Q4 2013 Earnings Call

Company Participants

- Armando d'Almeida Neto, CFO, IR Officer
- Rodrigo Krause, IR Superintendent

Other Participants

- Paul Jones, Analyst

Presentation

Operator

Good afternoon. And welcome, everyone, to Multiplan's Fourth Quarter 2013 earnings results conference call. Today with us, we have Mr. Jose Isaac Peres, CEO; Mr. Armando d'Almeida Neto, CFO and IRO; Mr. Marcello Barnes, CRO; Mr. Rodrigo Krause, IR Superintendent; and Mr. Hans Melchers, Planning Management.

Today's live webcast and presentation may be accessed through Multiplan's website at www.multiplan.com.br/ir. We'd like to inform you that this event is recorded and all participants will be in a listen-only mode during the company's presentation. After Multiplan's remarks, there will be a question-and-answer session. At that time, further instructions will be given.

(Operator Instructions)

Before proceeding, let me mention that forward-looking statements are based on beliefs and assumptions of Multiplan's management and on information currently available to the company. They involve risks and uncertainties because they're related to future events and, therefore, depend on circumstance and may or may not occur.

Investors should understand that conditions related to the macroeconomic scenario, industry, and other factors could also cause results to differ materially from those expressed in such forward-looking statements.

Now I'll turn the conference over to Mr. Rodrigo Krause in the name of Mr. Peres. Mr. Rodrigo, you may begin your conference.

Rodrigo Krause

Thank you. Good morning, everyone. Good morning, ladies and gentlemen. 2013 was a (quite defined) year. Multiplan concluded a great investment cycle, which began in 2010, and increased our own gross leasable area in 71%.

The company is preparing itself for new projects to develop. In the two years of 2012-'13, Multiplan invested BRL1.35 billion in three new shopping centers, VillageMall, JundiaiShopping, ParkShopping Campo Grande, and three expansions in RibeirÃ£oShopping. This practically doubled its GLA. As was expected, the consolidation process demands more financial efforts and, as a consequence, the expenses were proportionally bigger. On the other hand, these projects have added BRL2.1 billion in value to the company.

Although recently inaugurated, the new shopping centers are presenting good results in the short term. VillageMall ended 2013 with an occupancy rate of 98.9%. Similar numbers were presented by JundiaiShopping and ParkShopping Campo Grande. The average occupancy for all Multiplan shopping centers ended the year with 98.6%, above that of 2012, which was 98.1%.

Sales in our shopping centers increased 16.3% in 2013, and same-store sales increased by 7.4%. In January 2014, sales went up 9%, surprising all that had negative expectations. We have two projects under development, one in the city of Canoas, state of Rio Grande do Sul, and another in (Jacadepagua), a neighborhood of city of Rio de Janeiro. We will disclose more detailed information in its due time.

We count on a land bank almost totally paid for with 631,000 square meters. These land plots may generate a potential 19 projects with a PSV of BRL7.3 billion. Given that almost the entirety of this land bank is paid for, the development of these projects throughout the next five years or more may generate a cash flow of about BRL3.1 billion.

These properties have been accumulated throughout the years and have a book value of BRL466.1 million. If we discount the cost of land, these projects may generate throughout the next several years an additional non-recurring net income of about BRL2.6 billion.

This is a strategy the company has adopted and that focuses on the shopping center, but that takes advantage of market opportunities for real estate projects for sale, which in addition to generating more flow to our properties helps create value for the shareholders.

We are about to conclude in May the seventh expansion of BarraShopping, with 45 new brands, such as Forever 21 and GAP, among others. This shows the interest of national and foreign brands in being part of BarraShopping, which has been elected the best shopping center in Rio four years in a row by the readers of the newspaper O Globo. We are building a new corporate area integrated to BarraShopping with 4,200 square meters in line with our philosophy of mixed-use projects.

It is worth mentioning that the Morumbi Corporate Development project that cost us about BRL500 million is appraised today at BRL1.4 billion and is already occupied by big tenants, such as Deloitte, Samsung, Mellita, among others. This project should generate significant revenues for the company of about BRL100 million per year.

In Porto Alegre, the two towers by BarraShoppingSul, one commercial and the other residential with services, were almost completely sold, more specifically, 96%. The construction works of these projects will be concluded this year. With this, we will be creating a bigger synergetic effect in the project as a whole.

We will continue in 2014 to pursue the path that we have determined for our company, envisaging growth through the development of new projects and consolidating the existing one. We already foresee a bigger net income and EBITDA for this year, given that our projects for the two years of 2012 and '13 were concluded and are totally consolidated and generating lower expenses.

We would like to call your attention to the fact that Apple Store in Latin America, the first one, was inaugurated in our VillageMall here in Barra da Tijuca, which we got the most coveted store in the world. Apple inaugurated its store on February 15th this year, having chosen our mall for its exceptional characteristics. Its arrival reinforces Multiplan's goal to continue to bring important and new brands to the country, meeting the demands of Brazilian consumers in the main cities.

I would like to thank our employees, our tenants, and all that participate in this continuous management process, development, and shopping center growth in the company. I also thank our shareholders, analysts, and the press that follows us for your trust in this ambitious plan to make Multiplan an even better company for our consumers.

I will now pass the floor to Armando d'Almeida, who will continue with the details of our financial results. Thank you.

Armando d'Almeida Neto

Thank you, Rodrigo. Thank you, Mr. Peres. Ladies and gentlemen. good morning.

Let's begin by remarks from the presentation start on page four of our operating results. Starting with Multiplan shopping center sales, which increased 16.3% in 2013, were almost four times bigger than the Brazilian retail sales evolution of 4.3%. Same expectations were bearish sentiment (for us) for retail evolution during throughout 2013 and the same for the Fourth Quarter, and even the Fourth Quarter alone showed a resilient figure for both the national retail and our malls' performance. This reinforced the importance of the sector when considered future retail expansion.

In Fourth Quarter '13, same-store sales went up 7.6%, while same-area sales increased at 8%. These figures are quite robust when compared to the same base growth of other quarters, such as Fourth Quarter '12, First Quarter 2011, and Third Quarter 2011, periods in which the perception of retail growth was much more positive than the last quarter of last year.

Growth this year reached 7.4% and 7.5% for same-store sales and same-area sale, respectively, results in my opinion much superior to those expected by the market and analysts in early 2013, and could have been even better if were not for the events that happened that we've seen in the Second Quarter, like the Confederations Cup and the demonstrations on the streets.

I call your attention to the fact that percentage growth must be compared with the base, with the act of (value in) currency in reals, to grow on top of already high base is a different challenge than that's what -- is a different challenge. And that's what we have delivered in 2013 and in the preceding years.

As examples, sales in our portfolio were of BRL1,873 per month per square meter, include all anchors and satellite stores, as you can see in the picture on the top right, the increase to BRL2,546 per month per square meter for stores up to 10,000 square feet or 1,000 square meters and BRL2,950 per store for stores up to 200 square meters, which happens to be the majority of our portfolio -- in our portfolio.

Our shopping centers presented a growth in the year, with the highlights going to RibeirÃ£oShopping, with 17.4%, and Shopping Santa Ursula, with 13.4%, both located in the city of Ribeirao Preto, and we're talking about nominal growth here. In ParkShopping SÃ£o Caetano, in the metropolitan area of Sao Paulo, in its second year in operation, posted a growth of 14.4% in nominal sales.

(During) 2013, but now thinking about and at the same base comparison, the same-store sales, BH Shopping increased 7.5% sales in same-store sales comparison, BarraShopping 7.9%, and ParkShopping Brasilia 10.4%, Shopping Santa Ursula in Ribeirao Preto, 11.6%, and ParkShopping SÃ£o Caetano 13%, just a few of the key notes on the same-store sales evolution in 2013.

The three new shopping centers that were delivered in 2012 and Shopping MaceiÃ³ that were delivered in mid-November last year, contributed with BRL1 billion in sales last year and shows strong growth when compared to the opening days throughout the end of the year, and we will see that in a few slides ahead.

Just an example, in the month of January 2014 last month, we saw sales at JundiaiShopping increasing 12.3%, at ParkShopping Campo Grande at -- is up 37.5%, and VillageMall also in Rio 25.8% increase in sales, January 2014 compared to January 2013 -- '14, I'm sorry.

Now on page five, we highlight the charts on the top left. It's a balanced performance of same-store sales between anchors and satellite stores. Figures also quite clear is on the chart on the bottom, where we showed the details per business segment. Please note that the service stores increased sales in our shopping centers on the same base comparison, above 13%. The same holds for apparel anchor stores that went up by 9.7% in the year.

The chart both on the right shows the GLA per segment. The intention is to show the equilibrium between the different sectors and more so the size of the areas for service and food.

Often sales expectations for shopping centers are associated almost exclusively to the performance of a given sector. And as you can see, it's not quite so. I recall (Mr. Peres) words when he says that people come to the shopping center to enjoy, to have fun, and sales are a consequence of being there.

On page six, and very quickly, the occupancy costs in the Fourth Quarter decreased to 11.7%, down from 12.4% in the same quarter in the previous year, as well as the GLA turnover that was half in percent of a GLA. We measured GLA in the percent of the total -- the GLA changed it as a percentage of the total GLA.

And it is half of what it was in Fourth Quarter 2012, but you've got to consider that we increased our own GLA by 25%, and most of the stores that we changed, not only the Fourth Quarter last year, but throughout last year were smaller stores, satellite stores. Just to give you an idea, we shifted; we replaced 314 stores in the year. It's like a large shopping center, right?

This is just to show the attractiveness of our portfolio. We saw an increase in occupancy from 98.1% to 98.6%, in spite of the strong delivery of five new shopping centers between 2011 and 2013. Finally, on the top right corner of the slides, with 1.8% delinquency rates is in line with -- is in line with that of the previous year, 1.8%.

And as expected, the rent loss figure increased from 0.3% to 1.1% due to the delivery of more than 100,000 square meters of GLA and thousands of new stores during the year of 2012. Just a reminder that delinquency is rent delays between 30 days and six months and will become a loss after six months. That's why you saw the rent loss increasing back in the second half of the year of 2013.

Let's address now gross revenues. And moving to page seven, slide seven, just a reminder, note that in January last year, we saw that tower in Sao Paulo called MorumbiBusinessCenter. It was a one-of-a-kind type of a deal, an already delivered building, and the impact in the same year of 2012 was significant, making comparisons with the results in 2013 very difficult. For analysis purpose, we will show data with and without the sales of the tower.

Gross revenue increased 21.7% compared to 2012. We saw increases in our shopping center lines, as well as in that of recurring real estate for sale. Minimum of fixed rent represented 88.6% of our main source of income, rental revenue, with 63.2% of the total, followed by parking, with 12.2%, and services, the portfolio management, with 98.8% of the gross revenue. By the way, services revenue was almost the same amount of the G&A expenses, but we will address that back later.

Moving to slide eight, with more details on rental revenue growth, rental revenue increased 18.7% in 2013, the result of a non-cash, straight-line effect that fell 64.7% and boosted by the 22.7% increase in the minimum rent. The highlights in terms of nominal increase in rent goes to RibeirÃ£oShopping, with 17.6%, New York City Center in Rio, with 14.6%, ParkShopping Brasilia, with 12.7%.

Another example of growth strength is to analyze shopping centers with more than 30 years in operations, and we saw nominal rent increase by 8.4% in 2013. The increase of only 3.1% of the normal rent of Morumbi Shopping, as you can see in our earnings release, is explained by the gap resulted from the changing mix and easily understood when we compare the 3.1% nominal increase in rent to the 7% increase in same-store rent in the year for Morumbi Shopping.

In terms of same-store rents, highlights also BarraShoppingSul, in Porto Alegre, that completed its fifth year in operations and increased same-store rent by 15.11%, BH Shopping that increased 13.1%, Shopping Santa Ursula, with 11.9%, and ParkShopping in Brasilia with 11.8% same-store rent increase.

Moving to slide nine, we want to present the quarterly and annual evolution of the same-store rent with a breakdown between real growth and inflation effect, what we call the IGP-DI effect in our results. As with the most bearish expectations for sales at the beginning of 2013, the growth in rent also surpassed expectations, mainly when we talk about the real growth, that reached 2.5% in 2013.

By the way, on the chart on the bottom, we demonstrate the continued real growth surpassing the index that adjust our lease contracts and the inflation measured by the IPCA, the Brazilian equivalent to the CPI in the US.

This is not a mere coincidence. This is the outcome of our strategy, to pursue a portfolio of fortress malls, destination malls, where our tenants can achieve strong operating results.

On page 10, we want to give you more details on our new malls that were delivered in the Fourth Quarter -- during the Fourth Quarter 2012, JundiaiShopping, ParkShopping Campo Grande, and VillageMall. Please note that on the chart on the top side of the slide, the evolution of sales quarter by quarter and the occupancy rates quarter by quarter, what was already high got even better throughout the year.

On the bottom part, we highlight the evolution of the flow of vehicles per month, once more presented strong growth, even when we disregard the number which isn't small from that of the foot traffic, due to the previous location the shopping centers have.

On slide 11, we want to highlight the growth potential the company has even if we do not increase our GLA. Only looking at our new shopping centers delivered in 2012, not included here, Morumbi Corporate, the towers delivered last year, ParkShopping SÃ£o Caetano delivered in 2011, or Shopping Maceio, that was delivered at the end of last year.

Just on the three malls that we focused, the growth potential counts for sales and rent, as is natural for new properties, the new shopping centers presented operating metrics that are lower than the average of portfolio still. With the consolidation process, these figures are expected to converge towards those (all) consolidated (the most), an upside of 103% for sales and 78.5% for rent.

We have in some of our presentations examples of the evolution of consolidation process in our shopping centers. I mean we have BarraShopping, BarraShoppingSul, ParkShopping SÃ£o Caetano, so please contact our Investor Relations Department if you require more data with more information on that.

Now start talking about results. As expected, the shopping center expenses presented a strong growth, both in the Fourth Quarter and in the fiscal year of 2013. We opted to protect our new development and expansion, promoting them, offering better services, and aiming at allowing at a better performance than we have seen so far. We have also saved space for new and important brands such as Apple Store and Forever 21, just as an example, in this case, both located in the -- in VillageMall.

Those are just clear examples, and the implied costs is temporary vacancies, so we hold space for brands that are important -- new brands come into Brazil, you're trying to find space, to search for space in malls that are very busy already, and you got to have the cost of a temporary vacancy and the common costs during this changing mix.

And -- but we are convinced that we have done the right there, but with a price that impacted our results in 2013, with the upside that it forces growth, consolidation, and long-term revenues, this is basically the short-term view, the short-term costs with the long-term views of growth and continued revenue increase.

NOI plus key money increased 15.4%, reaching BRL744 million, with a reduction in margin from 89.6% to 85.7%. NOI per share, a measurement we understand demonstrates the great challenge it is to develop new properties on top of a portfolio that is consolidated, and iconic shopping centers we have. Gross at CAGR of NOI plus key money growing at a 14% is certainly something that makes us feel proud.

On slide 13, and before we speak about EBITDA, some brief remarks on the general and administrative expenses and services revenues. G&A increased 8.1% in 2013, compared to the 21.7% growth of gross revenue. Margin, the G&A to net revenues margin, was 11%, the second-best since 2007, the year that the company went public. Second only to that of 2012, with a 10.4% margin benefiting from the sale of MorumbiBusinessCenter.

With the exception of shopping center expenses that increased 65.8% in the fiscal year, we understand that the order expense lines were well behaved. G&A, as I mentioned, went up 8.1%, while expenses with new products for lease fell 29.6% and new products for sales fell another 21.2%. Q1 G&A, we would like to compare to management revenues of properties, to the service revenue, in which we reached the mark of 0.97 times.

That is almost the entire expense of G&A, where there are teams dedicated to development and future growth and have a significant weight on that cost, and we basically have this -- all G&A entirely based with the service revenues with the portfolio management.

The company consolidated EBITDA increased 12.7% when we exclude the sale of MorumbiBusinessCenter last year, while shopping center EBITDA increased 16.1%, with margins of 62.4% and 70.4% respectively. EBITDA was impacted also by non-recurring items, such as legal expenses in the form of fiscal counseling and to adhere to the REFIS program, both leading to the demise -- demise? Demise, I'm sorry -- of contingencies for a total of BRL393.4 million.

Furthermore, the already mentioned shopping center expenses, the fact of the linearity and the sale of MorumbiBusinessCenter made the comparison between the years very difficult. The effects I have just described were added by the company's increase in leverage, which went from 2.4 times in December 2012 to 2.6 times in September '13 and to three times in December 2013. This is to explain the decrease in FFO by 1.9% and now on slide number 14.

The flipside of the coin is that financial expenses regarding the increase in leverage due to the investment in new properties also brought an increase to fair value of our (properties) that we will see in some slides ahead. Net income as the last line in the financial statement was impacted by all the items already mentioned and by the increase in depreciation as a result of the large investment (recently) delivered. If we do not consider the sale of MorumbiBusinessCenter, net income would have dropped 7.3% year over year.

Let's move now to slide 15 to talk about indebtedness. Well let's -- I think it will be easier to move to slide number 16 straight. As I mentioned, the net debt to EBITDA ratio is now at 3.03 times. The main indices for our indebtedness are the TR, the reference rate, with a 42.3% of our gross debt. You can see the line on the -- in red on the bottom of the page, the chart on the bottom of the page. And the CDI, that is the Brazilian LIBOR, with a 42.5%, so both balancing the bulk of the debt in TR and CDI.

Our average (tenant) is now 53 months -- it's basically four-and-a-half years -- with a total fixed cost when you balance all in of 9.87%. I'm talking about the index plus the fixed component of the rate. If we fix the cost of debt of Multiplan, we are now paying 9.87% per annum. That is 13 basis points below the CDI in December 31st that was a 10% per annum and is now -- it is today at 10.5% per annum.

Let me just do a different comparison. Let me -- in terms of costs of debt. Let's swap the cost of debt from fixed 9.87% to CDI. Our cost of debt will be basically 98.7% of the CDI. If we do that to the IGP-M, that is the equivalent to Brazilian PPI in the U.S., our costs will be IGP-M plus 4.36% per annum. We've used the IPCA that is a better comparison, the Brazilian equivalent to the CPI; our costs will be IPCA plus 4.10% per annum.

If we compare our costs in IPCA with the value of a federal bond, let's say, the (NTN-B). They have a similar relation, the (NTB), (NTN-B 2018) -- it is traded today at 6% per annum, IPCA plus 6%, and it was traded recently at 7% per annum on top of the IPCA. And our funding cost is at 4.10%, just to see the gap, just to see what the funding that we created. Net debt is nowadays equivalent to 12.6% of the fair value of our products.

In this past quarter, Multiplan also had an upgrading in global rating in Standard & Poor's from BBB-minus to BBB, and with a stable outlook.

Let's move to slide 17 and talk about development and investments made. For 2013, investment reached BRL750 million in new shopping centers, expansions, commercial towers, police, and the acquisition of land. We have completed a cycle of announced products since 2009 when we announced ParkShopping SÃ£o Caetano, and we start building on -- on the following year, 2010, which resulted in a 70.9% own GLA growth between 2010 and 2013.

We now have a land bank of 631,000 square meters of area, various projects in the approval phase, and 52% of our GLA has less than five years in operations -- in operation. This gives us the possibility to grow organically in the same areas.

But let's get back to what has been delivered in the Fourth Quarter now on slide number 18. In a partnership with Allianz, we've delivered Parque Shopping Maceio with 37,580 square meters of GLA, 163 stores, and 1,800 parking spots. The shopping's (born) with expansion already planned and extensive area for future developed of mixed-use real estate projects.

On the slide 19, we can see the pictures of the delivery of Expansion VIII in RibeirÃ£oShopping, with 9,400 square meters of GLA, 60 new operations, several first-time and international stores, adding a variety of stores focused on fashion, gourmet, service, culture, and entertainment to the shopping center. This will give you an idea of the size of RibeirÃ£oShopping today in the countryside of Sao Paulo.

In RibeiraoShopping, we have 380 stores, of which about 20 are anchors or mega-stores, 61,900 square meters of total gross leasable area, and 91,300 square meters in commercial area, in gross commercial area, in addition to almost 3,500 parking spots, of which 1,200 are covered parking spots.

On its way to being delivered in the -- in the first half in the Second Quarter now 2014, we have the VII expansion of BarraShopping on slide 20, a development that is about to complete -- BarraShopping development is about complete 33 years in operation and continues to grow. On top of the expansion, we are building two stories of corporate offices space with a GLA of 4,200 square meters and will be delivered right after the stores in the Fourth Quarter of 2014.

We are beginning the facade and finishing of Diamond and Residence du Lac Towers, as you can see on slide 21, the mixed-use projects in BarraShoppingSul that are practically all sold.

In the next three slides, to finish, we will touch on the subject of fair value that's been very frequently asked question, starting with the slide 22. Here we're showing the effect of properties under development in blue and the future projects and expansions in gray.

There are -- they were not announced on the respective dates, in blue were developments that we announced with names and respective (scaros); in gray, projects that we have in our pipeline only expansions of most that by then hasn't been announced yet.

And in red, you have the value of the properties that is in operation. As projects are delivered, the area in red grows with the new properties, and expectations of higher growth rates related to the new projects, making the gap in rate over NOI a little lower.

On the following slide, 23, we show a similar effect, but now comparing the total fair value with the owned GLA growth.

And finally, on slide 24, the relationship between fair value and market cap of Multiplan in December 31, 2013, that is at a ratio of 64.8% now. This past quarter, we -- for the discount of our cash flow, we used a nominal rate of 14.64%, basically 100 basis points on top of what we used on the year before.

For those interested in fair value, we have a more detailed information on our financial statement in our earnings release.

Before to move on the Q&A session, I would like to comment on the increase in Multiplan's stock liquidity, which in 2013 increased 37% in the volume of shares traded and in 52.5% in the financial volume traded -- daily traded, in spite of the drop in stock quotes of 17.1%. Our negotiability index presented also a significant evolution throughout last year.

I'd like to thank you all for your support, your time, your interest in Multiplan. I now open the floor for the Q&A session. Thank you very much. Operator, it's back to you.

Questions And Answers

Operator

Thank you. The floor is now open for questions. (Operator Instructions) Our first question comes from (Paul Jones) with AEW Capital Management.

Q - Paul Jones {BIO 17898473 <GO>}

Thank you. I'd just -- this is more of a big picture question. You know, as you see the economic data coming out of Brazil and the concern that Brazil is heading into recession, how do you -- you know, do you operate your malls more defensively or differently in preparation for that? Or just more strategically, how do you look at operating in a weaker economic environment going forward?

A - Armando d'Almeida Neto

Thank you, Paul. Well one of the reasons we brought -- we disclosed that GLA distribution for different segments -- and I touched on that point -- is to see that consumers come to malls not just because they want to buy something, buy new clothes, buy new shoes.

They come to malls because they want to enjoy a very good restaurant, because of the location of the mall, movie theaters, service stores that are very large, right, all the food and gourmet areas very, very convenient, as well. So sometimes being there, they end up buying something. "Oh, I'm here, so you know what? I forgot, I have a birthday party tonight."

So the whole atmosphere, they create with a mix of service, entertainment, and the traditional retail stores of electronics, home offices, and apparel. I think that's a little bit unique to Brazil, the larger areas that we present in the malls in regards to service and food court, in my opinion.

What -- so this is one reason that's not been given than what we've been doing for many years, but I think differentiate and protect the mall in economic downturn like you mentioned.

The other point that I would like to make is that retail is growth -- is growing faster inside shopping centers. So when you look at the economic data overall, don't expect to see the same impact on shopping centers or in the street store.

And I want also to highlight that if you look back, the expectations on retail performance in January 2013, looking forward for the full year, I think that retail overall performed much better than was expected, especially inside shopping centers. That's why I mentioned that, in 2013, our mall sales increased fourfold, almost fourfold to what we saw the national retail.

And last but not least, what we've been doing is change mix, bringing attractions. As Mr. Peres was saying, the Portuguese call innovating with attractions, with new operations, with looking forward, anticipating consumers' demands and needs, and that's what we've been doing. We were the entrance door for many international names to Brazil this year.

We just opened the first Apple Store in Latin America in VillageMall in Rio de Janeiro, and many other names are coming to our malls. So I think this is also a way to bring consumers into shopping centers and start to repeat, sales is a consequence about the -- of being there.

Q - Paul Jones {BIO 17898473 <GO>}

All right. Thank you.

A - Armando d'Almeida Neto

Thank you, Paul.

Operator

(Operator Instructions) Excuse me. Now I will turn over to Mr. Armando d'Almeida Neto for final considerations. Mr. Armando, please go ahead.

A - Armando d'Almeida Neto

Well I want to thank for your interests. We have a pretty large crowd but just one question, but I appreciate your time.

I appreciate your interest in Multiplan. We are not thrilled with the expenses -- shopping center expenses that we had last year, certainly not, but we are very convinced that what we've done is to protect, is to enhance future growth of our shopping centers, to promote the new shopping centers, and this was the first year that we had like five shopping -- new shoppings being delivered in a two-year period or three new shoppings in a single quarter that created this impact in shopping center expenses impacting margins.

But we are looking forward for future growth. We think this mall -- the new shopping centers are very well positioned. We are -- we have high expectations on leasing the other half of the Morumbi Corporate Towers we have in Sao Paulo. We've seen a pretty good demand for space there due to the uniqueness of the tower of the project we've delivered, even though, as mentioned before, in this more challenged environment in Brazil.

So we are confident that we can make -- bring better results, better metrics of our shopping centers as they're getting consolidated.

I want to thank you very much once again for your time, and we remain available for any questions or any comments that we have. Thank you. And have a good day. Bye.

Operator

Thank you. This concludes today's Multiplan Fourth Quarter 2013 earnings conference call. You may disconnect your lines are this time. Thank you.