

Q1 2014 Earnings Call

Company Participants

- Carlos Medeiros Silva

MANAGEMENT DISCUSSION SECTION

Operator

Good afternoon, 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 and Mr. Frederico Villa.

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, followed immediately by another session for journalists. At that time, further instructions will be given.

Today, we have a simultaneous webcast that may be accessed through the website www.brmalls.com.br/ir. The slide presentation may be downloaded from the 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 the 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 expressed in such forward-looking statements.

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

Carlos Medeiros Silva {BIO 1834330 <GO>}

Hi, good morning. Thank you for participating on our first quarter 2014 results conference call. As we have done in previous calls, we'll go through a very brief summary of the quarter results. And then, Fred and myself will be available for any questions you may have. If you'd like you can follow this brief summary with a presentation that we have available on our website.

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So starting the brief summary of the quarter results, we achieved net revenue of R\$322 million in the quarter, increasing 11.2% from the same period of last year. Our NOI reached R\$295 million, up 11.3% from the first quarter of 2013. Our NOI margin in the period was 90.6%, higher than the 90.2% reached on the first quarter of 2013.

Our adjusted EBITDA was R\$254 million, up 14.4% from the first quarter of last year. Our adjusted EBITDA margin reached 78.9%, an increase of 230 basis points (06:00) from the prior-year period.

Our adjusted funds from operations in the quarter was R\$80 million. And our net income in the quarter was R\$54 million, impacted by the provision of a non-cash deferred tax due to the reversal of depreciation and amortization of the fiscal goodwill.

Our same-store sales for the quarter reached 7.6%, while our same-store rents increased by 8.7%. Our tenants' occupancy cost in the quarter reached 11.1%, which represents a decrease of 0.2% from the prior-year period and below the 11.2% registered in the first quarter of 2012.

Still in the first quarter, we divested a 49% interest in the mall Ilha Plaza Shopping in Rio de Janeiro for R\$121 million. And we also divested our minority stakes in Shopping Pátio Belém in the State of Pará and Shopping Metrô Tatuapé in São Paulo. After the closing of the first quarter reporting period, we also divested our entire minority stake in Big Shopping in the state of Minas Gerais.

With that, I conclude this brief summary and open to any questions you may have. Thank you.

Q&A

Operator

This concludes the question-and-answer section. At this time, I would like to turn the call back to Mr. Carlos Medeiros for any closing remarks.

A - Carlos Medeiros Silva {BIO 1834330 <GO>}

Thank you for participating in our first quarter 2014 conference call results. If you have any questions, you may contact our Investor Relations team. Thank you very much. Have a good afternoon. Bye.

Operator

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

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