FY 2020 Earnings Call

Company Participants

- Armando d'Almeida, Chief Financial & IR Officer and Vice Chairman of Board of Exec. Officers
- José Isaac Peres, President, CEO, Chairman of Board of Executive Officers & Director
- Unidentified Speaker, Company Representative

Other Participants

- Alex Ferraz, Research Analyst
- André Mazini, Analyst
- Gustavo Cambauva, Research Analyst
- Marcelo Motta, Research Analyst
- Nicole Inui, VP
- Unidentified Participant, Analyst
- Wilfredo Guilloty, Equity Analyst

Presentation

José Isaac Peres

(Audio in Portuguese Only) (technical difficulty) in Brazil that we continued our trajectory and such as we face other challenges today.

And I would like to mention something more recent, the BarraShoppingSul, it was opened right in the middle of the world financial crisis when -- with the downfall of the Lehman Brothers Bank. And we built it, and we inaugurated it and we delivered it, 100% rented right in the middle of the crisis. And I remember that one newspaper interviewed me at the time, and he said -- the guy said, well, are you courageous enough to inaugurate a shopping center right now? And I said, this mall is evidence of the resilience that we have to recession, and it will be a big winner. And it was in a way.

The ParkShopping Canoas, for instance, we opened it right in the middle of the recession with a very big economic and political crisis, a very deep one. And it was very difficult to open it with 90% of our stores rented, but we did. And we also showed at the time that we were showing a new project, a new product adapted to the conditions that prevailed at the moment.

It was already integrated to the green area, (inaudible) park, and we created many attractions. And it was a very lease-oriented shopping center, and it continues to grow, and we know that shopping centers -- four to five years, it continues going up. That is to say until it reaches a full production, so to say.

For instance, sales in 2020 reached 83.3% of the sales in the Fourth Quarter, 2019. And in spite of all the restrictions that were in place in FSI, limited parking and the movie theaters closed and many restaurants only open until 8 p.m., and we could not sell any alcoholic beverages after 8:00 p.m. And we know that their income comes from alcoholic beverage and not from the food offered. So you can imagine the dramatic crisis faced by the restaurant sector, but you know that crisis generates opportunities, and we have been growing right in the middle of crisis, adapting ourselves to each situation that comes our way.

And during 57 years also, we have been operating in the real estate market and some of the younger -- or the people who joined the company 10 years ago, they are familiar with that. And shopping centers in the last 40 years, and our company was initially a real estate company, in fact. And those who have been with us for longer, they know that. But I can tell you that the pandemic is the biggest crisis that we have ever faced and maximized because of arbitrary decisions that were made and things didn't have to be like that because I understand that the freedom to work and health go hand-in-hand, and they do not work without each other.

But it remains a very difficult moment, and we are surviving. And I would say that emotional suffering is even bigger than the physical suffering. People who are confined and other people, for instance, they -- other people have suffered fractures, for instance, because they stay home, and they do not exercise, and they end up falling, and they are afraid of going to the hospital. So we have to look ahead, and we have to see that vaccines are already being distributed.

And afterwards, I will talk about the support of Multiplan in terms of the pandemic, what we have been doing. And there is something very interesting here. We have information from a very large bank, and of course, I cannot say the name of the bank, but anyway, the information that we have is that families have saved in this period something like three to 4x what the savings were a few years ago because they didn't spend any money. And this is why we say that there is a pent-up demand. People are craving to go out and to go shopping and to go traveling, and life has to go back to normal. It's already gradually going back to normal.

The real estate activity is very important for our company because it generates value in the short run. And as we have seen during this past year, we see we had an investment of 266.8[ph] and was sold by BRL 810 million, the Golden Tower. And we had already recovered in rental practically the amount or the full amount of what we invested, and it was a strategic move on the cost of the company.

The company builds and the company takes advantage of opportunities that it sells, of course. And the decision was made based on a precaution on the part of the company, so as not to face any cash problem. We didn't have to go to banks or we don't have to go to banks to survive.

Nevertheless, we made many efforts in terms of savings, internal savings in the company, and this improved the indices of the company. And also, as you will be seeing, it generated a fantastic profit last year, although we had an year of crisis, Multiplan reinvest itself, and we keep on reinventing ourselves. And this is the reason why we had last year, approximately BRL 1 billion in net income. BRL 964 million.

We are going to pay out dividends to our shareholders, much higher than we paid out in the previous years. You can see that there is a paradox because we were right in the middle of the crisis, and we can do that. We can do that because of our strategy because this is a very careful strategy in terms of demobilizing a minimum part of our assets and bringing a major financial result.

The company has practically 900,000-something square meters in the land adjacent to our shopping malls, and of course, this is going to generate quite a lot of cash because we reactivated the development of the real estate activity, and it's going to be an additional gain, but we continue to build shopping centers as you will be seeing later on.

And one detail is that all this land that is adjacent to our shopping malls, all these pieces of lands are fully paid. So when we sell the project, we immediately generate quite a lot of profit, and this is the way it is with us. We have to pay attention to all the opportunities in the real estate. Because of the very low interest rates, people do not want to get heavily invested in security, for instance. And people still know, and they still feel safer when they have a property, a real property, and sales will be much more facilitated because of that.

And I have just read that the Central Bank does not intend to increase interest rates in March, and this is an interesting remark because the expectation of the market was that, well, it's going to go up because of inflation and this and that. However, we see the Central Bank doing this. Well, great, Brazil is going back on track and things are improving.

And the shopping centers also appreciated our real estate properties. In Ribeirão Preto, when I acquired the property, it was part of a sugarcane farm, and the consumer was a scare crow of the farm. This was the only being that was close to this area. So only a scare crow looked at us. And -- well, I was called crazy, and I had already been called crazy very often in the past. But just to give you an idea, I acquired this piece of land at BRL 1 per square meter.

30 years later -- and this was about 40 years ago, we applied one area adjacent to this one, paying BRL 3,000 for the same square meter. However, it was no longer a farm. It was a very well-developed area because the shopping centers are a major driver of development such as happen in the Barra da Tijuca and then Belo Horizonte.

And afterwards, I can say a few words about that as well. And this appreciation -- well, we also have a project with this appreciation of our land, and we buy more and more land, always adjacent to what we already have with the expectation of generating new real estate projects that bring about synergy to the shopping centers.

We're talking about hotels and hospitals and apartments and houses and office buildings. For instance, BarraShoppingSul, it was really a slum when we got there first, and we covered 600 homes, and we built a decent and very good village. And today, that region starts to grow right next to the BarraShoppingSul.

And the situation is quite similar to Barra da Tijuca and -- in the South of Porto Alegre. And this is where we are going to have the project that we call Golden Lake and the value is about BRL 3 billion. It's an iconic project and very similar to what we have here, and which is recognized in Brazil and all over the world as one of the best close condominiums in the country, the Golden Lake condominium. It has tennis courts and a gold club, and looking to the sea. It's really the best possible situation that one could have.

And after the storm, when the sky is clear, we are going to see the reaction on the part of real estate market and the shopping centers will go back to what they were.

Many people think that Multiplan is a shopping center company, but it's not, it's a real estate company. And of course, we have to invest in income-generating projects. At the time when we did a lot of development, we bought a piece of land and then we developed and then we built and then we sold and then afterwards, in order to buy another area, of course, it became very expensive.

So we have to work with income-generating properties. And the first thing that came to my mind, and I thought, well, let's make a shopping center here in Brazil because before that we only build, that is to say, we were developer. We were developers, in fact. And the name of the company was different, but today, it's Multiplan. But the reality is that the company made a lot of money from shopping centers, and we will continue to make a lot of money with the shopping centers as well.

Today, we maintain 80.1% stake in our shopping centers. We have full control over them. And these assets have been in existence for about 40 years and around them, large cities have started to appear.

And now I would like to turn to last year. Last year, we lost 41.3% of our regular opening hours. If you discount this and you transform this into sales, our sales, I would say that it has to be higher than it was. We lost almost half of the opening hours of our shopping centers, and in spite of that, we delivered profit, and it was lucrative.

And we raised about BRL 500 million because of measures that we put in place in order to help our tenants. We only charge half of their rents -- no, the rent was zero, in fact. The rent was zero that we charged. And we were criticized by some of our colleagues, and -- but we know that tenants are our partners, and we need them the same way they need us.

In some cities like Rio, where the mayor was a little bit more liberal, the shopping centers had the best performance. São Paulo, of course, has always been the main one, and the problems were big. And in Belo Horizonte, the shopping centers were cleared for about four months. And so we have problems there also.

And I believe that commerce and services were funded, so to say, and it's very beautiful, so to say, to close shopping centers. We are saving lives, and this gives us a lot of visibility. But about 1,300,000 people died last year, 200,000 of COVID, but we don't even talk about the people that has died without any money to buy medicine and with no medical service and dying right at the doorstep of the medical clinics.

And they -- or people who had a heart stroke and they died at home because they were afraid of going to a hospital. They were afraid of contamination, and this is a very sad story that one day in the future it will be told according to what really happened.

Okay. I am digressing a little bit, but I would like to go back and say that we reinforced all our measures of hygiene and surface tests, for instance, carried out in all shopping centers, showed that no trace of coronavirus were found. And there were two very big samples, 370 samples collected on surfaces in our shopping centers. All the results were negative. No presence of coronavirus at all.

360 additional tests were carried out this year. The first one was last year, and nothing was found, including all the surfaces and air conditioning and et cetera. And no traces of coronavirus were found on the hand rails or tables or chairs, in the air conditioning bridge or bathroom, nothing whatsoever.

And this shows that with the protocol adopted by Abrasce association, and that we follow very strictly and measuring the temperature of everybody and having hand sanitizer available everywhere. According to the technology, the shopping centers are the safest public places from the viewpoint of contagion.

Besides, people started to wear masks and respecting social distancing, and it's just a number of people allowed in each one of the stores one by one. And of course, all that hindered our activities. We did our share. We collaborated. We did everything that we could in terms of healthy -- decrease this pandemic.

And also this week, the shoppings are open. This weekend, this coming weekend, the shoppings are open, and the new papers criticize retail. And they say that well, the result was bad, it dropped 6% retail in general. 6% drop, it should have been 50% drop overall for retail. With all that, with all these restrictions, however, commerce is resilient. People are gregarious. They want to be together, and people want to be with people.

And in this crisis, I would like to say to you that from my viewpoint, one important thing that I would like to reiterate here. I would like to reiterate this here. I would like to draw your attention to the following. We do not live in a digital world.

We live in a real world and real world is the world of people. People go to malls because they want to be together. They want to meet the needs for shopping, for consumption, for leisure and also for health reasons because we have medical centers and the real world is the world of people.

E-commerce will not make malls disappear. All the large cities were created around the large commercial centers or the small commercial centers that existed at the beginning, so commerce is a real driver of development. And the major attraction is interaction among people. I understand that e-commerce will be one additional lever, one additional driver. However, it is one additional tool. But our sector will continue to grow, will innovate, will adapt, always meeting the needs and the wishes of the population.

We have a doctor in -- here at Barra. He has, per month, 200,000 consultations and people like to go there because going to the mall is very pleasant. So they say, well, I'm going to the mall, but then I'm going to the doctor for a couple of minutes. We have to talk and this helps a lot in terms of health as well. I would say that the human being continues to be the same. We are a gregarious animal according to Aristotle, and we continue to be gregarious. We want to be with people, be together. And I believe that the biggest attraction one mall can have are the people.

I thank you very much. I thank our employees, our tenants, everybody who participated in the trajectory of our company. I thank you very much for the trust. And as far as we are concerned, we will do everything we can in order to deserve your trust and now with this new vector of development in the company, the real estate sector will continue to grow. Thank you, very much.

I will give the floor to Armando d'Almeida, who will be talking about the financial results of the company.

Thank you, very much.

Armando d'Almeida {BIO 16000150 <GO>}

Thank you, very much, Mr. Peres. I'm going to make some quick remarks. Then we will go to the questions.

First, I would like to talk about the satisfaction to see the strong operating recovery that we had in the Fourth Quarter, and I will highlight a few points. The sales and traffic of vehicles, et cetera, everything going up, not only over the previous quarter, but consistently every single month since April. And in spite of all the restrictions, the number of restrictions and shorter opening hours and sales of 83.3% and 97% rental when compared to the Fourth Quarter of '19.

And that is a consequence of the efforts and the many measures taken to support our tenants, and Mr. Peres said, over BRL 500 million in rental that we raised. We reduced the condominium expenses, maintaining the occupancy cost at 11.6% unchanged vis-à-vis 2019, in spite of the strong drop in sales because of the shopping being closed. And benefited by these measures, the net delinquency also dropped 5.8%, decreasing very strongly since the 16.3% that we had in the Second Quarter of this year.

From the second to the third, it dropped and now to 5.8%. And it is also important to talk about the increase in the occupancy rate, 95.8%, 50 basis points higher than the Third

Quarter of 2020, and even more the strong -- a good sign or a good indicator was the strong commercial activity represented by the turn -- number of stores, 1.9% in gross leasable areas, 117 stores or 14,921 square meters have all stated one single quarter of new tenants only, with all the challenges faced and described by Mr. Peres that we faced in 2020. We invested BRL 827 million. We returned BRL 270 million to our shareholders by interest on equity, and we bought back 5 million shares for our treasury. And then I show you the use of the front of the company here.

I would like to open for questions.

But before that, I would like to invite you to read our report, our earnings release and where we try to give more visibility. We have received so many questions daily, and we placed a chapter about our digital innovation strategy.

It's a very big report, about 60 pages. About 20 are about our strategy for digital innovation, how we think about it.

We also carried out a big study about omnichannel and the role of the shopping centers in this distribution in this omnichannel sales. And this is very important as well. We made a study about that.

Many pages also talking about ESG, our Environmental Strategy Governance. This is so important so relevant today.

There are so many remarks, but I would like to open for questions.

Thank you, very much for your attention, your dedication, your interest and all the times that you devote to us -- our investors, analysts, journalists and everybody who participate and start the Q&A session.

Questions And Answers

Operator

(Operator Instructions) The first one will be from Nicole Inui with Bank of America.

Q - Nicole Inui {BIO 17757166 <GO>}

It's great to see that sales are coming up fast, recovering. However, people flow is still taking a while to happen. In your opinion, what do you think still needs to happen for people flow to come back to normal levels? Restaurants running normally, for instance, or movie theaters coming back?

Or do you think there is something beyond that, like the vaccination effect? Just to understand your view better, what is going on? And what still has to happen again so we can come back to pre-pandemic levels?

A - José Isaac Peres

Nicole, this is Peres speaking. Let me answer your question. Our problem is that we have a limitation of the use of the parking lot, and we also have restrictions of several activities like movies theaters. So we can only have 1/3 of the audience, and that's not how it actually works.

We also have restaurants working at restricted hours. Anyway, some cities, you still have restricted hours to be in the mall, in the shopping center. Definitely, we are going to see a recovery. Think about a huge number or the big amount at saving accounts or banks, 3x higher than what we had last year or the previous year according to this second big bank.

So people are avid to go out, to go shopping, to meet their desires. Luckily now, after the vaccination, and obviously, with protocols that are adopted with prevention with coronavirus, we already begin to see a learning curve by physicians on how to treat the disease.

So I believe these problems will go down, and I'm very confident that in the following months, we'll go back to normal life. So much so that nobody can spend any more to stay at home. Think about children, for instance, they go to school much happier than they used to do in the past. Children don't usually like to go to school, but now they are avid to go to school like if hell turned into heaven.

So I believe that the minds of people are still very traumatized with all this advertising that is constantly talking about death, COVID, et cetera. So that's the pandemic. It really bothers us a lot, but we are facing and cooperating. For instance, the company will try to buy 300,000 doses of the vaccine and donate 200,000 doses to the public sector. 1/3 of the doses is to people who work in our shopping centers, approximately 100,000 people.

At the end of the day, as ID physicians say, it is the safest public space, the shopping mall, I mean. So we're just about to start another vaccination for people to learn more about we do, and we're going to win this war as well.

A - Armando d'Almeida {BIO 16000150 <GO>}

May I just add with the numbers, Nicole. This is Armando speaking. Thank you for your question. In December, we had 74.2% of car flow. So there was a strong recovery going above 60% in the whole Fourth Quarter. And if we check, for instance, what we had in July -- and by the way, this is even posted in our report, it was 34.5%. So we doubled car flow.

And two points like Dr. Peres mentioned, movie theaters and theaters are not allowed yet. And when we create attractions, big sales, and meetings, we couldn't do it anymore. So we cannot manage the shopping center today as we did in the past. We couldn't even benefit from all the discounts we usually give.

So from the moment restrictions go down, we are very confident of this turn back, eventually, the vaccination campaign will be very important tool. We don't have a concern about car flow. We can see this flow growing more and more. This is it.

Operator

The next question is from Alex Ferraz with Itaú BBA.

Q - Alex Ferraz {BIO 18651758 <GO>}

I have two questions. My first question is about the turnover level, which was a record this quarter. I would like to go deeper into your impression, about the reason behind it. Do you see any seed to justify this very strong turnover rate in such a challenging scenario? Tenants that are capitalized, lacked quality, like you said, is there any segment that is adding more? I have to learn more about how you feel. What is the reason behind this positive turnover rate?

And my second question is about the occupancy cost. Despite same-store rent recovery, same-store sales is flat. Owing to fundamental costs and charges to tenants. Do you envisage any structural thing, particularly about charges that went down that can be maintained down the road? Should we assume that promotion funds could be lower in the future or more significant savings. Actually, once there are real gaining charges that can be used in the future and further down the occupancy cost.

A - José Isaac Peres

I'll answer that, José Peres speaking. Let me try to answer your question. When it comes to the turnover rate you mentioned, there is a pent-up demand that is huge. People are hungry to leave home. They're avid to meet other people, to go shopping. The shopping center is a big center to meet other people.

We no longer have public parks. People don't go along the sidewalk to window shop because the pandemic brought this freestanding stores to an end, but shopping center survived. Today, our occupancy rate is actually higher than what we had in 2019. We closed the year with a higher occupancy rate.

On the other hand, if you think about what you said, your question about charges and costs, we did lower that because the crisis offers us or obliges us to reinvent ourselves, and we all reinventing ourselves throughout the crisis, adapting our malls into a new system. We are cutting down expenses that were not that necessary. And we are searching for a higher level of efficiency, even investing more in power and energy so that the power costs in our malls be much lower. Our goal is one day to have zero-electricity costs in the mall. You can go there without paying for electricity.

A - Armando d'Almeida {BIO 16000150 <GO>}

Armando speaking now, adding to Dr. Peres' comments. We have this mega store and many stores -- satellite stores, many satellite stores, like Dr. Peres said, there is a pent-up demand by consumers and tenants are responding now. The whole crisis also brings opportunities for new stores, new segments. The majority satellite stores, we produce a report about the flight to quality content.

Certainly, there was the search for good clients, good locations, we can see some real tenants who are in freestanding stores, trying to migrate into the mall because the mall supports the protection, with marketing, protocols, with hygiene and safety. So we can see this higher pursuit coming on more and more.

On top of that, for instance, we have everything related to a strategy to integrate tenants with digital sales. You can see the mall as a big hub, providing access to consumers. At the end of the day, there are also many other advantages that we can provide tenants with just because they are in the mall with us.

On Slide 7, we show some examples of benefits that we try to extend to our tenants. And Dr. Peres already told you about the charges and costs. We opened this year, particularly benefiting from this challenging time in order to further reduce promotion, funds and charges to support tenants to move away from this crisis as well as we did last year.

What I'm trying to say is that really I'm very confident that there is some opportunity with lower expenses for tenants. We're doing everything in our power to cut down on expenses in the mid-run.

Operator

The next question is from Gustavo Cambauva with BTG Pactual.

Q - Gustavo Cambauva {BIO 17329406 <GO>}

I would like to ask a question as a follow-up to the turnover rate comment that you made. I would like to understand is this big volume of new contracts that you just entered into. Are you considering any kind of change to the contract structure? We can see many things in the media. Tenants complaining about EPCA, IPCA, for instance, our IGP and eventually trying to move into IPCA.

So what about new agreements, have you assigned with a different index or a step-up of a rent that is slightly different? Or maybe given tenants any kind of higher early discounts? So I'd like to learn more about negotiations and also know better about the turnover rate in these many satellite stores that just joined the malls, is there any kind of significant change to the mix or a slightly stronger segment right now?

A - Unidentified Speaker

Gustavo, let me try to be very to the point. The answer is no. That's it.

Now let me go back and explain it.

It's nice to have this question because you're very familiar with the industry, the company following up with so many years of asking the same questions. In 2015, '16, '17, tough times to the economy.

What about total occupancy costs? Ere things going to change? Are we going to use a different index?

Let us remind ourselves that, in our case, IGPs in general were deflation were negative. And then the same questions would come, are the agreements going to be negative? Now things are more positive. The thing is we have to take care of a good replica or copy of freestanding stores, which is the mall, freestanding stores no longer exist, they come to an end. So we have to be careful enough in order to bring the flow back.

Bringing people flow back, car flow back, as Nicole asked. We want to have them all be in people's daily solution, providing quality, good locations, the basic factors. It's part of a real estate industry, like having a location. A location is even more important now. And that's what we have to pay attention to.

And also adding a new layer, which is the sales layer via the web in order to add even more value of the operation. So about the turnover rate, I can say the agreement has the same structure, Gustavo. It contains the same provisions within clauses that we always had for a while.

I hope I answered your question. Did I forget anything?

About the logistics company that we partnered with, we perfectly know what this company delivers at a higher rate, it refers to food for instance or drugs, commodities. Nobody buys a coat, gloves or shoes, a picture. Well, that's an experience, right? But Brazilians, in general, love to meet other people. We are a tropical country unlike Nordic countries that are so cold.

And people are more (inaudible), they are used to stay in home. They don't walk on the street so much. But Brazilians live in a tropical country. We are the carnival country. Are we going to change our habits overnight? Absolutely not.

The craziness is going to continue because that's Brazil, carnival. And despite our weaknesses, we have a joyful people. Brazilians are not sad. Brazilians are joyful and happy. So that's what we mean by joy and it lies being in contact with people and showing that we invest in a logistic company in order to support our tenants to deliver the sales and purchases on the web.

They are found in nearly all of them. And we use an IT, a new IT tool and we're investing very heavily on technology. So technology will be an additional tool for them all. That's what we want. Just as we have many other tools. Gustavo, there is just one thing that I forgot. As we replaced, many shut their doors during the pandemic.

And operations are being very successful right now, improving flow, selling more compared to last year. We have a wide mix of satellite stores and a big demand for areas and many companies that want to be in the mall experience. And we can see demand from some tenants who are already at the mall and want to expand their space.

But it's important to talk about VillageMall as well. Our therapy, last quarter, it exceeded sales, despite restrictions.

(technical difficulty) are going to make a lot of profit after the pandemic, you're right. The sale was 108% on top of 2019. VillageMall, amazing, right? Absolutely amazing. Gustavo, did we answer all your questions?

Operator

Next we have André Mazini with Citibank.

Q - André Mazini

My first question is about a piece of news in the media earlier this year, telling us that a fashion store would close nine stores with you in early 2021. And that reminded me of Fnac[ph] that it also closed. There was a lot of fear at that time.

So probably they -- that has an impact on a higher rent. So what is this process of replacing these stores in particular? Q4, the churn was very good, 15 meters rent. However, we can see all the stores shutting down too. I'd like to know about the changing dynamics in the First Quarter. That's my first question.

And the second question is about the statement you made, the take rate is the new rent. So if you think about e-commerce, 20%, 1.6% in the current quarter. So I want to know if this comparison is expected to happen in the future and also Multi.

Is the purpose of Multi to support considering online and brick and motors? Are you going to sell-through this new channel without paying extra? And it can even be cheaper to sell on the mall via the web. I'd like you to tell us more about it.

A - Armando d'Almeida {BIO 16000150 <GO>}

Let me answer your question about Fnac[ph]. It was a store that started with us, and we supported -- we invested because it was something new. It was a different store with clothing style was very inexpensive, casual convenience, but it didn't rise. So delinquency was already very high.

For a long time, we supported this delinquency, provided more opportunities and then came a time in which we made an agreement, and naturally, it was a friendly agreement. We replaced the areas that it occupies with new stores that are very important and that pay us well. And today, they're adding a lot more value to them all, improving the environment, the atmosphere. Like, for instance, the new rental store that just opened a store, an amazing story in VillageMall, outstanding quality.

But the problem is the creative disruption. (inaudible) used to tell us a lot about it, and he's right. Crisis is nothing but a creative disruption. It will generate and bring more space, more room for new opportunities in our mall. People who are doing fine, people who are innovative.

So we had some gains there. I regret that. I'm very sad when a tenant is not profitable, but it's not because of the mall because other tenants are doing fine. Otherwise, our doors would be closed. So I would say that's a natural agreement, a natural process across the (inaudible).

And we human beings have a renewal process in our own bodies. Cells are constantly renewing. And a lot of the tenants are also (inaudible).

So we have an impact on our audience. Well, we can lose money, but we can never lose flow. We could never impair our consumer trust. This is critical. I don't know if I answer your question, but I understood it to answer all your other questions, and we deeply value what we can do with our locations. That's very important. That's key.

Although occupancy rate is slightly lower compared to our recent past, pre-pandemic levels, we do value our operations a lot, and what we're going to include in it. So oftentimes, we won't hesitate to go for a higher turnover rate with other solutions because as Dr. Peres said, that's an opportunity to turn the mall into a better place. So I hope that soon we can publish a case study, just as we did in the past with another group that left us, I think he'll recall that well, and maybe we can have a new study in the future. So we are really engaged in that with a lot of trust.

And your question about the take rate sounds great. As you say in English, there is no free lunch. So oftentimes, people say, well, brick and motor will come to an end. Everything will be sold on the web and because there are no costs. If you're a tenant that is going to run your own sales channel, your customer acquisition cost has to be there.

If you're going to use. marketplace, you have to take rate and it entails a cost. And you compare it to occupancy costs, how much you sell. Now what about the following, and here comes our digital strategy. And you also mentioned very well our super app, Multi. We want to generate additional value… (inaudible)

...in our mall. So we are going to leverage the physical presence, the pace of consumers that is already there. How much does it cost to have a base of customers as we have in our malls, which is so strong, so loyal and they daily come back.

So it takes a long time to build that customer base. So what you said is very important, right? What you said is very important to show that the take rate, using your example, 20% is way above our occupancy cost.

Now I would just like to repeat something that I said many times in the past, we were -- well, we joined so many conference calls. Retail is not only digital, not only brick and mortars, it is one and the other. That's retail, it depends on how consumer wants to interact at that time, owing to their needs, convenience. And in the mall, we do even further. Dr. Peres told us a lot about it. It has to do with people meeting one and another.

That's something they cannot do in the digital world. People meeting one another, interacting, enjoying lunch and dinner together, doing shopping, having experiences, feeling, touching added to convenience of buying online. So that's what, at the end of the day, we want to deliver to our consumers and tenants alike, okay. Thank you, André. Did we answer your question?

Operator

The next question is from Jorel Guilloty with Morgan Stanley.

Q - Wilfredo Guilloty

I'd like to talk more about delinquency. We can see there is a significant drop in the Second Quarter, coming to 7.7%, now in Q4, usually, in the Fourth Quarter and First Quarter, we see an increase in delinquency. So I would like to better understand how you're considering delinquency now that we are getting, in the First Quarter, do you expect to see it to go up similarly to what it did in the past or maybe slightly higher?

And connected to that, how do you think about accounts receivable? Because, obviously, it went up from the third to Fourth Quarter as it usually happens. Should we expect to see a different trend compared to the past in terms of accounts receivable being currently paid? That's it.

A - Armando d'Almeida {BIO 16000150 <GO>}

Jorel, thank you for your questions. Jorel, first of all, following the standards -- the governance standards and rules, I cannot give a guidance. And secondly, what the world lived last year made our forecast, any forecast to disappear. But like I said before, we are very confident about our locations. Like I said to André, the value behind the location or the value behind having a delinquent store in a prime location. And if you think about this place where you have a lot of vacancy -- and by the way, you mentioned shop, and we are considering the value of the location and the risk of a longer delinquency time.

Obviously, the First Quarter owing to January, more specifically, owing to the rent and the higher rent in December, January is a month where, seasonally speaking, you have higher delinquency rates. And in the current month of January, it was atypical because on top of delinquency, we also had a number of restrictions to operations in many cities.

And obviously, we expect to see an impact on our figures. This is going to have an impact. We are in January, but we still have February and March. Many things can happen. We have vaccination, signs of improvement, employment coming back, the economy growing again and children going back to school.

And cities like São Paulo, for instance, people moved into different cities outside the big centers, and they're coming back now. So there is a dynamic here, and I wouldn't like to work on any kind of guidance for the First Quarter. It's too early to say anything, and the environment is very different.

What about accounts receivable? I would just like to say that we didn't change the way we are charging, we are repeating the same statement meeting after meeting, quarter-on-quarter. We keep on charging the bank slips to mature in the day following the collection month. So the bank slip in January is due on February 10 or 15. There is no deferred bill. So accounts receivable basically and primarily are due to the rent charge. We are charging more and more month after month, and secondly, with a higher delinquency.

I apologize because I've said -- so I apologize, we were talking about fashion and somebody corrected me because I said the wrong name of the store. So I apologize.

Operator

Pedro (inaudible) from Crédit Suisse.

Q - Unidentified Participant

A quick question. What about the Golden Lake? Do you have an update to give us? What is your expectation and what is the phase of the approval? Could you give us some color about the status.

A - Unidentified Speaker

I'm going to explain this to you. We are already building it. If you go there, you will see all the machines working. We have already started our free pre-sale with all the documents. And just to give you an idea, it took us 10 years until it was fully approved. 10 years for the full approval that the country, but the project has not been changed.

That is to say, everybody is receiving it very well, and we started a communication campaign, advertising campaign. And people who -- people go there and they see that it will be built. And it was, in fact, one of our main projects in the country. Such as we did the Golden Lake here, it was a big hit, and we decided to repeat the same formula there, and we build as we sell.

But the organization in five months' time, it will be totally concluded with the big lake and clubs and many tennis courts and right across the Guaiba River, which is a very special place. Only a handful of projects can build right next to the Guaiba River, and we do not foresee any problem whatsoever. It took us so long to make it feasible, but the company is going to get a very good return, and it's going to be another iconic project in the country. We are sure of that.

Operator

(inaudible) from Santander.

Q - Unidentified Participant

Mr. Peres, Armando, congratulations for the results. I would like to ask two questions. One about Jacarepaguá. What is the demand for the project? Your gross leasable area? And could you explain to -- and the increase that we saw in the Fourth Quarter, and regarding the bonuses at the end of the year? And what can we expect for 2021 in relation to this line?

A - Armando d'Almeida {BIO 16000150 <GO>}

Thank you for the questions. In relation to Jacarepaguá, we are close to 65% of the gross leasable area already leased, and we only resumed as of the second half of last year. And as I said before, this is very positive. We are very enthusiastic about it, and it is a unique opportunity. As Mr. Peres said, it's a modern project with 10,000 square meters, and the best project for Multiplan here.

And although it was conceived and built much before the pandemic, it is very much aligned with everything that we have been detecting regarding needs and even more so after the epidemic. And let me go back a little bit here. During the year, we had many tough measures put in place in the company, but we believe it was necessary to put them in place in order -- because of the lack of visibility for planning and when we would be returning and how.

And as the sky became more clear, and as we reached our internal targets that we established, we reestablished in the Fourth Quarter a provisioning for bonuses that had not been done during the year already.

So I believe that you must remember that in the Second Quarter, we reversed some of our provision. We reversed some of the provisions, and in the Fourth Quarter, we had higher provisioning, and this is why we had this impact. Well, you had to look at the year and you need to have a snapshot of the full year, okay?

If you look at the full year, I think it becomes more clear, and it will help all of you to establish your models. In Jacarepaguá, in fact, we are already close to 80% of the gross leasable area already rented, okay? Just correcting what was said before. Thank you, very much.

And I would like to invite you to come and see our projects, and it would be a great pleasure for us to bring you all there to see our project. You would have like kind of on-premier.

Operator

Marcelo Motta from JPMorgan.

Q - Marcelo Motta {BIO 16438725 <GO>}

In January, what was the percentage of opening hours? Given there are some restrictions regarding the Greater São Paulo area and Belo Horizonte so I would like to know the situation in January? And your treasury stock, are you going to cancel them?

A - Unidentified Speaker

In January, we had about 77% of the opening hours vis-à-vis the previous January 2019, 2020. And the idea regarding these shares is to keep them in our treasury until we have a clear picture of the situation.

Operator

Question from the webcast. And the question is from Aberdeen, from Jones. How much did you invest in your digital initiatives in 2020? And what is your expectation regarding this kind of investment for the next couple of years?

A - Armando d'Almeida {BIO 16000150 <GO>}

Bethany, thank you for your question. I'm going to try to remember and fetch this on my memory. I think it was from BRL 13 million to BRL 15 million in expenses and CapEx expenses you have already seen because of our reports. And the CapEx is there as an investment. What Mr. Peres said, last year was very atypical because of the huge uncertainty that we had, but this was an area that we gave top priority in the company, and we kept our people. We focused and we made an investment at the end of the year.

All our system regarding awards and our marketing strategy was done 100% through our app. So we had over 500,000, 600,000 downloads of our app because of that. And now during 2021, and from now on, we are going to invest more. And unfortunately, due to governance reasons, I'm not going to give you a projection or give you a figure.

But our intention is to give a big focus and bring this area of retail inside the company, better to say bringing value and additional value to our tenants and drive our brick-and-mortar stores and bringing convenience to our consumers as well, bringing many services to our consumers, to our clients via apps. And then will bring a lot of facility to them very user friendly, giving them new options and made our investments also to capital increases that reinforced our capital. We participated in that.

And in the first one, we contributed about -- no, 19 million[ph] in the second and the first 2021[ph]. If I'm not mistaken, I'm trying to remember, and we have information from the company informing the value. So this was to support the growth plan, investment in delivery center and both happened last year. I hope I answered your question.

Operator

Thank you for all your questions, and thank you for your interest.

In order to be respectful to time, we close the Q&A session. If you do have questions, please contact the IR department.

Now I would like to give the floor back to Dr. José Isaac Peres for the final remarks.

Over to you, Dr. Peres.

A - José Isaac Peres

First of all, I would like to thank you all for your patience.

Thank you for listening to our conference calls. I know sometimes they can be a little bit boring. But we are almost always ready for any questions you may have..

Secondly, I'd like to say that I'm very bullish about the year. I believe we'll go back to normal, and once normal life comes back, naturally, there will be a huge increase in demand. And this time, even more powerful because people have saved for so many months. They haven't bought a thing. So it's only natural that we can even have our V-shaped recovery.

The Central Bank is now an autonomous independent institution, which is great news to Brazil and to all of us. We know they take better care of our currency, the purchasing power of the currency. We just heard that the Central bank does not intend to increase interest rates in March, for instance.

People expected this to happen, but it won't. So they're very happy about it.

I believe if we consider the current interest rates in Brazil of 2%, we set ourselves slightly higher than that. But naturally for a company that has been on with half a century and had inflation rates of 100%[ph], 2% is not significant. 3% or 5% is also good. The company has a lot of credibility. The company was never in default, was never delinquent over 50 years.

So I hope that I'm very confident that Brazil is going to come out of this crisis even better, already in the First Quarter and the Second Quarter will be even better. There will be a strong recovery. Thank you, very much.

I'm very bullish. We will keep on investing. We are going to deliver Jacarepaguá, which will generate 2,000 jobs at a country in which nobody is doing a thing. We are investing, generating jobs. So Jacarepaguá, which is a very important location, 600,000 people added for services. We're going to deliver it. It's a project that will really renovate the whole region.

Thank you, very much to all of you.

Operator

This concludes Multiplan's Fourth Quarter 2020 earnings conference call.

Have a great day.