Operator:

Good afternoon ladies and gentlemen. At this time, we would like to welcome everyone to the Aliansce 4Q14 Earnings Conference call. Today with us we have Mr. Henrique Cordeiro Guerra, Executive Director and Mr. Renato Botelho, CFO. 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 session for investors and analysts. At that time, further instructions will be given. Should any participant need assistance during this time, please press *0 to reach an 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 Neto:

Good morning. I like to welcome everyone to this conference call in which we will be discussing the earnings release for the fourth quarter as well as for the last year for Aliasnce. In 2014 Aliansce continued to benefit from a well-planned growth strategy and high-quality assets Aliansce's portfolio showed strong growth attributes, despite of an environment marked by benign growth high inflation and interest rates.

Despite the challenges faced in 2014, Aliansce's portfolio had total sales growth of 18.5% in 2014. In 2014 and in 4Q14, same-store sales were of 7.2% and 7.4%, respectively. Same area sales reached 7.9% in 2014 and 8.2% in 4Q14. Given the mark to market renewals of the leases in many of our malls we continue to expect a benefit from higher same-store rent growth rates in the future.

In 2014 and in 4Q14 the same-store rent growth for the portfolio was of 7.6% and 7.5%, respectively. NOI totaled R$443 million in 2014 and R$128 million in 4Q14. Adjusted EBITDA reached R$370.5 million in 2014 and R$107.7 million in 4Q14.

As the portfolio expands, Aliansce continues to benefit from the gains of scale. In 2014 and in 4Q14, NOI margins reached 90.4% and 91.2%, respectively.

In 2014 and in 4Q14, the adjusted EBITDA margins were 73% and 75.1%, respectively. In 2014, the adjusted funds from operations (AFFO) was of R$195 million. Total occupancy and occupancy cost for the portfolio were 97.5% and 9.6%, respectively. Over the last five years, the compound annual growth rate (CAGR) of NOI was of 27.6% and adjusted EBITDA presented a CAGR of 27.9%, respectively.

Aliansce is following a disciplined approach to growth. This was the first year since 2005 in which Aliansce did not open a new mall. Despite the under penetration of retail in Brazil, we would like to see signs of a renewed cycle of growth before engaging in new developments. We are focused on the expansions of our properties and the improvement of tenant mix.

In the last 12 months, Aliansce's leverage was significantly lowered due to reduced investments, increase in cash generation and to the sale of stakes during the period. We highlight that our debt amortization profile and service are aligned with future cash flows, which leaves us with a comfortable level of liquidity.

Aliansce's internal growth potential is significant. Given their size, strategic positioning and a comprehensive tenant mix, we believe that our properties carry significant growth potential. We are focused on identifying the challenges and opportunities that lie ahead for our operations, especially as we continue to make our properties unique destinations to the Brazilian families.

With that please, I would like to ask you to shift to the presentation portion of this call. Beginning on page three, in which we provide an overview of our portfolio, which has 19 owned malls in operations. In total, we have managed a total of 32 malls considering the ones that are managed for third-parties. Our 19 properties they represent a total owned GLA of 438 thousand sqm, of which 35.2% has less than five years of operation.

In this stage we breakout the malls that are the mature assets with more than five years of operating history. We provide also the malls that are in the new generation asset class, that ones that have less than five years of operating history in the midst of third-party malls that we manage for others.

On page four, beginning please with the operating highlights of the Company. As you can observe the sales evolution between 4Q13 and 4Q14 we had an increase of 14.8% in sales. If we look at longer periods since the 4Q10 our CAGR was of 18.7%, a meaningful increase in the productivity of our retailers during this period, confirming our strategy to deploy capital in areas where there was under penetration of retail, the possibility to bring retailers to venues that carried significant pent-up demand potential.

It is important to highlight still on page four, on the upper right hand side of the page, we have one significant assets that had significant expansion, renovation and also construction work that was done around in a surrounding areas of the property that had an impact on the productivity of retailers in that specific property last year. If we were to exclude the effect of the number of that property, the figures from that property, from our same area sales and same-store sales figures in the fourth quarter, we would have arrived at a figure of 9.9% increase in same area sales, and 9.1% increase in same-store sales.

Shifting now to page five continuing with the operating highlights, we would just like to make note on that in the last six years we had CAGR of 21% in terms of sales evolution bringing our sales per sqm from R$1.000 in the 4Q09 to R$1.500 in 4Q14. Important to highlight that during this period we had this growth of 51% in terms of increase, total increase in sales per sqm while the inflation benchmark in Brazil, the IPCA, had a growth of 34.5%. So, we are really in real territory in terms of sales growth, which gives us a fair amount of confidence in our ability in future years, in the future now to seek higher rents in the portfolio as rents come up for renewal.

Shifting to page six, comments on occupancy rate and occupancy cost, the occupancy rates in the portfolio was 97.5% in the 4Q, occupancy cost of 8.7%, again conforming if you consider industry averages, industry figures, this is a healthy number, a low number, which indicates the ability to push up rents to a level which is still comfortable to our retailers.

On page seven, rent revenues from three assets, which we would like to present here. This is considering the occupancy cost for the in-line tenants satellite stores based on three assets that have not completed five years of operation. One of these assets is now beginning the renewal process. We renew rents bringing rents to markets every five years, and as you will be able to see, these three assets which were opened in the last five years have an occupancy cost that is lower than Aliansce's occupancy cost if you consider their averages.

On page eight, also an important data point, if we consider the quality of our portfolio and how five assets, five malls at the Company have now anchor 60% of our Aliansce's NOI. This is based on 2014 figures. The satellites sales per sqm was of R$2.300. These are mature assets with an average age of 14 years, the occupancy costs for this Group of assets is of 12.2%, almost 1 p.p. below the average of Aliansce's portfolio, again indicating the ability that we have in terms of potential for future rent increases, to capture this in the future.

Shifting out to page nine continuing pleased with the financial highlights section of the presentation, as you can observe the gross revenue breakdown in the 4Q14, rent revenues represented 74% of our gross revenues in 4Q14. Of the rent revenues minimum rent was responsible for 78.6%, and a percentage rent (overage rent) represented 11.1% of total rent revenue, stands in kiosks, 10.2%. If we consider in our growth revenues parking accounted for 15.7%, while services rendered, 7.5%.

On the right hand side of the page, you can observe the evolution and increase of 10.2% in our gross revenues from the 4Q13 to the 4Q14. And the breakdown of the contribution of organic growth and of the new models that we have opened two new malls that we had opened in 2013, a few expansions.

On page ten, financial highlights section of the presentation is still just like to highlight our rent revenue increase of 8.6% in the upper left-hand side of the page. Also on the lower right hand side figures important to note how the newer generation assets the ones that are not yet mature, how they are growing above the company average, actually lifting the average up. We had same-store rental growth in 2014, in relation to 2013, of 9.6%, if you consider these assets that have less than five years of operating history. The average for the Company was of 7.6% last year.

On page 11, a comments on NOI, and NOI margin. We continue to seek greater efficiency in our malls, the NOI margin increased in the newer assets that were opened, 5.2 p.p in last 12 months, bringing our NOI margin for the year to 90.4%. If you consider the data from the 4Q13 we were at 88.6% and had an increased to 91.2%.

Moving now to page 12, an important point also to show how Aliansce's benefiting structural again the scale to greater efficiency, productivity of retailers increasing in net revenues. As you can see from this chart we had a 3.6 p.p. reduction in G&A expenses as a percentage of net revenues between 2010 and 2014.

Now please on page 13, a comment on EBITDA and EBITDA margin. Our EBITDA margin reached the highest level as we mentioned before, in 4Q14 to reach 75.1%. We finished the year with 73% EBITDA margin last year. Our EBITDA margin, if you consider a period of five years, increased 6.4 p.p. since 2010. This is an indication again of how we are monitoring costs and try to capture the gains of scale, especially as the company aggressively expanded the portfolio since the period since the year of 2010, through developments and acquisitions.

On page 14, we had a decrease in our net income last year. This mainly resulted from the impact of our financial results. We had a debt that had a grace period attach to it that was being capitalized, but now it is payable. We finished the year with R$117 million of adjusted net income. Our adjusted FFO margin was also down, as well as our FFO because of the impact of the financial results.

On page 15, please. As you will see we have two tables here with expansion now, we shifted the growth drivers in the Company. The table above shows five expansions, which are our ongoing projects. These are expansions with very high IRR's as you can see in the far column on the right hand side of the upper table. Some of these expansions have an IRR that are as high as 25%. It is important to note they also serve these malls by way of adding and complementing, adding stores and complementing the tenant mix, bringing important attributes that add to the experience of people that visits the clients, that visit our malls. In a table below we see future expansions that have scheduled opening between the year of 2016 and 2017. In total all these eight expansions will add approximately 37 thousand sqm of owned GLA to Aliansce until the end of 2017.

If you shift to page 16, please, you will observe these expansions will increase Aliansce's GLA by 8.4%.

Now on page 17, we started to include the slide. Just to highlight that in spite the fact that we are in an environment where we have curtailed our investments, we continue to look for ways to bring about greater efficiency, increased productivity of retailers in our properties. This is a small example if you consider the CAPEX, but it is very relevant for the specific property, which we are basically converting two movie theater screens into eight different restaurants, more than multiplying by four the rent that will be collected from these new retailers in relation to what was paid before.

Shifting now page 18, a comment on our balance sheet and the indebtedness and cash position of the company. Total debt in 4Q14 stood at R$1.9 billion, total cash position of the company was R$354 million. Our net debt was of R$1.5 billion. We have used the balance sheets but we have done so in a very disciplined and conservative manner in a way that added value, these were investments that were accretive to our shareholders and we feel comfortable that we will be able to amortize our debt with the current operations, basically the majority of the the funding that have been contracted the financing that we contracted, the project that we are attracted, attached to these financing have all been delivered.

On the lower left hand side of the page, you will see a principal amortization schedule, which is very comfortable, given the cash generation that the company has yearly. On the right hand side of the page we show here, especially in this environment of higher interest rates, of monetary tightening by the Central Bank. Close to 85% of our debt is quasi-fixed debts. The majority or bulk of our debt is indexed through TR rates, which is a very low volatility index.

Page 19, we will continue in the past that we have been on which is basically one of deleveraging. As you can see, since the 4Q13 we brought our net debt EBITDA from 5.3x to 4.2x last year. This is already something that had been forecasted, planned and we envision continued deleveraging of the Company in a few years.

On page 20, we present here a series of indicators both operating and financial for your observation. With that, I would be happy, I am joined here with my colleagues today and we will be very happy, glad to take any questions, requirements regarding any of our operations or any of the materials that have been presented today. Thank you.

Operator:

This concludes the question-and-answer session. At this time I would like to turn the floor back to Mr. Henrique for any closing remarks.

Henrique Cordeiro Guerra Neto:

I would like to thank everyone joining this call. Participating on the call and I wish that we remain here available for any questions that you may have. Thank you again and wish you a very nice day.

Operator:

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