Operator:

Good morning, ladies and gentlemen. At this time, we would like to welcome everyone to the Aliansce 2Q14 Earnings Conference Call. Today with us, we have Mr. Henrique Cordeiro Guerra, Executive Director; Mr. Renato Botelho, CFO; and Mr. Eduardo Prado, IR Superintendent.

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 the Company's remarks are completed, there will be a question and answer section for investors and analysts. At that time, further instructions will be given. Should any participant need assistance during this call, please press *0 to reach the operator. There will be a replay facility for this call for one week.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of the Company's 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 general economic conditions, industry conditions, and other operating factors could also affect the future results of the Company and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I will turn the conference over to Mr. Henrique Cordeiro Guerra, who will start the presentation Mr. Henrique, you may begin the conference.

Henrique Cordeiro Guerra:

Good morning. I would like to welcome everyone to this teleconference in which we'll discuss the operating and financial figures for the 2Q14. Aliansce continue to benefit from a highly focused strategy. Despite of more challenging economic environment, Aliansce's diversified and high quality portfolio of 19 malls continued to show resiliency and the value of their strategic positioning.

Total rent revenues increased 16.8% in the last 12 months, reaching R$93.7 million in the 2Q14. Our NOI increased 14.7% to R$107 million and adjusted EBITDA grew 15% to R$91 million. Between 2010 and 2013, Aliansce's adjusted EBITDA CAGR was of 33%, while adjusted EBITDA margin climbed 5.5 p.p.

Same-mall-NOI expanded 9.4%. The NOI and adjusted EBITDA margins were 90.3% and 74%, respectively. We expect a continued increase in our EBITDA and EBITDA margin as the portfolio expands organically and with the opening of expansions. The adjusted FFO was R$44.7 million.

In the 2Q14, same-store sales and same-area sales for Aliansce's portfolio were 9% and 9.7%, respectively. In 10 of the 19 shopping malls of our portfolio, same-area sales had a double-digit growth. In the 2Q14 same-stores rent and same-area rent were both 8.6%. Total occupancy was of 97.1% and occupancy cost for the portfolio was 9.8%.

We recently announced an agreement for the sale of 16.66% stake in Santana Parque Shopping in Sao Paulo. Despite the reduction of the Company's interest in the mall, we will exercise greater governance by leading a vehicle that will own 100% of the mall through a co-investment agreement which was reached with Canada Pension Plan and the Government of Singapore Investment Corporation, GIC.

Our balance sheet is fairly insulated from an environment of rising interest rates in Brazil with approximately 87% of the Company's debt being indexed to low volatility indices. The increased cash generation provided by our portfolio, given that 43.1% of our GLA is not yet mature with less than five years of operating history, is expected to contribute positively to our leverage ratios in 2014 still and beyond.

We will continue to dedicate our resources to seek greater efficiency in our operations, to pursue organic growth and the expansion of the portfolio. Under current market conditions, we intend to pursue a selective and opportunistic approach to developments and acquisitions.

Our development teams are focused on delivering a robust pipeline of expansions in the next 30 months that will add 37,000 sqm to Aliansce's owned GLA. We maintain a positive outlook for our portfolio, given the high occupancy rate and low occupancy cost of our properties, which will positively support upcoming rent adjustments.

With that I would like to turn to the presentation beginning on page two. As we usually do, we segment the portfolio amongst mature assets, the new assets that were opened in the last five years, and the third-party malls, a total of 32 malls with the presence in all regions that we currently manage or are involved in, in their planning stage. This represents 445,000 m² of owned GLA for the Company.

Beginning now with operating highlight section of this presentation on page three, I ask you to please turn to page three. Comments on the expansion of sales growing 22.4%, between the 2Q13 and 2Q14. We also see on the upper right-hand side of the page the trajectory of same-store sales and same-area sales per sqm growth in the last two years. On the lower left-hand side of the page, again, we show a CAGR here between the 2Q10 and 2Q14, of growth in sales of 20%.

With that, I would like to turn now please to page four, continue with the operating highlights. Our occupancy rates on the left-hand side, occupancy rate of the Company as we had mentioned of 97.1%. Our mature assets with an occupancy of 98.7%. And the new generation of assets, those that have less than five years of operating history with 95.2% occupancy. Occupancy cost for the Company of 9.8% during this past quarter. Our mature assets have been pretty much flat, 9.6% occupancy cost. And new generation assets with the 10.1% occupancy costs in the 2Q14.

Shifting now please to the financial highlights section of the presentation. On the left-hand side, the breakdown of our revenues, minimum rents representing 80.5% of our rent revenue, while rent revenues represented 72.1% of our gross revenues. Stands and kiosks, 11.1% of this 72.1% portion, and percentage rent, 8.4%. As a percent of gross revenues, services parking represented 15.3%; services rendered, 7.8%; key money, 4.3%.

On the right-hand side of the page, the expansion of gross revenues of 14.1% in the breakdown contribution of organic growth, which is something that will continue to be pretty strong for the Company, given the fact that we have a significant portion of our GLA not yet mature, about 43% as we had mentioned before, approximately 43%. Our gross revenues in the 2Q14 totaling R$133 million.

On page six now please. Now on the upper left-hand side of the page, our rent revenues increasing 16.8% quarter over quarter. On the right-hand side, we see again the trajectory of same-store rent and same-area rent growth during the past few years. On the lower left-hand side of the page, we see the contribution of minimum rents, percentage rents, and mall and media to the rent revenue evolution. On the right-hand side of the page, on the lower side, we see the contribution of both mature assets and assets that are in the new generation group.

On page seven now please, NOI and NOI margin. We had an NOI growth of 14.7% in the 2Q14 and of 14% in the 1H14. The same mall NOI growth was of 9.4% in the 2Q, and 9.1% in the 1H14. Important to point out, the new generation NOI margin grew by 2.6 p.p. since the 1Q13, as a result of exactly this maturation process of five malls that were opened by the Company in the last two years.

On the lower left-hand side of the page, we see the growth in NOI and the impact of the NOI margin. NOI growing in the 1H14% and NOI margin being pretty much flat 90.1%, coming down to 89.7% in the 1H14 comparing year over year.

I also like to point out that in the 2Q, if we compare our operating costs, operating costs actually decreased 4.7% quarter over quarter. We expect the Company to continue to benefit from good gains of scale as we progress with the expansion of the portfolio, not only the organic component, but also resulting from the expansion of the malls that currently have expansions.

On page eight now, please, adjusted EBITDA and adjusted EBITDA margin. Our adjusted EBITDA of R$91 million in the 2Q represented a growth of 15% compared to the 2Q13. So the CAGR as we had mentioned before of 33% representing an increase of 5.5 p.p. with a gain in EBITDA margin. You see exactly the CAGR, the growth on the lower right-hand side of the page between 2010 and 2013, the evolution of the EBITDA margin and of EBITDA itself.

Continuing now on page nine, just commenting on the upper left-hand side of the page, on the adjusted net income. Our net income actually grew expanded by 42.8%; however, as a result of non-recurring items and non-cash items, our net income, adjusted net income actually had a decrease in relation to the 2Q13 to reach R$25.3 million.

On the right-hand side of the page, our adjusted FFO also experienced a decrease from 2Q13, principally due to non-disbursed interest expense, which inflated our figures in 2Q13 in comparison to the 2Q14. Adjusted FFO in 2Q14 of R$44.7 million and the FFO margin stood at 36.2%.

Continuing now on page ten, shifting now to expansions. As mentioned earlier in the presentation, the Company is involved and pursuing the expansion of several of our assets. We have ongoing expansions as shown here in this page and four assets on the top charts, and future expansions planned in 2015 and 2016 in three other assets, this will total an increase in our GLA of 37.2 K sqm of owned GLA.

I think the important thing is to highlight here, this is an excellent alternative from an investment perspective from an allocation standpoint for the company should be investing not only strengthen our assets, building scale, this will result in an increase in

NOI margin, the dilution and expense as we bring more scale and synergies to the properties.

Continuing on page 11, in terms of our growth drivers owned GLA. I think the main growth driver now are the seven expansions. We are expanding malls that have an average occupancy currently of 98%; these expansions are planned until the end of 2016. This will represent an increase of 8.3% in our GLA, and the net CAPEX involved in these expansions of approximately R$160 million.

Shifting now to page 12. We continue with a high degree of conviction that we have built, the right architecture here in terms of balance sheet, when we expanded the portfolio, it dates back to two or three years ago, when we were not only developing assets, as we mentioned we opened five assets in the last two years, and also a significant push in the acquisition front, consolidating ownership principally at the property level, which also was very strategic for the Company in the sense that it has increased our governance, but also diluted our costs in these properties that were four assets owned by the Company already.

So, our total debt at the end of the 2Q14 was of R$1.9 billion, the cash on hand was of R$274 million, net debt stood at R$1.6 billion. On the lower left-hand side of the page, you will see an amortization schedule. There is no refinancing risk in the balance sheet at this point. We have ample coverage ratios to support the interest coverage and amortization of our amortization schedule as shown below.

I think a critical driver here in the breakdown of our debt is the fact that we have 68% of our debt indexed to the TR rate. So, a little bit over 85% of our debt today is indexed to low volatility indexes, quasi-fixed debts as we see it.

On page 13, which lists a series of performance and financial indicators for your reference. And with that, I am joined here by my colleagues, and we will be very pleased to take any questions that you may have regarding any aspects of our operations or finances, strategy of the Company. We welcome your participation and also thank you for your listening to this call.

Operator:

Having no questions, this concludes the question and answer section. At this time, I would like to turn the floor back to Mr. Henrique for any closing remarks.

Henrique Cordeiro Guerra:

I would like to thank everyone for their participation on the call. We remain here available for any further questions that you may have. And I would like to thank you again and wish everyone a very nice day. Thank you. Bye-bye.

Operator:

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