Multiplan

CASE STUDY

Demand for Space in Multiplan Shopping Centers

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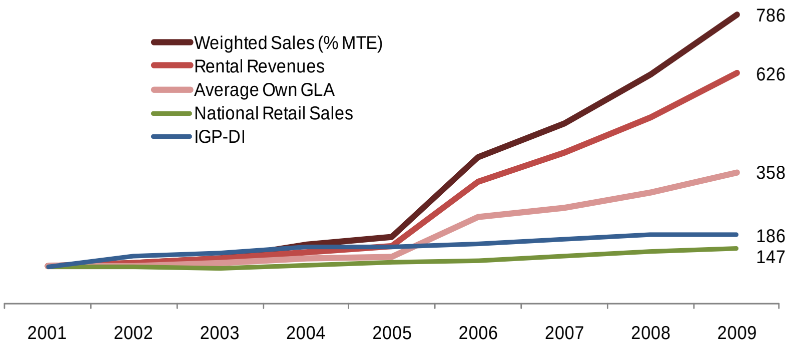
The company continues to experience a solid demand for space in its shopping centers. By analyzing the operational data for the last decade, the company identified several variables pointing to one clear trend: leasable areas in Multiplan shopping centers have become even more valuable.

Multiplan: The power of the brand

Multiplan is known for developing, owning and managing leading shopping centers in the major cities in Brazil. The four-leaf clover in the shopping center logo is associated to quality management and client-focused services. The company has built a strong relationship with more than one thousand tenants throughout its 35 years of existence. From small regional operations to large local and international retail companies, Multiplan has seen start-up stores developing into regional or national brands and even global operations achieving a local approach to Brazilian clients.



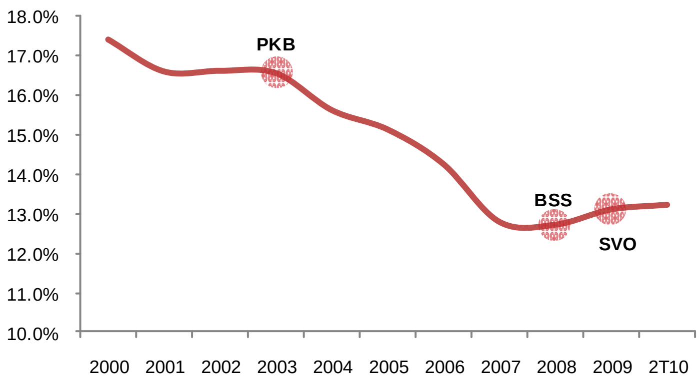
Sales, Rent, Area and inflation growth analysis (Base 100 = 2001)

Sales increase eight-fold in eight years

This could only be possible with strong sales performance and new opportunities to grow. The company believes to have contributed to both drivers, by multiplying by three its owned GLA since 2001 and using all its managerial knowledge to boost sales. Sales from consolidated and new areas exceed by far national retail sales which increased 47% and inflation (measured by the IGP-DI), which went up 86%. Tenant Sales (weighted by Multiplan's GLA Share) grew nearly eight times since 2001, showing a 29% CAGR in the period. This growth is in part also a result of renovations to update and adapt the interiors to new tendencies and customer requirements, accurate mix and services control. This strong sales performance was the catalyst for the rental revenue growth. Even considering the lower rents normally seen in the first years of operation of a new development, rental revenue managed to increase more than six times in the last eight years, growing above the GLA growth, but still below tenant sales growth and sponsoring a sustainable growth of both parties.

Targeting a sustainable growth

As a result of sales growing on top of rent, occupancy cost was reduced throughout the last decade. In 2000, the company registered an occupancy cost of 17.4%, while in the first half of 2010 this figure dropped to 13.2%. It should be noted that his decline was due to stronger increases in sales, which further enhances the returns of the shopping tenants given its operational leverage – a 10% increase in sales normally leads to an even bigger increase in tenants' net income. The company believes that this is also a strong stimulus for current



Occupancy Cost Evolution

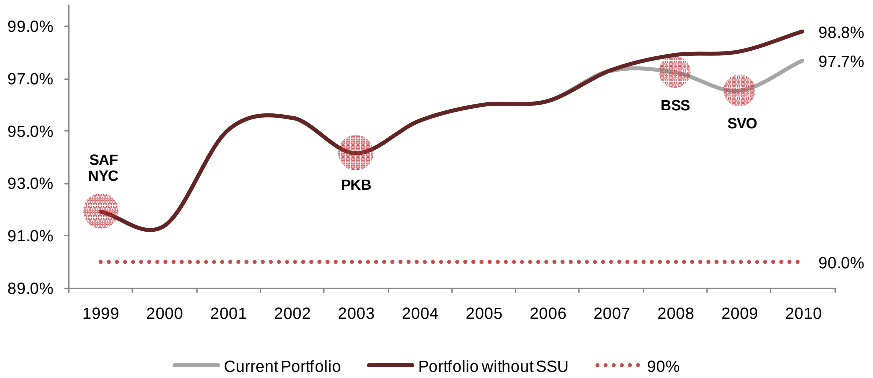
tenants to join in on future Multiplan projects, sustained by the current leasing success and high occupancy rates.

High occupancy rates – synonymous with quality

Multiplan shopping centers have recorded, since 1999, an average occupancy rate well over 90%. As expressed in the chart on the next page, it is important to highlight that the opening of new areas, as in 1999, 2003, 2008 and 2009, along with strategic decisions related to reorganizing the tenant-mix to adapt the mall to its target consumers, caused a temporary drop in the occupancy rate.

In spite of the slight decreases as a result of the addition of new areas to the portfolio, the chart indicates that occupancy level go back to the upper 90´s usually the following years after the opening of the expansion or the new mall.

As of June, 2010, of the 13 shopping centers in operation, three were entirely leased (100%) and other five had a vacancy ratio of less than 0.5%. With the exception of Shopping SantaÚrsula, which is in the middle of a re-tenanting process, and Shopping Vila Olímpia which is still in its first year after opening, no other shopping center ended 2Q10 with an occupancy level of less than 97%.

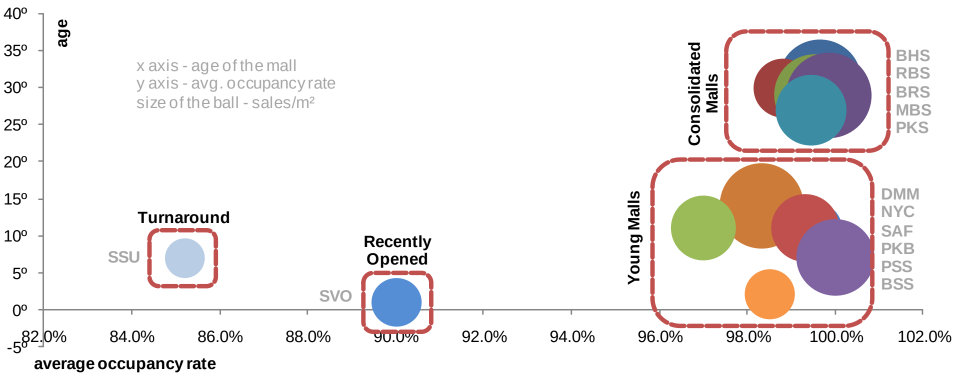


Average occupancy rate evolution

Consolidation as a factor of attraction

Consolidated shopping centers with over 25 years of operation are among those with the highest sales per square meter in Multiplan´s portfolio. As a consequence, they have become references in their regions, presenting the lowest vacancy ratio and showing continued demand for space.

With occupation indices above 90%, younger shopping centers (less than 15 years in operation) are also highly demanded, with high figures yet with some larger volatility. The highlight goes to DiamondMall, which went through a change in mix of 26 operations, and reached the second highest sales per square meter in the entire network, behind only one of the most profitable shopping centers in the country, MorumbiShopping.



Portfolio Analysis: Age of the mall vs. Average occupancy rate

Half full, half empty

Shopping SantaÚrsula, on the other hand, was acquired by the company in 2008 and concluded recently the first phase of a restructuring program which required a total investments of R$15 million. The vacancy ratio remains high compared to the average of Multiplan's portfolio, and the shopping center has an average rent per square meter 71.2% lower than that of RibeirãoShopping, Multiplan's other mall in the same city, suggesting a potential upside for Shopping SantaÚrsula, given the similar quality of tenants, the architecture and location. This rent gap tends to disappear with the actions taken by the company´s commercial team. Of the vacant stores at the beginning of the restructuring (vacancy reached a record high of 34.4%), the company has already signed 34 new lease contracts with rent per square meter 51.5% higher than the average recorded in the mall in 2Q10.