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THE NEW PLATFORM FOR INVESTMENT IN SPAIN & PORTUGAL

TOP INVESTORS 2022: SPECIAL EDITION PORTUGAL

- Investors proceed with caution but remain on the buying side
- Investment volumes speed up in the Summer
- Ranking: Top10 investors in the Portuguese market

+

SPECIAL ISSUE:

PORTUGAL REAL ESTATE SUMMIT

expo real

salón del inversor inmobiliario by SIMA

WHY IBERIA? IBERIAN INVESTMENT BRIEFING

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WELCOME TO WESTERN EUROPE!

ANTÓNIO GIL MACHADO
DIRECTOR,
IBERIAN PROPERTY

The Portuguese property investment market reflects the economy and the expectations of economic agents about our country.

The international context is very challenging, with the perception of a change in the economic cycle marked by rising inflation and interest rates, while at the same time a war is being waged in Europe that nobody anticipated or even thought possible!

Portugal's role as a safe haven for investment in Europe thus appears unlikely, but in reality is very plausible and with important arguments. Economic performance has been very positive, fuelled by tourism, an industry with great importance in our economic context.

But the attraction of Portugal, which justifies an exceptional year for tourism, is also valid for many other economic activities! Our country is attracting a growing number of companies, digital nomads and talent, which are revolutionising the country's profile and transforming our cities into cosmopolitan and very international metropolises!

Portugal is in fashion! And international investors know how to recognise this phenomenon, not only for economic value creation, but also as a real estate investment opportunity!

The Portugal Real Estate Summit Conference is the ideal moment to hold this wide-ranging debate and to discover the potential opportunity that our country represents more than ever!

It is in times of challenge and change of cycle, that the biggest and best opportunities arise. It is very important that national professionals know how to recognise this reality and that each one of us is an ambassador of a country where everyone wants to live!

Welcome to Iberian Property Portugal special edition!

Who are we?

EFFIC, we are specialized in the comprehensive management of rehabilitation projects, both individuals and investors are guaranteed a single interlocutor throughout this process of diagnosis and technical study, management of the subsidy and execution of the work.

+44k
Sales
(last 3 years)

IN-DEPTH KNOWLEDGE OF THE MARKET

EFFIC is a key player in the integrated process of using European funds to redevelop neighborhoods and refurbish buildings and homes, with the technical and operational capabilities we have acquired over many years in the real estate servicing sector.

+50k
Rehabilitated Assets

HIGH-CAPACITY OPERATIONS AND SCALABILITY

Through the **integration of multiple processes and suppliers** market leader, forming a **unique management and execution ecosystem** throughout the asset's life cycle in online connection with our systems.

8 days
Average execution time for rehabilitations

FLEXIBILITY AND ADAPTABILITY

Our monitoring processes and high-quality data enable us to tailor the **real adaptation needs of each asset.**

+860
Professionals

PROVEN EXPERIENCE

EFFIC stands out, which **has professionals specialized in energy and real estate consulting**, accompanying holders on their way **to improve their portfolio in terms of energy efficiency.**

Innovation

ONGOING INNOVATION

We're committed to **quality and innovation** through recurrent investment in **technology and the digitization of processes.**

The funds are available here and now, limited and going to run out fast. Therefore, its now, or never, to take this opportunity to increase value.

INVESTMENT ON A RECORD BREAK PACE IN THE PORTUGUESE MARKET

MARKET UPDATE

LEGAL & REAL ESTATE

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"Panoramic photograph of the 25 de Abril bridge in the city of Lisbon" by Uldis Laganovskis (Shutterstock)

154 SQM FOR THE ENTRANT 'GREATER PORTO' AT EXPO REAL 2022

"Greater Porto" is the name for a successful alliance between three cities from the north of Portugal, Porto, Gaia and Matosinhos. Together they will unite the top investment proposals and present them to the international real estate industry that will attend EXPO REAL this year.

The international trade fair for real estate and investment - EXPO REAL 2022 - will open its doors from October 4 to 6 in Munich, with more than 1,900 exhibitors that will come along from many different areas such as residential, offices, hotels, logistics and retail asset classes - 50 percent more than in 2021.

The last edition took place with excellent attendance, despite the Covid-19 pandemic circumstances: around 1,200 exhibitors and 19,000 professional participants from 52 countries benefited from being present. This year the show will once again feature traditional joint pavilions, for example from the Netherlands, Austria, France, USA and, for the first time, the Madrid region will be represented in addition to Barcelona-Catalunya. The organization reported to Iberian Property the existing *"high desire for information and exchange in the real estate industry".*

From Portugal, besides *"Greater Porto"*, investors can also reinforce their activities with proposals from Sonae Sierra, the Portuguese Shopping Center specialist that has been participating for the longest time in Munich, and from Casa Safari who will attend this year with its own stand for the first time.

Casa Safari conquered a presentation space in the Tech Alley, a central innovation area of EXPO REAL located at Hall A3, that aims to aggregate all recent digital solutions and digital products. With its developments

in artificial intelligence and machine learning, the startup company has developed a real estate data platform called *"Casafari"* which, according to the company, centralizes all information available online, allowing its users to follow all the offers of the sector, as well as analyze any market trends.

There are very good reasons for visiting EXPO REAL in 2022, besides the 7 exhibition halls fully prepared for meetings, for exchanging ideas and absorbing all the upcoming digital changes, also trend-setting topics in the industry will be discussed at the EXPO REAL FORUM. The focus here will be on ESG, climate protection, the creation of affordable housing and the current interest rate policy. The PLANNING & PARTNERSHIP FORUM will highlight the individual asset classes and the DN FORUM and the EXHIBITOR STAGE will be open to exhibitors for topics directly related to the real estate industry.

For those who were longing to know the complete Conference Program for this year, here goes the recently released program: www.exporeal.net/conferences.

Portuguese professionals interested in attending EXPO REAL 2022 in October can contact MundiFeiras, the Representative in Portugal (www.mundifeiras.com), to get the latest information about the leading international trade fair for real estate and investment. ■

Portuguese exhibitors confirmed for Expo Real 2022*:

Casafari – Casa Safari Lda.	**A3.T9.1**
'GREATER PORTO' Organizes: InvestPorto Avenue B. Prime Castro Red Chave Nova Civilria Hori-zonte Architecture Mota-Engil Real Estate Matosinhos municipality Porto municipality Vila Nova de Gaia municipality Predibisa Real Estate Visionarea VPM Real Estate	**C1.442**
Sonae Sierra Shopping Center Specialist	**B2.112**

*provisory list

INFLATION? BAD GOVERNANCE OR BAD LUCK... A LITTLE OF BOTH!

"Challenging Your 'Official future'" was the theme at the EPRA – European Public Real Estate Association - meeting, which gathered more than 400 delegates in Paris on the 6, 7 and 8 of September.

Renowned economist Nouriel Roubini analysed the current economic situation and presented a vision of a hard future facing the European economies. Within a well-structured presentation, Roubini made it clear that, to overcome the current inflation, central banks need to organise a strong, decisive and coordinated action to increase the interest rates.

Increasing the interest rates by definition generates economic slowdown. Roubini's more pessimistic view is that politicians will not allow a recession, let alone following a pandemic and with a war, literally at their doorstep. Without enough room to take free and decisive action in attacking the inflation, central banks will delay a situation of high prices which will generate an extended stagflation.

Nouriel Roubini detailed the causes behind the current inflation and found two simultaneous shocks, one hitting offer and the other hitting demand. The shock that hit demand was caused by providing companies and families liquidity during the pandemic. Just to give you an idea of the scope of these measures, within the US, the three support programs represented more than 20% of the world's largest economy's annual GDP. It was the largest economic support program ever seen, much larger, for example, than the post-war reconstruction effort. In Europe, economic support programs had similar dimension, representing the largest operation to distribute money to companies and families ever carried out. With the end of the pandemic, companies and especially families went on the largest spending spree we ever saw.

Add to this shock to demand, the shock that hit offer. In the beginning, this shock was caused by the distribution chains' disruption and the Chinese factories shutting down, then it was the unexpected Ukraine War, which generated energy and food prices disruption.

Roubini posed a question to the audience: *"Just bad governance or bad luck?"* In reality, this crisis was caused by a sad combination of wrong economic decisions from governments and an apparent case of bad luck, such as Europe facing a tremendously dry year, which worsened both the energy and food crisis.

The feeling was thus more negative than positive, with Nouriel Roubini warning the audience that the likeliest scenario is for inflation to remain above 2% for longer than it should, with a longer economic slowdown than necessary, if central banks and governments do not have the courage to attack inflation.

And what about the real estate market, what is the impact?

The considerations concerning the real estate market, were considerably less negative. The real estate market is a recognised safe haven in times of inflation, since rents are generally indexed to price evolution. By having physical and tangible assets, there is always a high residual value which is perceived as being safe, meaning it might even benefit from the current situation. He also added to the positive outlook the fact that there isn't an excess of real estate development and that the sector effectively reduced, over the last 10 years, its exposure to bank debt.

Nouriel Roubini warned, however about the challenges the industry faces, since it will not be immune to the economy's effects on companies and it faces a great challenge with decarbonisation.

During the following round table, AXA REIM's CEO Isabella Scemama, was very optimistic. Basically, the argument is that building a sizable and balanced portfolio within the real estate market is a hard, long-term task and as such she is more alert to what she called megatrends than passing circumstances. Climate change, decarbonisation, digitisation and demography were some of those megatrends highlighted by Isabella.

Lars Von Lockum, CEO at LEG Immobilien, a German residential investment REIT, highlighted decarbonisation as more than a trend, an immediate emergency in Germany. With almost two thirds of its housing stock built between the 50s – 70s, heating on these buildings is provided by gas, which threatens to be out during the winter. The alternative is to fit these buildings with efficient heat pumps, together with a greener energy production where there are more alternatives.

Anders Rasmussen left a strong appeal to support Ukraine

A strong support to Ukraine means the last line of defence for the principles of a free and democratic world, as it is perceived in Europe and the US and which has allowed us, during the last half-century, to free millions of people from hunger across the world.

A strong appeal, from a man who led NATO in the past and who has the experience of being the Danish prime-minister, who considered the current war has only one guilty party: Vladimir Putin.

The US and Europe's decisive support is a moral imperative for all and constitutes the defence of a better world for our children, Rasmussen added in a strong statement. Even if it means economic sacrifice for all Europeans, our suffering will always be minimal, when compared to that of the men and women of Ukraine who are fighting for their country, stated Anders Rasmussen at the EPRA conference.

Resilient REITs within a challenging scenario

EPRA's CEO, Dominique Moerenhout, in exclusive for Iberian Property presented a very positive balance of this event which gathered more than 400 delegates, under a fully live and onsite format, the first event without restrictions since 2019.

Making a rapid assessment of the REIT industry, he highlighted the performance of the FTSE-EPRA index which beat the capital markets' generalist indices, with investors recognising real estate as a safe haven, as well as the REITs' management abilities offering returns clearly above market levels.

Based on an interesting analysis presented during the Conference, Dominique highlighted the fact that, during the last 12 years, European REITs grew more than 100 billion euro, which represents a very significant volume at the scale of the European economy.

Dominique Moerenhout also highlighted the performance of the real estate listed in Spain as a very significant European market, and expressed the commitment to support Portugal in reviewing a regime which has not yet been able to reach the same level as that of the SIGI, unlike what is happening in other European countries.

VALDECARROS, A KEY PLAYER IN MADRID'S DEVELOPMENT

BY: Luis Roca de Togores, president of the Valdecarros Community Council
BRANDED CONTENT: VALDECARROS


Luis Roca de Togores

The third largest city in Europe in terms of the population keeps growing steadily. According to data from the Madrid City Council, the city is expected to grow faster than the Spanish and European average in the following years. Madrid is expanding northwards and eastwards as it moves forward in its aim to become a modern, integrated and interconnected city.

Over the next twenty years, it will undergo a major transformation and modernisation. It will have new, more connected, functional, and sustainable neighbourhoods. It will provide affordable housing adapted to the current preferences of its inhabitants, with a focus on the natural environment, health, and well-being. As the Mayor of Madrid, José Luis Martinez Almeida, said: *"Madrid is the city of opportunities", "there is no other city that has plans for more than 100,000 homes that will be built in the south-east developments"*. **It is worth noting that more than half of these homes will be built in Valdecarros.**

With an area of 19 million square meters where more than 51,000 free and subsidised housing units will be built to house a population of 150,000 people, **Valdecarros is Madrid's largest urban development, residential and public housing project between now and 2040**. The development of this neighbourhood will be beneficial for the entire population of the city, as it will not only contribute to improving the access to housing for all citizens, especially young people; it will also be a great economic boost for the region by generating thousands of jobs both in the short (construction) and long term (developments destined for economic activity).

Valdecarros is also the only area where there are still significant land investment opportunities. It will be an area where the entire development and construction sector will find raw materials to perform its activity, with an investment in urbanization of more than 1,4 billion euros, which rises to 7,5 billion euros if we consider the investment in the building. The construction of the first three stages of Valdecarros alone will mean 13,500 homes and large green areas, facilities, and commercial areas - the equivalent of the entire sectors of Cañaveral or Valdebebas - with an investment in the urban development of 180 million euros.

It is therefore **the most important project for housing policy in the next few years**. The presence of the Public Administration in the ownership of the land and their social and sustainable commitment is a major endorsement. At the same time, the new neighbourhood represents an incredible environmental opportunity. It provides more than 700 hectares of green areas and wooded spaces. It is also part of the Bosque Metropolitano (Metropolitan Forest) project, an authentic green lung of 75 kilometres that surrounds Madrid and one of whose strategic closures will be in Valdecarros.

In addition to the Metropolitan Forest, there will be urban parks thanks to which every house in the neighbourhood will be located within 200 meters of a green area. So, each resident will have a green area equivalent to 48 square meters, four times more than what is recommended by international organisations. Valdecarros will undoubtedly bring considerable environmental improvement for the city as a whole, which will result in a healthier lifestyle for the residents. At the same time, in its planning, the greatest importance has been given to boosting neighbourhood life, which is why it will have 461,088 square meters of commercial space, of which almost 40% will be for local shops. The neighbourhood is planned in such a way that all homes will be located less than 300 meters from a shopping centre.

On the other hand, the office space will offer a new and powerful economic centre within the capital that will allow many residents to have their own homes, live and work without having to leave their neighbourhood. Moreover, due to its location, Valdecarros will be one of the best-connected urban developments in Madrid.

In short, **Valdecarros will become a centrepiece for the Southeast**. A complete, self-sufficient, and dynamic micro-city, with the particularity of being, at the same time, another district of Madrid's capital. In fact, in a project of such magnitude as this, there will be room for all existing real estate product formats, as well as those that may arise in the future, and its development in stages will be carried out with flexibility, accommodating the needs of today's fast-changing society.

> Investment in urbanization in the Valdecarros area ascends to more than 1,4 billion euros, which rises to 7,5 billion euros if we consider the investment in the building

NETWORKING TAKES THE SPOTLIGHT AT MAPIC

From 29 November to 1 December, the world's largest event dedicated to the retail real estate industry comes back to Cannes, France. And, given the turning point in which the sector currently is, this will be an edition of *«recovering MAPIC traditions, and introducing new ones to turn this event even more dynamic than what we were used to»,* promises the director, Francesco Pupillo, in an interview for Iberian Property.

People, Planet, Profit: what to expect of this year's theme?

This year we are in a very particular moment because the retail industry is in a turning point, there were already big changes coming before the pandemic crisis, which ended up accelerating them. We can say that this starts with the boom of e-commerce and the change of the consumer behaviours – being in a reality where people can shop online 24 hours a day results in a totally different meaning to why consumers continue going to the physical stores… the business model is changing, its undeniable.

Additionally, the type of assets that property companies are building today are also different, we are witnessing a rise of the mixed-use buildings and less traditional retail properties, which derives from the fact that people began looking much more for experience, in other words, something more than just price and product.

Thus, the main theme for MAPIC 2022, was built for retail and property players to face the challenges and opportunities post-Covid, having the goal to navigate retail towards a more "*human*" world, a world built around human beings, their needs, new behaviours, and new ways of living. A world where the boundaries between digital interactions and physical experiences are blurring and where sustainability and responsible consumption are no longer optional.

How many participants are expected in this edition? And how was the conference program designed to improve networking?

Our goal is to be back to the pre-crisis level, but we are aware that it may take some time. This year we are expecting 6.000 participants and probably around 1.500 retailers. We will be back to the two levels exhibit like it used to be, and we are also going to have once more our famous opening ceremony, and the returning of the MAPIC awards with new categories that include broader aspects like recovery performance.

As for the conference program, there are new topics but most importantly we innovated the format in which they will be addressed. We launched what we call the "*closed-door networking events*", in other words events by invitation only, with the purpose of placing buyers and

sellers face-to-face. Last year we had already 2 of these networking moments and the feedback was great, so this year we increased it for 6.

To give a quick picture we will have summits focused on: how cities can reinvent themselves to remain attractive for retailers; sustainability best new practises; new business models and the latest location-based entertainment trends; new legal challenges; and much more.

Another important novelty that is worth mentioning is the creation of the *"Retail Village"* with an area of 300 square meters where we will be identifying some global and across Europe rising brands that could be the *"star of tomorrow"*, and it is curious to witness that most of these brands are pursuing a sustainability focused strategy, with activity of re-use, recycle, local sourcing, etc.

What I can assure is that MAPIC will be very dynamic, it will gather amazing keynote speakers in Cannes, and it was designed to ultimately increase the value-for-money for all the people attending!

The evolution of retail traditional properties and the rise of mixed-use assets: are investors gradually changing their preferences?

Figures project that e-commerce will probably get to 25% of global retail sales.

The majority of brands have already integrated this change in their strategy and now they offer clients an omni-channel experience, meaning that clients can see the product online and go to the physical shop to test the products, and then they end up buying it online. Having this in mind retailers are optimizing their physical shop network, and they tend to reduce it or replace it for last-mile space.

There was a lot of discussion about the new kind of operator that could appear in this scenario, but the truth is that the key players continue very active, and they adapted to invest in different assets. While before demand was driven by big warehouses located out of the cities in the countryside, now there are a lot of investors buying smaller assets in the suburbs of cities, not necessarily in the city centre because this way they can facilitate their shipping activity.

As for the concern that traditional properties were dying, the truth is that the key players continue investing on prime products, working to convert them to an even "*more prime*" asset than they are today. At the same time, we see that they allocate a significant part of their portfolios to assets like Retail Parks, which have been performing very well recently. Finally, we can almost say there is capital reserved for possible upcoming projects, from which we highlight the mixed-use.

Speaking generally, investors maintain their core retail and then try to diversify their assets by entering other sectors like logistic or residential, and then products that are much more of mixed-use and more flexible.

After a sweepback the number of retail transactions is recovering in Europe, with demand for new characteristics of product and new locations posing a positive forecast for retail.

Francesco Pupillo

IBERIAN PROPERTY GATHERS EDITORIAL COUNCIL

In September, the Editorial Board of the Iberian Property Magazine was gathered in Estoril for its Autumn Meeting to discuss the themes to be approached in the coming editions of our magazine and to debate the planned program of events for 2023.

Iberian Property invited a group of reference professionals in order to create the Iberian Property Editorial Council, with the purpose of ensuring that we follow at all times and in the most relevant way our mission as an editorial and multimedia project. Comprised of a group of 18 personalities recognised for their contribution to the development the property markets in Spain and Portugal, the Editorial Board's role is to provide advice and guidance to help us accomplish our mission: to consolidate as a leading editorial and multimedia project in the Iberian real estate investment industry.

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PORTUGAL ECONOMY: WHAT LIES AHEAD?

Miguel Ferre
IBERIAN PROPERTY
Chairman – Editorial Council

After a deep recession due to the pandemic, the Portuguese economy gained ground in 2021 and GDP surpassed its pre-pandemic level in the first quarter of 2022. The recovery was driven by strong domestic demand and a strong improvement in tourism from the second half of 2021, aided by one of the world's highest vaccination rates. Given the policy support to sustain employment and income growth and to maintain financial stability, Portugal had in 2022 a strong start but the year growth is expected to moderate in quarterly terms but, in anyway, it remains significant in annualized terms in 2022. Which are the keys of such performance? First, exports of services are projected to contribute most to growth, reflecting an exceptional expansion of 75% year to year, in the first quarter of 2022. This was clearly supported by the recovery of the tourism sector. Latest data suggest a continued strong performance in tourism with international flights and foreign tourist visits nearly reaching their pre-pandemic level in the second quarter of 2022.

Portugal has been generally less affected by the economic repercussions of the war in Ukraine than other European economies. Given that Russia indeed represents a very limited share of energy imports, around 5% against a quarter on average within the European Union, the energy supply is less disturbed. The GDP recorded a solid growth in Q1 2022 of 2.7% q/q, following the rebound which take place during 2021. In addition, unemployment rate has also dropped below 6% for the first time in 20 years.

However, Portuguese economy is not alien to inflation trends. Inflation rose substantially to 8.2% (y-o-y) in the second quarter of 2022, driven by a steep increase in the prices of energy and food products. Prices of services also increased reflecting a wide range of factors, including effects from energy to transport services as well as large base effects for the prices of accommodation and air transport. Considering the current high energy prices, inflation is projected to moderate only marginally in the second half of 2022. A more substantial moderation is expected in 2023. Overall, inflation is projected at 6.8% in 2022 and 3.6% in 2023. Core inflation is set to remain below the headline rate until the end of 2022. Wage adjustment pressures in the context of record high employment in Portugal are then expected to move core inflation slightly above the headline rate in 2023.

However, it is worth to recall the reaction from the government: it has put in place a tariff "*shield*" on electricity prices. This shield should ease the situation triggered by the rise in energy prices. Growth is forecast to remain strong at 6.5% in 2022, reflecting the accumulated carry-over and the continued rebound in tourism. Growth is then projected to moderate to 1.9% in 2023.

As for the Real Estate market, Portugal had a record increase in home prices due to strong demand and a housing shortage. The market is in high demand from local and international investors; as it is occurring in other markets, real estate supplies are historically low levels, which has put pressure on prices.

To conclude Real estate market in Portugal is not expensive compared to other European capitals; it has seen a period of steady growth, which keeps it as an excellent place to invest. ■

REAL ESTATE – WHAT'S NEXT?

Pedro Siza Vieira

FORMER MINISTER OF ECONOMY

These are days of uncertainty and volatility. The time of the *"Great Moderation"* – those three decades of low inflation; globalized value chains and declining costs of manufacturing; and a growing consumer market around the world – seems to be a distant memory. In particular, the decade following the global financial crisis has brought negative interest rates and growing asset prices, facilitated by high leverage and the appetite of investors for higher returns. During these last decades, real estate was an asset class of choice for investors, consistently delivering high yields, particularly in those locations which were benefitting from international investment due to their integration in the globalized economy.

These certainties have been smashed in the last couple of years. A globalized and integrated world economy requires trust between players and the smooth working of logistics chains. But the Covid pandemic has alerted the world for the risks and tensions inherent in overextended value chains; and the growing geopolitical tensions between the US and China have damaged the trust between the two major poles of the world economy. More recently, Russia's invasion of Ukraine has shown that dependency of critical supplies, particularly energy leaves western democracies particularly at risk. Governments in Europe and North America have reacted by engaging in the economy in a manner not seen since WWII - by focusing on an industrial policy which seeks to build strategic autonomy in respect of critical technologies and supplies, including energy.

In the meanwhile, the war in Ukraine has disrupted the world markets for materials, particularly in respect of energy. In Europe, natural gas currently trades at a price 10 times higher than a year ago, and that in turn has forced electricity prices up to levels unthinkable just a few months ago. The spike in energy prices dwarfs the shocks in the oil markets of the 1970s. Inflation has returned to the west, abruptly and significantly. Central banks, after initial hesitation (given a still uncertain recovery post Covid), seem now determined to bring inflation down, by raising interest rates and trying to repress demand - even at the cost of a recession. Interest rates are now up and may continue to be raised until inflation subsides.

Inflation, higher interest rates, a path towards de-globalization - will this affect real estate as a preferred asset class? Does the fact that the times of the *"Great Moderation"* are now behind us mean that real estate - which delivered stable cash flows and high yields - will now be overlooked in the next few years?

I am certain that the novel macroeconomic conditions will have an impact on the investors approach: lower leverage and higher interest costs will impact on valuations and pricing. Uncertainty on inflation will impact on how occupants and owners will address rent escalation. But ultimately, what drives the market is demand, and I believe that demand will remain strong in the western world and particularly in Europe. On the other hand, I feel that macroeconomic conditions will not prevent in the long term the development and growth of the industry.

Let us look at demand first. The most obvious consequence of the geopolitical tensions and the so-called deglobalization is an effort to increase capacity for manufacturing and energy independence in the western world. It will also require significant investment to build redundancies in the value chains on which the west is reliant. These movements will be supported, politically and financially, by governments; they will require significant increase not only in technological capabilities and manufacturing, but also in areas such as logistics. They will be accompanied by investments to tackle and mitigate climate change, from energy efficient buildings to new factories and warehouses. They will also require investments in the renewal of cities to adapt them to a changing climate and in the new housing – a topic that in western cities is now becoming a critical political point.

As to the macroeconomic conditions, we can certainly expect that inflation will lead to higher interest rates, and probably some recession later this year and early 2023. But interest rates are still historically low, and the major factors for inflation (essentially, higher energy prices and bottlenecks on the supply side) will be subsiding as the west tackles its causes. In the meanwhile, whilst inflation will impact adversely in disposable incomes, this will be at least partially offset by the strong employment numbers in both sides of the Atlantic and the growth in wages that it will generate.

As for Portugal, as one of the main beneficiaries in Europe of the re-industrialization movement (given lower energy costs through higher penetration of renewables and direct access to LNG) and where an inflow of foreign residents continues to be felt (low cost of living, safety and quality of health care, geographic location), the demand for high quality real estate will continue strongly in the next decade. ■


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GREATER PORTO

Cities, urbanism, the way the population lives and their expectations for their future daily life, is a huge challenge for municipalities and central governments.

BRANDED CONTENT: Greater Porto

From urban planning to energy, from mobility to artificial intelligence, from the circular economy to sustainability, there are many factors leading the development of cities in the future. Today, when discussing cities, what we are really doing is discussing the future of civilization itself as we know it.

The future is all about connection: between people, devices, and ideas. And through inventive pioneering, in Greater Porto we have accomplished the greatest connection of all - a disruptive network of 3 major cities.

This unparalleled dialogue is motivated by the collective ambition of creating an ecosystem of opportunities, that leverages the unique features of Matosinhos, Porto and Gaia. Together, we have become a connected region, whose urban landscape is constantly redefined to provide a hub of knowledge, a cluster of innovation and a harbor for investment.

Together, we are reinventing our history, growing our economy, and expanding our recognition, as there is a growing international interest on Portugal-s north region and, specifically, on creating investment opportunities that fit the unique features of each of these cities.

Therefore, Greater Porto is a platform of cooperation, development and information designed to make urban areas within Portugal's north region more competitive and sustainable.

We aim to become a business community spanning all its diverse dimensions. Our mission, alongside the economic and social development of the territory, is to connect strategic energies to make the business network of Greater Porto a game changer.

Greater Porto is a single point of contact for investors, companies and entrepreneurs, with bespoke services, including providing advice, information and contacts, and researching facilities, business partners and investment opportunities.

With this project of constant dialogue, cooperation and synergies between the three cities, the positive impact will be felt by more than 1.7 million people.

A Tale of Three Cities

Between the charismatic nature of the North Atlantic Ocean and the ancient stream of the Douro River, this enchanting region is fertile in both talent, culture, and innovation.

Connected through a modernized public transportation and iconic bridges, it has seen a rapid growth in international recognition, sustainable economic development and investment opportunities.

Matosinhos

Home to the World's best fish, its extensive 15 km shoreline of pale golden sand is one of the most visited landscapes in the northern region, perfect for summer vacations and year-round surfing. The remarkable Leixões Cruise Terminal is the only nautical border in the North, which generates a growing flow of several thousand tourists a year. To maximize visitor retention and access to its most emblematic and unique places, Matosinhos has an extensive public transport network, both in terms of size and diversity, including the Airport, 4 major highways, a modernized train and metro, a bike path and the nearby Leça Corridor for sustainable mobility throughout its business district. The 4th best city in Portugal in terms of business volume, Matosinhos has a direct sea connection to 180 countries via the Port of Leixões, the second largest in the country and one of the most strategic for the north of the Iberian Peninsula. Matosinhos has seen a drastic increase in national and international companies, due to the numerous advantages it provides, such as being the first city in Portugal with full 5G coverage, the largest venue for events and summits in the country, a significantly higher business success rate than than most cities and a talented workforce, due to a commitment to education and specialized training. An excellent example of the increase in investment is the 9 major business centers and the 4 additional ones that are already under development, of which Lionesa plays the leading role. Home to more than 120 companies and employing more than 7,000 workers from 46 nationalities.

Matosinhos has a vibrant dynamic, with several flagship projects that are being developed and it has a potential of about 400 hectares for the installation of new innovation hubs.

Porto

Porto a city ready for people and business that want to change the world, is a hub of both talent and innovation. Through an entrepreneurial mindset and a growing international recognition, Porto has experienced an immense economic development, creating a deep impact on areas such as business, industry, tourism and technology. The improvements in major universities and academies have generated a talented, capable and ambitious workforce. Their proven results in sectors ranging from industry to specialized technology has contributed to an increase of 72% in the intention of foreign companies to hire more human resources.

Mainly due to the quality of life, social stability, infrastructures, skilled workforce and competitive costs of the this city, 66% of foreign investors are expecting to increase the pace of new investments, through the numerous business opportunities that can be found in this booming city, such as the transformation of the business areas in Justino Teixeira and Freixo, the brand new Campanhã Intermodal Terminal, and the conversion and operation of the former Industrial Slaughterhouse into a Museum and Business Centre. Porto assumes the unique positioning of being a driver of change and a magnet for investment across the whole region, through an interconnected entrepreneurial ecosystem, an ever-increasing tourism hotspot, a premium host of international events and summits, but mainly, a mesmerizing hub for living, working, studying and investing.

Gaia

Across the iconic Luis I Bridge and the Douro River, emerges Gaia, the third highest populated city of Portugal, home to the most notorious Port Wine caves, an astonishing 20km seashore, a dreamlike 17 km of riverside that has driven a remarkable growth in Tourism, Real Estate, Culture, Sustainability and Innovation.

This city merges a delightful and rich cultural tradition of gastronomy and wine making, a rich history captured on its architecture, a vibrant nightlife on the riverbank, an increase in luxurious exclusive golf resorts, and a well-established selection of nautical sports, as wide as its Atlantic shoreline.

The well-established industrial district has been chosen by many Portuguese and international companies looking at exploring renowned worldwide markets, and its numerous opportunities have vastly increased the interest of a talented younger demographic on its demand for quality real estate.

Over the last few years, Gaia has reinforced its commitment to the future, through the implementation of a sustainability strategy, focused on improving the quality of life and a structured economic growth for residents, tourists and investors.

Its tourism sector has improved significantly, through an increase of 30% in hotels, and the city has been able to generate over 500 million euros of investment to renovate public spaces, an amount that is expected to continue growing, alongside Gaia's increased international recognition.

DOSSIER

INVESTMENT ON A RECORD BREAK PACE IN THE PORTUGUESE MARKET

The summer brought greater momentum to Portuguese capital markets, with investment entering the 2nd semester with remarkable vigour compared to the performance witnessed in the previous quarters of 2022.

Despite the setbacks investors faced throughout the last two years, not to mention the more recent scenarios of inflation and international political conflicts, Portugal, particularly Lisbon, Porto, and the Algarve, never left the radar of major investors. And international interest in Portuguese real estate is not only high, but also definitely here to stay, promising to continue to attract large flows of liquidity into the country.

Proof of this is the entry of new international players in our market over recent months, as well as the types of transactions, with two deals involving a value equal to or above 200 million euros in the month of July alone. In fact, the 3rd quarter seems to mark a turning point, reinforcing a more optimistic sentiment across the sector.

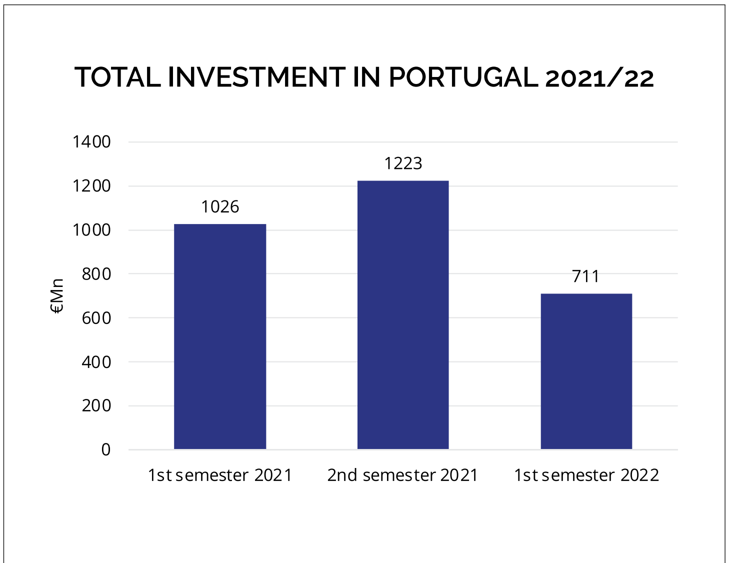
And indicators suggest that, despite a timid start to the year, 2022 may close with a transaction volume of around 3 billion euros!

But who are the investors stretching capital markets in Portugal? How long have they been here? And which players have been most dynamic in times of great uncertainty, where do they come from and what are they looking for? – These are key questions that guide the latest exclusive benchmark prepared by Iberian Property, and whose results are presented first-hand in this edition focusing on the Top Investors – Portugal 2022.

CAPITAL MARKETS HEAT UP WITH THE SUMMER

Confirming the forecasts presented in the last edition of Iberian Property, the summer seems to have heated up investment activities in the Portuguese real estate market, with a transaction volume, during the first two months of the 3rd quarter, two times higher than during the entire previous quarter.

These figures are from Iberian Property Data, whose database calculated more than 250 operations for the purchase of income assets in Iberia between January and the end of August 2021, totalling an overall value of more than 12.74 billion euro. Of these, the largest share (86%) was allocated to the Spanish market, where 207 operations were identified during this period, involving approximately 10.98 billion euro. Portugal captured the remaining 14%, equivalent to around 1.76 billion euro in 46 operations concluded until August.



Capital markets speed up in July and August

Analysing the data gathered by Iberian Property over the last 18 months, there is a positive recovery of the investment volume channelled to Portugal. In the first half of 2021, the second national lockdown constrained the activity of the sector, nevertheless important portfolio transactions were closed surpassing the 1 billion euro target during those first six months of the year. The second half that followed materialized the peak of the recovery and more than 1.2 billion euros were invested in the country.

The beginning of 2022 brought new international challenges that once again threatened to place investors in a *"wait-and-see"* position. Altogether the total value of the 38 deals completed in the first half of 2022 reflected a y-o-y decline of 31% compared with the volume invested in the 1st semester of 2021. However, during the first six months of the year the pipeline of important deals to be concluded was extremely high anticipating a record breaker third quarter.

Confirming the predictions, from July onwards there was a clear acceleration of investment in Portugal, and, at the end of August, the 3rd quarter already recorded 9 operations and approximately 1.053 million euro invested. Therefore, with one month still to go, this was already the most dynamic quarter of the year, presenting a performance 277% above the 380 million euro traded during the 2nd quarter (22 deals) which, in turn, already represented a growth of 15% compared to the 331 million euro registered during the 1st quarter (16 operations).

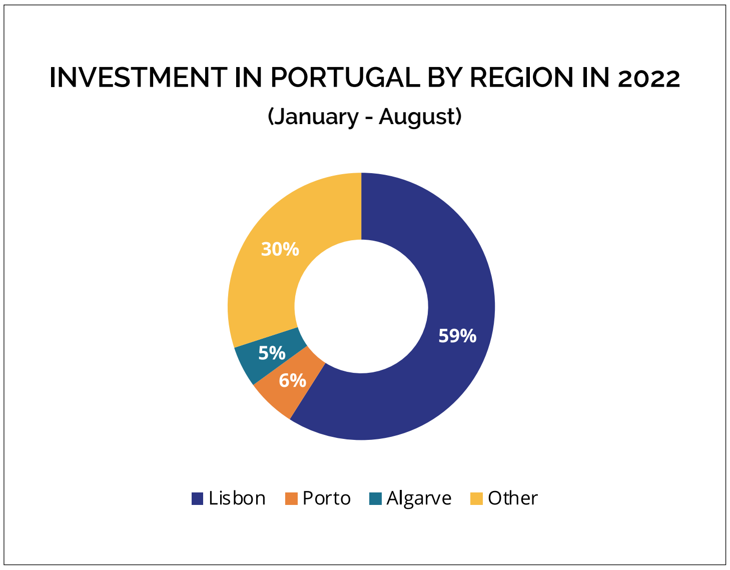
Lisbon attracts the largest share of capital

Lisbon's market's behaviour was clearly the main force for real estate investment in Portugal, attracting 59% of the total amount traded during the first eight months of 2022, equivalent to more than 1.035 million euro, also leading the number of operations (24). This figure represents an increase of 64% compared to the 631 million euro invested in 2021 in the region (corresponding to a 53% market share).

Contrarily to what has been identified by Iberian Property's analysis over the last few editions, the greater diversification of investment targets that was evident throughout 2021, did not apparently transited to 2022, and the second largest city in the country, Porto, dropped considerably the total investment share attracted in 2022 (6%), registering approximately 98 million euros whereas in the same previous period it had captured approximately 167 million euros, 14% of the total.

The Algarve region also suffered a significant step back in capital attraction during the first eight months of the year. While last year the region proved to be the great revelation with nearly 189 million euro invested, in 2022 this figure stands at 90 million euro achieved in 3 operations, placing the region in third place with a 5% share.

The remaining 30%, or 540 million euros, channelled to real estate investment in Portugal until the end of August was distributed across the rest of the country, what can partially be explained by some large portfolios transactions whose asset locations could not be identified.



1. Connect Portfolio

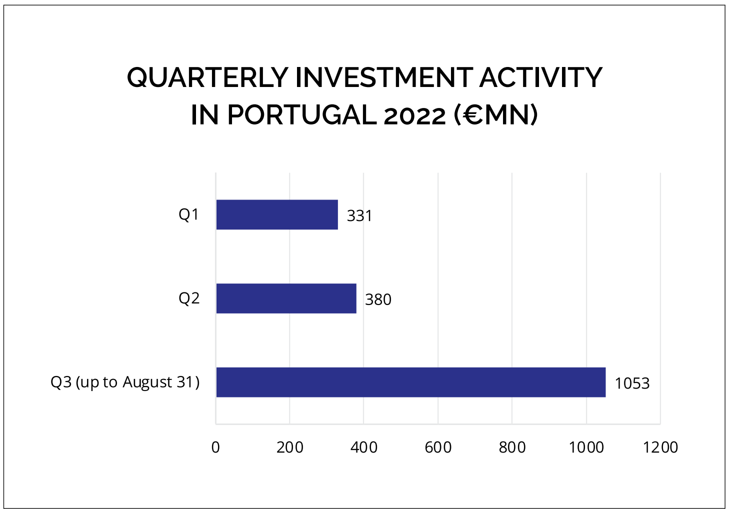
Location	Multi-location
Sector	Logistics
Date	Q3
Value	€208M
Buyer	Blackstone
Seller	GNB RE

2. Smart Studios network

Location	Lisbon, Porto, Estoril
Sector	Student Housing
Date	Q3
Value	€200M
Buyer	Round Hill Capital
Seller	Smart Studios

3. Atrium Saldanha

Location	Lisbon
Sector	Mixed-use (Offices + Retail)
Date	Q3
Value	€200M (estimated)
Buyer	ORES SIGI
Seller	Imosal



Spanish and North Americans invest the most, after the Portuguese

International capital continues to dominate, representing 75% of the investment carried out during the first eight months of 2022, with 1.3 billion euro, against just 445 million euro led by Portuguese investors, which represent the remaining 25%.

Until August, nine different nationalities were identified among the foreign buyers investing in Portuguese capital markets. With shares of 24% and 24%, respectively, Spanish (427 million euro in four deals) and North Americans (400 million euro in three operations) were the most active nationalities, directly behind domestic investors. The United Kingdom comes next, with two operations valued at 245 million euro that led to a 14% share. Germany came in fourth among the foreigners, with a single operation that amounted to 100 million euro, representing a share of 6%. Mozambique and China were responsible each for a share of 2% of the total investment, the first with 42 million euro invested, and the second with 40 million euro. At the bottom of the list are France, with an operation worth 16 million euro, and a corresponding share of 1%. Turkey and South Africa were the last nationalities identified, responsible each for one acquisition, but of diminutive importance.

Institutional capital continues to make headway

Portuguese real estate continues to be perceived by institutional capital as a safe investment destination, representing 43% of the total volume traded until August. Among these institutional investors, we identified 16 Asset Managers & Investment entities that undertook 22 operations with a total value of 679 million euro, representing 38% of the cumulative investment. In addition to these, Insurance Companies channelled a total of 85 million euro (5%) to this market, in four operations.

The analysis by Iberian Property also identified 375 million euro invested by 4 Private Equity institutions, in a total of 5 operations that earned them a 21% market share.

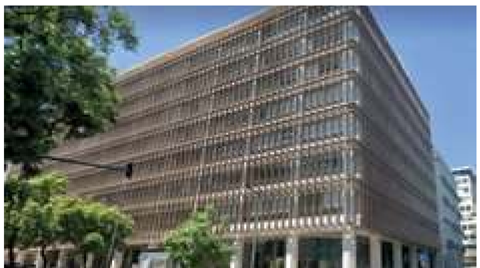
REITS & SOCIMIs, carried out two operations (one of them by a SIGI the Portuguese version of REITs and SOCIMIs), involving just over 312 million euro, resulting in a share of 18%, a figure quite remarkable compared to the previous years, analysed by Iberian Property.

4. 119 Burger King restaurants

Location	Multi-location
Sector	Retail
Date	Q3
Value	€189.7M
Buyer	Restaurants Brands Iberia
Seller	Ibersol

5. 15 logistics assets

Location	Lisbon
Sector	Logistics
Date	Q3
Value	€125M
Buyer	Blackstone
Seller	M7 Real Estate



6. Avenida da Liberdade 195 (NB HQ)

Location	Lisbon
Sector	Offices
Date	Q3
Value	€112.2M
Buyer	Merlin Properties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Closing the investor type analysis, End User companies channelled over 195 million euro (11% share) in two operations. Family Offices and Development companies were responsible for 2% and 1% of the total investment, respectively.

There were also five operations with a combined share of 3%, where the identity of the buyer was not disclosed, therefore it was not possible to identify the type of investor.

In terms of the average ticket per operation, REITS & SOCIMIs investors take the lead with 156.1 million euro, followed by End User companies, with 97.8 million euro, Private Equity investors with 75.1 million euro, and behind, Asset Managers & Investment Funds with 30.8 million euro.

Logistics attract the most investment in 2022

Logistics returned to the podium and assumed the position of most dynamic asset class in the Portuguese market in 2022, attracting 33% of the total amount traded until the end of August, approximately 575 million euro in 16 operations. During the same period of 2021, investment in logistics reached only 59 million euro, which represented a share of 5%, meaning that one year later the investment volume channelled to this segment multiplied itself almost by 10.

Offices maintained a firm position on the investor radar, although dropping to the second place. This asset class attracted 22% of the total amount traded until the end of August, approximately 380 million euro in 9 operations – a figure that compares to 51% achieved in 2021, with 616 million euro invested.

To complete the podium, retail takes the third position, attracting 20% of the investment completed during the period under analysis. From the beginning of the year until the end of August, 13 deals were closed for this asset class, altogether amounting to 350 million euro.

The Hotels segment registered an investment of more than 253 million euro, but it is worth mentioning that Iberian Property could not estimate the value of 3 operations that were completed during the period under analysis. Thus, Hotels captured 14% of the total investment in the Portuguese market, with the Algarve region continuing to stand out as preferred destination for this segment.

The remaining 11% of the investment volume identified until August was channelled to the Multifamily sector, with only two operations observed, being the most outstanding in the Student Housing market, amounting to 200 million euro. Iberian Property didn't identify any operation regarding Alternative assets. ■

8. Pestana Blue Alvor

Location	Portimão
Sector	Hotels
Date	Q2
Value	€75M
Buyer	Azora
Seller	Pestana Hotel Group

7. Azambuja Green Logistics Park

Location	Lisbon
Sector	Logistics
Date	Q1
Value	€100M
Buyer	Southern European Logistics Fund
Seller	Aquila Capital

9. Avenida da Liberdade 242

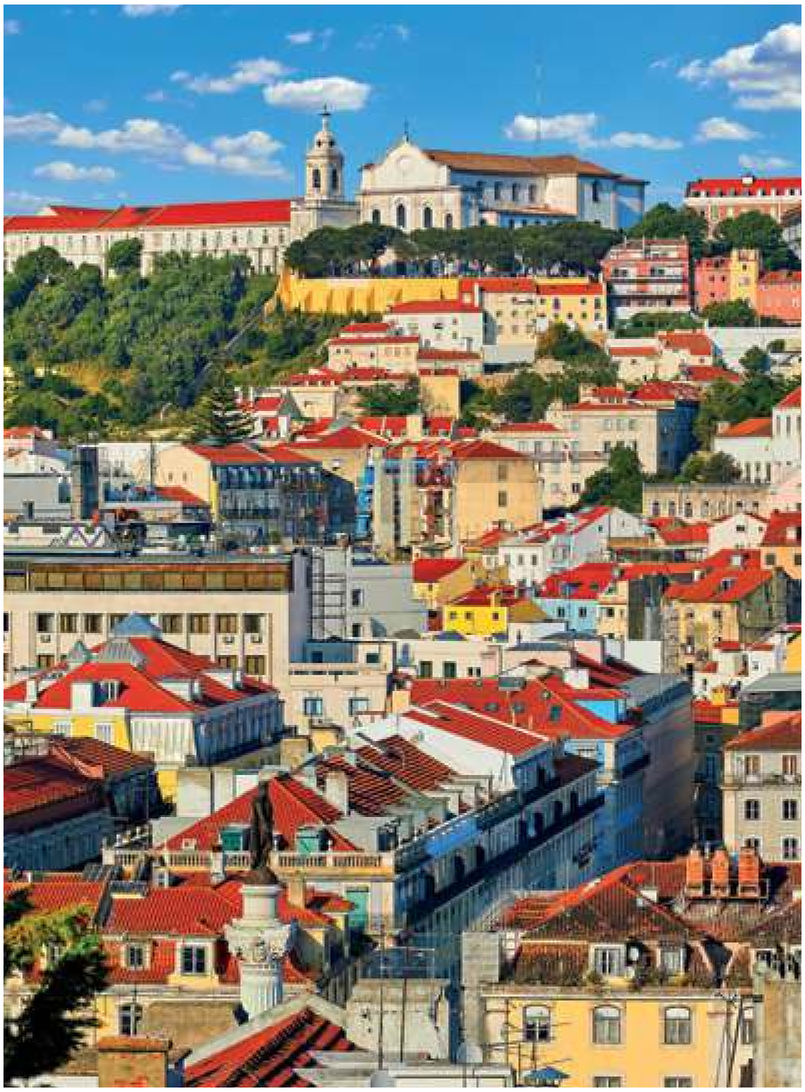
Location	Lisbon
Sector	Offices
Date	Q1
Value	€67M
Buyer	AFIAA
Seller	Lace Partners

10. Ramalho Ortigão 51 (Popular HQ)

Location	Lisbon
Sector	Offices
Date	Q1
Value	€50M
Buyer	Incus Capital
Seller	Banco Santander Portugal

TOP 10 INVESTORS REPRESENT 78% OF THE VOLUME TRADED

During the first eight months of 2022, more than three quarters (78%) of the total amount allocated to purchase real estate income assets in Portugal was invested by just ten entities.



Altogether, the players that make up the 2022 edition of the TOP 10 Investors in Portugal traded more than 1.377 million euros, representing a total of 13 deals concluded between January and the end of August.

The ranking is led by Blackstone, the North American private equity firm that heavily invested in the Portuguese logistics sector this summer, with the two leading transactions having reached an estimated 333 million euro, representing a 19% share of the total volume invested in the Portuguese market during the first eight months of the year. Blackstone's first acquisition was the purchase of a 125 million euro portfolio composed by 15 logistics assets spread across Lisbon, which had formerly belonged to the British asset manager M7. The other transaction was the acquisition of the Connect portfolio, which included mainly logistics assets spread all over Portugal, acquired from GNB Real Estate for 208 million euro – the largest deal made so far within the Portuguese market in 2022.

Round Hill Capital came second. At the end of July, the British asset management company announced the purchase of the Smart Studios network which included a portfolio of 9 operational co-living and student residences in Lisbon and two other projects under development to be concluded this year in Porto and Estoril for a total 200 million euro. Altogether, the portfolio exceeds 2000 beds, and this was the second largest deal of the year, representing 11% of the total amount traded.

The third position is occupied by a Portuguese SIGI, Ores - owned together by Sonae Sierra and Bankinter – which acquired at the closing of August the famous Atrium Saldanha for an estimated amount of 200 million euros. Thus, this Portuguese vehicle could share the second place of the podium, capturing a share of 11% of the total amount traded. We note, however, that at the closing of this edition the final value of the transaction of this mixed-use building (offices and retail) was not confirmed yet.

TOP 10 INVESTORS IN PORTUGAL 2022

Ranking	Name	Type of Investor	Volume of Investment (€Mn)	Origin	% of Total Investment
1	Blackstone	Qualified Investor | Private Equity	333	USA	19%
2	Round Hill Capital	Asset Managers & Investment Funds	200	UK	11%
3	ORES SIGI	REITS & Socimis	200	PT	11%
4	Restaurant Brands Iberia (RBI)	End User Company	190	ES	11%
5	Merlin Properties	REITS & Socimis	112	ES	6%
6	Southern European Logistics Fund	Asset Managers & Investment Funds	100	GER	6%
7	Azora	Asset Managers & Investment Funds	75	ES	4%
8	AFIAA	Asset Managers & Investment Funds	67	USA	4%
9	Bedrock Capital Partners	Asset Managers & Investment Funds	50	PT	3%
10	Incus Capital	Asset Managers & Investment Funds	50	ES	3%

Following closely, a Spanish end user company occupies the fourth position of the ranking, after having announced in August the acquisition of an Iberian portfolio composed by 159 burger king restaurants for a total amount of 260 million euros. This portfolio includes 121 restaurants located in Portugal, across various cities, previously owned by the Portuguese company Ibersol, and Iberian Property estimates that Restaurants Brands Iberia (RBI) acquired those Portuguese assets for 190 million euro (approximately 11% of the total volume traded).

In the middle of August, the Spanish socimi Merlin Properties heated up the office market by acquiring the Novo Banco headquarters in Avenida da Liberdade, in Lisbon, for a total amount of 112.2 million euro. Ismael Clemente, Merlin's CEO, announced that the company intends to invest an additional 40 million euro in the Portuguese bank's headquarters to convert the building into a "*premium*" office asset. Thus, Merlin is ranked fifth and is responsible for 6% of the total investment in the country until now.

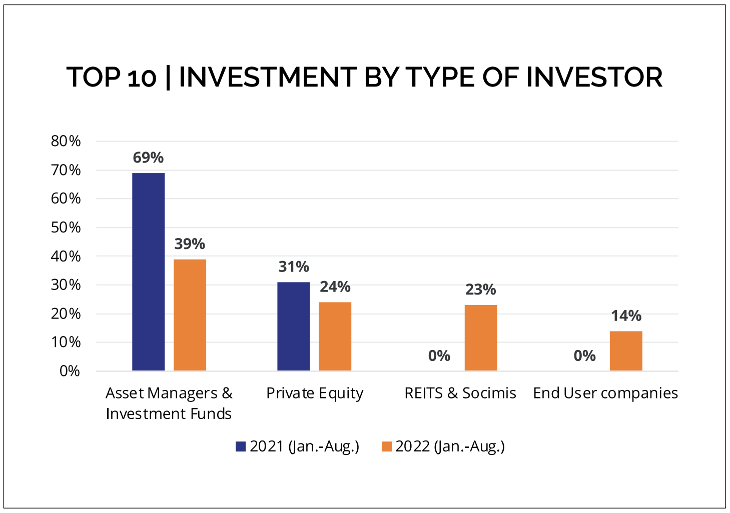
The sixth largest transaction was carried out by a Southern European logistics fund based in Germany, which acquired the Azambuja Green Logistics Park for 100 million euro. The logistics park was developed by Aquila Capital, and it has a 115.000 sqm GLA within the Greater Lisbon region, and this acquisition represented 6% of the total amount traded in the Portuguese market until the end of August.

The next position goes to AZORA, the Spanish investment manager which in May reinforced its bet on the Algarve region, by acquiring the Pestana Blue Alvor hotel, in Portimão, from Portuguese group Pestana Hotels & Resorts for 75 million euros (4% of the total investment). It should be recalled that, last year, Azora led this ranking with the acquisition of Tivoli Marina Vilamoura and Tivoli Carvoeiro hotels (representing a 15% share of the total investment).

With a market share of 4% and 67 million euros invested in a single operation, another North American joined the Top 10 investors ranking: investment fund AFIAA took the 8th position, with the acquisition of the Liberdade 242 office building in Lisbon, from Lace Partners.

One more Portuguese group made it to this ranking - Bedrock Capital Partners, occupying the 9th position after concluding three operations during the first quarter of the year. Bedrock acquired 2 portfolios and a single asset, totalling 6 logistics facilities that surpass 100.000 sqm, and that Iberian Property estimated at 50 million euros (3% of the total investment). Spanish Incus Capital captured the same market share through a single acquisition: the Ramalho Ortigão 51 office building, former Popular's headquarters in Lisbon.

Closing the ranking, the Spanish Incus Capital captured the same market share (3%) through a single acquisition: the Ramalho Ortigão 51 office building, former Popular's headquarters in Lisbon.



Asset Managers & Investment Funds decrease their dominance

A closer analysis of the investor type in the 2022 edition of this ranking shows a predominance of Asset Managers & Investment Funds, not only in the number of players (6) but also in the volume invested, concentrating 39% (542 million euros) of the investment volume led by this group of 10 investors. It should be noted however, that in the previous year these investors were responsible for more than 2/3 of the total investment made by the TOP 10.

Nevertheless, the largest individual investment was carried out by a Private Equity player, Blackstone, maintaining this investor type second position in the ranking, with 333 million euros invested in 2 operations (representing a 24% share).

The big surprise of the year was the climbing of the REITS & Socimis (and SIGIs) who in the first eight months of the year were responsible for 23% of the total investment made by these group of 10 investors, while last year they were not present in the ranking.

Debuting in the ranking this year an End User Company invested 190 million euro (14% share) contributing to the closing of one of the most heterogeneous ranking elaborated by Iberian Property.

Insurance Companies & Pension Funds are off the chart this year.

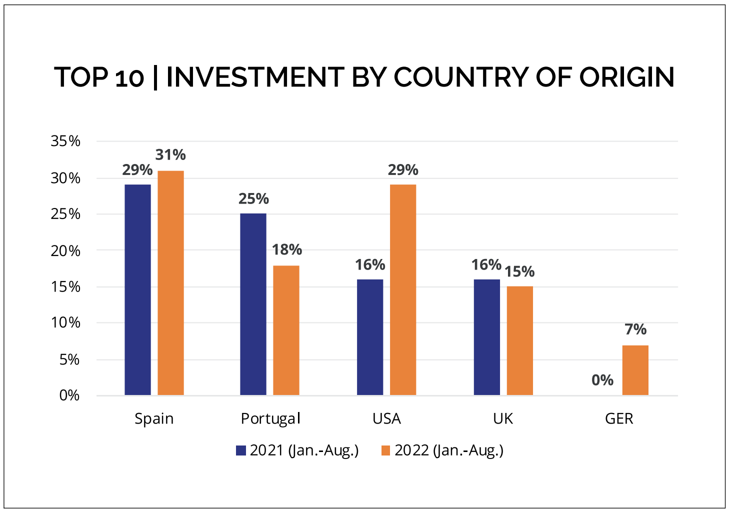
Half of the capital invested is in Iberian hands

Regarding the investors' origin, in 2022 Iberian capital reassured its dominance (although with a slight decrease), representing 49% of the volume invested by this TOP 10 whereas during the same period last year it had 54% of the total share. Spain is the prevalent Iberian nationality and the origin of four investors (RBI, Merlin Properties, Azora and Incus Capital), which totalled almost 427 million euros in Portugal through 4 operations (increasing its share from 29% in 2021 to 31% in 2022). On the other hand, Portuguese investors had two players (Ores SIGI and Incus Capital) in the ranking this year, compared with 4 in 2021, which resulted in a smaller share of 18% (compared to 25% in 2021).

The United States was the second most active nationality, represented by two players (Blackstone and AFIAA) which invested a total of 400 million euro in three operations, representing a share of 29% of the total investment made by this group of 10 investors.

The UK ranked in the fourth place, only represented by one investor (Round Hill Capital) within the Portuguese market, with a single operation that amounted to 200 million euro (15% share).

Finally, although through an investment fund with multiple participations, Germany is also present in this ranking, with investments totalling 100 million euros.



TOP 10 players invest almost 3 times as much per deal

The analysis by Iberian Property Data also showed that the TOP 10 investors spent an average of 105,92 million euros per operation, 279% more than the average ticket of 37,96 million euro per operation calculated for the whole market between January and the end of August. ■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INTERVIEW WITH ÁLVARO MORALES, REAL ESTATE FINANCE DIRECTOR AT ING, FOR IBERIAN PROPERTY

“ING, A BANKING REFERENCE IN PORTUGAL”

ING has been a leader in commercial real estate loans syndications for Europe, the Middle East and Africa (EMEA), and has consistently ranked in the top 3 in EMEA League Tables over the past 5 years. ING's commitment to the Portuguese market is well shown by the level of financings provided to-date – just for the financing of core offices in Portugal more than 130 million euro have been deployed by the firm.

BRANDED CONTENT: ING

Álvaro Morales

Where is ING's strategy heading? Is Portugal a good location to strengthen international expansion?

ING is present in Portugal for more than 20 years through a full branch (or a “*Sucursal*” using the Portuguese term).

Our operations in Portugal are focused on the wholesale banking market, with the Portuguese team working in coordination with the Group's specialized product teams – namely debt capital markets, financial markets, transactional services, strategic products, amongst others -, sector experts – from real estate, infrastructure, energy, TMT, just to name the most relevant sectors – and the sustainability and innovation teams, to offer our clients the bank's major capabilities and knowledge.

How do you evaluate the situation of the real estate market in Portugal?

Portugal is a natural market for ING where we are very active in the core segments in the main capital cities. The Portuguese real estate market has performed very well during these last years. Obviously, during the pandemic there were certain typology assets like retail that were more directly affected but the trend has changed in the post Covid-19 era and performance has returned to levels seen before the outbreak of the pandemic. Performance of the core office segment, however, was robust and proved to be resilient during and after the pandemic where the impact has been minimal and, in some cases, insignificant.

Logistics and residential (especially PRE) are the market darlings with strong investor demand in Spain. We have also seen strong investor appetite for these asset classes in Portugal, however thwarted by the lack of core product in a market that is still consolidating. This is good news for us as opportunities are coming to the fore which we are currently analyzing and open to finance.

We are fully committed to the Portuguese market as shown by the level of financings provided to-date across the segments we are active in. To-date up to EUR 130m has been deployed for the financing of core offices in Portugal. We are taking a strong stance in food retail where we are currently working on a high value underwriting deal. Despite the challenges finding core opportunities in the logistic segment, we have been able to secure our first deal of c. EUR 60m to be closed in the coming months, and we expect to be the first of more logistic assets and portfolios to finance.

What are your expectations for the future?

ING has been in the Portuguese market for many years and our portfolio has proven to be very resilient to challenging market circumstances. Real estate investment is key for investors to hedge against inflation. In that sense, we intend to continue following our clients through offering high value added (HVA)/tailor-made products. In the medium run, we anticipate natural adjustments in the yields profile consequence of increase of interest rates. Notwithstanding, Portugal is an attractive market for our investors, and we will be there to support our client in their investments' strategies.

Why do clients select ING?

ING is one of the top five largest real estate banks in Europe. We have dedicated commercial real estate specialists in all major commercial real estate markets globally who are known for their robust track record and extensive market expertise.

Our expert real estate teams are committed to providing best-in-class real estate banking services to help clients' businesses meet their financial goals. In keeping with our main objective to maintain long-term relationships with our clients, we have successfully supported and continuously support institutional, private and publicly listed real estate funds, as well as private and public companies investing in core income-producing properties across the office, logistics, multi-family residential and retail sectors, among others.

Our variety of tailored financial products that spans from real estate financing, equity and debt capital market services to rating, payments and cash management, and advisory on mergers and acquisitions, subscription line facilities to depository, and financial market services.

Our execution and delivery timelines are also key factors for our clients to win deals. Also, being an international bank with a branch in Portugal allows ING to work as a local bank, positioning us in the lead vis-à-vis our international competitors.

Our commercial prowess and achievements are another strong addition to attracting clients. ING has been a leader in commercial real estate loans syndications for Europe, the Middle East and Africa (EMEA), and has consistently ranked in the top 3 in EMEA League Tables over the past 5 years. Over the years, ING has maintained its position among the top Bookrunners in Europe with real estate finance and syndications winning numerous accolades including 'European syndication team of the year' in 2016 and 2017 and 'Best Bank Lender in Sothern Europe' in 2020 and 2021 (Real Estate Capital). We have led the underwriting of big transactions thanks to our syndication platform consisting of a committed group of professionals. Within ING we have the tools to support our clients with first-class service when it comes to big transactions and distribution capabilities.

What types of services does the firm offer?

ING is a top bank to the largest Portuguese corporates and financial institutions, actively working with much of the PSI (Portugal's main stock market index) companies in Portugal and abroad.

ING has taken the leading role in key business areas such as renewable energy, infrastructure, transportation, telecommunications and, of course, real estate finance in Portugal for several years. These are very important areas for the bank where we are positioned for both current and future business opportunities.

A third leg of ING's business activity in Portugal is the transactional banking made available to local subsidiaries and affiliates of international companies. Through ING Portugal's local offering, the group deploys its network to its global clients with a footprint in the country.

And what does ING offer in terms of sustainability?

Clients are increasingly factoring sustainability in their investment decisions as several blue-chip tenants and government institutions increasingly demand more and more green building features. ING is an active player in sustainable markets. We are supporting the transformation of the real estate industry towards net-zero with different finance solutions like Green Loan, Green Bonds, Sustainable Improvement Loans and other debt and capital market products linked to sustainability ambitions of our clients. By doing this we are steering our own lending portfolio towards carbon neutrality and align with criteria of EU taxonomy.

In recent years ING has taken on a top position in sustainability in the Portuguese market, where we support some of the country's largest companies in the creation of their sustainability frameworks and strategies and in the launching of their debut sustainable bond issues. ■

INVESTORS PROCEED WITH CAUTION BUT REMAIN ON THE BUYING SIDE

Recognising that so far 2022 has been a year of both recovery momentum and increased uncertainty, in the final stretch of the year investors seem to be more optimistic about activities in the Portuguese real estate market.

The worst is apparently behind us, and among these players a sentiment of optimism prevails, with confidence in the recovery of performance in this second half of the year, even foreseeing an extremely dynamic 4th quarter for the Portuguese market, that could culminate in a record-breaking annual investment volume.

This Investor Survey carried out by Iberian Property challenged some of the largest asset managers and investors operating in the Portuguese property market, to position themselves in the following scale (considering a time horizon of 12 months into the future):

- DEFINITELY BUYER
- CAUTIOUS BUYER
- NEUTRAL
- MODERATE SELLER
- DEFINITELY SELLER

Find out their answers in the pages ahead!

Pedro Coelho

SQUARE AM
Vice-Chairman

CAUTIOUS BUYER

Over the last few months, the European economy has been strained by the simultaneous effect of two exogenous shocks of an unprecedented and worldwide scale. The Russian Federation's invasion of Ukraine has further exacerbated the impacts of the Covid-19. It has particularly affected energy and commodity markets and supply chains, causing enhanced uncertainty, constraining the recovery of economic activity, and adding to the inflationary pressures.

Portugal benefits from unique conditions that should bolster the current economic dynamism and the real estate market. Tourism, stable political environment, competitive labour, and low dependence on energy from Eastern Europe, position Portugal as a safe haven.

Notwithstanding the positive scenario, some risks remain:

- Exacerbation of the war in Ukraine;
- Restrictions to world trade, with the introduction of the 'Zero Covid' policy in China;
- Intensification of inflationary tensions;
- Disruptive movements in financial markets;
- Economic recession, materialised in a crowding out of international investors.

To mitigate these risks, the asset selection process now incorporates a series of new items, based on the tenant's specific risk profile, business model and resilience to disruptive factors such as inflation, energy dependency, and ESG, among others.

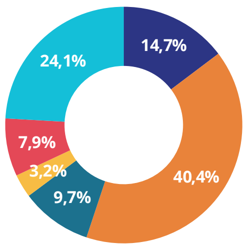
In this context, we continue optimistic about the following cycle of the RE market, with the prices and decision-making incorporating a series of new risks that position us as Cautious Buyers.

SQUARE ASSET MANAGEMENT
Sociedade Gestora de Fundos de Investimento Imobiliário, SA

Type of Investor	Asset Manager
Gross Asset Value of Assets in Portugal (€ Mn)	1 498
Number of assets Invested in Portugal	3 480
% Ownership	100% (on Behalf of Clients)
Asset Debt	0
Net Asset Value of Assets in Portugal (€Mn)	1 346
Major Investor in the Vehicules	Retail Clients

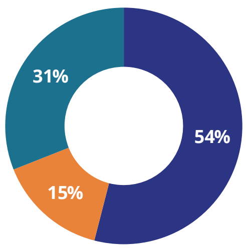
Sector Allocation (%)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (%)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets	World Trade Center Porto; Centro Comercial Loures; Forum Viseu; Centro Comercial Telheiras; Sintra Business Park; Centro Comercial do Minho; Caixa de Crédito Agícrola; Hotel Regency Palace; Albufeira Shopping

Pedro Seabra

EXPLORER INVESTMENTS
Senior Partner

In the near future we will be living uncertain times, with challenges for real estate in general (interest rates going up, uncertainty in some segments of the market such as retail and offices). On the positive side, there is still a considerable amount of liquidity in the market in Portugal, as we can see in the result of the most recent sales though public tenders, and new realities, such as the ones resulting from technology and acceptance to work from distant locations, have a positive effect in Portugal. The Florida of Europe is becoming a reality, in a country that recently discovered the value of quality and how profitable luxury can be, namely in a very successful touristic market.

We are keen on acquisitions, probably on the value-add region, for different property uses, and on selling, more on the core side. In the middle, we intent to keep on adding value through active asset management.

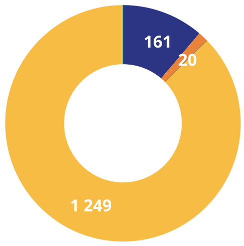
CAUTIOUS BUYER

EXPLORER INVESTMENTS

Type of Investor	Asset Manager
Gross Asset Value of Assets in Portugal (€ Mn)	1430,2
Number of assets Invested in Portugal	-
% Ownership	-
Asset Debt	270
Net Asset Value of Assets in Portugal (€Mn)	1030
Major Investor in the Vehicules	-

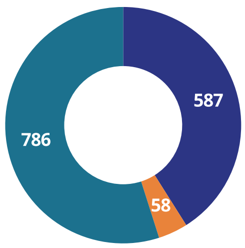
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets	Six Senses Douro Valley Hotel Penha Longa Edifício Cuatrecasas, Av. Fontes Pereira de Melo, 6 Lisboa Edifício Palmela, Rua Duque de Palmela, Lisboa

Paulo Barradas

NORFIN
Chief Transaction Officer

DEFINITELY BUYER

We are committed to continue expanding our investment portfolio. As we deal with a wide spectrum of investors, we will continue to diversify the sectors in which we operate to cater to different risk profiles.

In terms of sectors, we recognize a lot of potential in the tourism sector since Portugal has the ideal conditions to continue being a prime destination and continues to attract many tourists that want to visit and invest in Portugal. With tourism rebounding strongly, we are focused on the vast opportunities that this market offers and hold it as a significant part of our investment strategy.

We also remain interested in the residential property development which is a market with a structural lack of available product in the major urban areas for which there is an underlying growing demand. The multidisciplinary expertise at Norfin enables us to address the opportunities from the early stages adding value at the design and urban planning level, which allows us to offer superior risk-adjusted returns to our investors in these complex opportunities.

Besides that, we continue to monitor other sectors performances, such as logistics and PRS that are in a less mature stage, to identify the best opportunities in the medium term.

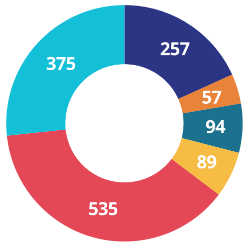
Despite the upcoming challenges, the real estate sector is today better positioned than it was in the last crisis. It is more professionalized and has proven to be resilient. We consider that the market will continue offering a balanced risk/return, in a context of inflation, compared to other investment alternatives. Hence, we believe that Portugal will continue to be at the spotlight for international investors.

Norfin

Type of Investor	Asset Manager
Gross Asset Value of Assets in Portugal (€ Mn)	1408
Number of assets Invested in Portugal	+1,000
% Ownership	-
Asset Debt	-
Net Asset Value of Assets in Portugal (€Mn)	-
Major Investor in the Vehicules	International Institutional Investors

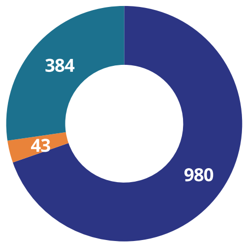
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets

Vilamoura
Campo Novo
Monview
Antas Green
Castilho 165
Duarte Pacheco 26

Armando Lacerda Queiroz

FINANGESTE
Board Member

DEFINITELY BUYER & DEFINITELY SELLER

1. Introduction: who is Finangeste (FG)

FG has 44 years of experience as an investment firm and asset manager in the Portuguese market.

Its evolution has focused on the following KPIs:

a) Greater presence in the market as an active investor both in properties and in non-performing loans and more recently in companies.
b) Commitment to talent and the renewal of its teams, having today members with high technical qualifications and business experience.
c) Structuring its activity and its internal structure similar to a *"private equity"* following international organization management practices.

2. How FG is preparing for the near future

- Focus on opportunistic or value-added investment, without limitation of activity sectors or geographies, in Portugal
- Based on a motivated team, with the ability to carry out businesses and sustainably intervene in the markets in which it operates
- Respecting ethical and responsible values in their business

3. FG as a buyer of assets

FG has the additional capacity to invest in Portugal above €500m and is therefore actively looking for acquisition opportunities in the sectors in which it operates: properties, credits, and companies.

In the next 12 months, it will focus on acquiring these assets using its own financial capacity or in partnership with other international investors that will leverage this investment capacity.

4. FG as seller of assets

FG is today a relevant real estate developer in Portugal, so over the next few months it will have properties for sale in several geographies in the national territory.

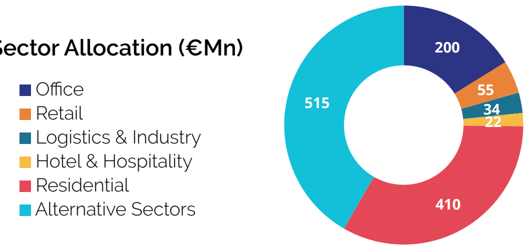
On the other hand, it specializes in credit management, resulting in legal and other agreements and in access to properties that FG develops and sells.

New market segments such as energy or data storage will deserve the attention of our teams.

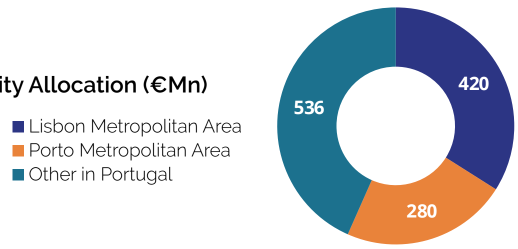
FINANGESTE
MAIS DO QUE INVESTIR, CRIAR SOLUÇÕES

Type of Investor	Private Equity
Gross Asset Value of Assets in Portugal (€ Mn)	1200
Number of assets Invested in Portugal	More than 500
% Ownership	-
Asset Debt	-
Net Asset Value of Assets in Portugal (€Mn)	-
Major Investor in the Vehicules	-

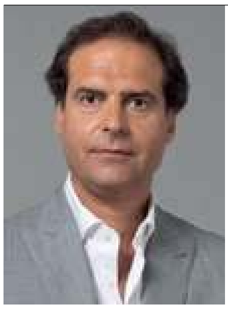
Sector Allocation (€Mn)



City Allocation (€Mn)



Reference Assets	Talaide Oeiras; PUVA Faro; Trindade Domus Porto; Duque Avila Lisboa; Camoes Porto; Padre Aparicio Lisboa; Paranhos Porto resi; Seixal resi Project; Loures resi projet; Almada Resi project; Caldas Rainha resi project; VF Xira logistic project.



Bernardo d'Aguiar Frazão

DEPARTAMENTO DE GESTÃO DE FUNDOS
Director Coordenador

DEFINITELY SELLER

The Real Estate Funds market in Portugal, continues in our opinion to be a very attractive alternative investment space as, during this prolonged period of historically low interest rates, it has offered very positive returns. According to APFIPP, Open-end and Closed-end Funds have yielded over the last three years approximately between 3.4% and 4.8%, respectively.

However, to have a global vision of the Funds market, we must necessarily refer the three pillars of the management of a Fund: 1) the Assets, 2) Regulation and 3) Taxation.

As for the assets, in our opinion, we consider that Licensed Land (and we are already returning to the licensing issue), Residential, Modern Logistics and Tourist units (excluding the low/medium category in cities) are those which have the greatest potential for attraction and return, always bearing in mind the integration of sustainability risks (ESG) in the investment decision process.

I drew attention above to the licensing problem, since, as an example, in the city of Lisbon alone there are 3,100 projects awaiting licences to go ahead.

I also draw your attention to the constant rise in the price of construction materials (according to INE, the cost of construction of new houses rose 11.6% in March in year-on-year terms) and to the rise in interest rates, which will be reflected in an increase in the cost of financing. These factors will have a negative impact on the analysis of the cash flow models of investors and developers, causing a mandatory rotation towards more core projects.

Regarding Regulation, as far as we are aware, since the new Asset Management Regime (RGA) is still being finalized by the CMVM and the Government, it is less restrictive to the dynamics of fund management. For example, it does not impose such strict regulatory limits - so this is good news.

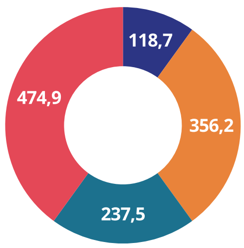
Last but not least, it is important to stress the taxation of funds. In the last few years there have been no major changes and that is expected for the future, as any rational investor wants stability, otherwise with the mobility of capital and variety of options in other jurisdictions he would easily abandon our country.

GNB Real Estate
GRUPO novobanco

Type of Investor	Commercial Bank / Private Equity
Gross Asset Value of Assets in Portugal (€ Mn)	1 187
Number of assets Invested in Portugal	95%
% Ownership	98%
Asset Debt	0
Net Asset Value of Assets in Portugal (€Mn)	1 187
Major Investor in the Vehicules	-

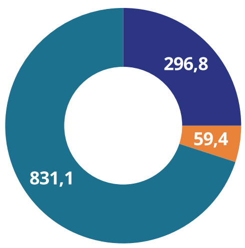
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets -

Deloitte.

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Portugal Real Estate Summit 2022

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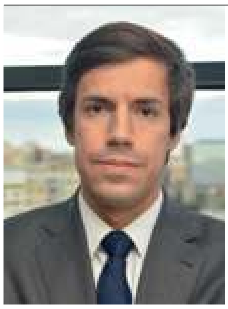
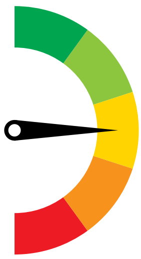


João Cristina

MERLIN PROPERTIES
Country Manager
Portugal



NEUTRAL

Despite the pandemic context and, more recently, the war in Ukraine, the commercial real estate market in Portugal presents a remarkable behavior to date, and a positive prospect for the coming 12 months.

Looking closely at those sectors where Merlin Properties operates, focusing in the occupational markets, we believe that the strong growth in online retail, the advanced age of current warehousing stock and the inflationary environment, will create additional demand for logistics warehouses. Also, office demand keeps showing good dynamics, with the challenges brought about by the working from home trend showing some respite, while companies adapt their policies to this new reality. In the retail sector, after strong operating restrictions due to Covid-19, retail activity has flourished due to the increase in consumption.

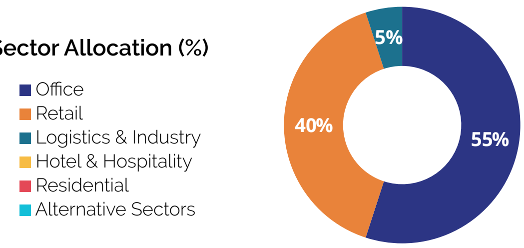
In terms of capital markets, the current context deserves a word of caution. The chronic lack of quality space (supply shortage) especially in the logistics and office sectors, does provide room for an optimistic approach however, the expected interest rate increase and its medium to long term consequences on yields and GDP growth, provide a more cautionary stance.

As a result, our position is one of Neutrality.

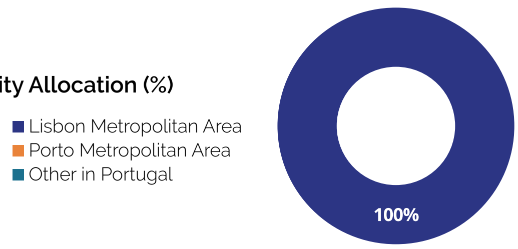
MERLIN PROPERTIES

Type of Investor	REIT
Gross Asset Value of Assets in Portugal (€ Mn)	1150
Number of assets Invested in Portugal	11
% Ownership	100%
Asset Debt	30%
Net Asset Value of Assets in Portugal (€Mn)	800
Major Investor in the Vehicules	-

Sector Allocation (%)



City Allocation (%)



Reference Assets: Almada Forum; Monumental; Art's;Central Office; Caribe; Torre Zen; Torre Fernão Magalhães; Marquês de Pombal 3; Torre de Lisboa 'A'; Nestlé HQ; PLLN

INTERVIEW WITH JAVIER BELTRÁN DE MIGUEL,
CEO & FOUNDER OF CG CAPITAL EUROPE, FOR IBERIAN PROPERTY

"AN OPTIMAL CAPITAL STRUCTURE IS ESSENTIAL TO OBTAIN HIGH RETURNS"

CG Capital Europe has achieved an impressive 95% success rate over exclusive mandates in the last ten years, placing the company in the top 'closers' within Iberian real estate sector.

BRANDED CONTENT: CG CAPITAL EUROPE

What is your current outlook for the Iberian market?

We are experiencing challenging times for the Real Estate market and for the economy in general. After two years in which the sector has been strongly affected by Covid-19, 2022 started with an uncertain macroeconomic situation, further intensified by the war in Ukraine. In addition, the last few months have seen a shift in interest rate curves, which were at negative rates for the last six years, leading to a turnaround in capital market conditions and investment decisions. In spite of all this context, the Real Estate sector still managed to outperform expectations, which shows how truly resilient this sector is (also underpinned by its protection against inflation), with the number of transactions in the highest figures since 2007.

Although, as I say, this is an uncertain time, we see it as a great opportunity for those who are able to stay one step ahead and anticipate future market movements. Traditional key levers are becoming even more important in Real Estate: i) precise cash flow valuations at a time of change and slight misalignment between bid and ask; ii) the correct definition of the optimal capital structure for each transaction, especially given the changes in interest rates; and iii) the implementation of formulas to reduce the risk associated with these and other macro and micro factors.

How is the rise of interest rates and inflation going to affect the Real Estate market in Iberia?

As the Real Estate sector is very capital intensive, many of these keys have one common point: raising the optimal financing stack for each transaction. As mentioned above, the rise in interest rates, and especially the volatility we are seeing in the last few weeks in the *screen rates,* makes increasingly important to determine the most adequate financing structure considering the investor's profile and risk tolerance and its expected returns (IRR, Equity Multiple, Cash-on-Cash, Profit).

In this environment, it is essential to analyse all the options offered by the markets and design the optimal capital structure and new formulas to mitigate the associated risks and maximise the returns on investment. Selecting the most appropriate type of lender (banks or alternative lenders) and debt structure depending on the purpose of each transaction, or determining sufficient and appropriate hedging, are some of the levers that will help ensure the solvency and profitability of each Real Estate transaction, through a sustainable credit structure (with appropriate ratios: LTV, DSCR, Debt Yield, Average Life).

Alternative Financing – is it becoming an increasingly popular formula with respect to traditional banking services? How did CG Capital Europe adapt its strategy to the Alternative Financing Formulas?

In this industry, an optimal capital structure is essential to obtain high returns and achieve the business plan. Real Estate has traditionally relied on the banking sector for its financing, which has reached a high level of concentration, with the three big banks accounting for 60% of the Iberian market. This consolidation, alongside other factors, has led to restrictions on certain sources of financing. This context has opened up an opportunity for debt funds and alternative lenders. Thus, alternative financing, partly as a result of its growing professionalization, is expected to reach a share of 35%-40% in 2026, similar to other OECD countries.

As investment competition has increased in recent years, it is necessary to optimise the capital structure in order to maximise returns. It is crucial to analyse market alternatives on a case-by-case basis: depending on the investment profile, the asset class and the risk tolerance of each investor, in some cases the best option will be traditional financing and in others alternative financing. At CG Capital Europe we design and implement for each transaction a bank structure and a debt fund structure, defining the optimal capital structure, maximizing returns and guaranteeing solvency and sustainability of transactions.

What is CG Capital Europe and what is its mission statement?

CG Capital Europe is a reputed, independent Real Estate and Infrastructure Investment Bank focused in Southern Europe, mainly in Iberia, but also active in France, Italy and Switzerland.

CG Capital Europe provides high value-added advice to its institutional and private clients on asset and corporate transactions, structuring and raising optimal financing (equity and debt), as well as investment & asset management services with a clear objective: to achieve optimal results for our clients, investors and lenders, through our high quality, innovative and tailor-made professional services. To this day, we have achieved a track record of €3,900 million of successfully closed transactions (in sales, acquisitions and financings -debt and equity-).

Celebrating your 10th anniversary, what distinguishes you from other players in the industry, and where does CG Capital Europe position in the Real Estate sector?

The increasing sophistication, professionalization and internationalization of the sector requires differential and high value-added professional services for clients.

In CG Capital Europe we are fast movers, obsessed with value creation, innovation, results and attention to detail. Strict confidentiality is also the order of the day when building long-term and trusting relationship with our Clients. This can only be achieved by the tailor-made process we bring for each deal, providing specific advice for each transaction and analysing it from different angles.

At CG Capital Europe we apply the highest standards of quality work and professionalism of investment banking: confidentiality and independence, high value added, in-depth knowledge of corporate finance, innovation and commitment to our clients' success. We have an outstanding relationship with investors, as well as with financial institutions and debt funds around the world, which has led us to achieve an impressive 95% success rate over exclusive mandates in last ten years, placing CG Capital Europe in the top 'closers' within Iberian real estate sector. ■

> "The rise in interest rates, and especially the volatility we are seeing in the last few weeks in the screen rates, makes increasingly important to determine the most adequate financing structure considering the investor's profile and risk tolerance and its expected returns"

Luis Mota Duarte

SONAE SIERRA
Chief Financial Officer; Executive Director - Investment Management

CAUTIOUS BUYER

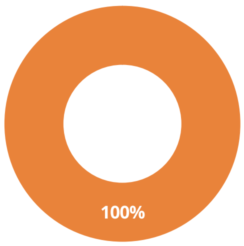
Sonae Sierra is a fully vertically integrated real estate player covering multiple real estate sectors including retail, offices, logistics and residential, managing €4.8bn in eleven investment vehicles across Europe. Sierra presents a unique combination of i) a 30-year track record of value creation through active asset management in partnership with institutional and private investors, ii) an institutional governance and decision-making infrastructure, iii) a unique origination and execution network, iv) a global presence with offices in 11 countries and v) a long-standing track record of real proactive sustainability.

In relation to the Portuguese market, we are currently a prudent and cautious buyer. On one hand the current macro headwinds that we see in Europe such as inflation, rising interest rates and increased energy costs demand a degree of prudency and a more targeted, selective and specialised approach towards asset selection and management. On the other hand, we are a buyer as i) we see significant demand for real estate infrastructure in Portugal, driven by a structural shift in foreign direct investment which is not met due to an historical lag of supply, ii) Portugal's relatively better risk return profile compared to most other European markets and iii) the strength of the corporate and individual balance sheets post GFC. Overall, we are selectively positive about the Portuguese market and expect to continue to deploy significant capital over the coming years in partnership with institutional investors.

	Sierra Prime
Type of Investor	Asset Manager / Insurance Company / Pension Funds
Gross Asset Value of Assets in Portugal (€ Mn)	1510
Number of assets Invested in Portugal	4
% Ownership	"3 assets @50% 1 asset @100%"
Asset Debt	-
Net Asset Value of Assets in Portugal (€Mn)	-
Major Investor in the Vehicules	Sonae Sierra, Allianz, APG, ELO

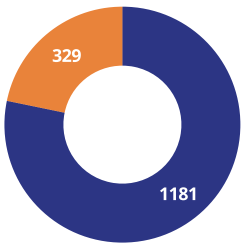
Sector Allocation (%)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Multifamily
- Alternative Sectors

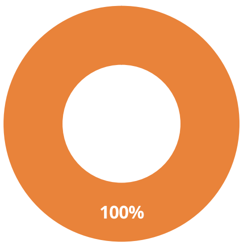
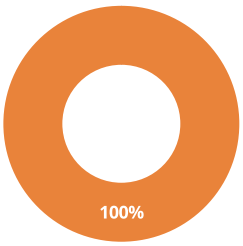
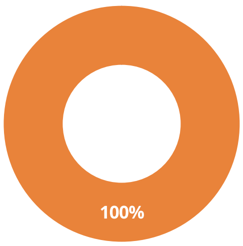
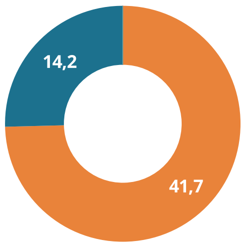
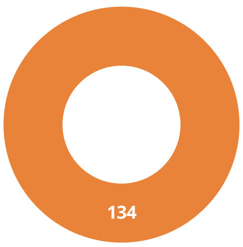
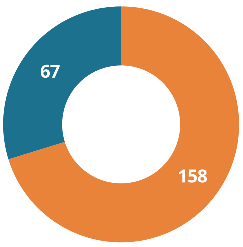
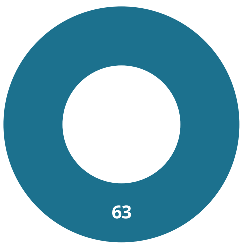
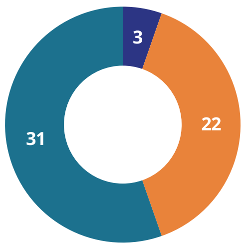
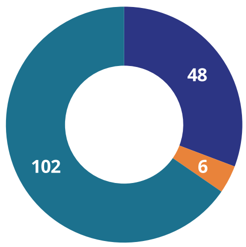


City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets	Colombo, Norteshopping, Cascaishopping, Vasco da Gama

Sierra Portugal Fund	Sierra Retail Ventures	Iberia Coop	ORES SIGI Portugal	ORES Socimi
Asset Manager / Private Equity / Pension Funds	Asset Manager / Pension Funds	Asset Manager / Pension Funds	REIT / Insurance Company / Individual Investor	REIT / Insurance Company / Individual Investor
134	225	63	56	156
2	5	1	6	14
all assets @50%	all assets @50%	all assets @100%	all assets @100%	all assets @100%
-	-	-	-	-
-	-	-	-	-
Sonae Sierra, Madison, KEVA, Ilmarinen	Sonae Sierra, APG	Sonae Sierra, UK pension funds	Sonae Sierra, Bankinter	Sonae Sierra, Bankinter
				-
				
Arrábidashopping, Gaiashopping	Arrábidashopping, Gaiashopping, Madeirashopping, Parque Atlântico, Via Catarina	Estação Viana	Pingo Doce Reboleira (1), Continente Faro, Covilha, Asprela, Mozelos (4), Luis Simoes Logistics	Pingo Doce Lisboa, Santo Adrião (2), Continente Lisboa, Sintra, Porto (3)

Antonio Simontalero

CBRE INVESTMENT MANAGEMENT
Country Manager Iberia – Fund Manager

CAUTIOUS BUYER

The first half of year 2022 has been very much conditioned by the macro-economic situation and the geopolitical crisis triggered as a result of the invasion of Ukraine. The increase in prices of oil and gas has led to a sharp increase in inflation, which will have a negative impact on consumption and growth. As a result of this, Central Banks have reacted with a rapid increase of interest rates.

Despite this complex environment, both Spain and Portugal recorded higher investment figures than during the first half of 2021 due to the strong appetite from investors and the high liquidity in the markets. However, it is also relevant to say that capital markets started to see a slow down during the second half of Q2. The reason for that is connected to the increase in interest rates and financing costs (i.e.: 5 year swap rate increased by more than 200 bps during the year) which is making investors to revise the underwritings for new investments and adjust prices.

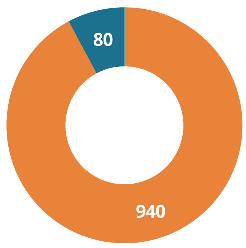
In this context, it is critical to focus on the fundamentals of the property and the operational performance. In the case of CBRE Investment Management, our portfolio continues delivering strong operational figures in the different sectors that we operate, even in those that are currently less favoured by investors like retail, were we are recording higher sales and occupancy than pre covid. That gives us comfort to continue analysing new investment opportunities, not only in relation to assets that can provide solid income and cash flow stability but also to continue with our strategy of developing brand new assets that can meet unfulfilled occupiers´ demand in undersupplied markets.

CBRE Investment Management

Type of Investor	Asset Manager
Gross Asset Value of Assets in Portugal (€ Mn)	1020
Number of assets Invested in Portugal	9
% Ownership	-
Asset Debt	-
Net Asset Value of Assets in Portugal (€Mn)	-
Major Investor in the Vehicules	Pension Fund, Insurance companies, Sovereign Funds

Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

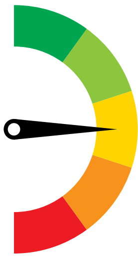
- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal

-

Reference Assets	Colombo, Vasco da Gama

Manuel Puerta da Costa

BPI ASSET MANAGEMENT
Member of the Executive Board



NEUTRAL

Our current view on Macroeconomic dynamics in the Portuguese Economy within a tightening cycle of the European Monetary Policy, rests on the idea that these negative short-term influences from increased interest rates and less credit, will be compensated by the highly attractive returns offered by domestic vs international assets which still attracts investors and new capital, mostly from the institutional side, but also from individuals looking in Portugal for a better place to live.

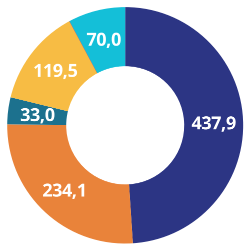
Our funds are invested at the desired exposure level considering liquidity availability and, unless inflows or outflows of some significance occur, they will be pro-actively managing in the next 12 months with a neutral stance or bias, their Real Estate holdings in order to achieve income returns aligned with risks taken.

BPI Gestão de Ativos

Type of Investor	Asset Manager
Gross Asset Value of Assets in Portugal (€ Mn)	894,49
Number of assets Invested in Portugal	286
% Ownership	100
Asset Debt	0
Net Asset Value of Assets in Portugal (€Mn)	894,49
Major Investor in the Vehicules	Real Estate Asset

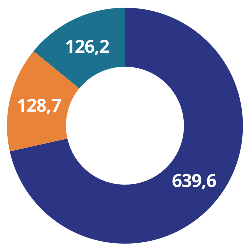
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets

Edificio Vodafone, Lisboa
CC Vasco da Gama, Lisboa
Edificio CCB 43, Lisboa
Makro Alfragide
Edifício Casal Ribeiro, Lisboa
Hotel Delfim, Alvor

Together we set the city's compass

Affordable Housing
Build to Rent

Luís Carita
SILVIP
Board Member

Real estate investment is a type of asset that remains interesting in terms of profitability and risk. Its connection to the real economy and positive spread when compared to other alternatives, are fundamentals which remain interesting for investors. There are, however, risk factors which restrict future prospects: i) the huge amount of capital stock allocated to real estate, inducing inflation through demand; ii) economic cool down and increased interest rates; and, lastly, the disruptions to the supply chains, conditioning prices and access to raw materials and supplies.

Thus, despite the availability of capital, the variables lead to a cautious behaviour when managing investment portfolios.

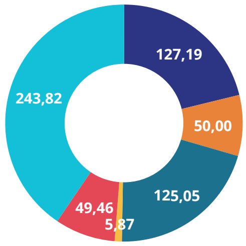
CAUTIOUS BUYER

SILVIP / BUILDING ON TRUST

Type of Investor	REIT
Gross Asset Value of Assets in Portugal (€ Mn)	673,10
Number of assets Invested in Portugal	119
% Ownership	100%
Asset Debt	87,25
Net Asset Value of Assets in Portugal (€Mn)	556,87
Major Investor in the Vehicules	Caixa Económica Montepio Geral

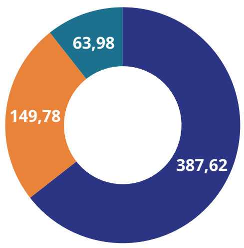
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets

Cristal; Vip Montijo; Hospital Privado Boa Nova; Triunfo; America;Hospital Trofa; Horizonte; Barbosa Bocage 85; Fuse Valey - Matosinhos; Creative Opps Farfetch - Matosinhos.

Carlos Costa

NHOOD
Real Estate South Director

CAUTIOUS BUYER

Nhood is positive about the evolution of the Portuguese real estate market despite the challenges posed by rising inflation and uncertainty due to war in Ukraine. Portugal showed to be resilient to the pandemic and even the more affected real estate sectors are in good pace of recovery.

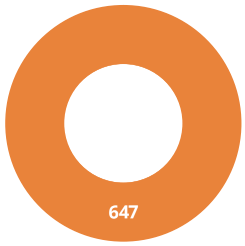
Nhood pursues a strategy anchored in cities transformation with the concept of the 15-minute City that focuses on the flexible use of spaces, proximity between the different axes in life (home, work, retail, leisure, (etc.), that creates a proximity effect and softens the citizens mobility. Therefore, we believe mixed-use real estate is gaining momentum when facing the single-use spaces. We aim to create new ways of living, by regenerating and transforming existing space. For that we are also committed to the introduction of innovation factors that will allow us to adapt to digitalization and e-commerce, by creating omnichannel experiences.

Another strategical axe for Nhood is ESG: our willingness to develop and operate certified sustainable assets, use renewable energy, reduce the carbon footprint, and increase biodiversity. Today, ESG is a must-do in real estate market and Nhood aims to be in the forefront.

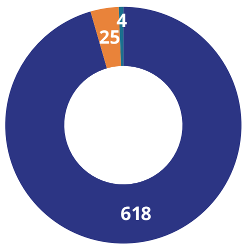
Encompassed by its strategical axes before mentioned, Nhood positions itself as a *Cautious Buyer* in 2023. Should opportunities to transform assets arise where Nhood is able to add value and contributes to revitalize a city neighbourhood, Nhood alongside with our Clients will considerer to increase the presence in Portugal investing in different types of projects, from mix-use to commercial, offices, and other real estate, as we always try to grant this mixture a new-living atmosphere.

Type of Investor	Asset Manager
Gross Asset Value of Assets in Portugal (€ Mn)	647
Number of assets Invested in Portugal	10
% Ownership	100% in 8 assets; 50% in 2 assets
Asset Debt	-
Net Asset Value of Assets in Portugal (€Mn)	-
Major Investor in the Vehicules	Ceetrus

Sector Allocation (€Mn)



City Allocation (€Mn)



Reference Assets

Alegro Alfragide
Alegro Montijo
Alegro Setúbal
Alegro Sintra
Sintra Retail Park

"PORTUGUESE MARKET CONTINUES PRODUCING VERY INTERESTING RETURNS"

BY: Pedro Lancastre, CEO, JLL Portugal
BRANDED CONTENT: JLL PORTUGAL

The current macro environment brings direct challenges, especially on costs, and a higher level of uncertainty to the forecasts, which are fundamental in the investment decisions. Having this said, we are still experiencing a very positive market feeling from most of our clients, which is supported by the performance indicators either on sales of end units, take up on the occupational markets and investment volume already secured in 2022. Portugal continues to have a big mismatch between offer and supply, on the vast majority of sectors, which contributes to an above average resilience on prices.

Development and Value-Add plays are being supported by a thesis that by the time the finished product come to market, the current negative momentum related to the war will be over, or closer to an end, with the market on a recovery curve.

After the 2008 financial crisis, Portugal has finally established its position on the "*global investment map*". This was mostly due to the huge increase in demand for real estate, coming both from the domestic market and the ever-increasing international demand, fueled by some programs and tax benefits to attract FDI, such as the Golden Visa program, the Non-Habitual Residents Tax Benefits and sector incentives like the Rehabilitation tax benefits. The "*perfect storm*" formed by combining these factors with an increase in awareness of our country as a top tourism destination. Since then, the market has blossomed and the investment captured in real estate can today be witnessed in the landscape of our cities, as well as some costal locations or countryside, and experienced in our daily activities like restaurants, theaters, public transports and other services that have contributed to a more modern and connected country.

By offering all of the above, together with highly educated and capable workforce at a very competitive level of salaries, Portugal has been also able to attract multinationals and new companies, which has improved the corporate landscape in our market and, again, contributes to the international "*hype*" around our country.

This is an almost perfect ecosystem for investment, capitalizing this momentum on a performing market while producing very interesting returns to the investors, in practically every asset class.

The volatility on our public policies, the not so fast legal procedures and heavy tax burden all around are the main challenges to continue to attract even more foreign investment. The market needs clear cut and fast implementing policies to further incentivize investment, which will definitely translate into more supply, therefore increasing the size of our market and bring stability to prices.

Pedro Lancastre

Living Sector – here to stay!

Over the last decade investors' preferences have been gradually changing.

New concepts of living product to address different needs throughout our life cycle are being developed, sought after by users and investors, and being designed to co-exist with more traditional commercial real estate. Our market is adapting to the end users' needs and trends and the investors are very keen on taking part in this story.

Regarding Multifamily, in Portugal we've had a cultural hurdle since the 80s, where fueled by the mortgage sector the Portuguese buy instead of renting. This translates into a current market where over 70% of the households are own by the occupiers. This trend has continued till this day, especially due to the low interest rates, having as exceptions some foreign that move to Portugal, a percentage of the younger generations – who prefer to use instead of own – and the fringe of the local population that cannot access bank financing for purchasing their home.

The current rise in interest rates can help driving more demand to the rental market in Portugal, increasing its depth, volume and, therefore, be even more attractive to investors.

Shaping the future of real estate for a better world

We have different important drivers that we focus on and, at JLL, we are working every day and in all our 360º integrated services to live up to our purpose *"we shape the future of real estate for a better world"*, by working on these 3 pillars:

The first is sustainability, a concept that has long been part of our operations. In a survey of JLL's clients in EMEA, we found that in Portugal 82% of active operators say they intend to move forward in their commitment to sustainability, a higher percentage than in Germany, Spain, or France. Compliance with ESG rules is already becoming one of the unavoidable criteria in property selection and has really become one of the key points in the real estate sector and one that companies, and investors have nowhere to run.

We are also focusing on the new trends redefining workspaces, change management, where the challenge is to provide integrated solutions to companies so that they can rethink their spaces, make them more collaborative, social, attractive, and able to retain talent, especially at a time when we are reconsidering ways of working, adapted to the post-pandemic.

Finally, technology and digitalisation are also a key theme. Our business needs to be much more digitised and have more technology platforms to give our customers easy access to data, providing them with digital solutions that can help them make better decisions about their assets in record time. There is still room to grow in this area, and we are putting a lot of effort into it. We want to give our customers more solutions to speed up the decision-making process. ■

João Pita

ROUND HILL CAPITAL
Head of Portugal

CAUTIOUS BUYER

Despite the challenging macro-economic environment with rising inflation and interest rates impacting transaction volumes across the industry, the Portuguese real estate market has been able to prove its resilience, exhibiting positive investment opportunities alongside strong market fundamentals and supply constraints. Round Hill Capital has recently closed one of our key real estate transactions this year in Portugal, consolidating our footprint and reinforcing our ambitions in the country.

Whilst the new cycle will certainly dictate the need for additional caution, with inflationary high costs being a concern to everyone particularly in the development trade, with the support of our integrated on-the-ground teams and factoring the new circumstances into our appraisal, we are confident Round Hill Capital will continue to identify strong investment and development opportunities, particularly across the accommodation sector and with a long term vision as the fundamentals of living, supply and demand have not changed.

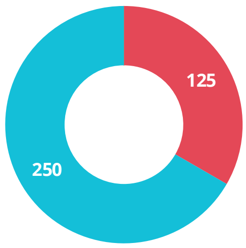
Being a specialist manager, invested for the long term and low leveraged will play a key role in the market challenges to come.

ROUND HILL CAPITAL

Type of Investor	Asset Manager Private Equity
Investment commitment in Portugal (€ Mn)	575
Number of assets Invested in Portugal	11
% Ownership	100%
Asset Debt	50% (average)
Net Asset Value of Assets in Portugal (€Mn)	-
Major Investor in the Vehicules	Discriterionary capital

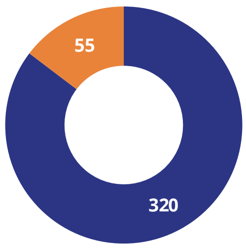
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets -

LAND FOR CONSTRUCTION

MONTE SANTOS – SINTRA

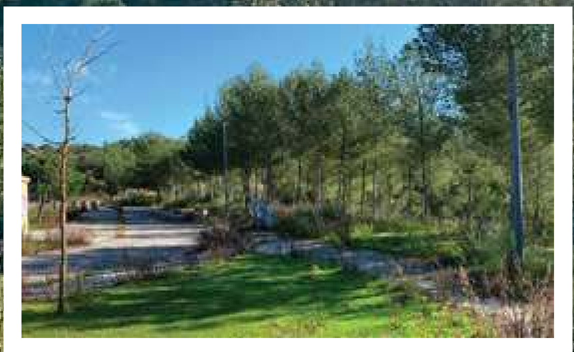
Millennium IMÓVEIS

This land is located in Monte Santos, between the Centro de Ciência in Ribeira de Sintra and the Hokey Club of Sintra, very close to the Historic Center of Sintra and the train station, as well as several beaches, and about 20 minutes from Lisbon.

It is planned the construction of 30 single family homes, a commercial building with 56 parking spaces and a 5* hotel unit.

Ref. 97438 I 77,090 m2 I Price: € 13.300,000

For more information please consult the real estate section of millenniumbcp.pt or use the M Imóveis App.



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Millennium bcp

Esther Escapa

AXA IM ALTS
Head of Acquisitions and Developments Iberia

CAUTIOUS BUYER

AXA IM Alts' approach to the Portuguese market is dependent on the asset class. We would categorise ourselves as 'cautious buyers' for compelling investment opportunities in the residential, logistics, hospitality or office sectors over the next 12 months. Location remains a key consideration, and we see Lisbon as the most attractive market, followed by Porto, on account of the sound real estate fundamentals presented. We will continue to review investment opportunities in both markets – for us, it's essential that any potential investment benefits from strong surrounding infrastructure and has the ability to deliver stable long-term term income streams, while a clear ESG angle remains of chief importance.

AXA Investment Managers

Type of Investor	Asset Manager
Gross Asset Value of Assets in Portugal (€ Mn)	548,58 / 112,5 (Colombo)
Number of assets Invested in Portugal	57
% Ownership	100% / 74% (Colombo)
Asset Debt	0 / 68,8 (Colombo)
Net Asset Value of Assets in Portugal (€Mn)	537,88 / 43,7 (Colombo)
Major Investor in the Vehicules	-

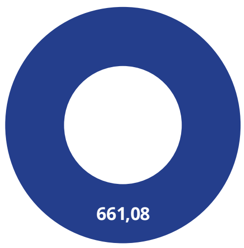
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors

-

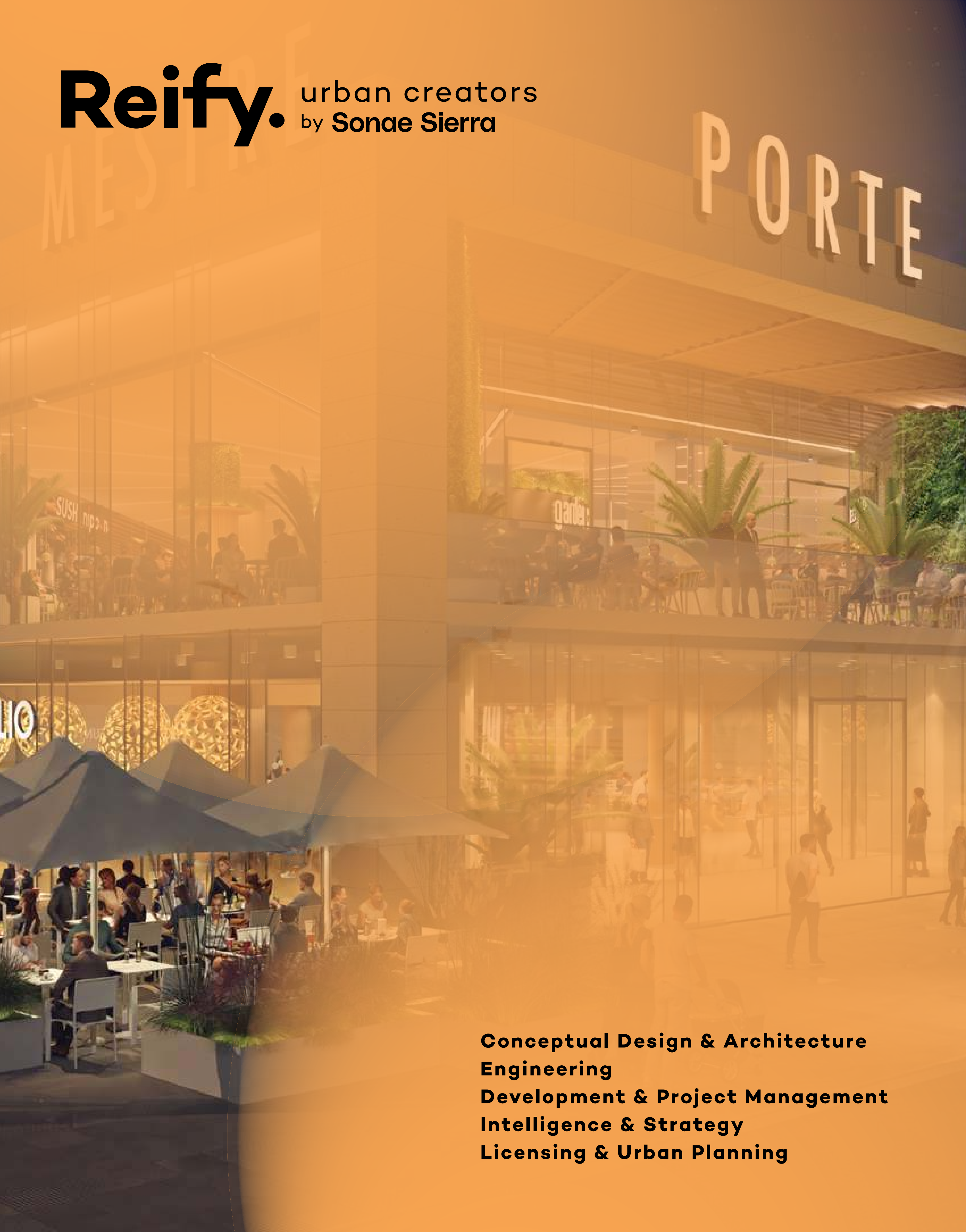
City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets -

Reify. urban creators
by **Sonae Sierra**



Conceptual Design & Architecture
Engineering
Development & Project Management
Intelligence & Strategy
Licensing & Urban Planning

Gilles Emond

GRUPO AGEAS PORTUGAL
Head of Real Estate

CAUTIOUS BUYER

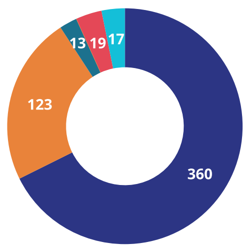
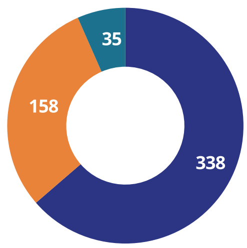
Currently, Grupo Ageas Portugal is positioned as a cautious buyer. As an institutional investor, we focus on core/core+ real estate assets, located in Portugal. In the current inflation and interest rate environment, investment strategies need to be continuously assessed but, at this stage, real estate remains attractive. More than ever, the key factor supporting a case is the capacity to deliver inflation linked, stable and recurrent revenues.

Offices continue to be attractive. In Portugal, the existing qualitative stock is limited and the new supply is constrained by licensing process and construction cost increase. At the same time, we see robust demand on occupier's side. We will remain active on this segment for the group Insurance companies or the Pension funds under management.

Operational assets, like student residences or nursing homes, long term leased to good operators, are another focus. Due to limited stock, we may consider forward funding acquisition. To commit at an early stage is also a good way to integrate our sustainability principles in the program.

Shopping Centers are still recovering with room for improvement. Challenges are multiple like economic slowdown, inflation, energy cost. Innovation, sustainability, and connection with the local community will be key to be successful. Last years, the asset class has suffered a lot, but we are convinced shopping center is still a relevant real estate infrastructure in the Portuguese context.

grupo ageas portugal

Type of Investor	Insurance Company
Gross Asset Value of Assets in Portugal (€ Mn)	530
Number of assets Invested in Portugal	47
% Ownership	100% (Real Estate Funds & Shoppings not included)
Asset Debt	0
Net Asset Value of Assets in Portugal (€Mn)	530
Major Investor in the Vehicules	Ocidental – Companhia Portuguesa de Seguros de Vida, S.A., Ocidental – Companhia Portuguesa de Seguros, S.A., Ageas Portugal – Companhia de Seguros de Vida, S.A., Médis – Companhia Portuguesa de Seguros de Saúde, S.A.
Sector Allocation (€Mn) Office Retail Logistics & Industry Hotel & Hospitality Residential Alternative Sectors	
City Allocation (€Mn) Lisbon Metropolitan Area Porto Metropolitan Area Other in Portugal	
Reference Assets	Castilho 2; Entrecampos 28; Expo Tower; Cais Office; Classique; HQ Lisboa; HQ Porto

Pedro Duarte

FIDELIDADE
Head of Portfolio Management

NEUTRAL

The Portuguese real estate market – similarly to most of the geographies across Europe and overseas – is currently facing relevant challenges, mainly resulting from the spiking inflation, increase in interest rates and from investors' concerns over the ongoing war in Ukraine.

Under this period of higher uncertainty, institutional investors might take a more cautious approach towards assets with a riskier profile as liquidity is anticipated to drop. On the other hand, we believe that high quality assets in prime locations will continue to drive investors' interest and will be much more resilient to any potential downward repricing.

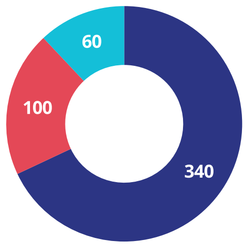
Considering the above, in the next 12 months we expect Fidelidade to be active both as seller and as buyer, by continuing to pursue its real estate investment strategy, with a greater focus on core investments producing long-term recurring income. Key initiatives encompass the optimization of its domestic real estate portfolio through strategic disposals, while focusing on the development of Entrecampos Project and paying close attention to core opportunities that may come to market in Portugal and abroad.

FIDELIDADE PROPERTY

Type of Investor	Insurance Company
Gross Asset Value of Assets in Portugal (€ Mn)	500,0
Number of assets Invested in Portugal	170
% Ownership	100%
Asset Debt	0
Net Asset Value of Assets in Portugal (€Mn)	500,0
Major Investor in the Vehicules	-

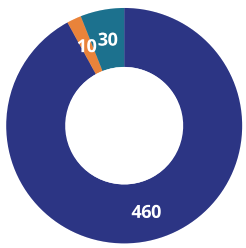
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Others



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets

Fidelidade's New Headquarters, Lisbon

Entrecampos Project, Lisbon


GREATER
Porto
Welcome to
Greater Porto,
a region of
the future
#regionofthefuture
Matosinhos • Porto • Gaia

Cristina García-Peri

AZORA
Managing Partner and Head of Corporate Development & Strategy

CAUTIOUS BUYER

Azora invests across a number of key verticals which include, amongst others, hospitality (where we own 5 assets in Portugal), residential, office and logistics. As we look to the next 12 months, we expect to be actively looking at assets across all of these verticals, but will remain cautious as we continue to monitor the evolution of the macro backdrop.

We are confident in the underlying strength of the mega trends supporting the hospitality, residential and logistics sectors, and strongly believe in the retained attractiveness of high-quality offices in the right locations for tenants, and therefore for owners. In addition, the increased liquidity we have seen over the past few years in the Portuguese market, as well as the business-friendly approach by the authorities - which has led to an influx of people and corporates moving to the area - provide a specific and compelling investment backdrop.

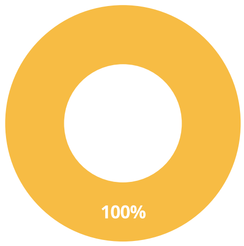
Having said this, the environment is undoubtedly more uncertain than it was 12 months ago, and we will remain strict in our underwriting approach while also closely monitoring pockets of opportunity that may emerge.

AZORA

Type of Investor	Asset Manager
Gross Asset Value of Assets in Portugal (€ Mn)	360
Number of assets Invested in Portugal	5
% Ownership	100%
Asset Debt	110
Net Asset Value of Assets in Portugal (€Mn)	210
Major Investor in the Vehicules	-

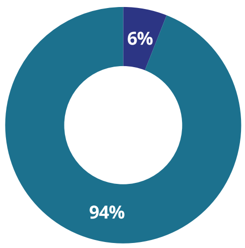
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets

Vilalara Thalassa
Tivoli Carvoeiro
Tivoli Vilamoura
Pestana Blue Alvor

Barcelona Catalonia

Generalitat de Catalunya
Government of Catalonia

Ajuntament de Barcelona

AMB Metròpolis Barcelona

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Nuno Ravara

FS CAPITAL
Managing Director
& Partner

CAUTIOUS BUYER

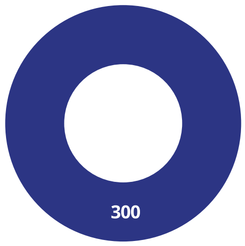
"FS Capital positions itself (as most of its investment clients) as cautious buyer. FS Capital is an investment advisor and asset manager working primarily for international institutional investors. The current uncertainty of several relevant factors with direct impact on real estate assets, such as the effects of the new inflation landscape, the volatility of construction costs, the availability of materials and labor force, the geopolitical instability originated by the war in Ukraine, the increasing cost of debt and the lower availability of banks to reach higher LTVs on commercial loans, amongst others, have all significant impact on the capacity of investors to predict and execute reliable business plans. Today, the scrutiny of ICs to decide on investment decisions is much intense and a cautious approach is definitely more advisable.

FS Capital

Type of Investor	Asset Manager
Gross Asset Value of Assets in Portugal (€ Mn)	300
Number of assets Invested in Portugal	11
% Ownership	-
Asset Debt	-
Net Asset Value of Assets in Portugal (€Mn)	-
Major Investor in the Vehicules	-

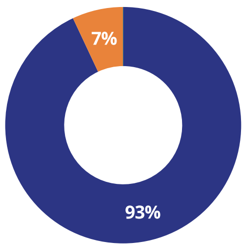
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets -

THE MULTIFAMILY MARKET, A GROWING SECTOR IN SPAIN AND PORTUGAL

BY: Juan Manuel Pardo, Head of Living, JLL Spain
BRANDED CONTENT: JLL SPAIN

Juan Manuel Pardo

The demand for rental housing in Spain is consolidating and we expect it to intensify if we take into account the demographic and economic prospects for the coming years, the social trend toward greater urbanisation and the reduction in the size of the average home that has been taking place in our country in recent decades.

These perspectives have a direct impact on the real estate sector and in particular on rental housing. During the pandemic, Multifamily, alongside other Living sectors - as well as the logistics sector – proved to be one of the most resilient markets, attracting interest from investors throughout Europe. A reflection of this interest is the investment in Multifamily during 2021, at around €2.2 billion, representing an increase of 10% vs 2020 and 50% vs 2019 (pre-pandemic period).

But why is this happening? If we compare ourselves with the rest of Europe, Spain is in the lower range of numbers of rented households, 23% of the total. This is an indicator that has been growing continuously in recent years and now over 4.3 million homes are rented properties. The fundamental reason for this is that the effort required to purchase a home has grown considerably as a result of a rise in residential property prices without any increase in wages. This means that on average in our country, it takes around 9 years to save the necessary amount – 30% – of the purchase price for a home not subject to bank financing.

It does not seem that the situation is likely to improve - quite the opposite. The most affected sector of the population, and therefore with one with the highest demand for rental housing, is young adults. This age group will be the captive demand of this market for some time to come.

In addition, in Spain, the housing profile is changing, and the average size is dropping, partly affected by low birth rates, which increases demand for smaller homes with more additional services.

Regarding the investment market, in 2022 the sector continued to show its strength and vigour with a 25% annual growth in the volume of investment in the second half of the year, at around €1.5 billion. During the first half of the year, there was the largest Build to Rent (BTR) deal in Spain, the purchase of 1,500 rental homes by Patrizia from BeCorp for a total of €600 million, just behind volumes reached by the public-private collaboration initiatives in Madrid (Plan Vive) and Barcelona (Metrópolis), closed in 2021. During the first six months of 2022, funds led the investment in the residential sector, accounting for 70% of the total investment.

Concerning the profile of the assets sold, as this is still a growing market, all types of deals have been closed. On the one hand, there was a lot of interest in finding quality rental properties in good locations – of which there is little in Spain – and on the other funds showed great interest in partnering up with local operators to develop new properties, not only to meet demand but also in line with the needs of that demand, in terms of size, quality and services. A third route, also of great relevance in the Spanish market due to the shortage of products, is where investment funds buy BTR properties from local developers through forward funding or a forward purchase structure.

In addition to the Patrizia deal, in 2022 many others also stand out: Blackstone's sale to AXA of a portfolio of 6 stable assets in Madrid for €285 million and the Joint Venture between Harrison Street and DEA's Spanish subsidiary, the purpose of which is to create one of the largest residential rental platforms in the country.

If we take a moment to look at the geographic analysis, from January and June 2022, the provinces of Madrid and Barcelona have concentrated the majority of investment in residential rental property in Spain, together representing 70% of the total volume. A large part of the property under development and that will start to be developed soon will be in different locations, but they also have very strong fundamentals, again based on high demand.

Of the almost 23,000 Build to Rent homes that will be delivered in Spain over the coming years, a little over 15,000 are located in the provinces of Madrid and Barcelona, while the rest are in other provincial capitals such as Valencia, Malaga and Seville.

Strong investor appetite continued to compress yields in early 2022, with the prime yield dropping by 10 bp in Madrid, and by 15 bp in Barcelona year on year, to 2.90% and 3.10% respectively. During the second quarter these yields have remained stable, although they will not hold at these figures due to the unstable situation we are in and in which, primarily, high inflation has forced central banks to raise interest rates, with the consequent impact on the cost of financing and capital markets.

Concerning possible regulatory changes in the residential sector, although the parliamentary bill is ambitious, it will be delayed because it requires agreement between the three levels of administration over some of the most controversial measures such as rental caps, as well as the analysis of market tensions prior to implementing those caps. Other measures may be very positive, such as the creation of a rental register that should provide better statistical information on the sector, which currently has significant shortcomings. Despite the focus that has been placed on these regulatory changes, other government initiatives such as the public-private projects already underway in Madrid and Barcelona are equally relevant for the dynamics and institutionalisation of the rental market. A key part of these is the homes currently under construction, expected to be used for rental.

The Portuguese market is equally significant, where there is strong investor interest in the Multifamily sector, but it has not yet unleashed its potential. The main reasons for this are the availability and price of land, competition between uses and the lack of agreement between public and private players. There are currently between 8,000 and 10,000 homes planned for the affordable rental sector that, if they materialise, will be the main drivers behind the transformation of the Multifamily segment in Portugal.

Investors need the public sector to make land available and facilitate licensing procedures, while the public sector needs private investors to build the required number of homes and make a positive social impact, guaranteeing a minimum return for investors.

The recent reduction in VAT from 23% to 6% for affordable rental plans over 25 years is a positive change in this context.

There are challenges to be faced in unlocking private rental opportunities in the private rental sector (PRS) due to the scarcity and value of land, but there is investor appetite. The growing awareness of public agencies about the housing problems and the need to evolve toward the public-private partnership model is gaining momentum, which is beneficial for both sides: it reduces risk, improves confidence, increases transparency and builds the necessary properties.

The investment figure in Multifamily in Portugal since 2018 is around €1.17 billion. Investment funds, pension funds and insurance companies are leading investments in the sector, as well as overseas capital. Concerning the profile of the traded assets, value-added assets are predominant.

During the second quarter of 2022, prime yield was 3.75% in Lisbon and 4.50% in Oporto. Yields have remained stable in recent years. In Lisbon, prime yield compressed from 4.00% to 3.75% at the end of 2019. ■

João Tenreiro Gonçalves

BEDROCK CAPITAL PARTNERS

Executive Partner

CAUTIOUS BUYER

The past year has been extremely busy at Bedrock Capital, with 6 transactions closed or signed, representing a total GAV of ~€160m, including the recent landmark acquisition of Lx Factory. We've probably been one of the most active investors in the Portuguese market over this period.

Our success rate, despite a challenging market environment, was due to a focus on expanding our existing platforms, on lower sized transactions which didn't attract as many investors and on being creative and leveraging our network in the sourcing of deals.

Most of our investments were made through our Ecologis platform, a JV with Europi Property Group (EPG) which targets an aggregation strategy in the Portuguese logistics segment, reaching a total of 150k sqm of GCA across 10 assets. The acquisition of Lx Factory, alongside our partners Arié and EPG, was a unique opportunity to add value by leveraging our knowledge of the Alcântara micro location and exploring synergies with our Alcântara Lisbon Offices (ALLO) project.

Foreseeing the next 12 months at Bedrock Capital, we expect these recent acquisitions to demand from the team a renewed focus on asset management, as we seek to continue our track record of exceeding underwritten business plans.

Nevertheless, we expect to remain active buyers in the market, particularly in the logistics segment looking for add-ons to sustain the strong growth of our Ecologis platform, including built assets and, more opportunistically, plots for development.

Regarding other CRE segments, such as offices and retail, we are becoming more cautious, favouring built assets acquired below replacement cost to greenfield assets or requiring significant capex programmes, given the current macroeconomic environment of increasing interest rates and construction costs, in a context where sellers are still reluctant to accept the necessary repricing.

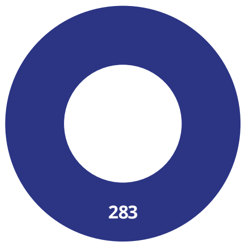
Finally, the expected deterioration of market conditions in the coming months, due to the effect of high inflation and increasing interest rates, may generate distressed investment opportunities. Should that be the case, we would definitely shift our positioning to a more active buyer.

BEDROCK CAPITAL PARTNERS

Type of Investor	Asset Manager Individual Investor
Gross Asset Value of Assets in Portugal (€ Mn)	282,5
Number of assets Invested in Portugal	7
% Ownership	-
Asset Debt	107,3
Net Asset Value of Assets in Portugal (€Mn)	175,2
Major Investor in the Vehicules	Europi Property Group

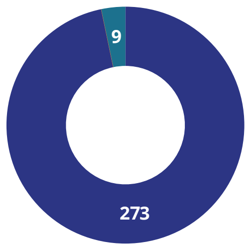
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets	Alcântara Lisbon Offices (ALLO) project Lx Factory

Michael Phillips

JAMESTOWN
President

"We continue to see strong potential for long-term value in Portugal given its high quality of life and highly educated, multi-lingual workforce. At the Innovation & Design Building Lisbon, we are cultivating an ecosystem of interconnected businesses, where a collaborative and inclusive environment fosters innovation and creativity. We believe that model -- creating workplace environments that also offer the local community a place to gather for art and cultural experiences -- is compelling on a broader scale in Portugal. We plan to expand our presence and be a long-term player in the market."

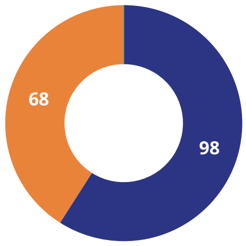
DEFINITELY BUYER

Jamestown

Type of Investor	Asset Manager Private Equity
Gross Asset Value of Assets in Portugal (€ Mn)	166,2
Number of assets Invested in Portugal	2
% Ownership	50
Asset Debt	82
Net Asset Value of Assets in Portugal (€Mn)	82,4
Major Investor in the Vehicules	-

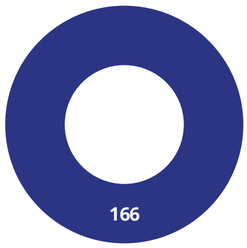
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets

Office Building "IDB Lisbon" at Praça José Queirós 1 (formerly known as "Entreposto")

Continente Hypermarket "Colombo"

Miguel Valente Bento

CORUM INVESTMENTS
SouthernEurope Investment Manager

CAUTIOUS BUYER

"Corum remains a selective buyer in the current market conditions with a long-term buy-and-hold strategy, favouring gaps in the market where we see more attractive fundamental risk-adjusted returns. We are overweight long-leases to quality tenants, in primary and secondary locations with favourable macro drivers, that allow us to navigate through short-term economic risks (economic slowdown, inflation and uncertain interest rate environment). We remain cautious with overpriced segments with unsustainably high capital values and low yields, when compared to replacement cost and the already re-priced fixed income market; as well as with less liquid, secondary locations where we expect vacancy rates and required tenant incentives to increase.

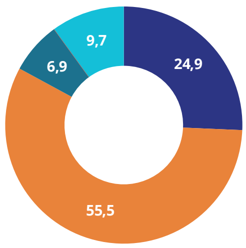
Similarly to previous real estate cycles, there will be good opportunities to be unlocked, maintaining discipline in our capital deployment strategy. Corum's established track record, demonstrated execution capabilities and well-capitalised status, with no need for financing, allows us to remain invested, be reliable counterparties and inclusively benefit from temporary market dislocations."

CORUM INVESTMENTS

Type of Investor	REIT
Gross Asset Value of Assets in Portugal (€ Mn)	97,0
Number of assets Invested in Portugal	14
% Ownership	100%
Asset Debt	0,0
Net Asset Value of Assets in Portugal (€Mn)	97,0
Major Investor in the Vehicules	Retail Investors

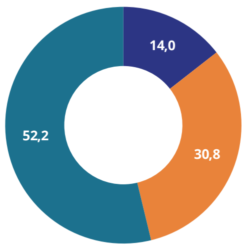
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets

Green Park, Lisbon
Nobre Logistics Centre
Porto Office Building - Rua do Heroismo
Pingo Doce Retail Portfolio
Grupo Rumos Office Portfolio
H&M Retail Building HS Braga

Leticia Ponz

UNION INVESTMENT
Head Representative Office Spain. Asset manager Spain & Mexico

DEFINITELY BUYER

We are mainly focused on the office, hotel and retail opportunities and we want to increase our presence there in the short term based in several reasons.

First, because it is a consolidated market – we already have an asset in Lisbon that has been performing exceptionally well since we acquired it, more than 10 years ago. We are a core fund and long-term investor, and the market has the size and maturity that we need to consider new investments.

Lisbon is a healthy market in terms of vacancy and pipeline. For quality assets, we believe that the Lisbon office market has all the ingredients to incentive our presence to grow. The city displays high attraction for companies and for individuals, quality of life, business friendly taxation, qualified and multilingual students, and workforce. All these positive aspects are taken into consideration by large corporations when making up their decision to place there their Headquarters and to relocate part of the departments from other countries to Portugal, and to Lisbon in particular.

Retail is an area of focus as we see opportunities for core investors like us in the next coming months.

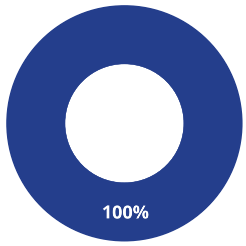
Same goes for hotels in terms of opportunities since this asset class has been proven, after the pandemic, to be resilient as the impact of tourism and the business trips reduction recovered faster in Portugal than in many other countries.

Union Investment

Type of Investor	Asset Manager
Gross Asset Value of Assets in Portugal (€ Mn)	75
Number of assets Invested in Portugal	1
% Ownership	100%
Asset Debt	30%
Net Asset Value of Assets in Portugal (€Mn)	-
Major Investor in the Vehicules	-

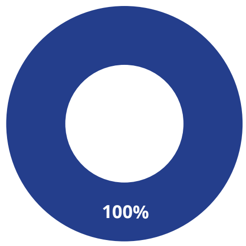
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets -

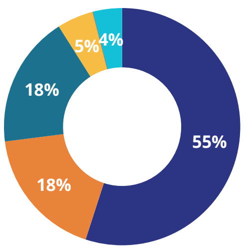
Caixa Gestão de Ativos

Fundo de Investimento Imobiliário Fundimo
Caixa Gestão de Ativos

Type of Investor	Asset Manager
Gross Asset Value of Assets in Portugal (€ Mn)	678
Number of assets Invested in Portugal	More than 100 assets
% Ownership	Open-ended fund (multiple single investors)
Asset Debt	0 (For the FUNDIMO Open Fund)
Net Asset Value of Assets in Portugal (€Mn)	642
Major Investor in the Vehicules	-

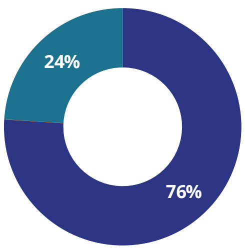
Sector Allocation (%)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (%)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets	-

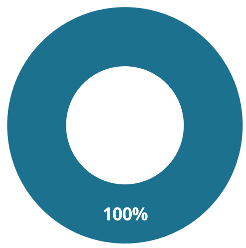
Disclaimer: Public information from CMVM (1st semester 2022)

Blackstone

Type of Investor	Private Equity
Gross Asset Value of Assets in Portugal (€ Mn)	333
Number of assets Invested in Portugal	35
% Ownership	100%
Asset Debt	-
Net Asset Value of Assets in Portugal (€Mn)	-
Major Investor in the Vehicules	-

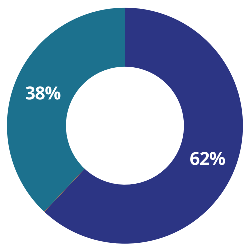
Sector Allocation (€Mn)

- Office
- Retail
- Logistics & Industry
- Hotel & Hospitality
- Residential
- Alternative Sectors



City Allocation (€Mn)

- Lisbon Metropolitan Area
- Porto Metropolitan Area
- Other in Portugal



Reference Assets	Connect Portfolio

Disclaimer: Figures report to public information of 2022 operations only

BUILDING THE FUTURE AND CREATING GOOD MEMORIES

BY: António Miguel Castro, GAIURB, EM AND INOVAGAIA, Chairman of the Board of Directors
BRANDED CONTENT: GAIURB

We could easily refer to Vila Nova de Gaia as a *"small country"* or a *"big city"*, if we take into consideration that the city is home to 18% of the Área Metropolitana do Porto inhabitants – the equivalent to 3% of the Portuguese population. Or that population-wise it compares to Região Autónoma da Madeira, or even Iceland - and this is the main information to retain.

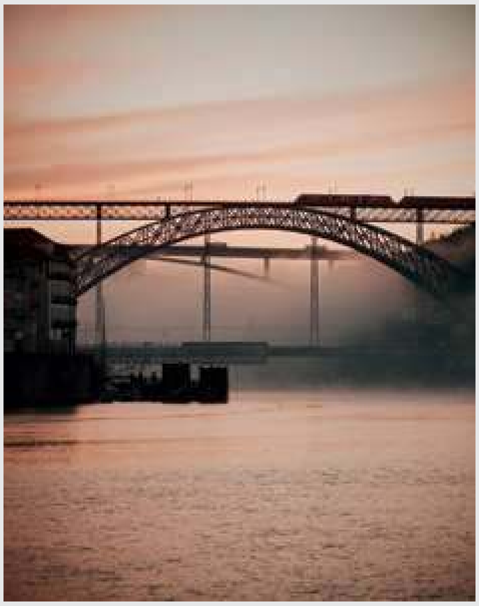
And if we go beyond the *"big city"* scale – as big in Portugal stands for medium in Europe -, Vila Nova de Gaia has unique features because of a perfect match between heritage and history, identity and character, uniqueness, and charm. With Port Wine as its main ambassador, the city breathes entrepreneurship, innovation, dynamic, collaboration, inclusion and, above all: future.

Vila Nova de Gaia has seen a balanced demographic growth and the good news is that it's got the capacity to further expand in its 180 kms2, with the commitment of preserving its identity and increasing sustainability. There's no economic growth without population and there's no economy without a planet, therefore, the priority is to retain talent and work to build a future with culture, nature, and quality urban spaces. Creating opportunities for investment and career progression, dreaming about our city in the future while working daily to improve it with everyone's contribution.

The Municipality of Vila Nova de Gaia has shown a growing concern over the improvement of the urban environment and the implementation of policies on economic issues, tourism, housing, companies, energy, and environmental sustainability. We work towards sustainable urban development to improve people's quality of life.

As public entities capable of intervening in the definition of public policies and territorial action, we are continuously questioning our governance and thinking of better and more agile ways of creating impact and progress.

António Miguel Castro



What does the future hold? And what can we do to improve it?

This constant questioning has turned the global vision we have for this territory into a more disruptive one: closer to citizens and investors, able to creative growing positive impact, build the confidence of our fellow citizens, of those who visit us, and to those who invest and help us build a better city.

We could have taken a conservative approach and stuck with this vision where municipalities are to be regulated, and monitored, as some kind of prophecy we had to fulfil without taking risks. But we dared to show a new, dynamic and creative attitude, to invest in the territory and in people, to look at how we can have an active role in investment attraction.

We can work as real boosters - and we want to do it! - of economic activity, because we understand that this is the only way to ensure the future sustainability of the city and, more importantly, of the citizens.

We certainly count on national investors - whom we want to keep motivated – as well as on the international ones - who already see us us quality and safe product – to build a positive.

But we want more: in fact, we want a way to endogenize value, talent, and knowledge to create wealth and opportunities, and we can only foresee one way to do it for this generation: in co-creation with anyone who relates to this growth model and wants to take part in the construction of the city of the future.

Portugal is currently highly attractive for foreign investment, so we must work to build a strong innovation hub that is able to generate good value proposals worldwide.

A strong indicator of the external attention we are getting as a country of opportunities is the fact that about 92% of the investment in start-ups comes from abroad, which shows our technical and scientific capabilities for generating very positive innovation and financial results. As an example, today we have in Portugal an average of one unicorn for every 1.2 million people.

Despite the existing perception that we are a traditionalist country, this is the time to take risks and innovate. Being afraid of innovation and technology means destroying businesses and putting cities on hold in terms of growth and development.

The success of a city lies in the way it interprets the signs, the singularities of the moment, finding the form and the method, and then makes people, companies and start-ups know that their support is needed to design an inclusive city, a better place for everyone. In this context, our role is to allow people to get closer, contribute to the debate with different point of views, and help create more and more social value. To use technology, machine learning, data, and artificial intelligence to build a better life - we are on this path!

Since the Discoveries, Portugal has proved to be an innovative country, a pioneer, capable of climbing and making a difference. In the 15th century, to travel the seven seas and discover new lands would have been unimaginable with the resources available.

Today we work together with Matosinhos and Porto to form Greater Porto. And we want you to trust us to make a difference, to move towards a more competitive, happier, and more sustainable region. To support our companies in their growth and to reassure all foreign investors that we are capable of being intelligent and innovative. Of proactively looking for good investment and good practices that promote a better, happier, more inclusive and sustainable region. For this to happen, we must promote sustainability by working together towards the much-needed dimension.

We are taking steps today to bring the innovative and avant-garde spirit of the past to the present and prevails in the future.

Pay attention to Gaia, to this region of Greater Porto, and invest in the co-creation of a better future. We're sure you'll succeed. ■

WORK – THE FUTURE OF THE WORKPLACE.... WHERE AND HOW?

The Portuguese market is having a positive year in the asset classes of offices and logistics.

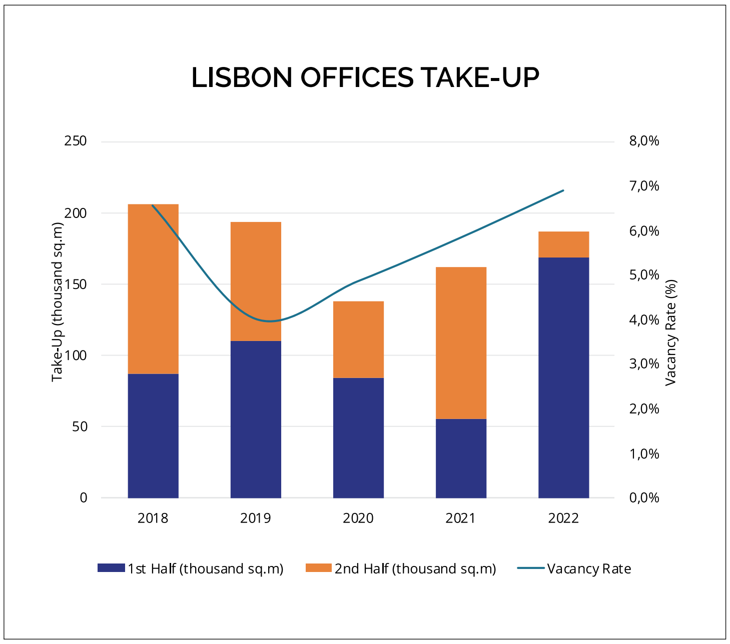
DATA & ANALYSIS: CUSHMAN & WAKEFIELD

In offices, occupier behavior has been very dynamic, and we are back to pre-covid levels of take-up. In fact, take-up as of July 2022 has already surpassed total take-up for 2021 and we are poised to break the record of gross take-up in a single year - albeit largely due to 3 very significant operations, whereby occupiers are building for their own future occupation.

Vacancy levels in Lisbon are low (up from a record level of 3.7% pre-Covid, but still quite healthy at 6.9%). Narrowing down our analysis to central Lisbon and excluding out-of-town locations, that vacancy rate stands at 4.3% and will probably contract a bit further. The office pipeline under construction is limited (approximately 240.000 sqm over the next 3 years), and 73% of that area is either already pre-let or owner-occupied – meaning that the amount of unlet office space hitting the market in the next 18-24 months is limited. Prime headline rents have been steady (even during covid), and tenant incentives are usually quite limited.

This situation is not due to change significantly any time soon. There are more buildings in the medium and long-term pipeline, but lengthy planning processes and the natural prudency of the developers and financiers will concur to limit the amount of space available to lease at any given moment. Hybrid forms of working are gradually being introduced by companies, but total office footprints are not reducing significantly. Less space is allocated to pure workstations, but more space is required for collaboration, learning, leisure and spreading corporate culture. The average quality of the office space is much higher, a fundamental weapon to attract and retain talent.

At the same time, tenant´s preference for brand new or significantly refurbished buildings, with strong ESG attributes, is growing by the month. This is already causing a flight to quality, meaning that new buildings are leasing up well and most of the vacancy will eventually become concentrated in old, outdated buildings.



SOURCE: Cushman & Wakefield

The commercial property investment market is also very active and estimates for year-end volume are again close to the € 3 bn mark. Offices will probably represent 35% of this, and the only reason why this figure is not higher is scarcity of assets. Most transactions have taken place in the core / core-plus arena, reflecting the flight to quality that started with Covid and is now being exacerbated by the ESG requirements of investors. Value-add and opportunistic deals have struggled, largely due to significant differences between ask and bid prices – especially for older buildings in not-so-primary locations.

The industrial and logistics market is also going through some very positive changes in Portugal. Gross take-up has approximately doubled between 2019 and 2020, and again between 2020 and 2021. More importantly, whilst a large part of that take-up used to come from large occupiers developing and building for their own use, we are now seeing a change in that pattern. Large international developers are finally building or planning large scale projects with state-of-the-art assets, so large tenants no longer need to build for themselves if they need significant amounts of high-quality space.

Investment in industrial and logistics property is also experiencing a bumper year, contrary to what has been the norm. After dismal results in 2020 and 2021 (completely due to the scarcity of good tradeable assets, to the frustration of numerous investors), 2022 has witnessed two significant transactions of large portfolios, bringing the expected volume at year-end 2022 to approximately € 750 M, 12 times the average of 2020 / 2021.

Outlook

Despite this positive context, 2022 will certainly be a tale of two halves. Mounting concerns about the rise of constructions costs, the war in the Ukraine, significant inflation, rising interest rates and gloomy projections of subdued economic growth are having a significant effect on deal-making activity, especially concerning investment. Most players are in a wait-and-see mode, trying to guess where the new pricing levels will find a floor before they resume their acquisitions. Any purchase that does not entail significant levels of discount has a very limited chance of being approved by investment committees. Things are changing very fast, and the dust will need to settle before we return to strong levels of deal-making.

All these variables will also have an effect on offices and logistics leasing activity, although – we would argue – to a lesser extent. In offices, there is still significant demand coming both from local occupiers and from international companies, namely those that see Portugal as the perfect location to set up shared services facilities to cover EMEA or even the globe. Comparatively low rents and wages, good availability of highly qualified university graduates with a technical background, low cost of living and excellent quality of life are just some of the factors driving more and more companies to choose Portugal to set up these operations.

In logistics, there has been very little development of new assets between 2010 and 2018. The average quality of the existing stock is generally low, and tenants have a clear preference for the new facilities that professional developers are now bringing to the market. Once again, most of the vacancy will be concentrated in older buildings in not-so-primary locations, whilst state-of-the-art assets will lease well and probably command higher rents. Occupational activity will especially be fueled by the growth of e-commerce and by the near-shoring trend.

In summary, the Portuguese market for offices and logistics is showing significant resilience. Vacancy rates are healthy, the pipeline of new assets will certainly be absorbed by occupiers and the clear preference of both tenants and investors for new or refurbished buildings, associated with stringent ESG demands, will stimulate a healthy renovation of stock and a significant upgrade of asset quality ■

KEY INDICATORS - FORECAST 2022:

€ 3 billion

Total investment volume in the Portuguese market

€ 1050 million

Total investment in Offices

€ 750 million

Total investment in Logistics

CASTRO GROUP – CREATE VALUE AND GIVE UNIQUE EXPERIENCES

BY: Paulo Castro, CEO, Castro Group
BRANDED CONTENT: Castro Group

Castro Group has a history of more than 50 years, to which it adds experience, talent and a unique vision of the future. The group is composed by several companies specialised in all the different stages of real estate investment: real estate development, construction and asset management. All the companies work in an integrated and coordinated way, from strategy and business planning, through the procurement, construction and execution of the project, as well as asset management.

The real estate market's dynamics motivate us to follow the sector's evolution. It is precisely that willingness to innovate and prosper within the real estate business that led us to update the sector's mindset from – location, location – to location, innovation, technology and sustainability in our performance. We want to change this way of thinking, which begins with how we conduct and treat our projects during their initial stages. Values such as precision, quality and excellence, environmental and human sustainability, and social responsibility inspire us to develop distinctive propositions.

Our attention to the market's needs allowed us to understand that one of the most remarkable changes within the real estate sector during the last few years appeared with the Covid-19 pandemic. It changed how people live and think, not only spaces to inhabit but also office and commercial spaces. For example, for offices, we seek to offer more comfort, leisure areas and areas where people can eat quietly, among others.

Culture and green areas have to be a part of this equation. As such, we now seek a greater balance between profitability and comfort for those who will use the buildings for work or residential purposes, respecting values such as sustainability and energy efficiency.

At Castro Group, we assume responsibility for making people aware of the efficiency of our resources and the raw materials we use by adopting sustainable policies and strategies. We believe this is not just a trend but a way of working while respecting the other, the planet and future generations.

More than a differentiating factor, energetic and environmental performance is an ethical requirement that we seek to encourage those who choose to use our spaces. Environmentally responsible buildings, from the moment they are designed through construction, maintenance and dismantling, is a mission for all, which Castro Group shares.

Our highly ambitious sustainability goals have led us to be recently awarded the LEED AP certification, specialised in Building Design + Construction (BD+C), created by the United States Green Building Council (USGBC).

In terms of our production process, we believe that innovation and digitisation, through the use of technology, will bring efficiency and productivity and assist in planning and managing construction works, as well as operating in more effective way spaces, energy consumption and building maintenance.

Following this course of action, we created a department dedicated to BIM (Building Information Modelling), a technology which integrates within a three-dimensional model all the information generated throughout a building's life-cycle, facilitating the optimisation and automation of the organisation, management, access and use of that information.

BIM's implementation allows closer collaboration between teams throughout the entire real estate business cycle, allowing for greater control over the project's quality and costs and better management and maintenance of the final product, assuming an even greater role in applying sustainability strategies.

FUSE VALLEY
A vibrant Valley that inspire us

FUSE VALLEY, which was created by a partnership with Farfetch, is a project that connects people, spaces, ideas, talent, companies, and partners. Castro Group will include 62.800 sqm of office spaces available to host other companies in its real estate program, a hotel with 75 rooms and 42 apartments, as well as 5.000 sqm of commercial spaces and support services.

Based on the pillars which inspired the development of FUSE VALLEY, we highlight the respect for the natural surroundings and the creation of measures to implement sustainable mobility through, for example, a bike-sharing program, a shuttle and a network of electric charging stations. This space will also offer a wide range of services, such as supermarkets, launderettes, restaurants and cafes, which will facilitate the user's and the local community's daily routines.

This project will undoubtedly be a driving engine to boost the city of Matosinhos and the surrounding region, capable of creating a culture, attracting talent and fostering a way of being.

FUSE VALLEY

FUSE VALLEY

SPARK MATOSINHOS

SPARK MATOSINHOS
A Connected Future

This place brings to the future the inspiration and soul of the past, of what was once one of the region's symbols and promises to be a shelter for innovative, smarter, more sustainable and impactful ways of doing things. We will add more stories to the ones this building has to tell.

SPARK Matosinhos has a gross construction area of around 27.000 sqm, of which 11.500 sqm are office areas, fully adaptable to the client's needs and to the new ways of working. Approximately 1.500 sqm are dedicated to commerce and services, 4.000 sqm to leisure and common areas, which will become a true meeting point between companies, people and ideas and, also, 330 car parking spaces.

The project has several attractive factors like its design, location, sustainability solutions, technology and mobility, as well as the services it will offer (such as gym, commercial areas and restaurants), which will ease the life of its users and the surrounding community.

In terms of the project's attractiveness and fostering of its users' well-being, we should also highlight that an app is being developed which will allow them to have an intelligent use of the building. ■

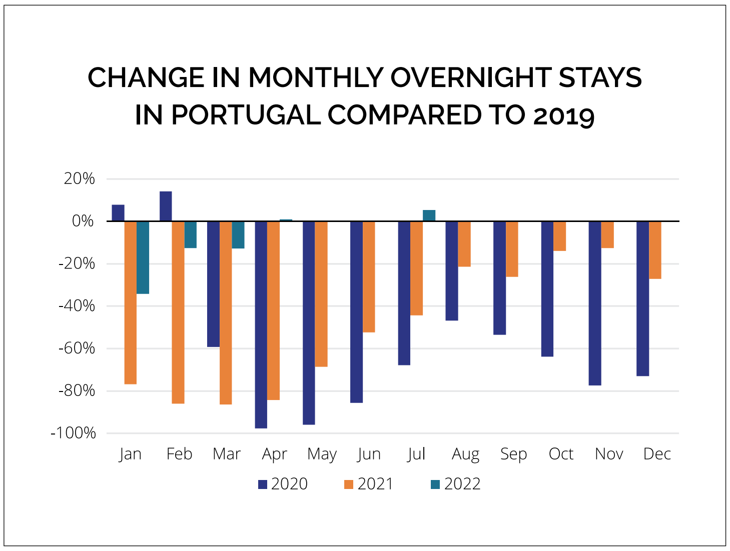
PLAY: THE ERA OF EXPERIENCES

DATA & ANALYSIS: CBRE

If prior to Covid-19 we were already living an era of experiences, the pandemic has undoubtably strengthened this trend. Two years of pandemic restrictions and increased savings led to a thirst for joy and entertainment, mirrored by record highs in several leisure activities such as tourism, and concerts, as well a recovery in shopping centre performance. In the month of July, the number of overnight stays in Portugal was already 5% above the same month in 2019. The tickets for the Coldplay concerts in Portugal were immediately sold out, which is unprecedent in our country.

There is effectively a FOMO mood - "fear of missing out" - which almost brings us back to the previous *"Roaring Twenties"*, after the first world war.

The real estate market is adapting and benefiting of this new era of experiences.



SOURCE: INE and CBRE

PLAY in TRAVEL

2022 The year of Revenge Travel

The so-called Revenge Travel is driving tourism flows to pick up 2019 levels in Portugal and, most likely will even surpass the record 70 million overnight stays achieved in that year.

The accumulated night from January to July 2022 are already only 4% below 2019, following a 63% breakdown in 2020 and a 47% in 2021. We note that this overall growth in 2022 was penalized by a weak year start when several countries, including Portugal, witnessed a coronavirus peak and were still under restrictions. Effectively, the sentiment around the industry is that this was the best Summer ever, and, therefore, we expect overnight stays to reach a new record high in 2022.

During the last two years, Alentejo was one of the most resilient regions benefiting from a higher demand for less populated destinations and also reflecting a maturity of a pre-pandemic emerging market, namely in the Comporta zone. In fact, Alentejo registered the lowest downfall in overnight stays from all Portuguese regions both in 2020 and 2021.

If Alentejo was the least affected region during travel disruption driven by the domestic tourism flows, the North and Madeira regions disclose the strongest recoveries this year (ytd) – recording overnight stays already above 2019, by 3% and 5%, respectively – and only followed by Alentejo (2%).

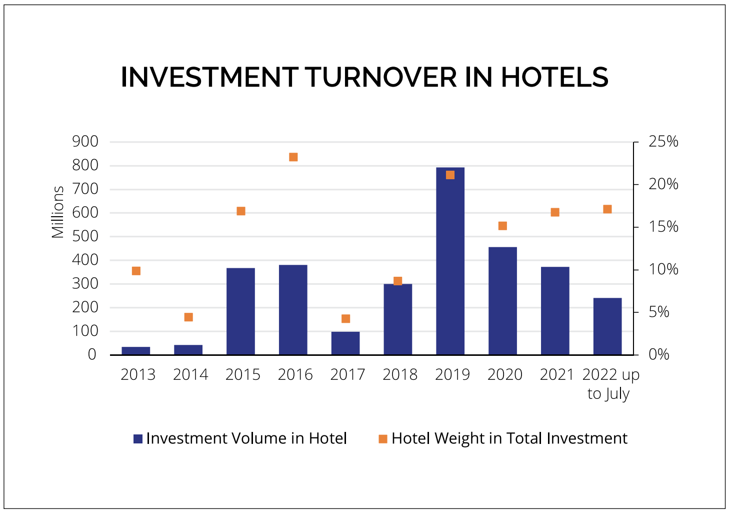
Hotel performance is also showing unprecedent levels in several locations. In Algarve, RevPAR is already 14% above 2019 figures (in April, May, and June), clearly driven by price increase.

Effectively, we note a general increase in accommodation prices across all regions, particularly in Alentejo and Madeira, where prices in June were more than 30% above 2019, as well as in Algarve that registered a 20% increase. Overall, in Portugal, the average daily rate is already exceeding 2019 figures by about 10%.

In terms of supply, Covid-19 has delayed several openings and only four hotels were inaugurated in Lisbon in 2020. Most projects ended up being launched in 2021 leading to about 12 hotel openings and over 900 new rooms in the city last year.

Despite the rise in construction costs, 16 hotels are due to open in 2022, comprising a total of 1,159 new rooms in the city. In this context, it is worth pointing out the entry of new brands such as Mama Shelter from Accor, Hyatt Regency and Curio Collection by Hilton.

The hotel pipeline continues robust as the market fundamentals remain. In pre-pandemic years, 500 to 800 new rooms were registered in the city per year. Over the next two years, 1,512 additional rooms are expected, meaning that the previous rhythm of hotel openings in Lisbon will continue.



SOURCE: CBRE Research

Clouds on the horizon

However, if we trust that 2022 will be remembered as an excellent year for the tourism industry, there are doubts if the sector will restore the upward trend that was being observed before the pandemic. Will the sector continue to grow over 2023? Inflation is reducing consumption power and energy costs are weighting on supply prices, impacting travelling and accommodation affordability.

Hotel sector in Portugal proves to be a resilient Investment

Investment in the hotel sector in Portugal has been quite uneven during the past years, mainly due to the volatile availability of assets for sale and the transaction of portfolios that boost overall levels.

250

Up until July 2022, CBRE registered the transaction of 11 hotels totalling around €250M.

Hotel investment in Portugal showed resilience during the pandemic. The capital inflow to this sector in 2021 was quite in line with the 5-year average pre pandemic and the weight in terms of total investment was even slightly higher.

Up until July 2022, CBRE registered the transaction of 11 hotels totalling around 250M euros. Upscale hotels accounted for two thirds of these properties. There is a balanced mix of hotels with lease contracts, management contracts or owner operation. The investment recorded was mainly from institutional funds which represent more than a half of total transactions. Within international investors, which acquired half of the hotel properties, it is worth noting the interest form UK investors.

There is currently a large portfolio, comprising more than 15 units, in the final phase of negotiations, which we expect to be completed this year. If this occurs, a new record high volume of investment will be achieved and, considering other assets with ongoing negotiations, investment in the hotel sector may even reach 1 billion euros in 2022.

The prime yield for a hotel with a lease contract is currently 5% and 5.75% with a management contract. Yields are at the same pre-pandemic levels. The increase in interest rates may lead to an upsurge in yields over the next months. Nevertheless, investors remain confident regarding hotel performance in Portugal.

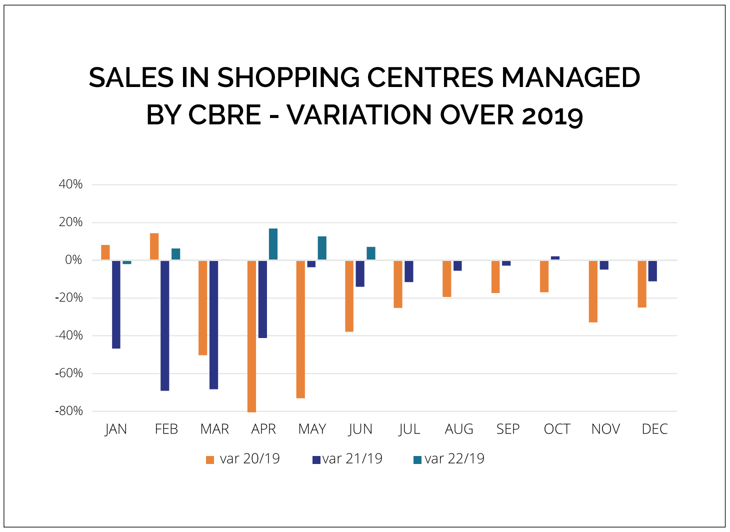
PLAY in RETAIL

Experience was already driving the retail sector before the pandemic

The concept of shopping centre was already changing before Covid-19 emerged, as a result of new consumer habits, and particularly e-commerce growth. Shopping centres were incorporating in their tenant mix and services, more leisure offers than the traditional sale of products and services. Effectively, present times require a redefinition of shopping centre and Covid-19 has reinforced this need for change. As an example, in the shopping centre portfolio managed by CBRE we recorded an increase in Food & Beverage and Household & Furtniture lettable area, +8% and +7% over 2019 respectively, while Fashion saw a 8% decrease.

The Portuguese property retail market was growing at a good pace until Covid-19 outbreak. After plummeting in 2020, 2021 still presented a 37% decrease in shopping centres footfall, from 2019, according to ShopperTrak. However, full recovery to pre-covid performance is already very close, with accumulated footfall from January to June standing 15% below the same period in 2019. In shopping centres managed by CBRE, we also note a slight fall in footfall, but sales are now higher than prior to the pandemic. Effectively, we are observing the return of retailer confidence and several brands are willing to expand in shopping centres.

As retail activity is shortening the gap to 2019 levels, landlord investment strategies comprising renovations and expansions are likely to be initiated in several shopping centres.



SOURCE: CBRE Research

In high street, retail activity also showed a gradual recovery, particularly in the second half of 2021 when tourism revamped. A good pace of store openings was recorded both in Lisbon and Porto high street retail zones over the first half of 2022, with the Food and Beverage sector (again, the experience!) remaining the most active.

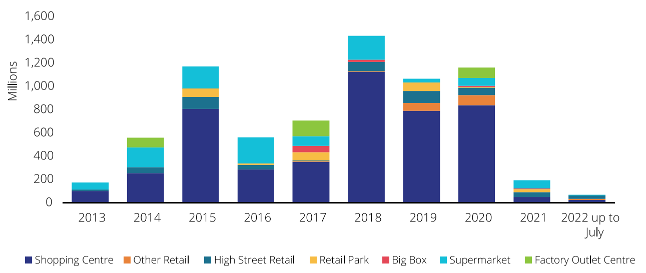
The Retail Parks and Stand-Alone formats were less punished during the pandemic due to their convenience, greater safety, comfort and tenant mix; therefore, we have observed strong interest in the development of new projects. Five new retail parks are likely to open in 2022, adding 57,000 sqm to the stock. Other seven schemes (78,000 sqm) are in the analysis stage and due to start construction over the following 12 months.

Investment volumes in retail are likely to remain dormant

Investment in Shopping Centres has comprised the bulk of investment turnover in the past, due to the high attractiveness and good performance of these schemes in Portugal. However, Covid-19 not only impacted the shopping centre performance/ NOI with a fall in revenues, but also limited the financing of new transactions.

Therefore, retail investment turnover dropped from levels above 1 billion euros before the pandemic (2020 still recorded a relevant volume due to the transaction of a premium portfolio in Q1), to approximately 200 million euros in 2021.

INVESTMENT TURNOVER IN RETAIL



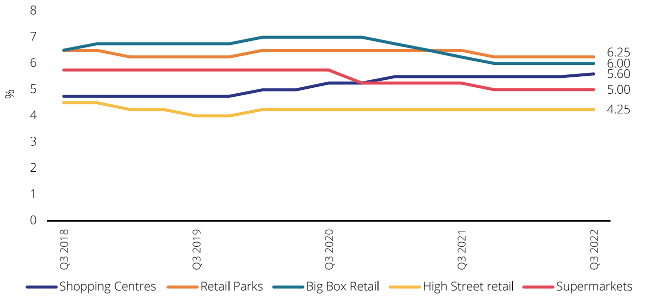
SOURCE: CBRE Research

While shopping centre revenues are already recovering, NOI will remain impacted due to the escalade of inflation and particularly energy costs. The rise of interest rates will also continue to difficult financing and increase debt costs. Therefore, we expect investor intentions towards shopping centre to remain on hold during the coming months, although we are likely to continue to see a few value-add investment transactions of smaller schemes.

On the other hand, food retail has proved to be a resilient asset class during the pandemic and should continue to catch the interest from investors. A 48-supermarket portfolio is currently under negotiation and the closing of this deal is expected to leverage retail investment in 2022.

The beginning of the pandemic led to a yield increase in all retail asset classes, except in supermarkets. Over the past couple of years only retail parks saw a correction in prime yield to pre pandemic levels. Prime yields in Shopping Centres are once again under upward pressure, as consumption behaviour is uncertain and debt costs are rising.

PRIME YIELDS IN RETAIL



A good pace of store openings was recorded both in Lisbon and Porto high street retail zones over the first half of 2022, with the Food and Beverage sector remaining the most active (proving once more the importance of experience!).

INNOVATION IN INTERIOR FIT-OUT

With 22 years of activity, Vector Mais is one of Portugal's leading companies in fit-out of office and hotel interiors and real estate asset rehabilitation.

BRANDED CONTENT: VECTOR MAIS

Founded in 2000, Vector Mais was born with the purpose of offering an innovative service. *"International clients were looking for a company in Portugal that offered an integrated service, from budgeting and site preparation to construction and furniture supply, they wanted someone who would do a quality turnkey project, that's where we made the difference"*, says CEO Duarte Aires, who founded the company with Sandro Marques. This commitment to quality and innovation continues to this day, continuing to deserve the confidence of the largest national and international companies.

From the beginning, Vector Mais has developed its business in two models, as a General Contractor or in Design & Build. In the former, following the design prepared by the architects and engineers chosen by the client, Vector Mais develops the work as a general contractor, being responsible for civil construction and technical installations (HVAC, electrical, security and GTC). In the case of Design & Build, it undertakes the entire project, from interior architecture, specialty projects to construction and furniture supply, offering a complete and integrated service.

A focus on offices, hospitality, and recovery of real estate assets

The fit-out of offices has always been synonymous with the activity of Vector Mais, having carried out the works of some of the most iconic projects in Portugal. From consulting and technology companies to law firms and banks, Vector Mais' portfolio includes the offices of Cofidis, Deloitte, KPMG, PLMJ, Microsoft, Auchan, SAP, BPI, Nokia, Nestlé, among many others.

The hotel industry is another sector where Vector Mais has made a strong investment. After having worked on the InterContinental Lisbon and the Marriott Praia d'El Rey, it has renovated the suites of the InterContinental Palácio das Cardosas and 282 rooms of the Ritz Four Seasons Hotel in Lisbon. In this last project, all the experience as general contractor was put to use in the coordination of a comprehensive renovation that involved great attention to detail and respect for the history of this hotel that opened in 1959.

Due to the great dynamism of the national real estate market, Vector Mais has more recently taken on a new area of activity, the recovery of real estate assets. Working closely with real estate promoters, consultants, project managers and inspection companies, Vector Mais carries out renovation work on office buildings and hotels, preparing them for the arrival of new tenants.

Sustainability in construction

Sustainability and innovation are increasingly important issues in the construction field and, for the last 22 years, Vector Mais has implemented practices that improve its service and reduce the impact of its activity. In addition to ISO:9001 certification, which reinforces its commitment to clients, continuous improvement and company performance, Vector Mais has taken steps towards innovation through a sustainable attitude. Besides minimizing waste and recycling the maximum number of materials, Vector Mais has implemented in its construction sites solutions that reduce energy consumption and increase the life span of materials, having participated in several building projects with BREEAM, LEED and WELL certifications. Social responsibility has also been a major focus of the company, promoting the best working conditions for its employees and consolidating relationships with national suppliers, boosting the Portuguese industry. ■

Experience and specialisation in interior construction

Vector Mais is led by CEO Duarte Aires, who co-founded the company with Sandro Marques. He has directed the construction company to the needs of a real estate market in constant mutation. The bet on human resources has been the solution to meet the demands of a general contractor, counting on a specialized team of engineers, architects, and business managers, among others, with decades of experience in the sector.

> Vector Mais has reached a turnover of 38 million euros in 2021 and has a team of 64 employees.

THE PERFECT STORM HAS ARRIVED:

BUILT TO RENT, THE KEY TO GUARANTEE ACCESS TO HOUSING

Stability and security are the main factors of a segment that has attracted the attention of investors. A still recent interest in Portugal and in an embryonic phase, but the recognition of its potential is already much talked about in the meetings of investors and consulting companies. The Built to Rent segment is, without a doubt, one of the so-called alternative segments studied and analysed, which sees all the fundamental market fundamentals for its development and success gathered in the Portuguese market.

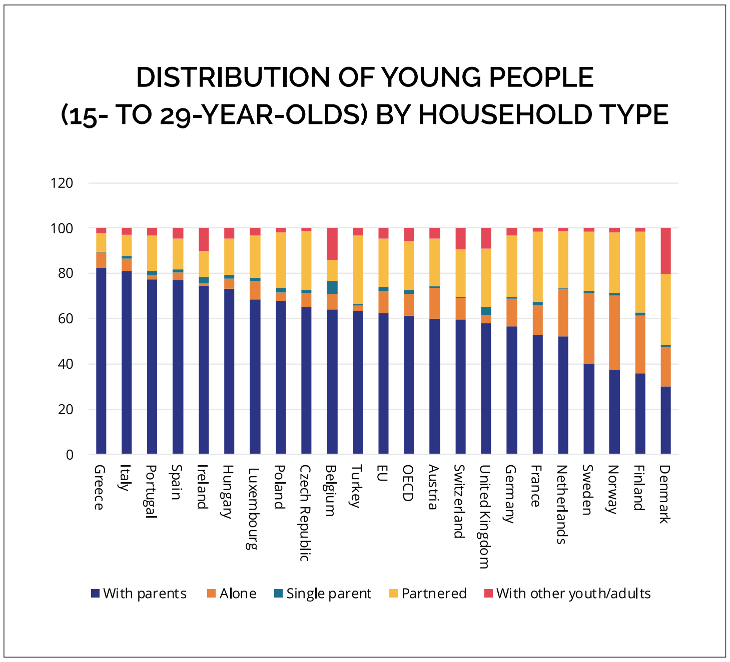
Let's see...

According to the latest Eurostat statistics, 77% of the Portuguese are homeowners and only 23% live in rented accommodation. In countries where the PRS (Private Rented Sector) is fully developed and consolidated, such as Germany and the United Kingdom, the percentage of the population renting a home is between 40% and 50%.

In the last few decades, the promotion of the housing sector in Portugal has been highly focused on the development of in-depth urban regeneration processes and directed more expressively towards the high-end and luxury segment, driven by the Golden Visa regime. Until the early 2000s, housing development in Portugal was carried out using subsidised interest rates for property acquisition, with middle-class families benefiting most from this policy. The rental market was placed on-hold, in the shadow of a law of frozen rents, justifying the lack of attractiveness of this segment, allied to the massification of access to bank credit encouraging the landlord culture in Portugal.

The landlord culture, very much rooted in Portugal, has found support in strong market fundamentals, favouring the acquisition of housing. But this reality is increasingly far from the reality faced by the majority of Portuguese families, either due to economic issues or to changes in their family nucleus or changing values, putting at risk the dominance of the landlord culture.

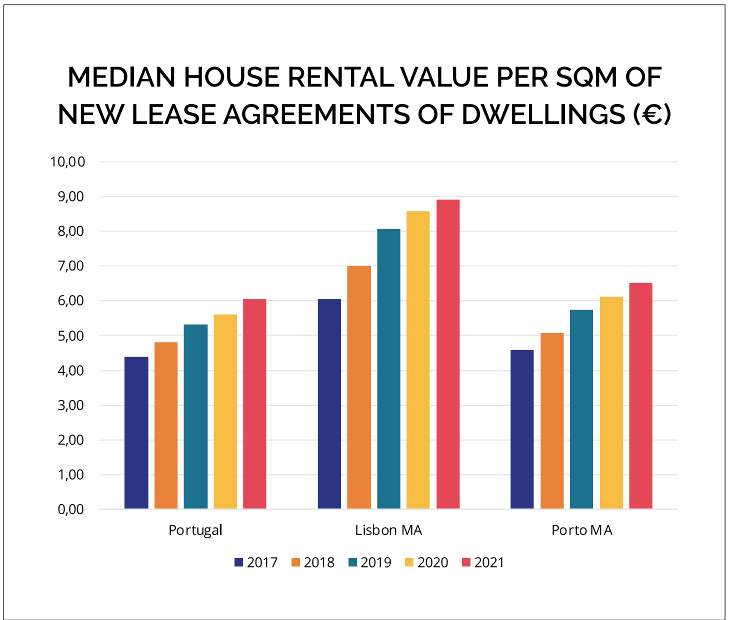
The rental market is increasingly presenting itself as a viable option and in fact, the only possible option for many families and young people who see access to bank credit increasingly difficult. The focus on the development of a quality and accessible rental offer is unquestionably an urgent and imperative need in view of a growing demand that does not find in the current market an adequate response to its socioeconomic profile.



SOURCE: OECD

According to the OECD, Portugal tops the red list where housing prices exceed salaries by more than 45%. Family incomes cannot keep pace with rising house prices. In Portugal, in the 1st quarter of 2022, house prices exceeded salaries by 47.1%, which caused an increase in the effort rate of Portuguese families.

The ease of access to bank credit has been the basis for the preference of the Portuguese to buy a house, together with the fact that the monthly repayment of bank credit is more competitive than the monthly rent, which, faced with a very scarce supply, has seen its prices rise, particularly in urban centres.



SOURCE: INE

However, the significant increase in house sales prices in Portugal, especially in the capital, driven in the first instance by the Golden Visa, has in recent years made it unviable for the middle and lower-middle classes to buy a house, creating a growing, worrying economic and social problem that continues to lack an efficient response.

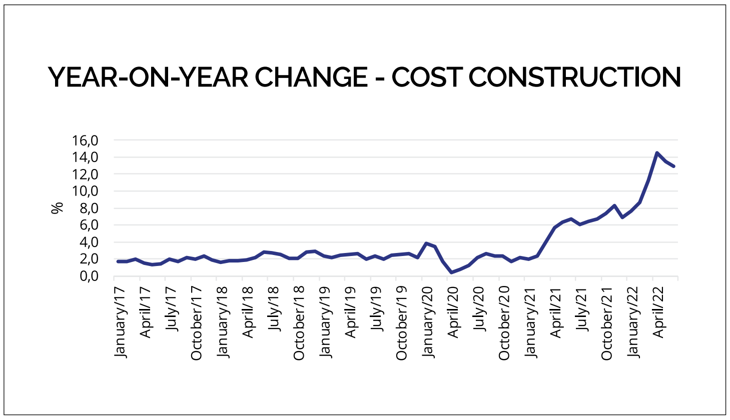
The concern with guaranteeing access to housing is intrinsic to the basic needs of every human being and is now especially pertinent in the younger age groups who experience greater difficulty in accessing bank credit to buy their own home, looking to the rental market as the only possible hypothesis. In 2017, a study by the Calouste Gulbenkian Foundation *"Habitação Própria em Portugal"* revealed that only 24% of young people under the age of 30 owned their own home in Portugal. 23% of the Portuguese population, is aged between 20 and 39, and it is precisely in this age group that there is the highest level of demand in the rental market.

In the last ten years, the population in Portugal has followed a trend of concentration towards large urban centres, with around 50% of the population concentrated in the metropolitan areas of Lisbon and Porto, while at the same time attracting international workers and students, which has boosted demand for the rental market and contributed to the evolution and rise in prices. But we are not only talking about economic conditions. We are also talking about a change in the demand profile, based on concepts such as flexibility, convenience, and quality. The values that governed the baby-boomer generation are not the same as those that drive generation X, the millennials, and future generations.

Building to rent is the next challenge facing investors and developers. With households shrinking because of divorces and single parent families, with a clear and undeniable imbalance between supply and demand, with increased demand for the rental market coupled with defensive characteristics that offer long term income and a weak dependence on economic cycles, the Built to Rent market presents itself with a strong attractive power, but it is necessary to overcome some challenges to enable its development.

The national real estate market is beginning to discuss this business model more seriously, as a solution to increase the stock necessary to bring a quality, professionally managed supply to the market. A business model that offers investors risk diversification and the advantage of the counter-cyclical nature of this asset class, which in addition to being an investment product class, has the potential to simultaneously be a tenant-focused product class, having the potential to add value and long-term value to the projects developed.

However, challenges and obstacles remain for the development of this asset class in Portugal. The absence of Built to Rent projects to build a benchmark, high construction costs, tax burden, time and high bureaucracy of long licensing processes are some of the challenges that must be addressed.



SOURCE: INE

But what does Built to Rent or Multifamily mean?

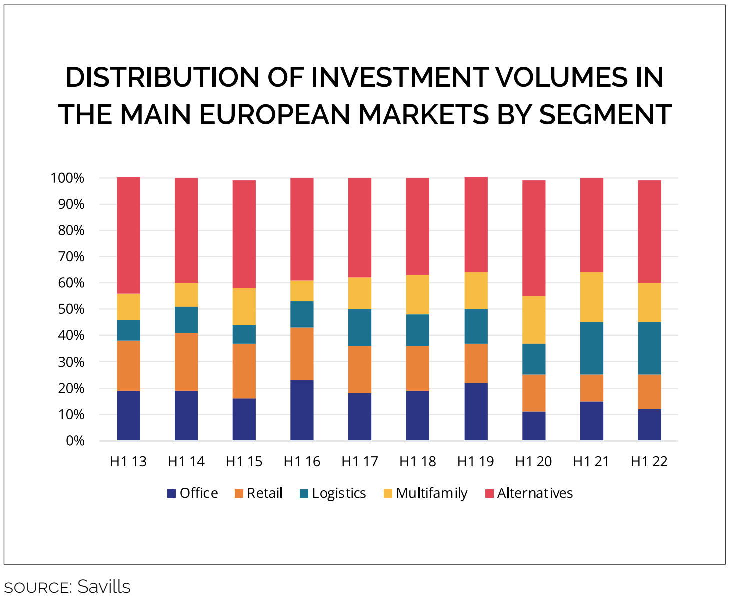
100% built for rent, they comprise different densities and typologies, from studios to 4-bedroom flats, in which space optimisation and factors such as sustainability, quality and durability of materials are of significant importance. Usually professionally managed as an integral part of their value maximisation and building maintenance policy, Built to Rent projects can integrate a set of complementary amenities fundamental to product differentiation and value-add generation.

The gradual increase in demand comes not only as a logical response to rising residential sales prices, but now also driven by the post-pandemic and the current economic and geopolitical context experienced across Europe which has generated a high degree of financial uncertainty.

European Multifamily Market Performance - 1st half 2022

According to Savills' latest Multifamily report regarding the 1st half 2022 performance of the Multifamily segment in Europe, the 1st half of 2022 was marked by a changing economic and geopolitical climate across Europe. European economies are grappling with rising inflation, strongly driven by congested global supply chains, rising energy costs and sharp changes in monetary policy.

In the European property investment market, the Multifamily segment recorded a record first half of 2022, with more than 27 billion euros invested, although the 2nd quarter saw a slowdown compared to the 2nd quarter of the same period, with investment volumes decreasing by 9% to approximately 11.5 billion euros, possibly indicating that the current economic environment may be impacting the sector.



SOURCE: Savills

Across the European continent, the decrease in investment volume was not uniform. A drop in investment volume in the Multifamily segment was observed in Germany, Ireland, Holland, and Sweden. However, in other markets such as the United Kingdom, Spain, and Denmark the investment amounts in this segment increased relative to the same period in 2021.

Despite the slowdown in investment activity, the German market remains the largest investment market in the Multifamily segment accounting for just over a quarter of all capital invested to date. However, this result is below 40% of the volume invested in the homologous period of the year 2021. In contrast, we have the UK which has increased its market share from 8% (H1 2021) to 11% (H1 2022).

Denmark, France, and Sweden also captured a higher portion of capital compared to last year. According to the latest Real Capital Analytics data, cross-border investors remain the largest investors in the Multifamily segment, having accounted for 40% of the allocated capital in the first half of 2022. This figure is in line with the average observed over the last five years (41%).

We also saw an increase in activity by Institutional and Private Equity Funds, which represented more than a third of the capital invested by the end of the first half of 2022, compared with only 18% in 2021. This was helped by a sharp decrease in capital invested from 28% in 2021 to just 2% in 2022 by listed companies and REITs.

The level of international investment is expected to remain high, with investors focusing on opportunities that offer higher returns outside the more consolidated Multifamily markets. At the same time, we expect increased activity from institutional investors looking to increase their exposure to the residential sector. Despite the mixed economic and geopolitical winds prevailing across Europe, prime yields in the Multifamily segment remained stable in many markets throughout Q1 2022, with slight decreases observed in Germany, Stockholm, and Warsaw. As a result, the average prime (net) yield in Western Europe in Q1 2022 stood at 3.00%, expressing a compression of 5 bps.

In the second quarter of 2022, prime yields remained stable across most of the European market. The German market saw price stability supported by continued demand from private equity investors, which underpinned the performance of yields.

In the United Kingdom, yields compressed slightly as the segment matures and the performance observed goes beyond the initial underwiring, leading to a growing appetite from investors. While rising borrowing finance costs impact all property segments, the Multifamily segment is well positioned to cope with and withstand this increase. The imbalance of supply and demand observed in several European markets indicates strong growth in the rental market, being one of the segments that is able to regularly adjust rental values to keep pace with market dynamics and growth. ■

SUSTAINABLE INVESTMENT: A RESPONSIBLE ADVANTAGE AND A GROWTH OPPORTUNITY

by Antonio Braz, Managing Director of Gesvalt Portugal

BRANDED CONTENT: GESVALT

Sustainable investment is starting to become a priority for companies, which are beginning to commit their efforts and budgets to initiatives with environmental, social and corporate governance criteria. In this sense, sustainable products are highly attractive to investors and are in high demand. We at Gesvalt have observed that the demand for ESG consultancy has more than doubled compared to pre-pandemic levels. Furthermore, and in this regard, it should be noted that funds with ESG criteria already account for a third of sustainable investment in Europe, according to the latest report by BofA Global Research. Nevertheless, the regulatory framework that encompasses this type of investment requires a large amount of documentation and preliminary conditions that already represent an initial barrier in the commitment to sustainability. Despite these regulatory difficulties, the opportunities present in sustainable investment are many and with a very high return on investment.

Firstly, financing is the first major opportunity to take into account when delving into a green investment. The climate emergency we are experiencing is greatly speeding up the ecological transition and bringing about changes in the way this new sustainable perspective is understood. Due to this, organisations and governments are putting pressure on the business fabric to start stepping up to the plate in terms of sustainability and SDG compliance. However, they are also assisting companies in this task with some issues such as financing. Next Generation recovery funds are some of the aids promoted by the European Union for which they have established that ecological transition will be one of the goals to which aid will be allocated. Therefore, having this financial support helps investors to reduce the risks of the operation, especially if we consider the deterioration of credit conditions with the increase in interest rates derived from the rise in inflation.

Secondly, ESG investing favours the company's visibility, positioning and reputation both with regard to its target public and consumers and also the social agents that surround it, who are increasingly aware of sustainability and care for the environment. In this sense, since the race to reduce CO_2 emissions has started to gain importance, it has begun to be perceived that users choose companies for this type of commitment to society and the planet. For this reason, companies have to start being aware of the opportunity and positive consequences of investing in renewable energy, provided that this investment is made in the context of a feasible, responsible and well-executed plan.

Antonio Braz

In this regard, and in order to be able to establish that sustainability commitment plan, the company must take into account the challenges it will have to face when performing this task. The first step will consist of carrying out an internal evaluation through interviews or performance questionnaires, followed by a competitive benchmarking study. On the basis of this initial analysis, a strategic action plan can be established to make sustainable investment become a reality. The second step will be an analysis of the materiality of the potential investment drivers through a report measuring potential risks and opportunities in order to quantify their impact. Subsequently, it will be highly beneficial to establish general and sectoral KPIs so that a qualitative evaluation can be made at the reporting stage based on robust information extracted from reliable information flows.

Aimed at the fulfilment of this goal, it is essential to count on a company both specialising in this matter and also engaged with this commitment to ecological transition. Therefore, advice in the field of energy audits, green financing or environmental certifications and studies is essential when investing in sustainability. Some of the reports to be submitted by companies to support their financial investment are, for example, Due Diligence studies. In addition, the international recognition of RICS reports provides unification of criteria to the requirements for investment in real estate assets. At Gesvalt, we help companies to formalise their commitment to green, submit this documentation accrediting the company's commitment to investment and meet the necessary requirements set out by governments and administrations as part of the global climate change agenda.

Therefore, and despite the regulatory barriers that hinder companies from investing in sustainability, the advantages obtained can be seen both internally within the company and externally. As for the positive consequences within the company, the first of these has a direct impact on the company's balance sheet. This is due to the fact that companies have to support sustainable investment with a vast amount of preliminary reports and analysis, which reduces errors when drawing up financial projections and makes the investment a safe bet for investors.

In this way, costs are reduced and the savings targets in the company's accounts can be achieved. Likewise, it means an improvement in the valuation reports that the company would have to deal with when in many occasions it is faced with a sale and purchase process that requires a preliminary valuation.

As regards the external impact, sustainable investment helps to implement changes in internal management practices and strategies and to introduce improvements in terms of training, monitoring and the perception of the social agents' vision of the company. As a consequence, the positive repercussions of sustainable investment have an impact on both the social and the environmental spheres, which in turn has a direct impact on the company's financial results and therefore on the well-being of all individuals. All in all, sustainable investment is the new way of committing to a company's growth. Moreover, taking into account the current scenario and the many advantages for those who can access companies, the commitment to being more responsible is an investment with a lower associated risk and, therefore, a safer investment. ■

> "Funds with ESG criteria already account for a third of sustainable investment in Europe, and despite some regulatory difficulties, the opportunities present in sustainable investment are many and with a very high return on investment"

INTERVIEW WITH ANTÓNIO ALVES CRISTÓVÃO, VICE-DIRECTOR OF MAGNA-PORTUGAL, FOR IBERIAN PROPERTY

"CONTINUOUS CHASE FOR DIFFERENTIATING TECHNICAL SOLUTIONS: A KEY FOR SUCCESS!"

MAGNA is a leading company in the logistic construction segment and intends to reinforce its position in the next three years, seeking for innovative solutions, environmentally sustainable materials, and green energy.

BRANDED CONTENT: MAGNA

Where does Magna position itself in the real estate sector?

MAGNA operates in the Iberian market as a leading main contractor, specialized in logistic, commercial and industrial construction. According to the specific needs of each Client, MAGNA is able to identify the most suitable land at premium locations. Supported by high skill professionals, MAGNA is able to lead and fulfil with the legal requirements for the land development as well as to provide complete design and build solutions to its customers, offering high quality turn-key projects.

The current international political uncertainty brought constraints to the development activity across Iberia, namely due to the inflation and increase of the construction costs. How did Magna adapted its strategy to face this?

MAGNA faced the market uncertainties has being a challenge, rather than a problem. Considering the difficulties derived from the inflation and the constant increase of the construction costs, MAGNA gave privilege to the implementation of optimised engineering solutions, developed together with its partners and suppliers, promoting cost saving solutions and ensuring the high standards imposed by its Clients. The engineering solutions implemented were the result of the know-how accumulated in dozens of projects successfully executed by MAGNA in the last decade in the Iberian market.

MAGNA continues to chase for differentiating technical solutions as the key to promote the confidence of our Clients and overcome the economic difficulties. This strategy implies a close collaboration with our partners and suppliers, something that we have achieved on a trustful working basis.

Over the last decade investors preferences have been gradually changing and the recent outburst of the pandemic accelerated that trend… the same goes for occupiers' requirements. Based on your experience, please share your opinion on how the recent challenges shaped the logistics sector.

Over the last decade we have assisted to a significant change of the logistic sector. Gradually, the market asked for bigger storage areas and increased load storage capacity, impacting on structural and foundation construction requirements as well as on fire protection demands. As a consequence of the increase of the storage capacity, more docks on each warehouse have been asked and automatized storage systems have been introduced.

As the market asked for bigger warehouse footprint areas and storage capacity, new and larger lands, located near good transportation infrastructure, were needed. However, large lands availability was very limited and soon the logistic facilities were confined to second category properties, some of them located in inappropriate locations, namely, in challenging topographic areas and/or near riverbanks with poor foundation conditions. This led to the need to invest in earthworks and heavy foundations or ground improvement solutions, capable to support the increasing storage loads and fulfil with the restrict deformation requirements related to automatized storage technologies.

All these changes were boosted with the pandemic and gradually lead to an increase of the construction costs and changed the rental/leasing market conditions. At the same time, and because of all the above-mentioned changes, the construction requirements have increased. In Portugal, with the particularity of the seismic resistance construction requirements which increase with the increment of storage loading and the warehouses' structure high.

Recently, we have been assisting to a major concern to build on an environmentally sustainable way and to optimize the energy efficiency, reducing exploration energy costs. This has become a priority since the war in Europe and the trend is to seek even more for new strategies to control the energy consumption at all stages.

Magna has already developed logistics projects for key players in the Iberian market, like we can recall the 45.000 sqm platform for Merlin Properties in Lisbon. What are the non-negotiable aspects for Magna when partnering with an international player like Merlin? And do you have any undergoing project soon to be delivered?

The logistic platform delivered to Merlin Properties highlights the importance of the engineering solutions proposed and successfully implemented by MAGNA, attending to the budget available as well as the singular constraints of that specific project.

MAGNA started the job in January 2020 and the first lockdown hit us in the end of February. This implied a major difficulty, totally unpredictable at the time, and required a considerable effort and adaptation capacity from the Production Department of the company. With the commitment from all members of the MAGNA family, it was possible to deliver this challenging project on time, fulfilling with the high demanding schedules and technical specifications. The commitment assumed by MAGNA in all the projects is the same commitment we expect when partnering with any Client, being an international player or a national or local Clients.

Presently MAGNA has two projects ongoing in Portugal and five in Spain. Until the end of the year, we expect to deliver more than three logistic and commercial facilities and award other relevant contracts on which we stand in a very good position.

LISBON NORTH LOGISTICS PLATFORM
Castanheira do Ribatejo, Portugal

This 42,000 sq.m project built and designed by MAGNA GENERAL CONTRACTORS, arises within the scope of the macro project "Lisbon North Logistics Platform" belonging to Merlin Properties, being the first project of this nature to be built in recent years, this project in particular is integrated in a 100 acres platform, 30 km north of Lisbon. In this project, as the foundations and approach to the construction system, were particular challeging due to the nature of the soil, which led to the use of almost two thousand driven piles, with depths between 27 and 35 meters. We emphasize the fact that this type of solution had an influence on the construction cost in the order of 30%. Another challenge we were faced with was in the midst of the pandemic (COVID -19), the logistics of getting 25 to 30 trucks per day from Spain when the borders and most of the industry were closed. Despite this major constraint, MAGNA was able to deliver the job on schedule.

Client: Merlin Properties Socimi, S.A
Sector: Logistic
Plot area: 75.000 sq.m
Builded surface: 41.633,00 sq.m (warehouse) and 3,604 sq.m (ofices)
Execution time: 12 months
Year of construction: 2020-2021

What differentiates Magna and what is the company goal for the next three years? Do you have any prospect in terms of figures?

Our goal is to deliver differentiated and quality projects to our Clients and maintain a sustainable growth in the Iberian market. MAGNA is presently a leading company in the logistic construction segment and intends to reinforce its position in the next three years. To achieve that, we will keep seeking for innovative solutions, given preference to environmentally sustainable materials and green energy. Our future relies on the staff that daily give their best to the company and they are our biggest priority. We will keep and reinforce their training and will seek for their personal and professional growth and happiness at work. To achieve its goals, Magna joined the Global Compact to Organization of the United Nations (UN) to show commitment of its organization with values and ethical principles universal.

MAGNA expects to deliver more than 450.000 sqm of new logistic infrastructure by the end of 2025, delivering more than eight/ten projects per year within the next three years. ■

WE WILL ALWAYS HAVE PORTUGAL

HOW PORTUGAL CONTINUES THE PLACE TO BE REGARDING REAL ESTATE INVESTMENT

BY: João Pinheiro da Silva | Partner, Real Estate, CMS Portugal
Sara Blanco de Morais | Partner, Planning Law, CMS Portugal
BRANDED CONTENT: CMS Portugal

Which country combines an astonishing long stretch of sandy beaches, multipurpose and multifunctional cities on the rise and excellent weather conditions? Which country combines an exponential increase in various types of tourism in the last 10 years, the need to increase the housing stock and various tax benefits related to real estate investment? Which country combines the best the sun, the beaches, the mountains and the plains can give to you, but also seeks to improve their services, their commerce, their industry: in a nutshell, their cities?

If you have answered "Portugal", you may well be correct. Portugal is currently a must-see opportunity when we talk about real estate investment – and we can anticipate it will continue to be.

First of all, Portugal reunites several different types of opportunities: tourism, housing, commerce and services, logistics, education and health.

Of course, we cannot talk about Portugal without highlighting the major role that tourism has played. Portugal is the touristic destination that has grown the most in the last years.

But when we talk about tourism in Portugal, it is not easy (nor possible) to summarize: local housing has increased in the larger cities and is expanding to the interior of the country; we have been watching the appearance of several hotels and resorts of all types for all types of crowds across the country; and not only Portugal is well known for the seasonal tourism – namely, in Algarve, in Açores and in Madeira –, but also includes historical and religious tourism, has been a key place for cultural encounters and is the place that has welcomed several sport competitions.

The housing in Portugal is also a point to be considered. There is a current need to expand the housing stock in the bigger cities like Lisbon and Porto – as those cities are becoming a centre of attraction of several projects –, but there is a growing demand on second residences. Covid-19 pandemic has also brought into our lives the remote work and, as a result, people have tended to work from home – a home not necessarily close to the office, but, definitely, a home that provides the needed comfort for a stable work-life balance.

Portugal has also been welcoming several digital nomads. They capitalize on the long sunny hours, the excellent weather conditions and the variety of stunning places that Portugal provides and bring with them cutting-edge technology.

In addition, we have been assisting major brands seeking to install their branches in Portugal. The tertiary sector is needed as support for the growing tourism, but also the great conditions Portugal has to offer to install these services have quietly, but steadily, attract more and more brands. According to our experience, one of the main sectors to be considered is, of course, the retail one – but, certainly, others will follow it.

Secondly, Portugal plays a decisive role in one of the major (if not the bigger) concern nowadays: the climate conditions. Portugal is the perfect opportunity to invest on sustainable ways to produce energy of several types, as it reunites several environmentally friendly ways to procedure energy: namely, hydroelectric, wind power or photovoltaic. The real estate market has not ignored such trend, as we watch the articulation of the real estate and the renewable energies in several projects. Also, the City Halls have established rules regarding these matters on the applicable instruments.

As Europe is committed in the decarbonisation, as well as in finding alternative ways to the natural gas, Portugal is, once again, a place to be – the place to invest on the improvement of the environmental conditions of the planet; the place to invest to take care of its future.

Thirdly, we cannot ignore the great tax and legal conditions available in our country that clearly have eased several real estate operations.

The peak of investment has not only been boosted by the Golden Visa programme – which brought thousands of foreign investors, over 5 thousand million euros and has significantly promoted the Portuguese real estate market abroad. Portugal has also been steadily implemented simplification measures that will ease the legal and administrative procedures to build or acquire real estate. Additionally, Portugal has an organized Land and Commercial Registry, enables the fast and efficient incorporation of companies and has several tax benefits for real estate capital gains provisioned, particularly in the case of resale and building rehabilitation.

On the top of that, Portugal is one of the safest countries in the planet. Not only for Global Peace Index – Portugal is ranked as 6th safest country in the world for the overall global peace index score –, but also regarding economic and politics safety. Portugal has had the same political regime for over 45 years and will have the same government in the next 4 years: a great perspective for future investments.

All things considered, we will always have Portugal – as a land of opportunity for real estate, as an investment location, as a place to call our home. ■

THE MARKET'S MOMENT

BY: Eduardo Abreu, Partner, Neoturis

BRANDED CONTENT: NEOTURIS

Neoturis is a consultancy firm specialised in the tourist segment, in particular the development of hotel and residential tourism projects. The company acts in the areas of strategic thinking, market and economic feasibility studies and investment and operational support. Since 2007, following CBRE's acquisition of part of its capital, Neoturis is also active in the transaction of touristic assets. The output of its developments, besides advising developers and investors, is directed towards financial institutions/bankers, as well as the multidisciplinary teams involved, such as architects and legal experts.

Eduardo Abreu

The pandemic hit the tourist sector in 2020, at a time when it had been growing robustly for more than 5 years and, as such, companies had theoretically more capital when compared to the 2008 financial and economic crisis. If we add to this, the measures adopted by the State (lay off and banking debt moratoriums) and the expectation of a fast recovery in 2022 or 2023 – which is effectively taking place with very robust demand indicators as well as higher average rates – there was no excessive pressure for asset owners to follow a strategy – or need – to sell at a discount.

In terms of touristic assets transactions, 2022 will be a record year. The latest transaction of the CROW portfolio, given its scope within a relatively small market, will make this, an unusual year. But other operations were concluded or are about to be concluded. Performance during the pre-pandemic years and the quick recovery placed Portugal firmly under the international investors' radar and, as such, we expect interesting years ahead, provided the economic recession does not take place or remains only for a short period and contained

Second homes' sales have had years of high demand since 2020 – with the pandemic boosting new second home buyers, motivated by, amongst others, more time spent working from home – a fact which has also prevented the application of significant discounts on the prices of these assets; quite the opposite, there have even been cases where prices have increased. It should also be noted that there isn't much offer in terms of second homes in resorts for immediate occupation. Buyers from new origins – such as French, American and Brazilian – have also contributed for this growth in demand. There are currently four regions where the market is very active: Porto (and Douro), axis Lisbon-Cascais, Tróia – Melides, and the Algarve.

Lisbon, Porto and Algarve are the most attractive destinations for investors in terms of hotels – preferably well located, operational hotels with more than 100 rooms. We can also identify the axis Tróia – Melides where the demand for hotel and second homes' development and/or management opportunities has been increasing exponentially. Demand is not restricted to new projects and/or consolidated operations, but it also extends to hotels (and other types of housing buildings) in need of refurbishment or of integrating new national or international benchmark managing services.

It should also be added the relevance of projects which complement the classical hotel profile, namely serviced apartments, usually with an associated brand, taking advantage of the increased demand for this type of assets, as well as providing self-financing for investments with high costs normally connected to the cost of the terrains and the significant increase of construction costs. The arrival of well-known players, increased demand and the presence of increasingly more globally recognised hotel operators have generated this growing interest

A final note on Madeira which is a destination that has recently, started to stand up in terms of second home offer.

Prospects are thus positive, despite resulting from the global political and economic situation which has brought some fear of a recession in 2023, with the increased inflation and interest rates and its resulting impact on global demand's access to funding.

It is then natural that there is a deeper survey of opportunities, as well as for the prerequisites for investment (especially the increase in construction costs) and for the future operation (particularly labour and energy costs) to be more conservative. All this can lead, in theory, to unfavourable assessments. We believe this subject will be further discussed in the coming quarters when we will have more objective data in terms of price adjustments.

On the other hand, the ability to increase the average rates – through revenge spending but also due to the destination and corresponding hotels' perceived quality – may soften the caution economic instability brings to the process; as well the presentation and execution of measures which can objectively reduce the licensing processes timings. It matters, in this context, to maintain the pre-pandemic path in terms of valuing Portugal as a destination.

Second home sales have resisted, with several successful examples, rising from the pandemic and its consequences, as well as boosting Portugal's growing visibility and competitiveness at this level.

Regarding investors, there is a wide range in terms of profiles. Private equity, family offices, HNWI, real estate funds and developers/investors have spread their activity to Portugal. There is also a growing geographic diversification motivated, amongst other factors, by Portugal's golden visa regime and the non-habitual tax regime.

It is important to remark that, in terms of investment in tourist assets (unlike other types of assets such as offices and shopping centres), investors interest and presence is still very recent. Portugal maintains a very fragmented ownership structure; with many assets whose owner and manager are the same entity. This is the moment to ride the wave of investors who are informed about Portugal and keep their interest in the market; the continuous announcements of new investments are the greatest calling card for those who are not here yet. ■

> Second homes' sales have had years of high demand since 2020, with buyers from new origins – such as French, American and Brazilian – contributing for this growth in demand.

SECOND HOME INVESTMENTS – TAX INSIGHTS

BY: José Parada Ramos, Partner, PKF
BRANDED CONTENT: PKF

When electing Portugal as destination for second home investments, eventually as an intermediate step for a future change of one's residence, the inevitable question an investor wants to understand is how to set the ownership structure. Overall, the tax consequences and compliance obligations associated with investing in the Portuguese real estate market varies significantly depending on the investment structure adopted and on the use to be given to the property. In this article we provide insights on relevant matters an investor should bear in mind when concerning the Portuguese tax system.

Obtaining a TIN

An overseas investor willing to acquire real estate in Portuguese territory will need to obtain a tax identification number (TIN). Furthermore, when the overseas investor has his tax residency in a non-EU member state, he/she will be required to appoint a Portuguese tax representative prior obtaining his/her Portuguese TIN (*). New legislation published in July this year exonerates the obligation to appoint a tax representative, provided the foreign investor adheres to one of the electronic channels to receive communications from the Portuguese Tax Authorities. Nevertheless, this exoneration does not apply when a non-resident holds real estate investment allocated to an entrepreneurial activity (e.g., Tourism Lodging).

(*) In line with EU citizens, tax residents of Norway, Iceland and Lichtenstein are also exonerated from the obligation to appoint a tax representative.

Property taxes

The acquisition of real estate property is subject to real estate transfer tax (RETT) and to stamp duty, and the ownership of real estate is subject to an annual real estate municipal tax (REMT). Furthermore, the ownership of real estate intended for residential use and of land for construction with an aggregate taxable value over € 1 million is subject to an additional levy to the REMT (AREMT).

The RETT, the REMT and the AREMT rates sees a significant increase in case the investment is made/held by a company domiciled in one of the low-tax jurisdictions included in the official list of tax havens published by the Finance Ministry, discouraging the use of such offshore vehicles in structuring an investment.

José Parada Ramos

VAT on construction

VAT on construction and refurbishment expenses represents a component of the asset's acquisition value, unless the property is allocated to an activity subject and not exempt from VAT, in which case the owner may recover the input tax suffered. The same applies to the VAT supported on the acquisition of equipment, consumptions and service charges related to the commercial exploitation of real estate generating output VAT.

Private vs business use

When not exclusively used by the owners themselves, second homes can be monetized in the tourism sector, either being explored as an independent lodging unit or integrated in a touristic resort.

An overseas investor may opt by different alternative structures to own and exploit real estate property, commonly: (i) individually; (ii) through a foreign company; or (iii) through a Portuguese company held either individually or by a foreign parent company.

Tax consequences differ depending on the solution adopted and on the specific situation, requiring an analysis on a case-by-case basis. Differences on the tax outcome of each alternative would result namely from: (i) different tax rates; (ii) primary qualification of the income derived from the exploitation of the property; (iii) different methodologies for computing the taxable income; (iv) options given to an individual taxpayer to treat the revenues as business income (category B) or as rental income (category F); and (v) applicable Double Tax Conventions and participation exemption provisions.

For instance, in case the annual turnover does not exceed € 200,000, the taxable income in category B is determined under a simplified regime, consisting in applying a given coefficient to the annual revenues amount. However, the individual taxpayer may opt to compute the taxable income based on organized accounts (i.e., revenues minus documented deductible expenses and depreciation). The applicable coefficients vary (from 15% to 95%) according to the circumstances and therefore the option for applying the simplified regime or for the adoption of organized accounts, will depend on the specific case at stake.

The best solution can also depend on the tax residence status of the individual investor as well as on the turnover amount. Above certain levels, a Portuguese tax resident individual (eventually an NHR) may have advantages to opt to tax the income derived from the tourism lodging as rental income (category F), which is subject to a tax flat rate of 28%, instead of declaring it as business income (category B), which would be subject to the general progressive tax rates.

Disposal

Taxation at the disinvestment point will also depend on multiple factors: investment structure; prior use of the second home; applicable Double Tax Convention; depreciation; investment period. In case of real estate held through a company, the tax consequences of a direct sale of the property (asset deal) may also be substantially different from those that would result if the disinvestment was made via a transfer of the shares of the company owning the asset (share deal).

VAT is also a key point to bear in mind whenever input tax on the construction/acquisition of the property has been recovered. Whenever real estate on which VAT was deducted ceases to be a VAT-generating activity, the input tax needs to be partially/fully adjusted and paid back to the Revenue.

Tax compliance requirements

The ownership of real estate located in Portugal does not give rise to accounting and tax compliance obligations other than the annual payments of the REMT and of the AREMT, unless the property is monetized either by being explored as a tourism unit or rented, in which case an annual income tax return must be presented to the Portuguese Tax Authorities. In case the revenues generated by the exploitation of the income are subject to VAT, a periodical VAT return must also be presented either on a quarterly or monthly basis (depending on the revenues amount).

In summary, tax impacts and compliance obligations associated with holding a second home in Portugal are a function of different variables and can vary significantly depending on the circumstances. Each case is a case and there are multiple pieces that must be carefully handled and weighted in assembling the puzzle. ■

> When not exclusively used by the owners themselves, second homes can be monetized in the tourism sector, either being explored as an independent lodging unit or integrated in a touristic resort.

SIMED, INVESTMENT AND BUSINESS IN THE ANDALUSIAN COAST

The strength of Andalusia, especially the Costa del Sol area, in terms of real estate in recent years has made the south of the country one of the most attractive areas for investment.

BRANDED CONTENT: SIMED

Although the destination has intrinsic qualities such as climate, infrastructures and communications, it is worth highlighting that investor optimism has other relevant factors such as the intensification of remote working and the growing interest in second homes. Precisely, and to respond to this demand, in November is annually held the main meeting for real estate investment and the largest housing platform of the Andalusian coast, Simed, Mediterranean Real Estate Exhibition

Investment, second homes, public-private collaboration and housing of the future are the key topics of the 2022 edition of Simed, Mediterranean Real Estate Exhibition, which returns from 10 to 12 November to FYCMA (Trade Fairs and Congress Center of Malaga), organiser of the event, and positioned as the most important event nationwide for investment on the Andalusian coast. The strengthening of Simed is no coincidence but is linked to the exponential growth of the Spanish property market, in general, and the Andalusian one, in particular, being the main housing platform in this area and one of the most important sectorial meetings at a national level.

According to the Association of Developers and Builders of Malaga, investment in second homes on the Andalusian coast is booming and is expected to continue to increase. Its level of profitability, together with its climate and culture, infrastructure and level of internationalisation, make it an exclusive real estate destination for both private individuals and investors. In this context, Simed, together with its commercial side, is promoting a professional event of international reference to respond to an evolving market that is closely linked to the socio-economic situation.

Thus, after consolidating the participation of the investment sector in the last edition, new calls and meetings will be added to allow this type of public to access and learn first-hand about the projects of the Andalusian coast. These include activities such as the *'Prime Homes Summit'*, where developers and marketers will present their second home offerings to brokers and intermediary agencies working for international clients.

Linked to the strength of the sector in Andalusia and as a strategic ally in its positioning as an attractive nucleus for the investment fabric, the exhibition incorporates other actions of regional significance with the participation of public administrations and the private sector, providing the opportunity to present transformative projects and initiatives for the region. Related to this, it will take place a new edition of the event *'Investment action in Malaga, its province and Andalusia',* a public-private meeting point to identify potential synergies with developers, builders and investors.

Trends, innovation and sustainability

In addition, Simed 2022 will host other professional content primarily aimed at anticipating trends and boosting the development of the sector. With innovation and technology as cross-cutting themes, new business models based on sustainability, energy efficiency and environmental protection will be explored in depth. In summary, the exhibition will have a programme designed to generate a space for reflection and public-private coexistence made up of the sector's leading prescribers and companies.

Simed is organised by FYCMA (Trade Fairs and Congress Center of Malaga). The partners are the Town Planning, Works and Infrastructures Municipal Management of Malaga City Council and the Municipal Housing Institute. Idealista is the official real estate portal. Aedas Homes, Urbania, Habitat Inmobiliaria, Metrovacesa, Neinor Homes, SUBA Homes, Unicaja Banco, Atalaya Team and Havalook are also collaborating. Sectoral partners are ACP Málaga (Association of Developers and Builders of Malaga), Fadeco Promotores and Association of International Property Professionals. In addition, Extenda-Andalucía Export and Foreign Investment - dependent on the Regional Ministry of the Presidency, Interior, Social Dialogue and Administrative Simplification -, Promálaga, the University of Malaga and the Consumers' Union of Malaga are institutional collaborators. More information at www.simedmalaga.com and on Facebook, Twitter and Linkedin profiles. ■

Simed has the largest offer of properties in the south of Spain and the Costa del Sol, and this edition will count with a strong presence of investors and professionals looking for business opportunities!

FREEBOX AGENCY: WHEN COMMUNICATING IS THE KEY

BRANDED CONTENT: FREEBOX

Teatro de la Maestranza, Seville. 2:37 p.m. on Monday, February 28, 2022. *"Bravo, team,"* says a satisfied Eva González 10 seconds after saying goodbye to just over two and a half hours of an intense live broadcast. Everyone applauds and the members of Freebox merge into a heartfelt embrace. There are still some tears of emotion on our faces because Alejandro Sanz, yes, yes, the artist who won 28 Grammys, has just said that he had never been present at a gala as emotional, as close and as authentic as the one that has just ended. It is Andalusia's Big Day and, for the third consecutive year, some professionals from Madrid return home with the feeling of mission accomplished. The Junta de Andalucía has been very happy, but we are more so. Gone are the months of intense work to organise the best possible gala, where the Andalusians show their pride in being who they are and show that their future will be even brighter than their glorious past. The first second of that gala was conceived by one of Freebox's members. So was the last one.

The abovementioned reflects what Freebox, the dream came true that six years ago when José Luis Pastor, Nacho Fernández and Juan Carlos Martínez Carreiro began brainstorming at a garage in Madrid's Prosperidad district, far from the offices of large communication groups the three used to inhabit in happily distant times.

Andalusia 28F ceremony. Awarding of the Medals of Andalusia 2022

Think-create-execute

Six years later, Freebox is still a young company, but already with enough experience to face any type of challenge, however complicated it may seem. A company small enough to give free rein to the fantasy, unattainable for so many, of thinking-creating-executing, without the need to waste time and energy in infinite bureaucratic procedures.

But what is it then that we do at Freebox, besides enjoying our work? Well, everything that has to do with helping companies and institutions communicate what they do to the general public. Communication, they call it, and that is our main reason for being.

We do it, for example, through audio-visual production, which has been the company's fastest growing department during the last few months. From the first draft of the script to the post-production of any video; everything

we do in our offices in the centre of Madrid. Giants such as Banco Santander, Telefónica, Repsol or Grupo Lar already know our way of operating and have adapted to it, but any idea, however modest, will always have the enthusiasm of a professional team formed by good people with an unhealthy curiosity and an infinite love for a job well done.

Freebox's audio-visual department is not satisfied with offering the appropriate response to all types of customers, but it also provides free rein to their most secret fantasies. After releasing our first documentary, Príncipe de la Paz, about the unknown figure of Manuel Godoy, we are now in opening Beti-Jai. El templo olvidado, the unknown story of a more than centenary basque pelota frontón in the centre of Madrid which was practically never used to play pelota, but which does nothing but give us joy with the numerous festivals it has already hosted.

Official poster of the short film BETIJAI, produced by Freebox

Up to date in social networks

At Freebox we feel the need to be up to date. And that has to do with the knowledge and management of the most modern ways of communicating. Yes, yes, we are talking about social media. Like it or not, it has become the most direct way to reach a large part of the public who would otherwise miss the message. Companies in any sector, including those that have never felt the need to be on social networks, have started to be aware of that need and so have we. Therefore, Freebox has developed full, detailed social media strategies custom-made so as to meet the needs of each company, whether large, medium or small, and we launch it with the best copies, the most accurate design and the sharpest imagination seeking one single goal: to create the best content so that the company's message is carried through the most effective channel. The digital coverage for the recent Iberian Reit & Listed Conference, organized by Iberian Property and EPRA in Madrid at the end of last March, was just one more example of the company's commitment to the exciting world of social networks.

But we don't settle for that either. Many of us at Freebox are journalists by training and, of course, by vocation, and we also work in generating content for various communication groups. We try, for example, to bring branded content to our field, to generate much more interesting content which, at first, might not seem attractive enough and we also encourage our irremediable taste for hooked storytelling.

We also practice digital marketing; that is, we help develop the most efficient advertising strategies to make a brand stand out within the jungle which the current digital ecosystem has become. We turn the needs of companies into design and, if they do not have one already, we develop their web pages. If they want to improve the webpage their cousin made for them back when they were starting, we will also, of course, help to improve.

Oh, and we also organize events of all kinds. But it's better to let Alejandro Sanz talk about that. ■


Making videos with a drone

MORAIS LEITÃO
GALVÃO TELES, SOARES DA SILVA
& ASSOCIADOS

A SHORT-TERM SOLUTION FOR A LONG-TERM PROBLEM?

BY: Maria Carolina Gonçalves | Principal Associate
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After lying dormant for several years, inflation is back in the headlines as it surges to new heights. In August, the inflation rate in Portugal reached 9%, a figure that has not been seen for almost three decades. This is having a significant impact on the real estate industry, both in terms of construction and property leasing.

The rental market in Portugal has undergone significant changes in the last decade, as foreign interest has pushed-up rent prices in such a way that local Portuguese struggle to find affordable accommodation. This is a huge investor industry, which needs to be maintained, while also ensuring that inhabitants are able to meet their housing costs. In this regard, the Portuguese Government has proposed measures to mitigate the effects of inflation on this sector.

A. Anti-inflation package

The Portuguese Government, in response to the surge in inflation, proposed on September 5th 2022 a package of policies that focuses on reducing costs for energy and rents, through tax reductions and subsidies.

This *"Anti-Inflation Package"* (Law Proposal no. 33/XV, September 5, 2022) aims to support family incomes in order to mitigate the effects of inflation, and includes, among other measures:

(i) Annual rent update coefficient for urban and rural lease agreements to take effect in the calendar year 2023

The Portuguese Government proposes to limit the update of urban and rural lease rents for the year 2023 to a maximum of 2% as opposed to the previously foreseen update of 5.43%.

(ii) Extraordinary tax benefit granted to landlords

The cap on the annual rent update coefficient would be compensated through the reduction of the landlords' income tax due on rental income.

For personal income tax purposes, the amount of the rents derived from lease agreements falling under category F, net of the applicable deductions, will be adjusted by a 0.91 coefficient (i.e. only 91% of the amount will be subject to tax).

Rents from lease agreements subject to the special reduced tax rates foreseen in Article 72, paragraphs 2 to 5 of the Personal Income Tax Code (e.g. lease agreements for permanent residence purposes with terms ranging from 2 years to more than 20 years) will be adjusted by the following coefficients:

For corporate income tax purposes, the amount of the rents will be adjusted by a 0.87 coefficient.

The tax benefit applies only to rents that are due and paid in 2023 and derive from lease agreements already in force by 1 January 2022.

SPECIAL APPLICABLE RATE	COEFFICIENT
26 %	0.90
24 %	0.89
23 %	0.89
22 %	0.88
20 %	0.87
18 %	0.85
16 %	0.82
14 %	0.79
10 %	0.70

B. Considerations

This package has yet to be submitted to Parliament for approval. In the meantime, we await the next developments on this subject, in order to assess the real effects and implications that these anti-inflation measures may (or may not) have.

The real estate market players will need to assess the impact on their business plans and recalculate and re-estimate their portfolios' profitability, as many of them were based on the assumption that the annual rent coefficient would be 5%. In a country which needs to retain investment it is essential for the Government to introduce stable measures which will be effective over the longer term, rather than a sticking plaster which only helps in the short-term.