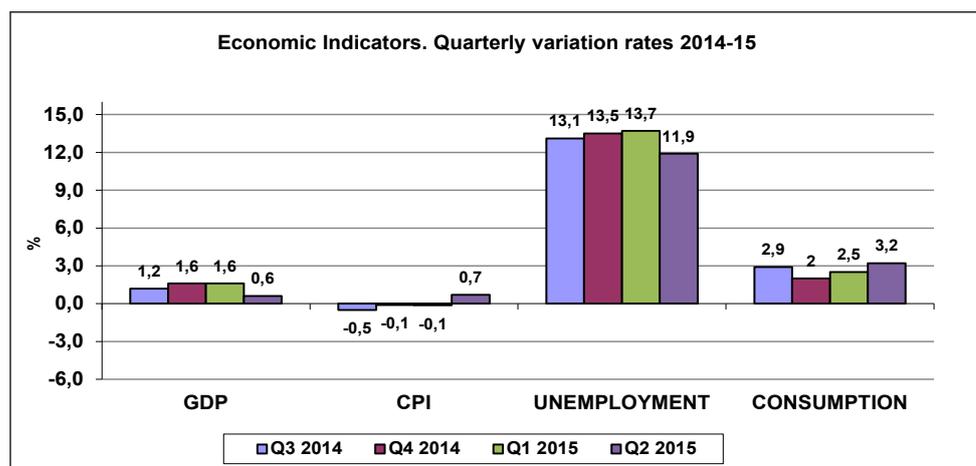


Shopping Centres in Portugal Activity Report November 2015

Economy:

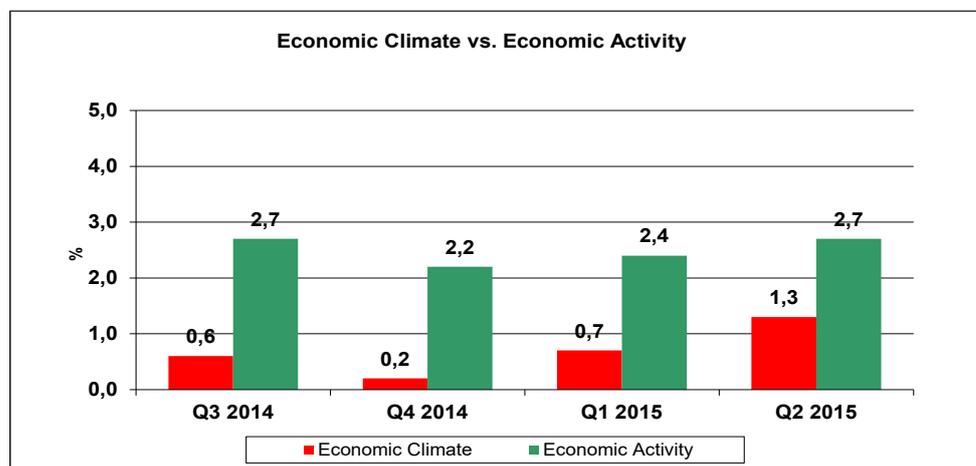
1. **Portuguese year-on-year GDP** has been keeping the tendency for slight growth in the last few Quarters. It grew above 1% in the last two Quarters of 2014 and also in the first Quarter of 2015, according to the National Statistics Institute (INE). In the second Quarter of 2015 it grew 0.6%. (see Graph no. 1)
2. Portugal has experienced slight deflation until the second Quarter of 2015, when the **CPI** grew 0.7%, according to the INE. (see Graph no. 1)
3. The **unemployment rate** had been rising slightly, above 13%, in the last Quarters. However, in the second Quarter of 2015 it dropped to 11.9%, also according to the INE (see Graph no. 1)
4. **Private consumption** has been demonstrating greater vigor, and grew above 2% in the last Quarters of 2014 and during the first Quarter of 2015, according to the INE. In the second Quarter of 2015 it grew even more (3.2%). (see Graph no. 1)
5. The **Retail Index** continues to grow slightly, with a year-on-year variation of 1.6% in July of 2015, 1.0% in August and 1.4% in September.
6. The **Economic Climate indicator** has also been growing slightly. It varied 0.7% in the first Quarter of 2015 and 1.3% in the second Quarter, according to the INE. The **Economic Activity indicator** is also growing: it grew 2.4% in the first Quarter of 2015 and 2.7% in the second Quarter. (see Graph no. 2)

Graph no. 1: Economic Indicators



Source: LaSBA

Graph no. 2: Economic Climate and Economic Activity



Source: LaSBA

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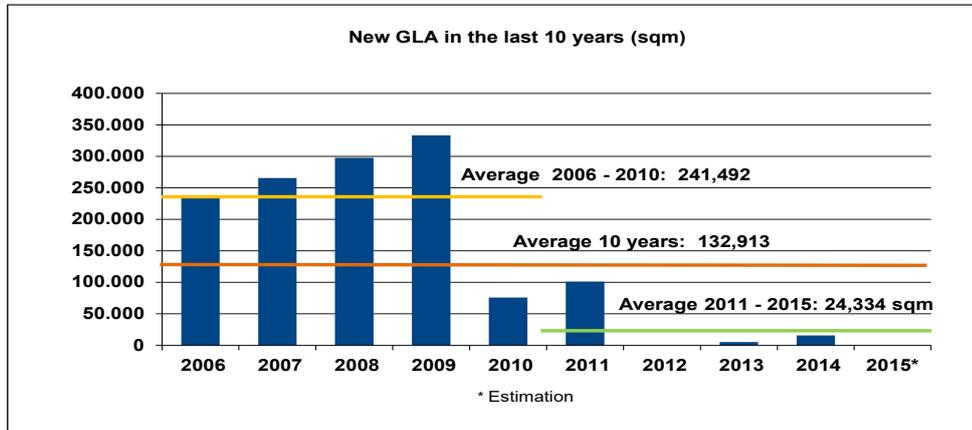
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Shopping Centre Development Market:

- Shopping Centre development in Portugal is still almost entirely on standby. Since the crisis in 2008, developers don't sense the proper conditions for the development of new shopping centres. So far there have been no new openings in Portugal during 2015.
- According to our estimations, by the end of the year there will not be any new opening, which should mirror what happened in 2012, when no shopping centre with over 5,000 sqm of GLA and no retail parks opened in Portugal. (see Graph no. 3)

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



Source: LaSBA

- Inter Ikea Group** has received in May the commercial licenses for its planned development in Loulé (Algarve). The project plans for an Ikea store, a shopping centre and an outlet centre, which will set the fourth presence in Portugal by the group, after Alfragide, Loures and Matosinhos. The development will advance by stages, being that first the Ikea store will open in 2016. In 2017 the shopping centre and the outlet centre should open as well. The "first stone" was set in August, signaling the beginning of the construction phase.
- The decision by the **Ikea Group** to open an outlet centre within its retail complex might lead to the postponement of the other outlet planned for the Algarve, for which no opening date has been announced. The other projects on standby at the moment in Portugal are **Évora Shopping** and the extension of **Forum Algarve**, both located in the country's South Region. (see Tables no. 1 and no. 2)

Table no. 1: Planned Openings upcoming years

Shopping Centre	Location	Developer	GLA (sqm)	Planned Opening
Algarve The Style Outlets	Faro	Neinver	23,500	n.d.
Nova Arcada (ex-Dolce Vita Braga)	Braga	Caixa Geral de Depósitos	50,000	2016
Évora Shopping	Évora	BES	16,400	n.d.
Inter Ikea Algarve	Loulé	Inter Ikea Group	85,000	2017

Table no. 2: Planned Extensions upcoming years

Shopping Centre	Location	Developer	GLA (sqm)		
			Initial	Extended	Total
Forum Algarve	Faro	Unibail-Rodamco	40,000	15,000	55,000
Total Extensions upcoming years			40,000	15,000	55,000

Shopping Centres in Operation:

- The **Alvalade S.C.**, located in Lisbon, was one of the finalists for the National Urban Rehabilitation Award, in the category for Services and Retail. Inaugurated in the mid 70s, the **Alvalade S.C.** was refurbished in order to become competitive, readjusting to the demands of modern times. It now has 27 units and it has tried to maintain its kinship with the Alvalade neighbourhood, where it is located, becoming complementary with the local street shops.
- Alegro Setúbal** is a finalist in the MAPIC Awards 2015 in the category for "Best Redeveloped Shopping Centre", the only Portuguese finalist this year. This international competition distinguishes best practices within the international retail property sector.
- Dallas**, which was once the largest shopping centre in the city of Oporto, will be refurbished and reopened. The goal of the centre's administration is not to reposition



Alvalade S.C. Lisboa



Forum Algarve Faro



Alegro Setúbal



Braga Parque Braga



Parque Nascente Gondomar



Michael Kors Av. Liberdade, Lisboa



Guess Av. Liberdade, Lisboa



Lucy Minho Center, Braga



El Ganso The Style Outlets, Vila do Conde

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Dallas as a shopping centre or gallery, but to create a “retail hub” for selling national products, focusing on products from Oporto. The centre will have a maximum of 15,000 sqm GLA, and the date for the new opening is not yet planned.

14. **Fonte Nova Shopping Centre**, in Lisbon, will be refurbished in 2016, thirty years after its inauguration. The refurbishment is set on three plans: opening of a subterranean parking lot for costumers with 90 spaces, a new gym with 1,700 sqm and the expansion of the supermarket for three times the current area.
15. **Amoreiras Shopping Center**, the first modern shopping centre in Portugal, has celebrated its 30th anniversary, and carried out a Shopping Day throughout September 30th. The emblematic centre also had concerts and an expo regarding its history. Aside from the anniversary, they announced that the shopping centre will have a viewpoint at the top, Amoreiras 360 Sightseeing, which will be on the top of Tower 1.
16. **Braga Parque** has recently strengthened its retail supply, with the renovation of **Massimo Dutti**, **Punt Roma** and **Zara Home**. They also opened a new **100 Montaditos** unit in the food court. **Massimo Dutti** is now on the second floor, refurbished and larger, and also **Punt Roma** and **Zara Home** have moved to the same floor.
17. **Parque Nascente**, located in Gondomar, has also recently strengthened its retail mix with the opening of two more Fresh BIZ pop-up stores, especially destined for Christmas. The new stores belong to the brands **Classic Toys** and **Kero Kero**. The Portuguese Toys brand has been in Portugal for 9 years and specialises in toys and learning games. In turn, **Kero Kero** is an isoteric store devoted to mysticism and therapy.
18. **Minho Center** has also strengthened its retail mix with the opening of 3 new stores, namely **Well's Saúde**, **Only4Kids** and **Sunlight Lounge**. **Well's Saúde** is the health and well-being brand by Sonae. **Only4Kids** is a new hair style space for children and **Sunlight Lounge** is a solarium. It's the third store in Portugal for the latter.
19. **Aqua Portimão** has strengthened its positioning and supply in the area of restoration, opening 3 new establishments in its food court, namely the brands **Wok to Walk**, **Vitaminas** and **Fourchette**.
20. **Tavira Gran Plaza** has been expanding its retail mix, openings stores by **Outlaw**, **Asian Temple Wok** and **Cidade das Brincadeiras**, among others.

Information regarding Retailers:

21. **Michael Kors** has opened its third store in Portugal, specifically at the **Colombo Centre**, in Lisbon. The American Fashion brand already had units at **Av. Liberdade**, in Lisbon, and at the **Vila do Conde The Style Outlets**.
22. **Desigual** has inaugurated in Portugal 'Desigual Living', a concept of Homeware. The first Desigual Living showroom opened in the **Oporto city centre** and was brought by Nosolid, a Portuguese Furniture company, as they will take over the retail distribution nationally.
23. **Guess** has opened a new 300 sqm store at **Av. Liberdade**, in Lisbon. In Portugal, **Guess'** expansion is carried out by the Brodheim Group, which also holds other brands.
24. **Giovanni Galli**, Men's Fashion brand, has opened a new store at the **Parque Nascente S.C.**, in Gondomar. The store is located on the building's first floor.
25. **Freeport Outlet** has just welcomed the first **Boutique dos Relógios** store under the outlet format. The new store by the largest Portuguese chain specialising in watches occupies an area of 120 sqm and now raises to 34 the number of stores throughout the country, aside from the six stores under the Boutique dos Relógios Plus brand.
26. The brand specialising in Shoeware **Lucy** opened a new store at **Minho Center**, in Braga. The unit has 100 sqm of GLA.
27. The Fashion brand **El Ganso** has entered the Portuguese outlet market with a new store at the **Vila do Conde The Style Outlets**. The unit has 120 sqm of GLA.
28. **Perfumes & Companhia** has once again opened at **Forum Viseu**, refurbished and under a new concept, the brand **Mars by Perfumes & Companhia**, dedicated to perfumes and cosmetics. The new 145 sqm unit is located on the shopping centre's first floor.
29. **Sonae SR** plans to open around 30 stores in the Iberian Peninsula in 2015, as well as to remodel more than 80 units. The stores belong to brands **Worten**, **SportZone**, **MO** and **Zippy**.
30. The first **Worten Resolve** opened in May at **NorteShopping**, in Matosinhos. The store is focused on instalation and techinal repair services. This project consists of creating a store devoted exclusively to repairing equipments, whether or not they were purchased in a Worten store. The concept was already available in Worten stores since 2012, but now holds an exclusive unit.
31. The supermarket chain **Pingo Doce**, from the **Jerónimo Martins Group**, has opened 5 new stores in the Algarve, namely in Faro, Tavira, Albufeira, Quinta do Lago and Vale do

Lobo. These last three units were formerly explored by Alisuper.

32. **Auchan Portugal** is going to open a new **Jumbo** hypermarket in Sintra, next to the road IC19, on the entrance to Mem Martins. It will have a health and well-being area, self discount, pet food, gas station and other services, in an area of 10,000 sqm.
33. **Leroy Merlin** has opened a new store in Vila Nova de Gaia, **next to Gaia Shopping**. This is the 4th store of the brand in the North Region, after openings in Gondomar, Matosinhos and Maia.
34. **Conforama** opened a new store at the **Matosinhos Retail Park**. With a total approximate area of 10,000 sqm, the store takes up one third of the retail park's area.
35. The Portuguese Bazaar and Homeware chain **DeBorla** wants to open 20 new stores in Portugal until 2020, as part of a rebranding strategy. Last year, **DeBorla** opened 4 new stores.
36. **Domino's Pizza** opened its first store in Portugal, **next to the Continente of Telheiras**, in Lisbon. The chain is preparing the opening of two new restaurants in Lisbon, specifically in Areeiro and Parque das Nações.
37. **NY Sliders**'s mini-hamburgers have arrived at **Braga Parque**. This is the 4th store by this restoration concept, with a full meal of 3 sliders, created by the Meireles family.
38. **Nata Lisboa** opened a new store at the **Forum Montijo**, on the food court located on the first floor of the shopping centre.

Investment Market:

39. The Retail Investment market has kept during the year 2015 the recovery tendency observed during 2014. During the first three Quarters of 2015 there were transactions by an amount close to 650 million Euros.
40. Foreign investors remain the main instigators of this dynamic. Street shops located in the main retail streets of Lisbon are particularly desirable for investors.
41. The main retail transaction which occurred during the first three Quarters of 2015 was the acquisition of **Almada Forum** (59,000 sqm of GLA) and **Forum Montijo** (41,000 sqm GLA) by **Blackstone**, the largest private equity property firm in the world. The amount was not made public.
42. After starring in one of the largest deals involving property assets in Portugal in 2015 – the acquisition of the Vilamoura resort for 200 million Euros – the American group **Lone Star** took over the ownership of four **Dolce Vita** shopping centres, in the cities of **Oporto**, Vila Real (**Dolce Vita Douro**), **Coimbra** and Lisbon (**Dolce Vita Monumental**), which had an accumulated debt of over 330 million Euros between them.
43. **ECS Capital**, which manages venture capital and restructuring funds, is entering the shopping centre business. For now, there are three shopping centres which compose their portfolio, namely the former **Dolce Vita Funchal**, which they acquired from the Spanish **Chamartin**, now called **La Vie Funchal**, **Vivaci Guarda** which was also renamed as **La Vie Guarda**, and more recently **Vivaci Caldas da Rainha**, the only one which does not yet have a new denomination, but which should adopt the same brand.
44. Yields are still going down, and are now at 5.5% for prime shopping centres and at 7.5% for retail parks.

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LaSBA's Permanente
Research Program

Paseo Castellana, 143 6º C
28946 Madrid, España
Tel. +34 914 178 100

Praça de Alvalade, 6 1º C
1700-037 Lisboa, Portugal
Tel. +351 213 136 060

Alameda Lorena, 1160
1424-000 São Paulo, Brasil
Tel: +55 11 974 040 727

www.lasba.com

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