Multiplan

CASE STUDY

ParkShoppingBarigüi

ParkShoppingBarigüi

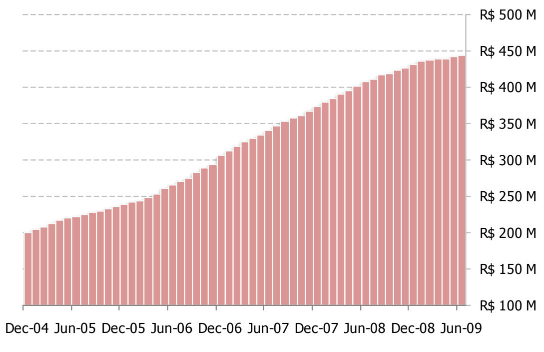
Results from a successful five-year-operation

ParkShoppingBarigüi during its construction in 2003

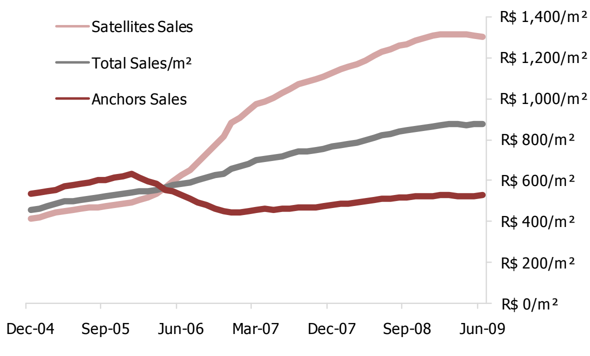
The mall in operation in 2009

While the first five shopping centers are growing consistently, new projects, such as ParkShoppingBarigüi, have also shown great growth. Inaugurated in November 2003 as a genuinely innovative and modern project, ParkShoppingBarigüi has become a benchmark for quality shopping centers in the state of Paraná, in the south of Brazil. Located in the state's capital city, Curitiba, it employs around 3,000 people, directly and indirectly, therefore contributing to the development of the local economy. Within less than five years, the mall opened a gourmet area in 4Q08 - its first expansion - with 1,558 m² of GLA. Construction of the second expansion is ready to start, and will bring another 8,014 m² of GLA to the main structure. The opening is scheduled for October 2010, and will increase ParkShoppingBarigüi's total GLA to 50,989 m², or 42,831 m² in terms of own GLA – the second largest in Multiplan's portfolio.

The chart below on the left shows ParkShoppingBarigüi's 12 month sales starting on the mall's first anniversary, in December 2004, when sales totaled R$200.6 million. It registered R$431.8 million in 2008, and R$445.0 million from July 2008 to June 2009. Twelve month sales grew 122% from December 2004 to June 2009.



Monthly Sales Evolution of ParkShoppingBarigüi
(Accumulated of 12 months)



Sales Breakdown of ParkShoppingBarigüi
(Accumulated of 12 months)

On a more detailed sales analysis, the chart on the upper right shows the evolution of sales/m² of satellite and anchor stores. The chart shows that the well known anchors have stabilized sales since opening, while satellite stores showed stronger growth, given that a longer time is expected for clients to get acquainted with these new stores, buy in them, and finally become "loyal consumers". This situation is believed to happen regularly in shopping centers, given that satellite stores are expected to increase their revenues through rising exposure with customers and brand recognition, differently from anchors stores, which are usually well known names, attracting a considerable flow of clients and therefore helping in consolidating the mall in its first years of operation.

This growth leads to high returns. The table on the right shows expected real IRRs based on the cash flow since the construction of the mall up to 2Q09 and considering different discount rates and growth rates in the perpetuity based on the NOI of the last 12 months. The real IRRs range from 28.6% to 47.1%, showing that the project is above our IRR hurdle rate of 15% mentioned by the company in the past, not taking into consideration the expansion that should open in 2010.

		Discount rate				
		6.0%	7.0%	8.0%	9.0%	10.0%
Growth	2.00%	41.2%	36.9%	33.6%	30.9%	28.6%
	2.25%	42.5%	37.9%	34.4%	31.5%	29.2%
	2.50%	43.9%	38.9%	35.2%	32.2%	29.7%
	2.75%	45.4%	40.0%	36.0%	32.9%	30.3%
	3.00%	47.1%	41.2%	36.9%	33.6%	30.9%