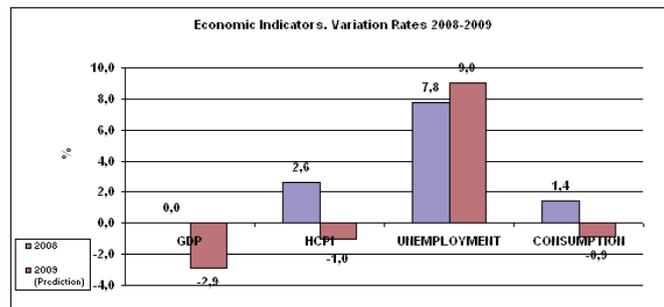


Observatory of Shopping Centre Activity in Portugal

Economy:

1. The Portuguese economy has been showing signs of improvement in the last few months. Private consumption, consumer confidence and economic activity indicators have been recovering and for the fifth consecutive month have registered increases in September.
2. GDP grew 0.3% in the second quarter of 2009, against all expectations from economists who predicted a contraction. This was the largest increase since the final quarter of 2007, even though the fixed-base-year GDP had a negative growth of 3.7% (compared to the same period of last year).
3. The European Commission, in its latest Economic Report, revised upwards its predictions for world economic growth for the remainder of the year. As for Portugal, the prediction now points to a contraction of 2.9%, lower than the one predicted in April, of 3.7%.
4. The inflation rate in Portugal is likely to remain negative at the end of 2009, reaching minus 1%. Even so, according to the Bank of Portugal, deflation should not occur as this is a temporary and non-generalized reduction in the level of prices.
5. Unemployment has been rising since the beginning of the year, and the rate has reached 9.1% in the second quarter. According to the European Commission, it will be 9% by the end of the year and stabilise in 2010.
6. Private consumption, again according to the Commission, should be minus 0.9% by the end of the year. Despite steady increases over recent months, this prediction is due to the low figures at the beginning of the year (see graphs no.1 and no.2).
7. Family saving for the year ending 30th June 2009 went up 1.6 percentage points to 8.6%, compared with the figure for the year ending 31st March 2009, according to the INE (National Statistics Institute). This increase, together with a reduction in investment, contributed to a greater financing capacity for families, which reached 3.3% of GDP, whereas in March it was only 1.8% of GDP.

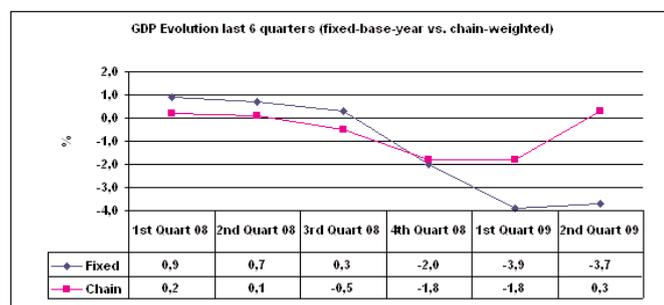
Graph no 1: Economic Indicators



no 15 October 2009

Document issued by
LaSBA's Permanent
Research Program

Graph no 2: GDP Evolution



Shopping Centre Development Market:

8. Despite the economic crisis, the Shopping Centre development market has remained dynamic due to the large time frame associated with each development. The Gross Lettable Area (GLA) increased 232,760 sqm during this year, with 7 openings and 2 extensions of existing Centres. (See tables no.1 and no.2)
9. Of the openings which were carried out throughout the year, there were 3 Shopping Centres with a total of 163,260 sqm and 4 Retail Parks with a total of 36,700 sqm.
10. Retail Parks continue to make their way as the most sought out investments for developers. More new developments with the Retail Park format have opened so far this year than traditional shopping centres.
11. The Algarve region experienced the highest level of activity, with three openings in the first semester in the cities of Portimão, Olhão and Tavira (Portimão Retail Center, RiaShopping and Tavira Gran Plaza, respectively).
12. The most significant opening since the beginning of the year was Dolce Vita Tejo, developed by Chamartín and ING, becoming the largest shopping centre on the Iberian Peninsula, with 122,000 sqm of GLA.
13. The European Commission finalised its case against Portugal regarding commercial licenses. The new Portuguese commercial licensing law, despite maintaining a mandatory authorization procedure, is based on non-economic criteria and does not require prior analysis of competitors, according to the Commission.

Table no 1: Openings 2009

Shopping Centre	Location	Developer	GLA (sqm)	Opening
Portimão Retail Center	Portimão	Bouygues Imobiliária	12.000	March
RiaShopping	Olhão	Sans Frontières	14.260	April
Dolce Vita Tejo	Amadora	Chamartín	122.000	May
City Park Caldas da Rainha	Caldas da Rainha	Grupo Mateus	4.600	June
Focus Park	Vila Nova de Gaia	Parkridge	8.400	June
IN Guarda Retail Park	Guarda	Grande Solar / Banif	11.700	June
Tavira Gran Plaza	Tavira	Grupo Martifer	27.000	June
Subtotal Openings	7		199.960	

Table no 2: Extensions 2009

Shopping Centre	Location	Developer	GLA (sqm)		
			Extended	Former	Total
Braga Parque	Braga	Mundicenter	28.800	19.000	47.800
GuimarãesShopping	Guimarães	Sonae Sierra	4.000	27.000	31.000
Subtotal Extended	2		32.800	46.000	78.800
TOTAL (Openings / Extensions)	9		232.760		

14. Many of the developments which were planned to open within the next two years continue to revise their opening predictions. As consumption falls, operators' expansion strategies have become less aggressive and this has contributed to development delays, with a more cautious approach from developers, who are waiting for a reactivation of the market before going ahead with their projects.
15. By the end of this year the new GLA is expected to reach 300,000 sqm. The opening of Dolce Vita Tejo contributed immensely to this figure, accounting for almost half of its total.
16. Espaço Guimarães, with 47,000 sqm of GLA, developed by Multi Development and Bouygues Imobiliária, will open on the 3rd of November. The development is to be comprised of a shopping centre (40.200 sqm) and a retail park (6.800 sqm).
17. With respect to extensions, the second expansion of Braga Parque, developed by Mundicenter, opened with 28,800 sqm of new GLA, comprising a total of 47,800 sqm. GuimarãesShopping, developed by Sonae Sierra, was also extended and its GLA was increased to 31,000 sqm. (See tables no.3 and no.4)



Dolce Vita Tejo

Amadora



RiaShopping

Olhão



Focus Park

Vila Nova de Gaia



KidZania

Dolce Vita Tejo



Bricor

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OBSERVATORY LaSBA





Azeméis Gran Plaza Oliv. de Azeméis



Barreiro Retail Planet Barreiro



LeiriaShopping Leiria



H&M



Imaginarium

Table no 3: Planned Openings 2009/2010

Shopping Centre	Location	Developer	GLA (sqm)	Opening
Alverca Retail Park	Alverca	Sonae Sierra	19.000	2010
Atlantic Park Moita	Moita	GEF	6.600	2010
Azeméis Gran Plaza	Oliveira de Azeméis	Grupo Martifer	10.800	2010
Barreiro Retail Planet	Barreiro	Eiffage / Milligan	35.000	2010
City Park Beja	Beja	Grupo Mateus	9.250	2010
City Shopping Portalegre	Portalegre	Grupo Mateus	16.200	2010
Dolce Vita Braga	Braga	Chamartin	50.000	2010
Espaço Guimarães	Guimarães	Bouygues Imobiliária	47.000	2009
Lisboa Retail Center	Lisboa	Bouygues Imobiliária	23.870	2010
Loures Retail Park	Loures	Miller Developments	19.000	2010
Maia Jardim	Maia	Sonae Distribuição	31.000	2009
P.C. Montijo	Montijo	Bogaris	25.000	2010
Vivaci Maia	Maia	FDO Imobiliária	19.250	2009
Subtotal Openings	13		311.970	

Table no 4: Planned Extensions 2009/2010

Shopping Centre	Location	Developer	GLA (sqm)		
			Extended	Former	Total
Forum Sintra	Sintra	Multi Development	35.000	9.000	44.000
LeiriaShopping	Leiria	Sonae Sierra	19.400	23.800	43.200
Nassica Fase II	Vila do Conde	Neinver	67.000	15.000	82.000
Subtotal Extended	3		121.400	47.800	169.200
TOTAL (Openings / Extensions)	16		433.370		

Centres in Operation:

- Mar Shopping, the first Inter IKEA shopping centre on the Iberian Peninsula, won the prize for Best Commercial Building at the 2nd Construir Awards, presented by the Construir newspaper.
- The refurbishment of Centro Colombo was concluded by Sonae Sierra and cost some 27 million euros. The construction of a new outdoor garden and an extension of the food court and parking area are some of the main modifications which were made.
- Alegro Alfragide, the shopping centre in Greater Lisbon developed by Immochan, was awarded the prize for Best Real Estate Undertaking in the commerce category by SIL (Portuguese Real Estate Exhibition).
- Multi Mall Management Portugal won prizes at the ICSC Solal Marketing Awards in the "Community Relations" and "Public Relations" categories. Forum Montijo and W Shopping were the award winning shopping centres for this developer.
- Sonae Sierra also won prizes at the ICSC Solal Marketing Awards in the "Public Relations" category. The "Solal Silver 2009" was awarded for the design of the "Fashion Pop Up" event, a project developed in Portugal for ArrábidaShopping, CascaiShopping and MadeiraShopping.
- The footfall index is still falling. According to this index, in May of 2009 there was a reduction of 8.4% in visitor numbers in shopping centres compared with the same period in 2008. This is the largest decrease among the countries analyzed – in Spain it was 5.2%, in Italy 2.5% and 2.4% in the UK.

Information regarding Retailers:

- Kidzania opened its first European theme park for children, with 6,500 sqm, at the Dolce Vita Tejo. It is a miniature replica of a real city, where children experience up to 70 different professions. This theme park is one of the main anchor stores of the shopping centre located at Amadora.
- Grupo Vips has entered into an agreement with its joint-venture partner Starbucks to exclusively operate the Starbucks coffeeshops across Portugal and Spain. The Spanish group will retain all of the stores in the Iberian Peninsula, whereas Starbucks assumes 100 percent operating control of the business in France.



