



CASE STUDY

One year of BarraShoppingSul, one year of success

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This case study targets to describe the development of BarraShoppingSul from its launching in 2007 until its one year of operation in 2009, and make some comments regarding its future development.

Targeting at the leadership

In the beginning of 2007 Multiplan announced its future flagship shopping in Porto Alegre, capital of the southernmost state of Brazil, Rio Grande do Sul. The shopping center followed Multiplan's strategy to have the best shopping in every city it is present and for this reason the project was born with nearly 70 thousand m² of GLA, about twice as big as its nearest competitor and nearly the size of Multiplan largest shopping center (BarraShopping), which went through six expansions to get to this size. The shopping was planned to have 153 thousand m² of built area, 250 stores and more than 4,600 parking spaces, all being a 100% owned by Multiplan.

Igniting the growth of the region

The company developed the project in the south of Porto Alegre, in the development vector of the region in order to grow together with the region, as the company has done many times in its 35 year track record. The launching of the project actually ignited the development of the area due to Multiplan, government and other real estate company's investments, who also launched projects in the surrounding areas of the shopping center, given the synergies of their operations with those of BarraShoppingSul. An additional strong push in the region was the Multiplan investments in the infrastructure of the neighborhood, particularly in the road system surrounding the project. This led the a mixed used project planned by Multiplan to be launched two years after the shopping opening, to be announced a few months before opening, starting with its office tower beside it (Cristal Tower).

Launched and leased

Since its launching, the project was well accepted, a strong demand led to a fast leasing, driven by the quality of the project, the development of the region, the effort of the companies broker team and the trust of the tenants in the company's brand. The leasing success and the development of the region led the value of all the assets in the region to improve and the rents in the same way. One year before opening the project was already 100% leased having the company managed to match the mix with its target customers. The perception that the shopping was going to attract a strong people flow, also led to merchandising contracts to be signed two years before schedule, helping even further the project to exceed its plan.



Not even the rain record avoided its success

During the less than two years of construction the company made many improvements to the project, even increasing its GLA. Even the rain record registered in the region during the construction period could not hamper Multiplan's goal to open the mall before Christmas to guarantee a good start for its tenants, given the importance of this date for the national retail.

The company plans each new shopping center to be better than the previous one, benefited by the nearly 35 years of accumulated experience. The project should not only be the most up-to-date project, but also one that would have the lowest possible operational costs. BarraShoppingSul was awarded a prize for best Cost Effective Cooling Project from the Brazilian Air Conditioning, Ventilation and Heating Association. The project delivered a 40% reduction in energy consumption by using more natural lighting and less artificial lighting without hampering the cooling of the building. The project was ready to give birth to a large and modern new leader.

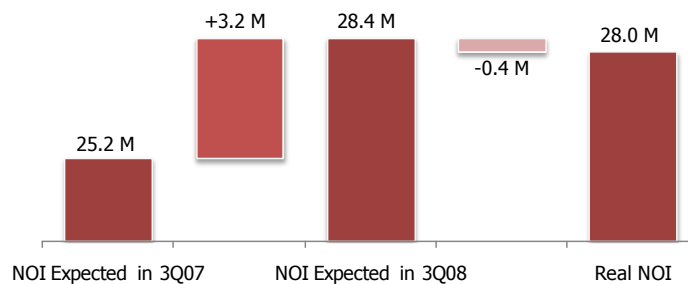
Higher people flow and higher revenues

In November 2008 the shopping was opened and its importance was felt right on the first months of operation. Multiplan knowing how critical the first years of operations are for a new shopping center made important and tuned investments in order to increase the already high awareness of the city of the shopping. Multiplan sponsored the 16th Edition of the "Porto Alegre em Cena" (Porto Alegre on Stage), an international theater festival organized by the city hall of Porto Alegre and brought the "Human Body: Real and Fascinating", for the first time to Porto Alegre. These campaigns boosted the people flow in the shopping and started to create the first "loyal consumers". Demand has been so consistent that the company decided to start charging parking six months after its opening and nearly two years before schedule. Another result of the management's effort, were the sales which represented 7.0% of total portfolio sales in 2009 in its first year of operation, reaching R\$425.4 million, and were responsible for 1/3 of the total company sales growth when comparing 2009 to 2008.

2010: an opportunity to exceed

Since its launching, the project went through many improvements and as explained before, higher than expected lease contracts and merchandising and parking revenues ahead of time, leading the first year NOI in 2009 to be 11,1% above the first released figures for the project, achieving R\$28,4 million.

This performance turns out to be even more impressive if considered that some areas of the shopping were opened during 2009 and not since the opening as planned, reserving an expected additional future upside of about R\$2,0 million, which could have lead the first year NOI to R\$30,0 million being 19,0% above its initial plan.



BarraShoppingSul's NOI in 2009: expected in 3Q07 and 3Q08 vs real

The expertise to generate value

Finally it is worth mentioning the value that this project brought to the company, not only due to its strategic importance, given that it is the companies first mall in the city, but also due to its financial return. In the end of 2008, just after the opening of the project, the company asked a third party consulting company to do an appraisal of its asset. BarraShopping Sul was appraised at R\$573.0 million, over twice the net investment in the project. Multiplan has the knowledge to develop flagship shopping centers in Brazil and BarraShopping Sul is one of the company's examples of how it plans to generate value to its investors.

<i>Launch</i>	<i>April 2007</i>
<i>Opening</i>	<i>November 2008</i>
<i>Multiplan's stake</i>	<i>100%</i>
<i>GLA (sq. m)</i>	<i>68,041</i>
<i>Total Capex (R\$ mm)</i>	<i>310.4</i>
<i>(-) Key money (R\$ mm)</i>	<i>34.2</i>
<i>Net Investment (R\$ mm)</i>	<i>276.2</i>
<i>Asset Value⁽¹⁾ (R\$ mm)</i>	<i>573.0</i>
<i>3rd year NOI yield</i>	<i>16.9%</i>

¹ According to Jones Lang LaSalle evaluation done in 2008.