00%
	LMSA - Engenharia de Edifícios, S.A.	Lisbon (Portugal)	50.00%	50.00%
	LMGE - Gestão de Edifícios LDA	Lisbon (Portugal)	50.00%	50.00%
	LMIT - Innovation & Technology, LDA	Lisbon (Portugal)	50.00%	50.00%
	Developments			
	Aegean Park Constructions Real Estate and Development, S.A.	Athens (Greece)	50.00%	50.00%
	Park Avenue Developement of Shopping Centers S.A.	Athens (Greece)	50.00%	50.00%
	SC Aegean B.V.	Amsterdam (the Netherlands)	50.00%	50.00%

1) Ex - Arrábidashopping- Centro Comercial, S.A.
2) Ex - Gaiashopping I- Centro Comercial, S.A.
3) Company merged into Gaiashopping, SICAFI, S.A. in 2022.
4) In May 2022 the remaining 50% of the share capital of this joint venture was acquired by the Group.
5) Companies acquired in 2022.
6) Company merged into Quinta da Foz - Empreendimentos Imobiliários, S.A. in July 2022.
7) Ex - SIERRA LM, SGPS, S.A.

The details of joint ventures of the Group as of 31 December 2022 and 2021 is as follows:

					31.12.2022			
	COMPANY	Equity	Net Profit	% own (*)	Carrying amount	Proportion in P/L	Adjusted net profit (**)	Dividends received
	Investment+Colombia+Brazil							
	Companies owned by SRV							
	Arrábidashopping, SICAFI, S.A.	32,297	1,857	50.00%	16,149	929	3,244	1,289
1)	Gaiashopping, SICAFI, S.A.	57,060	3,899	50.00%	28,530	1,949	3,687	2,274
2) b)	North Tower B.V.	-	(173)	50.00%	-	(86)	(86)	-
	Madeirashopping- Centro Comercial, S.A.	39,467	4,125	50.00%	19,734	2,064	2,015	1,500
	Parque Atlântico Shopping - Centro Comercial, S.A.	36,156	2,268	50.00%	18,078	1,134	1,687	900
	Via Catarina- Centro Comercial, S.A.	21,442	1,961	50.00%	10,721	980	907	
	Other investment companies							
c)	Pantheon Plaza B.V.	(79)	(5,770)	50.00%	(40)	(2,887)	(1,792)	-
3)	Quinta da Foz - Empreendimentos Imobiliários, S.A.	16,186	(75)	50.00%	8,093	(38)	(38)	-
3)	Visionarea - Promoção Imobiliária, S.A.	2,136	(1)	50.00%	1,068	(1)	-	-
	Colombia							
	Proyecto Cúcuta S.A.S.	2,714	(1,719)	50.00%	1,357	(860)	(398)	-
	Goodwill Cúcuta							
	Sierra Central S.A.S.	56	(469)	50.00%	28	(235)	(234)	-
	Goodwill Sierra Central					(257)	(257)	
	Services							
d)	Sierra Balmain Asset Management sp. zo.o.	(61)	140	50.00%	(29)	72	72	-
e)	LMSI - Engineering, S.A.	3,027	719	50.00%	1,514	360	375	-
	Goodwill Luis Malheiro				2,098			
	Developments							
	Park Avenue Development of Shopping Centres S.A.	(839)	(12)	50.00%	(419)	(5)	(6)	-
f)	SC Aegean B.V.	5,285	(1,877)	50.00%	2,643	(939)	(939)	-
					109,525	**2,180**	**8,237**	**5,963**

(*) The ownership interests are similar to voting rights.
(**) This adjusted net profit is calculated by deducting to the net profit the variation of the fair value of the investment properties net of the respective deferred taxes.

	COMPANY	Equity	Net Profit	% own (*)	Carrying amount	Proportion in P/L	Adjusted net profit (**)	Dividends received
								31.12.2021
	Investment							
	Companies owned by SRV							
	Arrábidashopping, SICAFI, S.A.	55,112	5,698	50.00%	27,556	2,849	1,569	-
a)	Gaiashopping, SICAFI, S.A.	57,709	5,529	50.00%	28,855	2,765	1,897	-
b)	North Tower B.V.	5,321	(59)	50.00%	2,661	(29)	(29)	-
	Madeirashopping- Centro Comercial, S.A.	38,341	6,880	50.00%	19,170	3,440	1,563	-
	Parque Atlântico Shopping - Centro Comercial, S.A.	35,688	5,856	50.00%	17,844	2,928	1,218	-
	Via Catarina- Centro Comercial, S.A.	19,408	1,175	50.00%	9,705	588	523	-
	Other investment companies							-
c)	Pantheon Plaza B.V.	5,691	(415)	50.00%	2,847	(207)	69	-
	Colombia							
	Proyecto Cúcuta S.A.S.	4,861	(2,413)	50.00%	2,431	(1,207)	(739)	-
	Goodwill Cúcuta							-
	Sierra Central S.A.S.	60	(408)	50.00%	29	(204)	(204)	-
	Goodwill Sierra Central					(190)	(190)	-
	Services							-
d)	Sierra Balmain Asset Management sp. zo.o.	(204)	(184)	50.00%	(102)	(92)	(92)	-
e)	LMSI - Engineering, S.A.	2,308	535	50.00%	1,154	267	247	-
	Goodwill Luis Malheiro				2,098			
	Developments							-
	Park Avenue Development of Shopping Centres S.A.	(845)	(13)	50.00%	(423)	(6)	(6)	-
f)	SC Aegean B.V.	6,867	(1,168)	50.00%	3,434	(584)	(584)	-
					117,259	**10,318**	**5,242**	**-**

(*) The ownership interests are identical to voting rights.
(**) This adjusted net profit is calculated by deducting to the net profit the variation of the fair value of the investment properties net of the respective deferred taxes.

a) Amounts related to the consolidated accounts of Gaiashopping I- Centro Comercial, S.A. (change the name to Gaiashopping, SICAFI, S.A. in 2022) that owns 100% of Gaiashopping II- Centro Comercial, S.A..
b) Amounts related to the consolidated accounts of North Tower B.V. that owns 100% of Torre Norte, S.A
c) Amounts related to the consolidated accounts of Pantheon Plaza B.V. that owns 100% of Larissa Development of Shopping Centres, S.A..
d) Amounts related to the consolidated accounts of Sierra Balmain Asset Management sp. zo.o. that owns 100% of Sierra Balmain Property Managment Spółka z o. o.
e) Amounts related to the consolidated accounts of LMSI - Engineering, S.A. ("LM Group") that owns directly or indirectly 100% of LMSA - Engenharia de Edifícios, S.A., LMGE - Gestão de Edifícios LDA and LMIT - Innovation & Technology, LDA.
f) Amounts related to the consolidated accounts of SC Aegean BV that owns 100% of Aegean Park Constructions Real Estate and Development, S.A..

1) During 2022 the company Gaiashopping II-Centro Comercial, S.A. merged into Gaiashopping, SICAFI, S.A. (ex: Gaiashopping I-Centro Comercial, S.A.).
2) In May 2022 the remaining 50% of the share capital of this joint venture was acquired by the Group.
3) Companies acquired during 2022.

As mentioned in Note 2.2.b), joint ventures are measured by using the equity method.

During the years ended 31 December 2022 and 2021, the movement of investments in joint ventures was as follows:

2022

COMPANY	Investment+Colombia: Companies owned by SRV	Investment+Colombia: Other investment companies	Colombia	Services	Developments	Total
Opening balance	105,791	2,847	2,460	3,150	3,011	117,259
Acquisition of Nova Centralidade and Visionarea:						
- Equity at acquisition date	-	8,875	-	-	-	8,875
Transfer to subsidiaries	(5,756)	-	-	-	-	(5,756)
Capital decrease	(11,074)	-	-	-	-	(11,074)
Capital increase	3,208	325	494	-	157	4,184
Effect of the application of the equity method:						
Hedging reserve (hedge accounting)	36	-	-	-	-	36
Translation reserve	-	-	(217)	1	-	(216)
Net profit (Note 39)	6,970	(2,926)	(1,352)	432	(944)	2,180
Dividends	(5,963)	-	-	-	-	(5,963)
	93,212	**9,121**	**1,385**	**3,583**	**2,224**	**109,525**

2021

COMPANY	Investment+Colombia: Companies owned by SRV	Investment+Colombia: Other investment companies	Colombia	Services	Developments	Total
Opening balance	93,250	3,031	3,960	2,638	9,233	112,112
Sales	-	-	-	-	(5,744)	(5,744)
Capital increase	-	23	377	334	112	846
Effect of the application of the equity method:						
Translation reserve	-	-	(276)	3	-	(273)
Net profit (Note 39)	12,541	(207)	(1,601)	175	(590)	10,318
	105,791	**2,847**	**2,460**	**3,150**	**3,011**	**117,259**

The amount of kEuro -11,074 includes the amount of kEuro 11,046 related to the supplementary capital and share premium of the joint venture entity converted into debt (Note 16).

The amount of kEuro -216 (kEuro -273 in 2021) was recognized under the caption "Currency translation differences" in the consolidated statement of changes in equity.

The main acquisitions and sales of companies occurred during the year ended 31 December 2022 and 2021 were as follows:

Transactions in 2022

In January 2022, the subsidiary Sierra Developments Holding B.V. acquired 50% of the share capital of the joint venture Visionarea, Promoção Imobiliária, S.A. for kEuro 869.

In February 2022, the subsidiary Project Sierra 14 B.V. acquired 50% of the share capital of the joint ventures Nova Centralidade - Sociedade de Desenvolvimento Imobiliário, S.A. ("Nova Centralidade") (that owns 100% of Quinta da Foz - Empreendimentos Imobiliários, S.A. ("Quinta da Foz")) for kEuro 8,006. During the year the Joint venture Nova Centralidade merged into Quinta da Foz.

In May 2022, the subsidiary Sierra Investments Holdings B.V. acquired the total share capital of the joint venture North Tower B.V. (which owns 100% of the share capital of Torre Norte, S.A.) for kEuro 11,500 (being 50% acquired from the subsidiary Sierra Retail Ventures B.V.). From this date these companies are considered as subsidiaries (Note 6).

Transactions in 2021

In May 2021, the subsidiary Sierra Parma Project B.V. sold the entire share capital owned (50%) and the shareholder loans granted (including interest) of the joint venture PUD, Srl ("PUD") for kEuro 9,111. This transaction generated a gain of kEuro 146 (net of the provision made in 2020 of kEuro 9,411) (Note 38).

As of 31 December 2022 and 2021 the summarised financial information (adjusted when applicable to comply with the Group accounting policies mentioned in Note 2) of the Group's joint ventures, is as follows:

31 December 2022

	Investment+Colombia+Brazil					
COMPANY	Companies owned by SRV	Other investment companies	Colombia	Services	Developments	Total
Investment properties	435,493	9,766	258	-	5,396	450,913
Other non-current assets	146	3	11,591	722	124	12,586
Total non-current assets	**435,639**	**9,769**	**11,849**	**722**	**5,520**	**463,499**
Other current assets	8,320	30,958	658	4,724	28	44,688
Cash and cash equivalents	35,561	1 262	172	1,907	55	38,957
Total current assets	**43,881**	**32,220**	**830**	**6,631**	**83**	**83,645**
Non current bank loans and other facilities	73,557	-	579	-	-	74,136
Other non-current liabilities	74,058	16,749	-	680	1,101	92,588
Total non-current liabilities	**147,615**	**16,749**	**579**	**680**	**1,101**	**166,724**
Current bank loans and other facilities	105,774	4,800	-	-	-	110,574
Other current liabilities	39 709	2,197	9,330	3,707	56	54,999
Total current liabilities	**145,483**	**6,997**	**9,330**	**3,707**	**56**	**165,573**
Equity	**186,422**	**18,243**	**2,770**	**2,966**	**4,446**	**214,847**
Equity attributable to the equity holders of the parent company	186,422	18,243	2,770	2,966	4,446	214,847

	31 December 2021					
	Investment+Colombia+Brazil					
COMPANY	Companies owned by SRV	Other investment companies	Colombia	Services	Developments	Total
Investment properties	443,724	12,439	154	-	6,996	463,313
Other non-current assets	106	3	13,771	757	118	14,755
Total non-current assets	443,830	12,442	13,925	757	7,114	478,068
Other current assets	11,028	942	538	3,562	39	16,109
Cash and cash equivalents	37,027	1,012	1,281	2,679	37	42,036
Total current assets	48,055	1,954	1,819	6,241	76	58,145
Non current bank loans and other facilities	160,378	6,634	888	80	-	167,980
Other non-current liabilities	78,224	165	-	694	1,095	80,178
Total non-current liabilities	238,602	6,799	888	774	1,095	248,158
Current bank loans and other facilities	22,330	389	-	(18)	-	22,701
Other current liabilities	19,374	1,517	9,935	4,138	73	35,037
Total current liabilities	41,704	1,906	9,935	4,120	73	57,738
Equity	211,579	5,691	4,921	2,104	6,022	230,317
Equity attributable to the equity holders of the parent company	211,579	5,691	4,921	2,104	6,022	230,317

	2022					
	Investment+Colombia+Brazil					
COMPANY	Companies owned by SRV	Other investment companies	Colombia	Services	Developments	Total
Services rendered	53,781	3,451	76	14,048	-	71,356
Variation in fair value of the investment properties	(9,513)	(2,190)	-	-	-	(11,703)
Other revenue	348	188	-	611	-	1 148
External supplies and services	(22,044)	(2,748)	(260)	(5,480)	(130)	(30,661)
Depreciation and amortisation	(2)	-	-	(189)	-	(191)
Other expenses	(2,319)	(4,224)	(605)	(7,612)	(1,760)	(16,520)
Interest income and similar	-	-	20	2	6	28
Interest expense and similar	(5,186)	(361)	(1,095)	(16)	(6)	(6,664)
Share of results of associates	-	-	(325)	-	-	(325)
Income tax	(1,129)	38	-	(505)	-	(1,596)
Net profit / (loss)	**13,937**	**(5,846)**	**(2,188)**	**859**	**(1,889)**	**4,873**
Attributable to:						
Equity holders of parent company	13,937	(5,846)	(2,188)	859	(1,889)	4,873
	13,937	**(5,846)**	**(2,188)**	**859**	**(1,889)**	**4,873**
Other comprehensive income for the period	73	-	-	-	-	73
Total comprehensive income for the period	**14,010**	**(5,846)**	**(2,188)**	**859**	**(1,889)**	**4,946**
Attributable to:			-			
Equity holders of parent company	14,010	(5,846)	(2,188)	859	(1,889)	4,946
	14,010	**(5,846)**	**(2,188)**	**859**	**(1,889)**	**4,946**

01
02
03

2021

COMPANY	Investment+Colombia+Brazil: Companies owned by SRV	Investment+Colombia+Brazil: Other investment companies	Investment+Colombia+Brazil: Colombia	Services	Developments	Total
Services rendered	41,735	2,249	43	14,468	-	58,495
Variation in fair value of the investment properties	13,880	(551)	(27)	-	-	13,302
Other revenue	180	433	-	594	3	1,210
External supplies and services	(19,814)	(1,866)	(232)	(6,404)	(78)	(28,394)
Depreciation and amortisation	(4)	-	-	(131)	-	(135)
Other expenses	(1,166)	(328)	(980)	(7,724)	(1,106)	(11,304)
Interest income and similar	0	-	32	-	6	38
Interest expense and similar	(4,496)	(345)	(1,021)	(14)	(6)	(5,882)
Share of results of associates	-	-	(1,089)	-	-	(1,089)
Income tax	(5,236)	(6)	452	(438)	-	(5,228)
Net profit / (loss)	**25,079**	**(415)**	**(2,821)**	**351**	**(1,181)**	**21,013**
Attributable to:						
Equity holders of parent company	25,079	(415)	(2,821)	351	(1,181)	21,013
	25,079	**(415)**	**(2,821)**	**351**	**(1,181)**	**21,013**
Other comprehensive income for the period	-	-	-			
Total comprehensive income for the period	**25,079**	**(415)**	**(2,821)**	**351**	**(1,181)**	**21,013**
Attributable to:						
Equity holders of parent company	25,079	(415)	(2,821)	351	(1,181)	21,013
	25,079	**(415)**	**(2,821)**	**351**	**(1,181)**	**21,013**

5. Associates

The details of associates of the Group as of 31 December 2022 and 2021 is as follows:

			31 December 2022						
		Head office	Equity	Net profit / (loss)	% own (*)	Carrying amount	Proportion in P/L	Adjusted net profit (**)	Dividends received
	Investment+Brazil								
	Companies owned by Sierra BV								
a)	Sierra European Retail Real Estate Assets Holdings, BV ("Sierra BV")	Amsterdam (the Netherlands)	778,802	53,651	25.10%	195,479	13,466	14,507	13,052
	Other investment companies								
b)	3shoppings - Holding, SGPS, S.A.	Maia (Portugal)	58,437	1,879	20.00%	11,687	375	955	895
	Area Sur Shopping, S.L.	Madrid (Spain)	58,691	7,814	15.00%	8,803	1,172	832	-
	Le Terrazze - Shopping Centre 1 Srl	Milan (Italy)	62,862	3,860	10.00%	6,286	386	388	-
	Goodwill Le Terrazze					544			
c)	Iberia Shop.C. Venture Coöperatief U.A. ("Iberia Coop")	Amsterdam (the Netherlands)	147,558	8,448	10.00%	14,755	845	856	
	Goodwill Iberia Coop					403			
d)	Sierra Portugal Real Estate S.C.A. ("SPF")	Luxembourg	61,723	2,693	22.50%	13,887	607	1,519	1,553
	Goodwill SPF					3,391	(340)	-	
e)	SPF - Sierra Potugal Feeder 1, S.C.A. ("Feeder1")	Luxembourg	22,953	519	7.45%	1,711	38	38	-
f)	Olimpo Real Estate Portugal, SIGI, S.A.	Maia (Portugal)	55,765	3,048	5.13%	2,860	155	85	-
g)	Olimpo Real Estate SOCIMI, S.A.	Madrid (Spain)	199,408	10,507	3.75%	7,476	394	423	287
	Serra Shopping- Centro Comercial, S.A.	Lisbon (Portugal)	23,017	1,757	5.00%	1,151	88	89	-
h)	Trivium Real Estate Socimi, S.A.	Madrid (Spain)	210,535	10,753	12.41%	26,119	1,333	1,872	1,976
1)	Douro Riverside Hotel, S.A.	Maia (Portugal)	4,880	95	37.50%	1,830	35	35	-
2) i)	Atrium Bire, SIGI, S.A.	Maia (Portugal)	115,601	7,061	3.75%	4,335	264	35	-
	Brazil								
3) j)	Aliansce Sonae Shopping Centers, S.A. ("ALSO")	Brazil	1,448,014	7,230	8.84%	128,062	456	8,839	1,236
	Badwill Aliansce Sonae Shopping Centers, S.A. ("ALSO")						12,087	-	
k)	Fundo Investimento Imobiliário Parque Dom Pedro Shopping Center ("FIIPDPSH")	Brazil	135,330	(1,114)	7.97%	10,781	(88)	769	645
	Fundo Investimento Imobiliário Shop. Parque Dom Pedro ("FIISHPDP")	Brazil	325,320	(2,243)	31.52%	102,526	(706)	7,695	6,736
	Services								
	Mercado Urbano – Gestão Imobiliária, S.A.	Oporto (Portugal)	6,467	341	20.00%	1,293	68	64	-
	Developments								
	Signal Alpha Republica I, S.A.	Lisbon (Portugal)	6,773	(376)	5.00%	339	(18)	(18)	-
	Signal Alpha Republica II, Lda.	Lisbon (Portugal)	1,162	(232)	5.00%	58	(12)	(12)	-
	Zenata Commercial Project	Morocco	19,049	954	11.00%	2,097	106	106	-
						545,873	**30,711**	**39,077**	**26,380**

(*) The ownership interests are similar to voting rights.
(**) This adjusted net profit is calculated by deducting to the net profit the variation of the fair value of the investment properties net of the respective deferred taxes.

		31 December 2021							
		Head office	Equity	Net profit / (loss)	% own (*)	Carrying amount	Proportion in P/L	Adjusted net profit (**)	Dividends received
	Investment+Brazil								
	Companies owned by Sierra BV								
a)	Sierra European Retail Real Estate Assets Holdings, BV ("Sierra BV")	Amsterdam (the Netherlands)	762,578	40,813	25,10%	191,407	10,244	9,146	-
	Other investment companies								
b)	3shoppings - Holding, SGPS, S.A.	Maia (Portugal)	64,558	5,724	20,00%	12,912	1,145	676	
	Area Sur Shopping, S.L.	Madrid (Spain)	50,729	4,029	15,00%	7,609	604	531	-
	Le Terrazze - Shopping Centre 1 Srl	Milan (Italy)	59,002	920	10,00%	5,900	92	353	-
	Goodwill Le Terrazze					544			
c)	Iberia Shop.C. Venture Coöperatief U.A. ("Iberia Coop")	Amsterdam (the Netherlands)	140,066	8,042	10,00%	14,006	804	947	
	Goodwill Iberia Coop					403			
d)	Sierra Portugal Real Estate S.C.A. ("SPF")	Luxembourg	76,530	5,366	22,50%	17,218	1,207	724	-
	Goodwill SPF					3,731	-	-	
e)	SPF - Sierra Potugal Feeder 1, S.C.A. ("Feeder1")	Luxembourg	29,084	1,542	7,45%	2,168	115	115	
f)	Olimpo Real Estate Portugal, SIGI, S.A.	Maia (Portugal)	53,572	4,287	5,13%	2,749	220	69	-
g)	Olimpo Real Estate SOCIMI, S.A.	Madrid (Spain)	208,231	16,845	3,75%	7,808	631	463	185
	Serra Shopping- Centro Comercial, S.A.	Lisbon (Portugal)	21,260	1,628	5,00%	1,063	81	69	-
h)	Trivium Real Estate Socimi, S.A.	Madrid (Espanha)	209,131	17,391	12,40%	25,935	2,156	1,716	-
	SFS -Gestão de Fundos, SGOIC, S.A.	Maia (Portugal)	-	177	20,00%	-	36	36	46
	Brazil								
j)	Aliansce Sonae Shopping Centers, S.A. ("ALSO")	Brazil	1,303,879	34,445	6,30%	82,144	2,170	3,957	591
k)	Fundo Investimento Imobiliário Parque Dom Pedro Shopping Center ("FIIPDPSH")	Brazil	126,080	(4,561)	7,97%	10,044	(363)	436	345
	Fundo Investimento Imobiliário Shop. Parque Dom Pedro ("FIISHPDP")	Brazil	305,423	(16,577)	31,52%	96,257	(5,224)	4,507	3,954
	Services								
	Mercado Urbano – Gestão Imobiliária, S.A.	Oporto (Portugal)	6,127	71	20,00%	1,225	14	7	-
	Developments								
	Signal Alpha Republica I, S.A.	Lisbon (Portugal)	6,508	(43)	5,00%	325	(2)	(2)	-
	Goodwill Signal Alpha I						(10)	(10)	
	Signal Alpha Republica II, Lda.	Lisbon (Portugal)	1,233	(6)	5,00%	62	-	-	-
	Goodwill Signal Alpha II						(3)	(3)	
	Zenata Commercial Project	Morocco	19,246	190	11,00%	2,116	21	21	-
						485,626	**13,938**	**23,758**	**5,121**

(*) The ownership interests are identical to voting rights.
(**) This adjusted net profit is calculated by deducting to the net profit the variation of the fair value of the investment properties net of the respective deferred taxes.

a) Amounts related to the consolidated accounts of "Sierra BV". This company owns the following investments:

		Percentage of Interests and Voting Rights Held	
	Head office	31.12.22	31.12.21
Cascaishopping, Centro Comercial, S.A.	Maia (Portugal)	100%	100%
Land Retail B.V.	Amsterdam (the Netherlands)	100%	100%
Plaza Mayor B.V.	Amsterdam (the Netherlands)	100%	100%
Plaza Mayor Shopping, S.A.	Madrid (Spain)	100%	100%
Sierra Spain Malaga Holdings, S.L.	Madrid (Spain)	100%	100%
DOC Malaga Holdings S.L	Madrid (Spain)	50%	50%
DOC Malaga Siteco, S.L.U.	Madrid (Spain)	50%	50%
DOC Malaga Siteco Phase 2, S.L.	Madrid (Spain)	50%	50%
Norte Shopping Retail and Leisure Centre B.V.	Amsterdam (the Netherlands)	50%	50%
Norteshopping- Centro Comercial, S.A.	Maia (Portugal)	50%	50%
Shopping Centre Colombo Holding B.V.	Amsterdam (the Netherlands)	50%	50%
Centro Colombo- Centro Comercial, S.A.	Maia (Portugal)	50%	50%
VdG Holding BV	Amsterdam (the Netherlands)	50%	50%
Centro Vasco da Gama - Centro Comercial, S.A.	Maia (Portugal)	50%	50%

b) Amounts related to the consolidated accounts of 3shoppings-Holding, SGPS, S.A. that owns 100% of Guimarãeshopping-Centro Comercial, S.A. and Maiashopping-Centro Comercial, S.A..

c) Amounts related to the consolidated accounts of "Iberia Coop". This company owns the following investments:

		Percentage of Interests and Voting Rights Held	
	Head office	31.12.22	31.12.21
Candotal Spain S.L.U	Madrid (Spain)	100%	100%
Estação Viana Centro Comercial, SA	Viana do Castelo (Portugal)	100%	100%
Luz del Tajo Centro Comercial, SA	Madrid (Spain)	100%	100%

d) Amounts related to the consolidated accounts of "SPF". This company owns the following investments:

		Percentage of Interests and Voting Rights Held	
	Head office	31.12.22	31.12.21
4) Arrábidashopping, SICAFI, S.A.	Maia (Portugal)	50%	50%
5) Gaiashopping, SICAFI, S.A.	Maia (Portugal)	50%	50%
6) Gaiashopping II- Centro Comercial, S.A.	Maia (Portugal)	-	50%

e) Amounts related to the consolidated accounts of "Feeder1". This company owns the following investments:

		Percentage of Interests and Voting Rights Held	
	Head office	31.12.22	31.12.21
SPF - Sierra Potugal Feeder 2, Sarl	Luxembourg	100%	100%
"SPF"	Luxembourg	39%	39%

f) Amounts related to the consolidated accounts of Olimpo Real Estate Portugal, SIGI, S.A.. This company owns the following investments:

		Percentage of Interests and Voting Rights Held	
	Head office	31.12.22	31.12.21
Olimpo SIGI España, S.A.	Madrid (Espanha)	100%	100%
1) Investabroad 5, S.A..	Maia (Portugal)	100%	0%

g) Amounts related to the consolidated accounts of "ORES". This company owns the following investments:

		Percentage of Interests and Voting Rights Held	
	Head office	31.12.22	31.12.21
Olimpo Asset 1, S.A.	Maia (Portugal)	100%	100%
Olimpo Asset 2, S.A.	Maia (Portugal)	100%	100%
Olimpo Asset 3, S.A.	Maia (Portugal)	100%	100%
Olimpo Asset 4, S.A.	Maia (Portugal)	100%	100%
Olimpo Asset 5, S.A.	Maia (Portugal)	100%	100%
Olimpo Asset 6, S.A.	Maia (Portugal)	100%	100%
Olimpo Asset 7, S.A.	Maia (Portugal)	100%	100%
Olimpo Asset 8, S.A.	Maia (Portugal)	100%	100%

h) Amounts related to the consolidated accounts of Trivium Real Estate Socimi, S.A. that owns 100% of Iberian Assets, S.A..
i) Amounts related to the consolidated accounts of Atrium Bire, SIGI, S.A. that owns 100% of IMOSAL - Imobiliária do Saldanha, SICAFI, S.A..
j) Amounts related to the consolidated accounts of ALSO (company listed on the Brazilian stock exchange, that was created from the merger between Aliansce Shopping Centers and Sonae Sierra Brasil, in August 2019).
k) Amounts related to the consolidated accounts of FIIPDPSH that owns 20.2231% of FIISHPDP.

1) Companies acquired in 2022.
2) Company incorporated in 2022.
3) During 2022 the Group increased it interest in the associate ALSO from 6.3% to 8.84%.
4) Ex - Arrábidashopping- Centro Comercial, S.A.
5) Ex - Gaiashopping I- Centro Comercial, S.A.
6) Company merged into Gaiashopping, SICAFI, S.A. in 2022.

As mentioned in Note 2.2.b), associates are measured by using the equity method.

During the years ended 31 December 2022 and 2021, the movement of investments in associates was as follows:

	2022					
	Investment+Brazil					
	Companies owned by Sierra BV	Other investment companies	Brazil	Services	Developments	Total
Opening balance	191,407	102,046	188,445	1,225	2,503	485,626
Acquisitions:						
- Equity held		1,701	36,837	-	-	38,538
- Goodwill/(Badwill)		-	(12,087)	-	-	(12,087)
Capital decrease	-	(4,235)	-	-	-	(4,235)
Capital increase	-	4,498	1,997	-	40	6,535
Effect of the application of the equity method:						
Hedging reserve (hedge accounting)	3,658	673	-	-	-	4,331
Translation reserve	-	-	23,045	-	(125)	22,920
Other changes in equity	-	(86)	-	-	-	(86)
Net profit (Note 39)	13,466	5,692	11,749	68	76	31,051
Dividends	(13,052)	(4,711)	(8,617)	-	-	(26,380)
Impairment losses of Goodwill (Note 39)		(340)	-	-	-	(340)
	195,479	**105,238**	**241,369**	**1,293**	**2,494**	**545,873**

2021

	Investment+Brazil					
	Companies owned by Sierra BV	Other investment companies	Brazil	Services	Developments	Total
Opening balance	180,693	98,766	194,141	1,211	2,015	476,826
Sales	-	(1)	-	-	-	(1)
Acquisition of 80% of SFS:						
Transfer to subsidiaries (Note 6)	-	(286)	-	-	-	(286)
Acquisitions:						
- Equity held	-	-	-	-	389	389
- Goodwill	-	-	-	-	13	13
Capital decrease	-	(3,700)	-	-	-	(3,700)
Capital increase	-	375	817	-	-	1,192
Effect of the application of the equity method:						
Hedging reserve (hedge accounting)	470	32	-	-	-	502
Translation reserve	-	-	1,794	-	80	1,874
Net profit (Note 39)	10,244	7,091	(3,417)	14	6	13,938
Dividends	-	(231)	(4,890)	-	-	(5,121)
	191,407	**102,046**	**188,445**	**1,225**	**2,503**	**485,626**

The amount of kEuro 22,920 (kEuro 1,874 in 2021) was recognized under the caption “Currency translation differences” in the consolidated statement of changes in equity.

The main acquisitions and sales of companies occurred during 2022 and 2021 were as follows:

Transactions in 2022

In the last quarter of 2022, the Group increased its interest in the associate Aliansce Sonae Shopping Centers, S.A. ("ALSO") in 2.54%.

Transactions in 2021

In December 2021, the subsidiary Sierra Investments, SGPS, SA acquired the remaining 80% of the share capital of the associate SFS -Gestão de Fundos, SGOIC, S.A. (“SFS”) for kEuro 2,698, starting from that date to be consolidated in the Group (Note 6).

As of 31 December 2022 and 2021 the summarised financial information (adjusted when applicable to comply with the Group accounting policies mentioned in Note 2) of the Group's associates, is as follows:

31 December 2022

	Investment+Brazil				
	Companies owned by Sierra BV	Other investment companies	Brazil	Services	Developments
Total non-current assets	1,777,065	1,820,283	2,175,381	13,961	44,525
Total current assets	126,627	124,981	614,820	1,387	41,118
Total non-current liabilities	1,051,263	886,957	829,892	7,775	48,316
Total current liabilities	73,627	36,877	51,645	1,106	10,343
Equity	**778,802**	**1,021,430**	**1,908,664**	**6,467**	**26,984**

31 December 2021

	Investment+Brazil				
	Companies owned by Sierra BV	Other investment companies	Brazil	Services	Developments
Total non-current assets	1,760,510	1,579,413	2,074,202	14,387	47,154
Total current assets	116,650	137,265	347,042	923	39,118
Total non-current liabilities	1,044,018	700,547	633,702	8,104	50,914
Total current liabilities	70,564	103,968	52,160	1,079	8,371
Equity	**762,578**	**912,163**	**1,735,382**	**6,127**	**26,987**

	2022				
	Investment+Brazil				
	Companies owned by Sierra BV	Other investment companies	Brazil	Services	Developments
Services Rendered	139,043	123,984	245,276	2,014	4,129
Variation in fair value of the investment properties	(2,284)	5,719	(161,008)	-	-
Other revenue	3,281	4,367	35,465	64	3,003
External supplies and services	(47,941)	(47,593)	(29,576)	(1,086)	(2,991)
Depreciation	(4)	(3)	-	(425)	(1,695)
Other expenses	(2,955)	(3,996)	(70,779)	(17)	342
Financial Results	(14,786)	(18,482)	(38,824)	(141)	(1,812)
Share of results of associates	(1,637)	2,878	-	-	-
Income Tax	(19,066)	(8,440)	23,319	(68)	(630)
Net profit / (loss)	**53,651**	**58,434**	**3,873**	**341**	**346**
Other comprehensive income for the period	14,573	2,443	210,131	-	(25)
Total comprehensive income for the period	**68,224**	**60,877**	**214,004**	**341**	**321**
Attributable to:					
Equity holders of parent company	68,224	60,877	214,004	341	321

	2021				
	Investment+Brazil				
	Companies owned by Sierra BV	Other investment companies	Brazil	Services	Developments
Services Rendered	103,017	106,214	159,750	1,414	3,687
Variation in fair value of the investment properties	9,779	15,195	(71,264)	-	-
Other revenue	647	6,646	11,570	43	2,503
External supplies and services	(41,959)	(42,937)	(20,611)	(817)	(1,739)
Depreciation	(3)	(18)	-	(363)	(2,177)
Other expenses	1,892	(2,537)	(45,640)	(60)	(4)
Financial Results	(14,233)	(14,907)	(18,227)	(126)	(1,879)
Share of results of associates	(5,764)	5,614	-	-	-
Income Tax	(12,563)	(7,319)	(2,271)	(20)	(250)
Net profit / (loss)	**40,813**	**65,951**	**13,307**	**71**	**141**
Other comprehensive income for the period	1,873	352	16,872	-	(16)
Total comprehensive income for the period	**42,686**	**66,303**	**30,179**	**71**	**125**
Attributable to:					
Equity holders of parent company	42,686	66,303	30,179	71	125

6. Acquisition and Sale of Companies

The main sales and acquisitions of companies occurring during the year 2022 and 2021 were as follows:

Acquisitions of subsidiaries in 2022

In May 2022, the subsidiary Sierra Investments Holdings B.V. acquired the total share capital of the joint venture North Tower B.V. (which owns 100% of the share capital of Torre Norte, S.A.) for kEuro 11,500 (being 50% of the share capital acquired from the subsidiary Sierra Retail Ventures B.V.).

Sales of subsidiaries in 2022

In September 2022, the Group, through its subsidiaries Sierra Developments Holding B.V., Sierra Investments Holdings B.V. and Sierra Investments, SGPS, S.A.,. sold the entire share capital owned (100%) of the subsidiary ARP Alverca Retail Park, S.A. ("Alverca") for kEuro 7,848. This transaction generated a gain of kEuro 5,154. (Note 8 and 38).

In November 2022, the Group, through its subsidiaries Sierra Developments Holding B.V., and Sierra Developments, SGPS, S.A.,. sold the entire share capital owned (100%) of the subsidiary Parque de Famalicão - Empreendimentos Imobiliários, S.A. ("Famalicão") for kEuro 1,200. This transaction generated a gain of kEuro 846. (Note 8 and 38).

Acquisitions of subsidiaries in 2021

In November 2021, the subsidiary Sierra Developments Holding B.V. acquired 80% of the share capital of the subsidiary La Galleria, S.r.l ("La Galleria") for Euro 1.

In December 2021, the subsidiary Sierra Investments, SGPS, SA acquired the remaining 80% of the share capital of the associate SFS -Gestão de Fundos, SGOIC,S.A. ("SFS") for kEuro 2,698. At the time of the acquisition the previously held interest (20%) was revalued. As such the goodwill for the 100% interest was kEuro 1,944 (Note 11).

Effect of the acquisitions and sales

The effect of the acquisitions of the companies during the period ended on 31 December 2022 was as follows:

		2022
		Acquisitions
		North Tower, B.V. (Consolidated Accounts)
Cash and cash equivalents	(I)	1,171
Investment properties under development (Note 8)		12,497
Other current assets		453
Other non current assets		(1,019)
Accounts payable and other liabilities - current		(1,592)
Identifiable assets and liabilities at acquisition date		11,510
Carrying amount of the previous investment at acquisition date (Note 4)		(5,755)
Goodwill:		
Recorded as expense (Note 38)		(5)
Purchase amount	(II)	5,750
Net cash flow	**(II-I)**	**4,579**

The effect of the sales of the companies during the period ended on 31 December 2022 was as follows:

		2022		
		Sales		
		Alverca	Famalicão	Total
Cash and cash equivalents	(I)	26	4	30
Investment properties under construction (Note 8)		10,303	830	11,133
Trade receivables		6	-	6
Other current assets		13	22	35
Deferred tax liabilities (Note 25)		(322)	-	(322)
Other non current liabilities		(15)	-	(15)
Accounts payable and other liabilities - current		(41)	(2)	(43)
Identifiable assets and liabilities at sales date		9,970	854	10,824
Reversal of impairments (Note 8)		(7,276)	(500)	(7,776)
Transaction Result:				
- Profit / (loss) on sale (Note 38)		5,154	846	6,000
Sale amount	(II)	7,848	1,200	9,048
Net cash flow	**(II-I)**	**7,822**	**1,196**	**9,018**

The effect of the acquisitions of the companies during the period ended on 31 December 2021 was as follows:

		2021		
		Acquisitions		
		La Galleria	SFS	Total
Cash and cash equivalents	(I)	8	1,717	1,725
Investment properties under development (Note 8)		3,451	-	3,451
Property, plant and equipment		-	2	2
Deferred tax assets (Note 25)		-	20	20
Other non current assets		-	1	1
Trade receivables		2	4	6
Other current assets		177	74	251
Accounts payable and other liabilities - non-current		(3,259)	-	(3,259)
Other non current liabilities		-	(55)	(55)
Accounts payable and other liabilities - current		(379)	(334)	(713)
Identifiable assets and liabilities at acquisition date		-	1,429	1,429
Carrying amount of the previous investment at acquisition date (Note 5)		-	(286)	(286)
Revaluation of the previously held interest (Note 34)		-	(389)	(389)
Goodwill:				
Recorded as asset (Note 11)		-	1,944	1,944
Purchase amount	(II)	-	2,698	2,698
Net cash flow	**(II-I)**	**(8)**	**981**	**973**

7. Non-Controlling Interests

As of 31 December 2022 and 2021, the details are as follows:

		31 December 2022					
	Head office	Equity	Net profit / (loss)	% (*)	Carrying amount	Proportion in P/L	Dividends received
Investment							
Sierra Retail Ventures BV	Amsterdam (the Netherlands)	119,787	6,977	49.90%	59,774	3,482	3,041
La Galleria Srl	Amsterdam (the Netherlands)	(429)	(407)	20.00%	(86)	(82)	-
					59,688	**3,400**	**3,041**

(*) The ownership interests are similar to voting rights.

		31 December 2021					
	Head office	Equity	Net profit / (loss)	% (*)	Carrying amount	Proportion in P/L	Dividends received
Investment							
Sierra Retail Ventures BV	Amsterdam (the Netherlands)	132,070	12,634	49.90%	65,902	6,304	-
La Galleria Srl	Amsterdam (the Netherlands)	(22)	(22)	20.00%	(4)	(4)	-
					65,898	**6,300**	**-**

(*) The ownership interests are similar to voting rights.

During the years ended 31 December 2022 and 2021 the movement in non-controlling interests was as follows:

	31 December 2022			31 December 2021		
	Sierra Retail Ventures BV	La Galleria Srl	Total	Sierra Retail Ventures BV	La Galleria Srl	Total
Opening balance	65,902	(4)	65,898	60,025		60,025
Capital decrease	(6,587)	-	(6,587)	(427)		(427)
Hedging reserve (hedge accounting)	18	-	18	-	-	-
Net profit	3,482	(82)	3,400	6,304	(4)	6,300
Dividends	(3,041)	-	(3,041)	-	-	-
	59,774	**(86)**	**59,688**	**65,902**	**(4)**	**65,898**

As of 31 December 2022 and 2021 the summarised financial information of the subsidiaries within non-controlling interests, before the elimination of intragroup balances and transactions, is as follows:

	31 December 2022		31 December 2021	
	Sierra Retail Ventures BV	La Galleria Srl	Sierra Retail Ventures BV	La Galleria Srl
Total non-current assets	101,238	4,225	115,366	3,451
Total current assets	18,997	375	17,111	187
Total non-current liabilities	156	4,640	-	3,259
Total current liabilities	292	389	407	401
Equity	**119,787**	**(429)**	**132,070**	**(22)**
Equity attributable to the equity holders of the parent company	**119,787**	**(429)**	**132,070**	**(22)**

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	31 December 2022		31 December 2021	
	Sierra Retail Ventures BV	La Galleria Srl	Sierra Retail Ventures BV	La Galleria Srl
Services rendered and other revenue	371	78	306	-
Other revenue/(expenses)	6,606	(485)	12,328	(22)
Net profit / (loss)	**6,977**	**(407)**	**12,634**	**(22)**
Other comprehensive income for the period	36	-	-	-
Total comprehensive income for the period	**7,013**	**(407)**	**12,634**	**(22)**

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8. Investment Properties

The movement in investment properties, during the years ended 31 December 2022 and 2021 was as follows:

				2022
				Investment properties
		Under Development		
	In operation	At cost	Advances	Total
Opening balance	303,894	14,249	1,725	319,868
Increases	5,929	9,444	4,983	20,356
Reversal of impairments (Note 6)	-	7,776	-	7,776
Impairments and write-off (Note 35)	-	(2,614)	-	(2,614)
Variation in fair value of the investment properties				
between years (Note 33):				
- Losses	(3,544)	-	-	(3,544)
Sales of companies (Note 6)	-	(11,133)	-	(11,133)
Acquisitions of companies (Note 6)	-	12,497	-	12,497
Currency translation differences	-	(23)	(567)	(590)
Closing balance	**306,279**	**30,196**	**6,141**	**342,616**

	2021			
	Investment properties			
		Under Development		
	In operation	At cost	Advances	Total
Opening balance	304,678	13,015	1,725	319,418
Increases	1,684	83	-	1,767
Impairments and write-off (Note 35)	-	(2,300)	-	(2,300)
Variation in fair value of the investment properties				
between years (Note 33):				
- Gains	1,882	-	-	1,882
- Losses	(4,350)	-	-	(4,350)
Increases through business combination (Note 6)	-	3,451	-	3,451
Closing balance	**303,894**	**14,249**	**1,725**	**319,868**

At 31 December 2022 and 2021 investment properties in operation and the information about the fair value assessment are as follows:

	31.12.2022	31.12.2021
10 yr discount rate		
Floor	9.05%	8.90%
Weighted average	9.21%	9.04%
Cap	9.65%	9.40%
10 yr cap rate		
Floor	7.00%	6.90%
Weighted average	7.16%	7.02%
Cap	7.60%	7.35%
Annual rent per sqm (€)		
Floor	18	15
Weighted average	20	17
Cap	21	19
Fair Value (Level 3)	**306,279**	**303,894**

The fair value of each investment property in operation was determined by means of a valuation as of the reporting date made by independent specialised entities (Cushman & Wakefield).

The valuation of these investment properties was made in accordance with the Practice Statements of the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors ("Red Book"), located in England.

The methodology used to compute the market value of the investment properties consists in preparing 10 years' projections of income and expenses of each shopping centre added to the residual value, corresponding to a projected net income at year 11 and a return market rate ("Exit yield" or "cap rate"). These projections are then discounted to the valuation date using a discount market rate. Projections are intended to reflect the actual valuer best estimate regarding future revenues and costs of each shopping centre. Both the return rate and discount rate are defined in accordance with the local real estate and institutional market conditions, being the reasonableness of the market value obtained in accordance with the methodology referred above, tested also in terms of initial return using the estimated net income for the first year of projections.

In the valuation of investment properties, some assumptions, that in accordance with the Red Book are considered to be special, were in addition considered, namely in the case of recently inaugurated shopping centres, in which the possible costs still to be incurred were not considered, as the accompanying financial statements already include a provision for them.

IFRS 13 (Fair value measurement) requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable.
- **Level 3:** Inputs that are not based on observable market data (that is, unobservable inputs).

Considering the above hierarchy investments properties of the Group are all within Level 3.

The relationship of unobservable inputs to fair value can be described as follows:

- A decrease in the estimated annual rent will decrease the fair value;
- An increase in the discount rates and the capitalization rates will decrease the fair value:
  - an increase of 25 b.p. will decrease the fair value in the amount of kEuro 10,343 and,
  - a decrease of 25 b.p. will increase the fair value in the amount of kEuro 11,093.

As mentioned in the valuation reports of the investment properties prepared by independent specialised entities, the assessment of their fair value considered the definition of fair value in IFRS 13, which is consistent with the definition of market value defined by the investment properties valuation international standards.

During the years ended on 31 December 2022 and 2021, the income (fixed rents net of discounts, turnover rents, mall income, key income, and transfer fees) and the corresponding direct operating expenses (property tax, insurance expense, maintenance expense, management fee and asset management fee and other direct operating expenses), relating to the investment properties of the Group, was as follows:

	Income		Direct Operating Expenses	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Other European Countries	21,128	17,699	1,985	2,255
	21,128	**17,699**	**1,985**	**2,255**

At 31 December 2022 and 2021 the following investment properties had been given in guarantee of bank loans:

Gli Orsi	Parklake

At 31 December 2022 and 2021 there were no material contractual obligations to purchase, construct or develop investment properties or for repairs or maintenance, other than those referred to above, except for the obligations mentioned in notes 42 and 43.

Investment properties under development at 31 December 2022 and 2021 are made up as follows:

	31.12.2022	31.12.2021
Investment properties at cost:		
Portugal / Spain	23,553	12,858
Colombia	3,729	-
Other european countries	73,617	72,840
	100,899	**85,698**
Impairment for investment properties at cost	(64,562)	(69,724)
	36,337	**15,974**

The amounts of kEuro 64,562 and kEuro 69,724 at 31 December 2022 and 2021, respectively, recorded under caption “Impairment for assets at risk”, relates to the provision made to anticipate losses due to the delays on the development pipeline consequence of the market uncertainty.

9. Property, Plant and Equipment

The movement in property, plant and equipment and corresponding accumulated depreciation during the years ended 31 December 2022 and 2021 was as follows:

	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Tools and utensils	Other tangible fixed assets	Tangible fixed assets in progress	31.12.2022 Total	31.12.2021 Total
Assets:									
Opening balance	2,500	1,207	10	3,221	320	1,428	224	8,911	8,132
Increases	49	15	-	540	14	225	403	1,246	901
Sales	-	(1)	-	(10)	(2)	(1)	(4)	(18)	(3)
Transfers and write-off	-	-	-	(7)	-	-	-	(7)	(169)
Currency translation differences	-	-	-	-	-	-	-	-	(1)
Change in consolidation perimeter	-	-	-	-	-	-	-	-	51
Closing balance	**2,549**	**1,221**	**10**	**3,744**	**332**	**1,652**	**623**	**10,132**	**8,911**
Accumulated depreciation and impairment losses:									
Opening balance	1,460	1,037	11	2,920	308	599	-	6,335	6,076
Depreciation for the year	148	67	-	182	17	87	-	501	391
Sales	-	(1)	-	(10)	(2)	(1)	-	(14)	(3)
Transfers and write-off	-	-	-	(7)	-	-	-	(7)	(177)
Currency translation differences	-	-	-	-	-	-	-	-	(1)
Change in consolidation perimeter	-	-	-	-	-	-	-	-	49
Closing balance	**1,608**	**1,103**	**11**	**3,085**	**323**	**685**	**-**	**6,815**	**6,335**
Net assets	**941**	**118**	**(1)**	**659**	**9**	**967**	**623**	**3,317**	**2,576**

10. Right of Use

The movement in right of use and corresponding accumulated depreciation during the years ended 31 December 2022 and 2021 was as follows:

	31.12.2022	31.12.2021
Assets:		
Opening balance	14,225	14,174
Changes in the consolidation perimeter	-	66
Exchange rate conversion effect	(4)	1
Increases	2,820	60
Write-off	(26)	-
Others	-	(76)
Closing balance	**17,015**	**14,225**
Accumulated depreciation and impairment losses:		
Opening balance	6,214	4,116
Changes in the consolidation perimeter	-	66
Exchange rate conversion effect	(3)	-
Depreciation of the period	2,014	2,032
Write -off	(26)	-
Closing balance	**8,199**	**6,214**
Net Right of Use	**8,816**	**8,011**

	2022	2021
Depreciation expense on right of use assets	2,014	2,032
Interest expense on lease liabilities	180	191
	2,194	**2,223**

11. Goodwill

At 31 December 2022 and 2021 goodwill was made up as follows:

	31.12.2022		31.12.2021
	Year of aquisition	Carrying Amount	Carrying Amount
SFS -Gestão de Fundos, SGOIC,S.A.	2021	1,944	1,944
Gli Orsi	2008	1,642	1,642
		3,586	**3,586**

The impairment tests made to the goodwill are based on the "Net Asset Value" ("NAV") and/or the business plan prepared by the Management at the reporting date.

The movement in the Goodwill during the years ended 31 December 2022 and 2021 was as follows:

	2022	2021
Opening balance	3,586	1,642
Increases (Note 6)	-	1,944
Closing balance	**3,586**	**3,586**

12. Intangible Assets

The movement in intangible assets and corresponding accumulated depreciation during the years ended 31 December 2022 and 2021 was as follows:

	31.12.2022			31.12.2021
	Software	Other intangible assets	Total	Total
Assets:				
Opening balance	6,529	13,409	19,938	19,182
Increases	60	1,347	1,407	764
Sales, disposals and regularisations	492	(492)	(0)	(8)
Closing balance	**7,081**	**14,264**	**21,345**	**19,938**
Accumulated depreciation and impairment losses:				
Opening balance	5,197	11,755	16,952	16,606
Depreciation for the year	432	3	435	351
Sales, disposals and regularisations	-	-	-	(5)
Closing balance	**5,629**	**11,758**	**17,387**	**16,952**
Net assets	**1,452**	**2,505**	**3,957**	**2,986**

13. Assets at Fair Value Through Other Comprehensive Income

At 31 December 2022 the assets at fair value through other comprehensive income were made up as follows:

COMPANY	Head office	31.12.2022
Br Malls Participações S.A. ("brMalls")	Rio de Janeiro (Brazil)	29,559
		29,559

In 2022, the Group acquired 20,080,700 shares of Br Malls Participações S.A., corresponding to 2.42% of the company's share capital.

The investment identified above is valued at fair value classified at level 1 of the corresponding hierarchy of fair value defined in IFRS 13 - Fair Value, based on the quotation on 31 December 2022.

During the year ended 31 December 2022, the movement in this item was as follows:

	31.12.2022
Increases	35,660
Fair value adjustment	(3,448)
Effect of currency translation	(2,653)
Closing balance	**29,559**

14. Other Non-Current Assets

At 31 December 2022 and 2021 other non-current assets were made up as follows:

	31.12.2022	31.12.2021
Receivable from sale of Dos Mares	3,000	3,000
Sale of shares of Trivium	153	246
Bank and other guarantees	797	682
Other non current assets	239	245
	4,189	4,173

15. Trade Receivables

At 31 December 2022 and 2021 trade receivables were made up as follows:

	31.12.2022	31.12.2021
Accounts receivable from customers:		
Portugal	11,545	10,207
Spain	1,888	2,990
Italy	1,671	1,091
Germany	1,178	916
Romania	3,873	5,138
Morocco	673	388
Greece	220	164
Netherlands	376	3
	21,424	20,897
Accumulated impairment losses on accounts receivable from customers (Note 31)	(6,592)	(8,736)
	14,832	12,161

The Group's exposure to credit risk is attributed to accounts receivables relating to the operating activity of the Group. The amounts shown in the statement of financial position are net of the corresponding impairment losses on accounts receivable, which were estimated by the Group, based on the experience of the Group and assessment of the economic environment. The Board of Directors believes that the carrying amount of its trade receivables is similar to the corresponding fair value. The Group does not have a significant concentration of credit risk, as that risk is diluted over a variety of different tenants.

Per the information included in the statement of financial position, the ageing of the trade receivables is as follows:

	31.12.2022	31.12.2021
0-90 days	12,337	9,953
90-180 days	3,037	3,075
180-360 days	532	928
+ 360 days	5,518	6,941
	21,424	20,897

16. Other Receivables

At 31 December 2022 and 2021 other receivables were made up as follows:

	31.12.2022	31.12.2021
Tax notification paid	3,731	3,730
Escrow account	2,224	2,224
Amount to be converted into capital	11,046	-
Advances to suppliers	3,777	1,143
Other	3,668	3,514
	24,446	10,611
Accumulated impairment losses on other receivables (Note 31)	(5,282)	(5,235)
	19,164	5,376

The amount of kEuro 3,731 includes the amount of kEuro 3,707 regarding the payment made in 2013 by Sonae Sierra SGPS, S.A. within the Special Tax Debts Payment Regime (RERD) established by the Portuguese government in the law approved in October 2013 (Law 151-A/2013) by which the entities that pay the tax notification will be exempt of the payment of interest and penalties; this amount relates to corrections of the 2005 CIT due to: (i) non-deductible interest expenses amounting to kEuro 378; and (ii) corrections concerning the price adjustment related with the sale of shares of Cascaishopping in 1996 amounting to kEuro 3,329. The company contested the tax notifications received and did not record any impairment loss to face eventual losses on those amounts, as the Board of Directors believes that the result will be favourable to the company.

The amount of kEuro 2,224 under "Escrow Account" is related to an escrow account from 2005 relating to a lawsuit from a tenant, on which the court requested that the Group made a deposit of kEuro 2,224, in the event of the case being won by the tenant. Although the case was won by the Group, the amount was incorrectly paid to the tenant. The Group sued the State, to recover the amount mislaid, but the initial decision on this was not favorable to the Group. Independently of continuing to pursue the matter in court, the Group decided to provision the amount in full.

As a result of the conversion of the legal form of the joint venture Arrábidashopping, SICAFI, SA into "SICAFI – Sociedade de Investimento Imobiliário de Capital Fixo", the amount of KEuro 11,046 corresponding to supplementary capital and share premium of the joint venture entity was converted into debt.

The Group's exposure to credit risk is attributed to accounts receivable relating the operating activity of the Group. The amounts shown in the statement of financial position are net of the corresponding impairment losses on accounts receivable, which were estimated by the Group, based on the experience of the Group and assessment of the economic environment. The Board of Directors believes that the carrying amount of its other receivables is similar to the corresponding fair value. The Group has not a significant concentration of credit risk, as that risk is diluted over a variety of different debtors.

17. Other Current Assets

At 31 December 2022 and 2021 other current assets were made up as follows:

	31.12.2022	31.12.2021
Interest income receivable	904	825
Rents to be invoiced	1,751	643
Recovered costs receivable	587	265
Insurance	243	518
Deferred costs with financing	31	148
Management and administrative services receivable	1,415	1,338
Others	2,208	1,596
	7,139	**5,333**

18. Cash and Cash Equivalents

At 31 December 2022 and 2021 cash and cash equivalents were made up as follows:

	31.12.2022	31.12.2021
Cash	109	58
Bank deposits	125,848	237,944
Cash and cash equivalents	125,957	238,002
Bank deposits-tenants retentions	2,873	2,623
Cash and bank deposits	**128,830**	**240,625**

The amounts of kEuro 2,873 and kEuro 2,623 at 31 December 2022 and 2021, respectively, relates to the guarantees made by the tenants. These amounts received from tenants are classified under "Other non-current liabilities" (Note 24) and "Other payables" (Note 29).

The bank deposits include deposits made by several companies included in the consolidation, repayable in less than three months of inception and that bear interest at market interest rates.

19. Share Capital and Legal Reserves

At 31 December 2022 the share capital was made up of 32,514,000 fully subscribed and paid up ordinary shares of Euro 4.99 each.

The following entities own the share capital at 31 December 2022 and 2021:

Entity	31.12.2022	31.12.2021
Sonae SGPS, S.A.	90.00%	80.00%
Grosvenor Investments (Portugal), Sarl	10.00%	20.00%

In March 2022 Sonae, SGPS, S.A. ("Sonae") acquired from Grosvenor Investments (Portugal) S. à r. l. an additional of 10% of the shares held in Sonae Sierra, SGPS, S.A.. After this transaction, Sonae holds 90% of the share capital and voting rights in Sonae Sierra.

At 31 December 2022 and 2021 the legal reserves were as follows:

	31.12.2022	31.12.2021
Legal reserve	32,449	32,449
Special reserve	24,880	24,880
	57,329	**57,329**

Legal reserve: According to the company law, at least 5% of the annual net profit, if positive, should be used in the reinforcement of the legal reserve until it represents 20% of the capital. This reserve can only be distributed in case of liquidation of the company but can be used to cover losses after the other reserves have been used or can be incorporated in the share capital.

As mentioned in the Portuguese commercial code, and in consequence of the capital reduction in 2003, Sonae Sierra recorded a special reserve, to which the rules of the legal reserve apply, by an amount equivalent to the nominal amount of the shares extinguished (kEuro 24,880).

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20. Bank Loans

At 31 December 2022 and 2021 bank loans obtained were made up as follows:

	31.12.2022			31.12.2021		
		Used amount			Used amount	
	Limit	Current	Non current	Limit	Current	Non current
Bond loans:						
Sonae Sierra SGPS - Caixa BI	50,000	-	50,000	40,000	10,000	30,000
Sonae Sierra SGPS - Banco BPI	25,000	-	25,000	25,000	-	25,000
Sonae Sierra SGPS - Novo Banco	25,000	25,000	-	25,000	-	25,000
	100,000	25,000	75,000	90,000	10,000	80,000
Deferred bank expenses incurred on the issuance of bond loans		(154)	(544)		(169)	(133)
Total bond loans	**100,000**	**24,846**	**74,456**	**90,000**	**9,831**	**79,867**
Bank loans:						
Portugal/Spain						
n.a.	-	-	-	35,000	35,000	-
Other European Countries						
n.a.	11,000	-	11,000	-	-	-
a),b)	144,200	107,900	36,300	149,400	5,200	144,200
	155,200	107,900	47,300	184,400	40,200	144,200
Deferred bank expenses incurred on the issuance of bank loan		(372)	(830)		(408)	(555)
Total bank loans	155,200	107,528	46,470	184,400	39,792	143,645
Fair value of the financial hedging instruments - asset		(4,254)	-		(236)	-
		128,120	**120,926**		**49,387**	**223,512**

(a) To guarantee the repayment of these loans, the Group pledged the real estate properties owned by these companies.
(b) To guarantee the repayment of this loan, the Group pledged the shares of the subsidiary.

Bank loans bear interest at market interest rates and were all contracted in Euro.

During 2022, the most relevant movements were the following:

- In January 2022, the Group issued a new bond loan in the amount of KEuro 50,000 and, on the same date, repaid the bond loan issued in 2018 and ending in 2025, in the amount of KEuro 40,000.
- In March 2022, the Group issued a new bond loan in the amount of KEuro 25,000 and, on the same date, repaid the bond loan issued in 2018 and ending in 2023, in the amount of KEuro 25,000.

At 31 December 2022 and 2021, financial covenants related with the loans above can be detailed as follows:

		31.12.2022			31.12.2021		
			Used amount			Used amount	
		Limit	Current	Non current	Limit	Current	Non current
"Covenants":							
"Loan to Value", "Debt Service Cover Ratio"	(1),(2)	107,900	107,900	-	113,100	5,200	107,900
"Loan to Value", "Interest Cover Ratio", "Occupancy ratio"	(1),(3),(6)	36,300	-	36,300	36,300	-	36,300
"Debt/(Investment Properties + Investment in Joint ventures and associates)"	(4)	-	-	-	10,000	10,000	-
"Debt/(Investment Properties + Investment in Joint ventures and associates)", "Net Debt/Adjusted EBIT"	(4),(5)	-	-	-	25,000	25,000	-

(1) "Loan to Value": Financial liabilities / Fair value of the investment property
(2) "Debt Service Cover Ratio": Cash flow / (Paid interests plus capital amortization)
(3) "Interest Cover Ratio": Cash flow / Paid interests
(4) Debt/(Investment Properties + Investment in Joint ventures and associates)
(5) Net Debt/Adjusted EBIT
(6) "Occupancy ratio": vacant GLA / total GLA

Bank loans with covenants were analysed by the Group at the reporting date and, whenever breaches to these covenants occurred or, for which waivers were not obtained, the classification of the current portion was made accordingly.

At 31 December 2022 and 2021, loans and the respective interest are repayable as follows:

	31.12.2022		31.12.2021	
	Repayment	Interest	Repayment	Interest
Year N+1	132,900	8,574	50,200	6,309
Year N+2	11,000	4,336	167,900	4,450
Year N+3	-	4,319	10,000	1,138
Year N+4	36,300	3,944	10,000	893
Year N+5	41,667	2,654	36,300	383
Year N+6 and following years	33,333	1,785	-	-
	255,200	**25,612**	**274,400**	**13,173**

At 31 December 2022 and 2021, the Group's financial instruments related to interest rate swaps, caps and zero cost collars were as follows:

	31.12.2022		31.12.2021	
	Fair value of the financial hedging instrument		Fair value of the financial hedging instrument	
	Loan	Asset	Loan	Asset
Financial hedging instruments:				
"Swaps":				
Sonae Sierra SGPS / BPI	25,000	2,325	-	-
		2,325		-
"Options":				
Gli Orsi / ING (*)	36,300	1,929	36,300	236
		4,254		236

(*) These hedging instruments are Caps.

The fair value of the effective financial hedging instruments was recorded under hedging reserves of the Group (kEuro 4,089 and kEuro 71 in 31 December 2022 and 2021, respectively).

The interest rate swaps, caps and zero cost collars are stated at their fair value at the reporting date, determined by the valuation made by the bank entities, with which the derivatives were contracted. The computation of the fair value of these financial instruments was made taking into consideration the reporting date, the update of the future cash-flows relating to the difference between the interest rate to be paid by the company to the bank entity, with which the swap or collar was negotiated, and the variable interest rate to be received by the company from the bank entity that granted the loan. In addition, tests to the fair value of those derivative financial instruments were made by the treasury department of the Group, to validate the fair value determined by those entities.

The main hedging principles used by the Group when negotiating these hedging financial instruments are as follows:

- Matching between the cash-flows paid and received: the dates of interest payments of the loans obtained, and their date of the derivatives flows with the bank are the same;
- Matching in the index interest rate used: the reference index interest rate used in the derivatives and in the loan are the same;
- In a scenario of increase or decrease in interest rates, the maximum amount of interest payable is perfectly calculated.

21. Other Bank Loans

At 31 December 2022 and 2021, there are undrawn loan commitments related with short term facilities and bank overdrafts, as follows:

	31.12.2022		31.12.2021	
	Limit	Current	Limit	Current
Short term facilities:				
Sierra Portugal, S.A.	249	-	249	-
Sonae Sierra, SGPS, S.A.	10,000	-	10,000	-
	10,249	-	10,249	-
Bank overdrafts	44,720	-	44,720	-
	54,969	-	54,969	-

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22. Joint Ventures and Associates

At 31 December 2022 and 2021 shareholder loans were made up as follows:

	31.12.2022		31.12.2021	
	Current	Non-Current	Current	Non-Current
Loans receivable:				
Axnae Spain Holdings, S.L.:				
Area Sur Shopping, S.L.	-	1,950	-	1,950
	-	1,950	-	1,950
Sierra Colombia Holding, S.L. (*):				
Central Control II, SAS	2,139	-	2,235	-
Proyecto Cúcuta, S.A.S.	4,252	-	4,484	-
	6,391	-	6,719	-
Sierra Developments Holding BV				
Signal Alpha República I, SA	-	991	-	991
	-	991	-	991
Sierra Developments Holding BV				
Signal Alpha República II, SA	-	187	-	187
	-	187	-	187
Sierra Developments Holding BV				
Park Avenue Development of Shopping Centres S.A.	-	489	-	489
	-	489	-	489
Sierra Investment Holding BV:				
North Tower BV	-	-	6	1,006
	-	-	6	1,006
Sierra Services Holland BV:				
Mercado Urbano - Gestão Imibiliária, SA	-	64	-	64
	-	64	-	64
Sierra Services Holland BV:				
Sierra Balmain Asset Management sp. Z o.o	-	108	-	133
	-	108	-	133

(*) Formerly Project Sierra Cúcuta BV.

	31.12.2022		31.12.2021	
	Current	Non-Current	Current	Non-Current
Sierra Maroc Sarl:				
Zenata Commercial Project	1,524	-	1,617	-
	1,524	-	1,617	-
Sierra Retail Ventures BV:				
Arrábidashopping - Centro Comercial, S.A.	-	5,022	-	6,572
	-	5,022	-	6,572
Sierra Developments Holding BV				
"Visionarea, Promoção Imobiliária, S.A."	-	1,309	-	-
	-	1,309	-	-
Sierra Developments Holding BV				
"Douro Riverside Hotel, S.A."	-	535	-	-
	-	535	-	-
Sierra Developments Holding BV				
"Quinta da Foz - Empreendimentos Imobiliários, S.A."	-	6,994	-	-
	-	6,994	-	-
	7,915	**17,649**	**8,342**	**11,392**

	31.12.2022		31.12.2021	
Liability	**Current**	**Non-Current**	**Current**	**Non-Current**
Loans payable to:				
REI S.r.l.:				
La Galleria S.r.l.	-	903		660
	-	**903**		**660**

These loans bear interest at market interest rates and were contracted in Euro.

23. Reconciliation of Liabilities Arising from Financing Activities

The table below details the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-Cash Changes		
	01.01.2022	Financing cash flows	New leases	Exchange rate conversion effect	31.12.2022
Debentures loans	90,000	10,000	-	-	100,000
Bank loans	184,400	(29,200)	-	-	155,200
Loans from related parties	660	243	-	-	903
Lease liabilities	8,249	(1,985)	2,820	(1)	9,083
	283,309	**(20,942)**	**2,820**	**(1)**	**265,186**

			Non-Cash Changes		
	01.01.2021	Financing cash flows	Acquisition of subsidiaries	New leases	31.12.2021
Debentures loans	100,000	(10,000)	-	-	90,000
Bank loans	194,600	(13,050)	2,850	-	184,400
Loans from related parties	-	488	172	-	660
Lease liabilities	10,258	(1,994)	-	(15)	8,249
	304,858	**(24,556)**	**3,022**	**(15)**	**283,309**

24. Other Non-Current Liabilities

At 31 December 2022 and 2021 other non-current liabilities were made up as follows:

	31.12.2022	31.12.2021
Rents deposits from tenants (Note 18)	2,594	2,297
Guarantees	-	308
Payable for the acquisition of Balmain	206	206
Other non current accounts payable	201	249
	3,001	3,060

25. Deferred Taxes

Deferred income tax assets and liabilities at 31 December 2022 and 2021, in accordance with the temporary differences that generate them, are made up as follows:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Difference between the fair value and tax cost of tangible				
fixed assets and intangible assets	120	116	49,976	45,520
Write-off of deferred income relating entrance fees (key money)				
and expenses relating the opening of shopping centres	-	-	(145)	(59)
Fair value of hedging financial instruments	-	-	947	17
Fair value of hedging financial instruments (CAP)	-	1		-
Tax losses carried forward	2,504	2,925		-
Impairment losses on accounts receivable from customers	379	471		-
Impairment losses on other assets and write-off of deferred costs	-	187		-
	3,003	3,700	50,778	45,478

The movement in deferred income tax assets and liabilities during the years ended 31 December 2022 and 2021 was as follows:

	31.12.2022		31.12.2021	
	Asset	Liability	Asset	Liability
Opening balance	3,700	45,478	3,628	44,146
Effect in net result:				
Difference between fair value and tax cost of tangible fixed assets and intangible assets	4	2,181	28	1,068
Write-off of movements ocurred in the year in deferred income relating key money and expenses related to the opening of shopping centers	-	20	-	21
Increase / (Decrease) of impairment losses not accepted for tax purposes	(92)	-	(189)	-
Increase / (Decrease) of tax losses carried forward	(422)	-	213	-
Valuation of hedging financial instruments	(1)	-	-	-
Sub-total (Note 26)	(511)	2,201	52	1,089
Effect in equity:				
Valuation of hedging financial instruments	-	930	-	17
Currency translation differences	-	2,677	-	226
Changes in perimeter:				
Sales (Note 6)	-	(322)	-	-
Acquisitions (Note 6)	-	-	20	-
Others	(186)	(186)	-	-
Closing balance	**3,003**	**50,778**	**3,700**	**45,478**

The deferred income tax assets related to tax losses carried forward as of 31 December 2022 and 2021 are made up as follows:

	31.12.2022			31.12.2021		
	Tax loss	Deferred tax asset	Limit expire date	Tax loss	Deferred tax asset	Limit expire date
Portugal:						
Generated in 2020	14	3	2032	14	3	2032
Generated in 2021	-	-		61	13	2033
	14	3		75	16	
Spain:						
Without limit of use	9,965	2,491		11,600	2,900	
Italy:						
Without limit of use	41	10		41	9	
	10,020	**2,504**		**11,716**	**2,925**	

At the end of 2022 a revision of the tax losses likely to be recovered in the future was carried out and only deferred tax assets related to tax losses which future recovery is probable to occur, were recognised.

At the reporting date the tax losses carried forward for which no deferred taxes were recognised are as follows:

	31.12.2022			31.12.2021		
	Tax loss	Deferred tax credit	Limit expire date	Tax loss	Deferred tax credit	Limit expire date
Portugal:						
Generated in 2014	4,401	924	2028	4,667	980	2028
Generated in 2015	-	-	2029	255	53	2029
Generated in 2019	101	21	2026	101	21	2026
Generated in 2020	8,597	1,805	2032	8,548	1,795	2032
Generated in 2021	4,689	985	2033	4,630	972	2033
Generated in 2022	1,198	252	2027	-	-	
	18,986	**3,987**		**18,201**	**3,821**	
Spain:						
Without limit of use	**27,436**	**6,859**		**27,995**	**6,999**	
Italy:						
Without limit of use	**6,063**	**1,455**		**5,581**	**1,340**	

	31.12.2022			31.12.2021		
	Tax loss	Deferred tax credit	Limit expire date	Tax loss	Deferred tax credit	Limit expire date
Germany:						
Without limit of use	14,156	4,420		13,380	4,177	
Greece:						
Generated in 2016	-	-	2021	216	47	2021
Generated in 2017	700	154	2022	700	154	2022
Generated in 2018	162	36	2023	162	36	2023
Generated in 2019	101	22	2024	101	22	2024
Generated in 2020	75	16	2025	75	16	2025
Generated in 2021	387	85	2026	630	139	2026
Generated in 2022	639	141	2027	-	-	
	2,064	**454**		**1,884**	**414**	
The Netherlands:						
Generated in 2012	-	-		394	82	2021
Generated in 2013	-	-		5,798	1,203	2022
Generated in 2014	-	-		1,146	238	2023
Generated in 2015	-	-		13,690	2,841	2024
Generated in 2016	-	-		31	6	2025
Generated in 2017	-	-		15	3	2026
Generated in 2018	-	-		2,046	424	2027
Generated in 2019	-	-		7,454	1,547	2025
Generated in 2020	-	-		4,411	915	2026
Generated in 2021	-	-		438	91	2027
Without limit of use	29,670	6,053		-	-	
	29,670	**6,053**		**35,423**	**7,350**	
Romania:						
Generated in 2015	-	-		64	10	2022
Generated in 2016	-	-		2,571	411	2023
Generated in 2017	2,880	461	2024	5,071	811	2024
Generated in 2018	3,322	532	2025	3,723	596	2025
Generated in 2019	12,462	1,994	2026	12,487	1,998	2026
Generated in 2020	11,793	1,887	2027	11,817	1,891	2027

	31.12.2022			31.12.2021		
	Tax loss	Deferred tax credit	Limit expire date	Tax loss	Deferred tax credit	Limit expire date
Generated in 2021	10,598	1,696	2028	9,164	1,466	2028
Generated in 2022	134	21	2029	-	-	
Without limit of use	22,461	3,593		23,220	3,715	
	63,650	**10,184**		**68,117**	**10,898**	
Colombia:						
Generated in 2021	60	21	2033	-	-	
Generated in 2022	141	49	2034	-	-	
	201	**70**		**-**	**-**	
Morocco:						
Generated in 2020	106	11	2037	-	-	
Generated in 2022	28	3	2039	-	-	
	134	**14**		**-**	**-**	
Luxembourg:						
Generated in 2017	52	13	2034	52	14	2034
Generated in 2018	59	15	2035	59	16	2035
Generated in 2019	176	44	2036	176	48	2036
Generated in 2020	3,536	882	2037	283	77	2037
Generated in 2021	1,730	431	2038	185	50	2038
Generated in 2022	6,906	1,722	2039	-	-	
Without limit of use	2,987	745		2,987	809	
	15,446	**3,852**		**3,742**	**1,014**	
	177,806	**37,348**		**174,323**	**36,013**	

26. Income Tax

Income tax for the years ended 31 December 2022 and 2021 is made up as follows:

	31.12.2022	31.12.2021
Current tax	2,220	1,148
Deferred tax (Note 25)	2,712	1,037
	4,932	**2,185**

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The numerical reconciliation between tax expense and the accounting profit multiplied by the applicable tax rate, during the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
Profit before income tax	39,023	23,581
Gains/losses related to the sale of companies (Note 38)	(5,996)	(99)
Net result of joint ventures and associates (Note 39)	(32,891)	(24,256)
Impairment of goodwill	-	-
Impairment losses in the investments under development	2,614	2,300
Impairment losses and other provisions not accepted as a fiscal cost	(62)	(186)
Other permanent differences and tax losses for which the recoverability is not probable	18,219	5,839
Taxable profit	20,907	7,179
Effect of different income tax rates in other countries	2,579	3,226
	23,486	**10,405**
Income tax rate in Portugal	21.0%	21.0%
	4,932	**2,185**

The amount of kEuro 18,219 under "Other permanent differences and tax losses for which the recoverability is not probable" (kEuro 5,839 in 2021) includes the effect of the non-recognition of the deferred tax assets related to the tax losses carried forward of the companies for which the Group was not certain about its future recovery (Sierra Investments Holding, B.V., Sierra Retail Ventures B.V., Ioannina Development of Shopping Centres S.A., Sierra Italy, Srl, La Galleria Srl, Sierra Germany GmbH and Sonae Sierra Brazil Holdings S.à r.l. in 2022 and Sierra Investments Holding, B.V., Ioannina Development of Shopping Centres S.A., Sierra Italy, Srl, Sierra Germany GmbH and Parklake in 2021).

27. Accounts Payable to Suppliers

At 31 December 2022 and 2021 accounts payable to suppliers were made up as follows:

	31.12.2022		31.12.2021	
	Current	Non-Current	Current	Non-Current
Trade payables	10,734	-	7,123	-
Fixed assets suppliers	1,678	439	613	116
	12,412	**439**	**7,736**	**116**

As of 31 December 2022 and 2021, this caption relates to amounts payable resulting from purchases made in the normal course of the Group's activities. as of 31 December 2021, the Board of Directors believes that the carrying amount of these accounts payable is similar to its corresponding fair value.

The amounts reported above have the following periods for payment:

	31.12.2022	31.12.2021
Current:		
0-90 days	10,676	6,601
90-180 days	301	243
+ 180 days	1,435	892
	12,412	**7,736**
Non-current:		
n+1	327	22
n+2	14	-
n+3	68	94
n+4	30	-
	439	**116**

28. State and other Public Entities

At 31 December 2022 and 2021 state and other public entities were made up as follows:

	31.12.2022			31.12.2021		
	Asset	Liability		Asset	Liability	
	Current	Current	Non-Current	Current	Current	Non-Current
Income tax	2,105	2,117	-	3,535	2,029	-
VAT	3,688	2,912	-	979	2,207	-
Social security contributions	236	975	-	243	918	-
Real Estate Transfer Tax	-	1,792	448	-	1,792	2,239
Other taxes	-	94	-	-	93	-
	6,029	7,890	448	4,757	7,039	2,239

According to the current tax legislation, the tax returns of Portuguese companies included in the consolidation are subject to revision and correction by the fiscal authorities within a period of four years; the exceptions are when fiscal losses have occurred, fiscal incentives have been granted or auditing or claims are in course, in which case, depending on circumstances, the final dates can be extended or suspended. So, the tax returns of the Portuguese companies of the years 2019 until 2022 are still subject to review and possible adjustment.

The Board of Directors believes that any possible adjustments that may be made by the tax authorities as a result of their reviews will not have a significant effect on the financial statements as of 31 December 2022.

As of 31 December 2022, the Board of Directors believes that the carrying amount of these accounts receivable and payable is similar to its fair value.

As of 31 December 2022 and 2021, there are no overdue debts to state and other public entities.

The amounts of kEuro 1,792 and kEuro 448 refers to the amount to be paid by Gli Orsi to the tax authorities.

29. Other Payables

At 31 December 2022 and 2021 other payables were made up as follows:

	31.12.2022	31.12.2021
Corporate income tax (Fiscal unit in Spain)	291	-
Gift cards	5,675	5,129
Advances from customers	427	741
Rent deposits from tenants (Note 17)	75	183
Payable for the acquisition of SFS	-	510
Other payables	1,136	1,072
	7,604	7,635

The amount of kEuro 5,675 of gift cards relates to deposits received until 31 December 2022 on the sale of those gift cards, net of gift cards expired or settled until that date. The Group recognises in an account payable all gift cards sold, being this account settled when the gift cards are compensated by the tenants (in this case the fee charged is recognised on the statement of profit or loss) or when the gift cards expire (in this case the income corresponds to the amount of the expired gift cards).

As of 31 December 2022 and 2021, this caption relates to amounts payable resulting from acquisitions made in the normal course of the Group's activities. As of 31 December 2022, the Board of Directors believes that the carrying amounts of these accounts payable is similar to its fair value.

The above balance for other creditors shows an average payment period below 90 days.

30. Other Current Liabilities

At 31 December 2022 and 2021 other current liabilities were made up as follows:

	31.12.2022	31.12.2021
Accrued services payable	6,609	5,369
Accrual for vacations and vacations bonus and other bonuses	16,443	15,210
Accrued fixed assets payable	3,332	401
Accrued interest expense	1,963	1,187
Accrued discounts on rents	1,257	2,202
Deferred rental income	1,928	1,679
Condominium margin	406	570
Accrued property tax	5	37
Key money invoiced in advance	37	52
Others	1,690	3,194
	33,670	29,901

The accrual for vacations and vacation bonus and other bonuses as of 31 December 2022 and 2021, includes the amounts of kEuro 3,305 and kEuro 3,373, respectively, related to the remuneration bonus attributed to some employees of the Group, which will be paid in the future, as long as the employees involved are still employees of the Group as of the payment date. These remuneration bonus will be adjusted, in each of the following periods, until the corresponding payment date, by the annual variation of the Net Asset Value (NAV) and adjusted also according to ROIC (Return on Invested Capital). These remuneration bonuses are expensed linearly over the deferred period and recorded as expense, on the basis of the gross amount that was attributed to those employees, and any subsequent adjustment, derived from the variation of the Group's NAV or other, recorded in the statements of profit or loss of the year in which the variation occurs.

As of 31 December 2022 and 2021, the amounts of kEuro 3,332 and kEuro 401, respectively, relate to the estimate, made by the Board of Directors for liabilities associated with the investments made in the investment properties, for which the corresponding invoices have not yet been received.

31. Variations on Provisions and Impairment Losses

The movement in provisions and impairment losses, current and non-current, during the years ended 31 December 2022 and 2021 is made up as follows:

2022

	Balance as of 31.12.2021	Increase/ decrease	Utilization and transfers	Balance as of 31.12.2022
Impairment losses on accounts receivable:				
Trade receivables (Note 15)	8,736	(1,294)	(850)	6,592
Other receivables (Note 16)	5,235	48	(1)	5,282
	13,971	(1,246)	(851)	11,874
Provisions for risks and expenses:				
Other risks and expenses	11,202	2,244	(2,565)	10,881
	25,173	**998**	**(3,416)**	**22,755**

The amount of kEuro 2,244 includes the following:

- kEuro 2.224 related to the provision made to cover costs with the Company's restructuring process (consulting, early retirements and other costs).

Impairment losses on accounts receivable are deducted from the amount of the corresponding asset.

2021

	Balance as of 31.12.2020	Increase/ decrease	Utilization and transfers	Balance as of 31.12.2021
Impairment losses on accounts receivable:				
Trade receivables (Note 15)	11,165	(1,549)	(880)	8,736
Other receivables (Note 16)	15,236	(564)	(9,437)	5,235
	26,401	(2,113)	(10,317)	13,971
Provisions for risks and expenses:				
OOther risks and expenses	9,438	3,172	(1,408)	11,202
	35,839	**1,059**	**(11,725)**	**25,173**

32. Services Rendered

Services rendered for the years ended 31 December 2022 and 2021 are made up as follows:

	2022	2021
Services rendered:		
Fixed rents	22,593	18,482
Turnover rents	1,506	823
Mall income	1,962	1,721
Common charges	17,226	13,335
Service fees	72,153	62,775
Parking income	205	44
Other	1,659	765
	117,304	**97,945**

33. Variation in Fair Value of Investment Properties

The variation in fair value of the investment properties in 2022 and 2021 is made up as follows:

	2022	2021
Variation in fair value between years (Note 8):		
- Gains	-	1,882
- Losses	(3,544)	(4,350)
	(3,544)	**(2,468)**

34. Other Operating Revenue

Other operating revenue for the years ended 31 December 2022 and 2021 is made up as follows:

	2022	2021
Cogeneration	86	117
Development fees	1,311	118
Revaluation of the previously held interest in SFS (Note 6)	-	389
Gain on sale of assets	1	-
Other	1,740	906
	3,138	**1,530**

35. Impairment Losses and Write-Off

The impairment losses and write-offs for the years ended 31 December 2022 and 2021 are the following:

	2022	2021
Impairment losses in the investment properties under development (Note 8)	2,614	2,300
	2,614	**2,300**

The “Write-off and Impairment losses in the investment properties under development” relate to the provision made to anticipate losses due to the delays on the development pipeline consequence of the market uncertainty.

36. Other Operating Expenses

Other operating expenses for the years ended 31 December 2022 and 2021 are made up as follows:

	2022	2021
Property tax	2,015	2,017
Payment of the withholding tax re dividends	1,107	645
Exchange rate losses	385	385
Fines and penalties	9	183
Other	630	1,206
	4,146	**4,436**

37. Net Financial Results

Net financial results are made up as follows:

	2022	2021
Expenses:		
Interest expense	7,838	7,277
Stamp duty related to financing	36	47
Foreign currency exchange losses	1,850	935
Other	1,561	1,126
	11,285	9,385
Net financial expenses	(9,348)	(7,640)
	1,937	**1,745**
Income:		
Interest income	1,492	1,242
Foreign currency exchange gains	6	502
Other	439	1
	1,937	**1,745**

38. Gains and Losses on Investments

Gains and losses on investments are made up as follows:

	2022	2021
Gain on sale of Alverca	5,154	-
Adjustment of Gain/(Loss) on sale of PUD Srl	-	146
Gain on sale of Famalicão	846	-
Other	(4)	(47)
	5,996	**99**

39. Share of Results of Joint Ventures and Associates

Share of results of joint ventures and associates during the years ended 31 December 2022 and 2021, is detailed as follows:

	2022	2021
Share of profit of joint ventures (Note 4)	2,180	10,318
Share of profit of associates (Note 5)	30,711	13,938
	32,891	**24,256**

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40. Operating Leases

In the operating leases where the Group is the lessor, the minimal lease payments (fixed rents) recorded during the years ended 31 December 2022 and 2021 amounted to kEuro 25,252 and kEuro 23,370 respectively (Note 32).

In addition, as of 31 December 2021 and 2020, the Group had, as lessor, operating lease contracts for which the minimal lease payments (fixed rent) are due as follows:

	31.12.2022	31.12.2021
Due in N+1	18,601	19,776
Due in N+2	14,577	14,783
Due in N+3	11,364	11,440
Due in N+4	8,547	8,508
Due in N+5	5,198	6,004
Due after N+5	6,294	7,693
Contracts automatically renewed	3	37
	64,584	**68,241**

41. Related Parties

Balances and transactions with related parties, during the years ended 31 December 2022 and 2021, in addition to the loans obtained from and payable to the shareholders mentioned in Note 22, are detailed as follows:

	Balances					
	Accounts receivable		Accounts payable		Other liabilities	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Contimobe - Imobil. Castelo Paiva, S.A.	-	27	7	-	-	-
Elergone Energias, Lda	-	-	49	44	45	38
MCCARE - Serviços de Saúde, S.A.	1	1	-	-	1	3
MDS - Corretor de Seguros, S.A.	268	65	17	1	(860)	(637)
Modalfa - Comércio e Serviços, S.A.	-	-	-	-	-	(3)
Modelo Continente Hipermercados, S.A.	20	(24)	6,301	7,039	38	(16)
Pharmacontinente - Saúde e Higiene, S.A.	6	-	-	-	5	3
S21SEC Portug-Cyber Security Services,SA	-	(11)	5	5	(15)	-
SDSR - Sports Division SR, S.A.	6	12	7	3	10	(9)
SFS, Gestão e Consultoria, S.A.	22	-	82	-	195	-
Sonae Holdings, SA	-	-	60	8	-	64
MC Shared Services, S.A.	32	(60)	82	8	296	218
Troiaresort-Investimentos Turísticos, S.A.	24	29	-	2	14	14
Worten – Equipamentos para o Lar, S.A.	5	28	12	5	3	3
Zippy - Comércio e Distribuição, S.A.	2	-	4	-	8	2
Joint ventures and associates of Sonae Sierra	6,380	5,624	2,823	1,828	(1,477)	(858)
Sonae SGPS, S.A.	49	38	451	956	(11)	-
	6,815	**5,729**	**9,900**	**9,899**	**(1,748)**	**(1,178)**

	Transactions							
	Sales and services rendered		Purchases and services obtained		Interest income		Interest expense	
	2022	2021	2022	2021	2022	2021	2022	2021
Bom Momento - Restauração, S.A.	46	41	-	-	-	-	-	-
Elergone Energias, Lda	-	-	378	192	-	-	-	-
Fundo de Invest.Imobiliário Fec. Imosede	574	-	116	-	-	-	-	-
Fundo Invest. Imobiliário Imosonae Dois	464	-	-	-	-	-	-	-
MCCARE - Serviços de Saúde, SA	218	231	(11)	(5)	-	-	-	-
MDS - Corretor de Seguros, S.A.	-	-	697	123	-	-	-	-
Modelo Continente Hipermercados, S.A.	630	337	681	834	-	-	124	137
Pharmacontinente - Saúde e Higiene, S.A.	17	16	-	-	-	-	-	-
S21SEC Portug-Cyber Security Services,SA	-	-	-	70	-	-	-	-
SDSR - Sports Division SR, S.A.	144	112	-	-	-	-	-	-
SFS, Gestão e Consultoria, S.A.	39	-	103	-	-	-	-	-
Sonae Holdings, SA	-	-	109	105	-	-	-	-
MC Shared Services, S.A.	-	-	330	285	-	-	-	-
Troiaresort-Investimentos Turísticos, S.A.	169	167	28	10	-	-	-	-
Worten – Equipamentos para o Lar, S.A.	82	70	(81)	5	-	-	-	-
Zippy - Comércio e Distribuição, S.A.	90	78	-	-	-	-	-	-
Joint ventures and associates of Sonae Sierra	44,818	40,224	2,989	1,642	955	987	-	-
Sonae SGPS, S.A.	-	-	469	381	254	26	-	-
	47,291	41,276	5,808	3,642	1,209	1,013	124	137

The remuneration of the Board of Directors, during the years ended 31 December 2022 and 2021, was as follows:

	2022	2021
Fixed remuneration	1,145	1,059
Variable remuneration	1,090	756
	2,235	1,815

The total fees invoiced by the statutory auditor, amounted to kEuro 470, which include the amount of kEuro 374 relating to review of accounts and the amount of kEuro 96 relating to reliability assurance and other services.

Additionally, the total fees invoiced by other companies from Deloitte, amounted to kEuro 202, which include the amount of kEuro 176 relating to review of accounts, the amount of kEuro 10 relating to reliability assurance and other services and the amount kEuro 16, relating to tax consulting.

42. Contingent Liabilities and Bank Guarantees

As of 31 December 2022 and 2021, the main contingent liabilities relate to the following situations:

- In 2020 the Group provided a comfort letter to the bank that granted the loan to Mercado Urbano – Gestão Imobiliária, S.A. ("Mercado Urbano") by which the Group guarantees in the proportion of its stake of 20% the fulfilment of certain obligations arising from the financing agreement signed on 31.01.2020.

- In 2020 the Group provided a comfort letter in favour of a bank, by which the Group guarantees in the proportion of its stake of 20%, the fulfilment of certain obligations of Mercado Urbano arising from the contract between Mercado Urbano and the bank whereby the bank issued a bank guarantee of kEuro 685 in benefit of City Council of Porto ("CCP") in order to secure the obligations assumed towards CCP under the surface right contract in force between the Mercado Urbano and CCP related to the surface right over Mercado do Bom Sucesso.

- In 2020 the Group agreed with the bank that granted the loan to Fideicomiso Jardin Plaza Cucuta, for the construction of the shopping centre Jardín Plaza Cúcuta, by which the Group guarantees in the proportion of its stake of 25% the fulfilment of certain obligations arising from this financing.

- Sonae Sierra, as the Mother Company of the Fiscal Unit was, in previous years, notified by the tax authorities regarding the deductibility of the interest incurred in several years; however, considering several judicial favourable decisions and following the judicial decision of the Administrative Supreme Court, according to which, it is only possible to use the "indirect method", foreseen in Order Nr. 7/2004 of 30 March, if the Tax Authority demonstrates that it is not possible to value the non-deductible interest by the "direct method", the Tax Authority has issued favourable rulings, resulting in cancellations of the additional amounts previously settled. However, for the years 2005 and 2008, the Company still waits for the court decisions. No provision was recorded because the Board of Directors understands that the risk of this contingency is unlikely.

- In what concerns the year 2005, Sonae Sierra applied to the Tax Debts Exceptional Payment Regime (RERD) and paid the corresponding tax (kEuro 3,707) (Note 16), which is expected to be reimbursed as the company expects a favourable decision from the court regarding the related judicial claim.

At 31 December 2022 and 2021 the bank guarantees granted to third parties were as follows:

	31.12.2022	31.12.2021
Bank guarantees:		
relating to tax processes in course	1,683	2,654
Others	567	332
	2,250	2,986

During the year ended December 31, 2012, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 8,316, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, to suspend the effects of IRC process for the year 2008, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS".

During the year ended December 31, 2013, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 943 to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, to suspend the effects of IRC process for the year 2010, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS". Following a judicial favourable decision, the Group required the cancelation of the guarantee in January 2022.

During the year ended December 31, 2015, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 201, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, to suspend the effects of IRC process for the year 2014, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS".

During the year ended December 31, 2021, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 1,257, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, to suspend the effects of IRC process for the year 2016, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS". In 2022, following the annulment of some of the corrections proposed, the guarantee was reduced to kEuro 32

During the year ended December 31, 2022, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 676, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, to suspend the effects of IRC process for the year 2017, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS".

No provision has been made for any liability arising from the tax and legal processes mentioned above, as the Board of Directors believes that the corresponding risk is not probable.

43. Commitments Not Reflected on the Financial Statements

As part of the restructuring of the Sierra BV portfolio, which occurred in 2020, the ownership in the non-core assets was transferred to Sierra Retail Ventures BV ("SRV") (which shareholders are the same that owned Sierra BV, before the restructuring). The commitments agreed in 2003 at the time of the sale of 49.9% of Sierra BV share capital to a group of Investors, were transferred to SRV. According to this agreement, Sonae Sierra has agreed to revise the sale price of such shares in the event of a sale, to third parties, of some of the shopping centres owned by subsidiaries of Sierra BV (now SRV) (subject to some conditions).

The price revision can occur both with a sale of the asset (investment property in the case) or with a sale of the shares of the company that is, directly or indirectly, the owner of such asset.

The price revision will be made by Sonae Sierra to the Investors in Sierra Fund or to SRV if, in a relevant sale, discounts related to deferred taxes on capital gains have been made.

The price revision will be dependent on the percentage of ownership in the company that owns the asset, the Investors' ownership percentage in SRV (and in case of a sale of shares adjusted by a 50% discount) and is limited to:

(i) in the case of the asset sale, a maximum amount of kEuro 16,497;

(ii) in the case of a sale of shares of the company that directly or indirectly owns the asset, a maximum amount of kEuro 8,248;

(iii) in the case of a sale of shares of the company that directly or indirectly owns the asset, the price revision plus the selling price, cannot result in a revised price that is greater than the proportion of the Net Asset Value.

These commitments are valid while the current agreements with the other stockholders of SRV are maintained.

Furthermore, Sonae Sierra has the right to make a proposal for the acquisition of the asset or the shares at stake before they are offered for sale to a third party.

The agreements signed between the shareholders of Sierra BV, at the time of its incorporation in 2003, were replicated within SRV BV, with the agreements applying, mutatis mutandis, to SRV BV; in these it was agreed that the structure should exist for an initial period of 10 years, which was subsequently extended for several times. Correspondingly, the long-stop date was extended to 10 October 2023, as agreed by the shareholders of the Company on 21 September 2022, to implement the exit strategy for the investments indirectly held by the Company.

In accordance with the agreements made between the shareholders of SPF at the time of its incorporation in 2008, it was agreed that SPF should exist for a period of 10 years (that ended in 2018), with the shareholders having the option to redeem its shares after 2014, provided that some conditions are met. Upon a prospective redemption notice received from shareholders, the Manager (Sonae Sierra) shall carry out its best endeavours to redeem the respective interests, in a period of 12 months. Additionally, in 2015 the shareholders agreed to extend the term of the fund until 2020. On 18 September 2020 the shareholders agreed to extend the term of the fund until 31 December 2021. On 6 June 2021 the shareholders agreed to extend the term of the fund until 31 December 2022 and, finally on 29 June 2022 the shareholders agreed to extend the term of the fund until 31 December 2023.

The Group believes that the direct sale of the asset is a less attractive solution as it is subject to certain liabilities that are not crystalized in the event of a sale of the shares.

44. Dividends

Regarding the net Result of 2022 of Sonae Sierra, the Board of Directors proposes to transfer the total amount to reserves.

45. Earnings per Share

As of 31 December 2022 and 2021, basic earnings per share correspond to the net profit divided by the weighted average number of ordinary shares of Sonae Sierra during the year, and was computed as follows:

	2022	2021
Profit considered to compute the basic earnings per share (net profit of the year)	30,691	15,096
Number of shares	32,514,000	32,514,000
Earning per share (Euro)	**0.94**	**0.46**

Sonae Sierra has no potential diluted shares and, for that reason, the diluted earnings per share is similar to the basic earnings per share.

46. Segment Information

In accordance to the Management Report, the segments used by the Management of the Group are as follows:

- Properties (Investment + Colombia + Brazil)
- Developments
- Services

The Sonae Sierra's reportable segment information for the years ended 31 December 2022 and 2021, regarding the statement of profit or loss, can be detailed as follows:

	2022	2021
Net Operating Result		
Investment+Colombia+Brazil	69,197	49,556
Developments	(7,223)	(5,270)
Services	15,213	9,489
Consolidated(1)	**77,187**	**53,775**
Net financial costs	20,447	16,673
Direct profit before taxes	54,515	36,133
Indirect income before taxes	(15,671)	(11,993)
Corporate tax + Deferred tax	(8,153)	(9,044)
Net profit	**30,691**	**15,096**

(1) The reconciliation with the statutory accounts is presented on the following tables.

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The reportable segment information can be reconciled with the enclosed financial statements as follows:

STATEMENT OF PROFIT OR LOSS	2022	2021
Net Operating Margin - segments	77,187	53,775
Equity method adjustment(1)	(57,859)	(38,700)
Proportional method adjustment(2)	(148)	(50)
Indirect Income:		
Variation in fair value of the investment properties	(3,544)	(2,468)
Gains realized on sale of investments	(1)	-
Other indirect income / costs	(2,214)	(2,868)
Depreciations, write-off and impairments losses	(2,614)	(2,300)
Withholding taxes related to Interests and dividends	(1,107)	(645)
Negative goodwill recognised in "Share of results of joint ventures and associates"	257	138
Other operating expenses	(473)	(250)
Others	-	234
Net Profit before interest and results from associated undertakings, as per Financial Statements	**9,484**	**6,866**
Net financial costs - segments	20,447	16,673
Equity method adjustment(1)	(10,554)	(8,629)
Proportional method adjustment(2)	(72)	(91)
Other operating expenses	(473)	(250)
Others	-	(63)
(-) Finance income (-) Finance expenses as per Financial Statements	**9,348**	**7,640**
Corporate tax + Deferred Tax - segments	(8,153)	(9,044)
Equity method adjustment(1)	4,859	5,892
Proportional method adjustment(2)	2	2
Fines related to taxes	-	320
Capital gain tax (Brazil)	(2,747)	-
Withholding taxes related to Interests and dividends	1,107	645
Income tax as per Financial Statements	**(4,932)**	**(2,185)**

(1) Joint ventures and associates are included in the statutory consolidated accounts by the equity method and in the management accounts by the proportionate method.
(2) The companies owned by the group by less than 100% and more that 50% are included in the management accounts by the proportionate method and in the statutory consolidated accounts are included by the full consolidation method.

STATEMENT OF FINANCIAL POSITION	31.12.2022	31.12.2021
Investment properties - segments	1,314,375	1,264,609
Equity method adjustment(1)	(996,368)	(948,771)
Goodwill(3)	(11,728)	(11,944)
Investment properties as per Financial Statements	**306,279**	**303,894**
Properties under development - segments	70,716	28,689
Equity method adjustment (1)	(35,224)	(13,405)
Proportional method adjustment (2)	845	692
Others	-	(2)
Investment properties under development as per Financial Statements	**36,337**	**15,974**
Cash and cash equivalents - segments	222,078	302,932
Equity method adjustment(1)	(96,948)	(70,609)
Proportional method adjustment(2)	3,700	8,302
Cash and cash equivalents as per Financial Statements	**128,830**	**240,625**
Bank loans - segments	589,982	586,762
Equity method adjustment(1)	(334,782)	(312,362)
Financing costs	(1,899)	(1,265)
Debt - current and non-current as per Financial Statements	**253,301**	**273,135**

(1) Joint ventures and associates are included in the statutory consolidated accounts by the equity method and in the management accounts by the proportionate method.
(2) The companies owned by the group by less than 100% and more that 50% are included in the management accounts by the proportionate method and in the statutory consolidated accounts are included by the full consolidation method.
(3) The Investment segment consider the Goowdill under the caption "Investment Properties" and "Properties under development".

The average number of employees in 2022 and 2021, by business segment is detailed as follows:

	2022	2021
Developments	15	13
Services	677	649
Non allocated	229	240
	922	902

47. Indicators Reconciliation

In addition to the financial information prepared in accordance with the International Financial Reporting Standards (IFRS) the Group uses a number of indicators in the analysis of the performance and financial position, which are classified as Alternative Performance Indicators (APM) in accordance with the guidelines set by the European Securities and Markets Authority (ESMA).

These indicators, together with a reconciliation between the management accounts and the enclosed financial statements are presented below:

	2022	2021
Interest cover ratio(*)	3.3	2.9

(*) Interest cover ratio = (EBIT total - Current tax) / Net financial costs

Description in the Management Accounts	Amount in the Management Accounts 2022	Amount in the Management Accounts 2021	Statutory accounts description (Consolidated statements of profit or loss and Note 46-Segment information (*))	Reconciliation with Statutory Accounts 2022	Reconciliation with Statutory Accounts 2021
			Consolidated statements of profit or loss:		
			(+) Services rendered	117,304	97,945
			(+) Other operating revenue	3,138	1,530
			(-) External supplies and services	(45,954)	(33,316)
			(-) Personnel expenses	(50,752)	(46,256)
			(-) Depreciation and amortisation	(2,950)	(2,774)
			(-) Provisions and impairment	(998)	(1,059)
			(-) Other operating expenses	(4,146)	(4,436)
			Note 46(*):		
			(+) Equity method adjustment(1)	57,859	38,700
			(-) Proportional method adjustment(2)	148	50
			(+) Other indirect income / costs(4)	2,214	2,868
			(+) Withholding taxes related to Interests and dividends(4)	1,107	645
			(-) Negative goodwill recognised in "Share of results of joint ventures and associates" in the Consolidated statements of profit or loss	(257)	(138)
			(+) Other operating expenses(4)	474	16
EBIT Total	**77,187**	**53,775**		**77,187**	**53,775**
			Consolidated statements of profit or loss:		
			(+) Income tax	4,932	2,185
			Note 46(*):		
Current tax(3)	9,866	5,779	(+) Equity method adjustment(1)	4,859	5,892
Deferred tax	(1,713)	3,264	(-) Proportional method adjustment(2)	2	2
			(+) Withholding taxes related to Interests and dividends(4)	1,107	645
			(+) Others	0	319
Current tax + Deferred tax	**8,153**	**9,043**		**8,153**	**9,043**
			Consolidated statements of profit or loss:		
			(-) Finance income	(1,937)	(1,745)
			(+) Finance expenses	11,285	9,385
			Adjustments:		
			(+) Equity method adjustment(1)	10,554	8,629
			(-) Proportional method adjustment(2)	72	91
			(+) Other operating expenses(4)	473	313
Net financial costs	**20,447**	**16,673**		**20,447**	**16,673**

(*) Adjustaments presented in Note 46.
(1) Joint ventures and associates are included in the statutory consolidated accounts by the equity method and in the management accounts by the proportionate method.
(2) The companies owned by the group by less than 100% and more that 50% are included in the management accounts by the proportionate method and in the statutory consolidated accounts are included by the full consolidation method.
(3) In the statutory accounts the item "Income tax" includes the deferred tax.
(4) Amount included in item "Other operating expenses" in the Consolidated statements of profit or loss.

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	31.12.2022	31.12.2021
Debt to assets ratio(*)	26,8%	22,2%

(*) Debt to assets ratio = (Bank loans-Cash & Equivalents) /(Investment properties+Properties under development - Goodwill)

Description in the management accounts	Amount in the Management Accounts 31.12.2022	Amount in the Management Accounts 31.12.2021	Statutory accounts description (Consolidated statements of financial position and Note 46-Segment information(*))	Reconciliation with Statutory Accounts 31.12.2022	Reconciliation with Statutory Accounts 31.12.2021
			Consolidated statements of financial position :		
			(+) Bank loans - net of current portion	46,470	143,645
			(+) Debentures loans - net of current portion	74,456	79,867
			(+) Current portion of long term bank loans	107,528	39,792
			(+) Current portion of long term debentures loans	24,846	9,831
			Note 46(*):		
			(+) Equity method adjustment(1)	334,782	312,362
			(+) Financing costs(4)	1,900	1,265
Bank loans	**589,982**	**586,762**		**589,982**	**586,762**
			Consolidated statements of financial position:		
			(-) Cash and bank deposits	128,830	240,625
			Note 46(*):		
			(+) Equity method adjustment(1)	96,948	70,609
			(-) Proportional method adjustment(2)	(3,700)	(8,302)
Cash & Equivalents	**222,078**	**302,932**		**222,078**	**302,932**
			Consolidated statements of financial position:		
			(+) Investment properties	306,279	303,894
			Note 46(*):		
			(+) Equity method adjustment(1)	996,368	948,771
			(+) Goodwil(3)	11,728	11,944
Investment properties	**1,314,375**	**1,264,609**		**1,314,375**	**1,264,609**
			Consolidated statements of financial position:		
			(+) Investment properties under development	36,337	15,974
			Note 46(*):		
			(+) Equity method adjustment(1)	35,224	13,405
			(-) Proportional method adjustment(2)	(845)	(692)
Properties under development	**70,716**	**28,689**		**70,716**	**28,687**

notes on next page >

(*) Adjustaments presented in Note 46.
(1) Joint ventures and associates are included in the statutory consolidated accounts by the equity method and in the management accounts by the proportionate method.
(2) The companies owned by the group by less than 100% and more that 50% are included in the management accounts by the proportionate method and in the statutory consolidated accounts are included by the full consolidation method.
(3) In the management accounts the Goodwill is included in the lines "Investment properties" and "Properties under development". In the Consolidated statements of financial position the amount of kEuro 1,642 is presented in the line "Goodwill" (2021: kEuro 1,642) an the amount of kEuro 10,086 in "Investments in joint ventures and associates" (2021: kEuro 10,424).
(4) Amount inluded in the lines "Bank loans - net of current portion", "Debentures loans - net of current portion", "Current portion of long term bank loans" and "Current portion of long term debentures loans" of the Consolidated stetatements of financial position.

48. Subsequent Events

On the 6 January 2023, the business combination between Aliansce Sonae Shopping Centers S.A. (“Aliansce Sonae”) and Br Malls Participações S.A. (“brMalls”) was concluded.

On the 25 January 2023, the Company repaid the bond loan, issue in 2018, in the amount of kEuro 25,000.

49. Approval of the Financial Statements

The accompanying financial statements were approved by the Board of Directors and authorised for issuance on the 8 March of 2023. However, these financial statements are still depending on the approval by the Shareholders General Meeting, in accordance with business legislation prevailing in Portugal.

50. Note Added for Translation

This is a translation of financial statements originally issued in Portuguese in accordance with Portuguese Statutory requirements, some of which may not conform to or be required in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Board of Directors

Separate Financial Statements

Statements of Financial Position as of 31 December 2022 and 2021

(Translation of the statement of financial position originally issued in Portuguese - Note 27)
(Amounts stated in thousands of Euros)

ASSETS	NOTES	31 DECEMBER 2022	31 DECEMBER 2021
NON-CURRENT ASSETS:			
Investments in group companies and associated companies	3	1,148,979	1,148,979
Derivatives	4	2,324	-
Total non current assets		**1,151,303**	**1,148,979**
CURRENT ASSETS:			
Loans to group companies	5	4,945	2,000
Other debtors	6	6,130	7,350
State and other public entities	7	125	601
Other current assets	8	289	526
Cash and cash equivalents	9	11,974	173,146
Total current assets		**23,463**	**183,623**
Total assets		**1,174,766**	**1,332,602**

EQUITY AND LIABILITIES	NOTES	31 DECEMBER 2022	31 DECEMBER 2021
EQUITY:			
Share capital	10	162,245	162,245
Legal reserve	10	57,329	57,329
Hedging reserve	10	1,801	-
Other reserves	10	52,926	52,926
Retained earnings	10	351,991	240,376
Net profit for the period	10	228,181	126,897
Total equity		**854,473**	**639,773**
LIABILITIES:			
NON CURRENT LIABILITIES:			
Debentures loans - net of current portion	12	74,456	79,867
Deferred tax liabilities	20	523	-
Total non current liabilities		**74,979**	**79,867**
CURRENT LIABILITIES:			
Current portion of long term bank loans	11	-	34,980
Current portion of long term debentures loans	12	24,846	9,831
Loans from Group companies	13	211,758	555,182
State and other public entities	7	63	15
Other payables	15	787	1,011
Other current liabilities	16	7,860	11,943
Total current liabilities		**245,314**	**612,962**
Total liabilities		**320,293**	**692,829**
Total equity and liabilities		**1,174,766**	**1,332,602**

The accompanying notes form an integral part of these statements of financial position as of 31 December 2022.

The Board of Directors

Statement of Profit and Loss for the Periods Ended 31 December 2022 and 2021

(Translation of the statement of profit and loss originally issued in Portuguese - Note 27)
(Amounts stated in thousands of Euros)

INCOME AND EXPENSES	NOTES	2022	2021
External supplies and services		(804)	(765)
Personnel expenses		(26)	(26)
Other operating income	17	686	10
Other operating expense	18	(78)	(31)
		(222)	**(812)**
Financial income	19	341	57
Financial expenses	19	(12,342)	(17,087)
Gains and losses on investments	19	239,196	142,670
Profit before income tax		**226,973**	**124,828**
Income tax	20	1,208	2,069
Profit after income tax		228,181	126,897
Net profit for the period		**228,181**	**126,897**

The accompanying notes form an integral part of these statement of profit and loss for the period ended 31 December 2022.

Consolidated Statements of Changes in Equity for the Periods Ended 31 December 2022 and 2021

(Translation of the statement of changes in equity originally issued in Portuguese - Note 27)
(Amounts stated in thousands of Euro)

	Notes	Share Capital	Legal Reserves	Hedging Reserve	Other reserves	Retained Earnings	Net profit/loss	Total
Balance as of 1 January 2021		162,245	57 329	-	52,926	255,389	(15,012)	512,877
Appropriation of net profit/loss for 2020		-	-	-	-	(15,012)	15,012	-
Net profit/Loss for the year							126,897	126,897
Comprehensive Income		-	-	-	-	-	126,897	126,897
Balance as of 31 December 2021		**162,245**	**57,329**	**-**	**52,926**	**240,376**	**126,897**	**639,773**
Balance as of 1 january 2022		**162,245**	**57,329**	**-**	**52,926**	**240,376**	**126,897**	**639,773**
Appropriation of net profit/loss for 2021	10	-	-	-	-	126,897	(126,897)	-
Changes in period:								
Increase/decrease on fair value of hedging instruments	4	-	-	2,324	-	-	-	2,324
Deferred tax related with the increase/ decrease on fair value of hedging instruments	4	-	-	(523)	-	-	-	(523)
		-	**-**	**1,801**	**-**	**-**	**-**	**1,801**
Net profit/Loss for the year	10						228,181	228,181
Comprehensive Income		-	-	1,801	-	-	228,181	229,982
Transactions with owners								
Dividends paid	10	-	-	-	-	(15,282)	-	(15,282)
Balance as of 31 December 2022		**162,245**	**57,329**	**1,801**	**52,926**	**351,991**	**228,181**	**854,473**

The accompanying notes form an integral part of these statement of changes in equity for the period ended 31 December 2022.

The Board of Directors

Statement of Comprehensive Income for the Periods Ended 31 December 2022 and 2021

(Translation of the statement of comprehensive income originally issued in Portuguese - Note 27)
(Amounts stated in thousands of Euros)

	NOTES	2022	2021
Net profit for the period		228,181	126,897
Changes in the fair value of hedging instruments	4	2,324	-
Income tax related to components of other compreensive income	4	(523)	-
Other comprehensive income of the period		1,801	-
Total comprehensive income for the period		**229,982**	**126,897**

The accompanying notes form an integral part of these statements of compehensice income for the year ended 31 December 2022.

The Board of Directors

Statements of Cash Flows for the Periods Ended 31 December 2022 and 2021

(Translation of the statement of cash flow originally issued in Portuguese - Note 27)
(Amounts stated in thousands of Euros)

	NOTES	2022		2021	
CASH FLOW FROM OPERATING ACTIVITIES					
Payments to suppliers		(669)		(867)	
Payments to personel		(27)		(27)	
Cash flows generated from operations		(696)		(893)	
Payments/Receipts of income tax		2,919		2,191	
Other receipts/payments		547		22	
Cash flow from operating activities [1]			**2,771**		**1,320**
CASH FLOW FROM INVESTING ACTIVITIES					
Payments relating to:					
Loans granted to group companies	5	(2,945)		(2,000)	
Receips relating to:					
Interest and similar income		297		27	
Dividends	19	239,196		142,670	
Cash flow from investing activities [2]			**236,548**		**140,697**
CASH FLOW FROM FINANCING ACTIVITIES					
Receips relating to:					
Loans obtained from group companies	13	1,097,702		-	
Loans obtained from other entities		100,000		-	
Payments relating to:					
Loans obtained from group companies	13	(1,441,126)		(134,038)	
Loans obtained from other entities		(125,000)		(10,000)	
Interest and similar expenses		(16,786)		(18,266)	
Dividends	10	(15,282)		-	
Cash flow from financing activities [3]			**(400,491)**		**(162,304)**
Variation in cash and cash equivalents [4]=[1]+[2]+[3]			(161,172)		(20,286)
Effect of exchange differences					
Cash and Cash equivalents at the beginning of the year	9		173,146		193,433
Cash and Cash equivalents at the end of the year	9		11,974		173,146

The accompanying notes form an integral part of this statement of cash flows for the period ended 31 December 2022.

The Board of Directors

Sonae Sierra, SGPS, S.A. and Subsidiaries

Notes to the financial statements as of 31 December 2022

(Translation of notes originally issued in Portuguese – Note 27)

(Amounts stated in thousands of Euro - kEuro)

1. Introduction

SONAE SIERRA, S.G.P.S., S.A. (“the Company” or “Sonae Sierra”), has its head office in Lu-gar do Espido, Via Norte, Apartado 1197, 4471-909 Maia – Portugal, and its activity is holding and finance, group of companies operating in the management, development and investment of shopping centres business.

The financial statements are presented in Euro, the functional currency of the Company, as this is the currency of the primary economic environment in which the Company operates.

The Company has also prepared consolidated financial statements, which are separately pre-sented and properly show the financial position, the results and comprehensive income of its operations, changes in equity and cash flows of the Sonae Sierra Group.

On 24th February 2022, Russian forces entered Ukraine, creating a conflict situation. The Board of Directors has been monitoring these events, and to this date, no significant direct effects on the Company are expected.

It is the opinion of the Board of Directors that these financial statements adequately reflect the Company's operations, as well as its financial position and performance and cash flows.

2. Principal Accounting

The principal accounting policies adopted in preparing the accompanying financial statements are as follows:

2.1 Basis of preparation

The Board of Directors evaluated the Company's ability to operate on a continuous basis, based on all relevant information, facts and circumstances of a financial, commercial or other nature, including events subsequent to the future. As a result of the evaluation, the Board of Directors concluded that the Company has adequate resources to maintain its activities, with no intention of ceasing activities in the short term and considered it appropriate to use the assumption of continuity of operations preparation of the financial statements.

The accompanying financial statements have been prepared according to the International Fi-nancial Report Standards (“IFRS”) and approved by the European Union, applicable to economic years beginning on 1 January 2020. These correspond to the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) or by the previous Standing Interpretations Committee (“SIC”) and approved by the European Union.

The accompanying financial statements have been prepared on a going concern basis and in accordance with the accrual basis of accounting, maintained according to International Financial Reporting Standards, as approved by the European Union.

New accounting standards and their impact in these financial statements

Up to the date of approval of these financial statements, the European Union ("EU") endorsed the following standards, interpretations, amendments, and revisions with mandatory application to the economic year beginning on 1 January 2022:

Standards / Interpretations / Amendments / Revisions	Amendment	Applicable in the EU for the annual period beginning on or after
Amendments to IFRS 3 Business Combinations	The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework; additional requirements to analyse the obligations within the scope of IAS 37 or IFRIC 21 1 at the acquisition date; the amendments also confirm that contingent assets should not be recognised at the acquisition date.	01-Jan-22
Amendments to IAS 16 Property, Plant and Equipment - "Proceeds before intended use"	The amendments prohibit deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced before that asset is available for use	01-Jan-22
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract.	01-Jan-22
"Annual Improvements 2018-2020"	"The Annual Improvements 2018-2020 include amendments to 4 Standards: - IFRS 1 - the amendment provides additional relief to a subsidiary which becomes a first-time adopter later than is parent in respect of accounting for cumulative translation differences. As a result of the amendment, the subsidiary can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards; - IFRS 9 - the amendment clarifies the type of fees that should be included in applying the '10 per cent' test to assess whether to derecognise a financial liability; - IFRS 16 - the amendment removes the illustration of the reimbursement of leasehold improvements; - IAS 41 - the amendment removes the requirement to exclude cash flows for taxation when measuring fair value.	1-jan-22

The Company has applied these amendments for the first time in 2022 and there is no significant impact on the accounts resulting from their application.

Up to the date of approval of these financial statements, the following standards, interpretations, amendments, and revisions, with mandatory application in future reporting dates, have been endorsed by the European Union:

Standards / Interpretations / Amendments / Revisions	Amendment	Applicable in the EU for the annual period beginning on or after
IFRS 17 Insurance Contract	Establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	01-Jan-23
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	This amendment published by the IASB in February 2021 change the definition of an accounting estimates to "monetary amounts in financial statements that are subject to measurement uncertainty".	01-Jan-23
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	This amendment published by the IASB in February 2021 require entities to disclose their material accounting policies rather than their significant accounting policies The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material.	01-Jan-23
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	This amendment published by the IASB in May 2021 clarify that an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.	01-Jan-23
Amendments to IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9 – Comparative Information	This amendment published by the IASB in December 2021 introduce changes on what comparative data should be presented when an entity adopts both standards IFRS 17 and IFRS 9, simultaneously.	01-Jan-23

These standards and amendments, despite being endorsed by the European Union, have not been adopted by the Company in 2022 because their application is not yet mandatory. Nevertheless, no significant impacts are expected from their future adoption.

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The following standards, interpretations, amendments, and revisions were issued by the IASB but have not yet been endorsed by the European Union:

Standards / Interpretations / Amendments / Revisions	Amendment	Applicable in the EU for the annual period beginning on or after
Amendments to IAS 1 Presentation of Financial Statements - classification of Liabilities as Current or Non-current, deferral of effective date and, Non-current Liabilities with Covenants	These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendment related to non-current liabilities with covenants clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. And finally postpone the effective date to 1 January 2024.	01-Jan-24
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	Clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	01-Jan-24

None of these standards and amendments have been adopted by the Company as they are not yet endorsed by the European Union. Nevertheless, no significant impacts are expected from their future adoption.

2.2 Financial Investments

Financial investments in subsidiaries are recorded at acquisition cost less impairment losses. Impairment is assessed by comparing the cost of the investments with the corresponding Net Asset Value of the subsidiary company.

2.3 Financial assets and liabilities

Assets and liabilities are recognised in the statement of financial position when the Company becomes part of the corresponding contract.

Financial assets are initially recorded at their acquisition value, which is the fair value, including transaction costs, except for financial assets measured at fair value through profit and loss, where the transaction costs are immediately recorded in the profit and loss statement.

The Company derecognises financial assets when: (i) the contractual rights to cash flows expire; (ii) it transfers to another entity the significant risks and benefits associated with ownership of the property or; (iii) despite having retained some, but not substantially the significant risks and benefits, has transferred the control over them.

The Company derecognises financial liabilities only when the corresponding obligation is settled, cancelled or expires.

Financial assets are classified into the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL), and
- those to be measured at amortised cost.

Financial assets measured subsequently at fair value include mainly derivative financial instruments. The subsequent measurement of these financial assets is carried at fair value and recorded in the statement of changes in equity if they qualify for hedge accounting purposes. If they do not qualify for hedge accounting purposes, the fair value of these financial assets is recorded in the statement of profit or loss.

Financial assets subsequently measured at amortised cost are those generated during normal operations of the Company, for which there is no intention to negotiate. Classified in this category are the accounts receivable and other receivables, loans to third parties and bank deposits. The subsequent measurement of these financial assets is carried at amortised cost in accordance with the effective interest method.

Financial liabilities are classified into the following categories:

- those to be measured subsequently at fair value through profit or loss (FVTPL), and
- those to be measured at amortised cost.

Financial liabilities measured at fair value include mainly derivative financial instruments. The subsequent measurement of these financial liabilities is carried at fair value and recorded in the statement of changes in equity if they qualify for hedge accounting purposes. If they do not qualify for hedge accounting purposes, the fair value of these financial liabilities is recorded in the statement of profit and loss.

Other financial liabilities correspond to other financial liabilities which are not classified in the former category.

In this category are classified bank loans and other current liabilities, including shareholders and accounts payable and other payables. The subsequent measurement of these financial liabilities is carried at amortised cost, in accordance with the effective interest method.

a) Loans granted to Group companies

Loans granted to Group companies are recorded as assets at amortised cost which usually do not differ from the nominal value.

Financial income with interest received is recorded in the profit and loss statement on an accrual's basis. The amounts due and not received at the statement of financial position date are recorded under the caption "Other current assets".

b) Trade and other receivables

Accounts receivable and other receivables are recorded at amortised cost less any eventual impairment losses. Usually, the amortised cost of these financial assets does not usually differ from its nominal value.

c) Loans

Loans are stated as liabilities at amortised cost.

Any expenses incurred in obtaining such financing, usually paid in advance on issue, namely the bank fees and stamp duty as well as interest expenses and similar expenses, are recognised using the effective interest method in the results of the year, over lifetime of such financing. These expenses incurred are deducted from the caption "Bank loans".

Financial expenses with interest expenses and similar expenses (namely stamp tax), are recorded in the statement of profit and loss on an accrual basis of accounting. The amounts due and not paid at the statement of financial position date are recorded under the caption "Other current liabilities".

d) Trade and other payables

Accounts payable and other payables are stated at amortised cost. Usually, the amortised cost of these liabilities does not differ from its nominal value.

e) Cash and cash equivalents

The amounts under caption "Cash and cash equivalents" includes cash on hand, cash at banks on demand and other treasury applications which mature in less than three months that are subject to insignificant risk of change in value.

These assets are measured at amortised cost. Usually, the amortised cost of these financial assets does not differ from its nominal value.

For purposes of the statement of cash flows, "Cash and cash equivalents" also include bank overdrafts, which are included in the statement of financial position under caption "Other loans".

2.4 Provisions

Provisions are recognised when, and only when, the Company has an obligation (legal or implicit) resulting from a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed and adjusted at the reporting date in order to reflect the best estimate as of that date.

Provisions for restructuring expenses are recognised by the Company when there is a formal and detailed restructuring plan and that such plan has been communicated to the involved parties.

2.5 Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes (Note 23), unless the possibility of an outflow of resources affecting economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed in the notes when an inflow of economic benefits is probable.

2.6 Income tax

Income tax represents the sum of the tax based on the taxable results of the Company and the deferred taxes.

Current income tax is determined based on the taxable result of the Company (which are different from accounting results), in accordance with the tax rules in force where its head office is located.

Deferred taxes are calculated using the financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Deferred tax assets and liabilities are not recognised when the corresponding temporary differences arise from goodwill or from the initial recognition of assets and liabilities other than in a business combination.

Deferred tax assets and liabilities are calculated and evaluated annually at the tax rates expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially issued at the statement of financial position date.

Deferred tax assets are recognised only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. At the statement of financial position date, a review is made of the deferred tax assets and they are reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the statement of profit and loss, except if they relate to items directly recorded in equity captions. In these situations, the corresponding deferred tax is also recorded under the same caption.

2.7 Statement of financial position classification

Assets and liabilities due in more than one year from the date of the statement of financial position are classified as non-current assets and liabilities, respectively.

2.8 Revenue recognition and accrual basis

The dividends are recognised as gains in the year they are assigned by the shareholders.

The income and expenses are recognised in the year to which they relate, regardless of the date of payment or receipt (accrual basis of accounting). The income and expenses for which actual amounts are not known are estimated.

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Under the captions "Other current assets" and "Other current liabilities" are recorded in-come and expenses attributable to the current year, which settlement or receipt will only occur in future years, as well as amounts paid and received that have occurred on the date of the statement of financial position, but which relate to future periods, and that will be charged to the profit and loss of the corresponding year.

2.9 Balances and transactions expressed in foreign currency

Transactions in currencies other than Euro are recorded at the exchange rates prevailing on the transaction date.

At each reporting date, all monetary assets and liabilities expressed in foreign currencies are translated to Euro using the closing exchange rates as of that date.

Exchange gains or losses, arising from differences between exchange rates effective at the date of transaction and those prevailing at the date of collection, payment or at the reporting date, are recorded as income or expenses in the statement of profit and loss.

2.10 Risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department of the Group Sonae Sierra, under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk.

In 2022, even though some recovery from the effects caused by the pandemic, the national and international situation continues to be marked by instability factors. Consequently, the Company and its subsidiaries maintained a conservative approach in their risk management, specifically regarding to the management of payment terms to suppliers and the provisions and impairments policy, weighing its constitution with a detailed analysis of receipts verified during the year. The expectation is that in 2023, in a context of instability combined with inflation that has marked the countries where Sierra operates, pressure will increase on short-term cash flow, as well as on credit risk, given the difficulties that many tenants have come to feel. The Company and its subsidiaries therefore expect that the measures adopted in 2022 will be maintained, at least partially, in 2023.

a) Foreign exchange risk

The activity of the Company is developed inside Portugal and consequently the majority of the company's transactions are maintained in the same currency of the country. The policy to cover this specific risk is to avoid, if possible, the contracting of services in foreign currency.

b) Liquidity risk

The needs of treasury are managed by the financial department of Sonae Sierra which with an opportune and adequate form manages the surplus and deficits of liquidity of each company of the Group. The occasional needs of liquidity are covered by an adequate control of the accounts receivables and by the maintenance of adequate limits of credit settled by the Company with banking entities.

c) Interest rate risk

The Company's income and operating cash-flows are influenced by changes in market interest rates, since its cash and cash equivalents and intragroup financing granted are dependent on the evolution of the interest rates in Euro which, historically, have little volatility.

On long-term financing, and as a way to mitigate the changes in the long-term interest rates, the Company's contracts, in some cases, hedge instruments ("swaps", "zero cost collars" or "caps").

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments in place during the reporting period. For floating rate assets and liabilities, the analysis is prepared based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of floating rate interest financial instruments and, in the case of fixed rates that were contracted during the period of analysis, changes in the interest rates also affect the latter;

- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interests rates if these are recognize at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk, as defined in IFRS 7;

- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;

- Changes in market interest rates affect the fair value of derivatives designated as hedging instruments;

- The fair value of derivative financial instruments ("swaps", "zero cost collars" or "caps") and other financial assets and liabilities is estimated by discounting the future cash flows to their net present values, using appropriate market rates prevailing at yearend and assuming a parallel shift in yield curves;

- For the purposes of this sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the relevant year.

Sensitivity analyses are performed by changing one variable while maintaining all other variables unchanged. Nonetheless, this is a restrictive and highly unlikely assumption, since variables tend to be correlated.

If the interest rate changed by +100 basis points (based on the 2022 values) and +50 basis points (based on the 2021 values) and all variables remained constant, assumption unlikely to occur given the correlation of interest rates with other variables, the impact on the Company's financial statements would be as follows. In the current context, impacts of negative changes in the interest rate are not calculated.

	31.12.2022	31.12.2021
	+ 100 b.p.	+ 50 b.p.
Net Profit[1]	(3,015)	(2,776)
Other reserves[2]	810	-

(1) This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.
(2) This is mainly attributable to fair value changes of derivative hedging instruments.

2.11 Judgments and estimates

In the preparation of the accompanying financial statements estimates were used which affecting the assets and liabilities and also the amounts booked as income and expenses during the reporting period.

The estimates were calculated using the best information available, at the date of approval of the financial statements, of the events and transactions in course and of the experience from current and/or past events. However, events may occur in subsequent periods that were not anticipated as of the date of these statements and consequently were not included in those estimates. Changes in the estimates after the closing of the consolidated financial statements will be booked on the subsequent year, as defined in IAS 8.

The main assumptions used by the Company on its estimates are measurement at fair value, regarding to derivatives, as follows:

a) Derivatives
Derivative are usually used by the Company to hedge cash flows and basically consist of interest rate swaps ("Interest Rate Swap") and "Zero Cost Collars". The determination of the fair value of this derivative is, at the end of each financial year, carried out by external evaluators (usually by the entity with which the derivative financial instrument was contracted). The fair value determined by these entities is also tested internally, to revalidate the valuation by these third parties.

The main assumptions used by the Company on its estimates are disclosed on the corresponding note.

2.12 Subsequent Events

Events occurred after the reporting date that provide additional information about conditions that existed at these statements of financial position date (adjusting events) are reflected in financial statements. Events occurred after the reporting date that provide information on conditions that occur after the reporting date (non-adjusting events) are disclosed in the financial statements, if materially significant.

3. Investments in Group Companies

As of 31 December 2022 and 2021 the Company held the following participations in group companies:

	Percentage of share capital held	Equity	Net profit	Book value	Book value
COMPANY	31.12.2022				31.12.2021
Sierra Developments, S.G.P.S., S.A.	100,00%	1,188,071	6,732	1,142,429	1,142,429
Sierra Management, S.G.P.S., S.A.	100,00%	7,958	132	6,550	6,550
				1,148,979	1,148,979

4. Derivatives

As of 31 December 2021 and 2020 other receivables was made up as follows:

	31.12.2022	31.12.2021
Derivatives	2,324	-
	2,324	-

The derivatives used by the Company, remaining on 31 December 2022, regard to "Interest Rate Swap".

The main characteristics of these financial instruments are as follows:

Bank: BPI
Amount: 25,000,000 Euros
Fixed rate: 0.828%
Start on: 18/March/2022
Maturity: 18/March/2027

The financial flows of this instrument are carried out every six months and coincide with the loan's payment dates. This financial instrument was hired for a period starting on 18 March 2022 and ending on 18 March 2027, and the amount of capital on which this financial instrument is charged "covers" 100% of the outstanding capital of the bank financing debt. For this reason, it was understood that it qualifies for hedge accounting purposes.

The fair value of derivatives was, at the balance sheet date, determined by valuation carried out by the bank entity with which the derivative was hired. The determination of the fair value of this financial instrument was based on updating future cash flows corresponding to the difference between the interest rate payable by the Company to the derivative counterparty and the variable interest rate to be received by the Company of the counterparty of the derivative and this variable interest rate corresponds to the indexing interest rate contracted with the entity that granted the financing. Additionally, the Group's treasury department carried out tests of the fair value of this derivative financial instrument, in order to validate the fair value determined by that entity.

The fair value of this financial instrument was recorded under assets as a debit under the caption "Derivative financial instruments" against the caption "Hedge reserves" in equity, as it complies with the rules defined for hedge accounting purposes, having been considered also the effect of associated deferred taxes, the amount of which at 31 December 2022 amounted to kEuro 523.

5. Loans to Group Companies

As of 31 December 2022 and 2021, loans to group companies were made up as follows:

	31.12.2022	31.12.2021
Current		
Sierra Portugal, S.A.	4,945	2,000
	4,945	**2,000**

The amount recorded under the caption as current refer to the loan granted to Sierra Portugal, S.A. with a maturity of less than 1 year, which bear interest at market interest rates.

6. Other Receivables

As of 31 December 2022 and 2021, other receivables were made up as follows:

	31.12.2022	31.12.2021
Tax Consolidation Regime (Notes 7 and 21):		
Sierra Investments, SGPS, S.A.	529	1,097
Sierra Developments, SGPS, S.A.	1,240	2,042
Sierra Portugal, S.A.	218	374
Sierra Management, SGPS, S.A.	36	43
ARP Alverca Reatil Park, S.A.	-	10
Paracentro - Gestão, Projetos e Consultoria, S.A.	137	47
BrightCity, S.A.	1	-
Sierra IG, SGOIC, S.A.	59	-
Insurance prepayment	169	-
Other debtors:		
Other debtors	10	7
Tax to recovered (amount paid under tax debts exceptional payment regime - "RERD")	3,707	3,707
Others claimed taxes	24	23
	6,130	**7,350**

The ageing of the other receivables is as follows:

	31.12.2022	31.12.2021
Short term:		
Not due	2,220	3,613
0-90 days	188	3
+ 360 days	3,722	3,734
	6,130	**7,350**

The amount of kEuro 3,707 relates to the payment made in 2013 by the Company within the Special Tax Debts Payment Regime ("RERD") established by the Portuguese government in the law approved in October 2013 (Law 151-A/2013) by which the entities that pay the tax notifications will be exempt of the payment of interests and penalties; this amount relates to corrections of the 2005 CIT due to: (i) non-deductible interest expenses amounting kEuro 378; and (ii) corrections concerning the price adjustment related with the sale of shares of Cascaishopping in 1996 amounting to kEuro 3,329. The Company contested the tax notifications received and did not record any impairment loss to face eventual losses on those amounts, as the Board of Directors believes that the result will be favourable to the Company (Note 23).

7. State and other Public Entities

According to current legislation, the fiscal declarations of Portuguese companies are subject to a revision and correction by the tax authorities within the period of four years (five years for the Social Security), exception made when fiscal losses have occurred, fiscal incentives have been conceded or tax auditing or claims are in course. In those cases, depending on circumstances, the due dates can be extended or suspended. Therefore, the Company's tax returns for the years 2019 to 2022 may still be subject to review.

The Board of Directors considers that any eventual modification to the fiscal declarations will not have a significant impact on the financial statements as of 31 December 2022.

Under the terms of Article 88 of the Corporate Income Tax Code, the companies are subject to autonomous taxes on a series of charges of the rates established in this article.

The Company is taxed for income tax purposes under the tax consolidation regime ("Regime Especial de Tributação dos Grupos de Sociedades" - RETGS), being the consolidated taxable income of the companies included in it, calculated at the level of Sonae Sierra as "mother company" of the group. Anyway, each company included in RETGS computes and records at its individual level its separate estimate of current income tax by credit or debit of an account receivable from or payable to Sonae Sierra.

The companies included in the RETGS are the following:

- CCCB Caldas da Rainha - Centro Comercial, S.A.,
- Paracentro - Gestão, Projetos e Consultoria, S.A.
- Sierra Developments S.G.P.S., S.A.,
- Sierra Investments S.G.P.S., S.A.,
- Sierra Management S.G.P.S., S.A.,
- Sierra Portugal, S.A.,
- BrightCity, S.A. and
- Living Markets I, S.A.
- Sierra IG, SGOIC, S.A..

As of 31 December 2022 and 2021, state and other public entities was made up as follows:

	31.12.2022		31.12.2021	
	Asset	Liability	Asset	Liability
Income tax				
Special payments on account	(3)	-	8	-
Additional payments on account	266	-	287	-
Estimate of current income tax	(258)	-	(498)	-
Withholding tax	68	-	6	-
Adjustment to income tax of previous years	52	-	798	-
	125	-	601	-
Income taxes retained - wages	-	56	-	8
Social security contributions	-	7	-	7
	-	63	-	15

Income tax as of 31 December 2022 is detailed as follows:

	31.12.2022
Estimate of current income tax - Company (Note 20)	(1,779)
Estimate of current income tax - RETGS (Notes 6 and 15)	1,452
Withholding taxes / Payments on account	331
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8. Other Current Assets

As of 31 December 2022 and 2021, other current assets were made up as follows:

	31.12.2022	31.12.2021
Interest receivable:		
Sierra Portugal, S.A.	74	30
Bank	66	-
Financing costs prepayment	14	116
Insurance prepayment	135	380
	289	526

The amount of kEuro 74 corresponds to interest on financial operations granted to Sierra Portugal, S.A..

The amount of kEuro 66 corresponds to interest on derivatives (Note 4).

9. Cash and Cash Equivalents

As of 31 December 2022 and 2021, cash and cash equivalents were made up as follows:

	31.12.2022	31.12.2021
Petty cash	1	1
Bank deposits payable on demand	11,973	173,145
Total cash and bank deposits	11,974	173,146

10. Capital

Share capital

At of 31 December 2022 the share capital was made up of 32,514,000 fully subscribed and paid up ordinary shares of Euro 4.99 each.

The following entities own the share capital on 31 December 2022 and 2021:

Entity	31.12.2022	31.12.2021
Sonae, SGPS, S.A.	90%	80%
Grosvenor Investments, (Portugal), Sarl	10%	20%
	100%	100%

On 16 March 2022, Sonae S.G.P.S., S.A. acquired from Grosvenor Investments, (Portugal), Sarl, an additional 10% of Sonae Sierra S.G.P.S., S.A..

Application of net profit

Following the Shareholders General Meeting deliberation, dated 11 April 2022, the net result of 2021 had the following application:

Retained earnings	111,615
Dividends	15,282
	126,897

In accordance with current legislation in Portugal, income and other positive changes in equity recognized as a result of the change in the equity method are only relevant to be distributed to shareholders when they are realized. As of 31 December 2022, the Company did not recognize any amount of this nature, so there is no amount that qualifies as non-distributable.

Net profit of the period

Regarding of the amount of Euro 228,180,539.92 of net profit for the year ended in 2022, the Board of Directors proposes for approval at the General Meeting its application in Free Reserves.

11. Bank Loans

As of 31 December 2022 and 2021 bank loans was made up as follows:

		31.12.2022			31.12.2021			
			Used amount			Used amount		
	Financing Entity	Limit	Current	Non current	Limit	Current	Non current	Reimbursement plan
Bank loans:								
	Caixa de Crédito Agrícola		-	-	10,000	10,000	-	November 2022
	Sanatnder Totta		-	-	25,000	25,000	-	June 2022
Facilities	BPI	12,470	-	-	12,470	-	-	
	CGD	26,750	-	-	26,750	-	-	
	Novo Banco	5,500	-	-	5,500	-	-	
	Santander Totta	10,000	-	-	10,000	-	-	
Total bank loans			-	-		35,000	-	
Deferred financing expenses incurred			-	-		(20)	-	
on the issuance of the bank loans								
			-	-		**34,980**	-	

Bank loans bear interests at market interest rates and were contracted in Euro.

12. Bond Loan

As of 31 December 2022 and 2021, bond loans were made up as follows:

	31.12.2022			31.12.2021			
		Used amount			Used amount		
	Limit	Current	Non current	Limit	Current	Non current	Reimbursement plan
Bond loan:							
"SONAE SIERRA 2018-2025"	-	-	-	40,000	10,000	30,000	January 2025
"SONAE SIERRA 2018-2023"	-	-	-	25,000	-	25,000	January 2023
"SONAE SIERRA JANEIRO 2023"	25,000	25,000	-	25,000	-	25,000	January 2023
"SONAE SIERRA – SUSTAINABILITY-LINKED BONDS 2022-2029"	50,000	-	50,000				January 2029
"SONAE SIERRA 2022-2027 – SUSTAINABILITY-LINKED BONDS"	25,000	-	25,000				March 2027
Total Bond Loan		25,000	75,000		10,000	80,000	
Defered financing cost incurred on the issuance of the bond loan		(154)	(544)		(169)	(133)	
		24,846	74,456		9,831	79,867	

The principal conditions associated to these bond loans are as follows:

"€25,000,000 SONAE SIERRA JANEIRO 2023"

- 250 bonds: Nominal value: Euro 100,000;
- Maximum term: 5 years;
- Interest Payment: Semi-annually in arrears, on 25 January and 25 July of each year;
- Reimbursement: Reimbursement will be made at par, on the date of payment of the last coupon, i.e., on 25 January 2023.

On 25 of January 2022, the Company issued a bond loan in a total of kEuro 50,000, and on the same date, the previous bond loan "SONAE SIERRA 2018-2025" issued in 2018 was liquidated.

"SONAE SIERRA - SUSTAINABILITY-LINKED BONDS 2022-2029"

- 500 bonds: Nominal value: Euro 100,000;
- Maximum term: 7 years;
- Interest Payment: Semi-annually in arrears, on 25 January and 25 July of each year;
- Reimbursement: Reimbursement will be made in three equal and successive annual reimbursements, from the 10th interest payment date (inclusive), i.e., 25 January 2027, always on a date that coincides with the interest payment date.

On 18 of March 2022, the Company issued a bond loan in a total of kEuro 25,000, and on the same date, the previous bond loan "SONAE SIERRA 2018-2023" issued in 2018 was liquidated.

"SONAE SIERRA 2022-2027 SUSTAINABILITY-LINKED BOND"

- 250 bonds: Nominal value: Euro 100,000;
- Maximum term: 5 years;
- Interest Payment: Semi-annually in arrears, on 18 March and 18 September of each year;
- Reimbursement: Reimbursement will be made at par, on the date of payment of the last coupon, i.e., on 18 March 2027.

At 31 December December 2022 and 2021, loans and the respective interests are repayable as follows:

	31.12.2022		31.12.2021	
	Repayment	Interest	Repayment	Interest
N+1	25,000	3,297	10,000	2,048
N+2	-	3,556	60,000	1,108
N+3	-	3,547	10,000	359
N+4	-	3,561	10,000	120
N+5	41,667	2,654	-	-
> 5	33,333	1,785	-	-
	100,000	18,400	90,000	3,635

13. Loans from Group Companies

As of 31 December 2022 and 2021, loans from group companies were made up as follows:

	31.12.2022	31.12.2021
Current		
Sierra Investments, S.G.P.S., S.A.	57,459	100,124
Sierra Management, S.G.P.S., S.A.	5,550	9,420
Sierra Spain Shopping Centers Services, S.A.	-	26,400
Sierra Developments, S.G.P.S., S.A.	148,749	419,239
	211,758	555,182

The amounts payable refers to loans obtained from group companies, 100% held directly or indirectly, for less than one year, with annual renewal option. These loans bear interests at market interest rates.

14. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	01.01.2022	Financing cash flows	31.12.2022	01.01.2021	Financing cash flows	31.12.2021
Debentures loans	90,000	10,000	100,000	100,000	(10,000)	90,000
Bank loans	35,000	(35,000)	-	35,000	-	35,000
Loans from related parties	555,182	(343,424)	211,758	689,220	(134,038)	555,182
	680,182	**(368,424)**	**311,758**	**824,220**	**(144,038)**	**680,182**

15. Other Payables

As of 31 December 2022 and 2021, other payables were made up as follows:

	31.12.2022	31.12.2021
Tax consolidation regime (Notes 7 e 21):		
Sierra Portugal, S.A.	374	601
CCCB Caldas da Rainha - Centro Comercial, S.A.	2	6
Paracentro - Gestão, Projetos e Consultoria, S.A.	-	-
Sierra Developments, S.G.P.S., S.A.	194	125
Parque de Famalicão - Empreendimentos Imobiliários, S.A.	-	6
Sierra Investments, S.G.P.S., S.A.	73	163
ARP Alverca Retail Park, S.A.	-	2
BrightCity, S.A.	86	4
Living Markets I, S.A.	38	19
Services rendered by third parties:		
Parque de Famalicão - Empreendimentos Imobiliários, S.A.	2	-
Paracentro - Gestão, Projetos e Consultoria, S.A.	-	57
Other	18	28
	787	**1,011**

The amounts reported above have the following repayment plan:

	31.12.2022	31.12.2021
Current		
0-90 days	13	28
90-180 days	774	983
	787	**1,011**

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16. Other Current Liabilities

As of 31 December 2022 and 2021, other current liabilities were made up as follows:

	31.12.2022	31.12.2021
Interest payable (Note 21):		
Sierra Investments, S.G.P.S., S.A.	1,283	2,015
Sierra Spain Shopping Centers Services, S.A.	-	328
Sierra Management, S.G.P.S., S.A.	55	45
Sierra Developments, S.G.P.S., S.A.	5,009	8,357
Interest bond loans	1,204	857
Interest bank loans	-	191
Financing cost payable	195	121
Services rendered by third parties	102	17
Committees of guarantees (Note 21):		
Sierra Investments, S.G.P.S., S.A.	12	12
	7,860	**11,943**

17. Other Operating Revenue

Other operating income for the years ended 31 December 2022 and 2021 is made up as follows:

	2022	2021
Recovery of costs	686	10
	686	**10**

18. Other Operating Expenses

Other operating expenses for the years ended 31 December 2022 and 2021 are made up as follows:

	2022	2021
VAT	20	17
Stamp duty	4	10
Penalties for delayed payments and other related	53	4
Cancellation of Balances	1	-
	78	**31**

19. Net Financial Results and Net Income from Invest-Ments

Net financial results are made up as follows:

	2022	2021
Expenses:		
Interests on loans obtained from group companies (Note 22)	8,021	13,535
Interests on bond loans	2,436	2,013
Interests on overdrafts	-	-
Interests on bank loans	445	636
Interests related to hedging derivatives	91	-
Stamp duty rekated to financing	36	47
Bank charges	1,134	663
Guarantees - Sierra Invetments S.G.P.S., S.A. (Note 21)	179	193
	12,342	**17,087**
Net financial expenses	(12,001)	(17,030)
	341	57
Income:		
Interest income (Note 21)	341	57
	341	**57**

Gains and losses on investments are made up as follows:

	2022	2021
Dividends (Note 21)	239,196	142,670
	239,196	142,670

The amount recorded in 2022 under the caption "Dividends" refers to dividends attributed and received from its subsidiary Sierra Developments, S.G.P.S., S.A. and Sierra Management, S.G.P.S., S.A..

20. Income Tax

Income tax for the years ended 31 December 2022 and 2021 is made up as follows:

	2022	2021
Current income tax (Note 7)	(1,779)	(2,483)
Correction of current income tax estimate of previous year	571	414
	(1,208)	(2,069)

The reconciliation between tax expense and the accounting profit multiplied by the applicable tax rate is as follows:

	2022	2021
Result before income tax	226,973	51
Expenses not accepted for income tax purposes:		
Other	604	41
Non taxable income:		
Dividends (Note 19)	(239,196)	(142,670)
Other	-	(1)
Taxable profit/loss	(11,619)	(17,792)
Effect of different income tax rates in other countries	-	-
	(11,619)	(17,792)
Income tax rate in Portugal	21.00%	21.00%
	(2,440)	(3,736)
Deferred income tax not recognized	2,440	3,736
Regularization of the consolidated tax estimate	(1,779)	(2,483)
Insuficiency of tax estimate	571	414
	(1,208)	(2,069)

21. Related Parties

Balances and transactions that existed with related parties, during the years ended 31 December 2022 and 2021, beyond the loans granted and obtained to/from the group companies mentioned in Notes 5 and 13, are detailed as follows:

Balances

	Other receivables (Note 6)		Other payables (Note 15)		Other current assets/liabilities (Notes 8 and 16)	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Sierra Portugal, S.A.	218	374	374	601	74	30
Parque de Famalicão - Empreendimentos Imobiliários, S.A.	-	-	2	6	-	-
Paracentro - Gestão, Projetos e Consultoria, S.A.	137	47	-	57	-	-
Sierra Investments, S.G.P.S., S.A.	529	1,097	73	163	(1,295)	(2,027)
Sierra Developments, S.G.P.S., S.A.	1,240	2,042	194	125	(5,009)	(8,357)
Sierra Management, S.G.P.S., S.A.	36	43	-	-	(55)	(45)
ARP Alverca Retail Park, S.A.	-	10	-	2	-	-
CCCB Caldas da Rainha - Centro Comercial, S.A.	-	-	2	6	-	-
Sonae MC - Serviços Partilhados, SA	-	-	2	-	-	-
MDS - Corretor de Seguros, SA	169	-	-	-	-	-
Sierra Spain Shopping Centers Services, S.A.	-	-	-	-	-	(328)
BrightCity, S.A.	1	-	86	4	-	-
Living Markets I, S.A.	-	-	38	19	-	-
Sierra IG, SGOIC, S.A.	59	-	-	-	-	-
	2,389	**3,613**	**771**	**983**	**(6,285)**	**(10,727)**

Transactions

	Gains and losses on investments (Note 19)		Interest income (Note 19)		Interest expense (Note 18)	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
SFS - Gestão de Fundos, SGOIC, S.A.	-	-	-	-	-	-
Sonae SGPS, SA	-	-	254	26	-	-
Sierra Investments, S.G.P.S., S.A.	-	-	-	-	2,274	4,469
Sierra Developments, S.G.P.S., S.A.	237,339	140,618	-	-	5,187	8,491
Sierra Management, S.G.P.S., S.A.	1,857	2,052	-	-	168	205
Sierra Spain Shopping Centers Services, S.A.	-	-	-	-	571	546
	239,196	**142,670**	**341**	**56**	**8,200**	**13,728**

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22. Earnings/Losses Per Share

As of 31 December 2022 and 2021, basic earnings per share correspond to the net profit divided by the weighted average number of ordinary shares of Sonae Sierra during the year, and was computed as follows:

	2022	2021
Profit/Losses:		
Net profit of the year	228,181	126,897
Number of shares		
Average number of shares	32,514,000	32,514,000
Earning/Losses per share (Euro)	**7.02**	**3.90**

23. Contingent Liabilities and Bank Guarantees

In previous years, the Company was notified by the tax authorities regarding the deductibility of the interest incurred in several years; however, considering several judicial favourable decisions and following the judicial decision of the Administrative Supreme Court, according to which, it is only possible to use the "indirect method", foreseen in Order Nr. 7/2004 of 30 March, if the Tax Authority demonstrates that it is not possible to value the non-deductible interest by the "direct method", the Tax Authority has issued favourable judgments, resulting in cancellations of the additional amounts previously settled. However, on the present date, the Company is still awaiting court decisions for the years 2005 and 2008.

The Board of Directors understand that the amounts paid additionally by the Tax Authority will not be due, therefore, no provision was made in the Company's financial statements. This understanding finds acceptance in decisions that, meanwhile, have been handed down by the courts in similar cases.

Regarding to the settlement of tax of kEuro 3,707, calculated after the tax inspection for the 2005 financial year, the Company, under the Tax Debts Exceptional Payment Regime, paid the corresponding tax (Note 6). The amount paid is recorded under “Other payables” because of the adjustments determined have been contested by the Company in court, the Board of Directors being convinced that the court's decision will be favourable.

Additionally, as of 31 December 2022 and 2021 the following bank guarantees were granted:

	31.12.2022	31.12.2021
Bank guarantees:		
Tax processes in course	23	1,517
	23	**1,517**

As of 31 December 2022, the amounts recorded under the caption "Tax processes in course", refer to guarantees issued in favour of “Direcção Geral dos Impostos”, related to the suspension of the executive process relating to the income tax for the year 2013 (kEuro 23).

During the year ended on 31 December 2012, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 8,316, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, in order to suspend the effects of IRC process for the year 2008, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS".

During the year ended on 31 December 2013, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount kEuro 943, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, in order to suspend the effects of IRC processes for the years 2010, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS". Following a favourable court decision, the company requested the waiver of the bail in January 2022.

During the year ended on 31 December 2015, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 201, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, in order to suspend the effects of IRC process for the year 2014, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS".

During the year ended on 31 December 2021, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 1,257, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, in order to suspend the effects of IRC process for the year 2016, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS". The guarantee have been reduced in the year 2022, due to the cancellation of part of the corrections in the complaint, changing it to the amount of kEuro 32.

During the year ended on 31 December 2022, the subsidiary Sierra Investments SGPS, SA provided a guarantee in the amount of kEuro 676, to the Portuguese tax administration on behalf of Sonae Sierra SGPS, SA, in order to suspend the effects of IRC process for the year 2017, in the Fiscal Unit, under the Special Taxation Regime for groups of Society "RETGS".

No provision has been made for any liability arising from the tax and legal processes mentioned above, as the Board of Directors believes that the corresponding risk is not probable.

24. Disclosures Required by Legislation

The information on fees charged by the statutory auditor is included in the information disclosed on the consolidated financial statements.

25. Subsequent Events

On 25 of January 2023, the Company paid off the boan loan “€25,000,000 SONAE SIERRA JANEIRO 2023” issued in 2018, in a amount of kEuro 25,000.

26. Approval of the Financial Statements

The accompanying financial statements were approved by the Board of Directors and authorised for issuance on the 08 of March 2023. However, these financial statements are still depending on the approval by the Shareholders General Meeting, in accordance with business legislation prevailing in Portugal.

27. Note Added For Translation

This is a translation of financial statements originally issued in Portuguese in accordance with Portuguese Statutory requirements, some of which may not conform to or be required in other countries. In the event of discrepancies, the Portuguese language version prevails.

Statutory Auditor's Report

(Free translation of a report originally issued in Portuguese language:
In case of doubt the Portuguese version prevails)

Report on the Audit of Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Sonae Sierra, S.G.P.S., S.A. ("the Entity" or "Sonae Sierra") and its subsidiaries ("the Group"), which comprise the consolidated and separate statement of financial position as of 31 December 2022 (that presents a total of 1,260,253 thousand Euros and 1,174,766 thousand Euros, respectively, and total equity of 869,844 thousand Euros and 854,473 thousand Euros, respectively, including a consolidated net result attributable to the shareholders of the parent-company of 30,691 thousand Euros and a separate net result of 228,181 thousand Euros), the consolidated and separate statement of profit and loss by nature, the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and the accompanying notes to the consolidated and separate financial statements that include a summary of the significant accounting principles.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view, in all material respects, of the consolidated and separate financial position of Sonae Sierra, S.G.P.S., S.A. as of 31 December 2022 and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated and separate financial statements" section below. We are independent from the entities that are part of the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

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

Responsibilities of management and supervisory body for the consolidated and separate financial statements

Management is responsible for:

- the preparation of consolidated and separate financial statements that give a true and fair view of the Group's and the Entity's financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union;

- the preparation of the management report in accordance with applicable laws and regulations;

- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

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- the adoption of accounting policies and principles appropriate in the circumstances; and

- assessing the Entity's and Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about its ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity and Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity or the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether those financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;

- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

Our responsibility also includes the verification that the information contained in the management report is consistent with the consolidated and separate financial statements.

Report on other Legal and Regulatory Requirements

On the management report

Pursuant to item e) of number 3 of article 451 of the Portuguese Companies' Code ("Código das Sociedades Comerciais"), it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated and separate financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatements.

Lisboa, 15 March 2023

Deloitte & Associados, SROC S.A.

Represented by Pedro Miguel Gonçalves Carreira Mendes, ROC
Registration in OROC n.º 1207

Registration in CMVM n.º 20160818

Report and Opinion of the Statutory Audit Board

(Translation of a Report and Opinion originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)

**To the Shareholders
of Sonae Sierra S.G.P.S, S.A.**

In compliance with the applicable legislation and the mandate we have been conferred, we herewith submit for your consideration our Report and Opinion regarding our activity and the individual and consolidated financial statements of Sonae Sierra SGPS, S.A. ("Company") for the year ended 31 December 2022, including the corporate governance report, presented by the Company's Board of Directors.

Supervision

During the year under analysis, the Statutory Audit Board accompanied in detail the management of the Company and its subsidiaries, and verified the regularity of the accounting records, the process of preparation and divulgation of the financial information and correspondent accounting policies, the compliance with the law and the statutes in force, the risk management and internal control system, having met, with the periodicity considered adequate, with the Company's Board of Directors and managers responsible for finance, accounting, internal audit, risk management issues and planning and control, as well as with the External Auditor, obtaining all the requested information and clarifications for an adequate understanding of the changes in the financial position and results.

Within the scope of its mandate, the Statutory Audit Board examined the individual and consolidated Balance sheets as at 31 December 2022, the individual and consolidated statements of profit or loss by nature, of cash flows and of changes in equity for the year then ended and the related notes to the accounts, and considered that the presented financial information comply with the law and regulations and is adequate for the understanding of the financial situation and results, both of the Company and consolidated.

The Statutory Audit Board has also examined the Management Report for the year ended 31 December 2022, including the Corporate Governance report, prepared by the Board of Directors, and the Statutory External Auditor's Report prepared by the External Auditor, and agreed with their content.

In light of the above, the Statutory Audit Board is of the opinion that the information contained in the financial statements under analysis, was prepared in accordance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, financial position and results of Sonae Sierra, S.G.P.S., S.A. and the companies included in consolidation perimeter, and that the Management report faithfully describes the business evolution, performance and financial position of the Company and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

It is further informed that the report on the Corporate Governance produced complies with the provisions of article 29-G, number 1, item c) of the Portuguese Securities Code.

Opinion

As a result of the aforementioned, the Statutory Audit Board is of the opinion that the conditions are fulfilled for the General Assembly to approve:

a) The management report, the individual and consolidated statement of financial position as of 31 December 2022, the individual and consolidated statements of profit or loss, of cash flows and of changes in equity for the year then ended and the related notes;

b) The proposal for the application of results presented by the Board of Directors.

Declaration of Responsibility

Pursuant to number 1, item c) of article 29-G of the Portuguese Securities Code ("Código dos Valores Mobiliários"), the members of the Statutory Audit Board declare that to the best of their knowledge, the information contained in the management report and the financial statements was prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets, liabilities, financial position and results of the company and the companies included in the consolidation perimeter.

They further understand that the management report accurately reflects the evolution of the business, performance and position of the company and of the companies included in the consolidation perimeter and contains a description of the main risks and uncertainties that it faces.

Maia, 15 March 2023

The Statutory Audit Board

Ana Isabel Príncipe S.S. Lourenço

Carlos Manuel Pereira da Silva

Sónia Bulhões Costa Matos Lourosa

Consolidated Report
and Accounts 2022

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