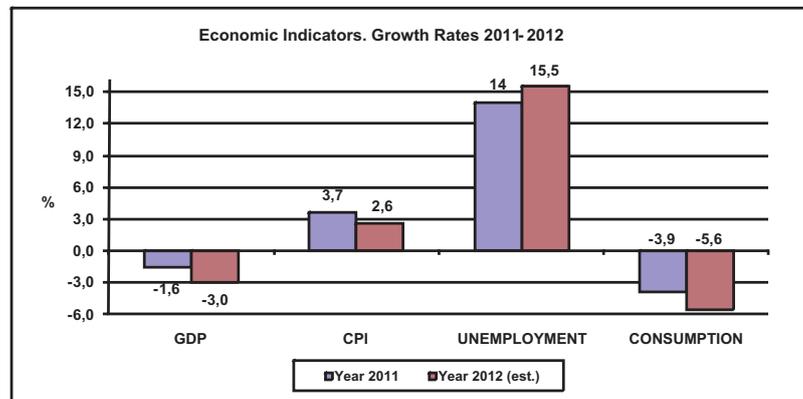


Shopping Centres in Portugal: Activity Report October 2012

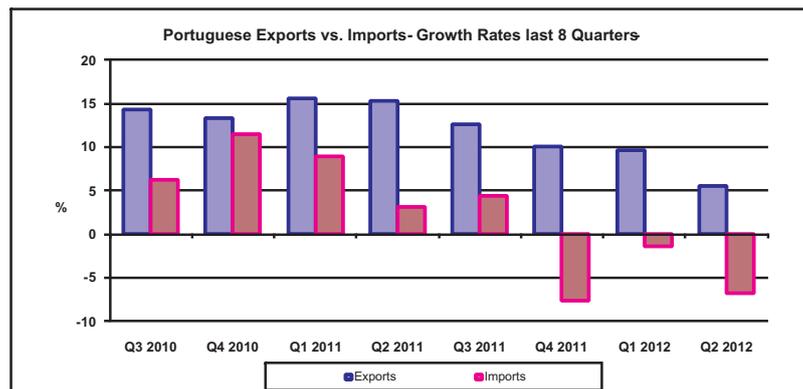
Economy:

1. Portuguese GDP has diminished 1.2% in the Second Quarter of 2012, according to the National Institute of Statistics (INE), registering the largest decrease on the European Union, slightly above Finland (-1.1%) and Slovenia (-1.0%).
2. Inflation has increased by 3.2% in August 2012, according to the “Banco de Portugal” (Portuguese Central Bank), above the euro area average (2.6%). The largest increase refers to energetic goods (12.1% opposite 8.9% on the euro area).
3. Unemployment rate has reached 15% during the Second Quarter of 2012, according to the INE. On the euro area, it was 11.2 % for the same period.
4. Private consumption has further decreased. In 2012, according to the INE, it varied -5.6% in the First Quarter and -5.9% in the Second Quarter.
5. Economic predictions of the “Banco de Portugal” point to a GDP growth rate of -3.0% in 2012, as well as an inflation rate of 2.6% and a private consumption growth of -5.6%. As for the unemployment rate, the Portuguese Government estimates that it will reach 15.5% in 2012 (see Graphs no. 1 and no. 2)
6. The economic climate indicator has been decreasing less during the last periods. In the First Quarter of 2012 it varied -4.8%, in the Second Quarter -4.4% and in the Third Quarter -4.2%. The economic activity indicator is still falling and has varied -2.5% in the Second Quarter of 2012.
7. Portuguese exports have increased 5.6% in value during the Second Quarter of 2012, below the 9.7% growth of the First Quarter. This smaller growth is both due to exports of goods as well as exports of services.

Graph no. 1: Economic Indicators



Graph no. 2: Exports vs. Imports Evolution



no. 27 October 2012

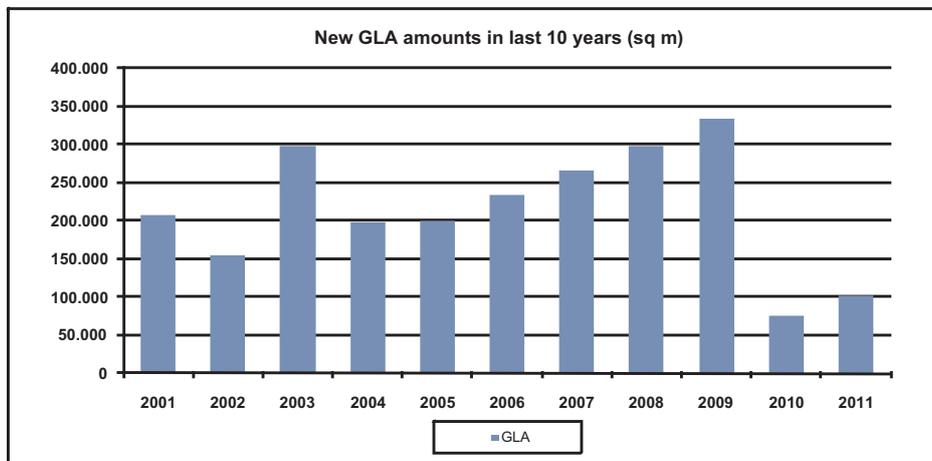
Document issued by
LaSBA's Permanent
Research Program

Shopping Centre Development Market:

I. Ongoing Year and Retrospective

8. Shopping Centre openings have come to a halt in 2012. As a market where projects take a long time to develop, lasting years, it is natural that there is a lag between the beginning of the economic crisis and the shopping centre development market crisis.
9. In this way, it was possible to increase Portugal's Gross Leaseable Area (GLA) by 297,800 sq m in 2008, when the crisis began. In 2009 there were still many shopping centre openings, and GLA increased by 333,300 sq m. In 2010, the effects of the economic crisis were felt for the first time, with a much smaller increase of 75,900 sq m of GLA and in 2011 the new GLA amount was 101,090 sq m, slightly surpassing the amount of the previous year. In 2012, so far, there have been no openings of shopping centres or retail parks, since the mentioned time lag has already closed.

Graph no. 3: New GLA evolution in the last 10 years



II. Predictions for 2012 / 2013

10. For 2012, there is just one opening planned, the Dolce Vita Braga Shopping Centre, although the developer Chamartín has admitted that it is not confirmed that the project will inaugurate this year. The shopping centre is on the final stage of construction, but the leasing process is ultimately what will determine the opening date.
11. For 2013, few openings are planned: besides Évora Shopping Centre (16,400 sq m of GLA), developed by Imorendimento, the opening of the extension of the Jumbo de Setúbal Shopping Centre, which will become Alegro Setúbal (40,000 sq m of GLA), developed by Immochan, is announced. Since there is another project planned and announced for the city of Setúbal, (Forum Setúbal Shopping Centre, with 44,000 sq m of GLA, developed by Multi Development), it is possible that one of these projects might be delayed, because the country's current economic juncture might condition the feasibility of two shopping centres for Setúbal.

Shopping Centres in operation:

12. Liberdade Street Fashion won the award for Best Enterprise on the Retail Category of the "Prémio Nacional do Imobiliário". This shopping centre has a very distinguishable concept, it is an open shopping centre and it is located at Av. Liberdade, in Braga.
13. Forum Sintra was awarded the prize for Best Property Enterprise on the Retail and Services Category of "Salão Imobiliário de Portugal". Forum Sintra is a shopping centre which was built out of the extension of the Feira Nova (nowadays Pingo Doce) hypermarket in Sintra, and it was developed by Multi Development.



Dolce Vita Braga

Braga



Forum Setúbal (em projecto)

Setúbal



Liberdade Street Fashion

Braga



Forum Sintra

Sintra



C.C. Continente Portimão

Portimão

page 2

no. 27 October 2012

OBSERVATORIO LaSBA





Pro Runner



unik



Amorino



Chicco



Equivalenza

14. Sonae Sierra has inaugurated the first stage of the Cotinente de Portimão Shopping Centre's refurbishment. The project's main goal is to modernize and refurbish the centre's interior. The shopping centre has been for 22 years at Portimão, it has 59 units and 13,500 sq m of GLA.
15. Portimão Retail Park was almost completely destroyed during a fire of major proportions which consumed most of the retail park's medium-sized units. The source of the fire seems to have been a short circuit which then spread to the remaining stores. It is not yet publicly known if there will be a reinvestment for a re-opening of this retail park.
16. According to the Footfall Index, shopping centre affluence is now in a less descending slope. Year-on-year variation in May of 2012 was even slightly positive (0.6%), although in June there was a 1.8% decrease, returning the index to negative rates.

Information regarding Retailers:

17. The first unit in Portugal dedicated to jogging opened at "Parque das Nações", in Lisbon. Pro Runner, a multi-brand store with 620 sq m divided into 3 floors, markets clothing, shoes and sports accessories. Furthermore, at the store there is a cardiofitness studio and it is also possible to have consults about jogging, like for instance nutrition, physiatry, physiotherapy, massage and waxing, in a search for complementarity.
18. Primark opened its sixth store in Portugal, at the Forum Coimbra Shopping Centre. The unit has 1,800 sq m of GLA and it is the first by the Irish Fashion Chain on the Centre Area of Portugal.
19. After openings at Colombo S.C., Almada Forum S.C. and 5 de Outubro Avenue, GSM Group (former TB Store) opened a new Apple Premium Reseller store at Amoreiras Shopping Center, thus strengthening its position as the largest Apple specialists in Portugal. The unit has 115 sq m of GLA.
20. Asics/Onitsuka Tiger, the Japanese brand of sports shoes, has opened a new store in Portugal, specifically at the Freeport Outlet, in Alcochete. The unit has a total area of 237 sq m.
21. Unik opened its first store at the Greater Lisbon area, specifically at the Continente de Loures Shopping Centre. unik has a 90 sq m unit and it markets the latest tendencies in fashion and accessories, with a trendy desing and affordable prices.
22. Amorino, the icecream chain, has opened its first store in Portugal, at Rua Augusta, in Lisbon. The chain was founded in 2002 and has 78 stores, most of them located in Europe.
23. Chicco opened its 37th store in Portugal, at Serra Shopping, in Covilhã. It is the third opening by Chicco this year, after Dolce Vita Douro S.C., at Oporto, and Dolce Vita Coimbra S.C.
24. Equivalenza has opened its first store at Greater Oporto, more specifically at the Parque Nascente Shopping Centre. This Spanish chain is specialized in perfumes, personally designed for Men, Women and Children, and it has more than 100 stores in Spain, Portugal and Morocco.
25. Lefties has refurbished its store at Vila do Conde The Style Outlets. The Inditex Group brand has extended its GLA to 1,500 sq m and inaugurated this new store concept, already tested in Spain, in Portugal.
26. Marella, the Women Fashion brand by Max Mara Group, opens its first store in Portugal, at Rua Castilho, in Lisbon.
27. Bata has advanced the process of closing down all of the 26 shoes stores they had in Portugal. This process included the layoff of the 146 workers that worked at those stores.
28. Sports Direct has opened a new medium-sized unit at the Dolce Vita Tejo Shopping Centre, in Amadora. The unit has 2,000 sq m of GLA.
29. The Prébuild Group has inaugurated the largest IZIBuild store in the country. The unit has more than 3,000 sq m of total area and is located in Oeiras.
30. Continente has opened two new Continente Bom Dia stores: one is in Celeirós (Braga) and the other one is in Odivelas.

page 3

no. 27 October 2012

OBSERVATORIO LaSBA



Investment Market:

31. The retail investment market continues to have low activity in this year of 2012. Access to financing is still very difficult, and furthermore the expectation that yields will go up in the short term exists, which leads to a restrained position by investors.
32. On the other hand, the macroeconomic scenario also has consequences over foreign investment, leading to its withdrawal from our market, which has also contributed to low volumes of property investment.
33. The Spanish chain of supermarkets Dia% (owner of the Minipreço chain in Portugal) has acquired the business of German group Schlecker in Portugal and Spain. With this operation, which amounts to 70.5 million Euros, Dia% incorporates to its company a network of 41 stores in Portugal and 1,127 in Spain, plus four distribution centres, one of which is in Portugal. The units have an average area of 150 sq m.
34. Yields are revealing a tendency to rise, although the low number of operations does not allow to accurately estimate them. The measures planned by the Portuguese Government on the State Budget for 2013 indicate that consumption will continue to fall during next year, which then has a repercussion on yields.

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 2012

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 NÍMOTRIÁRIA COMERCIAL