

2015: Investment Opportunities in Portugal

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2015: Investment Opportunities in Portugal

The Portuguese Government has announced a program of privatizations and concessions it intends to launch in the first half of this year, which represent some of the most interesting investment opportunities in Portugal. This is part of a broader package that also includes the new Investment Tax Code, access to European funds under the Portugal 2020 programmes as well as domestic incentives schemes, showing the Government's resolve to boost the economic activity and to welcome investors.

PRIVATIZATIONS

TAP – Air Portugal (airline)

The Government has just published the tender conditions (“Caderno de Encargos”) for the privatization of 66% of the Portuguese airline with an option for a further 34%. TAP (<http://www.tapportugal.com>) is Portugal's national flag carrier airline giving access to a European hub (Lisbon) situated on a privileged geographical position by the Atlantic and good connections (routes and slots) with Europe, South America and Africa, as well as North America. TAP is also a member of Star Alliance (<http://www.staralliance.com>) with code sharing agreements with alliance companies. Furthermore, TAP was voted the “Best Airline in Europe 2013” by the Global Traveler magazine (USA) and its maintenance services are of top quality.

CP Carga (rail freight transport company)

The Government expects to launch in April the process for CP Carga, the Portuguese rail freight transport company and the second largest rail-based operator in the Iberian Peninsula (<http://www.cpcarga.pt>). CP Carga integrates logistics chains for all kinds of traffic - containers and swap-bodies; Solid and liquid bulk; Foundry and building materials; Forestry industry products; Road vehicles and components; Fuel and chemical products or cars -, providing all the benefits of rail freight transport, and much more.

In 2014 CP Carga carried 9.2 million tons, an increase of 11% with an increase in turnover of 16%, the best ever results for the company

EMEF (railway maintenance)

EMEF is the main Portuguese Company in the Railway Maintenance Sector (<http://www.emef.pt>), developing its activity in five main fields: (1) Heavy Maintenance, Upgrading and Refurbishment processes on Railways Rolling Stock and its related Equipments; (2) Preventive and Corrective Maintenance, (3) Assembly Inspection, Tests and Commissioning; (4) Freight Wagons Design, Manufacturing and Upgrading; (5) Research & Development.

EMEF's activities apply to a great variety of vehicles, which include the entire CP (the railway operator) fleet

(Locomotives, Railcars, Passenger Cars and Freight Cars) as well as other clients' vehicles (Wagons, Heavy Duty machinery and light maintenance of way). EMEF's activities span four different fields: Repairs, Maintenance, Reconditioning and Freight car construction.

Carristur (special bus transportation, road transportation training and advisory)

Carristur is the bus operator subsidiary for special transportation (sightseeing Lisbon, Oporto and Funchal and AeroBus Lisbon), passenger, children and cargo road transportation, transportation advisory (mob carsharing and others) and other related activities (<http://www.carristur.pt/>). In 2013 the company had a yearly result of over half a million euros.

CONCESSIONS

Carris + Metro Lisbon (Lisbon bus, tram and subway operators)

The Lisbon city public transportation is concessioned to Lisbon Transport, a company that originated from the merger of Carris, the Lisbon bus, tram, funiculars and elevators operator and Metro, the Lisbon subway operator. The sub-concession of these operators is part of the Government's strategy to hand over to private companies the management of the public transportation companies.

The Lisbon metro system consists of 55 stations and has a total length of 45.5 km. Carris has 2761 employees (at 31 December 2009), 1714 drivers and 152 tram drivers that ensure the circulation of a fleet composed of 752 buses, 57 trams, 3 funiculars and 1 elevator.

New Containers' Port Terminal (Barreiro)

The Portuguese Government is aiming to launch this year the international tender for the execution project of a new container port terminal in Lisbon's south bank (Barreiro). The Administration of the Port of Lisbon (APL) is finalizing the European funds' application within the 'Connecting Europe Facility' (CEF) and will apply for financing of the European Investment bank as well as under the Juncker Plan. APL estimates that the port should operate 2.7 million TEU by 2048.

In February 2015 the environmental impact study tender will be launched following the Proposal for Definition of Scope presented by APL. The Government is considering the possibility of the construction being made in stages and to have an exploration period of 100 years.

PRIVATE SECTOR

In the private sector, the retail real estate sector is expected to offer very interesting investment opportunities in 2015, triggered by the pre-announcement of possible transactions of successful and fully operating shopping centres in highly populated areas as well as other commercial real estate deals. The "Almada Forum" and the "Forum Montijo", which together represent a gross lettable area of 75 thousand square meters, owned by Unibail-Rodamco are pointed as most likely to reach the market.

The fallout from Banco Espírito Santo / Novo Banco will extend through 2015 with the subsequent sale of financial and non-financial assets and companies. Most recently, the real estate fund that holds the main real estate and touristic assets of "Herdade da Comporta" (HdC) has been placed in the market.

HdC occupies an area of 12,500 hectares along 12 Km of Portuguese Atlantic coastline, an hour's drive south of Greater Lisbon and Lisbon airport, a high quality tourism destination characterized by strong environmental, historical and cultural elements, combined with traditional farming and forestry activities. The tourism and real estate development project – held for the most part by the HdC Special Closed-End Real Estate Fund – comprises several housing developments, two tourism development areas and two golf courses. HdC's agro-industrial activity processes and sells rice and corn. (<http://www.herdadedacomporta.pt/en/>)

At PBBR we'd be glad to provide you with more details and we are ready assist you in pursuing these opportunities.

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