# APPRAISAL REPORT

PREPARED FOR: GAZIT BRASIL.

USE: Internal use, except for presentation to the external accounting auditors of the contractor.

PURPOSE: Internal decision-making process and accounting entry.

PROPERTY: Shopping Light, Rua Coronel Xavier de Toledo, 23 – São Paulo / SP.

DATE: December 31st, 2020.

Cushman & Wakefield Brasil
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São Paulo, December 31st, 2020.

**GAZIT BRASIL LTDA**
Mr. Sergio Koffes
Tel: 55 11 3508 0800
Av. Olimpíadas, 66 – 4th floor – Vila Olímpia – São Paulo
skoffes@gazitbrasil.com

**Valuation Report of Shopping Light, Located at 23 Coronel Xavier de Toledo street - Downtown, City of São Paulo and State of São Paulo.**

Dear,

In response to your request, Cushman & Wakefield has the pleasure to present the report of the "free market value" for the purchase/sale of the Property in question, with the purpose of internal decision-making process and accounting entry, which is located at 23 Coronel Xavier de Toledo street - Downtown, City of São Paulo and State of São Paulo.

This report was prepared based on the market available data and the data provided by the Contractor, in accordance with the provisions of the NBR. 14653-1/2001 and NBR 14653-4/2004, from the A.B.N.T. – Brazilian Association of Technical Standards.

This report was prepared for registration purposes with the CVM (Brazilian Securities Commission) seeking the appraisal to determine the market value for purchase / sale of real estate assets in reference to the real estate investment fund, complying with CVM Instruction No. 472/08.

This real property appraisal report is exclusively for internal use of the Contractor, its affiliates, controlled or controlling companies, officers, directors, partners, members, shareholders, legal counsels, managers, employees, external auditors and consultants which are involved with the Property. No part of it may be published or disclosed to third parties without the formal, written consent of the issuer, Cushman & Wakefield. The source must always be cited when reproducing any of the data contained, under penalty of applicable civil and criminal penalties for violating copyright law. Furthermore, in the event that any of the Contractor is requested or required by law, legal process or any regulatory or governmental or quasi-governmental administrative authority to disclose this real property appraisal report, Contractor will promptly notify Cushman & Wakefield so that it can take the legal measures applicable.

We appreciate the opportunity and remain at your entire disposal for any clarifications that may be necessary.

Regards,

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Naiá Ribeiro
969E0CAC1990458...

Naiá Ribeiro
Consultant, Valuation & Advisory
Cushman & Wakefield, Brazil

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Alan Constantino
Coordinator, Valuation & Advisory
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Mauricio Itagyba, CREA, MRICS, RICS
Registered Valuer
CREA n° 5061069994
Senior Manager, Valuation & Advisory
Cushman & Wakefield, Brazil

# INDEX

## EXECUTIVE SUMMARY

| | | | |
|---|---|---|---|
| DATE OF THE APPRAISAL: | | December 31st, 2020. | |
| DATE OF THE INSPECTION: | | October 29th, 2020. | |
| TYPE OF PROPERTY: | | Shopping Center. | |
| 1 | OBJECTIVE: | Determine the "free market value" for the purchase/sale of the property in question. | |
| 2 | APPROACH: | Direct Income capitalization approach based on a Discounted Cash Flow. | |
| 3 | ADDRESS: | 23 Coronel Xavier de Toledo street, Downtown, city and state of São Paulo. | |
| | • Access: | The property has its main accesses through the streets Coronel Xavier de Toledo, Formosa, Vinte e Três de Maio, Prestes Maia, among other secondary access ways. | |
| | • Neighborhood: | Mixed (commercial and residential). | |
| | • Transportation: | By road (public transportation or private car). | |
| | • Public Utilities: | Electricity, roads, mass transport, telephone, solid waste collection, drinking water, sewage collection, rainwater collection, gas, post office, road cleaning and conservation. | |
| 4 | DESCRIPTION OF THE PROPERTY: | | |
| | • Site: | Topography: | Flat. |
| | | Shape: | Irregular. |
| | | Area: | 4,547.01 sqm (informed by the client). |
| | • Constructions: | Description: | Shopping Center Regional. |
| | | Apparent age: | 50 years |
| | | Remaining Lifetime: | 10 years |
| | | Total Built Area: | 37,336.77 sqm (informed by the client). |
| | | Gross Leasable Area: | 18,528.58 sqm (rent roll provided by the client). |
| | | Parking: | 200 parking spaces (provided by the client). |

## 5 SCENARIO USED:

| | | |
|---|---|---|
| • Period of Analysis | 10 years. | |
| • Minimum Rent: | R$ 10,416,603.00 | In the 1st year. |
| • Annual Growth Rents (Real): | 1.00% per year for the 2nd year onwards during the projected cash flow. | |
| • Discounts: | (R$ 150,000.00) | In the 1st year. |
| | (R$ 100,000.00) | In the 2nd year. |
| | (R$ 50,000.00). | In the 3rd year onwards during the projected cash flow. |
| • Turnover Rent: | R$ 4,428,000.00 | In the 1st year. |
| | R$ 4,928,000.00 | In the 2nd year. |
| | R$ 5,428,000.00 | In the 3rd year. |
| | R$ 5,628,000.00 | In the 4th year onwards during the projected cash flow. |
| • Mall Income: | R$ 3,500,000.00 | In the 1st year. |
| | R$ 4,000,000.00 | In the 2nd year. |
| | R$ 4,500,000.00 | In the 3rd year. |
| | R$ 5,000,000.00 | In the 4th year onwards during the projected cash flow. |
| • Merchandising: | R$ 1,300,000.00 | Per year, during the projected cash flow. |
| • Key Money: | R$ 100,000.00 | In the 1st year. |
| | R$ 125,000.00 | In the 2nd year. |
| | R$ 150,000.00 | In the 3rd year onwards during the projected cash flow. |
| • Car Parking (Net): | R$ 700,000.00 | In the 1st year. |
| | R$ 750,000.00 | In the 2nd year. |
| | R$ 800,000.00 | In the 3rd year onwards during the projected cash flow. |
| • Other Income: | R$ 300,000.00 | In the 1st year. |
| | R$ 200,000.00 | In the 2nd year onwards during the projected cash flow. |

| | | | |
|---|---|---|---|
| • General Vacancy: | 7.50% | In the 1st year. | Over minimum rent (excluding anchor stores and movie theater). |
| | 5.00% | In the 2nd year. | |
| | 4.00% | In the 3rd year. | |
| | 3.00% | In the 4th year. | |
| | 2.50% | In the 5th year. | |
| | 2.00% | In the 6th year and beyond. | |
| • Collection Loss: | 10.00% | In the 1st year. | Over minimum rent (excluding anchor stores and movie theater). |
| | 8.00% | In the 2nd year. | |
| | 6.00% | In the 3rd year. | |
| | 5.00% | In the 4th year. | |
| | 4.00% | In the 5th year. | |
| | 3.00% | In the 6th year. | |
| | 2.00% | In the 7th year and beyond. | |
| • NRE – Service Charge: | (R$ 574,200.00) | | In the 1st year. |
| | (R$ 538,300.00) | | In the 2nd year. |
| | (R$ 131,700.00) | | In the 3rd year. |
| | (R$ 105,300.00) | | In the 4th year. |
| | (R$ 79,000.00) | | In the 5th year. |
| | (R$ 65,800.00) | | In the 6th year. |
| | (R$ 52,700.00) | | In the 7th year onwards during the projected cash flow. |
| • Promotion Fund: | (R$ 150,000.00) | | In the 1st year. |
| | (R$ 200,000.00) | | In the 2nd year. |
| | (R$ 250,000.00) | | In the 3rd year onwards during the projected cash flow. |
| • Other Non-Recoverable Expenses: | (R$ 750,000.00) | | In the 1st year. |
| | (R$ 800,000.00) | | In the 2nd year onwards during the projected cash flow. |
| • Maintenance & Repairs: | 3.00% | | Over effective gross revenue from January/2026. |
| • Capex: | (R$ 10,326,633.00) | | In the 1st year. |
| | (R$ 900,000.00) | | In the 2nd year. |
| | (R$ 1,165,000.00) | | In the 3rdyear. |
| | (R$ 1,200,000.00) | | In the 4th year. |
| | (R$ 500,000.00) | | In the 5th year. |
| | (R$ 0.00) | | In the 6th year onwards during the projected cash flow. |

| | | |
|---|---|---|
| • Forecast Average Inflation: | Discounted cash flow calculations use as inflation 0.00% in 2021, 3.75% in 2022, 3.50% in 2023 and 3.25% in 2024. For the years beyond 2024, we used the same rate by analogy. | |
| • Discount Rate (Nominal): | 11.83% | Per year. |
| • Capitalization Rate: | 7.50% | Per year. |
| • Property's Sale Commission: | 2.50% | Over net operating income of the 11th year. |

MARKET VALUE OF THE SHOPPING

R$ 300,536,900.00 (THREE HUNDRED MILLION, FIVE HUNDRED AND THIRTY-SIX THOUSAND AND NINE HUNDRED REAIS)

Note:

1 - This appraisal report complies with the requirements of CVM Instruction # 472/08;

2 - Cushman & Wakefield Negócios Imobiliários Ltda does not maintain working relationship of subordination or with controlled companies or controlled by the administrator;

3 - Cushman & Wakefield Negócios Imobiliários Ltda does not own any shares of the Shopping Light;

4 - The projected cash flow starts on January1st, 2021;

5- As requested by the client, we considered a satelization project starting in September 2021. For this project, we assumed the expenses and revenues according to the client projections;

6 - As requested by the client, we did not consider the taxation of PIS / COFINS (3.65% of EGR) in the discounted cash flow, Property Management Fee and Leasing & Commissions.



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# OBJECTIVE

## PROPERTY IN ANALYSIS

SOURCE: SHOPPING CENTER WEB SITE.

In response to your request, this report is to determine the “free market value” for the purchase/sale, with the purpose of internal decision-making process and accounting entry.

The recipient of the appraisal report is the Contractor, Gazit Brazil.

This Appraisal Report shall be solely and exclusively for the internal use of the Contracting Company, except for the presentation of the physical route of the report to its external accounting auditors and business partners in the evaluated property. The publication or disclosure of this Appraisal Report shall not be permitted without the formal written authorization of the issuing company, Cushman & Wakefield, and in the case of eventual permission, shall be made in its entirety, and in no case shall the disclosure or publication partial. Still in the reproduction of any information, the source should always be cited, under the civil and criminal penalties imposed by the violation of copyright.

**Note:** This complete appraisal report is intended exclusively for the uses described herein.

# APPROACH

The approach used for this appraisal consisted of an analysis of the physical characteristics of the property and of information collected in the market. This information was processed to determine the final value of the property. This methodology complies with Brazilian Standards Association (ABNT - Associação Brasileira de Normas Técnicas) NBRs 14,653-1/2001, 14.653-4/2002 and 14.653-2/2011.

Below we describe the normal appraisal procedures employed to assess the value of an asset, its fruits and rights, as well as the method used to determine feasibility indicators, as required by applicable standards:

## METHODS TO IDENTIFY THE VALUE OF AN ASSET, ITS FRUITS AND RIGHTS

### SALE/LEASE COMPARISON APPROACH

This approach calculates the market value of an asset by adjusting the attributes of comparable elements in a sample.

### RESIDUAL APPROACH

This approach uses a feasibility study to establish the market value of an asset based on its highest and best use, using a hypothetical development of comparable characteristics to those of the asset in question, and the situation of the market of which it is part, using different feasible scenarios for the construction and sale of the product.

### REPLACEMENT COST APPROACH

This approach calculates the value of an asset as the sum of the value of its components. If the object of the appraisal is to determine the market value, then factors related to the sale must also be taken into consideration.

### DIRECT CAPITALIZATION APPROACH

This approach establishes the value of on asset based on the present capitalization of the net revenue expected from the property under feasible scenarios.

## METHODS TO IDENTIFY THE COST OF AN ASSET

### SALE/LEASE COMPARISON APPROACH

This approach establishes the cost of an asset by adjusting the attributes of a comparable set of properties in a sample.

### REPLACEMENT COST APPROACH

This approach identifies the cost of an asset or of its parts using summary or analytical budgets based on the quantity of services included and their respective direct and indirect costs.

## METHODS TO IDENTIFY FEASIBILITY INDICATORS OF THE ECONOMIC USE OF A DEVELOPMENT

The usual appraisal procedures to determine feasibility indicators for the economic use of a given development are based on its projected cash flow, from which are obtained decision-making indicators based on the net present value and internal rate of return, among others.

## CRITERIA USED

An appreciation of the basic methodology available shows that all methods are generically comparable. All of the methodologies are based on a comparison of elements, be they sale or offer values, lease fees, revenue rates or even the efficient use of available land.

Shopping malls are a financial real estate enterprise designed to generate sustainable and relatively stable revenue over their lifetime. Each Shopping Mall is designed bearing a few factors in mind:

- The primary and secondary areas (location of the described demand);
- Location;
- Project characteristics (mall, power center, regional, theme, etc.);
- Size (GLA);
- Anchor stores (type);
- Shop mix; and
- Layout, etc.

## TECHNICAL DEFINITIONS

"Free Market Value" is understood to be the most likely value for which an asset would be willingly and knowingly negotiated on a reference date under prevailing market conditions for the sale/purchase or lease of said asset.

For the purposes of the present appraisal, the market value was taken to be equivalent to the enterprise economic value, represented by the present value of future cash flows and the residual value, discounted using discount rates compatible with the future phase of the enterprise. This technical approach is recommended given that the market for equity in enterprises such as this one normally uses this concept to analyze value.

## APPLICATION OF THE METHODOLOGY

The applicable methodology is basically a function of the nature of the asset being appraised, the purpose of the valuation and the availability, quality and quantity of the information collected in the market.

The appraisal process is concluded by analyzing the results of the different approaches to value used. When more than one approach is used, each one is judged based on its applicability and reliability, as well as the quantity and quality of the information available. Thus, the final value of the property may be based on one approach alone or on a correlation of some or all of them.

Thus, each shopping mall will have a unique configuration of variables. In this particular case, we opted to use the **"Income Capitalization Approach"** using a **"Discounted Cash Flow"** to determine the free market value for the sale of the property. To segregate the value, we choose the "**Replacement Cost Approach**".

# VALUATION SPECIFICATIONS

The specifications of any valuation are related to the effort of the valuation engineer, the market and the information available. The objective of having the client define an initial desired level of foundation is to determine the effort to be used in the valuation, but this does not guarantee that significant levels of foundation can be reached. Accuracy, on the other hand, depends exclusively on the characteristics of the market and the sample, and therefore cannot be set in principle.

According to item 10 of NBR 14653-4, a report must meet Level I, II or III requirements as to its fundamentals, where 1 point is awarded for level I items, 2 points for level II items and 3 points for level III items. The overall classification is the sum of the scores obtained on all items.

Based on these criteria, the current effort is classified as "**Level II**" regarding the fundamentals of valuation, and as “**Level II**" regarding feasibility indicators, as per A.B.N.T. standards. We stress that the foundation of any appraisal is directly related to the information that can be extracted from the market and therefore does not depend exclusively on the will of the valuation engineer and/or the party who contracted the valuation service.

TABLE 4 – IDENTIFICATION OF VALUE AND FEASIBILITY INDEXES

| ITEM | ACTIVITY | RESULT | POINTS |
|---|---|---|---|
| 7.5.1.1 | Operational analysis of development | Large, with operational elements properly explained. | 3 |
| 7.5.1.2 | Analysis of historical data of development (*) | Based on analysis of the stochastic process for the key variables, in a minimum period of 36 months. | 3 |
| 7.5.1.3 | Sector analysis and market diagnosis | Of the conjecture. | 2 |
| 7.5.1.4 | Discount Rate | Justified | 2 |
| 7.5.1.5 | Choice of model | Deterministic associated to scenarios | 2 |
| 7.5.1.5.1 | Basic structure of cash flow | Complete | 3 |
| 7.5.1.5.2 | Grounded scenarios | 1 at least | 1 |
| 7.5.1.5.3 | Sensitivity analysis | Simulation with detection of elasticity per variable. | 2 |
| 7.5.1.5.4 | Risk analysis | Justified risk | 2 |
| (*) Only for development in operation | | SUM | 20 |

| TABLE 5 - FRAMEWORK OF VALUATION REGARDING ITS LEVEL OF GROUNDING | | | |
|---|---|---|---|
| (TO DETERMINE THE VALUE) | | | |
| LEVELS | III | II | I |
| Minimum points | More or equal to 22 | from 13 to 21 | from 7 to 12 |
| Restrictions | Maximum of 3 items in lower levels, allowed maximum of one item in Level I. | Maximum of 4 items in lower levels or not covered. | Minimum of 7 items covered. |
| REGARDING GROUNDING TO DETERMINE THE VALUE, THE VALUATION WAS FRAMED AS: | | | II |
| (FOR FEASIBILITY INDEXES) | | | |
| LEVELS | III | II | I |
| Minimum points | More or equal to 18 | from 11 to 17 | from 5 to 10 |
| Restrictions | Maximum of 4 items in lower levels, allowed maximum of one item in Level I. | Maximum of 4 items in lower levels or not covered. | Minimum of 5 items covered. |
| REGARDING GROUNDING FOR FEASIBILITY INDEXES, THE VALUATION WAS FRAMED AS: | | | II |

# ASSUMPTIONS AND "DISCLAIMERS"

"Report" refers to this complete report of real estate appraisal and conclusions described herein, to which these assumptions and "disclaimers" refer.

"Property" refers to the object of this report.

"Cushman & Wakefield" refers to Cushman & Wakefield Real Estate Business Ltd. Company issuing this full report of real estate appraisal.

"Appraiser (s)" refers to the employee (s) of the Cushman & Wakefield who prepared and signed this report.

"Hirer" refers to the requesting addressee of this report.

The work leading up to this report was based on the following assumptions and conditions:

- The information contained in the report or on which it is based were obtained from surveys of parties that the appraiser assumed to be reliable and accurate. The hirer and / or administration of the enterprise may have provided some of this information. Both the appraiser as the C&W cannot be held responsible for the accuracy or completeness of such information, including the accuracy of estimates, views, dimensions, sketches, exhibitions and factual issues. Any authorized user of the report is bound to bring to the attention of Cushman & Wakefield any inaccuracies or errors that he believes exist in this report;
- The areas of land and / or the built area were based on information provided by the hirer and / or the administration of the project, as mentioned in this report and has not been measured "in situ" by the appraiser;
- The documents were not analyzed from the legal point of view, so we do not assume responsibility for any legal description or any issues that are of a legal nature or require legal experience or expertise as well as a real estate appraiser;
- Studies and structural framework analysis for existing buildings and their foundations have not been conducted;
- Likewise, we did not test or calibrate any type of equipment or facilities existing on the property and required for proper operation, but assumed all to be in perfect running order;
- The physical conditions of the improvements considered by the report are based on visual inspection performed by the appraiser. Cushman & Wakefield assumes no responsibility for the strength of structural components or the operating condition of mechanical equipment, plumbing or electrical components;
- To value calculation purposes, we consider that the property does not have any alienated title and any charge record or due to the same liability lawsuit;
- Value feedbacks are founded only to the date indicated on or from the report. From this date changes in external factors and market or own property could significantly affect the conclusions of the report;
- We stress that the values determined in our appraisal are based on Appraisal Engineering methodology, procedures and criteria, and are not intended as exact figures but rather as the most likely amount for which the property would be willingly and knowingly traded on a particular reference date, given the prevailing market conditions;

- The Appraisal Report will be intended for public use. In the publication, dissemination or reproduction of any information from this study the source should always be cited, failing which the hirer be liable civilly and criminally violated by copyright. The publication or disclosure shall be made in its entirety, is not allowed under any circumstances to transfer or partial publication;
- Unless agreed the appraiser should not be called to testify in any court or administrative proceedings on the property or evaluation;
- The Report assumes (a) the responsible ownership and property from competent management, (b) there are no hidden conditions or not apparent from the property, underground or structures that makes the property more or less valuable (assumes no liability for such conditions or organize engineering studies that may be needed to discover them), (c) full compliance with all applicable federal, state, local and applicable zoning unless the breach has been named, defined and considered in the report, and (d) all necessary permits, certificates of occupancy and other governmental permits have been or may be obtained and renewed for any use that is based on the value of opinion contained in this report;
- The gross profit potential provided in the report, if any, may have been based on location summaries provided by the owner or third parties. The report does not assume any responsibility for the authenticity or completeness of the location information provided by third parties. Cushman & Wakefield recommends a legal advice concerning the interpretation of the rental rules and contractual rights of the parties;
- Provisions of future revenues and expenses, if any, are not predictions of the future. Rather, they are the best views of the appraiser based on his / her knowledge of current market thinking on future income and expenses. The appraiser and the Cushman & Wakefield offer no warranty or representation that these forecasts will materialize. The housing market is in constant fluctuation and change. It is not for the appraiser to predict or in any way guarantee the conditions for a future real estate market, the appraiser can only reflect what the investment community, from the reporting date, provides for the future in terms of rental rates, expenses and supply and demand;
- Studies and environmental reports and soil contamination are not part of the scope of this work;
- Unless otherwise stated in the report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located in or on the property was not considered in the calculation of its value. These materials may adversely affect the value of the property. The appraisers are not qualified to detect such substances. Cushman & Wakefield recommends that an environmental specialist should be consulted to determine the impact of these issues in the opinion of value;
- Unless otherwise stated, we did not get a soil analysis report. However, we assume that the soil load bearing capacity is sufficient to support the existing structure (s) and / or proposed. There was no evidence of the contrary during our inspection of the property. The drainage appears to be adequate;
- Unless otherwise stated, we have not received any report and do not know of any easements, encroachments, or restrictions that may negatively affect the use of the property. However, we recommend a research to determine if any adverse condition exists;
- Unless otherwise stated, it was not provided a survey of the swamp areas, swamp or spring. If engineering data in the future reveal the presence of these regulated areas, this could affect the value of the property. We recommend a research by a professional engineer with experience in this field;
- Unless otherwise specified, do not inspect the roof or made a detailed inspection of mechanical systems. The appraisers are not qualified to give an opinion on the suitability or condition of these components. We recommend hiring an expert in this field, if detailed information is required;

- If, with the prior approval of Cushman & Wakefield, the report is submitted to a lender or investor, that party should consider this report only as a factor in its overall investment decision, together with its independent investment considerations and underwriting criteria. Cushman & Wakefield points out that this lender or investor should understand all the extraordinary and hypothetical conditions and assumptions and limiting conditions incorporated into this report;
- All descriptive information of the property and equipment were provided by the customer and / or the administration of the project and have not been verified "in situ", we consider true as their characteristics and quantities;
- For the calculations of the values we consider that the areas reported by the client and / or the enterprise administration are legitimate, and which meet the current reality of the property;
- The assessment was considered sales charge on assets to 2.5% of net operating income of the 11th year of the projected cash flow that serves as the basis for calculating the perpetuity;
- We did not have access to the lease agreement for all of the mall shops to validate them. We used the amounts listed in the rent roll provided by the client. We took these to be true and accurate;
- Due diligence over the rent roll through spreadsheet received by the property management is not part of the scope of this assignment;
- Compliance with valuation standards: The methodology and procedure adopted by CW are compliant with the Brazilian Standards for property appraisal – NBR 14653 of ABNT-, as well as those set by the RICS (Royal Institution of Chartered Surveyors) of United Kingdom and by IVSC (International Valuation Standards Committee), which are internationally recognized and utilized for property appraisal and related matters. Particularly for this assignment we will observe the IAS 40 (Investment Property) and IFRS 13;
- Intended use: The main objective of C&W in this work is to provide assessment services to determine market value of properties mentioned in the previous item for sale and purchase accounting effect / as well as for preparation of IFRS financial statements of entities that directly or indirectly hold the appraised properties;
- When using this Report parties do agree that the link to use all Assumptions and Disclaimers, as well Hypothetical and Special Conditions contained herein;
- **This appraisal report complies with the requirements of CVM Instruction # 472/08;**
- **Cushman & Wakefield Negócios Imobiliários Ltda does not maintain working relationship of subordination or with controlled companies or controlled by the administrator;**
- **Cushman & Wakefield Negócios Imobiliários Ltda does not own any shares of the Shopping Light;**
- **The projected cash flow starts on January 1st, 2021;**
- **Discounted cash flow calculations use as inflation 0.00% in 2021, 3.75% in 2022, 3.50% in 2023 and 3.25% in 2024. For the years beyond 2024, we used the same rate by analogy.**
- **As requested by the client, we considered a satelization project starting in September 2021. For this project, we assumed the expenses and revenues according to the client projections;**
- **As requested by the client, we did not consider the taxation of PIS / COFINS (3.65% of EGR) in the discounted cash flow, Property Management Fee and Leasing & Commissions.**

# LOCATION

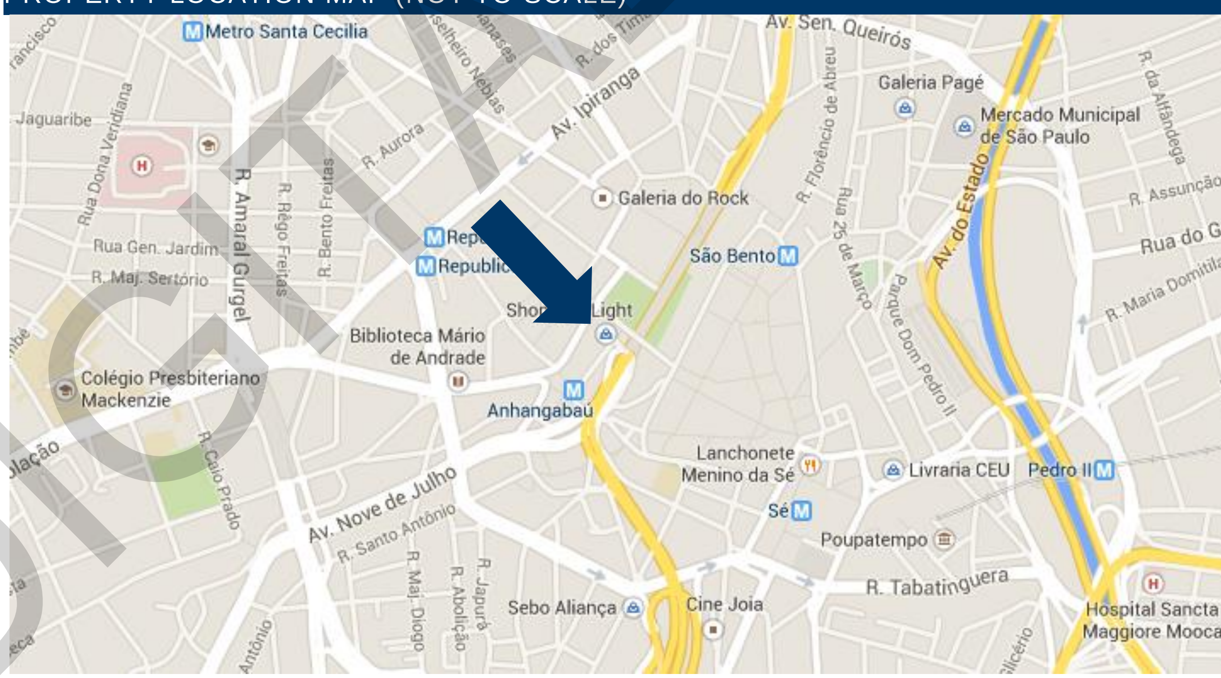
## SITUATION

The property is located at 23 Coronel Xavier de Toledo street, Downtown, city and state of São Paulo.

As reference points, below is the distance between the study property and other landmarks:

- 160 meters from the Subway Station – Anhangabaú;
- 350 meters from the Municipal Theater of São Paulo;
- 350 meters from the Bandeira Terminal;
- 350 meters from the UNESP – Universidade Estadual Paulista;
- 800 meters from the Square of Sé and Metropolitan Cathedral of São Paulo;
- 850 meters from the Square of República;
- 850 meters from the Town Council of São Paulo;
- 1.40 kilometers from the Parque Dom Pedro II Terminal;
- 2.00 kilometers from the Museum Catavento Cultural e Educacional;
- 2.30 kilometers from the Sírio-Libanês Hospital;
- 10.5 kilometers from the Airport of Congonhas / SP;
- 26.2 kilometers from the Airport Internacional of São Paulo - Cumbica / SP.

PROPERTY LOCATION MAP (NOT TO SCALE)




SOURCE: GOOGLE MAPS EDITADO POR CUSHMAN & WAKEFIELD

## PROPERTY LOCATION MAP (NOT TO SCALE)

SOURCE: GOOGLE MAPS EDITADO POR CUSHMAN & WAKEFIELD

## NEIGHBORHOOD OCCUPATION

The property under study is located in a mixed region, comprised of single-family residential properties multifamily (residential buildings) besides local shops and services, of average construction standard to high.

## PUBLIC SERVICES AND UTILITIES

The neighborhood has all of the utilities available in the city, such as power, roads, mass transport, telephone, solid waste collection, drinking water, sewage collection, rainwater collection, mail and road cleaning and conservation.

The Coronel Xavier de Toledo Street is a one-way with four lanes and bike path, moreover, the route has delimitation tracks and presents good condition, moderate traffic, asphalt paving, curbs, gutters, sidewalk and drainage rainwater.

## TRANSPORTATION

The property location is favored by the proximity of Avenue 23 de Maio, which connects the neighborhood to other major parts of the city via public transport (bus) and private (cars in general).

In terms of public transportation, we can say that the place where the property under study is located is served by regular bus lines that connect the neighborhood with the downtown and other parts of the city.

In addition, the property is close to Metro Station – Anhangabaú Line 3 – Red, considered one of the busiest systems, it works on the eastern and western regions, between Palmeiras-Barra Funda station and Corinthians-Itaquera.

The Congonhas Airport / SP is located approximately 26.2 km from the property, being attainable in about 37 minutes by car (off-peak hours).

# DESCRIPTION OF THE PROPERTY

The Shopping Light is located in the Downtown São Paulo and was opened in 1999, but the mall was implanted a building opened in 1929, which is now listed by the Historical Heritage and was the Light Company headquarters.

The development has total built area of 37,336.77  sqm (informed by the client) and GLA (gross lease area) of 18,646.83 sqm. For the cash flow calculations, we adopted GLA of 18,528.58 sqm (rent roll provided by the client).

## LAND

The land on which the Shopping Mall was built, it can be described as follows:

Topography: Flat;
Shape: Irregular; and
Size: 4,547.01 sqm.

APPROXIMATE LIMITS OF THE PROPERTY


SOURCE: GOOGLE EARTH EDITADO POR CUSHMAN & WAKEFIELD

**Note:** The plot area was supplied by client and/or development administration and was not checked “in loco”.

## BUILDINGS AND IMPROVEMENTS

It is a Regional Shopping Center, with main characteristics as described below:

| SUMMARY OF EXISTING IMPROVEMENTS | | |
|---|---|---|
| ITEMS | CHARACTERISTICS | |
| Composition: | Basement: | Parking Lot. |
| | Ground Floor: | Mall |
| | 1st Floor: | Mall. |
| | 2nd Floor: | Mall. |
| | 2nd /3rd Mezzanine: | Technical Areas. |
| | 3rd Floor: | Mall. |
| | 4th Floor: | Mall. |
| | 5th Floor: | Mall. |
| | 6th Floor: | Mall. |
| | 7th Floor: | Food Court. |
| | 8th Floor: | Mall. |
| | 9th Floor: | Technical Areas. |
| Structure: | Reinforced concrete. | |
| Facade: | Masonry. | |
| Sash Window: | Copper. | |
| Vertical Access: | 03 Otis Elevators, capacity of 20 people or 1,200 kg.<br>01 Otis Hydraulic Elevators, capacity 12 people.<br>14 Otis Escalators. | |
| Air Conditioning: | 04 Cooling Towers, capacity 355 Tr´s and 02 Chillers of 450 Tr´s<br>17 Fan Coil Air Conditioners. | |
| Fire Protection System: | Emergency lights, smoke detectors, sound alarm, sprinklers, hydrants, fire extinguishers and generators group of 350 KVA´s. | |
| Lighting: | Powered and natural. | |
| Electrical Installations: | 1 Primary Cabin with capacity of 380 Megawatts. | |
| State of Conservation: | Regular. | |
| Age: | 50 years. | |
| Estimated Useful Life: | 60 years. | |
| Remaining Life: | 10 years. | |

SOURCE SHOPPING LIGHT; CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

The internal areas are finished as follows:

| MAIN FINISHING | | | | |
|---|---|---|---|---|
| ENVIRONMENT | FLOORING | WALL | CEILING | CEILING HEIGHT |
| Management | Paviflex. | Partitions. | Plaster. | 3.20 m. |
| Stores | Ceramic Floor. | Masonry / Dry Wall. | Plaster. | 3.20 m to 4.80 m. |
| Bathrooms | Ceramic Floor. | Masonry. | Plaster. | 2.30 m to 4.80 m. |

SOURCE: SHOPPING LIGHT; CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## AREA CHART

The shopping has the following area distribution:

| AREA DISTRIBUTION | |
|---|---|
| AREAS | AREA (SQM) |
| Plot Area (SQM): | 4,547.01 |
| Built Area (SQM): | 37,336.77 |
| Gross Leasable Area - GLA (SQM): | 18,528.58 (rent roll provided by the client) |

SOURCE: SHOPPING LIGHT; CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

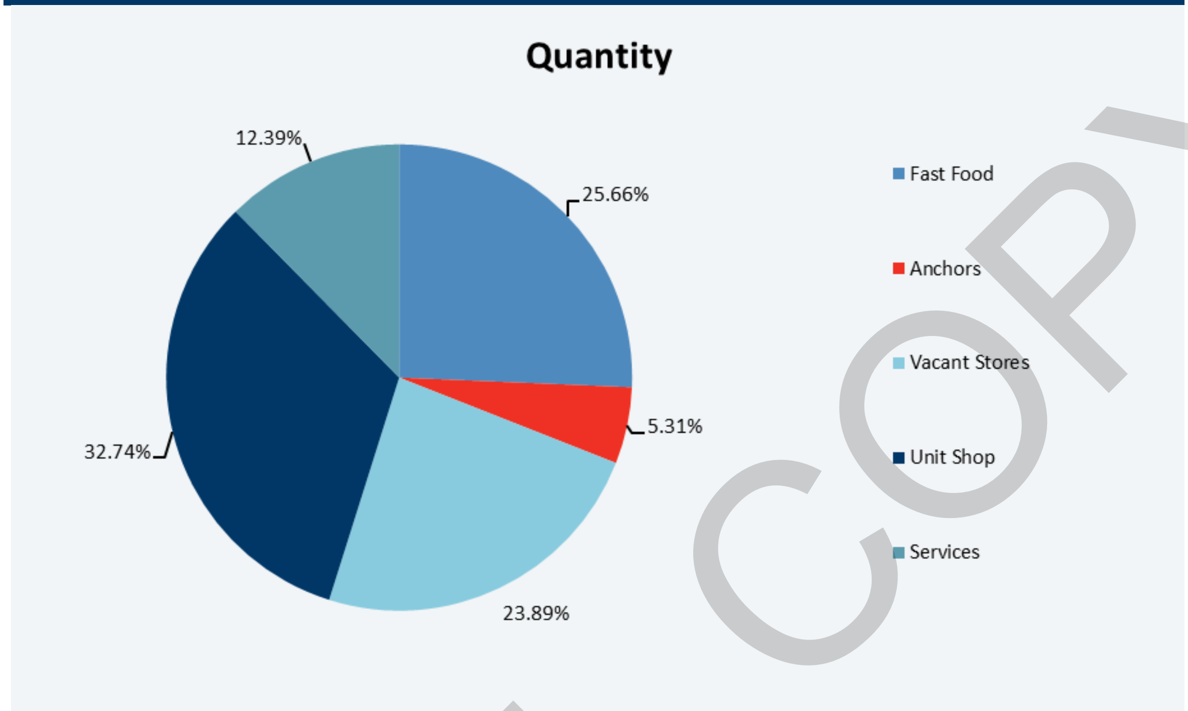
## GLA (GROSS LEASABLE AREA) CHART

Shopping Light is GLA is split as shown in the following table and chart:

| GLA (GROSS LEASABLE AREA) CHART | | |
|---|---|---|
| SEGMENT | UNITS | GLA (SQM) |
| Fast Food | 29 | 1,888.24 |
| Anchors | 6 | 8,450.93 |
| Vacant Stores | 27 | 2,778.29 |
| Unit Shops | 37 | 4,721.67 |
| Services | 14 | 689.45 |
| TOTAL | 113 | 18,528.58 |

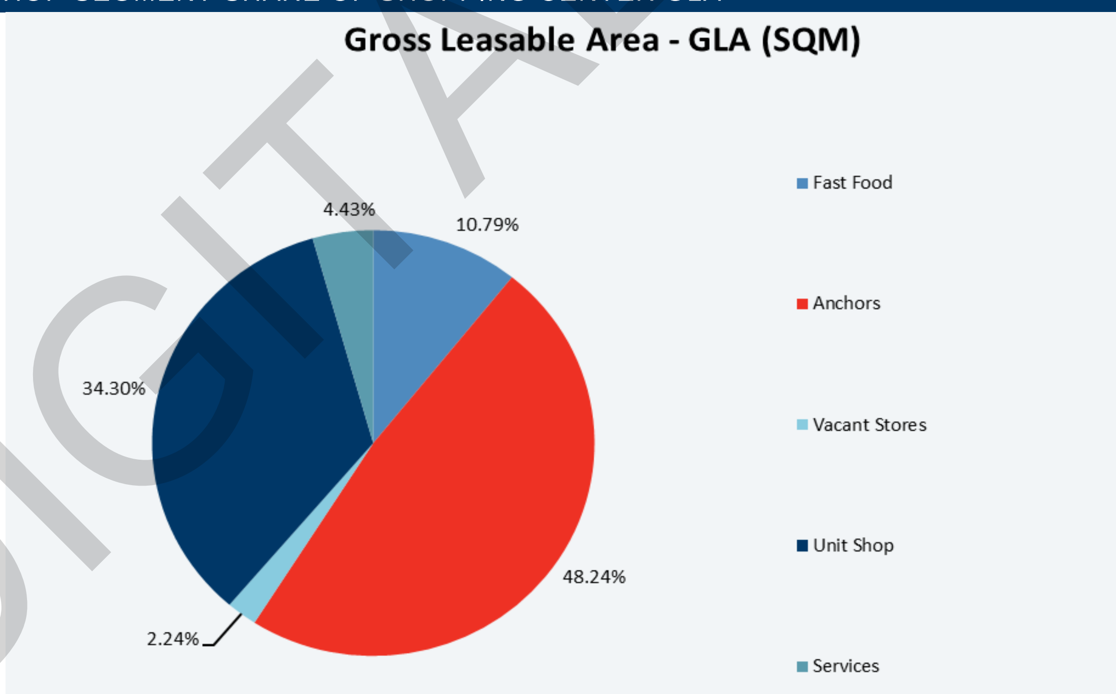
SOURCE: SHOPPING LIGHT; CUSHMAN & WAKEFIELD – VALUATION & ADVISORY.

## MALL SHOP SEGMENT BREAKDOWN




SOURCE: SHOPPING LIGHT, CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## SHOP SEGMENT SHARE OF SHOPPING CENTER GLA




SOURCE: SHOPPING LIGHT, CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## PARKING

The parking of Shopping Light has access Coronel Xavier de Toledo street and has 200 parking spaces.

# DOCUMENTATION, TAXES AND FEES

## REGISTRATION OF PROPERTY

According to the documents that were provided, the property is registered with the 5th Official de Registro de Imóveis, Comarca de São Paulo" through registration number 79,445.

## URBAN PROPERTY TAX – IPTU

The property IPTU 2019 was provided.

## OTHERS

It was provided excel files with the list of stores (rent roll), with its respective discounts, vacancy history, default and income statements.

**NOTE:** For purposes of calculating the value, we are considering that the property has not sold any title and not on any register of charges due to action or responsibility thereof.

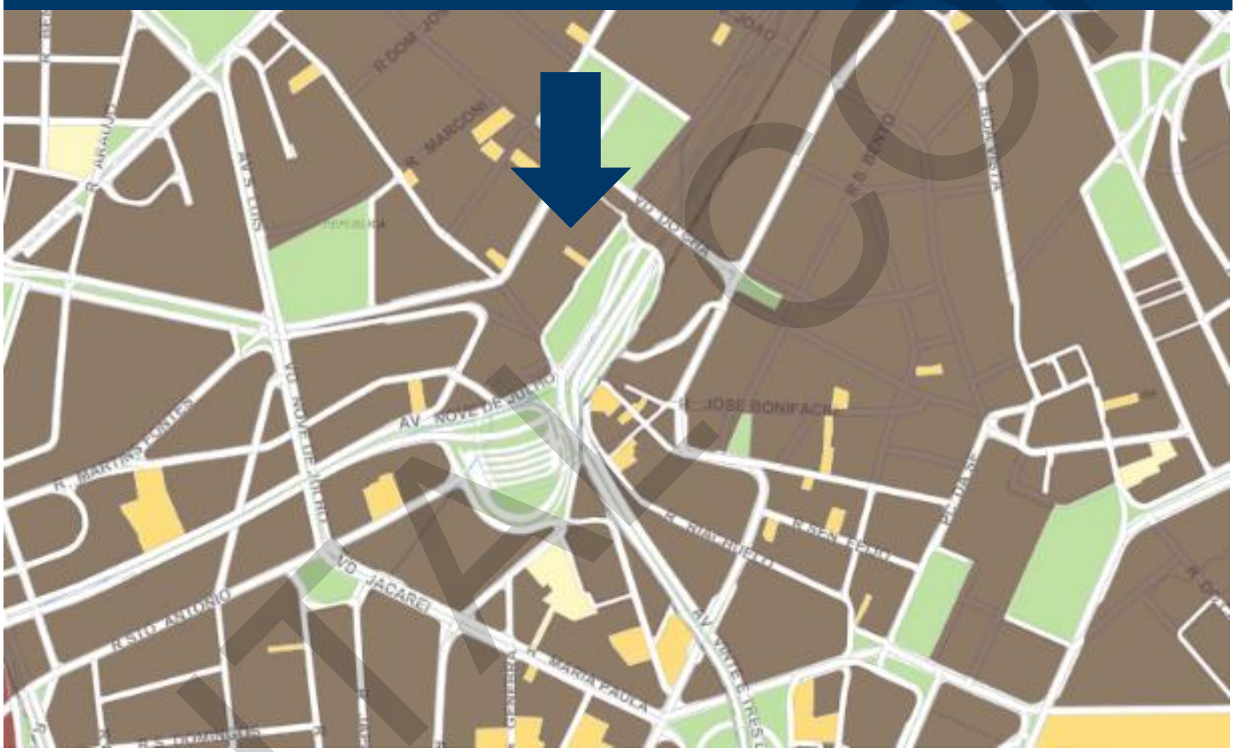
# URBAN PLANNING

## ZONING

A Land zoning, subdivision, use and occupancy in the city of São Paulo are governed by the Law N. 16402 of March 22nd, 2016.

According to applicable legislation, the property is located inside in ZC - Zona de Centralidade e Macroárea de Estruturação Metropolitana

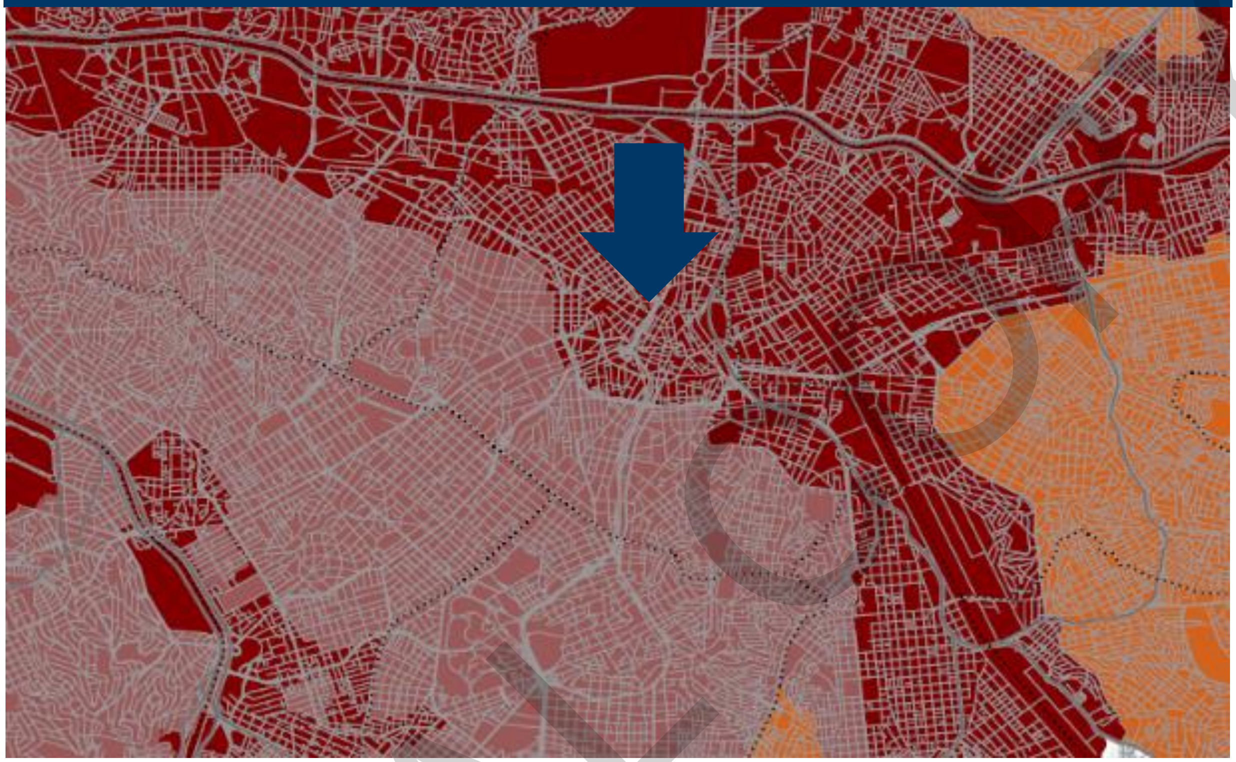
APPROXIMATE LOCATION OF THE PROPERTY ON A ZONING MAP




SOURCE: SÃO PAULO CITY HALL

In addition, according to the law, the property is in perimeter macro area of Metropolitan Structuring.

APPROXIMATE LOCATION OF PROPRIETY IN MACROAREAS MAP



FONTE: SÃO PAULO OF SÃO PAULO

## RESTRICTIONS REGARDING USE

City, state and federal restrictions that generally apply to property and land use may be of two types:

- Restrictions regarding use;
- Restrictions regarding occupancy;
- Restrictions regarding building height;
- Restrictions regarding the definition of computable and non-computable areas.

Restrictions on use have to do with the activities that may exist in a given area. In other words, if the property may be used for residential, commercial, industrial or other activities.

Restrictions on occupancy have to do with physical issues such as setbacks from the street and neighbors, maximum built area, how much of the land can be built on, height limits, size of lot, minimum percent area taken up by streets, green and institutional areas, etc.).

Restrictions on height merely define how high buildings in a given neighborhood or zone may be.

Computable and non-computable areas have to do with the sum of all areas in a given edifice. The gross area is the total built area, which is split into computable area, which is the area that goes into calculating the plot ratio (PR), and non-computable area, which is the sum of all areas that do not go into calculating the plot ratio.

Occupancy restrictions are based on two main classical concepts:

- Coverage Ratio: this is the ratio between the building footprint (area occupied by the horizontal projection) and the site area;
- Plot Ratio: this is the ratio between the computable gross floor area allowed for that property and the total area of the site;
- Height Limitation: this is the maximum height allowed for buildings according to applicable law and zoning restrictions for its location;
- Computable and non-computable areas: loosely speaking computable area is the built area; however, some built areas do not go into this calculation.

## RESTRICTIONS TO THE METROPOLITAN STRUCTORE OF MACROAREA. / ZONA DE CENTRALIDADE

### INDICES

- Coverage Ratio: 0.70.
- Plot Ratio: 2.0 (maximum).

**Note:** For information on Coverage Ratio, Plot Ratio, we suggest the customer to carry out formal consultation with relevant bodies

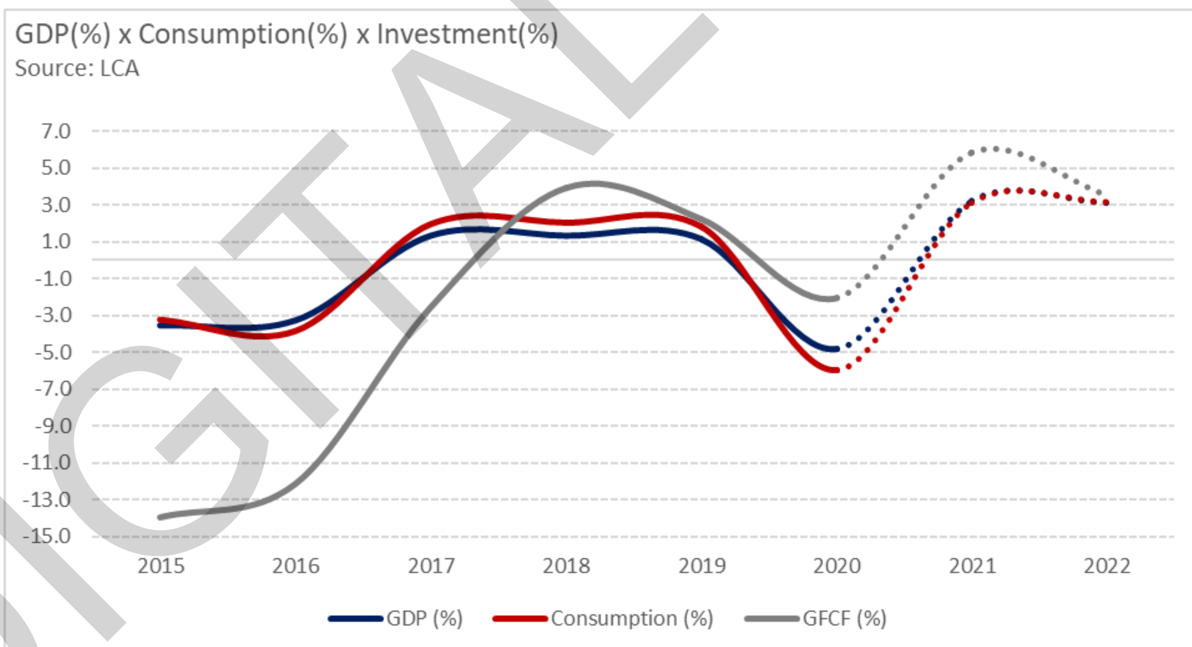
# BRAZIL OVERVIEW

## ECONOMIC SCENARIO

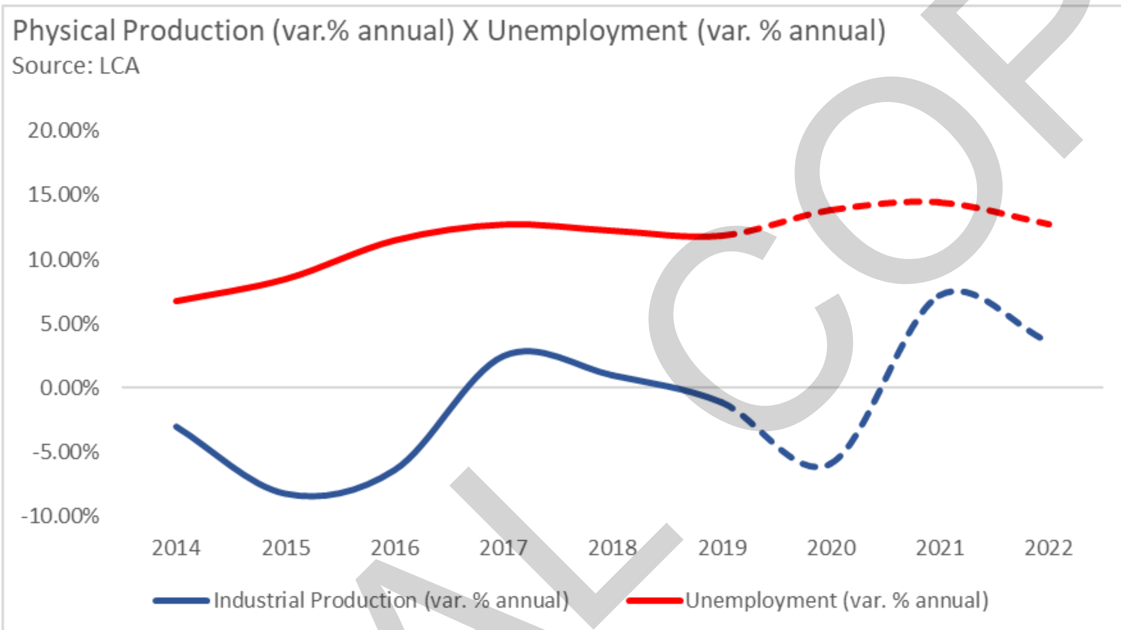
Unlike the first quarter of 2020 that felt the effects of the health crisis caused by the new coronavirus only in the last fortnight, the second quarter faced the worst phase of the pandemic throughout its period. Given this scenario, the Gross Domestic Product decreased 9.7% in the second quarter compared to the previous period, while in the first half of 2020 there was a reduction of 5.9% concerning the same period in 2019.

However, despite the adverse scenario in the first two quarters, throughout the third quarter, business and consumer expectations indicate an accelerated recovery. The Consumer Confidence Index calculated by FGV in September had already recovered 70% compared to April, which had been the worst level in the series. And the Industrial Entrepreneur Confidence Index and the Trade Confidence Index, recovered by 56% and 64% respectively concerning the same period.

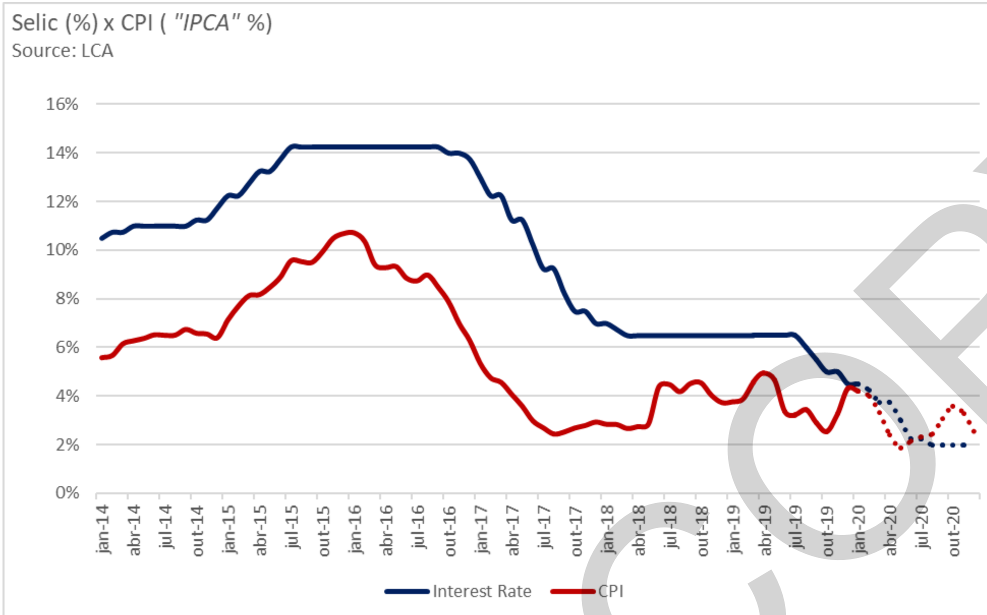
In the other hand the Brazilian stock market, between January and August, raised approximately US $ 12 billion involving 47 offers of new shares, representing a 33% growth in financial volume concerning the entire year of 2019. Real estate investments, in turn, despite having presented a 30% reduction in the number of transactions between January and September concerning the same period of the previous year, presented an increase of 7.7% in the financial volume, indicating an increase of investor appetite for premium assets and with lower risks.



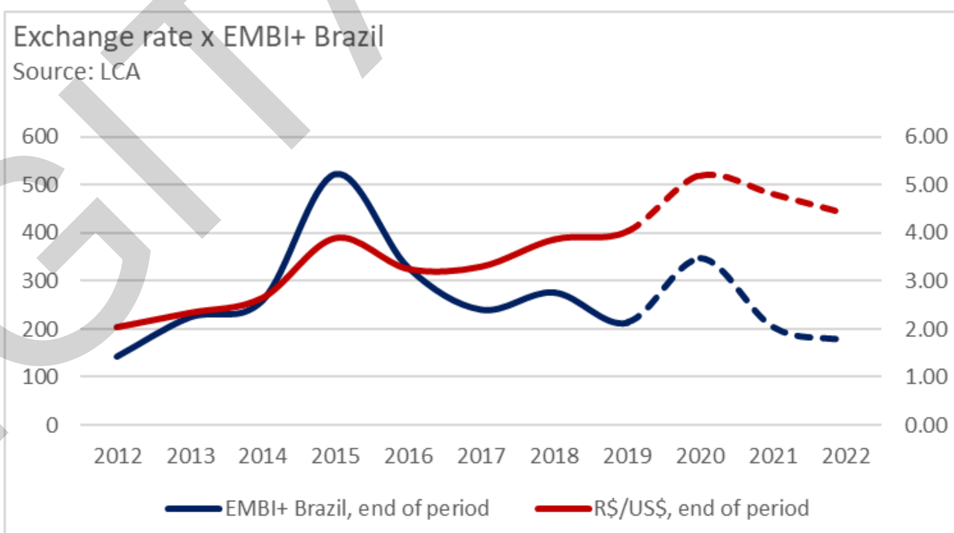
The Gross Domestic Product, which in 2019 had already been less than expected by the market, due to the impacts caused by the Brazilian political instability and the trade war between the USA and China, which is Brazil's largest trading partner. At the beginning of 2020, was forecasted a growth of 2.3%, however, the health crisis caused by the new coronavirus caused the projection to be revised to -4.8%. As well as all other macroeconomic indicators that have also been negatively revised.




Unemployment, which at the end of 2019 had registered a rate of 11.87%, was negatively revised to 13.80% in 2020, is the highest rate in the historical series started in 2012. Notwithstanding the Physical Production of General Industry, which has already presented in 2019 a retraction of -1.1%, should suffer another strong retraction of -5.93% in 2020.




Given the adverse scenario caused by the COVID-19 pandemic, the central bank reduced the Selic rate by 250 bps since the beginning of the year, reaching a level of 2% per year. In line with other countries such as the USA and the United Kingdom, which also opted to increase monetary stimulus to minimize the effects of the health crisis. However, even with the basic interest rate at the lowest historical level, household consumption as a percentage of GDP should decrease by approximately 6% in 2020, and consequently, the IPCA, projected for 2020 is 2.54%, below the Central Bank's target. 4%, with deviations of up to 150 bp up or down.



In this scenario of strong global economic deterioration, Brazil has been recording a record of capital flight to more solid economies, between January and August the Central Bank recorded a net outflow of US $ 15.2 billion, a record level since 1982. As a result of this search for investments with less risk, the Brazilian Real depreciated against the USD, projections for the end of 2020 are R$ 5.20. This devaluation of the Brazilian Real is accompanied by an increase in the country risk (EMBI +), which should end the year with 347 points, compared to 214 at the end of 2019.

## FORECAST

Source: Cushman and Wakefield and LCA (08/10/2020)

| Brasil | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|
| PIB TOTAL (var, %) | -3.5 | -3.3 | 1.3 | 1.3 | 1.1 | -4.82 | 3.20 | 3.08 |
| Taxa de Desemprego, % | 8.51 | 11.5 | 12.73 | 12.26 | 11.87 | 13.80 | 14.46 | 12.76 |
| PMC Restrita (Volume, %) | -4.3 | -6.3 | 2.1 | 2.3 | 1.9 | 0.06 | 3.06 | 2.82 |
| PIM-PF (var, %) | -8.2 | -6.4 | 2.5 | 1 | -1.1 | -5.93 | 7.20 | 3.55 |
| IPCA, % | 10.67 | 6.29 | 2.95 | 3.75 | 4.31 | 2.54 | 3.21 | 3.07 |
| IGP-M, % | 10.54 | 7.17 | -0.52 | 7.54 | 7.3 | 18.67 | 4.22 | 4.21 |
| IPA-M, % (60%) | 11.19 | 7.63 | -2.54 | 9.42 | 9.09 | 25.27 | 4.42 | 3.68 |
| IPC-M, % (30%) | 10.23 | 6.26 | 3.13 | 4.12 | 3.79 | 3.51 | 3.62 | 3.55 |
| INCC-M, % (10%) | 7.22 | 6.34 | 4.03 | 3.97 | 4.13 | 7.74 | 5.07 | 5.66 |
| Selic, final de período % | 14.25 | 13.75 | 7 | 6.5 | 4.5 | 2.00 | 2.50 | 4.25 |
| R$/US$ (final de período) | 3.9 | 3.26 | 3.31 | 3.87 | 4.03 | 5.20 | 4.80 | 4.40 |
| EMBI+ Brazil (final de período) | 523 | 328 | 240 | 276 | 214 | 347 | 203 | 177 |

This report was elaborated by Cushman & Wakefield with data from LCA Consulting.

# THE SHOPPING CENTER MARKET

## MAIN SHOPPING MALL TRANSACTIONS

The most recent shopping mall sale and/or equity transactions in Brazil for which there is publicly available data are:

- October 14th, 2020 – The Vinci Partners Group announced the conclusion of the acquisition process of a 17.26% steak of the Ribeirão Shopping. The total value of the acquisition, according to the announcement, was R$ 150.6 million.
- September 29th, 2020 – The Vinci Partners Group announced the conclusion of the acquisition process of 98.5% of the Praia da Costa mall, located in Vila Velha, Espírito Santo. The transaction was R$ 194 million.
- February 14th, 2020 –The BR Malls Group announces a 38.4% increase in it's the share of Shopping Piracicaba for the amount of R$ 202.3 million, now having a total of 75.3% of the GLA in the Shopping Piracicaba.
- February 5th, 2020 – Vinci Shopping Centers acquires 7.32% of fraction of Shopping ABC, for R$ 52 million. With this acquisition, the Fund now has stakes in 13 shopping centers, totalizing more than 105 thousand sqm of gross leasable area.
- February 3rd, 2020 – The BR Malls Group announces the purchase of an ideal fraction of 5.0% of Shopping Vila Lobos' total GLA for the amount of R$ 48.3 million. With the purchase, BR Malls now has 63.4% of the project's total GLA.
- January 31st, 2020 – The Hedge Brasil Shopping FII acquired 15% of Shopping Villa Lobos, in a transaction with a volume of approximately R$ 145 million.
- January 21st, 2020 – Multiplan announces the completion of the acquisition of a 50.10% stake in Diamond Mall from the former owner Clube Atlético Mineiro, a transaction that was disclosed in September 2017.
- January 9th, 2020 – HIS Malls completes the acquisition of 100% of the shares of REC Via Verde S.A., a company that owns 96.67% of Via Verde Shopping, in the city of Rio Branco, Acre, for the amount of approximately R$ 225 million.
- January 7th, 2020 – Iguatemi announces the acquisition of 47% of Maiojama Participações for R$ 123 million. With the acquisition, Iguatemi now holds a direct and indirect total interest of 42.58% in the Iguatemi Porto Alegre, Praia de Belas Shopping Center and Shopping Iguatemi Caxias.
- January 3rd, 2020 - XP Malls completes the acquisition of 94% of the quotas of IRB Internacional FII for the amount of R$ 308 million, therefore, acquiring 18.71% of Internacional Shopping in Guarulhos.
- December 10th, 2019 – Hedge Brasil Shopping FII purchased 25% of Shopping West Plaza, a transaction with a volume of R$ 72.5 million.
- December 9th, 2019 - Hedge Brasil Shopping FII acquired 45% of Shopping West Plaza, a transaction with a volume of R$ 130.5 million.
- December 9th, 2019 - Multiplan announces the exercise of the preemptive right of buying 2.19% of the GLA of Ribeirão Shopping, located in Ribeirão Preto, for the amount of R$ 28.7 million.
- November 28th, 2019 – The Iguatemi group announces the acquisition of 20% of the Praia Belas Shopping Center and 15% of the Esplanada Shopping Center, with a value of R$ 260 million.

- November 19th, 2019 – Multiplan announces that it has bought of 12% interest in Parkshopping, located in Brasilia, for R$ 225 million. Parkshopping has 4,045 parking spaces and has 53,400 sqm of GLA spread over 3 floors.
- November 14th, 2019 – HBR Realty sold to Hedge Brasil Shopping FII a 15% stake in Suzano Shopping, a transaction of R $ 46,500,000.00.
- November 6th, 2019 – Malls Brasil Plural informs the acquisition of a fraction corresponding to 25.00% of Suzano Shopping, which is located in the city of Suzano, São Paulo, for R$ 77.5 million. Suzano Shopping has 19,583 sqm of GLA and 1,900 parking spaces.
- October 25th, 2019 – Malls Brasil Plural announces the acquisition of an ideal corresponding to 18.0524% of Shopping Barra, which is located in Salvador, Bahia, for R $ 116 million. Shopping Barra has 50,589 sqm of GLA and receives approximately 1.5 million customers per month.
- October 8th, 2019 – Vinci Shopping Centers announces the purchase of 100% of Prudenshopping, located in Presidente Prudente, state of São Paulo, for R$ 199 million. With the acquisition, the fund will have a stake in 11 shopping malls, totaling approximately 95,000 sqm of GLA.
- September 16th, 2019 – Vinci Shopping Centers sells 6.67076% of Shopping Tacaruna for R$ 42.1 million. After the sale, the fund remains with 10.0% of the mall.
- September 13th, 2019 – HSI Malls concludes the acquisition of 93.5% of the shares of REC Saphyr, 61.8% owner of Super Shopping Osasco for R$ 88.9 million, and now holds 67,085 sqm of owned GLA.
- August 9th, 2019 – XP Malls celebrates the purchase of a fraction of 10.0% of Plaza Sul Shopping, located in the city of São Paulo, for R $ 55, 29 million reais. Opened in April 1994, the mall currently has 207 operations, including restaurants, anchors and cinema.
- August 2nd, 2019 – BR Malls sells its stake in Ilha Plaza, Casa & Gourmet Shopping, Shopping Plaza Macaé, Londrina Norte Shopping, Osasco Plaza Shopping, Shopping Contagem and Capim Dourado malls to BTG Pactual, for R $ 696.4 million.

## THE SECURITIES MARKET

### TRADED SHOPPING MALL COMPANIES - REGULAR STOCK

Shopping mall specialization continues to result in new formats and strategies that parallel market performance.

This type of growth aims to fight for consumer attention, and a diversity of measures have been taken to revitalize the shopping mall industry.

The groups active in shopping malls work alone or in association with administrators and developers. Currently the main shopping mall groups are Multiplan, BR Malls, JHSF, Iguatemi, Aliansce-Sonae and General Shopping.

While other groups also have shopping malls in their portfolios, largely these are more investment managers, with less influence on the day-to-day operation of the malls they have invested.

## SHOPPING CENTERS – RIF

RIFs (Real Estate Investment Funds) have been widely used to securitize shopping mall projects. The first was Shopping Pátio Higienópolis, partially purchased by a RIF in 1999. Recently such funds have become more important, as interest rates and the returns on traditional investments are lower.

The following table shows some shopping centers with RIFs registered with the securities and exchange committee (CVM) as of October 2020.

RIF'S REGISTERED AT CVM

| | FUND'S NAME | EQUITY VALUE (R$) |
|---|---|---|
| 1 | HEDGE BRASIL SHOPPING FUNDO DE INVESTIMENTO IMOBILIÁRIO | 2,259,202,549.96 |
| 2 | FII SHOPPING PARQUE D PEDRO | 2,048,873,888.95 |
| 3 | XP MALLS FUNDO DE INVESTIMENTO IMOBILIÁRIO FII | 2,034,555,661.63 |
| 4 | VINCI SHOPPING CENTERS FUNDO DE INVESTIMENTO IMOBILIÁRIO - FII | 1,657,085,478.44 |
| 5 | HSI MALLS FUNDO DE INVESTIMENTO IMOBILIÁRIO | 1,557,925,627.43 |
| 6 | FII ANCAR IC | 1,567,696,480.19 |
| 7 | FUNDO DE INVESTIMENTO IMOBILIÁRIO GRAND PLAZA SHOPPING | 1,073,678,206.51 |
| 8 | FII ELDORADO | 916,614,549.11 |
| 9 | FII PARQUE DOM PEDRO SHOPPING CENTER | 830,883,815.84 |
| 10 | MALLS BRASIL PLURAL FUNDO DE INVESTIMENTO IMOBILIÁRIO | 802,691,974.00 |
| 11 | FUNDO DE INVESTIMENTO IMOBILIÁRIO VIA PARQUE SHOPPING - FII | 597,566,107.39 |
| 12 | FUNDO DE INVESTIMENTO IMOBILIÁRIO SHOPPING PÁTIO HIGIENOPOLIS | 479,275,317.76 |
| 13 | FUNDO DE INVESTIMENTO IMOBILIARIO SHOPPING LIGHT | 291,658,031.99 |
| 14 | GENERAL SHOPPING ATIVO E RENDA FUNDO DE INVESTIMENTO IMOBILIÁRIO | 279,671,538.97 |
| 15 | HEDGE SHOPPING PARQUE DOM PEDRO FUNDO DE INVESTIMENTO IMOBILIÁRIO | 278,683,970.44 |
| 16 | FII PATEO MOINHOS DE VENTO | 268,829,496.28 |
| 17 | IPS PB - FUNDO DE INVESTIMENTO IMOBILIÁRIO – FII | 266,044,421.97 |
| 18 | FII SHOPPING JARDIM SUL | 229,147,723.80 |
| 19 | LA SHOPPING CENTERS FUNDO DE INVESTIMENTO IMOBILIARIO | 210,479,679.79 |
| 20 | FUNDO DE INVESTIMENTO IMOBILIÁRIO VOTORANTIM SHOPPING | 207,316,464.59 |
| 21 | HEDGE ATRIUM SHOPPING SANTO ANDRÉ FUNDO DE INVESTIMENTO IMOBILIÁRIO | 189,258,865.44 |
| 22 | FUNDO DE INVESTIMENTO IMOBILIÁRIO POLO SHOPPING INDAIATUBA | 156,468,144.95 |
| 23 | FUNDO DE INVESTIMENTO IMOBILIÁRIO CENTRO TEXTIL INTERNACIONAL | 137,797,460.51 |

SOURCE: RIF REPORTS; (*) CVM – BASE DATE OCTOBER 2020

A traditional marketing tool often associated with an initial offer of quotas in the Real Estate Investment Fund is to include a minimum guaranteed yield for a specific period. As some assets are just starting to mature, securitization companies take over the risk for the initial years so that, there will be no real loss for investors. This offers the advantage of faster share distribution and the capital is recovered as if the project were operational.

## MARKET ANALYSIS

The expertise of the entrepreneur shopping centers in Brazil is a market differentiator for the growing development of this sector in the country. The results maintain a continuous rise due to increasing trends over the past few years. Since the mid-nineties, Brazilian shopping centers have been reviewing their layouts, adopting new configurations that help drive up demand and consumption, using new models created for this segment in Brazil.

Currently, Brazil has 584 shopping centers, employing over 1.1 million people. The current Gross Leasable Area (GLA) in the country is approximately 16.91 million sqm.

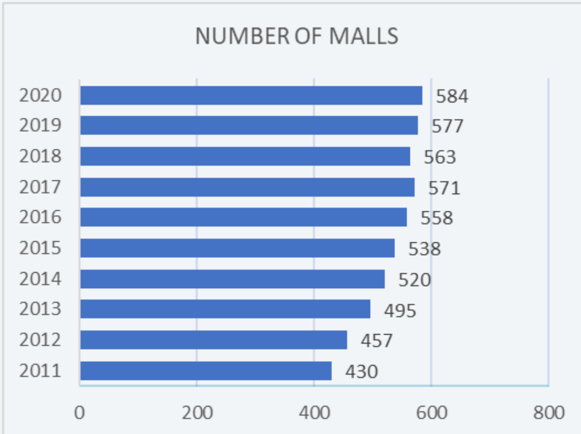
### SECTOR NUMBERS

According to ABRASCE (Brazilian Association of Shopping Centers), the current status of the National Market Shopping Center is as follows (base date in December 2020):

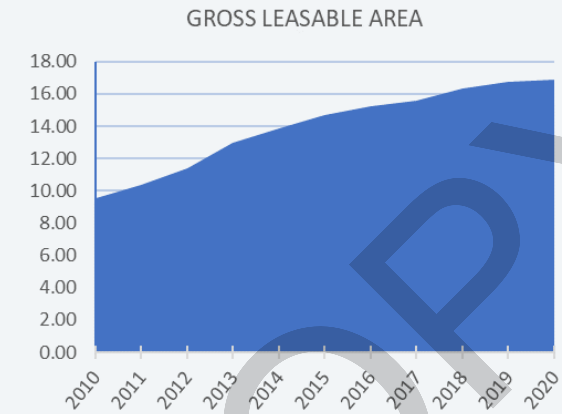
| SECTOR NUMBERS | |
|---|---|
| ITEM | STATISTICS |
| Total of Malls | 584 |
| GLA (Millions of sqm) | 16.912 |
| Parking Spots | 979,397 |
| Total of Stores | 105,592 |
| Anchor Stores | 3.5% |
| Megastores | 4.3% |
| Unit Shops | 62.0% |
| Leisure | 1.4% |
| Food | 14.9% |
| Service Stores | 8.6% |
| Movie Theater Rooms | 2,900 |
| Jobs Created | 1,102,171 |
| Revenue in 2019 (BRL Billion) | 192.84 |
| Flow of People (Million/month) | 502 |

SOURCE: ABRASCE (MONTH OF REFERENCE: DECEMBER/2020)

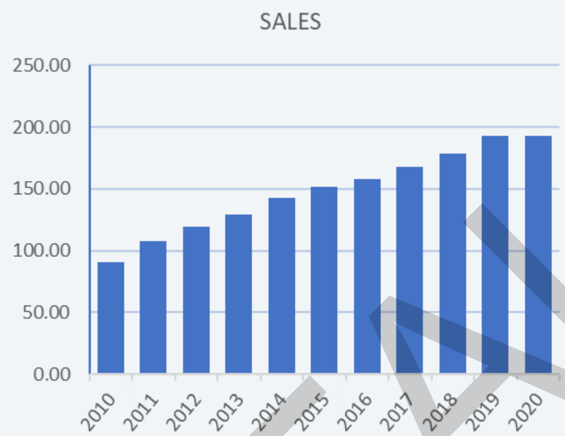
The graphs below illustrate the annual evolution of the segment according to the number of projects and Total Gross Leasable Area (GLA), between 2010 and 2020.



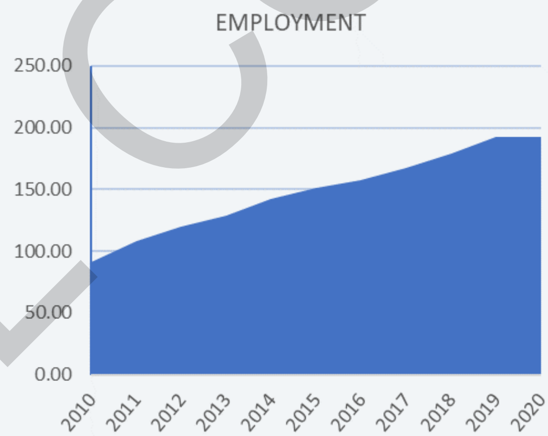

SOURCE: ABRASCE




SOURCE: ABRASCE




SOURCE: ABRASCE

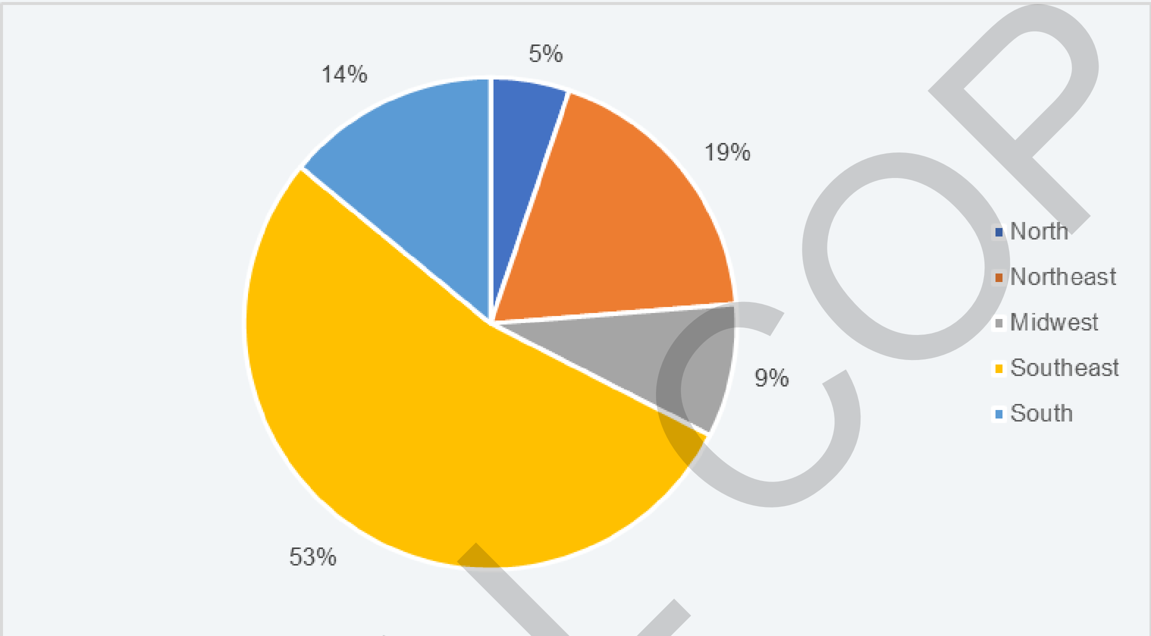



SOURCE: ABRASCE

## SOUTHEAST REGION

According to ABRASCE, the Southeast Region contains 53.46% of the total Brazil GLA, as shown in the following chart:

GLA DISTRIBUTION BY REGION (%)




SOURCE: ABRASCE (MONTH OF REFERENCE: DECEMBER / 2020)

The Southeast Region retail market has 302 shopping centers representing 9,040,688.00 sqm. of GLA.

## COMPETITORS

According to local market distribution, important competitors to the property are:

- Shopping Center 3: Located at Paulista avenue, 2.064, Bela Vista, opened in July 1967 and has approximately 140 stores distributed in 10,930.00 sqm of GLA (Gross Leasable Area), and 25,000.00 sqm of building area, in a land of 6,599.00 sqm.

  SOURCE: ABRASCE (CENSO BRASILEIRO DE SHOPPING CENTERS); CUSHMAN & WAKEFIELD – VALUATION & ADVISORY.

- Shopping D: Located at Cruzeiro do Sul avenue, 1.100, Canindé, opened in October 1994 and has approximately 175 stores distributed in 29,408.00 sqm of GLA (gross leasable area), with 82,329.00 sqm built area, in a land of 28,967.00 sqm.

  SOURCE: ABRASCE (CENSO BRASILEIRO DE SHOPPING CENTERS); CUSHMAN & WAKEFIELD – VALUATION & ADVISORY.

Besides these, there are other nearby malls, but are not considered direct competitor:

- Shopping Frei Caneca: Located at Frei Caneca street, 569, Consolação, opened in May 2001 and has approximately 154 stores distributed in 31,513.70 sqm of GLA (gross leasable area), with 86,717.80 sqm of built area, in a land of 10,103.50 sqm.

  SOURCE ABRASCE (CENSO BRASILEIRO DE SHOPPING CENTERS); CUSHMAN & WAKEFIELD – VALUATION & ADVISORY.

- Top Center Shopping: Located at Paulista avenue, 854, Bela Vista, opened in January 1975 and has approximately 55 stores distributed in 6,556.70 sqm of GLA (gross leasable area).

  SOURCE: ABRASCE (CENSO BRASILEIRO DE SHOPPING CENTERS); CUSHMAN & WAKEFIELD – VALUATION & ADVISORY.

- Shopping Pátio Paulista: Located at Treze de Maio street, 1.947, Bela Vista, opened in November 1989 and has approximately 217 stores distributed in 27,689.29 sqm of GLA (gross leasable area), with 78,105.00 sqm of built area, in a land of 9,985.00 sqm.

  SOURCE: ABRASCE (CENSO BRASILEIRO DE SHOPPING CENTERS); CUSHMAN & WAKEFIELD – VALUATION & ADVISORY.

- Shopping Pátio Higienópolis: Located at Higienópolis avenue, 618, Higienópolis, opened in October 1999 and has approximately 225 stores distributed in 25,607.50 sqm of GLA (gross leasable area), with 109,757.00 sqm of built area on a land of 21,528.00 sqm.

  SOURCE: ABRASCE (CENSO BRASILEIRO DE SHOPPING CENTERS); CUSHMAN & WAKEFIELD – VALUATION & ADVISORY.

## NEW INVENTORY

According to information obtained from the ABRASCE website, in 2020, 7 shopping centers were opened in the of 2020, as shown in the following table:

| SHOPPING CENTERS OPENED IN 2020 | | | | |
|---|---|---|---|---|
| Shopping | CITY | UF | GLA (sqm) | OPENING |
| Parque Shopping Bahia | Lauro de Freitas | BA | 84,000.00 | March |
| América Shopping | Goiânia | GO | 22,264.00 | April |
| Shopping Serra Talhada | Serra Talhada | PE | 8,561.00 | July |
| Catalão Shopping | Catalão | GO | 10,000.00 | August |
| Outlet Premium Grande SP | São Paulo | SP | 16,601.00 | November |
| Cidade Jardim Shops | São Paulo | SP | 6,000.00 | December |
| Liv Mall | João Pessoa | PB | 7,000.00 | December |
| TOTAL | 7 | | 154,426.00 | |

SOURCE: ABRASCE (MONTH OF REFERENCE: DECEMBER/2020)

## RISKS

There are a number of factors that may affect the success of a shopping mall business. These aspects can be related to the project and layout, its operation, management, fund rising and/or the socio-economic characteristics of its location and target market. Some of these factors include:

- Governmental requirements;
- Competition with new commerce models, such as e-commerce;
- Increase in supply of malls, causing increase in competition;
- Location;

Project and layout and how it favors the public and operation;

- Operation and management:
- Condominium charges;
- Promotion of shopping mall;
- Default rates etc; and
- Lease agreement negotiations.

Regarding the above factors, we found no direct risks for the subject property, but it is dependent on the National Economic Market, as the object of sale of the Shopping Center operation of tenants includes a specific market.

# VALUATION PROCESS

## APPROACH

The Approach used for this appraisal was the (i) Income Capitalization Approach based on a Discounted Cash Flow, which estimates the present value of a property at an appropriate discount rate. To segregation the value between construction and land, we choose the Replacement Cost Approach. To determine the sale of the land (adjacent site) we adopted the (ii) Sales Comparison Approach.

## ANALYSIS MODEL

In this appraisal, we used the "Income Capitalization Approach" using a "Discounted Cash Flow" to determine the free market value for the sale of the property. Model over the enterprise life cycle, which may be defined as the period of time during which the shopping center will be in operation. Projections are usually split into two parts:

- An explicit period, meaning a future period that is closer in time and thus easier to predict, normally 10 years; and
- A Residual Value, equivalent to the remaining period in the lifetime of the asset. At this point, the future long-term cash flow is replaced with a single equivalent value at the end of the projected period (residual value).

The analytical model consists of calculating enterprise earnings before taxes. To determine the market value of the property we projected its cash flow over a ten-year period.

## BASIC ASSUMPTIONS

In the valuation of Shopping, we adopted a number of basic premises to guide our analyses and arrive at a conclusion regarding the market value for this property. We assumed that 10 years is a sufficient and realistic period to determine the sale value of this type of property. Although this type of asset has a longer lifetime, an investment analysis is more significant if limited to a period of time that is considerably shorter than its actual economic lifetime, yet sufficiently long for a potential investor.

Revenues and expenses that an investor would incur this type of investment vary during the time period analyzed. The parameters that guided projections of future net operating revenues were based on information provided by the customer and the current practices of the shopping center market in Brazil. The following will mention the main assumptions adopted:

- We have assumed that there will be no major changes in the country's economic scenario over the projection period;
- The valuation was conducted based on the information provided by the Contractor. The assumptions employed consider the parameters indicated by the Contractor, adjusted by Cushman & Wakefield to fall within market parameters where needed;
- The review acknowledged that no outstanding debts of competence from previous months of liability of owners, which, if raised through specific audit should be discounted from the arbitrated values in this report;

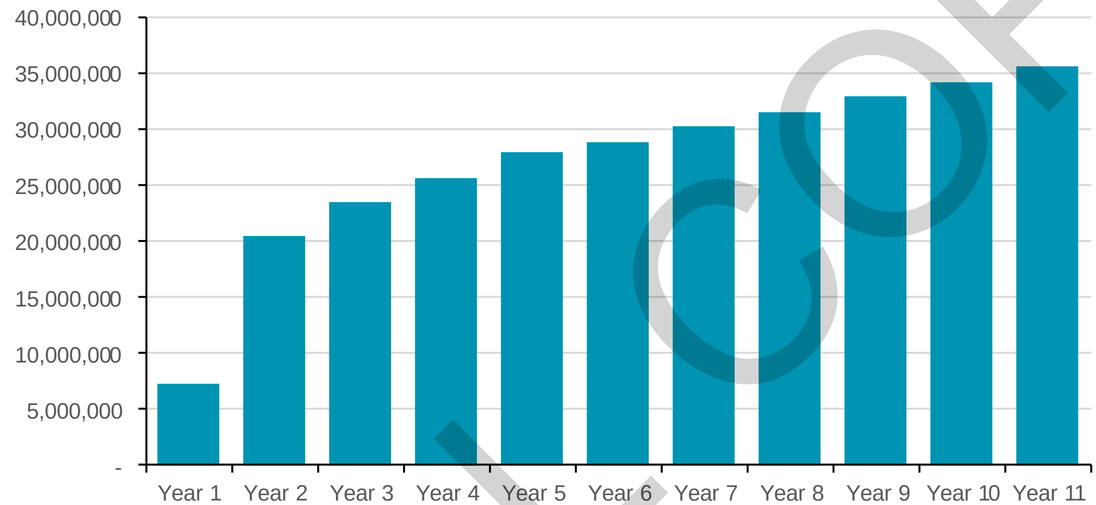
- This real property appraisal report is exclusively for internal use of the Contractor, its affiliates, controlled or controlling companies, officers, directors, partners, members, shareholders, legal counsels, managers, employees, external auditors and consultants which are involved with the Property. No part of it may be published or disclosed to third parties without the formal, written consent of the issuer, Cushman & Wakefield. The source must always be cited when reproducing any of the data contained, under penalty of applicable civil and criminal penalties for violating copyright law. Furthermore, in the event that any of the Contractor is requested or required by law, legal process or any regulatory or governmental or quasi-governmental administrative authority to disclose this real property appraisal report, Contractor will promptly notify Cushman & Wakefield so that it can take the legal measures applicable;
- Cushman & Wakefield, has no employment or any other type of subordinate link to the companies that control or are controlled by the administrator;
- We did not have access to all lease agreements from shopping stores for validation. We consider to be true all the data supplied by the Contractor in regard to the rent roll and other lease-specific and property-specific data;
- The shopping mall's sales potential was defined based on the future projections presented, adapted to C&W's analytical approach;
- We classify the mix of stores according to criteria defined by Cushman & Wakefield, using as reference the group's activity box lease provided by the Contractor;
- We assume the mall will be operated by experts who will manage it professionally, taking full advantage of the market potential, thus generating operating results that will provide a return on the capital invested;
- The appraisal considers a sales commission of 2.50% on the net operating income in the 11th year of the projected cash flow, which serves as the basis for calculating the perpetuity;
- We stress that the relationship between Cushman & Wakefield and Contractor does not in any way affect the independence and the objectivity of this work. We also certify that we have no present or future interest in the Property under analysis in this report, and that neither the fees nor any other costs related to the execution of this appraisal do in any way depend on our Opinion of Value about the Property as described here;
- We are not aware of any conflict of interests that could influence this work;
- In the calculation of the sale / purchase value of the Property in reference, only the GLA (gross leasable areas) was considered, according to the item "description of the property”;
- **The projected cash flow starts on January 1st, 2021;**
- **Discounted cash flow calculations use as inflation 0.00% in 2021, 3.75% in 2022, 3.50% in 2023 and 3.25% in 2024. For the years beyond 2024, we used the same rate by analogy;**
- **As requested by the client, we considered a satelization project starting in September 2021. For this project, we assumed the expenses and revenues according to the client projections;**
- **As client request, we do not consider the discounted cash flow taxation of PIS / COFINS (3.65% of EGR), Property Management Fee and Leasing & Commissions;**
- It is important to point out that this report is comprised of estimates and projections made by Cushman & Wakefield using an economic-financial analysis model and information provided by current mall management, in addition to market surveys carried out by our technical team regarding the future performance of the study property. These statements, estimates and projections significantly reflect premises and judgments regarding future performance, including assumptions of the operating plan, economic scenario and other premises on which the projected results depend.
- Cushman & Wakefield Negócios Imobiliários Ltda. has no employment or any other type of subordinate link to the companies that control or are controlled by the Fund Administrator.

# SCENARIO USED

## PERIOD OF ANALYSIS

We used a 10-year period starting in January 2021 to assess the value of the shopping center, and a monthly distribution to better reflect performance. This calls for including all contracts, renewals, discounts and adjustments shop-by-shop, month by month.

CASH FLOW BEFORE DEBT SERVICE & TAXES

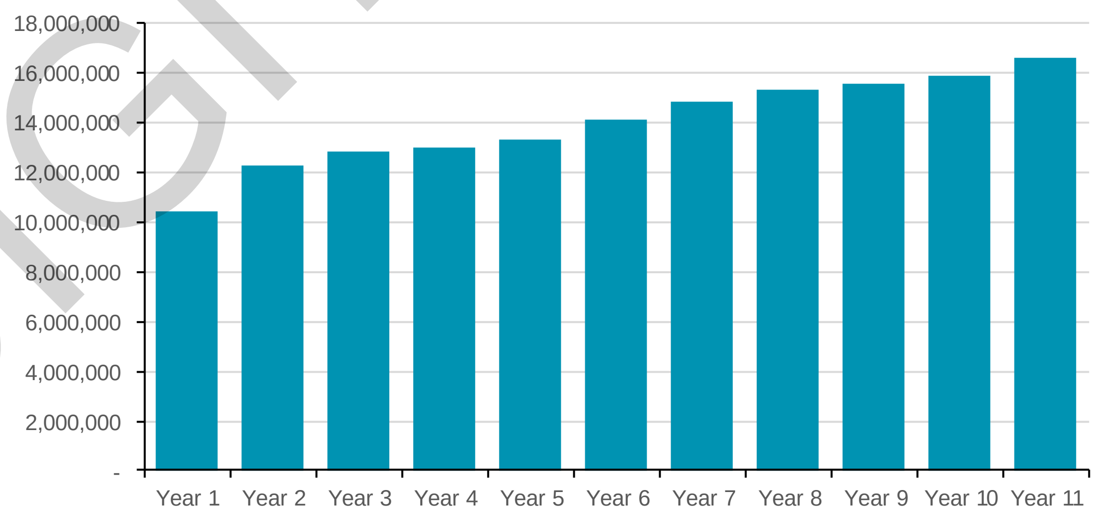



SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## MINIMUM RENT (BASE RENTAL REVENUE)

Lease Revenue expected is for the R$ 10,416,603.00 for the 1st year. The real growth of the minimum rent comprises 1.00% in the 2nd year onwards of discounted cash flow period.

MINIMUM RENT

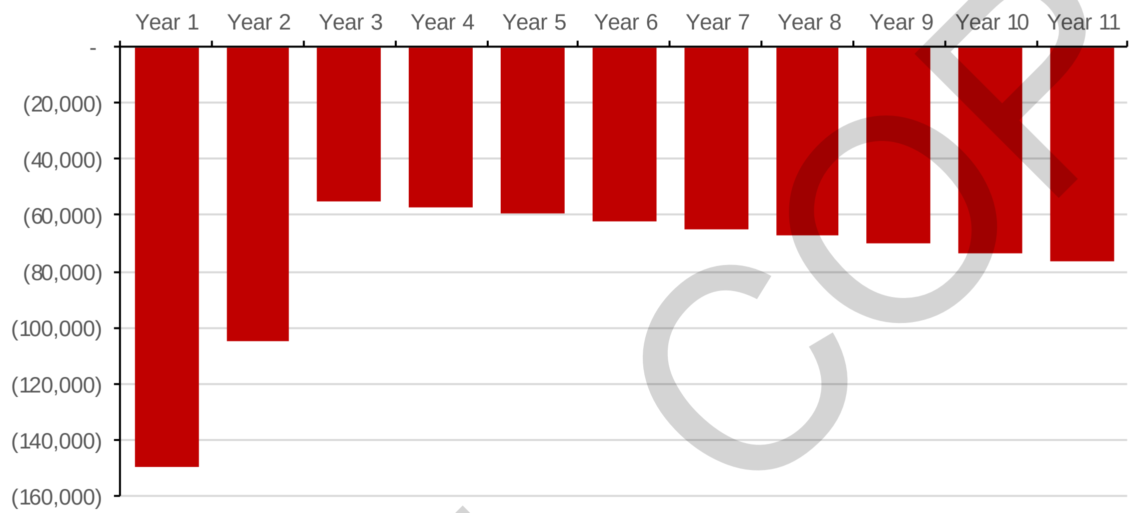



SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## DISCOUNTS

The Discounts are estimated at (R$ 150,000.00) in the 1st year, (R$ 100,000.00) in the 2nd year and (R$ 50,000.00) in the 3rd year onwards during the period of the discounted cash flow. The real growth of the minimum rent comprises 1.00% in the 2nd year onwards of discounted cash flow period.

DISCOUNTS

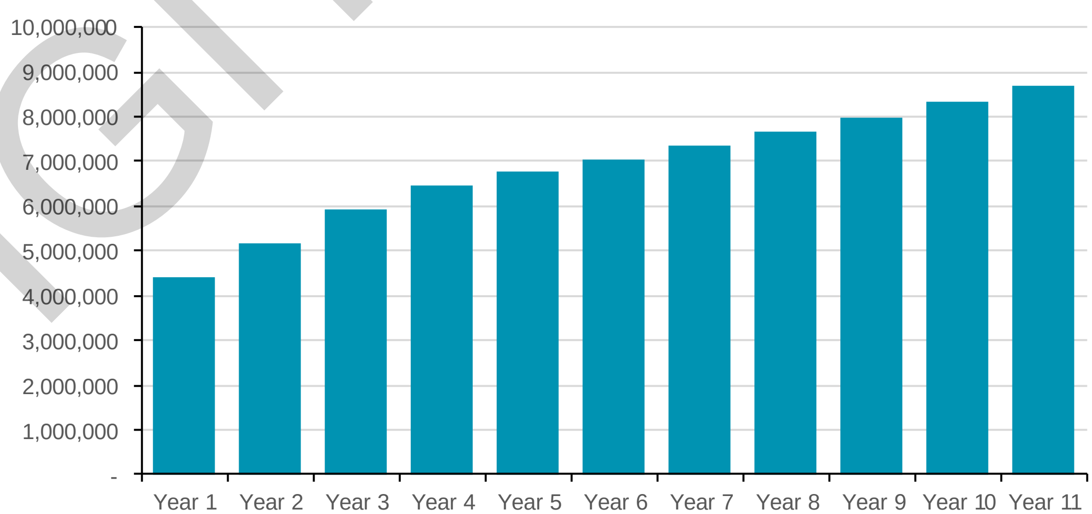



SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## TURNOVER RENT

We project the amount of variable revenues (turnover rent) as R$ 4,428,000.00 in the 1st year, R$ 4,928,000.00 in the 2nd year, R$ 5,428,000.00 in the 3rd year and R$ 5,628,000.00 in the 4th year onwards during the period of the discounted cash flow. The real growth of the minimum rent comprises 1.00% in the 2nd year onwards of discounted cash flow period.

TURNOVER RENT

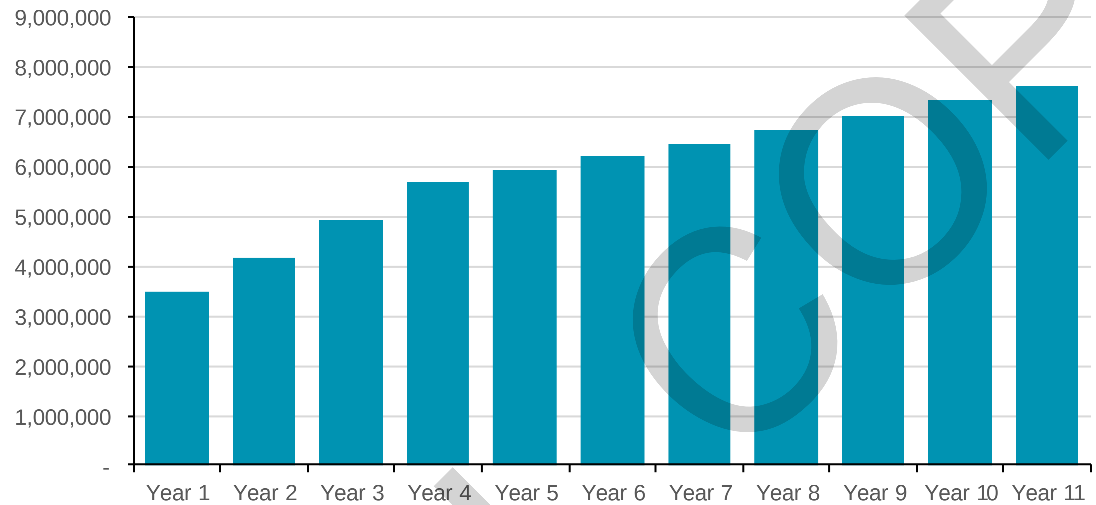



SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## MALL INCOME

We projected the amount of R$ 3,500,000.00 in the 1st year, R$ 4,000,000.00 in the 2nd year, R$ 4,500,000.00 in the 3rd year and R$ 5,000,000.00 in the 4th year onwards, during the projected cash flow, from "Mall". The real growth of the minimum rent comprises 1.00% in the 2nd year onwards of discounted cash flow period.

### MALL INCOME

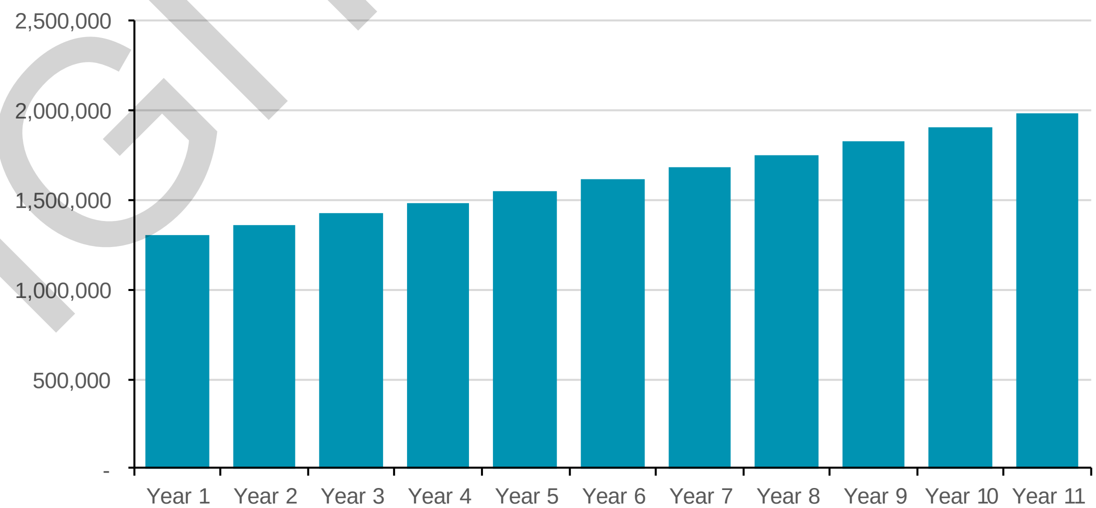



SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## MERCHANDISING

We projected the amount of R$ 1,300,000.00 per year during the projected cash flow, from "Merchandising". The real growth of the minimum rent comprises 1.00% in the 2nd year onwards of discounted cash flow period.

### MERCHANDISING

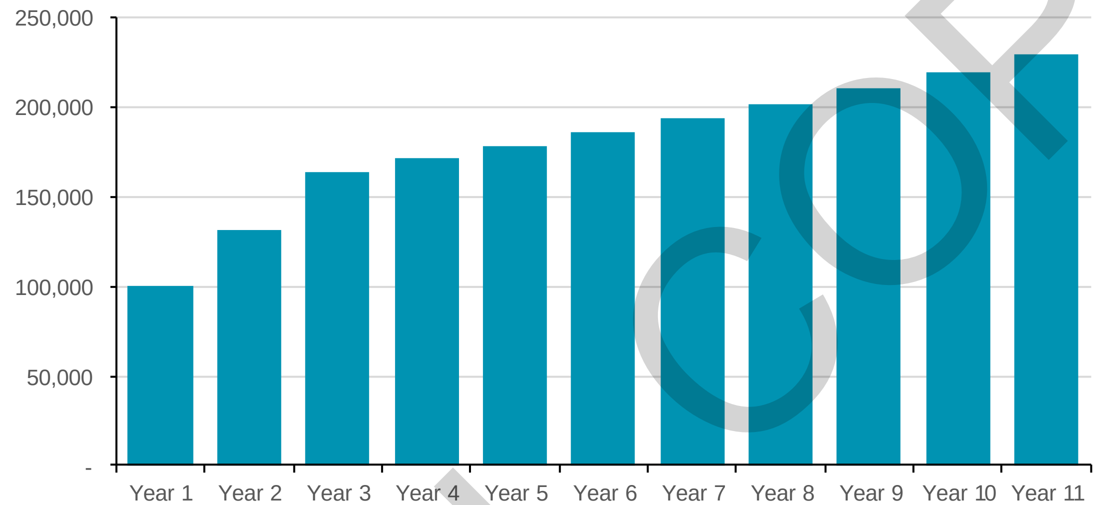



SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## KEY MONEY

We estimated collection of Key Money for the lease agreements of R$ 100,000.00 in the 1st year, R$ 125,000.00 in the 2nd year and R$ 150,000.00 in the 3rd year onwards, during the projected cash flow. The real growth of the minimum rent comprises 1.00% in the 2nd year onwards of discounted cash flow period.

KEY MONEY

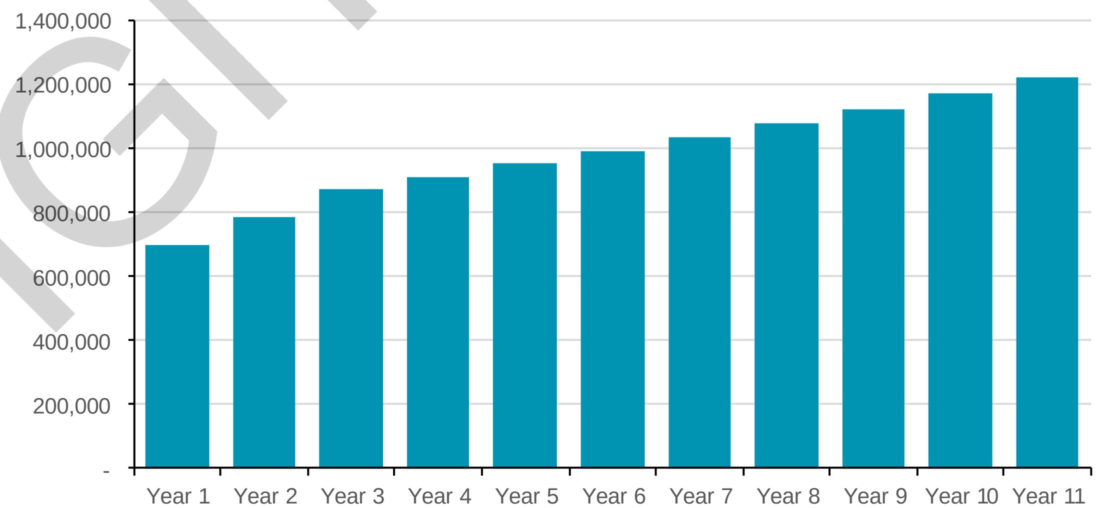



SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## CAR PARKING INCOME (NET)

Expected revenue from parking is R$ 700,000.00 in the 1st year, R$ 750,000.00 in the 2nd year and R$ 800,000.00 in the 3rd year onwards, during the projected cash flow. The real growth of the minimum rent comprises 1.00% in the 2nd year onwards of discounted cash flow period.

CAR PARKING INCOME (NET)

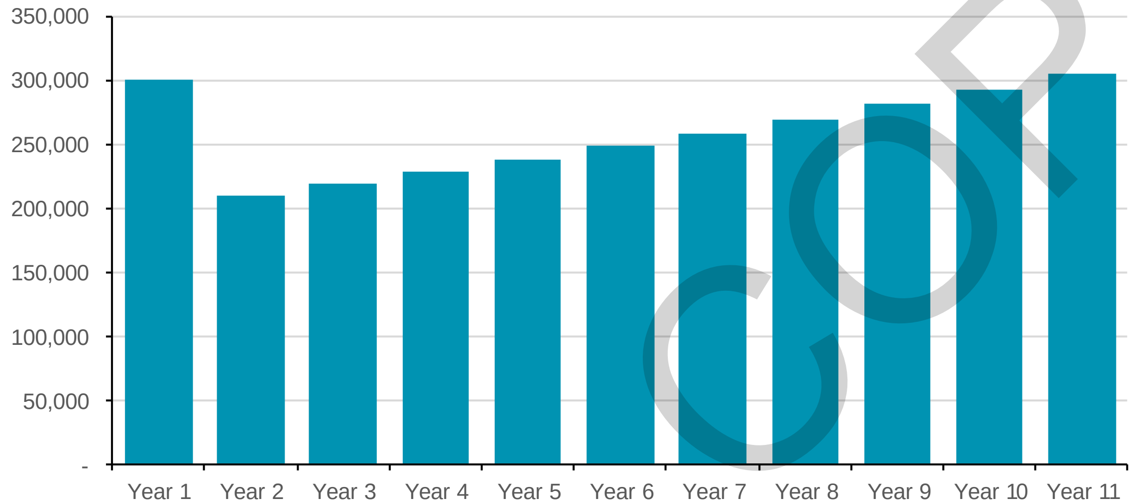



SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## OTHER INCOME

Other income was estimated in R$ 300,000.00 in the 1st year and R$ 200,000.00 in the 2nd year onwards during the discounted cash flow period. The real growth of the minimum rent comprises 1.00% in the 2nd year onwards of discounted cash flow period.

**OTHER INCOME**

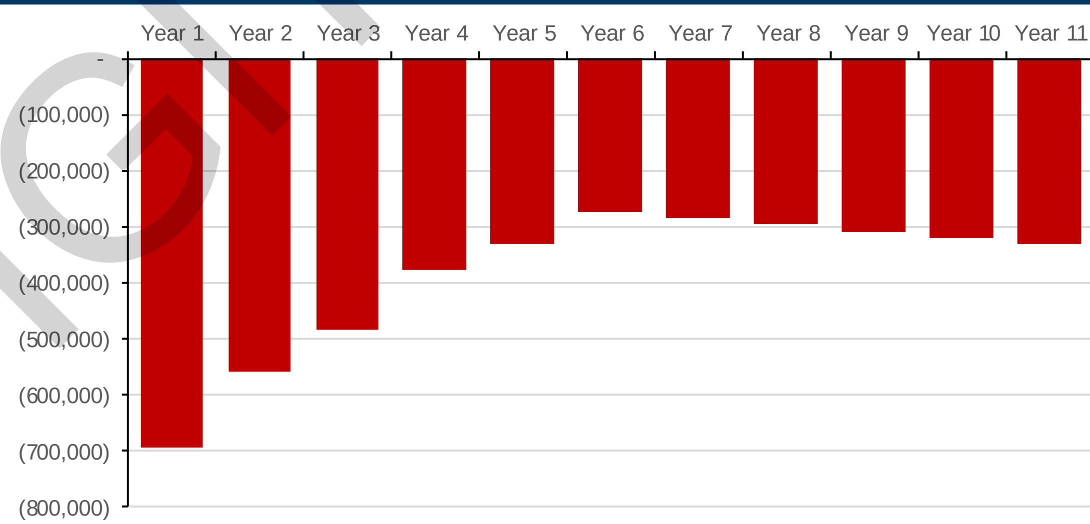



SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## GENERAL VACANCY

We took into account a financial vacancy level of rent revenue (not considering anchor and cinema) equivalent to 7.50% for the 1st year, 5.00% for the 2nd year, 4.00% for the 3rd year, 3.00% for the 4th year, 2.50% for the 5th year and 2.00% for the 6th year onwards of the discounted cash flow.

**GENERAL VACANCY**

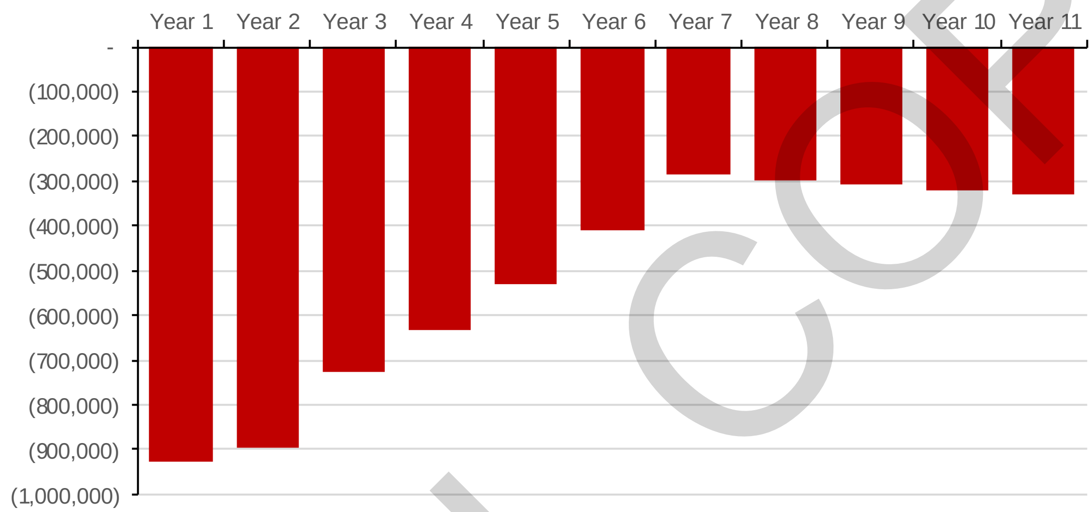



SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## COLLECTION LOSS

We took into account an irrecoverable default level as percentage of rent revenue (not considering anchor stores and cinema) equivalent to 7.50% in the 1st year, 5.00% in the 2nd year, 4.00% in the 3rd year, 3.00% in the 4th year, 2.50% in the 5th year and 2.00% in the 6th year onwards during the projected cash flow period.

### COLLECTION LOSS

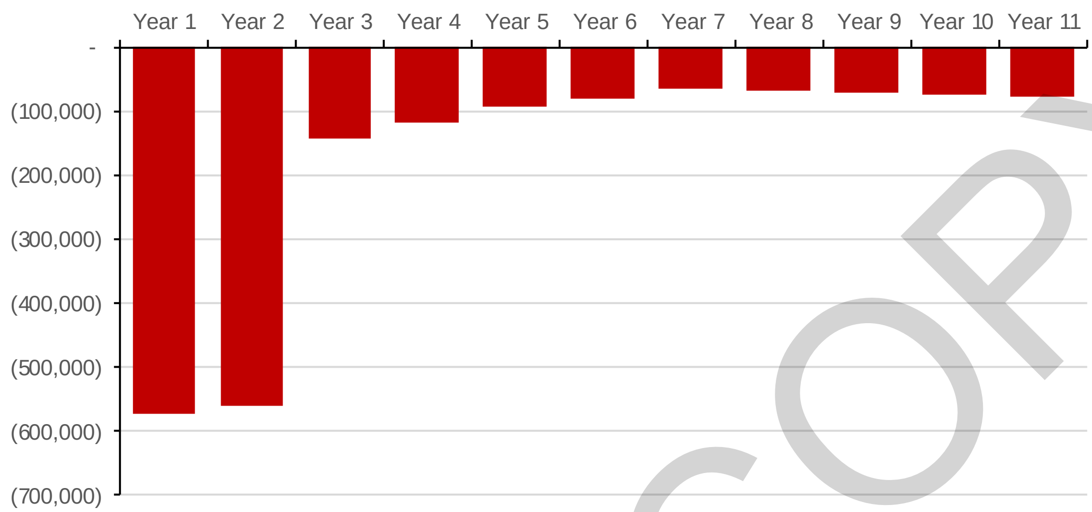



SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## NRE – SERVICE CHARGE

We projected the amount of (R$ 574,200.00) for NRE - Service Charge for the 1st year, (R$ 538,300.00) for the 2nd year, (R$ 131,700.00) for the 3rd year, (R$ 105,300.00) for the 4th year, (R$ 79,000.00) for the 5th year, (R$ 65,800.00) for the 6th year and (R$ 52,700.00) for the 7th year onwards. The real growth of the minimum rent comprises 0.50% in the 2nd year onwards of discounted cash flow period.

NRE – SERVICE CHARGE




SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## PROMOTION FUND

We projected the amount of (R$ 150,000.00) in the 1st year, (R$ 200,000.00) in the 2nd year and (R$ 250,000.00) in the 3rd year onwards during the projected cash flow. The real growth of the minimum rent comprises 0.50% in the 2nd year onwards of discounted cash flow period.

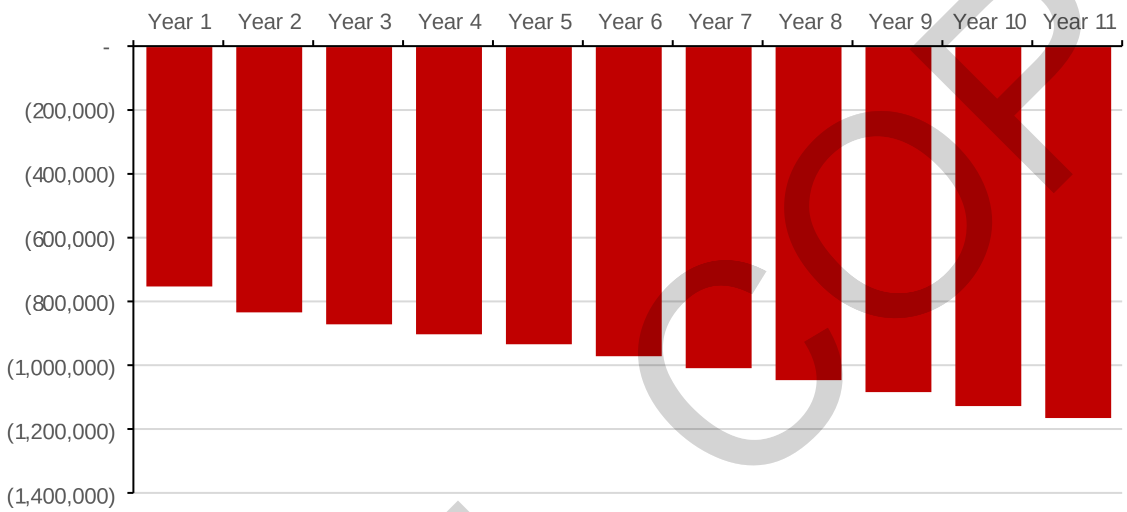
PROMOTION FUND


SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## OTHER NON-RECOVERABLE EXPENSES

The other expenses were designed to forecast the amount of (R$ 750,000.00) in the 1st year and (R$ 800,000.00) in the 2nd year onwards during the projected cash flow. The real growth of the minimum rent comprises 0.50% in the 2nd year onwards of discounted cash flow period.

### OTHER NON-RECOVERABLE EXPENSES

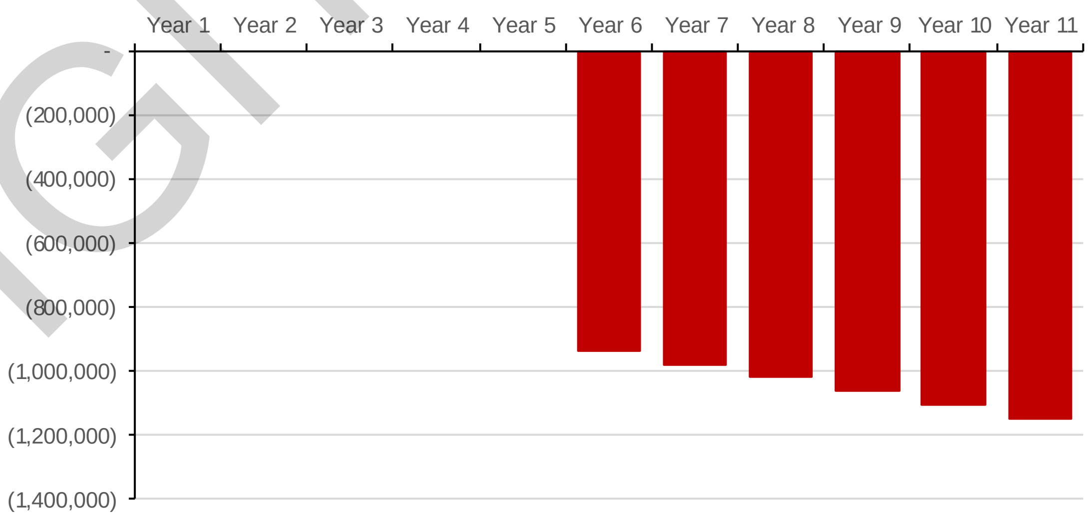



SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## MAINTENANCE & REPAIRS

In order to support established growth projections and ensure the market share of the Shopping Center towards its competitors, we projected the reinvestment, that is, an asset reposition fund. For this expense (not operational), we considered 3.00% over the effective gross revenue from January/2026.

### MAINTENANCE & REPAIRS

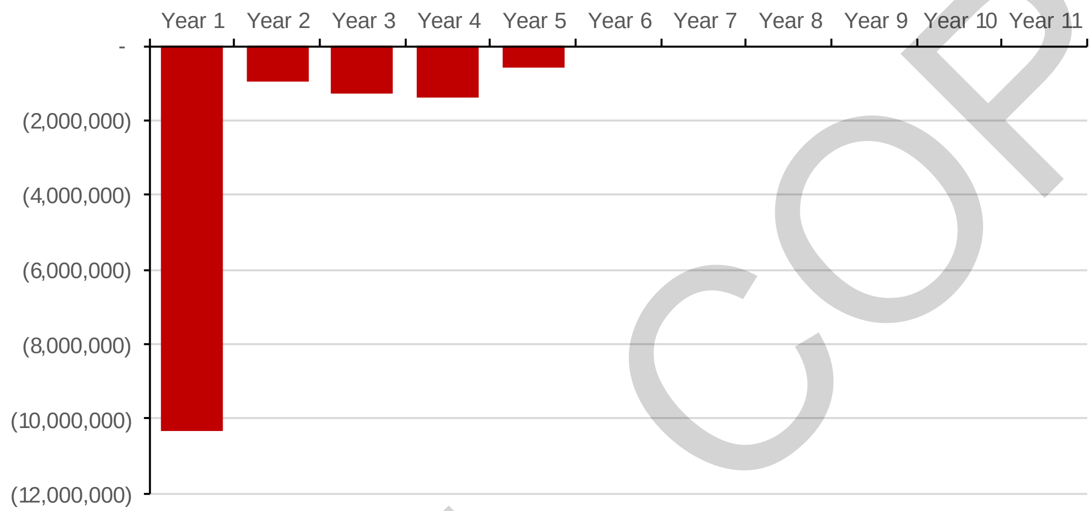



SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## CAPEX

The Capex was estimate in (R$ 10,326,633.00) for the 1st year, (R$ 900,000.00) for the 2nd year, (R$ 1,165,000.00) for the 3rd year, (R$ 1,200,000.00) for the 4th year, (R$ 500,000.00) for the 5th year and R$ 0.00 for the 6th year onwards during all projection.

CAPEX




SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

## EXPANSION

We considered in this study the performance projection of the shopping in its current status, without the influence of future expansions.

## INFLATION

Discounted cash flow calculations use as inflation 0.00% in 2021, 3.75% in 2022, 3.50% in 2023 and 3.25% in 2024. For the years beyond 2024, we used the same rate by analogy.

## DISCOUNT RATE

This is the rate used to discount the 10-year operational cash flow to calculate the present value of the property, and reflects the risk profile regarding the:

External environment: the current situation of the real estate market in Brazil and in the area of influence, as well as the economic fundamentals of the country;

Internal environment: the operating conditions and performance of the shopping center itself, and the equity structure of its investors.

The discount rate, also known as weighted average cost of capital (WACC), is equivalent to the Opportunity Cost of the Company and consists of Equity Capital and Debt Capital.

"The opportunity cost of capital, or simply the cost of capital is the return shareholders expect for investing in the company" (Ross, 669).

Considering the current Brazilian and global economic scenarios, in addition to the specific risk analysis for the enterprise, we estimated a nominal discount rate of 11.83% per year. For the exhaustion period, the capitalization rate for calculating the residual value is 7.50% per year.

Below is a breakdown of the rates used:

| BREAKDOWN OF THE RATES | | |
|---|---|---|
| COMPONENTS | OPERATION | EXHAUSTION |
| Risk Free Rate (*) | 3.23% | 3.23% |
| Enterprise Risk Spread | 5.27% | 4.27% |
| Inflation | 3.33% | 0.00% |

SOURCE: (*) TREASURY DIRECT PROFITABILITY (IPCA+ 2035 - NTN-B PRINCIPAL 150535) – POSITION 12/30/2020

The "spread" risk of the development consists of specific variables of malls market. The composition of the "spread" were considered components such as location, market competition, a segment of the operation, social and economic status of the consumer market, composition of tenant mix, the administrator of the operation performance, dominance of gross leasable area and the operating performance history.

## VARIANCE ANALYSIS TO ACCOUNT FOR CHANGES IN THE EXPECTED SCENARIO

The variance analysis was performed using a number of scenarios that in turn are based in simulating changes in the discount rate and yield at exhaustion, thus showing a range of possible results given these alternative hypotheses. If we project these changes in the more significant variables, we obtain the following variations for the Economic Value of the property.

**SENSITIVITY ANALYSIS**

| CAP RATE (%) | DISCOUNT RATE (%) 10,83% | 11,33% | 11,83% | 12,33% | 12,83% |
|---|---|---|---|---|---|
| 6.50% | 348,149,144 | 336,095,998 | 324,572,025 | 313,550,857 | 303,007,570 |
| 7.00% | 334,063,098 | 322,629,945 | 311,696,078 | 301,236,696 | 291,228,350 |
| 7.50% | 321,855,192 | 310,959,365 | 300,536,925 | 290,564,423 | 281,019,692 |
| 8.00% | 311,173,274 | 300,747,608 | 290,772,665 | 281,226,184 | 272,087,117 |
| 8.50% | 301,748,052 | 291,737,234 | 282,157,142 | 272,986,561 | 264,205,433 |

SOURCE: CUSHMAN & WAKEFIELD – VALUATION & ADVISORY

The market value for purchase / sale of Shopping Light, according to projected scenarios, is between R$ 264.21 million and R$ 348.15 million.

# SEGREGATION OF VALUE – REPLACEMENT COST APPROACH

According to Article 8.2.1. of ABNT Rule NBR 14653-1:2001, the Replacement Cost Approach indicates the value of the property based on the sum of the values of its components. Should the purpose be the identification of the market value, the marketing factor must also be considered.

The Replacement Cost Approach is based on the concept that a well-informed buyer would not pay for the property under study more than the value of the cost to produce a similar one with the same usefulness. The cost of reproducing buildings and improvements is depreciated in accordance with physical and functional aspects, useful life and conservation status. This method is particularly applicable when the property being assessed has relatively new improvements that represent the best use of the land or when relatively unique or specialized improvements are built in the area, and when there are few offers for sale and/or rental of similar properties.

The value defined by the replacement cost approach will also be used to separate the land and improvements of the property. The percentages corresponding to the value of land and improvements defined by the replacement cost approach will be presented in the separation of the market economic value of property.

If there is a difference between the value defined by the replacement cost approach and the market economic value, it is possible to determine if the construction in the valuated plot is or nor defined as the best use among other probable.

## LAND VALUE

### RESIDUAL APPROACH

To determine the value of the plot of land of Shopping we used the residual approach on the market value of the Shopping Center, defined in previous item through the discounted cash flow.

This calculation methodology was adopted due to the lack of large size plots of land being offered in the region and to the lack information of values of last transactions in the area, and therefore there were no comparative elements similar to the plot of valuated property.

For the calculations, we used the built projected areas supplied by client.

The calculations related to determine the residual value of land, with characteristics of simulated development, deployment cost assumptions, revenues and accepted economic scenario are presented below:

External obsolescence is due to effects that, while adversely affecting its value, are not strictly related to the property itself. This includes changing use and occupancy regulations and unfavorable economic scenarios.

| RESIDUAL APPROACH - COMMERCIAL DEVELOPMENT - SHOPPING CENTER | | | | |
|---|---|---|---|---|
| GENERAL INFORMATION | | | | |
| Total Property Area | | | 4,547 | sqm |
| Total Area of Development | | | 36,519 | sqm |
| Proportionality Ratio | | | 1 | |
| Plot Proportional Area | | | 4,547 | sqm |
| Gross Rental Area | | | 18,529 | sqm |
| Total Built Area (Total area of development x Proportionality Ratio | | | 36,519 | sqm |
| MARKET VALUE FOR SALE (DISCOUNTED CASH FLOW) | | R$ | 271,997,000 | |
| Taxes (PIS/COFINS): | (0% of gross revenue) | R$ | - | |
| Marketing and Brokerage | (3% of gross revenue) | R$ | 8,159,910 | |
| ESTIMATED NET REVENUE | | R$ | 263,837,090 | |
| DEPLOYMENT COSTS | | | | |
| Shallow Construction Cost (shallow cost/sqm x eq. area) | (R$5440/sqm) | R$ | 100,795,475 | |
| Projects, fees and charges | (2.5%) | R$ | 2,519,887 | |
| Management fees | (5%) | R$ | 5,165,768 | |
| Possible (Demolition of existing building) | | R$ | - | |
| Contingencies | (0% of construction costs) | R$ | - | |
| TOTAL COSTS | | R$ | 108,481,130 | |
| REMAINING NET VALUE | | R$ | 155,355,960 | |
| Acquisition Cost | (4,0% of purchase price) | | | |
| Expected profit | (50,0% on land cost) | | | |
| Land financing | 0% | | | |
| MAXIMUM VALUE OF THE PROPERTY TODAY: | | R$ | 100,880,493 | |
| | | R$ | 22,186 | p/sqm |
| PROFIT = | | R$ | 50,440,247 | |
| Recalculating Profit | 19 | % over net revenue | | |
| | 46 | % over total costs | | |
| | 50 | % over land cost | | |
| | PROPERTY VALUE = | R$ | 100,880,000 | |

## CONSTRUCTION VALUE

In order to determine the construction, cost we used studies that present costs of similar, but not identical, improvements that may substitute those designed, for their purposes and capacities. We added the costs for project, foundations, site urbanization, connection of public utilities, compensation to builder and other costs related to the deployment of development.

In this case, we used the table for unit values of construction costs, determined and checked by our technical team with builder, specialized magazines, besides unions and regional boards of these professionals, with the following results according to calculations.

To take into account external obsolescence of evaluated property, we have applied a depreciation factor on the construction unit cost. The depreciation criterion will be detailed below.

### DEPRECIATION CRITERION

Depreciation is the difference between the cost of new building and its current value. Depreciation includes loss of value in three basic categories: (1) physical deterioration; (2) functional obsolescence and (3) obsolescence of the exterior.

- Physical deterioration results from the use and environment effects on the structure, reducing its value.
- Functional obsolescence is the depreciation effect over the value due to its architectural appropriateness that affects its current usage. This may be caused by changes over the years that make some structure, material and architectural aspects obsolete compared to current standards.
- External obsolescence is the adverse effect on value due to influences not related to the property. These include changing use and occupancy and unfavorable economic scenarios.

### ROSS-HEIDECKE PHYSICAL DEPRECIATION CRITERION

The Ross-Heidecke depreciation criterion was created to take into consideration physical depreciation due to age and conservation of the building. In reality, the building age is estimated in terms of percentage dividing apparent age by estimate economic life for the type of building.

Afterwards, by means of technical inspection on site, we determine the conservation status according to the table below:

| ROSS-HEIDECKE CRITERIA FOR STATE OF REPAIR | | | |
|---|---|---|---|
| a | New | e | Simple repairs |
| b | Between new and fair | f | Simple to major repairs |
| c | Fair | g | Major repairs |
| d | Between fair and simple repairs | h | Between major repairs and no value |

| PLOT – REPLACEMENT CALCULATION | | | |
|---|---|---|---|
| ADDRESS | LAND AREA (SQM) | AVERAGE UNIT VALUE (R$/SQM): | TOTAL VALUE (R$) |
| Coronel Xavier de Toledo street, 23, Downtown / São Paulo | 4,547.01 | 22,186.01 | 100,880,000.00 |

| BUILDINGS | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| NAME | TOTAL AREA (SQM): | UNIT COST (R$/SQM) | APPARENT AGE (YEARS) | CONSER V. | USEFUL LIFE (YEARS): | REMAINING USE LIFE (YEARS) | DEPREC. | NEW COST (R$) | DEPRECIATED COST (R$) |
| GLA | 18,528.58 | 5,854.80 | 50 | c | 60 | 10 | 0.384 | 108,481,130.18 | 41,670,736.00 |
| TOTAL | 18,528.58 | | | | | | | 108,481,130.18 | 41,670,736.00 |

| | |
|---|---|
| TOTAL REPLACEMENT COST (R$) | 142,550,700.00 |
| Marketing Factor | 1.00 |
| SALE MARKET VALUE (R$) | 142,550,700.00 |
| Property, value per built sqm | 7,693.56 |
| Property, value per land sqm | 31,350.43 |

## FOR THE PURPOSES OF ASSET RE-VALUATION

To calculate the book value, we used the areas in Determination of the Land Value, separating the value of the land from that on the buildings in the following proportion:

| PARTS | AREA (SQM) | UNIT (R$/SQM) | REPLACEMENT (R$) | (%) | DISCOUNTED CASH FLOW (R$) |
|---|---|---|---|---|---|
| LAND | 4,547.01 | 22,186.01 | R$ 100,880,000 | 70.77% | R$ 212,683,400 |
| GLA | 18,528.58 | 2,249.00 | R$ 41,670,700 | 29.23% | R$ 87,853,500 |
| **TOTAL** | - | - | **R$ 142,550,700** | **100.00%** | **R$ 300,536,900** |
| USEFUL LIFE | | 60 years | | | |
| AGE | | 50 years | | | |
| CONSERVATION | | Regular (c) | | | |
| REMAINING LIFE | | 10 years | | | |

SOURCE: CUSHMAN & WAKEFIELD. – VALUATION & ADVISORY

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# FINAL VALUATION CONCLUSION

Considering the physical characteristics, the real estate industry in the region where the property is located, as well as the risks and premises presented herein, we conclude that on **December 31st, 2020**, the market value for the purchase/sale of Shopping Light, located at **Coronel Xavier de Toledo street, 23 – São Paulo / SP**, was:

MARKET VALUE FOR SALE:

R$ 300,536,900.00

(THREE HUNDRED MILLION, FIVE HUNDRED AND THIRTY-SIX THOUSAND AND NINE HUNDRED REAIS)

- This appraisal report complies with the requirements of CVM Instruction # 472/08;
- Cushman & Wakefield Negócios Imobiliários Ltda does not maintain working relationship of subordination or with controlled companies or controlled by the administrator;
- Cushman & Wakefield Negócios Imobiliários Ltda does own any shares of the Shopping Light;
- The projected cash flow starts on January 1st, 2021;
- Discounted cash flow calculations use as inflation 0.00% in 2021, 3.75% in 2022, 3.50% in 2023 and 3.25% in 2024. For the years beyond 2024, we used the same rate by analogy.
- As requested by the client, we considered a satelization project starting in September 2021. For this project, we assumed the expenses and revenues according to the client projections;
- As client request, we do not consider the discounted cash flow taxation of PIS / COFINS (3.65% of EGR), Property Management Fee and Leasing & Commissions.

DocuSigned by:
Naiá Ribeiro
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Cushman & Wakefield, Brazil

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Coordinator, Valuation & Advisory
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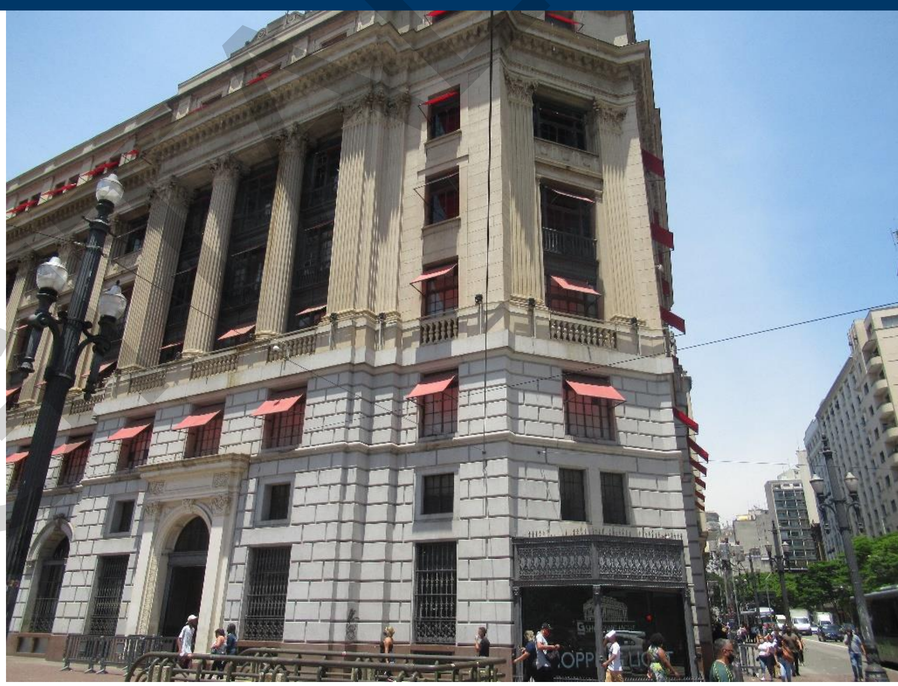
Mauricio Itagyba
Signed By: MAURICIO PEDROSO ITAGYBA:13036512896
CPF: 13036512896
Signing Time: 15/01/2021 | 15:34:36 PST
ICP Brasil
92C5814D1473408AB074BFF9B525BF06

Mauricio Itagyba, CREA, MRICS, RICS
Registered Valuer
CREA n° 5061069994
Senior Manager, Valuation & Advisory
Cushman & Wakefield, Brazil

# ATTACHMENT I - PHOTOGRAFIC REPORT

## FACADE OF THE PROPERTY

## FACADE OF THE PROPERTY



## ASPECTS OF THE CAR ENTRANCE


## ASPECTS OF THE MALL

## ASPECTS OF THE MALL


## ASPECTS OF THE MALL

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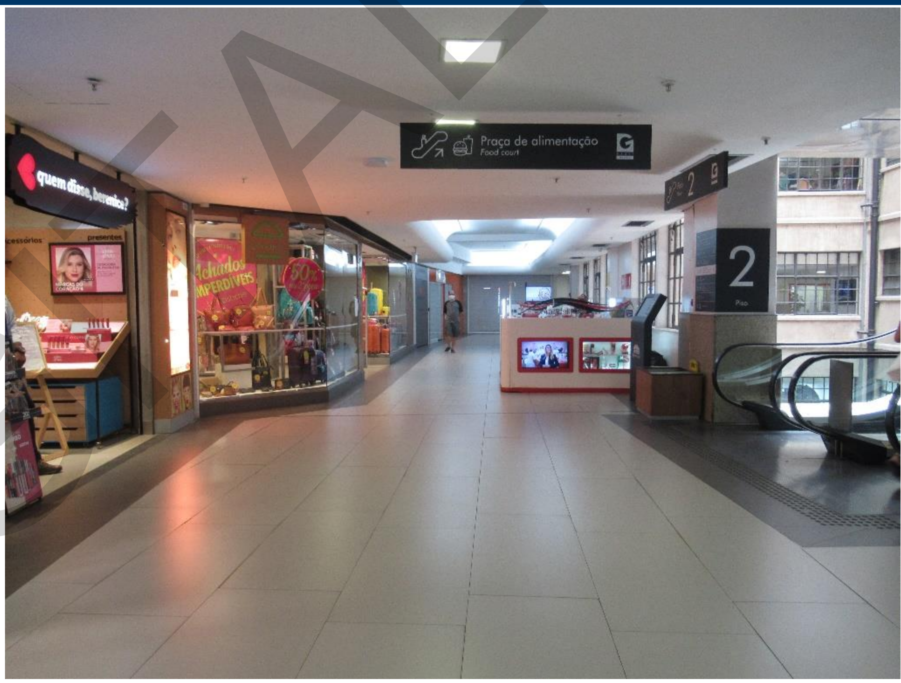
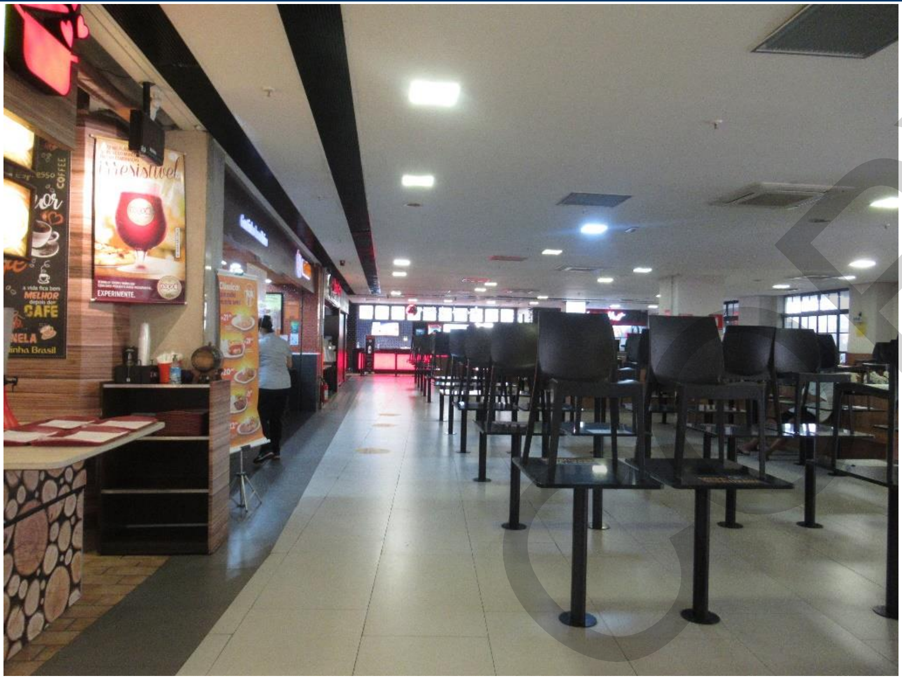
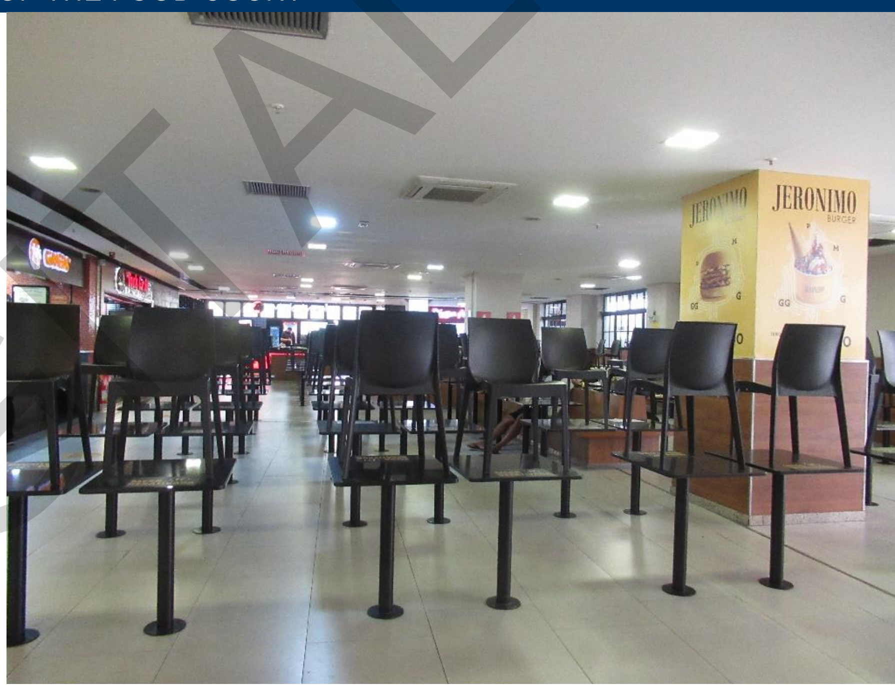
## ASPECTS OF THE MALL



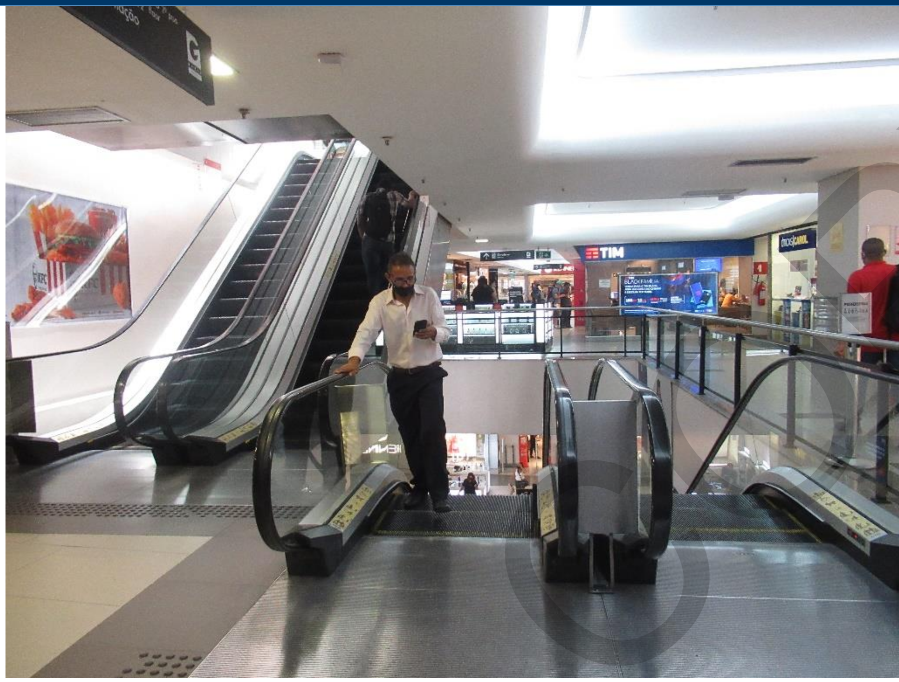
## ASPECTS OF THE FOOD COURT



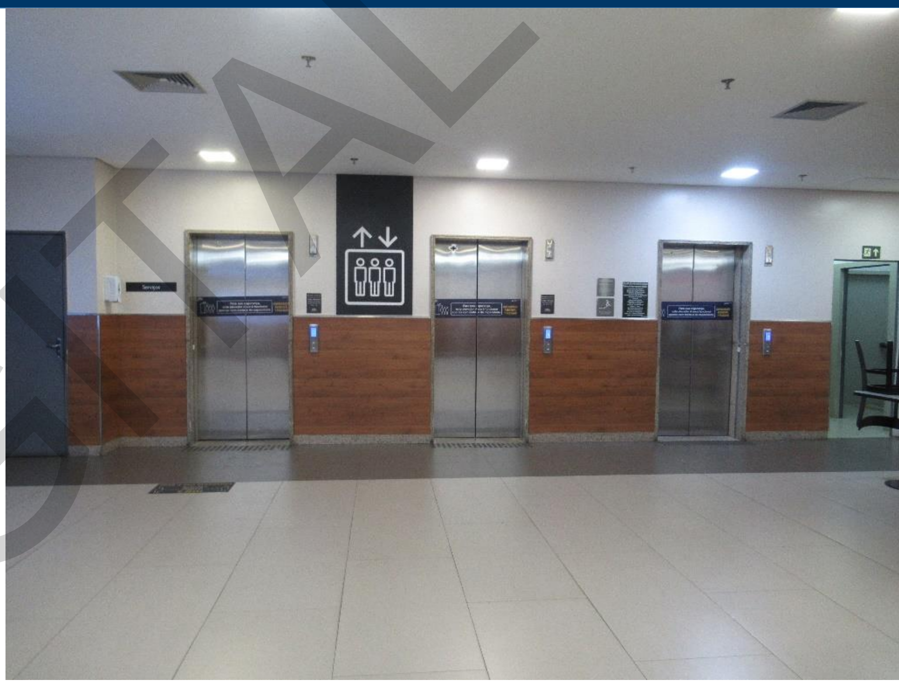
## ASPECTS OF THE FOOD COURT



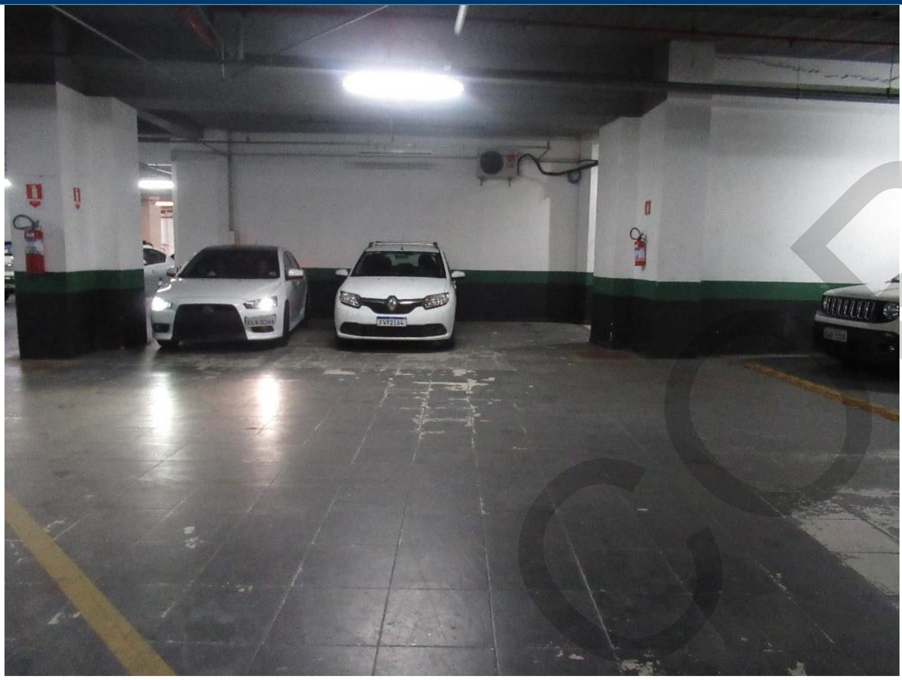
## VIEW OF THE ESCALATOR




## ASPECTS OF THE ELEVATOR



## VIEW OF THE PARKING LOT



## ASPECTS OF THE GENERATOR

## ASPECTS OF THE TECHNICAL AREAS

# ATTACHMENT II – ANNUAL CASH FLOW

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| For the Years Ending | dec-2021 | dec-2022 | dec-2023 | dec-2024 | dec-2025 | dec-2026 | dec-2027 | dec-2028 | dec-2029 | dec-2030 | dec-2031 | Total |
| **Rental Revenue** | | | | | | | | | | | | |
| Potential Base Rent | 10,416,603 | 12,282,951 | 12,811,510 | 13,010,838 | 13,284,137 | 14,097,239 | 14,864,642 | 15,306,417 | 15,581,747 | 15,856,613 | 16,631,953 | 154,144,650 |
| Scheduled Base Rent | 10,416,603 | 12,282,951 | 12,811,510 | 13,010,838 | 13,284,137 | 14,097,239 | 14,864,642 | 15,306,417 | 15,581,747 | 15,856,613 | 16,631,953 | 154,144,650 |
| CPI Increases | 160,550 | 547,013 | 1,016,553 | 1,459,523 | 1,843,287 | 1,616,888 | 1,484,220 | 1,719,912 | 2,134,190 | 2,585,179 | 2,426,758 | 16,994,072 |
| Total Rental Revenue | 10,577,153 | 12,829,964 | 13,828,063 | 14,470,360 | 15,127,424 | 15,714,127 | 16,348,861 | 17,026,329 | 17,715,938 | 18,441,792 | 19,058,711 | 171,138,721 |
| Total Tenant Revenue | 10,577,153 | 12,829,964 | 13,828,063 | 14,470,360 | 15,127,424 | 15,714,127 | 16,348,861 | 17,026,329 | 17,715,938 | 18,441,792 | 19,058,711 | 171,138,721 |
| **Other Revenue** | | | | | | | | | | | | |
| Discounts | -150,000 | -104,750 | -54,732 | -57,058 | -59,483 | -62,011 | -64,646 | -67,394 | -70,258 | -73,244 | -76,357 | -839,933 |
| Turnover | 4,428,000 | 5,162,080 | 5,941,692 | 6,479,504 | 6,754,883 | 7,041,966 | 7,341,249 | 7,653,252 | 7,978,515 | 8,317,602 | 8,671,100 | 75,769,845 |
| Mall Income | 3,500,000 | 4,190,000 | 4,925,869 | 5,705,798 | 5,948,294 | 6,201,097 | 6,464,644 | 6,739,391 | 7,025,815 | 7,324,412 | 7,635,700 | 65,661,019 |
| Merchandising | 1,300,000 | 1,361,750 | 1,423,029 | 1,483,507 | 1,546,557 | 1,612,285 | 1,680,807 | 1,752,242 | 1,826,712 | 1,904,347 | 1,985,282 | 17,876,518 |
| Key Money | 100,000 | 130,938 | 164,196 | 171,174 | 178,449 | 186,033 | 193,939 | 202,182 | 210,774 | 219,732 | 229,071 | 1,986,488 |
| Car Parking Income | 700,000 | 785,625 | 875,710 | 912,928 | 951,727 | 992,176 | 1,034,343 | 1,078,303 | 1,124,130 | 1,171,906 | 1,221,712 | 10,848,559 |
| Other Income | 300,000 | 209,500 | 218,928 | 228,232 | 237,932 | 248,044 | 258,586 | 269,576 | 281,033 | 292,976 | 305,428 | 2,850,234 |
| Total Other Revenue | 10,178,000 | 11,735,143 | 13,494,691 | 14,924,085 | 15,558,359 | 16,219,589 | 16,908,922 | 17,627,551 | 18,376,722 | 19,157,732 | 19,971,936 | 174,152,729 |
| Potential Gross Revenue | 20,755,153 | 24,565,106 | 27,322,754 | 29,394,445 | 30,685,783 | 31,933,716 | 33,257,783 | 34,653,879 | 36,092,659 | 37,599,525 | 39,030,647 | 345,291,450 |
| **Vacancy & Credit Loss** | | | | | | | | | | | | |
| Vacancy Allowance | -693,862 | -559,428 | -483,239 | -379,449 | -330,698 | -274,677 | -285,533 | -296,972 | -308,913 | -321,500 | -331,827 | -4,266,097 |
| Credit Loss | -925,149 | -895,085 | -724,858 | -632,415 | -529,117 | -412,015 | -285,533 | -296,972 | -308,913 | -321,500 | -331,827 | -5,663,383 |
| Total Vacancy & Credit Loss | -1,619,011 | -1,454,514 | -1,208,096 | -1,011,863 | -859,815 | -686,692 | -571,066 | -593,944 | -617,826 | -643,000 | -663,654 | -9,929,480 |
| Effective Gross Revenue | 19,136,142 | 23,110,592 | 26,114,658 | 28,382,582 | 29,825,968 | 31,247,024 | 32,686,717 | 34,059,936 | 35,474,834 | 36,956,524 | 38,366,993 | 335,361,971 |
| **Operating Expenses** | | | | | | | | | | | | |
| Service Charge | 574,200 | 561,178 | 142,789 | 118,447 | 92,196 | 79,671 | 66,202 | 68,685 | 71,260 | 73,933 | 76,705 | 1,925,267 |
| Promotion Fund | 150,000 | 208,500 | 271,050 | 281,214 | 291,760 | 302,701 | 314,052 | 325,829 | 338,048 | 350,725 | 363,877 | 3,197,756 |
| Other Non Recoverable Expenses | 750,000 | 834,000 | 867,360 | 899,886 | 933,632 | 968,643 | 1,004,967 | 1,042,653 | 1,081,753 | 1,122,319 | 1,164,405 | 10,669,618 |
| Total Operating Expenses | 1,474,200 | 1,603,678 | 1,281,199 | 1,299,548 | 1,317,588 | 1,351,015 | 1,385,221 | 1,437,167 | 1,491,061 | 1,546,976 | 1,604,987 | 15,792,640 |
| Net Operating Income | 17,661,942 | 21,506,915 | 24,833,458 | 27,083,034 | 28,508,380 | 29,896,009 | 31,301,496 | 32,622,769 | 33,983,773 | 35,409,549 | 36,762,006 | 319,569,331 |
| **Capital Expenditures** | | | | | | | | | | | | |
| Maintenance & Repairs | 0 | 0 | 0 | 0 | 0 | 937,411 | 980,602 | 1,021,798 | 1,064,245 | 1,108,696 | 1,151,010 | 6,263,761 |
| CAPEX | 10,326,633 | 942,750 | 1,275,253 | 1,369,392 | 594,829 | 0 | 0 | 0 | 0 | 0 | 0 | 14,508,857 |
| Total Capital Expenditures | 10,326,633 | 942,750 | 1,275,253 | 1,369,392 | 594,829 | 937,411 | 980,602 | 1,021,798 | 1,064,245 | 1,108,696 | 1,151,010 | 20,772,617 |
| Total Leasing & Capital Costs | 10,326,633 | 942,750 | 1,275,253 | 1,369,392 | 594,829 | 937,411 | 980,602 | 1,021,798 | 1,064,245 | 1,108,696 | 1,151,010 | 20,772,617 |
| Cash Flow Before Debt Service | 7,335,309 | 20,564,165 | 23,558,206 | 25,713,643 | 27,913,551 | 28,958,599 | 30,320,894 | 31,600,971 | 32,919,528 | 34,300,853 | 35,610,996 | 298,796,713 |

# ATTACHMENT III – DOCUMENTATION PROVIDED