



## Iguatemi announces the exercise of the right of preference for the acquisition of 20% of Praia de Belas Shopping Center and 15% of Shopping Center Esplanada

**São Paulo, November 28<sup>th</sup>, 2019** – Iguatemi Empresa de Shopping Centers SA (“Iguatemi” or “Company”) [B3: IGTA3], one of the largest full-service companies in the shopping center industry in Brazil, announces the exercise of the right of preference for the acquisition of 20% of Praia de Belas Shopping Center (“PBSC”), in Porto Alegre/RS, and 15% of Shopping Center Esplanada (“SCESP”), in Sorocaba/SP.

### ABOUT THE TRANSACTION

On November 28<sup>th</sup>, 2019, Iguatemi exercised the right of preference to acquire 20% of Praia de Belas Shopping Center and 15% of Shopping Center Esplanada, which are held by the same partner in both assets, for R\$ 260.1 million, of which 8% as a down payment (already paid), 42% to be paid upon signature of the promissory deeds of purchase and sale and 50% to be paid after 180 days of the previous installment, adjusted to 120% of the CDI. The conclusion of this transaction is subject, among other customary provisions in such operations, to the approval of the Administrative Council for Economic Defense (CADE) and, in the case of SCESP, to the overriding of the right of preference of the other partners in the asset. With the conclusion of this operation, Iguatemi will hold a majority interest in both assets, being 57.55% in PBSC and 52.99% in SCESP.

Table 1: Transaction fact sheet

	PBSC	SCESP <sup>(2)</sup>
GLA (sqm)	44,779	24,352
Transaction value (R\$ million)	174.6	85.5
% acquired	20%	15%
NOI 2019 (R\$ million) <sup>(1)</sup>	54.9	37.4
NOI multiple (2019)	15.9x	15.2x
Cap rate (2019)	6.3%	6.6%

(1) NOI 2019 considers the result achieved until October and forecast data for November and December.

(2) Shopping Center Iguatemi Esplanada is comprised of two parts: (i) Shopping Center Esplanada (“SCESP”), the original part of the asset and target of this transaction, with 24.3 thousand sqm of GLA, of which Iguatemi will hold a 52.99% stake after the conclusion of this acquisition; and (ii) Shopping Center Iguatemi Esplanada (“SCIESP”), part of the asset related to the expansion inaugurated in November 2013, with 40.5 thousand sqm of GLA, of which Iguatemi holds a 65.72% stake. Following this transaction Iguatemi will hold a total stake of 60.93% in the Iguatemi Esplanada complex.

**ABOUT PRAIA DE BELAS SHOPPING CENTER**

PBSC was inaugurated in October 1991 and along the years became one of the most important and traditional malls in the city of Porto Alegre. In November 2013, the asset underwent an expansion of 17 thousand sqm of GLA, leading to its current GLA of 44.8 thousand sqm. The mall focuses on the AB+ income classes, currently consists of 219 permanent stores and 6 movie theaters, with a mix of upscale retailers that has been increasingly improved over the last few years and, in 2018, presented a revenue per sqm of R\$ 1,593.

**ABOUT THE REGION OF PRAIA DE BELAS SHOPPING CENTER**

PBSC is located in the city of Porto Alegre, one of Brazil's main metropolitan consumption regions, and accounts for approximately 7% of national GDP (source: IBGE / 2016). Located in the Praia de Belas neighborhood, one of the oldest and most traditional regions of Porto Alegre, the surrounding area of the mall has a high population density and qualified demand, as well as major infrastructure improvements with the revitalization of Orla do Guaíba, being one of the most consolidated areas in the municipality. In 2018, according to IBOPE, the average monthly family income of the mall's primary area was R\$ 9 thousand.

With a population of 46,000, this area has a high flow of vehicles and pedestrians due to its surroundings, which has a qualified resident public, and also has, among others, (i) important public institutions, (ii) leisure areas, (iii) high schools and colleges, (iv) medical centers, (v) cultural centers, and (vi) churches and synagogues.

**ABOUT SHOPPING CENTER IGUATEMI ESPLANADA**

Esplanada Shopping Center was inaugurated in September 1991 in the city of Sorocaba/SP, being a pioneer, traditional and strongly recognized by the population with the highest purchasing power in the region. In 2007, Iguatemi acquired 38% of this asset, reinforcing its strategy of consolidating its presence in the interior of the state of São Paulo. In November 2013, Iguatemi inaugurated Iguatemi Esplanada, integrated with Esplanada Shopping, creating one of the largest mixed-use complexes in the interior of São Paulo, with almost 400 stores and 64.7 thousand sqm of GLA.

The mall focuses on the AB+ income classes and, in 2018, reported revenue per square meter of R\$ 1,579. With a construction potential of 3 times the land area, the complex has a high potential for future expansion and verticalization.

**ABOUT THE REGION OF SHOPPING CENTER IGUATEMI ESPLANADA**

Iguatemi Esplanada is located in the city of Sorocaba/SP, the fourth most populous city in the interior of São Paulo, with a population of 680,000 (source: IBGE / 2018). Located in the neighborhood of Campolim, one of the most noble and qualified regions of Sorocaba, the surrounding area of the mall has a high population density of high income with qualified consumption potential. In 2018, according to IBGE, the average monthly family income of the primary asset area was R\$ 22 thousand.

This region has been a highlight because of the appreciation of real estate assets, with a large number of launches occurred in the last 3 years in the direct surroundings of the mall, which includes the streets Augusto Lipel and Antonio Perez Hernandez.



### About Iguatemi Empresa de Shopping Centers S.A.

Iguatemi Empresa de Shopping Centers S.A. ('Iguatemi') is one of the largest full service companies in the Brazilian shopping mall sector. Its activities cover the whole range of the business, from conception, through planning, to development and management of regional shopping malls, outlets and mixed-use real estate complexes with office towers.

Iguatemi has equity holdings in 14 malls, 2 premium outlets, 1 power center and 3 commercial towers, with a total GLA of 707 thousand sqm and an owned GLA of 450 thousand sqm (based on the percentage owned by Iguatemi at each mall). Iguatemi manages its 14 malls, its premium outlets and its office towers.

Iguatemi shares [IGTA3] are listed for trading on the Novo Mercado special segment of the São Paulo Stock Exchange (B3) and are part of the Ibovespa Index.

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