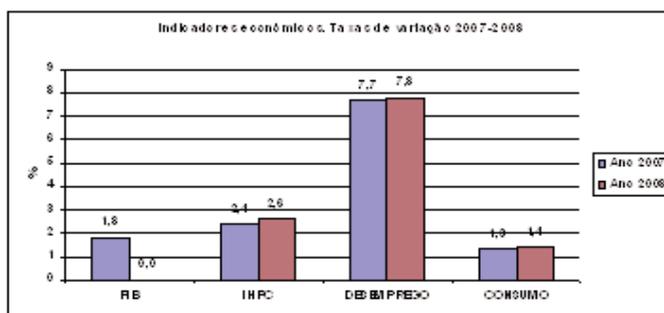


Observatory of Shopping Centre Activity in Portugal

Economy:

1. The recuperation trend which began in 2005 ended in 2008, due to the economic crisis which began in the second quarter of the year. The average GDP growth, according to the INE (National Statistics Institute), was 0%. The recession which began in the last quarter of the year, compensated by the growth in the three initial quarters, has led Portugal to a stagnant situation.
2. 2009 also began in recession. The INE estimated a fall of 3.7% of GDP in volume in the first quarter, in comparison with the same period of the previous year, this being the highest fall since 1979. This strong decrease is fundamentally associated with the heavy reduction in the Export of Goods and Services, of Investment and, to a lesser extent, to Family Spending.
3. Inflation grew moderately up to the end of 2008, at a level of 2.6%, according to the INE.
4. Standardised inflation in the month of March for the first time in more than 40 years fell into negative territory, at minus 0.4%, according to data published by the INE. The annual average inflation rate (over 12 months up to March 2009) was 1.9%, the lowest in the European Union, whose average was 2.7%.
5. 2008 ended, according to Eurostat, with unemployment of 7.8%, which corresponds to more than 400,000 registered unemployed. However, from the last months of the year, the rate increased and in the first quarter of 2009 it reached 8.9%, corresponding to almost 500,000 unemployed.
6. Spending has continued with moderate growth of 1.4% in 2008, although the trend from the last quarter has been downwards, due to the enormous decrease in private spending.
7. Throughout 2008, private consumption was 1.6%, but the effects of the crisis have made themselves known from the last quarter, and in January 2009, according to INE data, the figure had fallen to 0.9% (see graph no.1 and no.2).

Graph no 1: Economic Indicators



Graph nº2: Evolution of the Rate of Unemployment



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Shopping Centre Development Market:

8. The Shopping Centre market experienced continued dynamism throughout 2008, with 12 openings and 2 extensions of existing Centres with a growth of Commercial Area (ABL) of 297,800 sqm, a national record. (See tables no.1 and no. 2).
9. Of the openings which were carried out throughout the year, we find 7 centres with a total of 235,100 sqm and 5 Retail Parks with a total of 51,300 sqm.
10. The average size of new Centres is 23,300 sqm, a figure which is significantly above that of 2007 (17,000 sqm) and was even higher than that of 2006 at 22,000 sqm.
11. The tendency to create medium sized Retail Parks in peripheral towns has continued meaning that the weight of this format has already reached more than 10% of the total.
12. The extensions/refurbishments include the Alegro Castelo Branco SC, from Immochan, with 19,500 sqm and that of Olivais Shopping Center, renamed Spacio Shopping (20,800 sqm), carried out by Mundicenter.
13. The openings of 2008, as with the previous year, has been above all outside of the regions of Grande Lisboa and Grande Porto, regions in which the average density is approximately 400 sqm/1,000 inhabitants and a high level of competition.
14. Among the most important openings of 2008 notable examples in Mar Shopping in Matosinhos, the first shopping centre in the world which includes an IKEA store and Palacio do Gelo in Viseu. These are the largest Shopping Centres in terms of GLA opened in 2008 in Portugal.
15. The Centro region of the country was the most dynamic with the notable openings of the following shopping centres Vivaci (brand belonging to FDO Imobiliária) and Palacio do Gelo, en Viseo developed by Grupo Visabeira.
16. In March 2009 Portimão Retail Center was inaugurated, a retail park which was developed by Bouyges, with 12,000 sqm of GLA. This was the only opening in the first quarter of the year.
17. In April 2009 Ria Shopping was inaugurated, a shopping centre in the town of Olhão, in the Algame, with 14,260 sqm of GLA and developed by Sans Frontières.
18. On the 7th May Doce Vita Tejo shopping centre opened its doors, the centre was developed by Chamartin and ING, and with 122,000 sqm it became the largest shopping centre on the Iberian peninsula.
19. In January the new commercial licensing law came into force. The most significant change in the new year is the increase in the minimum surface area for the approval of a commercial licence, for commercial complexes it rose from 6,000 sqm to 8,000 sqm of GLA, and in the case of operators, from 500 to 2,000 sqm. However, double licensing is still necessary.

Table no 1: Openings 2008

Shopping Center	Location	Developer	GLA(sqm)	Opening
Trindade Domus Gallery	Porto	Eiffage	8.200	January
Palácio do Gelo Shopping	Viseu	Grupo Visabeira	73.500	april
Santarém Retail Park	Santarém	CapitalInvest	25.000	may
Atlantic Park	Carvalhos	GEF	9.000	may
Via Nova Shopping	Braga	E.Leclerc	8.000	october
Mar Shopping	Matosinhos	Interikea Group	100.000	october
Retail Park Abrantes	Abrantes	Isatel	6.000	october
Forum Barreiro	Barreiro	Multi Development	17.500	november
Vivaci Guarda	Guarda	FDO Imobiliária	13.700	november
Vivaci Caldas da Rainha	Caldas da Rainha	FDO Imobiliária	14.200	november
City Park Penafiel	Penafiel	Grupo Mateus	6.000	november
City Park Leiria	Leiria	Grupo Mateus	5.300	december
Total openings	12		286.400	

Table no 2: Extensions 2008:

Shopping Center	Location	Developer	GLA(sqm)		
			Former	Extended	Total
Spacio Shopping	Lisboa	Mundicenter	17.000	3.800	20.800
Alegro Castelo Branco	Castelo Branco	Immochan	11.900	7.600	19.500
Subtotal Extended	2		28.900	11.400	40.300



C&A



C.Park Póvoa de Varzim Póvoa de Varzim



Dolce Vita Tejo Amadora



Espaço Guimarães Guimarães

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IN Guarda Retail Park Guarda



Leroy Merlin



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Palácio do Gelo Viseu

20. For the coming period a new record of surface area is expected. The projects which were initially planned for 2009 sum a GLA of total 700,000 sqm, more than double of the GLA opened in 2008.
21. However, it is expected, as with 2008, that some of these projects will postpone their inauguration, which means that it does not seem that such a high figure of new surface area will be reached. In fact, some have pushed back their opening dates.
22. The general rhythm of development is suffering a generalized delay; projects are taking longer to be opened, given the financing and commercialization difficulties. In many cases works have been paralysed and some have not even started, leading to a hibernation process for commercial projects.
23. The most prolific developers in number of inaugurations in 2009 will Chamartín, Bouygues and Grupo Mateus, each with two planned openings.
24. With respect to extensions, notable examples include the Nassica Factory Outlet in Vila do Conde, a complex which includes a total of 82,000 sqm, split between an Outlet (40,000 sqm), a Retail Park of 22,000 sqm, a stand alone of 15,000 sqm and food court.

Table no. 3: Planned Openings rest of 2009

Shopping Center	Location	Developer	GLA(sqkm)
Atlantic Park Moita	Moita	GEF	6.600
City Park Caldas da Rainha	Caldas da Rainha	Grupo Mateus	5.000
City Park Póvoa de Varzim	Póvoa de Varzim	Grupo Mateus	4.500
Espaço Guimarães	Guimarães	Bouygues	47.000
Focus Park	Vila Nova de Gaia	Parkrigde	8.000
IN Guarda Retail Park	Guarda	Grande Solar	11.200
Leclerc Viseu	Viseu	E. Leclerc	9.400
Montijo Retail Park	Montijo	The Edge Group	17.700
Vivaci Maia	Maia	FDO Imobiliária	19.250
Tavira Gran Plaza	Tavira	Martifer	19.000
Subtotal Openings	10		147.650

Table no. 4: Planned Extensions rest of 2009

Shopping Center	Location	Developer	GLA(sqkm)		
			Former	Extended	Total
Braga Parque ampliação	Braga	Mundicenter	19.000	28.800	47.800
Nassica Fase II	Vila do Conde	Neinver	15.000	67.000	82.000
Subtotal extended	2		34.000	95.800	129.800

Centres in Operation:

25. Mar Shopping, the largest Inter IKEA shopping centre in Europe, won the prize for Best Commercial Undertaking in the 13th Portuguese Property Oscars 2009, run by the Imobiliaria Magazine which recognises quality and innovation in the development of the sector in Portugal.
26. The Solmar SC has renewed its image and has presented a new name: Solma Avenida Center. It was the first shopping centre in Ponta Delgada, in the Azores, built 19 years ago, and now has better infrastructure and more parking.
27. The 8th Avenida shopping centre from Sonae Sierra, located in São João da Madeira, received a Merit Certificate in the category "New Mid-sized Centre" at the prestigious European Shopping Centre Awards awarded by the ICSC (International Council of Shopping Centres) at the end of April.
28. Multi Mall Management is a finalist in the ICSC Solal Marketing Awards in the categories "Community Relations", "Public Relations" and "Sales Promotion". Forum Montijo and W Shopping are some of the nominated shopping centres. The awards ceremony will be in June, in Vienna.
29. The footfall index has shown a significant decrease in visitor numbers in shopping centres in the final months of 2008. In December there was a reduction of 6.7% in visitor numbers in shopping centre compared with the same period in 2007. In 2009 the numbers have continued to fall with consecutive decreases in comparable terms.

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Information regarding Operators

30. Jerónimo Martins and Sonae Distribución are on the list of the 250 giants of retail, in Global Power or Retailing 2009, a report which is completed by Deloitte and Stores. Jeronimo Martins occupies 166th places with earnings of 5.5. million Euros and Grupo Sonae Distribution is at number 175 with earnings of 3.8 million Euros. In the hypothetical case that both companies merged they would occupy 77th place.
31. C&A will open eight new stores in Portugal before 2010, which will join the 34 which are already open in the country. In 2009 they opened in Portimão and they plan to open in Tavira, Braga and Guimarães. Despite the crisis, the expansion plans of the brand are to open 110 stores in Europe before 2010.
32. IKEA will open in 2010 in Loures in the freguesia of Frielas and will become the third store of the brand in Portugal after those of Alfragide and Matosinhos. The expansion plans of the Swedish firm include 7 openings up to 2020 including those already mentioned, 3 in Grande Lisboa, 2 in Grande Porto, 1 in Region Centre and another in Region Sur.
33. Leroy Merlin will open 4 new big boxes in the space of one year. The new stores will be located in Alfragide, Matosinhos and Maia, with the store in Amadora already open.
34. Primark has opened their first store in Portugal in the Dolce Vita Tejo shopping centre, in Amadora. The British “fast fashion” brand wants to grow in the Portuguese market, following the success it has had in Spain.
35. Takko Fashion the German discount fashion brand has opened its Page One brand in Portugal and opened 14 stores in the previous 13 months, the latest in two of the commercial complexes which will open this year, Portimão Retail Center and RiaShopping. The brand plans to open 24 more stores in the next 2 years.
36. Salsa Jeans finished 2008 with sales of 85 million Euros and 340 points of sale in the world, split between 24 countries in Europe, Asia and the Middle East.
37. The Grupo Regojo Quebrema brand has opened its fourth store in Spain, in the Salamanca neighbourhood in Madrid, in the Calle Ayala, considered to be one of the best commercial zones in the Spanish capital.
38. Starbucks opened their second store in Lisbon, in the emblematic neighbourhood of Belem in the one of the 19th century buildings.
39. Pão de Açúcar is to have a new corporate image. The first supermarket with this format will open in the Focus Park retail park, in Vila Nova de Gaia, developed by Parkridge.

Investment Market

40. The effect of the crisis has been felt in the Portuguese investment market, with a notable reduction in the volume of transactions in the last quarter.
41. Sonae Sierra states that it will reduce its investment in shopping centre, due mainly to the difficult financing conditions and the increase in yields. The increases in these capitalization rates meant that the liquid results of the company fell 109% between January and September 2008, in comparison with the same period of 2007.
42. The most significant transactions in the commercial property investment market have only been the sale by Bouyges of Portimão Retail Center, with 12,000 sqm of GLA, along with two office buildings to Pramerica for 70 million Euros and 50% of Portimão Shopping Center, with 35,000 sqm of GLA to Klepierre for 50 million Euros.
43. Another significant operation in the Portuguese investment market was the sale of six Feira Nova stores for 41 million Euros, in a Sale&Leaseback transaction between Jerónimo Martins and the Fund Sertorius, which forms part of Fundbox, a company which manages property investment funds. The stores which were sold by Jerónimo Martins are located in Vila Verde, Monção, Tondela, Torres Novas, Vila Nova de Cerveira and Vizela.



Portimao Retail Center Portimao



Tavira Gran Plaza Tavira



Vivaci C. da Rainha Caldas de Rainha



Vivaci Guada Guada

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44. Yields have risen since the third quarter of 2008 by between 80 and 90 points, with an estimated value of around 7% for prime centres and 7.5% for conventional centres. It is predicted that this trend will continue upwards at least until the end of the second quarter.

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