Operator:

Good afternoon. Welcome everyone to Multiplan's 2Q09 Earnings Conference Call. Today, we have with us Mr. José Isaac Peres, CEO; Mr. Armando d'Almeida Neto, CFO and IRO; Marcello Barnes, Chief Development Officer; Mr. Hans Melchers, Planning Manager; and Mr. Rodrigo Krause, Superintendent of Investor Relations.

Today's live webcast and presentation may be accessed through Multiplan's website at www.multiplan.com.br/ir.
Now, I will turn the conference over to Mr. Armando d'Almeida Neto. Mr. Armando, you may begin your conference.

Armando d'Almeida Neto:

Thank you very much. Good morning. I appreciate you all calling in for our conference call about the 2Q09 results. I will pass to Rodrigo Krause that on behalf of José Isaac Peres will read his speech.

Rodrigo Krause dos Santos Rocha:

Good morning, everyone. Dear shareholders, it is with great pleasure that we present Multiplan's results for this quarter. In spite of the crisis, we continue to grow. I would like to start by making comments about sales, which once more presented an increase of 20% when compared to the same period last year.

It is important to mention that while the world's stock sales decreased, ours continued to grow with the performance well above national retailers, as we will see. While our shopping centers increased sales 20.3% in the quarter when compared to the same quarter in the previous year, the performance of retailers was 5.1%, well below our performance.

Same store sales increased 10% in the 2Q, and sales of national retailers increased by 5.1% according to the IBGE.

Anchor stores also performed well, with an increase of 14% when compared to the same period in 2008. We would like to remind you that in 1Q09 anchor stores had a 4% growth in sales. This recent movement reflects a strong recovery of the market.

The positive results in sales of Multiplan's portfolio is due in part to the contribution of more consolidated shopping malls, such as BHShopping, in Belo Horizonte, RibeirãoShopping, in Ribeirão Preto, BarraShopping, in Rio de Janeiro, MorumbiShopping, in São Paulo, and ParkShopping, in Brasília, all of which were inaugurated between the years of 1979 and 1983. On the 2Q, we saw that their average growth was 13.5%, compared to the same period of last year.

Total rental revenue of our shopping malls – and this is a quite important aspect – increased 25% compared to the 2Q08, benefiting from the recently inaugurated expansion and from the great performance of same store sales. When we look at the performance of same store rent, we can see that there was a 14% increase, which confirms to some extent the increased efficiency of our operations and management skills.

Our operating results sustained constant inflow. We recorded a 25% increase in our net operating income, NOI, which corresponds to R$80 million and had a margin of 85%. Our core EBITDA, which considers only revenues and expenses pertaining to the shopping centers, has accumulated R$68 million in the 2Q09, an increase of 18% compared to the same period last year.

We also would like to express our satisfaction for having inaugurated yesterday the first expansion at Shopping AnáliaFranco, which is 100% leased and has 90% of stores already open. We added 12,000 m² to this shopping gross leasing area, reaching a total of 51,000 m². With this increase, it has been re-ranked as the fourth largest commercial center in terms of GLA in our portfolio.

On July 30th, we delivered the spaces to tenants of Shopping Vila Olímpia in São Paulo, which is expected to inaugurate on November 12th this year.

In May, we issued our first debenture at a cost of 117% of CDI, which was meant to test our credibility with the market. The issue was for a total of R$100 million, thus ensuring that our cash position was even more comfortable and at a lower cost.
I would like to make it clear that our company invests heavily in project development. We will always privilege the talent that has consecrated us as great developers and which has allowed us to be where we are now.

I always say that if you know the business, you build; if you do not, you just buy. To do it right, you must love what you do. And in our Company, we certainly love what we do. We will continue to improve our projects and to perfect our malls.

I would like to thank our shareholders for their support and emphasize that we are constantly engaged in making Multiplan a source of pride for ourselves. Armando, please?

Armando d'Almeida Neto:

Thank you, Rodrigo. Let us start with the presentation and proceed thereafter to the Q&A session.

Well, starting on slide two, once again sales in our shopping centers presented a strong growth of 20.3% in the 2Q09 over the 2Q08. In fact, if we look at historical series, you will see that sales have increased more than 10% per annum for the last seven years. As mentioned in the prepared speech, growth at our 12 shopping centers over 25 years of operation presented an average growth of 14% this quarter. As for new areas recently opened, we highlight the strong contributions of BarraShoppingSul in Porto Alegre, which in this quarter alone presented sales over R$100 million, surpassing our estimates in the first year of operation.
This morning the National Retail Index from IBGE (Brazilian Institute of Geography and Statistics) was released, showing a 5.6% year-on-year growth for June, and growth of 5.1% in 2Q .Even when compared with retail numbers, we can see that Multiplan's sales historically outperformed the National Retail Index.

When we analyze same store sales, we know there is a strong growth over inflation measured by Brazilian Consumer Price Index (IPCA). Real growth reached 4% this quarter. The almost 10% increase in both same store sales and same area sales were leveraged in part by the improved performance of anchor stores in this period, as we can see on slide number three.

Among the different operations, we highlight the good performance of bookstores, home appliance, fashion, entertainment and business that benefitted from the late Easter holiday. This good performance of sales is reflected on our leases as we can see moving on to slide number four.

Growth in rental revenue was 25%, with same store rent increasing 14% and same area rent increasing 13% with only one exception. All shopping centers presented same store growth over 11%. We highlight ParkShoppingBarigüi, in Curitiba, which had an increase of 17.5% in same store rent.

Talking about revenues, let us please move to slide number five. Last year changes in the store mix led the 2Q08 to an important increase of key money and services revenues. Now with turnover reduced to 1% compared to the 1.5% in the same quarter last year, those revenues were impacted in the same way. On the other hand, this mix alignment was also responsible for an increase in rent revenues that more than surpassed the contraction on those specific revenues.

Another highlight were parking revenues as we will see on the next slide. Car flow in our malls has been strong, and in the case of BarraShoppingSul, led us to move forward the beginning of fee collection two years ahead of what was planned. Charging parking fees along with a relatively lower implementation and management cost has generated important results for the Company.

Today, we have over 13,000 parking spots and net revenue increased by 57% when compared 2Q of this year with the previous year. This operation represented R$23 million this semester alone.

We continue to invest to better serve our growing flow of clients, offering new parking areas and making investments in up-to-date equipment will lower operating costs. More recently, a parking area was added to our shopping in Curitiba, a deck parking in Belo Horizonte, with 1,600 spaces, and another deck parking will be added shortly to ParkShopping in Brasília, with 2,100 new parking spaces.

If you can please move to slide number seven, here we can notice that our net operating income, our NOI, reached R$80 million in this quarter, an increase of 25% prior to the addition of R$8 million from key money contracts signed this quarter.

The opening of new operations and growth in revenues added economies of scale to Multiplan. Shopping center revenues increased 23% while cost only grew 12%, thus increasing our NOI margin to 85%. This could have been even better, but was affected by expenses with brokerage services related to new projects that are under development and will add future revenues to the Company, and also by the turnaround process of Shopping Santa Úrsula, in the city of Ribeirão Preto.
We move to the next slide, where we talk about net income. The net income for the quarter totaled R$46 million, accumulating R$90 million for the first six months. When compared to the 1H08, there was a reduction in net income due in part to final expenses of the real estate project called Royal Green Peninsula and to the increase of ifinancial expenses from the financing of the new projects already under construction.

Those projects, on the other hand, will have a positive impact on our revenues in the following quarters. It is also important to highlight that those expenses or new expenses to include the Royal Green Peninsula will be offset when we sell the properties or the units that are ready to be sold; we estimate their value at R$ 16 million.

If you can please move to slide number nine, in June we concluded our first debenture issuance for a total of R$100 million. This new debt contributed to the extension of the amortization schedule and the reduction of financial costs putting the Company in an even more comfortable cash situation explained on slide number ten.

We continue to be a low-levered Company, with less than 1x EBITDA. The cash flow generation continues to be strong and steady, especially given the high occupancy rate and low delinquency of our tenants, which has been decreasing – I am sorry, which has delinquencies decreasing.

From a historical perspective, this 1Q presents the highest levels of delays in payment of rent due to the year end double rent charge. Additionally, the write-off of borrowing has dropped from 1.7% to 0.4% this quarter, which strengthens even more our cash generation.

As for the economic CAPEX, our cash generation is enough to meet our financial needs to complete projects under construction. We continue to maintain our strong pace of development with investments of R$150 million in shopping centers this 1H. And an additional R$180 million are planned for the 2H09; once again, just for shopping center related investments.

In fact, moving to slide 11, where we present the use of part of our investments with the delivery of the expansion at Shopping AnáliaFranco yesterday morning. The project expansion has a new mix with its exclusive stores in an expansion that ranked up Shopping AnáliaFranco to the position of fourth largest shopping center in our portfolio in total GLA.

This shopping, which has always been in the high note in the Eastern region of the capital city of São Paulo, had its expansion 100% leased and opened with 66 stores out of 76 operations. Yesterday was the first day of the new 12,000 m² of GLA, which was opened to the public at large.

On the next two slides, we can note that in regard to new areas that will be added, 91% of the stores were already leased. We delivered the space to tenants at our greenfield Shopping Vila Olímpia in São Paulo, and spaces to tenants of ParkShopping Frontal Expansion in Brasília. Both shopping centers are to be opened in 2H09.
We have scheduled two new openings for 2H10. BHShopping, in Belo Horizonte and ParkShoppingBarigüi, in Curitiba, being that the last construction will begin shortly, since leases have reached the 70% mark.

To conclude, we see our tenants resuming expansion plans. Financial instititions in Brazil are offering better deals in terms of financing and having great expectations on our products and our land bank.
I thank you all for your attention and interest. I now would like to start the Q&A session.

I want to highlight that besides Mr. Peres and myself, we also have Marcello Barnes, Hans and Rodrigo available for any questions you may have. Thank you very much.

Jorge Kuri, Morgan Stanley:

Good morning. I have two quick questions. The first one is, can you give us a little bit of detail about future projects, the things that are beyond what you have had announced in terms of new developments and expansions? How much area do you think you can add beyond what you have currently announced, say, on a three to five-year basis? A lot has changed in Brazil over the last year, at least in terms of interest rates and the cost of money, and I think the outlook is pretty positive for both consumption and investment.

So just wanted to get a sense on kind of like if you take the three to five-year view, how much more space can you add, what areas will you be more interested in exploring, either geographically or by income segment? And just a little bit of how you think about longer term, where you want to take the company in terms of your selling space? That's the first question.

The second one is a bit more specific. Obviously, parking revenues were a big positive surprise this quarter as you have been adding a new piece to shopping centers. Do you have any sense of what would be, for example, in 2010, the year-on-year growth in parking revenues versus 2009? That would help a lot to try to put this into some context. Thank you.

Armando d'Almeida Neto:

Marcello will answer you about your first question.

Marcello Kaminitz Barnes:

Okay. Regarding the mall area, it has been doing very well. We are almost ready to launch three new projects, one in São Caetano, in São Paulo, another one in Barra da Tijuca, Rio de Janeiro, besides an expansion in BarraShopping. which will be submitted for approval, and the third one in another neighborhood called Campo Grande, in Rio de Janeiro. We also have a land bank detailed in our release, with land in regions like the Northeast of Brazil. But these three that I mentioned, I believe we could launch in the short term.

In the real estate segment, we have a big closure already under approval, close to MorumbiShopping.: two office towers, each of them with at least 30,000 m³, attached to MorumbiShopping. One will be for sale and the other one we are thinking about leasing it. So there is another office tower near MorumbiShopping with 10,000 m³ of GLA that we are planning to lease.

So basically, I made a summary of the almost ready-to-go projects. And if you want, we can send you details by e-mail, or anything else regarding our land bank.

Armando d'Almeida Neto:

And regarding your second question in terms of parking; what can be different between 2010 and 2009 is that in 2009, BarraShoppingSul, in Porto Alegre, and RibeirãoShopping started charging parking fees in mid May. So in the first four and a half months of the year you have not seen the results from this parking, and next year parking fees will be charged for the entire year. And we'll also have one new shopping center up. By the way, the only shopping center that we do not charge for parking yet that is ParkShopping, in Brasília. And in that parking, please notice that we are adding a new deck parking that is going to be ready together with expansion in 2H09, in October.

Jorge Kuri:

Right. Thank you.

Marcelo Telles, Credit Suisse:

Good afternoon, everyone. First of all, congratulations on the results. My question is regarding other source of financing for Multiplan. I mean, given that the restriction for the BNDES due to finance the projects in the Southeast region were lifted, are you working currently with any sort of financing scheme with BNDES in order to finance your upcoming expansions? Thank you.

Armando d'Almeida Neto:

Yes, we are. We are looking – I think that the volatility that we saw in the market, if we can call it crisis, ended up forcing companies to look for alternatives. And also the banks, being BNDES a part of the financial industries, came with solutions for the new investments. And we are looking at different ways to finance. As we always said, our concern is to have appropriate terms in financing, the means to achieve our goals, that is the long-term goal achievement.

So we look for cost, we look for tenor, right? We look for the impact on cash flow to be appropriate or in accordance to the plan that we have for each of the projects. But to be specific in answering your question, yes.

Marcelo Telles:

Do you have any idea of the amounts you could be getting with the BNDES?

Armando d'Almeida Neto:

No. I don't, because, as you know, it depends on each of the products. So if there is financing, it will not be just one.

Marcelo Telles:
Okay. Well, thank you very much.

Anna Gabriella Chagas Antici:

Hi, everybody. Congratulations on the numbers. I have three quick questions, if I may. The first one, I just want to pick up on a comment by Mr. Peres in the beginning that basically has to do with building *versus* buying. And my question is really whether anything changed strategically, obviously, you have a very long track record and successful track record in building your shopping malls, but you have also made a few acquisitions.

So you have kind of done both, even though the majority of your history and growth has been organically. And I guess my question is whether that comment that you made in the beginning has to do with perhaps your perception that it is becoming more difficult to acquire malls or there is less interesting properties to be acquired or more expensive? So that's kind of my first question.

Armando d'Almeida Neto:

One quick second, Gabriella, please. Gabriella, Mr. Peres will answer in Portuguese. And for our other guests, we will be translating right after it.

José Isaac Peres:

We are always interested in acquiring shopping centers that have high quality, or shopping centers that can be upgraded or transformed into a high quality shopping center. The example given was an acquisition made in 2007, Shopping Pátio Savassi, located in the city of Belo Horizonte, helped us to have a much better perspective in the region with the other two shopping centers that we have in the same neighborhood.

With regards to greenfield, we are certainly developers, because we see that you can produce better malls, you can have it cheaper, and consequently, you can have higher returns. And we used to say that the ones who know how to produce will develop, otherwise you are going to have to buy. And we will continue looking for shopping centers that may be attractive to us.

Anna Gabriella Chagas Antici:

OK. Thank you. The second question. Armando, if you could go to page ten, which shows the CAPEX for the 2H, as you're showing, it is going to pick up mainly from the land acquisition. So I have two questions on that chart. One is, is there any particular reason why you left land purchases to the 2H? What are you seeing in terms of land prices? And basically, is it going up or staying flat? How easy or difficult it is to buy land? And what do you expect for the 2H? And then if in that CAPEX number you have also the Cristal Tower project, and where will that be in the number? That is my second question.

And the third question is just one that I think I always make every quarter; have you put some thought into the liquidity of the stock, trying to improve that? Or is it something that you just think it is very hard to do it and you are comfortable staying at the level that we currently are? Thank you.

Armando d'Almeida Neto:

Gabriella, if I can start with the third question. We are never comfortable with the liquidity that we see in our stock. We always think about that. We always look for ways to improve it. As you know, we have been doing a great effort over the last two years to improve that. We participated in calls and conferences giving a wider and better information, disclosure. Market has to help us with that. And certainly, we look for other ways of improving, you have got to make sense, you have got to be connected to the strategy of the Company as a whole.

Regarding your second question now, regarding CAPEX, you have the CAPEX for the whole year, just because negotiations are under way. So we do not know yet what the end results are going to be for those negotiations for the land acquisition that we have behind the number here.
So we have to negotiate, it might happen, it may not. And just to remind you that this is not a cash flow. This is an economic CAPEX. So the impact on the cash flow is not necessarily going to be for the full amount that is in this page. And Cristal Tower is not included on that because this is not going to impact as fixed assets for our balance sheet, but as a stock, because they are to be sold.

Anna Gabriella Chagas Antici:

Okay. Thank you.

Operator:

At this time, I am showing no further questions. I would like to turn the call back over to Mr. Armando d'Almeida Neto for final considerations. Mr. Armando, you may give your final considerations now.

Armando d'Almeida Neto:

Once again I want to thank you all for the interest in Multiplan, for the support of our shareholders and to participate in our conference call. So we are looking forward to have you on the next call. Thank you very much. And you have all a great day. Thanks.

Operator:

Thank you. This concludes today's Multiplan 2Q09 earnings conference call. You may disconnect your lines at this time.

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