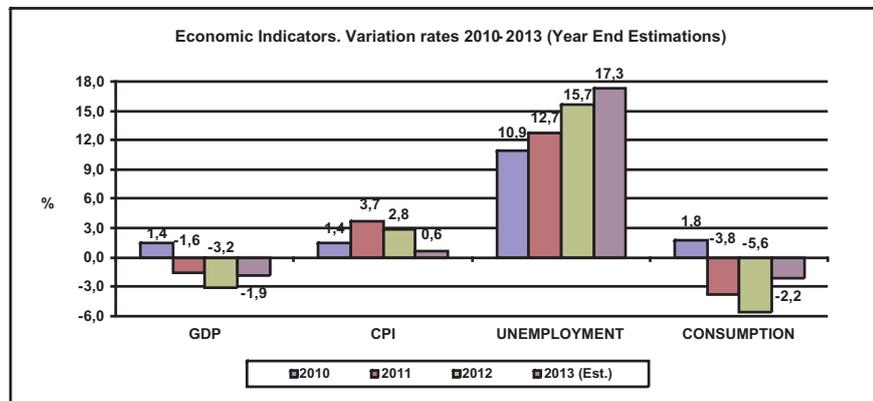


Shopping Centres in Portugal: Activity Report November 2013

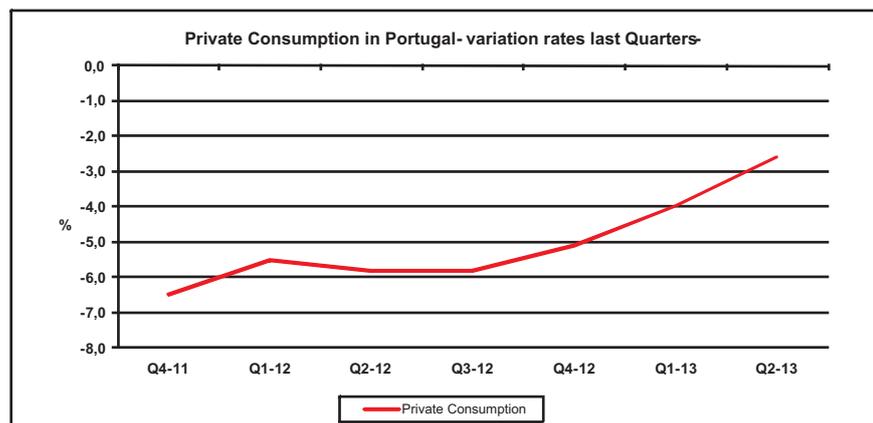
Economy:

1. **Portuguese GDP** continued to decrease during the first semester of 2013. In the first Quarter it varied -4.1%, according to the National Statistics Institute (INE), and in the second Quarter -2.1%. The EU's average was respectively -0.7% and 0.0%. The European Commission's current estimations point to a contraction of Portuguese GDP of 1.9% by the end of 2013. (see Graph no.1)
2. The **inflation rate** (CPI) maintained low levels so far throughout 2013. In the first Quarter it was 0.2%, in the second it was 0.6% and in the third it was 0.3%, according to the INE. The Commission predicts a year end inflation rate of 0.6%. (see Graph no.1)
3. The **unemployment rate** has decreased from the first to the second Quarter of 2013, to 16.4%, according to the INE. (see Graph no.1)
4. **Private consumption** had a variation of -4.0% in the first Quarter of 2013 and -2.5% in the second Quarter, according to the INE. The Bank of Portugal estimates that the variation in 2013 will be -2.2%. (see Graphs no.1 and no.2)
5. **Retail turnover** has been consistently decreasing less and less in the last few months. In August of 2013 the year-on-year variation was -1.5%, according to the INE.
6. The **economic climate** indicator is also improving consistently over the past few months. The contractions have been decreasing and in September 2013 variation was -1.6%, according to the INE. The **economic activity** indicator even reached a positive value in August 2013, when it varied 0.3%.
7. Portuguese **exports** increased 7.3% in the second Quarter of 2013, according to the INE. **Imports** have increased 6.3% during the same period.

Graph no. 1: Economic indicators



Graph no. 2: Private Consumption Evolution



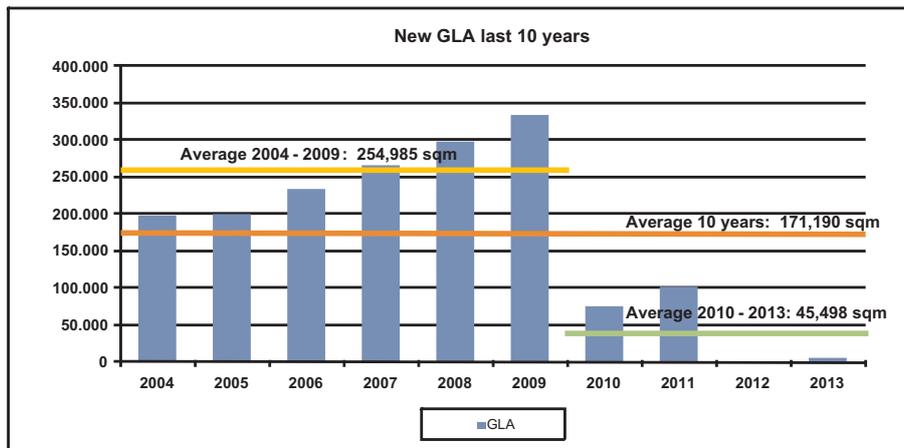
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Shopping Centre Development Market:

8. There were no new shopping centre openings once again during the first Semester of 2013, and it is expected that there will be none until the end of the year. The economic crisis was felt in shopping centre openings since 2010 and continues to be noticed this year.
9. During the first Semester of 2013 there was only the inauguration in May of the expansion of **AlgarveShopping**, developed by **Sonae Sierra**. With 3,000 sq m of new GLA, this shopping centre welcomed new stores by C&A and H&M and now has a total GLA of 45,500 sq m. (see Graph no. 3)
10. In July of 2013 a new retail area opened at the Lisbon Airport, with 2,000 sq m and 20 new stores, among which: **Accessorize**, **Desigual**, **Dreams Gourmet**, **FNAC**, **Geox**, **Imaginarium**, **L'Occitane**, **Pandora**, **Springfield**, **Starbucks**, **Swarovski**, **Swatch** and **Women' Secret**. (see Graph no. 3)

Graph no. 3: New GLA over the past 10 years



11. The opening of **Évora Shopping** (16,400 sq m GLA) was postponed. The Project was sold to **BES** and construction stopped when the transaction was completed. It is the second shopping centre that stops its construction after a change in ownership and which is now waiting for a decision by the new owner (the other one is **Dolce Vita Braga**, now owned by **CGD**).
12. For 2014, the extension of the Jumbo de Setúbal Shopping Centre is planned; it will become the **Alegro Setúbal Shopping Centre** (40,000 sq m of GLA), developed by **Immochan**. Construction has begun in February of 2013.
13. Further openings are not expected until the end of 2014, with the exception of the possible resuming of the projects already mentioned above.

Shopping Centres in Operation:

14. According to the Footfall Index, shopping centre affluence has been registering monthly year-on-year increases since, at least, May of 2013. Between May and October, the largest increase when compared with 2012 was registered in June (8.5%).
15. The **Alvalade Shopping Centre**, in Lisbon, has reopened in October of 2013. The shopping centre was inaugurated in 1976, and is now refurbished with a Pingo Doce supermarket as its anchor store, and under management by **Mundicenter**. It has 4,500 sq m of GLA and 31 stores, as well as 340 parking spaces.
16. The **Continente da Amadora Shopping Centre** has also been refurbished. Developed by **Sonae Sierra**, it now has a total of 39 stores.
17. **Tavira Gran Plaza** has strengthened and diversified its commercial mix with 11 new stores, of fashion, restoration, home-textile and services. The shopping centre now has an occupancy rate of more than 90%.
18. An assembly of retailers and owners of the **Vilafranca Centre** has decided that the shopping centre located in Vila Franca de Xira would close. The establishment had opened in 1994 with 180 units and had only 20 stores in operation.



AlgarveShopping Guia, Albufeira



Alegro Setúbal (em projecto) Setúbal



C.C. Alvalade Lisboa



Tavira Gran Plaza Tavira



Vilafranca Centro Vila Franca de Xira



Ornimundo Sintra Retail Park



Aristocrazy Lisboa



Tiger Dolce Vita Tejo



Armani Freeport Outlet



Cartier Lisboa

Information regarding Retailers:

19. **Sonae Sierra** has signed a contract with a new cinemas retailer for the Portuguese market, the Brazilian **Grupo Orient**, which will operate ten cinemas in ten of the company's shopping centres under the brand **Cineplace**. The opening of the ten cinema complexes will occur in different stages.
20. **Clarel** is the name of the new brand by **Grupo DIA** which will be launched in Portugal and Spain. The company will transform the 1,130 units acquired this year from Schlecker. The new stores will focus on commercialising home, beauty and personal care products.
21. The first store in the Iberian Peninsula of the American brand **Victoria's Secret** opened in Lisbon. It is located at the new retail area of the city's Airport, specifically at the restricted departures area of Terminal 1.
22. The gourmet groceries chain **Hediard** has also opened its first unit in Portugal at the new retail area of the Lisbon Airport.
23. **Grupo Cortefiel** has recently strengthened its presence in the North Region of Portugal, opening two new stores, a **Cortefiel** store at **Arrábida Shopping** and a **Springfield** store at the Oporto Airport.
24. **H&M** has opened a new store in Aveiro, at the **Glicínias** Shopping Centre. The unit has more than 2,300 sq m of GLA.
25. **Primark** opened its seventh store in Portugal, in Lisbon, at the **Colombo** Shopping Centre. This new store has 4,350 sq m of GLA in one floor.
26. **Tiger**, the Danish brand of design items, has opened a new store in Portugal, specifically at the **Dolce Vita Tejo** Shopping Centre, in Amadora. The unit has a GLA of 320 sq m.
27. The first outlet store by **Armani** in Portugal opened at the **Freeport Outlet**, in Alcochete. The store has an area of 420 sq m, with a large supply of clothing and accessories for men, women and children.
28. **Cartier** opened a new store at Avenida da Liberdade, in Lisbon. Four years after closing its only unit in Portugal (in Chiado, Lisbon), the brand created in 1847 by Louis-François Cartier, in Paris, returns to the Portuguese Capital with a 250 sq m store.
29. **Ornimundo**, the Portuguese brand for the pet sector, opened its tenth store at the **Sintra Retail Park**, in Sintra. This new store will occupy an area of 765 sq m.
30. **Aristocrazy**, the young jewelry brand heir of the Spanish origin **Grupo Suárez** born in 2010, arrived in Portugal. The opening of its first store was in Lisbon, specifically at Avenida da Liberdade.
31. **Rimowa** has also opened a new store at Avenida da Liberdade, in Lisbon. **Rimowa** is a German company specialised in making and selling aluminum travel luggage, as well as luggage made from other materials. The brand has other units at the Lisbon, Faro, Ponta Delgada and Funchal airports, at **Colombo Centre** and at the **Amoreiras Shopping Centre**.
32. **Fabio Kids**, from the French brand **Fabio Lucci**, specialised in Children's Clothing, opened stores at the **Minho Center** and **Parque Nascente** shopping centres, in Braga and Gondomar, respectively.
33. The English decoration brand **Homes in Heaven** opened a 450 sq m store at the **Amoreiras Plaza**. **Homes in Heaven**, founded in 1997, is a market leader in wood furniture.
34. The groceries stores franchise chain by Sonae "**Meu Super**" finished the first Semester of this year with a total of 40 stores in Portugal. One of them opened at the **Via Catarina Shopping Centre**, in Oporto.
35. **Brinka** reopened its store at **Ria Shopping**, located in Olhão, with new investors.
36. **Viva**, the Portuguese decoration brand, opened two new stores, in Lisbon (Av. Guerra Junqueiro) and in Santarém (at the **W Shopping**).
37. The Spanish clothing chain **Adolfo Dominguez** has closed 12 stores in Portugal and Spain between March and May of this year. Five of the stores were owned by the brand or managed directly and the remaining stores were franchised.

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Investment Market:

38. The Retail Investment Market continued with low levels of activity during the first Semester of 2013. A reactivation in the investment market has not yet been noticed.
39. **Grupo Regojo** sold a **Nike** store, located in Chiado, Lisbon, for 6.5 million Euros to an unidentified Portuguese investor. The unit has 410 sq m divided into 2 floors, and it is located specifically at Rua Garrett.
40. The **Novimovest** Fund has sold a **Pingo Doce** supermarket in Linda-a-Velha for 5.5 million Euros. The investor was unidentified, but it is also Portuguese.
41. The transactions being made at the moment, although in low volume, are mostly of this sort: street shops with solid tenants and long term leasing contracts.
42. Since January, with the coming into effect of the new State Budget for 2014, the property owned by publicly subscribed property investment funds, open or closed, by pension funds or savings funds lose the IMI (Municipal Tax on Property) and IMT (Municipal Tax on Property Transmissions) exemptions that they benefited from so far. According to the preliminary version of the State Budget 2014 proposal, from next year these funds will have the tax rates reduced to half. That is, regarding the IMI they will pay a tax between 0.15% and 0.25 %, which is compared with the general rates applied, varying between 0.3% and 0.5%.

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