

## Q2 2014 Earnings Call

### Company Participants

- Carlos Medeiros, Chief Executive Officer

### Presentation

#### Operator

Good morning, ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everybody to BR Malls' Conference Call. Today with us, we have Mr. Carlos Medeiros (inaudible). We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the company's presentation. After that, there will be a question-and-answer session for analysts and shareholders. At this time, further instructions will be given. (Operator Instructions) Today, we have a simultaneous webcast that will be accessed through the BR Malls Investor Relations website. The slides presentation may be downloaded from that website as well. There will be a replay facility for this call on the website for a week.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of BR Malls' management and on information currently available to the company. They involve risks, uncertainties and assumptions because they relate to future events, and therefore, depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of BR Malls and could cause results to differ materially from those expressing in such forward-looking statements.

Now, I will turn the conference over to Mr. Carlos Medeiros, who will begin the presentation. Mr. Carlos Medeiros, you may begin your conference.

#### Carlos Medeiros {BIO 15324538 <GO>}

Hi, good morning and thank you for participating in our second quarter 2014 conference call results. As we've done in the past, we'll go through a brief summary of the quarter results; and then Fred and myself will be here to answer any questions you may have. So we'll start this brief presentation and you can follow it through the presentation that is available on our website. Our net revenues for the quarter reached R\$332 million increasing 5.4% from the prior year periods, excluding the malls that we divested in the rest of months, as net revenues increased by 7% from the same period of last year.

Our NOI reached R\$309 million increasing 6.6% from the second quarter of 2013, in our NOI margin the period was 92%, an increase of 60 basis points compared to the second

quarter of 2013. Excluding our recently divested properties, our NOI reached 8.1% year-over-year growths.

Our adjusted EBITDA totaled R\$268 million in the quarter increasing 7% from the prior year periods. Our EBITDA margin for the periods was 80.5%, which represent a growth of 110 basis points over the second quarter of 2013.

Our adjusted FFO was R\$109 million in the quarter with a margin of 32.7%. Our net income for the quarter reached R\$299 million, an increase of 62% over the second quarter of 2013. Our total sales totaled R\$5.4 billion in the quarter, 86.8 growths over the second quarter of 2013. Excluding the three properties we divested this year, our total sales were up 13.1% year-over-year.

Same-store sales for the quarter were 7.5% and same-store rents were 8.6%. Our occupancy costs for the quarter decreased 10 basis points reaching 10.4% compared to the number we reached in the second quarter of 2013, and a 70 basis points decrease in the second quarter of 2013, when compared to the first quarter of 2014.

Our occupancy rates for the quarter was 97.3%, 29 of our 49 malls, reached an occupancy rate of over 98% in the quarter. Also in the second quarter, we opened three extensions; Shopping Piracicaba in the state of Sao Paulo; Shopping Recife in the state of Pernambuco; and Sao Luis Shopping in the state of Maranhao, together they increased our total GLA by almost 14,000 square meters and owned GLA by 10,000 square meters. We estimated this (inaudible) projects to generate R\$10 million (inaudible).

With that, we end this brief summary of the second quarter results and we are now available for any questions you may have. Thank you.

## Questions And Answers

### Operator

Ladies and gentlemen, we will now initiate the question-and-answer session. (Operator Instructions) This concludes the question-and-answer section. At this time, I would like to turn the floor back to Carlos Medeiros for any closing remarks.

### A - Carlos Medeiros {BIO 15324538 <GO>}

Thank you for participating in our second quarter 2014 conference call. We remain available here, if you have any further questions. Thank you very much. Bye.

### Operator

Thank you. These does concludes today's presentation. You may disconnect your line at this time and have a nice day.

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