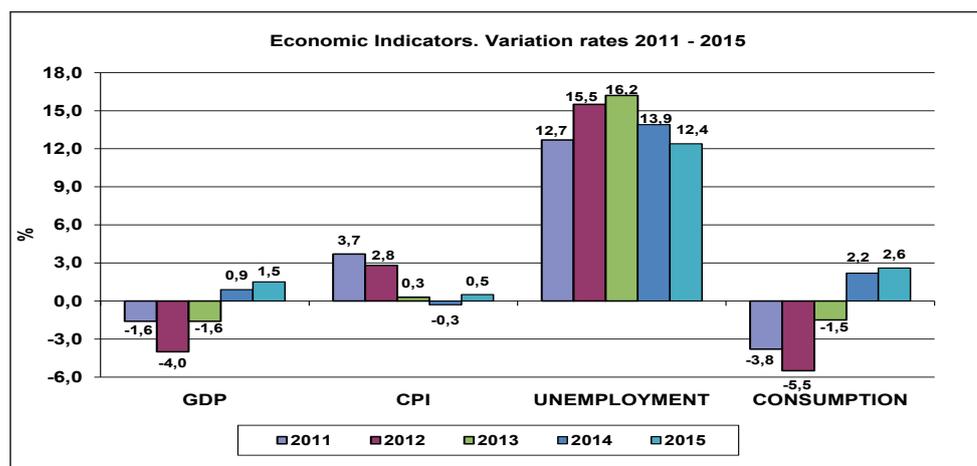


Shopping Centres in Portugal Activity Report April 2016

Economy:

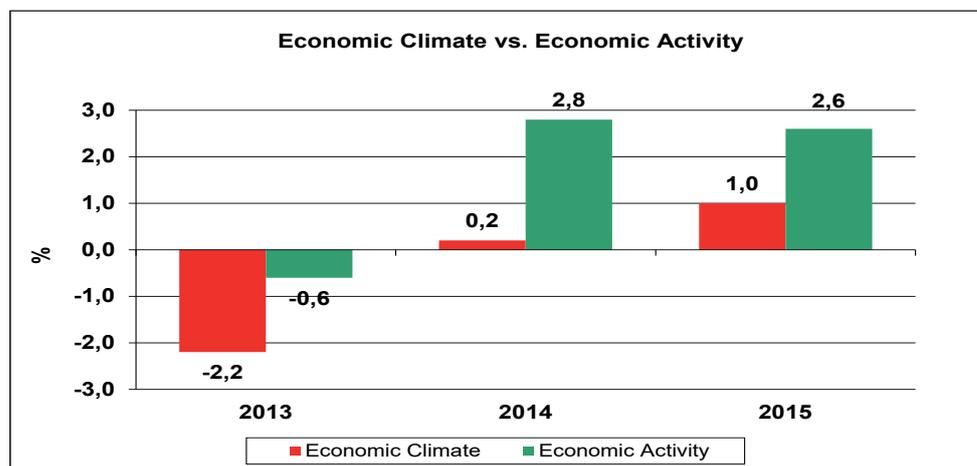
1. **Portuguese year-on-year GDP** grew 1.5% in 2015, according to the National Statistics Institute (INE), which was 0.6% above the rate registered in the previous year (0.9%). The contribution of domestic demand for GDP growth has increased and was 2.5% in 2015 (2.2% in 2014). This growth rate was the highest of the last five years. (see Graph no. 1)
2. Portugal has come out of the slight deflation it was in during 2014, and **CPI** has increased 0.5% in 2015, according to the INE. (see Graph no. 1)
3. **Unemployment** continues to decrease and was 12.4% by the end of 2015, also according to the INE, which is the lowest rate of the last five years, and the fourth consecutive year with a drop in **unemployment**. (see Graph no. 1)
4. **Private Consumption** has also registered the best growth rate of the last five years in 2015, slightly above the previous year. According to the INE, it grew 2.6% in 2015. (see Graph no. 1)
5. The **Retail Index** continues to grow, with a year-on-year variation (deflated) of 2.0% in 2015, above the one registered in 2014 (1.2%), also according to the INE.
6. The **economic activity indicator** grew 2.6% in 2015, according to the INE, slightly below 2014 (2.8%). The **Economic Climate indicator** is also growing: it varied 1.0% in 2015, above the rate registered in 2014 (0.2%). (see Graph no. 2)

Graph no. 1: Economic Indicators



Source: LaSBA

Graph no. 2: Economic Climate and Economic Activity



Source: LaSBA

nº 45 April 2016

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Shopping Centre Development Market:

7. In 2015 there were no new openings of shopping centres or retail parks with more than 5,000 sqm of GLA in Portugal. The same situation occurred in 2012, when the consequences of the 2007/2008 crisis were more heavily noticed in shopping centre development in Portugal. The maturity of the Portuguese market is the other main factor which explains this scenario.
8. Therefore, the average of new GLA inaugurated yearly during the last five-year period is only 24,000 sqm, whereas the average of the previous five-year period (2006-2010) was 241,000 sqm. The average of the last ten years was 153,000 sqm of GLA.
9. Already in 2016, on March 17th the **Nova Arcada** Shopping Centre, previously developed as Dolce Vita Braga, finally opened. Located on the highway connecting Braga to Vila de Prado, 2 km away from the city of Braga, it has 68,500 sqm of GLA and 190 stores, including an **Ikea** store, a food court with 20 restaurants and 2,600 parking spaces.
10. **Ikea Centres Portugal** and **Grupo Mutschler** have signed a joint-venture agreement for the development of the future **Designer Outlet Algarve**, which will be part of a large retail complex with 82,000 sqm of GLA, also including a shopping centre with an integrated **Ikea** store and an outdoor leisure area. The complex will be named **Mar Shopping Algarve**, and it's planned to open during the Summer of 2017.
11. **Évora Shopping**, project under development, was acquired from **Novo Banco** by an international company, **Ares Capital**, which intends to conclude the project and inaugurate in 2017. The shopping centre should have a 2,000 sqm supermarket, food court and 4 to 6 cinema screens. **Évora Shopping** began construction in 2011, with an estimated opening for the Fall of 2013, but construction has stopped over two years ago.
12. As for future extensions, there are currently two planned for the upcoming years: **Forum Algarve**, still with no estimated opening date, and **Norte Shopping**, which should be concluded in 2018. (see Tables no. 1 and no. 2)

Table no. 1: Planned Openings for the upcoming years

Shopping Centre	Location	Developer	GLA (sqm)	Planned Opening
Évora Shopping	Évora	BES	16.400	2017
Mar Shopping Algarve	Loulé	Inter Ikea Group	82.000	2017
Total Openings upcoming years	2		98.400	

Source: LaSBA

Table no. 2: Planned Extensions for the upcoming years

Shopping Centre	Location	Developer	GLA (sqm)		
			Initial	Extended	Total
Forum Algarve	Faro	Unibail-Rodamco	40.000	15.000	55.000
Norte Shopping	Matosinhos	Sonae Sierra	73.275	17.000	90.275
Total Extensions upcoming years	2		113.275	32.000	145.275

Source: LaSBA

Shopping Centres in Operation:

13. **Alegro Setúbal** won at the MAPIC Awards 2015 in the category of "Best Redeveloped Shopping Centre", a prize distinguishing best practices within the international property retail sector. Developed by **Immochan**, it was the only Portuguese shopping centre present in the competition.
14. Also during MAPIC, the finalists of the ICSC European Shopping Centre Awards 2016 were announced, among which there is also **Alegro Setúbal**. The list of candidates was reduced to 11 shopping centres from 10 countries, namely Turkey, Portugal, Israel, Germany, France, Denmark, Estonia, Netherlands, Italy and the UK. **Alegro Setúbal** is a finalist in the category "Refurbishments/Expansion: Medium".
15. **Espaço Guimarães**, shopping centre managed by **Klépierre**, has been strengthening its retail mix, and recently opened five refurbished Fashion units, besides expanding the **Vodafone** store. Among the new openings there is the Shoes store **Sapataria MAX**, **SMK**, Portuguese Men's Fashion brand, or **Bijou Brigitte**, which now also has a modern and renovated layout.
16. **Porto Gran Plaza** has changed names and is now called **La Vie Porto Baixa**. This shopping centre, located close to Mercado do Bolhão, intends to leave behind the image of the former Porto Gran Plaza. The centre will now also have free parking on Sundays, with 420 spaces. **ECS Capital**, owner of the asset, also has **La Vie Funchal**, **La Vie Guarda** and **La Vie Caldas da Rainha**.



Nova Arcada

Braga



Mar Shopping Algarve

Loulé



Forum Algarve

Faro



Norte Shopping

Matosinhos



Alegro Setúbal

Setúbal



Espaço Guimarães

Guimarães

page 2

nº 45 April 2016

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Campo Pequeno Lisbon



Aqua Portimão Portimão



Topshop Centro Colombo, Lisbon



Primark Almada Forum, Almada



Giovanni Galli Forum Viseu, Viseu



Bricomarché Mondego, Coimbra

17. **Campo Pequeno S.C.**, in Lisbon, started the year of 2016 with three new store openings, namely **Rádio Popular**, **Baía do Peixe** and **Carnalentejana**. **Rádio Popular** has an area of over 1,000 sqm.
18. **Ikea Portugal Group** will invest in the expansion and refurbishment of the food court of **Mar Shopping** and **Ikea Matosinhos**. This project plans the extension of the current food court from the shopping centre to the **Ikea** store and restaurant and the **NOS** cinemas, through the creation of discontinuous platforms. When concluded, the new food court will have a total of 2,300 seats, 500 more than the current number.
19. **Aqua Portimão** has strengthened its retail mix by opening two stores in Fashion and Technology: **Misako**, the Catalan Fashion and Accessories brand, and **Bright Mobiles**, which sells gadgets.

Information regarding Retailers:

20. **Topshop**, British Fashion brand, returns to the Portuguese market in the first Quarter of 2016. A 1,000 sqm unit will open at **Centro Colombo**, in Lisbon. It is not a first in the Portuguese retail market - **Topshop** was once at **Rua do Carmo**, in Lisbon, in 1998, with a Female and Male clothing line -, but this new unit brings the brand to a total of 569 stores worldwide.
21. The first **Calvin Klein Watches + Jewelry** store opened in Porto, specifically at **Rua de Santa Catarina**. The new "pop up store" has an area of 28 sqm, and it is located in front of Café Majestic, at no. 137 of this commercial artery.
22. **Primark** opened its first store in the Setúbal Peninsula, specifically at **Almada Forum**. It is the 9th store by the Irish brand in Portugal, and it has 4,000 sqm of total area.
23. The first store by designer **Gio Rodrigues** in Lisbon opened at **Amoreiras Shopping Center**. The new unit, made by Atelier Pedro Mourão, has 2 floors with 100 sqm and 60 sqm, and an area for brides, as well as Men and Women collections.
24. The centenary Portuguese brand **Loja das Meias** closed its store at the Castil building, and is moving to **Avenida da Liberdade**, targeting luxury tourists.
25. The Spanish brand **El Ganso** opened a new store at the **Freeport Outlet**. The new store occupies an area of 212 sqm, where the brand presents its supply characterised as "classic though original".
26. Also at the **Freeport Outlet** the first own store by **Coach** in Portugal opened, under the outlet format. The Luxury Accessories brand from New York has several purses, wallets, briefcases or eye glasses and watches, in a unit with 180 sqm.
27. The **Giovanni Galli** store located at **Forum Viseu** recently opened refurbished, with a new concept and strengthening the country's Men's Wear supply. The store closed and reopened with a new image which intends to strengthen the brand's strategy, with better service provided to the client.
28. The Furniture brand **Antarte** opened a new store in Lisbon at **Avenida 24 de Julho**, next to the Largo de Santos. The new space, at no. 56, has more than 400 sqm, and adds to the store at **Parque das Nações**, presenting several furniture and decoration items.
29. After four years without inaugurating any large hypermarket, **Auchan** has resumed its expansion in the Portuguese market and opened the new hypermarket **Jumbo de Sintra**. It is the 30th hypermarket by **Auchan** in Portugal.
30. **Sonae** has recently strengthened its presence in the Center Region of Portugal, namely in Carregado, with the opening of a new **Galeria Comercial Continente Modelo**, in the municipality of Alenquer. This new project includes a **Continente Modelo** store and a commercial gallery with stores by **Bagga**, **MO** and **Well's**, with a total sales area of 2,000 sqm.
31. The German supermarkets chain **Lidl** will invest in the refurbishment of several units to implement new store concepts, which include sushi tasting, food areas or coffee shops, and refurbished decoration. 25 stores will be renovated and 6 of these will have that new store concept.
32. The new **Ikea** store opened at the new **Nova Arcada S.C.**, in Braga. The new unit has a total of 22,000 sqm distributed by 2 floors, and is part of the brand's strategy to have 10 stores in Portugal by 2025. It is the 4th store by the group in Portugal and the second in the North Region.
33. **Aki** intends to double the number of stores in Portugal by 2020, reaching 64 units and investing in a concept of more proximity in detriment of large establishments. This number of units should be reached between openings and refurbishments of existing units.
34. **Bricomarché** opened a new store at the **Parque Mondego** retail park, located 5 minutes away from Coimbra, at the industrial area of Taveiro. The store has an area of 2,800 sqm.

page 3

nº 45 April 2016

OBSERVATORIO LaSBA



35. **Leroy Merlin** has inaugurated a new 5,000 sqm store in Sintra. This unit allow the multinational specializing in DIY, Construction, Decoration and Gardening the strengthening of its presence in the Greater Lisbon area.
36. The French Multinational **Decathlon** open a new store in the Alto do Parque building, at **Avenida António Augusto Aguiar**, in Lisbon. This is the first **Decathlon** store in a Portuguese city centre, with an area of 2,000 sqm.
37. **Huawei**, Chinese company operating in IT and Communications and the second largest Android brand in Europe, has opened its first store in Portugal, at the **Centro Colombo** in Lisbon. This opening was made in partnership with **Phone House**, that will be responsible for the unit's commercial operation.
38. **FNAC** intends to open 5 new stores in Portugal by 2018. The brand is already present in 8 'distrito' capitals, and plans to open the remaining stores in other such capitals.
39. **Gift Factory** opened a store at the **Campo Pequeno S.C.**, in Lisbon. It is a concept which supplies several exclusively Portuguese products, among them hand crafted items or gastronomic delicacies.

Investment Market:

40. **The Retail Investment market** has reached in 2015 the highest amount in recorded history. The amount is around 1.2 billion Euros, more than double of the amount registered in 2014 and surpassing the record of 2007, 950 million Euros.
41. **International investors** continue to be the main players. Out of the transactions concluded during 2015, the highlights are:
42. The shopping centres **Almada Forum** (59,000 sqm of GLA) and **Forum Montijo** (41,000 sqm of GLA) were acquired by **Blackstone**, the largest private equity firm in the world of property. The amount was not made public.
43. **Blackstone** has also acquired five retail parks by an amount of around 100 million Euros. One of them is **Sintra Retail Park**, one of the largest in Portugal, and the rest are **Lima Retail Park** (Viana do Castelo), **Portimão Retail Park** (destroyed in a fire a few years back), **Santarém Retail Park** and **Aveiro Retail Park**. All these assets were owned by **British Land**.
44. The North American Group **Lone Star** sold three of the four shopping centres that they had acquired recently. The three assets – **Dolce Vita Porto**, **Dolce Vita Douro** and **Dolce Vita Coimbra** – were acquired by **Trajan Iberia**, a Trust managed by the property investment division of **Deutsche Asset & Wealth Management**.
45. **Temprano Capital Partners** has closed its first property investment in Portugal by acquiring **Focus Park** in Vila Nova de Gaia. This retail park has 8,400 sqm of GLA and the amount of the transaction was not divulged.
46. **Immochan** and **Alaska Permanent Fund** have strengthened their strategic partnership in the Iberian Peninsula, as they now hold equal shares of **Alegro Setúbal**. The amount was also not divulged.
47. The Spanish property investment firm **Merlin Properties** has acquired the Monumental building and Tower A of the Torres de Lisboa complex, by an amount of 103 million Euros. The Monumental building includes the shopping centre **Dolce Vita Monumental**.
48. The Portuguese property investment fund **CA Património Crescente** was awarded the MCSI European Property Investment Award for the fifth consecutive year under the category "balanced fund". The award distinguishes the best funds of the last three years, until December 2014. This fund is managed by **Square Asset Management**, whereas **Grupo Crédito Agrícola** is the depository bank and in charge of leasing.
49. Yields continued with their tendency to decrease and then stabilised in the last Quarter of 2015, and are now around 5.25% for prime shopping centres and 7.25% for retail parks.

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