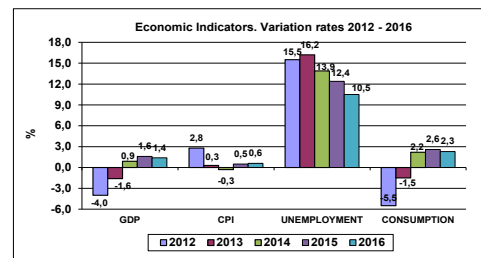


Shopping Centres in Portugal Semi-annual Activity Report April 2017

Economy:

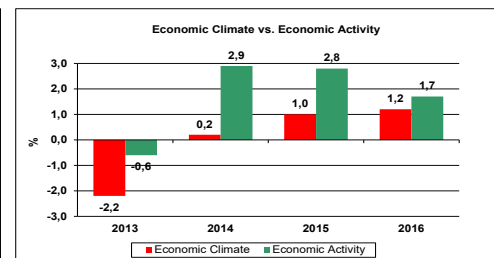
1. **Portuguese year-on-year GDP** grew 1.4% in 2016, according to the National Statistics Institute (INE), which was 0.2% below the rate registered in the previous year (1.6%). Domestic demand had a less positive contribution to the annual GDP variation, going from 2.6% in 2015 to 1.5% in 2016, largely reflecting the 0.9% investment reduction. (see Graph no. 1)
2. **CPI** increased 0.6% in 2016, slightly above the rate of 2015 (0.5%), according to the INE. (see Graph no. 1)
3. **Unemployment** continues to decrease and was 10.5% by the end of 2016, also according to the INE, which is the lowest rate of the last six years. (see Graph no. 1)
4. **Private Consumption** grew 2.3% in 2016, which translates to a slight deceleration with respect to the previous year (2.6%), according to the INE. (see Graph no.1)
5. The **Retail Index** continues to grow, with a year-on-year variation (deflated) of 2.9% in 2016, above the one registered in 2015 (1.8%), also according to the INE.
6. The **Economic Activity indicator** grew 1.7% in 2016, according to the INE, below 2015 (2.6%). The **Economic Climate indicator** is growing: it varied 1.2% in 2016, above the rate registered in 2015 (1.0%). (see Graph no. 2)

Graph no. 1: Economic Indicators



Source: LaSBA

Graph no. 2: Economic Climate and Economic Activity



Source: LaSBA

Shopping Centre Development Market:

7. After 2015, when there were no openings of new shopping centres or retail parks with more than **5,000** sqm of Gross Leasable Area (GLA) in Portugal, in 2016 there was once again shopping centre development. One new shopping centre and two retail parks opened, accounting for 109,000 sqm of new GLA. (see Table no. 1)

Table no. 1: Openings 2016

Shopping Centre	Location	Developer	GLA (sqm)	Opening
Nova Arcada	Braga	Caixa Geral de Depósitos	68.500	March
Rio Park	Monção	Grupo Rio	10.500	July
Matosinhos Retail Park	Matosinhos	n.d.	30.000	October
Total Openings	3		109.000	

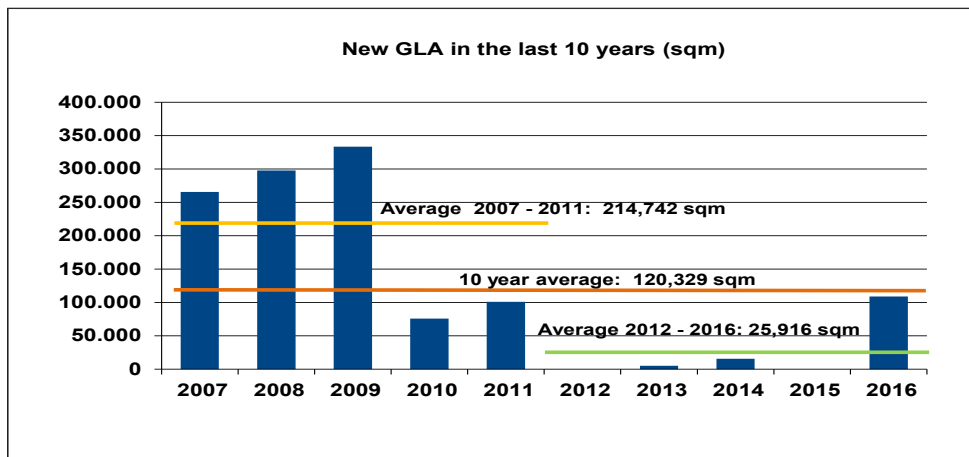
Source: LaSBA

8. On March 17th of 2016, the **Nova Arcada** shopping centre, previously developed as Dolce Vita Braga, was inaugurated in 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.
9. In July **Rio Park**, a retail park with 10,500 sqm of GLA located in Monção, was inaugurated. Developed by **Grupo Rio**, it has stores like **De Borla**, **Sportzone**, **Radio Popular**, **Seaside** and **Espaço Casa**, among others, and an outdoor parking lot with more than 400 spaces.
10. Lastly, in October **Matosinhos Retail Park** was inaugurated, with the opening of the unit by **Media Markt**, which joined the previously opened **Conforama** and **DeBorla** (which opened shortly afterwards in November). This retail park has 30,000 sqm of GLA and it is located next to **Mar Shopping**.
11. With these three openings, the year 2016 has surpassed the last six years in terms of inaugurated GLA, reaching the average volume of last ten years (see Graph no 3)

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



Source: LaSBA

12. For this year of 2017 two new openings are expected, both in the south of Portugal. **Mar Shopping Algarve** is **Inter Ikea Group's** project in Loulé and with less than one year until the planned opening it has several prestigious brands confirmed, like **Zara**, **Bershka**, **Stradivarius**, **Zara Home**, **Pull & Bear**, **Oysho**, **Lefties** and **Massimo Dutti**, from **Inditex**, as well as **Primark**, **Mango**, **C&A**, **Punt Roma**, **Sfera**, **Tiffosi**, **Aromas** and **Sephora**. The shopping centre will also have a **Pingo Doce** supermarket and it also includes the **Designer Outlet Algarve** and an **Ikea** store.
13. The other opening planned for 2017 is **Évora Shopping**, which resumed construction, and may open by the end of the year. Construction was on standby for over two years, and the project belonging to **EVRET**, joint-venture between **Imorendimento** and **Madford Developments**, ended up owned by **Novo Banco**. Afterwards, in March of 2016, the family office from **Dubai Ares Capital** acquired the asset from the bank and announced the intention to conclude the project. (see Table no. 2)

Table no. 2: Planned Openings 2017

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

Source: LaSBA

14. As for extensions of existing shopping centres, opening dates are more unpredictable. For the next few years four shopping centres have planned extensions, including the one of **Centro Colombo**, in Lisbon, which was recently announced. (see Table no. 3)

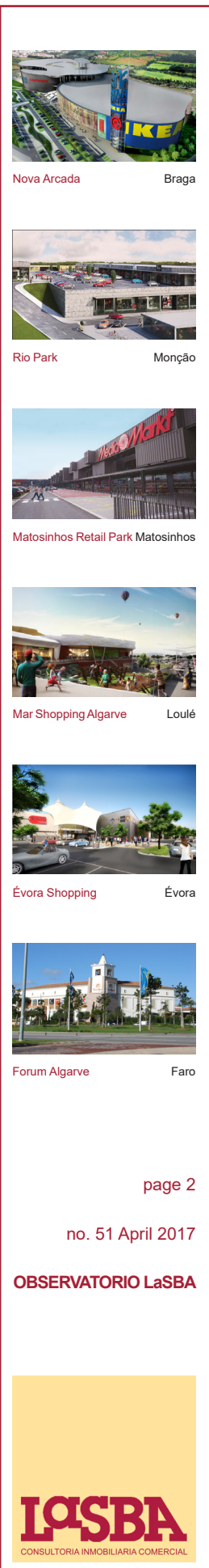
Table no. 3: Planned Extensions upcoming years

Shopping Centre	Location	Developer	GLA (sqm)		
			Initial	Extended	Total
Centro Colombo	Lisboa	Sonae Sierra	114.000	n.d.	n.d.
Forum Algarve	Faro	CRI - Commerz Real	40.000	15.000	55.000
Norte Shopping	Matosinhos	Sonae Sierra	73.275	17.000	90.275
Oeiras Parque	Oeiras	Mundicenter	34.500	3.000	37.500
Total Planned Extensions	4		261.775	n.d.	n.d.

Source: LaSBA

Shopping Centres in Operation:

15. According to the Footfall Index, year-on-year affluence to Portuguese shopping centres finished 2016 with a decreasing tendency. In December 2016 affluences varied -5.2% year-on-year. In the first few months of 2017, year-on-year variation was also negative, -0.7% in January and -1.5% in February.
16. **Almada Forum** was recently distinguished by the European Union for its sustainability. The shopping centre received acknowledgement by the Environmental Management and Audit Scheme EMAS for the seventh time, which defines a standard of practises





Norte Shopping Matosinhos



Fonte Nova Lisbon



Freeport Fashion Outlet Lisbon



Parque Mondego Coimbra



Mango Armazéns do Chiado



Uterqüé Centro Colombo

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regarding environmental management systems.

17. **Fonte Nova**, shopping centre located in Lisbon, was refurbished during 2016. The refurbishment included substituting the three movie theatres for a **Fitness Hut** gym, and **Pingo Doce**, one of the main anchor stores, tripled its area to 1,000 sqm.
18. **Freeport Fashion Outlet** entered 2017 with a renewed retail mix, namely with the reopening of **Calvin Klein**, and a new store by **The Body Shop**. **Calvin Klein** now has a unit with 190 sqm and **s** has a unit with 100 sqm.
19. **Alegro Alfragide**, shopping centre in Alfragide managed by **Immochan Portugal**, strengthened its retail mix in the food, children and shoes segments, with three new openings by Portuguese brands: **Pastelaria Aloma**, **Dreamy World** and **Shoe Colours**.
20. **Parque Mondego**, retail park located five minutes away from Coimbra, inaugurated two new stores: **Ornimundo**, the pet shop store, and **CashExpress**.
21. Retail parks managed by **Multi Portugal** have also been inaugurating new stores. **Sintra Retail Park** welcomed a new store by **Tiffosi**, **Alverca Retail Park** has a new **Xperience Health Club**, at **Lima Retail Park** there was a new opening by **Blyss Home** and **Santarém Retail Park** has a new shoes store by **Stara**.
22. **Sonae Sierra** plans several interventions in their Portuguese shopping centres for 2017. Refurbishments include **Vasco da Gama**, in Lisbon, where the intervention is mostly indoor, and **CascaShopping**, with interventions in the parking lot and the food court.

Information regarding Retailers:

23. **Uterqüé** opened a new store in Lisbon, this time at **Centro Colombo**. It's the sixth unit by this **Inditex** brand in Portugal. The new Fashion store is inspired by the style of the 50s.
24. Also by **Inditex**, **Lefties** has opened its largest store of the Algarve region at **Forum Algarve**. The Clothing brand has a unit of 1,200 sqm on the first floor of this shopping centre, above the unit by **FNAC**.
25. Considered a competitor of **Inditex**, **H&M** or **Primark**, the French Fashion brand **Kiabi** now arrives in Portugal and intends to open a total of 10 stores during the next five years. So far, the brand was present in Portugal through affiliates. It will open at **Forum Sintra** and in the Greater Oporto area.
26. **Versace** opened a store at **Avenida da Liberdade**, at no. 238 of the Lisbon retail artery. The unit is located next to **Cartier** and to the newly inaugurated **Bulgari**. It occupies two floors of the building, in a total of 440 sqm.
27. The American Youth Clothing brand **Forever 21** has opened its first store in Portugal at **Centro Colombo**, in Lisbon. The unit has a GLA of 1,000 sqm.
28. **Mango** opened on February 10 of this year its largest store in Portugal at **Armazéns do Chiado**, in Lisbon, a unit with a total of 4 floors and 1,700 sqm. The new megastore supplies the new clothing and accessories collection for men, women and children, and it includes the new brand concept "The Line".
29. A new store by **Armani** opened at the **Vila do Conde The Style Outlets**. The brand now has an area of 230 sqm at the outlet centre, where they have a large supply of fashion for men, women, children and accessories, with discounts between 30% and 70%.
30. Also, a new store by **Tiffosi** opened at **Liberdade Street Fashion**, in Braga. The Fashion brand which specializes in jeans now occupies a unit with 1,100 sqm, one more unit to add to the more than 1,000 sales points (between own stores and multi-brand) they have in Europe.
31. The Danish **Flying Tiger** opened its 24th store in Portugal at **Nosso Shopping**, in Vila Real. This store is their third in the country's interior, after Viseu and Castelo Branco. The unit has 120 sqm.
32. A new pop-up store by **Aldo**, Shoes and Accessories brand, opened at **Forum Viseu**. The unit offers a varied supply of shoes, purses and accessories at affordable prices. It is at the second floor, with an area of 125 sqm.
33. **Swarovski** inaugurated its first outlet store in Portugal at the **Freeport Fashion Outlet**, in Alcochete. The new store has an area of 52 sqm with the brand's supply of luxury accessories. In Portugal, **Swarovski** already has a unit in Lisbon, in the downtown area, and nine others in shopping centres throughout the country.
34. **NYX Cosmetics** opened its first store in the northern region of Portugal at **Parque Nascente**, in Gondomar. Created in 1999, this brand specialises in make-up and cosmetics at competitive prices.
35. The first outlet store by the football club Sport Lisboa e Benfica has opened at the **Strada Outlet**, called **Benfica Official Outlet**. The unit is located at the shopping centre's first floor, with an area of 100 sqm.

36. **Zu**, the **Pet Shop** by **Sonae**, will open its fourth store at **Minho Center**, in Braga. Totally designed for cats and dogs, this space offers food, hygiene products, toys and accessories.
37. **Mercadona** has acquired a plot of land in Vila Nova de Gaia. The Spanish distribution chain will open four establishments in Portugal, during 2019. The plot acquired in Canidelo, part of the Gaia municipality, will have a unit with a sales area of 1,800 sqm, and capacity for 180 parking spots.
38. **Intermarché** has opened two new supermarkets in Portugal since the beginning of the year, one in Santa Iria da Azóia and the other in Gafanha da Nazaré.
39. **Brasa Rio** strengthens the Restoration supply of **Espaço Guimarães**, opening for the first time in this shopping centre, with a menu based on grilled food and Brazilian cuisine.
40. Continuing with its expansion in the Greater Lisbon area, **Padaria Portuguesa** has opened its 47th store, this time in Linda-a-Velha. It is located at **Avenida 25 de Abril de 1974**. The Pastry chain intends to reach 50 stores very soon.

Investment Market:

41. The Retail Investment market remained dynamic during 2016, although significantly below the amounts of 2015. The amount of transactions was around 500 million Euros.
42. International investors continue to be the main players. Out of the transactions concluded during 2016, the highlights are:
43. The shopping centres Algarve Shopping (42,500 sqm GLA) and Estação Viana (18,500 sqm GLA) were sold by Sierra Fund to CBRE Global Investment Partners for around 180 million Euros.
44. The project under development Évora Shopping was sold by Novo Banco to Ares Capital, from Dubai, for approximately 20 million Euros.
45. Aberdeen AM, representing its European Balanced Property Fund, has sold Coimbra Retail Park to the Fund CA Património Crescente, managed by the Portuguese Square AM. This retail park has a GLA of 13,200 sqm, distributed between 13 stores.
46. Via Outlets has acquired the Vila do Conde The Style Outlets from IRUS by an unspecified amount. Vila do Conde The Style Outlets has a GLA of 28,500 sqm.
47. Another significant operation was the sale of a Continente hypermarkets portfolio by Sonae Retail Properties to M&G by a non-disclosed amount.
48. In the beginning of 2017, the shopping centres Forum Coimbra and Forum Viseu were sold by CBRE GI to the international property groups Greenbay and Resilient for around 220 million Euros. The two companies, with headquarters in Mauritania and South Africa respectively, got together in a joint-venture and acquired both assets.
49. By the end of 2016 yields were around 5.25% for prime shopping centres and around 7.0% for retail parks.

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