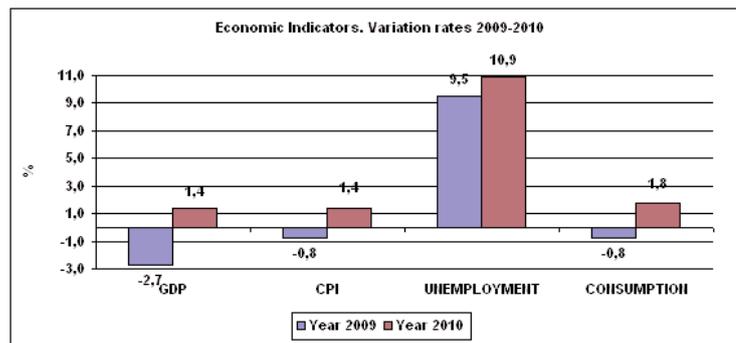


Shopping Centres in Portugal: Activity Report April 2011

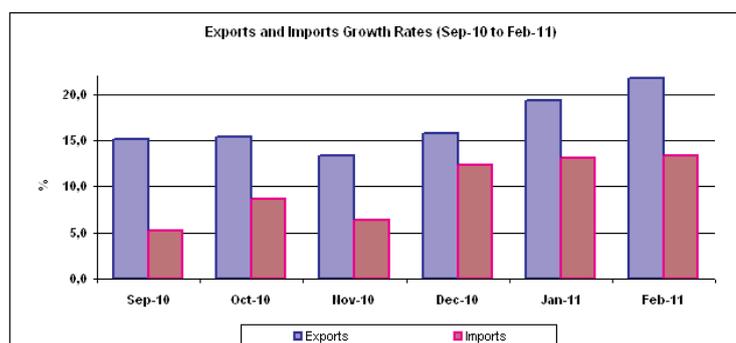
Economy:

1. The Portuguese GDP grew 1.4% in 2010, which was consistent with the estimations made in the last quarter by the NECEP (Nucleus of University Católica's Studies).
2. Inflation increased 1.4% in 2010, confirming the estimations given by the Bank of Portugal presented in our last publication.
3. The unemployment rate was 10.9% in 2010, according to the INE (National Statistics Institute). However, by the end of the last quarter it was already above 11%, and it is expected to rise even more.
4. Private consumption reached 1.8% in 2010.
5. From December 2010 to February 2011, Portuguese exports increased 21.7%, according to the INE, with respect to the same period of 2009 and 2010. Imports grew 13.4% and the trade deficit was reduced by 31 million euros (see Graphs no. 1 and no. 2)
6. The economic activity indicator began descending from August 2010 and kept that tendency until January 2011, which is the last known figure.
7. In April 2011, the public financing crisis finally led to the request by the Portuguese Government for an IMF intervention. The public financing crisis had resulted in the reaching of historical high levels of Portuguese Public Debt interests and the situation became unbearable as a political crisis arose. The aid should be 78 billion euros.
8. The understanding between the Portuguese Government and the troika (made up by the IMF, ECB and European Commission), which frames the request for the international financial assistance, aims to reduce the deficit to 5.1% of GDP this year, 4.5% in 2012 and 3% in 2013. The existing estimations made by the European Commission indicate that there will be a recession and that GDP will fall 2.2% in 2011 and 1.8% in 2012.

Graph no. 1: Economic Indicators



Graph no. 2: Exports and Imports Growth Rates' Evolution



no. 21 April 2011

Document issued by
LaSBA's Permanent
Research Program

LaSBA
CONSULTORIA IMOBILIARIA COMERCIAL

Shopping Centre Development Market:

I. 2010

9. The economic crisis which began in 2007 was demonstrated in the Shopping Centre Development Market during 2010 with the levels of new openings. Whereas in 2009 the new GLA surpassed 300,000 sq m with 10 openings and 3 extensions of existing shopping centres, during 2010 there were 4 openings and one extension, which correspond to 75,900 sq m of new GLA.
10. Out of the openings carried out in 2010, none was a conventional shopping centre. There were 2 retail parks, one mixed retail establishment made up of retail park and commercial gallery (Barreiro Retail Planet) and a shopping centre with a street commerce concept (Liberdade Street Fashion).
11. Something unconventional also occurred with the retail parks' openings: both of them inaugurated their respective first stages without all of the units occupied. In the case of Montijo R.P., developed by Bogaris, one Akí unit was built for the first stage opening in 2010.
12. The most significant opening during 2010 was the Barreiro Retail Planet, a mix of retail park and commercial gallery and therefore the first of its kind in Portugal. It was developed by Milligan and Eiffage and it has 35,500 sq m of GLA. The most significant anchors which are present on the retail establishment are Akí, Decathlon, Radio Popular and a Jumbo hypermarket with 11,000 sq m of GLA.
13. As for the extensions, there was one: LeiriaShopping, a Sonae Sierra development, extended by 23,800 sq m the GLA of the former Continente de Leiria Shopping Centre for a total of 43,200 sq m. (see Tables no. 1 and no. 2)

Table no. 1: Openings 2010

Shopping Centre	Location	Developer	GLA (sqm)	Opening
In Ermesinde Retail Park	Ermesinde	Grande Solar / Banif	6.000	September
P.C. Montijo (1 st stage)	Montijo	Bogaris	3.000	October
Barreiro Retail Planet	Barreiro	Milligan / Eiffage	35.500	November
Liberdade Street Fashion	Braga	Grupo Regojo	12.000	November
Subtotal Openings	4		56.500	

Table no. 2: Extensions 2010

Shopping Centre	Location	Developer	GLA (sq m)		
			Extended	Former	Total
LeiriaShopping	Leiria	Sonae Sierra	19.400	23.800	43.200
Subtotal Extensions	1		19.400	23.800	43.200
TOTAL (Openings / Extensions)	5		75.900		

II. 2011

14. With the openings/extensions carried out so far this year, the new GLA amount of 2010 was already surpassed. In April Forum Sintra opened, developed by Multi Development, a shopping centre which is an extension of the former Feira Nova, meanwhile substituted by the new hypermarket concept Pingo Doce. The retail establishment has 55,900 sq m GLA and 182 units, with 2,250 parking spaces.
15. Also in April Aqua Portimão opened, with 35,500 sq m GLA, 117 units and 1,800 parking spaces. The Shopping Centre was developed by Bouygues and it is owned by Klépierre and Generali Immobiliare. (see Tables no. 3 and no. 4)

Table no. 3: Openings until April 2011

Shopping Centre	Location	Developer	GLA (sqm)	Opening
P.C. Setúbal (1 st Stage)	Setúbal	Bogaris	9.000	February
Aqua Portimão	Portimão	Bouygues	35.500	April
Subtotal Openings	2		44.500	

Table no. 4: Extensions until April 2011

Shopping Centre	Location	Developer	GLA (sq m)		
			Extended	Former	Total
Forum Sintra	Sintra	Multi Development	40.150	15.750	55.900
Sintra Retail Park	Sintra	Sonae Sierra / Miller	2.600	17.500	20.100
Subtotal Extensions	2		42.750	33.250	76.000
TOTAL (Openings / Extensions)	4		87.250		



Barreiro Retail Planet Barreiro



Liberdade Street Fashion Braga



P.C. Montijo Montijo



Forum Sintra Sintra



Aqua Portimão Portimão

page 2

no. 21 April 2011

OBSERVATORIO LaSBA





Almada Forum

Almada



Freeport Outlet

Alcochete



Merkal



Media Markt

Setúbal



Oliva

Lisboa

III. Predictions for what is left of 2011

16. By the end of 2011, it is expected that the total new GLA is around 150,000 sq m. For this amount, the contribution of Dolce Vita Braga, retail establishment developed by Chamartin and made up of a shopping centre with 50,000 sq m GLA and a retail park with 20,000 sq m, is very important. (see Table no. 5)

Table no. 5: Planned openings rest of 2011

Shopping Centre	Location	Developer	GLA (sqm)	Opening
Dolce Vita Braga	Braga	Chamartin	70.000	2011
Évora Retail Park	Évora	Imorendimento	6.000	2011
P.C. Montijo (Decathlon)	Montijo	Bogaris	5.000	2011
Total Openings	3		81.000	

Shopping Centres in Operation:

17. LeiriaShopping, Shopping Centre developed by Sonae Sierra, won the National Property Prize for the Retail Category. The other finalists were Aqua Portimão and Barreiro Retail Planet.
18. NorteShopping's "Norte Green" project was distinguished on the ICSC Solal Marketing Awards 2011. This Shopping Centre, developed by Sonae Sierra, has won the Silver Award for the "Cause Related Marketing" category.
19. Multi Mall Management Portugal was also distinguished at the ICSC Solal Marketing Awards 2011, for the "Cause Related Marketing" and "Public Relations" categories. Almada Forum was the shopping centre which originated the prize for the former category, whereas the latter is linked with a photography exhibition conducted in all of the centres managed by Multi Mall.
20. The Freeport Outlet has strengthened its supply for the Fashion, Shoes and Decoration activities, with the opening of six new stores: Ana Salazar, Replay, Roberto Verino, Sea Side, Athlete's Foot and Espaço Casa are the retailers which are now part the Outlet Centre in Alcochete.
21. According to the Footfall Index, the Shopping Centre affluence has been decreasing significantly. The year-to-year variations from August to October were not lower than -3.5%, but in November the variation was -5.6%, in December -8.1% and in January of 2011 it was -10.9%.

Information regarding Retailers:

22. Sonae MC has extinguished the Modelo brand and has taken the Continente brand for all of its Groceries Retail formats. The convenience stores Modelo Bonjour are now called Continente Bom Dia and the Modelo supermarkets are now called Continente Modelo.
23. Primark opened two new stores at the shopping centres which opened in April 2011 in Portugal: Forum Sintra and Aqua Portimão. The stores have 4,200 sq m GLA and 4,400 sq m GLA respectively. These units are the third and fourth in the country, after the ones of the Dolce Vita Tejo S.C., in Amadora, and Parque Nascente S.C., in Oporto.
24. Merkal, the Spanish Shoes Chain, is entering the Portuguese market. The first stores will be opened on Retail Parks which are owned by the Property Fund managed by British Land, PREF.
25. Deichmann is another Shoes Chain which is going to begin its expansion in Portugal. The German chain will open its first stores on the Greater Lisbon area.
26. Okka has opened its sixth unit in Portugal, at Av. 24 de Julho in Lisbon, and they intend to soon reach 50 stores. Okka is a Clothing brand which mostly sells items for multi-brand stores.
27. LIDL has opened three new supermarkets in the Greater Oporto area, specifically in Maia, Vila Nova de Gaia and Gondomar. The units have about 1,000 sq m of GLA.
28. The El Corte Inglés Group opened its fourth Supercor supermarket in Portugal, in the city of Coimbra. The unit has 1,300 sq m and 117 parking spaces.

page 3

no. 21 April 2011

OBSERVATORIO LaSBA



29. Book.it opened in December its first store in Lisbon, at Rua Ferreira Borges. The unit has 230 sq m and they now have 16 in Portugal.
30. Prink, the chain of office machine consumables stores, has opened new shops in Amadora, São Domingos de Rana and Lisbon. Overall they have 27 stores in Portugal and intend to reach 45 franchised units by the end of 2012.
31. DeltaQ opened its second store in Portugal, in the city of Oporto. The store, with 400 sq m, is located at Rua Alexandre Braga, in the downtown area.
32. Media Markt opened a new store in Setúbal, with 4,000 sq m GLA, as part of the first stage of the Setúbal Retail Park developed by Bogaris.
33. The Restaurant Chain Oliva, which belongs to the Jerónimo Martins Group, opened a new space at the Explore Building at Parque das Nações, in Lisbon.
34. The Restaurant Chain H3 opened its first street shop and therefore begins a new business concept. They now have 35 restaurants in the country.
35. "Cervecería 100 Montaditos" is another Restaurant Chain which opened its first unit in Oporto. The Spanish chain is owned by the Restalia Group.

Investment Market:

36. The Portuguese investment market recovered some of its activity in 2010, as some large size operations were carried out, contrary to 2009, when most operations were smaller, mostly made up of stand alone units and street shops.
37. During 2010, three shopping centres were sold: Espaço Guimarães, Tavira Gran Plaza and LeiriaShopping, which was sold by Sonae Sierra to the Sierra Portugal Fund for 92 million euros. (see Table no. 6)

Table no. 6: Main Investment Transactions 2010

Shopping Centre	Location	Seller	Purchaser	GLA (sq m)	Price (M€)
Continente Tavira	Tavira	Martifer	Imosonae II Fund	5.580	6,6
Espaço Guimarães	Guimarães	Multi Development	Corio	47.800	91,0
LeiriaShopping	Leiria	Sonae Sierra	Sierra Portugal Fun	43.200	92,0
Portfolio 5 Retail Parks	Famalicão, Grijó, Setúbal, Tondela and Viseu	Rockspring	Sertorius Fund	57.800	45,0
Tavira Gran Plaza	Tavira	Martifer	Estia	27.000	44,3
Two Modelo Supermarkets *	n.d.	Sonae Distribuição	Aprirose Real Estate Investment	n.d.	10,0
Total 2010					288,9

* Sale & Leaseback operation together with the sale of a logistics platform in Azambuja

38. Still, these transactions do not seem to be symptomatic of a recovery, especially when their nature is analyzed: both Tavira Gran Plaza and LeiriaShopping were intra-group sales and Espaço Guimarães was part of a much larger transaction consisting of a large portfolio of European shopping centres.
39. By the end of 2010 the yields for prime shopping centres were around 7.5%.

Document issued by
LaSBA's Permanent
Research Program

Av. Fontes Pereira de
Melo, 51, 6º F1
1050-120 Lisboa
Tel. +351 213 136 060

Paseo de la Castellana,
143, 2ºC
E-28046 Madrid
Tel. +34 914 178 100

www.lasba.com

Disclaimer LaSBA 2011

The information contained in this document is for the sole use of LaSBA clients. Any information contained in the document does not represent the current performance of the market, not that of its future performance. This includes projections, estimates and opinions. LaSBA does not take any responsibility for the information contained in this document and cannot provide representation, warranty or guarantee for its accuracy. Although the sources used for the information contained in this document are believed by the authors to be reliable, independent verification is necessary for confirmation of its correctness and comprehensiveness. Reproduction of the document is strictly forbidden without written permission from LaSBA itself.

Part of  European Retail Consulting Alliance

London, Paris, Milano, Madrid, Lisboa

LaSBA
CONSULTORIA INMOBILIARIA COMERCIAL