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U.S.$175,000,000

BR MALLS INTERNATIONAL FINANCE LIMITED

(an exempted company incorporated under the laws of the Cayman Islands)

8.50% PERPETUAL NOTES

Unconditionally Guaranteed by

BR Malls Participações S.A., ECISA Engenharia, Comércio e Indústria Ltda., ECISA Participações Ltda. and Proffito Holding Participações S.A.

BR Malls International Finance Limited, or BR Malls International Finance, an exempted company incorporated under the laws of the Cayman Islands, is a wholly-owned finance subsidiary offering U.S.$175,000,000 aggregate principal amount of its 8.50% guaranteed perpetual notes, or the New Notes. The New Notes constitute a further issuance of and form a single series with BR Malls International Finance's outstanding 8.50% perpetual notes issued on January 21, 2011, or the Existing Notes.

The New Notes sold pursuant to Rule 144A under the Securities Act of 1933 as amended, or the Securities Act, are expected to trade under the same CUSIP and ISIN numbers and have identical terms as the Existing Notes held in the Rule 144A global note from the closing date other than their date of issue, their initial price to the public and initial interest payment dates. The New Notes sold pursuant to Regulation S under the Securities Act, or Regulation S, are expected to have identical terms as the Existing Notes held in the Regulation S global note other than their date of issue, their initial price to the public and initial interest payment dates. Through the 40th day following delivery of the New Notes, New Notes sold pursuant to Regulation S have temporary CUSIP and ISIN numbers. Thereafter such New Notes will trade under the same CUSIP and ISIN numbers as the Existing Notes held in the Regulation S global note. Unless the context otherwise requires, references to "notes" in this offering memorandum refer to the Existing Notes and the New Notes offered hereby as single series. At the time of completion of this offering, the aggregate principal amount of outstanding notes was U.S.$405,000,000.

Interest on the New Notes will accrue at a rate of 8.50% per year. BR Malls International Finance will pay interest on the New Notes quarterly in arrears on January 21, April 21, July 21 and October 21 of each year. Interest will accrue on the New Notes from October 21, 2012 and the first interest payment date will be January 21, 2013.

The notes are perpetual notes with no fixed final maturity date and will be repaid only in the event that BR Malls International Finance redeems or repurchases the notes or upon acceleration due to an event of default, as described in this offering memorandum.

BR Malls International Finance may, at its option, redeem the notes, in whole or in part, at 100% of their principal amount plus accrued interest and certain additional amounts, if any, on any interest payment date on or after January 21, 2016 or at any time upon the occurrence of specified events relating to the applicable tax law, as described in this offering memorandum. Upon the occurrence of a change of control triggering event, BR Malls International Finance must offer to repurchase the notes.

The notes are fully, unconditionally and irrevocably, jointly and severally, guaranteed by BR Malls Participações S.A. and its subsidiaries ECISA Engenharia Comércio e Indústria Ltda., ECISA Participações Ltda. and Proffito Holding Participações S.A., collectively, the Guarantors.

The notes are senior unsecured obligations of BR Malls International Finance, ranking equal in right of payment with all of its other existing and future senior unsecured debt. The guarantees of the notes rank *pari passu* with all unsecured and unsubordinated obligations of each of the Guarantors.

For a more detailed description of the notes, see "Description of the Notes" beginning on page 127.

We are not registering at any time the New Notes under the Securities Act or under any U.S. state securities laws. We are offering the New Notes only to qualified institutional buyers in accordance with Rule 144A under the Securities Act and to persons outside the United States in compliance with Regulation S. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the New Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The New Notes are not transferable except in accordance with the restrictions described under "Transfer Restrictions."

Application has been made to list the New Notes on the Official List of the Luxembourg Stock Exchange and admit the New Notes for trading on the Euro MTF market of the Luxembourg Stock Exchange, or Euro MTF.

Investing in the notes involves risks. See "Risk Factors" beginning on page 18.

PRICE 108.50% PLUS ACCRUED INTEREST FROM OCTOBER 21, 2012

The New Notes were delivered in book-entry form through The Depository Trust Company, or DTC, and its direct and indirect participants, including Clearstream Banking S.A. Luxembourg, or Clearstream, and Euroclear Bank S.A./N.V., as operator of the Euroclear Bank system, or Euroclear, on October 25, 2012.

BTG Pactual **Deutsche Bank Securities**

The date of this offering memorandum is November 6, 2012.

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In this offering memorandum, references to:

- "we," "our," "us," the "Company" and "BR Malls" are to BR Malls Participações S.A., a corporation (*sociedade anônima*) duly organized and incorporated on May 26, 2004, under the laws of the Federative Republic of Brazil, or Brazil, and its consolidated subsidiaries, including the Issuer, except when the context indicates otherwise;

- "Issuer" or "BR Malls International Finance" are to BR Malls International Finance Limited, an exempted financing company incorporated with limited liability under the laws of the Cayman Islands on October 18, 2007;

- "Guarantors" are to BR Malls and its subsidiaries, ECISA Engenharia, Comércio e Indústria Ltda., a limited liability company (*sociedade limitada*) duly organized and incorporated under the laws of Brazil on August 2, 1949, ECISA Participações Ltda., a limited liability company (*sociedade limitada*) duly organized and incorporated under the laws of Brazil on October 29, 2005, and Proffito Holding Participações S.A., a corporation (*sociedade anônima*) duly organized and incorporated under the laws of Brazil on February 2, 2008;

- "Amazonas Shopping" are to Amazonas Shopping Center, located in Manaus, Amazonas;

- "anchor stores" are to large, well-known stores in our shopping malls that serve as the primary attraction to the consumers in each shopping mall, and are intended to ensure a constant flow of consumers in all areas of our shopping malls;

- “Araguaia debentures” are to the debentures with profit sharing rights pursuant to which we have the right, among others, to receive 50% of Araguaia Shopping’s net income and appoint Araguaia Shopping’s management;
- “Araguaia Shopping” are to Araguaia Shopping, located in Goiânia, Goiás;
- “ASCR” are to ASCR—Administradora Shopping Center Recife Ltda., our indirect subsidiary that manages Shopping Recife;
- “Big Shopping” are to Big Shopping, located in Contagem, Minas Gerais;
- “BR Malls Administração” are to BR Malls Administração e Comercialização Ltda. (formerly Empresa Gerenciadora de Empreendimentos Comerciais S.A.), our subsidiary that provides, among others, leasing and merchandising services for shopping malls;
- “BR Malls Desenvolvimento” are to BR Malls Desenvolvimento Participações Ltda., our subsidiary that provides, among others, planning and development services to shopping malls;
- “Campinas Shopping” are to Campinas Shopping, located in Campinas, São Paulo;
- “Campo Grande Parking” are to Campo Grande Parking Ltda., our indirect subsidiary that provides parking services at Shopping Campo Grande;
- “Casa & Gourmet Shopping” are to Casa & Gourmet Shopping, located in Rio de Janeiro, Rio de Janeiro;
- “Catuaí Shopping Londrina” are to Catuaí Shopping Londrina, located in Londrina, Paraná;
- “Catuaí Shopping Maringá” are to Catuaí Shopping Maringá, located in Maringá, Paraná;
- “Center Shopping Rio” are to Center Shopping Rio, located in Rio de Janeiro, Rio de Janeiro;
- “Center Shopping Uberlândia” are to Center Shopping Uberlândia, located in Uberlândia, Minas Gerais;
- “Christaltur” are to Christaltur Empreendimentos e Participações Ltda., our indirect subsidiary that holds our ownership interest in Shopping Villa-Lobos;
- “CIMA” are to CIMA Empreendimentos do Brasil S.A., our indirect subsidiary that holds our ownership interest in Shopping Tijuca;
- “COFAC” are to COFAC – Companhia Fluminense de Administração e Comércio, one of our subsidiaries;
- “Dyl” are to Dyl Empreendimentos e Participações S.A., one of our shareholders;
- “ECISAs” are to ECISA Engenharia and ECISA Participações;
- “ECISA Engenharia” are to ECISA Engenharia, Comércio e Indústria Ltda., our subsidiary that holds direct and indirect ownership interests in our shopping malls;
- “ECISA Participações” are to ECISA Participações Ltda., our subsidiary that holds direct and indirect ownership interests in our shopping malls;
- “EMCE” are to EMCE—Empresa Cogeradora de Energia Ltda., our indirect subsidiary that rents equipment for electricity production for NorteShopping;
- “EPI” are to Empresa Patrimonial Industrial IV S.A., our indirect subsidiary that holds our ownership interest in Shopping Iguatemi Belém, Amazonas Shopping and Shopping Iguatemi Maceió;
- “Esplanada Shopping” are to Esplanada Shopping, located in Sorocaba, São Paulo;

- “Estação BH” are to Estação BH Shopping, located in Belo Horizonte, Minas Gerais;
- “Eximia” are to Eximia Participações e Empreendimentos Ltda., our indirect subsidiary that holds our ownership interest in Big Shopping and Minas Shopping;
- “Fashion Mall” are to Fashion Mall, located in Rio de Janeiro, Rio de Janeiro;
- “FMSA” are to Fashion Mall S.A., our subsidiary through which we hold a 100% ownership interest in Casa & Gourmet Shopping, Fashion Mall, Niterói Plaza Shopping and Ilha Plaza Shopping;
- “Goiânia Shopping” are to Goiânia Shopping, located in Goiânia, Goiás;
- “GS” are to GS Shopping Center S.A., our indirect subsidiary that holds our ownership interest in Goiânia Shopping;
- “Gross commercial area” or “GCA” are to the sum of all commercial areas of shopping malls, which includes the gross leasable area and other commercial areas owned by third parties;
- “Gross leasable area” or “GLA” are to the sum of all areas in shopping malls that are available for lease, except for kiosks. We calculate our own gross leasable area by subtracting from gross commercial area the areas in shopping malls owned by third parties;
- “Ilha Plaza Shopping” are to Ilha Plaza Shopping, located in Rio de Janeiro, Rio de Janeiro;
- “In Mont Group” are to In Mont Group, a group of companies that was acquired by us on July 16, 2007. We hold through In Mont Group our ownership interest in Casa & Gourmet Shopping, Fashion Mall, Niterói Plaza Shopping and Ilha Plaza Shopping and other companies that provide services to such shopping malls;
- “Itaú Power” are to Itaú Power Shopping, located in Contagem, Minas Gerais;
- “Jardim Sul” are to Jardim Sul Shopping, located in São Paulo, São Paulo;
- “Minas Shopping” are to Minas Shopping, located in Belo Horizonte, Minas Gerais;
- “Mooca Plaza Shopping” are to Mooca Plaza Shopping, located in São Paulo, São Paulo;
- “Natal Shopping” are to Natal Shopping, located in Natal, Rio Grande do Norte;
- “Nattca” are to Nattca Participações S.A., our indirect subsidiary that holds our ownership interest in Shopping Estação;
- “Niterói Plaza Shopping” are to Niterói Plaza Shopping, located in Niterói, Rio de Janeiro;
- “NorteShopping” are to NorteShopping, located in Rio de Janeiro, Rio de Janeiro;
- “Osasco Plaza Shopping” are to Osasco Plaza Shopping, located in Osasco, São Paulo;
- “Pantanal Shopping” are to Pantanal Shopping, located in Cuiabá, Mato Grosso;
- “Plaza Macaé” are to Plaza Macaé Shopping, located in Macaé, Rio de Janeiro;
- “Proffito” are to Proffito Holding Participações S.A., formerly known as Graúna Holding Participações S.A., our subsidiary that holds our ownership interests in Shopping Tamboré;
- “Rai Rhodes” are to Rai-Rhodes Administração de Imóveis Ltda., our subsidiary that provides, among others, leasing and merchandising services for shopping malls;
- “*real*,” “*reais*” or “R$” are to the Brazilian *real*, the official currency of Brazil;

- "Recife Parking" are to Recife Parking Ltda., our indirect subsidiary that provides parking services at Shopping Recife;
- "Rio Anil" are to Rio Anil Shopping, located in São Luís, Maranhão;
- "São Luís Shopping Center" are to São Luís Shopping Center, located in São Luís, Maranhão;
- "SDR" are to SDR—Empreendimentos Imobiliárias S.A., our indirect subsidiary that holds our ownership interest in Shopping Del Rey;
- "Shopping ABC" are to Shopping ABC, located in Santo André, São Paulo;
- "Shopping Campo Grande" are to Shopping Campo Grande, located in Campo Grande, Mato Grosso do Sul;
- "Shopping Center Mooca Empreendimentos Imobiliários" are to Shopping Center Mooca Empreendimentos Imobiliários S.A., our indirect subsidiary that holds our ownership interest in Shopping Center Mooca;
- "Shopping Crystal Plaza" are to Shopping Crystal Plaza, located in Curitiba, Paraná;
- "Shopping Curitiba" are to Shopping Curitiba, located in Curitiba, Paraná;
- "Shopping Del Rey" are to Shopping Del Rey, located in Belo Horizonte, Minas Gerais;
- "Shopping Estação" are to Shopping Estação, located in Curitiba, Paraná;
- "Shopping Granja Vianna" are to Shopping Granja Vianna, located in Cotia, São Paulo;
- "Shopping Iguatemi Belém" are to Shopping Iguatemi Belém, located in Belém, Pará;
- "Shopping Iguatemi Caxias do Sul" are to Shopping Iguatemi Caxias do Sul, located in Caxias do Sul, Rio Grande do Sul;
- "Shopping Iguatemi Maceió" are to Shopping Iguatemi Maceió, located in Maceió, Alagoas;
- "Shopping Independência" are to Shopping Independência, located in Juiz de Fora, Minas Gerais;
- "Shopping Metrô Santa Cruz" are to Shopping Metrô Santa Cruz, located in São Paulo, São Paulo;
- "Shopping Metrô Tatuapé" are to Shopping Metrô Tatuapé, located in São Paulo, São Paulo;
- "Shopping Mueller Joinville" are to Shopping Center Mueller, located in Joinville, Santa Catarina;
- "Shopping Paralela" are to Shopping Paralela, located in Salvador, Bahia;
- "Shopping Pátio Belém" are to Shopping Pátio Belém, located in Belém, Pará;
- "Shopping Piracicaba" are to Shopping Piracicaba, located in Piracicaba, São Paulo;
- "Shopping Recife" are to Shopping Recife, located in Recife, Pernambuco;
- "Shopping Sete Lagoas" are to Shopping Sete Lagoas, located Sete Lagos, Minas Gerais;
- "Shopping Tamboré" are to Shopping Tamboré, located in Tamboré, São Paulo;
- "Shopping Tijuca" are to Shopping Tijuca, located in Rio de Janeiro, Rio de Janeiro;
- "Shopping Villa-Lobos" are to Shopping Villa-Lobos, located in São Paulo, São Paulo;

- “SISA” are to Sociedade Independência Imóveis S.A., our indirect subsidiary that organizes, implements and manages real estate and commercial developments, particularly in shopping malls, including Shopping Independência, located in Juiz de Fora, MG;
- “SPE Mônaco” are to SPE Mônaco Participações S.A., our subsidiary that holds our ownership interest in Natal Shopping;
- “SPE Monza” are to SPE Monza Participações S.A., our subsidiary that holds our ownership interest in Shopping Center Mooca;
- “SPE Xangai” are to SPE Xangai Participações S.A., our subsidiary that holds our ownership interest in Shopping Granja Vianna;
- “square meters” are to square meters, one square meter being equal to 10.76 square feet;
- “Top Shopping” are to Top Shopping, located in Nova Iguaçú, Rio de Janeiro;
- “U.S. dollars,” “dollars,” “dollar” or “U.S.$” are to U.S. dollars, the official currency of the United States;
- “Via Brasil Shopping” are to Via Brasil Shopping, located in Irajá, Rio de Janeiro;
- “Villa-Lobos Parking” are to Villa-Lobos Parking Ltda., our indirect subsidiary that provides parking services at Shopping Villa-Lobos; and
- “West Shopping” are to West Shopping Rio, located in Rio de Janeiro, Rio de Janeiro.

This offering memorandum is not an offer to sell the New Notes and we are not soliciting an offer to buy the New Notes in any jurisdiction in which the offer or sale is prohibited. Neither the delivery of this offering memorandum nor any sale made under the terms described herein shall imply that the information herein is correct as of any date after the date hereof.

NONE OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE OR FOREIGN SECURITIES COMMISSION OR OTHER REGULATORY AGENCY HAS APPROVED OR DISAPPROVED OF THE NOTES OFFERED HEREBY OR DETERMINED IF THIS OFFERING MEMORANDUM IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This offering is being made in reliance upon exemptions from registration under the Securities Act for an offer and sale of securities which does not involve a public offering. The New Notes were initially purchased by Banco BTG Pactual S.A. – Cayman Branch and Deutsche Bank Securities Inc. (collectively, the “initial purchasers”) in accordance with such exemptions. If you purchase any of the New Notes, you will be deemed to make certain acknowledgments, representations and agreements set forth herein under the caption “Transfer Restrictions.” You may be required to bear the financial risks of this investment for an indefinite period of time.

We prepared this offering memorandum solely for use in connection with this offering. In accepting this offering memorandum, you have agreed that you will hold the information contained or referred to herein in confidence. We and the initial purchasers reserve the right to reject any offer to purchase any of the New Notes for any reason, or to sell less than the principal amount of the New Notes that any prospective purchaser has subscribed. You represent that you are basing your investment decision solely on this offering memorandum and your own examination of us and the terms of this offering. You cannot distribute this offering memorandum or the information contained in it to any person other than your professional advisor without our prior written consent. If you do not purchase any of the New Notes or if this offering is terminated, you agree to return this offering memorandum and all documents delivered in connection with this offering to Banco BTG Pactual S.A. – Cayman Branch, Butterfield House, 68 Fort Street, Grand Cayman, Cayman Islands, Attention: Transactions Advisory Group and Deutsche Bank Securities Inc., at 60 Wall Street, New York, NY, 10005, Attention: Debt Capital Markets Syndicate.

By receiving this offering memorandum and by purchasing the New Notes, you acknowledge that (1) you have had the opportunity to ask us for and to review, and you have received and reviewed, all additional information considered by you to be necessary to verify the accuracy of or to supplement the information presented in this offering memorandum, (2) you have not relied on the initial purchasers or any person affiliated with any initial purchaser in connection with investigating the accuracy of such information or your investment decision and (3) no person has been authorized to give information or to make any representation concerning us or the New Notes other than as contained in this offering memorandum and information given by our duly authorized officers and employees in connection with your examination of us and the terms of this offering. You cannot rely on any such other information or representation.

The initial purchasers make no representation or warranty, express or implied, concerning the accuracy or completeness of the information in this offering memorandum, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation, from an initial purchaser whether as to the past or the future.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the New Notes. To the best of our knowledge and belief, having made all reasonable inquiries, we confirm that this offering memorandum contains all material information with respect to us, our business and the New Notes. However, we cannot give you any assurance and you should not assume that the information contained in this offering memorandum is accurate or complete after the date appearing on the cover page of this offering memorandum. Our business, financial condition, results of operations, cash flows and prospects may have changed since that date.

The contents of this offering memorandum do not constitute legal, business or tax advice and neither we nor the initial purchasers are making any representation to any purchaser of the New Notes and guarantees regarding the legality of an investment by such purchaser under any legal investment or similar laws or regulations. You should consult your own legal, business and tax advisors as to legal, business or tax advice related to a purchase of the New Notes.

Notwithstanding anything herein to the contrary, investors may disclose to any person, without limitation of any kind, the U.S. federal or state income tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to the investors relating to such tax treatment and tax structure. However, any information relating to the U.S. federal income tax treatment or tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent reasonably necessary to enable any person to comply with applicable securities laws. For this purpose, “tax structure” means any facts relevant to the U.S. federal or state income tax treatment of the offering but does not include information relating to the identity of the issuer of the securities, the issuer of any assets underlying the securities, or any of their respective affiliates that are offering the securities.

New Notes sold in reliance on Rule 144A under the Securities Act were initially represented by one or more global certificates, and New Notes sold to persons other than U.S. persons in reliance on Regulation S under the Securities Act were initially represented by a separate single global certificate, in each case in fully registered form without coupons, and each such global certificate has been registered in the name of a nominee of The Depository Trust Company, New York, New York, as depositary. See “Form of the Notes.”

You must comply with all applicable laws and regulations (including obtaining required consents, approvals or permissions) in force in any jurisdiction in which you purchase, offer or sell the New Notes. Neither we nor the initial purchasers have any responsibility for any purchase, offer or sale of the New Notes by you.

If you have any questions relating to this offering memorandum or this offering, or if you reasonably require additional information in connection with your investment in the New Notes and guarantees, direct your questions to the initial purchasers or us.

In connection with this offering, the initial purchasers participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the New Notes. Specifically, the initial purchasers may over-allot in connection with this offering, may bid for and purchase New Notes in the open market and may impose penalty bids. For a description of these activities, see “Plan of Distribution.”

This offering memorandum constitutes a prospectus for the purpose of Luxembourg law dated July 10, 2005, as amended, on Prospectuses for Securities.

NOTICE TO RESIDENTS OF BRAZIL

The New Notes have not been, and will not be, registered with the *Comissão de Valores Mobiliários*, or the CVM, the Brazilian securities commission. Any public offering or distribution, as defined under Brazilian laws and regulations, of the New Notes in Brazil is not permitted without such prior registration. Documents relating to the offering of the New Notes, including this offering memorandum, as well as information contained herein, may not be provided or distributed to the public in Brazil, as the offering of the New Notes is not a public offering of securities in Brazil, nor may they be used in connection with any offer for subscription or sale of the New Notes to the public in Brazil. Each of the initial purchasers has agreed not to offer or sell the New Notes in Brazil, except in circumstances that do not constitute a public offering or unauthorized distribution of securities under applicable Brazilian laws and regulations or pursuant to an express exemption of registration with the CVM, pursuant to Brazilian law and regulations.

NOTICE TO MEMBERS OF THE PUBLIC OF THE CAYMAN ISLANDS

SECTION 175 OF THE COMPANIES LAW (2012 REVISION) OF THE CAYMAN ISLANDS PROVIDES THAT AN EXEMPTED COMPANY (SUCH AS BR MALLS INTERNATIONAL FINANCE) THAT IS NOT LISTED ON THE CAYMAN ISLANDS STOCK EXCHANGE IS PROHIBITED FROM MAKING ANY INVITATION TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR ANY OF ITS NOTES. EACH PURCHASER OF THE NOTES AGREES THAT NO INVITATION MAY BE MADE TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR THE NOTES.

NOTICE TO INVESTORS WITHIN THE PHILIPPINES

As stated above, exempt transactions under the Securities Regulation Code include the sale to any number of "qualified buyers." In this regard, a notice of exemption under SEC form 10-1 must be filed with the SEC within ten days after the sale of the securities. Moreover, the following statement (in bold face, prominent type) is required to be disclosed to the offerees:

THE SECURITIES BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

"qualified buyers" are: (i) banks, (ii) registered investment houses, (iii) insurance companies, (iv) pension funds or retirement plans maintained by the Government of the Philippines or any political subdivision thereof, or managed by a bank or a trust entity licensed by the Bangko Sentral ng Pilipinas, (v) investment companies, and (vi) such other persons as the SEC may determine as qualified buyers, on the basis of such factors as financial sophistication, net worth, knowledge, and experience in financial and business matters, or amount of assets under management.

NOTICE TO INVESTORS IN SINGAPORE

Any offer of debt securities to prospective investors in Singapore (whether the issuer is a Singapore resident issuer or a foreign issuer) must be made in accordance with the prospectus requirements of the Securities and Futures Act, Chapter 289 of Singapore Statutes.

In general, a prospectus is required to be lodged with, and registered by, Monetary Authority of Singapore, or MAS, prior to any offer of debt securities in Singapore, although certain categories of prospective investors may be offered debt securities without the issuer having to register a prospectus.

SALES TO PROFESSIONAL INVESTORS WITHIN HONG KONG

The law relating to this area changed on December 3, 2004 when new legislation, the Companies (Amendment) Ordinance ("CAO"), came into effect. The following constitutes the selling restriction applicable to the sale of New Notes to "professionals" within Hong Kong since that date.

Each initial purchaser has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any New Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

In the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under RSA 421-B with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire implies that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact than an exemption or exception is available for a security or a transaction means that the Secretary of State of the State of New Hampshire has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains estimates and forward-looking statements, principally in “Risk Factors,” “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” and “Business.” Some of the matters discussed concerning our business, financial condition, results of operations, cash flow and prospects include estimates and forward-looking statements within the meaning of the Securities Act and the Securities Exchange Act of 1934, as amended, or the Exchange Act. Our estimates and forward-looking statements are based primarily on our current expectations and estimates of future events and trends, which affect or may affect our businesses, financial condition, results of operations, cash flow and prospects. Although we believe that these estimates and forward-looking statements are based on reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us.

Our estimates and forward-looking statements may be influenced by the following factors:

- general economic, political, and business conditions in Brazil and the regions in which we operate;
- fluctuations in inflation and prevailing interest rates in Brazil;
- changes in the retail, shopping mall and real estate markets in Brazil;
- our ability to successfully implement our business strategy, including our ability to (i) acquire additional interests in the shopping malls in which we currently participate; (ii) acquire interests in shopping malls owned by third parties; (iii) identify properties suitable for the development of new shopping malls; and (iv) enter into new contracts for the provision of shopping mall management services and of the leasing of shopping mall stores and common spaces;
- our ability to successfully manage our business in the future;
- our ability to obtain additional financing on reasonable terms and conditions;
- changes in the level of retail sales in Brazil;
- introduction of new laws and/or regulations or of amendments to current laws and/or regulations applicable to the shopping mall, real estate and retail markets in Brazil, including those related to the environment or urban planning;
- governmental intervention resulting in changes to applicable taxes or the regulatory environment in Brazil;
- competition in the Brazilian shopping mall market in Brazil and in the regions in which we operate;
- *force majeure* events; and
- the other risk factors discussed under “Risk Factors.”

The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in these estimates and forward-looking statements. In light of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this offering memorandum might not occur and our future results and our performance may differ materially from those expressed in these forward-looking statements. Because of these uncertainties, you should not make any investment decision based on these estimates and forward-looking statements.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Statements

We maintain our books and records in *reais*, and we prepare our financial statements in accordance with accounting practices adopted in Brazil, or Brazilian GAAP, which are based on:

- Brazilian Law No. 6,404/76, as amended, including by Brazilian Laws No. 9,457/97, 10,303/01, 11,638/07 and 11,941/09, which is referred to hereinafter as the Brazilian Corporate Law;
- the rules and regulations issued by the CVM; and
- the accounting standards issued by the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*), or the CFC, and the Accounting Standards Committee (*Comitê de Pronunciamentos Contábeis*), or the CPC.

Our consolidated financial statements as of and for the year ended December 31, 2009, 2010 and 2011 have been prepared in accordance with Brazilian GAAP and also with the International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. Our unaudited interim condensed consolidated financial statements as of June 30, 2012 and for the six months ended June 30, 2011 and 2012, have been prepared in accordance with CPC 21 – *Demonstrações Intermediárias* (Interim Financial Statements), or CPC 21, issued by the CPC and with International Financial Reporting Standard IAS 34 – Interim Financial Reporting, or IAS 34, issued by IASB.

Our financial statements included elsewhere in this offering memorandum consist of:

- our unaudited interim condensed consolidated financial statements as of June 30, 2012 and for the six months ended June 30, 2011 and 2012, which have been prepared in accordance with CPC 21 and IAS 34;
- our audited consolidated financial statements as of and for the years ended December 31, 2009, 2010 and 2011 (including a balance sheet as of January 1, 2009), which have been prepared in accordance with Brazilian GAAP and IFRS, and audited by PricewaterhouseCoopers Auditores Independentes in accordance with Brazilian and International auditing standards, as stated in their report included elsewhere in this offering memorandum; and

The financial information included elsewhere in this offering memorandum should be read in conjunction with our consolidated financial statements, the notes thereto and the reports of our independent auditors, as well as the sections “Summary Financial Information,” “Selected Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Restatement of cash flows for prior periods

As discussed in Note 2 to each of our financial statements included elsewhere in this offering memorandum, we have restated amounts derived from our consolidated statements of cash flows for the six months ended June 30, 2011 and for the years ended December 31, 2011, 2010 and 2009 to correct misclassifications of transactions between cash flows from operating activities and cash flows from investing activities. The restatement did not affect reported balance sheet or income statement information, including cash balances, net income, shareholders’ equity, the basis of distribution of dividends or the determination of EBITDA, Adjusted EBITDA and related ratios. All references in this offering memorandum to the amounts affected by such restatement reflect such amounts on a restated basis.

Changes in Brazilian GAAP due to its convergence to IFRS

Brazilian Corporate Law was amended by Law No. 11,638/07 in order to facilitate the convergence from Brazilian GAAP to IFRS. Thereafter, the CPC issued several new accounting standards that progressively adapted Brazilian GAAP to IFRS and will continue to issue new accounting standards to converge with new standards issued by the IASB (*e.g.*, IFRS 9 “Financial Instruments: Classification and Measurement,” IFRS 10 “Consolidated Financial Statements,” IFRS 11 “Joint Arrangements,” IFRS 12 “Disclosure of Involvement with Other Entities”).

Through December 31, 2009, our financial statements were prepared in accordance with Brazilian GAAP in effect at the time. We elected January 1, 2008 as a transition date to fully comply with the new CPC standards and amendments to certain Brazilian GAAP accounting in effect as of December 31, 2009. Our financial statements as of and for the year ended December 31, 2008 were restated during 2009 to reflect these adjustments. We have adopted all pronouncements, guidelines and interpretations of the CPC issued through December 31, 2011. Consequently, our consolidated financial statements are prepared in accordance with Brazilian GAAP and IFRS, as issued by the IASB.

IFRS 11 will become effective for annual periods beginning on or after January 1, 2013, and eliminates the option to account for jointly controlled entities using proportional consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard may impact our consolidated financial statements, due to the change in the method in which we account for the results of certain entities, we jointly control with third parties.

Mandatory Audit Firm Rotation

According to CVM Instruction No. 308 of May 14, 1999, an auditor (a) may not provide services to a client for more than five consecutive years and (b) must wait three years before being re-hired. Pursuant to this instruction, beginning in 2012, we were required to replace PricewaterhouseCoopers Auditores Independentes, which acted as our independent auditors for the five years ended December 31, 2011. Our current independent auditors are Ernst & Young Terco Auditores Independentes S.S.

Market Share

Certain industry, demographic, market and competitive data, including market forecasts, used throughout this offering memorandum were obtained from internal surveys, market research, publicly available information and industry publications. We have made these statements on the basis of information from third-party sources that we believe are reliable, such as the Brazilian Association of Shopping Malls (*Associação Brasileira de Shopping Centers*), or ABRASCE, the Brazilian Association of Research Entities (*Associação Brasileira de Empresas de Pesquisa*), or ABEP, CB Richard Ellis, or CBRE, Cushman & Wakefield Semco Consultoria Imobiliária Ltda., or Cushman & Wakefield, the Brazilian Institute of Public Opinion and Statistics (*Instituto Brasileiro de Opinião Pública e Estatística*), or IBOPE, the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*), or IBGE, the Getúlio Vargas Foundation (*Fundação Getúlio Vargas*), or FGV, the Brazilian Central Bank (*Banco Central do Brasil*), or the Central Bank, and Gismarket Estudos de Mercado, or Gismarket, among others. Industry and government publications, including those referenced here, generally state that the information presented therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Although we, the initial purchasers have no reason to believe that any of this information or these reports are inaccurate in any material respect, this information has not been independently verified. We, the initial purchasers do not make any representation as to the accuracy of such information.

Information on Our Shopping Malls

When we discuss our shopping malls, we use terms used in our industry, such as GCA and GLA. GCA is an indicator of the rent generation capacity of a shopping mall and its subsidiaries and is used to indicate the size of the property and of the commercial area offered to shopping mall customers. GLA consists of the GCA minus the areas in shopping malls owned by third parties. In addition, all references to our ownership interests in shopping malls include ownership interests that have already formally been transferred to us. Moreover, except as otherwise indicated, the description of our shopping malls, including their annual average number of visitors, is based on information and estimates prepared in accordance with internal and management controls of our shopping malls.

Rounding

Some percentages and certain figures included in this offering memorandum have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables herein may not be an arithmetic aggregation of the figures that precede them.

Solely for the convenience of the reader, certain amounts included in "Summary Financial and Other Information," "Capitalization," "Selected Financial Information" and elsewhere in this offering memorandum have been converted from *reais* into U.S. dollars using the exchange rate as reported by the Central Bank as of June 30, 2012 of R$2.0213 per U.S.$1.00 (subject to rounding adjustments). These conversions should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate as of that or any other date. The *real*/dollar exchange rate may fluctuate, and the exchange rate as of June 30, 2012, or any other date, may not be indicative of future exchange rates. See "Exchange Rates" for information regarding exchange rates for the Brazilian *real* since 2007.

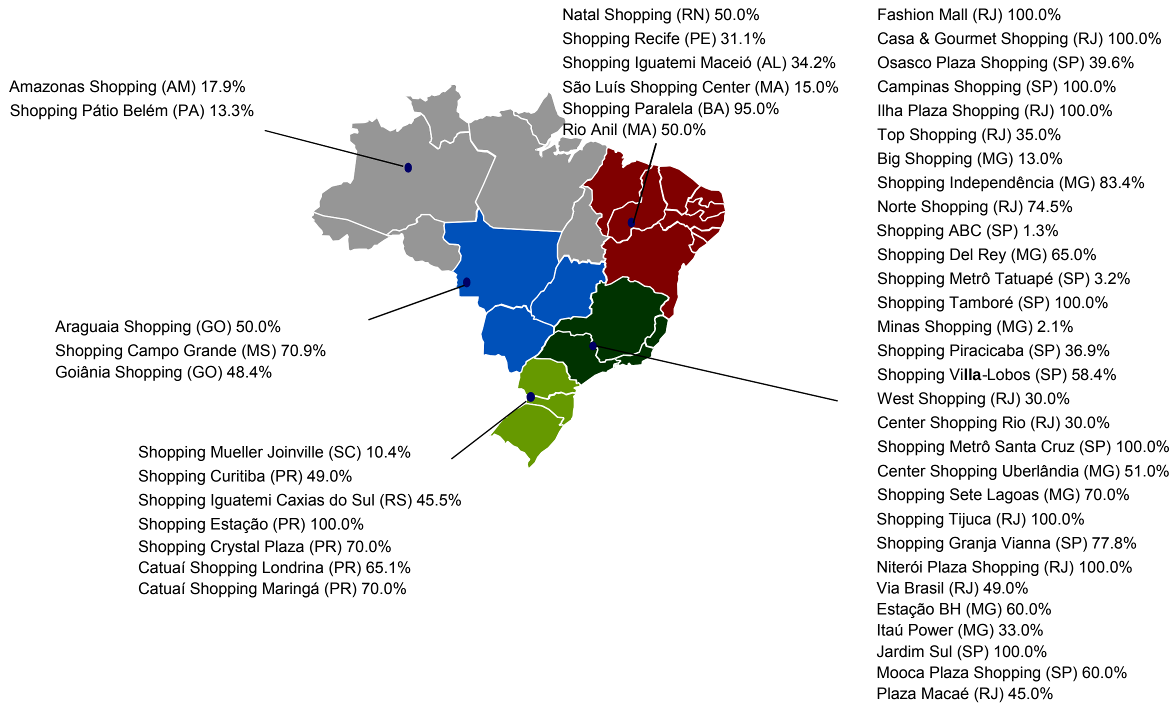
SUMMARY

This summary highlights selected information about us and the New Notes we are offering. It does not contain all of the information that may be important to you. Before deciding to invest in the New Notes, you should read this entire offering memorandum carefully for a more complete understanding of our business and this offering, including our consolidated financial statements and the related notes and the sections "Presentation of Financial and Other Information," "Summary Financial Information," "Risk Factors," "Selected Financial Information" "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" included elsewhere in this offering memorandum.

Overview

We are the leading company in Brazil's shopping mall sector. We are the largest owner of shopping malls in Brazil in terms of total gross leasable area, gross leasable area owned and number of shopping malls. We are also the largest provider of management services in Brazil for shopping, commercial and business centers, as well as leasing and merchandising services in shopping malls in terms of gross commercial area. We currently hold ownership interests in 48 shopping malls that collectively have approximately 9,000 stores and approximately 1,515.7 thousand square meters in gross leasable area. On average, we currently hold a 56.5% stake in the shopping malls we own, equal to approximately 844.5 thousand square meters in gross leasable area, taking into account our ownership interest in each of the shopping malls in our portfolio (including the Araguaia Shopping, where our ownership is held in the form of debentures with profit sharing rights of 10,879 square meters). Additionally, we provide management and marketing services for 41 shopping malls, including: (1) management services for 38 of the 48 shopping malls in which we hold ownership interests, (2) marketing services for 41 of the 48 shopping malls in which we hold ownership interests and (3) management and marketing services for one shopping mall in which we do not hold any ownership interest. For the six months ended June 30, 2012, 9.0% of our gross revenue from rent and services were derived from anchor stores. We are one of the few companies in our sector holding ownership interests in shopping malls in each of the five regions of Brazil. In addition, our portfolio is strategically diversified according to our target customers' income classes, covering consumers in all classes.

BR Malls Portfolio and Participation



The following table contains certain key information regarding the shopping malls in which we hold ownership interests:

Shopping Malls	State	Our Interest (%)	Total GLA (square meters)(2)	GLA we own (square meters)	Number of Stores (in units)(1)
	As of June 30, 2012, except as otherwise indicated(1)				
Amazonas Shopping	AM	17.9	34,214	6,124	220
Araguaia Shopping(3)	GO	50.0	21,758	10,879	143
Big Shopping	MG	13.0	17,241	2,241	77
Campinas Shopping	SP	100.0	29,698	29,698	153
Casa & Gourmet Shopping	RJ	100.0	7,137	7,137	32
Catuaí Shopping Londrina	PR	65.1	63,089	41,071	274
Catuaí Shopping Maringá	PR	70.0	32,329	22,631	192
Center Shopping Rio	RJ	30.0	13,765	4,130	86
Center Shopping Uberlândia(4)	MG	51.0	50,702	25,858	306
Estação BH	MG	60.0	33,982	20,389	117
Fashion Mall	RJ	100.0	14,955	14,955	123
Goiânia Shopping	GO	48.4	22,252	10,770	152
Ilha Plaza Shopping	RJ	100.0	21,619	21,619	120
Itaú Power	MG	33.0	32,744	10,805	175
Jardim Sul(5)	SP	100.0	30,800	30,800	192
Minas Shopping(6)	MG	2.1	35,894	764	191
Mooca Plaza Shopping	SP	60.0	41,964	25,178	233
Natal Shopping	RN	50.0	17,448	8,724	164
Niterói Plaza Shopping	RJ	100.0	33,550	33,550	215
NorteShopping	RJ	74.5	77,908	58,041	322
Osasco Plaza Shopping	SP	39.6	13,844	5,482	141
Plaza Macaé	RJ	45.0	22,694	10,212	94
Rio Anil(7)	MA	50.0	26,292	13,146	154
São Luís Shopping Center	MA	15.0	34,123	5,118	134
Shopping ABC	SP	1.3	46,285	602	244
Shopping Campo Grande	MS	70.9	39,213	27,808	203
Shopping Crystal Plaza	PR	70.0	11,934	8,354	124
Shopping Curitiba	PR	49.0	22,920	11,231	131
Shopping Del Rey	MG	65.0	37,032	24,071	179
Shopping Estação(8)	PR	100.0	54,716	54,716	145
Shopping Granja Vianna	SP	77.8	29,971	23,312	164
Shopping Iguatemi Caxias do Sul	RS	45.5	30,324	13,797	128
Shopping Iguatemi Maceió	AL	34.2	34,742	11,892	212
Shopping Independência	MG	83.4	23,941	19,967	172
Shopping Metrô Santa Cruz	SP	100.0	19,165	19,165	118
Shopping Metrô Tatuapé	SP	3.2	32,853	1,037	280
Shopping Mueller Joinville	SC	10.4	27,310	2,840	140
Shopping Paralela	BA	95.0	39,802	37,812	263
Shopping Pátio Belém	PA	13.3	20,594	2,739	190
Shopping Piracicaba(9)	SP	36.9	27,248	10,055	140
Shopping Recife	PE	31.1	68,627	21,312	402
Shopping Sete Lagoas	MG	70.0	16,411	11,488	119
Shopping Tamboré	SP	100.0	49,835	49,835	215
Shopping Tijuca	RJ	100.0	35,565	35,565	275
Shopping Villa-Lobos	SP	58.4	26,806	15,647	184
Top Shopping	RJ	35.0	18,168	6,359	114
Via Brasil Shopping	RJ	49.0	30,680	15,033	220
West Shopping	RJ	30.0	39,558	11,867	148
Total(10)		56.5	1,513,704	855,827	8,520

(1) Includes stores within the total gross leasable area.

(2) Our 35.0% ownership interest in Top Shopping and our 100% ownership interest in Shopping Tamboré, as well as 0.06% of our ownership interest in Amazonas Shopping and 14.0% of our ownership interest in Shopping Curitiba are still pending registration before the Real Estate Registry Office.

(3) Ownership interest held in the form of debentures with profit sharing rights through which we have the right, among others, to receive 50% of the Araguaia Shopping mall's net income and to appoint the shopping mall's management.

(4) After June 30, 2012, we commenced an expansion at Center Shopping Uberlândia that added 1,012 square meters to our owned GLA, which we completed on October 8, 2012.

(5) Our 40% ownership interest in Jardim Sul is still pending registration before the relevant real estate registry office.

(6) Our 1.1% ownership interest in Minas Shopping is still pending registration before the relevant real estate registry office.

(7) Our ownership interest in Rio Anil is still pending registration before the relevant real estate registry office.

(8) Includes the Estação Convention Center, an anchor store with 27.9 thousand square meters of gross leasable area.

(9) On October 4, 2012 we commenced an expansion of Shopping Piracicaba that will add 15,972 square meters of total GLA and 5,894 square meters to our owned GLA.

(10) Average ownership interest we hold in shopping malls.

The following table contains certain key information regarding our six greenfield projects under development:

		As of June 30, 2012				
Shopping Malls	**State**	**Our Interest (%)(1)**	**Total GLA (square meters)**	**GLA we own (square meters)**	**Period Launched**	**Expected Project Opening**
São Bernardo	SP	60.0	42,776	25,665	1Q10	4Q12
Londrina Norte	PR	70.0	32,996	23,097	3Q11	4Q12
Cascavel	PR	67.9	30,082	20,425	3Q11	4Q13
Contagem	MG	70.0	34,609	24,226	3Q11	4Q13
Vila Velha	ES	50.0	66,653	33,326	3Q11	2Q14
Guarujá	SP	65.0	30,842	20,047	1Q12	TBD
Total			237,956	146,787		

(1) Our ownership interest in the greenfield projects is still pending registration before the relevant real estate registry.

Our gross revenue from rent and services is derived from the following principal activities: (1) our ownership of shopping malls, through leasing stores and other merchandising spaces, parking lot fees and transfer fees from tenants, or key money, which represented 92.0% of our gross revenue from rent and services for the six months ended June 30, 2012, and (2) management, leasing and merchandising services for stores and common spaces in shopping malls, which represented 8.0% of our gross revenue from rent and services for the six months ended June 30, 2012.

Pursuant to our business plan, from January 1, 2007 to June 30, 2012, we have expanded our ownership interests in 33 shopping malls of our portfolio and have acquired ownership interests in 39 new shopping malls, increasing our own gross leasable area by approximately 623.1 thousand square meters, as follows: (i) on January 2, 2007, 38.7% of Goiânia Shopping; (ii) on February 5, 2007, 100.0% of Shopping Estação; (iii) on March 1, 2007, 10.0% of Pantanal Shopping; (iv) on March 1, 2007, convertible debentures with participation in the profits of the company responsible for the development of Araguaia Shopping, which give us, among other rights, the right to receive 50.0% of the net income of Araguaia Shopping and the right to appoint its officers and directors; (v) on April 11, 2007, 0.7% of Shopping ABC; (vi) on April 11, 2007, 6.9% of Goiânia Shopping (an increase in our ownership interest); (vii) on April 13, 2007, 8.5% of Shopping Piracicaba, 12.2% of Shopping Iguatemi Belém, 11.1% of Amazonas Shopping and 16.6% of Shopping Iguatemi Maceió by means of the acquisition of the total capital stock of EPI; (viii) on May 2, 2007, 17.6% of Shopping Iguatemi Maceió (an increase in our ownership interest); (ix) on May 14, 2007, 6.1% of Amazonas Shopping (an increase in our ownership interest); (x) on May 18, 2007, 100.0% of Shopping Tamboré; (xi) on May 21, 2007, 3.0% of Shopping Piracicaba (an increase in our ownership interest); (xii) on May 22, 2007, 35.9% of Natal Shopping; (xiii) on May 23, 2007, 20.0% of Shopping Curitiba; (xiv) on June 22, 2007, 35.0% of Top Shopping; (xv) on June 28, 2007, 15.0% of Shopping Curitiba (an increase in our ownership interest); (xvi) on June 29, 2007, 9.1% of Natal Shopping (an increase in our ownership interest); (xvii) on July 3, 2007, 1.0% of Minas Shopping; (xviii) on July 3, 2007, 13.0% of Big Shopping; (xix) on July 16, 2007, 100.0% of Niterói Plaza Shopping; (xx) on July 16, 2007, 82.4% of Fashion Mall; (xxi) on July 16, 2007, 82.5% of Ilha Plaza Shopping; (xxii) on July 16, 2007, 100.0% of Casa & Gourmet Shopping; (xxiii) on August 3, 2007, 2.4% of Esplanada Shopping; (xxiv) on August 9, 2007, 12.9% of Shopping Villa-Lobos (an increase in our ownership interest); (xxv) on September 27, 2007, 17.5% of Ilha Plaza Shopping (an increase in our ownership interest); (xxvi) on October 4, 2007, 10.0% of Fashion Mall (an increase in our ownership interest); (xxvii) on October 19, 2007, 10.0% of Shopping Mueller Joinville by means of the acquisition of the total capital stock of KGM37 Empreendimentos Ltda.; (xxviii) on October 22, 2007, 4.0% of Goiânia Shopping (an increase in our ownership interest); (xxix) on November 1, 2007, 7.6% of Fashion Mall (an increase in our ownership interest); (xxx) on November 14, 2007, 1.0% of Esplanada Shopping (an increase in our ownership interest); (xxxi) on

December 5, 2007, 1.1% of Shopping Pátio Belém (an increase in our ownership interest) and 3.0% of Shopping Metrô Tatuapé; (xxxii) on December 5, 2007, 5.0% of São Luís Shopping Center and an additional 10.0% (an increase in our ownership interest) on May 6, 2008; (xxxiii) on March 24, 2008, 35.0% of Osasco Plaza Shopping, 2.1% (an increase in our ownership interest) on May 15, 2008 and an additional 2.5% (an increase in our ownership interest) on June 3, 2008; (xxxiv) on June 4, 2008, 1.9% of Shopping Piracicaba (an increase in our ownership interest) and an additional 5.7% (an increase in our ownership interest) on July 23, 2008; (xxxv) on June 13, 2008, 5.0% of Natal Shopping (an increase in our ownership interest); (xxxvi) on July 1, 2008, 30.0% of Center Shopping Rio and 30.0% of West Shopping; (xxxvii) on March 5, 2009, 100.0% of Campinas Shopping; (xxxviii) on October 8, 2009, 100.0% of Shopping Metrô Santa Cruz; (xxxix) on February 8, 2010, 2.5% of Shopping Campo Grande (an increase in our ownership interest); (xl) on May 5, 2010, 49.0% of Via Brasil Shopping; (xli) on June 17, 2010, 75.4% of Shopping Independência (an increase in our ownership interest); (xlii) on July 22, 2010, 1.15% of Minas Shopping (an increase in our ownership interest); (xliii) on August 12, 2010, 0.6% of Shopping ABC (an increase in our ownership interest); (xliv) on September 15, 2010, 40.0% of Shopping Crystal Plaza; (xlv) on September 23, 2010, 51.0% of Center Shopping Uberlândia; (xlvi) on November 5, 2010, 3.6% of Shopping Campo Grande (an increase in our ownership interest); (xlvii) on November 19, 2010, 50.0% of Shopping Tijuca; (xlviii) on December 9, 2010, 50.0% of Shopping Tijuca (an increase in our ownership interest); (xlix) on January 3, 2011, 30.0% of Shopping Crystal Plaza (an increase in our ownership interest); (l) on January 3, 2011, 15.3% of Shopping Piracicaba (an increase in our ownership interest); (li) on January 28, 2011, 14.0% of Shopping Curitiba (an increase in our ownership interest); (lii) on April 29, 2011 95.0% of Shopping Paralela; (liii) on August 4, 2011, 65.1% of Catuaí Shopping Londrina and 70.0% of Catuaí Shopping Maringá; (liv) on September 2, 2011, 2.5% in Shopping Piracicaba (an increase in our ownership interest); (lv) on November 22, 2011, 100% of Jardim Sul; (lvi) on February 10, 2012, 33% of Itaú Power; (lvii) on February 16, 2012, 0.2% in Metro Tatuapé (an increase in our ownership interest) ; (lviii) on April 3, 2012, 50.0% of Rio Anil; (lix) on April 13, 2012, 45.0% of Plaza Macaé; and (lx) on June 15, 2012, 18.7% of Villa-Lobos (an increase in our ownership interest).

Additionally, on August 13, 2010, we concluded the acquisition of a 60.0% stake in a 105 thousand square meter land bank located in São Bernardo do Campo, São Paulo, that is currently under development.

As part of our growth strategy, we have expanded the malls which we own and developed greenfield projects in an effort to increase our GLA and the revenues generated by our malls. Our expansions and developments are as follows: (i) on April 28, 2009, we completed the expansion of Shopping Iguatemi Caxias do Sul; (ii) on September 21, 2009, we completed the expansion of Goiânia Shopping; (iii) on September 30, 2009, we completed the expansion of NorteShopping; (iv) on July 7, 2010, we completed the expansion of West Shopping; (v) on October 5, 2010, we opened the greenfield project of Sete Lagoas Shopping; (vi) on November 25, 2010, we opened the greenfield project of Granja Vianna Shopping; (vii) on April 27, 2011, we opened the greenfield project of Via Brasil Shopping; (viii) on April 28, 2011, we completed the expansion of Tamboré; (ix) on November 24, 2011, we completed the expansion of Campo Grande; (x) on November 29, 2011, we opened the greenfield project of Mooca Plaza Shopping; (xi) on April 20, 2012, we completed the expansion project of Shopping Recife; (xii) on May 24, 2012, the greenfield project of Shopping Estação BH; and (xiii) on October 8, 2012, we completed the expansion project of Center Shopping Uberlândia.

Furthermore, on January 4, 2011, we entered into an agreement for the sale of our total 3.4% ownership interest in Esplanada Shopping. The sale price was R$11.8 million, R$6.1 million of which was paid on January 4, 2011 and the balance, to be adjusted by the Interbank Certificate of Deposit (*Certificado de Depósito Interbancário*) rate, or CDI, will be paid upon the filing of the required documentation with the commercial registry. We acquired our ownership interest in Esplanada Shopping in August and November, 2007, for a total of R$7.0 million. On March 30, 2012, we sold our total 10.0% ownership interest in Pantanal Shopping for R$45.0 million.

We believe we have a strong financial position with growth in net revenue, EBITDA and net income since 2007. The following table presents certain consolidated financial and operational information:

	As of and for the Year Ended December 31,		
	2009	2010	2011
	Audited		
	(amounts in thousands of R$, except as otherwise indicated)		
Net revenue from rent and services	392,583	546,437	861,475
EBITDA(1)	1,559,184	978,234	1,455,971
EBITDA margin(2)	397.2%	179.0%	169.0%
Adjusted EBITDA(3)	319,378	431,157	684,813
Adjusted EBITDA margin(4)	81.4%	79.8%	79.7%
Net income before non-controlling interests	1,095,086	634,272	789,655
Net margin(5)	278.9%	116.1%	91.7%
Shopping centers GLA (in square meters)(6)(7)	1,035,553	1,197,147	1,433,526
Shopping centers (our ownership interest) GLA (in square meters)(7)(8)	467,237	593,251	798,188

	As of and for the Six Months Ended June 30,	
	2011	2012
	Unaudited	
	(amounts in thousands of R$, except as otherwise indicated)	
Net revenue from rent and services	378,501	509,396
EBITDA(1)	298,540	1,155,203
EBITDA margin(2)	78.9%	226.8%
Adjusted EBITDA(3)	301,069	420,189
Adjusted EBITDA margin(4)	79.9%	82.5%
Net income before non-controlling interests	182,594	634,325
Net margin(5)	48.2%	124.5%
Shopping centers GLA (in square meters)(6)(7)	1,259,973	1,513,704
Shopping centers (our ownership interest) GLA (in square meters)(7)(8)	674,115	855,827

(1) EBITDA consists of net revenue from rent and services, less Uberlândia condominium revenue, less cost of rent and services, less operating expenses, plus Uberlândia condominium costs, plus depreciation and amortization, plus other income, net. EBITDA is not a financial performance measure calculated in accordance with Brazilian GAAP, IFRS or U.S. GAAP, must not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to operating cash flows as an indicator of liquidity. EBITDA is not calculated using a standard methodology and may not be comparable to the definition of EBITDA or similarly titled measures used by other companies. We believe that EBITDA allows a better understanding not only of our financial performance but also of our ability to comply with our obligations and obtain funds for our capital requirements. However, EBITDA presents limitations that impair its use as a measurement of our profits since it does not consider certain costs arising from our business that might significantly impact our results of operations and liquidity, such as financial expenses, income taxes and depreciation and amortization. See “Summary Financial Information” for a reconciliation of our net revenue from rent and services to our EBITDA .

(2) Represents EBITDA divided by net revenue from rent and services.

(3) Adjusted EBITDA consists of EBITDA plus other non-recurring expenses plus financial income from the Araguaia debentures, less the change in fair value of investment properties. Like EBITDA, Adjusted EBITDA is not a financial performance measure calculated in accordance with Brazilian GAAP, IFRS or U.S. GAAP, and should not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to operating cash flows as an indicator of liquidity. Adjusted EBITDA is not calculated using a standard methodology and may not be comparable to the definition of Adjusted EBITDA or similarly titled measures used by other companies. See “Summary Financial Information” for a reconciliation of our net revenue from rent and services to our Adjusted EBITDA.

(4) Represents Adjusted EBITDA divided by net revenue from rent and services less Uberlândia condominium revenue.

(5) Net income before non-controlling interests as a percentage of net revenue from rent and services.

(6) Represents total gross leasable area of all shopping malls in which we hold an ownership interest and does not reflect our ownership interest in each development.

(7) One square meter is equal to 10.76 square feet.

(8) Reflects our proportional interest in the total gross leasable area of all shopping malls in which we hold an ownership interest.

Competitive Strengths

We believe that our strengths are:

Strategically diversified portfolio. Our portfolio of shopping malls is strategically diversified with respect to both geographic location and target customer income classes. We believe our nationwide presence and our experience operating shopping malls that target different income classes allow us to benefit from the economic growth of each region and income class, minimizing the impact of fluctuations in regional economies and sectors and providing us with a key competitive advantage in the implementation of our growth and consolidation strategy.

Professional management and strong operational performance. We have a high-quality team of professionals widely recognized in the market and with significant experience in the shopping mall, real estate and financial sectors, as well as general management. Our compensation policy seeks to align the interests of these professionals with those of our shareholders through variable compensation and a stock option plan that rewards strong performance and the attainment of specified goals. Being among the best mall operators in the sector requires more than a strong team, so we also implement several management tools that are conducive to strong operational performance. We focus on improving our results while maintaining the quality of our operations through practices such as mix planning, quality indexes, standards of excellence and careful management of late payments.

Multiple growth opportunities. The Brazilian shopping mall industry presents us with unique growth opportunities. The combination of growth in retail sales and the decrease in interest rates together with the fragmentation in the Brazilian shopping mall industry market creates a strong opportunity for both the development of new malls and the acquisition of ownership interests in existing malls. We have competitive advantages in implementing our growth strategy, such as the successful experience of our management team and our principal shareholders and privileged access to opportunities generated by the extensive network of our shareholders' contacts. Additionally, our diversified growth strategy, through development and acquisitions, is a key advantage, allowing us to take advantage of the multiple opportunities in the Brazilian market.

Higher efficiency relative to the sector. We focus on reducing costs, increasing rents, charging late payment fees and reducing vacancy. With these efforts, our margins are now among the highest of public companies operating in the sector in Brazil and may continue to grow with the development of new shopping malls and expansions contemplated in our business plan. In the six months ended June 30, 2012, our main performance indicators remained strong: same store sales grew 8.0% and same store rent increased 9.6%, compared to the six months ended June 30, 2011; our occupancy cost was 11.0% of store sales (if all payments collected), our occupancy rate was at 97.6% and our net late payments rate was 1.7%. Our successful performance is also reflected in our margins for the six months ended June 30, 2012: 91.0% net operating income, or NOI, margin, 82.5% adjusted EBITDA margin and 39.9% adjusted funds from operations, or AFFO.

Size and geographic presence. Our national presence and leading position as the largest shopping mall owner in the sector provide us more bargaining power with retailers and outsourcing companies. It also allows us to spread our overhead cost and technology investments over a larger asset base. We believe that our size also allows us to attract and hire qualified professionals and offer more opportunities to our employees.

Strategy

We believe that the implementation of our principal commercial, financial and investment strategies will result in improvements in the development of our operations, maximizing profitability for our shareholders and generating advantages over our competitors. Our main strategies are:

Expand existing shopping malls and develop new shopping malls. We believe the Brazilian shopping mall sector is underdeveloped in terms of quantity of malls, total gross leasable area and gross leasable area per inhabitant when compared to other countries. Therefore, there is still vast opportunity for new malls and expansions. Our strategically diversified portfolio of shopping malls with respect to both geographic location and income and our operations experience are important competitive advantages for our growth strategy in terms of new developments. Our nationwide presence allows us to closely monitor the developments in different regions, knowing the right time and opportunities to invest in expansions and new malls.

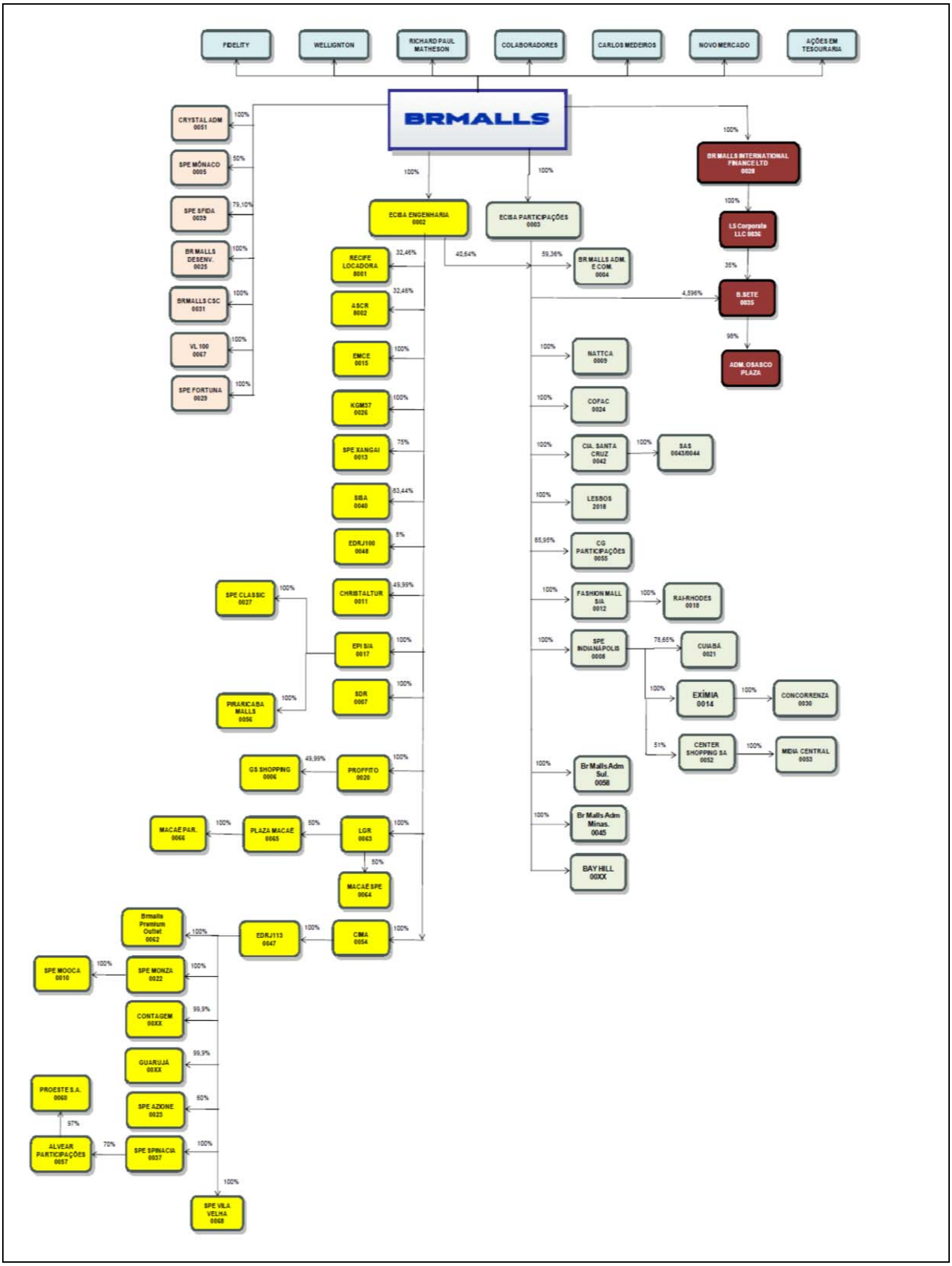
Constantly search for attractive growth opportunities via acquisitions. We believe that there is still room to grow through consolidation, since the Brazilian mall market is very fragmented, as the five top players in the sector account for only 20% of its total gross leasable area. Accordingly, one of our main strategies is also to grow through acquisition, increasing market share in the sector. Our national presence and close relationship with other players in the sector are essential for identifying acquisition opportunities.

Continually extract value from existing assets. In the last few years, Brazilian retail sales have grown significantly, explained in part by the growth of the middle class and its purchasing power. We believe that we can benefit from this trend by finding new ways to attract new customers to our malls, consequently increasing traffic of customers and sales. In addition, we are consistently seeking to diversify our revenue sources, such as charging for parking in certain malls, renting mall common areas for special events and renting out kiosks or other small sized temporary stores.

Focus on improving efficiency. We look for ways to make our processes increasingly efficient, through: the implementation of excellence standards in our operations; finance and personnel; the creation of a Shared Services Center (*Centro de Serviço Compartilhado* – CSC), responsible for all administrative, financial, accounting, IT and other services for our offices and our shopping malls; and through the adoption of an integrated management system (Oracle Business) in the Company. We have been able to better focus on our core activities by improving our processes, centralizing mall purchasing to gain scale and procurement power, and outsourcing facilities management to specialists.

Corporate Structure

The chart on the following page shows our current shareholders, as well as our current shareholdings and ownership interests in shopping malls as of June 30, 2012:



FIDELITY
WELLIGNTON
RICHARD PAUL MATHESON
COLABORADORES
CARLOS MEDEIROS
NOVO MERCADO
AÇÕES EM TESOURARIA
BRMALLS
100%
CRYSTAL ADM 0051
50%
SPE MÔNACO 0005
79,10%
SPE SFIDA 0039
100%
BR MALLS DESENV. 0025
100%
BRMALLS CSC 0031
100%
VL 100 0067
100%
SPE FORTUNA 0029
100%
ECISA ENGENHARIA 0002
100%
ECISA PARTICIPAÇÕES 0003
100%
BR MALLS INTERNATIONAL FINANCE LTD 0028
100%
LS Corporate LLC 0036
35%
B.SETE 0035
4,596%
98%
ADM. OSASCO PLAZA
32,46%
RECIFE LOCADORA 8001
32,46%
ASCR 8002
100%
EMCE 0015
100%
KGM37 0026
75%
SPE XANGAI 0013
83,44%
SIBA 0040
5%
EDRJ100 0048
49,99%
CHRISTALTUR 0011
100%
SPE CLASSIC 0027
100%
EPI SIA 0017
100%
PIRARICABA MALLS 0056
100%
SDR 0007
100%
PROFFITO 0020
49,99%
GS SHOPPING 0006
100%
LGR 0063
50%
PLAZA MACAÉ 0065
100%
MACAÉ PAR. 0066
50%
MACAÉ SPE 0064
100%
CIMA 0054
100%
EDRJ113 0047
100%
Brmalls Premium Outlet 0062
100%
SPE MONZA 0022
100%
SPE MOOCA 0010
99,9%
CONTAGEM 00XX
99,9%
GUARUJÁ 00XX
60%
SPE AZIONE 0023
100%
SPE SPINACIA 0037
70%
ALVEAR PARTICIPAÇÕES 0057
97%
PROESTE S.A. 0060
100%
SPE VILA VELHA 0068
40,64%
59,36%
BR MALLS ADM. E COM. 0004
100%
NATTCA 0009
100%
COFAC 0024
100%
CIA. SANTA CRUZ 0042
100%
SAS 0043/0044
100%
LESBOS 2018
85,95%
CG PARTICIPAÇÕES 0055
100%
FASHION MALL S/A 0012
100%
RAI-RHODES 0018
100%
SPE INDIANÁPOLIS 0008
78,65%
CUIABÁ 0021
100%
EXÍMIA 0014
100%
CONCORRENZA 0030
51%
CENTER SHOPPING SA 0052
100%
MIDIA CENTRAL 0053
100%
Br Malls Adm Sul. 0058
100%
Br Malls Adm Minas. 0045
BAY HILL 00XX

Recent Events

On July 17, 2012, we concluded the public offering of quotas of BM Jardim Sul II Investment Fund. The purpose of the fund is to make an investment in commercial real estate by means of the purchase from Proffito of up to 40.0% of Jardim Sul.

On July 27, 2012, BR Malls Participações S.A. issued 250 promissory notes, in a single series, for the total principal amount of R$500 million. The promissory notes are due 180 days from the date of issuance and bear interest at CDI + 0.7%.

On July 27, 2012, our board of directors approved the seventh stock option program for shares issued by the Company for management and certain other employees, which authorizes the grant of options for up to 6,430,000 of our shares in five annual lots of approximately 20% of the total number of shares authorized.

On August 22, 2012, the municipal government of São Paulo commenced a series of four administrative proceedings against Shopping Center Mooca Empreendimento Imobiliário S.A., in the aggregate amount of R$177 million for its failure to obtain the relevant permits to perform work on public roads. No decision has been issued yet. According to the opinion of our external counsel, our chance of loss is remote.

In September 2012, BR Malls Participações, ECISA Engenharia and Contagem Empreendimentos Imobiliários e Participações Ltda. entered into a R$400 million structured finance transaction with Itaú BBA, through the issuance of three *cédulas de crédito bancario*, or CCBs. The funds made available are due in June 2020, and bear interest at the TR rate plus 9.8% per year. This transaction was secured by (1) a conditional sale (*alienação fiduciária*) of real property and an assignment of 100% of the receivables and any of our future rights to Itaú with respect to Shopping Fashion Mall, Shopping Ilha Plaza, Shopping Campinas and Shopping Niterói Plaza; and (2) conditional (*alienação fiduciária*) sale of 100% of the shares issued by Fashion Mall.

On October 4, 2012, we announced the expansion of Shopping Piracicaba, located in the city of Piracicaba in the state of São Paulo. The expansion will add 15,972 square meters of total GLA and 5,894 square meters of owned GLA to our current portfolio.

On October 8, 2012, we concluded the expansion of Center Shopping Uberlândia, located in the city of Uberlândia, in the state of Minas Gerais. The expansion added 1,984 square meters of total GLA and 1,012 square meters of owned GLA to our current portfolio.

On October 11, 2012, we commenced sales efforts for the issuance of R$370 million in total principal amount of promissory notes due 180 days from the date of issuance, bearing interest at CDI + 0.50%. We expect the transaction to close by the end of 2012.

Our headquarters are located at Avenida Afrânio de Melo Franco, No. 290, suites 102-104, Leblon, CEP 22430-060, Rio de Janeiro, RJ, Brazil, and our investor relations department can be contacted by telephone at +55 (21) 3138-9914 and +55 (21) 3138-9992 or by email at ri@brmalls.com.br.

BR Malls International Finance

BR Malls International Finance, the issuer of the New Notes, is an exempted company incorporated with limited liability in the Cayman Islands and a wholly-owned subsidiary of BR Malls. The purpose of BR Malls International Finance is to engage in transactions related to the offering of the New Notes as well as other financing transactions involving BR Malls or its subsidiaries. BR Malls International Finance was incorporated with unrestricted purposes. The registered office of BR Malls International Finance is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. No financial statements have been prepared for BR Malls International Finance as of the date of this offering memorandum. Currently, BR Malls International Finance is not required by Cayman Islands law to publish any financial statements and does not intend to publish any financial statements in the future, except for such financial statements that BR Malls International Finance may be required to publish, in the future, under the laws of the Cayman Islands.

THE OFFERING

This summary highlights information presented in greater detail elsewhere in this offering memorandum. This summary is not complete and does not contain all the information you should consider before investing in the New Notes. You should carefully read this entire offering memorandum before investing in the New Notes, including "Risk Factors" and our consolidated financial statements.

Issuer	BR Malls International Finance.
Guarantors	BR Malls and its subsidiaries ECISA Engenharia, Comércio e Indústria Ltda., ECISA Participações Ltda. and Proffito Holding Participações S.A.
Notes offered	U.S.$175,000,000 aggregate principal amount of 8.50% perpetual notes. The New Notes constitute a further issuance of and form a single series with BR Malls International Finance's Existing Notes. The New Notes sold pursuant to Rule 144A under the Securities Act are expected to trade under the same CUSIP and ISIN numbers and have identical terms as the Existing Notes held in the Rule 144A global note from the closing date other than their date of issue, their initial price to the public and the interest commencement date. The New Notes sold pursuant to Regulation S are expected to have identical terms as the Existing Notes held in the Regulation S global note other than their date of issue, their initial price to the public and the interest commencement date. Through the 40th day following delivery of the New Notes, New Notes sold pursuant to Regulation S have temporary CUSIP and ISIN numbers. Thereafter such New Notes will trade under the same CUSIP and ISIN numbers as the Existing Notes held in the Regulation S global note. At the time of completion of this offering the aggregate principal amount of outstanding notes was U.S.$405,000,000.
Guarantees	The Guarantors will irrevocably and unconditionally, jointly and severally, guarantee the full and punctual payment of principal, interest, additional amounts and all other amounts that may become due and payable in respect of the notes.
Issue price	108.50% of the principal amount plus accrued interest from October 21, 2012.
Maturity date	The notes are perpetual notes with no fixed final maturity date and no sinking fund provisions.
Interest payment dates	January 21, April 21, July 21 and October 21, commencing on January 21, 2013.
Interest	The New Notes bear interest from October 21, 2012 at the annual rate of 8.50%, payable quarterly in arrears on each interest payment date.

Ranking	The notes are senior unsecured obligations of BR Malls International Finance, ranking: • equal in right of payment to other existing and future senior unsecured debt of BR Malls International Finance; • senior in right of payment to BR Malls International Finance's subordinated debt; and • effectively subordinated to debt and other liabilities (including subordinated debt and trade payables) of BR Malls International Finance's subsidiaries and to secured debt of BR Malls International Finance to the extent of such security. BR Malls International Finance previously issued U.S.$175 million in perpetual notes and U.S.$230 million of the Existing Notes. As of June 30, 2012, BR Malls and its subsidiaries had R$3.7 billion of total debt. Approximately 52% million of this total amount was structurally senior to the notes being sold in this offering, and are secured debt of BR Malls' subsidiaries. The guarantees are senior unsecured obligations of each of the Guarantors, ranking: • equal in right of payment to other existing and future senior unsecured debt of that Guarantor; • senior in right of payment to any subordinated debt of that Guarantor; and • effectively subordinated to debt and other liabilities (including subordinated debt and trade payables) of that Guarantor's subsidiaries and to secured debt of that Guarantor and its subsidiaries to the extent of such security.
Optional redemption...	BR Malls International Finance may, at its option, redeem the notes, in whole or in part, on any interest payment date on or after January 21, 2016, at 100% of the principal amount plus accrued interest and additional amounts, subject to a minimum amount of the notes remaining outstanding if a redemption is made in part. See "Description of the Notes—Redemption—Optional Redemption."

Tax redemption	BR Malls International Finance may redeem the notes, in whole but not in part, at 100% of their principal amount plus accrued interest and additional amounts, if any, upon the occurrence of specified events relating to the applicable tax law. See “Description of the Notes—Redemption—Tax Redemption.”
Mandatory Repurchase Offer	Upon the occurrence of certain events constituting a change of control, as described and subject to certain conditions discussed in this offering memorandum, BR Malls International Finance may be required to purchase all or a portion the notes. See “Description of the Notes—Repurchase upon change of control.”
Additional amounts	All payments in respect of the notes or the guarantees, as applicable, will be made without withholding or deduction for any Cayman Islands, Brazilian or other applicable jurisdiction’s taxes or other governmental charges unless such withholding or deduction is required by law. In the event we are required to withhold or deduct amounts for any Cayman Islands, Brazilian or other applicable jurisdiction’s taxes or other governmental charges, BR Malls International Finance, in respect of the notes, and the Guarantors, in respect of the guarantees, will pay such additional amounts as may be necessary in order that the amount you receive will equal the amount that you would have received if no withholding tax or deduction had been applicable, subject to certain exceptions set forth under “Description of the Notes—Additional Amounts.”
Covenants	The indenture limits the creation of liens and permits BR Malls to consolidate or merge with, or transfer all or substantially all of its assets to, another person only if it complies with certain requirements. However, these limitations are subject to a number of important exceptions. See “Description of the Notes—Covenants.”
Events of default	The indenture sets forth the events of default applicable to the notes, including an event of default triggered by acceleration of other debt in an amount of U.S.$20.0 million or more.
Further issuances	BR Malls International Finance may from time to time without notice to or consent of the holders of notes create and issue an unlimited principal amount of additional notes of the same series as the notes.
Use of proceeds	We estimate that the total net proceeds from this offering was approximately U.S.$187.8 million, including interest and premium on the New Notes and after deducting commissions and estimated expenses of the offering. We intend to use the net proceeds from this offering by BR Malls International Finance during the first quarter of 2013 to refinance existing indebtedness, principally to redeem all outstanding 9.75% perpetual notes issued in 2007. Until we use the proceeds of this

	offering to redeem such notes, we expect to invest the proceeds in bank certificates of deposit or similar short-term marketable securities. See “Use of Proceeds.”
Form and denomination; settlement	The New Notes were issued in the form of global notes in fully registered form without interest coupons, as described under “Form of the Notes.” The global notes are exchangeable or transferable, as the case may be, for definitive certificated notes in fully registered form without interest coupons only in limited circumstances. The New Notes were issued in registered form in denominations of U.S.$2,000 and integral multiples of U.S.$1,000 in excess thereof. See “Description of the Notes—Form, Denomination and Title” and “Form of the Notes.” The New Notes were delivered in book-entry form through the facilities of DTC for the accounts of its participants, including Euroclear and Clearstream Luxembourg.
Notice to investors	The notes have not been registered under the Securities Act and are subject to limitations on transfers, as described under “Transfer Restrictions.”
Listing	The Existing Notes are currently listed on the Official List of the Luxembourg Stock Exchange. We have applied to increase the principal amount of notes listed on the Luxembourg Stock Exchange and traded on the Euro MTF market so as to include the principal amount of the New Notes. We cannot assure you, however, that this application will be accepted.
Governing law	The indenture and the notes are governed by the laws of the State of New York.
Trustee, registrar, transfer agent and principal paying agent	Deutsche Bank Trust Company Americas
Luxembourg paying agent and transfer agent	Deutsche Bank Luxembourg S.A.
Luxembourg listing agent	Deutsche Bank Luxembourg S.A.

SUMMARY FINANCIAL INFORMATION

The following table presents our summary financial and operating data as of and for the years ended December 31, 2009, 2010 and 2011, as of June 30, 2012 and for the six months ended June 30, 2011 and 2012. The financial data as of and for the years ended December 31, 2009, 2010 and 2011 have been derived from our consolidated financial statements, which have been audited by PricewaterhouseCoopers Auditores Independentes, in accordance with Brazilian and international auditing standards, as stated in their reports included elsewhere in this offering memorandum.

The financial data as of June 30, 2012 and for the six months ended June 30, 2011 and 2012 have been derived from our unaudited interim condensed consolidated financial statements. Our consolidated financial statements are prepared in accordance with Brazilian GAAP and IFRS, which differs in significant respects from U.S. GAAP. See "Presentation of Financial and Other Information."

Consolidated Income Statement Data

	For the Year Ended December 31,				For the Six Months Ended June 30,		
	2009	2010	2011	2011	2011	2012	2012
	Audited				Unaudited		
	(in thousands of R$)			(in thousands of U.S.$)(1)	(in thousands of R$)		(in thousands of U.S.$)(1)
Gross revenue from rent and services	429,065	595,551	931,496	460,840	409,138	550,319	272,260
Taxes and contributions	(36,482)	(49,114)	(70,021)	(34,642)	(30,637)	(40,923)	(20,246)
Net revenue from rent and services	392,583	546,437	861,475	426,198	378,501	509,396	252,014
Cost of rent and services	(32,209)	(60,452)	(84,144)	(41,629)	(37,612)	(44,453)	(21,992)
Gross profit	360,374	485,985	777,331	384,570	340,889	464,943	230,022
Operating income (expenses)							
Equity accounting results	925	1,222	—	—	—	—	—
Commercial expenses	(6,218)	(12,793)	(12,862)	(6,363)	(4,564)	(8,715)	(4,312)
Administrative expenses	(56,664)	(82,466)	(101,756)	(50,342)	(49,313)	(59,798)	(29,584)
Change in fair value of investment properties	1,244,596	567,925	776,215	384,018	—	737,876	365,050
Other operating income, net	6,336	8,478	6,446	3,189	4,815	15,747	7,791
Income before financial result	1,549,349	968,351	1,445,374	715,071	291,827	1,150,053	568,967
Net financial result	(6,584)	(94,047)	(305,693)	(151,236)	(98,255)	(215,259)	(106,495)
Income before income taxes and non-controlling interests	1,542,765	874,304	1,139,681	563,836	193,572	934,794	462,472
Income tax and social contribution	(447,679)	(240,032)	(350,026)	(173,169)	(10,979)	(300,469)	(148,651)
Income before non-controlling interests	1,095,086	634,272	789,655	390,667	182,593	634,325	313,820
Non-controlling interests	(3,575)	(139,414)	(318,740)	(157,691)	(9,975)	(59,084)	(29,231)
Net income attributable to the Company's shareholders	1,091,511	494,858	470,915	232,976	172,618	575,241	284,589

(1) Translated into U.S.$ solely for the convenience of the reader. The rate used to translate such amounts was R$2.0213 to U.S.$1.00 (subject to rounding adjustments), which was the exchange rate in effect as of June 30, 2012 as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in *reais* represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

Consolidated Balance Sheet Data

	As of December 31,				As of June 30,	
	2009	2010	2011	2011	2012	2012
	Audited				Unaudited	
	(in thousands of R$)			(in thousands of U.S.$)(1)	(in thousands of R$)	(in thousands of U.S.$)(1)
Cash and cash equivalents	13,526	19,843	37,063	18,336	25,425	12,579
Marketable securities	1,053,254	231,961	414,962	205,295	410,966	203,318
Accounts receivable	96,408	154,933	242,317	119,882	211,134	104,455
Total current assets	1,249,910	514,994	915,262	452,809	925,867	458,055
Total non-current assets	7,208,635	10,054,773	13,166,455	6,513,855	14,236,869	7,043,422
Total assets	8,458,545	10,569,767	14,081,717	6,966,664	15,162,736	7,501,477
Total current liabilities(2)	306,736	505,359	1,032,080	510,602	912,136	451,262
Total non-current liabilities(3)	3,088,654	4,275,010	5,806,910	2,872,859	6,514,236	3,222,795
Shareholders' equity	4,994,702	5,482,171	6,624,448	3,277,321	7,220,315	3,572,114
Non-controlling interests	68,453	307,227	618,279	305,882	516,049	255,305
Total equity	5,063,155	5,789,398	7,242,727	3,583,202	7,736,364	3,827,420
Total liabilities and equity	8,458,545	10,569,767	14,081,717	6,966,664	15,162,736	7,501,477

(1) Translated into U.S.$ solely for the convenience of the reader. The rate used to translate such amounts was R$2.0213 to U.S.$1.00 (subject to rounding adjustments), which was the exchange rate in effect as of June 30, 2012 as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in *reais* represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(2) Our current liabilities consist mainly of suppliers, loans and financing, taxes and contributions payable, salaries and social charges, dividends payable and liabilities for the acquisition of shopping malls.

(3) Our non-current liabilities consist mainly of loans and financing and deferred taxes.

Other Financial Data

	For the Year Ended December 31,			
	2009	2010	2011	2011
	Audited			Unaudited
	(in thousands of R$, except percentages)			(in thousands of U.S.$, except percentages)(1)
Net revenue from rent and services	392,583	546,437	861,475	426,198
(-) Uberlândia condominium revenue..........	-	(5,992)	(1,735)	(858)
(-) Cost of rent and services	(32,210)	(60,452)	(84,144)	(41,629)
(-) Operating expenses(2)	(62,882)	(95,259)	(114,618)	(56,705)
(+) Uberlândia condominium costs..............	-	5,344	2,049	1,014
(+) Depreciation and amortization	11,697	11,753	10,284	5,088
(+) Other income, net(3)	1,249,996	576,403	782,661	387,207
EBITDA(4)	1,559,184	978,234	1,455,971	720,315
(+) Other non-recurring expenses	-	3,800	-	-
(+) Araguaia debentures (5)........................	3,852	5,201	5,057	2,502
(-) Change in fair value of investment properties (6)	(1,243,659)	(556,078)	(776,215)	(384,018)
Adjusted EBITDA(7)..................................	319,378	431,157	684,813	338,799
Adjusted EBITDA margin(8)......................	81.4%	79.8%	79.7%	79.7%

	For the Six Months Ended June 30,		
	2011	2012	2012
	Unaudited		
	(in thousands of R$, except percentages)		(in thousands of U.S.$, except percentages)(1)
Net revenue from rent and services..	378,501	509,396	252,014
(-) Uberlândia condominium revenue..	(1,735)	—	—
(-) Cost of rent and services	(37,612)	(44,453)	(21,992)
(-) Operating expenses(2)	(53,877)	(68,513)	(33,896)
(+)Uberlândia condominium costs...	2,049	—	—
(+) Depreciation and amortization...	6,398	5,150	2,548
(+) Other income, net (3)	4,815	753,623	372,841
EBITDA(4)..	298,540	1,155,203	571,515
(+) Araguaia debentures (5)...	2,529	2,862	1,416
(-) Change in fair value of investment properties (6)	—	(737,876)	(365,050)
Adjusted EBITDA(7)..	301,069	420,189	207,881
Adjusted EBITDA margin(8)..	79.9%	82.5%	82.5%

	For the Year Ended December 31,			
	2009	2010	2011	2011
	Audited			
	(in thousands of R$, except percentages)			(in thousands of U.S.$, except percentages)(1)
Total indebtedness...	1,453,153	1,565,896	3,203,987	1,585,112
Total cash, cash equivalents and marketable securities(9).......	1,126,678	317,716	452,025	223,631
Net indebtedness	326,475	1,248,180	2,751,962	1,361,481
Net indebtedness/EBITDA	0.2x	1.3x	1.9x	1.9x
EBITDA/Net financial result	236.8x	10.4x	4.8x	4.8x
Net indebtedness/Adjusted EBITDA.......................................	1.0x	2.9x	4.0x	4.0x
Adjusted EBITDA/Net financial result....................................	48.5x	4.6x	2.2x	2.2x

	For the Six Months Ended June 30, 2012	
	Unaudited	
	(in thousands of R$, except percentages)	(in thousands of U.S.$, except percentages)(1)
Total indebtedness	3,713,864	1,837,364
Total cash and cash equivalents and marketable securities(9)	436,391	215,896
Net indebtedness	3,277,473	1,621,468
Net indebtedness/Annualized EBITDA(10)	1.4x	1.4x
Annualized EBITDA/Net financial result	5.5x	5.5x
Net indebtedness/ Annualized Adjusted EBITDA(11)	4.1x	4.1x
Annualized Adjusted EBITDA/Net financial result	1.9x	1.9x

(1) Translated into U.S.$ solely for the convenience of the reader. The rate used to translate such amounts was R$2.0213 to U.S.$1.00 (subject to rounding adjustments), which was the exchange rate in effect as of June 30, 2012 as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in *reais* represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(2) Operating expenses consist of commercial expenses and administrative expenses.

(3) Other income, net consists of other operating income, net and change in fair value of investment properties. The change in fair value of investment properties represents gains resulting from the accounting of our investment properties at fair value.

(4) EBITDA consists of net revenue from rent and services, less Uberlândia condominium revenue, less cost of rent and services, less operating expenses, plus Uberlândia condominium costs, plus depreciation and amortization, plus other income, net. EBITDA is not a financial performance measure calculated in accordance with Brazilian GAAP, IFRS or U.S. GAAP, must not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to operating cash flows as an indicator of liquidity. EBITDA is not calculated using a standard methodology and may not be comparable to the definition of EBITDA or similarly titled measures used by other companies. We believe that EBITDA allows a better understanding not only of our financial performance but also of our ability to comply with our obligations and obtain funds for our capital requirements. However, EBITDA presents limitations that impair its use as a measurement of our profits since it does not consider certain costs arising from our business that might significantly impact our results of operations and liquidity, such as financial expenses, income taxes and depreciation and amortization.

(5) Araguaia debentures are the debentures with profit sharing rights pursuant to which we have the right, among others, to receive 50% of Araguaia Shopping's net income and appoint Araguaia Shopping's management.

(6) Represents gains on fair value of investment properties. Such gains resulted from the accounting of our investment properties at fair value.

(7) Adjusted EBITDA consists of EBITDA plus other non-recurring expenses plus financial income from the Araguaia debentures, less the change in fair value of investment properties. Like EBITDA, Adjusted EBITDA is not a financial performance measure calculated in accordance with Brazilian GAAP, IFRS or U.S. GAAP, and should not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to operating cash flows as an indicator of liquidity. Adjusted EBITDA is not calculated using a standard methodology and may not be comparable to the definition of Adjusted EBITDA or similarly titled measures used by other companies.

(8) Represents Adjusted EBITDA divided by net revenue from rent and services less Uberlândia condominium revenue.

(9) Includes long-term marketable securities.

(10) Annualized EBITDA based on EBITDA for the previous twelve months.

(11) Annualized Adjusted EBITDA based on Adjusted EBITDA for the previous twelve months.

RISK FACTORS

Investing in our New Notes involves a high degree of risk. You should carefully consider the risks described below before making an investment decision. Our business, financial condition, results of operations, cash flows and/or prospects could be adversely affected by any of these risks. The risks described below are those that we currently believe may adversely affect us. Additional risks and factors not currently known to us, or those that we currently deem to be immaterial, may also adversely affect our business, financial condition, results of operations, cash flow and/or prospects, and/or the trading price of, and our ability to repay, the New Notes. For the purposes of this section, when we state that a risk, uncertainty or problem may, could or will have an "adverse effect" on us, we mean that the risk, uncertainty or problem could have an adverse effect on our business, financial condition, results of operations, cash flow and/or prospects and/or the trading price of our notes, except as otherwise indicated.

Risks Relating to Us and the Brazilian Shopping Mall Industry

Adverse economic conditions in the regions where our shopping malls are located may adversely affect our levels of occupancy and our ability to lease available areas and thus have an adverse effect on us.

Our results of operations depend substantially on our ability to lease the areas available in the shopping malls that we own and/or manage. Adverse conditions in the regions where we operate may reduce our occupancy levels and restrict our ability to increase lease prices. Should our shopping malls fail to generate sufficient revenue for us to meet our obligations, our financial condition and results of operations could be adversely affected. The following factors, among others, may adversely affect the operating performance of our shopping malls:

- recessions, increases in the vacancy level of the shopping malls in which we hold ownership interests and/or the shopping, commercial or business centers for which we provide services and periods of increased interest rates could result in a decline in our lease prices or an increase in defaults by tenants, and could reduce our rental and management fees that are based upon the revenue of the stores in our shopping malls;
- negative perceptions regarding security, convenience and the attractiveness of the regions where our shopping malls and the shopping, commercial or business centers for which we provide services are located;
- our inability to attract and maintain first-rate tenants;
- default or breaches by our tenants of their contractual obligations;
- increases in our operating and other costs, including the need for capital increases;
- increases in the taxes levied on our business; and
- regulatory changes affecting the shopping-center industry, including zoning rules.

The results of the shopping malls that we own or manage depend on consumer spending habits and our tenants' sales.

The Brazilian retail sector is historically susceptible to periods of economic slowdown, which generally lead to a decrease in consumer spending. The success of our operations also depends on several factors that relate to consumer spending and/or affect consumer income, including prevailing economic conditions in Brazil (and to a lesser extent, worldwide), general business conditions, interest rates, inflation, availability of consumer credit, taxation, consumer confidence in future economic conditions, employment levels and salaries.

Our performance depends on the sales volume of our tenants and on their ability to create a flow of consumers in the shopping malls that we own or manage. The results and sales at our shopping malls may be adversely affected by external factors, such as an economic decline in the region in which a shopping mall is located, the opening of other shopping malls that compete with our shopping malls, the closing of stores in our shopping malls or a decline in the activities of the stores in our shopping malls.

A reduction in the consumer traffic in our shopping malls, as a result of any of these or other factors, could result in a decline in the number of consumers visiting the stores located in our shopping malls and, consequently, in a decline in the sales volume of these stores. This may adversely affect us, given that a substantial portion of our income is derived from lease payments by tenants and from merchandising in the shopping malls. Difficulties experienced by our tenants could also result in defaults in their obligations to us and in the reduction of prices and volume of merchandising at our properties.

In addition, our ability to increase our revenue and operating income partially depends on steady growth in demand for the products offered by the stores located in the shopping malls that we own and manage. A drop in demand, whether as a result of changes in consumer preferences, reduction of purchasing power or slowdowns in the Brazilian or global economies, could result in a reduction of store revenue and, consequently, adversely affect us.

The contracts under which we provide management services for shopping, commercial and business centers may be terminated or not renewed by our clients, which could adversely affect us.

Our subsidiary BR Malls Administração provides management services to 38 shopping malls and marketing services to 41 shopping malls, which represented 5.3% of our gross revenue from rent and services in 2011 and 3.7% of our gross revenue from rent and services for the six months ended June 30, 2012. Most of the contracts under which we provide these services have indefinite terms. If these contracts were terminated or were not renewed, we could be adversely affected.

The shopping mall and real estate industries in Brazil are highly competitive, and our inability to compete successfully may adversely affect us.

Shopping centers require frequent upgrades to create new operating formats and implement new operating strategies. Changes in customer preferences, introduction of alternative retail channels and construction by a growing number of shopping malls has spurred changes in existing shopping malls to confront competition. These projects involve growing costs for marketing, selection and/or modification of the mix of stores, anchor stores, event promotions, parking spaces, architectural attractions, ramping up of entertainment centers, services, training and modernization and updating of operational technology.

Other companies, including foreign companies working in partnerships with local companies, may become active in the shopping mall and real estate development market segments in Brazil in the near future, further increasing this competition. To the extent that one or more of our competitors launches a successful marketing or sales campaign and is able to significantly increase sales in their shopping malls, we could be adversely affected. If we are not able to respond to such pressures promptly, or if the level of competition increases, we could be adversely affected.

The opening of new shopping malls near the ones that we own or manage may require us to make unanticipated investments and hinder our ability to renew our store leases or to lease space to new tenants, which could adversely affect us.

The construction of a new shopping mall in the areas surrounding any of our shopping malls may affect our ability to lease our stores under favorable conditions. The arrival of new competitors in the regions where we operate could require unanticipated investments in our shopping malls, which may adversely affect us.

We may also have difficulty in renewing store leases or in leasing stores to new tenants, which may lead to a reduction in our cash flow and operating income. In addition, the proximity of new competitors could divert existing or new tenants to such competitors, resulting in vacancies in our shopping malls.

We may not succeed in growing our business through acquisitions.

Consistent with our business strategy, we have grown through strategic acquisitions. We plan to continue implementing this strategy but our success in acquiring new businesses will depend on our ability to enter into satisfactory transactions and to eliminate redundant and excessive costs. We may be unable to reduce such costs or to otherwise benefit from expected gains resulting from these acquisitions, which could adversely affect us.

Our ability to continue to strengthen our business through acquisitions depends on several factors, including our ability to identify shopping mall and/or business targets to acquire or to access the capital markets at acceptable costs and to negotiate favorable terms upon doing so. Future acquisitions may also require us to increase our indebtedness, which could adversely affect us.

Acquisitions also present the risk of exposure to the obligations and contingencies of acquired shopping malls or companies, their management or previously incurred liabilities. The due diligence process that we conduct with respect to acquisitions and any contractual guarantees or indemnification that we receive from the sellers of target shopping malls may be insufficient to protect us or to compensate us for possible significant contingencies. Such significant contingencies resulting from acquisitions could adversely affect us.

We share control of our shopping malls with other investors, whose interests may differ from and compete with ours.

We share control of our shopping malls with institutional investors, including pension funds and other groups whose interests may differ from ours. We depend on the consent of these other investors to make certain significant decisions affecting our shopping malls. Our partners in some shopping malls may have economic interests different from ours, and may not support our strategic policies and business purposes. In the event we are not able to achieve sufficient support to approve certain actions that could affect our shopping malls, we may not succeed in adequately implementing our business strategies, which may adversely affect us. Disputes between our partners and us could result in litigation or arbitration, which may increase our expenses and distract our directors and officers from our other businesses, which may adversely affect us.

Compensation paid to our management is closely linked to our results of operations. As a result, our management may decide to focus on activities that enhance our profitability in the short-term.

Our management compensation consists both of variable compensation and stock options. Because a substantial part of the compensation paid to our management is closely linked to our results of operations, our management may decide to focus our business towards the generation of profits in the short-term, which could conflict with the interests of our noteholders.

Possible financial difficulties of our anchor stores may adversely affect us.

As of June 30, 2012, approximately 16.8% of the gross leasable area in our shopping malls was occupied by anchor stores. These anchor stores represented 9.0% of our gross revenue from rent and services in the six months ended June 30, 2012. If financial difficulties force any of these anchor stores to terminate their leases or fail to renew them upon their scheduled expiration, we may not be able to replace them with stores of the same category and/or under the same conditions. This in turn may negatively affect the mix of stores in a given shopping mall, and its attractiveness, and may adversely affect us.

Lease agreements in the shopping-center industry have specific provisions that create risks to our business and may adversely affect us.

Our lease agreements with tenants are regulated by the Brazilian Leasing Law (*Lei de Locação*), which grants certain rights to tenants that may affect our businesses, such as the right to require us to renew their leases in case certain legal conditions are met and the judicial review of leases. The compulsory renewal of a lease agreement may prevent or adversely affect our plans to change or adapt a shopping mall’s mix of stores.

Additionally, pursuant to the Brazilian Leasing Law, if a lease agreement is in effect for more than three years, its terms and conditions may be re-negotiated annually. If an agreement is not reached as to the price for the lease, the tenant may require a court to adjust the lease to market price. In this case, we would be subject to the court’s interpretation and decision, and we could be forced to accept a price which does not meet the price adjustment criteria set forth in the lease agreement, or a price lower than the contract price, for the lease of the store. The compulsory renewal of our lease agreements and/or the judicial review of our lease prices may adversely affect us.

Certain events relating to our tenants' leases, including default in lease payments, lease renewal actions or increased vacancy in our shopping malls, may have a material adverse effect on us.

Income from rent is our primary source of revenue. Any default in lease payments, redirections in lease prices resulting from lease renewal actions or increases in the vacancy of our shopping malls (including as a result of a decision by the tenant to vacate the premises before the lease agreement expires) may have a material adverse effect on us.

We are responsible for certain extraordinary expenses in connection with the real estate we own, which may have a material adverse effect on us.

As a result of our ownership of the real estate properties in which our shopping malls are located, we are responsible for the payment of certain extraordinary expenses, such as pro-rated payment of renovations and repairs, painting, decoration, conservation, installation of surveillance and security-related equipment, employee severance payments, as well as any other expenses that are not a result of the ordinary maintenance of the real estate properties and condominiums where they are located. We are also responsible for litigation costs and expenses in connection with rent collection claims and other related lawsuits (eviction, renewal, revision, etc.). Additionally, we have to pay for any expenses that are not paid for by the tenants, such as taxes, condominium expenses and costs in connection with any required renovation or repair after the tenant has either vacated or been evicted from the property. The payment of any of the foregoing may have a material adverse effect on us.

Because our shopping malls are public places, incidents beyond our control may occur, which could result in material damages to the image of our shopping malls and expose us to civil liability.

Because shopping malls are public places, they are exposed to a number of incidents that may take place within their premises and that are beyond our control or our ability to prevent, which may harm our consumers and visitors. If any of these incidents were to occur, the relevant shopping mall could face material damages to its image, since the flow of customers could be reduced due to lack of confidence in the premises' security. In addition, we may be exposed to civil liability and be required to indemnify the victims, which could adversely affect us.

We depend on the availability of public utilities and services, especially for water and electric power. Any reduction or interruption of these services may adversely affect us.

Public utilities, especially those that provide water and electric power, are fundamental for the sound operation of our shopping malls. Any material interruption of these services could result in an increase in our costs and potential failures in our ability to provide our services. In addition, if we became responsible for the operation of these utility services, we would be required to hire specialized contractors, which would likely involve additional costs and a significant increase in our operating expenses. Accordingly, any interruption in the provision of these essential services may adversely affect us.

We partially meet the electricity needs of some of our shopping malls through stand-alone electricity generators and fuel and other input price volatility and difficulties in maintaining our equipment may impair our ability to generate sufficient electricity for our needs.

We supply some of our own electricity needs through stand-alone proprietary electricity generators. We do not control the price of fuel and other inputs which are necessary for our stand-alone electricity generation operations. Volatility in the prices of these inputs as well as shortages in the supply of skilled personnel or qualified vendors to perform maintenance on the relevant equipment may impair our ability to generate electricity for use in our shopping malls. Any such difficulty would increase our reliance on public utilities to provide the required electricity. The terms and conditions, including price, at which such public utilities would supply power to us, may not be on favorable terms to us, which could have an adverse effect on our business and results of operations.

The Brazilian shopping-center industry is subject to extensive regulation, which may result in higher expenses or hurdles for the development of certain projects and adversely affect us.

Our activities are subject to federal, state and municipal laws, and to regulations, authorizations and license requirements with respect to construction, zoning, use of the soil, environmental protection, historical heritage, leasing and condominiums, all of which affect our business. We are required to obtain licenses and permits from different governmental entities in order to carry out our projects. In the event of noncompliance with such laws, regulations, licenses and authorizations, we may face penalties or fines, project shutdowns, cancellation of licenses or revocation of authorizations, in addition to other civil and criminal penalties that would adversely affect us.

In addition, the Brazilian government may enact new and more stringent standards, or interpret existing laws and regulations in a more restrictive manner, which may force companies in the shopping mall and real estate industries, including us, to incur expenses to comply with these new rules. Any such action on the part of public authorities may adversely affect us.

Losses not covered by insurance may adversely affect us.

We maintain insurance policies customary in our market for the protection of our shopping malls and other real estate developments. We cannot guarantee that the amount of the insurance we maintain will be sufficient to protect us against relevant losses. Particularly, despite our growth on operations, we decreased the indemnification amount of our insurance policies from R$457.3 million in 2010 to R$310.0 million for coverage ending in January 2011. In 2012, we increased the indemnification amount of our insurance coverage, which currently totals R$352.0 million. Additionally, in our industry, certain types of losses, such as losses resulting from terrorism, acts of war and civil disturbances, are not usually covered by insurance, and we do not carry insurance against such events. If any such uninsured events occur, our investments may adversely be affected, and we may be required to incur additional expenses, which could harm our operational performance. In addition, we eventually could be held liable for and have to indemnify victims of accidents inside our shopping malls and inside the shopping, commercial and business centers at which we provide our services, which may adversely affect us. We also may not be able to renew our insurance policies at the same current terms and conditions, which could adversely affect us.

Unfavorable judicial or administrative decisions may adversely affect us.

We are defendants in several judicial and administrative proceedings related to civil, labor and tax matters. We cannot assure you that we will obtain favorable decisions in such proceedings, or that they will be dismissed, or that our reserves for such proceedings are sufficient. Decisions reaching substantial damages, which conflict with our interests or impede our operations, as had been initially planned, may cause an adverse effect on us. See “Business—Legal and Administrative Proceedings.”

Some of our shopping malls are parties to administrative agreements to expand their facilities by using public areas and, therefore, are subject to public laws.

Some of our shopping malls are parties to administrative agreements to acquire the right to use public areas for the expansion of their store areas or construction of underground parking areas. In addition, our shopping malls have also entered into public agreements with the purpose to lease shopping areas to public authorities. These expansions, constructions and lease conditions are provided for in administrative agreements governed by Law No. 8,666/93, or the Federal Bid Law, and, in limited cases, also by Decree-Law No. 271, of February 28, 1967, or Decree-Law No. 271/67, and other state and municipal laws.

These administrative agreements are subject to a set of prerogatives of the government. Thus, there are some specific contractual provisions that enable, among other things, the unilateral termination and amendment of the contract by the public authority, as well as the imposition of fines and penalties.

According to Article 58 of the Federal Bid Law, the governmental authorities may (i) unilaterally change our agreement in order to reflect “public interest,” without violating the rights of the private contracting party; (ii) unilaterally terminate the agreement before its term; (iii) supervise our performance of the agreement; (iv) impose penalties for the partial or total lack of our execution of the agreement; and (v) in the case of indispensable services, temporarily occupy our shopping malls related to the scope of the agreement to cure the breach of the agreement by us or in the event of early termination of the administrative agreement. If governmental authorities decide to take any such action, we could be adversely affected.

We may not succeed in fully implementing our business strategies.

We may not be successful in implementing our business strategies. As a result, we may not be able to expand our activities and replicate our business structure, thus hindering the implementation of our growth strategy and ability to meet the demands of our different markets. Additionally, we could be unable to implement guidelines of excellence in our operations, finances or personnel. If we fail in implementing our plans, developments or guidelines, we could be adversely affected.

Our future acquisitions may be hindered or impaired by the Brazilian antitrust authorities.

Pursuant to Law No. 12,529 /11, as amended by Executive Order No. 994. of May 30, 2012, the Brazilian antitrust authorities are empowered to review any transaction that (1) furthers any type of economic concentration, through a merger or combination of companies, the incorporation of a company to exercise control over companies, or any form of business combination, and (2) where there is a dominant position held by one of the parties to the relevant business combination, which will be deemed to exist whenever one or some of the companies engaged in that market are able to alter market conditions unilaterally or acting on a coordinated basis, or when they control 20% or more of the relevant market. The Brazilian antitrust authorities, or the *Sistema Brasileiro de Defesa da Concorrência* or SBDC, must approve the transaction for antitrust purposes, whenever the aforementioned conditions are met, and in addition (1) any one of the companies involved in the relevant transaction, has generated gross revenue in Brazil in the last fiscal year, or a volume of business over the calendar year preceding the transaction, equal to or greater than R$750 million, and (2) any other of the parties involved in such transaction has generated gross revenue in Brazil, in the last fiscal year, or a volume of business over the calendar year preceding the transaction, equal to or greater than R$75 million. In the course of assessing the transaction for tax purposes, the SBDC will determine whether or not a certain transaction would have a negative effect in the competitive conditions of the market in which we operate or on the consumers in such market. As a result, future acquisitions may not be approved or may be subject to conditions imposed by the SBDC that would result in significant costs (such as restrictions in the manner we operate in the market or provide our services), which could have a negative effect on our operating and financial results.

Changes in Brazilian GAAP due to convergence to IFRS may adversely affect our consolidated financial statements.

Brazilian Corporate Law was amended by Law No. 11,638/07 in order to facilitate the convergence from Brazilian GAAP to IFRS, and thereafter, the CPC issued several new accounting standards that progressively adapted Brazilian GAAP to IFRS and will continue to issue new accounting standards to converge with new standards issued by the IASB (*e.g.*, IFRS 9 “Financial Instruments: Classification and Measurement,” IFRS 10 “Consolidated Financial Statements,” IFRS 11 “Joint Arrangements,” IFRS 12 “Disclosure of Involvement with Other Entities”).

IFRS 11 will become effective for annual periods beginning on or after January 1, 2013, and eliminates the option to account for jointly controlled entities using proportional consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard may impact our consolidated financial statements, due to the change in the method in which we account for the results of certain entities we jointly control with third parties.

There can be no assurance that these modifications will not materially and adversely affect our consolidated financial statements, on a retrospective or prospective basis, our financial position and materially adversely impact the comparability of our financial statements for future periods with our consolidated financial statements presented herein and our ability to comply with the financial covenants of our indebtedness.

Risks Relating to Brazil

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This influence, as well as Brazilian political and economic conditions, could adversely affect us and the trading price of our securities.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policies and regulations. The Brazilian government’s actions to control inflation and other regulations and policies have often involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations, capital controls, limits on imports and other actions. Our business, financial condition, and results of operations, as well as the trading price of our notes, may be adversely affected by changes in policy or regulations involving or affecting factors such as:

- interest rates, monetary policy and exchange controls and restrictions on remittances abroad;
- governmental policies related to our business and the Brazilian shopping-center industry;
- strikes at ports, customs and the federal revenue department;
- inflation;
- expansion or contraction of the Brazilian GDP;
- social instability;
- liquidity of domestic capital and financial markets;
- fiscal policy;
- use of electric energy; and
- other political, social and economic developments in or affecting Brazil.

The Brazilian government may implement changes in policy or regulations affecting these or other factors, which in the future may contribute to economic uncertainty in Brazil and heightened volatility in the Brazilian securities markets and securities issued abroad by Brazilian companies. In addition, possible political crises may affect the confidence of investors and the public in general, which may result in economic deceleration and, therefore, adversely affect the trading price of shares of companies listed to trade in the Brazilian capital markets.

Fluctuations in interest rates may negatively affect us.

Debts of companies in the shopping mall and real estate industries, including ours, are subject to the fluctuation of market interest rates, as established by the Central Bank. Should such interest rates increase, the costs relating to the service of our debt obligations would also increase.

In addition, because companies involved in the shopping-center industry are highly susceptible to the control that the Brazilian government exercises over the interest rates, a sudden increase in the interest rates may reduce the activities of the consumer market and reduce consumer purchases, which could adversely affect us.

Inflation, along with the Brazilian government's measures to curb inflation, may have an adverse effect on the Brazilian economy, the Brazilian securities market and us.

Brazil has in the past experienced high rates of inflation. Inflation, along with governmental measures to curb inflation, coupled with public speculation about possible future governmental measures to be adopted, has had significant negative effects on the Brazilian economy. According to the Brazilian General Price Index (*Índice Geral de Preços Mercado*), or the IGP-M rate, the rate was inflation of 7.7% in 2007 and 9.8% in 2008, deflation of 1.7% in 2009 and inflation of 11.3% in 2010 and 5.10% in 2011. For the six months ended on June 30, 2012, Brazil experienced inflation of 3.2%. Brazil may experience high levels of inflation in the future. Inflationary pressures may lead to further government intervention in the economy, including the introduction of government policies that could have an adverse effect on us and on our clients. If Brazil again experiences high inflation in the future, we may not be able to adjust the prices we charge our tenants to offset the effects of inflation on our cost structure.

Exchange rate instability may adversely affect the Brazilian economy and, consequently, us.

The Brazilian currency has been devalued periodically. The Brazilian government has implemented various economic plans and utilized a number of exchange-rate policies, including sudden devaluations, periodic mini-devaluations during which the frequency of adjustments has ranged from daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies. In 2007, the *real* appreciated against the U.S. dollar by 16.3%. In 2008, the *real* depreciated by 31.9% against the U.S. dollar.

In 2009 and 2010, the *real* appreciated by 25.5% and 4.5%, respectively. In 2011 and in the first six months of 2012, the *real* depreciated by 11.2% and 7.2%, respectively, against the U.S. dollar.

Depreciations of the *real* in relation to the U.S. dollar could create additional inflationary pressures in Brazil and lead to increases in interest rates, which may negatively affect the Brazilian economy as a whole and, in particular, our results of operations. On the other hand, the appreciation of the *real* in relation to the U.S. dollar may impact Brazil's current accounts and balance of payments, as well as reduce the gross domestic product resulting from exports. The volatility of the *real* in relation to the U.S. dollar may adversely affect the Brazilian economy and, consequently, us.

We have U.S. dollar-denominated indebtedness. If the *real* depreciates compared to the U.S. dollar, our financial expenses will increase, which could have an adverse effect on us. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness."

Developments in other countries, mainly in emerging markets, and the perception of risks in such countries may adversely affect the market price of Brazilian securities, including the price of our securities.

The market price of securities issued by Brazilian companies may be adversely affected by declines in the international financial markets and world economic conditions. The Brazilian securities market is, to varying degrees, influenced by economic and market conditions in other emerging market countries, particularly those in Latin America. Although economic conditions may differ in each country, investors' reaction to developments in one country can have an effect on the securities markets and the securities of issuers in other countries, including Brazil. Adverse developments in emerging market countries could lead to a reduction in both demand and the market price of securities issued by Brazilian companies, including our shares and GDSs. These events may discourage international investment in Brazil and, more directly, may adversely affect the market price of our shares and GDSs.

Additionally, the financial crisis resulting from the subprime mortgages in the United States caused further disruptions and affected the global economy, particularly the United States, generating side effects that affected the Brazilian stock market and the economy, directly or indirectly, such as fluctuations in share prices of publicly traded companies, unavailability of financing, general global economic slowdown, instability of exchange rate and inflationary pressures, which among others, may directly or indirectly have a material adverse effect on us.

Changes in Brazilian tax laws may have a material adverse impact on the taxes applicable to our business.

The Brazilian government frequently implements changes to tax regimes that affect us and our clients. These changes include changes in prevailing tax rates and, on occasion, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes.

Some of these changes may result in increases in our payment of taxes, which could materially adversely impact industry profitability and increase the prices of our services, restrict our ability to do business in our existing and target markets and cause our financial results to suffer. There can be no assurance that we will be able to maintain our projected cash flow and profitability following any change in tax regime and increases in Brazilian taxes applicable to us and our operations.

Risks Relating to the Notes and the Guarantees

BR Malls International Finance has no operations of its own, so holders of the notes must depend on BR Malls to provide BR Malls International Finance with sufficient funds to make payments on the notes when due.

BR Malls International Finance is a special purpose, direct wholly-owned subsidiary of BR Malls and is an exempted company incorporated with limited liability under the laws of the Cayman Islands on October 18, 2007. BR Malls International Finance was established to act as a finance subsidiary of BR Malls. Accordingly, the ability of BR Malls International Finance to pay principal, interest and other amounts due on the notes will depend upon BR Malls' financial condition and results of operations. In the event of an adverse change in BR Malls' financial condition or results of operations, BR Malls International Finance may not have sufficient funds to repay all amounts due on or with respect to the notes.

The notes have no maturity date or sinking fund provisions and are not redeemable at the option of holders of the notes.

The notes have no fixed final maturity date or any sinking fund provisions and are not redeemable at the option of holders of the notes. As a result, holders of the notes will be entitled to receive a return of the principal amount of their investment only if we elect to redeem or repurchase the notes or in the event of acceleration due to an event of default. Therefore, you should be aware that you may be required to bear the financial risks of an investment in the notes for an indefinite period of time.

There are no financial covenants in the notes.

Neither we nor any of our subsidiaries are restricted from incurring additional debt or liabilities, including additional senior debt, under the notes or the indenture. If we incur additional debt or liabilities, our ability to pay our obligations on the notes could be adversely affected. We expect from time to time to incur additional debt and other liabilities.

Certain subsidiaries are not included as subsidiary Guarantors.

Certain subsidiaries of BR Malls will not be Guarantors of the notes. However, the historical consolidated financial statements included in this offering memorandum include all of BR Malls' subsidiaries. The non-guarantor subsidiaries generated 67.4% of our gross revenue from rent and services for the six months ended June 30, 2012 and approximately 69.1% of our gross revenue from rent and services for the year ended December 31, 2011.

Our non-guarantor subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that we or other Guarantors have to receive any assets of any of the non-guarantor subsidiaries upon the liquidation or reorganization of those subsidiaries, and the consequent rights of holders of notes to realize proceeds from the sale of any of those subsidiaries' assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors and holders of debt of that subsidiary.

We may not have the ability to raise the funds necessary to finance any change of control offer required by the indenture governing the notes.

Upon the occurrence of certain specific kinds of change of control events, BR Malls International Finance will be required to offer to repurchase all outstanding notes at 101% of the principal amount thereof plus accrued and unpaid interest to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of notes. In addition, our existing and future indebtedness may contain prohibitions on the occurrence of events that would constitute a change of control or require that indebtedness to be repurchased upon a change of control. Moreover, the exercise by the holders of their right to require BR Malls International Finance to repurchase the notes upon a change of control may cause a default under such indebtedness even if the change of control itself does not. Accordingly, BR Malls International Finance may not be able to satisfy its obligations to purchase your notes unless we are able to refinance or obtain waivers under such indebtedness. The failure to repurchase the notes upon a change of control would cause a default under the indenture governing the notes. In addition, certain important corporate events, such as leveraged recapitalizations, that would increase the level of our indebtedness may not constitute a change of control under the indenture governing the notes. Therefore, if an event occurs that does not constitute a change of control, BR Malls International Finance will not be required to make an offer to repurchase the notes and you may be required to continue to hold your notes despite the event.

Transfer of the notes will be restricted.

BR Malls International Finance has not registered and does not intend to register the offer and sale or resale of the New Notes or the Existing Notes under the Securities Act or the securities laws of any jurisdiction. You may not offer or sell the New Notes or the Existing Notes, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws. You should read the disclosures in "Transfer Restrictions" for further information about these and other transfer restrictions. It is your obligation to ensure that offers and sales of notes comply with applicable securities laws.

The foreign exchange policy of Brazil may affect the ability of the Guarantors to make money remittances outside Brazil in respect of the guarantees.

Under Brazilian regulations, Brazilian companies are not required to obtain authorization from the Central Bank in order to make payments in U.S. dollars outside Brazil under guarantees in favor of foreign persons, such as the holders of the notes. We cannot assure you that these regulations will continue to be in force at the time the Guarantors that are Brazilian companies may be required to perform their payment obligations under the Guarantors. If these regulations or their interpretation are modified and an authorization from the Central Bank is required, those Guarantors that are Brazilian companies would need to seek an authorization from the Central Bank to transfer the amounts under the guarantees out of Brazil or, alternatively, make such payments with funds held by the Guarantors outside Brazil. We cannot assure you that such an authorization will be obtained or that such funds will be available.

***Judgments of Brazilian courts enforcing the Guarantors' respective obligations under the notes are payable only in Brazilian* reais.**

If proceedings were brought in the courts of Brazil seeking to enforce the Guarantor's obligations under the notes, the Guarantors, would not be required to discharge their obligations in a currency other than *reais*. Any judgment obtained against the Guarantors in Brazilian courts in respect of any payment obligations under the notes will be expressed in *reais* equivalent to the U.S. dollar amount of such payment at the exchange rate on (1) the date of actual payment, (2) the date on which such judgment is rendered or (3) the actual due date of the obligations, as published by the Central Bank. There can be no assurance that such rate of exchange will afford you full compensation of the amount invested in the notes plus accrued interest.

Payments on the notes and the guarantees will be junior to any secured debt obligations of BR Malls International Finance and the Guarantors, as the case may be.

The notes and the guarantees will constitute senior unsecured obligations of BR Malls International Finance and the Guarantors, respectively, and will rank equal in right of payment with all of the other existing and future senior unsecured indebtedness of BR Malls International Finance and the Guarantors, respectively. Payment on the notes will be subordinated to any secured debt of BR Malls International Finance to the extent of the assets and property securing such debt. Payment on the notes will also be effectively subordinated to the payment of secured debt and other creditors of the Guarantors. In addition, under Brazilian law, the obligations of the Guarantors under the guarantees are subordinated to certain statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes, court fees, expenses and costs. In the event of the Guarantors' bankruptcy, according to the Brazilian bankruptcy laws, such applicable statutory preferences will have preference over any other claims, including claims by any holder of the notes. Prior to the issuance of the New Notes, BR Malls International Finance had U.S.$175 million of debt outstanding related to the perpetual notes it issued in 2007, and U.S.$230 million of debt outstanding related to the Existing Notes. As of June 30, 2012, on a consolidated basis, BR Malls and its subsidiaries had R$3.7 billion (U.S.$1.8 billion) of total indebtedness. Approximately 52% of this total amount was structurally senior to the notes being sold in this offering and were secured debt of BR Malls' subsidiaries.

The guarantees may not be enforceable.

The guarantees provide a basis for a direct claim against the Guarantors; however, it is possible that the guarantees may not be enforceable under Brazilian law. In the event that a Guarantor becomes subject to a reorganization proceeding or to bankruptcy, the relevant guarantee, if granted up to two years before the declaration of bankruptcy, may be deemed to have been a fraudulent transfer and declared void, based upon the Guarantor being deemed not to have received fair consideration in exchange for such guarantee. The validity and enforceability of the guarantees granted by the Guarantors require that the guarantees be in the best interest of the Guarantors, which receive fair and adequate consideration for the granting of the guarantees. Similar concepts exist under United States law. In addition, under Brazilian law, a guarantee is considered accessory to the underlying or principal obligation and the nullity of the principal obligation causes the nullity of the accessory obligation. Therefore, in case our underlying obligation under the notes or the indenture are declared null, the guarantees would, under Brazilian law, be deemed to be null as well.

We cannot assure you that an active trading market for the notes will exist.

Although the Existing Notes are listed on the Euro MTF market of the Luxembourg Stock Exchange and we have applied to increase the principal amount of Notes listed on the Euro MTF market of the Luxembourg Stock Exchange so as to include the principal amount of the New Notes, we cannot provide you with any assurance that the application will be accepted. Further, no assurance can be provided regarding the existence of a market for the New Notes, the ability of holders of the New Notes to sell their New Notes, or the price at which such holders may be able to sell their New Notes. Accordingly, we cannot assure you that an active trading market for the New Notes will exist or that it will continue. The lack of an active trading market for the New Notes could have a material adverse effect on the market price and liquidity of the New Notes. Even if a market for the New Notes exists, the New Notes may trade at a discount from their initial offering price.

For U.S. federal income tax purposes, you should assume that the notes will constitute equity interests in a PFIC, which would result in the notes being subject to an adverse U.S. federal income tax regime.

The Company believes that the notes are likely to be treated as equity in BR Malls International Finance for U.S. federal income tax purposes and, to the extent required to do so, intends to treat the notes as equity in BR Malls International Finance for U.S. federal income tax purposes. However, no assurance can be given that the U.S. Internal Revenue Service will not assert that the notes should be treated as indebtedness for U.S. federal income tax purposes. If the notes were treated as indebtedness for U.S. federal income tax purposes, the timing and character of income, gain and loss recognized by you could differ from the description herein. If, as the Company believes is likely, the notes are treated as equity in BR Malls International Finance for U.S. federal income tax purposes, U.S. holders would be subject to certain adverse U.S. federal income tax consequences in the event that BR Malls International Finance were a “passive foreign investment company” (“PFIC”). See “Taxation—U.S. Federal Income Tax Considerations.”

BR Malls International Finance has made loans to and other investments in the Company and its subsidiaries that have given rise to “passive income” and that have caused the Issuer to be deemed to own “passive assets” for PFIC purposes, although in what proportions is not clear due to various uncertainties in the application of the PFIC rules. BR Malls International Finance expects in the future to make loans to and other investments in the Company and/or its subsidiaries that will give rise to “passive income” and cause the Issuer to be deemed to own “passive assets” for PFIC purposes. The amounts of BR Malls International Finance’s “passive income” and “passive assets” could in the past have been, and following this offering could be, substantial. Accordingly, it would be prudent to assume that BR Malls International Finance will be a PFIC for the current taxable year and for future taxable years. However, BR Malls International Finance does not intend to assess its PFIC status for any year. If BR Malls International Finance is a PFIC, you will be subject to special adverse U.S. tax rules applicable to PFICs on a disposition of the notes and on certain distributions made by BR Malls International Finance. BR Malls International Finance does not intend to provide U.S. investors information that would enable U.S. investors to make a “qualified electing fund” election in respect of BR Malls International Finance and a mark-to-market election may not be available with respect to the notes. You should consult your tax adviser regarding BR Malls International Finance’s PFIC status, the U.S. federal income tax consequences that apply to shareholders in a PFIC and any U.S. federal income tax elections that may be available to you which may help mitigate such consequences. See “Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

EXCHANGE RATES

The Brazilian foreign exchange system allows the purchase and sale of foreign currency and the international transfer of *reais* by any person or legal entity, regardless of the amount, subject to certain regulatory procedures.

Since 1999, the Central Bank has allowed the U.S. dollar-*real* exchange rate to float freely. Since the beginning of 2001, the Brazilian exchange market has been increasingly volatile, and, until early 2003, the value of the *real* declined relative to the U.S. dollar, primarily due to financial and political instability in Brazil and Argentina. According to the Central Bank, in 2007 however, the *real* appreciated in relation to the U.S. dollar 20.7%. In 2008, the *real* depreciated 31.9% and in 2009 and 2010, the *real* appreciated by 25.5% and 4.5%, respectively. In 2011 and in the first six months of 2012, the *real* depreciated by 11.2% and 7.2%, respectively, against the U.S. dollar.

Although the Central Bank has intervened occasionally to control unstable movements in the foreign exchange rates, the exchange market may continue to be volatile as a result of this instability or other factors, and, therefore, the *real* may substantially decline or appreciate in value in relation to the U.S. dollar in the future.

The following table shows the selling rate, expressed in *reais* per U.S. dollar, for the periods indicated:

	***Reais* per U.S.$1.00**			
Year	**High**	**Low**	**Average(1)**	**Period End**
2007	2.156	1.733	1.948	1.771
2008	2.500	1.559	1.837	2.337
2009	2.422	1.702	1.994	1.741
2010	1.881	1.655	1.759	1.666
2011	1.902	1.535	1.674	1.876
Month				
May 2012	2.082	1.915	1.986	2.022
June 2012	2.090	2.018	2.049	2.021
July 2012	2.050	1.989	2.029	2.050
August 2012	2.051	2.017	2.029	2.037
September 2012	2.039	2.014	2.028	2.031
October 2012	2.038	2.022	2.030	2.031
November 2012 (through November 5)	2.035	2.031	2.033	2.035

(1) Represents the average of the closing exchange rates on each business day during the period.

Source: Central Bank.

USE OF PROCEEDS

We estimate that the total net proceeds from this offering was approximately U.S.$187.8 million, including interest and premium on the New Notes and after deducting commissions and estimated expenses of the offering.

We intend to use the net proceeds from this offering by BR Malls International Finance during the first quarter of 2013 to refinance existing indebtedness, principally to redeem all outstanding 9.75% perpetual notes issued in 2007. Until we use the proceeds of this offering to redeem such notes, we expect to invest the proceeds in bank certificates of deposit or similar short-term marketable securities.

The intended use of the proceeds from this offering is based on several assumptions that may be impacted by factors beyond our control, such as future conditions in the Brazilian shopping mall, real estate and retail markets, and our ability to negotiate reasonable terms for the acquisition of additional shopping malls and the purchase of additional interests in our shopping malls, our ability to obtain financing, as well as other factors described in "Forward-Looking Statements."

THE ISSUER

BR Malls International Finance Limited is a wholly-owned subsidiary of the Company and was incorporated in the Cayman Islands as an exempted company with limited liability on October 18, 2007 for an unlimited period. The registered office of the Issuer is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Issuer was registered and filed under company number 197327 by the Assistant Registrar of Companies of the Cayman Islands.

BR Malls International Finance Limited is an exempted company that is limited by the terms of the indenture to certain activities incidental or related to the notes. See "Description of the Notes." BR Malls International Finance Limited is not required to and has not published financial statements for any period and does not intend to publish any financial statements for future periods. The directors of BR Malls International Finance Limited are Carlos Medeiros Silva Neto, Luiz Alberto Quinta and Ruy Kameyama. Each of the directors of BR Malls International Finance Limited resides in Rio de Janeiro, Brazil.

The authorized share capital of BR Malls International Finance Limited is U.S.$50,000, divided into 50,000 shares of a nominal or par value of U.S.$1.00 each. As at the date hereof, two shares have been issued as fully paid and are outstanding. BR Malls International Finance Limited has not paid any dividends in the last three fiscal years.

The Company owns 100% of the economic interest in BR Malls International Finance Limited.

BR Malls International Finance Limited has previously issued U.S.$175 million in perpetual notes, on November 8, 2007, and U.S.$230 million in perpetual notes on January 21, 2011, in both cases unconditionally guaranteed by the same Guarantors hereof. Except for such outstanding issuances, BR Malls International Finance Limited was not a debtor with respect to any other outstanding loan capital or borrowing and had no other indebtedness or contingent liabilities, as of June 30, 2012.

CAPITALIZATION

The table below shows our capitalization as of June 30, 2012, based on the unaudited interim condensed consolidated financial statements prepared in accordance with Brazilian GAAP (1) on an actual basis, (2) as adjusted to reflect the structured finance transaction we completed in September 2012, through the issuance of CCBs for a total principal amount of R$400 million (see "Summary—Recent Events"), and (3) as further adjusted to reflect the receipt of approximately U.S.$187.8 million in estimated net proceeds from this offering, including interest and premium on the New Notes and after deducting commissions and estimated expenses of the offering, but not the use of proceeds therefrom because we do not plan to use the proceeds until the first quarter of 2013. See "Use of Proceeds."

In July 2012, we completed the issuance of a single series of promissory notes in the principal amount of R$500 million. The amounts in the "As adjusted" and "As adjusted for the offering" columns in the table below do not reflect this transaction as the proceeds therefrom were used primarily for the refinancing of existing indebtedness. In October 2012, we also expect to issue R$500 million in real estate credit certificates (*certificados de recebíveis imobiliários*), or CRIs, that will be used to redeem the R$500 million promissory notes that we issued in July 2012.

In addition, the amounts in the "As adjusted" and "As adjusted for the offering" columns do not reflect the expected issuance of promissory notes in the anticipated amount of R$370 million, with a maturity of 180 days after the issuance, for which we commenced marketing efforts on October 11, 2012. There can be no assurances that this issuance will be completed. See "Summary—Recent Events."

You should read this section together with "Presentation of Financial and Other Information," "Summary Financial Information," "Selected Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," our unaudited interim condensed consolidated financial statements and our consolidated financial statements included elsewhere in this offering memorandum.

	As of June 30, 2012					
	Unaudited					
	Actual	As adjusted(1)	As adjusted for the offering(2)	Actual	As adjusted(1)	As adjusted for the offering(2)
	(in thousands of R$)			(in thousands of U.S.$)(3)		
Loans and financing—Current	232,357	397,230	397,230	114,954	196,522	196,522
Loans and financing—Non-current	3,481,507	3,716,634	4,096,184	1,722,410	1,838,734	2,026,510
Total equity	7,220,315	7,220,315	7,220,315	3,572,114	3,572,114	3,572,114
Total capitalization(4)	10,934,179	11,334,179	11,713,729	5,409,478	5,607,370	5,795,146

(1) Adjusted to reflect the receipt of R$400 million in connection with a structured finance transaction we completed in September 2012, through the issuance of CCBs, considering R$164.9 million in current loans and financing and R$235.1 million in non-current loans and financing. See "Summary—Recent Events."

(2) Adjusted to reflect the receipt of approximately U.S.$187.8 million in estimated net proceeds from this offering, including interest and premium on the New Notes and after deducting commissions and estimated expenses of the offering, but not considering the expected use of proceeds from this offering. We expect to use the proceeds from this offering during the first quarter of 2013 to redeem all of our outstanding 9.75% perpetual notes issued in 2007, in the principal amount of U.S.$175 million.

(3) Converted for convenience only using the commercial selling rate as reported by the Central Bank on June 30, 2012 for *reais* into U.S. dollars of R$2.0213 per U.S.$1.00. These conversions should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate as of that or any other date.

(4) Total capitalization corresponds to the sum of total current and non-current loans and financing and total equity.

SELECTED FINANCIAL INFORMATION

The following table presents our selected financial and operating data as of and for the years ended December 31, 2009, 2010 and 2011, as of June 30, 2012 and for the six months ended June 30, 2011 and 2012. The financial data as of and for the years ended December 31, 2009, 2010 and 2011 have been derived from our consolidated financial statements, which have been audited by PricewaterhouseCoopers Auditores Independentes, in accordance with Brazilian and international auditing standards, as stated in their reports included elsewhere in this offering memorandum.

The financial data as of June 30, 2012 and for the six months ended June 30, 2011 and 2012 have been derived from our unaudited interim condensed consolidated financial statements. Our consolidated financial statements are prepared in accordance with Brazilian GAAP and IFRS, which differs in significant respects from U.S. GAAP. See "Presentation of Financial and Other Information."

Consolidated Income Statement Data

	For the Year Ended December 31,				For the Six Months Ended June 30,		
	2009	2010	2011	2011	2011	2012	2012
	Audited				Unaudited		
	(in thousands of R$)			(in thousands of U.S.$)(1)	(in thousands of R$)		(in thousands of U.S.$)(1)
Gross revenue from rent and services	429,065	595,551	931,496	460,840	409,138	550,319	272,260
Taxes and contributions	(36,482)	(49,114)	(70,021)	(34,642)	(30,637)	(40,923)	(20,246)
Net revenue from rent and services	392,583	546,437	861,475	426,198	378,501	509,396	252,014
Cost of rent and services	(32,209)	(60,452)	(84,144)	(41,629)	(37,612)	(44,453)	(21,992)
Gross profit	360,374	485,985	777,331	384,570	340,889	464,943	230,022
Operating income (expenses)							
Equity accounting results	925	1,222	—	—	—	—	—
Commercial expenses	(6,218)	(12,793)	(12,862)	(6,363)	(4,564)	(8,715)	(4,312)
Administrative expenses	(56,664)	(82,466)	(101,756)	(50,342)	(49,313)	(59,798)	(29,584)
Change in fair value of investment properties	1,244,596	567,925	776,215	384,018	—	737,876	365,050
Other operating income, net	6,336	8,478	6,446	3,189	4,815	15,747	7,791
Income before financial result	1,549,349	968,351	1,445,374	715,071	291,827	1,150,053	568,967
Net financial result	(6,584)	(94,047)	(305,693)	(151,236)	(98,255)	(215,259)	(106,495)
Income before income taxes and non-controlling interests	1,542,765	874,304	1,139,681	563,836	193,572	934,794	462,472
Income tax and social contribution	(447,679)	(240,032)	(350,026)	(173,169)	(10,979)	(300,469)	(148,651)
Income before non-controlling interests	1,095,086	634,272	789,655	390,667	182,593	634,325	313,820
Non-controlling interests	(3,575)	(139,414)	(318,740)	(157,691)	(9,975)	(59,084)	(29,231)
Net income attributable to the Company's shareholders	1,091,511	494,858	470,915	232,976	172,618	575,241	284,589

(1) Translated into U.S.$ solely for the convenience of the reader. The rate used to translate such amounts was R$2.0213 to U.S.$1.00 (subject to rounding adjustments), which was the exchange rate in effect as of June 30, 2012 as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in *reais* represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

Consolidated Balance Sheet Data

	As of December 31,				As of June 30,	
	2009	2010	2011	2011	2012	2012
	Audited				Unaudited	
	(in thousands of R$)			(in thousands of U.S.$)(1)	(in thousands of R$)	(in thousands of U.S.$)(1)
Cash and cash equivalents	13,526	19,843	37,063	18,336	25,425	12,579
Marketable securities	1,053,254	231,961	414,962	205,295	410,966	203,318
Accounts receivable	96,408	154,933	242,317	119,882	211,134	104,455
Total current assets	1,249,910	514,994	915,262	452,809	925,867	458,055
Total non-current assets	7,208,635	10,054,773	13,166,455	6,513,855	14,236,869	7,043,422
Total assets	8,458,545	10,569,767	14,081,717	6,966,664	15,162,736	7,501,477
Total current liabilities(2)	306,736	505,359	1,032,080	510,602	912,136	451,262
Total non-current liabilities(3)	3,088,654	4,275,010	5,806,910	2,872,859	6,514,236	3,222,795
Shareholders' equity	4,994,702	5,482,171	6,624,448	3,277,321	7,220,315	3,572,114
Non-controlling interests	68,453	307,227	618,279	305,882	516,049	255,305
Total equity	5,063,155	5,789,398	7,242,727	3,583,202	7,736,364	3,827,420
Total liabilities and equity	8,458,545	10,569,767	14,081,717	6,966,664	15,162,736	7,501,477

(1) Translated into U.S.$ solely for the convenience of the reader. The rate used to translate such amounts was R$2.0213 to U.S.$1.00 (subject to rounding adjustments), which was the exchange rate in effect as of June 30, 2012 as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in *reais* represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(2) Our current liabilities consist mainly of suppliers, loans and financing, taxes and contributions payable, salaries and social charges, dividends payable and liabilities for the acquisition of shopping malls.

(3) Our non-current liabilities consist mainly of loans and financing and deferred taxes.

Other Financial Data

	For the Year Ended December 31,			
	2009	2010	2011	2011
	Audited			Unaudited
	(in thousands of R$, except percentages)			(in thousands of U.S.$, except percentages)(1)
Net revenue from rent and services	392,583	546,437	861,475	426,198
(-) Uberlândia condominium revenue	-	(5,992)	(1,735)	(858)
(-) Cost of rent and services	(32,210)	(60,452)	(84,144)	(41,629)
(-) Operating expenses(2)	(62,882)	(95,259)	(114,618)	(56,705)
(+) Uberlândia condominium costs	-	5,344	2,049	1,014
(+) Depreciation and amortization	11,697	11,753	10,284	5,088
(+) Other income, net(3)	1,249,996	576,403	782,661	387,207
EBITDA(4)	1,559,184	978,234	1,455,971	720,315
(+) Other non-recurring expenses	-	3,800	-	-
(+) Araguaia debentures (5)	3,852	5,201	5,057	2,502
(-) Change in fair value of investment properties (6)	(1,243,659)	(556,078)	(776,215)	(384,018)
Adjusted EBITDA(7)	319,378	431,157	684,813	338,799
Adjusted EBITDA margin(8)	81.4%	79.8%	79.7%	79.7%

	For the Six Months Ended June 30,		
	2011	2012	2012
	Unaudited		
	(in thousands of R$, except percentages)		(in thousands of U.S.$, except percentages)(1)
Net revenue from rent and services	378,501	509,396	252,014
(-) Uberlândia condominium revenue	(1,735)	—	—
(-) Cost of rent and services	(37,612)	(44,453)	(21,992)
(-) Operating expenses(2)	(53,877)	(68,513)	(33,896)
(+)Uberlândia condominium costs	2,049	—	—
(+) Depreciation and amortization	6,398	5,150	2,548
(+) Other income, net (3)	4,815	753,623	372,841
EBITDA(4)	298,540	1,155,203	571,515
(+) Araguaia debentures (5)	2,529	2,862	1,416
(-) Change in fair value of investment properties (6)	—	(737,876)	(365,050)
Adjusted EBITDA(7)	301,069	420,189	207,881
Adjusted EBITDA margin(8)	79.9%	82.5%	82.5%

	For the Year Ended December 31,			
	2009	2010	2011	2011
	Audited			
	(in thousands of R$, except percentages)			(in thousands of U.S.$, except percentages)(1)
Total indebtedness	1,453,153	1,565,896	3,203,987	1,585,112
Total cash, cash equivalents and marketable securities(9)	1,126,678	317,716	452,025	223,631
Net indebtedness	326,475	1,248,180	2,751,962	1,361,481
Net indebtedness/EBITDA	0.2x	1.3x	1.9x	1.9x
EBITDA/Net financial result	236.8x	10.4x	4.8x	4.8x
Net indebtedness/Adjusted EBITDA	1.0x	2.9x	4.0x	4.0x
Adjusted EBITDA/Net financial result	48.5x	4.6x	2.2x	2.2x

	For the Six Months Ended June 30, 2012	
	Unaudited	
	(in thousands of R$, except percentages)	(in thousands of U.S.$, except percentages)(1)
Total indebtedness	3,713,864	1,837,364
Total cash and cash equivalents and marketable securities(9)	436,391	215,896
Net indebtedness	3,277,473	1,621,468
Net indebtedness/Annualized EBITDA(10)	1.4x	1.4x
Annualized EBITDA/Net financial result	5.5x	5.5x
Net indebtedness/ Annualized Adjusted EBITDA(11)	4.1x	4.1x
Annualized Adjusted EBITDA/Net financial result	1.9x	1.9x

(1) Translated into U.S.$ solely for the convenience of the reader. The rate used to translate such amounts was R$2.0213 to U.S.$1.00 (subject to rounding adjustments), which was the exchange rate in effect as of June 30, 2012 as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in *reais* represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate.

(2) Operating expenses consist of commercial expenses and administrative expenses.

(3) Other income, net consists of other operating income, net and change in fair value of investment properties. The change in fair value of investment properties represents gains resulting from the accounting of our investment properties at fair value.

(4) EBITDA consists of net revenue from rent and services, less Uberlândia condominium revenue, less cost of rent and services, less operating expenses, plus Uberlândia condominium costs, plus depreciation and amortization, plus other income, net. EBITDA is not a financial performance measure calculated in accordance with Brazilian GAAP, IFRS or U.S. GAAP, must not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to operating cash flows as an indicator of liquidity. EBITDA is not calculated using a standard methodology and may not be comparable to the definition of EBITDA or similarly titled measures used by other companies. We believe that EBITDA allows a better understanding not only of our financial performance but also of our ability to comply with our obligations and obtain funds for our capital requirements. However, EBITDA presents limitations that impair its use as a measurement of our profits since it does not consider certain costs arising from our business that might significantly impact our results of operations and liquidity, such as financial expenses, income taxes and depreciation and amortization.

(5) Araguaia debentures are the debentures with profit sharing rights pursuant to which we have the right, among others, to receive 50% of Araguaia Shopping's net income and appoint Araguaia Shopping's management.

(6) Represents gains on fair value of investment properties. Such gains resulted from the accounting of our investment properties at fair value.

(7) Adjusted EBITDA consists of EBITDA plus other non-recurring expenses plus financial income from the Araguaia debentures, less the change in fair value of investment properties. Like EBITDA, Adjusted EBITDA is not a financial performance measure calculated in accordance with Brazilian GAAP, IFRS or U.S. GAAP, and should not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to operating cash flows as an indicator of liquidity. Adjusted EBITDA is not calculated using a standard methodology and may not be comparable to the definition of Adjusted EBITDA or similarly titled measures used by other companies.

(8) Represents Adjusted EBITDA divided by net revenue from rent and services less Uberlândia condominium revenue.

(9) Includes long-term marketable securities.

(10) Annualized EBITDA based on EBITDA for the previous twelve months.

(11) Annualized Adjusted EBITDA based on Adjusted EBITDA for the previous twelve months.

Selected Financial Information for the Subsidiary Guarantors

Income Statement Data

	For the Six Months Ended June 30, 2012								
	Net revenue	Rental and service costs	Operating expenses	Financial income (expenses), net	Equity pickup	Other revenues	Income and social contribution taxes	Non-controlling interests	Net income (loss) for the period
	(in thousands of R$)								
Ecisa Engenheria	169,608	(18,590)	(21,659)	(62,389)	190,153	76,745	(33,138)	(5,255)	295,475
Ecisa Participações	135,439	(18,869)	(24,632)	(21,598)	87,070	177,225	(71,709)	(5,529)	257,397
Proffito (1)	27,389	(1,535)	-	(21,726)	8,492	58,399	(14,237)	-	56,782

(1) Proffito is a wholly-owned subsidiary of Ecisa Engenheria.

	For the Year Ended December 31, 2011							
	Net revenue	Rental and service costs	Operating expenses	Financial income (expenses), net	Equity pickup	Other revenues	Income and social contribution taxes	Net income (loss) for the period
	(in thousands of R$)							
Ecisa Engenheria	78,807	(7,571)	(27,980)	(19,899)	254,178	(49,764)	132,750	360,521
Ecisa Participações	97,829	(10,417)	(23,675)	5,791	233,393	20,966	(46,754)	277,163
Proffito (1)	42,820	(3,504)	(436)	(10,867)	12,953	(184,410)	33,368	(110,076)

(1) Proffito is a wholly-owned subsidiary of Ecisa Engenheria.

Balance Sheet Data

	As of June 30, 2012						
	Assets			Liabilities			
	Current	Non-current	Total	Current	Non-current	Equity	Total
	(in thousands of R$)						
Ecisa Engenheria	88,888	4,191,916	4,280,804	(206,464)	(333,452)	(3,740,888)	(4,280,804)
Ecisa Participações	66,532	4,067,141	4,133,673	(151,948)	(515,317)	(3,466,408)	(4,133,673)
Proffito (1)	46,025	1,079,798	1,125,823	49,067	476,194	600,562	1,125,823

(1) Proffito is a wholly-owned subsidiary of Ecisa Engenheria.

	As of December 31, 2011						
	Assets			Liabilities			
	Current	Non-current	Total	Current	Non-current	Equity	Total
	(in thousands of R$)						
Ecisa Engenheria	55,402	3,802,158	3,857,560	(182,696)	(562,244)	(3,112,620)	(3,857,560)
Ecisa Participações	54,843	3,774,773	3,829,616	(453,097)	(219,269)	(3,157,250)	(3,829,616)
Proffito (1)	38,150	989,550	1,027,700	(43,646)	(442,477)	(541,577)	(1,027,700)

(1) Proffito is a wholly-owned subsidiary of Ecisa Engenheria.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

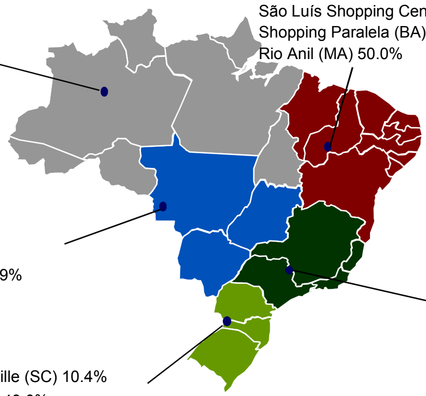
The following discussion is based on and should be read in conjunction with our audited consolidated financial statements as of and for the years ended December 31, 2009, 2010 and 2011 and our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2011 and 2012, as well as their respective notes, attached to this offering memorandum, and the sections “Presentation of Financial and Other Information,” “Summary Financial Information,” “Selected Financial Information” and other financial information presented elsewhere in this offering memorandum.

This section contains discussions regarding estimates and forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those discussed in these estimates and forward-looking statements as a result of various factors, including, without limitation, those described in “Forward-Looking Statements” and “Risk Factors.”

Overview

We are the leading company in Brazil’s shopping mall sector. We are the largest owner of shopping malls in Brazil in terms of total gross leasable area, gross leasable area owned and number of shopping malls. We are also the largest provider of management services in Brazil for shopping, commercial and business centers, as well as leasing and merchandising services in shopping malls in terms of gross commercial area. We currently hold ownership interests in 48 shopping malls that collectively have approximately 9,000 stores and approximately 1,515.7 thousand square meters in gross leasable area. On average, we currently hold a 56.5% stake in the shopping malls we own, equal to approximately 844.5 thousand square meters in gross leasable area, taking into account our ownership interest in each of the shopping malls in our portfolio (including the Araguaia Shopping, where our ownership is held in the form of debentures with profit sharing rights of 10,879 square meters). Additionally, we provide management and marketing services for 41 shopping malls, including: (1) management services for 38 of the 48 shopping malls in which we hold ownership interests, (2) marketing services for 41 of the 48 shopping malls in which we hold ownership interests and (3) management and marketing services for one shopping mall in which we do not hold any ownership interest. For the six months ended June 30, 2012, 9.0% of our gross revenue from rent and services were derived from anchor stores. We are one of the few companies in our sector holding ownership interests in shopping malls in each of the five regions of Brazil. In addition, our portfolio is strategically diversified according to our target customers’ income classes, covering consumers in all classes.

BR Malls Portfolio and Participation



The following table contains certain key information regarding the shopping malls in which we hold ownership interests:

	As of June 30, 2012, except as otherwise indicated(1)				
Shopping Malls	**State**	**Our Interest (%)**	**Total GLA (square meters)(2)**	**GLA we own (square meters)**	**Number of Stores (in units)(1)**
Amazonas Shopping	AM	17.9	34,214	6,124	220
Araguaia Shopping (3)	GO	50.0	21,758	10,879	143
Big Shopping	MG	13.0	17,241	2,241	77
Campinas Shopping	SP	100.0	29,698	29,698	153
Casa & Gourmet Shopping	RJ	100.0	7,137	7,137	32
Catuaí Shopping Londrina	PR	65.1	63,089	41,071	274
Catuaí Shopping Maringá	PR	70.0	32,329	22,631	192
Center Shopping Rio	RJ	30.0	13,765	4,130	86
Center Shopping Uberlândia (4)	MG	51.0	50,702	25,858	306
Estação BH	MG	60.0	33,982	20,389	117
Fashion Mall	RJ	100.0	14,955	14,955	123
Goiânia Shopping	GO	48.4	22,252	10,770	152
Ilha Plaza Shopping	RJ	100.0	21,619	21,619	120
Itaú Power	MG	33.0	32,744	10,805	175
Jardim Sul (5)	SP	100.0	30,800	30,800	192
Minas Shopping (6)	MG	2.1	35,894	764	191
Mooca Plaza Shopping	SP	60.0	41,964	25,178	233
Natal Shopping	RN	50.0	17,448	8,724	164
Niterói Plaza Shopping	RJ	100.0	33,550	33,550	215
NorteShopping	RJ	74.5	77,908	58,041	322
Osasco Plaza Shopping	SP	39.6	13,844	5,482	141
Plaza Macaé	RJ	45.0	22,694	10,212	94
Rio Anil (7)	MA	50.0	26,292	13,146	154
São Luís Shopping Center	MA	15.0	34,123	5,118	134
Shopping ABC	SP	1.3	46,285	602	244
Shopping Campo Grande	MS	70.9	39,213	27,808	203
Shopping Crystal Plaza	PR	70.0	11,934	8,354	124
Shopping Curitiba	PR	49.0	22,920	11,231	131
Shopping Del Rey	MG	65.0	37,032	24,071	179
Shopping Estação (8)	PR	100.0	54,716	54,716	145
Shopping Granja Vianna	SP	77.8	29,971	23,312	164

Shopping Malls	State	Our Interest (%)	Total GLA (square meters)(2)	GLA we own (square meters)	Number of Stores (in units)(1)
		As of June 30, 2012, except as otherwise indicated(1)			
Shopping Iguatemi Caxias do Sul	RS	45.5	30,324	13,797	128
Shopping Iguatemi Maceió	AL	34.2	34,742	11,892	212
Shopping Independência	MG	83.4	23,941	19,967	172
Shopping Metrô Santa Cruz	SP	100.0	19,165	19,165	118
Shopping Metrô Tatuapé	SP	3.2	32,853	1,037	280
Shopping Mueller Joinville	SC	10.4	27,310	2,840	140
Shopping Paralela	BA	95.0	39,802	37,812	263
Shopping Pátio Belém	PA	13.3	20,594	2,739	190
Shopping Piracicaba(9)	SP	36.9	27,248	10,055	140
Shopping Recife	PE	31.1	68,627	21,312	402
Shopping Sete Lagoas	MG	70.0	16,411	11,488	119
Shopping Tamboré	SP	100.0	49,835	49,835	215
Shopping Tijuca	RJ	100.0	35,565	35,565	275
Shopping Villa-Lobos	SP	58.4	26,806	15,647	184
Top Shopping	RJ	35.0	18,168	6,359	114
Via Brasil Shopping	RJ	49.0	30,680	15,033	220
West Shopping	RJ	30.0	39,558	11,867	148
Total (10)		56.5	1,513,704	855,827	8,520

(1) Includes stores within the total gross leasable area.

(2) Our 35.0% ownership interest in Top Shopping and our 100% ownership interest in Shopping Tamboré, as well as 0.06% of our ownership interest in Amazonas Shopping and 14.0% of our ownership interest in Shopping Curitiba are still pending registration before the Real Estate Registry Office.

(3) Ownership interest held in the form of debentures with profit sharing rights through which we have the right, among others, to receive 50% of the Araguaia Shopping mall's net income and to appoint the shopping mall's management.

(4) After June 30, 2012, we commenced an expansion at Center Shopping Uberlândia that added 1,012 square meters to our owned GLA, which we completed on October 8, 2012.

(5) Our 40% ownership interest in Jardim Sul is still pending registration before the relevant real estate registry office.

(6) Our 1.1% ownership interest in Minas Shopping is still pending registration before the relevant real estate registry office.

(7) Our ownership interest in Rio Anil is still pending registration before the relevant real estate registry office.

(8) Includes the Estação Convention Center, an anchor store with 27.9 thousand square meters of gross leasable area.

(9) On October 4, 2012 we commenced an expansion of Shopping Piracicaba that will add 15,972 square meters of total GLA and 5,894 square meters to our owned GLA.

(10) Average ownership interest we hold in shopping malls.

The following table contains certain key information regarding our six greenfield projects under development:

Shopping Malls	State	Our Interest (%)	Total GLA (square meters)	GLA we own (square meters)	Period Launched	Expected Project Opening
	As of June 30, 2012					
São Bernardo	SP	60.0	42,776	25,665	1Q10	4Q12
Londrina Norte	PR	70.0	32,996	23,097	3Q11	4Q12
Cascavel	PR	67.9	30,082	20,425	3Q11	4Q13
Contagem	MG	70.0	34,609	24,226	3Q11	4Q13
Vila Velha	ES	50.0	66,653	33,326	3Q11	2Q14
Guarujá	SP	65.0	30,842	20,047	1Q12	TBD
Total (1)			237,956	146,787		

(1) Our ownership interest in the greenfield projects is still pending registration before the relevant real estate registry.

Our gross revenue from rent and services is derived from the following principal activities: (1) our ownership of shopping malls, through leasing stores and other merchandising spaces, parking lot fees and transfer fees from tenants, or key money, which represented 92.0% of our gross revenue from rent and services for the six months ended June 30, 2012, and (2) management, leasing and merchandising services for stores and common spaces in shopping malls, which represented 8.0% of our gross revenue from rent and services for the six months ended June 30, 2012.

Pursuant to our business plan, from January 1, 2007 to June 30, 2012, we have expanded our ownership interests in 33 shopping malls of our portfolio and have acquired ownership interests in 39 new shopping malls, increasing our own gross leasable area by approximately 623.1 thousand square meters, as follows: (i) on January 2, 2007, 38.7% of Goiânia Shopping; (ii) on February 5, 2007, 100.0% of Shopping Estação; (iii) on March 1, 2007, 10.0% of Pantanal Shopping; (iv) on March 1, 2007, convertible debentures with participation in the profits of the company responsible for the development of Araguaia Shopping, which give us, among other rights, the right to receive 50.0% of the net income of Araguaia Shopping and the right to appoint its officers and directors; (v) on April 11, 2007, 0.7% of Shopping ABC; (vi) on April 11, 2007, 6.9% of Goiânia Shopping (an increase in our ownership interest); (vii) on April 13, 2007, 8.5% of Shopping Piracicaba, 12.2% of Shopping Iguatemi Belém, 11.1% of Amazonas Shopping and 16.6% of Shopping Iguatemi Maceió by means of the acquisition of the total capital stock of EPI; (viii) on May 2, 2007, 17.6% of Shopping Iguatemi Maceió (an increase in our ownership interest); (ix) on May 14, 2007, 6.1% of Amazonas Shopping (an increase in our ownership interest); (x) on May 18, 2007, 100.0% of Shopping Tamboré; (xi) on May 21, 2007, 3.0% of Shopping Piracicaba (an increase in our ownership interest); (xii) on May 22, 2007, 35.9% of Natal Shopping; (xiii) on May 23, 2007, 20.0% of Shopping Curitiba; (xiv) on June 22, 2007, 35.0% of Top Shopping; (xv) on June 28, 2007, 15.0% of Shopping Curitiba (an increase in our ownership interest); (xvi) on June 29, 2007, 9.1% of Natal Shopping (an increase in our ownership interest); (xvii) on July 3, 2007, 1.0% of Minas Shopping; (xviii) on July 3, 2007, 13.0% of Big Shopping; (xix) on July 16, 2007, 100.0% of Niterói Plaza Shopping; (xx) on July 16, 2007, 82.4% of Fashion Mall; (xxi) on July 16, 2007, 82.5% of Ilha Plaza Shopping; (xxii) on July 16, 2007, 100.0% of Casa & Gourmet Shopping; (xxiii) on August 3, 2007, 2.4% of Esplanada Shopping; (xxiv) on August 9, 2007, 12.9% of Shopping Villa-Lobos (an increase in our ownership interest); (xxv) on September 27, 2007, 17.5% of Ilha Plaza Shopping (an increase in our ownership interest); (xxvi) on October 4, 2007, 10.0% of Fashion Mall (an increase in our ownership interest); (xxvii) on October 19, 2007, 10.0% of Shopping Mueller Joinville by means of the acquisition of the total capital stock of KGM37 Empreendimentos Ltda.; (xxviii) on October 22, 2007, 4.0% of Goiânia Shopping (an increase in our ownership interest); (xxix) on November 1, 2007, 7.6% of Fashion Mall (an increase in our ownership interest); (xxx) on November 14, 2007, 1.0% of Esplanada Shopping (an increase in our ownership interest); (xxxi) on December 5, 2007, 1.1% of Shopping Pátio Belém (an increase in our ownership interest) and 3.0% of Shopping Metrô Tatuapé; (xxxii) on December 5, 2007, 5.0% of São Luís Shopping Center and an additional 10.0% (an increase in our ownership interest) on May 6, 2008; (xxxiii) on March 24, 2008, 35.0% of Osasco Plaza Shopping, 2.1% (an increase in our ownership interest) on May 15, 2008 and an additional 2.5% (an increase in our ownership interest) on June 3, 2008; (xxxiv) on June 4, 2008, 1.9% of Shopping Piracicaba (an increase in our ownership interest) and an additional 5.7% (an increase in our ownership interest) on July 23, 2008; (xxxv) on June 13, 2008, 5.0% of Natal Shopping (an increase in our ownership interest); (xxxvi) on July 1, 2008, 30.0% of Center Shopping Rio and 30.0% of West Shopping; (xxxvii) on March 5, 2009, 100.0% of Campinas Shopping; (xxxviii) on October 8, 2009, 100.0% of Shopping Metrô Santa Cruz; (xxxix) on February 8, 2010, 2.5% of Shopping Campo Grande (an increase in our ownership interest); (xl) on May 5, 2010, 49.0% of Via Brasil Shopping; (xli) on June 17, 2010, 75.4% of Shopping Independência (an increase in our ownership interest); (xlii) on July 22, 2010, 1.15% of Minas Shopping (an increase in our ownership interest); (xliii) on August 12, 2010, 0.6% of Shopping ABC (an increase in our ownership interest); (xliv) on September 15, 2010, 40.0% of Shopping Crystal Plaza; (xlv) on September 23, 2010, 51.0% of Center Shopping Uberlândia; (xlvi) on November 5, 2010, 3.6% of Shopping Campo Grande (an increase in our ownership interest); (xlvii) on November 19, 2010, 50.0% of Shopping Tijuca; (xlviii) on December 9, 2010, 50.0% of Shopping Tijuca (an increase in our ownership interest); (xlix) on January 3, 2011, 30.0% of Shopping Crystal Plaza (an increase in our ownership interest); (l) on January 3, 2011, 15.3% of Shopping Piracicaba (an increase in our ownership interest); (li) on January 28, 2011, 14.0% of Shopping Curitiba (an increase in our ownership interest); (lii) on April 29, 2011 95.0% of Shopping Paralela; (liii) on August 4, 2011, 65.1% of Catuaí Shopping Londrina and 70.0% of Catuaí Shopping Maringá; (liv) on September 2, 2011, 2.5% in Shopping Piracicaba (an increase in our ownership interest); (lv) on November 22, 2011, 100% of Jardim Sul; (lvi) on February 10, 2012, 33% of Itaú Power; (lvii) on February 16, 2012, 0.2% in Metro Tatuapé (an increase in our ownership interest) ; (lviii) on April 3, 2012, 50.0% of Rio Anil; (lix) on April 13, 2012, 45.0% of Plaza Macaé; and (lx) on June 15, 2012, 18.7% of Villa-Lobos (an increase in our ownership interest).

Additionally, on August 13, 2010, we concluded the acquisition of a 60.0% stake in a 105 thousand square meter land bank located in São Bernardo do Campo, São Paulo, that is currently under development.

As part of our growth strategy, we have expanded the malls which we own and developed greenfield projects in an effort to increase our GLA and the revenues generated by our malls. Our expansions and developments are as follows: (i) on April 28, 2009, we completed the expansion of Shopping Iguatemi Caxias do Sul; (ii) on September

21, 2009, we completed the expansion of Goiânia Shopping; (iii) on September 30, 2009, we completed the expansion of NorteShopping; (iv) on July 7, 2010, we completed the expansion of West Shopping; (v) on October 5, 2010, we opened the greenfield project of Sete Lagoas Shopping; (vi) on November 25, 2010, we opened the greenfield project of Granja Vianna Shopping; (vii) on April 27, 2011, we opened the greenfield project of Via Brasil Shopping; (viii) on April 28, 2011, we completed the expansion of Tamboré; (ix) on November 24, 2011, we completed the expansion of Campo Grande; (x) on November 29, 2011, we opened the greenfield project of Mooca Plaza Shopping; (xi) on April 20, 2012, we completed the expansion project of Shopping Recife; (xii) on May 24, 2012, the greenfield project of Shopping Estação BH; and (xiii) on October 8, 2012, we completed the expansion project of Center Shopping Uberlândia.

Furthermore, on January 4, 2011, we entered into an agreement for the sale of our total 3.4% ownership interest in Esplanada Shopping. The sale price was R$11.8 million, R$6.1 million of which was paid on January 4, 2011 and the balance, to be adjusted by the CDI rate, will be paid upon the filing of the required documentation with the commercial registry. We acquired our ownership interest in Esplanada Shopping in August and November, 2007, for a total of R$7.0 million. On March 30, 2012, we sold our total 10.0% ownership interest in Pantanal Shopping for R$45.0 million.

We believe we have a strong financial position with growth in net revenue, EBITDA and net income since 2007. The following table presents certain consolidated financial and operational information:

	As of and for the Year Ended December 31,		
	2009	**2010**	**2011**
	Audited		
	(amounts in thousands of R$, except as otherwise indicated)		
Net revenue from rent and services	392,583	546,437	861,475
EBITDA(1)	1,559,184	978,234	1,455,971
EBITDA margin(2)	397.2%	179.0%	169.0%
Adjusted EBITDA(3)	319,378	431,157	684,813
Adjusted EBITDA margin(4)	81.4%	79.8%	79.7%
Net income before non-controlling interests	1,095,086	634,272	789,655
Net margin(5)	278.9%	116.1%	91.7%
Shopping centers GLA (in square meters)(6)(7)	1,035,553	1,197,147	1,433,526
Shopping centers (our ownership interest) GLA (in square meters)(7)(8)	467,237	593,251	798,188

	As of and for the Six Months Ended June 30,	
	2011	**2012**
	Unaudited	
	(amounts in thousands of R$, except as otherwise indicated)	
Net revenue from rent and services	378,501	509,396
EBITDA(1)	298,540	1,155,203
EBITDA margin(2)	78.9%	226.8%
Adjusted EBITDA(3)	301,069	420,189
Adjusted EBITDA margin(4)	79.9%	82.5%
Net income before non-controlling interests	182,594	634,325
Net margin(5)	48.2%	124.5%
Shopping centers GLA (in square meters)(6)(7)	1,259,973	1,513,704
Shopping centers (our ownership interest) GLA (in square meters)(7)(8)	674,115	855,827

(1) EBITDA consists of net revenue from rent and services, less Uberlândia condominium revenue, less cost of rent and services, less operating expenses, plus Uberlândia condominium costs, plus depreciation and amortization, plus other income, net. EBITDA is not a financial performance measure calculated in accordance with Brazilian GAAP, IFRS or U.S. GAAP, must not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to operating cash flows as an indicator of liquidity. EBITDA is not calculated using a standard methodology and may not be comparable to the definition of EBITDA or similarly titled measures used by other companies. We believe that EBITDA allows a better understanding not only of our financial performance but also of our ability to comply with our obligations and obtain funds for our capital requirements. However, EBITDA presents limitations that impair its use as a measurement of our profits since it does not consider certain costs arising from our business that might significantly impact our results of

operations and liquidity, such as financial expenses, income taxes and depreciation and amortization.. See "Summary Financial Information" for a reconciliation of our net revenue from rent and services to our EBITDA .

(2) Represents EBITDA divided by net revenue from rent and services.

(3) Adjusted EBITDA consists of EBITDA plus other non-recurring expenses plus financial income from the Araguaia debentures, less the change in fair value of investment properties. Like EBITDA, Adjusted EBITDA is not a financial performance measure calculated in accordance with Brazilian GAAP, IFRS or U.S. GAAP, and should not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to operating cash flows as an indicator of liquidity. Adjusted EBITDA is not calculated using a standard methodology and may not be comparable to the definition of Adjusted EBITDA or similarly titled measures used by other companies. See "Summary Financial Information" for a reconciliation of our net revenue from rent and services to our Adjusted EBITDA.

(4) Represents Adjusted EBITDA divided by net revenue from rent and services less Uberlândia condominium revenue.

(5) Net income before non-controlling interests as a percentage of net revenue from rent and services.

(6) Represents total gross leasable area of all shopping malls in which we hold an ownership interest and does not reflect our ownership interest in each development.

(7) One square meter is equal to 10.76 square feet.

(8) Reflects our proportional interest in the total gross leasable area of all shopping malls in which we hold an ownership interest.

Brazilian Macroeconomic Environment

As a result of decreased domestic economic activity in 2009, the Central Bank progressively decreased the SELIC rate, which reached 8.75% on December 31, 2009. The rate of inflation was 4.3%, as measured by the IPCA. The *real* appreciated 25.5% against the U.S. dollar during 2009, closing at R$1.74 per U.S.$1.00, and Brazil's GDP decreased 0.2% in that year. As activity started to pick up at the end of 2009 and prices started to move up as well as inflation expectations, the Central Bank progressively hiked the SELIC rate in 2010 from 8.75% to 10.75% in December 2010 and continued raising the rate in early 2011, until it reached 12.50% on April 20, 2011.

For the year ended December 31, 2010, cumulative inflation was 5.91%, as measured by the IPCA, and the *real* appreciated by 4.5% against the U.S. dollar, reaching R$1.666 to U.S.$1.00 on December 31, 2010, according to the Central Bank. For the year ended December 31, 2011, cumulative inflation was 6.50%, as measured by the IPCA, and the *real* depreciated by 11.2% against the U.S. dollar, reaching R$1.876 to U.S.$1.00 on December 30, 2011, according to the Central Bank. In 2011, the Central Bank initially raised the SELIC rate from 10.75% in January to 12.50% in April. However, due to the growing uncertainty in the European economic climate, the Central Bank began reducing the SELIC rate until it reached a low of 11.00% on November 30, 2011.

For the six months ended June 30, 2012, cumulative inflation year to date was 2.32%, as measured by the IPCA, and the *real* depreciated by 7.2% against the U.S. dollar, reaching R$2.021 to U.S.$1.00 on June 30, 2012, according to the Central Bank. The Central Bank continued to reduce the SELIC rate as a result of economic developments in Europe, lowering the rate to 7.25% on October 10, 2012.

The table below shows Brazil's GDP growth, inflation, interest rates, dollar exchange rates and the appreciation (devaluation) of the *real* against the dollar for the indicated periods:

	For the year ended December 31,			For the six months ended June 30,	
	2009	2010	2011	2011	2012
Real GDP growth	(0.33)%	7.53%	2.73%	3.76%	0.57%
Inflation (IGP-M)	(1.72)%	11.32%	5.10%	3.15%	3.19%
Inflation (IPCA)	4.31%	5.91%	6.50%	2.32%	3.78%
SELIC Rate	8.75%	10.75%	11.00%	12.25%	8.50%
Appreciation (depreciation) of the *real* against the U.S. dollar	25.5%	4.5%	(11.2%)	6.3%	(7.2%)
Exchange rate (R$ per U.S.$1.00) at the end of the period	R$ 1.74	R $1.67	R$ 1.88	R$ 1.56	R$ 2.02
Average exchange rate (R$ per U.S.$1.00) in the period(1)	R$ 1.99	R$ 1.76	R$ 1.67	R$ 1.63	R$ 1.87

(1) Represents the average of the closing exchange rates on each business day in the period.

Sources: IBGE, FGV, Central Bank and Bloomberg.

Effects of Macroeconomic Conditions and Exchange Rate Variations on Our Results of Operations

Our business is directly affected by changes in Brazilian macroeconomic conditions. Increases in Brazil's base interest rate, unemployment rate, inflation and general price levels (including public tariffs) may reduce the availability of credit and the spending power of our target customer market and adversely affect their confidence in future economic conditions in Brazil. These factors, combined with low Brazilian GDP growth rates, may reduce overall consumption levels in the shopping malls that we own and/or manage. Because the majority of the leasing agreements in these shopping malls, which are our main source of revenue, provide that lessees must pay a percentage of their total sales as rent, an overall decrease in consumption could reduce our leasing revenue.

In addition, inflation has affected and will continue to affect our financial performance and results of operations. The minimum rent paid by our lessees under their leasing agreements is usually adjusted by the IGP-M, an inflationary index published by FGV. A higher inflation rate in Brazil may result in an increase in this minimum rent; however, as lessees tend to pass on to consumers any increases in their own costs, higher inflation may result in our lessees charging higher prices for the products they sell, which, in turn, may ultimately reduce their sales and therefore the total value of the rents calculated as a percentage of total sales.

We are also subject to exchange rate variation risks, given that 25.8 % of our outstanding indebtedness (the majority of which corresponding to our 2007 and 2011 perpetual bonds) was linked to the U.S. dollar as of June 30, 2012. Accordingly, a devaluation of the *real* against the U.S. dollar would result in foreign exchange losses on such indebtedness, which would directly affect our financial results. However, exchange rate fluctuations may not necessarily result in cash disbursements, because (1) we have no defined maturity to repay the principal amounts of our 2007 perpetual bonds, or Existing Notes, and the New Notes) and (2) all of our interest payments until 2014 under our foreign currency-denominated debt is subject to hedging transactions, as a result of which such amounts become indexed to the CDI rate. As a result, we believe that the effect of any exchange rate variations on these interest payments would not adversely affect us.

Presentation of Financial Information

Our consolidated financial statements have been prepared in accordance with the criteria for consolidation set forth in CPC pronouncement 36 and International Financial Reporting Standard IAS 27. Accordingly, we eliminated the asset and liability balances and the unrealized results of transactions among companies within the group, as well as investments, by recording non-controlling interests in our total equity and in the income statements of subsidiaries.

We fully consolidate companies controlled by us. For companies under common control, where control and management of the investees is shared with other shareholders, the consolidation is proportional to our ownership interests in each of such companies.

Changes in Brazilian GAAP due to its convergence to IFRS

Brazilian corporate law was amended by Law No. 11,638 dated December 28, 2007 in order to facilitate the convergence from Brazilian GAAP to IFRS, and thereafter, the CPC issued several new accounting standards that progressively adapted Brazilian GAAP to IFRS and will continue to issue new accounting standards to converge with new standards issued by the IASB (*e.g.*, IFRS 9 "Financial Instruments: Classification and Measurement," IFRS 10 "Consolidated Financial Statements," IFRS 11 "Joint Arrangements," IFRS 12 "Disclosure of Involvement with Other Entities").

Through December 31, 2009, our financial statements were prepared in accordance with Brazilian GAAP in effect at the time. We elected January 1, 2008 as a transition date to fully comply with the new CPC standards and amendments to certain Brazilian GAAP accounting in effect as of December 31, 2009. Our financial statements as of and for the year ended December 31, 2008 were restated during 2009 to reflect these adjustments. We have adopted all pronouncements, guidelines and interpretations of the CPC issued through December 31, 2011. Consequently, our consolidated financial statements are prepared in accordance with Brazilian GAAP and IFRS, as issued by the IASB.

Accounting Standards, Amendments and Interpretations to Existing Standards That Are Not Yet Effective

The following standards, amendments and interpretations to standards issued by IASB are not effective for 2012.

(a) IFRS 9 – "Financial Instruments: Classification and Measurement", covers the classification, measurement and recognition of financial assets and liabilities. IFRS 9 was issued in November 2009 and October 2010 and it substitutes parts of IAS 39 related to the classification and measurement of financial instruments. IFRS 9 requires the classification of financial assets into two categories: measured at fair value and measured at amortized cost. It is determined upon initial recognition. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial instruments. Regarding financial liability, the standard maintains most of the requirements established by IAS 39. The main change is that in cases in which the option of fair value is adopted for financial liabilities, the portion of the change in fair value due to the entity's credit risk is recorded in other comprehensive income, not in the statement of income, except when it gives rise to an accounting mismatch. We are assessing IFRS 9's full impact. The standard is applicable as from January 1, 2013.

(b) IFRS 10 – "Consolidated Financial Statements" is based on existing principles, identifying the concept of control as the prevailing factor to determine whether an entity should be included or not in the parent company's consolidated financial statements. The standard gives additional orientations for making the determination as to whether an entity has control. We are assessing IFRS 10's full impact. The standard is applicable as from January 1, 2013.

(c) IFRS 11 – "Joint Arrangements", issued in May 2011. The standard provides a more realistic approach for joint arrangements when focusing on the rights and obligations of the agreement instead of its legal form. There are two types of joint arrangements: (i) joint operations – which occurs when an operator has rights on the assets and contract obligations and, as a consequence, will account for its portion of assets, liabilities, revenues and expenses; and (ii) shared control – which occurs when an operator has rights on the liquid assets of the controlled entity and accounts for the investment by the equity method of accounting. Going forward, the proportional consolidation method will not be allowed for entities with shared control. The standard is applicable as from January 1, 2013.

(d) IFRS 12 – "Disclosure of Interests in Other Entities" deals with the disclosure requirements for all the forms of interest in other entities, including joint arrangements, joint ventures, special-purpose partnerships and other interests not recorded in the books and records of the company. We are assessing IFRS 12's full impact. The standard is applicable as from January 1, 2013.

(e) IFRS 13 – "Fair Value Measurement", issued in May 2011. The objective of IFRS 13 is to improve the consistency and reduce the complexity of fair value measurement, providing a more precise definition and a sole source of fair value measurement and its disclosure requirements for use in IFRS. The requirements, which are aligned between IFRS and US GAAP, do not widen the use of the accountability at fair value, but provide guidance on how to apply fair value measurement when its use is already required or allowed by other IFRS or US GAAP standards. We are assessing IFRS 13's full impact. The standard is applicable as from January 1, 2013.

Factors that Affect Our Results

Industry and operational

Our operations and results are affected by several significant factors which impact the operations and results of the Brazilian shopping mall industry, including: increases in retail activity in Brazil; increases in the percentage of retail sales made in stores located in shopping malls; the professionalization of lessees and creation of national retail chains; availability of new international brands in Brazil; and competition. In addition, our results are also affected by: management of leasing agreements; our ability to optimize the use of our operational resources; the need to improve our assets through ongoing investments to keep up with new trends and to ensure that our shopping malls remain attractive to the public; and the training of our staff in order to ensure excellence in the services we provide our clients.

Seasonality

Our operations and results are subject to seasonal trends affecting the shopping mall industry. Shopping mall sales generally increase in the weeks before Mother's Day (May), Valentine's Day (which in Brazil occurs in June), Father's Day (which in Brazil occurs in August), Children's Day (which in Brazil occurs in October) and Christmas (December). In addition, the large majority of the lessees in our shopping malls pay double rent in December under their respective lease agreements.

Acquisitions

Our operations and results are affected by our acquisitions of new shopping centers and the development of new greenfield projects. See "Business—Overview" for a summary of our acquisitions and expansions since 2007.

Critical Accounting Practices

The preparation of our financial statements requires our management to make judgments and estimates and adopt assumptions that affect the presentation of amounts of revenues, expenses, assets and liabilities on the base date of the financial statements. However, uncertainty relating to these assumptions and estimates could lead to actual results that require a significant adjustment to the book value of a related asset or liability in future periods. The main assumptions concerning the sources of uncertainty in future estimates and other important sources of uncertainty in estimates on the balance sheet date, involving significant risk of causing a significant adjustment in the book value of assets and liabilities in the next financial year are discussed below.

Fair value of investment properties

Fair value of investment properties is determined using a proprietary model to calculate the present value of projected cash flows for each property, which uses market assumptions, updated on a semi-annual basis. On a quarterly basis, we apply a process to monitor events that could indicate that fair value estimates have changed significantly, such as greenfield projects launch, acquisition of additional interest or disposal of interest in shopping malls, significant variations in shopping malls performance as compared to budgets, changes in the macroeconomic scenario. If such events are identified, we adjust our valuations to reflect these variations. Changes in assumptions about these factors could affect the reported fair value of our investment properties.

Fair value of derivative financial instruments

The fair value of derivative financial instruments is determined using valuation techniques. Our management uses its judgment to choose several methods and define assumptions that are principally based on market conditions at the date of the balance sheet. Changes in assumptions about these factors could affect the reported fair value of our derivative financial instruments.

In the preparation of our financial statements, we have adopted estimates and assumptions derived from past experience and several other factors which it understands to be reasonable and relevant under certain conditions.

Components of Our Results of Operations

Following are the main components of our statement of income:

Gross revenue from rent and services

Our gross revenue from rent and services, or gross revenue, is derived from the shopping center business, and comprise the following main sources: (1) our ownership of shopping malls, through the leasing of stores and of other merchandising spaces, as well as car parking lot fees; (2) the rendering of management services for shopping malls (through our subsidiaries BR Malls Administração, BR Malls Administração e Comercialização Rio/Minas Ltda. and BR Malls Administração e Comercialização Sul/SP Ltda.); (3) the rendering of marketing services for stores and common spaces, as well as merchandising space, in shopping malls (through our subsidiaries BR Malls Administração, BR Malls Administração e Comercialização Rio/Minas Ltda. and BR Malls Administração e Comercialização Sul/SP Ltda.); and (4) the rendering of planning and development services (through BR Malls Desenvolvimento).

Our gross revenue derived from our ownership of shopping malls represented 92.0% of our total gross revenue from rent and services for the six months ended June 30, 2012, while our gross revenue from the services we provide represented 8.0% of our total gross revenue from rent and services in the period.

Most of our revenue comes from our share in the revenue of shopping malls. We receive a pro rata share of lease payments, and are responsible for our pro rata share of costs, according to the percentage of our ownership interests in each shopping mall.

The main types of shopping mall revenue in which we participate are the following:

- ***Rentals.*** The stores in our shopping malls enter into lease agreements with an average term of five years, in which rent is based on the higher of: (1) a minimum market value-based rent and (2) a percentage of the total sales of the tenants. A tenant usually pays the higher amount on a monthly basis, and, in the month of December, our tenants generally pay double rent. The revenue derived from leasing stores also includes revenue from other merchandising spaces. The revenue derived from leasing stores and other merchandising spaces in our shopping malls represented 72.8% of our total gross revenue from rent and services for the six months ended June 30, 2012;

- ***Parking lot fees.*** Some shopping malls charge a fee for the use of their parking spaces. The revenue derived from parking space fees in our shopping malls represented 14.9% of our total gross revenue from rent and services for the six months ended June 30, 2012;

- ***Fee for the assignment of the right to use ("Key money").*** Our tenants pay an additional amount entitling them to the use of commercial space in shopping malls. These amounts are negotiated based on the market value of commercial spaces, with the spaces with greater visibility and consumer flow usually having the highest values. The revenue derived from key money in our shopping malls represented 3.7% of our total gross revenue from rent and services for the six months ended June, 2012; and

- ***Transfer fees.*** Shopping malls are entitled to a percentage of the transfer price of commercial space from one tenant to another. The revenue from transfer fees in our shopping malls represented 0.6% of our total gross revenue from rent and services for the six months ended June, 2012.

Our revenue from services is generated from the following:

- ***Rendering of Services.*** Our subsidiaries BR Malls Administração, Hills Administração and Lorraine Administração provide management and marketing services to our shopping malls and to shopping malls owned by third-parties, in connection with which the following revenue are earned on a monthly basis, among others: (1) a fee paid by the shopping malls, which corresponds to a percentage of each shopping mall's operating revenue, after deduction of operating costs (except for the management fee itself); (2) a fee paid by the shopping malls' lessees, which corresponds to either a predetermined monthly amount, or a percentage of the condominium's total costs and promotions fund; and (3) marketing revenue, which in most cases represent a percentage of amounts earned under the leasing of stores, kiosks and merchandising space, as well as of key money and transfer fees. Our revenue from rendering of services represented 7.6% of our total gross revenue from rent and services for the six months ended June 30, 2012.

Base rental income, together with the additional monthly rental payable every December and contractual rent increments, as well as the income from key money are recognized on a straight-line basis over the lease term. Our revenue from providing services to the shopping malls in which we hold majority ownership interests and control are consolidated in our consolidated financial statements. Therefore, to the extent reflected in our consolidated financial statements, this item solely corresponds to the amounts other investors in these shopping malls pay to us.

The tables below show a breakdown of our total gross revenue from rent and services:

	For the year ended December 31,					
Gross Revenue from Rent and Services	**2009**	**% of Total Gross Revenue**	**2010**	**% of Total Gross Revenue**	**2011**	**% of Total Gross Revenue**
	(in thousands of R$, except percentages)					
Rentals	330,329	77.0	425,535	71.5	674,270	72.4
Fees for the assignment of the right to use	12,740	3.0	16,812	2.8	35,331	3.8
Parking lot	42,799	10.0	82,956	13.9	131,061	14.1
Transfer fees	1,688	0.4	3,760	0.6	9,868	1.1
Rendering of services	35,097	8.2	51,121	8.6	74,877	8.0
Other	6,412	1.5	15,367	2.6	6,089	0.7
Total gross revenue from rent and services	429,065	100.0	595,551	100.0	931,496	100.0

	For the six months ended June 30,			
Gross Revenue from Rent and Services	**2011**	**% of Total Gross Revenue**	**2012**	**% of Total Gross Revenue**
	Unaudited			
	(in thousands of R$, except percentages)			
Rentals	292,208	71.4	400,737	72.8
Fees for the assignment of the right to use	14,454	3.5	20,306	3.7
Parking lot	56,535	13.8	81,952	14.9
Transfer fees	4,680	1.1	3,132	0.6
Rendering of services	37,134	9.1	41,968	7.6
Other	4,127	1.0	2,224	0.4
Total gross revenue from rent and services	409,138	100.0	550,319	100.0

Taxes and contributions

Taxes and contributions consists of the following deductions: (1) sales taxes, which in turn encompass the following federal contributions: (a) PIS tax (contribution to the Brazilian Social Integration Program), levied at the rate of 1.65% since December 2002 on a non value-added basis and 0.65% for companies under the *lucro presumido* (assumed profit) tax regime and (b) COFINS tax (Brazilian Tax for Social Security Financing), levied at the rate of 7.6% since February 2004, on a non value-added basis; (2) services rendering taxes, consisting primarily of the ISS tax (Tax on Services), which is a municipal tax levied at a current rate of 5% on our revenue from management and parking fees; and (3) others, which include rebates and discounts offered to store tenants as provided under the lease agreements. Companies using the *lucro real* (real profit) tax regime can record PIS/COFINS tax credits in connection with services provided to them and with the depreciation of fixed assets, at the rate of 9.25%.

Net revenue from rent and services

Our net revenue from rent and services consists of our gross revenue from rent and services less taxes and contributions.

Cost of rent and services

Our cost of rent and services consists mainly of costs incurred by shopping malls, which are recognized in proportion to the percentage of our direct and indirect stakes in their respective ownership interests. These costs are recorded in our consolidated financial statements as "cost of rent and services" and consist mainly of expenses relating to the following:

- ***Expenses from payroll:*** salaries and wages, social security contributions, and benefits provided to the employees of each shopping mall;

- ***Services provided by third-parties:*** include, among others, (1) shopping mall management fees; (2) legal fees; (3) expenses from services provided by individual contractors; and (4) expenses from services provided by corporate contractors;

- ***Condominium costs:*** expenses relating to the maintenance of vacant stores (in particular service charges and Urban Building and Territorial Tax (*Imposto Predial e Territorial Urbano*), or IPTU, which are borne by the owners of each shopping mall; and

- ***Promotion fund:*** contribution owed by shopping mall owners for a promotions fund maintained by lessees to cover part of the shopping mall's marketing and advertisement costs;

- ***Other costs:*** includes compensation payments as a result of the termination of contracts with our tenants and the monthly concession payments by Shopping Metrô Santa Cruz to Companhia do Metropolitano de São Paulo, among others.

The tables below show a breakdown of our cost of rent and services:

	For the year ended December 31,					
Cost of Rent and Services	**2009**	**% of Total Cost**	**2010**	**% of Total Cost**	**2011**	**% of Total Cost**
	(in thousands of R$. except percentages)					
Expenses from payroll	4,684	14.5	11,637	19.3	20,829	24.8
Services provided by third parties	3,820	11.9	15,942	26.4	14,559	17.3
Condominium fees	9,622	29.9	11,964	19.8	24,116	28.7
Promotion fund	3,592	11.2	4,702	7.8	8,683	10.3
Other costs	10,491	32.6	16,207	26.8	15,957	19.0
Total	32,209	100.0	60,452	100.0	84,144	100.0

	For the six months ended June 30,			
Cost of Rent and Services	**2011**	**% of Total Cost**	**2012**	**% of Total Cost**
	Unaudited			
	(in thousands of R$, except percentages)			
Expenses from payroll	8,981	23.9	13,112	29.5
Services provided by third parties	7,583	20.2	6,174	13.9
Condominium fees	9,498	25.3	13,986	31.5
Promotion fund	2,961	7.9	4,483	10.1
Other costs	8,589	22.8	6,698	15.1
Total	37,612	100.0	44,453	100.0

Gross profit

Our gross profit is comprised of our net revenue less our cost of rent and services.

Operating income (expenses)

Our operating income (expenses) consist primarily of the following:

Commercial expenses. Our commercial expenses primarily consist of expenses with advertising, marketing campaigns, sponsoring events, promotions and commissions paid to employees of BR Malls Administração, as well as losses on the collection of credits, including rents due by our tenants.

Administrative expenses. Our administrative expenses consist mainly of expenses from payroll (salaries and wages, social security contributions, benefits and stock options), depreciation and amortization (our depreciation and amortization expenses primarily result from our property, equipment and intangible assets, expenses from third-party services providers hired by our central administration (auditors, legal counsel and others), consumables, rent, service charges relating to our offices, travel expenses and legal and court fees.

The tables below show a breakdown of our administrative expenses for the periods indicated:

Administrative expenses	For the year ended December 31, 2009	% of administrative expenses	2010	% of administrative expenses	2011	% of administrative expenses
	(in thousands of R$, except percentages)					
Personnel	36,139	63.8	53,933	65.4	79,748	78.4
Depreciation and amortization	11,698	20.6	11,459	13.9	10,591	10.4
Services provided by third parties	9,656	17.0	8,794	10.7	6,420	6.3
Other administrative expenses	(829)	1.5	8,280	10.0	4,997	4.9
Total	56,664	100.0	82,466	100.0	101,756	100.0

Administrative expenses	For the six months ended June 30, 2011	% of administrative expenses	2012	% of administrative expenses
	Unaudited			
	(in thousands of R$, except percentages)			
Personnel	35,553	72.1	48,387	80.9
Depreciation and amortization	6,398	13.0	5,253	8.8
Services provided by third parties	3,712	7.5	2,275	3.8
Other administrative expenses	3,650	7.4	3,883	6.5
Total	49,313	100.0	59,798	100.0

Gains on fair value of property for investment

We recognize our land and building in shopping malls held for rental income or capital gain as investment properties. Our gains on fair value of investment properties result from accounting of those investment properties at fair value.

Other operating income (expenses), net

Our other operating income (expenses), net consist primarily of gains derived from the sale of ownership interests we hold in our subsidiaries.

Net financial result

Financial revenue. Represents the income derived from financial investments, as well as foreign exchange gains on foreign currency liabilities and gains on derivative financial instruments.

Financial expenses. Represent mainly interest, charges, monetary variation and foreign exchange losses relating to debts denominated both in *reais* and in foreign currencies and losses on derivative financial instruments.

Income tax and social contribution

Income tax and social contribution are calculated on a monthly basis, under the *lucro real* (real profit) regime, whereby we are required to pay income tax and social contribution based on our actual net income, as adjusted in accordance with applicable tax laws. The applicable income tax rate is 15% plus a surcharge of 10% and the social contribution rate is 9%. Certain subsidiaries and affiliates have adopted the “presumed profit” taxation regime, whereby income tax is calculated at the rate of 32% of gross revenue from rent and services and 100% of financial income. Social contribution is calculated at a rate of 32% of gross revenue from rent and services, to which nominal rates apply.

Non-controlling interests

The interest held by non-controlling shareholders represents the amount excluded from our results of operations in respect of the interests of other shareholders in our consolidated subsidiaries.

Six Months Ended June 30, 2011 Compared to Six Months Ended June 30, 2012

Income Statement Data	For the Six Months Ended June 30, 2011	% of Net Revenue	For the Six Months Ended June 30, 2012	% of Net Revenue	Variation (%)
			Unaudited		
			(in thousands of R$)		
Gross revenue from rent and services	409,138	108.1	550,319	108.0	34.5
Taxes and contributions	(30,637)	8.1	(40,923)	8.0	33.6
Net revenue from rent and services	378,501	100.0	509,396	100.0	34.6
Cost of rent and services	(37,612)	9.9	(44,453)	8.7	18.2
Gross profit	340,889	90.1	464,943	91.3	36.4
Operating income (expenses)					
Commercial expenses	(4,564)	1.2	(8,715)	1.7	91.0
Administrative expenses	(49,313)	13.0	(59,798)	11.7	21.3
Change in fair value of investment properties	—	—	737,876	144.9	n.m.
Other operating income, net	4,815	1.3	15,747	3.1	227.0
Income before financial result and non-controlling interests	291,827	77.1	1,150,053	225.8	294.1
Net financial result	(98,255)	26.0	(215,259)	42.3	119.1
Income before income taxes and non-controlling interests	193,572	51.1	934,794	183.5	382.9
Income tax and social contribution	(10,979)	2.9	(300,469)	59.0	n.m.
Net income before non-controlling interests	182,593	48.2	634,325	124.5	247.4
Non-controlling interests	(9,975)	2.6	(59,084)	11.6	492.3
Net income attributable to the Company's shareholders	172,618	45.6	575,241	112.9	233.2

n.m.: not meaningful

Gross revenue from rent and services

Our gross revenue from rent and services increased by R$141.2 million, or 34.5%, from R$409.1 million in the six months ended June 30, 2011 to R$550.3 million in the same period in 2012. The growth, for the six months ended June 30, 2012 compared to the same period in 2011, was mainly due to the following:

- a R$108.5 million increase in rental revenues, mainly as a result of adjustments to rental payments (including renewals) due to inflation, coupled with the increase in GLA resulting from (1) the opening of two new greenfield projects (the Mooca Plaza Shopping and Estação BH shopping malls), which increased our GLA by 45.6 thousand square meters, (2) the acquisition of six new malls (Catuaí Shopping Londrina, Catuaí Shopping Maringá, Jardim Sul, Itaú Power, Rio Anil and Plaza Macaé), which increased our GLA by 128.7 thousand square meters and (3) the increase in our ownership interest in four malls (Shopping Crystal Plaza, Shopping Curitiba, Shopping Piracaciba and Shopping Metro Tatuapé).

- a R$25.4 million, increase in revenues from parking lot fees, mainly resulting from the new additions to our property portfolio and our efforts to increase the efficiency of our parking operations; and

- a R$ 4.8 million increase in service revenue, mainly resulting from the new addition of 3 new shopping centers (Rio Anil, Plaza Macaé and Shopping Estação BH) to which we began to providing administrative services.

- a R$5.8 million, increase in revenues from key money, mainly resulting from the new additions to our property portfolio.

Taxes and contributions

Taxes and contributions increased by R$10.3 million or 33.6%, from R$30.6 million in the six months ended June 30, 2011, to R$40.9 million in the same period in 2012, accounting for 8.0% of our net revenue from rent and services in the period. This increase was primarily due to an increase in the number of shopping malls held by our subsidiaries subject to the presumed profits tax regime due to the commencement of operations of certain greenfield projects and the acquisition of existing malls, which resulted in an increase in gross revenue of these subsidiaries.

Net revenue from rent and services

As a result of the reasons described above, net revenue from rent and services increased by R$130.9 million, or 34.6%, from R$378.5 million in the six months ended June 30, 2011 to R$509.4 million in the same period in 2012.

Cost of rent and services

The cost of rent and services increased by R$6.9 million, or 18.2%, from R$37.6 million in the six months ended June 30, 2011, or 9.9% of our net revenue from rent and services in the period, to R$44.5 million in the same period in 2012, or 8.7% of our net revenue from rent and services in the period.

This increase, for the six months ended June 30, 2012 compared to the same period in 2011, was mainly a result of:

- an increase in costs derived from condominium fees of 47.3% from R$ 9.5 million in the six months ended June 30, 2011, to R$ 14.0 million in the same period in 2012. The increase in our condominium fees was due to the increase in our ownership interest in four malls, the opening of two greenfield projects and the purchase of six additional malls;

- an increase in expenses from payroll of 46.0% from R$9.0 million in the six months ended June 30, 2011, to R$13.1 million in the same period in 2012. This increase resulted from the new greenfield projects opened and purchase of additional malls described above; and

- an increase in the costs of promotion fund of 51.4% from R$3.0 million in the six months ended June 30, 2011, to R$4.5 million in the same period in 2012, due to the increase in the number of stores contributing to the promotion fund as the result of the additions to our portfolio as described above.

These increases were partially offset by (1) a R$1.4 million decrease in services provided by third parties from R$7.6 million in the six months ended June 30, 2011, to R$6.2 million in the same period in 2012; and (2) a R$1.9 million decrease in other costs from R$8.6 million in the six months ended June 30, 2011, to R$6.7 million in the same period in 2012. These decreases mainly resulted from the favorable results of our corporate restructuring efforts in prior periods and providing our own management services for our parking lots and shopping malls, thus reducing our need for third party service providers.

Gross profit

As a result of the reasons described above, our gross profit increased by R$124.0 million, or 36.4%, from R$340.9 million in the six months ended June 30, 2011, or 90.1% of our net revenue from rent and services in the period, to R$464.9 million in the same period of 2012, or 91.3% of our net revenue from rent and services in the period.

Operating income (expenses)

Our operating income (expenses) increased from expenses of R$49.1 million in the six months ended June 30, 2011 to income of R$685.1 million in the same period in 2012 for the reasons described below.

Commercial Expenses. Our commercial expenses increased by R$4.1 million, or 91.0%, from a R$4.6 million expense in the six months ended June 30, 2011 to a R$8.7 million expense in the same period in 2012, mainly due to the increase in shopping centers in our property portfolio which increased both the marketing fees we pay to employees of our subsidiaries that provide administrative services and our losses on the collection of credits from our tenants.

Administrative Expenses. Our administrative expenses increased by R$10.5 million or 21.3%, from a R$49.3 million expense in the six months ended June 30, 2011 to a R$59.8 million expense in the same period in 2012. This increase was mainly a result of increased personnel expenses of R$12.8 million, mainly due to the increase in shopping centers in our property portfolio.

Change in fair value of investment properties. We recorded a gain of R$737.9 million appreciation in the fair value of the investment properties in our portfolio in the six months ended June 30, 2012. We did not record any appreciation during the same period in 2011.

Other operating income (expenses) net. Our other operating income (expenses), on a net basis increased by R$10.9 million from a R$4.8 million income in the six months ended June 30, 2011 to a R$15.7 million income in the same period of 2012. This increase was mainly a result of the sale of a stake in Pantanal Shopping .

Net financial result

We recorded net financial expenses of R$215.3 million in the six months ended June 30, 2012 as compared to net financial expenses of R$98.3 million in the same period in 2011.

Our financial income increased by R$203.5 million, to R$369.8 million in the six months ended June 30, 2012 as compared to financial revenues of R$166.3 million in the same period in 2011. This increase was mainly due to (i) an increase of R$194.6 million in gains on derivatives, from R$63.2 million in the six months ended June 30, 2011 to R$257.8 million in the same period in 2012; and (ii) an increase of R$32.1 million in foreign exchange rate variation gains (including the foreign exchange rate variation of the principal of our perpetual notes), from R$51.4 million in the six months ended June 30, 2011 to R$83.5 million in the same period in 2012. These effects were partially offset in part by a decrease in interest on our short-term investments of R$21.6 million, from R$46.5 million in the six months ended June 30, 2011 to R$24.9 million in the same period in 2012.

Our financial expenses increased by R$320.5 million, to R$585.1 million in the six months ended June 30, 2012 as compared to financial expenses of R$264.6 million in the same period in 2011. This increase was mainly due to (i) a R$145.7 million increase in foreign exchange losses, from R$11.4 million in the six months ended June 30, 2011 to R$157.1 million in the same period in 2012; (ii) a R$138.5 million increase in losses from derivatives, from R$87.6 million in the six months ended June 30, 2011 to R$226.1 million in the same period in 2012; and (iii) a R$21.5 million increase in interest on loans and financing, from R$174.0 million in the six months ended June 30, 2011 to R$195.5 million in the same period in 2012.

Income tax and social contribution

Income tax and social contribution increased by R$289.5 million, from R$11.0 million in the six months ended June 30, 2011, to R$300.5 million in the same period in 2012. This increase was mainly a result of the deferred income tax and social contribution expense of R$245.5 million recognized in the six months ended June 30, 2012, as a result of unrealized gains on the fair value of investment properties, compared to a credit of R$1.9 million in the same period in 2011.

Non-controlling interests

The results of non-controlling interests increased by R$49.1 million, or 492.3%, from R$10.0 million in the six months ended June 30, 2011, to R$59.1 million in the same period in 2012. This increase was mainly due to our acquisition and increase in ownership interest of additional shopping malls which are not wholly-owned (Catuaí Shopping Londrina, Catuaí Shopping Maringá, Shopping Piracicaba, Itaú Power, Shopping Metro Tatuapé, Rio Anil, Plaza Macaé).

Net income attributable to the Company's shareholders

As a result of the reasons described above, our net income attributable to the Company´s shareholders increased by R$402.6 million, or 233.2%, from R$172.6 million in the six months ended June 30, 2011 to R$575.2 million in the same period of 2012.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Income Statement Data	2010	% of Net Revenue	2011	% of Net Revenue	Variation (%)
			Audited		
			(in thousands of R$)		
Gross revenue from rent and services	595,551	109.0	931,496	108.1	56.4
Taxes and contributions	(49,114)	9.0	(70,021)	8.1	42.6
Net revenue from rent and services	546,437	100.0	861,475	100.0	57.7
Cost of rent and services	(60,452)	11.1	(84,144)	9.8	39.2
Gross profit	485,985	88.9	777,331	90.2	59.9
Operating income (expenses)					
Equity accounting results	1,222	0.2	—	—	n.m.
Commercial expenses	(12,793)	2.3	(12,862)	1.5	0.5
Administrative expenses	(82,466)	15.1	(101,756)	11.8	23.4
Change in fair value of investment properties	567,925	103.9	776,215	90.1	36.7
Other operating income, net	8,478	1.6	6,446	0.7	24.0
Net financial result	(94,047)	17.2	(305,693)	35.5	225.0
Income before income taxes and non-controlling interests	874,304	160.0	1,139,681	132.3	30.4
Income tax and social contribution	(240,032)	43.9	(350,026)	40.6	45.8
Net income (loss) before non-controlling interests	634,272	116.1	789,655	91.7	24.5
Non-controlling interests	(139,414)	25.5	(318,740)	37.0	128.6
Net income attributable to the Company's shareholders	494,858	90.1	470,915	54.7	4.8

n.m.: not meaningful

Gross revenue from rent and services

Our gross revenue from rent and services increased by R$336.0 million, or 56.4%, from R$596.0 million in 2010 to R$931.5 million in 2011. This increase in our gross revenue from rent and services was mainly a result of the following:

- additional rental revenue resulting from (1) the opening of three new malls (Shopping Granja Vianna, Shopping Sete Lagoas and Shopping Via Brazil), which increased our GLA by 49.8 thousand square meters and (2) the acquisition of four new malls (Shopping Tijuca, Shopping Paralela, Catuaí Shopping Londrina and Catuaí Shopping Maringá) which increased our GLA by 137.1 thousand square meters;

- a R$48.1 million, or 58.0%, increase in revenue from parking primarily driven by the performance of existing shopping centers, by changes in the corporate structure of the operations of a large part of our malls and focus on optimization and improvement of these operations through the implementation of operational best practices;

- a R$23.7 million, or 46.5%, increase in revenue from services rendered by our subsidiaries responsible for service activities due to (1) greater revenue from management services resulting from an increase in revenue generated by shopping malls in our portfolio in 2011 compared to 2010 and (2) greater revenue from marketing services, resulting from a greater number of leased stores in 2011 compared to 2010.

- a R$18.5 million, or 21.2% increase in revenue derived from key money due to an increase in the pace of leasing our greenfield projects, the expansion of existing malls, and the acquisition of new shopping malls in comparison to 2010.

Taxes and contributions

Taxes and contributions increased by R$20.9 million, or 42.6%, from R$49.1 million in 2010, or 9.0% of our net revenue from rent and services in the period, to R$70.0 million in 2011, or 8.1% of our net revenue from rent and services in the period. This increase was primarily due to an increase in the number of shopping malls held by our subsidiaries subject to the presumed profits tax regime due to the commencement of operations of certain greenfield projects and the acquisition of existing malls, which resulted in an increase in gross revenue of these subsidiaries.

Net revenue from rent and services

For the reasons described above, our net revenue from rent and services increased by R$315.0 million, or 57.7%, from R$546.4 million in 2010 to R$861.5 million in 2011.

Cost of rent and services

The cost of rent and services increased by R$23.7 million, or 39.2%, from R$60.5 million in the year ended December 31, 2010, or 11.1% of our net revenue from rent and services in the period, to R$84.1 million in 2011, or 9.8% of our net revenue from rent and services in the period.

This increase was mainly a result of:

- an increase in costs derived from condominium costs that increased by 101.6% from R$11.9 million in the year ended December 31, 2010, to R$24.1 million in the same period in 2011. Condominium costs increased as we increased our ownership interest in existing malls, opened new shopping malls and acquired new malls;

- an increase in expenses from payroll of 79.0% from R$11.7 million in the year ended December 31, 2010, to R$20.8 million in the same period in 2011, due primarily to payroll costs associated with the opening of new shopping malls and the acquisition of new malls;

- an increase in the promotion fund of 84.7% from R$4.7 million in the year ended December 31, 2010, to R$8.7 million in the same period in 2011, due to the increase in the number of stores contributing to the promotion fund as the result of the additions to our portfolio as described above.

Gross profit

For the reasons described above, our gross profit increased by R$291.4 million, or 59.9%, from R$486.0 million in 2010, or 88.9% of our net revenue from rent and services in the period, to R$777.3 million in 2011, or 90.2% of our net revenue from rent and services in the period.

Operating income

Our operating income increased by R$185.7 million, or 38.5%, from a R$482.4 million in 2010 to R$668.0 million in 2011 for the reasons described below.

Commercial Expenses. Our commercial expenses increased remained relatively stable at a R$12.8 million expense in 2010 compared to a R$12.9 million expense in 2011.

Administrative Expenses. Our administrative expenses increased by R$19.3 million, or 23.4%, from a R$82.5 million expense in 2010 to a R$101.8 million expense in 2011. This increase was mainly a result of the addition to the portfolio of seven shopping malls, which increased our payroll expenses by R$21.8 million due to the introduction of a new variable compensation program, and an increase in payroll costs tied to the increase in the number of greenfield projects under development.

Change in fair value of investment properties. Our change in fair value of investment properties increased by R$208.3 million or 36.7%, from a R$567.9 million gain in 2010 to a R$776.2 million gain in 2011. This increase was mainly due to the application of our proprietary appraisal method to a larger portfolio of investment properties in operation at December 31, 2010 of R$9.5 billion (the basis for appraisal in 2011), as compared to a portfolio of investment properties in operation at January 1, 2010 of R$6.8 billion (the basis for appraisal in 2010).

Net financial result

We recorded net financial expenses of R$305.7 million in the year ended December 31, 2011 (or 35.5% of our net revenue from rent and services in the period), as compared to net financial expenses of R$94.1 million in the same period in 2010 (or 17.2% of our net revenue from rent and services in the period).

Our financial revenues increased by R$292.4 million, from R$249.5 million during the year ended December 31, 2010 (or 45.7% of our net revenue from rent and services in the period), to R$542.0 million in the same period in 2011 (or 62.9% of our net revenue from rent and services in the period). This increase was mainly due to (i) an increase of R$252.8 million in gains on fair value of derivatives, from R$65.0 million in 2010 to R$317.9 million in 2011; and (ii) an increase of R$62.0 million in exchange rate variation gains (including the net exchange rate variation of the principal of our perpetual notes), from R$53.7 million in 2010 to R$115.7 million in 2011. These effects were offset by a decrease in income from financial investments of R$27.4 million, from R$125.7 million in 2010 to R$98.3 million in 2011.

Our financial expenses increased by R$504.1 million, from R$343.6 million in the year ended December 31, 2010 (or 62.9% of our net revenue from rent and services in the period), to R$847.6 million in the same period in 2011 (or 98.4% of our net revenue from rent and services in the period). The increase in financial expenses is mainly a result of (i) an increase in losses on fair value of derivatives of R$173.4 million, from R$109.6 million in 2010 to R$283.0 million in 2010; (ii) an increase in losses on exchange rate variations of R$165.7 million, from R$40.2 million in 2010 to R$205.9 million in 2011; and (iii) an increase in charges on loans and financing of R$108.1 million recognized in 2011, from R$240.9 million in 2010 to R$349.0 in 2011, primarily as a result of the increase of our total outstanding indebtedness, from R$1.56 billion as of December 31, 2010, to R$2.20 billion as of December 31, 2011.

Income tax and social contribution

Income tax and social contribution increased by R$110.0 million, or 45.8%, from R$240.0 million in the year ended December 31, 2010, or 43.9% of our net revenue from rent and services in the period, to R$350.0 million in the same period in 2011, or 40.6% of our net revenue from rent and services in the period.

Non-controlling interests

The participation of non-controlling interests increased by R$179.3 million, or 128.6%, from R$139.4 million in the year ended December 31, 2010, to R$318.7 million in the same period in 2011. This increase was mainly a result of the acquisition of Alvear in 2011, which is a holding vehicle that holds our interests in the Catuaí Shopping Londrina and Catuaí Shopping Maringá shopping malls.

Net income attributable to the Company's shareholders

As a result of the reasons described above, our net income attributable to the Company´s shareholders decreased by R$23.9, or 4.8%, from R$494.9 million in the year ended December 31, 2010 to R$470.9 million in the same period of 2011.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Income Statement Data	2009	% of Net Revenue	2010	% of Net Revenue	Variation (%)
			Audited		
			(in thousands of R$)		
Gross revenue from rent and services	429,066	109.3	595,551	109.0	38.8
Taxes and contributions	(36,482)	9.3	(49,114)	9.0	34.6
Net revenue from rent and services	392,583	100.0	546,437	100.0	39.2
Cost of rent and services	(32,209)	8.2	(60,452)	11.1	87.7
Gross profit	360,374	91.8	485,985	88.9	34.9
Operating income (expenses)					
Equity accounting results	925	0.2	1,222	0.2	32.1
Commercial expenses	(6,218)	1.6	(12,793)	2.3	105.7
Administrative expenses	(56,664)	14.4	(82,466)	15.1	45.5
Change in fair value of investment properties	1,244,596	317.0	567,925	103.9	54.4
Other operating income, net	6,336	1.6	8,478	1.6	33.8
Net financial result	(6,584)	1.7	(94,047)	17.2	n.m.
Income before income taxes and non-controlling interests	1,542,765	393.0	874,304	160.0	43.3
Income tax and social contribution	(447,679)	14.0	(240,032)	43.9	46.4
Net income (loss) before non-controlling interests	1,095,086	279.0	634,272	116.0	42.1
Non-controlling interests	(3,576)	0.9	(139,414)	25.5	n.m.
Net income attributable to the Company's shareholders	1,091,510	278.0	494.858	90.6	54.6

n.m.: not meaningful

Gross revenue from rent and services

Our gross revenue from rent and services increased by R$166.5 million, or 38.8%, from R$429.1 million in 2009 to R$595.5 million in 2010. This increase in our gross revenue from rent and services was mainly a result of the following:

- additional rental revenues as a result of the acquisition of Shopping Tijuca, Center Shopping Uberlândia and Shopping Crystal Plaza and the increase in our ownership interests in eight shopping malls, increasing our own GLA by 89.9 thousand square meters, as well as the opening of two shopping malls (Shopping Granja Vianna and Shopping Sete Lagoas) and two expansions, which increased our owned GLA by 36.1 thousand square meters. The increase to our owned GLA coupled with the organic growth of our existing portfolio resulted in an increase of R$46.4 million, or 25.1%, to our gross revenue from rent and services in 2010 compared to 2009;

- an increase in parking lot fees of R$40.2 million, or 93.8%, as a result of (1) the performance of our existing shopping malls; (2) charging for parking lot use in certain malls in which parking was previously free; (3) changes in the corporate structure of certain parking operations that allowed us to have a direct equity interest in the operating company instead of receiving parking lot fees from third-party companies, which resulted in lower tax deductions; (4) fee adjustments; and (5) optimization of our operations;

- an increase of R$16.0 million, or 45.7%, in revenue from services provided by our subsidiaries**,** due to (1) greater revenue from management services, since these are a percentage of the rent revenue generated by the shopping malls in our portfolio and such rent revenue increased in 2010 compared to 2009, and (2) greater revenue from marketing services resulting from a greater number of leased stores in the 2010 compared to 2009; and

- an increase in key money of R$31.7 million, or 147.6%, in 2010 in comparison to 2009 due to leasing our greenfield projects to new tenants, the expansion of existing malls, and the acquisition of new shopping malls.

Taxes and contributions

Taxes and contributions increased by R$12.6 million, or 34.6%, from R$36.5 million in 2009 (or 9.3% of our net revenue from rent and services) to R$49.1 million in 2010 (or 9.0% of our net revenue from rent and services).

This increase was mainly a result of the adoption of a different tax regime by certain of our subsidiaries, which switched to the *lucro real* (real profit) tax regime in 2010 and became subject to a rate of the PIS/COFINS tax of 9.25%, compared to 3.65% under the *lucro presumido* (assumed profit) tax regime.

Net revenue from rent and services

For the reasons described above, our net revenue from rent and services increased by R$153.9 million, or 39.2%, from R$392.6 million in 2009 to R$546.4 million in 2010.

Cost of rent and services

The cost of rent and services increased by R$28.3 million, or 87.7%, from R$32.2 million in 2009 (or 8.2% of our net revenue from rent and services) to R$60.5 million in 2010 (or 11.1% of our net revenue from rent and services).

This increase was mainly a result of:

- an increase of R$17.5 million in other costs primarily due to costs related to Shopping Metrô Santa Cruz, such as the monthly concession payments by Shopping Metrô Santa Cruz to Companhia do Metropolitano de São Paulo;
- an increase of R$2.3 million in costs with services provided by third parties to our shopping malls, including additional parking costs resulting from new operations in 2010; and
- an increase of R$6.9 million, or an increase of 148.4% in personnel costs. The increase results from the addition of shopping malls acquired or opened in 2010 to our portfolio, the intensified efforts on the auditing of the sales of our tenants and changes to the corporate structure of certain parking operations that allowed us to have a direct equity interest in the operating company.

Gross profit

As a result of the reasons described above, our gross profit increased by R$125.6 million, or 34.9%, from R$360.4 million in 2009 (or 91.8% of our net revenue from rent and services) to R$486.0 million in 2010 (or 88.9% of our net revenue from rent and services).

Operating income

Our operating income decreased by R$706.6 million, or 59.4%, from a R$1,189.0 in 2009 to R$482.4 million in 2010.

Commercial Expenses. Our commercial expenses increased by approximately R$6.6 million, or 105.7%, from R$6.2 million in 2009 (or 1.6% of our net revenue from rent and services) to R$12.8 million 2010 (or 2.3% of our net revenue from rent and services), mainly as a result of the higher number of greenfield projects under development.

Administrative Expenses. Our administrative expenses increased by R$25.8 million, or 45.5%, from R$56.7 million in 2009 (or 14.4% of our net revenue from rent and services) to R$82.5 million in 2010 (or 15.1% of our net revenue from rent and services), mainly as a result of adding new shopping malls to our portfolio, the increase of our provisions in connection with the new stock option plan approved in September 2010 and the expenses related to our greenfield projects.

Change in fair value of investment properties. Our change in fair value of investment properties decreased by R$676.7 million in 2010 to R$567.9 million, mainly as a result of a lower adjustment to the fair value of our properties for investment in 2010 as compared to 2009.

Net financial result

We recorded net financial expenses of R$94.0 million in 2010 (or 17.2% of our net revenue from rent and services) as compared to R$6.6 million in 2009 (or 1.7% of our net revenue from rent and services), mainly as a result of the following: effects of the liquidation of CRIs regarding Shopping Metrô Santa Cruz, as well as expenses related to the renegotiation of the terms of our debentures, in the total amount of R$3.5 million.

Our financial revenues decreased by R$43.0 million, from R$292.5 million during 2009 (or 90.3% of our net revenue from rent and services) to R$249.5 million in 2010 (or 59.7% of our net revenue from rent and services). This decrease is mainly due to (i) a reduction of R$45.1 million in exchange rate variation gains, from R$98.8 million in 2009 to R$53.7 million in 2010(including the net exchange variation of the principal of our perpetual notes in 2011 of R$7.0 million) as a result of a lower appreciation of *real* against the U.S. dollar, which appreciated 25.5% in 2009 compared to 4.5% in 2010; (ii) a reduction of R$26.9 million in our change in fair value of derivatives, from R$91.9 million in 2009 to R$65.0 in 2010. These effects were offset by an increase in financial revenues from our cash and cash equivalent of R$28.2 million, from R$97.5 million in 2009 to R$125.7 million in 2010.

Our financial expenses increased by R$44.4 million, from R$299.1 million in 2009 (or 92.0% of our net revenue from rent and services) to R$343.5 million in 2010 (or 84.4% of our net revenue from rent and services). The increase in financial expenses is mainly a result of the higher interest expenses of R$184.8 million recognized in 2010, compared to R$158.1 million in 2009, due mainly to the increase of our total outstanding indebtedness, from R$1.45 billion as of December 31, 2009, to R$1.56 billion as of December 31, 2010.

Income tax and social contribution

Income tax and social contribution decreased by R$207.6 million, or 46.4%, from R$447.7 million in 2009 to R$240.0 million in 2010. The deferred tax caused by the adoption of the new CPC pronouncements had a non-cash effect in the amount of R$197.2 million in 2010, representing a 52.9% decrease in income tax and social contribution from 2009.

Non-controlling interests

The participation of non-controlling interest, increased by 328.3%, from R$3.6 million in 2009 to R$139.4 million in 2010, due to the acquisition of 51% of Center Shopping Uberlândia and the recording of R$124.1 million of minority interests in connection with properties for investment, as a result of the adoption of CPC 28.

Net income attributable to the Company's shareholders

As a result of the reasons described above, our net income attributable to the Company's shareholders was R$494.9 million in 2010, compared to R$1,091.5 million in 2009. R$1,244.6 million of such decrease derives from the necessary adjustments resulting from the changes required under Brazilian Corporate Law, especially in the accounting entry related to properties for investment, as discussed above.

Liquidity and Capital Resources

Sources

Our main sources of liquidity and capital resources are the collection of rent from our shopping malls and leasing and merchandising fees from the shopping malls that we manage (in which we may or may not hold ownership interests), in addition to revenue from the investment of cash and cash equivalents and marketable securities.

Cash Flows

The table below summarizes our cash flows for the indicated periods:

	Six Months Ended June 30,	
	2011	2012
	(amounts in millions of R$)	
Net cash provided by (used in) operating activities	116,540	257,987
Net cash used in investing activities	(1,783,798)	(475,656)
Net cash provided by financing activities	1,662,898	206,031
Decrease in cash and cash equivalents, net	(4,360)	(11,638)

In the six months ended June 30, 2012, our cash and cash equivalents decreased by R$11.6 million, of which R$475.7 million was used in investing activities, R$258.0 million was provided by operating activities and R$206.0 million was provided by our financing activities.

For additional information on our cash flows (including cash flows for 2011, 2010 and 2009), see our cash flows statements included in our financial statements and related notes, included elsewhere in this offering memorandum.

Operating Activities

Our net cash provided by operating activities in the six months ended June 30, 2012 totaled R$258.0 million, compared to net cash used in operating activities of R$116.5 million in the six months ended June 30, 2011. Our net cash provided by operating activities in the six months ended June 30, 2012 was mainly related to the increase in cash received from the six new shopping malls and related parking lots we acquired after June 30, 2011.

Investing Activities

Our net cash used in investing activities totaled R$475.7 million in the six months ended June 30, 2012 and R$1.8 billion for the same period in 2011. In the six months ended June 30, 2012, cash in investing activities was mainly used to purchase marketable securities of R$1,625.2 million (offset by proceeds from the sale of marketable securities of R$1,654.1 million) and for the acquisition of investment properties, in the amount of R$340.7 million.

Financing Activities

Cash provided by our financing activities totaled R$206.0 million in the six months ended June 30, 2012 as compared to cash provided by financing activities of R$1.7 billion in 2011. Cash from financing activities in the six months ended June 30, 2012 resulted primarily to the issuance of R$672.2 million in new indebtedness in the period, partially compensated by repayments of loans and financing of R$430.8 million. Cash from financing activities in the six months ended June 30, 2011 was due to the issuance of the Existing Notes in January 2011 and an offering of our common shares in May 2011.

Capital Expenditures

Our main capital expenditures relate to the acquisition of new ownership interests in existing or new shopping malls, expansion of existing malls, implementation of greenfield projects, and investment in the maintenance and modernization of our assets (primarily our shopping malls and parking lots). During the six months ended June 30, 2012 our capital expenditure amounted to R$696 million. We estimate that for the year ended December 31, 2012, our capital expenditure will amount to R$1,151.7 million.

Investments

Pursuant to our business plan, from January 1, 2007 to June 30, 2012, we have expanded our ownership interests in 33 shopping malls of our portfolio and have acquired ownership interests in 39 new shopping malls, increasing our own gross leasable area by approximately 623.1 thousand square meters. See “Summary—Overview.”

Indebtedness

As of June 30, 2012, our current and non-current debt totaled R$232.3 million and R$3,481.5 million, respectively, as compared to R$382.8 million and R$2,821.1 million, respectively, on December 31, 2011. The decrease in our short-term debt resulted from our prepayment and redemption of short-term debt in the six months ended June 30, 2012. The increase in our long-term debt resulted from the accrued interest on our debts, particularly the debt that provides for longer grace periods and additional debt in the amount of R$672.2 million (current and non-current) incurred in the six months ended June 30, 2012.

The tables below set forth additional information on our total current and non-current debt as of June 30, 2012. In addition to the indebtedness set forth below, in July 2012 we issued 250 promissory notes in a single series, for the amount of R$500 million. This issue was made under the Brazilian rules applicable to public offerings with limited distribution efforts. The term of the promissory notes is 180 days bearing interest at CDI+0.7%. The proceeds of this transaction were used to pre-pay outstanding indebtedness.

Moreover, in September 2012, BR Malls Participações, Ecisa Engenharia and Contagem Empreendimentos Imobiliários e Participações Ltda. entered into a R$400 million structured finance transaction with Itaú BBA, through the issuance of three cédulas de crédito bancario, or CCBs. The funds made available to us pursuant to this transaction will be fully repaid by June 2020, and bear interest at the Brazilian reference rate for savings accounts (Taxa Referencial), or TR, rate plus 9.8% per year. This transaction was secured by (1) a conditional sale (alienação fiduciária) of real property and an assignment of 100% of the receivables and all any of our future rights against Itaú with respect to Shopping Fashion Mall, Shopping Ilha Plaza, Shopping Campinas and Shopping Niterói Plaza; and (2) conditional sale (alienação fiduciária) of 100% of the shares issued by Fashion Mall. Additionally, we commenced marketing efforts on October 11, 2012 for the issuance of promissory notes in the anticipated amount of R$370 million, due 180 days from issuance. In October 2012, we also expect to issue R$500 million in CRIs that will be used to redeem the R$500 million promissory notes that we issued in July 2012.

Some of our financing arrangements contain financial ratio covenants that restrict our ability to incur additional indebtedness without the prior consent of our creditors. For example, certain of our loan agreements prohibit our net debt to EBITDA ratio at the end of any fiscal quarter from exceeding 3.80 and our EBITDA to net financial result ratio at the end of any fiscal quarter to fall below 1.75. Our failure to meet such required financial ratios may cause a portion of our respective indebtedness to become immediately due and payable.

Financial institution	Outstanding amount(1)	% of total debt	Maturity	Index	Principal(1)	Interest rate (per annum)
Banco Bradesco (2)	580,373	15.63%	March 2025	TR	500,000	TR + 10.7% p.a.
Itaú - CRI (3)	486,744	13.11%	March 2020	TR	470,000	TR + 10.15% p.a.
Existing Notes (4)	472,253	12.72%	N/A	USD	U.S.$230,000	U.S. dollar + 8.50% p.a.
Debentures – 2nd tranche	378,807	10.20%	July 2016	IPCA	270,000	IPCA + 7.90% p.a.
Perpetual bonds (5)	370,774	9.98%	N/A	USD	U.S.$175,000	U.S. dollar + 9.75% p.a.
Debentures 2 – 2nd tranche	248,982	6.70%	February 2019	IPCA	239,250	IPCA + 6.4% p.a.
Debentures 2 – 1st tranche	171,764	4.62%	February 2017	CDI	165,750	CDI + 0.94% p.a.
Itaú – CRI Profitto(6)	133,245	3.59%	February 2023	TR	133,950	TR + 11.00% p.a.
Banco do Brasil (7)	132,520	3.57%	June 2022	TR	137,000	TR + 10.20% p.a.
Itaú – CRI Profitto I (8)	116,814	3.15%	October 2021	TR	92,500	TR + 11.16% p.a.
Citibank 4131	113,484	3.06%	December 2014	Libor	U.S.$56,000	6 month Libor + 1.78% p.a.
Banco Santander (9)	88,486	2.38%	October 2019	TR	95,000	TR + 11.0% p.a.
Itaú - CCB (10)	82,366	2.22%	February 2019	IGP-M	70,000	IGPM + 9.75% p.a.
Banco Bradesco (11)	73,131	1.97%	June 2022	TR	115,000	TR + 9.8% p.a.
Banco Santander (12)	69,515	1.87%	March 2023	TR	107,000	TR + 10.65% p.a.
Unibanco - CCB (13)	62,032	1.67%	February 2019	IGP-M	70,000	IGPM + 9.70% p.a.
Itaú – Alvear (14)	56,823	1.53%	February 2017	TR	50,000	TR + 11.32% p.a.
Banco Santander (15)	30,134	0.81%	December 2019	TR	32,000	TR + 10.0% p.a.
Banco BTG Pactual – CRI (16)	21,462	0.58%	April 2023	IGP-M	21,210	IGPM + 8.50% p.a.
Debentures - 1st tranche	15,558	0.42%	July 2014	CDI	32,000	DI + 0.50% p.a.
Banco Bradesco	4,642	0.12%	March 2013	TJLP	2,830	TJLP + 3.85 % p.a.
Banco do Brasil	3,955	0.11%	May 2013	CDI	2,750	TJLP + 3.35 % p.a.
Total	3,713,864					

(1) Amounts in thousands of reais, except as otherwise indicated, as of June 30, 2012.

(2) Secured by the mortgage of real estate properties and the assignment of CRIs, both with respect to Shopping Tijuca, including the conditional sale (*alienação fiduciária*) of 100% of shares issued by CIMA.

(3) Secured by a conditional sale (*alienação fiduciária*) of the real estate properties of Fashion Mall, Ilha Plaza Shopping and Niterói Plaza Shopping and of the shares issued by Fashion Mall and held by us; and a pledge on the receivables of the shopping malls Niterói Plaza Shopping, Fashion Mall and Ilha Plaza Shopping.

(4) We have the option to call the bonds at any time beginning on January 12, 2016. The amount shown under "Outstanding amount" is in thousands of reais and represents the principal amount and interest accrued until June 30, 2012 from the last payment, which was made in May 2012.

(5) We have the option to call the bonds at any time beginning on November 8, 2012. The amount shown under "Outstanding amount" is in thousands of reais and represents the principal amount and interest accrued until June 30, 2012 from the last payment, which was made in April 2012.

(6) Secured by the conditional sale (*alienação fiduciária*) of real properties; assignment of receivables of Shopping Tamboré, assignment of Esuai account and financial investments.

(7) Secured by the conditional sale (*alienação fiduciária*) of real estate properties with respect to West Shopping.

(8) Secured by the conditional sale (*alienação fiduciária*) of real estate properties and assignment of receivables, both with respect to Shopping Tamboré.

(9) Secured by the mortgage of real estate properties and the assignment of credit rights, both with respect to Shopping Granja Vianna.

(10) Secured by a conditional sale (*alienação fiduciária*) of the real estate properties, and a pledge on the receivables, of Shopping Estação, as well as the conditional sale (*alienação fiduciária*) of the shares of Nattca, our subsidiary that holds ownership interests in Shopping Estação.

(11) Secured by the mortgage of real estate properties and the assignment of credit rights, both with respect to Mooca Plaza Shopping.

(12) Secured by the mortgage of real estate properties and the assignment of credit rights, both with respect to Shopping São Bernardo.

(13) Secured by the mortgage of real estate properties and the assignment of credit rights, both with respect to Shopping Campo Grande and Shopping Iguatemi Caxias do Sul. Interest rate per annum as shown is a result of an interest rate swap which replaced the original fixed interest rate of 13.33% for a rate of IGP-M plus 9.70% per annum.

(14) Secured by a conditional sale (*alienação fiduciária*) of the real estate properties and assignment of receivables, both with respect to Catuaí Shopping Londrina.

(15) Secured by the mortgage of real estate properties and the assignment of credit rights, both with respect to Shopping Sete Lagoas

(16) Secured by the mortgage of real estate properties and the assignment of credit rights, both with respect to Plaza Macaé.

	As of December 31, 2011	**As of June 30, 2012**
	(Amounts in thousands of R$)	
Total indebtedness	3,203,987	3,713,864
Total cash, cash equivalents and marketable securities	452,025	436,391
Net indebtedness	2,751,962	3,277,473
Net indebtedness/Annualized EBITDA (1)	1.9x	1.4x
Net indebtedness/Annualized Adjusted EBITDA (1)	4.0x	4.1x

(1) Annualized EBITDA and Adjusted EBITDA for the previous twelve months.

The table below sets forth information on the schedule of payment of our indebtedness as of June 30, 2012:

	As of June 30, 2012
	(amounts in thousands of R$)
2012	115,819
2013	284,767
2014 onward	3,313,278
Total	3,713,864

On October 11, 2012 we commenced sales efforts for the issuance of R$370 million in total principal amount of promissory notes due 180 days from the date of issuance, bearing interest at CDI + 0.50%. We expect the transaction to close by the end of 2012.

Contractual Obligations

The chart below sets forth information on the schedule of payment of our existing indebtedness and material contractual obligations as of June 30, 2012:

Debt	2012	2013	2014 and after	Total
		Unaudited		
		(in thousands of R$)		
Obligations payable due to acquisitions(1)	136.5	146.9	195.5	478.9
Loans and financing (2)	115.8	284.8	3,313.3	3,713.9
Total	252.3	431.7	3,508.8	4,192.8

(1) Amounts related to the acquisitions of a portion of the properties and improvements related to Crystal Plaza Shopping, Shopping Paralela, Rio Anil, Shopping Tijuca and Catuaí Shopping Londrina and Catuaí Shopping Maringá. Include interest accrued on the respective principal amount.

(2) Amounts correspond to amortization schedule of our indebtedness as reflected in our financial statements.

Off Balance Sheet Transactions

We do not have any off balance sheet transactions or commitments other than those recorded in our consolidated financial statements. We do not have any relationships with any special purpose companies that are not reflected in our consolidated financial statements.

Qualitative and Quantitative Disclosures About Market Risks

We are exposed to market risks in relation to our contracts and rights as a result of possible fluctuations in interest rates and foreign currency exchange rates, as described below. We manage a portion of our exposure to interest rate and foreign exchange risks through swaps and other derivative instruments, entered into with first-tier financial institutions, under usual market conditions.

Interest Rate Risk

As of June 30, 2012, 98.3% of our total R$3,713.9 million indebtedness was subject to fluctuations of several interest rates. Our indebtedness in *reais* is subject to fluctuations of the IGP-M, TR, IPCA and CDI. Consequently, our results are affected by the fluctuations of these indices as an increase in interest rates and inflation would cause an increase in our costs and amounts payable for our indebtedness. In the event of an increase in interest rates corresponding to 25% of the rates currently applicable to our indebtedness, our annual financial expenses and costs as of June 30, 2012 would have increased by approximately R$$22.4 million.

Foreign exchange risk

As of June 30, 2012, 25.8% of our total indebtedness was denominated or linked to the U.S. dollar. In the event of a hypothetical depreciation of 25% of the *real* against the U.S. dollar, taking as a reference the exchange rate of the *real* against the U.S. dollar as of June 30, 2012, our foreign exchange expenses for the six months ended June 30, 2012 would have increased by approximately R$210.8 million. Additionally, the coupon of our perpetual bonds may vary in connection with the fluctuation of the exchange rate and CDI interest rate as a result of swap transactions we entered into in connection with such bonds. A hypothetical increase of 25% in the exchange rate coupon would have a negative effect on the mentioned swaps in the amount of R$40 million based on our position as of June 30, 2012.

Global Shopping Center and Shopping Mall Industry

Modern-day shopping centers and shopping malls, which range from small commercial convenience centers to major regional shopping malls, were first constructed in the United States during the 1920s. At that time, small commercial centers usually anchored by supermarkets, pharmacies or other complementary convenience stores were built in suburban areas. These first types of shopping centers were developed in the form of strip malls, whereby the stores were lined up next to one another with parking spaces in front.

During the 1950s, the first two shopping centers anchored by traditional department stores were built. Following World War II, which brought an expansion of the suburbs and a significant growth in population, the demand for new convenience centers in the United States grew significantly.

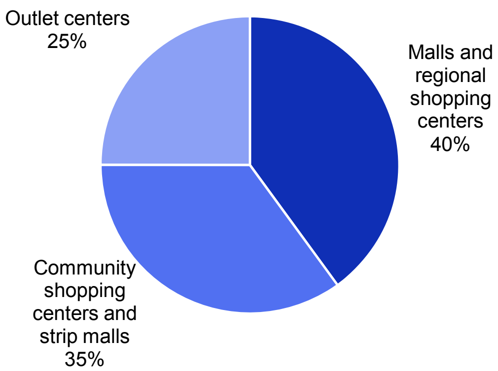
However, it was during the 1980s that the American shopping center and shopping mall industry showed unprecedented growth. During this period, there was also a surge in major regional shopping centers and shopping malls, those with more than 80 thousand square meters of gross leasable area. Between 1989 and 1993, as a result of the savings and loan crisis in the United States, the development of new shopping centers and shopping malls fell drastically since 1993.

In 1993, the structure of shopping center and shopping mall ownership in the United States changed significantly when various family-owned companies began transforming themselves into REITs (Real Estate Investment Trusts) and listing on U.S. stock exchanges. The incorporation of the listed REITs contributed to a new consolidation of the shopping center and shopping mall industry. The newly incorporated REITs included, among others, the following companies: Simon Property, General Growth Properties, Kimco Realty, Developers Diversified, Taubman, The Inland Real Estate Group of Companies, Westfield Group, CBL & Associates Properties, The Macerich Company and The Mills Corp.

According to the ICSC (International Council of Shopping Centers), as of May 2011 there were 107,823 shopping centers and shopping malls in the United States, totaling 681.0 million square meters of gross leasable area, with an average size of approximately 6.3 thousand square meters per shopping center and shopping mall.

Malls and regional shopping centers in the United States account for approximately 40% of total establishments of the industry, according to IBISWorld. The graph below shows the products and services segmentation as of July 2012:

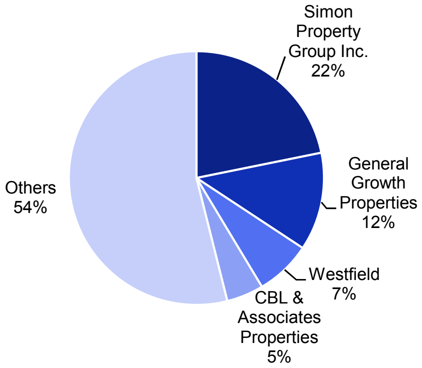
Products and services segmentation



Source: IBISWorld

In addition, the four largest players in the United States account for 46% of the total market share of the industry:

Market share



Source: IBISWorld

According to the U.S. Census Bureau, from 1990 to 2010 the number of shopping centers and shopping malls and their total leasable areas have grown at a compound annual growth rate of approximately 1.7% and 2.2% respectively, while the American population has grown at a compound annual growth rate of approximately 1.1%. As a result of this growth, the gross leasable area per capita in the United States has grown from a rate of 1.8 square meters per capita in 1990 to 2.2 square meters per capita in 2010.

Sales generated at U.S. shopping centers and shopping malls totaled approximately U.S.$2.3 trillion in 2010, according to the ICSC, growing at a compound annual rate of 5.5% over the past 20 years and from approximately U.S.$1,700 per square meter in 1986 to approximately U.S.$2,718 per square meter in 2005.

The table below presents the key indicators for the shopping center and shopping mall industry in the United States from 1986 to 2005:

	The Shopping Center and Shopping Mall Industry in the United States						
Year	Nº of Shopping Centers and Shopping Malls	Total GLA (millions of square meters)	Estimated Sales (billions of dollars)	Average Sales (U.S.$/square meter)(1)	New Shopping Centers	U.S. Population (millions)	GLA per Capita
1986	28,496	327.3	556.5	1,700.4	—	238.9	1.37
1987	30,641	345.9	602.3	1,741.4	2,145	241.4	1.43
1988	32,563	366.7	641.1	1,748.4	1,922	243.8	1.50
1989	34,683	391.5	682.8	1,744.1	2,120	246.3	1.59
1990	36,515	407.9	706.4	1,731.9	1,832	248.8	1.64
1991	37,975	424.0	716.9	1,690.9	1,460	251.6	1.69
1992	38,966	434.6	768.2	1,767.5	991	254.3	1.71
1993	39,633	443.2	806.6	1,820.0	667	257.1	1.72
1994	40,368	451.6	851.3	1,885.1	735	259.9	1.74
1995	41,235	461.4	893.8	1,937.0	867	262.8	1.76
1996	42,130	473.8	933.9	1,970.9	895	265.3	1.79
1997	42,953	485.8	980.0	2,017.3	823	267.2	1.82
1998	43,661	495.4	1,032.4	2,084.0	708	269.4	1.84
1999	44,426	507.5	1,105.3	2,177.7	765	273.5	1.86
2000	45,115	517.0	1,181.1	2,284.4	689	274.7	1.88
2001	45,827	527.6	1,221.7	2,315.7	712	284.0	1.86
2002	46,438	536.4	1,277.2	2,380.9	611	286.8	1.87
2003	47,104	544.8	1,339.2	2,457.9	666	290.6	1.87
2004	47,834	553.0	1,432.6	2,590.4	730	292.9	1.89
2005	48,695	562.9	1,530.4	2,718.6	861	295.1	1.91

Source: National Research Bureau Shopping Center Database and Statistical Model (2005).

(1) One square meter is equal to 10.76 square feet.

Brazilian Shopping Center and Shopping Mall Industry

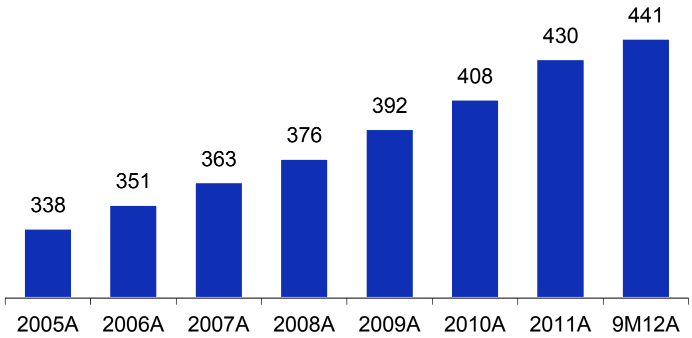
History

One of the first shopping centers was launched in Brazil in 1966, five years after which ECISA built Conjunto Nacional de Brasília. During the 1970s, in addition to Conjunto Nacional de Brasília, five new shopping centers were built; however it was from the 1980s onward that growth of the Brazilian shopping center industry emerged, with the number of shopping centers increasing considerably by the end of the 1990s, when the new launches began to slow.

Since 1966, the number of shopping malls in Brazil has grown sharply, totaling 441 shopping malls on September 30, 2012, according to ABRASCE and is expected to reach 461 by the end of 2012. There are several growth factors for shopping malls in Brazil, including urban growth, need for greater security and comfort when shopping, the Brazilian climate, the introduction of women into the workforce, economic stability with the introduction of the *Real* Plan and increased investment in shopping malls by pension funds.

The chart below shows the growth of the number of shopping malls in Brazil since 2005:

Growth in number of shopping malls
(units)



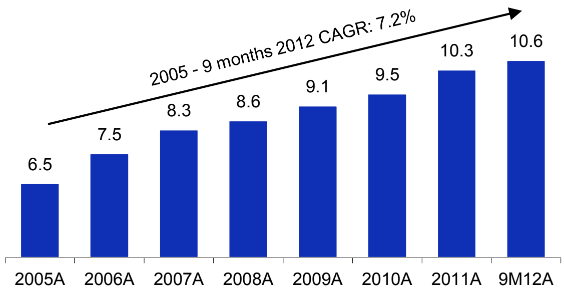
Source: ABRASCE.

According to ABRASCE, as of September 2012 there were 10.6 million square meters of gross leasable area distributed among the 441 total shopping malls in Brazil. In regional terms, approximately 55.3% of the total gross leasable area of shopping malls is in the Southeast region, which has the greatest population density and income per capita, thus being responsible for the largest portion of Brazil's GDP.

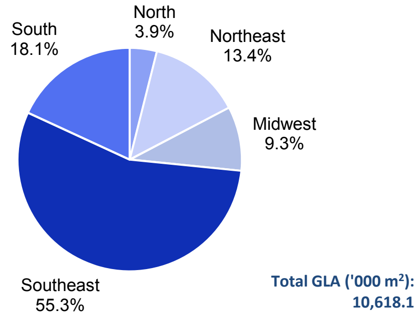
Within the Southeast, approximately 65.7% of the stock of gross leasable area of shopping malls is located in the state of São Paulo and 20.5% in the state of Rio de Janeiro, which are historically the two states with the most robust economic conditions and population densities, according to ABRASCE.

The graphs below show the growth of gross leasable area of shopping malls in Brazil since 2005 and how such gross leasable area was regionally distributed in September 2012:

Growth in gross leasable area of shopping malls since 2005
(millions of square meters per year)



Regional distribution of shopping malls in September 2012
(% of total GLA)



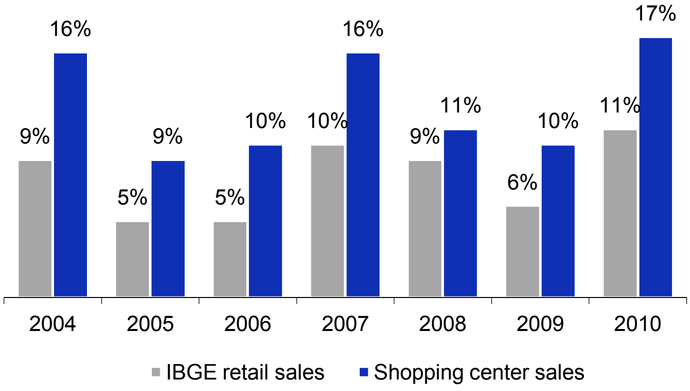
Source: ABRASCE.

Overview of the Shopping Mall Industry in Brazil

Shopping malls attract consumers in Brazil because they gather a diversified group of stores and services into a single location that offers advantages such as parking space, air conditioning and a sense of security and protection against tropical rains during the Christmas shopping season (when retail sales peak in Brazil). All of these factors have resulted in shopping malls' sales increasing more rapidly than sales in the entire Brazilian retail market in recent years.

The following chart shows the year to year shopping center sales growth compared to retail sales growth:

Retail sales *vs.* shopping center sales
(y/y growth)

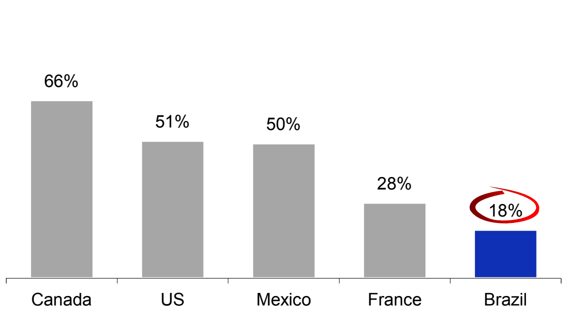


Source: *ABRASCE and IBGE*

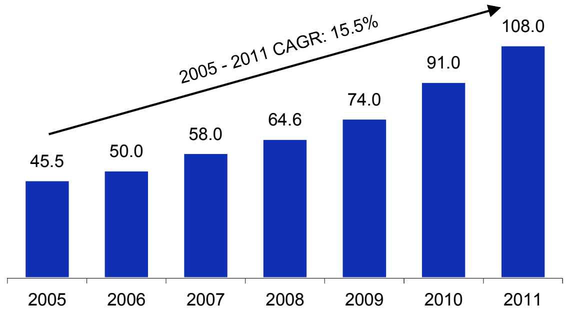
According to a report published by CGD in September 2012, sales in Brazilian shopping malls represent approximately 18% of total domestic retail market sales in the country (excluding car sales), compared to significantly lower than the percentages observed in countries such as the United States, Canada and Mexico in 2010. Moreover, Brazil has a low GLA-per capita ratio of 47 square meters of gross leasable area for every 1,000 inhabitants, according to ABRASCE, compared to a ratio of 1,375 square meters of gross leasable area for every 1,000 inhabitants in the United States. These numbers show that the Brazilian shopping-center industry still has a low penetration of total retail sales.

The following charts show the percentage of sales in shopping malls compared to total retail sales, in each country and the growth in shopping mall revenue since 2005:

Retail sales penetration in malls
(% of sales in shopping malls *vs.* total retail sales)



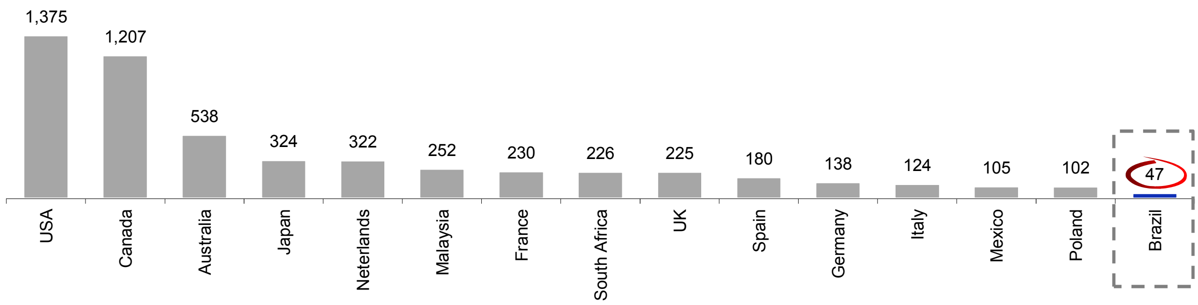
Evolution of revenues in shopping malls
(in R$ billions)



Source: CGD and ABRASCE.

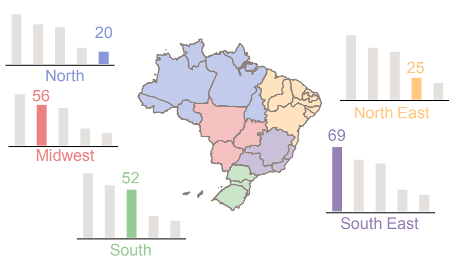
The charts below show that shopping malls are still considerably underpenetrated in all Brazilian regions compared to other countries:

Shopping mall penetration in the world
(GLA per thousands of people)



Source: ABRASCE (2011).

Shopping mall penetration in Brazil by region
(GLA per thousands of people)



Source: ABRASCE, IBGE, IPC Marketing and publicly-traded Brazilian shopping mall companies.

An important characteristic of the Brazilian shopping mall market is its fragmented ownership, both in terms of number of stores and gross leasable area. According to information published by CGD Corretora on September 18, 2012, the four largest publicly-held shopping mall companies in Brazil held approximately 8% of the total gross leasable area of shopping malls in the country. In the five years preceding 2012, the Brazilian shopping-mall industry has invested in market niches, developing enterprises with "neighborhood" or "community" formats, which are smaller than the average shopping mall and are located in medium-sized cities. Due to the lack of financing alternatives to fund new or large shopping malls in capital cities and large urban malls, developers have begun to operate smaller markets in Brazil's countryside through smaller and less costly buildings. Recently, shopping malls have also been increasing the range of services they offer, including by offering entertainment, leisure and cultural services. The shopping-mall concept is continuously updated over time, through changes in its profile or implementation of different formats.

According to data published by ABRASCE as of October 2012, the shopping mall industry plays an important role in Brazil's economy and in community integration through social activities, and is responsible for approximately 775 thousand direct jobs.

Classification of Shopping Centers and Shopping Malls

ABRASCE's criteria for classification of commercial developments, including shopping malls, include (1) maintenance of the property by the store owners of the majority of the leased stores, (2) existence of parking spaces compatible with the flow of consumers and (3) use of anchor stores and leisure areas with the purpose of attracting the public.

Types of Shopping Centers

According to the methodology used by ABRASCE, shopping centers and shopping malls are classified in the following categories:

- ***Neighborhood Shopping Centers***: Projected to provide convenience for the everyday purchasing needs of the consumer. A supermarket serves as the anchor store, supported by stores that offer other convenience articles.

- ***Community Shopping Centers***: Usually offer a wider variety of clothing and other goods. Among the most common anchor stores are supermarkets and department and discount stores. Tenants also include off-price retailers selling clothing, household objects and furniture, toys, electronics or sporting goods.

- ***Regional Shopping Centers***: Offer a variety of goods and services. Their main attractions are traditional anchor stores, discount department stores and supermarkets, as well as options for leisure, entertainment and cultural activities. A regional shopping center does not usually have open spaces, and instead its stores face inward to an internal mall.

- ***Specialized Malls***: Aimed at a specific store mix for a given group of activities, such as fashion, interior decorating, boating equipment, sporting goods, automobiles or other activities.

- ***Outlet Centers***: Consist mainly of factory stores that sell their own brands at a discount, in addition to other off-price retailers. Normally they include non-sophisticated stores with lower rents and reduced construction costs. Specialized shopping centers in Brazil are generally built using this type of construction.

- ***Power Centers***: Comprised basically of anchor stores and a few satellite stores; this category emerged in Brazil in 1996 and is not yet very common. Its anchor stores are "category killers," discount department stores, purchasing clubs and off-price retailers.

- ***Discount Centers***: Normally offer discounts based on reduced operating costs. Comprised of stores with high sales volume and low prices, such as retailers that sell clothing, home appliances and furniture.

- ***Festival Malls***: This is the least common type of shopping center in Brazil. Almost always located in areas frequented by tourists, it is designed for leisure, culture, tourism and food service, and includes stores such as restaurants, fast food shops and movie theaters.

Most of the existing shopping malls in Brazil are regional shopping malls. However, the number of thematic malls (such as malls focused on automobiles, textiles or interior decoration) has been growing, as well as the number of projects for construction of festival malls.

Companies and Groups

The groups that operate in the Brazilian shopping-mall industry do so either directly or through associated companies. It is common for one group to associate with another to implement new projects for many reasons, including the scarcity of available funds for investments. When this happens, entrepreneurs establish joint ventures and create or hire one company for management, another for leasing and yet another for the construction of the shopping mall. According to a report prepared by Citigroup in September 2010, the main groups operating in the sector are BR Malls, Multiplan, Iguatemi, Sonae Sierra Brasil, Brookfield, Ancar and Aliansce.

Anchor Store

The need for an anchor store within a shopping mall is due to the need to attract consumers, particularly to shopping malls constructed outside large urban centers. Shopping malls that are better located have less need for anchor stores. Accordingly, the location and the characteristics of a shopping mall determine the number of anchor stores it needs.

An anchor store is often important at the time a shopping mall commences its operations, because it creates a flow of consumers. After a shopping mall becomes viable, or if a shopping mall is targeted at a specific set of consumers, it may not require an anchor store, since these stores occupy a large portion of the shopping mall's gross leasable area and frequently pay lower rent than other tenants or no rent at all.

Some anchor stores have a policy of owning, as opposed to leasing, all of their store space. In these cases, a shopping mall may be developed contiguously to an anchor store, creating synergies between the anchor and the shopping mall, but with each owned and maintained separately.

Specialized malls, outlet centers and festival malls generally do not have anchor stores. There is a current trend towards the replacement of anchor stores (department stores or supermarkets) by other stores or businesses that attract the public, such as food services, medical centers and leisure and service centers.

Satellites are stores with special structural and marketing characteristics that normally vary between 30 and 200 square meters of gross leasable area. They are usually located close to anchor stores and general common areas. Satellites are normally the biggest source of revenue for shopping malls, as they pay higher rents per square meter of gross leasable area.

Competition

The format and operational strategy of shopping malls must be continuously reviewed. Changes in consumer preferences, the advent of alternative retail systems and the construction of the growing number of shopping malls have led to modifications in existing shopping malls in response to the increased competition, often through the combination of shopping options with leisure and food services.

Competition for consumers and the search for diversification are closely linked to projects to revitalize and redefine shopping malls. These projects may include increasing marketing expenditures; selecting and/or modifying tenant mix; selecting and/or modifying anchor tenants; hosting promotional events; increasing the number of parking spaces; developing architectural projects; expanding the number of leisure and service centers; personnel; and streamlining and computerizing operations.

Operation

Management companies which are often associated with one or more of a shopping mall's owners are responsible for the operation of a shopping mall. The ownership of the stores within a shopping mall gives managers and shopping-center owners more power to control and manage the established strategies of the shopping mall, in comparison to that which would exist if tenants were able to act individually. Other companies involved in the operation of shopping malls are suppliers and service providers of information technology, landscaping, interior decoration, safety equipment, parking and leisure services.

Revenue and Expenses

The principal revenue derived from the ownership of a shopping mall is the rent payments during the term of a lease agreement (which generally are for five years). The amount of the minimum rent payment is set by the market price for the leased area and percentage rent is a fixed percentage of the tenant's total or individual monthly sales. The amount of rent can also vary based on the term of the lease and on the kind of store being leased. Certain shopping malls conduct a monthly audit of their stores in order to assess actual sales volumes and therefore control the amount of rent that is being charged.

A shopping mall can also earn revenue by using common areas intended for merchandising as temporary leasing spaces for kiosks or similar establishments, and by charging consumers for the use of parking space. Expenses for common areas are divided pro rata among the tenants, which pay the condominium charges and contribute to a marketing fund in addition to rent.

Sources of Funding

The profile of investors in Brazilian shopping malls has changed over time. Initially, investors in the sector were solely banks, holding companies, construction companies and individuals. Later, in the 1980s, pension funds began to invest in shopping malls, and they have become the primary investors in the sector.

Usually, the construction of shopping malls are financed with the entrepreneur's capital and with funds provided under credit facilities from financial institutions such as the BNDES and the Federal Savings Bank (Caixa Econômica Federal).

During the pre-operating phase of a shopping mall, revenue is derived from co-participation agreements, under which the shopping mall charges tenants a fee for services rendered with respect to the stores to be leased, such as architectural and legal consulting, installation, projects and others. These fees may be waived, at the discretion of the shopping mall.

The key factors in attracting investors for shopping-center projects are the location of the development, the experience, level of commitment and financial situation of the developer, the construction company and the management company, and feasibility study for the project.

The economic value of a shopping mall is determined by its estimated future cash flow and profitability; and is not generally linked to its construction costs.

Regulation of Shopping Centers

Overview

Shopping malls can be set up by (i) incorporation, or building condominiums, with the creation of autonomous condominiums established pursuant to the Brazilian Condominium and Development Law (*Lei de Condomínio e Incorporação*) and the Brazilian Civil Code, in which case each store represents an autonomous unit and the relationship between the condominium members is regulated by the condominium agreement and internal regulation, or (ii) a deed for an undivided shopping mall under the pro-indiviso condominium model, also regulated by the Brazilian Civil Code, in which case the development represents a single property and the relationship between the co-owners is regulated by a co-owners' agreement.

In certain circumstances, a shopping mall may also acquire the right to use public areas to expand their premises or to construct underground parking areas. They may execute administrative agreement with the relevant public body or obtain a permission or authorization to use such public area, in accordance with the Federal Bid Law and, in some cases, in accordance with Decree-Law No. 271/67 and local, state or municipal laws.

There are four ways to obtain the right to use public assets: (i) authorization, (ii) permission, (iii) concession for the use of public properties and (iv) concession for the in rem right of using public properties.

Some of our shopping malls have executed concession agreements for the use of public properties while others have obtained a permission to use public areas.

Permissions to use public areas are ruled by the Federal Bid Law and grant to a private party the use of a public asset. On the other hand, the concession for the use of public properties is an agreement, ruled by the Federal Bid Law and Decree-Law No. 271/67, by which government grants the right over public assets.

A deed of general rules, the condominium agreement, the internal regulation and the co-participation agreement, if applicable, are the main instruments governing a shopping mall's operations, the rights and obligations of the owners and tenants, and the contracting of a management company for a shopping mall.

The organization and regulation of the relationship between the shopping mall, store owners and the shopping mall's manager are also governed by the following instruments:

- the lease agreements with tenants;
- public deeds of general rules for lease agreements; and
- the agreements of tenants' associations.

Condominiums

In Brazil, the main shopping malls are normally organized as condominiums.

The main difference between civil condominiums (also known as pro-indiviso) and building condominiums is that only the building condominium allows the developer to sell the units separately, in whole or in part, without the consent of the owners of the other units.

The systems of building condominium and civil condominium may coexist in the same development. It is common for a shopping mall organized as a building condominium, in which each store is independently owned, to have many of such stores with two or more owners sharing a civil condominium.

Civil Condominiums

Civil condominiums are regulated by Article 1,314 and subsequent articles of the Brazilian Civil Code. In this type of condominium, two or more co-owners exercise their ownership through a notional fraction held by each, and neither co-owner is entitled to a personal private area. All co-owners share ownership of the store, in proportion to the participation of each. The following provisions are applicable to such condominiums:

- each condominium member may sell its interest, subject to a right of first refusal of the others;
- each condominium member may mortgage its interest in the condominium without the consent of the other members;
- a condominium member may demand partition at any time. However, condominiums members may agree not to allow partition for a period of five years, which may be extended, provided that in extraordinary situations, partition may be ordered through judicial intervention;
- each condominium member is entitled to receive the earnings generated by the common property in proportion to its participation; and
- each condominium member must pay its share of expenses incurred for the benefit of common property, even if such expenses are incurred entirely by another condominium member.

Accordingly, in shopping malls organized as civil condominiums, the development consists of a single property, with one real estate register, in which case the holders of interests in the development are owners of a share of the development.

Building Condominiums

Building condominiums, on the other hand, are regulated by Article 1,331 and subsequent articles of the Brazilian Civil Code and by the Brazilian Condominium and Development Law. In this type of condominium, private areas (autonomous units that may be held by a single owner) and common areas (held in common by all owners of the private areas) coexist. Accordingly, in the shopping malls organized as building condominiums, each store represents an autonomous unit, and common areas of the shopping mall where consumers circulate are common areas.

In building condominiums, unlike civil condominiums, the owners of other units do not have a right of first refusal with respect to the sale of an autonomous unit.

Condominium Agreement

The Brazilian Civil Code provides that in a building condominium, the relationship between the owners of the autonomous units is governed by law and by the condominium agreement that may provide for, among other matters, quorum for the resolutions of the meeting of condominium members. Unless the condominium agreement requires a larger quorum, the condominium resolutions of shopping malls must be approved by a vote of the majority of condominium members and the vote of each condominium member is weighted in accordance with the notional fraction it holds in the respective store or autonomous unit. However, without prejudice to the provisions governing the condominium, the Brazilian Civil Code expressly requires the following quorums for approval of the following resolutions:

- the majority of condominium members to carry out useful improvements;
- two-thirds of the condominium members to carry out cosmetic improvements; expand existing common areas; and amend the condominium agreement or the internal regulations of the condominium; and
- the unanimous vote of the condominium members to build another floor or, on common property, another building and change the purpose of the building or the real estate unit.

Lease Agreements in Shopping Centers

Leases in shopping malls are governed by the Brazilian Leasing Law, which regulates the rights and obligations of lessors and lessees.

General Characteristics of Commercial Leases

The main characteristics of commercial leases are set forth below:

- ***Compulsory Renewal of the Lease***. According to the Brazilian Leasing Law, the lessee is entitled to the renewal of a lease agreement if the following conditions are met: (i) the agreement was made in writing for a term equal to or exceeding five years (or previous lease agreements had an uninterrupted term equal to or exceeding five years); and (ii) the tenant is engaged in the same business for a minimum uninterrupted period of three years.
- ***Rent Adjustment***. The Brazilian Leasing Law also provide that both the lessee and the lessor may, after the expiration of three years of the term of the lease agreement or similar agreement entered into by the lessee and the lessor, file a legal action for a rent adjustment, in order to adjust the rent to market rates, in view of possible circumstances that might have caused appreciation or depreciation of the rent.
- ***Right of First Refusal***. The Lease Law entitles the lessee, upon registration of the agreement with the relevant real estate registrar, to the right of first refusal with respect to the acquisition of lease property by third parties, on the same terms.

Specific Characteristics of Shopping Center Leases

Shopping center leases have particularities not generally found in other commercial leases. Given that shopping-center leases involve transactions beyond the simple use of a space for agreed-to remuneration, the Lease Law expressly provides shopping malls and store owners greater contractual freedom to define the rights and obligations of the parties during the lease.

Shopping center leases generally include the following provisions: (i) rent calculated based on a percentage of the tenant's sales; (ii) the payment of double rent in a certain month of the year, in accordance with the business sector; (iii) the ability of the lessor to inspect the tenants' activities in order to determine the tenants' sales; (iv) mandatory tenant contributions to marketing funds; (v) prohibitions on the tenant's ability to change its business; (vi) limitations on the sublease, assignment or loan of the leased space; (vii) territorial exclusivity or non-competition clauses; (viii) the need for approval of the stores' project by the lessor; and (ix) the determination of a "step clause" (a contractual provision that establishes previously determined future increases in rents).

The rent to be paid by the store owner is generally equal to the higher of (i) a fixed minimum amount calculated according to the location and size of the store occupied by the tenant, called "minimum rent;" and (ii) a variable amount, or the percentage of the sales of the store owner, called "percentage rent."

Key Money

Another characteristic of shopping-center leases is referred to as "key money". In performing its activities in the shopping mall, the tenant benefits from the tenant mix and from the structure planned, built and offered by the shopping mall. In addition, five years after the lease agreement, the tenant is usually entitled to renew the lease agreement, which restricts the shopping mall's ability to alter the store mix to improve the traffic and sales of the shopping mall. Because of these rights and benefits provided to the tenants, the shopping mall charges a price for key money to use the space in the shopping mall. The amount and the terms of the payment of key money are established between the shopping mall and the tenant upon the tenant's agreement to join the enterprise (before or after completion of construction).

Deed

In addition to the lease agreement, the relationship between the shopping mall and the tenant is also regulated by the deed of general rules. The deed provides for the organization and operation of the shopping mall, and its main provisions generally are:

- the lessor's rights to monitor the sales of the lessee, in order to determine the amount of the rent to be paid in cases in which the rent charged is based on sales;
- the operating hours of the stores;
- implementation of discounts and sales;
- prohibition of changes in a lessee's business, in order to maintain the original tenant mix;
- approval of the plan and layout of the store, as well as the period of execution; and
- penalties for the lessee's failure to perform its obligations.

The purpose of the deed of general rules is to outline the guidelines for the relationship between shopping-center owners and tenants, including each party's rights and obligations in connection with the operation of the shopping-center, as well as to establish the general rules for all those that take part directly or indirectly in the property, including the tenants, the shopping-center owner and any third-party contractors.

The tenants agree to respect the deed of general rules when they sign the lease agreement and thus assume the commitment to comply with its terms and conditions.

Co-Participation Agreement (Condominium Convention)

The relationship between co-owners of civil condominiums is defined by the law. However, co-owners may enter into agreements that regulate the rights and obligations of the parties interested in co-participation. This co-participation agreement is also normally called a condominium convention.

In the civil condominiums used in shopping malls, the co-participation agreement governs the following, among others: (i) rules for the use and management of joint property; (ii) duties of the manager; (iii) responsibilities related to the leasing of joint property; (iv) management and distribution of revenue; (v) management of the mix of stores; and (vi) tenant's right of first refusal.

Tenants' Association

One of the obligations assumed by the tenant is to become a member of a Tenants' Association. A Tenants' Association is a non-profit entity organized by the tenants of a shopping mall with its own legal identity, to support and represent the interests of its members, improve the relations among the lessees, establish rules and regulations on ethics and discipline to govern members' activities, perform studies and services for its members, and provide for the marketing of the shopping mall.

Tenants are required to make a monthly contribution to a marketing fund in order to cover advertising and marketing expenses. The shopping mall is also a member of the Tenants' Association and exercises an important role in the definition of guidelines and strategies for marketing campaigns necessary for the development and integration of the shopping mall with the local community.

Management Agreement and Internal Regulations

The responsibility for managing a shopping mall is frequently delegated to a company specialized in the management and administration of shopping malls. The manager will work as the representative of the shopping mall, with powers to control, manage and inspect the premises.

If the shopping mall is managed by a legal entity other than the shopping mall itself, the tenants must enter into a management agreement with such managing company, which will be an integral part of the lease agreement. The rules related to the management of the shopping mall are normally included in the condominium convention and the lease agreement itself. These instruments provide for the manager to be able to introduce changes in the structural plans of the buildings, to inspect the activities of the tenants, to maintain areas of common use and to establish the amount and terms of payment of the management fee by tenants.

The manager of the shopping mall is also responsible for preparing internal regulations to govern the activities of shopping-center tenants in further detail, and secondarily to the other documents and agreements.

Environmental matters

Environmental Licenses and Authorizations

Activities related to the shopping-center industry are subject to federal, state and municipal rules and requirements regarding environmental licensing and control. Environmental licenses must be obtained for the location, installation and operation of each shopping mall, as well as for any expansions performed thereafter. Licenses granted must also be periodically renewed.

Environmental inspections are carried out by governmental agencies and other entities that may impose sanctions for noncompliance with applicable legislation. For developments whose environmental impacts spread across its frontiers, the licensing authority is the Brazilian Institute for the Environment and Renewable Natural Sources (*Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis*). The state government has jurisdiction over licensing facilities to be built within its territory. In addition, the municipalities have jurisdiction to license enterprises that only have local impacts.

The environmental licensing process is basically comprised of the issuance of three licenses: (i) the previous license, (ii) the installation license, and (iii) the operating license. Each license is issued according to the stage of construction of the shopping mall and the maintenance of a valid license depends on the shopping mall's compliance with the conditions established by the applicable environmental agency. Failure to maintain a valid environmental license is classified as an environmental crime, and subjects the violator to administrative penalties, such as fines and interruption of activities, even if no damage to the environment has taken place.

Possible delays or denials on the issuance or renewal of license requests by the competent environmental authority, as well as our possible inability to meet the requirements established by the environmental authorities during the environmental licensing process, may result in restrictions on, or the prohibition of, the construction and regular maintenance of our shopping malls.

Additionally, non-compliance with requirements and conditions set forth in the environmental licenses may subject us to penalties such shutdowns and fines that range from R$500 to R$10,000,000 in the worst-case scenario, among others. However, the maximum fine may only be imposed when the absence of the competent license triggers a high environmental risk or may cause serious environmental damages, which does not apply to us.

We endeavor our best efforts to hold environmental licenses to all our shopping malls, but some of our premises may not hold all the necessary environmental licenses, which may subject us to administrative and criminal liabilities, whether our activities cause environmental degradation or not.

Solid Wastes

Given the field in which we operate, our principal focus for environmental control is the final disposal of waste and the management of fluids. As such, we seek to have contracts with private and public companies that selectively collect the solid waste we generate and are responsible for the final disposal thereof at locations that are publicly provided for such disposal. In the same way, we seek to have specific solid waste management plans.

Brazilian environmental legislation establishes rules for the proper disposal of solid wastes, including those resulting from civil construction. Improper waste disposal that causes environmental damage subjects the party to the penalties described under "Environmental Responsibility" below.

Fluid management can be done at our own stations built for such activity or through a public contractor. Some of our shopping malls have sewage treatment system, in order to reuse the water or treat it before the disposal into the public system. This activity depends on granting of licenses by the public authorities and we endeavor our best efforts to hold licenses to all our shopping malls, but some of our premises may not hold all the necessary environmental licenses, which may subject us to administrative and criminal liabilities, regardless of whether our activities cause environmental degradation.

We may be subject to significant charges related to water and sewage disposal into the public system, imposed by the federal, state or municipal agencies, and such charges may adversely reflect in our investments.

Protected areas

The Brazilian Forest Code (*Código Florestal*), Law No. 12,615/12, determines that some areas, such as the margins of rivers and hill peaks, are considered Permanent Preservation Areas, where influence is only permitted in case of public need or social interest. In these cases, a prior authorization is required on the part of the relevant environmental authority.

Some of our shopping malls are located in Permanent Preservation Areas, which has resulted in us needing to request authorization for specific interventions and removal of vegetation. In the event of new construction in these areas, new authorization will be required. The interference with or damage to any kind of vegetation in an area considered as Permanent Preservation Area may subject the enterprise to a fine ranging from R$ 5,000.00 to R$ 50,000.00 for each hectare or land fraction.

Environmental Responsibility

Brazilian environmental legislation establishes criminal and administrative penalties for individuals and legal entities which engage in activities deemed to be environmental infringements or crimes, in addition to establishing the obligation to repair the environmental damage. The penalties to which we may be subject as a result of environmental crimes and infringements include:

- the imposition of fines that, at the administrative level, may amount to R$50.0 million, depending on the infringer's financial condition, the facts of the case, as well as the prior record of the infringer. Double or triple fines per event may be imposed in the case of repeated infringements;

- suspension or prohibition of development activities; and

- the loss of tax benefits and incentives.

Pursuant to Brazilian environmental policies, environmental damages carry joint and several and strict liability, direct and indirect, meaning that recovery measures may affect all persons directly or indirectly involved, irrespective of fault. Thus, activities potentially causing environmental damage performed by third parties contracted by the developer to perform services such as cutting down trees or moving land do not exempt such developer from the responsibility for possible environmental damages if they should fail to comply with the applicable environmental requirements.

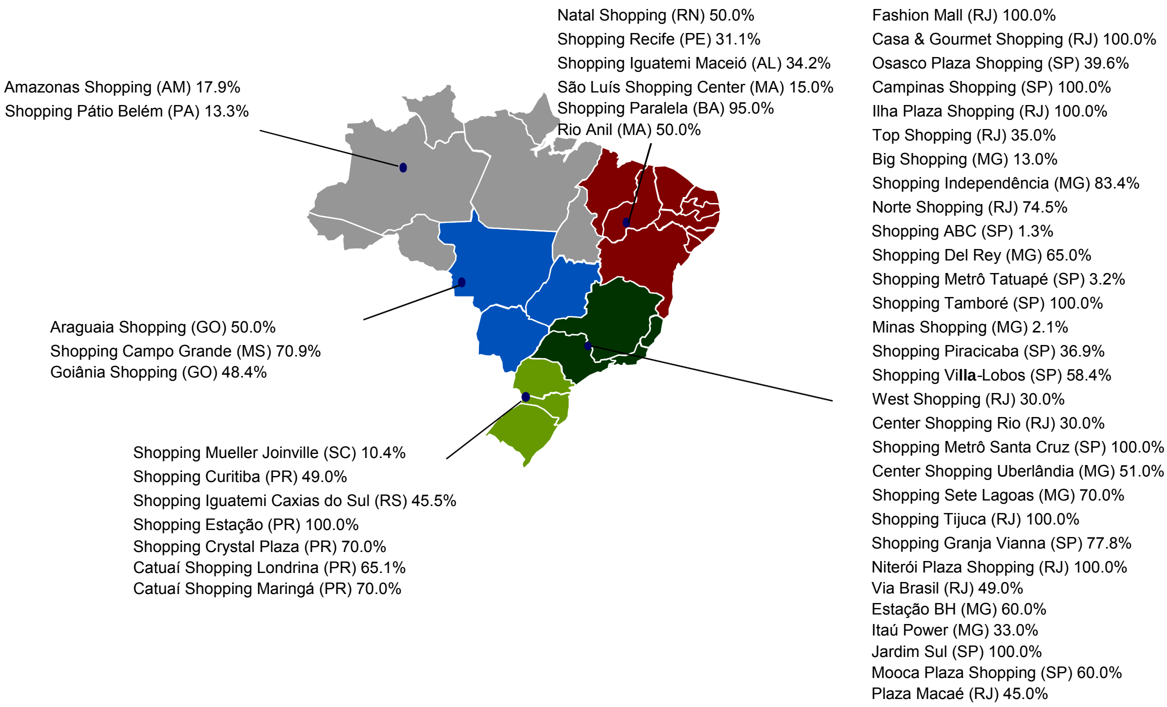
Brazilian environmental legislation also provides for the "piercing of the corporate veil," in relation to the controller of an entity, if limited liability legal status is an impediment to the collection of compensation for damages caused to the environment.

BUSINESS

Overview

We are the leading company in Brazil's shopping mall sector. We are the largest owner of shopping malls in Brazil in terms of total gross leasable area, gross leasable area owned and number of shopping malls. We are also the largest provider of management services in Brazil for shopping, commercial and business centers, as well as leasing and merchandising services in shopping malls in terms of gross commercial area. We currently hold ownership interests in 48 shopping malls that collectively have approximately 9,000 stores and approximately 1,515.7 thousand square meters in gross leasable area. On average, we currently hold a 56.5% stake in the shopping malls we own, equal to approximately 844.5 thousand square meters in gross leasable area, taking into account our ownership interest in each of the shopping malls in our portfolio (including the Araguaia Shopping, where our ownership is held in the form of debentures with profit sharing rights of 10,879 square meters). Additionally, we provide management and marketing services for 41 shopping malls, including: (1) management services for 38 of the 48 shopping malls in which we hold ownership interests, (2) marketing services for 41 of the 48 shopping malls in which we hold ownership interests and (3) management and marketing services for one shopping mall in which we do not hold any ownership interest. For the six months ended June 30, 2012, 9.0% of our gross revenue from rent and services were derived from anchor stores. We are one of the few companies in our sector holding ownership interests in shopping malls in each of the five regions of Brazil. In addition, our portfolio is strategically diversified according to our target customers' income classes, covering consumers in all classes.

BR Malls Portfolio and Participation



The following table contains certain key information regarding the shopping malls in which we hold ownership interests:

		As of June 30, 2012, except as otherwise indicated(1)			
Shopping Malls	**State**	**Our Interest (%)**	**Total GLA (square meters)(2)**	**GLA we own (square meters)**	**Number of Stores (in units)(1)**
Amazonas Shopping	AM	17.9	34,214	6,124	220
Araguaia Shopping (3)	GO	50.0	21,758	10,879	143
Big Shopping	MG	13.0	17,241	2,241	77
Campinas Shopping	SP	100.0	29,698	29,698	153
Casa & Gourmet Shopping	RJ	100.0	7,137	7,137	32
Catuaí Shopping Londrina	PR	65.1	63,089	41,071	274
Catuaí Shopping Maringá	PR	70.0	32,329	22,631	192
Center Shopping Rio	RJ	30.0	13,765	4,130	86
Center Shopping Uberlândia (4)	MG	51.0	50,702	25,858	306
Estação BH	MG	60.0	33,982	20,389	117
Fashion Mall	RJ	100.0	14,955	14,955	123
Goiânia Shopping	GO	48.4	22,252	10,770	152
Ilha Plaza Shopping	RJ	100.0	21,619	21,619	120
Itaú Power	MG	33.0	32,744	10,805	175
Jardim Sul (5)	SP	100.0	30,800	30,800	192
Minas Shopping (6)	MG	2.1	35,894	764	191
Mooca Plaza Shopping	SP	60.0	41,964	25,178	233
Natal Shopping	RN	50.0	17,448	8,724	164
Niterói Plaza Shopping	RJ	100.0	33,550	33,550	215
NorteShopping	RJ	74.5	77,908	58,041	322
Osasco Plaza Shopping	SP	39.6	13,844	5,482	141
Plaza Macaé	RJ	45.0	22,694	10,212	94
Rio Anil (7)	MA	50.0	26,292	13,146	154
São Luís Shopping Center	MA	15.0	34,123	5,118	134
Shopping ABC	SP	1.3	46,285	602	244
Shopping Campo Grande	MS	70.9	39,213	27,808	203
Shopping Crystal Plaza	PR	70.0	11,934	8,354	124
Shopping Curitiba	PR	49.0	22,920	11,231	131
Shopping Del Rey	MG	65.0	37,032	24,071	179
Shopping Estação (8)	PR	100.0	54,716	54,716	145
Shopping Granja Vianna	SP	77.8	29,971	23,312	164
Shopping Iguatemi Caxias do Sul	RS	45.5	30,324	13,797	128
Shopping Iguatemi Maceió	AL	34.2	34,742	11,892	212
Shopping Independência	MG	83.4	23,941	19,967	172
Shopping Metrô Santa Cruz	SP	100.0	19,165	19,165	118
Shopping Metrô Tatuapé	SP	3.2	32,853	1,037	280
Shopping Mueller Joinville	SC	10.4	27,310	2,840	140
Shopping Paralela	BA	95.0	39,802	37,812	263
Shopping Pátio Belém	PA	13.3	20,594	2,739	190
Shopping Piracicaba(9)	SP	36.9	27,248	10,055	140
Shopping Recife	PE	31.1	68,627	21,312	402
Shopping Sete Lagoas	MG	70.0	16,411	11,488	119
Shopping Tamboré	SP	100.0	49,835	49,835	215
Shopping Tijuca	RJ	100.0	35,565	35,565	275
Shopping Villa-Lobos	SP	58.4	26,806	15,647	184
Top Shopping	RJ	35.0	18,168	6,359	114
Via Brasil Shopping	RJ	49.0	30,680	15,033	220
West Shopping	RJ	30.0	39,558	11,867	148
Total (10)		56.5	1,513,704	855,827	8,520

(1) Includes stores within the total gross leasable area.

(2) Our 35.0% ownership interest in Top Shopping and our 100% ownership interest in Shopping Tamboré, as well as 0.06% of our ownership interest in Amazonas Shopping and 14.0% of our ownership interest in Shopping Curitiba are still pending registration before the Real Estate Registry Office.

(3) Ownership interest held in the form of debentures with profit sharing rights through which we have the right, among others, to receive 50% of the Araguaia Shopping mall's net income and to appoint the shopping mall's management.

(4) After June 30, 2012, we commenced an expansion at Center Shopping Uberlândia that added 1,012 square meters to our owned GLA, which we completed on October 8, 2012.

(5) Our 40% ownership interest in Jardim Sul is still pending registration before the relevant real estate registry office.

(6) Our 1.1% ownership interest in Minas Shopping is still pending registration before the relevant real estate registry office.

(7) Our ownership interest in Rio Anil is still pending registration before the relevant real estate registry office.

(8) Includes the Estação Convention Center, an anchor store with 27.9 thousand square meters of gross leasable area.

(9) On October 4, 2012 we commenced an expansion of Shopping Piracicaba that will add 15,972 square meters of total GLA and 5,894 square meters to our owned GLA.

(10) Average ownership interest we hold in shopping malls.

The following table contains certain key information regarding our six greenfield projects under development:

	As of June 30, 2012					
Shopping Malls	**State**	**Our Interest (%)**	**Total GLA (square meters)**	**GLA we own (square meters)**	**Period Launched**	**Expected Project Opening**
São Bernardo	SP	60.0	42,776	25,665	1Q10	4Q12
Londrina Norte	PR	70.0	32,996	23,097	3Q11	4Q12
Cascavel	PR	67.9	30,082	20,425	3Q11	4Q13
Contagem	MG	70.0	34,609	24,226	3Q11	4Q13
Vila Velha	ES	50.0	66,653	33,326	3Q11	2Q14
Guarujá	SP	65.0	30,842	20,047	1Q12	TBD
Total (1)			237,956	146,787		

(1) Our ownership interest in the greenfield projects is still pending registration before the relevant real estate registry.

Our gross revenue from rent and services is derived from the following principal activities: (1) our ownership of shopping malls, through leasing stores and other merchandising spaces, parking lot fees and transfer fees from tenants, or key money, which represented 92.0% of our gross revenue from rent and services for the six months ended June 30, 2012, and (2) management, leasing and merchandising services for stores and common spaces in shopping malls, which represented 8.0% of our gross revenue from rent and services for the six months ended June 30, 2012.

Pursuant to our business plan, from January 1, 2007 to June 30, 2012, we have expanded our ownership interests in 33 shopping malls of our portfolio and have acquired ownership interests in 39 new shopping malls, increasing our own gross leasable area by approximately 623.1 thousand square meters, as follows: (i) on January 2, 2007, 38.7% of Goiânia Shopping; (ii) on February 5, 2007, 100.0% of Shopping Estação; (iii) on March 1, 2007, 10.0% of Pantanal Shopping; (iv) on March 1, 2007, convertible debentures with participation in the profits of the company responsible for the development of Araguaia Shopping, which give us, among other rights, the right to receive 50.0% of the net income of Araguaia Shopping and the right to appoint its officers and directors; (v) on April 11, 2007, 0.7% of Shopping ABC; (vi) on April 11, 2007, 6.9% of Goiânia Shopping (an increase in our ownership interest); (vii) on April 13, 2007, 8.5% of Shopping Piracicaba, 12.2% of Shopping Iguatemi Belém, 11.1% of Amazonas Shopping and 16.6% of Shopping Iguatemi Maceió by means of the acquisition of the total capital stock of EPI; (viii) on May 2, 2007, 17.6% of Shopping Iguatemi Maceió (an increase in our ownership interest); (ix) on May 14, 2007, 6.1% of Amazonas Shopping (an increase in our ownership interest); (x) on May 18, 2007, 100.0% of Shopping Tamboré; (xi) on May 21, 2007, 3.0% of Shopping Piracicaba (an increase in our ownership interest); (xii) on May 22, 2007, 35.9% of Natal Shopping; (xiii) on May 23, 2007, 20.0% of Shopping Curitiba; (xiv) on June 22, 2007, 35.0% of Top Shopping; (xv) on June 28, 2007, 15.0% of Shopping Curitiba (an increase in our ownership interest); (xvi) on June 29, 2007, 9.1% of Natal Shopping (an increase in our ownership interest); (xvii) on July 3, 2007, 1.0% of Minas Shopping; (xviii) on July 3, 2007, 13.0% of Big Shopping; (xix) on July 16, 2007, 100.0% of Niterói Plaza Shopping; (xx) on July 16, 2007, 82.4% of Fashion Mall; (xxi) on July 16, 2007, 82.5% of Ilha Plaza Shopping; (xxii) on July 16, 2007, 100.0% of Casa & Gourmet Shopping; (xxiii) on August 3, 2007, 2.4% of Esplanada Shopping; (xxiv) on August 9, 2007, 12.9% of Shopping Villa-Lobos (an increase in our ownership interest); (xxv) on September 27, 2007, 17.5% of Ilha Plaza Shopping (an increase in our ownership interest); (xxvi) on October 4, 2007, 10.0% of Fashion Mall (an increase in our ownership interest); (xxvii) on October 19, 2007, 10.0% of Shopping Mueller Joinville by means of the acquisition of the total capital stock of KGM37 Empreendimentos Ltda.; (xxviii) on October 22, 2007, 4.0% of Goiânia Shopping (an increase in our ownership interest); (xxix) on November 1, 2007, 7.6% of Fashion Mall (an increase in our ownership interest); (xxx) on November 14, 2007, 1.0% of Esplanada Shopping (an increase in our ownership interest); (xxxi) on December 5, 2007, 1.1% of Shopping Pátio Belém (an increase in our ownership interest) and 3.0% of Shopping Metrô Tatuapé; (xxxii) on December 5, 2007, 5.0% of São Luís Shopping Center and an additional 10.0% (an increase in our ownership interest) on May 6, 2008; (xxxiii) on March 24, 2008, 35.0% of Osasco Plaza Shopping, 2.1% (an increase in our ownership interest) on May 15, 2008 and an additional 2.5% (an increase in our ownership interest) on June 3, 2008; (xxxiv) on June 4, 2008, 1.9% of Shopping Piracicaba (an increase in our ownership interest) and an additional 5.7% (an increase in our ownership interest) on July 23, 2008; (xxxv) on June 13, 2008, 5.0% of Natal Shopping (an increase in our ownership interest); (xxxvi) on July 1, 2008, 30.0% of Center Shopping Rio and 30.0% of West Shopping; (xxxvii) on March 5, 2009, 100.0% of Campinas Shopping; (xxxviii) on October 8, 2009, 100.0% of Shopping Metrô Santa Cruz; (xxxix) on February 8, 2010, 2.5% of Shopping Campo Grande (an increase in our ownership interest); (xl) on May 5, 2010, 49.0% of Via Brasil Shopping; (xli) on June 17, 2010, 75.4% of Shopping Independência (an increase in our ownership interest); (xlii) on July 22, 2010, 1.15% of Minas Shopping (an increase in our ownership interest); (xliii) on August 12, 2010, 0.6% of Shopping ABC (an increase in our ownership interest); (xliv) on September 15, 2010, 40.0% of Shopping Crystal Plaza; (xlv) on September 23, 2010, 51.0% of Center Shopping Uberlândia; (xlvi) on November 5, 2010, 3.6% of Shopping Campo Grande (an increase in our ownership interest); (xlvii) on November 19, 2010, 50.0% of Shopping Tijuca; (xlviii) on December 9, 2010, 50.0% of Shopping Tijuca (an increase in our ownership interest); (xlix) on January 3, 2011, 30.0% of Shopping Crystal Plaza (an increase in our ownership interest); (l) on January 3, 2011, 15.3% of Shopping Piracicaba (an increase in our ownership interest); (li) on January 28, 2011, 14.0% of Shopping Curitiba (an increase in our ownership interest); (lii) on April 29, 2011 95.0% of Shopping Paralela; (liii) on August 4, 2011, 65.1% of Catuaí Shopping Londrina and 70.0% of Catuaí Shopping Maringá; (liv) on September 2, 2011, 2.5% in Shopping Piracicaba (an increase in our ownership interest); (lv) on November 22, 2011, 100% of Jardim Sul; (lvi) on February 10, 2012, 33% of Itaú Power; (lvii) on February 16, 2012, 0.2% in Metro Tatuapé (an increase in our ownership interest) ; (lviii) on April 3, 2012, 50.0% of Rio Anil; (lix) on April 13, 2012, 45.0% of Plaza Macaé; and (lx) on June 15, 2012, 18.7% of Villa-Lobos (an increase in our ownership interest).

Additionally, on August 13, 2010, we concluded the acquisition of a 60.0% stake in a 105 thousand square meter land bank located in São Bernardo do Campo, São Paulo, that is currently under development.

As part of our growth strategy, we have expanded the malls which we own and developed greenfield projects in an effort to increase our GLA and the revenues generated by our malls. Our expansions and developments are as follows: (i) on April 28, 2009, we completed the expansion of Shopping Iguatemi Caxias do Sul; (ii) on September 21, 2009, we completed the expansion of Goiânia Shopping; (iii) on September 30, 2009, we completed the expansion of NorteShopping; (iv) on July 7, 2010, we completed the expansion of West Shopping; (v) on October 5, 2010, we opened the greenfield project of Sete Lagoas Shopping; (vi) on November 25, 2010, we opened the greenfield project of Granja Vianna Shopping; (vii) on April 27, 2011, we opened the greenfield project of Via Brasil Shopping; (viii) on April 28, 2011, we completed the expansion of Tamboré; (ix) on November 24, 2011, we completed the expansion of Campo Grande; (x) on November 29, 2011, we opened the greenfield project of Mooca Plaza Shopping; (xi) on April 20, 2012, we completed the expansion project of Shopping Recife; (xii) on May 24, 2012, the greenfield project of Shopping Estação BH; and (xiii) on October 8, 2012, we completed the expansion project of Center Shopping Uberlândia.

Furthermore, on January 4, 2011, we entered into an agreement for the sale of our total 3.4% ownership interest in Esplanada Shopping. The sale price was R$11.8 million, R$6.1 million of which was paid on January 4, 2011 and the balance, to be adjusted by the Interbank Certificate of Deposit (*Certificado de Depósito Interbancário*) rate, or the CDI rate, will be paid upon the filing of the required documentation with the commercial registry. We acquired our ownership interest in Esplanada Shopping in August and November, 2007, for a total of R$7.0 million. On March 30, 2012, we sold our total 10.0% ownership interest in Pantanal Shopping for R$45.0 million.

We believe we have a strong financial position with growth in net revenue, EBITDA and net income since 2007. The following table presents certain consolidated financial and operational information:

	As of and for the Year Ended December 31,		
	2009	2010	2011
	Audited		
	(amounts in thousands of R$, except as otherwise indicated)		
Net revenue from rent and services	392,583	546,437	861,475
EBITDA(1)	1,559,184	978,234	1,455,971
EBITDA margin(2)	397.2%	179.0%	169.0%
Adjusted EBITDA(3)	319,378	431,157	684,813
Adjusted EBITDA margin(4)	81.4%	79.8%	79.7%
Net income before non-controlling interests	1,095,086	634,272	789,655
Net margin(5)	278.9%	116.1%	91.7%
Shopping centers GLA (in square meters)(6)(7)	1,035,553	1,197,147	1,433,526
Shopping centers (our ownership interest) GLA (in square meters)(7)(8)	467,237	593,251	798,188

	As of and for the Six Months Ended June 30,	
	2011	2012
	Unaudited	
	(amounts in thousands of R$, except as otherwise indicated)	
Net revenue from rent and services	378,501	509,396
EBITDA(1)	298,540	1,155,203
EBITDA margin(2)	78.9%	226.8%
Adjusted EBITDA(3)	301,069	420,189
Adjusted EBITDA margin(4)	79.9%	82.5%
Net income before non-controlling interests	182,594	634,325
Net margin(5)	48.2%	124.5%
Shopping centers GLA (in square meters)(6)(7)	1,259,973	1,513,704
Shopping centers (our ownership interest) GLA (in square meters)(7)(8)	674,115	855,827

(1) EBITDA consists of net revenue from rent and services, less Uberlândia condominium revenue, less cost of rent and services, less operating expenses, plus Uberlândia condominium costs, plus depreciation and amortization, plus other income, net. EBITDA is not a financial performance measure calculated in accordance with Brazilian GAAP, IFRS or U.S. GAAP, must not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to operating cash flows as an indicator of liquidity. EBITDA is not calculated using a standard methodology and may not be comparable to the definition of EBITDA or similarly titled measures used by other companies. We believe that EBITDA allows a better understanding not only of our financial performance but also of our ability to comply with our obligations and obtain funds for our capital requirements. However, EBITDA presents limitations that impair its use as a measurement of our profits since it does not consider certain costs arising from our business that might significantly impact our results of operations and liquidity, such as financial expenses, income taxes and depreciation and amortization. See “Summary Financial Information” for a reconciliation of our net revenue from rent and services to our EBITDA .

(2) Represents EBITDA divided by net revenue from rent and services.

(3) Adjusted EBITDA consists of EBITDA plus other non-recurring expenses plus financial income from the Araguaia debentures, less the change in fair value of investment properties. Like EBITDA, Adjusted EBITDA is not a financial performance measure calculated in accordance with Brazilian GAAP, IFRS or U.S. GAAP, and should not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to operating cash flows as an indicator of liquidity. Adjusted EBITDA is not calculated using a standard methodology and may not be comparable to the definition of Adjusted EBITDA or similarly titled measures used by other companies. See “Summary Financial Information” for a reconciliation of our net revenue from rent and services to our Adjusted EBITDA.

(4) Represents Adjusted EBITDA divided by net revenue from rent and services less Uberlândia condominium revenue.

(5) Net income before non-controlling interests as a percentage of net revenue from rent and services.

(6) Represents total gross leasable area of all shopping malls in which we hold an ownership interest and does not reflect our ownership interest in each development.

(7) One square meter is equal to 10.76 square feet.

(8) Reflects our proportional interest in the total gross leasable area of all shopping malls in which we hold an ownership interest.

Competitive Strengths

We believe that our strengths are:

Strategically diversified portfolio. Our portfolio of shopping malls is strategically diversified with respect to both geographic location and target customer income classes. We believe our nationwide presence and our experience operating shopping malls that target different income classes allow us to benefit from the economic growth of each region and income class, minimizing the impact of fluctuations in regional economies and sectors and providing us with a key competitive advantage in the implementation of our growth and consolidation strategy.

Professional management and strong operational performance. We have a high-quality team of professionals widely recognized in the market and with significant experience in the shopping mall, real estate and financial sectors, as well as general management. Our compensation policy seeks to align the interests of these professionals with those of our shareholders through variable compensation and a stock option plan that rewards strong performance and the attainment of specified goals. Being among the best mall operators in the sector requires more than a strong team, so we also implement several management tools that are conducive to strong operational performance. We focus on improving our results while maintaining the quality of our operations through practices such as mix planning, quality indexes, standards of excellence and careful management of late payments.

Multiple growth opportunities. The Brazilian shopping mall industry presents us with unique growth opportunities. The combination of growth in retail sales and the decrease in interest rates together with the fragmentation in the Brazilian shopping mall industry market creates a strong opportunity for both the development of new malls and the acquisition of ownership interests in existing malls. We have competitive advantages in implementing our growth strategy, such as the successful experience of our management team and our principal shareholders and privileged access to opportunities generated by the extensive network of our shareholders' contacts. Additionally, our diversified growth strategy, through development and acquisitions, is a key advantage, allowing us to take advantage of the multiple opportunities in the Brazilian market.

Higher efficiency relative to the sector. We focus on reducing costs, increasing rents, charging late payment fees and reducing vacancy. With these efforts, our margins are now among the highest of public companies operating in the sector in Brazil and may continue to grow with the development of new shopping malls and expansions contemplated in our business plan. In the six months ended June 30, 2012, our main performance indicators remained strong: same store sales grew 8.0% and same store rent increased 9.6%, compared to the six months ended June 30, 2011; our occupancy cost was 11.0% of store sales (if all payments collected), our occupancy rate was at 97.6% and our net late payments rate was 1.7%. Our successful performance is also reflected in our margins for the six months ended June 30, 2012: 91.0% net operating income, or NOI, margin, 82.5% adjusted EBITDA margin and 39.9% adjusted funds from operations, or AFFO.

Size and geographic presence. Our national presence and leading position as the largest shopping mall owner in the sector provide us more bargaining power with retailers and outsourcing companies. It also allows us to spread our overhead cost and technology investments over a larger asset base. We believe that our size also allows us to attract and hire qualified professionals and offer more opportunities to our employees.

Strategy

We believe that the implementation of our principal commercial, financial and investment strategies will result in improvements in the development of our operations, maximizing profitability for our shareholders and generating advantages over our competitors. Our main strategies are:

Expand existing shopping malls and develop new shopping malls. We believe the Brazilian shopping mall sector is underdeveloped in terms of quantity of malls, total gross leasable area and gross leasable area per inhabitant when compared to other countries. Therefore, there is still vast opportunity for new malls and expansions. Our strategically diversified portfolio of shopping malls with respect to both geographic location and income and our operations experience are important competitive advantages for our growth strategy in terms of new developments. Our nationwide presence allows us to closely monitor the developments in different regions, knowing the right time and opportunities to invest in expansions and new malls.

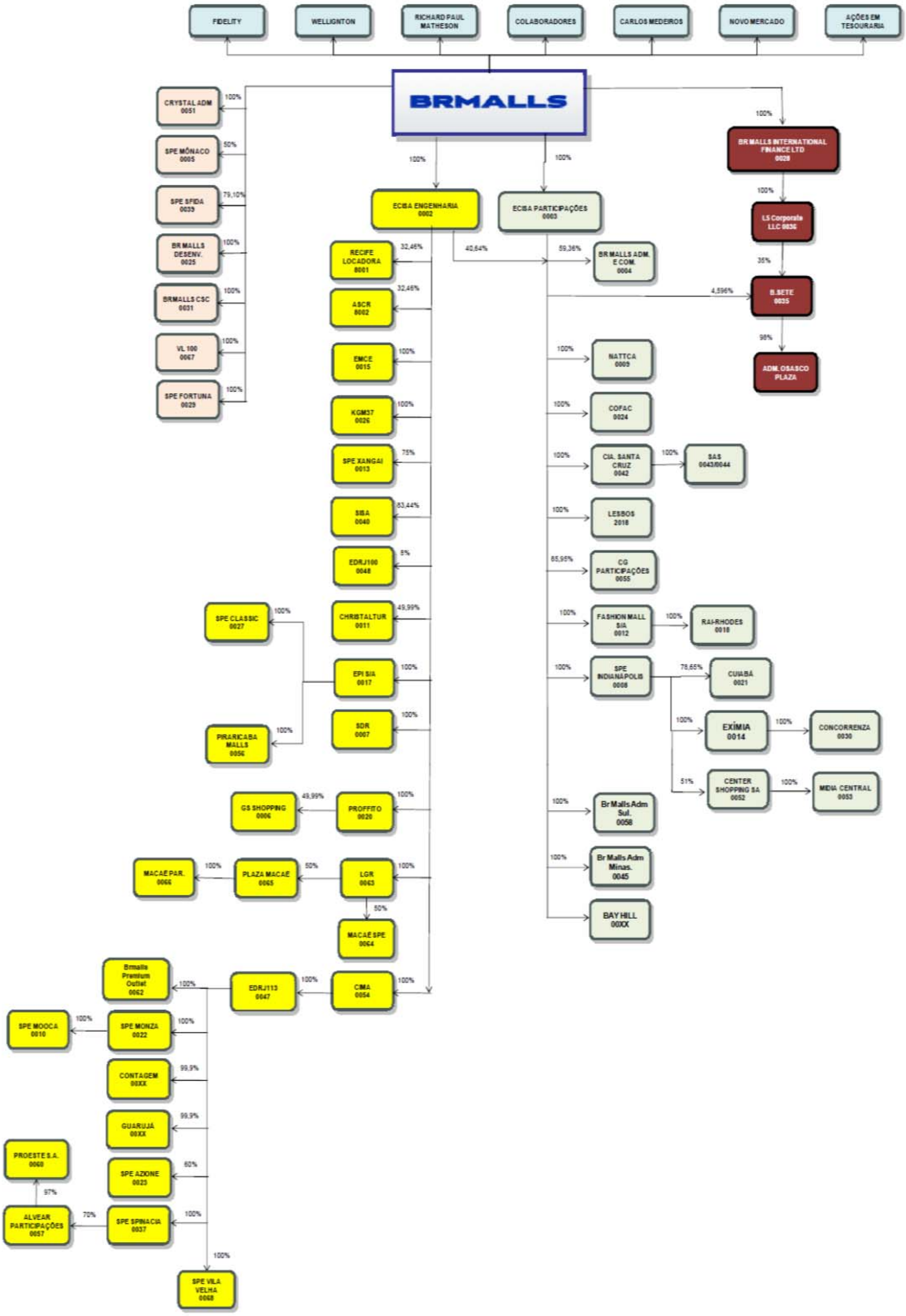
Constantly search for attractive growth opportunities via acquisitions. We believe that there is still room to grow through consolidation, since the Brazilian mall market is very fragmented, as the five top players in the sector account for only 20% of its total gross leasable area. Accordingly, one of our main strategies is also to grow through acquisition, increasing market share in the sector. Our national presence and close relationship with other players in the sector are essential for identifying acquisition opportunities.

Continually extract value from existing assets. In the last few years, Brazilian retail sales have grown significantly, explained in part by the growth of the middle class and its purchasing power. We believe that we can benefit from this trend by finding new ways to attract new customers to our malls, consequently increasing traffic of customers and sales. In addition, we are consistently seeking to diversify our revenue sources, such as charging for parking in certain malls, renting mall common areas for special events and renting out kiosks or other small sized temporary stores.

Focus on improving efficiency. We look for ways to make our processes increasingly efficient, through: the implementation of excellence standards in our operations; finance and personnel; the creation of a Shared Services Center (*Centro de Serviço Compartilhado* – CSC), responsible for all administrative, financial, accounting, IT and other services for our offices and our shopping malls; and through the adoption of an integrated management system (Oracle Business) in the Company. We have been able to better focus on our core activities by improving our processes, centralizing mall purchasing to gain scale and procurement power, and outsourcing facilities management to specialists.

Corporate Structure

The chart on the following page shows our current shareholders, as well as our current shareholdings and ownership interests in shopping malls as of June 30, 2012:


FIDELITY
WELLIGNTON
RICHARD PAUL MATHESON
COLABORADORES
CARLOS MEDEIROS
NOVO MERCADO
AÇÕES EM TESOURARIA
BRMALLS
CRYSTAL ADM 0051
SPE MÔNACO 0005
SPE SFIDA 0039
BR MALLS DESENV. 0025
BRMALLS CSC 0031
VL 100 0067
SPE FORTUNA 0029
BR MALLS INTERNATIONAL FINANCE LTD 0028
LS Corporate LLC 0036
B.SETE 0035
ADM. OSASCO PLAZA
ECISA ENGENHARIA 0002
ECISA PARTICIPAÇÕES 0003
RECIFE LOCADORA 0001
ASCR 0002
EMCE 0015
KGM37 0026
SPE XANGAI 0013
SISA 0040
EDRJ100 0048
CHRISTALTUR 0011
SPE CLASSIC 0027
EPI S/A 0017
SDR 0007
PIRARICABA MALLS 0056
GS SHOPPING 0006
PROFFITO 0020
MACAÉ PAR. 0066
PLAZA MACAÉ 0065
LGR 0063
MACAÉ SPE 0064
Brmalls Premium Outlet 0062
EDRJ113 0047
CIMA 0054
SPE MOOCA 0010
SPE MONZA 0022
CONTAGEM 00XX
GUARUJÁ 00XX
PROESTE S.A. 0060
SPE AZIONE 0023
ALVEAR PARTICIPAÇÕES 0057
SPE SPINACIA 0037
SPE VILA VELHA 0068
BR MALLS ADM. E COM. 0004
NATTCA 0009
COFAC 0024
CIA. SANTA CRUZ 0042
SAS 0043/0044
LESBOS 2018
CG PARTICIPAÇÕES 0055
FASHION MALL S/A 0012
RAI-RHODES 0018
SPE INDIANÁPOLIS 0008
CUIABÁ 0021
EXÍMIA 0014
CONCORRENZA 0030
CENTER SHOPPING SA 0052
MIDIA CENTRAL 0053
Br Malls Adm Sul. 0058
Br Malls Adm Minas. 0045
BAY HILL 00XX
100%
50%
79,10%
32,46%
40,64%
59,36%
35%
4,596%
98%
75%
83,44%
5%
49,99%
85,95%
76,65%
51%
99,9%
60%
97%
70%

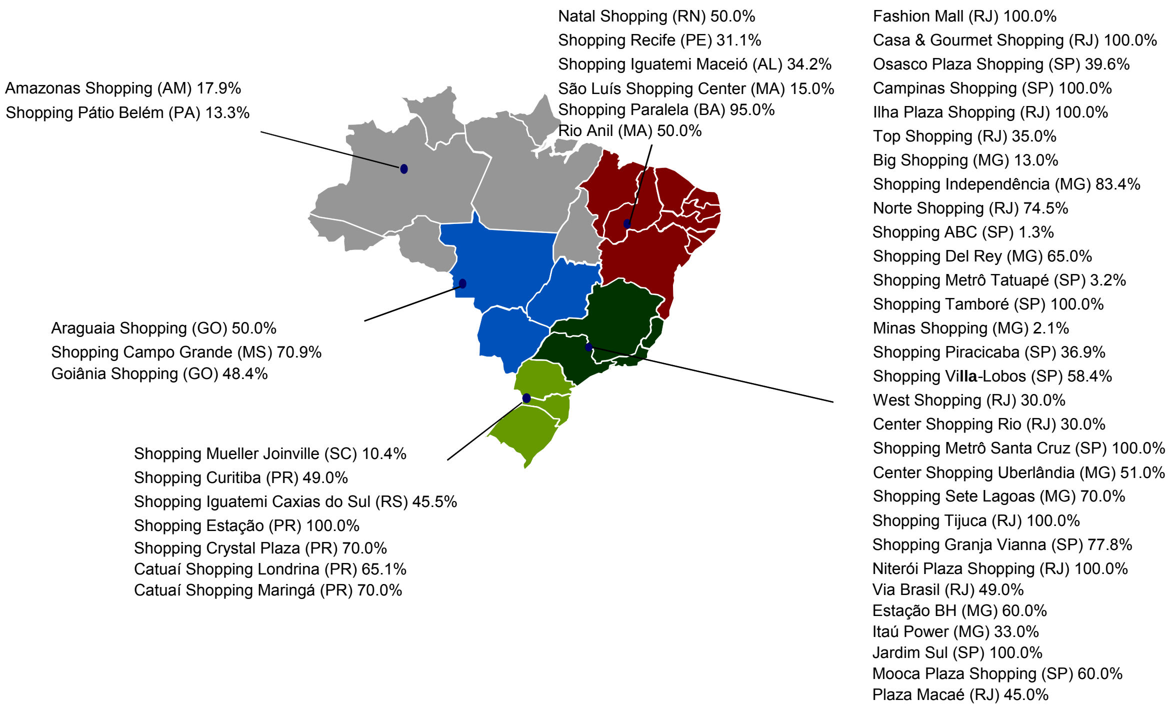
Principal Subsidiaries

For a list of our principal subsidiaries, please refer to Note 1 to our unaudited interim condensed financial statements as of June 30, 2012 and for the six months ended June 30, 2012 and 2011.

Markets in Which We Operate

Ownership Interests in Shopping Malls

On June 30, 2012, we held ownership interests in 48 shopping malls and we were present in the Northern, Northeastern, Midwestern, Southeastern and Southern regions of Brazil. The map below shows the location of our shopping malls, as well as the percentage interest that we hold in each shopping mall:



Our shopping malls target Brazilian consumers in the upper, upper-middle, and middle classes, who are characterized by their loyalty to certain shopping malls and demand for quality. Among the shopping malls in our portfolio, we highlight NorteShopping, which we believe is one of Brazil's largest shopping malls mainly targeted to the upper-middle income class, Shopping Tijuca and Plaza Niteroí, which we believe are two of the best performing shopping malls in Brazil in terms of net income per square meter. After completion of its expansion in 2007, NorteShopping became the largest shopping mall in the state of Rio de Janeiro, according to data published by ABRASCE in September 2007.

Management of Shopping, Commercial and Business Centers

We specialize in the management of shopping malls owned by us and by third parties. We are currently responsible for the management of 38 shopping malls.

We participate in all stages of the implementation of developments, from the planning (including feasibility study), building and launching of shopping malls to the management and financial, commercial and legal administration of their activities. Our business model is aimed at reducing costs, maximizing profits and building a transparent relationship with our lessees. We believe that our strength in the area of management of shopping malls lies in the importance we place in our relationship with lessees.

Leasing and Merchandising of Stores and Common Space

We specialize in the leasing and merchandising of stores and common spaces in shopping malls, as well as in the planning of shopping mall events. We currently provide services to 41 developments in several Brazilian regions, in particular in the states of Rio de Janeiro and São Paulo.

Our specific activities in respect of leasing and merchandising of stores and common spaces in shopping malls include the planning and management of the mix of stores and the establishment of the shopping mall's commercial policy. We actively target stores and large retail chains through our relationships with real estate brokers located throughout the country. We act as intermediaries in the negotiation of leasing agreements between the shopping malls and the potential lessees, having brokered leasing agreements with many of the important anchor and satellite stores which operate in the Brazilian shopping mall industry, including TIM, Leader Magazine, Renner, Centauro, O Boticário, Taco, C&A, Lojas Americanas, Casa & Vídeo, Marisa, Richards, Casas Bahia, Ponto Frio, Arezzo, Le Lis Blanc, Pão de Açúcar, Cinemark and Kinoplex Severiano Ribeiro. We also provide consulting services to retailers looking for new properties or to relocate.

We lease kiosks and stands located in the common areas of shopping malls which are used to sell and promote goods and services, with the purpose of complementing the shopping mall's mix of stores and strengthening its commercial links. We also lease merchandising space, as shopping malls have become an important marketing medium over the last few years, offering several different advertisement options, both indoors and outdoors. In addition, we organize events in the shopping mall's internal and parking areas, not only to increase sales and the number of visitors to the shopping mall, but also to increase our exposure in the local press.

Anchor stores play an important role in the attraction of visitors to a shopping mall, in particular in the early stages of its operations, as a result of their intensive marketing campaigns, which assist in the positioning of the shopping mall within the region where it operates. Therefore, we attempt to identify and attract those anchor stores that we believe are best suited to a particular development in the early stages of planning and implementation of the project. We maintain close commercial relationships with most of the anchor stores which currently operate in Brazil, including Lojas Americanas, Le Bicuit, Ponto Frio, Casa & Vídeo, Leader Magazine, C&A, Renner, Carrefour, Casas Bahia and Pão de Açúcar.

Shopping Malls

The following is a description of the main characteristics of the shopping malls in which we hold ownership interests. The ownership interests indicated in the following tables are as of June 30, 2012, and information regarding the number of stores comprise both stores within our owned gross leasable area and stores owned by third parties. Unless otherwise stated, we are not responsible for the management, marketing or leasing of any of these shopping malls.

Shopping Recife

Shopping Recife opened in October 1980 in Recife, the capital city of the state of Pernambuco. Recife had more than 1.5 million inhabitants in 2009, based on data published by IBGE in 2009.

Shopping Recife's consumer market spreads across all age brackets with approximately 76% belonging to upper and upper-middle income classes. Approximately 68% of Shopping Recife's consumers visited the development on a weekly basis and 74 out of every 100 visits to Shopping Recife resulted in a purchase, according to a report by IPESPE dated September 2008. We are currently responsible for the marketing and leasing of Shopping Recife. The table below shows the main characteristics of Shopping Recife:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	31.1%
Total GLA (square meters)	68,627
Number of stores	402
Main stores	Zara, C&A, Renner, Mega Store Saraiva, Lojas Americanas, Hiper Bom Preço, UCI Kinoplex and Tok&Stok

Shopping Recife's main competitors are as follows:

Shopping Center	**Year Opened**	**Number of Stores**	**GLA (thousand square meters)**	**Main Stores**
Guararapes	1993	240	43.5	C&A, Lojas Americanas, Game Station and Insinuante
Tacaruna	1997	250	40.8	C&A, Bom Preço, Lojas Americanas, Riachuelo and PB Kids

Source: ABRASCE and the shopping malls' respective websites.

NorteShopping

NorteShopping opened in July 1986 with a gross leasable area of 31.0 thousand square meters and is located in the North Region of the city of Rio de Janeiro. Norte Shopping's anchor stores include a Carrefour supermarket, which occupies a 13,000 square meters space within NorteShopping.

We believe that NorteShopping currently has one of the broadest store mixes among all shopping malls located in the city of Rio de Janeiro. In addition to its 322 stores, this shopping mall offers a diversified portfolio of services, including governmental agencies, a post office, an indoor car wash, ATMs and banks, hairdressers, a launderette, baby changing facilities and free baby strollers. NorteShopping also houses 10 movie theaters and Theatre Miguel Falabella (456 seats), which is considered one of Rio de Janeiro's most modern theatres. NorteShopping also includes a commercial center called Vida Center, which is located in the shopping mall's top floor, with medical and dental practices, beauty clinics, laboratories and schools.

According to data published by IBOPE in 2009, 8% of NorteShopping's visitors belong to the upper class and 50% to the upper-middle class, 57% of the shopping mall's visitors are female, and 69% are at least 25 years old.

The same data showed that 54% of NorteShopping center's consumers visited the shopping mall at least once a week, and 59% of its consumers declared that they visited the mall in order to make purchases. NorteShopping's key stores include McDonald's and CVC Viagens e Turismo (its NorteShopping store was the leader in sales among all 230 CVC stores in Brazil in 2006). We believe that NorteShopping has one of the highest sales per square meter in the state of Rio de Janeiro.

NorteShopping completed its second large-scale expansion on January 15, 2007, called "Pátio NorteShopping." Pátio NorteShopping includes a 33,000 square meter leisure and entertainment area, and has pioneered the "Lifestyle Center" concept in Brazil, a trend, which was first noticed in the U.S., that seeks to provide carefully planned open-air spaces that reflect the lifestyle of local residents. In addition, in September 2009, another expansion was inaugurated adding 1,146 square meters to the shopping mall's gross leasable area. Also, Cyrela, which is co-owner of the land, constructed a commercial tower over the new expanded area with 10 floors and 360 offices.

We are currently responsible for the management and leasing of NorteShopping. The table below shows the main characteristics of NorteShopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	74.5%
Total GLA (square meters)	77,908
Number of stores	322
Main stores	Carrefour, Renner, , C&A, Casa & Vídeo, Leader Magazine, Lojas Americanas, Casas Bahia, Kinoplex and Ponto Frio

NorteShopping has three main competitors, as shown in the table below:

Shopping Center	Year Opened	Number of Stores	GLA (thousand square meters)	Main Stores
Barra Shopping	1981	540	69.3	Zara, Ponto Frio, Casa & Vídeo, C&A, Fast Shop, Fnac, Leader Magazine, Lojas Americanas, Renner and Saraiva
Nova America	1995	230	40.7	C&A, Casa & Vídeo, Ponto Frio, Kalunga, Lojas Americanas and Casas Bahia
Carioca	2001	180	23.4	Hipermercado Extra, Cinemark, Leader, Lojas Americanas, C&A and Casa & Vídeo

Source: ABRASCE and the shopping malls' respective websites.

Shopping Campo Grande

Shopping Campo Grande opened in October 1989 and is located in the city of Campo Grande, state of Mato Grosso do Sul. According to data published by the State Science and Technology Planning Department (*Secretaria de Estado de Planejamento Ciência e Tecnologia*) in 2005, Campo Grande has the largest population and provides the largest share of sales tax revenue in the state of Mato Grosso do Sul.

We believe that Shopping Campo Grande is the most complete shopping and entertainment center in the city. In addition to offering many well-known regional and national brands, Shopping Campo Grande has bank and post office branches.

According to a research by IBOPE, 60% of Shopping Campo Grande's visitors belong to the upper and upper-middle classes, and 59% of such visitors are female.

We are responsible for the management and leasing of Shopping Campo Grande. The table below shows the main characteristics of Shopping Campo Grande:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	70.9%
Total GLA (square meters)	39,213
Number of stores	203
Main stores	Renner, Pernambucanas, Riachuelo, Lojas Americanas, C&A, Memove, Cinemark and Hipermercado Carrefour

Shopping Del Rey

Shopping Del Rey opened in October 1991 and is located in the city of Belo Horizonte, state of Minas Gerais.

According to a report by IBOPE in December 2009, 43% of the clients of Shopping Del Rey are female. In addition, 16% of its visitors belong to the upper class and 50% to the upper-middle class, and 50% of the clients visit the mall on a weekly basis.

Shopping Del Rey offers a broad range of services, including a post office, banks, a travel agency, an exchange bureau, a hairdresser and a video shop.

We are responsible for the management and leasing of Shopping Del Rey. The table below shows the main characteristics of Shopping Del Rey:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	65.0%
Total GLA (square meters)	37,032
Number of stores	179
Main stores	C&A, Riachuelo, Renner, Lojas Americanas, Dadalto, Pernambucanas, Marisa, Carrefour and Multiplex

Shopping Del Rey has three main competitors, as shown in the table below:

Shopping Center	Year Opened	Number of Stores	GLA (thousand square meters)	Main Stores
BH Shopping	1979	400	36.8	Carrefour, C&A, Lojas Americanas, Riachuelo, Renner and Zara
Itaú Power	2005	175	33.0	C&A, Renner, Riachuelo and Lojas Americanas
Minas Shopping	1991	191	35.5	Lojas Americanas, Riachuelo, C&A and Dadalto

Source: ABRASCE and the shopping malls' respective websites.

Shopping Iguatemi Caxias do Sul

We opened Shopping Iguatemi Caxias do Sul in November 1996, as a result of a joint venture with Iguatemi Empresas de Shopping Centers S.A. Shopping Iguatemi Caxias do Sul is located in the city of Caxias do Sul, state of Rio Grande do Sul.

In addition to the stores, the shopping mall has six multiplex movie theatres and high quality restaurants. It offers a number of domestic brands not found anywhere else in its region. Shopping Iguatemi Caxias do Sul is the only shopping mall in the city of Caxias do Sul and has no direct competitor in the area.

In April 2009, we completed the expansion to Shopping Iguatemi Caxias do Sul, which added 17.2 thousand square meters to the mall's gross leasable area and more than doubled its original gross leasable area of 13,095 square meters. The expansion includes stores as Riachuelo, C&A, Colombo Premium, Saraiva, Centauro and Fast Shop. We were responsible for the development, management and marketing of this expansion project. After the expansion, our own gross leasable area with respect to this shopping mall increased by 7.8 thousand square meters.

We are currently responsible for the management and leasing of Shopping Iguatemi Caxias do Sul. The table below shows the main characteristics of Shopping Iguatemi Caxias do Sul:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	45.5%
Total GLA (square meters)	30,324
Number of stores	128
Main stores	Lojas Renner, Hipermercado Carrefour, C&A, Colombo Premium, Riachuelo, Saraiva, Fast Shop and Centauro

Shopping Villa-Lobos

Shopping Villa-Lobos opened in April 2000 and is located in the city of São Paulo, in the state of São Paulo. Shopping Villa-Lobos is located at Marginal Pinheiros, a highway which runs adjacent to the Pinheiros River. Shopping Villa-Lobos has a number of restaurants and offers entertainment and other services.

According to a report published by IBOPE in December 2009, 56% of the clients of Shopping Villa-Lobos are female and 98% belong to the upper and upper-middle classes.

We are currently responsible for the management and marketing of Shopping Villa-Lobos. The table below shows the main characteristics of Shopping Villa-Lobos:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	58.4%
Total GLA (square meters)	26,806
Number of stores	184
Main stores	Zara, C&A, Pão de Açúcar, Fast Shop, Cinemark and Livraria Cultura

Shopping Villa-Lobos has five main competitors, as shown in the table below:

Shopping Center	Year Opened	Number of Stores	GLA (thousand square meters)	Main Stores
Ibirapuera	1976	400	49.6	Zara, Camicado, Fast Shop and Centauro
Morumbi Shopping	1982	480	55.1	Zara, FNAC, Swarovski and Puma
Iguatemi	1966	330	39.9	Ferragamo, Diesel, Empório Armani and Zara
Pátio Higienópolis	1999	260	24.9	Fast Shop, Les Lis Blanc and H Stern
Cidade Jardim	2008	120	36.3	Hermés, Daslu, Reinaldo Lourenço, Chanel

Source: ABRASCE and the shopping malls' respective websites.

Goiânia Shopping

Goiânia Shopping opened in October 1995 and is located in the city of Goiânia in the state of Goiás.

Goiânia Shopping has a diversified and sophisticated mix of stores, as well as a services area. It is one of the city's most modern shopping, leisure and entertainment centers. Its Multiplex Severiano Ribeiro movie theaters have a total capacity of 2,100 seats and are considered by many local residents as one of the best movie theaters in the city of Goiânia.

The first expansion of Goiânia Shopping took place in 2000. This expansion resulted in an increase in its total built area from approximately 34,700 square meters to approximately 46,300 square meters. On September 21, 2009, we completed another expansion to Goiânia Shopping, which added 7,320 square meters to the mall. This expansion added 2 anchor stores, Riachuelo and Renner, and 60 satellite stores to the project, besides the replacement of the old cinema with six new rooms in Multiplex format.

Goiânia Shopping is located in a privileged area in the city of Goiânia and a significant percentage of the city's economically active population resides within its primary area of influence. This area not only presents a high demographic density, but also registers one of the highest rates of economic growth in the city. According to a report published by IBOPE in December 2009, 74% of the mall's visitors belong to the upper and upper-middle income class, and 46% of the visitors are female.

We are currently responsible for the management and leasing of Goiânia Shopping. The table below shows the main characteristics of Goiânia Shopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	48.4%
Total GLA (square meters)	22,252
Number of stores	152
Main stores	Renner, Riachuelo, Hipermercado Bretas, C&A and Cinemas Severiano Ribeiro

Goiânia Shopping has three main competitor shopping malls, as described in the table below:

Shopping Center	Year Opened	Number of Stores	GLA (thousand square meters)	Main Stores
Flamboyant	1981	255	52.4	C&A, Renner, Lojas Americanas, Tok&Stok, Riachuelo and Saraiva
Buriti	1996	220	32.0	C&A, Lojas Americanas, Hipermercado Bretas
Bougainville	2006	110	11.5	Renner, Calvin Klein, M. Officer, Zoomp and Colcci

Source: ABRASCE and the shopping malls' respective websites.

Shopping Independência

Shopping Independência opened in April 2008 and is located in the city of Juiz de Fora, state of Minas Gerais. Juiz de Fora has approximately 500,000 inhabitants and is considered to be the main city in the Mata Mineira region. The city is located 170 kilometers from the city of Rio de Janeiro, 250 kilometers from the city of Belo Horizonte and 450 kilometers from the city of São Paulo; it is therefore strategically located at the intersection of the three main cities of Brazil and one of the largest economic region.

According to a survey made by IBOPE in December 2009, 74% of the shopping mall's customers belong to the upper-middle and middle classes, and 53% of the mall's customers are female.

We are currently responsible for the management and leasing of Shopping Independência. The table below shows the main characteristics of Shopping Independência:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	83.4%
Total GLA (square meters)	23,941
Number of stores	172
Main stores	C&A, Casas Bahia, Lojas Renner, Leader Magazine, Lojas Americanas, Hipermercado Bretas and UCI Cinemas

The shopping malls' main competitor is described in the table below:

Commercial Center	Year Opened	Number of Stores	GLA (thousand square meters)	Main Stores
Mister	1988	120	9.0	O Boticário, Mr. Cat, Falabella Arquitetura, Andarella, Melissa Fashion, Uncle K, Vitor Hugo

Source: ABRASCE and the shopping malls' respective websites.

Shopping Estação

Shopping Estação opened in November 1997 and is located at one of the main avenues of Curitiba, the capital city of the state of Paraná.

According to a survey made by IBOPE in December 2009, 74% of the shopping mall's customers belong to the upper-middle and middle classes, and 48% of the mall's customers are female.

We are currently responsible for the management and marketing of Shopping Estação. The table below shows the main characteristics of Shopping Estação:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	100.0%
Total GLA (square meters)	54,716
Number of stores	145
Main stores	O Boticário, Arezzo, Bob's, McDonald's, Lojas Americanas, Lojas Renner, Riachuelo, UCI Cinemas and Marisa

Shopping Estação has four main competitor shopping malls, as described in the table below:

Commercial Center	Year Opened	Number of Stores	GLA (thousand square meters)	Main Stores
Shopping Mueller	1983	140	33.3	C&A, Renner, Lojas Americanas, Zara and Cinemark
Park Shopping Barigui	2003	200	43.0	FNAC, Centauro, Ponto Frio, PB Kids, Livraria Curitiba, Zara, C&A and Hot Zone
Shopping Crystal Plaza	1996	124	12.3	H. Stern, Lacoste, Calvin Klein, Natan
Shopping Curitiba	1996	131	23.2	C&A, Lojas Americanas and Renner

Source: ABRASCE and the shopping malls' respective websites.

Araguaia Shopping

Araguaia Shopping opened in July 2001 and is located in the city of Goiânia, in the state of Goiás. Our ownership interest in Araguaia Shopping is held through debentures with profit sharing rights through which we have the right, among others, to receive 50% of its net income and appoint its management.

We are currently responsible for the management and leasing of Araguaia Shopping. The table below shows the main characteristics of Araguaia Shopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	50.0% of Araguaia Shopping's net income
Total GLA (square meters)	21,758
Number of stores	143
Main stores	Novo Mundo, Lojas Americanas, Tecelagem Avenidas and Hipermercado Bretas

Shopping ABC

Shopping ABC opened in August 1996 and is located in the region of ABC, São Paulo.

Since 2000, Shopping ABC has been under major renovations and revitalizations. The opening of Shopping ABC's loft floor (*Piso Loft*) was part of the expansion process of the shopping mall in January 2005. The loft floor resulted in the fourth floor of stores in the development and was a new concept for space in shopping malls. The loft floor, which has an expansive and clean environment and architecture, offers a differentiated range of products and services.

We are currently responsible for the management and leasing of Shopping ABC. The table below shows the main characteristics of Shopping ABC:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	1.30%
Total GLA (square meters)	46,285
Number of stores	244
Main stores	C&A, Casas Bahia, Renner, Riachuelo, Lojas Americanas, Tok&Stok, Fast Shop

Shopping ABC's main competitors are the shopping malls listed below:

Shopping Centers	Year opened	Number of Stores	GLA (thousand square meters)	Main Stores
Grand Plaza Shopping	1997	305	63.0	C&A, Kalunga, Pernambucanas, Hipermercado Extra and C&C
Metrópole Shopping	1980	180	24.8	Renner and Lojas Americanas

Source: ABRASCE and the shopping malls' respective websites.

Shopping Piracicaba

Shopping Piracicaba opened in 1990 in the city of Piracicaba, São Paulo. It is the largest and most complete shopping and entertainment center in its region.

Shopping Piracicaba is visited mainly by upper and upper-middle income class customers, according to data provided by the shopping's loyalty program. In addition to its stores, this shopping mall offers five movie theaters.

We are responsible for the management and leasing of the stores in Shopping Piracicaba. The table below shows the main characteristics of Shopping Piracicaba:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	36.9%
Total GLA (square meters)	27,248
Number of stores	140
Main stores	C&A, Casas Bahia, Renner, Lojas Americanas, Marisa, Ponto Frio, Centauro, Multiplex and Nobel Mega Store

On October 4, 2012, we commenced the expansion of Shopping Piracicaba whereby a total of approximately 16.0 thousand square meters will be added to its GLA.

Amazonas Shopping

Amazonas Shopping opened in November 1991 and is located in the city of Manaus, in the state of Amazonas. Manaus is considered one of the best cities in Northern Brazil to operate a business and is the sixth largest city in Brazil in terms of GDP according to IBGE. Amazonas Shopping is strategically located because it receives traffic flow from all neighborhoods in Manaus.

We are responsible for the management and leasing of the stores in Amazonas Shopping. The table below shows the main characteristics of Amazonas Shopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	17.9%
Total GLA (square meters)	34,214
Number of stores	220
Main stores	C&A, Carrefour, Riachuelo, Renner, Marisa and City Lair

Shopping Pátio Belém

Shopping Pátio Belém opened in October 1993 and is located in the city of Belém, state of Pará. The mall is located in a central area and the markets in which it operates comprise the neighborhoods with the highest purchase power in the city. According to a report prepared by Connection Research in 2009, 50% of the consumers visiting the shopping mall are female.

The table below shows the main characteristics of Shopping Pátio Belém:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	13.3%
Total GLA (square meters)	20,594
Number of stores	190
Main stores	Y.Yamada, Visão, Lojas Americanas and C&A

Shopping Iguatemi Maceió

Shopping Iguatemi Maceió opened in April 1989 and was the first shopping mall in the state of Alagoas.

The table below shows the main characteristics of Shopping Iguatemi Maceió:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	34.2%
Total GLA (square meters)	34,742
Number of stores	212
Main stores	Lojas Americanas, C&A, Leader Magazine, Ricardo Eletro, Kinoplex, Marisa, Lojas Riachuelo, Super Insinuante

Shopping Tamboré

Shopping Tamboré opened in 1992 and is located in the city of Barueri, state of São Paulo. Barueri is the ninth largest contributor to the country's GDP among all municipalities in Brazil, according to data published by the IBGE in 2006.

Shopping Tamboré is one of the largest and most important shopping malls in the region comprised of the cities of Barueri, Santana de Parnaíba, Carapicuíba, Osasco, Jandira, Itapevi and Cotia. In addition to the stores, Shopping Tamboré offers a unique food court with 30 eateries, including five restaurants offering various types of cuisine from around the world.

According to a survey made by IBOPE in June 2009, approximately 76% of the customers that visit Shopping Tamboré belong to the upper and upper-middle income class, approximately 53% of whom are female. Also according to the survey, 30% of the customers visit the mall more than once a week. We are responsible for the management and leasing of the stores of Shopping Tamboré. The table below shows the main characteristics of Shopping Tamboré:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	100.0%
Total GLA (square meters)	49,835
Number of stores	215
Main stores	Cinemark, C&A, Bio Ritmo Gym, Centauro, Fast Shop, Lojas Americanas, Casas Bahia, Carrefour and Renner

Natal Shopping

Natal Shopping opened in June 1992 and was the first regional shopping mall of the state of Rio Grande do Norte.

According to a survey made by IBOPE in May 2009, the majority of the shopping mall's customers belong to the upper and upper-middle income classes, and approximately 57% are female and 43% are male. In addition, 54% of the mall's customers are between 25 and 44 years of age.

We are responsible for the leasing of the stores of Natal Shopping. The table below shows the main characteristics of Natal Shopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	50.0%
Total GLA (square meters)	17,448
Number of stores	164
Main stores	Lojas Americanas, C&A

Shopping Curitiba

Shopping Curitiba opened in September 1996 and is located in the city of Curitiba, state of Paraná. The facade of the shopping mall has been certified as an historic structure. Shopping Curitiba is located in the intersection of the two largest avenues of the city. Curitiba is Brazil's fifth largest city in terms of GDP according to IBGE.

According to a survey made by IBOPE in December 2009, 81% of the shopping mall's customers belong to the upper and upper-middle income classes, and approximately 50% are female and 50% are male. In addition, 38% of the mall's customers are between 25 and 44 years of age.

We are responsible for the management and leasing of the stores of Shopping Curitiba. The table below shows the main characteristics of Shopping Curitiba:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	49.0%
Total GLA (square meters)	22,920
Number of stores	131
Main stores	Lojas Americanas, C&A and Renner

The main competitors of Shopping Curitiba are the shopping malls listed below:

Commercial Center	**Year of inauguration**	**Number of Stores**	**GLA (thousand square meters)**	**Main Stores**
Shopping Mueller	1983	140	33.3	C&A, Renner, Lojas Americanas, Zara and Cinemark
Park Shopping Barigui	2003	200	43.0	FNAC, Centauro, Ponto Frio, PB Kids, Livraria Curitiba, Zara, C&A, Hot Zone
Shopping Crystal Plaza	1996	124	12.3	H. Stern, Lacoste, Calvin Klein, Natan
Shopping Estação	1996	145	54.7	Lojas Colombo, Marisa, Renner, Lojas Americanas, Riachuelo and UCI

Source: ABRASCE and the shopping malls' respective websites.

Top Shopping

Top Shopping opened in 1996 and is located in the center of the city Nova Iguaçu, state of Rio de Janeiro. Top Shopping is one of the largest and most important shopping malls in the region of Rio de Janeiro known as Baixada Fluminense. Top Shopping benefits from its central location and the ease of access since it is served by express roads with high circulation, such as Via Dutra and Via Light.

Approximately 52% of Top Shopping's customers belong to the upper and middle-upper classes, and 69% of its customers visit the shopping mall at least once a week, according to data compiled by Marcelino Martins.

We are responsible for the management and leasing of the stores of Top Shopping. The table below shows the main characteristics of Top Shopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	35.0%
Total GLA (square meters)	18,168
Number of stores	114
Main stores	Leader Magazine, Lojas Americanas, Casa e Vídeo and Riachuelo

Minas Shopping

Minas Shopping opened in 1991 and is located in the city of Belo Horizonte, state of Minas Gerais. Belo Horizonte is the fifth largest city in Brazil, with a population of approximately 4.8 million inhabitants in 2006, according to IBGE.

The table below shows the main characteristics of Minas Shopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	2.1%
Total GLA (square meters)	35,894
Number of stores	191
Main stores	Lojas Americanas, Casas Bahia, Leader Magazine, Marisa, Riachuelo, C&A and Dadalto

Big Shopping

Big Shopping opened in 1994 and is located at one of the main avenues of the city of Contagem, in the state of Minas Gerais, which had a population of approximately 600 thousand inhabitants in 2006. Big Shopping is visited mainly by consumers belonging to the upper-middle and middle income classes.

The table below shows the main characteristics of Big Shopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	13.0%
Total GLA (square meters)	17,241
Number of stores	77
Main stores	Lojas Americanas, Dadalto, Marisa, Hipermercado Via Brasil

Niterói Plaza Shopping

Niterói Plaza Shopping opened in 1986 and is the largest shopping mall in the city of Niterói, in the state of Rio de Janeiro.

The shopping mall has undergone expansions in 1993 and 1995. Its most recent expansion, in 2004, included a new area of stores, increased the number of parking spaces and included the first multiplex in Niterói.

We are responsible for the management and leasing of the stores of Niterói Plaza Shopping. The table below shows the main characteristics of Niterói Plaza Shopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	100.0%
Total GLA (square meters)	33,550
Number of stores	215
Main stores	C&A, Renner, Casa & Vídeo, Leader Magazine, Cinemark and Lojas Americanas

Ilha Plaza Shopping

Ilha Plaza Shopping opened in 1992 and is located in the neighborhood of Ilha do Governador, in the state of Rio de Janeiro. Ilha Plaza Shopping was the first shopping mall built in its region.

Ilha Plaza Shopping is mainly targeted to consumers belonging to the upper and upper-middle income classes, who comprise approximately 70% of the customers of the shopping mall, according to IBOPE. In addition, approximately 72% of Ilha Plaza Shopping's customers are female. We are responsible for the management and leasing of the stores of Ilha Plaza Shopping. The table below shows the main characteristics of Ilha Plaza Shopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	100.0%
Total GLA (square meters)	21,619
Number of stores	120
Main stores	C&A, Renner, Casa & Vídeo, Leader and Lojas Americanas

Casa & Gourmet Shopping

Casa & Gourmet Shopping (formerly known as Rio Plaza Shopping) opened in 1994 and is located in the city of Rio de Janeiro, state of Rio de Janeiro.

Casa & Gourmet Shopping holds the largest gastronomic center of the neighborhood of Botafogo and its surroundings, and offers several cuisines. Approximately 83% of Casa & Gourmet Shopping's customers belong to the upper and upper-middle classes and 56% are female, according to IBOPE.

We are responsible for the management and leasing of the stores of Casa & Gourmet Shopping. The table below shows the main characteristics of Casa & Gourmet Shopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	100.0%
Total GLA (square meters)	7,137
Number of stores	32
Main stores	Fast Shop, Tok&Stok, Outback and Joe & Leo's

Fashion Mall

Fashion Mall opened in 1982 and was the third shopping mall opened in Rio de Janeiro. Fashion Mall serves a geographic area covering the neighborhoods of São Conrado, Lagoa, Leblon, Ipanema, Jardim Botânico, Gávea, Joá, Barra da Tijuca and Itanhangá. Fashion Mall is targeted to the upper and upper-middle income classes that represent 90% of its customers, and 59% of this shopping mall's visitors are female, according to IBOPE.

We are responsible for the management and leasing of the stores of Fashion Mall. The table below shows the main characteristics of Fashion Mall:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	100.0%
Total GLA (square meters)	14,955
Number of stores	123
Main stores	Fast Shop, Emporio Armani, Elle et Lui, Livraria Cultura

Osasco Plaza Shopping

Osasco Plaza Shopping opened in 1995 and is located in the city of Osasco, state of São Paulo.

We are currently responsible for the leasing of Osasco Plaza Shopping. The table below contains the main characteristics of Osasco Plaza Shopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	39.6%
Total GLA (square meters)	13,844
Number of stores	141
Main stores	Casas Bahia, Polishop, Marisa, Riachuelo and Lojas Americanas

Shopping Metrô Tatuapé

Shopping Metrô Tatuapé opened in 1999 and is located in the city of São Paulo.

The table below contains the main characteristics of Shopping Metrô Tatuapé:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	3.2%
Total GLA (square meters)	32,853
Number of stores	280
Main stores	Lojas Americanas, C&A, Renner, Ponto Frio, Mega Nobel, Centauro Esportes, Ri Happy and Extra Eletro

Campinas Shopping

Campinas Shopping opened in 1994 and is located in the city of Campinas, state of São Paulo. Campinas is the third largest city in the state of São Paulo, with a population in excess of 1 million inhabitants.

Pursuant to research data published in 2009 by IBOPE, 82% of the mall consumers belong to the upper and upper-middle class and 52% are female.

We are currently responsible for the management and leasing of Campinas Shopping. The table below contains the main characteristics of Campinas Shopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	100.0%
Total GLA (square meters)	29,698
Number of stores	153
Main stores	Casas Bahia, Ponto Frio, Marisa, Renner, Fredy, Seller, Preço Center and Poupatempo

São Luís Shopping Center

São Luís Shopping Center opened in 1999 and is located in the city of São Luís, state of Maranhão.

The table below contains the main characteristics of São Luís Shopping Center:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	15.0%
Total GLA (square meters)	34,123
Number of stores	134
Main stores	Lojas Americanas, Louvre Magazine and Hiper Bompreço

Shopping Mueller Joinville

Shopping Mueller Joinville opened in 1995 and is located in the city of Joinville, state of Santa Catarina.

The table below contains the main characteristics of Shopping Mueller Joinville:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	10.4%
Total GLA (square meters)	27,310
Number of stores	140
Main stores	Lojas Americanas, Renner, Ponto Frio, Pernambucanas and Marisa

West Shopping

West Shopping opened in 1997 and is located in the West Side of the city of Rio de Janeiro.

We are currently responsible for the management and marketing of West Shopping. The table below contains the main characteristics of West Shopping:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	30.0%
Total GLA (square meters)	39,558
Number of stores	148
Main stores	Casa & Vídeo, C&A, Leader Magazine, Renner, Riachuelo, Marisa e Lojas Americanas, Casas Bahia and Ponto Frio

Center Shopping Rio

Center Shopping Rio opened in 2001 and is located in Jacarepaguá, in the city of Rio de Janeiro.

According to a report published by IBOPE in December 2009, 68% of the clients of Center Shopping Rio are female and 72% belong to the upper and upper-middle classes.

We are currently responsible for the management and leasing of Center Shopping Rio. The table below contains the main characteristics of Center Shopping Rio:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	30.0%
Total GLA (square meters)	13,765
Number of stores	86
Main stores	Casa & Video, Lojas Americanas, Leader Magazine and Casas Bahia

Shopping Metrô Santa Cruz

Shopping Metrô Santa Cruz opened in 2001 and is located in the city of São Paulo, above the Santa Cruz Subway station, the first Brazilian shopping mall with direct access to a metro station.

The mall is mainly targeted to consumers belonging to the upper and upper-middle income classes, who comprise approximately 81% of the customers of the shopping mall, according to IBOPE. In addition, approximately 66% of Shopping Metrô Santa Cruz's customers are female.

We are currently responsible for the management and leasing of Shopping Metrô Santa Cruz. The table below contains the main characteristics of Shopping Metrô Santa Cruz:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	100.0%
Total GLA (square meters)	19,165
Number of stores	118
Main stores	Cinemark, Tok&Stok, Lojas Marisa, Casas Bahia, Saraiva Megastore

Shopping Crystal Plaza

Shopping Crystal Plaza opened in November 1996 and is located in the city of Curitiba. It is considered one of the city's top high-end malls, in large part for its location in the Batel neighborhood.

The mall is located just 400 meters away from Shopping Curitiba and 1.3 kilometers from Shopping Estação, both managed and owned by us. We believe such proximity creates important scale gains in operational and leasing activities for the Company.

We are currently responsible for the management and leasing of Shopping Crystal Plaza. The table below contains the main characteristics of Shopping Crystal Plaza:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	70.0%
Total GLA (square meters)	11,934
Number of stores	124
Main stores	H. Stern, Lacoste, Natan, Calvin Klein, Forum, L'Occitane, Mixed, Max Mara and MontBlanc

Center Shopping Uberlândia

Center Shopping Uberlândia opened in April 1992 and is located in the city of Uberlândia, the biggest city in the countryside of the state of Minas Gerais and the second largest city in the countryside of Brazil, according to IBGE.

Center Shopping Uberlândia is situated at the intersection of the two main avenues of the city. The mall is located just 4 minutes away from the main neighborhoods of the city and has a surrounding population of 300,000 inhabitants. We believe the mall is a landmark destination for more than two million consumers from Uberlândia and its surrounding cities.

We are currently responsible for the management and leasing of Center Shopping Uberlândia. The table below contains the main characteristics of Center Shopping Uberlândia:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	51.0%
Total GLA (square meters)	50,702
Number of stores	306
Main stores	C&A, Renner, Lojas Americanas, Calvin Klein Jeans, Lacoste, Le Lis Blanc, Brookfield, Osklen, Richards, Vivara, Ellus and Arezzo

On October 8, 2012 we completed the expansion of Center Shopping Uberlândia, which will increase its GLA in approximately 2,000 square meters.

Shopping Sete Lagoas

Shopping Sete Lagoas opened in September 2010 and is the first mall development in the city of Sete Lagoas, the only city within the largest 10 cities in the state of Minas Gerais that did not have a shopping mall. The city of

Sete Lagoas is located 65 kilometers away from Belo Horizonte and has a zone of influence that covers 19 municipalities or 400 thousand consumers, of which 47% belong to the middle and upper-middle classes.

The largest city in the region, Sete Lagoas has a population of 220,000 inhabitants, growing at rate of 2.35% a year, with a GDP per capita 14.4% higher than Brazil's average, according to IBGE. The city is an important industrial hub with more than 4,000 companies, including Ambev, Iveco, Sadia and Elma-Chips, besides having six universities.

Construction of Shopping Sete Lagoas began in November 2009 and was completed in October 2010. The total capital expenditure for the construction of Shopping Sete Lagoas was R$49.3 million, which opened with all of its GLA leased:

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	70.0%
Total GLA (square meters)	16,411
Number of stores	119
Main stores	Magazine Luiza, C&A, Marisa, Ricardo Eletro, Ponto Frio, Arezzo, Colcci, M. Officer, Chilli Beans and Santa Lolla

Shopping Granja Vianna

Shopping Granja Vianna opened on November 24, 2010 and is located in the Granja Vianna district, city of Cotia, São Paulo. Granja Vianna has a population of 600,000 people, the majority of which belongs to the upper and upper-middle classes.

This shopping mall is located next to the Raposo Tavares Highway, where 64.1 thousand vehicles pass by per day, according to Gismarket.

With 240 meters of façade, the mall has 164 stores, and 99% of its total GLA was already leased as of the date of this Offering Memorandum. The mall has eight anchor stores, such as Lojas Renner, C&A, Ponto Frio and Etna, as well as a bowling alley, a fitness gym and a cinema complex with five theaters.

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	77.8%
Total GLA (square meters)	29,971
Number of stores	164
Main stores	Lojas Renner, Centauro, Cinemark, C&A, Ponto Frio and Etna

Shopping Tijuca

Shopping Tijuca opened in 1996 and is located in Tijuca, in the city of Rio de Janeiro, an area which has a large concentration of people, is surrounded by three subway stations, is enclosed by important avenues and is only a couple of minutes away from the Maracanã Stadium and the campus of the state university (UERJ). Tijuca has over 150 thousand inhabitants, primarily from the middle income class, according to IBGE.

Shopping Tijuca has 275 stores, including several established brands such as Centauro, Fast Shop, Saraiva, Ponto Frio, Outback, Vivara, Richards, Osklen, Ellus and Arezzo, as well as five anchor stores such as Renner and Lojas Americanas. Shopping Tijuca also has a Kinoplex movie theater with six rooms. There are also three commercial towers located above the mall, with 200 commercial offices, totaling 10.7 thousand square meters of GLA.

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	100.0%
Total GLA (square meters)	35,565
Number of stores	275
Main stores	Centauro, Fast Shop, Saraiva, Ponto Frio, Outback, Vivara, Richards, Osklen, Ellus, Arezzo, Renner and Lojas Americanas

Via Brasil Shopping

On May 10, 2010, we concluded the acquisition of a 49% ownership interest in Via Brasil Shopping, located in the neighborhood of Irajá, in the city of Rio de Janeiro. At the time we acquired our interest in this project, it was still under development, and it was subsequently opened to the public on April 27, 2011. ECIA – Irmãos Araújo Engenharia e Comércio – which holds the remaining 51% interest in the mall, was responsible for construction.

Via Brasil Shopping has 30.7 thousand square meters of GLA and has the capacity for a 1.1 thousand square meters future expansion, which would increase the property's GLA to 31.8 thousand square meters. Via Brasil Shopping is strategically located at the intersection of Av. Brasil and Rodovia Presidente Dutra. The mall is surrounded by highways, allowing for a quick access and a wide variety of public transportation, with more than 40 bus lanes and two subway stations (Irajá – Colégio and Coelho Neto). The mall targets 20 neighborhoods, totaling more than 1 million inhabitants who are predominantly middle class.

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	49.0%
Total GLA (square meters)	30,680
Number of stores	220
Main stores	Centauro, Ponto Frio, Ponto Frio, Ricardo Eletro, Casas Bahia and Lojas Americanas

Itaú Power

Itaú Power opened in October , 2003, and is located in the city of Contagem, in the State of Minas Gerais, at the intersection of Av. Amazonas, Anel Rodoviario and Via Expressa, two highways that lead to Belo Horizonte, the state capital, and a city of 4.2 million inhabitants. Approximately 900 thousand people live less than 15 minutes away from the mall. Itaú Power has 32.7 thousand square meters of GLA, a total of 175 stores and a leisure area which includes a leisure park, arcade and six Cineart Multiplex and Cinema 3D movie theatre rooms totaling 1,412 seats.

Itaú Power has well-known and attractive stores in its tenant mix. The food court has approximately 1,200 seats and 20 dining alternatives.

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	33.0%
Total GLA (square meters)	32,744
Number of stores	175
Main stores	Centauro, Polishop, Ponto Frio, Leader, C & A, Renner and Lojas Americanas

Jardim Sul

Jardim Sul opened in 1990 and is located in the city of São Paulo, state of São Paulo. The mall is located in the Morumbi neighborhood, an area of strong residential and commercial growth. Since its opening, Jardim Sul has played an important role in being a strong catalyst for growth and appreciation of its main commercial area.

The mall has a diverse mix of tenants, including five anchor stores, and 192 stores overall. In addition, the mall has 1,350 parking spaces and a flow of 135,000 vehicles/month.

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	100.0%
Total GLA (square meters)	30,800
Number of stores	192
Main stores	Centauro, UCI Cinemas, Richards, Pão de Açúcar, C & A, Renner and Lojas Americanas

Rio Anil

Rio Anil Shopping opened in April, 2010. The mall is located in one of the most populous regions of São Luis, Maranhão state, near the intersection of two of the major avenues of the city, Av. Jerônimo de Albuquerque and Av. São Luis Rei da França. This is a prime location in the city, close to the neighborhoods of: Anil, Cohab and Turu, which have favorable infrastructure and road system in place for quick and easy access to shopping.

Rio Anil Shopping has a food court with a capacity for 1,500 people and 20 different restaurants, which offer several dining options.

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	50.0%
Total GLA (square meters)	26,292
Number of stores	154
Main stores	Centauro, C & A, Marisa , Matheus Supermercados, Riachuelo and Lojas Americanas

Shopping Paralela

Shopping Paralela opened in April 2009. The mall is located in Salvador, state of Bahia which has a population of 2.7 million, making it the third largest state capital in Brazil, and the largest city in the northeast region of the country. The mall has 39.8 thousand square meters of total GLA and is located in an area of the city that has shown strong real estate development in recent years, as well as growth potential. The mall has a diverse mix of tenants with a total number of 263 stores, as well as a 2-floor parking lot containing 2,400 parking places with a 200,000 vehicles/month capacity. It also has available area to allow for future expansion.

Shopping Paralela has well-known and attractive anchor stores such as Riachuelo, Renner, C&A, Lojas Americanas, and UCI movies. However, it is still establishing its tenant and customer base due to the short time it has been open, and as a result it has a vacancy ratio that is 8.5%, higher than the ratio for our other malls.

Since its opening, the mall had been managed and leased by a third party. We believe that by enhancing the mall's operational management, the project will provide substantial improvements related to leasing, tenant mix and vacancy reduction. Furthermore, the implementation of BR Malls management practices is expected to generate synergies and economies of scale, due to its integration with our shared services center.

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	95.0%
Total GLA (square meters)	39,802
Number of stores	263
Main stores	C&A, Riachuelo, UCI Cinemas, Renner and Lojas Americanas

Plaza Macaé

Shopping Plaza Macaé opened in September 2008, and is located in the city of Macaé, in the state of Rio de Janeiro. The city has a population of approximately 218 thousand and is projected to grow at a rate of 3.6% per year, a GDP per capita of R$36 thousand, and the highest standard of living in the state. Macaé is also an important educational and industrial center, especially in the oil and gas industry. Petrobrás selected the city to as the base for its Campos Basin operations, which is expected to result in large investments, population growth and job creation.

The mall is located near a high-income residential zone and has a commercial area stretching to the cities of Macaé, Rio das Ostras, Quissamã, Casimiro de Abreu and Conceição de Macabu, which comprises a population of 414 thousand inhabitants that is expected to grow at a rate of 5.2%. per year

Currently, with a total GLA of 22.7 thousand square meters, Shopping Plaza Macaé has 94 stores, a movie theater and many leisure options. The mall has well known anchor stores such as, Lojas Americanas, C&A, Marisa, Leader and several important brands such as Walmart.

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	45.0%
Total GLA (square meters)	22,694
Number of stores	94
Main stores	Walmart, C&A, Leader Magazine, Marisa and Lojas Americanas

Estação BH

We won an auction conducted by the National Urban Transportation Agency (*Companhia Brasileira de Transporte Urbano*), or CBTU, for a license to use for commercial purposes an area of 85.0 thousand square meters located at Av. Vilarinhos, in the city of Belo Horizonte, state of Minas Gerais for a period of 30 years, which may be extended for an additional term of 30 years). We have already agreed upon the general terms and conditions with CBTU and the local government pursuant to which a shopping mall will be constructed and managed in that space. Additionally, we will provide marketing and leasing services to the mall.

Shopping Estação BH is located in the northern region of Belo Horizonte, the capital of the state of Minas Gerais state. Belo Horizonte has a population of 2.4 million, the majority from the upper-middle and middle classes, according to data published by IPDM. The mall is in the region we believe has the highest growth potential in the city, resulting from several significant real estate developments and the construction of the Green Line highway, which connects the city center to the airport. The mall is strategically located above the Vilarinhos subway station, which receives 3.6 million passengers per month and generates significant visitor traffic to the mall. The mall also has approximately 33.9 thousand square meters of GLA and opened in the first half of 2012.

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	60.0%
Total GLA (square meters)	33,892
Number of stores	117
Main stores	Fast Shop, Dadalto, Casas Bahia, C&A, Marisa, Riachuelo, Leader, Renner and Cinépolis

Catuaí Shopping Londrina

Catuaí Shopping Londrina opened in November 1990, and is located in the city of Londrina, state of Paraná. Londrina is the fourth largest city in the southern region of Brazil with a population of 506,700 inhabitants. The mall has 134.7 thousand square meters of GCA and 63.1 thousand square meters of GLA. It is also located along one of the main highways of the city and is surrounded by premium residential condominiums. The mall has a diverse tenant mix including 16 anchor stores and a diverse mix of 229 tenants, as well as having 2,798 parking spaces to service an incoming flow of approximately 150,000 vehicles per month. We highlight C&A, Renner, Magazine Luiza, Lojas Americanas, Zara, Pernambucanas and Lojas Colombo as some of the most emblematic anchor stores in this project.

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	65.1%
Total GLA (square meters)	63,089
Number of stores	274
Main stores	C&A, Lojas Colombo, Magazine Luiza, Pernambucanas, Zara, Renner and Lojas Americanas

Catuaí Shopping Maringá

Catuaí Shopping Maringá opened in November 2010. The mall has 32.3 thousand square meters of GLA and is located in Maringá, state of Paraná at the intersection of the BR 376 and PR 317 highways, which constitute the city's main link with the west and south of the state of Paraná. The mall is located near the Federal University of Maringá and is integrated with the main residential areas of the city. Maringá has a total population of 357,100 inhabitants with estimated consumption potential of approximately R$1.3 billion annually. The mall has 216 stores and 1,650 parking spaces.

The main anchor stores of the mall include Centauro, Riachuelo, Havan, Pernambucanas, Walmart and a movie theater with five screening rooms**.**

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	70.0%
Total GLA (square meters)	32,329
Number of stores	192
Main stores	Centauro, Riachuelo, Havan, Pernambucanas, Walmart

Mooca Plaza Shopping

On July 25, 2007, we entered into an agreement with Construtora São José for the joint development of a new shopping mall, which are jointly-owned, and managed and leased by us. We believe that the neighborhood of Mooca in the city of São Paulo is located in a region with high purchasing power; 60% of its 750 thousand inhabitants belong to the upper and upper-middle income class. In addition, we believe the region is underserved by shopping malls and is undergoing a transformation, with many new real estate developments. The region has a consumption potential of approximately R$5.7 billion per year, according to Gismarket.

The shopping mall is located at Avenida do Estado, in an area of 112 thousand square meters. This area was considered polluted and has undergone an environmental remediation process. We are currently monitoring the area with the purpose of completing the clean-up.

The shopping mall has approximately 41.9 thousand square meters of gross leasable area, and we have a 60.0% ownership interest in this shopping mall. It has 233 stores, including six anchor and mega-stores, and a cinema complex. This shopping mall commenced operations at the end of 2011.

	As of June 30, 2012 (unless otherwise indicated)
BR Malls' ownership interest	60.0%
Total GLA (thousand square meters)	41,964
Number of stores	233
Main stores	Centauro, Fast Shop, C&A, Marisa, Memove, Ponto Frio, Tok&Stock and Renner

Management and Marketing Services

As of June 30, 2012, we provided services to 41 of the 48 shopping malls in which we hold ownership interests, including NorteShopping, Shopping Campo Grande, Shopping Del Rey, Shopping Iguatemi Caxias do Sul, Goiânia Shopping, Shopping Independência, Shopping Estação, Araguaia Shopping, Shopping Villa-Lobos, Shopping ABC, Shopping Piracicaba, Amazonas Shopping, Shopping Tamboré, Shopping Curitiba, Shopping Recife, Top Shopping, Niterói Plaza Shopping, Fashion Mall, Ilha Plaza Shopping, Casa & Gourmet Shopping, Osasco Plaza Shopping, Center Shopping Rio, West Shopping, Campinas Shopping, Natal Shopping, Shopping Metrô Santa Cruz, Shopping Crystal Plaza, Center Shopping Uberlândia, Shopping Sete Lagoas, Shopping Via Brasil, Shopping Granja Vianna, Catuaí Shopping Maringá, Catuaí Shopping Londrina, Jardim Sul, Mooca Plaza Shopping, Shopping Paralela, Itaú Power, Rio Anil, Estação BH and Plaza Macaé. For additional information on these shopping malls, see "—Shopping Malls." We also provide management and leasing services to the following venture in which we do not have any ownership interests:

Recreio Shopping

We provide management and leasing services to stores and commercial spaces in Recreio Shopping. Recreio Shopping opened in 1997 and is located in one of the fastest-growing regions of Rio de Janeiro, boasting a monthly average of 400 thousand customers. The mall offers 130 stores, including anchor stores such as a Pão de Açucar supermarket and the retailers Casa & Vídeo, C&A and Casas Bahia. Recreio Shopping also offers four movie theaters. According to data published by IBOPE in 2009, 47% of the consumers belong to the upper and upper-middle class and 53% are female.

Projects Under Development

Expansions

We believe that the expansion of existing shopping malls represents an excellent opportunity to achieve further operating and financial growth. We believe that the expansion of existing shopping malls increases traffic to their original areas and presents low risks, as they are planned only upon previously identified demand. Our expansions have also increased our sources of revenue by including new stores and, generally, balancing the proportion of anchor stores to satellite stores.

Future Scheduled Expansions

As of June 30, 2012, we intend to expand the following shopping malls in our portfolio beginning in the second half of 2012:

Shopping mall	Added GLA (thousand square meters)
Top Shopping	15.3
Niterói Plaza Shopping	10.5
Natal Shopping	9.9
Shopping Independência	7.2
São Luís Shopping Center	23.2
Center Shopping Uberlândia	2.0

The completion of the expansion of Center Shopping Uberlândia was announced on October 8, 2012, and the expansion of Shopping Piracicaba was announced on October 4, 2012.

Developments

We believe that the building of new malls in areas having both a high potential for commercial ventures and a lack of such ventures allows us to achieve higher returns. Therefore, we adopted a strategy to invest in greenfield projects and we currently have six greenfield projects under development:

São Bernardo

In February 2010, we acquired a 60% stake in a 105 thousand square meters land bank in São Bernardo do Campo. São Bernardo do Campo is located 21 kilometers from downtown São Paulo. The municipality's economy is mainly dependent on the auto industry and the service sector and is one of the most developed of São Paulo. The region has a population of approximately 828,000 inhabitants, the fourth largest in the state, mainly middle class, according to Gismarket.

The land we acquired offers easy access to the Anchieta Highway and is less than one kilometer from the south section of the Rodoanel beltway. The São Paulo State Environmental Agency (*Companhia Ambiental do Estado de São Paulo*), or CETESB, has determined that this area has been polluted. We are currently cleaning up the site, and expect the relevant remediation to continue for several months, which will require additional expenditures.

The mall will have approximately 42.3 thousand square meters of gross leasable area and we have a 60.0% ownership interest in the development.

Londrina Norte Shopping

Londrina Norte Shopping will have a total GLA of 32.6 thousand square meters and is scheduled to open in October 2012. The project is strategically located at the intersection of two main highways in the northern area of Londrina, state of Paraná. The area is easily accessible by the public, and is surrounded by a bus terminal, stadium and race track, which will contribute to attracting visitors to the mall. The mall will be part of a multi-use commercial complex, targeting middle class visitors. We hold a 70% ownership interest in Londrina Norte Shopping.

The mall will have a tenant mix of 195 stores. We have already completed negotiations on the leases with several anchor stores and megastores and a high number of satellite stores have also been leased.

Catuaí Shopping Cascavel

Catuaí Shopping Cascavel is scheduled to open in November 2013 in the city of Cascavel, in the state of Paraná. We will develop, lease and manage the project. The mall will be located near the Paulo Gorski Park, between Avenida Brasil, the main access to the city, and the Municipal Lake, which is the main leisure area in Cascavel. We hold a 67.9% ownership interest in Catuaí Shopping Cascavel.

The mall will have a diverse tenant mix of a total of 165 stores, including anchor stores and mega stores for which leases have already been finalized, 24 food court vendors, an entertainment center, movie theatre and both anchor stores and megastores which have already been negotiated.

Shopping Contagem

Shopping Contagem, which will be located at Av. Severino Ballesteros Rodriguez, in the city of Contagem, Minas Gerais and will have a total GLA of approximately 45.0 thousand square meters. The mall will be opened in two phases: the first of 35.0 thousand square meters and the second of 10.0 thousand square meters. The opening of the first phase is scheduled for the fourth quarter of 2013 and the opening of the second phase will depend on when the relevant planning and other licenses and permits are granted.

Shopping Vila Velha

Shopping Vila Velha will be located in the city of Vitória, the capital of the state of Espírito Santo. The project will be developed in two phases. In the first phase it will have a total GLA of approximately 62.9 thousand square meters and is expected to open in the second half of 2013. In a subsequent phase, the project may reach up to 108 thousand square meters of GLA, becoming the largest mall in the state and the third largest mall in our portfolio. The total land area on which the mall is located is 148.6 thousand square meters.

Guarujá Plaza Shopping

The Guarujá Plaza Shopping, which will be located at Avenida Miguel Alonso Gonzalez, in the city of Guarujá in the state of São Paulo, will have a total GLA of approximately 29.9 thousand square meters and will be opened in two phases: The first, with 25.2 thousand square meters, and second with 4.7 thousand square meters. The date for the inauguration of the first phase of the project will be between the fourth quarter of 2013 and the second quarter of 2014. We expect that the second phase will open two years after completion of the first phase.

The economy of the city Guarujá city is based on tourism, the Port of Santos, industry, fisheries, trade and services. Companies in the port sector are located in Guarujá which rests on the left bank of the Port of Santos, the largest in Latin America and Brazil's leading port, which accounts for approximately 25% of Brazil's foreign trade volume. According to the IBGE in 2008, the city has a per capita GDP of R$11,292 and a population of 293,000. In addition, the city is famous for its beaches and attracts approximately three million tourists every year.

Competition

Our main competitors are Brookfield, Multiplan, Iguatemi, Ancar, Sonae and Aliansce. These companies are active players in our industry, including with respect to the holding of equity participations in shopping malls and provision of management services.

Relationships with Lessees and Partners

We constantly seek to offer a broad and renewed range of services in our shopping malls in order to increase the number of visitors and sales volume, therefore maximizing the profits of our lessees and investors and strengthening our relationship with them. In order to achieve this objective, we prepare an annual strategic plan for each of the shopping malls that we manage, in order to establish relevant goals for the following 12 months. These plans take into account internal and external factors, such as competition levels, business weaknesses, market opportunities and threats, among others. We believe that this methodology has been a key factor in the successful management of our operations.

Our business policy also includes an ongoing effort to identify stores in shopping malls with potential for growth or which are at financial risk, in order to ensure that the shopping malls in which we hold ownership interests or/and which we manage remain attractive. Accordingly, lessees are provided advice with respect to renovations or a change of location of their stores, among other measures considered necessary to improve their performance.

We are in constant contact with retailers, suppliers and service providers (including those considered as potential clients) through our shopping mall management services. We thrive on the constant renovation of our store mixes, which requires an ongoing search for new lessees and new store concepts. We believe that our history and sense of tradition in the industry have helped us to develop a relationship of trust and loyalty with our lessees, which assists us in carrying out an efficient process of attracting new operators.

In order to protect our shopping malls' profitability, the costs charged by our services providers are regularly monitored. This regular review helps us to achieve economies of scale, benefit from greater negotiating power and reduce our costs, which leads, ultimately, to the uniformity of the services used by the developments and the maximization of profits.

With respect to the developments in which we hold ownership interests, we maintain partnerships with the main and most renowned industry players, including institutional investors, business groups and pension funds, such as Previ, Refer, Petros, Valia, Capef, Sendas, Ecia, Agenco, JCPM, MB Engenharia, Prebeg, Sogin, Iguatemi, Brookfield and Marcelino Martins. To a great extent, these successful partnerships are reflected in the fact that certain of these entities are our partners in more than one development, which demonstrates the mutual trust that we have established.

Leasing Policy

The leasing of each shopping mall's stores is key to the success of the shopping mall. In this context, our leasing strategy for our shopping malls takes into consideration existing market conditions, the area of primary influence of the shopping mall and local purchasing habits when determining the adequate mix of stores for the development. We not only maintain an extensive database of retailers and potential investors, but also have direct access to the most well-known Brazilian retail chains. As a result, we have expertise in the selection of the best retailers for each shopping mall and we assist each shopping mall to achieve the expected level of profitability and to protect and maintain the long-term quality and profile of the shopping mall. Our work is meant to ensure a high level of commitment to the commercial relationships among the developments and their management, lessees and advertisers.

Brazilian shopping malls attract customers by gathering a diversified group of stores and services in a single location that offers advantages such as parking, air conditioning and a sense of security and protection against tropical rains during the Christmas shopping season, when retail sales peak in Brazil. Currently, shopping malls not only offer a diversified group of stores and brands, but also offer a number of services, leisure and entertainment options. Therefore, shopping malls are an important marketing and advertising channel for small, medium and large businesses. The use of common spaces, as well as the organization of events, provides an excellent opportunity to reach a large number of consumers and to improve brand recognition through promotional campaigns, sale of products, collection of consumer data and direct marketing. We offer a number of strategically placed spaces in the internal and external areas of our shopping malls for marketing and advertisement purposes, including screens, windows, doors and stairways.

Default and Collection Policy

Our management strategy includes a stringent collection and default policy, which we believe has allowed us to consistently enjoy a low level of lessee default. We have adopted a solid criteria for the selection of lessees that are expected to meet certain minimum standards in order to qualify for the occupation of stores in our shopping malls. Lessees are required to complete a registration form and to present documents issued by credit protection agencies confirming their financial status and that of their guarantors, as well as deeds confirming the ownership of real estate worth at least 12 times the relevant monthly occupation cost.

The rents to be paid by the lessees are set as a percentage of sales, subject to a minimum predetermined monthly amount. Therefore, we monitor the performance of each store on a monthly basis, with the purpose of calculating the rent to be paid by each lessee (i.e., the greater of either the set percentage of sales and/or the minimum monthly rent). In the event of default, we immediately initiate collection proceedings involving administrative negotiations with the relevant lessee for payment of the outstanding amount. This amount is recorded on the shopping mall's books for a maximum of 45 days. Once the possibility of settlement has been exhausted, we initiate eviction proceedings against the lessee in default (within the limits permitted by the Brazilian Leasing Law) should any outstanding amounts remain unpaid after three months of the date of default (including the 45-day period previously mentioned). Following the eviction, we initiate proceedings for the judicial collection of the outstanding amount.

Our experience in the industry has enabled us to develop specific skills in the drafting of leasing agreements and preventing losses from defaults from occurring. We believe that this experience is one of the main reasons behind the efficiency of our collection policy and our low level of lessee default.

Seasonality

Our results of operations are subject to seasonal trends affecting the Brazilian shopping mall industry. Shopping mall sales generally increase in the weeks before Mother's Day (May), Valentine's Day (which in Brazil occurs in June), Father's Day (which in Brazil occurs in August), Children's Day (which in Brazil occurs in October) and Christmas (December). In addition, the large majority of lessees in our shopping malls pay double rent in December, under the terms of their respective leasing agreements.

Intellectual Property

Trademarks

Registration of a brand with the National Institute of Intellectual Property (*Instituto Nacional de Propriedade Intelectual*), or INPI, grants the owner of a brand the exclusive right to use of the brand throughout Brazil for a 10-year period, which may be extended by successive equal periods. During the registration process, the petitioner only has an expectation of rights with respect to the use of the relevant brands for identification of its products or services.

We are the holders of several registered trademarks in Brazil, either directly or through our subsidiaries, including our logo, "BRMalls," "Araguaia Shopping," "Niterói Shopping Center," "Shopping Center Campinas," "NorteShopping," "Shopping Del Rey," "Shopping Estação," "Natal Shopping," "Shopping Tamboré," "Shopping Center de Niterói," "Casa & Gourmet Shopping" and "Fashion Mall," among others, and several logos, in addition to other trademark requests pending registration with the INPI, including "Ilha Plaza Shopping," "Shopping Campo Grande," "Shopping Metrô Santa Cruz," "Shopping Sete Lagoas," and "Center Shopping Uberlândia." Our trademark registrations are renewed every 10 years, upon the expiration of their terms. In addition, we continually seek to obtain the trademark registration of new brands in order to foster the public's loyalty to our corporate image.

Domain names

We and our subsidiaries are the holders of several domain names in Brazil, including: "brmalls.com.br," "araguaiashopping.com.br," "campinasshopping.com.br," "fashionmall.com.br," "ilhaplazashopping.com.br," "natalshopping.com.br," "norteshopping.com.br," "rioplazashopping.com.br," "shoppingcampogrande.com.br," "shoppingdelrey.com.br," "shoppingestacaobh.com.br," "independenciashopping.com.br," "shoppingmetrosantacruz.com.br," "shoppingsetelagoas.com.br," "shoppingtambore.com.br" and "shoppingvillalobos.com.br," among others.

Software

We do not own a tailor-made management software. We use software such as Wiseit, Oracle E-Business Suíte, BlackBerry Enterprise Server 5.1, SGCO, through licenses of the companies that have their rights, such as Oracle, DM Consultoria, RIM and GIR Sistemas, which we consider to be among the best in the Brazilian management systems market.

Properties

The table below shows the gross commercial and leasable areas of each of the shopping malls in which we hold ownership interests as of June 30 2012:

		As of June 30, 2012, except as otherwise indicated(1)			
Shopping Malls	**State**	**Our Interest (%)**	**Total GLA (square meters)(2)**	**GLA we own (square meters)**	**Number of Stores (in units)(1)**
Amazonas Shopping	AM	17.9	34,214	6,124	220
Araguaia Shopping (3)	GO	50.0	21,758	10,879	143
Big Shopping	MG	13.0	17,241	2,241	77
Campinas Shopping	SP	100.0	29,698	29,698	153
Casa & Gourmet Shopping	RJ	100.0	7,137	7,137	32
Catuaí Shopping Londrina	PR	65.1	63,089	41,071	274
Catuaí Shopping Maringá	PR	70.0	32,329	22,631	192
Center Shopping Rio	RJ	30.0	13,765	4,130	86
Center Shopping Uberlândia (4)	MG	51.0	50,702	25,858	306
Estação BH	MG	60.0	33,982	20,389	117
Fashion Mall	RJ	100.0	14,955	14,955	123
Goiânia Shopping	GO	48.4	22,252	10,770	152
Ilha Plaza Shopping	RJ	100.0	21,619	21,619	120
Itaú Power	MG	33.0	32,744	10,805	175
Jardim Sul (5)	SP	100.0	30,800	30,800	192
Minas Shopping (6)	MG	2.1	35,894	764	191
Mooca Plaza Shopping	SP	60.0	41,964	25,178	233
Natal Shopping	RN	50.0	17,448	8,724	164
Niterói Plaza Shopping	RJ	100.0	33,550	33,550	215
NorteShopping	RJ	74.5	77,908	58,041	322
Osasco Plaza Shopping	SP	39.6	13,844	5,482	141
Plaza Macaé	RJ	45.0	22,694	10,212	94
Rio Anil (7)	MA	50.0	26,292	13,146	154
São Luís Shopping Center	MA	15.0	34,123	5,118	134
Shopping ABC	SP	1.3	46,285	602	244
Shopping Campo Grande	MS	70.9	39,213	27,808	203
Shopping Crystal Plaza	PR	70.0	11,934	8,354	124
Shopping Curitiba	PR	49.0	22,920	11,231	131
Shopping Del Rey	MG	65.0	37,032	24,071	179
Shopping Estação (8)	PR	100.0	54,716	54,716	145
Shopping Granja Vianna	SP	77.8	29,971	23,312	164
Shopping Iguatemi Caxias do Sul	RS	45.5	30,324	13,797	128
Shopping Iguatemi Maceió	AL	34.2	34,742	11,892	212
Shopping Independência	MG	83.4	23,941	19,967	172
Shopping Metrô Santa Cruz	SP	100.0	19,165	19,165	118
Shopping Metrô Tatuapé	SP	3.2	32,853	1,037	280
Shopping Mueller Joinville	SC	10.4	27,310	2,840	140
Shopping Paralela	BA	95.0	39,802	37,812	263
Shopping Pátio Belém	PA	13.3	20,594	2,739	190
Shopping Piracicaba(9)	SP	36.9	27,248	10,055	140
Shopping Recife	PE	31.1	68,627	21,312	402
Shopping Sete Lagoas	MG	70.0	16,411	11,488	119
Shopping Tamboré	SP	100.0	49,835	49,835	215
Shopping Tijuca	RJ	100.0	35,565	35,565	275
Shopping Villa-Lobos	SP	58.4	26,806	15,647	184
Top Shopping	RJ	35.0	18,168	6,359	114
Via Brasil Shopping	RJ	49.0	30,680	15,033	220
West Shopping	RJ	30.0	39,558	11,867	148
Total (10)		56.5	1,513,704	855,827	8,520

(1) Includes stores within the total gross leasable area.

(2) Our 35.0% ownership interest in Top Shopping and our 100% ownership interest in Shopping Tamboré, as well as 0.06% of our ownership interest in Amazonas Shopping and 14.0% of our ownership interest in Shopping Curitiba are still pending registration before the Real Estate Registry Office.

(3) Ownership interest held in the form of debentures with profit sharing rights through which we have the right, among others, to receive 50% of the Araguaia Shopping mall's net income and to appoint the shopping mall's management.

(4) After June 30, 2012, we commenced an expansion at Center Shopping Uberlândia that added 1,012 square meters to our owned GLA, which we completed on October 8, 2012.

(5) Our 40% ownership interest in Jardim Sul is still pending registration before the relevant real estate registry office.

(6) Our 1.1% ownership interest in Minas Shopping is still pending registration before the relevant real estate registry office.

(7) Our ownership interest in Rio Anil is still pending registration before the relevant real estate registry office.

(8) Includes the Estação Convention Center, an anchor store with 27.9 thousand square meters of gross leasable area.

(9) On October 4, 2012 we commenced an expansion of Shopping Piracicaba that will add 15,972 square meters of total GLA and 5,894 square meters to our owned GLA.

(10) Average ownership interest we hold in shopping malls.

Insurance

We maintain insurance policies covering specified and general risks through Chubb do Brasil Cia. de Seguros, which covers all shopping malls in which we hold ownership interests, as well as certain shopping malls managed by BR Malls Administração. We believe our insurance policies adequately cover the risks that may adversely impact our operations and developments including fire, theft, electrical damage, riot, flooding, loss of profits and damage to equipment. Our insurance policies are in effect until January 2013 and contain standard terms and conditions applicable to insurance policies with similar coverage levels. The maximum aggregate indemnifications to be paid under our insurance policies are: R$352.0 million for property damage and R$138.0 million for loss of profits.

We maintain insurance for our directors and officers, with worldwide coverage from Itaú Seguros S.A. for loss and damages to third parties, expiring on June 2013. The coverage limit for this insurance is approximately R$ 40.0 million.

Additionally, we maintain a public liability insurance policy with Chubb do Brasil Cia. de Seguros, which applies to all shopping malls in which we hold ownership interests, as well as shopping malls managed by BR Malls Administração. We believe that this policy adequately covers our public liability regarding involuntary, physical and/or property damages caused to third parties as a result of the operation of our shopping malls, the parking of vehicles owned by third parties in the parking areas of our shopping malls and our role as an employer. The total insured amount relates to the amounts for which we may be liable upon final judicial decisions not subject to appeal or as a result of an express agreement executed by the insurance company. This public liability insurance policy is in effect until January 2013. The coverage limit of is approximately R$28.0 million for this insurance.

Environmental Responsibility

We are committed to adopting best environmental protection practices. We seek to comply with all of the requirements set under all applicable federal, state and municipal environmental laws and regulations. We also participate in certain environmental projects described below.

Project for the Recycling of Sewage Water—NorteShopping

As a result of the high level of water consumption in NorteShopping, we are currently implementing a system for the recycling of part of the sewage water generated by the shopping mall. The water recycled through this process will be used in the shopping mall’s toilet facilities and central air conditioning system cooling towers. We will, therefore, be able to minimize the volume of sewage released into the public sewage network and of water provided by the local water companies. We believe that this will not only benefit the environment, but also reduce our water and sewage costs.

Project for the Co-Generation of Electricity—Shopping Campo Grande

Shopping Campo Grande’s air-conditioning system is composed of eight equipment rooms containing electric cooling machinery and ice tanks. This equipment is almost 18-years old and, despite regular servicing, is technologically obsolete and does not use electricity in an efficient manner. As a consequence, and also in view of the high prices charged by the local energy company, we executed on March 11, 2007 a lease and service agreement with Igara Energy Services Ltda. in order to implement an electricity generation project which allows us to produce part of the electricity necessary for running the shopping mall. The system utilizes turbines attached to the equipment used for cooling the water distributed throughout the shopping mall for the generation of electricity. The implementation of this project resulted in a reduction of Shopping Campo Grande’s electricity costs. The electricity generation system installed in Shopping Campo Grande is an environmentally friendly and efficient method of generation of electricity.

Air quality

We regularly monitor the level of concentration of solid particles, carbon dioxide, mold, mildew and bacteria in the air that circulates in our shopping malls, as well as their temperature and humidity levels, and the speed at which air is pumped into the internal areas.

Social Responsibility and Sponsorships

We promote a series of initiatives to promote the development of the communities in which our shopping malls are located, encourage environmentally sound actions and promote cultural activities and a healthy lifestyle. We have sponsored a number of community sports events, created a public library close to one of our shopping malls and launched environment-related campaigns.

Employees

As of December 31, 2009, 2010 and 2011 and June 30, 2012, we had 127, 255, 325 and 371 employees, respectively. All of our employees are based in Brazil (mainly in the city of Rio de Janeiro). The table below provides a breakdown of the function of our employees for the periods presented:

	As of December 31,			As of June 30,
Category	2009	2010	2011	2012
Executive	4	4	4	4
Administrative and operational	123	251	321	367

We believe that our remuneration policy is in line with the average remuneration paid in our industry. We adjust the remuneration paid to our employees whenever it is deemed necessary in accordance with the Brazilian labor and employment legislation and the date of renegotiation of our union agreements. In addition, we increase employees' salaries in the event of promotion, which is merit-based.

We offer health insurance coverage and commuting and food vouchers to all of our employees. In addition, our employees are entitled to participate in a profit sharing plan, which is conditional upon the Company meeting predetermined budget and operating targets. Under the terms of our profit sharing agreement, a percentage of our annual net income, after deducting income tax and social contribution, are paid to our employees, in line with the targets met by the Company. We have developed a code of conduct that seeks to explain to our employees our corporate values, objectives, mission, culture, strategy and principles. We also offer training for our employees.

The majority of our employees are union members. We believe we maintain a good relationship with the unions which represent our employees.

We have outsourced services which are not part of our core business, such as cleaning, security and surveillance, maintenance, engineering, landscaping and ambulatory care. In addition, we also outsource real estate brokerage. We have implemented an environmental and health prevention program as required by law.

Stock Option Plan

For information on our stock option plan see "Management—Stock Option Plan."

Legal and Administrative Proceedings

We are currently party to a number of legal and administrative proceedings arising from the ordinary course of our business. As of June 30, 2012 , we have recorded provisions in the amount of R$104.1 million. Our results may be adversely affected should our provisions prove insufficient to cover all losses resulting from claims filed against us.

Below are the principal legal and administrative proceedings in which we are currently involved:

Civil Claims

As of the date of this offering memorandum, we were party to several civil proceedings primarily involving claims for the payment of indemnification for damage to property, renewal of leasing agreements and collection of debts and annulment of contractual clauses. As of June 30, 2012, the total estimated amount in controversy for these proceedings was R$49.9 million for which we have a probable loss and, we have recorded provisions relating to the civil claims in the amount of R$49.9 million. We have described below our principal civil claims.

Patrimônio da União in the state of Pernambuco

Ecisa Engenharia, Magus Investimentos Ltda. and Milburn petitioned for an injunction against a federal governmental agency challenging the legality of a fee levied on the transfer of the real property. The petition and appeal thereof were denied. The plaintiffs are now waiting for a subsequent court decision.

We believe that a favorable outcome is remote. We have recorded a provision in the amount of R$3.7 million (corresponding to ECISA's participation) in connection with this claim. Based on our outside counsel's opinion, we estimate that the total amount of the fee levied on the transfer of the real property should be approximately R$5.2 million, of which we would be liable for R$3.7 million. There is a possibility, which we believe to be remote, that the court may impose interest rate (SELIC) on this amount since 2001. In this case, the total amount to be paid could increase to R$20.2 million.

O Nosso Bazar Ltda.

O Nosso Bazar Ltda. filed a civil claim against CIMA for the payment of an indemnification equivalent to the amounts corresponding to the rental fees of stores 103-A and 103-M of Shopping Tijuca, which, the plaintiff alleges were delivered after their due date. The claim was decided partially in favor of O Nosso Bazar, and CIMA was ordered to pay the amount equivalent to the rental fees that the stores 103-A and 103-M would have generated if they had been leased since August 30, 1975. The amounts due will be determined on the date damages are settled in the final award. Had such award been given on June 30, 2012, such amount would have totaled R$7.5 million. O Nosso Bazar is entitled to a proportional share of the award based on the portion of its ownership interest in the store. The award will also be adjusted for inflation and subject to an interest rate of 6% per year, commencing on the date of service of process, as well as legal fees representing 10% of the amount owed. CIMA filed an interlocutory appeal, which was partially ruled in CIMA's favor and caused the reduction to the condemnation amount. Based on our outside counsel's opinion, we believe that an unfavorable outcome is probable. As of June 30, 2012, we have recorded a provision in connection with this claim in the amount of R$7.5 million.

Mooca Plaza Shopping

On August 22, 2012, the municipal government of São Paulo commenced a series of four administrative proceedings against Shopping Center Mooca Empreendimento Imobiliário S.A., in the aggregate amount of R$177 million for its failure to obtain the relevant permits to perform work on public roads. No decision has been issued yet. According to the opinion of our external counsel, our chance of loss is remote.

Labor Claims

As of the date of this offering memorandum, we and our subsidiaries were defendants in several labor claims. The claims are mainly related to the payment of labor rights (such as allegedly due overtime) and the recognition of employment relationships and joint liabilities on unpaid labor rights to our outsourced workers and workers from our malls. We estimate that our total liability with respect to labor claims representing probable losses amounted to R$7.9 million as of June 30, 2012, which is fully provisioned.

Tax Proceedings

We are party to a number of legal and administrative tax proceedings. As of June 30, 2012, we recorded provisions relating to the tax proceedings in the amount of R$46.3 million. Below is a brief description of the tax proceedings involving an amount exceeding R$5.0 million, to which we are party:

Tax Deductibility of Goodwill

Ecisa Participações is party to an administrative proceeding before the Brazilian federal tax authorities which have alleged that it did not pay income tax (IRPJ) and contribution on profits (CSLL) with respect to its tax deductibility of goodwill**,** in the total amount of R$23.9 million generated in the corporate reorganization involving Licia Participações and Dylpar Participações, which were merged into Ecisa Participações. Ecisa Participações filed a pleading answering the allegations made against it. As of June 30, 2012, no provisions had been made in connection with this claim**.** Based on our outside counsel's opinion, we believe that the outcome of these proceedings is a probable loss at the administrative level. However, based on the opinion of our outside counsel there is a possibility that upon the judicial review of the tax authorities the courts may find in favor of Ecisa Participações.

COFINS on leasing fees

ECISA Engenharia is party to a lawsuit filed against the federal government challenging the payment of COFINS on monthly revenue from the leasing of stores in our shopping malls. As a result of the preliminary injunction granted by the federal court in charge of this procedure, we are currently not paying COFINS on revenue of such nature. A final decision on the matter has not yet been issued by the court. Based on our external counsel's opinion, we believe that a favorable outcome is likely.

ECISA Engenharia is party to two administrative proceedings before the Brazilian federal tax authorities, which have alleged that it did not pay COFINS with respect to its monthly revenue from the leasing of stores from May 2001 to January 2004, in the total amount of R$9.1 million, which was fully covered by a provision maintained by ECISA Engenharia as of June 30, 2012.

In connection with such proceeding, in November 2009, Ecisa Engenharia opted for the inclusion of a portion of the unpaid COFINS in an amount of approximately R$11.8 million (related to the period from 2005 to 2006) in the installment payment program introduced by Law No. 11,941/2009 (called Refis IV), pursuant to which the amount of R$9.0million of the outstanding indebtedness will be paid in 180 monthly installments.

According to Refis IV rules, taxpayers are required to expressly indicate the amounts to be included in the installment payment program, which ECISA Engenharia did on August 16, 2010. Thereafter, taxpayers participating in the program must update the Brazilian Federal Revenue Service and the Office of the Attorney General of the National Treasury of such amounts, whenever applicable, and the value of each installment will be assessed accordingly.

PIS and COFINS – ECISAs

ECISAs filed two writs of mandamus challenging the constitutionality of the increase in the taxable basis of PIS and COFINS established by Law No. 9,718/98 and the enlarged the basis of the calculation of PIS and COFINS to include all income earned by legal entities in Brazil, in addition to gross revenue (which was previously the only type of revenue subject to PIS and COFINS applicable to both companies). The STF has already issued favorable decisions to other taxpayers in similar proceedings. Based on our external counsel's opinion, we believe that a favorable outcome for us is probable. Some of our other affiliates filed lawsuits to challenge the same matter.

Refis I – Shopping Tijuca

CIMA has included some of its unpaid federal taxes in the installment payment program introduced by Law No. 9,964/2000 (called *Refis I*), the outstanding balance of which totaled R$58.2 million as of June 30, 2012, which will be paid in monthly installments equivalent to 0.6% of our revenues. For the purposes of inclusion of the debts in the Refis I, we presented, as guarantee, two real estate units located in the States of Paraná and Maranhão. This guarantee has already been accepted by the Brazilian Federal Revenue Service.

IPTU – ECISA Engenharia

ECISA Engenharia is party to 12 administrative proceedings filed by the Revenue Department of the City of Rio de Janeiro for allegedly unpaid IPTU between 1998 to 2003 in connection with NorteShopping stores. The total amount involved in these proceedings was R$42.6 million as of June 30, 2012. Based on our outside counsel's opinion, we believe that the outcome of these proceedings is a possible loss at the judicial level. In addition, ECISA Engenharia was party to 281 tax foreclosures filed by the Municipality of Rio de Janeiro charging the collection of the amounts relating to IPTU and Waste Collection Charges (*Taxa de Coleta Domiciliar de Lixo*) for 1999. These charges relate to the stores of NorteShopping, which are subject to judgment liens as guarantee for those tax foreclosures, in the total amount of R$26.0 million on June 30, 2012. Based on our outside counsel's opinion, we believe that an outcome favorable to us is probable.

Furthermore, ECISA Engenharia is party to four tax foreclosures for allegedly unpaid IPTU in connection with NorteShopping for 2004, 2005, 2007, 2008 and 2009 in the total amount of R$63.2 million. Based on our outside counsel's opinion, we believe that an outcome favorable to us is probable.

ITBI – Fashion Mall

Property transfer taxes (ITBI) were assessed by the municipal tax authorities in 2001 with respect to the acquisition of 91% of the land and buildings where Fashion Mall is located, in the total amount of R$6.9 million, which was fully provisioned as of June 30, 2012. Based on our outside counsel's opinion, we believe that the likelihood of an unfavorable decision to Fashion Mall is probable. Nevertheless, BR Malls obtained a favorable decision in the Arbitration Board related to the dispute with the former owners of FMSA. Therefore, this ITBI tax burden will be incurred by the former owners.

IPTU –Ilha Plaza Shopping, Shopping Crystal Plaza and Shopping Tijuca

There are IPTU debts related to the period from 1996 to 2000 in the total amount of R$19.0 million (as of June 30, 2012) in connection with Ilha Plaza Shopping, which are being charged through five tax foreclosures. The Company presented defenses arguing that the amounts are being unduly double charged and offered a bank credit letter to guarantee a debt equivalent to approximately R$5.1 million from the total amount indicated above. Our external counsel's opinion is that the outcome of these proceedings is probably favorable to us.

With respect to Shopping Crystal Plaza, there are IPTU debts related to the period from 1997 to 2002 in the total amount of R$10.1 million, as of June 30, 2012. This indebtedness is being charged through tax foreclosures brought against the original owners of the unit and are guaranteed by the pledge of 7% of such unit. Based on our external counsel's opinion, we believe that an outcome favorable to us is likely in connection with the amount of R$7.5 million and the outcome evaluation of the amount of R$1.8 million as a probable loss. The remaining debts amounting to approximately R$0.75 million are being paid under an installment payment program. According to the shares purchase agreement executed by us with the original owners of Shopping Crystal Plaza, these IPTU tax debts shall be paid by them. Finally, there are also IPTU debts in connection with Shopping Tijuca in the total amount of R$18.7 million.

ISS – CIMA

On July 25, 2007, CIMA filed an annulment lawsuit in order to cancel the tax credit of ISS tax (tax services) with the municipality of Serra, which was being collected under eight tax proceedings. The lawsuit is currently in the stage of presenting questions to the experts. We believe the chance of loss is probable with respect to R$1.1 million and possible with respect to R$7.0 million. As of June 30, 2012, we had provisions totaling R$2.78 million.

Material Contracts

Management Contracts—BR Malls Administração

BR Malls Administração has entered into contracts to provide management services to several entities, including for shopping malls in which we hold ownership interests. The purpose of the contracts is the provision of shopping mall management services in a way that maximizes income, controls and reduces lessee defaults and decreases budget costs of the shopping malls. The majority of the contracts have no pre-established termination date. The compensation for the provision of shopping mall management services usually includes a fixed management fee and a variable administrative fee based on a percentage of the shopping mall's income. The amount of management contracts entered into by BR Malls Administração for the provision of the services described above totaled R$12.5 million in the six months ended June 30, 2012.

Marketing Contracts—BR Malls Administração

BR Malls Administração has entered into contracts to provide marketing services to several entities, including for shopping malls in which we hold ownership interests. These contracts provide for (1) the commercial planning of each development, in line with the guidelines set by our clients; (2) the improvement of the commercial relationships between our clients and their respective lessees; (3) the ongoing analysis and updating of each development's mix of stores, with change of location of stores as a result of the execution of new leasing agreements; (4) the representation of our clients before their respective lessees; and (5) the hiring and payment of brokers to represent our clients in the leasing of commercial space. The majority of the contracts have no pre-established termination date. The amounts to be paid under the contracts above depend on a number of criteria, including the classification of each contract in one of the following categories: (1) contracts for the leasing of equipment (displays, back lights and windows); (2) contracts for the leasing of shopping mall space (stands, kiosks, fairs and events); (3) contracts for the leasing of stores; (4) contracts for key money; (5) contracts for the leasing of commercial rooms; (6) contracts for the leasing of merchandising space; and (7) contracts for the guarantee of leasing and merchandising of stores and common spaces in shopping malls. Gross revenue earned by BR Malls Administração for the provision of the services described above totaled R$7.9 million (before eliminations of consolidated subsidiaries) in the six months ended June 30, 2012.

Store leasing agreements

Our main source of revenue is the payment of rent relating to the leasing of stores in the shopping malls in which we hold ownership interests and the shopping malls that we manage. Our experience in the industry has enabled us to develop specific skills in the drafting of leasing agreements and minimizing losses from defaults. Such leasing agreements usually have a term ranging from five to ten years, and include clauses requiring security interests to guarantee payment of rents and imposing fines in the event of early termination of the agreement by the lessee. The rent effectively charged amounts to the greater of: (1) a minimum monthly rent set in line with market conditions prevalent at the time of execution of the agreement, or (2) a monthly rent based on a percentage of each lessee's gross sales for the corresponding month (usually set between 2% and 7% of gross sales). In addition to the monthly rent, lessees also make a mandatory contribution to the shopping mall's joint promotions fund (*Fundo de Promoções Coletivas*), which is usually set between 10% and 20% of each lessee's minimum monthly rent. The leasing agreement executed between the lessees and the shopping malls are subject to the provisions of the Brazilian Leasing Law, which give certain rights to lessees, including the right to the mandatory renewal of the leasing agreement in certain circumstances.

MANAGEMENT

We are managed by a board of directors and an executive committee. We are subject to certain corporate governance and management rules of the *Novo Mercado* and provisions of our bylaws as described below.

Board of Directors

Our board of directors is our decision-making body responsible for formulating general guidelines and policies for our business, including our long term strategies. Among other things, our board of directors is responsible for appointing and supervising our executive officers.

According to the Listing Rules of the *Novo Mercado*, a company's board of directors must be composed of at least five members, of whom at least 20% must be independent directors. Members of the board of directors are elected for a unified two-year term in office, and they may be reelected. Under the Listing Rules of the *Novo Mercado*, an individual must meet a number of requirements in order to serve as an independent director, including the absence of any material link with the company or its principal shareholders.

The Listing Rules of the *Novo Mercado* provide that all members of our board of directors must execute a Management Compliance Statement as a requirement for serving in the board. As a result of this compliance statement, our directors are personally responsible for our compliance with the terms of the Contract for Participation in the *Novo Mercado*, the Market Arbitration Chamber Rules and the Listing Rules of the *Novo Mercado*. The qualification of any of our directors as independent must be expressly declared in the minutes of the shareholders' general meeting that elects them.

In line with the provisions set forth in our bylaws, our board of directors is composed of up to seven members and up to an equal number of alternates. All members of our board of directors have been elected at shareholders' general meetings for a two-year term in office and may be reelected. Members of our board of directors may be removed from office at any time by a decision of the shareholders' general meeting. Under the provisions of the Listing Rules of the *Novo Mercado*, the members of our board of directors may be elected under special circumstances, only once, for a three-year term in office, during the transitional period and provided that there is no shareholder that holds more that 50% of our capital stock. Members of our board of directors may be elected either by separate or multiple voting procedures.

Pursuant to CVM Instruction No. 282, of June 26, 1998, the minimum percentage of voting capital required to adopt cumulative voting in publicly-held companies may vary from 5% to 10% depending on the size of a company's capital stock. The size of our capital stock entitles shareholders representing 5% of our total capital to request the adoption of cumulative voting in order to elect the members to our board of directors. If the adoption of cumulative voting is not requested, directors are elected by a majority vote of our shareholders, and shareholders that, individually or collectively, represent at least 15% of our shares are entitled to appoint a director and its alternate in separate voting. The decisions of our board of directors are taken by a majority vote of its members. Neither the chairman nor the vice chairman of our board of directors is entitled to cast tie-breaking votes, in additional to their personal votes. Our board of directors meets quarterly or whenever requested by its chairman, vice chairman or any two directors acting together.

The table below shows the names, positions, dates of election and terms in office of the current members of our board of directors:

Name	Position	Election Date	Term in Office
Richard Paul Matheson	Chairman	April 24, 2012	Until the annual general meeting of 2013
Carlos Medeiros	Vice-Chairman	April 24, 2012	Until the annual general meeting of 2013
Luiz Alberto Quinta	Director	April 24, 2012	Until the annual general meeting of 2013
Gonçalo Cristovam Meirelles de Araújo Dias	Independent Director	April 24, 2012	Until the annual general meeting of 2013
Ricardo Dias da Cruz Affonso Ferreira	Independent Director	April 24, 2012	Until the annual general meeting of 2013
José Márcio Camargo	Independent Director	April 24, 2012	Until the annual general meeting of 2013
José Écio Pereira da Costa Jr	Independent Director	April 24, 2012	Until the annual general meeting of 2013

The business address of the members of our board of directors is Avenida Afrânio de Melo Franco No. 290, 1st floor, CEP 22430-060 in Rio de Janeiro, state of Rio de Janeiro, Brazil.

In line with the provisions set forth by the Brazilian Corporate Law, members of our board of directors may not vote on any matter or intervene in any transaction that would result in such members having a conflict of interest with us. The members of our board of directors are not subject to mandatory retirement due to age.

The following is a summary of the business experience of the current members of our board of directors.

Richard Paul Matheson. Mr. Matheson holds a bachelor's degree in economics from Universidade Gama Filho. He joined ECISA in 1960, and became chief financial officer and a shareholder in the mid-1960s. In 2000, he became president of ECISA.

Carlos Medeiros. Carlos Medeiros is the Chief Executive Officer and member of the board of directors of BR Malls since the Company was founded in 2006. He previously was a partner and a member of the board of directors of GP Investments, which he joined in 1998. He has served as member of the board of directors of several companies such as Tele Norte Leste (Oi), BR Properties, Contax and Gafisa. He was an associate at Salomon Brothers Inc. in New York from 1994 to 1998. He holds a bachelor's degree in finance and foreign trade from New York University, and has a GMP degree from Harvard Business School.

José Écio Pereira da Costa Jr. Mr. da Costa Jr. holds a bachelor's degree in business administration from São Paulo Business School – Fundação Getúlio Vargas and a bachelor's degree in accounting from the Faculdade São Judas Tadeu. He is also a founder of JEPereira Consultoria em Gestão de Negócios (a business consulting firm) in January 2008 with emphasis on strategic management. It also provides consulting services to companies interested in being admitted to the *Novo Mercado*, and participates as advisor in Auditing and Administrative Councils of Public Companies. He started his auditing career in 1974 and became an Arthur Andersen & Co partner in 1986 and later in June 2002 was admitted as an audit partner at Deloitte Touche Tohmatsu in Brazil, where he retired from in June 2007.

José Marcio Camargo. Mr. Camargo holds a bachelor's degree in economics from Universidade Federal de Minas Gerais in 1970 and a PhD (1977) in Economics from the Massachusetts Institute of Technology. Since 1978, he has been Professor responsible for the Economics Department of Pontifícia Universidade Católica at Rio de Janeiro. He has worked as a consultant for international organizations such as The World Bank, The Interamerican Development Bank, The International Labor Organization and The United Nations University. He was a partner of Tendências Consultoria Integrada and is currently a partner of Opus Gestão de Recursos.

Luiz Alberto Quinta. Mr. Quinta is our Chief Development and Commercial Officer and holds a bachelor's degree in engineering from Universidade Federal de Goiás, a graduate degree in administration from IBMEC - Rio de Janeiro and in business management from FGV - Rio de Janeiro, with extension in the University of California, Irvine. In 2009, he concluded the Executive Development Program - EDP at the University of Pennsylvania - Wharton. Mr. Quinta has 22 years of experience in the management of shopping centers and he worked as Multiplan Group's COO before joining BR Malls.

Ricardo Dias da Cruz. Mr. Cruz has over 40 years of experience in the retail sector. He founded Richards in 1974, which is one of the most successful retailers in Brazil, with over 85 stores spread throughout the country. In 2011, Inbrands, one of the largest retail group in Brazil, with over 330 stores, acquired Richards. Mr. Cruz is now a Board member and shareholder of Inbrands and also sits on the Board of Cia Industrial Cataguazes.

Gonçalo Cristovam Meirelles de Araújo Dias. Mr. Dias was the director of Open Corretoras de Valores, President of Banco Primus and President of Primus Corretora until 1999. He was later a board member of Banco Banif and Banco Banif de Investimentos in Portugal, from 1999 to 2009. In 2006, he was a member of International Executives of Portugal in Lisbon. During the last 30 years, he was also a board member and vice president of the Bolsa de Valores do Rio de Janeiro. Mr. Dias was also a Board Member of BMF, director and vice president of Andima and of the Rio de Janeiro Banking Association.

Executive Committee

Our executive officers are our legal representatives and are principally responsible for the day-to-day management of our business and for implementing the general policies and guidelines set forth in our bylaws and by our shareholders and board of directors.

Brazilian Corporate Law provides that executive officers must reside in Brazil, and that they may or may not be shareholders of the company which they serve. In addition, up to one-third of the members of a company's board of directors may also serve as executive officers.

The members of our executive committee are elected by our board of directors for a three-year term in office. Any executive officer may be removed by our board of directors before the expiration of his or her term. In addition to discharging the responsibilities described in our bylaws, our executive officers are responsible for carrying out any other duties determined by our board of directors. According to the provisions set forth in our bylaws, our executive committee must be composed of a minimum of three and a maximum of seven executive officers, including one chief executive officer, one chief financial officer, one investor relations officer and one commercial officer, one operational officer and two business development officers, elected by our board of directors for a three-year term in office, reelection being permitted. An executive officer may serve in more than one position at the same time, subject to the approval of our board of directors.

The Listing Rules of the *Novo Mercado* provide that all executive officers must execute a management compliance statement as a requirement for serving executive committee. As a result of this compliance statement, our executive officers are personally responsible for our compliance with the terms of the Contract for Participation in the *Novo Mercado*, the Market Arbitration Chamber Rules and the Listing Rules of the *Novo Mercado*.

The table below shows the names, positions, dates of election and terms in office of the current members of our executive committee:

Name	Position	Election Date	Term in Office
Carlos Medeiros	Chief Executive Officer	August 4, 2010	August 3, 2013
Leandro Rocha Franco Lopes	Chief Financial Officer and Investor Relations Officer	April 25, 2012	August 3, 2013
Ruy Kameyama	Chief Operations Officer	August 4, 2010	August 3, 2013
Luiz Alberto Quinta	Chief Development and Commercial Officer	August 4, 2010	August 3, 2013

The business address of our executive officers is Avenida Afrânio de Melo Franco n. 290, 1st floor, CEP 22430-060 in Rio de Janeiro, Rio de Janeiro, Brazil.

The following is a summary of the business experience of the current executive officers:

Carlos Medeiros. See "—Board of Directors."

Luiz Alberto Quinta. See "—Board of Directors."

Leandro Rocha Franco Lopes. Mr. Leandro Lopes graduated in economics at the State University of Rio de Janeiro (UERJ), with a MBA in Business Management at IBMEC and an extension course in corporate finance at U.C. Berkeley. Mr. Leandro Lopes has 18 years of experience in the financial industry. He also has experience in the retail and food industries. He began working with us in July 2007. Before becoming CFO he was the financial manager of Norteshopping and Plaza Niterói, and the portfolio management responsible for the units in Rio de Janeiro, Minas Gerais and Northeast of Brazil and back office director.

Ruy Kameyama. Mr. Kameyama holds a bachelor's degree in economics from IBMEC-Rio in 1998 and a master's degree from Harvard Business School in 2005. At BR Malls, Mr. Kameyama has served as general manager in the Operations and M&A departments. Prior to working for BR Malls, he served in the M&A department of Spoleto Franchising (2005-2006) and was an associate investment banker with Dresdner Kleinwort (1998-2003).

Fiscal Council

Under the Brazilian Corporate Law, the fiscal council is a corporate body independent from the management of the company and its external auditors. The fiscal council is not a permanent body, and whenever installed, must consist of no less than three and no more than five members. The primary responsibility of the fiscal council is to review management's activities and the company's financial statements and to report its findings to the shareholders of the company. The fiscal council is not equivalent to an audit committee as contemplated by U.S. securities laws.

Each member of the fiscal council is entitled to receive compensation in an amount equal to at least 10% of the average amount paid to each executive officer (excluding benefits and profit sharing). Individuals who are also employees or members of our administrative bodies, the controlling shareholder, or the controlling shareholder's group, as well as spouses or parents of our management, cannot serve on the fiscal council.

Under the Listing Rules of the *Novo Mercado*, all members of our fiscal council must execute a compliance statement as a requirement for serving on the fiscal council. As a result of this compliance statement, the members of the fiscal council must comply with the Listing Rules of the *Novo Mercado* and the Market Arbitration Chamber Rules.

Under our bylaws, our fiscal council is not a permanent body, and whenever installed, it must be composed of three members and an equal number of alternates. Pursuant to CVM Instruction 324, of January 19, 2000, a fiscal council may be convened by a shareholders' general meeting, when requested by shareholders representing at least 2% of our total voting capital stock. Moreover, minority shareholders may appoint, through a separate ballot, one member of our fiscal council and a respective alternate, since the Company holds at least of 10% of our total voting capital stock and the remaining shareholders may appoint one member of our fiscal council in addition to the total number of members elected by the separate voting process.

As of the date of this offering memorandum, we do not have a fiscal council in place.

Compensation

Pursuant to the Brazilian Corporate Law, our shareholders are responsible for establishing, at a general shareholders' meeting, the individual or the aggregate annual amount that we pay to the members of our board of directors, our executive committee and our fiscal council, if then in operation. When established on an aggregate basis, such amount is distributed by our board of directors.

The total compensation paid to members of our board of directors and our executive committee during the year ended December 31, 2011 was approximately R$25 million. The aggregate compensation payable to members of our board of directors and our executive committee during 2012 will be up to R$45 million, as approved by our shareholders' ordinary general meeting held on April 24, 2012.

Our board of directors is responsible for determining the overall annual compensation to be paid to the members of our executive committee. The fixed compensation in the total amount of R$2,412,000 shall be distributed among the executive officers during 2012. The independent members of our board of directors will be entitled to annual compensation amounting to R$588,000 during 2012 (R$252,000 during 2011).

In addition to fixed compensation, our executive officers are entitled to the payment of variable compensation, as a result of our profit sharing program, which is linked to certain financial and operational targets applicable to both our Company and each of our officers and employees. Assuming that all targets established for 2012 will be met, our officers will be entitled to up to R$42,588,000 in variable compensation.

Our compensation policy also includes a stock option plan which, similar to our variable compensation program, rewards members of our management in line with their performance and targets (see "—Stock Option Plan").

Agreements Between the Company and Its Directors or Executive Officers

We are not party to any agreement or significant obligation with any of the members of our board of directors or our executive committee.

Share Ownership

The table below shows the names and number of our shares beneficially held by the members of our board of directors and executive committee as of June 30, 2012:

Name	Position	Number of Shares
Richard Paul Matheson	Chairman	20,140,136
Carlos Medeiros	Director, Chief Executive Officer	2,025,695
Luiz Alberto Quinta	Director	780,341
Gonçalo Cristovam Meirelles de Araújo Dias	Independent Director	0
Ricardo Dias da Cruz Affonso Ferreira	Independent Director	0
José Márcio Camargo	Independent Director	0
José Écio Pereira da Costa Jr	Independent Director	2
Total		22,946,174

Stock Option Plan

At our shareholders' special general meeting held on February 9, 2007, our shareholders approved the terms and conditions of our stock option plan, which was then amended at our annual and special shareholders' meeting held on April 2, 2007. Our stock option plan seeks to: (1) encourage the expansion and success of our business in line with our corporate objectives, allowing our directors, executive officers and senior employees to acquire shares in our capital stock and therefore facilitating their integration into our Company; (2) enable us to attract directors, executive officers and senior employees of a very high caliber, by offering them the additional benefit of becoming one of our shareholders; (3) align the interests of our directors, executive officers and senior employees with the interests of our shareholders, (4) enable the retention of management services and high level employees, offering such executives and employees as an additional incentive, the possibility of becoming our shareholders in our Company; and (5) incentivize a greater convergence of these executives and employees with our objectives. In the context of our stock option plan, we entered into share option agreements with our directors, executive officers and senior employees, the beneficiaries, by means of which they shall be entitled to purchase shares issued by us, in accordance with the terms and conditions set forth in the stock option plan, as well as any particular requirements listed in each of the share option agreements.

Pursuant to our current stock option plan (through which we may issue stock options each year in an amount not to exceed 10% of the then outstanding number of common shares in any year), our board of directors approved on February 9, 2007 our first stock option program through which options were granted to our management.

At a meeting of the Option Plan Committee held on April 14, 2009, the following items were approved:

(i) Issuance of the fourth purchase option program for shares issued by the Company, observing the purchase option plan which calls for a total of 5,231,846 (after share-split at September 23, 2010) common shares, which will be exercised for a price of R$5.72 per share, plus the correction index of the plan in question.

(ii) Participants who join the fourth option plan will have their ties to previous plans immediately revoked. With the formalization of the fourth purchase option program for shares issued by the Company which took place on July 1, 2009, the second and third programs were canceled and the benefits migrated to the new plan.

The table below shows the total of shares which are the object of the fourth program plan:

Beneficiary	Total shares involved in option agreements for the purchase of shares	Exercise price per share on June 30, 2012 (in *reais*, annually adjusted by IGP-M FGV plus a 3% spread)
Members of management and employees appointed by the Board of Executive Officers	5,231,846	R$7.04

Pursuant to Article 171, paragraph 3, of the Brazilian Corporate Law, our shareholders have no preemptive rights with respect to the shares issued upon the exercise of these stock options.

At a meeting of our Board of Directors held on October 1, 2010, our fifth stock option program was approved. Such program involves 7,380,000 common shares in five annual lots of approximately 20% of the total lot of shares. The table below shows the total shares involved in the fifth program plan:

Beneficiary	**Total shares involved in option agreements for the purchase of shares**	**Exercise price per share on June 30, 2012 (in *reais*, annually adjusted by IGP-M)**
Members of management and employees appointed by the Board of Executive Officers	7,380,000	R$11.39

At the board of directors meeting held on August 31, 2011, the opening of the sixth purchase option program was approved. Such program involves a total of 195,486 common shares in five annual lots of approximately 20% of the total lot of shares.

Beneficiary	**Total shares involved in option agreements for the purchase of shares**	**Exercise price per share on June 30,2012 (in *reais*, annually adjusted by IGP-M)**
Members of management and employees appointed by the Board of Executive Officers	195,486	R$16.47

PRINCIPAL SHAREHOLDERS

Principal Shareholders

As of the date of this offering memorandum, our share capital amounted to R$3.5 billion, fully subscribed and paid-in, represented by 453,363,704 common shares without par value. Our share capital may be increased without an amendment to our bylaws, up to the limit of 600,000,000 common shares, upon resolution of our board of directors, which will determine the price per share, the number of common shares to be issued and other terms and conditions for subscription of and payment for the shares within the limit of the authorized capital.

The table below shows the name and interests held by our shareholders with ownership interest equivalent to or greater than 5% of our share capital, as well as shareholders who are, or are related to, members of our management, as of the date of this offering memorandum:

	As of the date of this offering memorandum	
Shareholders	**Shares**	**Total Share Capital (%)**
FMR, LLC	35,552,190	7.84%
Wellington Management	22,959,553	5.06%
Schroder Investment Management	22,819,887	5.03%
Directors and officers(1)	22,946,174	5.06%
Treasury stock	2,572	—
Other	349,083,328	77.00%
Total	453,363,704	100.00%

(1) Includes 20,140,136 shares held by Richard Paul Matheson, the chairman of our board of directors, 2,025,695 shares held by Carlos Medeiros, our chief executive officer and member of our board of directors and 780,341 shares held by Luiz Alberto Quinta, a member of our board of directors.

Shareholders' Agreements

Our shareholders are not party to any shareholders' agreement.

Affiliates Purchases

Our affiliates and related persons (as defined under the relevant Brazilian regulations) may purchase up to 15% of the New Notes sold in this offering.

RELATED PARTY TRANSACTIONS

We currently have no related party transactions with our directors, officers or shareholders in effect. We may enter into related party transactions in the normal course of our business in the future, which will be conducted on an arms' length basis.

From time to time, we enter into transactions with our subsidiaries. As described in Note 9 to our unaudited interim condensed financial statements as of June 30, 2012 and for the six-month periods ended June 30, 2011 and 2012, we have (1) interest on equity receivable from our subsidiaries; (2) advances for future capital increase in certain subsidiaries; and (3) loans with related parties. The balances and transactions with our subsidiaries were eliminated in our consolidated financial statements.

Additionally, BR Malls Administração, BR Malls Administração e Comercialização Rio/Minas Ltda. and BR Malls Administração e Comercialização Sul/SP Ltda. provide services related to the planning, management, implementation and operation of shopping malls and commercial ventures of any nature, owned or of third parties, as well as coordinating the acquisition and rental of real estate for commercial use. The revenue from our own shopping malls was eliminated on our consolidated financial statements.

DESCRIPTION OF THE NOTES

The following summary describes certain provisions of the notes and the indenture. This summary is subject to and qualified in its entirety by reference to the provisions of the indenture and the notes. Capitalized terms used in the following summary and not otherwise defined herein shall have the meaning ascribed to them in the indenture. You may obtain copies of the indenture and specimen notes upon request to BR Malls at the addresses set forth under "Summary."

The New Notes constitute a further issuance of and form a single series with BR Malls International Finance's outstanding 8.50% perpetual notes issued on January 21, 2011, or the Existing Notes. Provisions that apply equally to the Existing Notes and the New Notes may be described collectively as regarding the "notes." The New Notes sold pursuant to Rule 144A under the Securities Act, are expected to trade under the same CUSIP and ISIN numbers and have identical terms as the Existing Notes held in the Rule 144A global note from the closing date other than their date of issue and their initial price to the public. The New Notes sold pursuant to Regulation S are expected to have identical terms as the Existing Notes held in the Regulation S global note other than their date of issue and their initial price to the public. Through the 40th day following delivery of the New Notes, New Notes sold pursuant to Regulation S under the Securities Act have temporary CUSIP and ISIN numbers. Thereafter such New Notes will trade under the same CUSIP and ISIN numbers as the Existing Notes held in the Regulation S global note.

BR Malls International Finance issued the New Notes pursuant to the indenture, dated as of January 21, 2011, as supplemented by the supplemental indenture dated October 25, 2012, among BR Malls International Finance, the Guarantors, Deutsche Bank Trust Company Americas, as trustee (which term includes any successor as trustee under the indenture), registrar, transfer agent and principal paying agent, and Deutsche Bank Luxembourg S.A., as Luxembourg paying agent, transfer agent and Luxembourg listing agent. BR Malls International Finance has, under the indenture, appointed a registrar, paying agents and transfer agents, which are identified on the inside back cover page of this offering memorandum. A copy of the indenture, including the form of the notes, is available for inspection during normal business hours at the offices of the trustee and any of the other paying agents set forth on the inside back cover page of this offering memorandum. The trustee or any paying agent will also act as transfer agent and registrar in the event that BR Malls International Finance issues certificates for the notes in definitive registered form as set forth in "Form of the Notes—Individual Definitive Notes."

This description of the notes is a summary of the material provisions of the notes and the indenture. You should refer to the indenture for a complete description of the terms and conditions of the notes and the indenture, including the obligations of BR Malls International Finance, the Guarantors and your rights. The terms of the indenture are incorporated by reference into this offering memorandum.

You will find the definitions of capitalized terms used in this section under "—Certain Definitions." For purposes of this section of this offering memorandum, BR Malls is referred to as the "Parent" and such references refer only to BR Malls and not its Subsidiaries.

General

The New Notes will:

- be senior unsecured obligations of BR Malls International Finance;
- be fully and unconditionally guaranteed by the Guarantors;
- be perpetual notes with no fixed final maturity date;
- be issued in denominations of U.S.$2,000 and integral multiples of U.S.$1,000 in excess thereof;
- be represented by one or more registered notes in global form and may be exchanged for notes in definitive form only in limited circumstances; and
- not be required to be registered under the Securities Act.

Interest on the New Notes:

- accrues at the rate of 8.50% per annum;
- accrues from October 21, 2012;
- will be payable in cash quarterly in arrears on January 21, April 21, July 21 and October 21, commencing on January 21, 2013;
- will be payable to the holders of record on January 6, April 6, July 6 and October 6, immediately preceding the related interest payment dates; and
- will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Principal of, and interest and any additional amounts on, the New Notes will be payable, and the transfer of New Notes will be registrable, at the office of the trustee, and at the offices of the paying agents and transfer agents, respectively. For so long as the notes are listed on the Luxembourg Stock Exchange and traded on the Euro MTF market, BR Malls International Finance will maintain a paying agent and transfer agent in Luxembourg.

The indenture does not limit the amount of debt or other obligations that may be incurred by BR Malls International Finance, the Guarantors or any of the Subsidiaries. The indenture does not contain any restrictive covenants or other provisions designed to protect holders of the notes in the event BR Malls International Finance, any of the Guarantors or any of the Subsidiaries participates in a highly leveraged transaction.

BR Malls International Finance is entitled, without the consent of the holders, to issue additional notes under the indenture on the same terms and conditions as the notes being offered hereby in an unlimited aggregate principal amount (the “Additional Notes”). The notes and the Additional Notes, if any, will be treated as a single class for all purposes of the indenture, including waivers and amendments. Unless the context otherwise requires, for all purposes of the indenture and this “Description of the Notes,” references to the notes include any Additional Notes actually issued.

Guarantees

The Guarantors are BR Malls Participações S.A., a corporation (*sociedade anônima*) duly organized and incorporated under the laws of Brazil on May 26, 2004, ECISA Engenharia, Comércio e Indústria Ltda., a limited liability company (*sociedade limitada*) duly organized and incorporated under the laws of Brazil on August 2, 1949, ECISA Participações Ltda., a limited liability company (*sociedade limitada*) duly organized and incorporated under the laws of Brazil on October 29, 2005, and Proffito Holding Participações S.A., a corporation (*sociedade anônima*) duly organized and incorporated under the laws of Brazil on February 2, 2008. Only BR Malls Participações S.A. and Proffito Holding Participações S.A. publish financial statements.

Each of the Guarantors will unconditionally and irrevocably, jointly and severally, guarantee on a senior unsecured basis, the due and punctual payment of all amounts due and payable on the notes (including the payment of additional amounts described under “—Additional Amounts”) when and as the same shall become due and payable. The assets of the Guarantors represented 36.9% and 33.6% our total consolidated assets as of June 30, 2012 and December 31, 2011, respectively. The EBITDA of the Guarantors represented 29.5% of our total consolidated EBITDA for the six months ended June 30, 2012, and 27.9% for the year ended December 31, 2011.

Not all of the Parent’s Subsidiaries will guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, these non-guarantor Subsidiaries will pay the holders of their debts and their trade creditors before they will be able to distribute any of their assets to us. The non-guarantor Subsidiaries generated 67.4% of our gross revenue from rent and services for the six months ended June 30, 2012 and approximately 69.1% of our gross revenue from rent and services for the year ended December 31, 2011.

The guarantees will be limited to the maximum amount that would not render the Guarantors’ respective obligations subject to avoidance under applicable fraudulent conveyance laws. By virtue of this limitation, the Guarantors’ respective obligations under the guarantees could be significantly less than amounts payable with respect to the notes, or the Guarantors may have effectively no obligation under the guarantees. See “Risk Factors—Risks Relating to the Notes and the Guarantees—The guarantees may not be enforceable.”

Ranking

Notes

The notes constitute direct senior unsecured obligations of BR Malls International Finance. If BR Malls International Finance were to issue any debt other than the notes, the notes would rank at least *pari passu* in priority of payment with all other existing and future senior unsecured Debt of BR Malls International Finance, subject to certain statutory preferences under applicable law, including labor and tax claims.

The obligations of BR Malls International Finance under the notes rank:

- equal in right of payment to all other existing and future senior unsecured debt of BR Malls International Finance, subject to certain statutory preferences under applicable law, including labor and tax claims;
- senior in right of payment to BR Malls International Finance’s subordinated debt; and
- effectively subordinated to the debt and other obligations (including subordinated debt and trade payables) of the Parent’s Subsidiaries that are not Guarantors and jointly controlled companies and to secured debt of BR Malls International Finance to the extent of such security.

Guarantees

The obligations of each Guarantor under the notes rank:

- *pari passu* in priority of payment with all existing and future senior unsecured debt of that Guarantor, subject to certain statutory preferences under applicable law, including labor and tax claims;
- senior in right of payment to any subordinated debt of that Guarantor; and
- effectively subordinated to the debt and other obligations (including subordinated debt and trade payables) of that Guarantor’s subsidiaries and jointly controlled companies and to secured debt of that Guarantor to the extent of such security.

BR Malls International Finance is a financing subsidiary of the Parent. BR Malls International Finance’s ability to service its debt, including the notes, is dependent upon the cash flows of the Parent and its other Subsidiaries. Certain laws restrict the ability of the Parent and its Subsidiaries to pay dividends or make loans or advances. If these restrictions were applied to Subsidiaries other than the Guarantors then BR Malls International Finance would not be able to use the earnings of those Subsidiaries to make payments on the notes.

Not all of the Parent’s Subsidiaries will guarantee the notes. Claims of creditors of such non-guarantor Subsidiaries, including trade creditors and creditors holding Debt or guarantees issued by such non-guarantor Subsidiaries, and claims of preferred stockholders of such non-guarantor Subsidiaries generally will have priority with respect to the assets and earnings of such non-guarantor Subsidiaries over the claims of BR Malls International Finance’s creditors, including holders of the notes. Accordingly, the notes will be effectively subordinated to creditors (including trade creditors) and preferred stockholders, if any, of the Parent’s non-guarantor Subsidiaries. The indenture does not require any existing Subsidiaries of the Parent (other than the Guarantors) to guarantee the notes, and it does not restrict any Guarantor from disposing of its assets to a third party or a Subsidiary of the Parent that is not guaranteeing the notes.

As of June 30, 2012, the Parent and its Subsidiaries had R$3.7 billion of total debt. Approximately 52% of this total amount was structurally senior to the notes being sold in this offering, and are secured debt of the Parent’s Subsidiaries.

Redemption

The Existing Notes are not and the New Notes will not be redeemable, except as described below.

Optional Redemption

The notes will be redeemable, from time to time, at the option of BR Malls International Finance, in whole or in part, on any interest payment date on or after January 21, 2016, upon giving not less than 30 nor more than 60 days' notice to the holders (which notice will be irrevocable), at 100% of the principal amount thereof, plus accrued and unpaid interest and any additional amounts payable with respect thereto; provided that if BR Malls International Finance does not redeem the entire aggregate principal amount of the notes outstanding at the time of any such redemption, then after giving effect to such redemption at least an amount greater than U.S.$150 million aggregate principal amount of the notes (excluding any Additional Notes) shall remain outstanding. Prior to the publication or mailing of any notice of redemption, BR Malls International Finance must deliver to the trustee notice of such redemption in the form of an officers' certificate 45 days prior to the redemption.

Tax Redemption

The notes will be redeemable, at the option of BR Malls International Finance, in whole, but not in part, upon giving not less than 30 nor more than 60 days' notice to the holders (which notice will be irrevocable), at 100% of the principal amount thereof, plus accrued interest and any additional amounts payable with respect thereto, only if (i) BR Malls International Finance has or will become obligated to pay additional amounts as discussed below under "—Additional Amounts" with respect to such notes; or (ii) any of the Guarantors has or will become obligated to pay additional amounts as discussed below under "—Additional Amounts" with respect to payments on the guarantees, in either case, in excess of the additional amounts that would be imposed on such payments as of the date of the indenture (determined without regard to any interest, fees, penalties or other additions to tax) and as a result of any change in, or amendment to, the treaties, laws, regulations or administrative tax practice of a Taxing Jurisdiction (as defined below under "—Additional Amounts"), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective or, in the case of a change or amendment in application or official interpretation is announced by the relevant taxing authority after the date of the indenture, and (iii) such obligation cannot be avoided by BR Malls International Finance or the Guarantors taking reasonable measures available to them as determined in their reasonable business judgment. For the avoidance of doubt, reasonable measures do not include changing the jurisdiction of incorporation of BR Malls International Finance, any of the relevant Guarantors as the case may be, or any of the Subsidiaries. No such notice of redemption will be given earlier than 60 days prior to the earliest date on which BR Malls International Finance or any of the Guarantors, as the case may be, would be obligated to pay such additional amounts if a payment in respect of such notes were then due.

Prior to the publication or mailing of any notice of redemption of the notes as described above, BR Malls International Finance must deliver to the trustee an officers' certificate 45 days prior to the redemption to the effect that the obligations of BR Malls International Finance to pay additional amounts cannot be avoided by BR Malls International Finance taking reasonable measures available to it. BR Malls International Finance will also deliver an opinion of an independent legal counsel of recognized standing stating that BR Malls International Finance or the relevant Guarantor, as the case may be, either would be or should be obligated to pay additional amounts due to a change, or amendment to, treaties, laws, regulations or administrative tax practice of a Taxing Jurisdiction or any change in the application or official interpretation of such laws or regulations thereof (as described above). The trustee will accept this certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set forth in clauses (i) and (ii) of the preceding paragraph, in which event it will be conclusive and binding on the holders.

Open Market Purchases

BR Malls International Finance or its affiliates may at any time purchase notes in the open market or otherwise at any price. Any such purchased notes may be held in treasury but will not be resold, except in compliance with applicable requirements or exemptions under the relevant securities laws in transactions that do not affect the ability of non-affiliated holders of notes to resell such notes without restriction.

Repurchase Upon Change of Control

Upon the occurrence of a Change of Control Triggering Event, each holder will have the right to require that BR Malls International Finance purchase all or a portion (in integral multiples of U.S.$1,000) of the holder's notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon through the date of purchase (the "Change of Control Payment").

Within 30 days following the date upon which the Change of Control Triggering Event occurred, BR Malls International Finance must send, by first-class mail, a notice to each holder, with a copy to the trustee, offering to purchase the notes as described above (a "Change of Control Offer"). The Change of Control Offer shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by law (the "Change of Control Payment Date").

On the Change of Control Payment Date, BR Malls International Finance will, to the extent lawful:

(1) accept for payment all notes or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Offer;

(2) deposit with the paying agent funds in an amount equal to the Change of Control Payment in respect of all notes or portions thereof so tendered and not withdrawn; and

(3) deliver or cause to be delivered to the trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions thereof being purchased by us.

If only a portion of a note is purchased pursuant to a Change of Control Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). In all cases holders of the notes shall be treated on an equal basis.

BR Malls International Finance will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by us and purchases all notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to the indenture as described under the caption "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

Other existing and future indebtedness of the Parent and its Subsidiaries may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of their right to require BR Malls International Finance to repurchase the notes upon a Change of Control may cause a default under such indebtedness even if the Change of Control itself does not.

If a Change of Control Offer occurs, there can be no assurance that BR Malls International Finance will have available funds sufficient to make the Change of Control Payment for all the notes that might be delivered by holders seeking to accept the Change of Control Offer. In the event BR Malls International Finance is required to purchase outstanding notes pursuant to a Change of Control Offer, BR Malls International Finance expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations. However, there can be no assurance that BR Malls International Finance would be able to obtain necessary financing.

Holders will not be entitled to require BR Malls International Finance to purchase their notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which does not result in a Change of Control.

BR Malls International Finance will comply with the requirements of Rule 14e-l under the Exchange Act and any other applicable securities laws and regulations to the extent such laws and regulations are applicable in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control" provisions of the Indenture, BR Malls International Finance will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the indenture by doing so.

The definition of Change of Control includes a phrase relating to the direct or indirect the sale, transfer, assignment, lease, conveyance or other disposition of "all or substantially all" of the properties or assets of us and our Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder to require BR Malls International Finance to repurchase the notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Parent and its Subsidiaries taken as a whole to another person or group may be uncertain.

Payments

BR Malls International Finance and the Guarantors will make all payments on the notes and the related guarantees, as applicable, exclusively in such coin or currency of the United States as at the time of payment will be legal tender for the payment of public and private debts.

BR Malls International Finance or any of the Guarantors will make payments of principal and interest on the notes to the principal paying agent (as identified on the inside back cover page of this offering memorandum), which will pass such funds to the trustee and the other paying agents or to the holders.

BR Malls International Finance or any of the Guarantors will make payments of principal to the principal paying agent for distribution to the holders upon surrender of the relevant notes at the specified office of the trustee or any of the paying agents. BR Malls International Finance or any of the Guarantors will pay principal on the notes to the persons in whose name the notes are registered at the close of business on the 15th day before the due date for payment. Payments of principal and interest in respect of each note will be made by the paying agents by U.S. dollar check drawn on a bank in New York City and mailed to the holder of such note at its registered address. In case of global notes, all payments will be made by wire transfer to the Depositary Trust Company. Upon application by the holder to the specified office of any paying agent not less than 15 days before the due date for any payment in respect of a note, such payment may be made by transfer to a U.S. dollar account maintained by the payee with a bank in New York City.

Under the terms of the indenture, payment by BR Malls International Finance or any of the Guarantors of any amount payable under the notes or a guarantee, as applicable, on the due date thereof to the principal paying agent in accordance with the indenture will satisfy such obligation of BR Malls International Finance or such Guarantors to make such payment; provided, however, that the liability of the principal paying agent shall not exceed any amounts paid to it by BR Malls International Finance or any of the Guarantors, or held by it, on behalf of the holders under the indenture. BR Malls International Finance and each of the Guarantors have agreed in the indenture to indemnify the holders in the event that there is a subsequent failure by the trustee or any paying agent to pay any amount due in respect of the notes in accordance with the indenture (including, without limitation, any failure to pay any amount due as a result of the imposition of any present or future taxes, duties, assessments, fees or governmental charges of whatever nature (and any fines, penalties or interest related thereto) imposed or levied by or on behalf of Japan or any political subdivision or authority thereof or therein, having power to tax) as will result in the receipt by the holders of such amounts as would have been received by them had no such failure occurred.

All payments will be subject in all cases to any applicable tax or other laws and regulations, but without prejudice to the provisions of "—Additional Amounts." No commissions or expenses will be charged to the holders in respect of such payments.

Subject to applicable law, the trustee and the paying agents will pay to BR Malls International Finance upon request any monies held by them for the payment of principal or interest that remains unclaimed for two years, and, thereafter, holders entitled to such monies must look to BR Malls International Finance for payment as general creditors. After the return of such monies by the trustee or the paying agents to BR Malls International Finance, neither the trustee nor the paying agents shall be liable to the holders in respect of such monies.

Listing of the New Notes

The Existing Notes are listed on the Official List of the Luxembourg Stock Exchange and trade on the Euro MTF market of the Luxembourg Stock Exchange. Application has been made to increase the principal amount of notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trade on the Euro MTF market of the Luxembourg Stock Exchange so as to include the principal amount of the New Notes. However, BR Malls International Finance and the Guarantors cannot assure you that this application will be approved by the Luxembourg Stock Exchange.

If maintaining the listing of the notes on the Luxembourg Stock Exchange would require BR Malls International Finance and the Guarantors to publish financial information either more regularly than they otherwise would be required to under applicable law, or according to accounting principles which are materially different from the accounting principles which they would otherwise use to prepare their published financial information, or if costs relating thereto are unduly burdensome, BR Malls International Finance may seek an alternative admission to listing, trading and/or quotation for the notes by another listing authority, stock exchange and/or quotation system.

Form, Denomination and Title

The notes are in registered form without coupons attached in amounts of U.S.$2,000 and integral multiples of U.S.$1,000 in excess thereof.

Notes sold in offshore transactions in reliance on Regulation S are represented by one or more permanent global notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC for the accounts of Euroclear and Clearstream Luxembourg. Notes sold in reliance on Rule 144A are represented by one or more permanent global notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC. Notes represented by the global notes trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such notes will therefore settle in immediately available funds. There can be no assurance as to the effect, if any, of settlements in immediately available funds on trading activity in the notes. Beneficial interests in the global notes are shown on, and transfers thereof are effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream Luxembourg. Except in certain limited circumstances, definitive registered notes will not be issued in exchange for beneficial interests in the global notes. See "Form of the Notes—Global Notes."

Title to the notes will pass by registration in the register. The holder of any note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, writing on, or theft or loss of, the definitive note issued in respect of it) and no person will be liable for so treating the holder.

Transfer of Notes

Notes may be transferred in whole or in part in an authorized denomination upon the surrender of the note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the registrar or the specified office of any transfer agent. Each new note to be issued upon exchange of notes or transfer of notes will, within three Business Days of the receipt of a request for exchange or form of transfer, be mailed at the risk of the holder entitled to the note to such address as may be specified in such request or form of transfer.

Notes are subject to certain restrictions on transfer as more fully set out in the indenture. See "Transfer Restrictions." Transfer of beneficial interests in the global notes are effected only through records maintained by DTC and its participants. See "Form of the Notes."

Transfer are effected without charge by or on behalf of BR Malls International Finance, the registrar or the transfer agents, but upon payment, or the giving of such indemnity as the registrar or the relevant transfer agent may require, in respect of any tax or other governmental charges which may be imposed in relation to it. BR Malls International Finance is not required to transfer or exchange any note selected for redemption.

No holder may require the transfer of a note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that note.

Additional Amounts

All payments by BR Malls International Finance or any of the Guarantors in respect of the notes or the guarantees, as applicable, will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments, fees or other governmental charges of whatever nature (and any fines, penalties or interest related thereto) ("Taxes") imposed or levied by or on behalf of the Cayman Islands, the jurisdiction of incorporation of the Guarantors or any jurisdiction from or through which payments are made or are deemed to be made or any political subdivision or authority of or in such jurisdictions having the power to tax (such jurisdictions, "Taxing Jurisdictions"), unless such withholding or deduction is required by law. In that event, BR Malls International Finance or the relevant Guarantor, as applicable, will pay to each holder such additional amounts as may be necessary in order that every net payment made by BR Malls or any of the Guarantors, as applicable, on each note after deduction or withholding for or on account of any present or future Tax imposed upon or as a result of such payment will not be less than the amount then due and payable on such note. The foregoing obligation to pay additional amounts, however, will not apply to or in respect of:

(i) any Tax which would not have been imposed but for the existence of any present or former connection between such holder (or a fiduciary, settlor, beneficiary, member or shareholder of the holder, if the holder is an estate, a trust, a partnership, a limited liability company or a corporation), on the one hand, and a Taxing Jurisdiction or any political subdivision or authority of or in a Taxing Jurisdiction, on the other hand (including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein), other than the mere receipt of such payment or the ownership or holding of such note or such corresponding interest;

(ii) any Tax to the extent it would not have been so imposed but for the presentation by such holder for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(iii) any Tax to the extent that such tax, duty, assessment or other governmental charge would not have been imposed but for the failure of such holder or the beneficial owner of such note to comply with any certification, identification or other reporting requirements concerning the nationality, residence, identity or connection with the relevant Taxing Jurisdiction of the holder or the beneficial owner of such note if (a) such compliance is required or imposed by law as a precondition to exemption from all or a part of such tax, duty, assessment or other governmental charge and (b) at least 30 days prior to the date on which BR Malls International Finance or any of the Guarantors, as applicable, will apply this clause (iii), BR Malls International Finance or any of the Guarantors, as applicable, will have notified all holders of notes that some or all holders or beneficial owners of notes will be required to comply with such requirement;

(iv) any estate, inheritance, gift, sales, capital gains, transfer, excise, personal property or similar Tax;

(v) any Tax which is payable other than by deduction or withholding from payments of principal of or interest on the note;

(vi) any Tax required to be withheld by any paying agent from any payment of the principal of, or interest on, the note, if such Tax results from the presentation of the note for payment and the payment can be made without such withholding or deduction by the presentation of the note for payment by at least one other paying agent;

(vii) any withholding or deduction that is imposed on a payment to an individual and that is required to be made pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(viii) any combination of the above.

BR Malls International Finance or any of the Guarantors, as applicable, will also pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies which arise in any jurisdiction from the execution, delivery, registration or the making of payments in respect of the notes or the guarantees, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of Brazil or the Cayman Islands other than those resulting from, or required to be paid in connection with, the enforcement of the notes or the guarantees following the occurrence of any Event of Default.

No additional amounts will be paid with respect to a payment on any note to a holder that is a fiduciary, partnership, or limited liability company or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or limited liability company or beneficial owner would not have been entitled to receive payment of the additional amounts had the beneficiary, settlor, member or beneficial owner been the holder of the note.

BR Malls International Finance or any of the Guarantors, as applicable, will provide the trustee with the official acknowledgment of the relevant taxing authority (or, if such acknowledgment is not available, without unreasonable burden or expense, a certified copy thereof or, if such certified copy is not available, other documentation satisfactory to the trustee) evidencing any payment of taxes in respect of which BR Malls International Finance or any of the Guarantors, as applicable, has paid any additional amounts. Copies of such documentation will be made available by the trustee to the holders of the notes or the paying agents, as applicable, upon request therefor.

All references in this offering memorandum, the indenture or the notes to principal of, interest on or any other amount payable in respect of the notes will include any additional amounts payable by BR Malls International Finance in respect of such principal and such interest.

Covenants

The indenture contains the following covenants:

Limitation on Liens

BR Malls International Finance and each of the Guarantors will not, and the Parent will not permit any Subsidiary to, create or suffer to exist any Lien (except for Permitted Liens) upon any of its property or assets now owned or hereafter acquired by it, or any proceeds therefrom, or on any Capital Stock of the Parent or any Subsidiary, securing any Debt unless contemporaneously therewith effective provision is made to secure the notes equally and ratably with such obligation for so long as such obligation is so secured.

Limitation on Transactions with Affiliates

The Parent will not, and the Parent will not permit any of its Subsidiaries to, enter into any transaction or series of related transactions (including any Investment or any purchase, sale, lease or exchange of any property or the rendering of any service) with or with respect to any Affiliate of the Parent (other than a Subsidiary of the Parent) (an "Affiliate Transaction") unless such Affiliate Transaction is as favorable to the Parent or such Subsidiary as terms that would be obtainable at the time for a comparable transaction or series of related transactions in arm's-length dealings with an unrelated third person, provided that the foregoing limitation will not apply to:

(a) Affiliate Transactions with or among the Parent and any of its Subsidiaries;

(b) fees and compensation paid to, and any indemnity provided on behalf of, officers, directors, employees, consultants or agents of the Parent or any Subsidiary as determined in good faith by the Parent's Board of Directors;

(c) Affiliate Transactions undertaken pursuant to any contractual obligations or rights in existence on the Issue Date and any amendment, modification or replacement of such agreement (so long as such amendment, modification or replacement is not materially more disadvantageous to the holders of the notes, taken as a whole, than the original agreement as in effect on the Issue Date); and

(d) loans and advances to officers, directors and employees of the Parent or any Subsidiary in the ordinary course of business in an aggregate principal amount not exceeding U.S.$1.0 million at any time.

Limitation on Consolidation, Merger or Transfer of Assets

Neither the Parent nor BR Malls International Finance will, nor will the Parent permit any of the other Guarantors to, consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets to, any person, unless:

(1) the resulting, surviving or transferee person or persons (if not the Parent, BR Malls International Finance or such Guarantor) will be a person or persons organized and existing under the laws of the Cayman Islands or Brazil, or any other country the laws of which would not permit the resulting, surviving or transferee person or persons to avoid the obligations of BR Malls International Finance or any of the Guarantors, as applicable, under the notes and the indenture, and such person or persons expressly assume, by a supplemental indenture to the indenture, executed and delivered to the trustee, in the case of BR Malls International Finance, all the obligations of BR Malls International Finance under the notes and the indenture and, in the case of such Guarantor, all the obligations of such Guarantor, as applicable, under the indenture;

(2) the resulting, surviving or transferee person or persons (if not the Parent, BR Malls International Finance or such Guarantor), if not organized and existing under the laws of the Cayman Islands or Brazil, undertakes, in such supplemental indenture, to pay such additional amounts in respect of principal and interest as may be necessary in order that every net payment made in respect of the notes after deduction or withholding for or on account of any present or future Tax imposed by the country in which the transferee is organized or any political subdivision or taxing authority thereof or therein will not be less than the amount of principal and interest then due and payable on the notes, subject to the same exceptions set forth under clauses (i) through (viii) under "—Additional Amounts" but adding references to the country in which the transferee is organized to the existing references in such clauses to a Taxing Jurisdiction and the transferee shall have the right to a tax redemption as described above under "—Redemption—Tax Redemption," treating the country in which the transferee is organized as a Taxing Jurisdiction and changing the "date of the Indenture" in clause (i) under "—Redemption—Tax Redemption" to the "date of the supplemental indenture;"

(3) immediately prior to such transaction and immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing; and

(4) BR Malls International Finance will have delivered to the trustee an officers' certificate and an opinion of legal counsel of recognized standing, each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture, if any, comply with the indenture.

The trustee will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set forth in this covenant, in which event it will be conclusive and binding on the holders.

Additional Note Guarantees

If, after the Issue Date, the Parent, BR Malls International Finance or any Subsidiary acquires or creates another Significant Subsidiary (other than any Significant Subsidiary resulting from any merger, consolidation or other reorganization involving Subsidiaries existing on the Issue Date), the Parent or BR Malls International Finance will cause such Significant Subsidiary to:

(1) execute and deliver to the trustee (a) a supplemental indenture in form and substance satisfactory to the trustee pursuant to which such Significant Subsidiary shall unconditionally guarantee all of BR Malls International Finance's obligations under the notes and the indenture and (b) a notation of guarantee in respect of its guarantee; and

(2) deliver to the trustee one or more opinions of counsel that such supplemental indenture (a) has been duly authorized, executed and delivered by such Significant Subsidiary and (b) constitutes a valid and legally binding obligation of such Significant Subsidiary in accordance with its terms.

Notwithstanding the foregoing, such Significant Subsidiary will not be required to guarantee BR Malls International Finance's obligations under the notes and the indenture if the provision of such a guarantee result in a breach or default of an agreement binding on such Significant Subsidiary (other than an agreement entered into for the purpose of avoiding the obligation to enter into a guarantee) that may not be amended or otherwise modified using commercially reasonable efforts to avoid such breach or default.

Conduct of Business

The Parent and its Subsidiaries, taken as a whole, will remain primarily engaged in Permitted Businesses.

Reporting Requirements

The Parent will provide or make available to the trustee the following reports (and will also provide the trustee with electronic versions or, in lieu thereof upon request by the trustee, sufficient copies of the following reports referred to in clauses (1) through (3) below for distribution, at its expense, to all holders of notes):

(1) an English language version of its annual audited consolidated financial statements prepared in accordance with Brazilian GAAP promptly upon such financial statements becoming available but not later than 120 days after the close of its fiscal year;

(2) an English language version of its unaudited interim financial information prepared in accordance with Brazilian GAAP (including, as supplementary information, an unaudited condensed consolidated balance sheet and an unaudited condensed consolidated statement of operations, in each case, prepared in accordance with Brazilian GAAP), promptly upon such financial statements becoming available but not later than 60 days after the close of each fiscal quarter (other than the last fiscal quarter of its fiscal year);

(3) simultaneously with the delivery of each set of financial statements referred to in clauses (1) and (2) above, an officers' certificate stating whether a Default or Event of Default exists on the date of such certificate and, if a Default or Event of Default exists, setting forth the details thereof and the action which BR Malls International Finance is taking or proposes to take with respect thereto;

(4) without duplication, English language versions or summaries of such other reports or notices as may be filed or submitted by (and promptly after filing or submission by) BR Malls International Finance or any of the Guarantors (including the Parent) with (a) the CVM, (b) the Luxembourg Stock Exchange or any other stock exchange on which the notes may be listed or (c) the SEC (in each case, to the extent that any such report or notice is generally available to its security holders or the public in Brazil or elsewhere and, in the case of clause (c), is filed, submitted or posted pursuant to Rule 12g3-2(b) under, or Section 13 or 15(d) of, the Exchange Act, or otherwise); and

(5) upon any director or executive officer of BR Malls International Finance becoming aware of the existence of a Default or Event of Default, an officers' certificate setting forth the details thereof and the action which BR Malls International Finance is taking or proposes to take with respect thereto.

If the Parent makes available the reports described in clauses (1), (2) or (4) on the Parent's website and notifies the trustee in writing thereof, it will be deemed to have satisfied the reporting requirement set forth in such applicable clause.

Delivery of the above reports to the trustee is for informational purposes only and the trustee's access to, or receipt of, such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including BR Malls International Finance's and each of the Guarantors' compliance with any of its covenants in the indenture (as to which the trustee is entitled to rely exclusively on officers' certificates).

In addition, at any time when BR Malls International Finance is not subject to Section 13 or 15(d) of the Exchange Act or is exempt from the reporting requirements thereunder pursuant to Rule 12g3-2(b) of the Exchange Act, BR Malls International Finance will make available, upon request, to the trustee the information required pursuant to Rule 144A(d)(4) under the Securities Act.

Events of Default

An "Event of Default" occurs if:

(1) BR Malls International Finance defaults in any payment of interest (including any related additional amounts) on any note when the same becomes due and payable, and such default continues for a period of 30 days;

(2) BR Malls International Finance defaults in the payment of the principal (including any related additional amounts) of any note when the same becomes due and payable upon redemption or otherwise;

(3) BR Malls International Finance or any of the Guarantors fails to comply with any of its covenants or agreements in the notes or the indenture (other than those referred to in (1) and (2) above), and such failure continues for 60 days after the notice specified below;

(4) BR Malls International Finance, any of the Guarantors or any Significant Subsidiary defaults under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Debt for money borrowed by BR Malls International Finance, any such Guarantor or any such Significant Subsidiary (or the payment of which is guaranteed by BR Malls International Finance, any such Guarantor or any such Significant Subsidiary) whether such Debt or guarantee now exists, or is created after the date of the indenture, which default (a) is caused by failure to pay principal of or premium, if any, or interest on such Debt after giving effect to any grace period provided in such Debt on the date of such default ("Payment Default") or (b) results in the acceleration of such Debt prior to its express maturity and, in each case, the principal amount of any such Debt, together with the principal amount of any other such Debt under which there has been a Payment Default or the maturity of which has been so accelerated, totals U.S.$20.0 million (or the equivalent thereof at the time of determination) or more in the aggregate;

(5) one or more final judgments or decrees for the payment of money of U.S.$20.0 million (or the equivalent thereof at the time of determination) or more in the aggregate are rendered against BR Malls International Finance, any of the Guarantors or any Significant Subsidiary and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged and, in the case of each such judgment or decree, either (a) an enforcement proceeding has been commenced by any creditor upon such judgment or decree and is not dismissed within 30 days following commencement of such enforcement proceedings or (b) there is a period of 60 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed;

(6) certain events of bankruptcy or insolvency of BR Malls International Finance, any of the Guarantors or any Significant Subsidiary; or

(7) any guarantee of the notes ceases to be in full force and effect (other than in accordance with the terms of the notes) or any of the Guarantors denies or disaffirms its obligations under its guarantee of the notes.

A Default under clause (3) above will not constitute an Event of Default until the trustee or the holders of at least 25% in principal amount of the notes outstanding notify BR Malls International Finance and the Guarantors of the Default and BR Malls International Finance or a Guarantor, as the case may be, does not cure such Default within the time specified after receipt of such notice.

The trustee is not to be charged with knowledge of any Default or Event of Default or knowledge of any cure of any Default or Event of Default unless either (i) an attorney, authorized officer or agent of the trustee with direct responsibility for the indenture has actual knowledge of such Default or Event of Default or (ii) written notice of such Default or Event of Default has been given to the trustee by BR Malls International Finance or any holder.

If an Event of Default (other than an Event of Default specified in clause (6) above) occurs and is continuing, the trustee or the holders of not less than 25% in principal amount of the notes then outstanding may declare all unpaid principal of and accrued interest on all notes to be due and payable immediately, by a notice in writing to BR Malls International Finance, and upon any such declaration such amounts will become due and payable immediately. If an Event of Default specified in clause (6) above occurs and is continuing, then the principal of and accrued interest on all notes will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

Subject to the provisions of the indenture relating to the duties of the trustee in case an Event of Default occurs and is continuing, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders, unless such holders have offered to the trustee indemnity reasonably satisfactory to the trustee. Subject to such provision for the indemnification of the trustee, the holders of a majority in aggregate principal amount of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

Defeasance

BR Malls International Finance or any of the Guarantors may at any time terminate all of its obligations with respect to the notes ("defeasance"), except for certain obligations, including those regarding any trust established for a defeasance and obligations to register the transfer or exchange of the notes, to replace mutilated, destroyed, lost or stolen notes and to maintain agencies in respect of notes. BR Malls International Finance or any of the Guarantors may at any time terminate its obligations under certain covenants set forth in the indenture, and any omission to comply with such obligations will not constitute a Default or an Event of Default with respect to the notes issued under the indenture ("covenant defeasance"). In order to exercise either defeasance or covenant defeasance, BR Malls International Finance or any of the Guarantors must irrevocably deposit in trust, for the benefit of the holders of the notes, with the trustee money or U.S. government obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants expressed in a written certificate delivered to the trustee, without consideration of any reinvestment, to pay the principal of, and interest on the notes to redemption or maturity and comply with certain other conditions, including the delivery of an opinion of counsel as to certain U.S. tax matters.

Amendment, Supplement, Waiver

Subject to certain exceptions, the indenture may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the notes then outstanding, and any past Default or Event of Default or compliance with any provision may be waived with the consent of the holders of at least a majority in principal amount of the notes then outstanding. However, without the consent of each holder of an outstanding note affected thereby, no amendment or waiver may:

(1) reduce the rate of or extend the time for payment of interest on any note;

(2) reduce the principal of any note;

(3) reduce the amount payable upon redemption of any note or change the time at which any note may be redeemed;

(4) change the currency for payment of principal of, or interest on, any note;

(5) impair the right to institute suit for the enforcement of any right to payment on or with respect to any note;

(6) waive certain payment defaults with respect to the notes;

(7) reduce the principal amount of notes whose holders must consent to any amendment or waiver; or

(8) make any change in the amendment or waiver provisions which require each holder's consent.

The holders of the notes will receive prior notice as described under "—Notices" of any proposed amendment to the notes or the indenture or any waiver described in the preceding paragraph. After an amendment or waiver described in the preceding paragraph becomes effective, BR Malls International Finance is required to mail to the holders a notice briefly describing such amendment or waiver. However, the failure to give such notice to all holders of the notes, or any defect therein, will not impair or affect the validity of the amendment or waiver.

The consent of the holders of the notes is not necessary to approve the particular form of any proposed amendment or waiver. It is sufficient if such consent approves the substance of the proposed amendment or waiver.

BR Malls International Finance, the Guarantors and the trustee may, without the consent or vote of any holder of the notes, amend or supplement the indenture or the notes for the following purposes to:

(1) cure any ambiguity, omission, defect or inconsistency, provided that such amendment or supplement does not materially and adversely affect the rights of any holder;

(2) comply with the covenant described under "—Covenants—Limitation on Consolidation, Merger or Transfer of Assets;"

(3) add guarantees or collateral with respect to the notes or to confirm and evidence the release, termination or discharge of any guarantee of or liens securing the notes when such release, termination or discharge is permitted by the indenture;

(4) add to the covenants of BR Malls International Finance or any of the Guarantors for the benefit of holders of the notes;

(5) surrender any right conferred upon BR Malls International Finance or any of the Guarantors;

(6) evidence and provide for the acceptance of an appointment by a successor trustee;

(7) comply with any requirements of the SEC in connection with any qualification of the indenture under the U.S. Trust Indenture Act of 1939, as amended;

(8) provide for the issuance of Additional Notes; or

(9) make any other change that does not materially and adversely affect the rights of any holder of the notes, or to conform the indenture to this "Description of the Notes."

Notices

For so long as notes in global form are outstanding, notices to be given to holders will be given to the depositary, in accordance with its applicable policies as in effect from time to time. If notes are issued in certificated form, notices to be given to holders will be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to holders of the notes at their registered addresses as they appear in the trustee's records. For so long as the notes are listed on the Euro MTF market of the Luxembourg Stock Exchange and it is required by the rules of the Luxembourg Stock Exchange, publication of such notices to the holders of the notes in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange at www.bourse.lu.

Trustee

Deutsche Bank Trust Company Americas is the trustee under the indenture and the custodian for DTC.

The indenture contains provisions for the indemnification of the trustee and for its relief from responsibility. The obligations of the trustee to any holder are subject to such immunities and rights as are set forth in the indenture.

Except during the continuance of an Event of Default, the trustee needs to perform only those duties that are specifically set forth in the indenture and no others, and no implied covenants or obligations will be read into the indenture against the trustee. In case an Event of Default has occurred and is continuing, the trustee shall exercise those rights and powers vested in it by the indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. No provision of the indenture requires the trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of its rights or powers, unless it receives indemnity satisfactory to it against any loss, liability or expense.

BR Malls International Finance and its affiliates may from time to time enter into normal banking and trustee relationships with the trustee and its affiliates.

Governing Law and Submission to Jurisdiction

The notes and the indenture are governed by the laws of the State of New York.

Each of the parties to the indenture will submit to the jurisdiction of the U.S. federal and New York State courts located in the Borough of Manhattan, City and State of New York, for purposes of all legal actions and proceedings instituted in connection with the notes and the indenture. BR Malls International Finance and each of the Guarantors has appointed National Registered Agents, Inc., 875 Avenue of the Americas, Suite 501, New York, New York 10001, as its authorized agent upon which process may be served in any such action.

Currency Indemnity

U.S. dollars are the sole currency of account and payment for all sums payable by BR Malls International Finance or any of the Guarantors under or in connection with the notes, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of BR Malls International Finance, any of the Guarantors or otherwise) by any holder of a note in respect of any sum expressed to be due to it from BR Malls International Finance or any of the Guarantors will only constitute a discharge to BR Malls International Finance or such Guarantor, as the case may be, to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any note, BR Malls International Finance and each of the Guarantors will jointly and severally indemnify such holder against any loss sustained by it as a result; and if the amount of U.S. dollars so purchased is greater than the sum originally due to such holder, such holder will, by accepting a note, be deemed to have agreed to repay such excess. In any event, BR Malls International Finance and each of the Guarantors will jointly and severally indemnify the recipient against the cost of making any such purchase.

For the purposes of the preceding paragraph, it will be sufficient for the holder of a note to certify in a satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of U.S. dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of U.S. dollars on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). These indemnities constitute a separate and independent obligation from the other obligations of BR Malls International Finance, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any holder of a note and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note.

Prescription

Claims against BR Malls International Finance for the payment of principal, interest or any related additional amounts, if any, in respect of the notes will be prescribed unless made within six years of the due date for payment of such principal, interest or additional amounts.

Certain Definitions

The following is a summary of certain defined terms used in the indenture. Reference is made to the indenture for the full definition of all such terms as well as other capitalized terms used herein for which no definition is provided.

"Affiliate" means, with respect to any specified person, (a) any other person which, directly or indirectly, is in control of, is controlled by or is under common control with such specified person or (b) any other person who is a director or officer (i) of such specified person, (ii) of any subsidiary of such specified person or (iii) of any person described in clause (a) above. For purposes of this definition, control of a person means the power, direct or indirect, to direct or cause the direction of the management and policies of such person whether by contract or otherwise and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Board of Directors" means, as to any person, the board of directors, management committee or similar governing body of such person or any duly authorized committee thereof.

"Brazil" means the Federative Republic of Brazil.

"Brazilian GAAP" means accounting practices prescribed by Brazilian Corporate Law, the rules and regulations issued by the CVM, and the accounting standards issued by the Brazilian Institute of Independent Accountants (*Instituto dos Auditores Independentes do Brasil*), in each case as in effect from time to time.

"Business Day" means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in the city of New York or São Paulo, Brazil.

"Capital Lease Obligations" means, with respect to any person, any obligation which is required to be classified and accounted for as a capital lease on the face of a balance sheet of such person prepared in accordance with Brazilian GAAP; the amount of such obligation will be the capitalized amount thereof, determined in accordance with Brazilian GAAP; and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Capital Stock" means, with respect to any person, any and all shares of stock, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated, whether voting or non-voting), such person's equity including any preferred stock, but excluding any debt securities convertible into or exchangeable for such equity.

"Change of Control" means the occurrence of any of the following events:

(1) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this clause that person or group shall be deemed to have "beneficial ownership" of all securities that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of Voting Stock (as defined below), directly or indirectly, in the aggregate of more than 50% of the total voting power of the Voting Stock of the Parent or BR Malls International Finance; or

(2) (a) the sale, transfer, assignment, lease, conveyance or other disposition, directly or indirectly, of all or substantially all of the assets of the Parent and its Subsidiaries are sold or otherwise transferred to any person other than a Wholly-owned Subsidiary or one or more Permitted Holders or (b) the Parent or BR Malls International Finance consolidates or merges with or into another person or any person consolidates or merges with or into the Parent or BR Malls International Finance, in either case under this clause (2), in one transaction or a series of related transactions in which immediately after the consummation thereof persons owning Voting Stock representing in the aggregate a majority of the total voting power of the Voting Stock of the Parent or BR Malls International Finance immediately prior to such consummation do not own Voting Stock representing a majority of the total voting power of the Voting Stock of the Parent or BR Malls International Finance or the surviving or transferee person.

For purposes of this definition the Permitted Holders or any other person or group will be deemed to beneficially own any Voting Stock of a corporation held by any other corporation (the "parent corporation") so long as the Permitted Holders or such other person or group, as the case may be, beneficially own, directly or indirectly, in the aggregate at least 50% of the voting power of the Voting Stock of the parent corporation.

"Change of Control Offer" has the meaning set forth under "—Repurchase upon Change of Control."

"Change of Control Payment" has the meaning set forth under "—Repurchase upon Change of Control."

"Change of Control Payment Date" has the meaning set forth under "—Repurchase upon Change of Control."

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Decline.

"CVM" means the Brazilian Securities Commission, or *Comissão de Valores Mobiliários*.

"Debt" means, with respect to any person, without duplication:

(a) the principal of and premium, if any, in respect of (i) indebtedness of such person for money borrowed and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such person is responsible or liable;

(b) all Capital Lease Obligations of such person;

(c) all obligations of such person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such person and all obligations of such person under any title retention agreement (but excluding trade accounts payable or other short-term obligations to suppliers payable within 180 days, in each case arising in the ordinary course of business);

(d) all obligations of such person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (a) through (c) above) entered into in the ordinary course of business of such person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth Business Day following receipt by such person of a demand for reimbursement following payment on the letter of credit);

(e) all Hedging Obligations of such persons;

(f) all obligations of the type referred to in clauses (a) through (d) of other persons and all dividends of other persons for the payment of which, in either case, such person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any guarantee (other than obligations of other persons that are customers or suppliers of such person for which such person is or becomes so responsible or liable in the ordinary course of business to (but only to) the extent that such person does not, or is not required to, make payment in respect thereof);

(g) all obligations of the type referred to in clauses (a) through (e) of other persons secured by any Lien on any property or asset of such person (whether or not such obligation is assumed by such person), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured; and

(h) any other obligations of such person which are required to be, or are in such person's financial statements, recorded or treated as debt under Brazilian GAAP.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Fitch" means Fitch Ratings Ltd. and its successors and assigns.

"guarantee" means any obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any Debt or other obligation of any person and any obligation, direct or indirect, contingent or otherwise, of such person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided*, *however*, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Guarantors" means (a) each of the Parent, ECISA Engenharia, Comércio e Indústria Ltda., ECISA Participações Ltda. and Proffito Holding Participações S.A. and (b) each other person that is required to become a Guarantor by the terms of the indenture after the Issue Date.

"Hedging Obligations" means, with respect to any person, the obligations of such person pursuant to any interest rate swap agreement, foreign currency exchange agreement, interest rate collar agreement, option or futures contract or other similar agreement or arrangement designed to protect such person against changes in interest rates or foreign exchange rates.

"holder" means the person in whose name a note is registered in the register.

"Investment" means, with respect to any person, any loan or advance to, any acquisition of Capital Stock, equity interest, obligation or other security of, or capital contribution to or other investment in, such person.

"Issue Date" means the first date of issuance of notes under the Indenture.

"Lien" means any mortgage, pledge, security interest, conditional sale or other title retention agreement or other similar lien.

" Moody's" means Moody's Investors Service, Inc. and its successors and assigns.

"Parent" means BR Malls Participações S.A. or any successor thereto including by way of merger, consolidation, liquidation, dissolution or winding up.

"Permitted Business" means the businesses engaged in by the Parent and its Subsidiaries on the Issue Date as described in this offering memorandum and businesses that are reasonably related thereto or reasonable extensions thereof.

"Permitted Holders" means any or all of the following: (1) any director or executive officer of the Parent on the Issue Date; (2) any immediate family member of any of the individuals named in clause (1); (3) the estate or any guardian, custodian or other legal representative of any individual named in or any trust established solely for the benefit of any one or more individuals named in clauses (1) through (2); (4) EI Brazil Investments, LLC, EI Brazil Investments III, LLC, Dyl Empreendimentos e Participações S.A. and any Affiliate thereof; and (5) any Person in which all of the equity interests are owned, directly or indirectly, by any one or more of the persons named in clauses (1) through (4).

"Permitted Liens" means: (a) any Lien existing on the Issue Date; (b) any landlord's, workmen's, carriers', warehousemen's, mechanics', materialmen's, repairmen's or other Liens arising in the ordinary course of business (excluding, for the avoidance of doubt, Liens in connection with any Debt); (c) any Lien on any property or assets (including Capital Stock of any person) securing Debt incurred solely for purposes of financing the acquisition, construction, improvement or expansion of such property or assets after the date of the indenture; *provided* that (i) the aggregate principal amount of Debt secured by the Liens will not exceed (but may be less than) the cost (i.e., purchase price) of the property or assets so acquired, constructed or improved and (ii) the Lien is incurred before, or within 180 days after the completion of, such acquisition, construction, improvement or expansion and does not encumber any other property or assets of BR Malls International Finance, the Parent or any Subsidiary; and *provided*, *further*, that to the extent that the property or asset acquired is Capital Stock, the Lien also may encumber other property or assets of the person so acquired; (d) any Lien securing Debt for the purpose of financing all or part of cost of the acquisition, construction, development or expansion of a part of or consisting of a shopping mall or other project; *provided* that the Liens in respect of such Debt are limited to assets (including Capital Stock of the project entity) and/or any current and future revenues of such project; and *provided*, *further*, that the Lien is incurred before, or within 180 days after the completion of, that acquisition, construction or development and does not apply to any other property or assets of the Parent or any Subsidiary; (e) any Lien in favor of the Parent or any of its Subsidiaries; (f) any Lien on any property existing thereon at the time of acquisition of such property and not created in connection with such acquisition; (g) any Lien securing an extension, renewal or refunding of Debt secured by any Lien referred to in (a), (c), (d), (e) or (f) above; *provided* that such new Lien is limited to the property which was subject to the prior Lien immediately before such extension, renewal or refunding and *provided, further*, that the principal amount of Debt secured by the prior Lien immediately before such extension, renewal or refunding is not increased; (h) (i) any inchoate Lien for taxes, assessments or governmental charges or levies not yet due (including any relevant extensions), (ii) any Lien arising or incurred in connection with judgments or assessments under circumstances not constituting an Event of Default or (iii) any Lien in the form of a tax or other statutory Lien or any other Lien arising by operation of law; *provided* that any such Lien will be discharged within 90 days after the date it is created or arises (unless contested in good faith); (i) Liens arising in connection with Receivables

Transactions; *provided* that the aggregate principal amount of Debt incurred that is secured by receivables that will fall due in any calendar year shall not exceed 50% of the Parent's consolidated gross revenues for the immediately preceding calendar year; or (j) any other Lien on the assets of the Parent or of any of its Subsidiaries; *provided* that on the date of the creation or assumption of such Lien, the Debt secured by such Lien, together with all of the Parent's Debt secured by any Lien under this clause (j), will have an aggregate principal amount outstanding of no greater than 15% of the Parent's total consolidated assets as set forth in the consolidated financial statements for its most recent fiscal quarter.

"person" means any individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency, department or political subdivision thereof.

"Rating Agency" means any one of Moody's, S&P or Fitch.

"Rating Decline" shall be deemed to have occurred if within ninety (90) days of a Change of Control, one of the Rating Agencies assigns a rating to the notes that is lower than the applicable rating of the notes (domestically or internationally) immediately preceding the public announcement of an arrangement that results in a Change of Control; provided that such Rating Decline is in whole or in part in connection with a Change in Control.

"Receivables Transaction" means any securitization, factoring, discounting or similar financing transaction or series of transactions that may be entered into by the Parent or any of its Subsidiaries in the ordinary course of business pursuant to which the Parent or any of its Subsidiaries may sell, convey or otherwise transfer to any person, or may grant a security interest in, any receivables (whether now existing or arising in the future) of the Parent or any of its Subsidiaries, and any assets related thereto, including all collateral securing such receivables, all contracts and all guarantees or other obligations in respect of such receivables, the proceeds of such receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with securitization, factoring or discounting involving receivables.

"S&P" means Standard & Poor's Ratings Services and its successors and assigns.

"Significant Subsidiary" means any Subsidiary of the Parent which at the time of determination either (i) had assets which, as of the date of the Parent's most recent quarterly consolidated balance sheet, constituted at least 20% of the Parent's total assets on a consolidated basis as of such date, or (ii) had revenues for the 12-month period ending on the date of the Parent's most recent quarterly consolidated statement of income which constituted at least 20% of the Parent's total revenues on a consolidated basis for such period.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"Subsidiary" means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (a) the Parent, (b) the Parent and one or more Subsidiaries or (c) one or more Subsidiaries.

"Voting Stock" with respect to any person, means securities of any class of Capital Stock of such person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors (or equivalent governing body) of such person.

"Wholly-owned Subsidiary" means a Subsidiary all of the Capital Stock of which (other than directors' qualifying shares) is owned by the Parent or another Wholly-owned Subsidiary.

FORM OF THE NOTES

New Notes sold in offshore transactions in reliance on Regulation S are represented by a permanent global note or notes in fully registered form without interest coupons (the "Regulation S Global Note") and are registered in the name of a nominee of DTC and deposited with a custodian for DTC. New Notes sold in reliance on Rule 144A are represented by a permanent global note or notes in fully registered form without interest coupons (the "Restricted Global Note" and, together with the Regulation S Global Note, the "global notes") and are deposited with a custodian for DTC and registered in the name of a nominee of DTC.

The notes are subject to certain restrictions on transfer as described in "Transfer Restrictions." On or prior to the 40th day after the later of the commencement of the offering and the closing date of this offering, a beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Restricted Global Note only upon receipt by the principal paying agent of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made to a person whom the transferor reasonably believes to be a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction (a "Restricted Global Note Certificate"). After such 40th day, this certification requirement will no longer apply to such transfers. Beneficial interests in the Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, whether before, on or after such 40th day, only upon receipt by the principal paying agent of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 under the Securities Act (a "Regulation S Global Note Certificate"). Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in the other global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other global note for as long as it remains an interest.

Except in the limited circumstances described under "—Global Notes," owners of the beneficial interests in global notes will not be entitled to receive physical delivery of individual definitive notes. The notes are not issuable in bearer form.

Global Notes

Upon the issuance of the Regulation S Global Note and the Restricted Global Note, DTC will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such global note to the accounts of persons who have accounts with DTC. Such accounts were initially designated by or on behalf of the initial purchasers. Ownership of beneficial interests in a global note is limited to persons who have accounts with DTC ("DTC Participants") or persons who hold interests through DTC Participants. Ownership of beneficial interests in the global notes is shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

So long as DTC, or its nominee, is the registered owner or holder of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such global note for all purposes under the indenture and the notes. Unless DTC notifies BR Malls International Finance that it is unwilling or unable to continue as depositary for a global note, or ceases to be a "clearing agency" registered under the Exchange Act, or any of the notes becomes immediately due and payable in accordance with "Description of the Notes—Events of Default," owners of beneficial interests in a global note will not be entitled to have any portions of such global note registered in their names, will not receive or be entitled to receive physical delivery of notes in individual definitive form and will not be considered the owners or holders of the global note (or any notes represented thereby) under the indenture or the notes. In addition, no beneficial owner of an interest in a global note will be able to transfer that interest except in accordance with DTC's applicable procedures (in addition to those under the indenture referred to herein and, if applicable, those of Euroclear and Clearstream Luxembourg).

Investors may hold interests in the Regulation S Global Note through Euroclear or Clearstream Luxembourg, if they are participants in such systems. Euroclear and Clearstream Luxembourg will hold interests in the Regulation S

Global Note on behalf of their account holders through customers' securities accounts in their respective names on the books of their respective depositaries, which, in turn, will hold such interests in the Regulation S Global Note in customers' securities accounts in the depositaries' names on the books of DTC. Investors may hold their interests in the Restricted Global Note directly through DTC, if they are DTC Participants, or indirectly through organizations which are DTC Participants.

Payments of the principal of and interest on global notes will be made to DTC or its nominee as the registered owner thereof. Neither BR Malls International Finance nor any initial purchaser will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

BR Malls International Finance anticipates that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a global note representing any notes held by its nominee, will immediately credit DTC Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global note as shown on the records of DTC or its nominee. BR Malls International Finance also expects that payments by DTC Participants to owners of beneficial interests in such global note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a global note to such persons may be limited. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical individual definitive certificate in respect of such interest. Transfers between accountholders in Euroclear and Clearstream Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions available to the notes described above, cross-market transfers between DTC participants, on the one hand, and directly or indirectly through Euroclear or Clearstream Luxembourg account holders, on the other hand, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream Luxembourg, as the case may be, by its respective depositary; however, such crossmarket transactions will require delivery of instructions to Euroclear or Clearstream Luxembourg, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the Regulation S Global Note in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Euroclear and Clearstream Luxembourg account holders may not deliver instructions directly to the depositaries for Euroclear or Clearstream Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream Luxembourg account holder purchasing an interest in a global note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream Luxembourg, as the case may be) immediately following the DTC settlement date and such credit of any transactions in interests in a global note settled during such processing day will be reported to the relevant Euroclear or Clearstream Luxembourg accountholder on such day. Cash received in Euroclear or Clearstream Luxembourg as a result of sales of interests in a global note by or through a Euroclear or Clearstream Luxembourg account holder to a DTC Participant will be received for value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream Luxembourg cash account only as of the business day following settlement in DTC.

DTC has advised that it will take any action permitted to be taken by holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more DTC Participants to whose account or accounts with DTC interests in the global notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such DTC Participant or DTC Participants has or have given such direction. However, in the limited circumstances described above, DTC will exchange the global notes for individual definitive notes (in the case of notes represented by the Restricted Global Note, bearing a restrictive legend), which will be distributed to its participants. Holders of indirect interests in the global notes through DTC Participants have no direct rights to enforce such interests while the notes are in global form.

The giving of notices and other communications by DTC to DTC Participants, by DTC Participants to persons who hold accounts with them and by such persons to holders of beneficial interests in a global note will be governed by arrangements between them, subject to any statutory or regulatory requirements as may exist from time to time.

DTC has advised as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for DTC Participants and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include security brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("indirect participants").

Although DTC, Euroclear and Clearstream Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in the Regulation S Global Note and in the Restricted Global Note among participants and accountholders of DTC, Clearstream Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither BR Malls International Finance nor the trustee will have any responsibility for the performance of DTC, Euroclear or Clearstream Luxembourg or their respective participants, indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Individual Definitive Notes

If (i) DTC or any successor to DTC is at any time unwilling or unable to continue as a depositary for the reasons described in "—Global Notes" and a successor depositary is not appointed by BR Malls International Finance within 90 days or (ii) any of the notes has become immediately due and payable in accordance with "Description of the Notes—Events of Default," BR Malls International Finance will issue individual definitive notes in registered form in exchange for the Regulation S Global Note and the Restricted Global Note, as the case may be. Upon receipt of such notice from DTC or the paying agent, as the case may be, BR Malls International Finance will use its best efforts to make arrangements with DTC for the exchange of interests in the global notes for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the registrar for delivery to holders. Persons exchanging interests in a global note for individual definitive notes will be required to provide the registrar with (a) written instruction and other information required by BR Malls International Finance and the registrar to complete, execute and deliver such individual definitive notes and (b) in the case of an exchange of an interest in a Restricted Global Note, certification that such interest is not being transferred or is being transferred only in compliance with Rule 144A under the Securities Act. In all cases, individual definitive notes delivered in exchange for any global note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by DTC.

In the case of individual definitive notes issued in exchange for the Restricted Global Note, such individual definitive notes will bear, and be subject to, the legend described in "Transfer Restrictions" (unless BR Malls International Finance determines otherwise in accordance with applicable law). The holder of a restricted individual definitive note may transfer such note, subject to compliance with the provisions of such legend, as provided in "Description of the Notes." Upon the transfer, exchange or replacement of notes bearing the legend, or upon specific request for removal of the legend on a note, BR Malls International Finance will deliver only notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to BR Malls International Finance such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by BR Malls International Finance that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act. Before any individual definitive note may be transferred to a person who takes delivery in the form of an interest in any global note, the transferor will be required to provide the principal paying agent with a Restricted Global Note Certificate or a Regulation S Global Note Certificate, as the case may be.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear, Clearstream Luxembourg or DTC.

TAXATION

The following discussion summarizes certain Brazilian, Cayman and U.S. federal income tax considerations that may be relevant to the acquisition, ownership and disposition of the New Notes. This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax advisors about the tax consequences of investing in and holding the New Notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

Brazilian Taxation

The following discussion summarizes the main Brazilian tax consequences of the acquisition, ownership and disposition of the New Notes by an individual, entity, trust or organization that is not resident or domiciled in Brazil for purposes of Brazilian taxation ("Non-Resident Holder"). The discussion is based on the tax laws of Brazil as in effect on the date of this offering memorandum, which are subject to change and to differing interpretations. Furthermore, the information set forth below is intended to be a general discussion only and does not address all of the Brazilian tax considerations relating to an investment in the New Notes. Therefore, each Non-Resident Holder should consult his/her/its own tax advisor concerning the Brazilian tax consequences in respect of acquiring, holding and disposing of the New Notes.

Investors should note that, as to the discussion below, other income tax rates or treatment may be provided for in any applicable tax treaty between Brazil and the country where the relevant Non-Resident Holder is domiciled. Investors should also note that there is no tax treaty between Brazil and the United States.

This summary does not address any tax issues that may affect solely the Issuer, such as the deductibility of expenses.

Payments on the New Notes made by BR Malls International Finance and gains on the New Notes

Generally, a holder that is a Non-Resident Holder is taxed in Brazil only when income is derived from Brazilian sources or gains are realized on the disposition of assets located in Brazil. Therefore, based on the fact that BR Malls International Finance is not domiciled in Brazil, any income (including interest and original issue discount, if any) paid by BR Malls International Finance in respect of the New Notes to a Non-Resident Holder is generally not currently subject to withholding or deduction in respect of Brazilian income tax or any other taxes, duties, assessments or governmental charges in Brazil, provided that such payments are made with funds held by BR Malls International Finance outside of Brazil.

According to Law No. 10,833/03, gains assessed on the sale or other disposal of assets located in Brazil may be subject to tax in Brazil, regardless of whether the sale or disposal is made by a Non-Resident Holder to a resident or person domiciled in Brazil or to another non-resident. Based on the fact that the New Notes are issued abroad, by a non-resident issuer, we believe that they would not fall within the definition of assets located in Brazil for the purpose of Law No. 10,833/03 and consequently would not be subject to Brazilian taxes. However, considering the general and unclear scope of Law No. 10,833/03 and the absence of judicial court rulings in respect thereto, it is unpredictable whether such understanding will ultimately prevail in the courts of Brazil.

In case the New Notes are deemed to be located in Brazil, gains recognized by a Non-Resident Holder from the sale or other disposition of the New Notes may be subject to income tax in Brazil at a general rate of 15% or at an increased rate of 25% if the relevant Non-Resident Holder is resident or domiciled in a low tax jurisdiction (i.e., countries which do not impose any income tax or which impose it at a maximum rate lower than 20% or where the laws impose restrictions on the disclosure of ownership of securities or "Low Tax Jurisdiction"), unless a lower rate is provided for in an applicable tax treaty between Brazil and the country where the Non-Resident Holder has its domicile.

On June 24, 2008, or Law No. 11,727/08 was enacted with effect from January 1, 2009, establishing that a jurisdiction or country where local legislation imposes restrictions on disclosing the shareholding composition or the ownership of an investment is also considered a Low Tax Jurisdiction. Law No. 11,727, or Law No. 11,727/08, also changed the scope of new transactions that would be subject to Brazilian transfer pricing rules, with the creation of the concept of a tax privileged regime. Pursuant to Law No. 11,727, a jurisdiction will be considered a privileged tax regime if it (i) does not tax income or taxes it at a maximum rate lower than 20%; (ii) grants tax advantages to a non-resident entity or individual (a) without the need to carry out a substantial economic activity in the country or territory or (b) conditioned upon the non-exercise of a substantial economic activity in the country or territory, (iii) does not tax proceeds generated abroad or taxes them at a maximum rate lower than 20%, or (iv) restricts the ownership disclosure of assets and ownership rights or restricts disclosure about economic transactions carried out. In addition, on June 7, 2010, the Brazilian tax authorities enacted Ordinance No. 1,037, or Ordinance No.1,037/10, as amended, listing (i) the countries and jurisdictions considered Low Tax Jurisdiction, and (ii) the privileged tax regimes. Although the interpretation of the current Brazilian tax legislation could lead to the conclusion that such concept of "privileged tax regime" shall be solely applied for purposes of the observance of transfer pricing and thin capitalization rules, it is still not clear whether this "privileged tax regime" concept will also be applied to payments made to Non-Resident Holders in respect of the New Notes, under the scenario reviewed above. Accordingly, in case the Brazilian tax authorities adopt the understanding that the income or gains received by the Non-Resident Holder in connection with the New Notes are subject to the withholding income tax in Brazil, they could charge such tax at a rate of up to 25.0% (depending on the nature of the payment and the location of the Non-Resident Holder). Potential investors should consult with their own tax advisors regarding the consequences of the implementation of Law No. 11,727/08, Ordinance 1,037/10 and of any other related Brazilian tax law or regulation concerning Low Tax Jurisdiction and "privileged tax regimes."

Payments on the New Notes made by the Guarantors

In the event the BR Malls International Finance fails to timely pay principal, interest or any other amounts that may be due and payable in respect of the New Notes, the Guarantors will be required to pay such due amounts to the Non-Resident Holder. As there is no specific legal provision dealing with the imposition of the Brazilian income tax on payments made by Brazilian guarantors to non-resident beneficiaries under guarantees and no uniform decision from the Brazilian courts, the Brazilian tax authorities could attempt to impose witholding income tax at a rate of up to 25.0% (depending on the nature of the payment and the location of the non-resident holder). In any event, we understand that there are arguments to sustain that (1) payments made under the guarantee should be subject to imposition of the Brazilian income tax according to the nature of the guaranteed payment, in which case only interest and fees should be subject to taxation at the rates of 15%, or 25% in cases of beneficiaries located in Low Tax Jurisdiction; or (2) that payments made under guarantee by Brazilian guarantors to non-resident beneficiaries should not be subject to the imposition of the Brazilian income tax to the extent that they should qualify as a credit transaction between BR Malls International Finance and the relevant Guarantor. This is however a controversial issue, still not decided by the Brazilian Courts.

In the event a Guarantor is required to make any payment as a Guarantor in connection with the New Notes to a Non-Resident Holder, the Guarantor would be required to pay such additional amounts as may be necessary to ensure that the net amounts receivable by the Non-Resident Holder after withholding for taxes will equal the amounts that would have been payable in the absence of such withholding.

Other Tax considerations

Brazilian law imposes a Tax on Foreign Exchange Transactions (*Imposto sobre Operações de Crédito, Câmbio e Seguro, ou relativas a Títulos e Valores Mobiliários*), or "IOF/ Exchange," due on the conversion of *reais* into foreign currency and on the conversion of foreign currency into *reais*. Currently, the IOF/Exchange tax rate for almost all foreign currency exchange transactions is 0.38%, including foreign exchange transactions in connection with possible payments under the New Notes by the Guarantors to Non-Resident Holders. The Brazilian government is permitted to increase this rate at any time up to 25%. Any such increase in rates may only apply to future foreign exchange transactions and not retroactively.

IOF also applies to credit transactions in general, which may include the performance of guarantee transactions between a guarantor and a guaranteed party. IOF is not levied on foreign credit transactions in which the creditor is domiciled outside Brazil, in which case IOF/Exchange will apply. IOF levied on credit transactions is usually assessed at a daily rate of 0.0041%, up to a limit of 1.5%. Additionally, an IOF surtax of 0.38% is currently applicable to most credit transactions, regardless of their term to maturity.

Stamp, Transfer or Similar Taxes

Generally, there are no stamp, transfer or other similar taxes in Brazil applicable to the transfer, assignment or sale of the New Notes outside Brazil, nor any inheritance, gift or succession tax applicable to the ownership, transfer or disposition of the New Notes, except that gift and inheritance taxes imposed in some states of Brazil on gifts and bequests by a noteholder (whether or not a Non-Resident Holder) and involving a resident of Brazil may be subject to gift tax (*Imposto Sobre Transmissão Causa Mortis e Doação de Quaisquer Bens ou Direitos*) imposed on the donee by the state in which such Brazilian donee resides.

THE ABOVE DESCRIPTION IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP OF NEW NOTES. PROSPECTIVE PURCHASERS OF THE NEW NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

U.S. Federal Income Tax Considerations

This disclosure is limited to the U.S. federal income tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the U.S. federal income tax treatment of the notes. This tax disclosure was written in connection with the promotion or marketing by the Company of the notes, and it cannot be used by any taxpayer for the purpose of avoiding penalties that may be asserted against the holder under the Internal Revenue Code of 1986, as amended (the "Code"). Taxpayers should seek advice based on their particular circumstances from an independent tax adviser.

The following is a description of certain U.S. federal income tax consequences that may be relevant to the acquisition, ownership and disposition of the notes by U.S. Holders described below. This description addresses only the U.S. federal income tax considerations applicable to U.S. Holders that purchase notes pursuant to this offering and that will hold the notes as capital assets (generally, assets held for investment). This description does not address tax considerations applicable to holders that may be subject to special tax rules, including:

- financial institutions;
- insurance companies;
- real estate investment trusts or regulated investment companies;
- dealers or traders in securities or currencies;
- tax-exempt entities;
- persons that will hold the notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" for U.S. federal income tax purposes;
- persons that have a "functional currency" other than the U.S. dollar; or
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes.

This description is based on the Code, existing, proposed and temporary U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as available on the date hereof. U.S. tax laws and the interpretation thereof are subject to change, which change could apply retroactively and could affect the tax consequences described below.

For purposes of this description, a "U.S. Holder" is a beneficial owner of the notes for U.S. federal income tax purposes that is:

- a citizen or individual resident of the United States;

- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof, including the District of Columbia; or

- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

The U.S. federal income tax treatment of a partner in a partnership (including any entity classified as a partnership for U.S. federal income tax purposes) that holds notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships and partners in such partnerships should consult their tax advisers concerning the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of the notes by the partnership.

This discussion does not address U.S. state, local and non-U.S. tax consequences or the potential application of the Medicare contribution tax. You should consult your tax adviser with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning or disposing of the notes, in your particular circumstances.

U.S. Tax Characterization of the Notes

The Company believes that the notes are likely to be treated as equity in the Issuer for U.S. federal income tax purposes, and, to the extent required to do so, intends to treat the notes as equity in the Issuer for U.S. federal income tax purposes. However, no assurance can be given that the U.S. Internal Revenue Service (the "IRS") will not assert that the notes should be treated as indebtedness for U.S. federal income tax purposes. If the notes were treated as indebtedness for U.S. federal income tax purposes, the timing and character of income, gain and loss recognized by you could differ from the description herein. The following discussion assumes treatment of the notes as equity for U.S. federal income tax purposes. As a result of this assumption, the following discussion treats each payment under the notes that is referred to in this offering memorandum as "interest" (including additional amounts, if any) as a distribution by the Issuer with respect to an equity interest, and each reference in the following discussion to dividends refers to any such payment under the notes.

Distributions

Subject to the discussion below under "Passive Foreign Investment Company Rules," distributions received by you will constitute foreign source dividend income to the extent of the Issuer's current or accumulated earnings and profits as determined under U.S. federal income tax principles. Distributions will not be eligible for the dividends-received deduction generally allowed to corporate U.S. Holders or the lower rates applicable to certain dividends received by certain non-corporate U.S. Holders.

To the extent, if any, that the amount of any distribution by the Issuer exceeds the Issuer's current and accumulated earnings and profits as determined under U.S. federal income tax principles, it will be treated first as a tax-free return of capital to the extent of your adjusted tax basis in the notes, and to the extent it exceeds the adjusted tax basis, it will be treated as capital gain. Potential purchasers should note, however, that the Issuer will not maintain calculations of its earnings and profits under U.S. federal income tax principles and therefore you should expect that the entire amount of a distribution will generally be reported as dividend income to you.

Treatment of distributions received by you as foreign source income, as discussed above, may be relevant in calculating your foreign tax credit for U.S. federal income tax purposes. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex, and you should consult your tax adviser regarding the availability of foreign tax credits in your particular circumstances.

Passive Foreign Investment Company Rules

A non-U.S. corporation will be considered a passive foreign investment company ("PFIC") for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of its gross income is "passive income" under the PFIC rules, or (ii) 50% or more of the average value of its assets produce (or are held for the production of) "passive income." If the corporation owns, directly or indirectly, at least 25%, by value, of the shares of another corporation (a "25% Subsidiary"), it will be treated as if it holds directly its proportionate share of the assets of such other corporation and receives directly its proportionate share of the income of such other corporation. "Passive income" generally includes interest, dividends, rents, royalties and certain gains. However, certain rental income derived in the active conduct of a trade or business ("active rental income") is not considered "passive income," and interest, dividends, rents and royalties received from a related person (within the meaning of the PFIC rules) are excluded from passive income to the extent such payments are properly allocable to the active income of such related person.

The Issuer has made loans to and other investments in the Company and its subsidiaries that have given rise to "passive income" and that have caused the Issuer to be deemed to own "passive assets" for PFIC purposes, although in what proportions is not clear due to various uncertainties in the application of the PFIC rules. The Issuer expects in the future to make loans to and other investments in the Company and/or its subsidiaries that will give rise to "passive income" and cause the Issuer to be deemed to own "passive assets" for PFIC purposes. The amounts of the Issuer's "passive income" and "passive assets" could in the past have been, and following this offering could be, substantial. Accordingly, it would be prudent to assume that the Issuer will be a PFIC for the current taxable year and future taxable years. However, the Issuer does not intend to assess its PFIC status for any year. If the Issuer is a PFIC, you will be subject to special adverse U.S. tax rules applicable to PFICs upon any disposition of the notes and on certain distributions made by the Issuer. In general, gain recognized on a sale or other disposition (including a pledge) of the note would be allocated ratably over your holding period for the notes. The amounts allocated to the taxable year of the sale or other exchange and to any year before the Issuer became a PFIC would be taxed as ordinary income. The amounts allocated to each other taxable year would be subject to tax at the highest rate in effect for that taxable year for individuals or corporations, as appropriate, and an interest charge would be imposed on the tax attributable to the allocated amounts. Further, any distributions ("excess distributions") in respect of the notes in excess of 125 percent of the average of the annual distributions on the notes received by you during the preceding three years or your holding period, whichever is shorter, would be subject to taxation as described above. The rules described above would continue to apply to you even if the Issuer is not a PFIC in the year in which you sell or receive a distribution in respect of the notes.

The Issuer does not intend to provide you information that would enable you to make a "qualified electing fund" election in respect of the Issuer. In addition, an election to mark the notes to market annually to mitigate negative PFIC consequences may not be available, among other reasons because it is unlikely that the notes will be considered "regularly traded" on a "qualified exchange" within the meaning of the relevant rules. You should consult your tax adviser with respect to the availability of any elections that may help to mitigate the tax consequences should the Issuer be a PFIC.

If you own notes during any year in which the Issuer is a PFIC, you may be required to file a report containing such information as the U.S. Treasury may require.

You should consult your tax adviser regarding the Issuer's status as a PFIC and the U.S. federal income tax consequences that would apply to you as a shareholder in a PFIC

Sale or Exchange of the Notes

You generally will recognize taxable gain or loss on the sale, exchange or other disposition of the notes equal to the difference between the amount realized on the sale or exchange and your adjusted tax basis in the notes. Subject to the discussion above under "Passive Foreign Investment Company Rules," this gain or loss will be capital gain or loss. The deductibility of capital losses is subject to limitations.

Gain or loss, if any, recognized generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. Consequently, you may not be able to use the credit arising from any Brazilian tax imposed on the disposition of a note as described above under "Taxation—Brazilian Taxation" unless you have other foreign source income in the appropriate foreign tax credit category. Alternatively, instead of claiming a credit, you may, at your election, deduct otherwise creditable Brazilian taxes in computing your taxable income, subject to generally applicable limitations under U.S. law. You should consult your tax adviser with respect to your ability to credit or deduct any taxes imposed on capital gains by Brazil.

Backup Withholding and Information Reporting

Payment of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and to backup withholding unless (i) you are an exempt recipient or (ii) in the case of backup withholding, you provide a correct taxpayer identification number and certify that you are not subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability, provided the required information is furnished to the IRS.

Cayman Islands Taxation Considerations

The following discussion of certain Cayman Islands income tax consequences of an investment in the notes is based on the advice of Maples and Calder as to Cayman Islands law. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

The following is a general summary of Cayman Islands taxation in relation to the notes.

UNDER EXISTING CAYMAN ISLANDS LAWS:

(i) Payments of interest and principal on the notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of the notes nor will gains derived from the disposal of the notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

(ii) No stamp duty is payable in respect of the issue of the notes. An instrument of transfer in respect of a note is stampable if executed in or brought into the Cayman Islands.

BR Malls International Finance has been incorporated under the laws of the Cayman Islands as an exempted company and, as such, has applied for and has obtained an undertaking from the Governor in Cabinet of the Cayman Islands in the following form:

"The Tax Concessions Law
1999 Revision
Undertaking as to Tax Concessions"

In accordance with the provision of Section 6 of The Tax Concession Law (1999 Revision), the Governor in Cabinet undertakes with:

BR Malls International Finance Limited "the Company"

(a) that no law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

(i) on or in respect of the shares, debentures or other obligations of the Company; or

(ii) by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

These concessions shall be for a period of twenty years from November 20, 2007.

CERTAIN ERISA CONSIDERATIONS

General

The Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the Code impose certain restrictions on (a) employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, (b) plans (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code, including individual retirement accounts or Keogh plans, (c) any entities whose underlying assets include assets of a plan described in (a) or (b) by reason of a plan's investment in such entities (each of (a), (b) and (c), an "ERISA Plan") and (d) persons who have certain specified relationships to ERISA Plans ("Parties in Interest" under ERISA and "Disqualified Persons" under the Code). Moreover, based on the reasoning of the United States Supreme Court in John Hancock Life Ins. Co. v. Harris Trust and Sav. Bank, 510 U.S. 86 (1993), an insurance company's general account may be deemed to include assets of the ERISA Plan investing in the general account (e.g., through the purchase of an annuity contract), and such insurance company might be treated as a Party in Interest with respect to an ERISA Plan by virtue of such investment. ERISA also imposes certain duties on persons who are fiduciaries of ERISA Plans subject to ERISA, and ERISA and Section 4975 of the Code prohibit certain transactions between an ERISA Plan and Parties in Interest or Disqualified Persons with respect to such ERISA Plan. Violations of these rules may result in the imposition of excise taxes and other penalties and liabilities under ERISA and the Code.

ERISA Plan Assets Regulation

The United States Department of Labor has issued a regulation, 29 C.F.R. 2510.3-101 that was modified by Section 3(42) of ERISA (the "Plan Assets Regulation"), that provides, under specified circumstances, that the assets of BR Malls International Finance would be treated as "plan assets" of an ERISA Plan for purposes of ERISA and Section 4975 of the Code if an ERISA Plan acquires an equity interest in BR Malls International Finance and if no exceptions apply. Under the Plan Assets Regulation, if an ERISA Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the 1940 Act, the ERISA Plan's assets are deemed to include both the equity interest itself and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation by "benefit plan investors" is not "significant."

If for any reason the assets of BR Malls International Finance were deemed to be "plan assets" of an ERISA Plan, certain transactions that BR Malls International Finance might enter into, or may have entered into, in the ordinary course of its business might constitute non-exempt "prohibited transactions" under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded and other provisions of ERISA could be implicated as well.

No ERISA Plans will be Permitted to Acquire a Note

The notes will likely constitute "equity interests" in BR Malls International Finance for purposes of the Plan Assets Regulation and there can be no assurance that any of the exceptions to the Plan Assets Regulation will apply. Therefore, in order to avoid the treatment of the assets of BR Malls International Finance as assets of any ERISA Plan, including without limitation as applicable, an insurance company general account, will not be allowed to acquire or hold any notes.

Accordingly, each purchaser of a note (or an interest therein) will be deemed, by its acquisition of any such interest, to have represented and warranted that it is not, and that it is not acting on behalf of, an ERISA Plan, including without limitation as applicable, an insurance company general account. Any purchase or transfer that violates the aforementioned shall be null and void ab initio.

Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), are not subject to the requirements of Title I of ERISA or Section 4975 of the Code. Accordingly, assets of such plans may be invested in the notes without regard to the ERISA considerations described herein, subject to the provisions or other applicable federal and state law. However, any such plan that is qualified and exempt from taxation under Sections 401(a) and 501(a) of the Code is subject to the prohibited transaction rules set forth in Section 503 of the Code.

PLAN OF DISTRIBUTION

Banco BTG Pactual S.A. – Cayman Branch and Deutsche Bank Securities Inc. are acting as initial purchasers for the offering of the New Notes. Subject to the terms and conditions stated in the purchase agreement dated October 18, 2012, the initial purchasers have agreed to purchase, and BR Malls International Finance has agreed to sell to the initial purchasers, the entire aggregate principal amount of the New Notes.

We have been advised that the initial purchasers propose to resell the New Notes at the issue price set forth on the cover page of this offering memorandum within the United States to Qualified Institutional Buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S. See "Transfer Restrictions." The prices at which the New Notes are offered may be changed at any time without notice.

The New Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

Accordingly, in connection with sales outside the United States, the initial purchasers have agreed that, except as permitted by the purchase agreement and set forth in "Transfer Restrictions," it will not offer or sell the New Notes within the United States or to, or for the account or benefit of, U.S. persons: (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and it will have sent to each dealer to which it sells New Notes during the 40-day restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the New Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of this offering, an offer or sale of New Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

There may not be an established trading market for the New Notes. We have applied to increase the principal amount of notes listed on the Luxembourg Stock Exchange and to trade on the Euro MTF market so as to include the principal amount of the New Notes. However, we cannot assure you that the prices at which the New Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the New Notes will develop and continue after this offering. The initial purchasers have advised us that they currently intend to make a market in the New Notes. However, the initial purchasers are not obligated to do so and they may discontinue any market-making activities with respect to the New Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you as to the liquidity of the trading market for the New Notes.

In connection with the offering, the initial purchasers may purchase and sell New Notes in the open market. These transactions may include over-allotment, covering transactions and stabilizing transactions. Over-allotment involves sales of New Notes in excess of the principal amount of New Notes to be purchased by the initial purchasers in this offering, which creates a short position for the initial purchasers. Covering transactions involve purchases of the New Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of New Notes made for the purpose of preventing or retarding a decline in the market price of the New Notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the New Notes. It may also cause the price of the New Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make because of any of those liabilities.

Delivery of the New Notes was made against payment therefor on October 25, 2012.

All sales of the New Notes in the United States were made by the initial purchasers, either directly or through their U.S. broker-dealer affiliates, or such other registered dealers as may be designated by the initial purchasers. BTG Pactual US Capital LLC acted as agent of Banco BTG Pactual S.A. - Cayman Branch for sales of the New Notes in the United States. Banco BTG Pactual S.A. - Cayman Branch is not a broker-dealer registered with the SEC, and, therefore may not make sales of any new notes in the United States to any U.S. persons. Banco BTG Pactual S.A. - Cayman Branch and BTG Pactual US Capital LLC are affiliates of Banco BTG Pactual S.A.

The initial purchasers have provided and, in the future, may provide, investment banking services to affiliates of the Issuer for which they have received customary fees and commissions.

The initial purchasers or their affiliates have provided and, in the future, may provide, banking services to the Company and its affiliates for which they have received customary fees and commissions, including, but not limited to, investment banking, derivative transaction, credit, financial and M&A consulting, and other related services. Additionally, the initial purchasers may have purchased and, in the future, may purchase, directly or indirectly, debt and equity securities of the Company.

As of October 8, 2012, Banco BTG Pactual S.A.—Cayman Branch held, directly or indirectly, the following debt securities issued by either us or our affiliates: (1) R$1.0 million in our 6.40% debentures due February 15, 2017; (2) U.S.$1.1 million in our 8.5% perpetual notes issued in 2011; and (3) U.S.$8.2 million in our 9.75% perpetual notes issued in 2007. The Company is currently in compliance with its obligations thereunder and no breach thereof has been waived by any of the initial purchasers or their affiliates. See “Management's Discuss and Analysis and Results of Operations—Liquidity and Capital Resources—Indebtedness” for additional information about terms of such securities.

We intend to use the proceeds from this offering to redeem all outstanding 9.75% perpetual notes issued in 2007, including those currently held by Banco BTG Pactual S.A.-Cayman Branch and its affiliates.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of notes which are the subject of the offering contemplated by this offering memorandum to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of notes shall require us or any initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive.

This offering memorandum has been prepared on the basis that any offer of notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Relevant Member State of notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for us or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for us or the initial purchasers to publish a prospectus for such offer.

For the purposes of the above provisions, the expression an “offer of notes to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus

Directive in the Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each initial purchaser has represented and agreed that:

(a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("FSMA") with respect to anything done by it in relation to the notes in, from or otherwise involving the U.K.; and

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to us.

For additional restrictions on the sale of the New Notes in other international jurisdictions, see the introductory pages of this offering memorandum.

TRANSFER RESTRICTIONS

The notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the notes and guarantees are being offered and sold only:

(1) to qualified institutional buyers in compliance with Rule 144A under the Securities Act; or

(2) outside the United States to persons other than U.S. persons, in offshore transactions in compliance with Regulation S under the Securities Act.

The terms "United States," "U.S. persons," and "offshore transaction" used in this section have the meanings given to them under Regulation S. The term "qualified institutional buyer" used in this section has the meaning given to it under Rule 144A.

Each purchaser of the notes offered (the "Restricted Notes") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) The purchaser is either: (A) a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A and such qualified institutional buyer is acquiring such notes for its own account or for the account of another qualified institutional buyer; or (B) not a U.S. person (as defined in Regulation S under the Securities Act), and is purchasing the notes in accordance with Regulation S under the Securities Act. The purchaser acknowledges that the seller may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A or other exemptions under the Securities Act.

(2) The purchaser understands that the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the notes have not been registered under the Securities Act or any U.S. securities laws and that (A) the notes may be reoffered, resold, pledged or otherwise transferred only (1) (a) to a person who the purchaser reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (b) in a transaction meeting the requirements of Rule 144 under the Securities Act, if available, (c) outside the United States to a person that is not a U.S. person (as defined in Regulation S under the Securities Act) in an offshore transaction meeting the requirements of Regulation S under the Securities Act, (d) to an "accredited investor" within the meaning of Rule 501(a) (1), (2), (3) or (7) under the Securities Act (an "Institutional Accredited Investor") that is purchasing at least U.S.$250,000 of notes for its own account or for the account of an Institutional Accredited Investor (and based upon an opinion of counsel if we so request) or (e) pursuant to another available exemption under the Securities Act, (2) to us or any of our subsidiaries or (3) under an effective registration statement and, in each case, in compliance with any applicable securities laws of any State of the United States or any other applicable jurisdiction and (B) the purchaser will, and each subsequent holder is required to, notify any later purchaser from it of the resale restrictions described in (A) above. If any resale or other transfer of any note is proposed to be made under clause (1) (d) above while these transfer restrictions are in force, then the transferor shall deliver a letter from the transferee to us and the Trustee, as the case may be, which shall provide, among other things, that the transferee is an Institutional Accredited Investor and that it is acquiring the notes for investment purposes and not for distribution in violation of the Securities Act.

(3) The purchaser confirms that (A) the purchaser has requisite knowledge and experience in financial and business matters so that it is capable of evaluating the merits and risks of purchasing notes, and the purchaser and any accounts for which it is acting are each able to bear the economic risks of its or their investment, including a complete loss of the investment, (B) the purchaser is not acquiring notes with a view to any distribution of the notes in a transaction that would violate the Securities Act or the securities laws of any State of the United States or another applicable jurisdiction; provided that the disposition of its property and the property of any accounts for which the purchaser is acting as fiduciary shall remain at all times within its control and (C) the purchaser has received a copy of this offering memorandum and acknowledges that the purchaser has had access to the financial and other information, and has been afforded the opportunity to ask

questions of our representatives and receive answers to those questions, as it deemed necessary in connection with its decision to purchase notes.

(4) The purchaser acknowledges that we and the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the foregoing acknowledgments, representations or agreements deemed to have been made by it are no longer accurate, it shall promptly notify BR Malls International Finance, the Guarantors of the notes and the initial purchasers. If such purchaser is acquiring any notes as a fiduciary or agent for one or more investor accounts, such purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(5) If it is a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, it acknowledges that until the expiration of the “40-day distribution compliance period” within the meaning of Rule 903 of Regulation S, any offer or sale of the notes shall not be made by it to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902(k) of the Securities Act.

(6) The purchaser understands that the Restricted Notes will, until the expiration of the applicable holding period with respect to the Restricted Notes set forth in Rule 144 of the Securities Act, unless otherwise agreed by us and the holder thereof, bear a legend substantially to the following effect (the “Restricted Notes Legend”):

> THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND THIS NOTE MAY NOT BE REOFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.
>
> THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUERS OR ANY SUBSIDIARY THAT (A) THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, IF AVAILABLE, (III) OUTSIDE THE UNITED STATES TO A PERSON THAT IS NOT A U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) TO AN “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT (AN “INSTITUTIONAL ACCREDITED INVESTOR”) THAT IS PURCHASING AT LEAST U.S.$250,000 OF NOTES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF AN INSTITUTIONAL ACCREDITED INVESTOR (AND BASED UPON AN OPINION OF COUNSEL IF THE ISSUERS SO REQUEST), (V) PURSUANT TO ANOTHER AVAILABLE EXEMPTION UNDER THE SECURITIES ACT, (VI) TO THE ISSUER OR ANY SUBSIDIARY OF THE ISSUER OR (VII) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (VII) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

Each purchaser of the notes offered in reliance on Regulation S will be deemed to have represented and agreed that it is not a U.S. person and is purchasing such notes in an offshore transaction (as such terms are defined in Regulation S) pursuant to Regulation S and understands that such notes will, unless otherwise agreed by us and the holder thereof, bear a legend substantially to the following effect (the "Regulation S Legend"):

> THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION ORIGINALLY EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT.

Restricted Notes may be exchanged for notes not bearing the Restricted Notes Legend but bearing the Regulation S Legend upon certification by the transferor in the form set forth in the Indenture that the transfer of any such Restricted Notes has been made in accordance with Rule 904 under the Securities Act.

Each purchaser of the notes will be deemed to have represented and agreed as follows:

(1) The purchaser is not a Plan (which term includes (i) an "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") that is subject to ERISA, (ii) a "plan" as described in section 4975(e)(1) of the Code that is subject to Section 4975 of the Code, or to provisions under applicable Federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code, or Similar Laws, and (iii) an entity whose underlying assets are considered to include "plan assets" within the meaning of Section 3(42) of ERISA and Department of Labor Regulation, 29 C.F.R. Section 2510.3-101 of such plans) and it is not purchasing the notes on behalf of, or with the "plan assets" of, any Plan; and

(2) The purchaser will not transfer the notes to any person or entity, unless such person or entity could itself truthfully make the foregoing representations and covenants.

ENFORCEMENT OF JUDGMENTS

Cayman Islands

We have been advised by our Cayman Islands legal counsel, Maples and Calder, that there is no statutory enforcement in the Cayman Islands of judgments obtained in New York or Brazil. However, the courts of the Cayman Islands will recognize a foreign judgment as the basis for a claim at common law in the Cayman Islands, provided such judgment is rendered by a competent foreign court, imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been rendered, is final, is not in respect of taxes, a fine or penalty and was not obtained in a manner and is not of a kind the enforcement of which is contrary to public policy of the Cayman Islands.

Brazil

We and the other Guarantors are corporations (*sociedade anônima*) or limited liability companies (*sociedades limitadas*) incorporated under the laws of Brazil. All of our and the other Guarantors' assets are located outside the United States. All of our and the other Guarantors' directors, officers and certain of our and the other Guarantors' advisors named in this offering memorandum reside in Brazil. As a result, you may not be able to effect service of process upon us, the other Guarantors or these other persons within the United States or to enforce U.S. court judgments against us, the other Guarantors or these other persons to the extent that such actions are predicated upon civil liability provisions of the federal securities laws of the United States.

Our Brazilian counsel, Machado, Meyer, Sendacz e Opice Advogados, has advised that final conclusive judgments of United States courts for civil liabilities based upon the federal securities laws of the United States may be, subject to the requirements described below, enforced in Brazil. A judgment for the payment of money against us, the other Guarantors or the persons described above obtained outside Brazil would be enforceable in Brazil without reconsideration of the merits, upon confirmation of that judgment by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*), or STJ. Such confirmation would occur if the foreign judgment:

- fulfills all formalities required for its enforceability under the laws of the jurisdiction where such foreign judgment is granted;
- is issued by a competent court after due service of process on us or sufficient evidence of our absence has been given as required under applicable law;
- is final and, therefore, not subject to appeal;
- is authenticated by a Brazilian consular office with jurisdiction over the location where the foreign judgment is issued and is accompanied by a sworn translation into Portuguese; and
- is not contrary to Brazilian national sovereignty, public policy or public morality.

There can be no certainty that the confirmation will be obtained, that the process described above will be conducted in a timely manner or that Brazilian courts will enforce a judgment for violation of the United States securities laws with respect to the notes offered by this offering memorandum.

Our Brazilian counsel has further advised us that (i) original actions based on the federal securities laws of the United States may be brought in Brazilian courts and that, subject to applicable law, Brazilian courts may enforce civil liabilities in such actions against us and the other Guarantors, our and the other Guarantors' directors and executive officers, and the advisors named in this offering memorandum; and (ii) the ability of a judgment creditor or the other persons named above to satisfy a judgment by attaching certain assets of ours and the other Guarantors is limited by provisions of Brazilian law, given that assets are located in Brazil.

Pursuant to Article 835 of the Brazilian Code of Civil Procedure, a plaintiff (whether Brazilian or non-Brazilian) who resides outside or leaves Brazil during the course of litigation in Brazil must provide a bond to guarantee court costs and legal fees if the plaintiff owns no property in Brazil that may ensure such payment. This bond must be sufficient to satisfy the payment of court fees and defendant's attorneys' fees, as determined by the Brazilian court usually ranging between 10% to 20% of the amount subject to enforcement. This requirement does not apply to enforcement of foreign judgments which have been duly confirmed by the STJ, nor to the exceptions set forth in certain limited circumstances (enforcement of extrajudicial instruments (which does not include the notes) that may be enforced in Brazil without the review of their merits (*títulos executivos extrajudiciais*) and counterclaims (*reconvenções*)) under Article 836 of the Brazilian Code of Civil Procedure.

LEGAL MATTERS

Machado, Meyer, Sendacz e Opice Advogados, Davis Polk & Wardwell LLP and Maples and Calder will pass on certain Brazilian, U.S. and Cayman Islands legal matters, respectively, for us. Pinheiro Guimarães Advogados and Skadden, Arps, Slate, Meagher & Flom LLP will pass on certain Brazilian and U.S. legal matters, respectively, for the initial purchasers.

LISTING AND GENERAL INFORMATION

1. The New Notes were delivered in book-entry form, on October 25, 2012, through DTC, and its direct and indirect participants, including Clearstream and Euroclear, which have accepted the notes for clearance. The CUSIP, Common Code and ISIN numbers for the notes are as follows:

	Restricted Global Note	**Regulation S Global Note**	**Temporary Regulation S Global Note(1)**
CUSIP	103738AD2	G1593PAB4	G1593PAC2
Common Code	058251038	058122793	
ISIN	US103738AD22	USG1593PAB43	USG1593PAC26

(1) Through the 40th day following the delivery of the New Notes, Regulation S New Notes offered hereby will have the temporary ISIN and CUSIP numbers listed below.

2. Copies of our latest annual audited consolidated financial statements and unaudited interim consolidated financial statements, prepared in accordance with Brazilian GAAP and IFRS, may be obtained at our offices, the offices of the trustee and the offices of the paying agents, including the Luxembourg paying agent (at the cost of BR Malls International Finance) and copies of our by-laws and the by-laws of BR Malls International Finance and Guarantors, as well as the indenture (including forms of notes), will be available (at the cost of BR Malls International Finance) at the offices of the paying agents, including the Luxembourg paying agent.

3. Except as disclosed in this offering memorandum, there has been (1) no material adverse change in the Company's and BR Malls International Finance's prospects and (2) no significant change in the Company's and BR Malls International Finance's financial or trading position since June 30, 2012, the date of the latest financial statements included in this offering memorandum.

4. Except as disclosed in this offering memorandum, there are no governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened of which we are aware, which may have, or have had during the 12 months prior to the date of this offering memorandum, a significant effect on the financial position or profitability of the Company or BR Malls International Finance.

5. PricewaterhouseCoopers Auditores Independentes have agreed to the inclusion of their reports in this offering memorandum in the form and context in which they are included.

6. We have applied to increase the principal amount of notes listed on the Official List of the Luxembourg Stock Exchange so as to include the principal amount of the New Notes to be admitted to trading on the Euro MTF market.

7. As long as the notes are listed on the Official List of the Luxembourg Stock Exchange, we shall appoint and maintain a paying agent in Luxembourg, where the notes may be presented or surrendered for payment or redemption, in the event that the global notes are exchanged for definitive certificated notes. In addition, in the event that the global notes are exchanged for definitive certificated notes, announcement of such exchange shall be made through the Official List of the Luxembourg Stock Exchange and such announcement will include all material information with respect to the delivery of the definitive certificated notes, including details of the paying agent in Luxembourg.

8. For as long as the notes are listed on the Luxembourg Stock Exchange and the rules of that exchange require, copies of the following documents may be inspected and obtained at the specified office of the Luxembourg Listing Agent during normal business hours on any weekday: (1) the organizational documents of BR Malls International Finance and (2) the indenture.

9. The Company and BR Malls International Finance have not issued any convertible debt securities, exchangeable debt securities or debt securities with warrants attached as of the date of this offering memorandum.

10. The issuance of the New Notes were authorized pursuant to a meeting of the Board of Directors of BR Malls International Finance held on October 18, 2012. The execution and issuance of the guarantees were authorized by us on January 5, 2011 and October 17, 2012.

11. The New Notes are guaranteed by the Issuer's parent company, BR Malls Participações S.A., a corporation (*sociedade anônima*) duly organized and incorporated under the laws of Brazil on May 26, 2004, ECISA Engenharia, Comércio e Indústria Ltda., a limited liability company (*sociedade limitada*) duly organized and incorporated under the laws of Brazil on August 2, 1949, ECISA Participações Ltda., a limited liability company (*sociedade limitada*) duly organized and incorporated under the laws of Brazil on October 29, 2005, and Proffito Holding Participações S.A., a corporation (*sociedade anônima*) duly organized and incorporated under the laws of Brazil on February 2, 2008. ECISA Engenharia, Comércio e Indústria Ltda., ECISA Participações Ltda., and Proffito Holding Participações S.A., are direct or indirect wholly-owned subsidiaries of BR Malls Participações S.A. All of the capital stock of such subsidiaries is fully paid-up and non-assessable. The registered office of the Guarantors is Avenida Afrânio de Melo Franco, No. 290, suites 102-104, Leblon, CEP 22430-060, Rio de Janeiro, RJ, Brazil. Each of the Guarantors is of perpetual duration.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended December 31, 2009, 2010 and 2011 have been audited by PricewaterhouseCoopers Auditores Independentes, as stated in their reports included elsewhere in this offering memorandum.

Our unaudited interim condensed consolidated financial statements as of and for the six-month period ended June 30, 2011, included elsewhere in this offering memorandum, PricewaterhouseCoopers Auditores Independentes have applied limited procedures in accordance with professional standards for a review of such information.

With respect to the unaudited financial information of BR Malls Participações S.A. for the six-month periods ended June 30, 2011 and 2010, included elsewhere in this offering memorandum, PricewaterhouseCoopers reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated October 17, 2012, appearing herein states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

With respect to the unaudited interim condensed consolidated financial statements of BR Malls Participações S.A. as of and for the six-month period ended June 30, 2012, included elsewhere in this Offering Memorandum, Ernst & Young Terco Auditores Independentes S.S. have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated October 17, 2012, appearing herein states that they did not audit and did not express an opinion on those unaudited interim condensed consolidated financial statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review conducted.

INDEX TO FINANCIAL STATEMENTS

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A free translation from Portuguese into English of Independent Auditor's Review Report on interim condensed financial statements prepared in accordance with accounting practices adopted in Brazil

Report on review of unaudited interim condensed financial statements

The Shareholders, Board of Directors and Officers of
BR Malls Participações S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the accompanying interim individual and consolidated balance sheet of BR Malls Participações S.A. (the "Company") as of June 30, 2012 and the related interim individual and consolidated statements of income for the three-month and six-month periods ended June 30, 2012, and the interim individual and consolidated statements of changes in equity and cash flows for the six-month period ended June 30, 2012 and explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed individual financial statements in accordance with Accounting Pronouncement CPC 21 - Interim Financial Information ("CPC 21") and the interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 - Interim Financial Reporting ("IAS 34") and CPC 21. Our responsibility is to express a conclusion on these interim condensed financial statments based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim condensed financial information are not prepared, in all material respects, in accordance with CPC 21.

Conclusion on the consolidated interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not presented, in all material respects, in accordance with IAS 34 and CPC 21.

Other matters

Interim statements of value added

We have also reviewed the interim individual and consolidated statements of value added for the six-month period ended June 30, 2012, which were prepared by the Company's management and the presentation, of which in the interim financial statements is required by rules issued by the Brazilian Securities Commission (CVM), and as supplementary information by IFRS, which do not require the presentation of a statement of value added. These statements have been subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared fairly, in all material respects, in relation to the overall accompanying interim condensed individual and consolidated financial statements.

Audit and review of amounts corresponding to prior year/period

The interim financial information for the three and six-month period ended June 30, 2011 was reviewed by other independent auditors, who expressed a report on review of the interim financial information dated October 17, 2012. The financial statements for the year ended December 31, 2011 were audited by other independent auditors, who issued an unqualified opinion dated October 17, 2012.

Rio de Janeiro, October 17, 2012

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC - 2SP 015.199/O-6 - F - RJ

Mauro Moreira
Accountant CRC - 1RJ 072.056/O-2

Roberto Martorelli
Accountant CRC - 1RJ 106.103/O-0

BR Malls Participações S.A.

Unaudited interim balance sheets
June 30, 2012 (unaudited) and December 31, 2011
(In thousands of *reais*, except when otherwise indicated)

	Company		Consolidated	
	06/30/2012	12/31/2011 (Reclassified)	06/30/2012	12/31/2011 (Reclassified)
Assets				
Current assets				
Cash and cash equivalents	**2,270**	866	**25,425**	37,063
Marketable securities (Note 5)	**53,368**	257,190	**410,966**	414,962
Trade accounts receivable (Note 7)	**12,212**	57,576	**211,134**	242,317
Derivative financial instruments (Note 4.1 (e))	**124,518**	78,571	**125,016**	79,008
Taxes recoverable (Note 8)	**8,622**	23,592	**75,122**	78,198
Advances	**2,310**	7,305	**21,783**	25,930
Other receivables (Note 7)	**32,378**	29,284	**31,817**	20,898
Prepaid expenses	**5,939**	1,335	**24,604**	16,886
	241,617	455,719	**925,867**	915,262
Non-current assets				
Trade accounts receivable (Note 7)	**12,231**	9,009	**172,842**	143,220
Deposits and guarantees	**36**	32	**37,220**	29,170
Marketable securities (Note 5)	**15,065**	15,065	**-**	-
Deferred income taxes (Note 9)	**31,950**	40,733	**264,938**	308,628
Derivative financial instruments (Note 4.1 (e))	**56,910**	68,828	**60,722**	71,276
Advances for future capital increase (Note 10)	**118,375**	453,436	**-**	-
Subsidiary and associated companies' debts	**68,140**	30,897	**-**	-
Other receivables (Note 7)	**-**	-	**7,446**	7,346
Others	**1**	1	**467**	467
	302,708	618,001	**543,635**	560,107
Investments (Note 11)	**7,584,434**	6,511,378	**-**	-
Investment properties (Note 12)	**1,181,031**	868,944	**13,672,416**	12,582,924
Property and equipment (Note 13)	**10,918**	11,166	**10,918**	11,166
Intangible assets (Note 14)	**8,720**	8,753	**9,900**	12,258
Deferred charges	**2,662**	3,268	**-**	-
	8,787,765	7,403,509	**13,693,234**	12,606,348
	9,090,473	8,021,510	**14,236,869**	13,166,455
Total assets	**9,332,090**	8,477,229	**15,162,736**	14,081,717

	Company		Consolidated	
	06/30/2012	12/31/2011	06/30/2012	12/31/2011
		(Reclassified)		(Reclassified)
Liabilities				
Current liabilities				
Trade accounts payable (Note 15)	**6,883**	4,478	**65,581**	57,082
Loans and financing (Note 16)	**56,752**	228,440	**232,357**	382,856
Taxes and contributions payable (Note 17)	**-**	247	**75,396**	76,196
Salaries and social charges	**12,495**	17,384	**54,471**	66,815
Dividends payable (Note 22 (g))	**-**	48,728	**-**	48,728
Taxes payable in installments (Note 18)	**-**	-	**2,204**	1,486
Advances from customers	**1,949**	1,460	**15,297**	26,281
Accounts payable for acquisition of shopping malls (Note 19)	**86,523**	36,853	**306,853**	251,803
Derivative financial instruments (Note 4.1(e))	**1,479**	-	**131,530**	112,901
Deferred revenue (Note 21)	**-**	-	**26,654**	16,983
Others	**2,672**	35	**1,793**	7,932
	168,753	337,625	**912,136**	1,049,063
Non-current				
Trade accounts payable (Note 15)	**4,862**	5,335	**4,862**	5,335
Loans and financing (Note 16)	**895,434**	473,644	**3,481,507**	2,821,131
Provision for legal claims (Note 20)	**641**	641	**104,141**	108,821
Taxes payable in installments (Note 18)	**-**	-	**76,203**	76,309
Deferred income taxes (Note 9)	**-**	-	**2,540,147**	2,406,248
Accounts payable for acquisition of shopping malls (Note 19)	**62,779**	113,814	**172,080**	216,225
Derivative financial instruments (Note 4.1(e))	**-**	602	**13,571**	31,371
Deferred revenue (Note 21)	**3,823**	2,714	**115,412**	121,398
Loans to related parties (Note 10)	**884,991**	825,145	**-**	-
Other payables	**94,396**	97,068	**6,313**	3,092
	1,946,926	1,518,963	**6,514,236**	5,789,930
Total liabilities	**2,115,679**	1,856,588	**7,426,372**	6,838,993
Equity (Note 22)				
Capital stock	**3,457,044**	3,424,181	**3,457,044**	3,424,181
Share issue costs	**(50,727)**	(50,727)	**(50,727)**	(50,728)
Capital reserve	**34,304**	27,004	**44,602**	37,302
Income reserve	**3,200,651**	3,220,183	**3,194,167**	3,213,702
Retained earnings	**575,139**	-	**575,241**	-
Treasury shares	**-**	-	**(12)**	(12)
	7,216,411	6,620,641	**7,220,315**	6,624,445
Non-controlling interest	**-**	-	**516,049**	618,279
	7,216,411	6,620,641	**7,736,364**	7,242,724
Total liabilities and equity	**9,332,090**	8,477,229	**15,162,736**	14,081,717

See accompanying notes.

BR Malls Participações S.A.

Unaudited interim statements of income
Three-month and six-month periods ended June 30, 2012 and 2011
(In thousands of *reais*, except when otherwise indicated)

	Company			
	04/01/2012 to 06/30/2012	**01/01/2012 to 06/30/2012**	**04/01/2011 to 06/30/2011**	**01/01/2011 to 06/30/2011**
Net revenue from rent and services (Note 24)	**22,057**	**39,647**	9,092	14,310
Cost of rent and services (Note 25)	**(644)**	**(1,331)**	(1,204)	(1,323)
Gross profit from rent and services	**21,413**	**38,316**	7,888	12,987
Operating (income) expenses				
Commercial expenses	**(3,229)**	**(5,260)**	(1,368)	(2,547)
Administrative expenses (Note 26)	**(3,803)**	**(9,431)**	(5,380)	(10,238)
Change in fair value of investment properties	**8,753**	**8,753**	-	-
Other operating income (expenses), net	**1**	**(286)**	(153)	1,015
Equity results (Note 11)	**550,807**	**660,155**	127,426	219,040
Income before financial (expenses) and taxes	**573,942**	**692,247**	128,413	220,257
Financial income (expenses) (Note 27)				
Financial income	**88,345**	**218,829**	37,879	72,587
Financial expenses	**(176,368)**	**(328,295)**	(50,671)	(128,584)
	(88,023)	**(109,466)**	(12,792)	(55,997)
Income before income taxes	**485,919**	**582,781**	115,621	164,260
Income tax and social contribution (Note 17)				
Current	**-**	**-**	-	-
Deferred	**(24,048)**	**(7,642)**	(56)	8,529
	(24,048)	**(7,642)**	(56)	8,529
Net income for the period	**461,871**	**575,139**	115,565	172,789
Attributable to				
Company's shareholders	**461,871**	**575,139**	115,565	172,789
Non-controlling interest	**-**	**-**	-	-
Net income for the period	**461,871**	**575,139**	115,565	172,789
Earnings per share attributable to the Company for the year (expressed in R$ per share)				
Basic earnings per share		**1.27**		0.38
Diluted earnings per share		**1.25**		0.38

BR Malls Participações S.A.

Unaudited interim statements of income
Three-month and six-month periods ended June 30, 2012 and 2011
(In thousands of reais, except when otherwise indicated)

	Consolidated			
	04/01/2012 to 06/30/2012	**01/01/2012 to 06/30/2012**	**04/01/2011 to 06/30/2011**	**01/01/2011 to 06/30/2011**
Net revenue from rent and services (Note 24)	**265,831**	**509,396**	199,418	378,501
Cost of rent and services (Note 25)	**(22,174)**	**(44,453)**	(18,597)	(37,612)
Gross profit from rent and services	**243,657**	**464,943**	180,821	340,889
Operating (income) expenses				
Commercial expenses	**(4,915)**	**(8,715)**	(2,236)	(4,564)
Administrative expenses (Note 26)	**(25,518)**	**(59,798)**	(24,239)	(49,313)
Change in fair value of investment properties	**737,876**	**737,876**	-	-
Other operating income (expenses), net	**(496)**	**15,747**	1,334	4,815
Income before financial (expenses) and taxes	**950,604**	**1,150,053**	155,680	291,827
Financial income (expenses) (Note 27)				
Financial income	**161,759**	**369,796**	93,021	166,307
Financial expenses	**(308,757)**	**(585,055)**	(114,284)	(264,562)
	(146,998)	**(215,259)**	(21,263)	(98,255)
Income before income taxes	**803,606**	**934,794**	134,417	193,572
Income tax and social contribution (Note 17)				
Current	**(24,362)**	**(55,017)**	5,333	(12,834)
Deferred	**(266,868)**	**(245,452)**	(20,046)	1,855
	(291,230)	**(300,469)**	(14,713)	(10,979)
Net income for the period	**512,376**	**634,325**	119,704	182,593
Attributable to				
Company's shareholders	**461,721**	**575,241**	115,394	172,618
Non-controlling interest	**50,655**	**59,084**	4,310	9,975
Net income for the period	**512,376**	**634,325**	119,704	182,593

See accompanying notes.

BR Malls Participações S.A.

Unaudited interim statements of changes in equity
Six-month periods ended June 30, 2012 and 2011
(In thousands of reais, except when otherwise indicated)

	Company					
		Share		Income reserve		
	Share capital	issuance costs	Capital reserve	Legal reserve	Retained profits	Unrealized profit
Balances at December 31, 2010	2,561,195	(39,879)	9,987	74,344	2,611,219	276,177
Increase and paid in capital	861,789	-	-	-	(124,367)	-
Share issuance costs	-	(10,849)	-	-	-	-
Stock options	-	-	8,555	-	-	-
Net income for the period	-	-	-	-	-	-
Dividends	-	-	-	-	-	(39,481)
Balances at June 30, 2011	3,422,984	(50,728)	18,542	74,344	2,486,852	236,696
Balances at December 31, 2011	3,424,181	(50,727)	27,004	97,895	2,822,453	299,835
Increase and paid in capital	**32,863**	**-**	**-**	**-**	**-**	**-**
Stock options	**-**	**-**	**7,300**	**-**	**-**	**-**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**-**
Additional dividends	**-**	**-**	**-**	**-**	**-**	**(19,532)**
Balances at June 30, 2012	**3,457,044**	**(50,727)**	**34,304**	**97,895**	**2,822,453**	**280,303**

See accompanying notes.

BR Malls Participações S.A.

Unaudited interim statements of changes in equity
Six-month periods ended June 30, 2012 and 2011
(In thousands of *reais*, except when otherwise indicated)

	Consolidated							
				Income reserve				
	Share capital	Share issuance costs	Capital reserve	Legal reserve	Retained profits	Unrealized profit	Retained earnings	Treasury shares
Balances at December 31, 2010	2,561,195	(39,879)	20,276	74,344	2,604,842	276,177	-	(14,784)
Increase and paid in capital	861,789	-	-	-	(124,367)	-	-	-
Share issuance costs	-	(10,849)		-	-	-	-	-
Stock options	-	-	8,555	-	-	-	-	-
Treasury shares sold	-	-	-	-	-	-	-	14,780
Dividends	-	-	-	-	-	(39,481)	-	-
Net income for the period	-	-	-	-	-	-	172,617	-
Balances at June 30, 2011	3,422,984	(50,728)	28,831	74,344	2,480,475	236,696	172,617	(4)
Balances at December 31, 2011	3,424,181	(50,727)	37,302	97,895	2,815,972	299,835	-	(12)
Increase and paid in capital	**32,863**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Stock options	**-**	**-**	**7,300**	**-**	**-**	**-**	**-**	**-**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**575,241**	**-**
Additional dividends	**-**	**-**	**-**	**-**	**-**	**(19,535)**	**-**	**-**
Balances at June 30, 2012	**3,457,044**	**(50,727)**	**44,602**	**97,895**	**2,815,972**	**280,300**	**575,241**	**(12)**

See accompanying notes.

BR Malls Participações S.A.

Unaudited interim statements of cash flows
Six-month periods ended June 30, 2012 and 2011
(In thousands of *reais*)

	Company		Consolidated	
	06/30/2012	06/30/2011	06/30/2012	06/30/2011
Cash flows from operating activities				
Net income for the period	**575,139**	172,787	**575,241**	182,592
Adjustments				
Depreciation and amortization	**652**	444	**5,150**	6,398
Interests on loans and financing	**59,183**	27,063	**268,450**	98,005
Earnings on marketable securities	**(7,724)**	(28,394)	**(24,919)**	(46,463)
Adjustment of linearization of revenue and adjustment to present value	**(1,681)**	(1,294)	**(13,970)**	(7,608)
Stock options	**7,300**	8,555	**7,300**	8,555
Adjustment at fair value and result with derivatives	**(20,247)**	(15,991)	**(15,437)**	502
Income tax and social contribution	**7,642**	(8,529)	**245,452**	12,834
Changes in fair value of investment properties	**(8,753)**	-	**(737,876)**	-
Equity results	**(660,155)**	(219,040)	**-**	-
Deferred tax assets	**-**	-	**-**	4,262
Non-controlling interest	**-**	-	**59,084**	-
Others	**-**	15,023	**-**	(18,292)
Adjusted net income	**(48,644)**	(49,376)	**368,475**	240,785
Changes in working capital				
Changes in operating assets and liabilities				
Trade accounts receivable	**41,666**	(17,878)	**15,531**	(30,244)
Taxes recoverable	**14,970**	4,469	**3,076**	(7,392)
Advances	**4,994**	180	**4,146**	(25,412)
Prepaid expenses	**(4,605)**	(251)	**(7,718)**	(9,975)
Deposits and guarantees	**(4)**	(1)	**(8,050)**	(1,664)
Financial instruments	**(12,906)**	-	**(19,187)**	-
Other receivables	**-**	-	**(11,018)**	-
Suppliers	**1,932**	3,930	**8,026**	5,770
Taxes payable	**(242)**	(1,834)	**(68,051)**	(18,024)
Salaries and social charges	**(4,889)**	(3,174)	**(12,344)**	7,759
Advances from customers	**489**	260	**(10,984)**	2,689
Deferred income	**-**	-	**3,684**	-
Provision for legal claims	**-**	-	**(4,680)**	-
Other payables	**1,881**	-	**(2,919)**	(47,752)
Cash flows from (used in) operating activities	**(5,358)**	(63,675)	**257,987**	116,540
Cash flows from investing activities				
Purchase of marketable securities	**(973,192)**	(1,352,556)	**(1,625,198)**	(2,013,900)
Sale of marketable securities	**1,184,738**	745,006	**1,654,113**	1,117,976
Increase (decrease) in intangible assets	**32**	791	**(2,545)**	(1,551)
Acquisition of investment properties	**(305,102)**	(88,251)	**(340,711)**	(886,323)
Advances for future capital increase	**335,062**	(440,270)	**-**	-
Disposal of investments	**-**	154,036	**-**	-
Loans granted to subsidiaries and associated companies	**22,603**	(4,655)	**-**	-
Capital increase in subsidiaries	**(412,901)**	-	**-**	-
Non-controlling interest	**-**	-	**(161,315)**	-
Cash flow used in investing activities	**(148,760)**	(985,899)	**(475,656)**	(1,783,798)
Cash flow from financing activities				
Issuance of loans and financing	**403,444**	379,305	**672,234**	1,069,937
Repayment of loans and financing	**(212,524)**	-	**(430,808)**	(92,018)
Dividends paid	**(68,261)**	(67,223)	**(68,258)**	(67,223)
Capital increase	**32,863**	737,422	**32,863**	861,789
Treasury shares	**-**	-	**-**	14,780
Capitalization of income reserve	**-**	-	**-**	(124,367)
Cash flow from financing activities	**155,522**	1,049,504	**206,031**	1,662,898
Cash and cash equivalents at the beginning of the period	**866**	180	**37,063**	19,843
Cash and cash equivalents at the end of the period	**2,270**	110	**25,425**	15,483
Increase (decrease) in cash and cash equivalents	**1,404**	(70)	**(11,638)**	(4,360)

See accompanying notes.

BR Malls Participações S.A.

Unaudited interim statements of value added
Six-month periods ended June 30, 2012 and 2011
(In thousands of *reais*, except when otherwise indicated)

	Company		Consolidated	
	06/30/2012	06/30/2011	06/30/2012	06/30/2011
Revenue	**57,324**	18,056	**615,845**	686,029
Revenue from rent and services	**43,521**	15,637	**550,319**	409,138
Allowance for doubtful accounts - reversal (constitution)	**1,144**	285	**1,527**	4,923
Other operating income (expenses)	**1**	1,091	**15,747**	4,816
Revenue from construction of own assets	**12,658**	1,043	**48,252**	267,152
Input products acquired from third parties	**(6,031)**	(2,488)	**(70,912)**	(303,971)
Inputs and third party services for construction of own assets	**(1,245)**	(33)	**(28,080)**	(253,182)
Cost of services	**(1,331)**	(1,323)	**(13,689)**	(36,657)
Materials, energy, third-party services and others	**(3,455)**	(1,132)	**(29,143)**	(14,132)
Gross value added	**51,293**	15,568	**544,933**	382,058
Retentions	**(652)**	(445)	**(5,150)**	(6,671)
Depreciation and amortization	**(652)**	(445)	**(5,150)**	(6,671)
Net value added produced by the entity	**50,641**	15,123	**539,783**	375,387
Value added received in transfer	**878,984**	291,627	**1,048,588**	172,768
Equity results	**660,155**	219,040	**-**	-
Financial income	**218,829**	72,587	**369,796**	182,744
Non-controlling interest	**-**	-	**(59,084)**	(9,976)
Changes in fair value of investment properties	**-**	-	**737,876**	-
Total value added to be distributed	**929,625**	306,750	**1,588,371**	548,155
Distribution of value added	**929,625**	306,750	**1,588,371**	548,155
Personnel and social charges	**15,065**	12,481	**76,370**	39,487
Payroll and social charges	**3,215**	1,544	**41,148**	14,881
Officers' fees	**37**	20	**1,335**	1,061
Direct compensation	**2,991**	1,356	**19,853**	7,903
Benefits	**45**	18	**1,672**	1,082
Social security contributions	**120**	54	**4,369**	2,901
FGTS	**19**	15	**695**	851
Termination	**3**	1	**112**	129
Personnel - shopping malls	**-**	80	**13,112**	954
Commission on sales	**4,094**	2,329	**5,011**	2,717
Profit sharing	**456**	53	**22,911**	13,335
Options granted	**7,300**	8,555	**7,300**	8,554
Taxes, charges and contributions	**11,127**	(7,102)	**351,705**	41,605
Interest on debt	**328,295**	128,584	**584,383**	280,999
Capitalized interest	**-**	-	**672**	13,446
Retained earnings for the period	**575,139**	172,787	**575,241**	172,618

See accompanying notes.

(In thousands of reais, except when otherwise indicated)

1. Operations

The main activities of BR Malls Participações S.A., its subsidiary companies and jointly-controlled subsidiaries (jointly referred to as "Company" or “BR Malls”), which are integral components of these interim information statements, are: (i) holding interests in and managing shopping malls, (ii) holding interest in other companies of the real estate sector as a shareholder or member, (iii) promotion and management of their own real estate enterprises of any kind, or for third parties, and (iv) interest in and management of car parking operations. The Company’s operating results are subject to seasonal trends affecting the shopping mall industry. Shopping mall sales generally increase in the weeks before Mother’s Day (May), Valentine’s Day (which in Brazil occurs in June), Father’s Day (which in Brazil occurs in August), Children’s Day (which in Brazil occurs in October) and Christmas (December). In addition, the large majority of the lessees in the Company’s shopping malls pay double rent in December under their respective lease agreements.

The Company is a corporation with headquarters in the city of Rio de Janeiro, in the state of Rio de Janeiro, Brazil, and has its stock traded on the BM&FBovespa Stock Exchange (BRML3). In addition, the Company has adhered to the level of corporate governance of BM&FBovespa's New Market ("Novo Mercado"). BR Malls is included in the BM&FBovespa Index (IBOVESPA) portfolio and in the Brazil Index 50 (IBRX 50).

The issuance of the Company’s individual and consolidated financial statements was authorized by its Board of Directors on August 1, 2012.

The Company's investments are shown below:

Interests held in companies

	Interest - %	
	June 30, 2012	**December 31, 2011**
Direct subsidiaries		
Ecisa Engenharia, Comércio e Indústria Ltda. ("Ecisa Engenharia")	**100.00**	100.00
Ecisa Participações Ltda. ("Ecisa Participações")	**100.00**	100.00
BR Malls International Finance Ltd. ("BR Malls Finance")	**100.00**	100.00
BR Malls Desenvolvimento e Participações Ltda. ("BR Malls Desenvolvimento")	**100.00**	100.00
BR Malls Serviços Compartilhados Ltda. ("BR Malls CSC")	**100.00**	100.00
SPE Fortuna Gestão e Participações Ltda. ("BR Malls Fortuna")	**100.00**	100.00
SPE Sfida Gestão e Participação Ltda. ("SPE Sfida")	**79.10**	79.10
VL 100 Empreendimentos e Participações S.A.	**100.00**	-
Crystal Administradora de Shopping Centers Ltda. ("Crystal")	**100.00**	100.00
Sociedade em conta de participação Crystal Parking ("Crystal Parking")	**66.50**	66.50

(In thousands of reais, except when otherwise indicated)

1. **Operations** (Continued)

	Interest - %	
	June 30, 2012	**December 31, 2011**
Indirect subsidiaries (through Ecisa Engenharia Ltda., Ecisa Participações Ltda. e BR Malls International Finance Ltd.)		
L5 Corporate LLC.	**100.00**	100.00
BR Malls Administração e Comercialização Ltda. ("BR Malls Administração")	**100.00**	100.00
Proffito Holding Participações S.A. ("Proffito")	**100.00**	100.00
Nattca 2006 Participações S.A. ("Nattca")	**100.00**	100.00
SPE Indianápolis Participações Ltda. ("SPE Indianápolis")	**100.00**	100.00
Empresa Patrimonial Industrial IV Ltda. ("EPI")	**100.00**	100.00
SDR Empreendimentos Imobiliários Ltda. ("SDR")	**100.00**	100.00
Empresa Cogeradora de Energia Ltda. ("Emce")	**100.00**	100.00
Campo Grande Parking Ltda. ("Campo Grande Parking")	**68.81**	68.81
SPE Xangai Participações S.A. ("SPE Xangai")	**75.00**	75.00
SPE Monza Participações Ltda. ("SPE Monza")	**100.00**	100.00
SPE Classic Participações Ltda. ("SPE Classic")	**100.00**	100.00
Fashion Mall S.A. ("Fashion Mall")	**100.00**	100.00
Rai Rhodes Administração de Imóveis Ltda. ("Rai Rhodes")	**100.00**	100.00
COFAC - Companhia Fluminense de Administração e Comércio ("COFAC")	**100.00**	100.00
KGM37 Empreendimentos Ltda. ("KGM37")	**100.00**	100.00
Shopping Center Mooca Empreendimento Imobiliários. S.A. ("Shopping Center Mooca")	**100.00**	60.00
Exímia Comercial e Empreendimentos Ltda. ("Exímia")	**100.00**	100.00
Cuiabá Participações S.A. ("Cuiabá")	**-**	78.65
LGR Macaé Empreendimentos Ltda.	**100.00**	-
SPE Vila Velha Empreendimentos Imobiliários e Participações Ltda.	**100.00**	100.00
Special-purpose partnership Estação BH Parking	**96.90**	-
Special-purpose partnership JLN-2 (Niterói Plaza)	**97.00**	97.00
Special-purpose partnership JLN-2 (Rio Plaza)	**96.00**	96.00
Special-purpose partnership Centro Oeste Parking	**92.92**	70.99
Special-purpose partnership Campinas Parking	**96.00**	96.00
Special-purpose partnership Estação Parking	**95.40**	95.40

(In thousands of reais, except when otherwise indicated)

1. Operations (Continued)

Interests held in companies (Continued)

	Interest - %	
	June 30, 2012	**December 31, 2011**
Indirect subsidiaries (through Ecisa Engenharia Ltda. Ecisa Participações Ltda. e BR Malls International Finance Ltd.)-continued		
Special-purpose partnership Fashion Parking	**90.00**	81.00
Special-purpose partnership Independência Parking	**96.00**	96.00
Special-purpose partnership Shopping Ilha Parking	**94.80**	94.80
Special-purpose partnership Mooca	**54.00**	90.00
Special-purpose partnership Shopping Granja Vianna	**96.00**	96.00
Companhia Santa Cruz	**100.00**	100.00
SAS Sociedade Administradora de Centros Comerciais Ltda. ("SAS Administradora")	**100.00**	100.00
Lesbos Participações Ltda.	**100.00**	100.00
Sociedade Independência Imóveis ("SISA")	**83.44**	83.44
Mídia Central Ltda. ("Mídia Central")	**100.00**	100.00
Center Shopping S.A. ("Center Shopping")	**51.00**	51.00
CIMA Empreendimentos do Brasil S.A. ("CIMA")	**100.00**	100.00
Piracicaba Malls Participações Ltda.	**100.00**	100.00
Sociedade em conta de participação Tijuca Parking	**97.80**	97.80
Sociedade em conta de participação Park Center	**100.00**	100.00
CG Participações Ltda.	**85.95**	85.95
EDRJ113 Participações Ltda. ("EDRJ113")	**100.00**	100.00
Spinacia Participações S.A. ("Spinacia")	**100.00**	100.00
SPE Azione Gestão e Participação Ltda. ("SPE Azione")	**60.00**	60.00
BR Malls Administração e Comercialização Rio/Minas Ltda.	**100.00**	100.00
Alvear Participações S.A ("Alvear")	**70.00**	70.00
Proeste S.A. ("Proeste")	**97.00**	97.00
Sociedade em conta de participação Uberlândia Parking	**96.50**	96.50
BR Malls Administração e Comercialização Sul/SP Ltda.	**100.00**	100.00
Catuaí Maringá Parking	**95.00**	95.00
Catuaí Londrina Parking	**89.30**	89.30
BR Malls Premium Outlet Empreendimentos Imobiliários e Participações Ltda.	**100.00**	-
Jointly controlled entities		
Administradora Shopping Center Recife Ltda. ("ASCR")	**32.46**	32.46
Recife Parking Ltda. ("Recife Parking")	**32.46**	32.46
Recife Locadora de Equipamentos para Autogeração Ltda. ("Recife Locadora")	**32.46**	32.46
Villa Lobos Parking Ltda. ("Villa Lobos Parking")	**58.42**	38.62
SPE Mônaco Participações S.A. ("SPE Mônaco") (i)	**50.00**	50.00
Christaltur Empreendimentos e Participações S.A.	**49.99**	49.99
B. Sete Participações S.A.	**39.60**	39.60
GS Shopping Center S.A. ("GS Shopping")	**50.00**	65.45
Plaza Macaé S.A.	**50.00**	-
Macaé Participações imobiliárias Ltda.	**50.00**	-
Macaé Participações SPE S.A.	**50.00**	-
Special-purpose partnership Center Parking (i)	**28.50**	28.50
Special-purpose partnership West Parking ("West Parking") (i)	**28.50**	28.50
Special-purpose partnership Shopping Via Brasil	**46.80**	46.80
Affiliates		
EDRJ100 Participações Ltda.	**8.00**	8.00
Pró-Parking Participações Ltda.	**10.51**	10.51

(i) Direct investments of BR Malls.

(In thousands of reais, except when otherwise indicated)

1. **Operations** (Continued)

Interest in shopping malls (recorded as investment properties)

	Interest - %	
	June 30, 2012	**December 31, 2011**
NorteShopping	**74.50**	74.50
Shopping Iguatemi Caxias	**45.50**	45.50
Shopping Villa Lobos	**58.42**	39.72
Shopping Del Rey	**65.00**	65.00
Shopping Independência	**83.44**	83.44
Shopping Recife	**31.10**	31.10
Shopping Campo Grande	**68.70**	68.70
Goiânia Shopping	**50.00**	50.00
Shopping Estação	**100.00**	100.00
Pantanal Shopping	**-**	10.00
Estação BH	**100.00**	-
Araguaia Shopping	**50.00**	50.00
Natal Shopping	**50.00**	50.00
Shopping ABC	**1.28**	1.28
Shopping Curitiba	**49.00**	49.00
Shopping Center Iguatemi Belém	**13.30**	13.30
Shopping Center Iguatemi Maceió	**34.20**	34.20
Shopping Center Piracicaba	**36.88**	36.88
Amazonas Shopping Center	**17.90**	17.90
Ilha Plaza	**100.00**	100.00
Fashion Mall	**100.00**	100.00
Plaza Niterói	**100.00**	100.00
Rio Plaza	**100.00**	100.00
Shopping Center Tamboré	**100.00**	100.00
Big Shopping	**13.00**	13.00
Minas Shopping	**2.13**	2.13
Shopping Mueller	**10.41**	10.41
Shopping São Luis	**15.00**	15.00
Shopping Metrô Tatuapé	**3.15**	3.00
Osasco Plaza	**39.59**	39.59
Top Shopping	**35.00**	35.00
West Shopping	**30.00**	30.00
Center Shopping Rio	**30.00**	30.00
Campinas Shopping	**100.00**	100.00
Shopping Metrô Santa Cruz	**100.00**	100.00
Crystal Plaza	**70.00**	70.00
Center Shopping Uberlândia	**51.00**	51.00
Shopping Granja Vianna	**75.00**	75.00
Shopping Sete Lagoas	**70.00**	70.00
Shopping Tijuca	**100.00**	100.00
Shopping Via Brasil	**49.00**	49.00
Shopping Paralela	**95.00**	95.00
Shopping Jardim Sul	**100.00**	100.00
Catuaí Shopping Londrina	**93.00**	93.00
Catuaí Shopping Maringá	**100.00**	100.00
Shopping Rio Anil	**50.00**	-
Shopping Plaza Macaé	**45.00**	-
Shopping Itaú Power	**33.00**	-
Mooca Plaza Shopping	**60.00**	60.00

1. **Operations** (Continued)

Below is a summary of activities of the acquired subsidiaries or those subsidiaries which had any change in ownership in the first half of 2012:

a) VL 100 Empreendimentos e Participações S.A.

On May 24, 2012, BR Malls Empreendimentos entered into a purchase and sale agreement for the acquisition of 14,413,103 (fourteen million, four hundred and thirteen thousand, one hundred and three) common, nominative shares with no par value, representing all the equity and voting interest of VL 100 Empreendimentos e Participações S.A., holder of approximately 18.69% of Shopping Villa Lobos and 18.69% of Villa Lobos Parking , located in São Paulo (SP). The price agreed for the purchase of the shares was R$ 110.4 million. This amount was recorded under Investment properties in the financial statements.

b) Proffito e GS Shopping

Proffito has the specific purpose of investing in the capital of GS Shopping. Proffito holds an interest of 50.00% in the capital of GS Shopping, which is a company with objective of investing in shopping malls and which holds 100% of the real estate shares in Goiânia Shopping.

GS Shopping previously held 73.56% of Shopping Goiânia, ensuring the Company the same 50% interest in the referred to shopping mall. In the first quarter of 2012, there was a corporate restructuring where the other shareholder of GS Shopping Centers, who also held the remaining direct interest in Shopping Goiânia, paid up capital in GS Shopping with this direct interest in Shopping Goiânia. The effect of this increase was a dilution in the direct interest of BR Malls in GS Shopping to 50%, however, the interest in Shopping Goiânia remained unchanged.

Proffito holds 100% of all the ideal fractions and improvements that comprise Shopping Tamboré in Alphaville - São Paulo.

1. **Operations** (Continued)

c) LGR Macaé Empreendimentos Ltda, Plaza Macaé S/A and Macaé SPE

Ecisa Engenharia acquired 100% of LGR Macaé Empreendimentos. This company holds a 50% interest in Macaé Participações SPE which, on its turn, holds a 90% interest of Shopping Macaé. Therefore, with this acquisition, Ecisa then indirectly holds 45% of Shopping Macaé. This acquisition does not represent the obtainment of the controlling interest of Macaé Participações S.A., as determined by the Shareholders' Agreement.

d) BR Malls Premium Outlet Empreendimentos Imobiliários e Participações Ltda.

The Company is engaged in operating shopping malls and/or owned or third party commercial buildings, developing, trading, managing and implementing shopping malls and commercial buildings, operating car parking lots, as well as providing consulting and advisory services, and services involving business management, business planning and related activities, in relation to shopping malls and/or other business of similar nature; and acquiring, selling and leasing real estate properties for commercial exploration, in Brazil and abroad.

The operations of the other subsidiaries remained unaltered for the latest interim period and, therefore, remain consistent with those described in the Company's financial statements for the year ended December 31, 2011.

2. Summary of significant accounting practices

The interim individual financial statements were prepared and are presented in accordance with CPC 21 - Interim Financial Reporting and the interim consolidated financial statements pursuant to CPC 21 and International Financial Reporting Standard IAS 34 - Interim Financial Reporting, as well as for the fair presentation of such information in conformity with specific rules issued by the Brazilian Securities Commission (Comissão de Valores Mobiliários - CVM) applicable to the preparation of quarterly information.

2. Summary of significant accounting practices (Continued)

In the individual interim financial statements, subsidiaries, jointly-controlled subsidiaries and affiliates are recorded under the equity pickup method. Same adjustments are made both in individual and consolidated interim financial statements in order to achieve the same income and equity attributable to the company's shareholders. For BR Malls, accounting practices adopted in Brazil and applied in the individual interim financial statements differ from IFRS applicable to individual interim financial statements solely due to the measurement of investments in jointly-controlled subsidiaries and affiliates under the equity pickup method, whereas IFRS would require measurement at cost or fair value, and due to maintenance of deferred charges balance at December 31, 2008, which has been amortized.

The Company did not record any other comprehensive income for the three- and six-month period ended June 30, 2012 and 2011. Consequently, the respective statements of comprehensive income are not presented.

Furthermore, certain balances stated in the balance sheets as of December 31, 2011 were reclassified for better presentation.

To prepare this interim financial statements, accounting principles and practices consistent with those disclosed in the financial statements for the year ended December 31, 2011, published by the official press on February 27, 2012, were applied, also in compliance with the accounting principal and practices issued by the Accounting Pronouncements Committee (CPC) and the Brazilian Securities Commission (CVM) for preparation of the interim financial statements.

3. Significant accounting estimates and judgments

Critical accounting estimates are those which are both (a) important to demonstrate the financial condition or entity results and which (b) require more difficult, subjective or complex judgment by management, frequently as a result of the need to make estimates which have an impact on inherently uncertain questions. As the number of variables and assumptions which affect the possible solution of these uncertainties increase, these judgments become even more subjective and complex. The following estimates were considered to be the most complex at the time this interim financial statements were prepared:

3. Significant accounting estimates and judgments (Continued)

(i) Fair value of investment properties

Fair value of investment properties is determined using a proprietary model to calculate the present value of projected cash flows for each property, which uses market assumptions, updated on a semi-annual basis. On a quarterly basis, the Company applies a process to monitor events that could indicate that fair value estimates have changed significantly, such as greenfield projects launch, acquisition of additional interest or disposal of interest in shopping malls, significant variations in shopping malls performance as compared to budgets, changes in the macroeconomic scenario. If such events are identified, the Company adjusts its valuations to reflect these variations.

(ii) Fair value of derivative financial instruments - The fair value of derivative financial instruments is determined using valuation techniques. The Company's Management uses its judgment to choose several methods and define assumptions that are principally based on market conditions at the date of the balance sheet.

In preparing the interim financial statements, the Company adopted estimates and assumptions derived from past experience and several other factors which it understands to be reasonable and relevant under certain conditions.

4. Financial risk management

The Company has a policy for monitoring risk management. Management analyzes the matters that relate to cash, cash equivalents, marketable securities, management of debts and risk management, sending the matters for the approval by the Board of Directors. In accordance with internal policy, the Company's financial result should be driven by the generation of operating cash and not gains in the financial market. Management considers that the results obtained by the application of internal controls for the management of risks were satisfactory for the proposed purposes.

4. Financial risk management (Continued)

4.1. Financial risk factors

a) Credit risk

The Company's operations include administration of shopping malls and rental of stores.

The Company is subject to credit risk related to trade accounts receivable (from store owners) and marketable securities. The Company's financial policy limits its associated risk with these financial instruments, allocating them to financial institutions, as described in Note 4.2.

The lease contracts are governed by the applicable legislation. It is appropriate to point out that the choice of a diverse portfolio and control and evaluation of the balances are procedures that the Company undertakes in order to minimize losses resulting from default. Concentration of credit risk in accounts receivable is minimized due to the large number of customers, as the Company does not have any customer or company which represents more than 2.5% of its consolidated revenue from rent and services.

b) Price risk

Revenues depend directly on the Company's capacity to lease space available in the enterprises in which the Company has invested. Adverse conditions may reduce the number of leases, as well as the possibility to increase lease prices. The following factors, amongst others, can affect revenue generation:

- Periods of recession and increase in vacancy levels in the shopping malls.
- Negative perception of tenants with respect to security, convenience and attractiveness of areas where the shopping malls are located.

Management constantly controls and assesses these risks so as to minimize the impacts on the business.

(In thousands of reais, except when otherwise indicated)

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

c) Exchange rate risk

The associated risk is a result of the possibility that the Company incurs losses due to the fluctuations in the exchange rate of the US dollar and the Japanese yen that increases the amounts obtained or decreases the amounts transferred to the market.

d) Liquidity risk

Cash flow projections are made individually in the Company's subsidiaries. The Company monitors the continuous forecasts for liquidity requirements of its subsidiaries to assure that they have sufficient cash to meet their operating needs.

The table below shows the main financial liabilities by maturity, fully represented by non-derivative financial liabilities (non-discounted cash flows).

	2012	2013	2014	2015	Over 5 years	Total
Loans and financing	115,819	284,767	300,078	411,035	2,602,165	3,713,864

(In thousands of reais, except when otherwise indicated)

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

e) <u>Sensitivity analysis required by the Brazilian Securities Commission - CVM (Deliberati</u>

On October 17, 2008, the Brazilian Securities Commission (CVM) issued Deliberation
the presentation of sensitivity analysis information on financial instruments. The requir
to the Company is as follows:

Swaps Transactions	Assets/liabilities	Entity	Maturity (dd/mm/yy)	Reference value (notional)	Receiving position	Pay
June 30, 2012						
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Participações Ltda.	14.02.2019	23,026	26,586	
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Engenharia Ltda.	14.02.2019	17,270	35,448	
Financing Itaú BBA	TR +11.16% x IGP-M + 7.75%	Proffito Holding	15.10.2021	92,500	116,672	
Financing Santander	TR + 11% p.a x IGP-M + 8.30 % p.a.	SPE Xangai Participações	01.08.2019	94,643	1,411	
Financing Itaú BBA	TR + 9.94% x IPCA + 6.25%	SPE Monza	28.12.2012	39,439	78,680	
Financing BTG Pactual	TR + 10% p.a. x 93.95 % DI	SPE Sfida	23.12.2019	32,000	29,822	
Perpetual bonds	USD + 9.75% p.a. x JPY + 6.90% p.a.	L5 Corporate LLC	05.11.2012	232,558	291,194	
Perpetual bonds	USD + 8.5% p.a. x JPY + 6.20% p.a.	BR Malls Inter. Finance	15.01.2016	382,605	472,802	
Perpetual bonds	JPY + 6.9% p.a. x USD + 9.87% p.a.	BR Malls Participações S.A.	05.11.2012	232,558	374,018	
Perpetual bonds	USD + 11.25% p.a. x 109.3% DI	BR Malls Participações S.A.	05.11.2012	232,558	5,637	
Perpetual bonds	JPY + 1.22% p.a. x USD + 1.378% p.a.	BR Malls Participações S.A.	05.11.2012	232,558	788	
Perpetual bonds	USD + 9.75% p.a. x 95.50% DI	BR Malls Participações S.A.	05.11.2012	64,505	1,355	
Perpetual bonds	LBUSD + 1.78% x 105% CDI-C	BR Malls Participações S.A.	08.12.2014	100,000	117,387	
Perpetual bonds	JPY + 1.0941% p.a. x USD + 1.25% p.a.	BR Malls Participações S.A.	15.01.2016	382,605	1,061	
Perpetual bonds	JPY + 6.2% p.a. x USD + 8.5% p.a.	BR Malls Participações S.A.	15.01.2016	382,605	490,956	
Perpetual bonds	USD + 9.75% x 99.15% DI p.a.	BR Malls Participações S.A.	14.01.2016	382,605	9,317	
Perpetual bonds	USD + 11.47% x 100.3% DI p.a.	BR Malls Participações S.A.	05.11.2015	69,137	94,593	
Perpetual bonds	USD + 9.75% x 86% DI p.a.	BR Malls Participações S.A.	05.11.2015	249,258	22,289	

(In thousands of reais, except when otherwise indicated)

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

e) <u>Sensitivity analysis required by the Brazilian Securities Commission - CVM (Deliberatio</u>

Swaps Transactions	Assets /liabilities	Entity	Maturity (dd/mm/yy)	Reference value (notional)	Receiving position	Pa
December 31, 2011						
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Participações Ltda.	14.02.2019	23,026	37,006	
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Engenharia Ltda.	14.02.2019	17,270	27,755	
Financing Itaú BBA	TR +11.16% x IGP-M + 7.75%	Proffito Holding	15.10.2021	92,500	116,629	
Financing Santander	TR + 11% p.a x IGP-M + 8.30 % p.a.	SPE Xangai Participações	01.08.2019	94,643	1,635	
Financing Itaú BBA	TR +9.94% x IPCA + 6.25%	SPE Monza	28.12.2012	39,439	74,783	
Financing BTG Pactual	TR + 10% p.a. x 93.95 % DI	SPE Sfida	23.12.2019	32,000	31,075	
Perpetual bonds	USD + 9.75% p.a. x JPY + 6.90% p.a.	L5 Corporate LLC	05.11.2012	232,558	256,985	
Perpetual bonds	USD + 8.5% p.a. x JPY + 6.20% p.a.	BR Malls Inter. Finance	15.01.2016	382,605	438,768	
Perpetual bonds	JPY + 6.9% p.a. x USD + 9.87% p.a.	BR Malls Participações S.A.	05.11.2012	232,558	342,185	
Perpetual bonds	USD + 11.25% p.a. x 109.3% DI	BR Malls Participações S.A.	05.11.2012	232,558	4,737	
Perpetual bonds	JPY + 1,22% p.a. x USD + 1.378% p.a.	BR Malls Participações S.A.	05.11.2012	232,558	675	
Perpetual bonds	USD + 9.75% p.a. x 95.50% DI	BR Malls Participações S.A.	05.11.2012	64,505	1,139	
Perpetual bonds	LBUSD + 1.78% x 105% CDI-C	BR Malls Participações S.A.	08.12.2014	100,000	105,355	
Perpetual bonds	JPY + 1.0941% p.a. x USD + 1.25% p.a.	BR Malls Participações S.A.	15.01.2016	382,605	1,008	
Perpetual bonds	JPY + 6.2% p.a. x USD + 8.5% p.a.	BR Malls Participações S.A.	15.01.2016	382,605	466,549	
Perpetual bonds	USD + 9.75% x 99.15% DI p.a.	BR Malls Participações S.A.	14.01.2016	382,605	5,085	
Perpetual bonds	USD + 11.47% x 100.3% DI p.a.	BR Malls Participações S.A.	05.11.2015	69,137	81,090	
Perpetual bonds	USD + 9.75% x 86% DI p.a.	BR Malls Participações S.A.	05.11.2015	249,258	19,118	

All the swap contracts are recorded and held in custody in CETIP S.A. - Mercado Orga

(In thousands of reais, except when otherwise indicated)

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

e) Sensitivity analysis required by the Brazilian Securities Commission - CVM (Deliberation 550) (Continued)

The table below shows the sensitivity analysis and the cash effects of the outstanding operations at June 30, 2012:

Scenario - increase in CDI rate

Transaction	Risk	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
US dollar x CDI	Increase in CDI rate	100,141	60,638	37,251
Pre x IGP-M	Increase in IGP-M rate	(15,798)	(19,498)	(23,798)
TR x IGP-M	Increase in IGP-M rate	(46,556)	(57,804)	(71,804)
TR x CDI	Increase in CDI rate	4,321	1,874	(574)
TR x IPCA	Increase in IPCA rate	(1,471)	(7,671)	(13,871)
		40,637	(22,461)	(72,796)

Transaction	Maturity (months)	Current market (%)	Possible market (%)	Remote market (%)
US dollar x CDI	26	12.45	9.96	8.30
Pre x IGP-M	30	6.00	4.80	4.00
TR x IGP-M	52	5.80	4.64	3.87
TR x CDI	45	115.00	92.00	76.67
TR x IPCA	69	5.25	4.20	3.50

The Company does not have derivative financial instruments with leverage, guarantee margin transactions, nor limits to determine gains or losses from appreciation or devaluation of the US dollar in relation to the Brazilian real.

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

Valuation of financial instruments

The Company's main financial assets and liabilities instruments at June 30, 2012 are described as follows, as well as the criteria for their valuation and assessment:

(i) Cash, cash equivalents and marketable securities

When appropriate, the amounts recorded are adjusted to fair value. The fair value is estimated based on contract market rates and comparable operations or future cash flows, discounted for the investment risk.

(ii) Accounts receivable, other assets and accounts payable

The values of the accounts receivable and accounts payable recorded in the balance sheet approximate their respective fair values. For key money which represent accounts receivable of more than 360 days, adjustments to present value of these assets are calculated.

(iii) Investments

Investments recorded on the Company's balance sheet are mainly in private companies, which are mostly consolidated and which are of strategic interest to the Company's operations. Information on market value of the shareholdings is not applicable.

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

(iv) Loans and financing

These are subject to interest at the usual market rates at the date the operations were contracted, as described in Note 16. Estimated market value was calculated based on the current value of future cash disbursements, using interest rates that are available for the Company to issue debts with similar maturity dates and terms according to the current terms and conditions (June 30, 2012). The use of different market methodologies may have differing effects on the estimated realization values.

Management of these instruments is effected through operating strategies aiming at their protection, security and liquidity. The control policy consists of a permanent follow-up of the rates contracted versus those prevailing in the market.

(In thousands of reais, except when otherwise indicated)

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

(iv) Loans and financing (Continued)

The fair value of these loans and financing at June 30, 2012 is as follows:

Company	Bank	Book value	Contracted rate	Maturity	Mar ra
SPE Azione	Banco do Brasil	132,520	TR + 10.20% p.a.	July 30, 2022	TR + 10.20%
BR Malls International Finance	Perpetual Bond	370,774	USD + 9.75% p.a.	No maturity date	USD + 9.36%
BR Malls International Finance	Perpetual Bond	472,253	USD + 8.50% p.a.	No maturity date	USD + 8.036
BR Malls Participações S.A.	Debentures 1st issuance 1st series	15,558	CDI + 0.5% p.a.	July 15, 2014	CDI + 1.60%
BR Malls Participações S.A.	Debentures 1 issuance, 2nd series	378,807	IPCA + 7.9% p.a.	July 15, 2016	IPCA + 6.54%
BR Malls Participações S.A.	Debentures 2nd issuance, 1st series	171,764	CDI + 0.94% p.a.	February 15, 2017	CDI + 1.60%
BR Malls Participações S.A.	Debentures 2nd issuance, 2nd series	248,982	IPCA + 6.4% p.a.	February 15, 2019	IPCA + 8%
Ecisa Engenharia Ltda	Unibanco S.A.	26,585	13.77% p.a.	February 14, 2019	12.35%
Ecisa Participações Ltda.	Unibanco S.A.	35,447	13.77% p.a.	February 14, 2019	12.35%
Nattca S.A.	Itaú S.A.	82,366	IGP-M + 9.75% p.a.	February 15, 2019	7.08%
Fashion Mall S.A.	CRI Itaú S.A.	486,744	TR + 10.15% p.a.	March 27, 2020	11.17%
Proffito	CRI Itaú S.A.	250,059	TR + 11.16% p.a.	October 15, 2021	11.14%
SPE Xangai	Santander	88,486	TR + 11% p.a.	October 1, 2019	11.15%
SPE Sfida	Santander	30,134	TR + 10% p.a.	December 21, 2019	11.15%
SISA	Finame Bradesco	146	TJLP + 3.35% p.a.	March 15, 2013	TJLP + 4.8%
SISA	Finame Banco do Brasil	8,451	TJLP + 3.85% p.a.	November 15, 2014	TJLP + 4.8%
CIMA	CRI Bradesco	580,373	TR + 10.70% p.a.	March 25, 2025	TR + 11% p.a
Alvear	Itaú S.A.	56,823	TR + 11.52% p.a.	June 1, 2017	TR + 11.2% p
Macaé	Banco BTG Pactual	21,462	IGP-M + 8.50% p.a.	April 17, 2023	IGP-M + 5.50
Mooca	CRI Bradesco	73,131	TR + 9.8% p.a.	June 28, 2022	TR + 11.1% p
BRMalls Participações S.A. - Linha 4131	Citibank	113,484	Libor 6M + 1.78% p.a.	June 9, 2014	Libor 6M + 1.
Spinácia Participações	Santander	69,515	CDI + 0.7% p.a.	June 4, 2012	CDI + 1.10%
		3,713,864			

(In thousands of reais, except when otherwise indicated)

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

(iv) Loans and financing (Continued)

The fair value of these loans and financing at December 31, 2011 is as follows:

Company	Bank	Book value	Contracted rate	Maturity	
BR Malls International Finance	Perpetual Bond	332,888	USD + 9.75% p.a.	No maturity date	USD
BR Malls International Finance	Perpetual Bond	438,464	USD + 8.50% p.a.	No maturity date	USD
BR Malls Participações S.A.	Debentures 1st issueance	15,709	CDI + 0.5% p.a.	July 15, 2014	CDI +
BR Malls Participações S.A.	Debentures 2nd issueance	355,733	IPCA + 7.9% p.a.	July 15, 2016	IPCA
Ecisa Engenharia Ltda	Unibanco S.A.	27,755	13.77% p.a.	February 14, 2019	12.35
Ecisa Participações Ltda.	Unibanco S.A.	37,005	13.77% p.a.	February 14, 2019	12.35
Nattca S.A.	Itaú S.A.	84,861	IGP-M + 9.75% p.a.	February 15, 2019	7.08%
Fashion Mall S.A.	CRI Itaú S.A.	500,296	TR + 10.15% p.a.	March 27, 2020	11.17
Proffito	CRI Itaú S.A.	251,629	TR + 11.16% p.a.	October 15, 2021	11.14
SPE Xangai	Santander	91,176	TR + 11% p.a.	October 1, 2019	11.15
SPE Sfida	Santander	31,395	TR + 10% p.a.	December 21, 2019	11.15
SISA	Finame Bradesco	11,154	TJLP + 3.85% p.a.	March 15, 2013	TJLP
SISA	Finame Banco do Brasil	19	TJLP + 3.35% p.a.	November 15, 2014	TJLP
CIMA	CRI Bradesco	549,821	TR + 10.70% p.a.	March 25, 2025	TR +
Alvear	Itaú S.A.	53,587	TR + 11.52% p.a.	June 1, 2017	TR +
Mooca	CRI Bradesco	115,698	TR + 9.8% p.a.	June 28, 2022	TR +
BRMalls Participações S.A.	Citibank	105,219	Libor 6M + 1.78% p.a.	June 9, 2014	Libor
BRMalls Participações S.A.	BTG Pactual & Itaú BBA	201,579	CDI + 0.7% p.a.	June 4, 2012	CDI +
		3,203,988			

(In thousands of reais, except when otherwise indicated)

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

(v) Interest and exchange rate swap contracts

The fair value of interest and exchange rate contracts (U.S. dollars) were estimated based on market quotations for similar contracts. Actual cash liquidation of the contracts occurs at the effective maturity dates. The Company has no intention of liquidating these contracts before maturity.

4.2. Investment policy

The Company has an investment policy with the objective of establishing standards for cash management and minimizing risks.

According to this policy, only prudent/low risk investments are allowed, and the investments in Bank Deposit Certificates (CDBs), committed operations, public bonds and national investment funds are allowed. For international funds, investments in time deposits and other prudent alternatives with fixed or floating interest are permitted.

The rule to allocate funds will obey three independent risks (counter party risk, liquidity risk and market risk) and a specific risk of each one of the financial investments, which cannot exceed the nominal risk.

► Counterparty risk

Minimum equity of the financial institution	Limit	Risk level
14,000	30% of cash individually	1
5,000	20% of cash or R$ 200 million Individually (whichever is higher)	2
Indifferent	R$ 100 million or 10% of cash (whichever is lower) For the entire group of banks. Besides, we will not be able to concentrate more than 30% of total amount in one of these banks individually.	3

(In thousands of reais, except when otherwise indicated)

4. Financial risk management (Continued)

4.2. Investment policy (Continued)

► Liquidity risk

Maturity	Amount	Risk level
Daily liquidity	At least 60% of cash	1
Up to 60 days of vesting period	Maximum 25% of cash	2
Over 60 days of vesting period	Maximum 15% of cash	3

► Market risk

Transactions	Risk level
CDB, committed and long over	1
Fixed-income with and without private credit	2

Investment funds are approved by the Company's management. Up to now, the following funds were approved:

- BTG Pactual Yield DI.
- Votorantim Vintage DI.
- Itaú Corp Plus Referenciada DI.

<u>Aggregate risk of each short-term investment</u>

In the risks above, each kind of financial investment was associated to a "Risk Level". For each financial investment carried out by BR Malls, an aggregated risk level will be computed, i.e., counterparty, liquidity and market, the arithmetic average of which cannot exceed 2 for each investment.

The maximum limit for the allocation of resources in a single bank is 25%. The liquidity restriction is as follows:

Minimum of 60%	Daily liquidity
Maximum of 25%	Maximum liquidity - 60 days
Maximum of 15%	Liquidity - more than 60 days

(In thousands of reais, except when otherwise indicated)

4. Financial risk management (Continued)

4.3. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, BR Malls may adjust the amount of dividends to be paid to its shareholders, issue new shares or sell assets to reduce, for instance, indebtedness.

Consistent with others in the industry, BR Malls continuously monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans and financing (including current and non-current, as shown in the consolidated balance sheet) less cash and cash equivalents and marketable securities. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

	June 30, 2012	December 31, 2011
Total loans and financings (Note 16)	**3,713,864**	3,203,987
Less: cash and cash equivalents	**(25,425)**	(37,063)
Less: marketable securities - current and non-current (Note 5)	**(410,966)**	(414,962)
Net debt (a)	**3,277,473**	2,751,962
Total equity (b)	**7,736,364**	7,242,724
Total capital (a) + (b)	**11,013,837**	9,994,686
Gearing ratio - %	**29.7**	27.5

Capital is managed considering the consolidated position, not on the parent entity level.

(In thousands of reais, except when otherwise indicated)

5. Marketable securities

Marketable securities correspond to the operations carried out with premium domestic and international financial institutions, through bank deposit certificates ("Certificado de Depósito Bancário - CDB") and fixed income operations with debentures as a guarantee, as well as government bonds issued by the Brazilian Federal Government. They are usually remunerated based on the variation of the Interbank Deposit Certificate ("Certificado de Depósito Interfinanceiro - CDI") rate, at normal market conditions and rates and for which there are no fines or restrictions whatsoever for immediate redemption, as follows:

Company

Investment	Rate	Institution		June 30, 2012	December 31, 2011
Fixed income (ii)	101.90% CDI	Banco BTG Pactual S.A.	(i)	**22,659**	145,993
	106.4% CDI	Banco Itaú BBA	(ii)	**22,182**	101,263
	DI + 0.50% a.a.	Debêntures	(iii)	**8,527**	8,819
	101.8% CDI	Itaú Unibanco S.A.		**-**	1,115
Current				**53,368**	257,190
Non-current				**15,065**	15,065

Consolidated

Investment	Rate	Institution		June 30, 2012	December 31, 2011
Fixed income (ii)	106.4% CDI	Banco Itaú BBA	(ii)	**167,609**	157,643
	100.5% CDI	Banco do Brasil S.A		**129,694**	177
	101.90% CDI	Banco BTG Pactual S.A.	(i)	**79,227**	205,539
	100% CDI	Banco Bradesco S.A.		**18,772**	34,765
	100% CDI	Banco Santander S.A.		**6,565**	5,621
	101.8% CDI	Banco Itaú Unibanco S.A.		**6,504**	3,383
	100% CDI	Banco HSBC S.A.		**2,589**	950
	100.80% CDI	Banco Alfa S.A.		**6**	6
	106.0% CDI	Banco Mercantil Brasil		**-**	6,878
Current				**410,966**	414,962

(In thousands of reais, except when otherwise indicated)

5. Marketable securities (Continued)

(i) The investment administrated by Banco BTG Pactual S.A. refers to an exclusive Interbank Deposit (DI) investment fund, which invests in government securities and bank deposit certificates of top tier Brazilian financial institutions with immediate liquidity. The statement of the fund's portfolio is shown below:

Investment - Consolidated	June 30, 2012	December 31, 2011
Committed operations - private bonds (*)	**32,271**	96,793
Floating rate government bonds	**5,617**	4,305
Bank Deposit Certificates - DI (**)	**39,175**	85,441
Investment fund - Pactual Yield DI	**2,176**	19,027
Liabilities for expenses with audit and administrative fees	**(12)**	(27)
	79,227	205,539

(*) Correspond to operations backed by debentures.
(**) Correspond to RDB of Banco Bradesco, Safra and Votorantim.

(ii) The investment administrated by Banco Itaú BBA refers to an exclusive Interbank Deposit (DI) investment fund, which invests in government securities and bank deposit certificates of Brazilian top tier financial institutions and financial bills of top tier banks. The investment managed by Banco Itaú BBA began in 2011. The statement of the fund's portfolio is shown below:

Investment - Consolidated	June 30, 2012	December 31, 2011
Committed operations - private bonds	**33,811**	45,650
Floating rate government bonds	**23,109**	40,936
Financial bills	**25,638**	22,489
Bank Deposit Certificates - DI	**74,009**	36,301
Investment fund - Itau Corp Plus	**11,048**	12,279
Liabilities for expenses with audit and administrative fees	**(6)**	(12)
	167,609	157,643

(iii) Debentures issued by the Company which were repurchased in December 2009.

The average remuneration for the six-month period ended June 30, 2012 of marketable securities was 100.05% of CDI (December 31, 2011 - 101.24% of CDI).

6. Financial instruments

Operations related to derivative financial investments

The Company contracted non-speculative derivative financial instruments with the purpose of protecting its exposure to the fixed interest rates, referential rate (TR) and exchange movements in U.S. dollar, and its only objective is equity protection, minimizing the effects of changes in interest rates and in the exchange rates of the U.S. dollar. The derivative interest and exchange rate contracts were entered into with counter-parties represented by the banks Itaú Unibanco, Citibank, Itaú BBA, Morgan Stanley, Deutsche Bank and BTG Pactual.

Interest rate swap

At June 30, 2012, Ecisa Engenharia and Ecisa Participações had interest rate swap transactions with the objective of protection with regard to the bank credit certificate ("Certificado de Crédito Bancário - CCB") obtained from Unibanco (Note 16), in order to replace the original fixed interest rate of this loan (fixed rate of 13.77% p.a.) with a floating rate (General Market Price Index ("Índice Geral de Preços do Mercado - IGPM") + 9.70% p.a.).

At June 30, 2012, SPE Xangai Participações had a synthetic interest rate swap for the purpose of hedging its financing to build the Granja Vianna Shopping Center obtained from Santander. The purpose is to replace the original floating rate of this financing (TR rate + 11.0% p.a.) with a different floating rate (IGPM + 8.30% p.a.).

At June 30, 2012, Proffito had a synthetic interest rate swap for the purpose of hedging the CRI issued to build the Expansion of Tamboré Shopping Center obtained from Itaú BBA. The objective is to replace the original floating rate of the financing in question (TR rate + 11.16% p.a.) with a different floating rate (IGPM +7.75% p.a).

At June 30, 2012, SPE SFIDA had an interest rate swap transaction for the purpose of hedging its financing to build the Sete Lagoas Shopping Center obtained from Banco BTG Pactual. The objective is to replace the original floating rate of the referred to financing (TR + 10% p.a.) with a different floating rate (93.95% DI).

At June 30, 2012, SPE Monza had a synthetic interest rate swap transaction for the purpose of hedging its financing to build Mooca Shopping Center obtained from Banco Itaú BBA. The objective is to replace the original floating rate of this financing (TR+ 9.94% p.a.) with a different floating rate (IPC-A + 6.25% p.a.).

6. Financial instruments (Continued)

Foreign exchange rate swap

On April 18, 2008, part of the marketable securities in foreign currency (time deposits) maintained by BR Malls Finance were converted to local currency and the Company holds perpetual bonds recorded in the long-term liabilities indexed by exchange variation (Note 16 iv. and v.). In order to minimize possible effects of the foreign exchange variations between asset and liability positions, the Company contracted with Citibank foreign exchange swap instruments of 19 quarterly payments (fixed rate of 9.75% per annum plus the exchange variation of the US dollar) for a floating rate (109.30% of the certificate of interbank deposit), maturing on November 8, 2012.

In order to extend the foreign exchange rate protection mentioned above, the Company contracted in the first quarter of 2010 two forward foreign exchange swap operations with Deutsche Bank, with a flow of 13 payments. The first swap has the notional base value of US$ 38,000 (the Company has an asset position in US dollar plus 9.75%, and a liability position in 88% of CDI), and the second swap has the notional base value of US$ 137,000 (the Company has an asset position in US dollar plus 11.47%, and a liability position in 100.3% of CDI).

Both operations beginning in November 2012 and ending in November 2015.

The purpose of these transactions was currency hedging, so that the Company's cash is not exposed to the exchange variation of the US dollar. The principal amount of the perpetual bond is not hedged due to the fact that this is a transaction without a maturity date, i.e. perpetual debt. Up to June 30, 2012, the Company had made 16 quarterly payments of the interest on the perpetual bonds and 15 of the exchange swaps of Citibank (the swap began in April 2008 with the entry of the funds from issuance of the perpetual bonds, after the first payment of the debt coupon in February 2008).

On February 23, 2011, part of the financial investments in foreign currency (time deposits) in the amount of U$ 230,000 maintained by BR Malls Finance were converted to local currency and the Company holds the perpetual bonds recorded in the long-term liabilities indexed by the exchange variation (Note 16). So as to minimize possible effects of the exchange variations between asset and liability positions, the Company contracted with Deustche bank a foreign exchange swap operation of 20 quarterly payments (fixed rate of 8.50% per annum plus the exchange variation of the US dollar) for a floating rate (99.15% of the certificate of interbank deposit), maturing on January 14, 2016.

(In thousands of reais, except when otherwise indicated)

6. Financial instruments (Continued)

Foreign exchange rate swap (Continued)

In the six-months period ended June 30, 2012, the Company settled three quarterly payments of perpetual note interest and three of the perpetual note funding operation.

The Company assessed its foreign exchange swaps assets and liabilities at fair value, using information available in active markets and appraisal methodologies established by management. Adjustment was recorded based on the fair value of early liquidation of all remaining quarterly swap flow payments, generating a gain for the six-month period ended June 30, 2012 of R$ 40,637 (December 31, 2011 - gain of R$ 6,012).

However, both the interpretation of the market data and the choice of appraisal methods require considerable judgment and reasonable estimates to produce the more appropriate fair value. Consequently, the estimates presented do not necessarily indicate the amounts which could be realized in the current market. The use of different market assumptions and/or methodologies for estimates could have a material effect on the estimated fair values.

At December 7, 2011, the Company fully hedged the US$ 56 million US dollars raised by the line 4131 on that same date. The swap has a flow exactly equal to the debt and the final rate was 105% of CDI.

6.1. Financial instruments by category

	Consolidated		
	Loans and receivables	**Fair value through profit and loss**	**Total**
June 30, 2012			
Assets as per balance sheet			
Derivative financial instruments	-	185,738	185,738
Trade accounts receivable and other receivables, less prepayments	416,026	-	416,026
Marketable securities	-	410,966	410,966
Cash and cash equivalents	25,425	-	25,425
	441,451	596,704	1,038,155

(In thousands of reais, except when otherwise indicated)

6. Financial instruments (Continued)

6.1. Financial instruments by category (Continued)

	Loans and financing	Fair value through profit or loss	Amortized cost	Total
June 30, 2012				
Liabilities as per balance sheet				
Loans and financing (Note 16)	**3,713,864**	**-**	**-**	**3,713,864**
Derivative financial instruments	**-**	**145,101**	**-**	**145,101**
Trade accounts payable and other payables, excluding legal obligations	**-**	**-**	**582,343**	**582,343**
	3,713,864	**145,101**	**582,343**	**4,441,308**

	Consolidated		
	Loans and receivables	Fair value through profit or loss	Total
December 31, 2011			
Assets as per balance sheet			
Derivative financial instruments	-	150,284	150,284
Trade accounts receivable and other receivables, less prepayments	413,781	-	413,781
Marketable securities	-	414,962	414,962
Cash and cash equivalents	37,063	-	37,063
	450,844	565,246	1,016,090

	Loans and financing	Fair value through profit or loss	Amortized cost	Total
December 31, 2011				
Liabilities as per balance sheet				
Loans and financing (Note 17)	3,203,987	-	-	3,203,987
Derivative financial instruments	-	144,272	-	144,272
Trade accounts payable and other payables, excluding legal obligations	-	-	541,467	541,467
	3,203,987	144,272	541,467	3,889,726

(In thousands of reais, except when otherwise indicated)

6. Financial instruments (Continued)

6.1. Financial instruments by category (Continued)

	Company		
	Loans and receivables	**Fair value through profit or loss**	**Total**
June 30, 2012			
Assets as per balance sheet			
Derivative financial instruments	**-**	**181,428**	**181,428**
Trade accounts receivable and other receivables, less prepayments	**98,522**	**-**	**98,522**
Marketable securities	**-**	**68,433**	**68,433**
Cash and cash equivalents	**2,270**	**-**	**2,270**
	100,792	**249,861**	**350,653**

	Loans and financing	**Fair value through profit or loss**	**Amortized cost**	**Total**
June 30, 2012				
Liabilities as per balance sheet				
Loans and financing (Note 16)	**1,837,177**	**-**	**-**	**1,837,177**
Derivative financial instruments	**-**	**1,479**	**-**	**1,479**
Trade accounts payable and other payables, excluding legal obligations	**-**	**-**	**255,443**	**255,443**
	1,837,177	**1,479**	**255,443**	**2,094,099**

	Company		
	Loans and receivables	**Fair value through profit or loss**	**Total**
December 31, 2011			
Assets as per balance sheet			
Derivative financial instruments	-	147,399	147,399
Trade accounts receivable and other receivables, less prepayments	126,766	-	126,766
Marketable securities	-	272,255	272,255
Cash and cash equivalents	866	-	866
	127,632	419,654	547,286

(In thousands of reais, except when otherwise indicated)

6. Financial instruments (Continued)

6.1. Financial instruments by category (Continued)

	Loans and financing	Fair value through profit or loss	Amortized cost	Total
December 31, 2011				
Liabilities as per balance sheet				
Loans and financing (Note 16)	1,527,229	-	-	1,527,229
Derivative financial instruments	-	602	-	602
Trade accounts payable and other payables, excluding	-	-	257,583	257,583
	1,527,229	602	257,583	1,785,414

7. Trade accounts receivable and other receivables

7.1. Trade accounts receivable

	Consolidated	
	June 30, 2012	**December 31, 2011**
Rentals (i)	**287,930**	271,139
Rendering of accounts CPI	**29,016**	47,027
Key money (ii)	**95,459**	93,004
Adjustment to present value (iii)	**(1,229)**	(66)
Other (iv)	**460**	566
	411,636	411,670
Allowance for doubtful accounts	**(27,660)**	(26,133)
	383,976	385,537
Current	**211,134**	242,317
Non-current	**172,842**	143,220
	383,976	385,537

(i) Represents trade receivables from storekeepers related to minimum rent and percentage rent, adjusted by the straight lining of the additional month rental payable every December and contractual rent increments.
(ii) Represents accounts receivable related to key money from tenants of stores and other areas in the shopping malls.
(iii) The adjustment to present value of accounts receivable of R$ 1,229 (December 31, 2011 - R$ 66) was calculated according to receipt cash flow, based on IGP-M.
(iv) This represents the income of BR Malls Administração e Comercialização and of BR Malls Desenvolvimento from the rendering of services.

(In thousands of reais, except when otherwise indicated)

7. Trade accounts receivable and other receivables (Continued)

7.1. Trade accounts receivable (Continued)

The balance of trade accounts receivable (gross of the adjustment to present value) matures as follows:

	Consolidated	
	June 30, 2012	**December 31, 2011**
Not yet due	**365,643**	364,643
Overdue up to 60 days	**2,766**	2,758
Overdue from 61 to 90 days	**1,942**	1,937
Overdue from 91 to 180 days	**5,490**	5,475
Overdue from 181 to 360 days	**11,822**	11,790
Overdue for more than 361 days	**25,202**	25,133
	412,865	411,736

Changes in allowance for doubtful accounts in the six-month period ended June 30, 2012 was as follows:

	Consolidated
Balances at December 31, 2011	**(26,133)**
Amount set up	**(12,114)**
Write-offs	**1,011**
Reversals	**9,576**
Variation	**(1,527)**
Balances at June 30, 2012	**(27,660)**

7.2. Other receivables

These refer mainly to the receivable for the sale of the commercial buildings of Shopping Tijuca of R$ 9,445 (December 31, 2011 - R$ 8,366) and to loans receivable from customers amounting to R$ 19,404 (December 31, 2011 - R$ 12,376). This balance is monetarily adjusted using the CDI rate.

(In thousands of reais, except when otherwise indicated)

7. Trade accounts receivable and other receivables (Continued)

7.3. Leases

The Company holds agreements as lessor of mall stores. The table below shows the nominal values of the minimum payments of non cancellable leases in which the Company is lessor:

	Consolidated	
	June 30, 2012	**December 31, 2011**
Up to one year	**621,147**	385,889
Between 2 and 5 years	**1,623,020**	842,309
Over 5 years	**337,759**	155,273
	2,581,926	1,383,471

8. Taxes recoverable

	Company	
	June 30, 2012	**December 31, 2011**
Corporate income tax (IRPJ) and social contribution tax (CSLL) to be offset (credits) (i)	**1,887**	8,620
Withholding income tax (IRRF) (ii)	**6,285**	14,521
Direct taxes recoverable	**8,172**	23,141
PIS and COFINS (federal taxes on revenue)	**312**	312
Other	**138**	139
Indirect taxes recoverable	**450**	451
	8,622	23,592

(In thousands of reais, except when otherwise indicated)

8. Taxes recoverable (Continued)

	Consolidated	
	June 30, 2012	**December 31, 2011**
Prepaid IRPJ and CSLL	**25,990**	15,910
IRPJ and CSLL to be offset (credits) (i)	**30,478**	24,591
Withholding income tax (IRRF) (ii)	**5,421**	25,476
Direct taxes recoverable	**61,889**	65,977
PIS and COFINS (federal taxes on revenue)	**6,196**	5,645
Other	**7,037**	6,576
Indirect taxes recoverable	**13,233**	12,221
	75,122	78,198

(i) IRPJ credits have been used through E-Request for Federal Tax Recovery, Refund or Offset (PERD/COMP) to offset other federal taxes.

(ii) For the most part, this corresponds to withholding income tax on marketable securities. These taxes, according to current legislation, may be offset against other federal taxes in the following calendar year, as a negative balance. The Company has a tax offsetting plan, through taxes due on shopping malls operations, on remittances of interest abroad and other amounts withheld at source. The withholding income tax (IRRF) balance for the calendar year 2011 was transferred to the IRPJ account to offset IRPJ negative balance for the year 2012 (tax year 2011).

9. Deferred income and social contribution taxes

Most companies in the BR Malls Group opt to pay taxes on presumed profit which is based on a percentage of gross revenue. Income and social contribution taxes are calculated based on pre-established percentages of revenue from rent, services and finance-related items. The companies BR Malls Participações, Ecisa Engenharia, Ecisa Participações, Proffito, Nattca, Fashion Mall S.A., SPE Indianápolis Alvear Participações, BR Malls Administração, Spe Sfida and Spinacia Participações adopted the taxable profit based on accounting records system.

For the purpose of calculating income tax and social contribution on net income for 2009, the companies had the option of choosing the Transitional Tax System ("Regime Tributário de Transição - RTT"), which allows a legal entity to eliminate the accounting effects of Law No. 11638/07 and Provisional Measure ("*Medida Provisória* - MP") No. 449/08, which became Law No. 11941 dated May 27, 2009, through the recording of adjustments in the Taxable Income Control Register (*Livro de Apuração do Lucro Real* - LALUR") or by supplementary controls, without any changes in commercial accounting. The option to use this regime was made when the Corporate Income Tax Return ("*Declaração de Imposto de Renda Pessoa Jurídica* - DIPJ") for calendar year 2008 was filed and continues in place.

(In thousands of reais, except when otherwise indicated)

9. Deferred income and social contribution taxes (Continued)

a) Breakdown

Deferred balances are as follows:

	Consolidated	
	June 30, 2012	**December 31, 2011**
Income tax losses carryforward (i)	**14,171**	11,577
Social contribution tax losses carryforward (i)	**19,446**	15,623
Temporary differences:		
Provision for legal claims	**7,264**	7,344
Stock options	**13,871**	11,388
Linearization	**15,497**	23,149
Allowance for doubtful accounts	**2,969**	3,059
Deferred expenses on the issuance of stock	**26,132**	26,132
Goodwill (ii)	**35,600**	39,862
Investment properties (iii)	**202,341**	194,278
Others	**3,947**	3,579
Total deferred tax assets	**341,238**	335,991
Investment properties	**(2,608,352)**	(2,424,789)
Provision for financial instruments gains	**(8,095)**	(8,822)
Total deferred tax liabilities	**(2,616,447)**	(2,433,611)
Total	**(2,275,209)**	(2,097,620)
Non-current assets	**264,938**	308,628
Non-current liabilities	**(2,540,147)**	(2,406,248)

(i) Deferred income tax and social contribution of subsidiaries Ecisa Engenharia Ltda., Ecisa Participações Ltda., Fashion Mall S.A., Proffito Spe Indianápolis, Spinacia and Nattca, shown above correspond to income and social contribution taxes losses carryforward.

In addition to the deferred taxes, BR Malls Participações also shows in its tax records the amount of approximately R$ 153,979 of income tax loss carryforward (December 31, 2011 - R$ 102,721) and R$ 246,352 of social contribution tax loss carryforward (December 31, 2010 - R$ 183,656), which may be offset against future taxable profit. In 2009, BR Malls Participações recorded a deferred tax asset of R$ 4,609 on the tax loss based on management's estimates of taxable income for the next 5 years. This estimate takes into consideration a study prepared by the Company's management, which estimates the timing of the realization of the tax losses carryforward.

9. Deferred income and social contribution taxes (Continued)

a) Breakdown (Continued)

(ii) At the end of 2006, GP and Equity International acquired quotas in Ecisa Engenharia and Ecisa Participações. These acquisitions were carried out through two companies with holding company characteristics (Licia and Dylpar) and generated goodwill, initially accounted for by these holding companies. In December 2006, these holdings were merged into the operating companies Ecisa Engenharia and Ecisa Participações.

Pursuant to CVM Instruction Nos.349 and 319, the goodwill merged into Ecisa Engenharia was reduced by 66%, as a contra entry to the Capital Reserve in that company, so as to show only the tax benefit to be generated by the amortization of the goodwill. At June 30, 2012, the balance corresponds to R$ 14,534 (December 31, 2011 - R$ 16,275).

Until June 30, 2007, the goodwill related to Ecisa Participações was fully written-off, considering that this company's tax regime was the presumed profit. Upon the change of the tax regime to taxable income, starting in the second quarter of 2007, the provision was reversed, and R$ 47,916 recorded as a deferred tax asset, so as to solely reflect the tax benefit generated by the amortization of the goodwill. At June 30, 2012, the balance corresponds to R$ 21,066 (December 31, 2011 - R$ 23,587).

The Company expects to realize the tax credit in a period of ten years, which is the same period for the amortization of the goodwill. Annual realization is approximately R$ 8,524.

(iii) Refer substantially to deferred tax assets on tax deductible amortization of goodwill on acquisition of interest in real estate.

Since the income and social contribution taxes based on net profit results from not only the profit that can be made, but also the existence of non-taxable income, non-deductible expenses and other variables, there is no immediate correlation between the Company's net profit and the result of income and social contribution taxes. Therefore, the expectation of the use of tax credits should not be considered the only indication of the Company’s future results.

(In thousands of reais, except when otherwise indicated)

9. Deferred income and social contribution taxes (Continued)

b) Estimated period of realization

It is expected that deferred tax assets will be realized as follows:

	Consolidated	
Year	**June 30, 2012**	**December 31, 2011**
2012	**38,859**	37,766
2013	**40,730**	39,597
2014	**42,105**	40,942
2015	**43,503**	42,309
From 2016 to 2019 (i)	**176,041**	175,377
	341,238	335,991

(i) The realization of deferred tax assets on temporary differences calculated on provisions for legal claims was classified in a period longer than five years given the nature of these provisions.

10. Related parties

Accounts receivable (Company)

At June 30, 2012, the Company has accounts receivable with its subsidiaries Ecisa Participações and Ecisa Engenharia which refer to interest on equity payable amounting to R$ 5,365 (R$ 50,235 at December 31, 2011).

(In thousands of reais, except when otherwise indicated)

10. **Related parties** (Continued)

Advance for future capital increase (Company)

At June 30, 2012, the Company has advances for future capital increase (AFAC) amounting to R$ 118,375 (R$ 453,436 at December 31, 2011) with its subsidiaries, as follows:

	Company	
	June 30, 2012	**December 31, 2011**
Ecisa Engenharia (i)	**100,620**	335,949
Ecisa Participações (ii)	**10,000**	92,950
BR Malls Desenvolvimento (iii)		3,767
SPE Sfida (iv)	**1,600**	15,275
BR Malls Int. Finance (v)	**1,165**	1,172
SPE Monaco (vi)	**4,350**	1,245
Other	**640**	3,078
	118,375	453,436

(i) AFAC amounts with Ecisa Engenharia are related to the acquisition of Alvear by Spinacia and Jardim Sul Shopping mall by Proffito.
(ii) AFACs with Ecisa Participações refer to the settlement of the debt of Uberlândia Shopping mall.
(iii) AFAC amounts with Br Malls Desenvolvimento refer to the constructions of "greenfield" projects.
(iv) AFAC amounts with SPE Sfida are related to the capital subscription for the Sete Lagoas construction.
(v) AFAC amounts with Br Malls Finance are for the payment of debt related to the Bond.
(vi) AFAC amounts with SPE Monaco refer to payment of taxes.

As has been happening in the last years, the advances are considered to be of a permanent character and are not remunerated or subject to monetary adjustment. The Company plans to capitalize the outstanding balance by December 31, 2012.

10. Related parties (Continued)

Loans to related parties (Company)

This transaction was carried out with the objective of internment of the raising of the perpetual bonus in Brazil and is related mainly to the loan agreements with specific conditions with the Group's companies, as follows:

L5 Corporate LLC has two loan agreements in the total amount of R$ 884,288 at June 30, 2012 (R$ 825,145 at December 31, 2011), one agreement equivalent to US$ 137,000, restated by the exchange variation of US dollar and interest rate of 9.75% p.a., and the other agreement equivalent to US$ 230,000, restated by the exchange variation of US dollar and interest rate of 8.50% p.a. The Company has other loans with related companies in the amount of R$ 703, totaling R$ 884,991 at June 30, 2012.

Revenue/costs of the administration and commercialization services of shopping malls

BR Malls Administração, Hills Administração and Lorraine Administração provide services related to the planning, management, implantation and operation of shopping malls and commercial ventures of any nature, owned or of third parties, as well as coordinating the acquisition and rental of real estate for commercial use. For the six-month period ended June 30, 2012, the revenue from own shopping malls, in the amount of R$ 6,532 (R$ 7,021 at June 30, 2011) was eliminated on consolidation.

Key management personnel compensation

The key management personnel compensation, which includes directors and officers, refers to short-term benefits and corresponds to the board of directors' fees, amounted to R$ 1,335 (R$ 1,061 at June 30, 2011), and their profit-sharing amounted to R$ 18,768 (R$ 10,152 at June 30, 2011).

Key management and the employees elected to the Board of Directors have stock option plans. The Company recognized, as the payment for services were provided based on shares, the amount of R$ 8,555 for the six-month period ended June 30, 2012 (R$ 7,300 for the six-month period ended June 30, 2011). Key management stock option plans are detailed in Note 30.

(In thousands of reais, except when otherwise indicated)

11. Investments - Company

	Balances at December 31, 2011	Capital increase	Disposals	Acquisitions	Dividends	Interest on equity	Equity results (*)	Balances at June 30, 2012
Ecisa Engenharia	3,112,620	335,793	-	-	-	(3,000)	295,475	3,740,888
Ecisa Participações	3,157,250	92,950	-	-	(34,189)	(7,000)	257,397	3,466,408
SPE Mônaco	66,195	1,245	-	-	-	-	4,485	71,925
Br Malls Desenvolvimento	7,288	3,967	-	-	(2,800)	-	3,865	12,320
Br Malls Finance	22,185	1,642	-	-	-	-	22,727	46,554
SPE Fortuna	123,531	-	-	-	-	-	5,756	129,287
Br Malls CSC	7,944	-	-	-	(4,000)	-	2,960	6,904
SPE Sfida	10,239	13,154	-	-	-	-	3,151	26,544
Crystal Administradora	852	-	-	-	-	-	402	1,254
VL 100 Empreendimentos	-	-	-	15,139	-	-	62,788	77,927
Center Parking	799	-	-	-	-	-	264	1,063
West Parking	1,871	-	-	-	-	-	583	2,454
Crystal Parking	604	-	-	-	-	-	302	906
	6,511,378	448,751	-	15,139	(40,989)	(10,000)	660,155	7,584,434

The main balances at June 30, 2012 of the Company's direct subsidiaries are as follows:

	Assets			Liabilities			
	Current	Non-current	Total	Current	Non-current	Equity (*)	Total
Ecisa Engenharia	88,888	4,191,916	4,280,804	(206,464)	(333,452)	(3,740,888)	(4,280,804)
Ecisa Participações	66,532	4,067,141	4,133,673	(151,948)	(515,317)	(3,466,408)	(4,133,673)
SPE Mônaco	4,639	88,570	93,209	(350)	(20,934)	(71,925)	(93,209)
Br Malls Desenvolvimento	2,761	10,248	13,009	(656)	(33)	(12,320)	(13,009)
Br Malls Finance	8,901	898,468	907,369	(39,850)	(820,965)	(46,554)	(907,369)
SPE Fortuna	8,364	152,553	160,917	(259)	(31,371)	(129,287)	(160,917)
Br Malls CSC	4,294	5,877	10,171	197	(3,464)	(6,904)	(10,171)
SPE Sfida	2,744	57,225	59,969	(3,625)	(29,800)	(26,544)	(59,969)
Crystal Administradora	17,834	13,415	31,249	(6,349)	(23,646)	(1,254)	(31,249)
VL 100 Empreendimentos	1,518	112,399	113,917	(2,286)	(33,704)	(77,927)	(113,917)
Center Parking	50	1,026	1,076	(13)	-	(1,063)	(1,076)
West Parking	106	2,377	2,483	(29)	-	(2,454)	(2,483)
	231	854	1,085	(188)	9	(906)	(1,085)
Total	206,862	9,602,069	9,808,931	(411,820)	(1,812,677)	(7,584,434)	(9,808,931)

Subsidiaries' income statement for the six-month period ended June 30, 2012

	Net revenue	Rental and service costs	Operating expenses	Financial income (expenses), net	Equity pickup	Other revenues	Income and social contribution taxes	Non-controlling interests	Net income (loss) for the period (*)
Ecisa Engenharia	169,608	(18,590)	(21,659)	(62,389)	190,153	76,745	(33,138)	(5,255)	295,475
Ecisa Participações	135,439	(18,869)	(24,632)	(21,598)	87,070	177,225	(71,709)	(5,529)	257,397
SPE Mônaco	3,390	(719)	13	185	-	2,932	(1,316)	-	4,485
Br Malls Desenvolvimento	4,335	-	(54)	68	-	-	(484)	-	3,865
Br Malls Finance	2,357	(305)	-	5,167	22,015		(6,507)	-	22,727
SPE Fortuna	3,914	(318)	(91)	156	-	(4,067)	(1,972)	-	5,756
Br Malls CSC	5,119	-	(1,821)	127	-	(7)	(458)	-	2,960
SPE Sfida	2,694	(188)	(333)	139	-	1,997	(1,158)	-	3,151
Crystal Administradora	486	(22)	(15)	-	-	(6)	(41)	-	402
VL 100 Empreendimentos	871	(117)	(143)	1	189	94,064	(32,077)	-	62,788
Center Parking	352	(50)	-	-	-	-	(38)	-	264
West Parking	782	(109)	-	-	-	-	(90)	-	583
Ecisa Engenharia	615	(248)	-	-	-	-	(65)	-	302
Total	329,962	(39,535)	(48,735)	(78,144)	299,427	357,017	(149,053)	(10,784)	660,155

(In thousands of reais, except when otherwise indicated)

11. Investments - Company (Continued)

The main balances at December 31, 2011 of the Company's direct subsidiaries are as follows:

	Assets			Liabilities			
	Current	Non-current	Total	Current	Non-current	Equity (*)	Total
Ecisa Engenharia	55,402	3,802,158	3,857,560	(182,696)	(562,244)	(3,112,620)	(3,857,560)
Ecisa Participações	54,843	3,774,773	3,829,616	(453,097)	(219,269)	(3,157,250)	(3,829,616)
BR Malls Finance	6,523	823,756	830,279	(23,438)	(784,656)	(22,185)	(830,279)
SPE Mônaco	3,695	79,928	83,623	(15,785)	(1,643)	(66,195)	(83,623)
SPE Sfida	3,067	50,961	54,028	(8,205)	(35,584)	(10,239)	(54,028)
SPE Fortuna	5,935	148,305	154,240	(29,731)	(978)	(123,531)	(154,240)
BR Malls CSC	3,769	5,867	9,636	259	(1,951)	(7,944)	(9,636)
BR Malls Desenvolvimento	2,767	9,081	11,848	(575)	(3,985)	(7,288)	(11,848)
Center Parking	45	772	817	(18)	-	(799)	(817)
West Parking	101	1,817	1,918	(47)	-	(1,871)	(1,918)
Crystal Administradora	14,831	7,869	22,700	(4,829)	(17,019)	(852)	(22,700)
Crystal Parking	140	586	726	(122)	-	(604)	(726)
Total	151,118	8,705,873	8,856,991	(718,284)	(1,627,329)	(6,511,378)	(8,856,991)

Subsidiaries' income statement for the year

	Net revenue	Rental and service costs	Operating expenses	Financial income (expenses), net	Equity pickup	Other revenues	Income and social Contribution taxes	Net income (loss) for the year (*)
Ecisa Engenharia	78,807	(7,571)	(27,980)	(19,899)	254,178	(49,764)	132,750	360,521
Ecisa Participações	97,829	(10,417)	(23,675)	5,791	233,393	20,996	(46,754)	277,163
Br Malls Finance	-	-	(215)	6,919	(24,018)	1	-	(17,313)
SPE Mônaco	6,397	(1,545)	(16)	99	-	708	(1,440)	4,203
SPE Azione	180	-	(4)	66	-	-	51	293
SPE Sfida	5,590	(1,746)	(203)	(980)	-	(19,105)	4,171	(12,273)
SPE Fortuna	7,562	(456)	45	457	-	1,913	(2,629)	6,892
BR Malls CSC	8,217	-	(2,253)	463	-	(16)	(1,113)	5,298
BR Malls	-	-	-	-	-	-	-	-
Desenvolvimento	6,095	(5)	(191)	154	-	-	(718)	5,335
SPE Spinacia	-	-	(1)	38	-	-	(1)	36
Center Parking	673	(88)	-	-	-	-	(71)	514
West Parking	1,544	(210)	-	-	-	-	(177)	1,157
EDRJ 113	62	(2,182)	-	-	-	-	21	(2,099)
Crystal Administradora	852	(16)	13	(6)	-	-	(73)	770
Crystal Parking	1,101	(438)	-	-	-	-	(116)	547
Total	214,909	(24,674)	(54,480)	(6,898)	463,553	(45,267)	83,901	631,044

(*) The amounts shown represent the investment reflected in the Company's financial statements for the year ended December 31, 2011, already considering the elimination of balances and intercompany transactions within the group.

(In thousands of reais, except when otherwise indicated)

12. Investment properties

Consolidated

	In operation	"Greenfield" projects under construction (ii)	Total
Balances at January 1, 2011	9,454,483	221,632	9,676,115
Acquisitions (i)	1,693,777	446,948	2,140,725
Transfers	327,091	(327,091)	
Disposal	(10,131)	-	(10,131)
Adjustment at fair value (iv)	776,215	-	776,215
Balances at December 31, 2011	12,241,435	341,489	12,582,924
Acquisitions (i)	146,966	71,956	218,922
Disposal (iii)	(129,191)	-	(129,191)
Write-off due to split-off (iii)	(216,021)	-	(216,021)
Balances at March 31, 2012	**12,043,189**	**413,445**	**12,456,634**
Acquisitions (i)	**373,858**	**104,048**	**477,906**
Transfers (v)	**231,025**	**(231,025)**	**-**
Adjustment at fair value (iv)	**737,876**	**-**	**737,876**
Balances at June 30, 2012	**13,385,948**	**286,468**	**13,672,416**

(i) In 2011, the acquisitions of investment properties in operation refer basically to the acquisition of Shopping malls Paralela, Jardim Sul and Catuaí Group, as well as the increase in non-controlling interest in Shopping malls Curitiba, Maceió and Piracicaba. In 2012, the acquisitions basically refer to the increase in ownership interest in Rio Anil (R$ 120 million), Villa Lobos (R$ 110 million) and LGR - Plaza Macaé (R$ 25 million), as well as ownership interest in Itaú Power Shopping mall.

(ii) The Greenfield projects under construction refer to costs incurred from construction of shopping malls São Bernardo do Campo, Londrina Norte and Cascavel.

(iii) Disposal of total interest in Cuiabá Participações S.A. (Pantanal Shopping mall) for R$45,000, generating profit of R$14,554 and diluting interest in GS Shopping mall (Goiânia Shopping mall), which was consolidated on a *pro rata* basis, generating an investment property write-off equivalent to the non-controlling interest. In addition, on February 16, 2012, there was a split-off of 40% of ownership interest held by SPE Mooca Empreendimento Imobiliário S/A in Mooca Shopping mall, which now holds only 60% ownership interest in the shopping mall.

(iv) Amounts recognized in income for the year/period.

(v) In the second quarter of 2012, Estação BH Greenfield project was concluded and, therefore, it was transferred to "Investment properties in operation" measured at fair value.

(In thousands of reais, except when otherwise indicated)

12. Investment properties (Continued)

Company

	In operation	Greenfield" projects under construction	Total
Balances at January 1, 2011	323,565	-	323,565
Acquisitions (i)	544,381	-	544,381
Adjustment at fair value (ii)	998	-	998
Balances at December 31, 2011	868,944	-	868,944
Acquisitions (i)	84,051	-	84,051
Balances at March 31, 2012	**952,995**	**-**	**952,995**
Acquisitions (i)	**219,283**	**-**	**219,283**
Adjustment at fair value (ii)	**8,753**	**-**	**8,753**
Balances at June 30, 2012	**1,181,031**	**-**	**1,181,031**

(i) Acquisitions in 2011 refer basically to shopping malls Paralela, Jardim Sul and Crystal Plaza. In 2012, they basically refer to acquisition of ownership interest in Itaú Power Shopping mall and acquisition of VL 100 Empreendimentos Imobiliários, which holds 18.59% of Shopping malls Villa-Lobos (R$ 109 MM) and Rio Anil (R$ 120 MM).

(ii) Amounts recognized in income for the year/period.

In the six-month period ended June 30, 2012, the Company capitalized interest amounting to R$ 672 (R$ 13,445 at December 31, 2011).

The Company's management adopted the fair value method to best reflect its business and because it understands that it is the benchmark practice in the industry.

Fair value measurement of investment properties was performed using a proprietary method supported by market rates and evidence. Thus, fair value of investment properties was based on internal assessment by professionals with experience in the assessed properties.

(In thousands of reais, except when otherwise indicated)

12. Investment properties (Continued)

The assumptions used in 2012 and 2011 for the fair value measurement by the discounted cash flow method of these properties are as follows:

Fair value measurement assumptions	
Annual inflation	4.50%
Growth in perpetuity (actual)	1.50%
CAPEX - maintenance/gross revenue	3%
Number of years considering cash flow	10 years
Actual growth rate of cash flows previous to perpetuity	2%
Actual discount rate - managed shopping malls	9%
Actual discount rate - non-managed shopping malls	11%

The Company maintains discount rates based on the same historical investment valuation criteria.

Investment properties given as collateral for loans and financings are described in Note 16.

13. Property and equipment (Company and consolidated)

	Buildings and improvements (i)	Equipment and facilities	Total
Balance at December 31, 2011			
Total cost	11,000	2,229	13,229
Accumulated depreciation	(1,831)	(232)	(2,063)
Net book value	9,169	1,997	11,166
Annual depreciation rates	4%	2%	
Balance at June 30, 2012			
Total cost	**11,000**	**2,229**	**13,229**
Accumulated depreciation	**(2,052)**	**(259)**	**(2,311)**
Net book value	**8,948**	**1,970**	**10,918**
Annual depreciation rates	**4%**	**2%**	

(i) This refers to the Company's corporate headquarters in Rio de Janeiro.

(In thousands of reais, except when otherwise indicated)

14. Intangible assets

	Consolidated	Company
	Software acquired and other	Software acquired and other
Balances at December 31, 2011	**12,258**	**8,753**
Acquisition	**2,380**	**630**
Amortization	**(4,738)**	**(663)**
Balances at June 30, 2012	**9,900**	**8,720**
Annual amortization rate	**20%**	**20%**

15. Trade accounts payable (consolidated)

	June 30, 2012	December 31, 2011
SPE Mooca (i)	**18,049**	8,368
Br Malls (ii)	**11,572**	9,640
Ecisa Engenharia (iv)	**10,866**	15,750
CIMA (v)	**4,715**	8,911
Alvear Part.	**2,999**	2,466
SISA (vi)	**1,939**	866
Center Shopping	**1,919**	407
SPE Xangai	**1,211**	4,414
SAS	**1,200**	757
SPE Spinacia (iii)	**537**	336
Others (vii)	**15,436**	10,502
Current	**65,581**	57,082
Non-current	**4,862**	5,335
	70,443	62,417

(i) The balance mainly refers to the amount payable for the spin-off of SPE Mooca Empreendimento Imobiliário S.A.
(ii) These refer to liabilities assumed by BR Malls Participações S.A. related to the acquisition of the Company's corporate headquarters in the city of Rio de Janeiro. The original amount of R$ 10,246 will be paid in 10 years (grace period of six months) starting in December 2008, restated at the TR rate plus 10.50% p.a.
(iii) The balance mainly corresponds to trade accounts payable referring to the construction of São Bernardo Greenfield project.
(iv) The balance mainly refers to the amount payable for the acquisition of land for expansion of Plaza Niterói shopping mall.
(v) This mainly refers to trade accounts payable related to Tijuca Shopping mall revitalization work.
(vi) This mainly refers to trade accounts payable of Independência Shopping mall.
(vii) This mainly refers to trade accounts payable and paid related to the construction of Estação B.H. Greenfield project.

(In thousands of reais, except when otherwise indicated)

16. Loans and financing - consolidated

	Consolidated		
	Charges	June 30, 2012	December 31, 2011
Local currency			
Unibanco - CCB (i)	IGPM + 9.70% p.a.	**10,802**	12,756
Itaú - CCB (ii)	IGPM + 9.75% p.a.	**15,841**	15,335
Itaú - CRI (iii)	TR + 10.15% p.a.	**71,710**	69,758
Debentures - Series 1 (interest) (iv)	CDI + 0.50% p.a.	**5,623**	5,774
Debentures - Series 2 (interest) (iv)	IPCA + 7.90% p.a.	**26,674**	12,235
Banco Santander (vi)	TR + 11% p.a.	**8,753**	8,206
Banco Santander (viii)	TR + 10% p.a.	**2,799**	2,826
Itaú (vii)	TR + 11.16% p.a.	**14,355**	13,270
Itaú (vii)	TR + 11.00% p.a.	**18,909**	18,401
Itaú (xiii)	CDI + 0.70% p.a.	**-**	100,790
Itaú (xii)	TR + 11.52% p.a.	**1,895**	-
Banco do Brasil - Finame (ix)	TJLP + 3.85% p.a.	**4,642**	4,758
Banco Bradesco - Finame (ix)	TJLP + 3.35 % p.a.	**146**	449
Banco Bradesco (x)	TR + 9.80% p.a.	**6,703**	5,785
Banco Bradesco (xi)	TR + 10.70% p.a.	**13,255**	-
Banco BTG Pactual (xiii)	CDI + 0.70% p.a.	**-**	100,790
Banco BTG Pactual (xviii)	IGP-M + 8.50% p.a.	**2,014**	-
Debentures 2nd issuance 1st series (xv)	CDI + 0.94% p.a.	**6,014**	-
Debentures 2nd issuance 2nd series (xv)	IPCA + 6.4% p.a.	**9,732**	-
		219,867	371,133
Foreign currency			
Perpetual bonds (interest) (iv)	US$ Dollar + 9.75% p.a.	**4,954**	4,623
Perpetual bonds (interest) (v)	US$ Dollar + 8.5% p.a.	**7,354**	7,027
Citibank (xiv)	6 month Libor + 1.78% p.a.	**182**	73
		12,490	11,723
Current		**232,357**	382,856
Local currency			
Unibanco - CCB (i)	IGPM + 9.70% p.a.	**51,230**	52,004
Itaú - CCB (ii)	IGPM + 9.75% p.a.	**66,525**	69,526
Itaú - CRI (iii)	TR + 10.15% p.a.	**415,034**	430,538
Itaú - CRI (vii)	TR + 11.16% p.a.	**102,459**	103,444
Itaú - CRI (vii)	TR + 11.00% p.a.	**114,336**	116,514
Itaú - CRI (xii)	TR + 11.52% p.a.	**54,928**	53,587
Banco Bradesco (xi)	TR + 10.70% p.a.	**567,118**	549,821
Banco Bradesco (x)	TR + 9.80% p.a.	**66,428**	109,913
Banco Bradesco (xvi)	TJLP + 3.25% p.a.	**-**	19
Debentures - Series 1 (iv)	DI + 0.50% p.a.	**9,935**	9,935
Debentures - Series 2 (iv)	IPCA + 7.90% p.a.	**352,133**	343,498
Banco Santander (vi)	TR + 11% p.a.	**79,733**	82,970
Banco Santander (viii)	TR + 10% p.a.	**27,335**	28,570
Banco Santander (xvi)	TR + 10.65% p.a.	**69,515**	-
Banco do Brasil - Finame (ix)	TJLP + 3.35% p.a.	**3,809**	5,947
Banco do Brasil (xvii)	TR + 10.20% p.a.	**132,520**	-
Banco BTG Pactual (xviii)	IGP-M + 8.50% p.a.	**19,448**	-
Debentures 2nd issuance 1st series (xv)	CDI + 0.94% p.a.	**165,750**	-
Debentures 2nd issuance 2nd series (xv)	IPCA + 6.4% p.a.	**239,250**	-
		2,537,486	1,956,286
Foreign currency			
Perpetual bonds (interest)(v)	US$ Dollar + 9.75% p.a.	**365,820**	328,265
Perpetual bonds (interest) (v)	US$ Dollar + 8.5% p.a.	**464,899**	431,434
Citibank (xiv)	6 month Libor + 1.78% p.a.	**113,302**	105,146
		944,021	864,845
Non-current		**3,481,507**	2,821,131
		3,713,864	3,203,987

16. Loans and financing - consolidated (Continued)

In the parent company BR Malls Participações, the loans and financings correspond to transactions with debentures series 1 and 2 and CRI transactions.

Loans and financing in foreign currency are translated using the US dollar exchange rate at the balance sheet date. Amounts are stated at amortized cost using the effective interest rate method.

(i) In February 2007, Ecisa Participações and Ecisa Engenharia issued two bank credit certificates amounting to R$ 70,000, whose creditor is Unibanco, which will be due in February 2019. The payment of the principal and interest began in March 2008 after an one-year grace period.

(ii) In February 2007, Nattca issued two bank credit certificates for acquisition of properties amounting to R$ 70,000, having Itaú BBA as creditor. These certificates are payable in 132 consecutive monthly installments after a one-year grace period. The first installment matured on March 17, 2008 and the last one will be due on February 15, 2019.

(iii) In February 2008, the Company signed a structured operation of securitization of receivables with Banco Itaú BBA, which resulted in the issue of receivable credits - (CRIs) secured and guaranteed by Plaza Niterói, Fashion Mall and Ilha Plaza amounting to R$ 470,000 for 12 years (one-year grace period) at a cost equivalent to TR + 10.15% per annum.

(iv) In July 2007, the Company issued 32,000 debentures not convertible into shares at the par value of R$ 10, each amounting to R$ 320,000. The issuance was carried out in two series. The first series, composed of 5,000 debentures with the principal will be due on July 15, 2014, will be amortized in four equal, annual and consecutive installments as from July 15, 2011. The second series, composed of 27,000 debentures with the principal will be due on July 15, 2016, will be amortized in four equal, annual and consecutive installments as from July 15, 2013. According to the deed of public distribution of debentures, 20% of the funds raised were mandatorily for the expansion of the operations of the shopping malls in which the Company holds interest. The financial charges resulting from financing obtained from third parties and to be used in the expansion of shopping malls were capitalized.

16. Loans and financing - consolidated (Continued)

(v) In November 2007, the Company issued US$ 175,000 thousand in perpetual bonds through its subsidiary BR Malls International Finance Ltd. The bonds are denominated in U.S. dollars with quarterly payments of interest of 9.75% p.a. BR Malls International Finance Ltd. has the option to repurchase the bonds as from November 8, 2012. According to the perpetual bonds issuance prospectus, a portion of the funds raised will be allocated to the expansion of the operations of the shopping malls in which the Company holds interest.

In January 2011, the Company issued US$ 230 million in perpetual bonds through its subsidiary BR Malls International Finance Ltd. The bonds are denominated in U.S. dollars with quarterly payments of interest of 8.5% p.a. BR Malls International Finance Ltd. has the option to repurchase the bonds as from January 12, 2016. According to the issuance prospectus of the perpetual bond, the funds raised will be used for: (i) conception, incorporation and management of new shopping malls; (ii) acquisition of more shares in the shopping malls in which it already has interest; (iii) acquisition of shares in shopping malls of third parties and companies that operate in the same sector; (iv) expansion of the operations of the shopping malls in which it has interest; and (v) amortization or settlement of loans and financing.

(vi) In October 2009, a financing contract was signed by SPE Xangai Participações S.A. amounting to R$ 94,643 for the purpose of raising funds for construction of the Granja Vianna shopping mall. Release of the funds occurs based on the project's physical and financial schedule. Total term for this financing is 120 months (10 years) and debt service costs are TR + 11% per annum. The amortization of interest and principal began in May 2011.

(vii) In November 2009, Proffito signed a structured receivable securitization operation with Banco Itaú BBA, which resulted in the issue of receivable credits - CRIs backed and guaranteed by Tamboré Shopping mall and “Expansão do Tamboré” amounting to R$ 92,500 for 12 years (two-years grace period) at a cost of TR + 11.16% per annum.

In February 2011, Proffito signed with Banco Itaú BBA a new issue of real estate receivable certificates - CRIs backed and guaranteed by Tamboré Shopping mall and “Expansão do Tamboré” amounting to R$ 134,949 for 12 years at a cost of TR + 11.00% per annum.

16. Loans and financing - consolidated (Continued)

(viii) In December 2009, a financing contract was signed by SPE Sfida S.A. amounting to R$ 32,000 with the purpose of raising funds to build Sete Lagoas shopping mall. Total term for this financing is 120 months (10 years) and debt service costs are TR + 10% per annum. The amortization of interest and principal began in June 2011.

(ix) In June 2010, with the acquisition of SISA, the financing regarding the construction of Independência Shopping mall was incorporated by BR Malls.

(x) In June 2010, Mooca Empreendimento Imobiliário S.A. shopping mall entered into a financing agreement amounting to R$ 115,000 in order to raise funds for the construction of Mooca Shopping mall. Release of the funds will occur based on the project's physical and financial schedule. Total term for this financing is 144 months (12 years) and debt service costs are TR + 9.8% per annum. The amortization will begin in June 2012.

(xi) In February 2011, CIMA signed a receivable securitization with Banco Bradesco which led to the issue of real estate receivable certificates - CRIs, backed by the receivables of Tijuca Shopping mall in the amount of R$ 500,000 for 168 months (with a 24-month grace period) at a cost of TR + 10.70%.

(xii) In the acquisition of Alvear Participações, the Company assumed with it a CRI of R$ 50 million, with a 12-year term and grace period of 2 years. The debt began on February 24, 2011 and will be due on February 16, 2023. The CRI rate is TR + 11.52% p.a.

(xiii) On December 7, 2011, BR Malls Participações issued 80 promissory notes with par value of R$ 2,500 each, amounting to R$ 200,000. These promissory notes were divided into 50% for the bank Itaú BBA and 50% for the bank BTG Pactual. The interest rate of these notes is CDI + 0.70% p.a. and the term is for 6 months.

(xiv) On December 7, 2011, BR Malls Participações contracted a loan with Citibank of US$ 56,050 thousand. The term is for 3 years and the maturity is on December 8, 2014. The financing rate is 6 month LIBOR + 1.78% p.a. and the payments will take place every 6 months as from June 8, 2012. This debt was fully hedged with a swap with Citibank, in which the final rate is 105% CDI p.a.

16. Loans and financing - consolidated (Continued)

(xv) In February 2012, the Company issued 40,500 debentures not convertible into shares at the par value of R$ 10 each, amounting to R$ 405,000. The issuance was carried out in two series. The first series, comprising 16,575 debentures with principal amount maturing on February 15, 2017, will be amortized in two equal, annual and consecutive installments as from February 15, 2016. The second series, comprising 23,925 debentures with principal amount maturing on February 15, 2019, will be amortized in two equal, annual and consecutive installments as from February 15, 2018. According to the debenture public issuance deed, the funds were used mainly in the early redemption of total Commercial Papers corresponding to 80 commercial promissory notes issued by the Company on December 7, 2011, in a single series, with a nominal unit value of R$ 2,500, totaling R$ 200,000, and the remaining balance was recorded in the Company's cash and cash equivalents.

(xvi) In May 2011, Spinácia Participações S.A. entered into a financing agreement amounting to R$ 131,000 for the purpose of raising funds to build the São Bernardo Shopping mall. Release of the funds occurs based on the project's physical and financial schedule. Total term for this financing is 144 months (12 years) and debt service costs are TR + 10.65% per annum. The amortization of principal will begin in May 2013.

(xvii) On April 5, 2012, a financing agreement was entered into with Banco do Brasil (released on June 22) for the construction of Estação BH project. The total amount financed by SPE Azione was R$ 137 million. The debt cost is TR + 10.20% p.a., the payment will be made in 96 monthly, equal and consecutive installments, beginning 24 months from the contract date.

(xviii) Through the acquisition of Plaza Macaé shopping mall, BR Malls acquired the company’s CRI, amounting to R$ 21.46 million, with IGP-M + 8.5%, the payment will be made in 144 monthly installments, maturing on April 2023.

(In thousands of reais, except when otherwise indicated)

16. Loans and financing - consolidated (Continued)

Loans and financing have the following maturity terms:

	Consolidated	
	June 30, 2012	**December 31, 2011**
2012	**115,819**	359,688
2013	**284,767**	264,971
2014	**300,078**	381,565
2015	**411,035**	268,738
2016 onwards	**2,602,165**	1,929,025
	3,713,864	3,203,987

According to CPC 8, debentures issuance costs are capitalized.

Covenants

Some of the Company's financing includes clauses determining the highest level of indebtedness and leverage, as well as the minimum levels to cover installments will be due and the maintenance of minimum balances receivable in a current account.

At June 30, 2012, the calculation of net debt indicator/EBITDA for both series of 1st and 2nd issuance was 0.69 times. The covenant of Net Financial Expense/EBITDA for 1st series of 1st issuance was 5.31 times while the same covenant for 2nd series of 1st issuance and for the 2 series of 2st issuance was 10.34 times. This difference is applied due to the exclusion of the exchange variation effect on these series.

On January 25, 2009, 1st public issuance 2nd series debenture holders approved an enhanced wording of "Net financial expense" appearing in the deed of issue, to read as follows: The difference between financial expenses and financial income as presented in the Company's statement of income for the quarter, excluding (i) any monetary or exchange rate variations not disbursed by the Company in the last 12 months, (ii) the non-recurring financial expenses relating to the issuance of securities in the domestic or international capital market.

16. Loans and financing (Continued)

In October 2010, a General Meeting of Debenture Holders of Series 1 and 2 was held, and the following issues were discussed:

(i) Change of the financial index established as from the third quarter of 2010, in order to be annualized net debt/EBITDA equal to or less than 3.80 times as from the third quarter of 2010.

(ii) Improvement of the definition text of "Net Debt" in the sub-item XVII of the Clause 6.22 of the Issuance Deed, in order for it to be in force with the following text:

> *"Net Debt": the sum of the onerous debts of the Company, except the perpetual debts (without a defined maturity date), on consolidated bases, except cash and banks (cash plus marketable securities).*

(iii) Inclusion, in the Issuance Deed, of provision on the option of redemption of the whole of the Debentures of the First Series and/or Debentures of the Second Series by the Issuer if an Event of Default occurs, as defined in the Issuance Deed, without the enactment of anticipated maturity.

(iv) Authorization for the trustees to enter into an amendment to the Issuance Deed, reflecting the decisions approved by the debenture holders.

(v) Furthermore, it was approved the payment of an amount equivalent to 0.55% on the unit price to be paid on October 29, 2010, as a premium for the renegotiation approved in the Company's General Meeting of Debenture Holders of the 1^{st} and 2^{nd} series amounting to R$ 1,895.

According to the debenture issuance deed, the Company may not comply with the covenants clauses for up to two consecutive quarters or for up to three non-qualifying periods.

16. Loans and financing - consolidated (Continued)

Guarantees

The Company has given the following assets as collateral for its loans and financing:

(i) Unibanco - CCB

First degree mortgage of the fractions held in Piracicaba, Amazonas and Iguatemi Caxias shopping malls and fiduciary assignment of credit rights held against store owners in Norte Shopping.

(ii) Itaú - CCB

Chattel mortgage of the land of Estação Shopping mall and of Estação Convention Center. Mortgage of movable assets, facilities and improvements. Fiduciary assignment of credit rights held against store owners of Estação Shopping mall and endorsement of insurance as guarantee against physical damage to the structure of the shopping mall.

(iii) Itaú - CRI

In February 2008, the Company signed a structured receivable securitization operation with Banco Itaú BBA which led to the issue of real estate receivable certificates - CRIs with the following guarantees: chattel mortgage of the real estate of Shopping Fashion Mall, Ilha Plaza Shopping mall and Niterói Plaza Shopping mall and of the shares of Fashion Mall S.A., fiduciary assignment of receivables of the shopping malls aforementioned and endorsement of insurance as guarantee against physical damage to the structure of the shopping malls, putting the securitizing company as the beneficiary in case of any event.

(iv) Debentures

Unsecured guarantee.

(v) Perpetual bonds

Unsecured guarantee.

16. Loans and financing - consolidated (Continued)

Guarantees (Continued)

(vi) Santander - Granja Vianna Financing

In October 2009, SPE Xangai entered into a real estate financing contract with Santander to build Granja Viana Shopping mall with the following guarantees: chattel mortgage of the land and the shopping mall opened in October 2010, and fiduciary assignment of BR Malls Administração receivables. This transfer of receivables will be replaced by the receivables of Granja Viana Shopping mall.

(vii) Itaú - CRI Tamboré

In November 2009, Proffito signed a structured receivable securitization operation with Banco Itaú BBA which led to the issue of real estate receivable certificates - CRIs with the following guarantees: chattel mortgage of the real estate of Tamboré, fiduciary assignment of receivables of the shopping mall and endorsement of insurance as guarantee against physical damage to the structure of the shopping mall, putting the securitizing company as the beneficiary in case of any event.

(viii) Santander - Sete Lagoas Financing

In December 2009, SPE Sfida entered into a real estate financing contract with Santander to build Sete Lagoas Shopping mall with the following guarantees: chattel mortgage of the land and the shopping mall opened in November 2010, and fiduciary transfer of BR Malls Administração receivables (guarantee shared with the financing of Granja Viana Shopping mall). This transfer of receivables will be replaced by receivables of the shopping mall.

(ix) Bradesco - Mooca Financing

In June 2010, SPE Mooca entered into a real estate financing contract with Bradesco to build Mooca Shopping mall with the following guarantees: chattel mortgage of the land and the shopping mall to be constructed, and fiduciary transfer of future credit rights of the shopping mall.

16. Loans and financing - consolidated (Continued)

Guarantees (Continued)

(x) Bradesco - CIMA

In February 2011, CIMA signed a structured receivable securitization operation with Banco Bradesco which led to the issue of real estate receivable certificates - CRIs with the following guarantees: chattel mortgage of the real estate of Campinas Shopping mall, fiduciary transfer of the receivables of Tijuca Shopping mall.

(xi) Santander - Spinacia Particiações

In March 2011, Spinacia Participações S.A. entered into a real estate financing contract with Santander to build the São Bernardo Shopping mall with the following guarantees: 51.41% of the land to be used in the construction of the shopping mall.

(xii) Itaú - Alvear Participações S.A.

With the acquisition of Alvear Participações, the Company assumed a CRI of R$ 50 million. As a collateral, 25% of Londrina Norte was granted to Banco Itaú.

(xii) Banco do Brasil - Estação BH project

In April 2012, SPE Azione entered into a real estate financing contract with Banco do Brasil to build Estação BH Shopping mall. As Estação BH is a concession, BR Malls disposed of its interest held in West Shopping mall to set up the necessary guarantee.

(xiii) BTG Pactual - CRI Plaza Macaé

With the acquisition of Plaza Macaé, the Company assumed CRI of R$ 21.46 million. The shopping mall was given as guarantee for the debt.

(In thousands of reais, except when otherwise indicated)

17. Taxes and contributions payable

	Consolidated	
	June 30, 2012	December 31, 2011
Income tax	**32,851**	31,150
Social contribution tax	**12,267**	12,435
PIS and COFINS on operating income (i)	**16,249**	19,050
PIS and COFINS on rents (ii)	**11,658**	11,628
Service Tax (ISS)	**865**	211
Other	**1,506**	1,722
	75,396	76,196

(i) In November 2009, Ecisa Engenharia adhered to the Program to Pay Tax Debts in Installments provided by Law No. 11941/2009 to pay in 30 monthly installments the COFINS debt, related to the non-cumulative period introduced by Law No. 10833/2003, as specified in the Tax Assessment Notice that gave rise to the administrative suit No. 184710010492007-83 (see Note 18).

(ii) Ecisa Engenharia filed a civil suit against the National Treasury in order not to pay COFINS on revenues from leasing, refund of amounts paid with this respect and granting of preliminary protection order to discontinue the enforceability of the tax of R$ 8,979, based on the understanding of unconstitutionality of the Law No. 9718/98 and on the interpretation that the leasing cannot be classified as rendering of service

Reconciliation of income and social contribution tax expense - Consolidated

Reconciliation of income and social contribution tax expense at the statutory and effective rates is as follows:

	June 30, 2012	June 30, 2011
Income before income and social contribution taxes	**934,794**	193,572
Nominal combined income tax and social contribution rate - %	**34**	34
Income and social contribution taxes at statutory rates	**(317,830)**	(65,814)
Tax effects on:		
Goodwill amortization	**(21,752)**	(12,332)
Non deductible expenses	**(6,381)**	
Exchange variation	**(18,588)**	(832)
Tax credits not derived from income and social contribution losses	**23,557**	17,009
Difference in tax base for companies under the presumed profit regime	**41,981**	45,209
Other	**(1,456)**	5,781
Income and social contribution taxes on P&L for the period	**(300,469)**	(10,979)
Current	**(55,017)**	(12,834)
Deferred	**(245,452)**	1,855
Total	**(300,469)**	(10,979)
Effective rate	**32.14**	5.67

(In thousands of reais, except when otherwise indicated)

18. Taxes payable in installments

	Consolidated	
	June 30, 2012	**December 31, 2011**
Income tax (i)	**78**	82
Social contribution tax (i)	**29**	30
COFINS (i)	**811**	852
Real Estate Tax (IPTU) (ii)	**1,286**	522
Current	**2,204**	1,486
Income tax (i)	**1,857**	2,361
Social contribution tax (i)	**304**	303
COFINS (i)	**8,604**	8,585
Real Estate Tax (IPTU) (ii)	**6,962**	6,962
Tax Recovery Program - REFIS (ii)	**58,264**	57,928
Other	**212**	170
Non-current	**76,203**	76,309

(i) In November 2009, the Company joined the new Program to Pay Tax Debts in Installments provided by Law No. 11941/2009, for the purpose of settling the tax liabilities through a special payment system and payment in installments of its tax and social liabilities, noting all the tax legislation that regulated the mentioned program. According to Joint Ordinance PGFN/RFB No. 3/2010, the companies Ecisa Engenharia and Fashion Mall manifested for the non-inclusion of the whole of their debts in the payment in installments provided by Law 11941/2009, thus, according to the Joint Ordinance PGFN/RFB No. 11/2010, the companies will have to inform, up to August 16, 2010, in detail, the debts to be paid by installments, upon the filling out and filing of the forms contained in the attachments of the Joint Ordinance PGFN/RFB No. 3/2010. In June 2011, according to Joint Ordinance PGFN/RFB No. 2/2011, the debts were consolidated.

18. Taxes payable in installments (Continued)

The debts described below were the object of installment plans with the conditions indicated below:

(a) Installment plans of up to 30 months

Administrative proceedings

Ecisa Engenharia joined the new Program to Pay Tax Debts in Installments of up to 30 monthly installments for amounts of IRPJ, CSLL and COFINS due disclosed in the administrative proceedings described below, with the benefits of Law No. 11941/2009 for this case, whereby reductions of 90% and 40% in fines and interest penalties respectively are granted. According to the lawyers who sponsored these cases, chances of loss are classified as probable. Consequently, the Company agreed to installment plans of up to 30 months for: (i) IRPJ and CSLL due on supplementary monetary correction of the balance sheet based on the difference between the IPC and BTNF indexes, demonstrated in the Tax Assessment Notice which initiated the administrative proceeding No. 1076801940195-50. Regarding this proceeding, as from June 2011, according to Joint Ordinance PGFN/RFB No. 2/2011, the debts were consolidated. The Company pays a monthly installment of R$ 36 (principal), plus a restatement by the SELIC rate.

(b) Installment plans of up to 180 months

Administrative proceedings

Ecisa Engenharia joined the new Program to Pay Tax Debts in Installments of up to 180 monthly installments for amounts of IRPJ, CSLL and COFINS due disclosed in the administrative proceedings described below, with the benefits of Law No. 11941/2009 for this case, whereby reductions of 60% and 25% in fines and interest penalties respectively are granted. According to the lawyers who sponsored these cases, chances of loss are classified as probable. Consequently, the Company agreed to installment plans of up to 180 months for: (i) IRPJ and CSLL due on expenses considered as nondeductible by the Tax Authorities, demonstrated in the Tax Assessment Notice which gave rise to the administrative proceeding No. 1537400222700-10; (ii) COFINS due, related to the non-cumulative period from Law 10833/2003, demonstrated in the Tax Assessment Notice which gave rise to the administrative proceeding No. 184710010492007-83. Regarding these proceedings, as from June 2011, the Company pays monthly installments of R$ 70 (principal), plus a restatement by the SELIC rate.

18. Taxes payable in installments (Continued)

(b) Installment plans of up to 180 months (Continued)

New installment plan for unpaid balances on previous ordinary installment plans

Ecisa Engenharia joined the new Plan to Pay Taxes in Installments for (i) definition of new installment plan in 180 months of the remaining balance of Income and Social Contribution Tax debt, which had been included in the normal installment plan which had been approved in 2005; (ii) definition of a new installment program in 180 months of the COFINS debt related to the non-cumulative period arising from Law No. 10833/2003, which had been included in the normal installment plan in 2007. With regard to these cases, the Company pays monthly a minimum installment of R$ 209, which ended in June 2011.

(ii) When Nattca acquired Estação Shopping mall, it became responsible for payment of an IPTU debt with the Curitiba Municipal Government. The installment plan on this debt was extended until 2014 and Nattca has been paying it since February 2007. The amount of the installment plan was adjusted against the acquisition cost of the shopping mall and is adjusted based on the TJLP (Long-term Interest Rate).

(iii) CIMA enrolled in the Tax Recovery Program ("*Programa de Recuperação Fiscal* - REFIS"), provided by Law No. 9964/2000 (REFIS 1), to promote the regularization of Federal credits, arising from corporate debts related to taxes and contributions, managed by the Federal Revenue Secretariat and by the National Institute of Social Security ("*Instituto Nacional do Seguro Social* - INSS"), due up to February 29, 2000, constituted or not, inscribed or not in the active debt register, filed or to file, with suspended liabilities or not, including the ones arising from lack of payment of the withheld amounts. The Company pays monthly and successive installments, which will be due on the last working day of each month, being the value of each installment determined on a percentage basis of 0.6% of the gross revenue of the immediately previous month. In order to include the debts in REFIS, the Company granted as a collateral land located in the States of Paraná, Maranhão and Espírito Santo.

(In thousands of reais, except when otherwise indicated)

19. Accounts payable for acquisition of shopping malls

	Consolidated	
	June 30, 2012	**December 31, 2011**
BR Malls (i)	**86,523**	36,853
Ecisa Engenharia (ii)	**8,292**	10,127
Spinacia (iii)	**212,038**	204,823
Current	**306,853**	251,803
BR Malls (i)	**62,779**	113,814
Spinacia (iii)	**109,301**	102,411
Non-current	**172,080**	216,225
	478,933	468,028

(i) These refer to liabilities undertaken by BR Malls for the purchase of 40% of the real estate shares of the Crystal Plaza Shopping mall. The first installment was paid immediately and the second, amounting to R$ 30,000, will be paid within 12 months as from the acquisition date (September 2010). On December 30, 2010, BR Malls acquired a further 30% of the real estate shares of Crystal Shopping mall. The first installment was paid immediately, and the amount of R$ 28,700 will be paid in the 12th and 24th months. All the installments are monetarily adjusted by the IGPM.

On April 29, 2011, the Company acquired 95% of Paralela Shopping mall in Salvador (BA) for a total price of R$ 285 million and, within 30 days, it became responsible for its management and trade. The price to be paid for the shopping mall and management of the asset is R$ 237.5 million, 40% paid in cash and the remaining in 4 annual and equal installments, monetarily adjusted by IPCA, and the shopping mall was given as guarantee of the pending installments. The acquisition also involves the payment of R$ 47.5 million for 95% of the parking lot operation to be paid in the same way as the acquisition of the shopping mall, however the beginning of the payment is conditioned to the charge of the tariffs in the city.

On April 3, 2012, the Company acquired 50% of real estate interest in Rio Anil Shopping mall, in the City of São Luis (Maranhão State), for the total price of R$ 120 million, R$ 85 million of which were paid in cash while the remaining debt will be paid in 93 monthly installments of R$ 365 thousand, adjusted by interest.

(ii) At December 31, 2010, this referred to liabilities undertaken by Ecisa Engenharia for the purchase of 100% of Tijuca Shopping mall. The first installment was paid immediately, and the remaining balance of R$ 500,000 was settled in March 2011. The Ecisa Engenharia balance referred to the acquisition of an additional fraction of Curitiba Shopping mall for R$ 34,650, being R$ 14,650 paid on demand and the remaining in 20 monthly installments of R$ 1,000, restated by the INPC + 7% p.a., the first one being paid in February 2011.

(iii) These refer to liabilities undertaken by Spinacia for the purchase of 70% of Alvear Participações S.A. totaling R$ 294,000 with a three-year term and adjusted by 100% of Interbank Deposit Certificate (CDI).

(In thousands of reais, except when otherwise indicated)

20. Provision for legal claims - consolidated

The Company is exposed to tax, labor and civil risks. Losses are classified as "probable", "possible" or "remote" according to the risk of becoming a loss for the Company. Contingencies deemed by management as probable losses, based on internal and external legal counsels are subject to provisions.

	Consolidated	
	2012	**2011**
Tax (i)	**46,273**	49,369
Labor and social security (ii)	**7,930**	8,846
Civil (iii)	**49,938**	50,606
Non-current	**104,141**	108,821

(i) Correspond mainly to:

Ecisa Engenharia questioned the legality of a charge on the purchase of Recife Shopping mall, this is classified as probable loss by the lawyers. The amount recorded as a contingency corresponds to R$ 3,744.

Tax contingency, recorded in fiscal year 2008, related to the tax assessment notice issued by the Municipality of Rio de Janeiro, through which it claimed Property Transfer Tax (*Imposto sobre Transmissão de Bens Imóveis* - ITBI) on the capital subscription of Fashion Mall S.A. with property in 2001 in the amount of R$ 6,936.

Tax assessment notice drawn up for the constitution of ISS tax credits regarding services of management and trade of shopping malls provided in other municipalities, in which the tax is withheld at source by the takers, in the amount of R$ 2,788.

Tax contingencies of CIMA, amounting to R$ 33,117, correspond basically to IPTU debt of Tijuca Shopping mall of R$ 18,723 and of PIS and COFINS credits on the non-cumulative calculation basis of R$ 10,500 and IOF collection on intercompany loans of R$ 1,663.

(ii) The legal claims related to social security labor charges refer to services rendered by individuals and the contracting of legal entities.

(iii) Civil contingencies of CIMA, R$ 49,345, which correspond to civil claims of storekeepers related to the sale and purchase agreement on the recording of the real estate of Tijuca Shopping mall.

(In thousands of reais, except when otherwise indicated)

20. Provision for legal claims - consolidated (Continued)

	Tax	Labor and social security	Civil	Total
Balances at December 31, 2011	49,369	8,846	50,606	108,821
Monetary adjustment	83	278		361
Payments	(257)	(1,012)	(611)	(1,880)
Balances at March 31, 2012	**49,195**	**8,112**	**49,995**	**107,302**
Monetary adjustment	**171**	**-**		**171**
Payments	**(29)**	**(213)**	**(57)**	**(299)**
Addition	**84**	**31**	**-**	**115**
Reversal	**(3,148)**	**-**	**-**	**(3,148)**
Balances at June 30, 2012	**46,273**	**7,930**	**49,938**	**104,141**

At June 30, 2012, the Company had the amount of R$ 2,111 referring to labor contingencies (December 31, 2011 - R$ 1,103), R$ 17,423 referring to tax contingencies (December 31, 2011 - R$ 17,038) and R$ 19,626 referring to civil contingencies (December 31, 2011 - R$ 19,626) classified as a possible loss by management based on its legal counsels. The contingencies relate mainly to: (a) injunction filed by Geral de Turismo Ltda. due to the alleged non-compliance with an agreement that established the procedure for garbage removal from Niterói Plaza Shopping mall; (b) supplemental severance pay; and (c) tax assessment notices issued to charge COFINS debts on the leasing revenue; (d) assessment of IPTU carried out based on the gathering of municipal enrollments; and (e) charge for ISS debts by the Municipality of Recife.

21. Deferred revenue

	Consolidated	
	June 30, 2012	**December 31, 2011**
Current	**26,654**	16,983
Non-current	**115,412**	121,398
Total	**142,066**	138,381

(i) Deferred revenues basically refers to the recognition of key money (CDU) on a straight-line basis in its P&L for the period based on the rental term (average of 60 months) of the respective stores to which it refers.

22. Equity

a) Capital stock

At June 30, 2012, the Company’s share capital is R$ 3,457,044 (R$ 3,424,181 at December 31, 2011) divided into 453,153,106 (449,541,943 at December 31, 2011) common, nominative shares with no par value.

At the Board of Directors’ meeting held on January 26, 2011, a capital increase was approved, as a result of the exercising of stock options related to the 1st Program of the Stock Option Plan approved at the Extraordinary Meeting at February 9, 2007 (Note 30), through a private subscription of 564,482 shares, at an issue price of R$ 10.81, totaling R$ 6,102.

At the Board of Directors’ meeting held on March 28, 2011, a capital increase was approved, as a result of the exercising of stock options related to the 4th and 5th Programs of the Stock Option Plan approved at the Special Meeting held on April 14, 2009 (Note 30), through a private subscription of 32,232 shares, at an issue price of R$ 6.67, totaling R$ 215 and 9,571 shares, at an issue price of R$ 11.00, totaling R$ 105.

At a Special General Meeting held on April 29, 2011, the capital increase of R$ 124,367 was approved, without the issuance of new shares, upon capitalization of a portion of the Company's income reserve.

At the Board of Directors’ meeting held on May 10, 2011, a capital increase was approved, upon the issuance of 37,400,000 common shares, nominative, non-issued and with no par value, for R$ 17.20 per share in the amount of R$ 643,280 from the public offering of shares.

At the Board of Directors’ meeting held on May 20, 2011, a capital increase was approved, upon the issuance of 5,100,000 common shares, nominative, non-issued and with no par value, for R$ 17.20 per share in the amount of R$ 87,720 from the public offering of shares.

22. Equity (Continued)

a) Capital stock (Continued)

At the Board of Directors' meeting held on July 1, 2011, a capital increase was approved, as a result of the exercising of stock options related to the 4th and 5th Programs of the Stock Option Plan approved at the Special Meeting held on April 14, 2009 and October 5, 2010, respectively (Note 30), through a private subscription of 94,970 shares, at an issue price of R$ 6.64, totaling R$ 630 and 20,305 shares, at an issue price of R$ 10.98, totaling R$ 223.

At the Board of Directors' meeting held on November 17, 2011, the capital increase was approved, due to private issuance, within the limit of authorized capital, of: (i) 29,690 common, nominative shares, with no par value, at an issuance price of R$ 6.81 per share totaling R$ 203; (ii) 12,705 common, nominative shares, with no par value, at an issuance price of R$ 11.15 per share totaling R$ 141.

A capital increase was approved at a meeting of the Board of Directors held on January 31, 2012, due to private issuance within the authorized capital limit of (i) 452,572 common, nominative shares with no par value at R$ 4.54 per share, amounting to R$ 2,055; (ii) 820,078 common, nominative shares with no par value at R$ 6.88 per share, amounting to R$ 5,642; (iii) 934,596 common, nominative shares with no par value at R$ 11.19 per share, amounting to R$ 10,458; (iv) 15,972 common, nominative shares with no par value at R$ 16.11 per share, amounting to R$ 257,309.

A capital increase was approved at the Board of Directors' meeting held on March 9, 2012, due to private issuance within the authorized capital limit of (i) 265,978 common, nominative shares with no par value at R$ 6.88 per share, amounting to R$ 1,830; (ii) 868,105 common, nominative shares with no par value at R$ 11.19 per share amounting to R$ 9,714; (iii) 12,910 common, nominative shares with no par value at R$ 16.11 per share amounting to R$ 207,980.

(In thousands of reais, except when otherwise indicated)

22. **Equity** (Continued)

a) Capital stock (Continued)

At the Board of Directors' meeting held on May 7, 2012, a capital increase was approved due to private issuance, within the authorized capital limit of (i) 240,952 common, nominative shares with no par value at issue price of R$ 11.20 per share, which will be intended for subscription and payment of shares corresponding to the exercise of stock options related to the 5th Program of the Stock Option Plan approved at the Special General Meeting held on February 9, 2007.

The Company's shareholding structure at June 30, 2012 was as follows:

	Number of shares	Capital (%)
New Market	**373,791,100**	82.47
Fidelity	**33,020,690**	7.29
Wellington	**22,959,553**	5.07
Richard Paul Matheson	**20,140,136**	4.44
Carlos Medeiros	**2,025,695**	0.45
Ecisa Participações Ltda.	**2,572**	0.01
Employees (only Board of Directors' members)	**1,213,360**	0.27
	453,153,106	100.00

The Company's shareholding structure at December 31, 2011 was as follows:

	Number of shares	Capital (%)
New Market	276,072,180	61.40
Fidelity	33,860,790	7.50
Blackrock	22,391,700	5.00
Richard Paul Matheson	20,140,136	4.50
Valia	18,908,700	4.20
Ddodge & Cox	18,881,900	4.20
HSBC	17,754,707	3.90
Schroder Asset	17,304,091	3.80
Equity Internacional	10,934,016	2.40
Vanguard Investiments	9,520,054	2.10
Carlos Medeiros Silva Neto	1,919,763	0.40
Employees	1,851,334	0.40
Ecisa Participações Ltda.	2,572	0.20
	449,541,943	100.00

22. Equity (Continued)

b) Share issuance costs

Costs incurred with raising funds through issuing of equity securities in the amount of R$ 50,727 net of tax effect (R$ 50,727 at December 31, 2011) are recorded as a reduction account in equity, net of tax effects.

c) Capital reserve

This represents the amount recorded in the books of the stock option plan for employees and management amounting to R$ 44,602 (R$ 37,302 at December 31, 2011) (Note 30).

d) Legal reserve

Legal reserve is recorded pursuant to the Corporation Law and the By-Laws, at 5% of the net income of each year up to 20% of the Company's capital stock. The purpose of the legal reserve is to ensure the integrity of the capital stock and may only be used to offset losses and increase capital.

e) Reserve of unrealized profits

In years when the amount of the mandatory dividend, calculated pursuant to the Company's By-laws exceeds the portion of the actual net income realized for the year, the General Meeting may, if proposed by management, apply the excess to form the reserve for unrealized profits.

The portion of net income for the year is deemed to be realized if it exceeds the sum of the following amounts:

(i) Positive net income from equity pickup.
(ii) Net profit, earnings or gains in operations or booking of assets and liabilities at fair value, whose financial realizable term occurs after the year end (investment properties).

(In thousands of reais, except when otherwise indicated)

22. Equity (Continued)

e) Reserve of unrealized profits (Continued)

	Unrealized revenue
Balance at December 31, 2010	276,177
Additional dividends for 2010	(39,481)
Realized net income for 2011	(48,728)
Unrealized revenue for 2011	111,867
Balance at December 31, 2011	299,835
Additional dividends for 2011	(19,535)
Balance at June 30, 2012	**280,300**

At December 31, 2011, the Company recorded R$ 111,867 regarding the portion of unrealized revenue for the year, reverted a portion of the realized revenue for 2011 in the amount of R$ 48,728 and paid additional dividends regarding 2010 in the amount of R$ 39,481. At June 30, 2012, the unrealized revenue balance corresponds to R$ 280,300 due to payment of additional dividends regarding 2011, amounting to R$ 19,535.

f) Retained profits reserve

According to Article 196 of the Brazilian Corporation Law, the General Meeting may, if proposed by management, decide to withhold part of net income for the year considered in its previously approved capital budget. Based on the cash flow projection, included in the Company's capital budget for the next 5 years, it is necessary to withhold an amount of retained profits, calculated through December 31, 2009, amounting to R$ 2,505,931. On September 23, 2010, the amount of R$ 248,440 was paid up, thus, reducing the amount of the retained profits reserves to R$ 2,257,491. At December 31, 2010, the Company carried out the retention of part of the retained profits amounting to R$ 335,601.

At a Special General Meeting held on April 29, 2011, the capital increase of R$ 124,367 was approved, without the issuance of new shares, upon capitalization of a portion of the Company's income reserve.

22. Equity (Continued)

f) Retained profits reserve (Continued)

At December 31, 2011, the Company carried out the retention of part of the retained profits amounting to R$ 33,497. Consequently, the Company's management proposed that the portion of calculated profits be withheld by the Company in order to cover the investment projects planned in its capital budget.

As established by Article 199 of the Brazilian Corporation Law, the balance of the revenue reserves (except reserves for contingent liabilities, tax incentives and unrealized profits) cannot exceed the Company's capital stock at June 30, 2012, which corresponds to R$ 3,457,044.

g) Dividends

According to the Company's By-Laws, shareholders are entitled to a minimum dividend corresponding to 25% of the net income determined in each year, adjusted pursuant to the legislation in force.

The Company's management proposed by referendum of the Annual General Meeting, the distribution of additional dividends in the amount of R$ 19,506 related to the year ended December 31, 2011.

h) Treasury shares

At the Board of Directors' meeting held on November 17, 2008, a plan for repurchase of shares issued by the Company was approved through the wholly-owned subsidiary Ecisa Participações Ltda., up to the limit established by Article 30 of Law No. 6404. The final deadline for the purchase of the shares was 365 days from the approval date, ending on November 17, 2009. For purposes of consolidation of the financial interim financial statements, the treasury shares are recorded within "treasury shares" in equity.

At June 30, 2012, the value of the Company's treasury shares was R$ 12 (R$ 12 at December 31, 2011), divided into 2,572 common shares (R$ 2,572 at December 31, 2011).

(In thousands of reais, except when otherwise indicated)

23. Earnings per share

a) Basic

Basic earnings per share is calculated by dividing the net income attributable to the Company's shareholders by the weighted average number of common shares issued over the year excluding common shares purchased by the Company and held as treasury shares (Note 22 (h)).

	June 30, 2012	June 30, 2011
Net income attributable to Company's shareholders	**575,139**	172,787
Weighted average number of common shares issued (after deducting - treasury shares)	**453,150,534**	449,384,274
Basic earnings per share	**1.27**	0.38

b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to assume conversion of all dilutive potential common shares. The Company has only one category of dilutive potential common shares: stock option plan, subject to a calculation to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding stock options.

The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the stock options.

	June 30, 2012	June 30, 2011
Net income attributable to Company's shareholders	**575,139**	172,787
Weighted average number of common shares issued (a)	**453,153,106**	449,384,274
Adjustments of share options unexercised (b) (Note 30)	**6,517,137**	882,010
Weighted average number of common shares for diluted earnings per share (a) + (b)	**459,670,243**	450,266,284
Diluted earnings per share	**1.25**	0.38

(In thousands of reais, except when otherwise indicated)

24. Net revenue from rent and services

	Consolidated	
	June 30, 2012	**June 30, 2011**
Rental	**400,737**	292,208
Key money	**20,306**	14,454
Parking lots	**81,952**	56,535
Transfer fees	**3,132**	4,680
Provision of services	**41,968**	37,134
Other	**2,224**	4,127
	550,319	409,138
Taxes and contributions	**(40,923)**	(30,637)
Net revenue from rental and services	**509,396**	378,501

25. Cost of rent and services

	Consolidated	
	June 30, 2012	**June 30, 2011**
Personnel	**(13,112)**	(8,981)
Services contracted	**(6,174)**	(7,583)
Condominium fees	**(13,986)**	(9,498)
Cost of promotion fund	**(4,483)**	(2,961)
Financial costs	**(690)**	(554)
Taxes	**(1,943)**	(1,878)
Commercial	**(1,283)**	(1,559)
Other costs	**(6,741)**	(7,045)
PIS and COFINS credits	**3,959**	2,447
	(44,453)	(37,612)

(In thousands of reais, except when otherwise indicated)

26. Administrative expenses

	Consolidated	
	June 30, 2012	**June 30, 2011**
Personnel (i)	**(48,387)**	(35,553)
Depreciation and amortization	**(5,253)**	(6,398)
Services provided	**(2,275)**	(3,712)
Other administrative expenses (ii)	**(3,883)**	(3,650)
	(59,798)	(49,313)

(i) These correspond to salaries, charges, stock options and profit-sharing of employees and management.

(ii) These basically correspond to the expenses with traveling, legal expenses, technical consulting, publishing and insurance premiums.

27. Financial income (expenses)

a) Financial income

	Consolidated	
	June 30, 2012	**June 30, 2011**
Interest from short-term investment	**24,919**	46,463
Gains on derivatives	**257,774**	63,230
Foreign exchange gains (i)	**83,515**	51,419
Other	**3,588**	5,195
	369,796	166,307

(In thousands of reais, except when otherwise indicated)

27. Financial income (expenses) (Continued)

b) Financial expenses (Continued)

	Consolidated	
	June 30, 2012	**June 30, 2011**
Interest on loans and financing	**(195,535)**	(173,972)
Foreign exchange losses (i)	**(157,102)**	(11,422)
Losses on derivatives	**(226,074)**	(87,604)
Less: amounts capitalized on qualifying assets	**672**	13,445
Other	**(7,016)**	(5,009)
	(585,055)	(264,562)
Financial income (expenses), net	**(215,259)**	(98,255)

(i) These correspond to the exchange variations on the perpetual bonds, explained by the change of the Brazilian currency in relation to the US dollar. The Company contracted swaps as part of its strategy to protect this liability.

28. Information by segment

The Company's management uses information by business segment to make strategic decisions. The performance of each segment is extracted from the Company's accounting records and segregated below. Assets and liabilities by business segment are not presented, as they are not the object of analysis for strategic decision making on the part of management:

June 30, 2012	South	Southeast	Northeast	North/Midwest	Total
Shopping malls income by region					
Rental	54,693	284,956	39,069	22,019	400,737
Key money	2,343	15,184	2,291	488	20,306
Parking lots	11,236	61,077	4,841	4,798	81,952
Transfer fees	302	2,312	322	196	3,132
Provision of services (i)	-	-	-	-	41,968
Other	863	925	341	95	2,224
	69,437	364,454	46,864	27,596	550,319
Taxes and contributions	(5,969)	(31,767)	(2,571)	(616)	(40,923)
Shopping malls costs by region					
Personnel	(2,092)	(9,351)	(764)	(905)	(13,112)
Services - sundry	(531)	(4,222)	(756)	(665)	(6,174)
Condominium fees	(2,852)	(9,391)	(1,175)	(568)	(13,986)
Cost of promotion fund	(737)	(2,554)	(856)	(336)	(4,483)
Amortization	-	-	-	-	-
Other costs	(541)	(5,179)	(616)	(362)	(6,698)
	(6,753)	(30,697)	(4,167)	(2,836)	(44,453)
Gross profit	56,715	301,990	40,126	24,144	464,943

(In thousands of reais, except when otherwise indicated)

28. Information by segment (Continued)

June 30, 2011	South	Southeast	Northeast	North/Midwest	Total
Shopping malls income by region					
Rental	22,188	225,404	21,810	21,270	292,208
Key money	568	12,033	778	1,075	14,454
Parking lots	5,129	42,676	3,456	5,274	56,535
Transfer fees	422	4,044	114	100	4,680
Provision of services (i)	-	-	-	-	37,134
Other	223	3,462	412	30	4,127
	28,530	287,619	27,656	28,199	409,138
Taxes and contributions	(1,606)	(13,382)	(13,459)	(2,190)	(30,637)
Shopping malls costs by region					
Personnel	(1,053)	(6,499)	(554)	(875)	(8,981)
Services - sundry	(695)	(5,819)	(438)	(631)	(7,583)
Condominium fees	(1,042)	(7,084)	(887)	(485)	(9,498)
Cost of promotion fund	(139)	(1,617)	(846)	(359)	(2,961)
Other costs	(26)	(6,541)	(1,761)	(261)	(8,589)
	(2,955)	(27,560)	(4,486)	(2,611)	(37,612)
Gross profit	23,969	246,677	9,711	23,398	340,889

(i) Refers to administrative and trade revenues of shopping malls which were not allocated by segment.

Social class	Monthly income (minimum wages)
High	More than 22 minimum wages
Medium/high	12 to 21 minimum wages
Medium	7 to 11 minimum wages
Medium/low	2 to 6 minimum wages

June 30, 2012	High	Medium/High	Medium	Medium/Low	Total
Shopping malls income by segment (i)					
Rental	**31,309**	**168,212**	**155,090**	**46,126**	**400,737**
Assignment fees	**1,380**	**7,373**	**11,108**	**445**	**20,306**
Parking lots	**7,345**	**28,782**	**35,566**	**10,259**	**81,952**
Transfer fees	**195**	**681**	**1,796**	**460**	**3,132**
Provision of services (ii)	**-**	**-**	**-**	**-**	**41,968**
Other	**178**	**622**	**1,354**	**70**	**2,224**
	40,407	**205,670**	**204,914**	**57,360**	**550,319**
Taxes and contributions	**(2,758)**	**(15,997)**	**(15,957)**	**(6,211)**	**(40,923)**
Shopping malls costs by segment					
Personnel	**(1,190)**	**(5,235)**	**(5,241)**	**(1,446)**	**(13,112)**
Services - sundry	**(1,096)**	**(914)**	**(3,419)**	**(745)**	**(6,174)**
Condominium fees	**(1,720)**	**(7,478)**	**(3,099)**	**(1,689)**	**(13,986)**
Cost of promotion fund	**(878)**	**(1,673)**	**(1,651)**	**(280)**	**(4,482)**
Amortization	**-**	**-**	**-**	**-**	**-**
Other costs	**(1,074)**	**(1,645)**	**(3,746)**	**(234)**	**(6,699)**
	(5,958)	**(16,945)**	**(17,156)**	**(4,394)**	**(44,453)**
Gross profit	**31,691**	**172,728**	**171,801**	**46,755**	**464,943**

(In thousands of reais, except when otherwise indicated)

28. Information by segment (Continued)

June 30, 2011	High	Medium/High	Medium	Medium/Low	Total
Shopping malls income by segment (i)					
Rental	28,074	94,791	129,409	39,934	292,208
Kee money	1,320	6,774	5,902	458	14,454
Parking lots	5,183	15,297	27,715	8,340	56,535
Transfer fees	149	2,438	1,442	651	4,680
Provision of services (ii)	-	-	-	-	37,134
Other	768	2,147	1,292	(80)	4,127
	35,494	121,447	165,760	49,303	409,138
Taxes and contributions	(1,631)	(12,355)	(14,283)	(2,368)	(30,637)
Shopping malls costs by segment					
Personnel	(885)	(2,821)	(4,145)	(1,130)	(8,981)
Services - sundry	(819)	(2,931)	(2,918)	(915)	(7,583)
Condominium fees	(1,150)	(4,218)	(2,743)	(1,387)	(9,498)
Cost of promotion fund	(428)	(1,014)	(1,280)	(239)	(2,961)
Amortization	-	-	-	-	-
Other costs	(1,552)	(2,274)	(3,818)	(945)	(8,589)
	(4,834)	(13,258)	(14,904)	(4,616)	(37,612)
Gross profit	29,029	95,834	136,493	42,399	340,889

(i) Division by social class follows-up a survey performed in shopping malls with consumers by a known market research organization according to the "Brazilian Criterion". The "Brazilian Criterion" is related to urban individual and family purchasing power in Brazil, aimed at classifying the population into economic classes.

(ii) Refers to administrative and trade revenues of shopping malls which were not allocated by segment.

29. Insurance coverage

The Company has a risk management program in order to limit risks, seeking insurance coverage that is compatible with its business size and operations in the market. Insurance coverage was contracted for amounts shown as follows and considered sufficient by management to cover possible claims, considering the nature of the business, the risks involved in operations and the advice of their insurance consultants.

At June 30, 2012, the Company had the following main insurance policies contracted from third parties:

Insurance lines	Insured amount
Named risks - basic coverage	**352,036**
Loss of profits	**138,000**
Civil liability	**28,100**

(In thousands of reais, except when otherwise indicated)

30. Stock options plans

Within the scope of the Option Plan, during the Board of Directors' meeting held on February 9, 2007 the First Option Plan was approved ("1st Program Plan"), which granted options to the main executive officers of the Company ("Options of 1st Program"). The Options of the 1st Program can be exercised as from January 1, 2008, as follows: (i) 2,056,962 (after split of shares on September 23, 2010) shares into five annual lots of approximately 20% of the total lot of shares. In case these executive officers leave the Company during the period to exercise the Options of the 1st Program, automatically all the options whose exercise terms had not vested will expire. As from January 1, 2012, the program may be fully exercised.

At a meeting of the Option Plan Committee held on April 14, 2009, the following items were approved:

(i) Issuance of the 4th Purchase Option Program for Shares issued by the Company, observing the Purchase Option Plan which calls for a total of 5,459,318 common shares (after split of shares on September 23, 2010), which will be exercised for a price of R$ 5.72 per share, plus the correction index of the plan in question.

(ii) The determination was that the participants who join the 4th Option Plan will have their ties to previous plans immediately revoked to which they were affiliated (2nd and 3rd programs), making them invalid. With the formalization of the 4th Purchase Option Program for Shares issued by the Company which took place on July 1, 2009, the 2nd and 3rd programs were canceled and the benefits migrated to the new plan.

The table below shows the total of shares which are the object of the 4th Program Plan:

Beneficiary	Total shares object of purchase option agreement	Exercise price per share at June 30, 2012 (in reais, annually restated by the IGP-M FGV plus spread of 3%)
Members of management and employees appointed to the Board of Directors	**5,231,846**	**7.04**

(In thousands of reais, except when otherwise indicated)

30. Stock options plans (Continued)

At the Board of Directors Meeting held on October 1, 2010, the issuance of the 5th Purchase Option Program for Shares issued by the Company was approved (i) for a total of 7,380,000 shares, in 5 annual tranches of approximately 20% of the total of shares.

The table below shows the total shares involved in the 5th Program Plan:

Beneficiary	Total shares object of purchase option agreement	Exercise price per share at June 30, 2012 (in reais, annually restated by the IGP-M FGV)
Members of management and employees appointed to the Board of Directors	7,380,000	11.39

At the Board of Directors Meeting held on August 31, 2011, the issuance of the 6th Purchase Option Program for Shares issued by the Company was approved (i) for a total of 195,486 shares, in 5 annual tranches of approximately 20% of the total of shares.

The table below shows the total shares involved in the 6th Program Plan:

Beneficiary	Total shares object of purchase option agreement	Exercise price per share at June 30, 2012 (in reais, annually restated by the IGP-M FGV)
Employees appointed to the Board of Directors	**195,486**	**16.47**

BR Malls Participações S.A.

Notes to unaudited interim condensed financial statements (Continued)
June 30, 2012
(In thousands of reais, except when otherwise indicated)

30. Stock options plans (Continued)

Premiums on the share options were calculated based on the fair value at the date the option was granted, in accordance with each program of the Company, based on their respective market price. Based on the evaluation techniques of Black - Scholes and financial models, the Company estimated the accounting effects with a reasonable level of accuracy. The Company periodically reviews the amount of financial equity instruments that it expects to grant since the expected numbers of financial instruments to be granted is different from the initial estimation:

	1st Program A	1tn Program B	4tn Program	5tn Program	6tn Program	Total
Options granted	4,746,826	2,056,962	5,231,846	7,380,000	195,486	19,611,120
Exercised options	(4,746,826)	(1,604,387)	(1,860,128)	(640,246)	-	(8,851,587)
Cancelled options	-	-	(160,481)	(88,000)	-	(248,481)
Suspended options	-	-	(139,976)	-	-	(139,976)
Unexercised options until December 31, 2011	-	452,575	3,071,261	6,651,754	195,486	10,371,076
Exercised options	-	(452,575)	(925,757)	(1,802,701)	(28,882)	(3,209,915)
Cancelled options				(784,000)		(784,000)
Returnable options (previously suspended)	-	-	139,976	-	-	139,976
Unexercised options until June 30, 2012	-	-	2,285,480	4,065,053	166,604	6,517,137

Programs	4th Program	5th Program	6th Program
Exercise price in R$	**5.72**	**10.58**	**15.86**
Market price in R$ (*)	**7.50**	**14.25**	**17.75**
Fair value of options in R$	**5.19**	**7.63**	**7.89**
Price volatility of the share	**76.04%**	**38.97%**	**34.04%**
Risk-free rate of return	**3.95%**	**5.77%**	**5.81%**
Fair value (*)	**5,433**	**11,264**	**1,543**
Expense 1st quarter of 2012			**4,016**
Expense 2nd quarter of 2012			**3,284**

(*) Original amounts on the grant dates of the option programs.

31. Subsequent events

On July 17, 2012, the public offering of quotes of BM Jardim Sul II Investment Fund was concluded, the objective of which is investing in real estate development of shopping malls through acquisition of up to 40.00% of Jardim Sul Shopping mall, currently held by Proffito.

On July 27, 2012, 250 promissory notes were issued by BR Malls Participações S.A., in a single series, amounting to R$ 500 million, subject to public offering of distribution with restricted efforts to placement. The term is 180 days and CDI + 0.7%, in accordance with our debt management policy.

Review Report of Independent Accountants

To the Board of Directors and Stockholders
BR Malls Participações S.A.

Introduction

We have reviewed the parent company and consolidated interim accounting information of BR Malls Participações S.A. included in the Quarterly Information (ITR) for the quarter ended June 30, 2011, which comprise the balance sheet and the statement of income, changes in equity and cash flows for the quarter and period then ended, and a summary of significant accounting policies and other exploratory information.

Management is responsible for the preparation of the parent company interim financial information in accordance with the technical pronouncement CPC 21 Interim Financial Reporting and of the consolidated interim financial information in accordance with the technical pronouncement CPC 21 Interim Financial Reporting and with the international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information in accordance with the standards issued by the Securities Commission ("Comissão de Valores Mobiliários - CVM"), applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express an opinion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

BR Malls Participações S.A.

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Emphasis of matter

We draw attention to Note 2.29 to these Financial Information, describing the restatement of these financial information due to the adjustment in statements of cash flows. This report replaces the original issued on August 1, 2011.

Interim statement of value added

We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended June 30, 2011, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which does not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been properly prepared, in all material respects, in relation to the parent company and consolidated interim accounting information taken as a whole.

Rio de Janeiro, October 17, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" RJ

Patricio Marques Roche
Contador CRC 1RJ081115/O-4

Parent Company's Financial Statements – Balance Sheets Assets

(Thousands of reais)

Account code	Account description	Current quarter 06/30/2011	Previous year 12/31/2010
1	Total assets	7,713,889	6,326,470
1.01	Current assets	811,007	140,463
1.01.01	Cash and cash equivalents	110	180
1.01.02	Marketable securities	724,477	88,526
1.01.02.01	Marketable securities evaluated at fair value	724,477	88,526
1.01.02.01.01	Securities held for trade	724,416	88,471
1.01.02.01.03	Swap differential receivable	61	55
1.01.03	Receivables	29,784	16,938
1.01.03.01	Clients	29,784	16,938
1.01.06	Taxes recoverable	21,295	25,764
1.01.06.01	Current taxes recoverable	21,295	25,764
1.01.06.01.01	Taxes recoverable – Indirect	451	317
1.01.06.01.02	Income tax and social contribution recoverable	20,844	25,447
1.01.07	Prepaid expenses	1,508	1,257
1.01.08	Other current assets	33,833	7,798
1.01.08.03	Others	33,833	7,798
1.01.08.03.01	Prepaid condominium fees	453	633
1.01.08.03.02	Other receivables	33,380	7,165
1.02	Non-current assets	6,902,882	6,186,007
1.02.01	Long-term receivables	617,579	170,972
1.02.01.01	Marketable securities evaluated at fair value	39,019	64,297
1.02.01.01.03	Swap differential receivable	39,019	64,297
1.02.01.03	Receivables	8,044	1,396
1.02.01.03.01	Clients	8,044	1,396
1.02.01.08	Credits with related parties	460,924	15,999
1.02.01.08.01	Credits with associates	4,655	0
1.02.01.08.02	Credits with subsidiaries	456,269	15,999
1.02.01.09	Other non-current assets	109,592	89,280
1.02.01.09.03	Deposits and guarantees	32	31
1.02.01.09.05	Deferred taxes	109,560	89,249
1.02.02	Investments	6,262,775	5,992,701
1.02.02.01	Shareholdings	5,724,135	5,669,136
1.02.02.01.02	Holding in subsidiaries	5,724,135	5,669,136
1.02.02.02	Investment properties	538,640	323,565
1.02.03	Property and equipment	11,290	11,574
1.02.03.01	Property and equipment in operation	11,290	11,574
1.02.04	Intangible assets	8,100	7,309
1.02.04.01	Intangible assets	8,100	7,309
1.02.04.01.02	Others	8,100	7,309
1.02.05	Deferred	3,138	3,451

Parent Company’s Financial Statements – Balance Sheets Liabilities

(Thousands of reais)

Account code	Account description	Current quarter 06/30/2011	Previous year 12/31/2010
2	Total liabilities	7,713,889	6,326,470
2.01	Current liabilities	125,741	121,612
2.01.01	Social and labor obligations	10,228	13,402
2.01.01.02	Labor obligations	10,228	13,402
2.01.02	Trade payables	5,547	1,168
2.01.02.01	Local suppliers	5,547	1,168
2.01.03	Tax obligations	0	1,834
2.01.03.01	Federal tax obligations	0	1,834
2.01.03.01.01	Income tax and social contribution payable	0	1,834
2.01.04	Borrowings and financings	40,448	26,599
2.01.04.01	Borrowings and financings	40,448	26,599
2.01.04.01.01	In local currency	40,448	26,599
2.01.05	Other obligations	69,518	78,609
2.01.05.02	Others	69,518	78,609
2.01.05.02.01	Dividends and Interest Attributed to Equity payable	0	27,742
2.01.05.02.04	Obligations payable - acquisition of shopping mall	63,605	45,563
2.01.05.02.06	Advances from clients	1,408	1,148
2.01.05.02.08	Derivative instruments	4,505	4,156
2.02	Non-current liabilities	1,226,671	711,815
2.02.01	Borrowings and financings	372,999	359,785
2.02.01.01	Borrowings and financings	372,999	359,785
2.02.01.01.01	In local currency	372,999	359,785
2.02.02	Other obligations	810,266	315,422
2.02.02.01	Liabilities with related parties	666,045	286,740
2.02.02.01.04	Debts with other related parties	666,045	286,740
2.02.02.02	Others	144,221	28,682
2.02.02.02.03	Deferred revenue	1,542	1,220
2.02.02.02.04	Obligations payable - acquisition of shopping mall	123,135	14,353
2.02.02.02.06	Trade payables	5,777	6,226
2.02.02.02.08	Other payables	13,767	6,883
2.02.03	Deferred taxes	42,802	36,608
2.02.03.01	Deferred income tax and social contribution	42,802	36,608
2.02.04	Provisions	604	0
2.02.04.01	Tax, social security, labor and civil provisions	604	0
2.03	Equity	6,361,477	5,493,043
2.03.01	Realized share capital	3,422,984	2,561,195
2.03.02	Capital reserves	(32,186)	(29,892)
2.03.02.01	Share premium	18,542	9,987
2.03.02.07	Expenditures with issue of shares	(50,728)	(39,879)
2.03.04	Revenue reserves	2,797,892	2,961,740
2.03.04.01	Legal reserve	74,344	74,344
2.03.04.04	Unrealized revenue reserves	236,696	276,177
2.03.04.05	Retained earnings reserve	2,486,852	2,611,219
2.03.05	Retained earnings/Accumulated deficit	172,787	0

Parent Company's Financial Statements – Statement of Income

(Thousands of reais)

Account code	Account description	Current Quarter 04/01/2011 to 06/30/2011	Accumula Curren 01/01/2 06/30
3.01	Revenue from sale of goods and services	9,092	
3.02	Cost of goods and/or services sold	(1,204)	
3.03	Gross result	7,888	
3.04	Operating Expenses/Income	120,523	2
3.04.01	Expenses with sales	(1,368)	(
3.04.02	General and administrative expenses	(5,382)	(1
3.04.04	Other operating income	0	
3.04.05	Other operating expenses	(153)	
3.04.06	Carrying account result	127,426	2
3.05	Result before financial result and taxation	128,411	2
3.06	Finance result	(12,792)	(5
3.06.01	Finance income	37,879	
3.06.02	Finance cost	(50,671)	(12
3.07	Result before tax on income	115,619	1
3.08	Income tax and social contribution on income	(56)	
3.08.01	Current	0	
3.08.02	Deferred	(56)	
3.09	Net result of continuing operations	115,563	1
3.11	Profit/loss for the period	115,563	1
3.99	Earnings per share – (reais/share)		
3.99.01	Primary earnings per share		
3.99.01.01	Ordinary nominative	0.25715	0

Parent Company's Financial Statements – Statement of Cash Flows – Indirect Method

(Thousands of reais)

Account code	Account description	Accumulated of Current Year 01/01/2011 to 06/30/2011	Accumulated of Previous Year 01/01/2010 to 06/30/2010
6.01	Net cash operating activities	(63,675)	1,958
6.01.01	Cash generated in operations	(49,376)	(5,250)
6.01.01.01	Profit/loss for the period	172,787	116,152
6.01.01.02	Depreciation and amortization	444	669
6.01.01.03	Interest, monetary variations on borrowings	27,063	(705)
6.01.01.04	Market value adjustment Swap	(15,991)	(5,493)
6.01.01.05	Adjustment granted option plan	8,555	3,446
6.01.01.06	Income tax and social contribution	0	702
6.01.01.07	Equity accounting results	(219,040)	(120,003)
6.01.01.08	Adjustment linearization rental and CDU	(1,294)	(18)
6.01.01.12	Investment earnings	(28,394)	0
6.01.01.13	Others	15,023	0
6.01.01.15	Adjustment income tax and social contribution Law No. 11,638 – FULL	(8,529)	0
6.01.02	Changes in assets and liabilities	(14,299)	7,208
6.01.02.01	Receivables	(17,878)	7,984
6.01.02.02	Taxes recoverable	4,469	(699)
6.01.02.03	Prepaid condominium fees	180	223
6.01.02.04	Prepaid expenses	(251)	184
6.01.02.05	Deposits and guarantees	(1)	6
6.01.02.06	Trade payables	3,930	(313)
6.01.02.07	Taxes and contributions	(1,834)	(145)
6.01.02.08	Salaries and social charges	(3,174)	1,897
6.01.02.10	Advances from clients	260	179
6.01.02.12	Others	0	(2,108)
6.02	Net cash investing activities	(985,899)	46,449
6.02.01	Acquisition of marketable securities	(1,352,556)	(24,897)
6.02.02	Sale of marketable securities	745,006	256,061
6.02.03	Disposal of investment	154,036	0
6.02.04	Advance for future capital increase	(440,270)	(16,885)
6.02.05	Intangible assets	791	(2,176)
6.02.06	Operations with related parties	(4,655)	0
6.02.07	Investment property	(88,251)	(2,263)
6.02.10	Dividends received	0	6,596
6.02.11	Capital subscription	0	(169,987)
6.03	Net cash financing activities	1,049,504	(47,617)
6.03.01	Capital increase	737,422	5,743
6.03.02	Borrowings to associates	379,305	0
6.03.05	Financing amortization	0	(4,149)
6.03.08	Paid dividends	(67,223)	(49,211)
6.05	Increase (decrease) of cash and equivalents	(70)	790
6.05.01	Opening cash and equivalents	180	371
6.05.02	Closing cash and equivalents	110	1,161

Parent Company’s Financial Statements – Statement of Changes in Equity – 01/01/2011 to 06/30/2011

(Thousands of reais)

Account code	Account description	Paid-up capital	Capital reserves, granted options and treasury shares	Revenue reserves
5.01	Opening balances	2,561,195	(29,892)	2,961,740
5.03	Adjusted opening balances	2,561,195	(29,892)	2,961,740
5.04	Capital transactions with partners	861,789	(2,294)	(163,848)
5.04.01	Capital increase	861,789	0	(124,367)
5.04.02	Costs with share issuance	0	(10,849)	0
5.04.03	Recognized granted options	0	8,555	0
5.04.06	Dividends	0	0	(39,481)
5.05	Total comprehensive income	0	0	0
5.05.01	Net income for the period	0	0	0
5.07	Closing balances	3,422,984	(32,186)	2,797,892

Parent Company's Financial Statements – Statement of Changes in Equity – 01/01/2010 to 06/30/2010

(Thousands of reais)

Account code	Account description	Paid-up capital	Capital reserves, granted options and treasury shares	Revenue reserves
5.01	Opening balances	2,307,012	(39,599)	2,741,463
5.03	Adjusted opening balances	2,307,012	(39,599)	2,741,463
5.04	Capital transactions with partners	5,743	0	0
5.04.01	Capital increase	5,743	0	0
5.05	Total comprehensive income	0	0	0
5.05.01	Net income for the period	0	0	0
5.06	Internal changes in equity	0	3,446	0
5.06.04	Others	0	3,446	0
5.07	Closing balances	2,312,755	(36,153)	2,741,463

Parent Company's Financial Statements – Statement of Value Added

(Thousands of reais)

Account code	Account description	Accumulated of Current Year 01/01/2011 to 06/30/2011	Accumulated of Previous Year 01/01/2010 to 06/30/2010
7.01	Revenue	18,056	9,056
7.01.01	Sales of goods, products and services	15,637	5,389
7.01.02	Other revenue	1,091	2,187
7.01.03	Revenues related to the construction of own assets	1,043	1,502
7.01.04	Provision for/reversal of impairment of trade receivables	285	(22)
7.02	Inputs acquired from third-parties	(2,488)	(1,181)
7.02.01	Costs of goods, products and services sold	(1,323)	(297)
7.02.02	Material, energy, third-parties' services and others	(1,132)	(884)
7.02.04	Others	(33)	0
7.02.04.01	Inputs and services from third-parties for construction of own assets	(33)	0
7.03	Gross value added	15,568	7,875
7.04	Retentions	(445)	(669)
7.04.01	Depreciation, amortization and depletion	(445)	(669)
7.05	Net value added produced	15,123	7,206
7.06	Value added received through transfer	291,627	221,364
7.06.01	Equity accounting result	219,040	120,003
7.06.02	Finance income	72,587	101,361
7.07	Total value added to distribute	306,750	228,570
7.08	Distribution of value added	306,750	228,570
7.08.01	Personnel	12,481	5,049
7.08.01.01	Direct remuneration	1,356	415
7.08.01.02	Benefits	18	0
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	15	0
7.08.01.04	Others	11,092	4,634
7.08.01.04.01	Pro labore fees	20	0
7.08.01.04.02	Social security contributions	54	0
7.08.01.04.03	Rescission	1	0
7.08.01.04.04	Personnel Shopping mall	80	1
7.08.01.04.05	Sale commissions	2,329	1,187
7.08.01.04.06	Profit-sharing	53	0
7.08.01.04.07	Granted options	8,555	3,446
7.08.02	Taxes and contributions	(7,102)	1,458
7.08.03	Remuneration of third-parties' capital	128,584	105,910
7.08.03.01	Interest	128,584	105,910
7.08.04	Remuneration of own capital	172,787	116,153
7.08.04.03	Retained earnings/ Loss for the period	172,787	116,153

Consolidated Financial Statements – Balance Sheets Assets

(Thousands of reais)

Account code	Account description	Current quarter 06/30/2011	Previous year 12/31/2010
1	Total assets	12,039,350	10,569,767
1.01	Current assets	1,546,537	514,994
1.01.01	Cash and cash equivalents	15,483	19,843
1.01.02	Marketable securities	1,242,478	232,579
1.01.02.01	Marketable securities evaluated at fair value	1,242,478	232,579
1.01.02.01.01	Securities held for trade	1,240,258	231,961
1.01.02.01.03	Swap differential receivable	2,220	618
1.01.03	Receivables	164,885	154,933
1.01.03.01	Clients	164,885	154,933
1.01.06	Taxes recoverable	55,539	59,922
1.01.06.01	Current taxes recoverable	55,539	59,922
1.01.06.01.01	Income tax and social contribution recoverable	47,707	53,434
1.01.06.01.02	Taxes recoverable – Indirect	7,832	6,488
1.01.07	Prepaid expenses	17,658	7,683
1.01.08	Other current assets	50,494	40,034
1.01.08.03	Others	50,494	40,034
1.01.08.03.01	Prepaid condominium fees	35,445	10,033
1.01.08.03.02	Other receivables	15,049	30,001
1.02	Non-current assets	10,492,813	10,054,773
1.02.01	Long-term receivables	317,017	355,912
1.02.01.01	Marketable securities evaluated at fair value	39,289	130,381
1.02.01.01.01	Securities held for trade	0	65,912
1.02.01.01.02	Securities available-for-sale	0	64,469
1.02.01.01.04	Financial instruments	467	0
1.02.01.01.05	Swap differential receivable	38,822	0
1.02.01.03	Receivables	166,296	129,321
1.02.01.03.01	Clients	122,172	80,935
1.02.01.03.02	Other receivables	44,124	48,386
1.02.01.06	Deferred taxes	72,118	54,756
1.02.01.06.01	Deferred income tax and social contribution	72,118	54,756
1.02.01.09	Other non-current assets	39,314	41,454
1.02.01.09.03	Deposits and guarantees	23,531	21,867
1.02.01.09.04	Other receivables	15,783	19,587
1.02.02	Investments	10,152,467	9,676,115
1.02.02.02	Investment properties	10,152,467	9,676,115
1.02.03	Property and equipment	11,290	11,574
1.02.03.01	Property and equipment in operation	11,290	11,574
1.02.04	Intangible assets	12,039	11,172
1.02.04.1	Intangible assets	12,039	11,172

Consolidated Financial Statements – Balance Sheets Liabilities

(Thousands of reais)

Account code	Account description	Current quarter 06/30/2011	Previous year 12/31/2010
2	Total liabilities	12,039,350	10,569,767
2.01	Current liabilities	522,490	505,359
2.01.01	Social and labor obligations	45,611	37,852
2.01.01.02	Labor obligations	45,611	37,852
2.01.02	Trade payables	28,015	21,796
2.01.02.01	Local suppliers	28,015	21,796
2.01.03	Tax obligations	52,939	63,001
2.01.03.01	Federal tax obligations	52,939	63,001
2.01.03.01.01	Income tax and social contribution payable	21,189	25,064
2.01.03.01.02	Federal taxes – payment in installments	3,587	4,803
2.01.03.01.03	Other taxes and contributions payable	28,163	33,134
2.01.04	Borrowings and financings	178,131	126,873
2.01.04.01	Borrowings and financings	146,810	109,324
2.01.04.01.01	In local currency	137,242	105,218
2.01.04.01.02	In foreign currency	9,568	4,106
2.01.04.02	Debentures	31,321	17,549
2.01.05	Other obligations	217,794	255,837
2.01.05.02	Others	217,794	255,837
2.01.05.02.01	Dividends and Interest Attributed to Equity payable	0	27,742
2.01.05.02.04	Obligations payable - acquisition of shopping mall	186,769	203,139
2.01.05.02.05	Difference swap payable	7,607	2,078
2.01.05.02.06	Advances from clients	23,418	20,729
2.01.05.02.07	Other payables	0	2,149
2.02	Non-current liabilities	4,868,785	4,275,010
2.02.01	Borrowings and financings	2,463,247	1,439,023
2.02.01.01	Borrowings and financings	2,112,844	1,101,835
2.02.01.01.01	In local currency	1,478,619	810,250
2.02.01.01.02	In foreign currency	634,225	291,585
2.02.01.02	Debentures	350,403	337,188
2.02.02	Other obligations	406,500	824,311
2.02.02.02	Others	406,500	824,311
2.02.02.02.03	Deferred revenue	102,406	128,427
2.02.02.02.04	Obligations payable - acquisition of shopping mall	126,329	519,930
2.02.02.02.05	Differential swap payable	83,688	89,828
2.02.02.02.06	Trade payables	5,777	6,226
2.02.02.02.07	Taxes and contributions – payment in installments	76,955	75,751
2.02.02.02.08	Other payables	11,345	4,149
2.02.03	Deferred taxes	1,889,163	1,901,146
2.02.03.01	Deferred income tax and social contribution	1,889,163	1,901,146
2.02.04	Provisions	109,875	110,530
2.02.04.01	Tax, social security, labor and civil provisions	109,875	110,530
2.02.04.01.01	Tax provisions	46,754	46,985
2.02.04.01.02	Social security and labor provisions	12,210	11,964
2.05.04.01.04	Civil provisions	50,911	51,581
2.03	Consolidated equity	6,648,075	5,789,398
2.03.01	Realized share capital	3,422,984	2,561,195
2.03.02	Capital reserves	(21,889)	(19,595)
2.03.02.01	Share premium	28,839	20,284
2.03.02.07	Expenditures with issue of shares	(50,728)	(39,879)
2.03.04	Revenue reserves	2,791,503	2,940,571
2.03.04.01	Legal reserve	74,344	74,344
2.03.04.04	Unrealized revenue reserves	236,696	276,177
2.03.04.05	Retained earnings reserve	2,480,475	2,604,842
2.03.04.09	Treasury shares	(12)	(14,792)
2.03.05	Retained earnings/Accumulated deficit	172,617	0
2.03.09	Non-controlling interest	282,860	307,227

Consolidated Financial Statements – Statement of Income

(Thousands of reais)

Account code	Account description	Current Quarter 04/01/2011 to 06/30/2011	Accumulated of Current Year 01/01/2011 to 06/30/2011
3.01	Revenue from sale of goods and services	199,418	378,501
3.02	Cost of goods and/or services sold	(18,597)	(37,612)
3.03	Gross result	180,821	340,889
3.04	Operating Expenses/Income	(25,140)	(49,061)
3.04.01	Expenses with sales	(2,236)	(4,564)
3.04.02	General and administrative expenses	(24,239)	(49,313)
3.04.04	Other operating income	1,335	4,816
3.04.06	Carrying account result	0	0
3.05	Result before financial result and taxation	155,681	291,828
3.06	Finance result	(21,263)	(98,255)
3.06.01	Finance income	109,458	166,307
3.06.02	Finance expenses	(130,721)	(264,562)
3.07	Result before taxes on income	134,418	193,573
3.08	Income tax and social contribution on income	(14,713)	(10,981)
3.08.01	Current	(16,568)	(34,736)
3.08.02	Deferred	1,855	23,755
3.09	Net result of continuing operations	119,705	182,592
3.11	Consolidated profit/loss for the period	119,705	182,592
3.11.01	Attributed to the parent company's partners	115,394	172,617
3.11.02	Attributed to non-controlling partners	4,311	9,975
3.99	Earnings per share – (reais / share)		
3.99.01	Primary earnings per share		
3.99.01.01	Ordinary nominative	0.26637	0.40631

Consolidated Financial Statements - Statement of Cash Flows – Indirect Method

(Thousands of reais)

Account code	Account description	Accumulated of Current Year 01/01/2011 to 06/30/2011	Accumulated of Previous Year 01/01/2010 to 06/30/2010
6.01	Net cash operating activities	116,540	177,749
6.01.01	Cash generated in operations	240,785	155,463
6.01.01.01	Profit/loss for the year	182,592	117,706
6.01.01.02	Depreciation and amortization	6,398	1,413
6.01.01.03	Interest, monetary variations on borrowings	98,005	43,880
6.01.01.04	Market value adjustment swap	502	7,249
6.01.01.05	Adjustment granted option plan	8,555	3,446
6.01.01.06	Deferred income tax and social contribution	0	(5,356)
6.01.01.07	Equity accounting results	0	(1,431)
6.01.01.08	Adjustment linearization rental and CDU	(7,608)	(2,672)
6.01.01.09	Deferred tax asset – CVM 349	4,262	4,262
6.01.01.12	Investment earnings	(46,463)	0
6.01.01.13	Others	(16,437)	(13,034)
6.01.01.14	Lease adjustment – Law No. 11,638	(1,855)	0
6.01.01.15	Adjustment income tax and social contribution	12,834	0
6.01.02	Changes in assets and liabilities	(124,245)	22,286
6.01.02.01	Receivables	(30,244)	9,045
6.01.02.02	Taxes recoverable	(7,392)	(387)
6.01.02.03	Prepaid condominium fees	(25,412)	170
6.01.02.04	Prepaid expenses	(9,975)	668
6.01.02.05	Deposits and guarantees	(1,664)	(2,235)
6.01.02.06	Trade payables	5,770	(4,191)
6.01.02.07	Taxes and contributions	(18,024)	(11,052)
6.01.02.08	Salaries and social charges	7,759	(7,605)
6.01.02.10	Advances from clients	2,689	6,724
6.01.02.11	Provision for contingencies	0	35
6.01.02.12	Non-controlling interest	(37,160)	30,097
6.01.02.13	Others	(10,592)	1,017
6.02	Net cash investing activities	(1,783,798)	(146,609)
6.02.01	Acquisition of marketable securities	(2,013,900)	(466,842)
6.02.02	Sale of marketable securities	1,117,976	729,483
6.02.05	Acquisition of intangible assets	(1,551)	(512)
6.02.07	Investment property	(886,323)	(405,565)
6.02.09	Capital reserve	0	(492)
6.02.10	Additions of deferred assets	0	(2,681)
6.03	Net cash financing activities	1,662,898	(35,010)
6.03.01	Capital increase	861,789	5,743
6.03.03	Fund raising	1,069,937	59,204
6.03.05	Amortization of financings	(92,018)	(55,107)
6.03.06	Treasury shares	14,780	4,361
6.03.08	Paid dividends	(67,223)	(49,211)
6.03.11	Capitalization of revenue reserves	(124,367)	0
6.05	Increase (decrease) of cash and equivalents	(4,360)	(3,870)
6.05.01	Opening cash and equivalents	19,843	13,526
6.05.02	Closing cash and equivalents	15,483	9,656

Consolidated Financial Statements – Statement of Changes in Equity – 01/01/2011 to 06/30/2011

(Thousands of reais)

Account code	Account description	Paid-up capital	Capital reserves, granted options and treasury shares	Revenue reserves	Retained earnings or accumulated deficit	Other comprehensive income
5.01	Opening balances	2,561,195	(34,387)	2,955,363	0	0
5.03	Adjusted opening balances	2,561,195	(34,387)	2,955,363	0	0
5.04	Capital transactions with partners	861,789	12,486	(163,848)	0	0
5.04.01	Capital increases	861,789	0	(124,367)	0	0
5.04.02	Costs with share issuance	0	(10,849)	0	0	0
5.04.03	Recognized granted options	0	8,555	0	0	0
5.04.05	Treasury shares sold	0	14,780	0	0	0
5.04.06	Dividends	0	0	(39,481)	0	0
5.05	Total comprehensive income	0	0	0	172,617	0
5.05.01	Net income for the period	0	0	0	172,617	0
5.07	Closing balances	3,422,984	(21,901)	2,791,515	172,617	0

Consolidated Financial Statements – Statement of Changes in Equity – 01/01/2010 to 06/30/2010

(Thousands of reais)

Account code	Account description	Paid-up capital	Capital reserves, granted options and treasury shares	Revenue reserves	Retained earnings or accumulated deficit	compr
5.01	Opening balances	2,307,012	(48,997)	2,736,687	0	
5.03	Adjusted opening balances	2,307,012	(48,997)	2,736,687	0	
5.04	Capital transactions with partners	5,743	3,937	4,361	0	
5.04.01	Capital increase	5,743	0	0	0	
5.04.03	Recognized granted options	0	3,937	0	0	
5.04.04	Acquired treasury shares	0	0	4,361	0	
5.05	Total comprehensive income	0	0	0	114,048	
5.05.01	Net income for the period	0	0	0	114,048	
5.07	Closing balances	2,312,755	(45,060)	2,741,048	114,048	

Consolidated Financial Statements – Statement of Value Added

(Thousands of reais)

Account code	Account description	Accumulated of Current Year 01/01/2011 to 06/30/2011	Accumulated of Previous Year 01/01/2010 to 06/30/2010
7.01	Revenue	686,029	385,930
7.01.01	Sales of goods, products and services	409,138	249,732
7.01.02	Other revenue	4,816	14,130
7.01.03	Revenues related to the construction of own assets	267,152	119,866
7.01.04	Provision for/reversal of impairment of trade receivables	4,923	2,202
7.02	Inputs acquired from third-parties	(303,971)	(103,196)
7.02.01	Costs of goods, products and services sold	(36,657)	(20,718)
7.02.02	Material, energy, third-parties' services and others	(14,132)	(7,211)
7.02.04	Others	(253,182)	(75,267)
7.02.04.01	Inputs and services from third-parties for construction of own assets	(253,182)	(75,267)
7.03	Gross value added	382,058	282,734
7.04	Retentions	(6,671)	(5,675)
7.04.01	Depreciation, amortization and depletion	(6,671)	(5,675)
7.05	Net value added produced	375,387	277,059
7.06	Value added received through transfer	172,768	129,787
7.06.01	Equity accounting result	0	1,431
7.06.02	Finance income	182,744	132,014
7.06.03	Others	(9,976)	(3,658)
7.07	Total value added to distribute	548,155	406,846
7.08	Distribution of value added	548,155	406,846
7.08.01	Personnel	39,487	22,033
7.08.01.01	Direct remuneration	7,903	6,345
7.08.01.02	Benefits	1,082	650
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	851	1,587
7.08.01.04	Others	29,651	13,451
7.08.01.04.01	Pro labore fees	1,061	986
7.08.01.04.02	Social security contributions	2,901	1,236
7.08.01.04.03	Rescission	129	163
7.08.01.04.04	Personnel Shopping mall	954	(953)
7.08.01.04.05	Sales commissions	2,717	1,576
7.08.01.04.06	Profit-sharing	13,335	6,997
7.08.01.04.07	Granted options	8,554	3,446
7.08.02	Taxes and contributions	41,605	31,945
7.08.02.01	Federal	0	31,945
7.08.03	Remuneration of third-parties' capital	294,445	238,820
7.08.03.01	Interest	280,999	238,820
7.08.03.03	Others	13,446	0
7.08.03.03.01	Capitalized interest	13,446	0
7.08.04	Remuneration of own capital	172,618	114,048
7.08.04.03	Retained earnings/ Loss for the period	172,618	114,048

In thousands of reais, unless otherwise indicated

1 General Information

The main activities of BR Malls Participações S.A., its subsidiary companies and joint subsidiaries (jointly referred to as "Company"), which are integral components of this quarterly information, are: (i) holding shares in and managing shopping malls, (ii) holding shares in other companies of the real estate sector as a stockholder or quotaholder, (iii) promotion and management of their own real estate enterprises of any kind, or for third parties, and (iv) interest and management in parking operations.

The Company is a Corporation with headquarters in the city of Rio de Janeiro, RJ, and has stock traded on the BM&F Bovespa Stock Exchange (BRML3). In addition, the Company has adhered to the level of corporate governance of Bovespa's New Market ("Novo Mercado").

This quarter financial information, originally issued on August 1, 2011, are being restated due to adjustments in the statements of cash flow. The restatement of these financial information was authorized by the Board of Directors on October 17, 2012.

At June 30, 2011, the Company had holdings in 41 shopping malls in different regions of Brazil: Norte Shopping (in the State of Rio de Janeiro), Shopping Iguatemi Caxias (in the State of Rio Grande do Sul), Shopping Villa Lobos (in the State of São Paulo), Shopping Del Rey (in the State of Minas Gerais), Shopping Independência (in the State of Minas Gerais), Shopping Recife (in the State of Pernambuco), Shopping Campo Grande (in the State of Mato Grosso do Sul), Goiânia Shopping (in the State of Goiânia), Shopping Estação (in the State of Paraná), Pantanal Shopping (in the State of Mato Grosso), Araguaia Shopping (in the State of Goiânia), Shopping ABC (in the State of São Paulo), Amazonas Shopping Center (in the State of Amazonas), Shopping Center Iguatemi Belém (in the State of Para), Shopping Curitiba (in the State of Paraná), Shopping Center Iguatemi Maceió (in the State of Alagoas), Shopping Center Piracicaba (in the State of São Paulo), Natal Shopping (in the State of Rio Grande do Norte), Fashion Mall (in the State of Rio de Janeiro), Ilha Plaza (in the State of Rio de Janeiro), Plaza Niterói (in the State of Rio de Janeiro), Rio Plaza (in the State of Rio de Janeiro), Minas Shopping (in the State of Minas Gerais), Big Shopping (in the State of Minas Gerais), Shopping Center Tamboré (in the State of Sao Paulo), Shopping Mueller (in the State of Santa Catarina), Shopping São Luís (in the State of Maranhão), Shopping Metrô Tatuapé (in the State of São Paulo), Osasco Plaza (in the State of São Paulo), Top Shopping (in the State of Rio de Janeiro), West Shopping (in the State of Rio de Janeiro), Center Shopping Rio (in the State of Rio de Janeiro), Campinas Shopping (in the State of São Paulo), Metrô Santa Cruz (in the State of São Paulo), Crystal Plaza (in the State of Paraná), Center Shopping Uberlandia (in the State of Minas Gerais), Shopping Sete Lagoas (in the State of Minas Gerais), Shopping Granja Vianna (in the State of São Paulo) and Shopping Tijuca (in the State of Rio de Janeiro), Shopping Via Brasil (in the State of Rio de Janeiro) and Shopping Paralela (in the State of Bahia).

The Company's investments are shown below:

Stockholdings in companies:

	Stockholding - %	
	June 30,	**December**
Direct subsidiary companies		
Ecisa Engenharia, Comércio e Indústria Ltda. ("Ecisa Engenharia")	100.00	100.00
Ecisa Participações Ltda. ("Ecisa Participações")	100.00	100.00
BR Malls International Finance Ltd. ("BR Malls Finance")	100.00	100.00
BR Malls Desenvolvimento e Participações Ltda. ("BR Malls Desenvolvimento")	100.00	100.00
BR Malls Serviços Compartilhados Ltda. ("BR Malls CSC")	100.00	100.00
SPE Fortuna Gestão e Participações Ltda. ("BR Malls Fortuna")	100.00	100.00
SPE Sfida Gestão e Participação Ltda. ("SPE Sfida")	79.10	79.10
Crystal Administradora de Shopping Centers Ltda. ("Crystal")	100.00	100.00
Special-purpose partnership Crystal Parking ("Crystal Parking")	66.50	
EDRJ113 Participações Ltda. ("EDRJ113")		100.00
Spinacia Participações S.A. ("Spinacia")		100.00
SPE Azione Gestão e Participação Ltda. ("SPE Azione")		60.00

In thousands of reais, unless otherwise indicated

	Stockholding - %	
	June 30, 2011	December 31, 2010
Indirect subsidiary companies (through Ecisa Engenharia Ltda., Ecisa Participações Ltda. and BR Malls International Finance Ltd.)		
L 5 Corporate LLC.	100.00	100.00
BR Malls Administração e Comercialização Ltda. ("BR Malls Administração")	100.00	100.00
Proffito Holding Participações S.A. ("Proffito")	100.00	100.00
Nattca 2006 Participações S.A. ("Nattca")	100.00	100.00
SPE Indianápolis Participações Ltda. ("SPE Indianápolis")	100.00	100.00
Empresa Patrimonial Industrial IV Ltda. ("EPI")	100.00	100.00
SDR Empreendimentos Imobiliários Ltda. ("SDR")	100.00	100.00
Empresa Cogeradora de Energia Ltda. ("Emce")	100.00	100.00
Campo Grande Parking Ltda. ("Campo Grande Parking")	68.81	68.81
GS Shopping Center S.A. ("GS Shopping")	65.45	65.45
SPE Xangai Participações S.A. SPE Xangai	75.00	75.00
SPE Monza Participações Ltda. ("SPE Monza")	100.00	100.00
SPE Classic Participações Ltda. ("SPE Classic")	100.00	100.00
Fashion Mall S.A. ("Fashion Mall")	100.00	100.00
Rai Rhodes Administração de Imóveis Ltda. ("Rai Rhodes")	100.00	100.00
COFAC - Companhia Fluminense de Administração e Comércio ("COFAC")	100.00	100.00
KGM37 Empreendimentos Ltda. KGM37	100.00	100.00
Ras Empreendimentos e Participações Ltda. ("Ras")		65.14
Shopping Center Mooca Empreendimento Imobiliários. S.A. ("Shopping Center Mooca")	60.00	60.00
Exímia Comercial e Empreendimentos Ltda. ("Exímia")	100.00	100.00
Cuiabá Participações S.A. ("Cuiabá")	78.65	78.65
Special-purpose partnership JLN-2 (Niterói Plaza)	94.10	94.10
Special-purpose partnership JLN-2 (Rio Plaza)	96.00	96.00
Special-purpose partnership Centro Oeste Parking	70.99	70.99
Special-purpose partnership Campinas Shopping	96.00	96.00
Special-purpose partnership Estação Parking	95.40	95.40
Special-purpose partnership Fashion Parking	81.00	81.00
Special-purpose partnership Independência Parking	96.00	96.00
Special-purpose partnership Shopping Ilha Parking	94.80	94.80
Special-purpose partnership Shopping Granja Vianna	96.00	
Companhia Santa Cruz	100.00	100.00
SAS Sociedade Administradora de Centros Comerciais Ltda. ("SAS Administradora")	100.00	100.00
Lesbos Participações Ltda.	100.00	100.00
Sociedade Independência Imóveis ("SISA")	83.44	83.44
Mídia Central Ltda. ("Mídia Central")	100.00	100.00
Center Shopping Rio ("Center Shopping")	51.00	51.00
CIMA Empreendimentos do Brasil S.A. ("CIMA")	100.00	100.00
Piracicaba Malls Participações Ltda.	100.00	100.00
Special-purpose partnership Tijuca Parking	97.80	95.00
Special-purpose partnership Park Center	100.00	100.00
CG Participações Ltda.	85.95	85.95
EDRJ113 Participações Ltda. ("EDRJ113")	100.00	
Spinacia Participações S.A. ("Spinacia")	100.00	
SPE Azione Gestão e Participação Ltda. ("SPE Azione")	60.00	
Hills RJ Participações Ltda.	100.00	
Lorraine RJ Participações Ltda.	100.00	
Joint Ventures		
Administradora Shopping Center Recife Ltda. ("ASCR")	32.46	32.46
Recife Parking Ltda. ("Recife Parking")	32.46	32.46
Recife Locadora de Equipamentos para Autogeração Ltda. ("Recife Locadora")	32.46	32.46
Villa Lobos Parking Ltda. ("Villa Lobos Parking")	26.85	26.85
SPE Mônaco Participações S.A. ("SPE Mônaco") (i)	50.00	50.00
Christaltur Empreendimentose Participações S.A.	49.99	49.99
B. Sete Participações S.A.	39.60	39.60
Special-purpose partnership Center Parking (i) ("Uberlândia Center Parking")	28.50	28.50
Special-purpose partnership West Parking (i)("West Parking")	28.50	28.50
Special-purpose partnership Shopping Via Brasil	46.80	
Associated companies		
EDRJ100 Participações Ltda.	8.00	8.00
Pró-Parking Participações Ltda.	10.51	10.51

(i) Direct investment of BR Malls.

In thousands of reais, unless otherwise indicated

Stockholdings in shopping malls (recorded as investment properties):

	Stockholding - %	
	June 30, 2011	**December 31, 2010**
NorteShopping	74.50	74.50
Shopping Iguatemi Caxias	45.50	45.50
Shopping Villa Lobos	39.72	39.72
Shopping Del Rey	65.00	65.00
Shopping Independência	83.44	83.44
Shopping Recife	31.10	31.10
Shopping Campo Grande	68.70	68.70
Goiânia Shopping	73.56	73.56
Shopping Estação	100.00	100.00
Pantanal Shopping	10.00	10.00
Araguaia Shopping	50.00	50.00
Natal Shopping	50.00	50.00
Shopping ABC	1.28	1.28
Shopping Curitiba	49.00	35.00
Shopping Center Iguatemi Belém	13.30	13.30
Shopping Center Iguatemi Maceió	34.20	34.20
Shopping Center Piracicaba	34.38	34.38
Amazonas Shopping Center	17.90	17.90
Ilha Plaza	100.00	100.00
Fashion Mall	100.00	100.00
Plaza Niterói	100.00	100.00
Rio Plaza	100.00	100.00
Shopping Center Tamboré	100.00	100.00
Esplanada Shopping		3.41
Big Shopping	13.00	13.00
Minas Shopping	2.13	2.13
Shopping Mueller	10.41	10.41
Shopping São Luis	15.00	15.00
Shopping Metrô Tatuapé	3.00	3.00
Osasco Plaza	39.59	39.59
Top Shopping	35.00	35.00
West Shopping	30.00	30.00
Center Shopping Rio	30.00	30.00
Campinas Shopping	100.00	100.00
Shopping Metrô Santa Cruz	100.00	100.00
Crystal Plaza	70.00	70.00
Center Shopping Uberlândia	51.00	51.00
Shopping Granja Vianna	75.00	75.00
Shopping Sete Lagoas	70.00	70.00
Shopping Tijuca	100.00	100.00
Shopping Via Brasil	49.00	
Shopping Paralela	95.00	

(a) Directly controlled subsidiary companies

Ecisa Engenharia Comércio e Indústria Ltda. and Ecisa Participações Ltda.

The Company holds all the capital stock of Ecisa Engenharia and Ecisa Participações, (jointly referred to as "Ecisas") whose objectives are (i) to operate shopping malls and other business or industrial enterprises, of their own or third-parties; (ii) to perform economic planning, develop, market, manage and implement shopping malls and other business or industrial enterprises; (iii) to operate parking lots; (iv) to provide technical support for the implementation, organization and operation of industrial, business or service companies; and (v) to invest in the capital of other companies as a stockholder or quotaholder.

BR Malls International Finance Ltd. ("BR Malls Finance")

BR Malls Finance, which has its head office in the Cayman Islands, was set up with the specific purpose of issuing perpetual bonds in the international market and does not have its own business operations (Note 17(v)).

BR Malls Desenvolvimento

The Company holds all the shares of BR Malls Desenvolvimento, whose objectives are to operate, prepare business plans, develop, market, manage and establish shopping malls and operate parking lots.

BR Malls Serviços Compartilhados Ltda.

The objective of this company is the rendering of financial, accounting and legal services related to information technology and human resources for the implementation, organization and operation of commercial or other types of companies, as well as shopping malls.

SPE Fortuna Gestão e Participações Ltda.

The objective of this company is the operation, economic planning, development and management of Top Shopping. SPE Fortuna holds 35% of the real estate shares in Top Shopping (RJ).

SPE Sfida Gestão e Participação Ltda.

BR Malls holds 79.10% of the company's capital. The objective of this company is the operation of shopping malls and commercial buildings, economic planning, development, marketing, management and implementation of shopping malls and the operation of parking lots. SPE Sfida holds 88.5% of Shopping Center Sete Lagoas.

Crystal Administradora de Shopping Centers Ltda.

The objective of Crystal is to render services, manage, consult, plan and organize trade and real state enterprises, mainly Shopping Malls. The company is responsible for the management of Shopping Center Crystal.

Special-purpose partnership
Crystal Parking

BR Malls holds 66.50% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, vallet parking and similar ("Parking lot").

(b) Indirectly controlled subsidiary companies

L 5 Corporate LLC.

L 5 Corporate, which has its head office in the State of Delaware - United States of America, was set up with the specific purpose of obtaining funds in the international markets. It does not have its own operations.

BR Malls Administração e Comercialização Ltda.

Together, the Ecisas hold the total capital of BR Malls Administração e Comercialização Ltda. ("BR Malls Administração"), a company that provides services related to the planning, management, implantation and operation of shopping malls and commercial ventures of any nature, owned or of third parties, as well as coordinating the acquisition and rental of real estate for commercial use.

Proffito and GS Shopping

Proffito has the specific purpose of investing in the capital of GS Shopping. Proffito holds an interest of 65.5% in the capital of GS Shopping, which is a company whose objective is to invest in shopping malls and which holds 73.56% of the real estate shares in Goiânia Shopping.

Proffito holds 100% of all the ideal fractions and improvements that comprise Shopping Tamboré in Alphaville - São Paulo.

Spinacia Participações S.A.

The objective of Spinacia is to operate shopping malls and parking lots, develop, market, manage and implement shopping malls. Spinacia Participações acquired 60% of a piece of land located in the Municipality of São Bernardo do Campo in the State of São Paulo where it plans to develop a shopping mall.

EDRJ113 Participações Ltda.

The objective of Spinacia is to operate shopping malls and parking lots, develop, market, manage and implement shopping malls. EDRJ113 holds 49% of the Shopping Via Brasil located in Irajá in the Municipality of Rio de Janeiro.

SPE Azione

EDRJ 113 holds 60% of the company's capital. The objective of this company is the operation of shopping malls and commercial buildings, economic planning, development, marketing, management and implementation of shopping malls and the operation of parking lots. SPE Azione develops the project of the Shopping Estação BH.

Nattca

The Ecisas hold 100% of the capital of Nattca, a company established with the specific objective of holding shares in Shopping Estação - it is the sole owner of 100% of the aforementioned shopping mall.

SPE Indianápolis, Cuiabá and Exímia

Ecisa Participações holds the total capital of SPE Indianápolis, which is a company whose objectives are, amongst others, to operate and develop shopping malls and to invest in the capital of other companies. SPE Indianápolis holds an interest of 78.65% in the capital of Cuiabá Participações S.A, which in turn holds 12.72% of the shares in the real estate segment of Pantanal Shopping. Upon consolidation of these holdings, SPE Indianápolis indirectly will hold approximately 10% of Pantanal Shopping.

Furthermore, SPE Indianápolis also owns debentures issued by Maia e Borba S.A, which ensures that SPE Indianápolis receives remuneration corresponding to 50% of the net results of Araguaia Shopping, which is a business enterprise operated by that company.

SPE Indianápolis holds 99.9% of the shares in the capital of Exímia, which is a company whose objective is to rent its own real estate property and invest in other companies. Exímia's assets comprise the following investments: (i) 13% of the enterprise known as Big Shopping and (ii) 2.13% of the enterprise known as Minas Shopping.

Center Shopping, Mídia Central and Uberlândia Center Parking

SPE Indianápolis holds 51% of the capital of Center Shopping S.A, whose objectives, amongst others, are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls. The company has 100% of the investments in real estate of Shopping Center Uberlândia.

Center Shopping S.A. holds the whole of the capital of Mídia Central Ltda. The objective of the company is the exploration of the media placement activity.

Center Shopping S.A. holds 100.00% of the capital of Uberlândia Center Parking whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, vallet parking and similar ("Parking lot").

EPI, SPE Classic and Piracicaba Malls

Ecisa Engenharia holds an interest of approximately 100% in the capital of EPI, which is a company whose main objective is to invest in real estate enterprises, amongst other objectives. EPI holds the following holdings: (i) 19.04% of the enterprise known as Shopping Center Piracicaba, (ii) 13.30% of the enterprise known as Shopping Center Iguatemi Belém (iii) 17.9% of the enterprise known as Amazonas Shopping Center and (iv) 34.20% of the enterprise known as Shopping Center Iguatemi Maceió. EPI holds 100% of the quotas of the capital stock in SPE Classic Participações Ltda., which in turn has a 3% share in an enterprise known as Shopping Metrô Tatuapé and a 15% share in an enterprise known as Shopping São Luis. EPI holds 100% of the quotas of the capital stock in Piracicaba Malls Participações Ltda., which in turn has a 15.34% real estate share in Shopping Center Piracicaba.

Fashion Mall and Rai Rhodes

The Ecisas hold 100% of the capital of Fashion Mall S.A, whose objectives, amongst others, are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls. The companies hold (i) 100% of the shares in Rio Plaza Shopping; and (ii) 100% of the shares in São Conrado Fashion Mall (iii) 100% of the shares in Niterói Plaza and (iv) 100% of the shares in Shopping Ilha Plaza.

Fashion Mall holds the total capital of Rai Rhodes, which provides administration, leasing and other services related to the real estate business, including shopping malls, as well as the purchase and sale of real estate.

COFAC

The Ecisas hold an interest of 100% in the capital of COFAC whose objectives, amongst others are to operate, prepare business plans, develop, market, manage and implement shopping malls.

SPE Monza and Shopping Center Mooca

Ecisa Engenharia holds an interest of 100% in the capital of SPE Monza, whose objective, amongst others, is to operate, prepare business plans, develop, market, administer, manage and implement shopping malls and operate parking lots.

SPE Monza holds an interest of 60% in the Capital of Shopping Center Mooca. Shopping Center Mooca has the objective to promote, develop and operate exclusively upon the sale, purchase or lease of space for enterprises. SPE Monza started to operate in the Shopping Center Mooca with the specific purpose of developing a shopping mall located in the Mooca area of São Paulo.

SPE Xangai

Ecisa holds an interest of 75.00% in the capital of SPE Xangai, which is a company whose objectives, amongst others, are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls as well as operate parking lots. SPE Xangai holds 100% of Shopping Granja Vianna, located in the Municipality of Cotia, in the metropolitan area of São Paulo.

Emce

The objective of this company is to lease equipment which allows for cogeneration of electric power. Its main client is Norte Shopping.

KGM37

The Ecisas hold an interest of 100% in the capital of KGM37, which is a company whose objective is to operate, prepare business plans, develop, commercialize, administer, manage and implement shopping malls. KGM37 holds 10.41% of the capital of Shopping Mueller.

SDR

This company's objective is to undertake real estate projects, notably shopping malls, and investing in the capital stock of other companies. SDR has 30% of the investments in the real estate of Shopping Del Rey. Together with Ecisa Engenharia Ltda., BR Malls holds 65% of the real estate investment in shopping Del Rey.

Campo Grande Parking

The objective of this company is to operate paid parking lots in Shopping Campo Grande.

Special-purpose partnership JLN 2

The objective of JLN2 is to develop, execute, operate and manage the parking lot at Plaza Niterói and Rio Plaza.

Special-purpose partnership
Centro Oeste Parking

The objective of this company is to develop, execute, operate and manage the parking lot at Goiania Shopping.

Special-purpose partnership
Campinas Parking

The objective of this company is to develop, execute, operate and manage the parking lot at Campinas Shopping.

Special-purpose partnership
Fashion Parking

The objective of this company is to develop, execute, operate and manage the parking lot at São Conrado Fashion Mall.

Special-purpose partnership
Estação Parking

The objective of this company is to develop, execute, operate and manage the parking lot at Shopping Estação.

Companhia Santa Cruz and SAS Administradora

The Ecisas have a 100% share of the capital of Companhia Santa Cruz, whose specific purpose is to hold a share in the Shopping Metro Santa Cruz and is the exclusive owner of 100% of that Shopping Center.

Companhia Santa Cruz has a 100% share of the capital of SAS Administradora whose objective is to provide financial administration, planning, coordination and organizational services to Shopping Metro Santa Cruz.

Lesbos Participações Ltda.

The Ecisas have a 100% share of the capital of Lesbos whose objective is to develop, execute, operate and manage the parking lot at Metro Santa Cruz.

Sociedade Independência Imóveis ("SISA")

Ecisa Engenharia holds an interest of 83.44% in the capital of SISA, which is a company whose objective is to organize, implement and manage movable and fixed assets as well as business enterprises, notably shopping malls. SISA holds the whole of the investment in the real estate of Shopping Center Independência, in Juiz de Fora, in the State of Minas Gerais.

Special-purpose partnership
Independência Parking

SISA holds 96% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, vallet parking and similar ("Parking lot").

Special-purpose partnership
Ilha Parking

Fashion Mall holds 94.8% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, vallet parking and similar ("Parking lot").

Special-purpose partnership
Granja Vianna

SPE Xangai Participações Ltda. holds 96.0% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, vallet parking and similar ("Parking lot").

CIMA

Ecisa Engenharia holds an interest of 100% in the capital of CIMA, which is a company whose objective is to organize, implement and manage movable and fixed assets as well as business enterprises, notably shopping malls. CIMA holds the total real estate shares of Shopping Tijuca and 50% of the trade towers that belong to the shopping mall.

CG Participações

Ecisa Participações holds an interest of 85.95% in the capital of CG Particpações Ltda., which is a company whose objective is to organize, implement and manage movable and fixed assets as well as business enterprises, notably shopping malls. CG Participações holds the following holdings: 10.5% of real estate shares of Shopping Campo Grande and 4.13% of Campo Grande Parking.

Special-purpose partnership
Tijuca Parking

CIMA holds 95.00% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, vallet parking and similar ("Parking lot").

Hills RJ Participações Ltda.

The objective of the company is to render services, manage, consult, plan and organize trade and real state enterprises, mainly Shopping Malls.

Lorraine RJ Participações Ltda.

The objective of the company is to render services, manage, consult, plan and organize trade and real state enterprises, mainly Shopping Malls.

(c) Joint Ventures

ASCR

This company provides administrative services related to the operation of Shopping Recife.

Recife Parking

The objective of this company is to operate paid parking lots in Shopping Recife.

Recife Locadora

This company has the objective of leasing equipment for the generation of electric or thermal power, related to the operations of Shopping Center Recife.

Villa Lobos Parking

This company has the objective of operating a paid parking lot for cars in Shopping Center Villa Lobos.

SPE Mônaco

BR Malls holds an interest of 50% in the capital of SPE Mônaco, which is a company whose objectives, amongst others, are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls as well as operate parking lots. SPE Mônaco holds 100% of Natal Shopping Center.

B. Sete Participações S.A.

BR Malls holds an interest of 39.59% in the capital of B. Sete Participações S.A., whose objectives are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls as well as operate parking lots. B. Sete Participações S.A. holds 100% of Shopping Center Osasco Plaza and 100% of Administradora Osasco Plaza, the company that is responsible for the shopping mall management.

Christaltur Empreendimentose Participações S.A.

Ecisa Engenharia holds an interest of 49.99% in the capital of Christaltur, which has as its main objective performing real estate mergers, as well as investing in other companies as a stockholder or quotaholder. After the purchase of Christaltur, BR Malls became the holder of 39.72% of the gross leaseable area of Shopping Villa-Lobos, increasing its investment in that enterprise.

Special-purpose partnership
WEST Parking and Center Parking

BR Malls has a 28.5% share of the capital of the companies whose objectives are to develop, execute, operate and manage the parking lot at West Shopping and Center Shopping.

Special-purpose partnership
Via Brasil Parking

SCP's objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, vallet parking and similar ("Parking lot").

(d) Financial investments

EDRJ100 Participações Ltda.

Ecisa Engenharia holds an 8% interest in the capital of EDRJ100, which is a company whose main objective is to invest in other companies and holding in real estate enterprises.

Pró-Parking Participações Ltda.

BR Malls Participações holds a 10.51% share in Pró-Parking Participações Ltda., whose objective is to operate the paid parking lot at Shopping Center Mueller.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of this quarterly information are set out below. These policies have been consistently applied to all the quarters presented, unless otherwise stated.

2.1 Basis of preparation

The quarterly information have been prepared under the historical cost convention as modified by the fair value of investment properties and certain financial instruments against the result for the quarterly and semester. The preparation of quarterly information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated quarterly information are disclosed in Note 3.

This interim accounting information must be read together with out last audited annual financial statements for the year ended December 31, 2010.

(a) Consolidated Quarterly Information

The consolidated quarterly information was prepared and are being presented in accordance with the pronouncements issued by the Accounting Pronouncements Committee CPC 21 - Interim Financial Reporting. In 2009, the Company opted for the early adoption of the CPCs, as mentioned in item "b" below.

The consolidated quarterly information has also been prepared and are being presented in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

In adopting the IFRS for the consolidated financial statements for 2010, certain adjustments were required to balances previously presented in accordance with the CPCs in 2009. In this context, the only difference between the accounting practices previously adopted by BR Malls in the consolidated (early adoption) and IFRS, is related to the balance of Deferred Assets, which was fully reversed.

(b) Parent company quarterly information

The parent company quarterly information has been prepared in accordance with CPC 21 - Interim Financial Reporting issued by the Accounting Pronouncements Committee ("CPC") and are disclosed together with the consolidated financial statements.

According to Article 3 of CVM Deliberation No. 603/09, open stock companies may anticipate the adoption, in their financial statements for 2009, the Pronouncements, Interpretations and Orientations of the CPC, approved by the CVM, to take effect for the years beginning as of January 1, 2010, as long as they are fully applied and also extended to the financial statements for 2008 presented for comparison purposes and together with the statements for 2009.

2.2 Consolidation

(a) Consolidated Quarterly Information

The following accounting policies are applied in the preparation of the consolidated quarterly information.

(i) Subsidiaries, joint ventures and associates

Subsidiaries are all the entities (including special purpose entities) over which the group has the power to determine the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of possible voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are no longer consolidated from the date that control ceases.

The quarterly information also comprises the financial information of its joint ventures, the situation in which the control and management of the companies are shared with the other stockholders. The consolidation includes asset, liability and statement of income accounts proportionally to the total holding in the capital of the respective companies.

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights and are initially recognized at cost. The Company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See Note 2.6.4 for the impairment of non-financial assets, including goodwill.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries associates and jointly-controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Company.

(ii) Transactions and non-controlling interests

The Company treats transactions with non-controlling interests as transactions with equity owners of the Company. For purchases from non-controlling interests, the difference between any consideration paid and the proportion acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(b) Parent company quarterly information

In the parent company quarterly information, subsidiaries, associates and jointly-controlled entities are recorded based on the equity accounting method. The same adjustments are made in the parent company and consolidated quarterly information to reach the same profit or loss and equity attributable to the holders of the parent entity. In the case of BR Malls, the accounting practices adopted in Brazil used in the parent company quarterly information (CPC 21) differ from the IFRS applicable to the separate quarterly information 9IAS 34) only in relation to the measurement of investments in subsidiaries and associates based on equity accounting, while IAS 34 requires measurement based on cost or fair value, and the maintenance of the balances of deferred charges as at December 31, 2008, which are being amortized.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the topmanagement responsible for the Company's strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the quarterly information of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated quarterly information is presented in R$, which is the company’s functional currency, and also the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at quarter-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within ‘finance income or expense’. All other foreign exchange gains and losses are presented in the income statement within ‘Financial result - net’.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, with immaterial risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.6 Financial assets

2.6.1 Classification

The Company classifies its financial assets as follows: measured at fair value through profit or loss, loans and receivables and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at the time they are initially recorded.

Securities recorded in current and non-current assets are shown at the amount invested plus the fair value of the securities, as they are basically financial instruments held for negotiation and contracted remuneration and recognized on a pro-rata basis up to the date of the quarterly information and held to maturity, not to exceed their fair value.

(a) Financial assets at fair value through the results

These are financial assets held for active and frequent trading. Financial instruments are also classified as held for trading and included in the category, unless they have been designated as hedge instruments.

Assets in this category are classified as current assets. Gains or losses arising from the changes in the fair value of financial assets measured at fair value through profit or loss are recorded in the statements of income under ‘Financial result - net’ in the quarter they occur. The Company does not apply hedge accounting.

(b) Loans and receivables

These comprise loans granted and non-derivative receivables with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets or non-current assets, depending on whether they fall due within or after 12 months from the balance sheet date. The Company's loans and receivables comprise loans granted to associated and subsidiary companies, trade accounts receivable, other accounts receivable and cash and cash equivalents.

The loans and receivables are recorded at amortized cost, based on the effective interest rate method.

(c) Assets held to maturity

These are basically financial assets that cannot be classified as loans and receivables, because they are quoted in an active market. These financial assets are acquired by the Company with the intention and financial ability of being held up to their maturity. They are recorded at the acquisition cost, plus accrued earnings under the effective interest rate method, recorded in results for the quarter.

2.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the income statement within ‘Financial result - net’ in the quarter in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of "Other operating gains" when the Company’s right to receive payments is established.

Fair values of investments with publicly-available quotations are based on current purchase prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Company evaluates, at the balance sheet date, if there is objective evidence of loss in a financial asset or a group of financial assets . Impairment testing of trade receivables is described in Note 2.6.4.

2.6.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.6.4 Impairment of financial assets

Assets carried at amortized cost

The Company assesses at the end of each period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the issuer or obligor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of borrowers in the portfolio; and
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

2.7 Derivative financial instruments and hedge activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. Although the Company uses derivatives for protection, it has not designated any instruments as hedges for accounting purposes.

Changes in the fair value of any of these derivative instruments are recognized immediately in the income statement within 'Financial result - net'.

2.8 Trade accounts receivable

These include rents receivable, as well as management fees and assignment of usage rights fees granted to tenants of stores of the shopping malls. They are stated at their value to date, less the respective allowances for doubtful accountants (impairment). The Company's management considers the mentioned allowance as sufficient to cover identified losses.

The present value of long-term trade accounts receivable is calculated based on the effective interest rate of assignment of use rights. This rate is compatible with the nature, term and risks of similar transactions under normal market conditions. The average rate at June 30, 2011, corresponds to 12.17 % per annum (p.a.) (December 31, 2010 - 10.61% p.a.).

2.9 Non-current assets held for sale

Assets of the disposal group are classified as held for sale when their carrying value is recoverable, particularly in the case of a sale and when the completion of such sale is practically certain. These assets are stated at the lower of the carrying value and fair value, less sales cost, if the carrying value can be recovered, particularly by means of a sale transaction and not due to continuing use.

2.10 Intangible assets

(a) Goodwill

Previously, the goodwill or negative goodwill determined on the acquisition of an investment was calculated as the difference between the purchase value and the accounting value of the stockholders' equity of the company acquired. The goodwill or negative goodwill was recorded in the investment Company and subdivided into two categories: (i) surplus value of assets, represented by the difference between the accounting value of the acquired company and the fair value of the assets and liabilities and (ii) future earnings, represented by the difference between the fair value of assets and liabilities and the purchase value. The portion based on the surplus value of assets was amortized as these assets and liabilities in the company acquired were realized. As of January 1, 2008, retroactively, the goodwill was totally transferred to the investment property account, that are valued at fair value and reviewed at least annually. The Company maintains a supplementary control of this goodwill due to the tax benefits from the deductibility of the goodwill.

(b) Intangible assets - Computer programs (software)

Licenses for computer programs acquired are capitalized and amortized during the estimated useful life according to the rates disclosed in Note 15.

2.11 Deferred (only for parent company quarterly information)

Deferred charges, up to December 31, 2007 were made up mostly of pre-operating and reorganization expenses, being amortized in up to ten years. In accordance with CPC 13, the Company chose to maintain the balance of recorded deferred charges, made up untill 2007, until the end of its amortization and there has been no new capitalization after January 2008.

2.12 Property and equipment

These are stated at cost less the corresponding accumulated depreciation. Depreciation is calculated on the straight-line method at annual rates considered compatible with the useful and economic lives of the assets, as disclosed in Note 14.

Residual values and useful lives of the assets are reviewed annually and adjusted, if appropriate.

2.13 Investment properties

Investment properties are represented by land and buildings in shopping malls held for rental income and/or capital gains as disclosed in Note 13.

Investment properties are recognized at their fair value. Appraisals were made by internal specialists using a proprietary model considering earnings history and cash flows discounted at market rates. Annually reviews are made to evaluate any changes in recognized balances. The fair value variations are recognized in profit or loss;

Investment properties under construction (Greenfields) are recognized at their construction costs up to the date they enter into operation or when the Company can reliably determine the asset's fair value.

The fair value of investment properties does not reflect future capital expenditures that increase property values nor does it consider related future benefits derived from these expenditures.

2.14 Impairment of assets

Property and equipment and other non-current assets, including intangible assets, are reviewed at least annually to identify indicators of non-recoverable losses, or, any time events or changed circumstances indicate that a book value may not be recoverable. When this is the case, the recoverable value is calculated in order to see if there is any loss. Whenever there is a loss, it is recognized at the amount by which the book value exceeds its recoverable value, which is the higher between the net asset sale price and its value in use. For purposes of valuation, assets are grouped into the smallest group of assets for which there are cash flows which can be identified separately. It was not necessary to record a loss resulting from the reduction of the recoverable value of assets.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. In practice, they are usually recognized at the amount of the related invoice.

2.16 Borrowings and financing

Borrowings and financings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the settlement value is recognized in the statement of income over the period of the borrowings and financings using the effective interest method.

Fees paid on the establishment of borrowing or financing facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the borrowing and financing will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the borrowing and financing to which it relates.

Financial instruments, including perpetual bonus, which are mandatorily redeemable on a specific date are classified as liabilities.

Borrowings and financings are classified as current liabilities unless the Company has an unconditional right to define settlement of the liability for at least 12 months after the reporting period.

2.17 Provisions

The restructuring costs and lawsuits (labor, civil and indirect taxes) are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance costs.

2.18 Current and deferred income tax and social contribution

The current income tax and social contribution are calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken by the Company in income tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax and social contribution are recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the quarterly information. Deferred income tax and social contribution are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The currently defined tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred credits.

Deferred income tax and social contribution assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Income tax and social contribution

These are recorded on a monthly basis under the annual taxable income method, except for certain subsidiaries and joint subsidiaries, whose taxes are calculated based on presumed profit.

The social contribution is calculated at the rate of 9% on the income adjusted according to the provisions of the law currently in effect. The provision for income tax is recorded at the gross amount, applying the base rate of 15%, plus an additional of 10%. For the companies that chose the assumed profit method, the calculation base for the income tax is calculated at the rate of 32% for income arising from rents and rendering of services and 100% for financial income; the social contribution on the net profit is calculated at the rate of 32% on the gross revenue, on which the nominal rates are applied.

2.20 Deductions from income

For the companies which use the annual taxable profit system, the Social Integration Program ("Programa de Integração Social - PIS") is calculated at the rate of 1.65%, applied to the whole of the operating income, adjusted in accordance with deductions and exclusions established in the prevailing legislation.

The Tax for Social Security Financing ("Contribuição para Financiamento de Seguridade Social - COFINS") is calculated at the rate of 7.60%, applicable to the same calculation basis as for the PIS.

For the companies that chose the presumed profit method, the PIS is calculated at the rate of 0.65%, applied on the whole of the operating and financial income. The COFINS is calculated at the rate of 3%, applicable to the same calculation basis as for the PIS.

2.21 Employee benefits

(a) Share-based remuneration

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The social security contributions payable in connection with the granting of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

(b) Profit sharing

The Company recognizes a liability and an expense for profit-sharing based on a formula that takes into consideration the profit attributable to the Company’s stockholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.22 Share capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity in a specific reserve, net of taxes.

Where any Company of the Group purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are canceled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax and social contribution effects, is included in equity attributable to the Company's stockholders.

2.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Rendering of services

Revenues and costs arise substantially from the operation of shopping malls. The Company records proportionally its share of rents paid and corresponding costs passed on by the condominium association and consortium, based on the capital of the Company in these enterprises. The Company's income arises from four main activities, "operating income of its business": (i) ownership of shopping malls, through the rental of shops, "Mall and Merchandising" space and the operation of parking areas; (ii) rendering of management and consulting services performed through the BR Malls Administração subsidiary, Hills RJ Participações Ltda. and Lorraine RJ Participações Ltda.; (iii) rendering of services for the marketing of shops and "Mall and Merchandising" spaces, through the BR Malls Administração subsidiary; and (iv) rendering of services related to the preparation of business plans and development carried out through the BR Malls Desenvolvimento subsidiary company. The main source of income of the Company results from the proportional participation in the income generated by the Shopping Centers. Deferred income refers, basically, to recognition of assignment of use rights, as described in Note 22.

Income related to the assignment of rights is recognized on the straight line method in the statement of operations for the quarter, based on the lease terms of the respective stores in question. In addition, store rental income is recognized on the straight line method during the course of the lease contract, taking into consideration the contractual readjustment and charge for 13th month's rent.

Regarding items (ii) and (iii) above, BR Malls Administração render management and trading services to shopping malls of the Company and of third parties, accruing monthly the following income: (a) fee paid by the entrepreneurs, which is calculated through the application of a percentage on the net income of the shopping mall, less their operating expenses (excluding the management fee) of the gross operating income; (b) fees paid by the storekeeper, which are defined based on a monthly fixed amount or on a percentage on the total condominium expenses and on the promotion fund; and (c) trade revenue, which, in general, corresponds to a percentage of the rental agreements of stores, kiosks and spaces for merchandising, as well as right assignment, transfer fees of traded real estate.

(b) Finance income

Interest income is recognized according to the elapsed term, using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Subsequently, as time goes by, interest is incorporated into loans and receivables against interest income. This interest income is calculated at the same effective interest rate used to determine the recoverable amount, that is, the original rate of loans and receivables.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

2.24 Dividend and interest on capital distribution

Dividend and interest on capital distribution to the Company's stockholders is recognized as a liability in the Company's quarterly information at year-end based on the company's by-laws. Any amount that exceeds the minimum required is only provided on the date it is approved by the stockholders at the general meeting.

The tax benefit of interest on capital is recognized in the statement of income.

2.25 Investments in subsidiaries and jointly controlled companies

Investments in subsidiaries and jointly controlled companies are evaluated based on the equity accounting method (Note 12). For consolidation purposes, the Company adopts the criteria described in Note 2.2.

2.26 Equity accounting

The investments in subsidiary and associated companies are recorded and evaluated based on the equity accounting method (Note 12), recognized in inthe result. In accordance with this method, the Company's share in the increase or decrease of the equity of the subsidiaries, associates and jointly-controlled companies after the acquisition, due to the determination of the net income or loss for the year or due to gains or losses in capital reserves, is recognized as income (or expense). For effects of the equity accounting calculation, gains or transactions that took place between the Company and its subsidiaries and associated companies are eliminated in the proportion of the Company's participation; unrealized losses are also eliminated, unless the transaction provides evidence of permanent loss (impairment) of the asset transferred.

In thousands of reais, unless otherwise indicated

When the Company's share in accumulated losses of subsidiaries and associated companies becomes equal to or exceeds the amount of the investment, the Company does not recognize additional losses unless it has taken on obligations or made payments on behalf of these companies.

2.27 Costs incurred with the raising of funds

The recognition of the transaction costs incurred with the raising of equity funding is recorded in a reduction account of stockholders' equity, less any tax effect.

2.28 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight-line method over the period of the lease. Leases in which the Company is the lessor are recognized as mentioned in Note 2.23.

2.29 Restatement of the financial statements

The Company has prepared these restated financial statements to properly present the non-cash effects related to the purchase of investment properties which had impacted the cash flow from operating and investing activities.

The table below shows the effects of this restatement:

	Consolidated	
	Period of 6 months ended 2011	**Period of 6 months ended 2010**
Net cash (used in) generated from operating activities - As previously reported	(293.431)	191.371
Adjustment related to non-cash transaction of liabilities payable for acquisition of shopping malls	409.971	(13.622)
Net cash (used in) generated from operating activities – restated	116.540	177.749
Net cash (used in) generated from investing activities –As previously reported	(1.373.827)	(160.231)
Adjustment related to the non-cash transaction related to the Purchases of investment property	(409.971)	13.622
Net cash (used in) generated from investing activities – restated	(1.783.798)	(146.609)

	Parent Company	
	Period of 6 months ended 2011	**Period of 6 months ended 2010**
Net cash (used in) generated from operating activities - As previously reported	63.149	1.958
Adjustment related to non-cash transaction of liabilities payable for acquisition of shopping malls	(126.824)	
Net cash (used in) generated from operating activities – restated	(63.675)	1.958
Net cash (used in) generated from investing activities –As previously reported	(1.112.723)	46.449
Adjustment related to the non-cash transaction related to the Purchases of investment property	126.824	

In thousands of reais, unless otherwise indicated

Net cash (used in) generated from investing activities – restated	(985.899)	46.449

The adjustment did not affect reported cash balances, profit for the year, shareholders´ equity, earnings per share or the the basis of distribution of dividends.

2.30 New pronouncements, amendments, and interpretations of IFRS

The following standards, amendments and interpretations of standards that affect the Company have been published and are mandatory for the accounting periods beginning on or after January 1, 2011 or later periods.

(a) IFRS 9, "Financial instruments", issued in November 2009

This standard is the first step in the process to replace IAS 39 "Financial instruments: Recognition and measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until January 1, 2013 but is available for early adoption. The Company has not adopted yet and will evaluate the full impact of IFRS 9 during 2011.

(b) Revised IAS 24, "Related party disclosures", issued in November 2009,

which supersedes IAS 24, "Related party disclosures", issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. There was no material impact with the adoption of this amendment in 2011.

3 Critical Accounting Estimates and Judgments

(a) Use of estimates

The preparation of quarterly information requires the use of estimates to record certain assets, liabilities and other transactions. Therefore, this quarterly information include estimates for the selection of useful lives of property and equipment, allowance for doubtful accounts and for the provisions required for contingent liabilities, determination of the provision for income tax and social contribution and other charges. As these are estimates, actual results may differ in relation to the estimates upon the realization or settlement of the corresponding assets and liabilities.

(b) Critical accounting estimates

Critical accounting practices are those which are both (a) important to demonstrate the financial condition or entity results and which (b) require more difficult, subjective or complex judgment by management, frequently as a result of the need to make estimates which have an impact on inherently uncertain questions. As the number of variables and assumptions which affect the possible solution of these uncertainties increase, these judgments become even more subjective and complex. The following estimates were considered to be the most complex at the time this quarterly information was prepared:

(i) Value of investment properties - Fair value of investment properties is determined using a proprietary model to calculate the present value of projected cash flows for each property, which uses market assumptions, annually updated at the balance sheet date.

(ii) Fair value of derivative financial instruments - The fair value of derivative financial instruments is determined using valuation techniques. Company Management uses its judgment to choose several methods and define assumptions that are principally based on market conditions at the date of the balance sheet.

In preparing the quarterly information, the Company adopted estimates and assumptions derived from past experience and several other factors which it understands to be reasonable and relevant under certain conditions.

Actual results, based on judgments, were similar to estimates under different variables, assumptions or conditions.

4 Financial Risk Management

The Company has a policy for monitoring risk management. Management analyzes the matters that relate to financial investment, management of debts and risk management, sending the matters for the approval of the Supervisory Board. In accordance with internal policy, the Company's financial result should be a result of the generation of operating cash and not gains in the financial market. The results obtained by the application of internal controls for the management of risks were satisfactory for the proposed purposes.

4.1 Financial risk factors

(a) Credit risk

Company operations include administration of Shopping Centers (projects) and rental of stores which are the object of the Project.

The Company is subject to credit risk related to trade accounts receivable and financial investments. Company financial policy limits its associated risk with these financial instruments, allocating them in financial institutions as described in Note 4.2.

The lease contracts are governed by the applicable legislation. It is appropriate to point out that the choice of a diverse portfolio and control and evaluation of the balances are procedures that the Company undertakes in order to minimize losses resulting from default. Concentration of credit risk in accounts receivable is minimized due to the large number of customers, as the Company does not have any customer or company which represents more than 2.5% of its consolidated sales.

(b) Price risk

Revenues depend directly on the Company's capacity to lease space available in the enterprises in which the Company has invested. Adverse conditions may reduce the number of leases, as well as the possibility to increase lease prices. The following factors, amongst others, can affect revenue generation:

- Periods of recession and increase in vacancy levels in the enterprises.
- Negative perception of tenants with respect to security, convenience and attractiveness of areas where the enterprises are located.

Increase in the tax burden on the Company's operations.

Management constantly controls and assesses these risks so as to minimize the impacts on the business.

(c) Exchange rate risk

The associated risk is a result of the possibility that the Company incurs losses due to the fluctuations in the exchange rate of the US dollar and the Japanese yen that increases the amounts obtained or decreases the amounts transferred to the market.

(d) Liquidity risk

Cash flow projections are made in group companies. The Company monitors the continuous forecasts for liquidity requirements of the group companies to assure that it has sufficient cash to meet its operating needs.

In thousands of reais, unless otherwise indicated

(e) Analysis of the responsiveness required by the Marketable Securities Commission (Deliberation 550)

On October 17, 2008, the Brazilian Securities Commission (CVM) issued Resolution No. 550, which deals with the presentation of the information on derivative financial information. The required information applicable to the Company is as follows:

Operation	Assets/Liabilities	Entity	Maturity	Notional value	Receiving position	Paying position	Differential fair value receivable/ (payable)	Differential curve receivable/ (payable)
June 30, 2011								
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Participações Ltda.	2.14.2019	21,909	38,418	43,635	(9,048)	(5,217)
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Engenharia Ltda.	2.14.2019	16,432	28,814	32,726	(6,786)	(3,912)
							(15,834)	(9,129)
Financiamento Itaú BBA	TR +11.16% x IGP-M + 7.75%	Proffito Holding	10.15.2021	92,500	111,729	120,554	(12,763)	(8,825)
Financing Santander	TR + 11% p.a x IGP-M + 8.30 % p.a	SPE Xangai Participações	8.1.2019	94,643	1,626	1,562	(1,788)	64
Financing Itaú BBA	TR + 9.94% x IPCA + 6.25%	SPE Monza	12.28.2012	39,439	59,241	60,014	(632)	(773)
Finanincing BTG Pactual	TR + 10% p.a x 93.95 % DI	SPE Sfida	12.23.2019	32,000	32,106	31,880	1,473	226
							(13,710)	(9,308)
Perpetual credit bonds	USD + 9.75% p.a. x JPY + 6.90% p.a.	L5 Corporate LLC	11.6.2012	232,558	219,120	275,895	(53,765)	(56,775)
Perpetual credit bonds	USD + 8.5% p.a. x JPY + 6.20% p.a.	BR Malls Inter. Finance	1.15.2016	382,605	365,157	374,576	(1,675)	(9,419)
Perpetual credit bonds	JPY + 6.9% p.a. x USD + 9.87% p.a.	BR Malls Participações S.A.	11.5.2012	232,558	275,894	219,164	52,951	56,730
Perpetual credit bonds	USD + 11.25% p.a. x 109.3% DI	BR Malls Participações S.A.	11.5.2012	232,558	4,174	5,068	(7,784)	(894)
Perpetual credit bonds	JPY + 1.22% p.a. x USD + 1.378% p.a.	BR Malls Participações S.A.	11.5.2012	232,558	572	511	537	61
Perpetual credit bonds	USD + 9.75% p.a. x 95.50% DI	BR Malls Participações S.A.	11.5.2012	64,505	1,004	1,227	(1,932)	(223)
Perpetual credit bonds	JPY + 1.0941% p.a. x USD + 1.25% p.a.	BR Malls Participações S.A.	1.15.2016	382,605	810	892	(1,434)	(82)
Perpetual credit bonds	JPY + 6.2% p.a. x USD + 8.5% p.a.	BR Malls Participações S.A.	1.15.2016	382,605	374,576	365,157	1,675	9,419
Perpetual credit bonds	USD + 9.75% x 99.15% DI p.a.	BR Malls Participações S.A.	1.14.2016	382,605	7,391	8,752	(15,916)	(1,361)
Perpetual credit bonds	USD + 11.47% x 100.3% DI p.a.	BR Malls Participações S.A	11.5.2015	69,137	66,618	61,173	5,445	5,445
Perpetual credit bonds	USD + 9.75% p.a. x JPY + 86.0% DI.	BR Malls Participações S.A	11.5.2015	249,258	15,707	14,518	1,189	1,189
							(20,709)	(2,537)
							(50,253)	(20,974)

Operation	Assets/Liabilities	Entity	Maturity	Notional value	Receiving position	Paying position	Differential fair value receivable/ (payable)	Differential curve receivable/ (payable)
December 31, 2010								
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Participações Ltda.	2.14.2019	24,177	39,787	44,217	(8,713)	(4,430)
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Engenharia Ltda.	2.14.2019	18,133	29,841	33,163	(6,535)	(3,322)
							(15,248)	(7,752)
Financing Itaú BBA	TR +9.94% x IGP-M + 6.25%	SPE Monza	12.28.2012	17,898	18,010	18,063	(53)	(53)
Financing Itaú BBA	TR +11.16% x IGP-M + 7.75%	Proffito Holding	10.15.2021	92,500	105,337	112,012	(11,932)	(6,675)
Financing Santander	TR + 11% p.a x IGP-M + 8.30 % p.a	SPE Xangai Participações	8.1.2019	94,643	95,470	95,363	(7,041)	107
Financing Santander	TR + 10% p.a x 93.95 % DI	SPE Sfida	12.23.2019	32,000	32,133	32,097	735	36
							(18,291)	(6,585)
Perpetual credit bonds	USD + 9.75% p.a. x JPY + 6.90% p.a.	L5 Corporate LLC	11.6.2012	232,558	231,917	288,896	(53,476)	(56,979)
Perpetual credit bonds	JPY + 6.9% p.a. x USD + 9.87% p.a.	BR Malls Participações S.A.	11.5.2012	232,558	288,895	231,962	54,373	56,933
Perpetual credit bonds	USD + 11.25% p.a. x 109.3% DI	BR Malls Participações S.A.	11.5.2012	232,558	4,208	4,323	(3,289)	(115)
Perpetual credit bonds	JPY + 1.22% p.a. x USD + 1.378% p.a.	BR Malls Participações S.A.	11.5.2012	232,558	570	515	739	55
Perpetual credit bonds	USD + 9.75% p.a. x 95.50% DI	BR Malls Participações S.A.	11.5.2012	64,505	1,012	1,047	(867)	(35)
Perpetual credit bonds	86% DI x USD + 9.75 %	BR Malls Participações S.A	11.5.2015	249,258	68,852	61,296	7,556	7,556
Perpetual credit bonds	100.3 % DI x USD 11.47 % p.a.	BR Malls Participações S.A	11.5.2015	69,137	16,233	14,549	1,684	1,684
							6,720	9,099
							(26,819)	(5,238)

In thousands of reais, unless otherwise indicated

The table below shows the sensitivity analysis of the Company's management and the cash effects of the open operations at June 30, 2011:

Scenario - increase in the CDI rate

Operation	Risk	Probable Scenario	Possible Scenario(25%)	Remote Scenario(50%)
US dollar x CDI	Increase in CDI rate	(18,998)	(28,915)	(49,220)
Pre X IGP-M	Increase in IGP-M rate	(6,705)	(11,544)	(16,876)
TR x IGP-M	Increase in IGP-M rate	(22,175)	(39,191)	(58,204)
TR x CDI	Increase in CDI rate	1,473)	(925)	(1,350)
TR x IPCA	Increase in IPCA rate	(632)	(700)	(925)
		(47,037)	(81,275)	(126,575)

Operation	Maturity (months)	Current market (%)	Possible market (%)	Remote market (%)
US dollar x CDI	38	14.70	11.03	7.35
PRE x IGP-M	39	6.97	5.23	3.49
TR x IGP-M	61	7.07	5.30	3.54
TR x CDI	58	97.25	72.94	48.70
TR x IPCA	81	6.12	4.59	3.06

The Company does not have derivative financial instruments with leverage, nor limits to determine results from appreciation or devaluation of the US dollar in relation to the Brazilian real.

Valuation of financial instruments

The main financial asset and liability instruments of the Company, at June 30, 2011 are described as follows, as well as the criteria for their valuation and assessment:

(i) Cash, cash equivalents and marketable securities

The amounts recorded are adjusted to fair value. The fair value is estimated based on contract market rates and comparable operations or future cash flows, discounted for the investment risk.

(ii) Trade accounts receivable, other assets and accounts payable

The amounts of receivables and payables recorded in the balance sheet approximate their respective fair values. For assignment of rights to use which represent accounts receivable of more than 360 days, the adjustment to present value of these assets is calculated at market rate.

(iii) Investments

The investments are mainly in closed capital companies, which are mostly consolidated and which are of strategic interest to the Company's operations. Information on market value of the quotas held are not applicable.

In thousands of reais, unless otherwise indicated

(iv) Borrowings and financing

These are subject to interest at the usual market rates at the date the operations were contracted, as described in Note 17. Estimated market value was calculated based on the current value of future cash disbursements, using interest rates that are available for the Company to issue debts with similar maturity dates and terms according to the current terms and conditions (June 30, 2011). The use of different market methodologies may have differing effects on the estimated realization values.

The management of these instruments is effected through operating strategies aiming at their protection, security and liquidity. The control policy consists of a permanent follow-up of the rates contracted versus those prevailing in the market.

The market value of these loans and financing operations is as follows:

Company	Bank	Accounting balance	Contracted rate	Maturity	Market rate	Net present value	Unrealized gain (loss)
BR Malls International Finance	Perpetual Bond	279,073	USD + 9.75% p.a.		9.07%	299,687	(20,614)
BR Malls International Finance	Perpetual Bond	364,720	USD + 8.50% p.a.		8.48%	365,531	(811)
BR Malls Participações S.A.	Debentures 1st issuance	20,919	CDI + 0.5% p.a.	July 15, 2014	CDI + 1.60% p.a.	20,581	338
BR Malls Participações S.A.	Debentures 2nd issuance	360,805	IPCA + 7.9% p.a.	July 15, 2016	7.95%	356,819	3,986
Ecisa Engenharia Ltda.	Unibanco S.A.	28,813	IGP-M + 9.70% p.a.	February 14, 2019	14.52%	28,476	337
Ecisa Participações Ltda.	Unibanco S.A.	38,418	IGP-M + 9.70% p.a.	February 14, 2019	14.52%	37,968	450
Nattca S.A.	Itaú S.A.	86,384	IGP-M + 9.75% p.a.	February 15, 2019	7.71%	91,860	(5,476)
Fashion Mall S.A.	CRI Itaú S.A.	503,768	TR + 10.15% p.a.	March 27, 2020	11.86%	471,742	32,026
Proffito	CRI Itaú S.A.	111,729	TR + 11.16% p.a.	October 15, 2021	11.79%	108,487	3,242
Proffito	CRI Itaú S.A.	135,272	TR + 11.00% p.a.	February 16, 2023	11.65%	129,842	5,430
SPE Xangai	Santander	93,179	TR + 11% p.a.	October 1, 2019	11.80%	90,013	3,166
SPE Sfida	Santander	32,443	TR + 10% p.a.	December 21, 2019	11.80%	31,509	934
SISA	Finame Bradesco	4,784	TJLP + 3.85% p.a.	March 15, 2013	4.80%	752	4,032
SISA	Finame Banco do Brasil	7,765	TJLP + 3.35% p.a.	November 15, 2014	4.80%	5,795	1,970
SISA	Banco do Brasil	1,352	CDI + 2.86% p.a.	August 15, 2012	CDI + +1.60% p.a.	6,918	(5,566)
Tijuca	CRI Bradesco	519,011	TR + 10.70% p.a.	March 25, 2025	TR + 10.7% p.a.	487,046	31,965
Mooca	CRI Bradesco	52,943	TR + 9.8% p.a.	June 28, 2022	TR + 9.8% p.a.	48,617	4,326
		2,641,378				2,581,643	59,735

(v) Interest and exchange rate swap contracts

The fair value of interest rate contracts (US dollars) were estimated based on market quotations for similar contracts. Actual cash liquidation of the contracts occurs at the effective maturity dates. The Company has no intention of liquidating these contracts before maturity.

4.2 Investment policy

The Company has an investment policy with the objective of establishing standards for cash management and to minimize risks.

According to this policy, conservative investments are allowed with the purpose of obtaining 100% of the CDI rate, and the investments in CDBs, committed operations, public bonds and national investment funds are allowed. For international funds, investments in time deposits and other conservative alternatives with pre- or post-fixed remuneration are permitted.

In thousands of reais, unless otherwise indicated

The rule to allocate funds will obey three independent risks (counter party risk, liquidity risk and market risk) and, in the end, it will be compiled a specific risk of each one of the financial investments, which cannot exceed the nominal risk.

- Counter party risk

Minimum equity of the financial institution	Limit	Risk level
14,000	30% of cash individually	1
5,000	20% of the cash or R$ 200 million Individually (the higher)	2
There is no minimum equity	R$ 100 million or 10% of the cash (the lower) for the entire group of banks. Besides, we will be able to concentrate more than 30% of the total in one of these banks individually.	3

- Liquidity risk

Maturity	Amount	Risk level
Daily liquidity	At least, 60% of the cash	1
Up to 60 days of vesting period	Maximum 25% of the cash	2
More than 60 days of vesting period	Maximum 15% of the cash	3

- Market risk

Operations	Risk level
CDB, committed and long over	1
Fixed-income with and without private credit	2

The investment funds are approved by the Company's CFO and CEO. Up to now, the following funds were approved:

BTG Pactual Yield Ref DI
Votorantim Vintage Ref DI
Itaú Corp Plus Ref DI

Aggregated risk of each financial investment

In the risks above, each kind of financial investment was associated to a "Risk Level". For each financial investment carried out by BR Malls, an aggregated risk level will be computed, i.e, counter party, liquidity and market, whose arithmetic average cannot exceed 2 for each investment.

The maximum limit for the allocation of resources in a single bank is 25%. The liquidity restriction is as follows:

Minimum of 60%	Daily liquidity
Maximum of 25%	Maximum liquidity - 60 days
Maximum of 15%	Maximum liquidity - 60 days

In thousands of reais, unless otherwise indicated

4.3 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, BR Malls may review the policy for payment of dividends , issue new shares or sell assets to reduce, for example, debt.

Consistent with others in the industry, BR Malls continuously monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

	June 30, 2011	**December 31, 2010**
Total borrowings and financing (Note 17)	2,641,378	1,565,896
Less: Cash and cash equivalents	(15,483)	(19,843)
Less: Marketable securities (Note 5)	(1,240,258)	(297,873)
Net debt (a)	1,385,637	1,248,180
Total equity (b)	6,648,075	5,789,398
Total capital (a) + (b)	8,033,712	7,037,578
Gearing ratio - %	17.25	17.7

Capital is not managed at the parent company level, only at the consolidated level.

In thousands of reais, unless otherwise indicated

5 Marketable Securities

Marketable securities correspond to the operations carried out with premium domestic and international financial institutions, through bank deposit certificates ("Certificado de Depósito Bancário - CDB") and fixed income operations having debentures as a guarantee, as well as government bonds issued by the Brazilian Federal Government. They are usually remunerated based on the variation of the Interbank Deposit Certificate ("Certificado de Depósito Interfinanceiro - CDI") rate, at normal market conditions and rates and for which there are no fines or restrictions whatsoever for immediate redemption, as follows:

Parent company

Investment	Rate	Institution		June 30, 2011	December 31, 2010
Fixed-income (ii)	102.90%CDI	Banco BTG Pactual S.A	(i)	458,681	34,907
	100.65%CDI	Itaú Unibanco Leasing S.A.		234,009	1,076
	100.05%CDI	Bradesco Leasing S.A.			20,839
	DI + +0.50% p.a.	Debentures	(ii)	31,726	31,649
Current				724,416	88,471

Consolidated

Investment	Rate	Institution		June 30, 2011	December 31, 2010
Fixed-income (ii)	102.90%CDI	Banco BTG Pactual S.A	(i)	765,636	133,472
	101.72%CDI	Bradesco Leasing S.A.		23,319	21,564
	99.69%CDI	Itaú Unibanco Leasing S.A.		435,564	54,384
	100.58%CDI	Santander Real Leasing S.A.		3,118	15,368
	100.90%CDI	Itaú Leasing		2,227	
	103.00%CDI	Banco HSBC Leasing S.A.		3,441	
	0.04%p.a.	Banco BTG Pactual Int.			1,069
	2.64%p.a.	Unibanco Grand Cayman			
		Banco Mercantil do Brasil		6,878	6,095
	100.80%p.a.	Banco Alfa S.A.		6	6
	4.88%p.a.	Deutsche Bank S.A.			
		Others		69	3
Current				1,240,258	231,961
Fixed-income	107.00%CDI	Banco HSBC S.A.			61,072
		Banco HSBC S.A.			4,840
Non-current					65,912

In thousands of reais, unless otherwise indicated

The average remuneration for the six-month period ended June 30, 2011 of marketable securities was 101.68% of the CDI (December 31, 2010: 101.71% of CDI).

(i) The investment administrated by Banco BTG Pactual S.A. refers to an exclusive Interbank Deposit (DI) investment fund, which invests in government securities and bank deposit certificates of prime financial institutions with immediate liquidity. The statement of the fund's portfolio is shown below:

Investment - Consolidated	June 30, 2011	December 31, 2010
Committed operations - private bonds	430,888	71,100
Bank Deposit Certificate - DI (*)	249,198	55,306
Investment fund - Pactual Yield DI	85,593	7,084
Expenses with audit and administrative fees	(43)	(18)
	765,636	133,472

(*) Correspond to CDBs of Banco Bradesco, Citibank, Santander, Banco do Brasil, HSBC and Banco Cruzeiro do Sul.

(iii) Bonds for trading.

(iii) Refers to debentures issued by the Company which were repurchased in December 2009.

6 Financial Instruments

Operations related to derivative financial investments

The Company contracted non-speculative derivative financial instruments with the purpose of protecting its exposure to the pre-fixed interest rates and exchange variation of the US dollar, and its only objective is equity protection, minimizing the effects of the changes in the interest rates and in the exchange rates of the US dollar. The derivative interest and exchange rate contracts were realized with contra-parties represented by the banks Itaú Unibanco, Citibank, Itaú BBA and BTG Pactual.

Interest rate swap

At June 30, 2011, Ecisa Engenharia and Ecisa Participações have interest rate swap operations with the objective of protection with regard to the bank credit certificate (CCB) obtained from Unibanco (Note 17), to substitute the original pre-fixed interest rate of the loan in question (pre-fixed rate of 13.77% p.a.) by a post-fixed rate (General Market Price Index ("Índice Geral de Preços do Mercado - IGPM") + 9.70% per annum)

At June 30, 2011, SPE Xangai Participações had a synthetic interest rate swap for the purpose of protecting its financing to build the Granja Vianna Shopping Center obtained from Santander. The object is to substitute the original interest rate of the financing in question (TR rate + 11.0% p.a.) with a post-fixed rate (IGPM + 8.30% p.a.).

At June 30, 2011, Proffito had a synthetic interest rate swap for the purpose of protecting the CRI issued to build the Expansion of Tamboré Shopping Center obtained from Itaú BBA. The objective is to substitute the original interest rate of the financing in question (TR rate + 11.16% p.a.) with a post-fixed rate (IGPM +7.75% per annum).

At June 30, 2011, SPE SFIDA had an interest rate swap operation for the purpose of protecting its financing to build the Sete Lagoas Shopping Center obtained from BTG Pactual bank. The objective is to substitute the original interest rate of the financing in question (TR + 10% p.a.) for post-fixed rate (93.95% DI.).

At June 30, 2011, SPE Monza had synthetic interest rate swap for the purpose of protecting its financing to build the Shopping Mooca obtained from Banco Itaú BBA. The objective is to substitute the original interest rate of the financing in question (TR + 9.94% p.a.) for post-fixed rate (IPC-A + 6.25 % p.a.).

Exchange swap

On April 18, 2008, part of the financial investments in foreign currency (time deposits) maintained by BR Malls Finance were converted to local currency and the Company holds the perpetual bonds recorded in the long-term liabilities indexed at the exchange variation (Note 17). So as to minimize possible effects of the exchange variations between asset and liability positions, the Company contracted with Citibank an exchange swap operation of 19 quarterly payments (pre-fixed rate of 9.75% per annum plus the exchange variation of the US dollar) for a post-fixed rate (109.30% of the certificate of interbank deposit), maturing on November 8, 2012.

In order to extend the exchange swap mentioned above, the Company contracted in the first quarter of 2010 two forward exchange swap operations with Deutsche Bank, from a flow of 13 payments. The first swap has the notional of US$ 38,000 (the Company is active in dollar plus 9.75%, and passive in 88% of CDI), and the second swap has the notional of US$ 137,000 (the Company is active in dollar plus 11.47%, and passive in 100.3% of CDI). Both operations begin in November 2012 and end in November 2015.

The purpose of these operations was a cash flow protection, so that the Company's cash is not exposed to the exchange variation of the US dollar. The principal amount of the perpetual bond is not protected due to the fact that this is an operation without a maturing date, a perpetual debt. Up to June 30, 2010, the Company had made 14 quarterly payments of the interest on the perpetual bonds and 13 of the exchange swaps of Citibank (the swap began in April 2008 with the entry of the funds from issuance of the perpetual bonds into Brazil, after the first payment of the debt coupon in February 2008).

On February 23, 2011, part of the financial investments in foreign currency (time deposits) maintained by BR Malls Finance were converted to local currency and the Company holds the perpetual bonds recorded in the long-term liabilities indexed at the exchange variation (Note 17). So as to minimize possible effects of the exchange variations between asset and liability positions, the Company contracted with Citibank an exchange swap operation of 20 quarterly payments (pre-fixed rate of 8.50% per annum plus the exchange variation of the US dollar) for a post-fixed rate (99.15% of the certificate of interbank deposit), maturing on January 14, 2016.

In thousands of reais, unless otherwise indicated

Due to Law No. 11,638/07, the Company assessed its assets and liabilities at fair value, through available information and appraisal methodologies established by management. This adjustment was made based on fair value of early liquidation of all the swaps listed below, generating a loss at June 30, 2011 of R$ 24,374 (at June 30, 2010: R$ 8,572 loss).

However, both the interpretation of the market data and the choice of appraisal methods require considerable judgment and reasonable estimates to produce the more appropriate realizable value. Consequently, the estimates presented do not necessarily indicate the amounts which could be realized in the current market. The use of different market assumptions and/or methodologies for estimates could have a material effect on the estimated realizable values.

7 Trade Accounts Receivable and Other Receivables

7.1 Trade accounts receivable

	Consolidated	
	June 30, 2011	**December 31, 2010**
Rentals	181,501	162,706
Rendering of accounts CPI	42,226	29,974
Fees for the assignment of the right of use (i)	69,842	48,960
Adjustment to present value (ii)	(61)	(61)
Others (iii)	15,342	13,362
	308,850	254,941
Provision for impairment of trade receivables	(21,793)	(19,073)
	287,057	235,868
Current	164,885	154,933
Non-current	122,172	80,935
	287,057	235,868

(i) Represents accounts receivable related to the assignment of usage rights granted to storekeepers and other areas in the shopping malls.

(ii) The adjustment to present value of accounts receivable of R$ 61 (December 31, 2010: R$ 61) was calculated according to receipt cash flow, based on the Selic rate (11.61%).

(iii) This represents the income of BR Malls Administração e Comercialização from the rendering of services and income of BR Malls Desenvolvimento from developing.

In thousands of reais, unless otherwise indicated

The balance of accounts receivable (gross of the adjustment to present value) matures as follows:

	Consolidated	
	June 30, 2011	**December 31, 2010**
Falling due	266,450	220,304
Past due up to 60 days	2,139	2,349
Past due (61-90 days)	1,502	1,829
Past due (91-180 days)	4,248	4,072
Past due (181-360 days)	12,779	7,443
Past due more than 361 days	21,793	19,005
	308,911	255,002

The provision for impairment of trade receivables considers the amounts past due for more than 360 days and the amounts receivable from the same clients overdue for less than this period.

7.2 Other receivables

These refer mainly to the right related to the sale of the holding in the trade towers of Shopping Tijuca of R$ 8,094 and amounts receivables from sale of the the holding of RAS Empreendimentos e Participações of R$ 5,750 (December 31, 2010 - R$ 7,813).

7.3 Leases

The Company maintains agreements as lessor, as mentioned in Note 2.28. The table below shows the nominal values of the minimum payments of leases that cannot be canceled in which the Company is lessor:

	Consolidated	
	June 30, 2011	**December 31, 2010**
Up to 1 year	374,475	344,393
Between 2 and 5 years	904,454	848,555
Later than 5 years	149,813	150,093
	1,428,742	1,343,041

In thousands of reais, unless otherwise indicated

8 Taxes Recoverable

	Parent company	
	June 30, 2011	**December 31, 2010**
Prepaid IRPJ and CSLL		258
IRPJ and CSLL to be offset (negative balance)	17,040	12,805
Income tax withheld at source - IRRF (i)	3,804	12,384
Direct taxes recoverable	20,844	25,447
Indirect taxes recoverable (PIS and COFINS)	312	317
Others	139	
	21,295	25,764

	Consolidated	
	June 30, 2011	**December 31, 2010**
Prepaid IRPJ and CSLL	5,091	10,633
IRPJ and CSLL to be offset (negative balance)	32,584	24,237
Income tax withheld at source - IRRF (i)	10,032	18,564
Taxes recoverable - direct	47,707	53,434
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)	1,991	1,661
Others	5,841	4,827
Taxes recoverable - indirect	7,832	6,488
	55,539	59,922

(i) For the most part, this corresponds to income tax withheld at source on marketable securities. These taxes, according to current legislation, may be offset against other federal taxes in the following calendar year, as a negative balance. The Company has a tax offsetting plan, through taxes due on Shopping Center operations, on remittances of interest abroad and other amounts withheld at source.

9 Deferred Income Tax and Social Contribution

Most of the Companies that form the BR Malls Group adopt the presumed profit taxation system, according to which income tax and social contribution are calculated based on pre-established percentages of revenue from rent, services and finance-related items (Notes 2.19 and 2.20). The companies, BR Malls Participações, BR Malls Desenvolvimento, Ecisa Engenharia, Ecisa Participações, Proffito, Nattca, Fashion Mall S.A., Cofac, SPE Indianápolis and SPE Azione adopted the actual taxable income.

In thousands of reais, unless otherwise indicated

For the purpose of calculating income tax and social contribution on net income for 2009, the companies had the option of choosing the Transitional Tax System ("Regime Tributário de Transição - RTT"), which allows a legal entity to eliminate the accounting effects of Law No. 11,638/07 and Provisional Measure ("Medida Provisória - MP") No. 449/08, which became Law No. 11,941 dated May 27, 2009, through the recording of adjustments in the Taxable Income Control Register (Livro de Apuração do Lucro Real - LALUR") or by supplementary controls, without any changes in commercial accounting. The option to use this regime was made when the Corporate Income Tax Return ("Declaração de Imposto de Renda Pessoa Jurídica - DIPJ") for calendar year 2008 was filed.

(a) Breakdown

Deferred asset balances are as follows:

	Consolidated	
	June 30, 2011	**December 31, 2010**
Income tax losses (i)	13,323	8,786
Social contribution losses (i)	11,570	5,723
Temporary differences:		
Provision for contingencies (ii)	5,237	5,117
Provision for losses on financial instruments	9,886	8,843
Provision for impairment of trade receivables	2,094	1,895
Other temporary differences (iii)	3,523	3,495
Deferred expenses on the issuance of stock	26,485	20,897
Non-current	72,118	54,756

(i) The deferred income tax and social contribution of the subsidiaries Ecisa Engenharia Ltda., Ecisa Participações Ltda., Fashion Mall S.A., Proffito and Nattca, stated above, correspond to the social contribution tax losses.

In addition to the deferred taxes, BR Malls Participações also shows in its tax records the amount of approximately R$ 103,945 of tax loss (December 31, 2010 - R$ 67,600) and R$ 127,395 for the negative base for social contribution (December 31, 2010 - R$ 127,268)which may be offset against future taxable income. In 2009, BR Malls Participações recorded a deferred tax asset of R$ 4,549 on the tax loss based on management's estimates of taxable income for the next 5 years. This estimate takes into consideration a study elaborated by the Company's management, which states the realization of this loss.

(ii) These mainly correspond to contingent labor and tax liabilities. The labor liabilities refer to legal proceedings whose objective is to charge social security contributions on services rendered by individuals and companies. The tax liabilities refer to: (i) a assessment notice issued by the Municipality of Rio de Janeiro against Fashion Mall S.A by which it demands payment of the ITBI (Real Estate Transmission Tax) on the real estate incorporation underway in Fashion Mall S.A's capital.; (ii) contingent COFINS liability on rental income of Ecisa Engenharia related to the cumulative period (May 2001 to January 2004).

In thousands of reais, unless otherwise indicated

(iii) This refers principally to temporary differences on PIS and COFINS whose liability was suspended due to deposits made by Ecisa Engenharia and Ecisa Participações due to suits discussing enlargement of the calculation base for the contributions in Law No. 9,718/98 and the inclusion of companies in the cumulative assessment regime for PIS and COFINS. The liability had been suspended until June 2008, when the companies stopped making the legal deposit and started to pay the amounts of these contributions according to current legislation.

Since the tax basis of the income tax and social contribution on net profit results from not only the profit that can be made, but also the existence of non-taxable income, non-deductible expenses and other variables, there is no immediate correlation between the Company's net profit and the result of income tax and social contribution. Therefore, the expectation of the use of tax credits should not be considered the only indication of the future results of the Company.

(b) Estimated period of realization

It is expected that deferred tax assets, net of deferred tax liabilities, will be realized as follows:

	Deferred tax asset - consolidated	
Year	**June 30, 2011**	**December 31, 2010**
2011	4,229	3,480
2012	6,009	4,946
2013 to 2019 (i)	61,880	46,330
	72,118	54,756

(i) The realization of credits on temporary differences calculated on provisions for contingencies was classified in a period greater than five years given the nature of these provisions.

(c) Income tax and social contribution - non-current deferred tax liability (consolidated)

This substantially refers to the deferred taxes arising from adjustment to fair value of the hedge operations and investment properties. At June 30, 2011, the balance was R$ 1,889,163 (December 31, 2010 - R$ 1,901,146).

10 Deferred Tax Asset - Long-term Receivables (Consolidated)

At the end of 2006 Company GP and Equity International acquired stockholding in Ecisa Engenharia and Ecisa Participações. These acquisitions were carried out through two companies with holding company characteristics (Licia and Dylpar) and generated goodwill, initially accounted for by these holding companies. In December 2006, these holdings were merged into the operating companies Ecisa Engenharia and Ecisa Participações.

In thousands of reais, unless otherwise indicated

Pursuant to CVM Instruction Nos.349 and 319, the goodwill merged into Ecisa Engenharia was reduced by 66%, as a contra entry to the Capital Reserve in that company, so as to show only the tax benefit to be generated by the amortization of the goodwill At June 30, 2011, the balance was R$ 18,015 (December 31, 2010 - R$ 19,755).

Until June 30, 2007, the goodwill related to Ecisa Participações was fully provided, considering that this company's tax regime was that of presumed profit. Upon the change of the tax regime to taxable income, starting in the second quarter of 2007, this provision was reversed, and R$ 47,916 recorded as a contra entry to the Capital Reserve in this company, so as to solely reflect the tax benefit generated by amortization of the goodwill. At June 30, 2011, the balance was R$ 26,109 (December 31, 2010 - R$ 28,631).

The Company expects to realize the tax credit in a period of ten years, which is the same period for the amortization of the goodwill. Annual realization is approximately R$ 8,524.

11 Related Parties

Accounts receivable (Parent company)

At June 30, 2011, the Company has accounts receivable with its Ecisas subsidiaries which refer to interest on capital of R$ 23,800.

Advance for future capital increase - "AFAC" (Parent company)

At June 30, 2011, the Company has AFACs amounting to R$ 456,269 (December 31, 2010 - R$ 15,999) with its subsidiaries, as follows:

	Parent company	
	June 30, 2011	**December 31, 2010**
Ecisa Engenharia (i)	395,332	
Ecisa Participações (ii)	40,000	
BR Malls Desenvolvimento	3,767	3,767
SPE Sfida	11,389	11,389
Spinacia	170	
BR Malls Int. Finance	4,281	
SPE Mônaco	700	
Others	630	843
	456,269	15,999

(i) At June 30, 2011, it mainly refers to the AFAC made by BR Malls for the acquisition of Shopping Tijuca and increase in the holding of Shopping Curitiba.

(ii) At June 30, 2011, it mainly refers to the AFAC made by BR Malls for the settlement of the operation of Shopping Campinas.

In thousands of reais, unless otherwise indicated

Similarly to previous years, these advances are considered to be of a permanent character and are not remunerated or subject to monetary restatement. The Company plans to capitalize the remaining balance by December 31, 2011.

Borrowings to associated companies

This operation was carried out with the objective of internment of the raising of the perpetual bonus in Brazil and is related mainly to the loan agreements with agreed conditions similar to the market with the Group's companies, as follows:

BR Malls Finance has a loan agreement with agreed conditions similar to the market in the amount of R$ 297,334 (at December 31, 2010 - R$ 286,740) adjusted by the exchange variation of the U.S. dollar and interest rates of 9.75% per annum (p.a.) equivalent to US$ 137,000 thousand.

BR Malls Finance has loan agreement of R$ 359,497 (December 31, 2010 - R$ 286,740) adjusted by the Exchange variation of the U.S. dollar and interest rates of 8.50% per annum (p.a.) equivalent to US$ 230,000 thousand.

Revenue/costs of the administration and commercialization services of shopping malls

BR Malls Administração provides services related to the planning, management, implantation and operation of shopping malls and commercial ventures of any nature, owned or of third parties, as well as coordinating the acquisition and rental of real estate for commercial use. At June 30, 2011, the revenue from the own shopping malls of R$ 7,021 (June 30, 2010 - R$ 2,102) was eliminated in the consolidated.

Key management compensation

Key management personnel include the directors and officers. According to the Ordinary and Extraordinary Stockholders' General Meeting dated April 29, 2011, it was approved a maximum limit of R$ 25,000 for the global annual remuneration of the Company's management.

12 Investments (Parent company)

	At December 31, 2010	Capital subscription	Disposals	Dividends	Interest of capital	Equity accounting result (*)	At June 30, 2011
Ecisa Engenharia	2,354,913			(2,138)		71,865	2,424,640
Ecisa Participações	2,919,223			(1,230)	(13,000)	95,417	3,000,410
Br Malls Finance	30,868	6,357				41,435	78,660
SPE Mônaco	61,992					1,818	63,810
SPE Azione	5,136		(5,429)			293	
SPE Sfida	23,958					1,003	24,961
SPE Fortuna	116,639					3,054	119,693
Br Malls CSC	2,646					2,317	4,963
BR Malls Desenvolvimento	1,953					2,467	4,420
SPE Spinacia	40,205		(40,241)			36	
Center Parking	285					222	507
West Parking	714					523	1,237
EDRJ 113	110,465		(108,366)			(2,099)	-
Crystal Administradora	82					366	448
Crystal Parking	57	6				323	386
	5,669,136	6,363	(154,036)	(3,368)	(13,000)	219,040	5,724,135

In thousands of reais, unless otherwise indicated

The main balances at June 30, 2011 of the direct subsidiary companies of the Company are as follows:

	Current	Non-current	Total	Current	Non-current	Equity(*)	Total
Ecisa Engenharia	68,236	3,427,515	3,495,751	(487,060)	(584,051)	(2,424,640)	(3,495,751)
Ecisa Participações	130,683	3,393,317	3,524,000	(388,315)	(135,275)	(3,000,410)	(3,524,000)
Br Malls Finance	9,729	731,937	741,666	(9,567)	(653,439)	(78,660)	(741,666)
SPE Mônaco	3,650	83,166	86,816	(21,859)	(1,147)	(63,810)	(86,816)
SPE Sfida	2,735	70,464	73,199	(14,265)	(33,973)	(24,961)	(73,199)
SPE Fortuna	8,896	150,034	158,930	(38,238)	(999)	(119,693)	(158,930)
Br Malls CSC	5,504	92	5,596	(203)	(430)	(4,963)	(5,596)
BR Malls Desenvolvimento	3,502	5,721	9,223	(766)	(4,037)	(4,420)	(9,223)
Center Parking	12	517	529	(22)		(507)	(529)
West Parking	31	1,257	1,288	(50)	(1)	(1,237)	(1,288)
Crystal Administradora	10,379	3,215	13,594	(3,834)	(9,312)	(448)	(13,594)
Crystal Parking	228	331	559	(173)		(386)	(559)
Total	243,585	7,867,566	8,111,151	(964,352)	(1,422,664)	(5,724,135)	(8,111,151)

Subsidiaries' statement of income for the six-month period

	Net revenue	Costs of rentals and services	Operating expenses	Net financial result	Equity accounting results	Other revenue	Income tax and social contri-bution	Net income (loss) for the six-month period- (*)
Ecisa Engenharia	36,563	(4,291)	(13,202)	(21,545)	68,124	2,668	3,548	71,865
Ecisa Participações	44,999	(5,614)	(11,810)	964	59,567	6,554	757	95,417
Br Malls Finance			(4)	15,538	25,901			41,435
SPE Mônaco	2,911	(755)	(40)	48		(256)	(90)	1,818
SPE Azione	180		(4)	66			51	293
SPE Sfida	2,940	(698)	(7)	(753)		(382)	(97)	1,003
SPE Fortuna	3,572	(214)	34	186		(409)	(115)	3,054
Br Malls CSC	3,712		(1,088)	187			(494)	2,317
BR Malls Desenvolvimento	2,897	(5)	(135)	37			(327	2,467
SPE Spinacia			(1)	38			(1)	36
Center Parking	298	(44)					(32)	222
West Parking	706	(102)					(81)	523
EDRJ 113	62	(2,182)					21	(2,099)
Crystal Administradora	389	(12)	28	(6)			(33)	366
Crystal Parking	517	(177)	38	(1)			(54)	323
Total	99,746	(14,094)	(26,191)	(5,241)	153,592	8,175	3,053	219,040

(*) The amounts shown represent the investment reflected in the Company's quarterly information, considering the elimination of balances and intercompany transactions between companies of BR Malls.

In thousands of reais, unless otherwise indicated

13 Investment Properties (Consolidated)

According to CPC Pronouncement 28 property held for rental income or capital gains may be recorded as investment properties. Investment properties were initially valued at cost. The measurement and the fair value adjustment are made annually at the closing date of the balance sheet at the end of the year.

	In operation	Greenfield projects in construction (ii)	Total
At December 31, 2010	9,454,483	221,632	9,676,115
Acquisitions (i)	276,315	210,168	506,201
Transfer (iv)	109,236	(109,236)	
Disposal (iii)	(10,131)		(10,131)
At June 30, 2011	9,829,903	322,564	10,152,467

The acquisitions of investment properties in operation are mainly related to the increase in the interest in Shopping Curitiba and to the acquisition of the Shopping Paralela.

(ii) The "Greenfield" projects in construction refer to the acquisition of the land and expenditures with the construction in São Bernardo do Campo, Estação BH and Shopping Mooca.

(iii) Disposal of the interest in RAS Empreendimentos Imobiliários (Shopping Esplanada) for R$ 11,819, generating a profit of R$ 1,688.

(iv) Shopping Via Brasil was opened at April 26, 2011, when it was transferred from Greenfields to assets in operation in the amount of R$ 109,236.

The Company's management adopted the fair value method to best reflect its business and because it understands that its pairs also use the same international practice.

Fair value appraisal of investment properties was performed using a proprietary method supported by market rates and evidence. Thus, fair value of investment properties was based on internal appraisals by professionals with experience in the appraised properties.

The assumptions used for 2010 and 2009 for fair value evaluation based on cash flow discounted from these properties are as follows:

Assumptions of the fair value evaluation	
Annual inflation	4.50%
Growth in the perpetuity (real)	1.50%
CAPEX - maintenance/gross revenue	2.50%
Number of years considering the cash flow	10 years
Real growth rate of the cash flows previous to perpetuity	2%
Real discount rate - managed shopping malls	9%
Real discount rate - non-managed shopping malls	11%

Investment properties given as collateral for borrowings and financings are described in Note 17.

In thousands of reais, unless otherwise indicated

14 Property and Equipment (Consolidated)

	Buildings and improvements (i)	Equipment and facilities	Total
At December 31, 2010			
Total cost	11,000	2,229	13,229
Accumulated depreciation	(1,463)	(192)	(1,655)
Net book value	9,537	2,037	11,574
Annual depreciation rates	4%	2%	
At June 30, 2011			
Total cost	11,000	2,229	13,229
Accumulated depreciation	(1,715)	(224)	(1,939)
Net book value	9,285	2,005	11,290
Annual depreciation rates	4%	2%	

(i) This refers to the Company's corporate headquarters in Rio de Janeiro.

15 Intangible Assets (Consolidated)

	Consolidated
	Computer software acquired and others
At December 31, 2010	11,172
Acquisition	1,551
Amortization	(684)
At June 30, 2011	12,039
Annual amortization rate	20%

In thousands of reais, unless otherwise indicated

16 Trade Payables

Breakdown by company

	Consolidated	
	June 30, 2011	**December 31, 2010**
BR Malls (i)	11,324	7,395
Spinacia	375	
SPE Azione	1,748	
SISA	1,084	1,228
CIMA	4,540	4,472
Companhia Santa Cruz		1,372
SPE Sfida	1,372	
Spe Xangai (iii)	4,121	3,429
Ecisa Participações	819	1,064
Ecisa Engenharia	907	1,517
Center Shopping		723
SAS	535	
Crystal	239	
Mooca	2,042	
BR Malls Desenvolvimento	470	
Others (iii)	4,216	6,822
	33,792	28,022
Current	28,015	21,796
Non-current	5,777	6,226
	33,792	28,022

(i) This refers to liabilities assumed by BRMalls Participações related to the acquisition of the corporate headquarters of the Company in Rio de Janeiro. The original amount of R$ 10,246 will be paid in 10 years (grace period of six months) starting in December 2008, restated at the TR rate plus 10.50% per annum.

(ii) These correspond basically to obligations payable for the construction of the expansion of Shopping Tamboré.

(iv) These refer to trade payables related to the *Greenfield* construction.

In thousands of reais, unless otherwise indicated

17 Borrowings and Financings (Consolidated)

	Charges	Consolidated June 30, 2011	Consolidated December 31, 2010
Local currency			
Unibanco - CCB (i)	IGPM + 9.70% p.a.	12,707	12,676
Itaú - CCB (ii)	IGPM + 9.75% p.a.	14,807	13,999
Itaú - CRI (iii)	TR + 10.15% p.a.	67,062	64,737
Banco Bradesco (x)	TR + 9.80% p.a.	303	
Debentures - Series 1 (interest) (iv)	CDI + 0.50% p.a.	6,016	5,969
Debentures - Series 2 (interest) (iv)	IPCA + 7.90% p.a.	25,305	11,580
Banco do Nordeste do Brasil	10% p.a.		210
HSBC - Finame	TJLP + 3.70% p.a.		120
HSBC - Leasing	16.43% p.a.		453
Banco Santander (vi)	TR + 11% p.a.	7,801	4,340
Banco Santander (viii)	TR + 10% p.a.	2,802	1,465
Itaú (vii)	TR + 11.16% p.a.	17,467	1,939
Itaú (vii)	TR + 11.00% p.a.	7,971	
Banco do Brasil - Finame (ix)	TJLP + 3.85% p.a.	611	3,969
Banco Bradesco - Finame (ix)	TJLP + 3.35 % p.a.	4,728	612
Banco do Brasil (ix)	DI + 2.86% p.a.	983	698
		168,563	122,767
Foreign currency			
Perpetual bonds (interest) (v)	US dollar + 9.75% p.a.	3,803	4,106
Perpetual bonds (interest) (v)	US dollar + 8.5% p.a.	5,765	
Perpetual bonds (interest) (v)	US dollar + 8.50% p.a.	6,103	
Current		178,131	126,873
Local currency			
Unibanco - CCB (i)	IGPM + 9.70% p.a.	54,524	56,951
Itaú - CCB (ii)	IGPM + 9.75% p.a.	71,577	73,280
Itaú - CRI (iii)	TR + 10.15% p.a.	436,706	447,478
Banco Bradesco (xi)	TR + 10.70% p.a.	519,011	
Banco Bradesco (x)	TR + 9.80% p.a.	52,640	
Debentures - Series 1 (interest) (iv)	DI + 0.50% p.a.	14,903	14,903
Debentures - Series 2 (interest) (iv)	IPCA + 7.90% p.a.	335,500	322,285
Banco Santander (vi)	TR + 11% p.a.	85,378	89,005
Banco Santander (viii)	TR + 10% p.a.	29,641	29,256
Itaú (vii)	TR + 11.16% p.a.	117,805	103,401
Itaú (vii)	TR + 11.00% p.a.	103,758	
Banco Bradesco - Finame (ix)	TJLP + 3.85 % p.a.	133	450
Banco do Brasil - Finame (ix)	TJLP + 3.35% p.a.	7,446	9,455
Banco do Brasil (ix)	DI + 2.86% p.a.		974
		1,829,022	1,147,438
Foreign currency			
Perpetual bonds (interest) (v)	US dollar + 9.75% p.a.	275,270	291,585
Perpetual bonds (interest) (v)	US dollar + 8.5% p.a.	358,955	
Non-current		2,463,247	1,439,023
		2,641,378	1,565,896

In the parent company BRMalls Participações, the loans and financings correspond to the operations with Debentures Series 1 and 2.

Borrowings and financing in foreign currency are restated by the US dollar exchange variance.

(i) In February 2007, Ecisa Participações and Ecisa Engenharia issued two bank credit certificates amounting to R$ 70,000, whose creditor is Unibanco, falling due in February 2019. The payment of the principal and interest began in March, 2008 after a grace period of one year.

(ii) In February 2007, Nattca issued two bank credit certificates for the acquisition of property amounting to R$ 70,000, whose creditor is Itaú BBA. These certificates are payable in 132 consecutive monthly installments after a one year grace period.The first installment came due on March 17, 2008 and the last one will be due on February 15, 2019.

(iii) In February 2008, the Company signed a structured operation of securitization of receivables with Banco Itaú BBA, which will result in the issuing of receivable credits - (CRIs) secured and guaranteed by Plaza Niterói, Fashion Mall and Ilha Plaza amounting to R$ 470,000 for 12 years (one year grace period) at a cost equivalent to TR + 10.15% per annum.

(iv) In July 2007, the Company issued 32,000 debentures not convertible into shares at the par value of R$ 10, each amounting to R$ 320.000. The issuance was carried out in two series. The first series, composed of 5,000 debentures with the principal falling due on July 15, 2014, will be amortized in four equal, annual and successive installments as from July 15, 2011. The second series, composed of 27,000 debentures with the principal falling due on July 15, 2016, will be amortized in four equal, annual and successive installments as from July 15, 2013. According to the deed of public distribution of debentures, 20% of the funds raised were mandatorily for the expansion of the operations of the shopping malls in which the Company holds an interest. The financial charges resulting from financings obtained from third parties, destined for the expansion of shopping centers were capitalized.

(v) In November 2007, the Company issued US$ 175 million in perpetual bonds through its subsidiary company BR Malls International Finance Ltd. The bonds are denominated in US dollars with quarterly payments of interest of 9.75% per annum. BR Malls International Finance Ltd. has the option to repurchase the bonds as from November 8, 2012. In accordance with the prospectus for the issue of perpetual credit bonds, part of the funds raised will be destined for the expansion of the operations of shopping centers in which the Company holds an interest.

In January 2011, the Company issued US$ 230 million in perpetual bonds through its subsidiary BR Malls International Finance Ltd. The bonds are denominated in US dollars with quarterly payments of interest of 8.5% per annum. BR Malls International Finance Ltd. has the option to repurchase the bonds as from January 12, 2016. According to the issuance prospectus of the perpetual bond, the raised funds will be used for: (i) conception, incorporation and manage of new shopping malls; (ii) acquisition of more shares in the shopping malls in which it already has shares; (iii) acquisition of shares in shopping malls of third parties and companies that operate in the same sector; (iv) expansion of the operations of the shopping malls in which it has shares; and (v) amortization or settlement of financings.

(vi) In October 2009, a financing contract was signed by SPE Xangai Participações S.A. amounting to R$ 94,643 for the purpose of raising funds for construction of the Granja Vianna Shopping Center. Release of the funds occurs based on the project's physical and financial timetable. Total term for this financing is 120 months (10 years) and debt service costs are TR + 11% per annum.

(vii) In November 2009, Proffito signed a structured receivable securitization operation with Banco Itaú BBA which led to the issuing of real estate receivable certificates - CRIs backed and guaranteed by Shopping Tamboré and Expansão do Tamboré amounting to R$ 92,500 for 12 years (grace period of two years) at a cost of TR + 11.16% per annum.

In February 2011, Proffito signed with Banco Itaú BBA a new issuing of real estate receivable certificates - CRIs backed and guaranteed by Shopping Tamboré and Expansão do Tamboré amounting to R$ 134,949 for 12 years at a cost of TR + 11.00% per annum.

(viii) In December 2009 a financing contract was signed by SPE Sfida S.A. amounting to R$ 32,000 with the purpose of raising funds to build the Sete Lagoas Shopping Center. Release of the funds occurs based on the project's physical and financial timetable. Total term for this financing is 120 months (10 years) and debt service costs are TR + 10% per annum.

(ix) In June 2010, with the acquisition of SISA, the financings related to the construction of Shopping Independência were incorporated by BR Malls.

(x) In June 2010, Shopping Center Mooca Empreendimento Imobiliário S.A. entered into a financing agreement amounting to R$ 115,000 in order to raise funds for the construction of Shopping Center Mooca. Release of the funds will occur based on the project's physical and financial timetable. Total term for this financing is 144 months (12 years) and debt service costs are TR + 9.8% per annum.

(xi) In February 2011, CIMA signed a receivable securitization with Banco Bradesco which led to the issuing of real estate receivable certificates - CRIs, backed by the receivables of Shopping Tijuca in the amount of R$ 500,000 for 168 months (with a 24-month grace period) at a cost of TR + 10.70%.

(xii) On March 30, 2011, it was signed a financing agreement by Spinacia Participações S.A. of R$ 107,000. At May 11, 2011, it was signed an amendment of R$ 24,000 amounting to R$ 131,000. The objective is to raise funds for the construction of Shopping Center São Bernardo. Release of the funds will occur based on the project's physical and financial timetable. Total term for this financing is 144 months (12 years) and debt service costs are TR + 10.65%. The finance settlement of this agreement is linked to the beginning of the construction.

Contractual clauses - covenants

Some of the Company's financing includes clauses determining the highest level of indebtedness and leverage, as well as the minimum levels to cover installments falling due and the maintenance of minimum balances receivable in a current account. The Company has as one of the covenant contractual clauses of the debentures (Series 1 and Series 2) the indicator of (i) EBITDA (operating profit or loss, plus depreciation and amortization and financial result)/net financial expenses, relating to the four quarters must be equal to or higher than 1.75 times and (ii) net debt (loans and financing less cash and cash equivalents)/EBITDA (operating profit or loss, plus depreciation and amortization and financial result), with the quarter EBITDA multiplied by 4 must be equal or inferior to 3.8 times .

At June 30, 2011, calculation of the first Series 1 debenture covenant indicator was 6.06 times and Series 2 indicator 4.59 times (excluding exchange variation) and for the second covenant is 1.17 times, thus contractual clause covenant requirements are being complied with.

On January 25, 2009, 1st public issuance 2nd series debenture holders approved an enhanced wording of "Net financial result" appearing in the deed of issue, to read as follows: "The difference between financial expenses and financial income as presented in the Company's statement of income for the quarter, excluding (i) any monetary or exchange rate variations not disbursed by the Company in the last 12 months, (ii) the non-recurring financial expenses relating to the issuance of securities in the domestic or international capital market".

In October 2010, a General Meeting of Debenture Holders of Series 1 and 2 was carried out, and the following issues were discussed:

(i) Change of the financial index established as from the third quarter of 2010, in order to be annualized net debt /Ebitda equal to or less then 3.80 times as from the third quarter of 2010.

(ii) Improvement of the definition text of "Net Debt" in the sub-item XVII of the Clause 6.22 of the Issuance Deed, in order for it to be in force with the following text:

"Net debt": the sum of the onerous debts of the Company, except the perpetual debts (without a defined maturity date), on consolidated bases, except cash and banks (cash plus marketable securities)."

(iii) Inclusion, in the Issuance Deed, of provision on the option of redemption of the whole of the Debentures of the First Series and/or Debentures of the Second Series by the Issuer if an Event of Default occurs, as defined in the Issuance Deed, without the enactment of anticipated maturity.

(iv) Authorization for the trustees to enter into an amendment to the Issuance Deed, reflecting the decisions approved by the debenture holders.

(v) Furthermore, it was approved the payment of an amount equivalent to 0.55% on the unit price to be paid on October 29, 2010, as a premium for the renegotiation approved in the Company's General Meeting of Debenture Holders of the 1st and 2nd series amounting to R$ 1,895.

According to the debenture deed of issue, the Company is not allowed to fail to meet the covenant contractual clauses for more than two consecutive quarters or for more than three non-qualifying periods.

Guarantees

The Company has given the following assets in guarantee for its loans and financings:

(i) Unibanco - CCB

First degree mortgage of the fractions held in Shopping Center Piracicaba, Amazonas Shopping and Shopping Center Iguatemi Caxias and fiduciary assignment of credit rights held against store owners in Norte Shopping.

(ii) Itaú - CCB

Chattel mortgage of the land of Shopping Estação and of Estação Convention Center. Mortgage of movable assets, installations and improvements. Fiduciary assignment of credit rights held against store owners of the shopping mall and endorsement of insurance as guarantee against physical damage to the structure of the shopping mall.

(iii) Itaú - CRI

In February 2008, the Company signed a structured receivable securitization operation with Banco Itaú BBA which led to the issuing of real estate receivable certificates - CRIs with the following guarantees: chattel mortgage of the real estate of Shopping Fashion Mall, Ilha Plaza Shopping and Niterói Plaza Shopping and of the shares of Fashion Mall S.A., fiduciary assignment of receivables of the shopping centers aforementioned and endorsement of insurance as guarantee against physical damage to the structure of the shopping malls, putting the securitizing company as the beneficiary in case of any event.

(iv) Debentures

Personal guarantee.

(v) Perpetual bonds

Personal guarantee.

(iv) Santander - Granja Vianna Financing

In October 2009, SPE Xangai entered into a real estate financing contract with Santander to build Shopping Granja Viana with the following guarantees: chattel mortgage of the land and the shopping Center opened in October 2010, and fiduciary assignment of BR Malls Administração receivables. This transfer of receivables will be replaced by the receivables of the shopping mall.

(vii) Itaú - CRI Tamboré

In November 2009, Profitto signed a structured receivable securitization operation with Banco Itaú BBA which led to the issuing of real estate receivable certificates - CRIs with the following guarantees: chattel mortgage of the real estate Tamboré, fiduciary assignment of receivables of the shopping centers aforementioned and endorsement of insurance as guarantee against physical damage to the structure of the shopping malls, putting the securitizing company as the beneficiary in case of any event.

In thousands of reais, unless otherwise indicated

(viii) Santander - Sete Lagoas Financing

In December 2009, SPE Sfida entered into a real estate financing contract with Santander to build Shopping Sete Lagoas with the following guarantees: chattel mortgage of the land and the shopping center opened in November 2010, and fiduciary transfer of BR Malls Administração receivables (guarantee shared with the financing of the Granja Viana Shopping Center). This transfer of receivables will be replaced by the receivables of the shopping center.

(ix) Bradesco - Mooca Financing

In June 2010, SPE Mooca entered into a real estate financing contract with Bradesco to build Shopping Center Mooca with the following guarantees: chattel mortgage of the land and the shopping Center to be constructed, and fiduciary transfer of credit rights of the shopping.

(x) Bradesco - CIMA

In February 2011, CIMA signed a structured receivable securitization operation with Banco Bradesco which led to the issuing of real estate receivable certificates - CRIs with the following guarantees: chattel mortgage of the real estate of Shopping Campinas, fiduciary transfer of the receivables of Shopping Tijuca.

(xi) Santander - Spinacia Participações

In March 2009, Spinacia Participações S.A. entered into a real estate financing contract with Santander to build Shopping São Bernardo with the following guarantees: 51.41% ofthe land to be used in the construction of the shopping.

The loans and financing have the following maturity terms:

	Consolidated	
	June 30, 2011	**December 31, 2010**
2011	97,726	126,873
2012	130,976	118,258
2013	244,281	194,085
2014	246,244	188,511
2015	238,374	178,415
2016 onward	1,683,777	759,754
	2,641,378	1,565,896

In thousands of reais, unless otherwise indicated

18 Taxes and Contributions Payable

	Consolidated	
	June 30, 2011	**December 31, 2010**
PIS and COFINS on operating income (i)	12,279	8,198
PIS and COFINS on rents (ii)	11,400	16,768
ISS	804	1,004
Others	3,680	7,164
	28,163	33,134

(i) InNovember, Ecisa Engenharia adhered to the Program to Pay Fiscal Debts in Installments provided by Law No. 11,941/2009 to pay in 30 monthly installments the COFINS debt, related to the non-cumulative period introduced by Law No. 10,833/2003, as specified in the Assessment Notice that gave rise to the administrative suit No. 184710010492007-83 (see Note 19).

(ii) Ecisa Engenharia filed a civil suit against the National Treasury in order not to pay COFINS on revenue from leasing, refund of amounts paid under this title and granting of a preliminary protection order to discontinue the enforceability of the tax amounting to R$ 8,532 , based on the understanding of unconstitutionality of the Law No. 9,718/98 and on the interpretation that the leasing can not be classified as the rendering of service.

In thousands of reais, unless otherwise indicated

Reconciliation of income tax and social contribution expenses - consolidated

The reconciliation between the income tax and social contribution expenses at the nominal and effective rate is shown below:

	June 30, 2011	June 30, 2010
Profit before income tax and social contribution	193,573	128,038
Nominal combined income tax and social contribution rate - %	34	34
Income tax and social contribution at legal rates	(65,815)	(43,532)
Tax effects on:		
Amortization of goodwill	(12,332)	(6,942)
Positive result of equity accounting results	30,531	34,328
Interest on credited capital	(4,420)	
Exchange variations (i)	(832)	(3,168)
Calculation base difference for companies taxed using presumed profit method	45,209	6,719
Others	(3,322)	2,263
Income tax and social contribution for the six-month period	(10,981)	(10,332)
Current	(34,736)	(15,688)
Deferred	23,755	5,356
Total	(10,981)	(10,332)

(i) The Company adopts the cash basis for the purpose of taxation of exchange variations.

In thousands of reais, unless otherwise indicated

19 Taxes and Contributions - Payment in Installments

	Consolidated	
	June 30, 2011	**December 31, 2010**
Income tax (i)	102	197
Social Contribution (i)	38	63
COFINS (i)	914	1,835
IPTU (ii)	2,320	2,510
Others	213	198
Current	3,587	4,803
Income tax (i)	2,473	2,381
Social Contribution (i)	344	273
COFINS (i)	8,647	6,881
IPTU (ii)	6,962	6,962
REFIS (iii)	58,269	58,709
Others	260	545
Non-current	76,955	75,751

(i) In November 2009, the Company joined the new Program to Pay Fiscal Debts in Installments provided by Law No. 11,941/2009, for the purpose of evening out and settling the tax liabilities through a special payment system and payment in installments of its tax and social liabilities, noting all the tax legislation that regulated the mentioned program. According to Joint Ordinance PGFN/RFB No. 3/2010, the companies Ecisa Engenharia and Fashion Mall manifested for the non-inclusion of the whole of the debts in the payment in installments provided by Law No. 11,941/2009, thus, according to the Joint Ordinance PGFN/RFB No. 11/2010, the companies will have to inform, up to August 16, 2010, in detail, the debts to be paid by installments, upon the filling out and filing of the forms contained in the attachments of the Joint Ordinance PGFN/RFB No. 3/2010. In June 2011, according to Joint Ordinance PGFN/RFB No. 2/2011, the debts were consolidated.

The debts described below were the object of installment plans with the conditions indicated below.

(a) Installment plans of up to 30 months

Administrative proceedings

Ecisa Engenharia joined the new Program to Pay Tax Debts in Installments of up 30 monthly installments for amounts of IRPJ, CSLL and COFINS due disclosed in the administrative proceedings described below, with the benefits of Law No. 11,941/2009 for this case, whereby reductions of 90 % and 40% in fines and interest penalties respectively are granted. According to the lawyers who sponsored these cases, chances of loss are classified as probable Consequently, the Company agreed to installment plans of up to 30 months for: (i) IRPJ and CSLL due on supplementary monetary correction of the balance sheet based on the difference between the IPC and BTNF indexes, demonstrated in the Tax Assessment Notice which initiated the administrative proceeding No. 1076801940195-50. Regarding thos suit, as from June 2011, according to Joint

Ordinance PGFN/RFB No. 2/2011, the debts were consolidated. The Company monthly pays installment of R$ 36 (Principal)

(b) Installment plans of up to 180 months

Administrative proceedings

Ecisa Engenharia joined the new Program to Pay Tax Debts in Installments of up 180 monthly installments for amounts of IRPJ, CSLL and COFINS due disclosed in the administrative proceedings described below, with the benefits of Law No. 11,941/2009 for this case, whereby reductions of 60% and 25% in fines and interest penalties respectively are granted. According to the lawyers who sponsored these cases, chances of loss are classified as probable. Consequently, the Company defined an installment plan in up to 180 monthly installments: ii) IRPJ and CSLL due on expenses considered as non-deductible by the Tax Authorities, demonstrated in the Tax Assessment Notice which gave rise to the administrative proceeding No. 1537400222700-10; (iii) COFINS due, related to the non-cumulative period from Law No. 10,833/2003, demonstrated in the Tax Assessment Notice which gave rise to the administrative proceeding No. 184710010492007-83. Regarding these suits, as from June 2011 (Consolidated), the Company pays monthly installments of R$ 70 (principal), plus update by the SELIC rate.

New installment plan for unpaid balances on previous ordinary installment plans

Ecisa Engenharia joint the new Plan to Pay Taxes in Installments for (i) definition of new installment plan in 180 months of the remaining balance of Income Tax and Social Contribution debt, which had been included in the normal installment plan which had been approved in 2005; (ii) definition of a new installment program in 180 months of the COFINS debt related to the non-cumulative period arising from Law No. 10,833/2003, which had been included in the normal installment plan in 2007. With regard to these cases, the Company pays monthly an installment of R$ 209.

(ii) When Nattca acquired Shopping Estação, it became responsible for payment of an IPTU (Urban Property Tax) debt with the Curitiba Municipal Government. The installment plan on this debt was extended until 2014 and Nattca has been paying it since February 2007. The amount of the installment plan was adjusted against the acquisition cost of the shopping center and is adjusted based on the TJLP (Long-term Interest Rate).

(iii) Cima enrolled in the Tax Recovery Program ("Programa de Recuperação Fiscal - Refis"), provided by Law No. 9,964/2000 (REFIS 1), to promote the regularization of Union credits , arisen from corporate debts related to taxes and contributions, managed by the Federal Revenue Secretariat and by the National Institute of Social Security ("Instituto Nacional do Seguro Social - INSS"), falling due up to February 29, 2000, constituted or not, inscribed or not in the active debt register, filed or to file, with suspended liabilities or not, including the ones arising from lack of payment of the withhheld amounts. The Company pays monthly and successive installments, falling due at the last useful day of each month, being the value of each installment determined on a percentage basis of 0.6% of the gross revenue of the immediately previous month. In order to include the debts in REFIS, the Company granted as a collateral lands located in the States of Paraná, Maranhão and Espírito Santo.

In thousands of reais, unless otherwise indicated

20 Liabilities Payable for Acquisition of Shopping Malls

	Consolidated	
	June 30, 2011	December 31, 2010
BR Malls (i)	186,740	59,917
Ecisa Participações (ii)		52,964
Ecisa Engenharia (iii)	15,972	505,577
SPE Indianápolis (iv)	110,386	104,611
	313,098	723,069
Current	186,769	203,139
Non-current	126,329	519,930
	313,098	723,069

(i) These refer to liabilities undertaken by BR Malls for the purchase of 40% of the real estate shares of the Shopping Crystal Plaza. The first installment was paid immediately and the second, amounting to R$ 30,000, will be amortized within 12 months as from the acquisition date (September 2010). At December 30, 2010, BR Malls acquired a further 30% of the real estate shares of Shopping Crystal. The first installment was paid immediately , and the amount of R$ 28,700 will be amortized in the 12th and 24th months. All the installments are adjusted by the IGPM.

On April 29, 2011, the Company acquired 95% of the Shopping Paralela in Salvador (BA) a total price of R$ 285 million and, within 30 days, it became responsible for its management and trade. The price to be paid for the shopping mall and management of the asset is R$ 237.5 million, 40% paid cash and the remaining in 4 annual and equal installments, adjusted by IPCA, and the shopping was given as guarantee of the pending installments. The acquisition also involves the payment of R$ 47.5 million for 95% of the parking lot operation to be paid in the same way of the acquisition of the shopping mall, however the beginning of the payment is conditioned to the charge of the tariffs in the city.

(ii) On December 31, 2010, this refered to the acquisition of ASB Administração e Incorporação (company incorporated by Ecisa Participações on May 31, 2009), which holds a 100% share in the Campinas Shopping real estate development. The installment plan refered to an annual installment, restated monetarily based on 55% of the variation in the CDI rate, due on February 6, 2011, which was settled at the same date.

(iii) On December 31, 2010, this refered to liabilities undertaken by Ecisa Engenharia for the purchase of 100% of Shopping Tijuca. The first installment was paid immediately , and the remaining balance of R$ 500,000 was settled in March 2011 together with the operation mentioned in Note 17(xi). On June 30, 2011, the Ecisa Enegenharia balance referred to the acquisition of additional fraction of Shopping Curitiba for R$ 34,650, being R$ 14,650 paid on demand and the remaining in 20 monthly installments of R$ 1,000, adjusted by the INPC + 7% p.a, the first one being paid in February 2011.

(iv) These refer to liabilities undertaken by SPE Indianápolis for the purchase of 51% of Center Shopping in Uberlândia. The first installment was paid immediately and the second, amounting to R$ 102,000, will be amortized within 12 months as from the acquisition date (September 2010). This installment will be adjusted by the CDI.

In thousands of reais, unless otherwise indicated

21 Provision for Contingencies (Consolidated)

The Company is exposed to fiscal, labor and civil contingencies. According to Brazilian Accounting Standards and Pronouncement- NBC 22 and consistent with CPC Pronouncement 25, these are classified as "probable", "possible" or "remote" according to the risk of becoming a loss for the Company. Those which are considered probable losses by the Company's management, internal and external legal advisors are provided for.

	Consolidated	
	June 30, 2011	**December 31, 2010**
Tax (i)	46,754	46,985
Labor and social security (ii)	12,211	11,964
Civil	50,910	51,581
Non-current	109,875	110,530

(i) Corresponds mainly to:

Ecisa Engenharia questions the legality of the laudemium charge on the purchase of Shopping Recife, and classified as probable loss by the lawyers. The amount recorded as a contingency corresponds to R$ 3,744.

Tax contingency, recorded in fiscal year 2008, related to the tax assessment notice issued by the Municipality of Rio de Janeiro, through which it claimed Property Transfer Tax (Imposto sobre Transmissão de Bens Imóveis - ITBI) on the capital subscription of Fashion Mall S.A. with property in 2001 in the amount of R$ 6,050.

Tax contingencies of the company Cima, amounting to R$ 33,117, corresponds basically to Real Estate Tax ("Imposto Predial e Territorial Urbano - IPTU") debt of Shopping Tijuca of R$ 18,723 and of PIS and COFINS credits on he non-cumulative calculation basis of R$ 10,500 and IOF collection on intercompany loans of R$ 1,663.

(ii) The legal suits related to social security labor charges refer to services rendered by individuals and the contracting of legal entities.

(iii) Civil contingencies of Cima, R$ 50,669, which correspond to civil suits of storekeepers related to the sale and purchase agreement on the recording of the real estate of Shopping Tijuca.

At June 30, 2011, the Company has provided R$ 1,103 related to labor contingencies (December 31, 2010 - R$ 1,632) ; R$ 16,305 related to tax contingencies (December 31, 2010 - R$ 8,960) and R$ 19,626 (December 31, 2010 - R$ 19,125) related to civil contingencies classified as a possible loss by the management based on the support of its legal advisors. The contingencies relate mainly to: (a) injunction filed by Geral de Turismo Ltda. due to the alleged non-compliance with an agreement that established the procedure for garbage removal from Shopping Niterói Plaza; (b) supplemental severance pay; and (c) assessment notices issued to charge COFINS debts on the leasing revenue; (d) charge for IPTU debts; and (e) charge for ISS debts by the Municipality of Recife.

In thousands of reais, unless otherwise indicated

22 Deferred Revenue

	Consolidated	
	June 30, 2011	**December 31, 2010**
Real estate credit note - Company Santa Cruz (i)		49,729
Deferred income - CDU (ii)	102,406	78,698
Non-current	102,406	128,427

(i) In May 2005, Companhia Santa Cruz, a wholly-owned subsidiary of Ecisa Participações Ltda., signed a contract with BI Companhia Securitizadora de Créditos Imobiliários for a structured operation of securitized receivables which arose from the issuance of real estate credit notes - CCIs, backed and guaranteed by the cash flow of receivables from Shopping Metrô Santa Cruz. In this operation, Companhia Santa Cruz sold at present value 50% of its receivable flow on lease contracts for stores in the Shopping Metrô Santa Cruz through July 2015. The Company recognizes securitization income on this operation on the straight-line method over the term of the contract. In January 2011, Companhia Santa Cruz anticipated the settlement of this operation.

(ii) Deferred income basically refers to the recognition of assignment of use rights which are recognized on the straight-line method in its statement of income based on the rental term of the respective stores to which it refers.

23 Equity

(a) Share capital

At June 30, 2011, the Company's capital is R$ 3,422,984 (December 31, 2010 - R$ 2,561,195) divided in 449,384,274 (December 31, 2010 - 406,277,988 - after the share-split) nominative common shares with no par value.

At a meeting of the Supervisory Board held on January 26, 2011, a capital increase was approved, as a result of the exercising of the purchase of stock options related to the 1st Program of the Stock Option Plan approved at the Extraordinary Meeting of February 9, 2007 (Note 31), through a private subscription of 564,482 shares, at an issue price of R$ 10.81, after the share-split, totaling R$ 6,102.

At the meeting of the Supervisory Board held on March 28, 2011, a capital increase was approved, as a result of the exercising of the purchase of stock options related to the 4th and 5th Programs of the Stock Option Plan approved at the Extraordinary Meeting of April 14, 2009 and October 5, 2010, respectively (Note 31), through a private subscription of 32,232 shares, at an issue price of R$ 6.67, totaling R$ 215 and 9,571 shares, at an issue price of R$ 11,00, totaling R$ 105.

In thousands of reais, unless otherwise indicated

On the Extraordinary and Ordinary General Meeting held on April 29, 2011, it was approved the capital increase of R$ 124,367, without the issuance of new shares, upon capitalization of a portion of the Company's revenue reserves.

At a meeting of the Supervisory Board on May 10, 2011, a capital increase was approved, upon the issuance of 37,400,000 common shares, nominative, non-issued and with no par value, for R$ 17.20 per share in the amount of R$ 643,280 by public offer of shares.

At a meeting of the Supervisory Board on May 20, 2011, a capital increase was approved, upon the issuance of 5,100,000 common shares, nominative, non-issued and with no par value, for R$ 17.20 per share in the amount of R$ 87,720 by public offer of shares.

The Company's shareholdings on June 30, 2011 are as follows:

	Number of shares	Share capital (%)
New Market	288,596,393	64.2
Fidelity	34,367,630	7.6
Dodge & Cox	24,120,900	5.4
Blackrock	23,617,606	5.3
Dyl Empreendimentos e Participações S.A.	21,654,680	4.8
HSBC	20,817,127	4.6
Richard Paul Matheson	20,140,136	4.5
EI Brazil Investments III, LLC	10,934,016	2.4
Carlos Medeiros	2,610,459	0.6
Associates	2,522,757	0.6
Treasury shares	2,570	
	449,384,274	100.0

(b) Contra account to equity - Costs of raising funds

Costs incurred with raising funds through the issuing of equity securities of R$ 50,728 net of tax effect (December 31, 2010 - R$ 39,879) are shown as a reduction account in equity, less the net tax effects.

(c) Capital reserve

This represents the amount recorded in the books of the stock option plan for employees and directors amounting to R$ 28,839 (December 31, 2010 - R$ 20,284) (Note 31).

(d) Legal reserve

The legal reserve is constituted in accordance with Brazilian Corporation Law and the Company's by-laws, on the basis of 5% of annual net income, up to a limit of 20% of capital. During 2010, the Company added R$ 74,344 to the legal reserve. The purpose of the legal reserve is to ensure the integrity of capital and it can be used only to offset losses and increase capital.

(e) Reserve for unrealized profits

In years when the amount of the mandatory dividend, calculated pursuant to the Company's by-laws exceeds the portion of the actual net income realized for the year, the Stockholders' General Meeting may, if proposed by management, apply the excess to form the reserve for unrealized profits.

The portion of net income for the year is deemed to be realized if it exceeds the sum of the following amounts:

(i) Positive net result from equity accounting.

(ii) Profit, earnings or net gains on operations or booking of assets, liabilities and equity accounts at fair value, whose financial realization term occurs after the year end (investment properties).

At December 31, 2010, the Company appropriated R$ 117,908, related to the amount of the unrealized revenue in the year and reverted the amount of revenue realized in the 2010 of R$ 27,742. At June 30, 2011, unrealized profit amounts to R$ 236,696.

(f) Retention of revenue reserves

According to Article 196 of the Brazilian Corporation Law, the Stockholders' General Meeting may, if proposed by management, decide to withhold part of net income for the year considered in its previously approved capital budget. Based on the cash flow projection, included in the Company's capital budget for the next 5 years, it is necessary to withhold an amount of retained earnings, calculated through December 31, 2009, amounting to R$ 2,505,931. On September 23, 2010, the amount of R$ 248,440 was paid up, thus, reducing the amount of the retention of profit reserves to R$2,257,491. At December 31, 2010, the Company carried out the retention of part of the retained earnings amounting to R$ 353,728. Consequently, the Company's management proposed that the portion of calculated earnings be withheld by the Company in order to cover the investment projects planned in its capital budget.

On the Extraordinary and Ordinary General Meeting held on April 29, 2011, it was approved the capital increase of R$ 124,367, without the issuance of new shares, upon capitalization of a portion of the Company's revenue reserves.

As established by Article 199 of the Brazilian Corporate Law, the balance of the revenue reserves (except reserves for contingent liabilities, tax incentives and unrealized profits) cannot exceed the Company's capital stock (June 30, 2011 - R$ 3,422,984).

In thousands of reais, unless otherwise indicated

g) Dividends

According to the by-laws, stockholders are entitled to a minimum dividend corresponding to 25% of the net income determined in each year, adjusted pursuant to the legislation in force.

In 2010, the realized minimum mandatory dividends and the proposed complementary dividends amounted to R$ 67,202, but as mentioned in Note 2.24, the amount recorded in the financial statements at December 31, 2010 is the minimum mandatory dividend of R$ 27,742.

Furthermore, it was approved in Ordinary and Extraordinary General Meeting on April 29, 2011, the payment of dividends of R4 67,202 (being R$ 27,742 from the realization of unrealized profit for 2009, which had been destined to Revenue Reserve to be Realized and R$ 39,460 from the realization perspective).

(h) Treasury shares

At the meeting of the Supervisory Board held on November 17, 2008, the repurchase of the shares issued by the company was approved through its subsidiary Ecisa Participações Ltda., up to the limit established by Article 3 of Law No. 6,404. The final deadline for the purchase of the shares in question was 365 days from that date, ending on November 17, 2009. For purposes of consolidation of the financial quarterly information, the treasury shares are recorded in stockholders' equity.

At June 30, 2011, the value of the Company's treasury stock is R$ 12 (December 31, 2010 - R$ 14,792), divided into 2,570 common shares after share-split (December 31, 2010 - 2,976,590).

24 Earnings per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares in issue during the year excluding common shares purchased by the Company and held as treasury shares (Note 23 (h)).

	June 30, 2011	June 30, 2010
Profit attributable to stockholders of the Company	182,592	117,706
Weighted average number of common shares Issued (after the split)	449,384,274	406,277,988
Basic earnings per share	0.41	0.29

In thousands of reais, unless otherwise indicated

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has two categories of dilutive potential common shares: convertible debt and share options. The convertible debt is assumed to have been converted into common shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	June 30, 2011	June 30, 2010
Earnings		
Profit attributable to stockholders of the Company	182,592	117,706
Weighted average number of common shares in issue (a)	449,384,274	406,277,988
Adjustments of share options unexercised (b)	882,010	1,488,295
Weighted average number of common shares for the diluted earnings per share (a) + (b)	450,266,284	407,766,283
Diluted earnings per share	0.41	0.29

25 Net Revenue

	Consolidated	
	June 30, 2011	June 30, 2010
Rentals	292,208	176,725
Fees for the assignment of the right of use	14,454	8,008
Parking lot	56,535	32,694
Transfer fees	4,680	1,353
Rendering of services	37,134	24,656
Others	4,127	6,296
Taxes and contributions	(30,637)	(20,358)
Net income from rentals and services	378,501	229,374

In thousands of reais, unless otherwise indicated

26 Operating Costs

	Consolidated	
	June 30, 2011	**June 30, 2010**
Personnel	(8,981)	(4,065)
Services contracted	(7,583)	(5,441)
Condominium fees	(9,498)	(6,147)
Cost of fund for promotions	(2,961)	(1,868)
Financial	(554)	(454)
Fiscal	(1,878)	(1,254)
Commercial	(1,559)	(765)
Amortization		(18)
Other costs	(7,045)	(4,943)
PIS and COFINS credits	2,447	1,751
	(37,612)	(23,204)

27 Administrative Expenses

	Consolidated	
	June 30, 2011	**June 30, 2010**
Personnel (i)	(35,553)	(20,797)
Depreciation and amortization	(6,398)	(5,657)
Services rendered	(3,712)	(4,743)
Other administrative expenses (i)	(3,650)	(3,591)
	(49,313)	(34,788)

(i) This corresponds to salaries, charges and profit sharing of the employees and managers.

(ii) This basically corresponds to the expenses with traveling, legal expenditures, publishing and insurance premiums.

In thousands of reais, unless otherwise indicated

28 Financial Result

(a) Financial income

	Consolidated	
	June 30, 2011	**June 30, 2010**
Income from financial investments	46,463	46,626
Gain on fair value of derivatives	63,230	54,451
Exchange variations (i)	51,419	24,978
Others	5,195	5,959
	166,307	132,014

(b) Financial expenses

	Consolidated	
	June 30, 2011	**June 30, 2010**
Charges on loans and financing	(160,526)	(82,790)
Exchange variations (i)	(11,422)	(36,422)
Loss on fair value of derivatives	(87,604)	(63,023)
Others	(5,009)	(2,562)
	(264,562)	(184,797)
Financial result, net	(98,255)	(52,783)

(i) These correspond to the exchange variations on the perpetual bonds, explained by the valuation of the Brazilian currency in relation to the US dollar. The Company did not carry out speculative operations on the exchange market and the expense related to exchange variations did not affect the Company's cash position.

In thousands of reais, unless otherwise indicated

29 Information by Segment

Company's top management uses information by business segment to make strategic decisions. The performance of each segment is extracted from the Company's accounting records and segregated as below. Assets and liabilities by business segment are not presented, as they are not the object of analysis for strategic decision making on the part of management:

					Consolidated
					June 30, 2010
	High	**Medium/ High**	**Medium**	**Medium/ low**	**Total**
Shopping Malls income by segment (i)					
Rentals	17,220	38,477	87,761	33,267	176,725
Assignment fees	3,731		4,277		8,008
Parking lot	3,454	6,226	17,337	5,677	32,694
Transfer fees	21	278	896	158	1,353
Services (ii)					24,656
Others	77	493	5,726		6,296
	24,503	45,474	115,997	39,102	249,732
Taxes and contributions	(2,498)	(4,044)	(10,181)	(3,635)	(20,358)
Shopping Malls costs by segment					
Personnel	(289)	(884)	(2,091)	(801)	(4,065)
Sundry services	(1,044)	(990)	(2,886)	(906)	(5,826)
Condominium fees	(765)	(1,175)	(2,527)	(1,680)	(6,147)
Cost of promotion fund	(411)	(207)	(913)	(337)	(1,868)
Amortization					(18)
Other costs	(808)	(243)	(3,277)	(952)	(5,280)
	(3,317)	(3,499)	(11,694)	(4,676)	(23,204)
Gross profit	18,688	37,931	94,122	30,791	206,170

					Consolidated
					June 30, 2011
	High	**Medium/ High**	**Medium**	**Medium/ low**	**Total**
Shopping Malls income by segment (i)					
Rentals	28,074	94,791	129,409	39,934	292,208
Assignment fees	1,320	6,774	5,902	458	14,454
Parking lot	5,183	15,297	27,715	8,340	56,535
Transfer fees	149	2,438	1,442	651	4,680
Services (ii)					37,134
Others	768	2,147	1,212	(80)	4,127
	35,494	121,447	165,680	49,383	409,138
Taxes and contributions	(1,631)	(12,355)	(14,283)	(2,368)	(30,637)
Shopping Malls costs by segment					
Personnel	(885)	(2,821)	(4,145)	(1,130)	(8,981)
Sundry services	(819)	(2,931)	(2,918)	(915)	(7,583)
Condominium fees	(1,150)	(4,218)	(2,743)	(1,387)	(9,498)
Cost of promotion fund	(428)	(1,014)	(1,280)	(239)	(2,961)
Amortization					
Other costs	(1,552)	(2,274)	(3,818)	(945)	(8,589)
	(4,834)	(13,258)	(14,904)	(4,616)	(37,612)
Gross profit	29,029	95.834	136,493	42,399	340,889

(i) Division by social class follows a survey performed in shopping centers with consumers by a known market research organization according to the "Brazilian Criteria". The "Brazilian Criteria" is related to urban individual and family purchasing power in Brazil, aimed at classifying the population into economic classes.

In thousands of reais, unless otherwise indicated

(ii) Refers to the income of management and trade of shopping malls that was not allocated by segment.

Social class	Monthly income (in number of minimum salaries)
High	More than 22 minimum salaries
Medium/High	12 to 21 minimum salaries
Medium	7 to 11 minimum salaries
Med/Low	2 to 6 minimum salaries

	June 30, 2011				
	South	Southeast	Northeast	North/ Center Midwest	Total
Shopping Malls income by region					
Rentals	22,188	225,404	22,896	21,720	292,208
Assignment fees	568	12,033	778	1,075	14,454
Parking lot	5,129	42,676	3,456	5,274	56,535
Transfer fees	422	4,044	114	100	4,680
Services (ii)					37,134
Others	223	3,462	412	30	4,127
	28,530	287,619	27,656	28,199	409,138
Taxes and contributions	(1,606)	(13,382)	(13,459)	(2,190)	(30,637)
Shopping Malls costs by region					
Personnel	(1,053)	(6,499)	(554)	(875)	(8,981)
Sundry services	(695)	(5,819)	(438)	(631)	(7,583)
Condominium fees	(1,042)	(7,084)	(887)	(485)	(9,498)
Cost of promotion fund	(139)	(1,617)	(846)	(359)	(2,961)
Other costs	(26)	(6,541)	(1,761)	(261)	(8,589)
	(2,955)	(27,560)	(4,486)	(2,611)	(37,612)
Gross profit	23,969	246,677	9,711	23,398	340,889

In thousands of reais, unless otherwise indicated

	South	Southeast	Northeast	North/ Center Midwest	Total
					Consolidated
					June 30, 2010
Shopping Malls income by region					
Rentals	7,190	136,271	16,243	17,021	176,725
Assignment fees	183	7,173	652		8,008
Parking lot	383	24,269	2,969	5,073	32,694
Transfer fees	82	1,144	54	73	1,353
Services (ii)					24,656
Others	31	5,482	605	178	6,296
	7,869	174,339	20,523	22,345	249,732
Taxes and contributions	(2,498)	(4,044)	(10,181)	(3,635)	(20,358)
Shopping Malls costs by region					
Personnel	(196)	(2,564)	(405)	(900)	(4,065)
Sundry services	(552)	(4,105)	(281)	(888)	(5,826)
Condominium fees	(192)	(4,734)	(493)	(728)	(6,147)
Cost of promotion fund	(102)	(1,216)	(214)	(336)	(1,868)
Amortization					(18)
	(1,149)	(16,970)	(2,017)	(3,050)	(23,204)
Gross profit	4,222	153,325	8,325	15,660	206,170

30 Insurance

The Company has a risk management program in order to limit its risks, looking for insurance coverages that are compatible with its business size and operations in the market. Insurance coverages were contracted for amounts shown as follows and considered sufficient by management to cover possible claims, considering the nature of the business, the risks involved with the operations and the advice of their insurance consultants.

At June 30, 2011, the Company had the following principal insurance policies contracted with third parties:

Lines	Insured amounts
Named risks - basic coverage	251,822
Loss of profit	125,264
Civil liability	28,100

In thousands of reais, unless otherwise indicated

31 Stock Option Plans

Within the scope of the Option Plan, during a meeting of the Supervisory Board held on February 9, 2007 the First Option Plan was approved ("1st Program Plan"), which granted options to the main executive officers of the Company ("Options of 1st Program"). The table below shows the total shares involved in the 1st Program Plan:

Beneficiary	Total shares object to purchase option agreement	Exercize price per share at June 30, 2011 (in reais, annually updated IGP-M FGV plus a 3% spread)
Members of the Board of Directors	2,056,962	4.38

The Options of the 1st Program can be exercised as from January 1, 2008, as follows: (i) 2,056,962 shares (after the splitting of shares at September 23, 2010) in five annual lots of approximately 20% of the total lot of shares. In case these executive officers leave the company during the period to exercise the Options of the 1st Program, automatically all the options whose exercise terms had not passed will expire.

At a meeting of the Option Plan Committee held on April 14, 2009, the following items were approved:

(i) Inauguration of the 4th Purchase Option Program for Shares issued by the Company, observing the Purchase Option Plan which calls for a total of 5,459,318 (after share-split at September 23, 2010) common shares, which will be exercised for a price of R$ 5.72 per share, plus the correction index of the plan in question.

(ii) The determination was that the participants who join the 4th Option Plan will have their ties to previous plans immediately revoked with previous programs to which they were affiliated (2nd and 3rd programs), making them invalid. With the formalization of the 4th Purchase Option Program for Shares issued by the Company which took place on July 1, 2009, the 2nd and 3rd programs were canceled and the benefits migrated to the new plan.

In thousands of reais, unless otherwise indicated

The table below shows the total of shares which are the object of the 4th Program Plan:

Beneficiary	Total shares object to purchase option agreement	Exercize price per share at June 30, 2011 (in reais, annually updated IGP-M FGV plus a 3% spread)
Members of management and employees appointed to the Board of Directors	4,715,662	6.64

In the Board of Directors Meeting, at October 1, 2010, it was approved the opening of the 5th Purchase Option Program for Shares issued by the Company (i), which calls for a total of 7,380,000 shares, in 5 annual lots of approximately 20% of the total lot of shares.

The table below shows the total of shares which are the object of the 5th Program Plan:

Beneficiary	Total shares object to purchase option agreement	Exercize price per share at June 30, 2011 (in reais, annually updated IGP-M FGV
Members of management and employees appointed to the Board of Directors	7,380,000	10.98

As determined by CPC Technical Pronouncement 10 - Share-based payments, approved by CVM Deliberation No. 562 of 2008, the Company recognized, to the extent that the services were rendered on payment transactions based on shares, the effect on the results of the period ended on June 30, 2011 amounted to R$ 8,555.

Premiums on the share options were calculated based on the fair value at the date the option was granted, in accordance with each program of the Company, based on their respective market price. Based on the evaluation techniques of Black - Scholes and financial models, the Company estimated the accounting effects with a reasonable level of accuracy. The Company periodically reviews the amount of financial equity instruments that it expects to grant since the expected numbers of financial instruments to be granted is different from the initial estimation.

In thousands of reais, unless otherwise indicated

Programs	**1st Program B**	**4th Program**	**5th Program**	**Total**
Price for the year in R$	4.37	6.51	10.81	
Market price in R$ (*)	3.16	5.72	10.58	
Fair value of the options in R$	1	5.19	7.63	
Price volatility of the share	24.29%	76.04%	38.97%	
Return rate free of risk	4.90%	3.95%	5.77%	
Fair value (*)	412	5,433	11,264	
Accrual basis 1st quarter of 2011				4,277
Accrual basis 2nd quarter of 2011				4,277
Total				8,554

For the 1st Option Program, the exercise price used was based on the latest actual negotiation at the time, which took place in November of 2006.

(*) Original amounts, on the dates of the granting of the option programs. For the 1st Program, the latest Company negotiation in the market was used, as the Company was not listed on the stock exchange.

32 Other Information

(i) The profit sharing plan was established in 2007 as a way to stimulate employees to meet individual and corporate goals, improving stockholder's return. At June 30, 2011, the Company provided for R$ 13,334 as profit sharing for its employees and managers recorded under "administrative expenses". This participation is established in Union agreements and its main objective is to help generate results.

(ii) At January 3, 2011, BR Malls sold its total share in Esplanada Shopping through the company RAS for R$ 11,800, being R$ 6,100 paid on demand and R$ 5,700 adjusted by CDI that will be paid after the filing of the corporate document.

(iii) Ecisa Engenharia brought the suits No. 323/93 and No. 330/93 against Prefeitura Municipal de São Paulo, in 1993, due to nonperformance of the obligations provided in the construction contract of the Hospital Geral de Campo Limpo. With the unappealable decision of these suits favorable to Ecisa Engenharia, the credit was executed through a Court Order, payable in 10 annual and consecutive installments. Therefore, Ecisa Engenharia recognised in the 1st quarter of 2011 other operating income of R$ 1,588 due to the payment of the 7th installments of the Court Order.

33 Subsequent Event

(a) At a meeting of the Supervisory Board held on July 1, 2011, a capital increase was approved, as a result of the exercising of the purchase of stock options related to the 4th and 5th Programs of the Stock Option Plan approved at the Extraordinary Meeting of April 14, 2009 and October 5, 2010, respectively (Note 31), through a private subscription of 94,970 shares, at an issue price of R$ 6.64, totaling R$ 630 and 20,304, at issue price R$10,98, totaling R$ 223.

(b) On January 1, 2012, 40% of the equity book value of SPE Mooca was split off. As from this date, BR Malls will hold 100% of SPE Mooca, which will hold 60% of Shopping Center Mooca.

(c) Private issuance, on January 1, 2012, of 452,572 common, nominative shares with no par value at an issuing price of R$ 4.54 per share; 649,167 common, nominative shares with no par value at an issuing price of R$ 6.88 per share; and 908,129 common, nominative shares with no par value at an issuing price of R$ 11.19 per share, which will be for subscription and payment of shares.

(d) At a meeting of the Supervisory Board held on January 31, 2012, it was approved the private issuance of 170,911 common, nominative shares with no par value at an issuing price of R$ 6.88 per share; 26,467 common, nominative shares with no par value at an issuing price of R$ 11.19 per share and 15,972 common, nominative shares with no par value at an issuing price of R$ 16.11 per share, which will be for subscription and payment of shares.

(e) On February 3, 2012, debentures were issued amounting to R$ 405 million in 2 series (R$ 165,200 linked to CDI + 0.94% p.a.with maturity of 5 years and R$ 239,300 linked to IPCA + 6.4% p.a.) with maturity of 7 years.

(f) On February 14, 2012, BR Malls acquired a 33% interest in Itaú Power Shopping in Contagem - State of Minas Gerais, for R$ 87,500 on demand and R$ 2,300 updated by the IGPM at a rate of 33% of the parking lot operation. The shopping mall is located in the metropolitan region of Belo Horizonte.

(g) On February 16, 2012, BR Malls acquired 33% of interest in Itaú Power Shopping in Contagem, for R$ 87,500.

(h) At February 22, 2012, BR Malls fully settled the promissory notes recorded in current liabilities in the amount of R$ 204,592.

(i) On April 3, 2012, BR Malls acquired 50% interest in Rio Anil Shopping in São Luis. On the same date, the Company bought 50% interest in the future expansion project for the shopping mall, which is scheduled to open in the fourth quarter of 2013. Taking that acquisition into account, the Company holds now interest in 46 shopping malls

(j) On April 9, 2012, BR Malls and Simon Property Group entered into an agreement to develop outlets in Brazil. The Brazilian entity in charge of developing and controlling outlets in Brazil will be jointly controlled by BR Malls and Simon Property Group.

(k) On April 17, 2012, a violation notice was issued against Ecisa Participações, a subsidiary of BRMalls. Such violation notice refers to deductible reverse merger goodwill of companies Lycia and Dylpar, for base periods 2007 and 2008, amounting to R$ 23,950, including fine and interest. The Company, in conjunction with its legal advisers, is currently assessing the referred to violation notice and is preparing to challenge it. As a result, it is still not possible to rate the likelihood of an unfavorable outcome therefor

(l) On March 2, 2012, BR Malls disclosed the greenfield project in Guarujá city. The Company will bear 75.6% of total investment and hold 65% interest in the shopping mall.

(m) On April 5, 2012, a financing agreement was entered into with Banco do Brasil (released on June 22) for the construction of Estação BH project. The total amount financed by SPE Azione was R$ 137 million. The debt cost is TR + 10.20% p.a., the payment will be made in 96 monthly, equal and consecutive installments, 24 months from the contract date.

(n) On July 17, 2012, the public offering of quotes of BM Jardim Sul II Investment Fund was concluded, the objective of which is investing in real estate development of shopping malls through acquisition of up to 40.00% of Jardim Sul Shopping mall, currently held by Proffito.

(o) On July 27, 2012, 250 promissory notes were issued by BR Malls Participações S.A., in a single series, amounting to R$ 500 million, subject to public offering of distribution with restricted efforts to placement. The term is 180 days and CDI + 0.7%, in accordance with our debt management policy.

(p) In the second semester, there was disposal of total interest in Cuiabá Participações S.A. (Pantanal Shopping mall) for R$45,000, generating profit of R$14,554 and diluting interest in GS Shopping mall (Goiânia Shopping mall), which was consolidated on a *pro rata* basis, generating an investment property write-off equivalent to the non-controlling interest. In addition, on February 16, 2012, there was a split-off of 40% of ownership interest held by SPE Mooca Empreendimento Imobiliário S/A in Mooca Shopping mall, which now holds only 60% ownership interest in the shopping mall.

(q) In the second quarter of 2012, Estação BH Greenfield project was concluded

* * *

BR Malls Participações S.A.

Independent auditor's report

To the Board of Directors and Stockholders
BR Malls Participações S.A.

We have audited the accompanying financial statements of BR Malls Participações S.A. ("Parent Company"), which comprise the balance sheet as at December 31, 2011 and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the consolidated financial statements of BR Malls Participações S.A. ("Consolidated"), which comprise the balance sheet as at December 31, 2011 and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with accounting practices adopted in Brazil, and for the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BR Malls Participações S.A.

Opinion on the parent company financial statements

In our opinion, the parent company financial statements present fairly, in all material respects, the financial position of BR Malls Participações S.A. as at December 31, 2011, its financial performance and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of BR Malls Participações S.A. and its subsidiaries as at December 31, 2011, their financial performance and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Emphasis of matter

As discussed in Note 2.2 (b) to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of BR Malls Participações S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries, associates and jointly-controlled entities based on equity accounting, while IFRS requires measurement based on cost or fair value, and the maintenance of the balances of deferred charges as at December 31, 2008, which are being amortized. Our opinion is not qualified in respect of this matter.

We draw attention to Note 2.29 to these financial statements, describing the restatement of these financial statements due to the adjustment in statements of cash flows. This report replaces the original issued on February 27, 2012.

Other matters

Supplementary information - statement of value added

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2011, prepared by the Company's management, the presentation of which is required by the Brazilian corporate legislation for listed companies, but is considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Rio de Janeiro, October 17, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" RJ

Patricio Marques Roche
Contador CRC 1RJ081115/O-4

BR Malls Participações S.A.

Balance sheets at December 31

All amounts in R$ thousands (A free translation of the original in Portuguese)

	Parent company		Consolidated	
Assets	**2011**	**2010**	**2011**	**2010**
Current assets				
Cash and cash equivalents	866	180	37,063	19,843
Marketable securities (Note 5)	257,190	88,471	414,962	231,961
Trade accounts receivable (Note 7)	57,576	16,938	242,317	154,933
Derivative instruments (Note 4.1(e))	78,571	55	79,008	618
Taxes recoverable - indirect (Note 8)	451	317	12,221	6,488
Income tax and social contribution recoverable (Note 8)	23,141	25,447	65,977	53,434
Prepayments	7,305	633	25,930	10,033
Other amounts receivable	29,284	7,165	20,898	30,001
Prepaid expenses	1,335	1,257	16,886	7,683
	455,719	140,463	915,262	514,994
Non-current				
Long-term receivables				
Trade accounts receivable (Note 7)	9,009	1,396	143,220	80,935
Deferred tax assets (Note 10)			39,862	48,386
Deposits and guarantees	32	31	29,170	21,867
Marketable securities (Note 5)	15,065			65,912
Deferred income tax and social contribution (Note 9)	40,733	52,641	268,766	54,756
Derivative instruments (Note 4.1(e))	68,828	64,297	71,276	64,469
Advance for future capital increase (Note 11)	453,436	15,999		
Subsidiary and associated companies' debts	30,897			
Financial Instruments	1		467	11,673
Other accounts receivable (Note 7)			7,346	7,914
	618,001	134,364	560,107	355,912
Investments (Note 11)	6,511,378	5,669,136		
Investment properties (Note 13)	868,944	323,565	12,582,924	9,676,115
Property and equipment (Note 14)	11,166	11,574	11,166	11,574
Intangible assets (Note 15)	8,753	7,309	12,258	11,172
Deferred	3,268	3,451		
	7,403,509	6,015,035	12,606,348	9,698,861
	8,058,118	6,149,399	13,166,455	10,054,773
Total assets	8,477,229	6,289,862	14,081,717	10,569,767

BR Malls Participações S.A.

Balance sheets at December 31

All amounts in R$ thousands **(continued)**

Equity and liabilities	Parent company 2011	Parent company 2010	Consolidated 2011	Consolidated 2010
Current liabilities				
Trade payables (Note 16)	4,478	1,168	57,082	21,796
Borrowings and financings (Note 17)	228,440	26,599	382,856	126,873
Taxes and contributions payable (Note 18)	247	1,834	32,512	33,134
Provision for income tax and social contribution			43,684	25,064
Salaries and social charges	17,384	13,402	66,815	37,852
Dividends payable (Note 23(g))	48,728	27,742	48,728	27,742
Taxes and contributions - payment in installments (Note 19)			1,486	4,803
Advances from clients	1,460	1,148	26,281	20,729
Liabilities payable for acquisition of shopping malls (Note 20)	36,853	45,563	251,803	203,139
Derivative instruments (Note 4.1(e))		4,156	112,901	2,078
Other amounts payable	35		7,932	2,149
	337,625	121,612	1,032,080	505,359
Non-current				
Trade payables (Note 16)	5,335	6,226	5,335	6,226
Borrowings and financings (Note 17)	473,644	359,785	2,821,131	1,439,023
Provision for contingencies (Note 21)	641	641	108,821	110,530
Taxes and contributions - payment in installments (Note 19)			76,309	75,751
Deferred taxes (Note 9)			2,406,248	1,901,146
Liabilities payable for acquisition of shopping malls (Note 20)	113,814	14,353	216,225	519,930
Derivative instruments (Note 4.1(e))	602		31,371	89,828
Deferred revenue (Note 22)	2,714	1,220	138,381	128,427
Loans to related parties (Note 11)	825,145	286,740		
Other amounts payable	97,068	6,242	3,089	4,149
	1,518,963	675,207	5,806,910	4,275,010
Total liabilities	1,856,588	796,819	6,838,990	4,780,369
Equity (Note 23)				
Share capital	3,424,181	2,561,195	3,424,181	2,561,195
Costs of raising funds	(50,727)	(39,878)	(50,728)	(39,879)
Capital reserve	27,004	9,986	37,302	20,284
Revenue reserves	3,220,183	2,961,740	3,213,702	2,955,363
Treasury shares			(9)	(14,792)
	6,620,641	5,493,043	6,624,448	5,482,171
Non-controlling interests			618,279	307,227
	6,620,641	5,493,043	7,242,727	5,789,398
Total liabilities and equity	8,477,229	6,289,862	14,081,717	10,569,767

The accompanying notes are an integral part of these financial statements.

BR Malls Participações S.A.

Statements of income
Years ended December 31
All amounts in R$ thousands (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2011	**2010**	**2011**	**2010**
Net income from rent and services (Note 25)	39,531	12,434	861,475	546,437
Cost of rent and services (Note 26)	(4,142)	(480)	(84,144)	(60,452)
Gross profit from rent and services	35,389	11,954	777,331	485,985
Operating income (expenses)				
Trade expenses	(6,039)	(3,997)	(12,862)	(12,793)
Administrative expenses (Note 27)	(20,872)	(14,130)	(101,756)	(82,466)
Other operating income	2,022			
Gain on fair value of properties for investment (Note 13)	998	(37,149)	776,215	567,925
Other operating gains	1,024	7,568	6,446	8,478
Equity accounting result (Note 12)	631,044	538,635		1,222
Profit before financial result and taxes	606,155	490,927	1,445,374	968,351
Financial result (Note 28)				
Finance income	209,373	163,803	541,949	249,512
Finance costs	(362,401)	(176,745)	(847,642)	(343,559)
	(153,028)	(12,942)	(305,693)	(94,047)
Profit before taxes on profit	488,516	489,939	1,139,681	874,304
Income tax and social contribution (Note 18)				
For the year		12,726	(58,934)	(42,825)
Deferred taxes	(17,497)	(6,206)	(291,092)	(197,207)
	(17,497)	6,520	(350,026)	(240,032)
Profit for the year	471,019	496,459	789,655	634,273
Profit attributable to:				
Owners of the Company	471,019	496,459	470,915	494,858
Non-controlling interests			318,740	139,414
Profit for the year	471,019	496,459	789,655	634,272
Earnings per share attributable to the shareholders of the Company during the year (expressed in R$ per share)				
Basic earnings per share - R$	1.05	1.23		
Diluted earnings per share - R$	1.02	1.19		

The statements of comprehensive income were not presented, because there are no components of other comprehensive income.

The accompanying notes are an integral part of these financial statements.

BR Malls Participações S.A.

Statements of changes in equity

All amounts in R$ thousands, except dividends per share

	Share capital	Costs of raising funds	Capital reserve	Legal	Rete of p
At December 31, 2009	2,307,012	(39,879)	280	49,521	2,50
Increase and payment of capital	254,183				(24
Stock option premium			9,707		
Profit for the year					
Appropriations of net income					
Transfer to reserves				24,823	35
Minimum mandatory dividends realized in 2010 - R$ 0.07 per share					
At December 31, 2010	2,561,195	(39,878)	9,986	74,344	2,61
Increase and payment of capital	862,986				(12
Expenses with the issuance of shares		(10,849)			
Stock option premium			17,018		
Profit for the year					
Proposed additional dividends related to 2010 - R$ 0.10 per share					
Appropriations of net income					
Transfer to reserves				23,551	33
Minimum mandatory dividends - R$ 0.11 per share					
				97,895	2,82
At December 31, 2011	3,424,181	(50,727)	27,004		3,22

The accompanying notes are an integral part of these financial statements.

BR Malls Participações S.A.

Statements of changes in equity (consolidated)

All amounts in R$ thousands, except dividends per share

	Share Capital	Costs of raising funds	Capital reserve	Revenue reserves: Legal	Revenue reserves: Retention of profits	Revenue reserves: Unrealized profits	Retaine earning
At December 31, 2009	2,307,012	(39,879)	10,086	49,521	2,501,155	186,011	
Increase and payment of capital	254,183				(248,440)		
Recognized granted options			9,706				
Investment of own shares							
Profit for the year							494,85
Appropriations of net income							
Transfer to reserves			492	24,823	352,127	117,908	(494,85
Minimum mandatory dividends realized in 2010 - R$ 0.07 per share						(27,742)	
At December 31, 2010	2,561,195	(39,879)	20,284	74,344	2,604,842	276,177	
Increase and payment of capital	862,986				(124,367)		
Recognized granted options			17,018				
Expenses with the issuance of shares		(10,849)					
Stock option premium							
Investment of own shares							
Proposed additional dividends related to 2010 - R$ 0.10 per share						(39,481)	
Change sin interest in subsidiaries							
Profit for the year							470,91
Appropriations of net income							
Transfer to reserves				23,551	335,497	111,867	(470,91
Minimum mandatory dividends - R$ 0.11 per share						(48,728)	
				97,895	2,815,972	299,835	
At December 31, 2011	3,424,181	(50,728)	37,302		3,213,702		

The accompanying notes are an integral part of these financial statements.

BR Malls Participações S.A.

Statements of cash flows
Years ended December 31
All amounts in R$ thousands (A free translation of the original in Portuguese)

	2011		2010	
	Parent Company	**Consolidated**	**Parent company**	**Consolidated**
Cash flows from operating activities				
Pre-income tax and social contribution	488,515	1,139,681	489,939	874,304
Adjustments for:				
Depreciation and amortization	441	10,591	1,600	11,753
Charges on borrowings and financing	47,997	345,984		
Earnings on marketable securities	(2,546)	(98,307)		
Currency changes on borrowings and financing		90,147	2,305	93,545
Adjustment of linearization of revenue and adjustment to present value	(95)	36,212	281	17,405
Adjustment of granted options plan	17,018	17,018	9,707	9,707
Adjustment at fair value and result with derivatives	(86,601)	(34,804)	(6,304)	(14,094)
Adjustment at fair value of investment property		(776,215)	37,149	(567,925)
Profit on the disposal of investment property		(1,688)		
Provision for contingencies		839		
Equity accounting	(631,044)		(538,635)	(1,222)
Others			158	
Changes in working capital				
Trade Accounts Receivable	(48,156)	(185,881)	(2,511)	(105,979)
Taxes recoverable	2,172	(18,276)	(3,372)	(9,442)
Prepayments	(6,672)	(15,897)	190	(2,078)
Prepaid expenses	(78)	(9,203)	369	(757)
Deposits and guarantees	(1)	(7,303)	6	(10,412)
Subsidiary and associated companies' debts			26,887	
Financial Instruments	(1)	11,206		
Other amounts receivable	(22,119)	9,671	(38,271)	(10,282)
Trade payables	2,419	34,395	(1,972)	8,293
Taxes and contributions payable	(1,587)	(622)	534	78,164
Taxes and contributions - Payment in installments		(2,759)		
Salaries and social charges	3,982	28,963	3,848	17,333
Advances from clients	312	5,552	352	11,304
Credits of associated companies			20,706	
Deferred revenue	1,494	9,954		
Derivative instruments		1,973		
Provision for contingencies		(2,548)	641	83,262
Other amounts payable	85,273	4,722	(6,527)	292,300
Cash generated from (used in) operations	(149,277)	593,405	(2,920)	775,179
Income tax and social contribution paid		(40,314)		
Net cash (used in) generated from operating activities	(149,277)	553,091	(2,920)	775,179
Cash flows from investing activities				
Purchase of marketable securities	(181,238)	(18,782)	(104,852)	(1,521,033)
Sale of marketable securities			785,480	2,435,175
Proceeds from sale of investment property		11,819		
Purchases of intangible assets	(1,294)	(2,745)	(2,958)	(3,103)
Purchases of investment property	(454,628)	(2,395,766)	(50,422)	(1,541,151)
Advance for future capital increase	(437,437)			
Disposal of investments	154,036			
Loans granted to subsidiaries and associated companies	(30,897)			
Capital increase of subsidiaries	(413,962)		(554,896)	
Interest on capital received	44,100			
Dividends received	4,628			
Changes in interest in subsidiaries		(7,688)		
Net cash (used in) generated from investing activities	(1,316,692)	(2,413,162)	72,352	(630,112)
Cash flows from financing activities				
Proceeds from borrowings	872,642	1,524,307		102,978
Repayments of borrowings	(604,939)	(322,347)	(30,567)	(202,672)
Dividends paid to Company's stockholders	(67,223)	(67,223)	(49,211)	(49,211)
Expenses with the issuance of shares	(10,849)	(10,848)		
Sale of treasury shares		14,783	4,412	4,412
Capital increase	738,619	738,619	5,743	5,743
Obtention of loans with associated companies	538,405			
Net cash (used in) generated from financing activities	1,466,655	1,877,291	(69,623)	(138,750)
Net (decrease)/increase in cash and cash equivalents	686	17,220	(191)	6,317
Cash and cash equivalents at the beginning of the year	180	19.843	371	13,526
Cash and cash equivalents at the end of the year	866	37.063	180	19,843

The accompanying notes are an integral part of these financial statements.

BR Malls Participações S.A.

Statements of value added
Years ended December 31
All amounts in R$ thousands (A free translation of the original in Portuguese)

	2011		2010	
	Parent company	Consolidated	Parent company	Consolidated
Revenue	59,976	1,014,012	23,493	682,246
Income from rent and services	43,555	931,496	13,730	595,551
Provision for impairment of trade receivables - reversal (constitution)	141	7,902	(565)	(3,764)
Other operating income (expenses)	1,022	6,445	7,568	8,478
Income related to the construction of own assets	15,258	68,169	2,760	81,981
Inputs acquired from third parties	(17,992)	(175,825)	(3,540)	(106,575)
Inputs and outsourced services for the construction of own assets	(10,835)	(77,537)	(58)	(21,490)
Services cost	2,435	(70,764)	(480)	(59,791)
Materials, energy, outsourced services and others	(9,592)	(27,524)	(3,002)	(25,294)
Gross value added	41,984	838,187	19,953	575,671
Retentions	(441)	(10,284)	(1,600)	(11,753)
Depreciation, amortization and depletion	(441)	(10,284)	(1,600)	(11,753)
Net value added generated by the entity	41,543	827,903	18,353	563,918
Value added received through transfer	841,415	999,424	665,289	818,659
Equity in the results of investees	631,044		538,635	1,222
Finance income	209,373	541,949	163,803	249,512
Fair value adjustment - investment property	998	776,215	(37,149)	567,925
Minority interest		(318,740)		
Total value added to distribute	882,958	1,827,327	683,642	1,382,577
Distribution of value added	882,958	1,827,327	683,642	1,382,577
Personnel and payroll charges	26,672	101,928	14,754	59,023
Salaries and social charges	3,635	46,961	1,615	29,191
Officers' fees	43	2,366		2,065
Direct remuneration	3,392	12,851	1,589	7,204
Benefits	42	2,284		1,618
Social security contributions	124	6,633		4,047
FGTS	33	1,833		2,391
Rescission	1	165		229
Personnel - shopping malls		20,829	26	11,637
Others				
Sales commissions	5,878	6,205	3,432	(1,173)
Profit-sharing	140	31,744		21,298
Granted options	17,019	17,018	9,707	9,707
Taxes and contributions	22,866	420,278	(5,224)	289,688
Interest on debts	362,401	837,203	176,745	343,559
Capitalized interest		2,997	908	56,035
Retained earnings				
Retained earnings for the year	471,019	470,915	496,459	634,272

The accompanying notes are an integral part of these financial statements.

All amounts in R$ thousands unless otherwise stated

1 General information

The main activities of BR Malls Participações S.A., its subsidiary companies and joint subsidiaries (jointly referred to as "Company"), which are integral components of these financial statements, are: (i) holding shares in and managing shopping malls, (ii) holding shares in other companies of the real estate sector as a stockholder or quotaholder, (iii) promotion and management of their own real estate enterprises of any kind, or for third parties, and (iv) interest and management in parking operations.

The Company is a Corporation with headquarters in the city of Rio de Janeiro, RJ, and has stock traded on the BM&F Bovespa Stock Exchange (BRML3). In addition, the Company has adhered to the level of corporate governance of Bovespa's New Market ("Novo Mercado"). BR Malls is included in the Bovespa Index (IBOVESPA) portfolio and in the Brazil Index 50 (IBRX 50).

These financial statements, originally issued on February 27, 2012, are being restated due to adjustments in the statements of cash flow. The restatement of these financial statements was authorized by the Board of Directors on October 17, 2012.

At December 31, 2011, the Company had holdings in 45 shopping malls in different regions of Brazil: NorteShopping (State of Rio de Janeiro), Shopping Iguatemi Caxias (State of Rio Grande do Sul), Shopping Villa Lobos (State of São Paulo), Shopping Del Rey (State of Minas Gerais), Shopping Independência (State of Minas Gerais), Shopping Recife (State of Pernambuco), Shopping Campo Grande (State of Mato Grosso do Sul), Goiânia Shopping (State of Goiás), Shopping Estação (State of Paraná), Pantanal Shopping (State of Mato Grosso), Araguaia Shopping (State of Goiás), Shopping ABC (State of of São Paulo), Amazonas Shopping Center (State of Amazonas), Shopping Center Iguatemi Belém (State of Pará), Shopping Curitiba (State of Paraná), Shopping Center Iguatemi Maceió (State of Alagoas), Shopping Center Piracicaba (State of São Paulo), Natal Shopping (State of Rio Grande do Norte), Fashion Mall (State of Rio de Janeiro), Ilha Plaza (State of Rio de Janeiro), Plaza Niterói (State of Rio de Janeiro), Rio Plaza (State of Rio de Janeiro), Minas Shopping (State of Minas Gerais), Big Shopping (State of Minas Gerais), Shopping Center Tamboré (State of São Paulo), Shopping Mueller (State of Santa Catarina), Shopping São Luis (State of Maranhão), Shopping Metrô Tatuapé (State of São Paulo), Osasco Plaza (State of São Paulo), Top Shopping (State of Rio de Janeiro), West Shopping (State of Rio de Janeiro), Center Shopping Rio (State of Rio de Janeiro), Campinas Shopping (State of São Paulo), Metrô Santa Cruz (State of São Paulo), Crystal Plaza (State of Paraná), Center Shopping Uberlandia (State of Minas Gerais), Shopping Sete Lagoas (State of Minas Gerais), Shopping Granja Vianna (State of of São Paulo), Shopping Tijuca (State of Rio de Janeiro), Shopping Via Brasil (State of Rio de Janeiro), Shopping Paralela (State of Bahia), Catuaí Shopping Londrina (State of of Paraná), Cautaí Shopping Maringá (State of of Paraná), Mooca Plaza Shopping (State of São Paulo) and Shopping Jardim Sul (State of São Paulo).

The Company's investments are shown below.

Stockholdings in companies:

	Holding - %	
	2011	**2010**
Direct subsidiary companies		
Ecisa Engenharia, Comércio e Indústria Ltda. ("Ecisa Engenharia")	100.00	100.00
Ecisa Participações Ltda. ("Ecisa Participações")	100.00	100.00
BR Malls International Finance Ltd. ("BR Malls Finance")	100.00	100.00
BR Malls Desenvolvimento e Participações Ltda. ("BR Malls Desenvolvimento")	100.00	100.00
BR Malls Serviços Compartilhados Ltda. ("BR Malls CSC")	100.00	100.00
SPE Fortuna Gestão e Participações Ltda. ("BR Malls Fortuna")	100.00	100.00
SPE Sfida Gestão e Participação Ltda. ("SPE Sfida")	79.10	79.10
Crystal Administradora de Shopping Centers Ltda. ("Crystal")	100.00	100.00

	Holding - %	
	2011	**2010**
Special-purpose partnership Crystal Parking ("Crystal Parking")	66.50	95.00
EDRJ113 Participações Ltda. ("EDRJ113")		100.00
Spinacia Participações S.A. ("Spinacia")		100.00
SPE Azione Gestão e Participação Ltda. ("SPE Azione")		60.00

All amounts in R$ thousands unless otherwise stated

	Holding - %	
	2011	**2010**
Indirect subsidiaries (through Ecisa Engenharia Ltda., Ecisa Participações Ltda. and BR Malls International Finance Ltd.)		
L 5 Corporate LLC.	100.00	100.00
BR Malls Administração e Comercialização Ltda. ("BR Malls Administração")	100.00	100.00
Proffito Holding Participações S.A. ("Proffito")	100.00	100.00
Nattca 2006 Participações S.A. ("Nattca")	100.00	100.00
SPE Indianápolis Participações Ltda. ("SPE Indianápolis")	100.00	100.00
Empresa Patrimonial Industrial IV Ltda. ("EPI")	100.00	100.00
SDR Empreendimentos Imobiliários Ltda. SDR	100.00	100.00
Empresa Cogeradora de Energia Ltda. Emce	100.00	100.00
Campo Grande Parking Ltda. ("Campo Grande Parking")	68.81	68.81
GS Shopping Center S.A. ("GS Shopping")	65.45	65.45
SPE Xangai Participações S.A. ("SPE Xangai")	75.00	75.00
SPE Monza Participações Ltda. ("SPE Monza")	100.00	100.00
SPE Classic Participações Ltda. ("SPE Classic")	100.00	100.00
Fashion Mall S.A. ("Fashion Mall")	100.00	100.00
Rai Rhodes Administração de Imóveis Ltda. ("Rai Rhodes")	100.00	100.00
COFAC - Companhia Fluminense de Administração e Comércio ("COFAC")	100.00	100.00
KGM37 Empreendimentos Ltda. ("KGM37")	100.00	100.00
Ras Empreendimentos e Participações Ltda. ("Ras")		65.14
Shopping Center Mooca Empreendimento Imobiliários. S.A. ("Shopping Center Mooca")	60.00	60.00
Exímia Comercial e Empreendimentos Ltda. ("Exímia")	100.00	100.00
Cuiabá Participações S.A. ("Cuiabá")	78,65	78.65
Special-purpose partnership JLN-2 (Niterói Plaza)	97.00	94.10
Special-purpose partnership JLN-2 (Rio Plaza)	96.00	96.00
Special-purpose partnership Centro Oeste Parking	70.99	70.99
Special-purpose partnership Campinas Parking	96.00	96.00
Special-purpose partnership Estação Parking	95.40	95.40
Special-purpose partnership Fashion Parking	81.00	81.00
Special-purpose partnership Independência Parking	96.00	96.00
Special-purpose partnership Shopping llha Parking	94.80	94.80
Special-purpose partnership Mooca	90.00	
Special-purpose partnership Shopping Granja Vianna	96.00	
Companhia Santa Cruz	100.00	100.00
SAS Sociedade Administradora de Centros Comerciais Ltda. ("SAS Administradora")	100.00	100.00
Lesbos Participações Ltda.	100.00	100.00
Sociedade Independência Imóveis ("SISA")	83.44	83.44
Mídia Central Ltda. ("Mídia Central")	100.00	100.00
Center Shopping S.A. ("Center Shopping")	51.00	51.00
CIMA Empreendimentos do Brasil S.A. ("CIMA")	100.00	100.00
Piracicaba Malls Participações Ltda.	100.00	100.00
Special-purpose partnership Tijuca Parking	97.80	95.00
Special-purpose partnership Park Center	100.00	100.00
CG Participações Ltda.	85.95	85.95
EDRJ113 Participações Ltda. ("EDRJ113")	100.00	
Spinacia Participações S.A. ("Spinacia")	100.00	
SPE Azione Gestão e Participação Ltda. ("SPE Azione")	60.00	
BR Malls Administração e Comercialização Rio/Minas Ltda.	100.00	
Alvear Participações S.A ("Alvear")	70.00	
Proeste S.A. ("Proeste")	97.00	
Special-purpose partnership Uberlândia Parking	96.50	
BR Malls Administração e Comercialização Sul/SP Ltda.	100.00	
Catuaí Maringá Parking	95.00	
Catuaí Londrina Parking	89.30	
Joint ventures		
Administradora Shopping Center Recife Ltda. ("ASCR")	32.46	32.46
Recife Parking Ltda. ("Recife Parking")	32.46	32.46
Recife Locadora de Equipamentos para Autogeração Ltda. ("Recife Locadora")	32.46	32.46
Villa Lobos Parking Ltda. ("Villa Lobos Parking")	26.85	26.85
SPE Mônaco Participações S.A. ("SPE Mônaco") (i)	50.00	50.00
Christaltur Empreendimentose Participações S.A.	49.99	49.99
B. Sete Participações S.A.	39.60	39.60
Special-purpose partnership Center Parking (i)	28.50	28.50
Special-purpose partnership West Parking (i) ("West Parking")	28.50	28.50
Special-purpose partnership Shopping Via Brasil	46.80	
Associated companies		
EDRJ100 Participações Ltda.	8.00	8.00
Pró-Parking Participações Ltda.	10.51	10.51

(i) Direct investment of BR Malls.

All amounts in R$ thousands unless otherwise stated

Holding in shopping malls (recorded as investment properties):

	Holding - %	
	2011	2010
NorteShopping	74.50	74.50
Shopping Iguatemi Caxias	45.50	45.50
Shopping Villa Lobos	39.72	39.72
Shopping Del Rey	65.00	65.00
Shopping Independência	83.44	83.44
Shopping Recife	31.10	31.10
Shopping Campo Grande	68.70	68.70
Goiânia Shopping	73.56	73.56
Shopping Estação	100.00	100.00
Pantanal Shopping	10.00	10.00
Araguaia Shopping	50.00	50.00
Natal Shopping	50.00	50.00
Shopping ABC	1.28	1.28
Shopping Curitiba	49.00	35.00
Shopping Center Iguatemi Belém	13.30	13.30
Shopping Center Iguatemi Maceió	34.20	34.20
Shopping Center Piracicaba	36.88	34.38
Amazonas Shopping Center	17.90	17.90
Ilha Plaza	100.00	100.00
Fashion Mall	100.00	100.00
Plaza Niterói	100.00	100.00
Rio Plaza	100.00	100.00
Shopping Center Tamboré	100.00	100.00
Esplanada Shopping		3.41
Big Shopping	13.00	13.00
Minas Shopping	2.13	2.13
Shopping Mueller	10.41	10.41
Shopping São Luis	15.00	15.00
Shopping Metrô Tatuapé	3.00	3.00
Osasco Plaza	39.59	39.59
Top Shopping	35.00	35.00
West Shopping	30.00	30.00
Center Shopping Rio	30.00	30.00
Campinas Shopping	100.00	100.00
Shopping Metrô Santa Cruz	100.00	100.00
Crystal Plaza	70.00	70.00
Center Shopping Uberlândia	51.00	51.00
Shopping Granja Vianna	75.00	75.00
Shopping Sete Lagoas	70.00	70.00
Shopping Tijuca	100.00	100.00
Shopping Via Brasil	49.00	
Shopping Paralela	95.00	
Shopping Jardim Sul	100.00	
Catuaí Shopping Londrina	93.00	
Catuaí Shopping Maringa	100.00	
Mooca Plaza Shopping	100.00	

(a) Directly controlled subsidiary companies

Ecisa Engenharia Comércio e
Indústria Ltda. and Ecisa Participações Ltda.

The Company holds all the capital stock of Ecisa Engenharia and Ecisa Participações, (jointly referred to as "Ecisas") whose objectives are (i) to operate shopping malls and other business enterprises, of their own or third-parties'; (ii) to perform economic planning, develop, market, manage and implement shopping malls and other business enterprises; (iii) to operate parking lots; (iv) to provide technical support for the implementation, organization and operation of business or service companies; and (v) to invest in the capital of other companies as a stockholder or quotaholder.

BR Malls International Finance Ltd. ("BR Malls Finance")

A BR Malls Finance with its head office in the Cayman Islands, was set up with the specific purpose of issuing perpetual bonds in the international market and does not have its own business operations (Note 15(v)).

BR Malls Desenvolvimento

The Company holds all the shares of BR Malls Desenvolvimento, whose objectives are to operate, prepare business plans, develop, market, manage and establish shopping malls and operate parking lots.

BR Malls Serviços Compartilhados Ltda.

The objective of this company is the rendering of financial, accounting and legal services, related to information technology and human resources for the implementation, organization and operation of commercial or other types of companies, as well as shopping malls.

SPE Fortuna Gestão e Participações Ltda.

The objective of this company is the operation, economic planning, development and management of Top Shopping. SPE Fortuna holds 35% of the real estate shares in Top Shopping (RJ).

SPE Sfida Gestão e Participação Ltda.

BR Malls holds 79.10% of the company's capital. The objective of this company is the operation of shopping malls and commercial buildings, economic planning, development, marketing, management and implementation of shopping malls and the operation of parking lots. SPE Sfida holds 88.5% of the real estate shares of Shopping Center Sete Lagoas.

Crystal Administradora de Shopping Centers Ltda.

The objective of Crystal is to render services, manage, consult, plan and organize trade and real estate enterprises, mainly Shopping Malls. The company is responsible for the management of Shopping Center Crystal.

Special-purpose partnership
Crystal Parking

BR Malls holds 66.50% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, valet parking and similar ("Parking lot").

(b) Indirectly controlled subsidiaries

L 5 Corporate LLC.

L 5 Corporate, with its head office in the State of Delaware - United States of America, was set up with the specific purpose of obtaining funds in the international markets. It does not have its own operations.

BR Malls Administração e Comercialização Ltda.

Together, the Ecisas hold the total capital of BR Malls Administração e Comercialização Ltda. ("BR Malls Administração"), a company that provides services related to the planning, management, implantation and operation of shopping malls and commercial ventures of any nature, owned or of third parties, as well as coordinating the acquisition and rental of real estate for commercial use.

Proffito and GS Shopping

Proffito has the specific purpose of investing in the capital of GS Shopping. Proffito holds an interest of 65.45% in the capital of GS Shopping, which is a company whose objective is to invest in shopping malls and which holds 73.56% of the real estate shares in Goiânia Shopping.

Proffito holds 100% of all the ideal fractions and improvements that comprise Shopping Tamboré in Alphaville - São Paulo.

Spinacia Participações S.A.

The objective of Spinacia is to operate shopping malls and parking lots, develop, market, manage and implement shopping malls. Spinacia Participações acquired 60% of a piece of land located in the Municipality of São Bernardo do Campo in the State of São Paulo where it plans to develop a shopping mall. It acquired 70% of Alvear Participações S.A, which holds real estate interests of: 93% in Catuaí Shopping Londrina, 100 % in Catuaí Shopping Maringá, 100 % of a piece of land located in the Municipality of Londrina in the State of Paraná where it plans to develop the Shopping Londrina Norte, 97% in Proeste S.A., 89.3% in Catuaí Londrina Parking and 95 % in Catuaí Maringa Parking.

EDRJ113 Participações Ltda.

The objective of Spinacia is to operate shopping malls and parking lots, develop, market, manage and implement shopping malls. EDRJ113 holds 49% of the Via Brasil shopping mall located in Irajá in the Municipality of Rio de Janeiro.

SPE Azione

EDRJ 113 holds 60% of the company's capital. The objective of this company is the operation of shopping malls and commercial buildings, economic planning, development, marketing, management and implementation of shopping malls and the operation of parking lots. SPE Azione develops the project of the Shopping Estação BH.

Nattca

The Ecisas hold 100% of the capital of Nattca, a company established with the specific objective of holding shares in Shopping Estação - it is the sole owner of 100% of the aforementioned shopping mall.

SPE Indianápolis, Cuiabá and Exímia

Ecisa Participações holds the total capital of SPE Indianápolis, which is a company whose objectives are, amongst others, to operate and develop shopping malls and to invest in the capital of other companies. SPE Indianápolis holds an interest of 78.65% in the capital of Cuiabá Participações S.A, which in turn holds 12.72% of the shares in the real estate segment of Pantanal Shopping. Upon consolidation of these holdings, SPE Indianápolis indirectly will hold approximately 10% of Pantanal Shopping.

Furthermore, SPE Indianápolis also owns debentures issued by Maia e Borba S.A, which ensures that SPE Indianápolis receives remuneration corresponding to 50% of the net results of Araguaia Shopping, which is a business enterprise operated by that company.

SPE Indianápolis holds 99.9% of the shares in the capital of Exímia, which is a company whose objective is to rent its own real estate property and invest in other companies. Exímia's assets comprise the following investments: (i) 13% of the enterprise known as Big Shopping and (ii) 2.13% of the enterprise known as Minas Shopping.

Center Shopping, Mídia Central, Uberlândia Center Parking and special-purpose partnership Uberlândia Parking

SPE Indianápolis holds 51% of the capital of Center Shopping S.A., whose objectives, amongst others, are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls. The company has 100% of the investments in real estate of Shopping Center Uberlândia.

Center Shopping S.A. holds the whole of the capital of Mídia Central Ltda. The objective of the company is the exploration of the media placement activity and 100.00% of the capital of Uberlândia Center Parking whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, valet parking and similar ("Parking lot"). In August 2011, a special-purpose partnership was established in order to replace Uberlândia Center Parking. Center Shopping S.A. holds an interest of 96.5% in this entity.

EPI, SPE Classic and Piracicaba Malls

Ecisa Engenharia holds an interest of approximately 100% in the capital of EPI, which is a company whose main objective is to invest in real estate enterprises, amongst other objectives. EPI holds the following holdings: (i) 21.54% of the enterprise known as Shopping Center Piracicaba, (ii) 12.20% of the enterprise known as Shopping Center Iguatemi Belém (iii) 17.90% of the enterprise known as Amazonas Shopping Center and (iv) 34.20% of the enterprise known as Shopping Center Iguatemi Maceió. EPI holds 100% of the quotas of the capital stock in SPE Classic Participações Ltda., which in turn has a 3% share in an enterprise known as Shopping Metrô Tatuapé and a 15% share in an enterprise known as Shopping São Luis. EPI holds 100% of the quotas of the capital stock in Piracicaba Malls Participações Ltda., which in turn has a 15.34% share in Shopping Center Piracicaba.

Fashion Mall and Rai Rhodes

Ecisas hold 100% of the capital of Fashion Mall S.A, whose objectives, amongst others, are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls. The companies hold (i) 100% of the shares in Rio Plaza Shopping; and (ii) 100% of the shares in São Conrado Fashion Mall (iii) 100% of the shares in Niterói Plaza and (iv) 100% of the shares in Shopping Ilha Plaza.

Fashion Mall holds the total capital of Rai Rhodes, which provides administration, leasing and other services related to the real estate business, including shopping malls, as well as the purchase and sale of real estate.

COFAC

Ecisas hold an interest of 100% in the capital of COFAC whose objectives, amongst others are to operate, prepare business plans, develop, market, manage and implement shopping malls.

SPE Monza and Shopping Center Mooca

Ecisa Engenharia holds an interest of 100% in the capital of SPE Monza, whose objective, is to operate, prepare business plans, develop, market, administer, manage and implement shopping malls and operate parking lots.

SPE Monza holds an interest of 60% in the Capital of Shopping Center Mooca. Shopping Center Mooca has the objective to promote, develop and operate exclusively upon the sale, purchase or lease of space for enterprises. SPE Monza started to operate in the Shopping Center Mooca with the specific purpose of developing a shopping mall located in the Mooca area of São Paulo.

SPE Xangai

Ecisa holds an interest of 75% in the capital of XPE Xangai, which is a company whose objectives, amongst others, are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls as well as operate parking lots. SPE Xangai holds 100% of Shopping Granja Vianna, located in the Municipality of Cotia, in the metropolitan area of São Paulo.

Emce

The objective of this company is to lease equipment which allows for cogeneration of electric power. Its main client is Norte Shopping.

KGM37

Ecisas hold an interest of 100% in the capital of KGM37, which is a company whose objective is to operate, prepare business plans, develop, commercialize, administer, manage and implement shopping malls. KGM37 holds 10.41% of the capital of Shopping Mueller.

SDR

This company's objective is to undertake real estate projects, notably shopping malls, and investing in the capital stock of other companies. SDR has 30% of the investments in the real estate of Shopping Del Rey. Together with Ecisa Engenharia Ltda., BR Malls holds 65% of the real estate investment in shopping Del Rey.

Campo Grande Parking

The objective of this company is to operate paid parking lots in Shopping Campo Grande.

Special-purpose partnership JLN 2

The objective of JLN2 is to develop, execute, operate and manage the parking lot at Plaza Niterói and Shopping Rio Plaza.

Special-purpose partnership
Centro Oeste Parking

The objective of this company is to develop, execute, operate and manage the parking lot at Goiania Shopping.

Special-purpose partnership
Campinas Parking

The objective of this company is to develop, execute, operate and manage the parking lot at Campinas Shopping.

Special-purpose partnership
Fashion Parking

The objective of this company is to develop, execute, operate and manage the parking lot at São Conrado Fashion Mall.

Special-purpose partnership
Estação Parking

The objective of this company is to develop, execute, operate and manage the parking lot at Shopping Estação.

Companhia Santa Cruz and SAS Administradora

The Ecisas have a 100% share of the capital of Companhia Santa Cruz, whose specific purpose is to hold a share in the Shopping Metro Santa Cruz and is the exclusive owner of 100% of that Shopping Center.

Companhia Santa Cruz has a 100% share of the capital of SAS Administradora whose objective is to provide financial administration, planning, coordination and organizational services to Shopping Metro Santa Cruz.

Lesbos Participações Ltda.

The Ecisas have a 100% share of the capital of Lesbos whose objective is to develop, execute, operate and manage the parking lot at Metro Santa Cruz.

Sociedade Independência Imóveis ("SISA")

Ecisa Engenharia holds an interest of 83.44% in the capital of SISA, which is a company whose objective is to organize, implement and manage movable and fixed assets as well as business enterprises, notably shopping malls. SISA holds the whole of the investment in the real estate of Shopping Independência, located in Juiz de Fora, in the State of Minas Gerais.

Special-purpose partnership
Independência Parking

SISA holds 96% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, valet parking and similar ("Parking lot").

Special-purpose partnership
Ilha Parking

Fashoin Mall S.A. holds 94.8% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, valet parking and similar ("Parking lot").

Special-purpose partnership
Granja Vianna

SPE Xangai Participações S.A. holds 96% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, valet parking and similar ("Parking lot").

CIMA

Ecisa Engenharia holds an interest of 100% in the capital of CIMA, which is a company whose objective is to organize, implement and manage movable and fixed assets as well as business enterprises, notably shopping malls. CIMA holds the total real estate shares of Shopping Tijuca and 50% of the trade towers that belong to the shopping mall.

CG Participações

Ecisa Participações holds an interest of 100% in the capital of CG Participações Ltda., which is a company whose objective is to organize, implement and manage movable and fixed assets as well as business enterprises, notably shopping malls. CG Participações holds the following holdings: 10.5% of the real estate shares of Shopping Campo Grande and 4.13% of Campo Grande Parking.

Special-purpose partnership
Tijuca Parking

CIMA holds 97.8% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, valet parking and similar ("Parking lot").

Hills RJ Participações Ltda.

The objective of the company is to render services, manage, consult, plan and organize trade and real estate enterprises, mainly Shopping Malls.

Lorraine RJ Participações Ltda.

The objective of the company is to render services, manage, consult, plan and organize trade and real estate enterprises, mainly Shopping Malls.

Special-purpose partnership Shopping Mooca

Shopping Center Mooca holds 90.0% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, valet parking and similar ("Parking lot").

(c) Joint ventures

ASCR

This company provides administrative services related to the operation of Shopping Recife.

Recife Parking

The objective of this company is to operate paid parking lots in Shopping Recife.

Recife Locadora

This company has the objective of leasing equipment for the generation of electric or thermal power, related to the operations of Shopping Center Recife.

Villa Lobos Parking

This company has the objective of operating a paid parking lot for cars in Shopping Center Villa Lobos.

SPE Mônaco

BR Malls holds an interest of 50% in the capital of SPE Mônaco, which is a company whose objectives, amongst others, are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls as well as operate parking lots. SPE Mônaco holds 100% of Natal Shopping Center.

B. Sete Participações S.A.

BR Malls holds an interest of 39.59% in the capital of B. Sete Participações S.A., which is a company whose objectives are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls as well as operate parking lots. B. Sete Participações S.A. holds 100% of Shopping Center Osasco Plaza and 100% of Administradora Osasco Plaza, the company that is responsible for the shopping mall management.

Christaltur Empreendimentos e Participações S.A.

Ecisa Engenharia holds an interest of 49.99% in the capital of Christaltur, which has as its main objective performing real estate mergers, as well as investing in other companies as a stockholder or quotaholder. After the purchase of Christaltur, BR Malls became the holder of 39.72% of the gross leaseable area of Shopping Villa-Lobos, increasing its investment in that enterprise.

Special-purpose partnership
West Parking and Center Parking

BR Malls has a 28.5% share of the capital of the companies whose objectives are to develop, execute, operate and manage the parking lot at West Shopping and Center Shopping.

Special-purpose partnership
Via Brasil Parking

BR Malls holds 95.5% of the capital of SCP whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, valet parking and similar ("Parking lot").

(d) Financial investments

EDRJ100 Participações Ltda.

Ecisa Engenharia holds an 8% interest in the capital of EDRJ100, which is a company whose main objective is to invest in other companies and holdings in real estate enterprises.

Pró-Parking Participações Ltda.

BR Malls Participações S.A. holds a 10.51% share in Pró-Parking Participações Ltda., whose objective is to operate the paid parking lot at Shopping Center Mueller.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements were based on the historical cost and adjusted to reflect the fair value estimates of investment properties, financial instruments, derivatives and certain financial instruments against the result for the year.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

(a) Consolidated financial statements

The consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC). In 2009, the company opted to adopt in advance the CPCs.

The consolidated financial statements have also been prepared and are being presented in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board.

In the IFRS adoption process for the consolidated financial statements in 2010, certain adjustments were required on balances previously presented in accordance with the CPCs in 2009. Within this context, the only one difference between the accounting practices previously adopted by BR Malls in the consolidated (early adoption) and IFRS is related to Deferred assets, which was reverted.

2.2 Consolidation

(a) Consolidated financial statements

The following accounting policies are applied in the preparation of the consolidated financial statements.

(i) Subsidiaries, joint ventures and associates

Subsidiaries are all entities (including special purpose entities and partnerships) over which the Company has the power to determine the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of possible voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company.

They are deconsolidated from the date that control ceases.

The consolidated financial statements also comprises the financial information of its joint ventures, the situation in which the control and management of the companies are shared with the other stockholders. The consolidation includes asset, liability and statement of income accounts proportionally to the total holding in the capital of the respective companies.

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights and are initially recognized at cost. The Company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See Note 2.6.4 for the impairment of non-financial assets, including goodwill.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries, joint-ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

(ii) Transactions and non-controlling interests

The Company treats transactions with non-controlling interests as transactions with equity owners of the Company. For purchases from non-controlling interests, the difference between any consideration paid and the proportion acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(b) Separate financial statements

In the individual financial statements, subsidiaries, joint-ventures and associates are recorded based on the equity accounting method. The same adjustments are made in the individual and consolidated financial statements to reach the same profit or loss and equity attributable to the holders of the parent entity. In the case of BR Malls, the accounting practices adopted in Brazil applicable to the individual financial statements differ from IFRS applicable to the separate financial statements only in relation to the evaluation of investments in subsidiaries and associates based on the equity accounting method, instead of cost or fair value in accordance with IFRS, and the maintenance of the balance of deferred charges as at December 31, 2008, which is being amortized.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the top management responsible for the Company's strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The annual consolidated information is presented in Brazilian reais (R$), which is the Company's functional currency, and also the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currency at exchange rates at the end of the year ended December 31 are recognized in the statement of income.

Foreign exchange gains and losses that relate to borrowings, perpetual notes and cash and cash equivalents are presented in the statement of income within "finance income or cost". All other foreign exchange gains and losses are presented in the statement of income within "financial result - net".

2.5 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other near term highly liquid investments with original maturities of three months or less, with immaterial risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.6 Financial assets

2.6.1 Classification

The Company classifies its financial assets according to the following categories: measured at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Marketable securities recorded in current and non-current assets are shown at the amount invested plus the fair value of the securities, as they are basically financial instruments held for negotiation.

(a) Financial assets at fair value through profit or loss

These are financial assets held for active and frequent trading. Financial instruments are also classified as held for trading and included in the category, unless they have been designated as hedge instruments.

Assets in this category are classified as current assets. Gains or losses arising from the changes in the fair value of financial assets measured at fair value through profit or loss are recorded in the statements of income as financial income or expense - net in the quarter they occur. The Company does not apply hedge accounting.

(b) Loans and receivables

These comprise loans granted and non-derivative receivables with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets or non-current assets, depending on whether they fall due within or after 12 months from the balance sheet date. The Company's loans and receivables comprise loans granted to associated companies, trade accounts receivable, other accounts receivable and cash and cash equivalents.

The loans and receivables are recorded at amortized cost, based on the effective interest rate method.

2.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the statement of income within "Financial result - net" for 2011. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of income within "Other operating gains" when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.6.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.6.4 Impairment of financial assets

Assets carried at amortized cost

The Company assesses at the end of each month whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the issuer or obligor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(iv) it becomes probable that the supplier will enter bankruptcy or other financial reorganization;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of borrowers in the portfolio; and
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of income.

2.7 Derivative financial instruments and hedge activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, Although the Company uses derivatives for protection, it has not designated any instruments as hedges for accounting purposes.

Changes in the fair value of any of these derivative instruments are recognized immediately in the statement of income within "Financial result - net".

2.8 Trade accounts receivable

These include rents receivable, as well as management fees and assignment of usage rights fees granted to tenants of stores of the shopping malls. They are stated at their value to date, less the respective allowances for doubtful accountants (impairment). The Company's management considers the mentioned allowance as sufficient to cover identified losses.

The present value of long-term trade accounts receivable is calculated based on the effective interest rate of assignment of usage rights. This rate is compatible with the nature, term and risks of similar transactions under normal market conditions. The rate average at December 31, 2011, corresponds to 10.87 % per annum (p.a.) (December 31, 2010 - 10.61% p.a.).

2.9 Non-current assets held for sale

Assets of the disposal group are classified as held for sale when their carrying value is recoverable, particularly in the case of a sale and when the completion of such sale is practically certain. These assets are stated at the lower of the carrying value and fair value, less sales cost, if the carrying value can be recovered, particularly by means of a sale transaction and not due to continuing use.

2.10 Intangible assets

(a) Goodwill

Previously, the goodwill or negative goodwill determined on the acquisition of an investment was calculated as the difference between the purchase value and the accounting value of the stockholders' equity of the company acquired. The goodwill or negative goodwill was recorded in the investment company divided into two categories: (i) surplus value of assets, represented by the difference between the accounting value of the acquired company and the fair value of the assets and liabilities and (ii) future earnings, represented by the difference between the fair value of assets and liabilities and the purchase value. The portion based on the surplus value of assets was amortized as these assets and liabilities in the company acquired were realized. As of January 1, 2008, retroactively, the goodwill was totally transferred to the Investment property account, that is valued at fair value and reviewed at least annually according to Law No. 11,941/09. The Company maintains a supplementary control of this goodwill due to the tax benefits from the deductibility of the goodwill.

(b) Computer programs (software)

Licenses for computer programs acquired are capitalized and amortized during the estimated useful life according to the rates disclosed in Note 15.

2.11 Deferred (only for the parent company's statements)

Deferred charges, up to December 31, 2007 were made up mostly of pre-operating and reorganization expenses, being amortized in up to ten years. In accordance with CPC 13, the Company chose to maintain the balance of recorded deferred charges, made up until 2007, until the end of its amortization and there has been no new capitalization after January 2008.

2.12 Property and equipment

These are stated at cost less the corresponding accumulated depreciation. Depreciation is calculated on the straight-line method at annual rates considered compatible with the useful and economic lives of the assets, as disclosed in Note 14.

Residual values and useful lives of the assets are reviewed annually and adjusted, if appropriate.

2.13 Investment properties

Investment properties are represented by land and buildings in shopping malls held for rental income and/or capital gains as disclosed in Note 13.

Investment properties are recognized at their fair value. Appraisals were made by internal specialists using a proprietary model considering earnings history and cash flows discounted at market rates. Annually, at the balance sheet date, reviews are made to evaluate any changes in recognized balances. Variations in fair value are directly recognized in the result.

Investment properties under construction (Greenfields) are recognized at their construction costs up to the date they enter into operation or when the Company can reliably determine the asset's fair value.

Fair value of investment properties does not reflect future capital expenditures that increase property values nor does it consider related future benefits derived from these expenditures.

Currently, the interest for the expenses with the shopping malls development cost is capitalized.

2.14 Impairment of assets

Property and equipment and other non-current assets, including intangible assets, are reviewed at least annually to identify indicators of non-recoverable losses, or, any time events or changed circumstances indicate that a book value may not be recoverable. When this is the case, the recoverable value is calculated in order to see if there is any loss. Whenever there is a loss, it is recognized at the amount by which the book value exceeds its recoverable value, which is the higher between the net asset sale price and its value in use. For purposes of valuation, assets are grouped into the smallest group of assets for which there are cash flows which can be identified separately. No loss resulting from the reduction of the recoverable value of assets was identified.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. In practice, they are usually recognized at the amount of the related invoice.

2.16 Borrowings and financings

Borrowings and financings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the settlement value is recognized in the statement of income over the period of the borrowings and financings using the effective interest method.

Fees paid on the establishment of borrowing and financings facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the financial settlement occurs. To the extent there is no evidence that it is probable that some or all of the borrowing or financing will be settled, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Financial instruments, including perpetual notes, which are mandatorily redeemable on a specific date are classified as liabilities.

Borrowings and financings are classified as current liabilities unless the Company has an unconditional right to define settlement of the liability for at least 12 months after the balance sheet date.

2.17 Provisions

The restructuring costs and lawsuits (labor, civil and indirect taxes) are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance costs.

2.18 Deferred and current income tax and social contribution

The current income tax and social contribution are calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken by the Company in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax and social contribution are recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax and social contribution are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The currently defined tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred credits.

Deferred income tax and social contribution assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for the case of a deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Income tax and social contribution

These are recorded on a monthly basis under the annual taxable income method, except for certain subsidiaries and joint subsidiaries, whose taxes are calculated based on presumed profit.

The social contribution is calculated at the rate of 9% on the income adjusted according to the provisions of the law currently in effect. The provision for income tax is recorded at the gross amount, applying the base rate of 15%, plus an additional of 10%. For the companies that chose the assumed profit method, the calculation base for the income tax is calculated at the rate of 32% for income arising from rents and rendering of services and 100% for financial income; the social contribution on the net profit is calculated at the rate of 32% on the gross revenue, on which the nominal rates are applied.

2.20 Taxes on income

For the companies which use the annual taxable profit system, the Social Integration Program ("Programa de Integração Social - PIS") is calculated at the rate of 1.65%, applied to the whole of the operating income, adjusted in accordance by deductions and exclusions established in the prevailing legislation.

The Tax for Social Security Financing ("Contribuição para Financiamento de Seguridade Social - COFINS") is calculated at the rate of 7.60%, applicable to the same calculation basis as for the PIS.

For the companies that choose the presumed profit method, the PIS is calculated at the rate of 0.65%, applied to the whole of the operating and financial income. The COFINS is calculated at the rate of 3%, applicable to the same calculation basis as for the PIS. The ISS on services is calculated at a 5% rate.

2.21 Employee benefits

(a) Share-based payments

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

(b) Profit-sharing

The Company recognizes a liability and an expense for profit-sharing based on a formula that takes into consideration the profit attributable to the Company's stockholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.22 Share capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as specific reserve , net of tax.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's stockholders until the shares are canceled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax and social contribution effects, is included in equity attributable to the Company's stockholders.

2.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the services in the ordinary course of the Company's activities. Revenue is stated net of taxes on income, of returns, of abatements and of discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Rendering of services

Revenues and costs arise substantially from the operation of shopping malls. The Company records proportionally its share of rents paid and corresponding costs passed on by the condominium association and consortium, based on the capital of the Company in these enterprises. The Company's income arises from four main activities, "operating income of its business": (i) ownership of shopping malls, through the rental of shops, 'Mall and Merchandising" space and the operation of parking areas; (ii) rendering of management and consulting services performed through the subsidiaries BR Malls Administração, Hills RJ Participações Ltda, and Lorraine RJ Participações Ltda; (iii) rendering of services for the marketing of shops and "Mall and Merchandising" spaces, through the BR Malls Administração subsidiary; and (iv) rendering of services related to the preparation of business plans and development carried out through the BR Malls Desenvolvimento subsidiary company. The main source of income of the Company results from the proportional participation in the income generated by the Shopping Centers. Deferred income is basically related to the recognition of use right, as disclosed in Note 22.

Income related to assignment of rights is recognized on the straight line method in the statement of operations for the year, based on the lease terms of the respective stores in question. In addition, store rental income is recognized on the straight line method during the course of the lease contract, taking into consideration the contractual readjustment and charge for 13th month's rent.

Regarding items (ii) and (iii) above, BR Malls Administração, Hills Administração and Lorraine render management and trading services to shopping malls of the Company and of third parties, accruing monthly the following income: (a) fee paid by the entrepreneurs, which is calculated through the application of a percentage on the net income of the shopping mall, less their operating expenses (excluding the management fee) of the gross operating income; (b) fees paid by the storekeeper, which are defined based on a monthly fixed amount or on a percentage on the total condominium expenses and on the promotion fund; and (c) trade revenue, which, in general, corresponds to a percentage of the rental agreements of stores, kiosks and spaces for merchandising, as well as right assignment, transfer fees of traded real estate.

(b) Finance income

Interest income is recognized according to the elapsed term, using the effective interest method. When a loan and receivable instrument is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Subsequently, as time goes by, interest is incorporated into loans and receivables against interest income. This interest income is calculated at the same effective interest rate used to determine the recoverable amount, that is, the original rate of loans and receivables.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

2.24 Dividend and interest on capital distribution

Distribution of dividends and interest on capital to the Company's stockholders are recognized as a liability in the Company's financial statements at year-end based on the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the stockholders at the general meeting.

The tax benefit of interest on capital is recognized in the statement of income.

2.25 Investments in subsidiaries and joint ventures

Investments in subsidiaries and jointly controlled companies are evaluated based on the equity accounting method (Note 12). For consolidation purposes, the Company adopts the criteria described in Note 2.2.

2.26 Equity accounting

The investments in subsidiaries, joint ventures and associates are recorded and evaluated based on the equity accounting method (Note 12), recognized in the result. In accordance with this method, the Company's share in the increase or decrease of the equity of the subsidiaries, associates and jointly-controlled companies after the acquisition, due to the determination of the net income or loss for the year or due to gains or losses in capital reserves, is recognized as income (or expense). For effects of the equity accounting calculation, gains or transactions that took place between the Company, subsidiaries, joint ventures and associates are eliminated in the proportion of the Company's participation; unrealized losses are also eliminated, unless the transaction provides evidence of permanent loss (impairment) of the asset transferred.

When the Company's shares in accumulated losses of subsidiaries and associated companies becomes equal to or exceeds the amount of the investment, the Company does not recognize additional losses unless it has taken on obligations or made payments on behalf of these companies.

All amounts in R$ thousands unless otherwise stated

2.27 Costs incurred with the raising of funds

The recognition of the transaction costs incurred with the raising of equity funding is recorded in a reduction account of stockholders' equity, less any tax effect.

2.28 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are debited to the statement of income on the straight-line method over the period of the lease. Leases in which the Company is the lessor are recognized as mentioned in Note 2.23.

2.29 Restatement of the financial statements

The Company has prepared these restated financial statements to properly present the non-cash effects related to the purchase of investment properties which had impacted the cash flow from operating and investing activities.

The table below shows the effects of this restatement:

	2011		2010	
	Parent company	Consolidated	Parent company	Consolidated
Net cash (used in) generated from operating activities - As previously reported	(58.526)	298.050	56.996	1.381.530
Adjustment related to non-cash transaction of liabilities payable for acquisition of shopping malls	(90.751)	255.041	(59.916)	(606.351)
Net cash (used in) generated from operating activities – restated	(149.277)	553.091	(2.920)	775.179
Net cash (used in) generated from investing activities –As previously reported	(1.407.443)	(2.158.121)	12.436	(1.236.463)
Adjustment related to the non-cash transaction related to the Purchases of investment property	90.751	(255.041)	59.916	606.351
Net cash (used in) generated from investing activities – restated	(1.316.692)	(2.413.162)	72.352	(630.112)

The adjustment did not affect reported cash balances, profit for the year, shareholders´ equity, earnings per share or the the basis of distribution of dividends.

2.30 Standards, amendments and interpretations to existing standards that are not yet effective

The following standards, amendments and interpretations to standards issued by IASB are not effective for 2011. The early adoption of these standards, although encouraged by IASB, was not permitted in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

(a) IAS 19 - "Employee benefits" amended in June 2011. The main effects of the amendments are as follows: (i) elimination of the corridor approach, (ii) recognition of the actuarial gains and losses in other comprehensive income as they occur, (iii) immediate recognition of the costs of the past services in the result, and (iv) substitution of the cost of interest and expected return on the plan's assets for a net interest amount, calculated through the use of the discount rate to the asset (liability) of the net defined benefit. Management is evaluating the total impact of these amendments on the Company. The standard is applicable as from January 1, 2013.

(b) IFRS 9 - "Financial Instruments", covers the classification, measurement and recognition of financial assets and liabilities. IFRS 9 was issued in November 2009 and October 2010 and it substitutes parts of IAS 39 related to the classification and measurement of financial instruments. IFRS 9 requires the classification of financial assets into two categories: measured at fair value and measures at amortized cost. It is determined upon initial recognition. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial instruments. Regarding the financial liability, the standard maintains most of the requirements established by IAS 39. The main change is that in the cases in which the option of fair value is adopted for financial liabilities, the portion of the change in fair value due to the entity's credit risk is recorded in other comprehensive income, not in the statement of income, except when it gives rise to accounting mismatch. The Company is assessing IFRS 9's full impact. The standard is applicable as from January 1, 2013.

(c) IFRS 10 - "Consolidated Financial Statements" is based on existing principles, identifying the control concept as the prevailing factor to determine whether an entity should be included or not in the parent company's consolidated financial statements. The standard gives additional orientations for the control determination. The Company is assessing IFRS 10's full impact. The standard is applicable as from January 1, 2013.

(d) IFRS 11 - "Joint Arrangements", issued in May 2011. The standard provides a more realistic approach for joint arrangements when focusing on the rights and obligations of the agreement instead of its legal form. There are two types of joint arrangements: (i) joint operations - which occurs when an operator has rights on the assets and contract obligations and, as a consequence, will account its portion in assets, liabilities, revenues and expenses; and (ii) shared control - occurs when an operator has rights on the liquid assets of the control and accounts for the investment by the equity method of accounting. The proportional consolidation method will not be allowed anymore with joint control. The standard is applicable as from January 1, 2013.

(e) IFRS 12 - "Disclosure of Interests in Other Entities" handles the disclosure requirements for all the forms of interest in other entities, including joint arrangements, joint ventures, special-purpose partnership and other interest not recorded in the books. The Company is assessing IFRS 12's full impact. The standard is applicable as from January 1, 2013.

(f) IFRS 13 - "Fair Value Measurement", issued in May 2011. The objective of IFRS 13 is to improve the consistency and reduce the complexity of fair value measurement, providing a more precise definition and a sole source of fair value measurement and its disclosure requirements for use in IFRS. The requirements, which are aligned between IFRS and US GAAP, do not widen the use of the accountability at fair value, but provides orientations on how to apply it when its use is already required or allowed by other IFRS or US GAAP standards. The Company is assessing IFRS 13's full impact. The standard is applicable as from January 1, 2013.

There are no other IFRS standards or IFRIC interpretations that are not yet effective that could significantly impact the Company.

3 Critical accounting estimates and judgments

(a) Use of estimates

The preparation of financial statements requires the use of estimates to record certain assets, liabilities, revenue and expenses. Therefore, these financial statements include estimates for the selection of useful lives of property and equipment, allowance for doubtful accounts and for the provisions required for contingent liabilities, determination of the provision for income tax and social contribution and other charges. As these are estimates, actual results may differ in relation to the estimates upon the realization or settlement of the corresponding assets and liabilities.

(b) Critical accounting estimates

Critical accounting practices are those which are both (a) important to demonstrate the financial condition or entity results and which (b) require more difficult, subjective or complex judgment by management, frequently as a result of the need to make estimates which have an impact on inherently uncertain questions. As the number of variables and assumptions which affect the possible solution of these uncertainties increase, these judgments become even more subjective and complex. The following estimates were considered to be the most complex at the time these financial statements were prepared:

(i) Value of investment properties - Fair value of investment properties is determined using a proprietary model to calculate the present value of projected cash flows for each property, which uses market assumptions, annually updated at the balance sheet date.

(ii) Fair value of derivative financial instruments - The fair value of derivative financial instruments is determined using valuation techniques. Company Management uses its judgment to choose several methods and define assumptions that are principally based on market conditions at the date of the balance sheet.

In preparing the financial statements, the Company adopted estimates and assumptions derived from past experience and several other factors which it understands to be reasonable and relevant under certain conditions.

Actual results, based on judgments, were similar to estimates under different variables, assumptions or conditions.

4 Financial risk management

The Company has a policy for monitoring risk management. Management analyzes the matters that relate to cash, cash equivalents, marketable securities, management of debts and risk management, sending the matters for the approval of the Supervisory Board. In accordance with internal policy, the Company's financial result should be a result of the generation of operating cash and not gains in the financial market. The results obtained by the application of internal controls for the management of risks were satisfactory for the proposed purposes.

4.1 Financial risk factors

(a) Credit risk

Company operations include administration of Shopping Centers (projects) and rental of stores which are the object of the Project.

The Company is subject to credit risk related to trade accounts receivable (store owners) and financial investments. Company financial policy limits its associated risk with these financial instruments, allocating them in financial institutions, as described in Note 4.2.

The lease contracts are governed by the applicable legislation. It is appropriate to point out that the choice of a diverse portfolio and control and evaluation of the balances are procedures that the Company undertakes in order to minimize losses resulting from default. Concentration of credit risk in accounts receivable is minimized due to the large number of customers, as the Company does not have any customer or company which represents more than 2.5% of its consolidated sales.

(b) Price risk

Revenues depend directly on the Company's capacity to lease space available in the enterprises in which the Company has invested. Adverse conditions may reduce the number of leases, as well as the possibility to increase lease prices. The following factors, amongst others, can affect revenue generation:

- Periods of recession and increase in vacancy levels in the enterprises.
- Negative perception of tenants with respect to security, convenience and attractiveness of areas where the enterprises are located.

Management constantly controls and assesses these risks so as to minimize the impacts on the business.

(c) Exchange rate risk

The associated risk is a result of the possibility that the Company incurs losses due to the fluctuations in the exchange rate of the US dollar and the Japanese yen that increases the amounts obtained or decreases the amounts transferred to the market.

(d) Liquidity risk

Cash flow projections are made in group companies. The Company monitors the continuous forecasts for liquidity requirements of the group companies to assure that it has sufficient cash to meet its operating needs.

All amounts in R$ thousands unless otherwise stated

The table below shows the main liabilities financial instruments by maturity, fully represented by non-derivative financial liabilities (non discounted cash flows).

	2012	2013	2014	2015	More than 5 years
Borrowings and financing	551,620	445,994	562,426	436,883	3,041,116

(e) Analysis of the responsiveness required by the Marketable Securities Commission (Deliberation 550)

On October 17, 2008, the Brazilian Securities Commission (CVM) issued Resolution No. 550, which deals with the presentation of the information on derivative financial information. The required information applicable to the Company is as follows:

Operation	Assets/Liabilities	Entity	Maturity	Notional value	Receiving position	Paying position	Differential fair value receivable/ (payable)	Differential curve receivable/ (payable)
December 31, 2011								
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Participações Ltda.	02/14/2019	23,026	37,006	42,020	(5,014)	(5,014)
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Engenharia Ltda.	02/14/2019	17,270	27,755	31,515	(3,760)	(3,760)
							(8,774)	(8,774)
Financing Itaú BBA	TR +11.16% x IGP-M + 7.75%	Proffito Holding	10/15/2021	92,500	116,629	124,569	(13,739)	(7,940)
Financing Santander	TR + 11% p.a x IGP-M + 8.30 % p.a.	SPE Xangai Participações	08/01/2019	94,643	1,635	1,661	(17,878)	(26)
Financing Itaú BBA	TR +9.94% x IPCA + 6.25%	SPE Monza	12/28/2012	39,439	74,783	75,426	(3,379)	(643)
Financiamento BTG Pactual	TR + 10% p.a. x 93.95 % DI	SPE Sfida	12/23/2019	32,000	31,075	30,637	2,885	438
							(32,111)	(8,171)
Perpetual bonds	USD + 9.75% p.a. x JPY + 6.90% p.a.	L5 Corporate LLC	11/05/2012	232,558	256,985	338,217	(80,993)	(81,233)
Perpetual bonds	USD + 8.5% p.a. x JPY + 6.20% p.a.	BR Malls Inter. Finance	01/15/2016	382,605	438,768	466,549	(18,907)	(27,781)
Perpetual bonds	JPY + 6.9% p.a. x USD + 9.87% p.a.	BR Malls Participações S.A.	11/05/2012	232,558	342,185	261,142	78,994	81,044
Perpetual bonds	USD + 11.25% p.a. x 109.3% DI	BR Malls Participações S.A.	11/05/2012	232,558	4,737	4,399	4,245	338
Perpetual bonds	JPY + 1.22% p.a. x USD + 1.378% p.a.	BR Malls Participações S.A.	11/05/2012	232,558	675	580	591	95
Perpetual bonds	USD + 9.75% p.a. x 95.50% DI	BR Malls Participações S.A.	11/05/2012	64,505	1,139	1,065	985	74
Perpetual bonds	LBUSD + 1.78% x 105% CDI-C	BR Malls Participações S.A.	12/08/2014	100,000	105,355	100,733	2,124	4,622
Perpetual bonds	JPY + 1.0941% p.a. x USD + 1.25% p.a.	BR Malls Participações S.A.	01/15/2016	382,605	1,008	1,079	(602)	(70)
Perpetual bonds	JPY + 6.2% p.a. x USD + 8.5% p.a.	BR Malls Participações S.A.	01/15/2016	382,605	466,549	438,768	18,907	27,781
Perpetual bonds	USD + 9.75% x 99.15% DI p.a.	BR Malls Participações S.A.	01/14/2016	382,605	5,085	8,560	25,435	(3,475)
Perpetual bonds	USD + 11.47% x 100.3% DI p.a.	BR Malls Participações S.A.	11/05/2015	69,137	81,090	67,958	13,132	13,132
Perpetual bonds	USD + 9.75% x 86% DI p.a.	BR Malls Participações S.A.	11/05/2015	249,258	19,118	16,132	2,986	2,986
							46,897	17,513
							6,012	568

Operation	Assets/Liabilities	Entity	Maturity	Notional value	Receiving position	Paying position	Differential fair value receivable/ (payable)	Differential curve receivable/ (payable)
December 31, 2010								
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Participações Ltda.	2/14/2019	24,177	39,787	44,217	(8,713)	(4,430)
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Engenharia Ltda.	2/14/2019	18,133	29,841	33,163	(6,535)	(3,322)
							(15,248)	(7,752)
Financing Itaú BBA	TR +9.94% x IPCA + 6.25%	SPE Monza	12/28/2012	17,898	18,010	18,063	(53)	(53)
Financing Itaú BBA	TR +11.16% x IGP-M + 7.75%	Proffito Holding	10/15/2021	92,500	105,337	112,012	(11,932)	(6,675)
Financing Santander	TR + 11% pa. x IGP-M + 8.3 % pa.	SPE Xangai Participações	8/1/2019	94,643	95,470	95,363	(7,041)	107
Financing Santander	TR + 10% p.a. x 93.95% DI	SPE Sfida	12/23/2019	32,000	32,133	32,097	735	36
							(18,291)	(6,585)
Perpetual bonds	USD + 9.75% p.a. x JPY + 6.90% p.a.	L5 Corporate LLC	11/5/2012	232,558	231,917	288,896	(53,476)	(56,979)
Perpetual bonds	JPY + 6.9% p.a. x USD + 9.87% p.a.	BR Malls Participações S.A.	11/5/2012	232,558	288,895	231,962	54,373	56,933
Perpetual bonds	USD + 11.25% p.a. x 109.3% DI	BR Malls Participações S.A.	11/5/2012	232,558	4,208	4,323	(3,289)	(115)
Perpetual bonds	JPY + 1.22% p.a. x USD + 1.378% p.a.	BR Malls Participações S.A.	11/5/2012	232,558	570	515	739	55
Perpetual bonds	USD + 9.75% p.a. x 95.50% DI	BR Malls Participações S.A.	11/5/2012	64,505	1,012	1,047	(867)	(35)
Perpetual bonds	86% DI x USD + 9.5%	BR Malls Participações S.A.	11/5/2015	249,258	68,852	61,296	7,556	7,556
Perpetual bonds	100. % DI x USD 11.7% pa.	BR Malls Participações S.A.	11/5/2015	69,137	16,233	14,549	1,684	1,684
							6,720	9,099
							(26,819)	(5,238)

All the swap contracts are recorded and held in custody in CETIP S.A. - Mercado Organizado.

All amounts in R$ thousands unless otherwise stated

The table below shows the sensitivity analysis of the Company's management and the cash effects of the open operations at December 31, 2011:

Scenario - increase in the CDI rate

Operation	Risk	Probable scenario	Possible scenario(25%)	Remote scenario (50%)
US dollar x CDI	Increase in CDI rate	46,897	20,370	(3,500)
Pre x IGP-M	Increase in IGP-M rate	(8,774)	(17,562)	(22,791)
TR x IGP-M	Increase in IGP-M rate	(31,617)	(46,521)	(63,216)
TR x CDI	Increase in CDI rate	2,886	(1,220)	(3,122)
TR x IPCA	Increase in IPCA rate	(3,380)	(9,420)	(14,210)
		6,012	(54,353)	(106,839)

Operation	Maturity (months)	Current market (%)	Possible market (%)	Remote market (%)
US dollar x CDI	32	14.7	11.03	7.35
PRE x IGP-M	33	7.84	5.88	3.92
TR x IGP-M	55	6.71	5.03	3.36
TR x CDI	52	99.5	74.63	49.75
TR x IPCA	75	5.5	4.13	2.75

The Company does not have derivative financial instruments with leverage, nor limits to determine results from appreciation or devaluation of the US dollar in relation to the Brazilian real.

Valuation of financial instruments

The main financial asset and liability instruments of the Company, at December 31, 2011 are described as follows, as well as the criteria for their valuation and assessment:

(i) Cash, cash equivalents and marketable securities

The amounts recorded are adjusted to fair value. The fair value is estimated based on contract market rates and comparable operations or future cash flows, discounted for the investment risk.

(ii) Accounts receivable, other assets and accounts payable

The values of the accounts receivable and accounts payable recorded in the balance sheet approximate their respective fair values. For assignment of use rights which represent accounts receivable of more than 360 days, adjustments to present value of these assets are calculated.

(iii) Investments

The investments are mainly in closed capital companies, which are mostly consolidated and which are of strategic interest to the Company's operations. Information on market value of the quotas held are not applicable.

All amounts in R$ thousands unless otherwise stated

(iv) Borrowings and financings

These are subject to interest at the usual market rates at the date the operations were contracted, as described in Note 17. Estimated market value was calculated based on the current value of future cash disbursements, using interest rates that are available for the Company to issue debts with similar maturity dates and terms according to the current terms and conditions (June 30, 2010). The use of different market methodologies may have differing effects on the estimated realization values.

Management of these instruments is effected through operating strategies aiming at their protection, security and liquidity. The control policy consists of a permanent follow-up of the rates contracted versus those prevailing in the market.

The market value of these loans and financing operations is as follows:

Company	Bank	Accounting balance	Contracted rate	Maturity	Market rate	Net present value	Unrealized gain (loss)
BR Malls International Finance	Perpetual Bond	332,888	USD + 9.75% p.a.	No maturity date	USD + 9.36%	346,569	(13,681)
BR Malls International Finance	Perpetual Bond	438,464	USD + 8.50% p.a.	No maturity date	USD + 8.036%	457,221	(18,758)
BR Malls Participações S.A.	Debentures ist issuance	15,709	CDI + 0.5% p.a.	July 15, 2014	CDI + 1.60%	15,470	239
BR Malls Participações S.A.	Debentures 2nd issuance	355,733	IPCA + 7.9% p.a.	July 15, 2016	IPCA + 6.54%	369,669	(13,936)
Ecisa Engenharia Ltda	Unibanco S.A.	27,755	13.77% p.a.	February 14, 2019	12.35%	28,869	(1,114)
Ecisa Participações Ltda.	Unibanco S.A.	37,005	13.77% p.a.	February 14, 2019	12.35%	38,493	(1,488)
Nattca S.A.	Itaú S.A.	84,861	IGP-M + 9.75% p.a.	February 15, 2019	7.08%	92,099	(7,238)
Fashion Mall S.A.	CRI Itaú S.A.	500,296	TR + 10.15% p.a.	March 27, 2020	11.17%	482,470	17,826
Proffito	CRI Itaú S.A.	251,629	TR + 11.16% p.a.	October 15, 2021	11.14%	251,266	363
SPE Xangai	Santander	91,176	TR + 11% p.a.	October 1, 2019	11.15%	89,246	1,930
SPE Sfida	Santander	31,395	TR + 10% p.a.	December 21, 2019	11.15%	29,802	1,593
SISA	Finame Bradesco	11,154	TJLP + 3.85% p.a.	March 15, 2013	TJLP + 4.8%	450	10,704
SISA	Finame Banco do Brasil	19	TJLP + 3.35% p.a.	November 15, 2014	TJLP + 4.8%	10,571	(10,552)
CIMA	CRI Bradesco	549,821	TR + 10.70% p.a.	March 25, 2025	TR + 11% p.a.	537,735	12,086
Alvear	Itaú S.A.	53,587	TR + 11.52% p.a.	June 1, 2017	TR + 11.2% p.a.	46,327	7,260
Mooca	CRI Bradesco	115,698	TR + 9.8% p.a.	June 28, 2022	TR + 11.1% p.a.	93,190	22,508
BRMalls Participações S.A.	Citibank	105,219	Libor 6M + 1.78% p.a.	June 09, 2014	Libor 6M + 1.70% p.a.	105,459	(240)
BRMalls Participações S.A.	BTG Pactual & Itaú BBA	201,579	CDI + 0.7% p.a.	June 4, 2012	CDI + 1.10%	200,833	746
		3,203,988				3,195,739	8,248

(v) Interest and exchange rate swap contracts

The fair value of interest rate contracts (U.S. dollars) were estimated based on market quotations for similar contracts. Actual cash liquidation of the contracts occurs at the effective maturity dates. The Company has no intention of liquidating these contracts before maturity.

4.2 Investment policy

The Company has an investment policy with the objective of establishing standards for cash management and minimizing risks.

According to this policy, conservative investments are allowed, and the investments in Bank Deposit Certificates (CDBs), committed operations, public bonds and national investment funds are allowed. For international funds, investments in time deposits and other conservative alternatives with pre- or post-fixed remuneration are permitted.

The rule to allocate funds will obey three independent risks (counter party risk, liquidity risk and market risk) and a specific risk of each one of the financial investments, which cannot exceed the nominal risk.

All amounts in R$ thousands unless otherwise stated

- Counter party risk

Minimum equity of the financial institution	Limit	Risk level
14,000	30% of cash individually	1
5,000	20% of the cash or R$ 200 million individually (the higher)	2
Indifferent	R$ 100 million or 10% of the cash (the lower) for the entire group of banks. Besides, we will not be able to concentrate more than 30% of the total in one of these banks individually.	3

- Liquidity risk

Maturity	Amount	Risk level
Daily liquidity	At least 60% of the cash	1
Up to 60 days of vesting period	Maximum 25% of the cash	2
More than 60 days of vesting period	Maximum 15% of the cash	3

- Market risk

Operations	Risk level
CDB, committed and long over	1
Fixed-income with and without private credit	2

The investment funds are approved by the Company's management. Up to now, the following funds were approved:

- BTG Pactual Yield DI.
- Votorantim Vintage DI.
- Itaú Corp Plus Referenciada DI.

Aggregated risk of each financial investment

In the risks above, each kind of financial investment was associated to a "Risk Level". For each financial investment carried out by BR Malls, an aggregated risk level will be computed, i.e., counter party, liquidity and market, whose arithmetic average cannot exceed 2 for each investment.

The maximum limit for the allocation of resources in a single bank is 25%. The liquidity restriction is as follows:

Minimum of 60%	Daily liquidity
Maximum of 25%	Maximum liquidity - 60 days
Maximum of 15%	Liquidity more than - 60 days

All amounts in R$ thousands unless otherwise stated

4.3 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, BR Malls may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce, for example, debt.

Consistent with others in the industry, BR Malls continuously monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

	2011	2010
Total borrowings and financings (Note 17)	3,203,987	1,565,896
Less: cash and cash equivalents	(37,063)	(19,843)
Less: marketable securities - current and non-current (Note 5)	(414,962)	(297,873)
Net debt	2,751,962	1,248,180
Total equity	7,242,727	5,789,398
Total capital (a) + (b)	9,994,689	7,037,578
Gearing ratio - %	27.5	17.7

Capital is managed considering the consolidated position, not only the parent entity.

5 Marketable securities

Financial investments correspond to the operations carried out with premium domestic and international financial institutions, through bank deposit certificates ("Certificado de Depósito Bancário - CDB") and fixed income operations having debentures as a guarantee, as well as government bonds issued by the Brazilian Federal Government. They are usually remunerated based on the variation of the Interbank Deposit Certificate ("Certificado de Depósito Interfinanceiro - CDI") rate, at normal market conditions and rates and for which there are no fines or restrictions whatsoever for immediate redemption, as follows:

All amounts in R$ thousands unless otherwise stated

Parent company

Investment	Rate	Institution		2011	2010
Fixed-income (ii)	101.90% CDI	Banco BTG Pactual S.A	(i)	145,993	34,907
	106.4% CDI	Banco Itaú BBA	(ii)	101,263	1,076
	101.8% CDI	Itaú Unibanco S.A.		1,115	20,839
	DI + 0.50% p.a.	Debentures	(iii)	23,884	31,649
Current				257,190	88,471
Non-current				15,065	

Consolidated

Investment	Rate	Institution		2011	2010
Fixed-income (ii)	101.90% CDI	Banco BTG Pactual S.A	(i)	205,539	133,472
	100% CDI	Banco Bradesco S.A.		34,765	21,564
	101.78% CDI	Banco Itaú Unibanco S.A.		3,383	54,384
	100% CDI	Banco Santander S.A.		5,621	15,368
	100% CDI	Banco HSBC S.A.		950	1,069
	106.4% CDI	Banco Itaú BBA	(ii)	157,643	
	106.0% CDI	Banco Mercantil Brasil		6,878	6,095
	100.80% CDI	Banco Alfa S.A.		6	6
	96% CDI	Banco BTG Pactual S.A		177	3
Current				414,962	231,961
Fixed-income	CDI	Banco HSBC S.A.			65,912
Non-current					65,912

The average remuneration for the year ended December 31, 2011 of marketable securities was 101.24% of the CDI (December 31, 2010: 101.71% of CDI).

All amounts in R$ thousands unless otherwise stated

All the securities are for trade.

(i) The investment administrated by Banco BTG Pactual S.A. refers to an exclusive Interbank Deposit (DI) investment fund, which invests in government securities and bank deposit certificates of prime financial institutions with immediate liquidity. The statement of the fund's portfolio is shown below:

Investment - Consolidated	**2011**	**2010**
Committed operations - private bonds (*)	96,793	71,100
Post-fixed government bond	4,305	
Bank Deposit Receipt (RDB) (**)	85,441	
Bank Deposit Certificate - DI (***)		55,306
Investment Fund - VotorantinVintage		
Investment fund - Pactual Yield DI	19,027	7,084
Expenses with audit and administrative fees	(27)	(18)
	205,539	133,472

(*) Correspond to operations backed by debentures.

(**) Correspond to RDBs of Banco Bradesco, Safra and Votorantim.

(***) Correspond to a CDBs of Banco Bradesco, Citibank, Santander, Banco do Brasil, HSBC and Banco Cruzeiro do Sul.

(ii) The investment administrated by Banco Itaú BBA refers to an exclusive Interbank Deposit (DI) investment fund, which invests in government securities and bank deposit certificates of Brazilian prime financial institutions and financial bills of prime banks. The investment managed by Banco Itaú BBA began in 2011. The statement of the fund's portfolio is shown below:

Investment - Consolidated	**2011**
Committed operations - private bonds	45,650
Post-fixed government bond	40,936
Financial bills	22,489
Bank Deposit Certificate - DI	36,301
Investment fund - Itau Corp Plus	12,279
Expenses with audit and administrative fees	(12)
	157,643

(iii) Refers to debentures issued by the Company which were repurchased in December 2009.

6 Financial instruments

Operations related to derivative financial investments

The Company contracted non-speculative derivative financial instruments with the purpose of protecting its exposure to the pre-fixed interest rates, referential rate (TR) and exchange variation of the U.S. dollar, and its only objective is equity protection, minimizing the effects of the changes in the interest rates and in the exchange rates of the U.S. dollar. The derivative interest and exchange rate contracts were realized with contra-parties represented by the banks Itaú Unibanco, Citibank, Itaú BBA, Morgan Stanley, Deutsche Bank and BTG Pactual.

Interest rate swap

In 2011, Ecisa Engenharia and Ecisa Participações had synthetic interest rate swap operations with the objective of protection with regard to the bank credit certificate ("Certificado de Crédito Bancário - CCB") obtained from Unibanco (Note 17), to substitute the original pre-fixed interest rate of the loan in question (pre-fixed rate of 13.77% p.a.) by a post-fixed rate (General Market Price Index ("Índice Geral de Preços do Mercado - IGPM") + 9.70% per annum).

In 2011, SPE Xangai Participações had a synthetic interest rate swap for the purpose of protecting its financing to build the Granja Vianna Shopping Center obtained from Santander. The object is to substitute the original interest rate of the financing in question (TR rate + 11.0% p.a.) with a post-fixed rate (IGPM + 8.30% p.a.).

In 2011, Proffito had a synthetic interest rate swap for the purpose of protecting the CRI issued to build the Expansion of Tamboré Shopping Center obtained from Itaú BBA. The objective is to substitute the original interest rate of the financing in question (TR rate + 11.00% p.a.) with a post-fixed rate (IGPM +7.75% per annum).

In 2011, SPE SFIDA had an interest rate swap operation for the purpose of protecting its financing to build the Sete Lagoas Shopping Center obtained from Banco BTG Pactual. The objective is to substitute the original interest rate of the mentioned financing (TR + 10% per annum) by the post-fixed rate (93.95% DI).

In 2011, SPE Monza had an interest rate swap operation for the purpose of protecting its financing to build the Mooca Shopping Center obtained from Banco Itaú BBA. The objective is to substitute the original interest rate of the financing in question (9.94% DI rate) with a post-fixed rate (IPC-A + 6.25 % p.a.).

Exchange swap

On April 18, 2008, part of the financial investments in foreign currency (time deposits) maintained by BR Malls Finance were converted to local currency and the Company holds the perpetual bonds recorded in the long-term liabilities indexed at the exchange variation (Note 17). So as to minimize possible effects of the exchange variations between asset and liability positions, the Company contracted with Citibank an exchange swap operation of 19 quarterly payments (pre-fixed rate of 9.75% per annum plus the exchange variation of the US dollar) for a post-fixed rate (109.30% of the certificate of interbank deposit), maturing on November 8, 2012.

In order to extend the exchange swap mentioned above, the Company contracted in the first quarter of 2010 two forward exchange swap operations with Deutsche Bank, from a flow of 13 payments. The first swap has the notional base value of US$ 38,000 (the Company is active in dollar plus 9.75%, and passive in 88% of CDI), and the second swap has the notional base value of US$ 137,000 (the Company is active in dollar plus 11.47%, and passive in 100.3% of CDI). Both operations begin in November 2012 and end in November 2015.

The purpose of these operations was a cash flow protection, so that the Company's cash is not exposed to the exchange variation of the US dollar. The principal amount of the perpetual bond is not protected due to the fact that this is an operation without a maturing date, a perpetual debt. Up to December 31, 2011, the Company had made 16 quarterly payments of the interest on the perpetual bonds and 15 of the exchange swaps of Citibank (the swap began in April 2008 with the entry of the funds from issuance of the perpetual bonds into Brazil, after the first payment of the debt coupon in February 2008).

On February 23, 2011, part of the financial investments in foreign currency (time deposits) in the amount of U$ 230,000 maintained by BR Malls Finance were converted to local currency and the Company holds the perpetual bonds recorded in the long-term liabilities indexed at the exchange variation (Note 15). So as to minimize possible effects of the exchange variations between asset and liability positions, the Company contracted with Deustche bank an exchange swap operation of 20 quarterly payments (pre-fixed rate of 8.50% per annum plus the exchange variation of the US dollar) for a post-fixed rate (99.15% of the certificate of interbank deposit), maturing on January 14, 2016.

At December 31, 2011, the Company settled three quarterly payments of the perpetual note interest and three of the perpetual note funding operation.

Due to Law No. 11,638/07, the Company assessed its assets and liabilities at fair value, through information available in the active market and appraisal methodologies established by management. This adjustment was made based on fair value of early liquidation of the 11 remaining quarterly swap flow payments, generating a gain in 2011 of R$ 6,012 (December 31, 2010 - loss of R$ 26,819).

However, both the interpretation of the market data and the choice of appraisal methods require considerable judgment and reasonable estimates to produce the more appropriate realizable value. Consequently, the estimates presented do not necessarily indicate the amounts which could be realized in the current market. The use of different market assumptions and/or methodologies for estimates could have a material effect on the estimated realizable values.

At December 7, 2011, the Company fully protected the US$ 56 million of U.S. dollars raised by the line 4131 at the same day. The swap has a flow exactly equal to the debt and the final rate was 105% of CDI.

All amounts in R$ thousands unless otherwise stated

6.1 Financial instruments by category

	Loans and receivables	Assets at fair value through profit or loss	Total
			Consolidated
December 31, 2011			
Assets as per balance sheet			
Derivative financial instruments		150,284	150,284
Trade and other receivables less prepayments	413,781		413,781
Financial assets measured at fair value through profit or loss		414,962	414,962
Cash and cash equivalents	37,063		37,063
	450,844	565,246	1,016,090

	Borrowings	Liabilities measured at fair value through profit or loss	Others financial liabilities	Total
December 31, 2011				
Liabilities as per balance sheet				
Borrowings and financing	3,203,987			3,203,987
Derivative financial instruments		144,272		144,272
Trade and other payables less legal obligations			541,467	541,467
	3,203,987	144,272	541,467	3,889,726

	Loans and receivables	Assets at fair value through profit or loss	Total
			Consolidated
December 31, 2010			
Assets as per balance sheet			
Derivative financial instruments		65,087	65,087
Trade and other receivables less prepayments	273,783		273,783
Financial assets measured at fair value through profit or loss		297,873	297,873
Cash and cash equivalents	19,843		19,843
	293,626	362,960	656,586

	Borrowings	Liabilities measured at fair value through profit or loss	Others financial liabilities	Total
December 31, 2010				
Liabilities as per balance sheet				
Borrowings and financing	1,587,692			1,587,692
Derivative financial instruments		91,906		91,906
Trade and other payables less legal obligations			755,240	755,240
	1,587,692	91,906	755,240	2,434,838

All amounts in R$ thousands unless otherwise stated

	Parent company		
	Loans and receivables	**Assets at fair value through profit or loss**	**Total**
December 31, 2011			
Assets as per balance sheet			
Derivative financial instruments		147,399	147,399
Trade and other receivables less prepayments	126,766		126,766
Financial assets measured at fair value through profit or loss		272,255	272,255
Cash and cash equivalents	866		866
	127,632	419,654	547,286

	Borrowings	**Liabilities at fair value through the profit or loss**	**Other financial liabilities**	**Total**
December 31, 2011				
Liabilities as per balance sheet				
Borrowings and financing	1,527,229			1,527,229
Derivative financial instruments		602		602
Trade and other payables less legal obligations			257,583	257,583
	1,527,229	602	257,583	1,785,414

	Parent company		
	Loans and receivables	**Assets at fair value through profit or loss**	**Total**
December 31, 2010			
Assets as per balance sheet			
Derivative financial instruments		64,352	64,352
Trade and other receivables less prepayments	25,499		25,499
Financial assets measured at fair value through profit or loss		88,471	88,471
Cash and cash equivalents	180		180
	25,679	152,823	178,502

	Borrowings	**Liabilities at fair value through the profit or loss**	**Other financial liabilities**	**Total**
December 31, 2010				
Liabilities as per balance sheet				
Borrowings and financing	673,124			673,124
Derivative financial instruments		4,156		4,156
Trade and other payables less legal obligations			73,553	73,553
	673,124	4,156	73,553	750,833

All amounts in R$ thousands unless otherwise stated

7 Trade and other receivables

7.1 Trade accounts receivable

	Consolidated	
	2011	**2010**
Rentals (i)	271,139	162,706
Rendering of accounts CPI	47,027	29,974
Fees for the assignment of the right of use (ii)	93,004	48,960
Adjustment to present value (iii)	(66)	(61)
Others (iv)	566	13,362
	411,670	254,941
Provision for impairment of trade receivables	(26,133)	(19,073)
	385,537	235,868
Current	242,317	154,933
Non-current	143,220	80,935
	385,537	235,868

(i) Represents trade receivables from storekeepers related to minimum rent and percentage rent, adjusted by the linearization of the 13th rent and the contract stages.

(ii) Represents accounts receivable related to the assignment of usage rights granted to tenants of stores and other areas in the shopping malls.

(iii) The adjustment to present value of accounts receivable of R$ 61 (December 31, 2010 - R$ 61) was calculated according to receipt cash flow, based on the Selic rate (11.89%).

(iv) This represents the income of BR Malls Administração e Comercialização from the rendering of services and income of BR Malls Desenvolvimento from developing.

The balance of accounts receivable (gross of the adjustment to present value) matures as follows:

	Consolidated	
	2011	**2010**
Falling due	364,643	220,304
Past due up to 60 days	2,758	2,349
Past due (61-90 days)	1,937	1,829
Past due (91-180 days)	5,475	4,072
Past due (181-360 days)	11,790	7,443
Past due more than 361 days	25,133	19,005
	411,736	255,002

The provision for impairment of trade receivables considers the amounts past due for more than 360 days and the amounts receivable from the same clients overdue for less than this period.

All amounts in R$ thousands unless otherwise stated

7.2 Other amounts receivable

These refer mainly to the right related to the sale of the holding in the trade towers of Shopping Tijuca of R$ 8,366 (December 31, 2010 - R$ 7,813). This balance is updated by the CDI.

7.3 Leases

The Company maintains agreements as lessor of mall stores, as mentioned in Note 2.28. The table below shows the nominal values of the minimum payments of leases that cannot be canceled in which the Company is lessor:

	Consolidated	
	2011	**2010**
Up to one year	385,889	344,393
Between 2 and 5 years	842,309	848,555
More than 5 years	155,273	150,093
	1,383,471	1,343,041

8 Taxes recoverable

	Parent company	
	2011	**2010**
Prepaid IRPJ and CSLL		258
IRPJ and CSLL to be offset (negative balance)	8,620	12,805
Income tax withheld at source - IRRF (i)	14,521	12,384
Taxes recoverable - direct	23,141	25,447
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)	312	317
Others	139	
Taxes recoverable - indirect	451	317
	23,592	25,764

All amounts in R$ thousands unless otherwise stated

	Consolidated	
	2011	**2010**
Prepaid IRPJ and CSLL	15,910	10,633
IRPJ and CSLL to be offset (negative balance)	24,591	24,237
Income tax withheld at source - IRRF (i)	25,476	18,564
Taxes recoverable - direct	65,977	53,434
PIS and COFINS	5,645	1,661
Others	6,576	4,827
Taxes recoverable - indirect	12,221	6,488
	78,198	59,922

(i) For the most part, this corresponds to income tax withheld at source on financial investments. These taxes, according to current legislation, may be offset against other federal taxes in the following calendar year, as a negative balance. The Company has a tax offsetting plan, through taxes due on Shopping Center operations, on remittances of interest abroad and other amounts withheld at source.

9 Deferred income tax and social contribution

Most of the Companies that form the BR Malls Group adopt the presumed profit taxation system, according to which income tax and social contribution are calculated based on pre-established percentages of revenue from rent, services and finance-related items (Note 3(r). The companies, BR Malls Participações, Ecisa Engenharia, Ecisa Participações, Proffito, Nattca, Fashion Mall S.A., SPE Indianápolis and Center Shopping adopted the actual taxable income .

For the purpose of calculating income tax and social contribution on net income for 2009, the companies had the option of choosing the Transitional Tax System ("Regime Tributário de Transição - RTT"), which allows a legal entity to eliminate the accounting effects of Law No. 11,638/07 and Provisional Measure ("Medida Provisória - MP") No. 449/08, which became Law No. 11,941 dated May 27, 2009, through the recording of adjustments in the Taxable Income Control Register (Livro de Apuração do Lucro Real - LALUR") or by supplementary controls, without any changes in commercial accounting. The option to use this regime was made when the Corporate Income Tax Return ("Declaração de Imposto de Renda Pessoa Jurídica - DIPJ") for calendar year 2008 was filed.

All amounts in R$ thousands unless otherwise stated

(a) Breakdown

Deferred asset balances are as follows:

	Consolidated	
	2011	**2010**
Income tax losses (i)	11,577	8,786
Social contribution losses (i)	15,623	5,723
Temporary differences		
Provision for contingencies (ii)	7,344	5,117
Provision for losses on financial instruments	3,830	3,239
Investment properties (iv)	194,278	4,030
Linearization	3,393	1,574
Provision for impairment of trade receivables	3,059	1,895
Other temporary differences (iii)	3,530	3,495
Deferred expenses on the issuance of stock (iv)	26,132	20,897
Non-current	268,766	54,756

(i) Deferred income tax and social contribution of subsidiaries Ecisa Engenharia Ltda., Ecisa Participações Ltda., Fashion Mall S.A., Proffito e Nattca, shown above correspond to tax losses and a negative basis for calculation of the social contribution.

In addition to the deferred taxes, BR Malls Participações also shows in its tax records the amount of approximately R$ 102,721 of tax loss (December 31, 2010 - R$ 67,600) and R$ 183,656 for the negative base for social contribution (December 31, 2010 - R$ 127,268), which may be offset against future taxable income. In 2009, BR Malls Participações recorded a deferred tax asset of R$ 4,549 on the tax loss based on management's estimates of taxable income for the next 5 years. This estimate takes into consideration a study elaborated by the Company's management, which states the realization of this loss.

(ii) These mainly correspond to contingent labor and tax liabilities. The labor liabilities refer to legal proceedings whose objective is to charge social security contributions on services rendered by individuals and companies. The tax liabilities refer to: (i) an assessment notice issued by the Municipality of Rio de Janeiro against Fashion Mall S.A by which it demands payment of the ITBI (Real Estate Transmission Tax) on the real estate incorporation underway in Fashion Mall S.A's capital.; (ii) contingent COFINS liability on rental income of Ecisa Engenharia related to the cumulative period (May 2001 to January 2004).

(iii) This refers principally to temporary differences on PIS and COFINS whose liability was suspended due to deposits made by Ecisa Engenharia and Ecisa Participações due to suits discussing enlargement of the calculation base for the contributions in Law No. 9,718/98 and the inclusion of companies in the cumulative assessment regime for PIS and COFINS. The liability had been suspended until June 2008, when the companies stopped making the legal deposit and started to pay the amounts of these contributions according to current legislation.

(iv) This refer to the deferred income tax and social contribution on expenses with funding of own resources as described in Note 2.27.

All amounts in R$ thousands unless otherwise stated

Since the tax basis of the income tax and social contribution on net profit results from not only the profit that can be made, but also the existence of non-taxable income, non-deductible expenses and other variables, there is no immediate correlation between the Company's net profit and the result of income tax and social contribution. Therefore, the expectation of the use of tax credits should not be considered the only indication of the future results of the Company.

(b) Estimated period of realization

It is expected that deferred tax assets, net of deferred tax liabilities, will be realized as follows:

	Deferred tax assets - consolidated	
Year	**2011**	**2010**
2011		3,480
2012	17,081	4,946
2013	24,277	8,426
2014	29,564	6,023
2015	34,940	7,118
2016 to 2019 (i)	34,940	33,189
	268,766	54,756

(i) The realization of credits on temporary differences calculated on provisions for contingencies was classified in a period greater than five years given the nature of these provisions.

(c) Income tax and social contribution - non-current deferred tax liability (consolidated)

This substantially refers to the deferred taxes arising from adjustment to fair value of the hedge operations and investment properties. At December 31, 2011, the balance was R$ 2,406,248 (December 31, 2010 - R$ 1,901,146).

10 Deferred tax asset long-term receivables (consolidated)

At the end of 2006 Company GP and Equity International acquired stockholdings in Ecisa Engenharia and Ecisa Participações. These acquisitions were carried out through two companies with holding company characteristics (Licia and Dylpar) and generated goodwill, initially accounted for by these holding companies. In December 2006 these holdings were merged into the operating companies Ecisa Engenharia and Ecisa Participações.

Pursuant to CVM Instruction Nos.349 and 319, the goodwill merged into Ecisa Engenharia was reduced by 66%, as a contra entry to the Capital Reserve in that company, so as to show only the tax benefit to be generated by the amortization of the goodwill. At December 31, 2011, the balance corresponds to R$ 16,275 (December 31, 2010 - R$ 19,755).

All amounts in R$ thousands unless otherwise stated

Until June 30, 2007, the goodwill related to Ecisa Participações was fully provided, considering that this company's tax regime was that of presumed profit. Upon the change of the tax regime to taxable income, starting in the second quarter of 2007, this provision was reversed, and R$ 47,916 recorded as a contra entry to the Capital Reserve in this company, so as to solely reflect the tax benefit generated by amortization of the goodwill. At December 31, 2011, the balance corresponds to R$ 23,587 (December 31, 2010 - R$ 28,631).

The Company expects to realize the tax credit in a period of ten years, which is the same period for the amortization of the goodwill. Annual realization is approximately R$ 8,823.

11 Related parties

Accounts receivable (parent company)

In 2011, the Company has accounts receivable with its Ecisas subsidiaries which refer to interest on capital of R$ 50,235 at December 31, 2011 (December 31, 2010 - R$ 12,750).

Advance for future capital increase (AFAC) (parent company)

At December 31, 2011, the Company has AFACs amounting to R$ 453,436 (December 31, 2010 - R$ 15,999) with its subsidiaries, as follows:

	Parent company	
	2011	**2010**
Ecisa Engenharia(i)	335,949	
Ecisa Participações (ii)	92,950	
BR Malls Desenvolvimento (iii)	3,767	3,767
SPE Sfida (iv)	15,275	11,389
BR Malls Int. Finance (v)	1,172	
SPE Monaco (vi)	1,245	
Others	3,078	843
	453,436	15,999

(i) AFAC amounts stated by Ecisa Engenharia are related to the acquisition of Alvear by Spinacia amd Jardim Sul by Proffito.

(ii) AFACs in Ecisa Participações refer to the settlement of the debt of Shopping Uberlândia.

(iii) AFAC amounts in BR Malls Desenvolvimento were related to the construction of the "Greenfield" projects.

(iv) AFAC amounts stated by SPE Sfida are related to the capital subscription for the Sete Lagoas construction.

(v) AFAC amounts stated by Br Malls Finance are for the payment of debt related to the Bond.

(vi) AFAC amounts in SPE Monaco are related to tax payment.

As it has been happening in the last years, the advances are considered to be of a permanent character and are not remunerated or subject to monetary restatement. The Company plans to capitalize the remaining balance by December 31, 2012.

Loans to associated companies

This operation was carried out with the objective of internment of the raising of the perpetual bonus in Brazil and is related mainly to the loan agreements with agreed conditions similar to the market with the Group's companies, as follows:

BR Malls Finance has a loan agreement with agreed conditions similar to the market in the amount of R$ 334,377 (at December 31, 2010 - R$ 286,740) adjusted by the exchange variation of the U.S. dollar and interest rates of 9.75% per annum (p.a.) equivalent to US$ 137,000 thousand.

BR Malls Finance has a loan agreement in the amount of R$ 490,768 adjusted by the exchange variation of the U.S. dollar and interest rates of 8.50% per annum (p.a.) equivalent to US$ 230,000 thousand.

Revenue/costs of the administration and commercialization services of shopping malls

BR Malls Administração, Hills Administração and Lorraine Administração provide services related to the planning, management, implantation and operation of shopping malls and commercial ventures of any nature, owned or of third parties, as well as coordinating the acquisition and rental of real estate for commercial use. At December 31, 2011, the income from own shopping malls, in the amount of R$ 16,013 (December 31, 2011 - R$ 7,181) was eliminated in the consolidated.

Key management compensation

The compensation of key management, which includes directors and officers, which refers to short-term benefits, which correspond to the board of directors' fees and profit-sharing, amounted to R$ 2,060 (December 31, 2010 - R$ 1,952) and the compensation based on shares, which corresponds to the cost of the options granted to the managers, amounts to R$ 22,379 (December 31, 2010 - R$ 13,247). The shares option plan of key management is described in Note 31.

Key management and the employees elected to the board of directors have shares option plan. The Company recognized, as the services were provided in payment transactions based on shares, the amount of R$ 17,018 in the year ended December 31, 2011.

According to the Extraordinary General Stockholders' Meeting, a maximum limit of R$ 25,000 for the global annual remuneration of the Company's management was approved.

All amounts in R$ thousands unless otherwise stated

12 Investments (parent company)

	At December 31, 2010	Payments of capital	Disposals	Dividends	Interest on own capital	Equity accounting result (*)	At December 31, 2011
Ecisa Engenharia	2,354,913	405,332		(1,946)	(6,200)	360,521	3,112,620
Ecisa Participações	2,919,223			(1,236)	(37,900)	277,163	3,157,250
Br Malls Finance	30,868	8,630				(17,313)	22,185
SPE Mônaco	61,992					4,203	66,195
SPE Azione	5,136		(5,429)			293	
SPE Sfida	23,958			(1,446)		(12,273)	10,239
SPE Fortuna	116,639					6,892	123,531
BR Malls CSC	2,646					5,298	7,944
BR Malls Desenvolvimento	1,953					5,335	7,288
SPE Spinacia	40,205		(40,241)			36	
Center Parking	285					514	799
West Parking	714					1,157	1,871
EDRJ 113	110,465		(108,366)			(2,099)	
Crystal Administradora	82					770	852
Crystal Parking	57					547	604
	5,669,136	413,962	(154,036)	(4,628)	(44,100)	631,044	6,511,378

The main balances at December 31, 2011 of the direct subsidiary companies of the Company are as follows:

	Assets			Liabilities			
	Current	Non-current	Total	Current	Non-current	Equity (*)	Total
Ecisa Engenharia	55,402	3,802,158	3,857,560	(182,696)	(562,244)	(3,112,620)	(3,857,560)
Ecisa Participações	54,843	3,774,773	3,829,616	(453,097)	(219,269)	(3,157,250)	(3,829,616)
BR Malls Finance	6,523	823,756	830,279	(23,438)	(784,656)	(22,185)	(830,279)
SPE Mônaco	3,695	79,928	83,623	(15,785)	(1,643)	(66,195)	(83,623)
SPE Sfida	3,067	50,961	54,028	(8,205)	(35,584)	(10,239)	(54,028)
SPE Fortuna	5,935	148,305	154,240	(29,731)	(978)	(123,531)	(154,240)
BR Malls CSC	3,769	5,867	9,636	259	(1,951)	(7,944)	(9,636)
BR Malls Desenvolvimento	2,767	9,081	11,848	(575)	(3,985)	(7,288)	(11,848)
Center Parking	45	772	817	(18)		(799)	(817)
West Parking	101	1,817	1,918	(47)		(1,871)	(1,918)
Crystal Administradora	14,831	7,869	22,700	(4,829)	(17,019)	(852)	(22,700)
Crystal Parking	140	586	726	(122)		(604)	(726)
Total	151,118	8,705,873	8,856,991	(718,284)	(1,627,329)	(6,511,378)	(8,856,991)

Subsidiaries' statement of income for the year

	Net revenue	Costs of rentals and services	Operating expenses	Net financial result	Equity accounting results	Other revenues	Income tax and social contribu-tion	Net income (loss) for the year (*)
Ecisa Engenharia	78,807	(7,571)	(27,980)	(19,899)	254,178	(49,764)	132,750	360,521
Ecisa Participações	97,829	(10,417)	(23,675)	5,791	233,393	20,996	(46,754)	277,163
Br Malls Finance			(215)	6,919	(24,018)	1		(17,313)
SPE Mônaco	6,397	(1,545)	(16)	99		708	(1,440)	4,203
SPE Azione	180		(4)	66			51	293
SPE Sfida	5,590	(1,746)	(203)	(980)		(19,105)	4,171	(12,273)
SPE Fortuna	7,562	(456)	45	457		1,913	(2,629)	6,892
BR Malls CSC	8,217		(2,253)	463		(16)	(1,113)	5,298
BR Malls Desenvolvimento	6,095	(5)	(191)	154			(718)	5,335
SPE Spinacia			(1)	38			(1)	36
Center Parking	673	(88)					(71)	514
West Parking	1,544	(210)					(177)	1,157
EDRJ 113	62	(2,182)					21	(2,099)
Crystal Administradora	852	(16)	13	(6)			(73)	770
Crystal Parking	1,101	(438)					(116)	547
Total	214,909	(24,674)	(54,480)	(6,898)	463,553	(45,267)	83,901	631,044

The amounts shown represent the investment reflected in the financial statements for the year ended 2011, considering the elimination of balances and intercompany transactions within the group.

All amounts in R$ thousands unless otherwise stated

13 Investment properties (consolidated)

According to CPC Pronouncement 28 property held for rental income and/or capital gains may be recorded as investment properties. Investment properties were initially valued at cost. The measurement and the fair value adjustment are annually made at the closing date of the balance sheet at the end of the year.

	In operation	Greenfield projects in construction (iii)	Total
At January 1, 2010	6,847,507	113,181	6,960,688
Acquisitions (i)	1,811,089	336,413	2,147,502
Transfers (ii)	227,962	(227,962)	
Adjustment to fair value (iv)	567,925		567,925
At December 31, 2010	9,454,483	221,632	9,676,115
Acquisitions (i)	1,693,777	446,948	2,140,725
Transfers (ii)	327,091	(327,091)	
Disposal (iii)	(10,131)		(10,131)
Adjustment to fair value (iv)	776,215		776,215
At December 31, 2011	12,241,435	341,489	12,582,924

In 2010, the acquisitions of property investments in operation refer mainly to the acquisition of the Crystal Plaza Shopping, increase in the interest in Shopping ABC and in Minas Shopping, Shopping Center Uberlândia, Shopping Tijuca, besides the expansions of Shoppings Centrais Tambori and Ilha Plaza.

(i) In 2011, the acquisitions of investment properties in operation refer basically to the acquisition of the shopping malls Paralela, Jardim Sul and of the Catuaí Group, and basically to the increase in the real estate shares of the shopping malls Curitiba, Maceió and Piracicaba plus interest capitalization of R$ 2,997.

(ii) In 2010, the "*Greenfield*" projects in construction refer to the shopping malls São Bernardo do Campo, Estação BH and Londrina Norte.

In 2011, the Greenfield projects Via Brasil and Mooca were concluded, and as from this conclusion, they were transfered to investment properties in operations and the fair value evaluation was carried out.

(iii) Sale of interest in RAS Empreendimentos Imobiliários (Shopping Esplanada) for R$ 11,819 generating income of R$ 1,688.

(iv) The fair value adjustment of the investment properties is directly recognized in the result for the year.

The Company's management adopted the fair value method to best reflect its business and because it understands that its competitors also use the same international practice.

Fair value appraisal of investment properties was performed using a proprietary method supported by market rates and evidence. Thus, fair value of investment properties was based on internal appraisals by professionals with experience in the appraised properties.

All amounts in R$ thousands unless otherwise stated

The assumptions used in 2011 and 2010 for the fair value evaluation by the discounted cash flow method of these properties are as follows:

Assumptions in the fair value evaluation	
Annual inflation	4.50%
Growth in the perpetuity (real)	1.50%
CAPEX - maintenance/gross revenue	3%
Number of year considering the cash flow	10 years
Real growth rate of the cash flows previous to perpetuity	2%
Real discount rate - managed shopping malls	9%
Real discount rate - non-managed shopping malls	11%

Investment properties given as collateral for borrowings and financings are described in Note 17.

14 Property and equipment (consolidated)

	Buildings and improvements (i)	Equipment and facilities	Total
2010			
Total cost	11,000	2,229	13,229
Accumulated depreciation	(1,463)	(192)	(1,655)
Net book value	9,537	2,037	11,574
Annual depreciation rates	4%	2%	
2011			
Total cost	11,000	2,229	13,229
Accumulated depreciation	(1,831)	(232)	(2,063)
Net book value	9,169	1,997	11,166
Annual depreciation rates	4%	2%	

(i) This refers to the Company's corporate headquarters in Rio de Janeiro.

15 Intangible assets (consolidated)

	Consolidated
	Computer software acquired and others
At December 31, 2009	8,726
Acquisition	3,103
Amortization	(657)
At December 31, 2010	11,172
Acquisition	2,745
Amortization	(1,659)
At December 31, 2011	12,258
Annual amortization rates	20%

All amounts in R$ thousands unless otherwise stated

16 Trade payables

Breakdown by company

	Consolidated	
	2011	**2010**
BR Malls (i)	9,640	7,395
CIMA (vi)	8,911	4,472
Companhia Santa Cruz	759	1,372
Spe Xangai (ii)	4,414	3,429
Ecisa Participações	980	1,064
Ecisa Engenharia (iv)	15,750	1,517
SPE Mooca (v)	8,368	
Alvear	2,466	
Others (iii)	11,129	8,773
Current	57,082	21,796
Non-current	5,335	6,226
	62,417	28,022

(i) These refer to liabilities assumed by BRMalls Participações S.A. related to the acquisition of the corporate headquarters of the Company in Rio de Janeiro. The original amount of R$ 10,246 will be paid in 10 years (grace period of six months) starting in December 2008, restated at the TR rate plus 10.50% per annum.

(ii) These correspond to trade payables regarding the construction of the shopping mall Granja Viana, which was opened on November 24, 2011.

(iii) These correspond to trade payables regarding the Greenfield constructions (shopping malls Estação B.H., São Bernardo and Catuaí Londrina Norte).

(iv) The balance refers mainly to the amount to be paid for the acquisition of the land for expansion of the shopping mall Plaza Niterói.

(v) It refers to the expenditures with the opening of Shopping Mooca on November 29, 2011.

(vi) It refers to the expenditures with the expansion of Shopping Tijuca.

All amounts in R$ thousands unless otherwise stated

17 Borrowings and financings (consolidated)

	Charges	2011	2010
			Consolidated
Local currency			
Unibanco - CCB (i)	IGPM + 9.70% p.a.	12,756	12,676
Itaú - CCB (ii)	IGPM + 9.75% p.a.	15,335	13,999
Itaú - CRI (iii)	TR + 10.15% p.a.	69,758	64,737
Debentures - Series 1 (interest) (iv)	CDI + 0.50% p.a.	5,774	5,969
Debentures - Series 2 (interest) (iv)	IPCA + 7.90% p.a.	12,235	11,580
Banco do Nordeste do Brasil	10% p.a.		210
HSBC - Finame	TJLP + 3.70% p.a.		120
HSBC - Leasing	16.43% p.a.		453
Banco Santander (vi)	TR + 11% p.a.	8,206	4,340
Banco Santander (viii)	TR + 10% p.a.	2,826	1,465
Itaú (vii)	TR + 11.16% p.a.	13,270	
Itaú (vii)	TR + 11.00% p.a.	18,401	1,939
Banco do Brasil - Finame (ix)	TJLP + 3.85% p.a.	4,758	3,969
Banco Bradesco - Finame (ix)	TJLP + 3.35 % p.a.	449	612
Banco Bradesco (x)	TR + 9.80% p.a.	5,785	
Banco BTG Pactual S.A	CDI + 0.70% p.a.	100,790	
Itaú (xiii)	CDI + 0.70% p.a.	100,790	
Banco do Brasil	DI + 2.86% p.a.		698
		371,133	122,767
Foreign currency			
Perpetual bonds (interest) (v)	US Dollar + 9.75% p.a.	4,623	4,106
Perpetual bonds (interest) (v)	US Dollar + 8.5% p.a.	7,027	
Citibank (xiv)	6 month Libor + 1.78% p.a.	73	
		11,723	4,106
Current		382,856	126,873
Local currency			
Unibanco - CCB (i)	IGPM + 9.70% p.a.	52,004	56,951
Itaú - CCB (ii)	IGPM + 9.75% p.a.	69,526	73,280
Itaú - CRI (iii)	TR + 10.15% p.a.	430,538	447,478
Itaú - CRI (vii)	TR + 11.16% p.a.	103,444	
Itaú - CRI (vii)	TR + 11.00% p.a.	116,514	
Itaú - CRI (xii)	TR + 11.00% p.a.	53,587	
Banco Bradesco (xi)	TR + 10.70% p.a.	549,821	
Banco Bradesco (x)	TR + 9.80% p.a.	109,913	
Banco Bradesco (xvi)	TJLP + 3.25% p.a.	19	
Debentures - Series 1 (iv)	DI + 0.50% p.a.	9,935	14,903
Debentures - Series 2 (iv)	IPCA + 7.90% p.a.	343,498	322,285
Banco Santander (vi)	TR + 11% p.a.	82,970	89,005
Banco Santander (viii)	TR + 10% p.a.	28,570	29,256
Itaú	TR + 11.16% p.a.		103,401
Banco Bradesco - Finame (ix)	TJLP + 3.85 % p.a.		450
Banco do Brasil - Finame (ix)	TJLP + 3.35% p.a.	5,947	9,455
Banco do Brasil (ix)	DI + 2.86% p.a.		974
		1,956,286	1,147,438
Foreign currency			
Perpetual bonds (v)	US Dollar + 9.75% p.a.	328,265	291,585
Perpetual bonds (v)	US Dollar + 8.5% p.a.	431,434	
Citibank (xv)	6 month Libor + 1.78% p.a.	105,146	
		864,845	291,585
Non-current		2,821,131	1,439,023
		3,203,987	1,565,896

In the parent company BRMalls Participações S.A., the loans and financings correspond to the operations with Debentures Series 1 and 2.

Loans and financing in foreign currency are restated by the US dollar exchange variance.

(i) In February 2007, Ecisa Participações and Ecisa Engenharia issued two bank credit certificates amounting to R$ 70,000, whose creditor is Unibanco, falling due in February 2019. The payment of the principal and interest began in March, 2008 after a grace period of one year.

(ii) In February 2007, Nattca issued two bank credit certificates for the acquisition of property amounting to R$ 70,000, whose creditor is Itaú BBA. These certificates are payable in 132 consecutive monthly installments after a one year grace period.The first installment came due on March 17, 2008 and the last one will be due on February 15, 2019.

(iii) In February 2008, the Company signed a structured operation of securitization of receivables with Banco Itaú BBA, which will result in the issuing of receivable credits - (CRIs) secured and guaranteed by Plaza Niterói, Fashion Mall and Ilha Plaza amounting to R$ 470,000 for 12 years (one year grace period) at a cost equivalent to TR + 10.15% per annum.

(iv) In July 2007, the Company issued 32,000 debentures not convertible into shares at the par value of R$ 10, each amounting to R$ 320.000. The issuance was carried out in two series. The first series, composed of 5,000 debentures with the principal falling due on July 15, 2014, will be amortized in four equal, annual and successive installments as from July 15, 2011. The second series, composed of 27,000 debentures with the principal falling due on July 15, 2016, will be amortized in four equal, annual and successive installments as from July 15, 2013. According to the deed of public distribution of debentures, 20% of the funds raised were mandatorily for the expansion of the operations of the shopping malls in which the Company holds an interest. The financial charges resulting from financings obtained from third parties, destined for the expansion of shopping centers were capitalized.

(v) In November 2007, the Company issued US$ 175,000 thousand in perpetual bonds through its subsidiary company BR Malls International Finance Ltd. The bonds are denominated in U.S. dollars with quarterly payments of interest of 9.75% per annum. BR Malls International Finance Ltd. has the option to repurchase the bonds as from November 8, 2012. According to the prospectus of issuance of perpetual bonds, a portion of the funds raised will be allocated to the expansion of the operations of the shopping malls in which the Company holds an interest.

In January 2011, the Company issued US$ 230 million in perpetual bonds through its subsidiary BR Malls International Finance Ltd. The bonds are denominated in U.S. dollars with quarterly payments of interest of 8.5% per annum. BR Malls International Finance Ltd. has the option to repurchase the bonds as from January 12, 2016. According to the issuance prospectus of the perpetual bond, the raised funds will be used for: (i) conception, incorporation and management of new shopping malls; (ii) acquisition of more shares in the shopping malls in which it already has shares; (iii) acquisition of shares in shopping malls of third parties and companies that operate in the same sector; (iv) expansion of the operations of the shopping malls in which it has shares; and (v) amortization or settlement of financings.

(vi) In October 2009, a financing contract was signed by SPE Xangai Participações S.A. amounting to R$ 94,643 for the purpose of raising funds for construction of the Granja Vianna Shopping Center. Release of the funds occurs based on the project's physical and financial timetable. Total term for this financing is 120 months (10 years) and debt service costs are TR + 11% per annum. The amortization of interest and principal began in May 2011.

(vii) In November 2009, Proffito signed a structured receivable securitization operation with Banco Itaú BBA which led to the issuing of real estate receivable certificates - CRIs backed and guaranteed by Shopping Tamboré and Expansão do Tamboré amounting to R$ 92,500 for 12 years (grace period of two years) at a cost of TR + 11.16% per annum.

In February 2011, Proffito signed with Banco Itaú BBA a new issuing of real estate receivable certificates - CRIs backed and guaranteed by Shopping Tamboré and Expansão do Tamboré amounting to R$ 134,949 for 12 years (grace period of two years) at a cost of TR + 11.00% per annum.

(viii) In December 2009 a financing contract was signed by SPE Sfida S.A. amounting to R$ 32,000 with the purpose of raising funds to build the Sete Lagoas Shopping Center. Total term for this financing is 120 months (10 years) and debt service costs are TR + 10% per annum. The amortization of interest and principal began in June 2011.

(ix) In June 2010, with the acquisition of SISA, the financings regarding the construction of Shopping Independência were incorporated by BR Malls.

(x) In June 2010, Shopping Center Mooca Empreendimento Imobiliário S.A. entered into a financing agreement amounting to R$ 115,000 in order to raise funds for the construction of Shopping Center Mooca. Release of the funds will occur based on the project's physical and financial timetable. Total term for this financing is 144 months (12 years) and debt service costs are TR + 9.8% per annum. The amortization will begin in June 2012.

(xi) In February 2011, CIMA signed a receivable securitization with Banco Bradesco which led to the issuing of real estate receivable certificates - CRIs, backed by the receivables of Shopping Tijuca in the amount of R$ 500,000 for 168 months (with a 24-month grace period) at a cost of TR + 10.70%.

(xii) In the acquisition of Alvear Participações, the Company assumed with it a CRI of R$50 million, with a 12 year-term and grace period of 2 years. The debt began on February 24, 2011 and falls due on February 16, 2023. The CRI rate is TR + 11.52% p.a..

(xiii) On December 7, 2011, BR Malls Participações issued 80 promissory notes with par value of R$ 2,500 each, amounting to R$ 200,000. These notes were divided into 50% for the bank Itaú BBA and 50% for the bank BTG Pactual. The interest rate of these notes is CDI + 0.70% p.a and the term is for 6 months.

(xiv) At December 7, 2011, BR Malls Participações contracted a borrowing with Citibank of US$ 56,050 thousand. The term is for 3 years and the maturity is on December 8, 2014. The financing rate is 6 month LIBOR + 1.78% p.a. and the payments will take place each 6 months as from June 8, 2012. This debt was fully hedged with a perfect swap with Citibank, in which the final rate is 105% CDI p.a.

All amounts in R$ thousands unless otherwise stated

The loans and financing have the following maturity terms:

	Consolidated	
	2011	**2010**
2012	359,688	245,131
2013	264,971	194,085
2014	381,565	188,511
2015	268,738	178,415
2016 onward	1,929,025	759,754
	3,203,987	1,565,896

According to CPC 20, the borrowing costs of Shopping Mooca in the amount of R$ 2,997 were capitalized until the shopping mall opening date, which occurred on November 29, 2011.

Contractual clauses - covenants

Some of the Company's financing includes clauses determining the highest level of indebtedness and leverage, as well as the minimum levels to cover installments falling due and the maintenance of minimum balances receivable in a current account. The Company has as one of the covenant contractual clauses of the debentures (Series 1 and Series 2) the indicator of (i) EBITDA (operating profit or loss, plus depreciation and amortization and financial result)/net financial expenses, relating to the four quarters should be equal to or higher than 1.75 times and (ii) net debt (loans and financing less cash and cash equivalents)/EBITDA (operating profit or loss, plus depreciation and amortization and financial result), with the quarter EBITDA multiplied by 4 equal or inferior to 3.8 times.

At December 31, 2011, calculation of the first Series 1 debenture covenant indicator was 4.77 times and Series 2 indicator 6.76 times (excluding exchange variation) and for the second covenant is 0.50 times, thus contractual clause covenant requirements are being complied with.

On January 25, 2009, 1st public issuance 2nd series debenture holders approved an enhanced wording of "Net financial result" appearing in the deed of issue, to read as follows: "The difference between financial expenses and financial income as presented in the Company's statement of income for the quarter, excluding (i) any monetary or exchange rate variations not disbursed by the Company in the last 12 months, (ii) the non-recurring financial expenses relating to the issuance of securities in the domestic or international capital market".

In October 2010, a General Meeting of Debenture Holders of Series 1 and 2 was held, and the following issues were discussed:

(i) Change of the financial index established as from the third quarter of 2010, in order to be annualized net debt /Ebitda equal to or less than 3.80 times as from the third quarter of 2010.

(ii) Improvement of the definition text of "Net Debt" in the sub-item XVII of the Clause 6.22 of the Issuance Deed, in order for it to be in force with the following text:

"Net Debt": the sum of the onerous debts of the Company, except the perpetual debts (without a defined maturity date), on consolidated bases, except cash and banks (cash plus marketable securities).

(iii) Inclusion, in the Issuance Deed, of provision on the option of redemption of the whole of the Debentures of the First Series and/or Debentures of the Second Series by the Issuer if an Event of Default occurs, as defined in the Issuance Deed, without the enactment of anticipated maturity.

(iv) Authorization for the trustees to enter into an amendment to the Issuance Deed, reflecting the decisions approved by the debenture holders.

(v) Furthermore, it was approved the payment of an amount equivalent to 0.55% on the unit price to be paid on October 29, 2010, as a premium for the renegotiation approved in the Company's General Meeting of Debenture Holders of the 1st and 2nd series amounting to R$ 1,895.

According to the debenture deed of issue, the Company is not allowed to fail to meet the covenant contractual clauses for up to two consecutive quarters or for up to three non-qualifying periods.

Guarantees

The Company has given the following assets in guarantee for its loans and financings:

(i) Unibanco - CCB

First degree mortgage of the fractions held in Shopping Center Piracicaba, Amazonas Shopping and Shopping Center Iguatemi Caxias and fiduciary assignment of credit rights held against store owners in Norte Shopping.

(ii) Itaú - CCB

Chattel mortgage of the land of Shopping Estação and of Estação Convention Center. Mortgage of movable assets, installations and improvements. Fiduciary assignment of credit rights held against store owners of the shopping mall Estação and endorsement of insurance as guarantee against physical damage to the structure of the shopping mall.

(iii) Itaú - CRI

In February 2008, the Company signed a structured receivable securitization operation with Banco Itaú BBA which led to the issuing of real estate receivable certificates - CRIs with the following guarantees: chattel mortgage of the real estate of Shopping Fashion Mall, Ilha Plaza Shopping and Niterói Plaza Shopping and of the shares of Fashion Mall S.A., fiduciary assignment of receivables of the shopping centers aforementioned and endorsement of insurance as guarantee against physical damage to the structure of the shopping malls, putting the securitizing company as the beneficiary in case of any event.

(iv) Debentures

Unsecured guarantee.

(v) Perpetual bonds

Unsecured guarantee.

(vi) Santander - Granja Vianna Financing

In October 2009, SPE Xangai entered into a real estate financing contract with Santander to build Shopping Granja Viana with the following guarantees: chattel mortgage of the land and the shopping Center opened in October 2010, and fiduciary assignment of BR Malls Administração receivables. This transfer of receivables will be replaced by the receivables of the shopping mall.

(vii) Itaú - CRI Tamboré

In November 2009, Profitto signed a structured receivable securitization operation with Banco Itaú BBA which led to the issuing of real estate receivable certificates - CRIs with the following guarantees: chattel mortgage of the real estate Tamboré, fiduciary assignment of receivables of the shopping centers aforementioned and endorsement of insurance as guarantee against physical damage to the structure of the shopping malls, putting the securitizing company as the beneficiary in case of any event.

(viii) Santander - Sete Lagoas financing

In December 2009, SPE Sfida entered into a real estate financing contract with Santander to build Shopping Sete Lagoas with the following guarantees: chattel mortgage of the land and the shopping center opened in November 2010, and fiduciary transfer of BR Malls Administração receivables (guarantee shared with the financing of the Granja Viana Shopping Center). This transfer of receivables will be replaced by the receivables of the shopping mall.

(ix) Bradesco - Mooca financing

In June 2010, SPE Mooca entered into a real estate financing contract with Bradesco to build Shopping Center Mooca with the following guarantees: chattel mortgage of the land and the shopping center to be constructed, and fiduciary transfer of credit rights of the shopping.

(x) Bradesco - CIMA

In February 2011, CIMA signed a structured receivable securitization operation with Banco Bradesco which led to the issuing of real estate receivable certificates - CRIs with the following guarantees: chattel mortgage of the real estate of Shopping Campinas, fiduciary transfer of the receivables of Shopping Tijuca.

(xi) Santander - Spinacia Participações

In March 2011, Spinacia Participações S.A. entered into a real estate financing contract with Santander to build Shopping São Bernardo with the following guarantees: 51.41% of the land to be used in the construction of the shopping.

(xii) Itaú - Alvear Participações S.A.

With the acquisition of Alvear Participações, the Company assumed a CRI od R$ 50 million. As a collateral, 25% of Londrina Norte was granted to Banco Itaú.

All amounts in R$ thousands unless otherwise stated

18 Taxes and contributions payable

	Consolidated	
	2011	**2010**
PIS and COFINS on operating income (i)	19,050	8,198
PIS and COFINS on rents (ii)	11,628	16,768
ISS	211	1,004
Others	1,623	7,164
	32,512	33,134

(i) In November 2009, Ecisa Engenharia adhered to the Program to Pay Fiscal Debts in Installments provided by Law No. 11,941/2009 to pay in 30 monthly installments the COFINS debt, related to the non-cumulative period introduced by Law No. 10,833/2003, as specified in the Assessment Notice that gave rise to the administrative suit No. 184710010492007-83 (see Note 19).

(ii) Ecisa Engenharia filed a civil suit against the National Treasury in order not to pay COFINS on revenue from leasing, refund of amounts paid with this respect and granting of preliminary protection order to discontinue the enforceability of the tax of R$ 8,979, based on the understanding of unconstitutionality of the Law No. 9,18/98 and on the interpretation that the leasing can not be classified as rendering of service.

Reconciliation of income tax and social contribution expenses - consolidated

The reconciliation between the income tax and social contribution expenses at the nominal and effective rate is shown below:

	2011	**2010**
Profit before income tax and social contribution	1,139,681	874,304
Nominal combined income tax and social contribution rate - %	34	34
Income tax and social contribution at the statutory rates	(387,492)	(297,263)
Tax effects on:		
Amortization of goodwill	(40,863)	(16,576)
Positive result of equity accounting results (i)	93,876	88,642
Interest on credited capital		(5,100)
Exchange variations (ii)	(38,999)	2,639
Calculation base difference for companies taxed using presumed profit method	17,290	(13,152)
Others	6,162	778
Income tax and social contribution expenses in results of operations for the year	(350,026)	(240,032)
Current	(58,934)	(42,825)
Deferred (iii)	(291,092)	(197,207)
Total	(350,026)	(240,032)

(i) Result of equity accounting only of the companies taxed by taxable income.

(ii) The Company adopts the cash basis for the purpose of taxation of exchange variations.

(iii) See Note 9 (Deferred income tax and social contribution).

All amounts in R$ thousands unless otherwise stated

19 Taxes and contributions - payment in installments

	Consolidated	
	2011	**2010**
Income tax (i)	82	197
Social Contribution (i)	30	63
COFINS (i)	852	1,835
IPTU (ii)	522	2,510
Others		198
Current	1,486	4,803
Income tax (i)	2,361	2,381
Social Contribution (i)	303	273
COFINS (i)	8,585	6,881
IPTU (ii)	6,962	6,962
Tax Recovery Program (REFIS)	57,928	58,709
Others	170	545
Non-current	76,309	75,751

(i) In November 2009, the Company joined the new Program to Pay Fiscal Debts in Installments provided by Law No. 11,941/2009, for the purpose of evening out and settling the tax liabilities through a special payment system and payment in installments of its tax and social liabilities, noting all the tax legislation that regulated the mentioned program. According to Joint Ordinance PGFN/RFB No. 3/2010, the companies Ecisa Engenharia and Fashion Mall manifested for the non-inclusion of the whole of the debts in the payment in installments provided by Law 11941/2009, thus, according to the Joint Ordinance PGFN/RFB No. 11/2010, the companies will have to inform, up to August 16, 2010, in detail, the debts to be paid by installments, upon the filling out and filing of the forms contained in the attachments of the Joint Ordinance PGFN/RFB No. 3/2010. In June 2011, according to Joint Ordinance PGFN/RFB No. 2/2011, the debts were consolidated.

The debts described below were the object of installment plans with the conditions indicated below.

(a) Installment plans of up to 30 months

Administrative proceedings

Ecisa Engenharia joined the new Program to Pay Fiscal Debts in Installments of up to 30 monthly installments for amounts of IRPJ, CSLL and COFINS due disclosed in the administrative proceedings described below, with the benefits of Law No. 11,941/2009 for this case, whereby reductions of 90% and 40% in fines and interest penalties respectively are granted. According to the lawyers who sponsored these cases, chances of loss are classified as probable. Consequently, the Company agreed to installment plans of up to 30 months for: (i) IRPJ and CSLL due on supplementary monetary correction of the balance sheet based on the difference between the IPC and BTNF indexes, demonstrated in the Tax Assessment Notice which initiated the administrative proceeding No. 1076801940195-50. Regarding this suit, as from June 2011, according to Joint Ordinance PGFN/RFB No. 2/2011, the debts were consolidated. The Company pays a monthly installment of R$ 36 (Principal), plus an update by the SELIC rate.

(b) Installment plans of up to 180 months

Administrative proceedings

Ecisa Engenharia joined the new Program to Pay Fiscal Debts in Installments of up to 180 monthly installments for amounts of IRPJ, CSLL and COFINS due disclosed in the administrative proceedings described below, with the benefits of Law No. 11,941/2009 for this case, whereby reductions of 60 % and 25% in fines and interest penalties respectively are granted. According to the lawyers who sponsored these cases, chances of loss are classified as probable. Consequently, the Company agreed to installment plans of up to 180 months for: (i) IRPJ and CSLL due on expenses considered as non-deductible by the Tax Authorities, demonstrated in the Tax Assessment Notice which gave rise to the administrative proceeding No. 1537400222700-10; (ii) COFINS due, related to the non-cumulative period from Law 10833/2003, demonstrated in the Tax Assessment Notice which gave rise to the administrative proceeding No. 184710010492007-83. Regarding these suits, as from June 2011 (Consolidated), the Company pays monthly installments of R$ 70 (principal), plus an update by the SELIC rate.

New installment plan for unpaid balances on previous ordinary installment plans

Ecisa Engenharia joined the new Plan to Pay Taxes in Installments for (i) definition of new installment plan in 180 months of the remaining balance of Income Tax and Social Contribution debt, which had been included in the normal installment plan which had been approved in 2005; (ii) definition of a new installment program in 180 months of the COFINS debt related to the non-cumulative period arising from Law No. 10,833/2003, which had been included in the normal installment plan in 2007. With regard to these cases, the Company pays monthly a minimum installment of R$ 209, which ended in June 2011.

(ii) When Nattca acquired Shopping Estação, it became responsible for payment of an IPTU (Urban Property Tax) debt with the Curitiba Municipal Government. The installment plan on this debt was extended until 2014 and Nattca has been paying it since February 2007. The amount of the installment plan was adjusted against the acquisition cost of the shopping center and is adjusted based on the TJLP (Long-term Interest Rate).

(iii) Cima enrolled in the Tax Recovery Program ("Programa de Recuperação Fiscal - REFIS"), provided by Law No. 9964/2000 (REFIS 1), to promote the regularization of Union credits, arising from corporate debts related to taxes and contributions, managed by the Federal Revenue Secretariat and by the National Institute of Social Security ("Instituto Nacional do Seguro Social - INSS"), falling due up to February 29, 2000, constituted or not, inscribed or not in the active debt register, filed or to file, with suspended liabilities or not, including the ones arising from lack of payment of the withheld amounts. The Company pays monthly and successive installments, falling due on the last working day of each month, being the value of each installment determined on a percentage basis of 0.6% of the gross revenue of the immediately previous month. In order to include the debts in REFIS, the Company granted as a collateral lands located in the States of Paraná, Maranhão and Espírito Santo.

All amounts in R$ thousands unless otherwise stated

20 Liabilities payable for acquisition of shopping malls

	Consolidated	
	2011	**2010**
BR Malls (i)	36,853	45,564
Ecisa Participações (ii)	10,127	52,964
SPE Indianápolis (iv)		104,611
Spinacia(v)	204,823	
Current	251,803	203,139
BR Malls (i)	113,814	14,353
Ecisa Engenharia (iii)		505,577
Spinacia(v)	102,441	
Non-current	216,225	519,930
	468,028	723,069

(i) These refer to liabilities undertaken by BR Malls for the purchase of 40% of the real estate shares of the Shopping Crystal Plaza. The first installment was paid immediately and the second, amounting to R$ 30,000, will be amortized within 12 months as from the acquisition date (September 2010). At December 30, 2010, BR Malls acquired a further 30% of the real estate shares of Shopping Crystal. The first installment was paid immediately, and the amount of R$ 28,700 will be amortized in the 12th and 24th months. All the installments are adjusted by the IGPM.

On April 29, 2011, the Company acquired 95% of the Shopping Paralela in Salvador (BA) for a total price of R$ 285 million and, within 30 days, it became responsible for its management and trade. The price to be paid for the shopping mall and management of the asset is R$ 237.5 million, 40% paid in cash and the remaining in 4 annual and equal installments, adjusted by IPCA, and the shopping was given as guarantee of the pending installments. The acquisition also involves the payment of R$ 47.5 million for 95% of the parking lot operation to be paid in the same way as the acquisition of the shopping mall, however the beginning of the payment is conditioned to the charge of the tariffs in the city.

(ii) At December 31, 2010, this refers to the acquisition of ASB Administração e Incorporação (company incorporated by Ecisa Participações on May 31, 2009), which holds a 100% share in the Campinas Shopping real estate development. The installment plan referred to an annual installment, restated monetarily based on 55% of the variation in the CDI rate, due on February 6, 2011, which was settled on the same date.

(iii) At December 31, 2010, this referred to liabilities undertaken by Ecisa Engenharia for the purchase of 100% of Shopping Tijuca. The first installment was paid immediately, and the remaining balance of R$ 500,000 was settled in March 2011 together with the operation mentioned in Note 17 (xi). On September 30, 2011, the Ecisa Enegenharia balance referred to the acquisition of an additional fraction of Shopping Curitiba for R$ 34,650, being R$ 14,650 paid on demand and the remaining in 20 monthly installments of R$ 1,000, adjusted by the INPC + 7% p.a, the first one being paid in February 2011.

All amounts in R$ thousands unless otherwise stated

(iv) This refers to liabilities undertaken by SPE Indianápolis for the purchase of 51% of Center Shopping Uberlândia. The first installment was paid immediately and the second, amounting to R$ 102,000, was amortized in 12 months and its payment was concluded in September 2011.

(v) These refer to liabilities undertaken by Spinacia for the purchase of 70% of Alvear Participações S.A. totaling R$ 294,000 with a three-year term and adjusted by 100% of Interbank Deposit Certificate (CDI).

21 Provision for contingencies (consolidated)

The Company is exposed to fiscal, labor and civil contingencies. According to the Brazilian Accounting Standards and Pronouncement - NBC 22 and consistent with CPC Pronouncement 25, these are classified as "probable", "possible" or "remote" according to the risk of becoming a loss for the Company. Those which are considered probable losses by the Company's management, internal and external legal advisors are provided for.

	Consolidated	
	2011	**2010**
Tax (i)	49,369	46,985
Labor and social security (ii)	8,846	11,964
Civil	50,606	51,581
Non-current	108,821	110,530

(i) Correspond mainly to:

Ecisa Engenharia questioned the legality of the laudemium charge on the purchase of Shopping Recife, and classified as aprobable loss by the lawyers. The amount recorded as a contingency corresponds to R$ 3,744.

Tax contingency, recorded in fiscal year 2008, related to the tax assessment notice issued by the Municipality of Rio de Janeiro, through which it claimed Property Transfer Tax (Imposto sobre Transmissão de Bens Imóveis - ITBI) on the capital subscription of Fashion Mall S.A. with property in 2001 in the amount of R$ 6,904.

Assessment notice drawn up for the constitution of ISS tax credits regarding services of management and trade of shopping malls provided in other municipalities, in which the tax is withheld at source by the takers, in the amount of R$ 2,788.

Tax contingencies of the company Cima, amounting to R$ 33,117, correspond basically to Real Estate Tax ("Imposto Predial e Territorial Urbano - IPTU") debt of Shopping Tijuca of R$ 18,723 and of PIS and COFINS credits on the non-cumulative calculation basis of R$ 10,500 and IOF collection on intercompany loans of R$ 1,663.

(ii) The legal suits related to social security labor charges refer to services rendered by individuals and the contracting of legal entities.

All amounts in R$ thousands unless otherwise stated

(iii) Civil contingencies of Cima, R$ 50,669, which correspond to civil suits of storekeepers related to the sale and purchase agreement on the recording of the real estate of Shopping Tijuca.

	Civil	Labor and social security	Tax	Total
At January 1, 2010	1,018	11,351	14,899	27,268
Update		306		306
Payments	(105)	(866)		(971)
Constitution	50,668	1,173	36,860	88,701
Reversal			(4,774)	(4,774)
At December 31, 2010	51,581	11,964	46,985	110,530
Update		635	1,320	1,955
Payments	(975)	(929)	(644)	(2,548)
Constitution		11	2,788	(2,799)
Reversal		(2,835)	(1,080)	(3,915)
At December 31, 2011	50,606	8,846	49,369	108,821

At December 31, 2011, the Company has provided R$ 1,103 related to labor contingencies (December 31, 2010 - R$ 1,632); R$ 17,038 related to tax contingencies (December 31, 2010 - R$ 8,960) and R$ 19,626 related to civil contingencies (December 31, 2010 - R$ 19,125) classified as a possible loss by the management based on the support of its legal advisors. The contingencies relate mainly to: (a) injunction filed by Geral de Turismo Ltda. due to the alleged non-compliance with an agreement that established the procedure for garbage removal from Shopping Niterói Plaza; (b) supplemental severance pay; and (c) assessment notices issued to charge COFINS debts on the leasing revenue; (d) assessment of IPTU carried out based on the gathering of municipal enrollments; and (e) charge for ISS debts by the Municipality of Recife.

22 Deferred revenue

	Consolidated	
	2011	**2010**
Real estate credit note - Company Santa Cruz (i)		49,729
Deferred income - CDU (ii)	138,381	78,698
Non-current	138,381	128,427

(i) In May 2005, Companhia Santa Cruz, a wholly-owned subsidiary of Ecisa Participações Ltda., signed a contract with BI Companhia Securitizadora de Créditos Imobiliários for a structured operation of securitized receivables which arose from the issuance of real estate credit notes - CCIs, backed and guaranteed by the cash flow of receivables from Shopping Metrô Santa Cruz. In this operation, Companhia Santa Cruz sold at present value 50% of its receivable flow on lease contracts for stores in the Shopping Metrô Santa Cruz through July 2015. The Company recognizes securitization income on this operation on the straight-line method over the term of the contract. In January 2011, Companhia Santa Cruz settled in advance this operation.

(ii) Deferred income basically refers to the recognition of assignment of use rights (CDU) which are recognized on the straight-line method in its statement of income for the period based on the rental term (average of 60 months) of the respective stores to which it refers.

23 Equity

(a) Share capital

At December 31, 2011, the Company's share capital is R$ 3,424,181 (December 31, 2010 - R$ 2,561,195) divided into 449,541,943 (December 31, 2010 - 406,277,988) ordinary, nominative shares, with no par value.

At a meeting of the Supervisory Board held on January 26, 2011, a capital increase was approved, as a result of the exercising of the purchase of stock options related to the 1st Program of the Stock Option Plan approved at the Extraordinary Meeting of February 9, 2007 (Note 31), through a private subscription of 564,482 shares, at an issue price of R$ 10.81, totaling R$ 6,102.

At a meeting of the Supervisory Board held on March 28, 2011, a capital increase was approved, as a result of the exercising of the purchase of stock options related to the 4th and 5th Programs of the Stock Option Plan approved at the Extraordinary Meeting of April 14, 2009 (Note 31), through a private subscription of 32,232 shares, at an issue price of R$ 6.67, totaling R$ 215 and 9,571 shares, at an issue price of R$ 11.00, totaling R$ 105.

At the Extraordinary and Ordinary General Meetings held on April 29, 2011, the capital increase of R$ 124,367 was approved, without the issuance of new shares, upon capitalization of a portion of the Company's revenue reserves.

At a meeting of the Supervisory Board on May 10, 2011, a capital increase was approved, upon the issuance of 37,400,000 common shares, nominative, non-issued and with no par value, for R$ 17.20 per share in the amount of R$ 643,280 by public offer of shares.

At a meeting of the Supervisory Board on May 20, 2011, a capital increase was approved, upon the issuance of 5,100,000 common shares, nominative, non-issued and with no par value, for R$ 17.20 per share in the amount of R$ 87,720 by public offer of shares.

At a meeting of the Supervisory Board held on July 1, 2011, a capital increase was approved, as a result of the exercising of the purchase of stock options related to the 4th and 5th Programs of the Stock Option Plan approved at the Extraordinary Meeting of April 14, 2009 and October 5, 2010 respectively (Note 31), through a private subscription of 94,970 shares, at an issue price of R$ 6.64, totaling R$ 630 and 20,305 shares, at an issue price of R$ 10.98, totaling R$ 223.

At a meeting of the Supervisory Board held on November 17, 2011, the capital increase was approved, due to private issuance, within the limit of authorized capital, of: (i) 29.690 common, nominative shares, with no par value, at an issuance price of R$ 6,81 per share totaling R$ 203; (ii) 12,705 common, nominative shares, with no par value, at an issuance price of R$ 11.15 per share totaling R$ 141.

All amounts in R$ thousands unless otherwise stated

The Company's shareholdings on December 31, 2011 are as follows:

	Number of shares	Share capital (%)
New Market	276,072,180	61.40
Fidelity	33,860,790	7.50
Blackrock	22,391,700	5.00
Richard Paul Matheson	20,140,136	4.50
Valia	18,908,700	4.20
Ddodge & Cox	18,881,900	4.20
HSBC	17,754,707	3.90
Schroder Asset	17,304,091	3.80
Equity Internacional	10,934,016	2.40
Vanguard Investiments	9,520,054	2.10
Carlos Medeiros Silva Neto	1,919,763	0.40
Associates	1,851,334	0.40
Ecisa Participações Ldta	2,572	0.20
	449,541,943	100.00

(b) Contra account to stockholders' equity - Costs of raising funds

Costs incurred with raising funds through the issuing of equity securities of R$ 50,727 net of tax effect (December 31, 2010 - R$ 39,879) are shown as a reduction account in equity, less the net tax effects.

(c) Capital reserve

This represents the amount recorded in the books of the stock option plan for employees and directors amounting to R$ 37,302 (December 31, 2010 - R$ 20,284) (Note 31).

(d) Legal reserve

The legal reserve is constituted in accordance with Brazilian Corporation Law and the Company's bylaws, on the basis of 5% of annual net income, up to a limit of 20% of capital. During the year 2011, the Company added R$ 23,551 to the legal reserve (R$ 24,823 at December 31, 2010). The purpose of the legal reserve is to ensure the integrity of the capital and may only be used to offset losses and increase capital.

(e) Reserve for unrealized profits

In years when the amount of the mandatory dividend, calculated pursuant to the Company's bylaws exceeds the portion of the actual net income realized for the year, the Stockholders' General Meeting may, if proposed by management, apply the excess to form the reserve for unrealized profits.

All amounts in R$ thousands unless otherwise stated

The portion of net income for the year is deemed to be realized if it exceeds the sum of the following amounts:

(i) Positive net result from equity accounting.

(ii) Profit, earnings or net gains on operations or booking of assets, liabilities and equity accounts at fair value, whose financial realization term occurs after the year end (investment properties).

	Unrealized revenue
Balance of unrealized revenue for 2010	276,177
Complement of dividends for 2010	(39,481)
Realized net income for 2011	(48,728)
Constitution of unrealized revenue for 2011	111,867
Balance of unrealized revenue reserve at December 31, 2011	299,835

At December 31, 2011, the Company constituted R$ 111,867 regarding the portion of unrealized revenue for the year, reverted a portion of the realized revenue for 2011 in the amount of R$ 48,728 and paid dividends regarding 2010 in the amount of R$ 39,481. In 2011, the unrealized revenue balance corresponds to R$ 299,835.

(f) Profit retention reserve

According to Article 196 of the Brazilian Corporation Law, the Stockholders' General Meeting may, if proposed by management, decide to withhold part of net income for the year considered in its previously approved capital budget. Based on the cash flow projection, included in the Company's capital budget for the next 5 years, it is necessary to withhold an amount of retained earnings, calculated through December 31, 2009, amounting to R$ 2,505,931. On September 23, 2010, the amount of R$ 248,440 was paid up, thus, reducing the amount of the retention of profit reserves to R$ 2,257,491. At December 31, 2010, the Company carried out the retention of part of the retained earnings amounting to R$ 335,601.

At the Extraordinary and Ordinary General Meetings held on April 29, 2011, the capital increase of R$ 124,367 was approved, without the issuance of new shares, upon capitalization of a portion of the Company's revenue reserves.

At December 31, 2011, the Company carried out the retention of part of the retained earnings amounting to R$ 33,497. Consequently, the Company's management proposed that the portion of calculated earnings be withheld by the Company in order to cover the investment projects planned in its capital budget.

As established by Article 199 of the Brazilian Corporation Law, the balance of the revenue reserves (except reserves for contingent liabilities, tax incentives and unrealized profits) cannot exceed the Company's capital stock at December 31, 2011, which corresponds to R$ 3,424,181.

All amounts in R$ thousands unless otherwise stated

(g) Dividends

According to the bylaws, stockholders are entitled to a minimum dividend corresponding to 25% of the net income determined in each year, adjusted pursuant to the legislation in force.

	2011	2010
Profit for the year	471,019	496,459
Basis for constitution of reserves	471,019	496,459
Constitution of legal reserve - 5%	(23,551)	(24,823)
Calculation basis for dividends	447,468	471,636
Minimum mandatory dividends - 25% before the constitution of unrealized revenue reserve (b)	111,867	117,908
Unpaid profits		
Investment properties	998	(37,149)
Equity accounting	631,044	538,635
Deferred income tax and social contribution	(17,497)	6,520
Gain on fair value in the derivatives operations	49,317	
Unrealized revenue (c)	663,862	508,006
Realized revenue for the year corresponds to minimum mandatory dividends payable (a) - (c) = (d)		
Constitution of unrealized revenue reserve (b) - (d)	111,867	117,908
Profit for 2010 realized in 2011 (dividends received from subsidiaries), equivalent to the minimum mandatory dividends payable	48,728	27,742
Proposed complementary dividends	19,506	39,481
Total dividends	48,728	27,742
Total dividends per share	0.1084	0.0708

The Company's management proposed by referendum of the Ordinary General Meeting - AGO, the distribution of complementary dividends in the amount of R$ 19,506 related to the year ended December 31, 2011.

In 2011, the realized minimum mandatory dividends and the proposed complementary dividends amounted to R$ 68,234, but as mentioned in Note 2.24, the amount recorded in the financial statements at December 31, 2011 is the minimum mandatory realized dividend of R$ 48,728. The Ordinary General Meeting (AGO) of April 30, 2011 approved the distribution of complementary dividends of R$ 39,481.

All amounts in R$ thousands unless otherwise stated

(h) Treasury shares

At the meeting of the Supervisory Board held on November 17, 2008, the acquisition of 624,700 common shares was approved through the wholly-owned subsidiary Ecisa Participações Ltda., amounting to R$ 5,390 up to the limit established by Article 3 of Law No. 6,404. The final deadline for the purchase of the shares in question was 365 days from that date, ending on November 17, 2009. For purposes of consolidation of the financial quarterly information, the treasury shares are recorded within "treasury shares" in equity.

At December 31, 2011, the value of the Company's treasury stock is R$ 12 (December 31, 2010 - R$ 14,792), divided into 2,572 ordinary shares after share-split (December 31, 2010 - 2,976,590).

24 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to stockholders of the Company by the weighted average number of common shares in issue during the year excluding common shares purchased by the Company and held as treasury shares (Note 23(h)).

	2011	2010
Profit attributable to stockholders of the Company	471,019	496,459
Weighted average number of common shares issued (after share-split - treasury shares)	449,539,371	403,301,398
Basic earnings per share - R$	1.05	1.23

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has two categories of dilutive potential common shares: convertible debt and share options. The convertible debt is assumed to have been converted into common shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2011	2010
Net profit attributable to stockholders of the Company	471,019	496,459
Weighted average number of common shares in issue (a)	449,910,447	403,301,398
Adjustments of share options unexercised (b) (Note 31)	10,371,076	13,860,088
Weighted average number of common shares for diluted earnings per share (a) + (b)	459,910,447	417,161,486
Diluted earnings per share - R$	1.02	1.19

All amounts in R$ thousands unless otherwise stated

25 Net revenue

	Consolidated	
	2011	**2010**
Rentals	674,270	425,535
Fees for the assignment of usage rights (i)	35,331	16,812
Parking lots	131,061	82,956
Transfer fees	9,868	3,760
Rendering of services	74,877	51,121
Others	6,089	15,367
Total	931,496	595,551
Taxes and contributions	(70,021)	(49,114)
Net income from rent and services	861,475	546,437

26 Operating costs

	Consolidated	
	2011	**2010**
Personnel	(20,829)	(11,637)
Services contracted	(14,559)	(15,942)
Condominium fees	(24,116)	(11,964)
Cost of fund for promotions	(8,683)	(4,702)
Financial	(1,162)	(712)
Fiscal	(3,893)	(2,823)
Commercial	(3,730)	(5,013)
Other costs	(12,585)	(11,312)
PIS and COFINS credits	5,413	3,653
	(84,144)	(60,452)

27 Administrative expenses

	Consolidated	
	2011	**2010**
Personnel (i)	(79,748)	(53,933)
Depreciation and amortization	(10,591)	(11,459)
Services rendered	(6,420)	(8,794)
Use and consumption material	(102)	(69)
Other administrative expenses (ii)	(7,900)	(7,804)
Reversal (constitution) of provision for contingencies (iii)	3,005	(407)
	(101,756)	(82,466)

(i) These correspond to salaries, charges and profit-sharing of employees and management.

(ii) These basically correspond to the expenses with traveling, legal expenditures, technical consulting, publishing and insurance premiums.

(iii) This basically corresponds to the reversal of R$ 3,915 of labor and tax contingencies due to lapse of term.

All amounts in R$ thousands unless otherwise stated

28 Financial result

(a) Finance income

	Consolidated	
	2011	**2010**
Income from financial investments	98,307	125,675
Gain with derivatives and fair value	317,852	65,037
Exchange variations	115,727	53,738
Others	10,063	5,062
	541,949	249,512

(b) Finance costs

	Consolidated	
	2011	**2010**
Charges on loans and financing	(348,981)	(240,905)
Exchange variations	(205,875)	(40,202)
Loss with derivatives and fair value	(283,048)	(109,646)
Less: amounts capitalized on qualifying assets	2,997	56,035
Others	(12,735)	(8,841)
	(847,642)	(343,559)
Financial result, net	(305,693)	(94,047)

(i) These correspond to the exchange variations on the perpetual bonds, explained by the valuation of the Brazilian currency in relation to the US dollar. The Company contracted swaps as part of its strategy to protect this liability.

All amounts in R$ thousands unless otherwise stated

29 Information by segment

Company's top management uses information by business segment to make strategic decisions. The performance of each segment is extracted from the Company's accounting records and segregated as below. Assets and liabilities by business segment are not presented, as they are not the object of analysis for strategic decision making on the part of management:

					December 31, 2011
	High	**Med/High**	**Medium**	**Med/Low**	**Total**
Shopping Malls income by segment (i)					
Rentals	62,558	246,591	275,647	89,474	674,270
Assignment fees	1,645	18,375	14,513	798	35,331
Parking lots	12,099	38,762	62,158	18,042	131,061
Transfer fees	516	3,404	4,499	1,449	9,868
Services (ii)					74,877
Others	1,577	2,594	1,918		6,089
	78,395	309,726	358,735	109,763	931,496
Taxes and contributions	(4,956)	(32,008)	(27,273)	(5,784)	(70,021)
Shopping Malls costs by segment					
Personnel	(2,007)	(7,362)	(9,013)	(2,447)	(20,829)
Sundry services	(1,894)	(4,280)	(5,847)	(1,505)	(13,526)
Condominium fees	(3,352)	(10,896)	(6,549)	(3,319)	(24,116)
Cost of promotion fund	(1,720)	(3,303)	(3,140)	(520)	(8,683)
Amortization					(453)
Other costs	(2,786)	(4,274)	(7,941)	(1,536)	(16,537)
	(11,759)	(30,115)	(32,490)	(9,327)	(84,144)
Gross profit	61,680	247,603	298,972	94,652	777,331

					Consolidated
					2010
	High	**Med/High**	**Medium**	**Med/Low**	**Total**
Shopping Malls income by segment (i)					
Rentals	34,776	138,218	175,789	76,752	425,535
Assignment fees	5,169	3,614	6,896	1,133	16,812
Parking lots	7,221	16,883	45,916	12,936	82,956
Transfer fees	43	609	2,746	362	3,760
Services (ii)					51,121
Others	357	5,753	8,879	378	15,367
	47,566	165,077	240,226	91,561	595,551
Taxes and contributions	(4,761)	(14,333)	(21,245)	(8,775)	(49,114)
Shopping Malls costs by segment					
Personnel	(763)	(3,136)	(5,680)	(2,058)	(11,637)
Sundry services	(2,452)	(7,061)	(7,786)	(2,826)	(20,125)
Condominium fees	(1,406)	(2,518)	(5,293)	(2,747)	(11,964)
Cost of promotion fund	(912)	(1,015)	(2,218)	(557)	(4,702)
Amortization					(294)
Other costs	(1,860)	(1,217)	(6,781)	(1,872)	(11,730)
	(7,393)	(14,947)	(27,758)	(10,060)	(60,452)
Gross profit	35,412	135,797	191,223	72,726	485,985

(i) Division by social class follows a survey performed in shopping centers with consumers by a known market research organization according to the "Brazilian Criteria". The "Brazilian Criteria" is related to urban individual and family purchasing power in Brazil, aimed at classifying the population into economic classes.

(ii) Refers to administrative and trade revenues of shopping malls which were not allocated by segment.

All amounts in R$ thousands unless otherwise stated

Social class	Monthly income (in number of minimum salaries)
High	More than 22 minimum salaries
Medium/High	12 to 21 minimum salaries
Medium	7 to 11 minimum salaries
Med/Low	2 to 6 minimum salaries

					December 31, 2011
	South	Southeast	Northeast	North/Center Midwest	Total
Shopping Malls income by region					
Rentals	71,750	495,243	60,006	47,271	674,270
Assignment fees	5,181	26,429	2,078	1,643	35,331
Parking lots	14,596	97,682	7,652	11,131	131,061
Transfer fees	1,377	7,860	299	332	9,868
Services (ii)					74,877
Others	796	4,492	730	71	6,089
	93,700	631,706	70,765	60,448	931,496
Taxes and contributions	(8,119)	(42,405)	(15,829)	(3,668)	(70,021)
Shopping Malls costs by region					
Personnel	(3,189)	(14,564)	(1,138)	(1,938)	(20,829)
Sundry services	(1,422)	(9,494)	(1,303)	(1,307)	(13,526)
Condominium fees	(4,093)	(16,406)	(2,675)	(942)	(24,116)
Cost of promotion fund	(659)	(5,452)	(1,857)	(715)	(8,683)
Amortization					(453)
Other costs	(694)	(12,591)	(2,766)	(486)	(16,537)
	(10,057)	(58,507)	(9,739)	(5,388)	(84,144)
Gross profit	75,524	530,794	45,197	51,392	777,331

					Consolidated
					2010
	South	Southeast	Northeast	North/ Center Midwest	Total
Shopping Malls income by region					
Rentals	14,543	343,511	32,747	34,734	425,535
Assignment fees	356	14,913	809	734	16,812
Parking lots	1,189	58,151	6,364	17,252	82,956
Transfer fees	133	2,673	733	221	3,760
Services (ii)					51,121
Others	53	14,064	1,018	232	15,367
	16,274	433,312	41,671	53,173	595,551
Taxes and contributions	(3,557)	(26,619)	(12,353)	(6,586)	(49,115)
Shopping Malls costs by region					
Personnel	(504)	(8,339)	(790)	(2,004)	(11,637)
Sundry services	(892)	(16,113)	(836)	(2,284)	(20,125)
Condominium fees	(320)	(9,097)	(960)	(1,587)	(11,964)
Cost of promotion fund	(227)	(3,041)	(579)	(855)	(4,702)
Amortization					(294)
Other costs	(331)	(9,464)	(1,234)	(701)	(11,730)
	(2,274)	(46,054)	(4,399)	(7,431)	(60,452)
Gross profit	10,443	360,639	24,919	39,155	485,985

All amounts in R$ thousands unless otherwise stated

30 Insurance

The Company has a risk management program in order to limit its risks, looking for insurance coverages that are compatible with its business size and operations in the market. Insurance coverages were contracted for amounts shown as follows and considered sufficient by management to cover possible claims, considering the nature of the business, the risks involved with the operations and the advice of their insurance consultants.

At December 31, 2011, the Company had the following principal insurance policies contracted with third parties:

Lines	**Insured amounts**
Named risks - basic coverage	251,822
Loss of profit	125,264
Civil liability	28,100

31 Stock option plans

Within the scope of the Option Plan, during a meeting of the Supervisory Board held on February 9, 2007 the First Option Plan was approved ("1st Program Plan"), which granted options to the main executive officers of the Company ("Options of 1st Program"). The table below shows the total shares involved in the 1st Program Plan:

Beneficiary	**Total shares object of purchase option agreement**	**Exercise price per share at December 30, 2011 (in reais, annually updated IGP-M FGV)**
Members of the Board of Directors	2,056,962	4.54

The Options of the 1st Program can be exercised as from January 1, 2008, as follows: (i) 2,056,962 (after split of shares on September 23, 2010) shares into five annual lots of approximately 20% of the total lot of shares. In case these executive officers leave the Company during the period to exercise the Options of the 1st Program, automatically all the options whose exercise terms had not passed will expire.

At a meeting of the Option Plan Committee held on April 14, 2009, the following items were approved:

Inauguration of the 4th Purchase Option Program for Shares issued by the Company, observing the Purchase Option Plan which calls for a total of 5,459,318 common shares (after split of shares on September 23, 2010), which will be exercised for a price of R$ 5.72 per share, plus the correction index of the plan in question.

All amounts in R$ thousands unless otherwise stated

The determination was that the participants who join the 4th Option Plan will have their ties to previous plans immediately revoked to which they were affiliated (2nd and 3rd programs), making them invalid. With the formalization of the 4th Purchase Option Program for Shares issued by the Company which took place on July 1, 2009, the 2nd and 3rd programs were canceled and the benefits migrated to the new plan.

The table below shows the total of shares which are the object of the 4th Program Plan:

Beneficiary	**Total shares object of purchase option agreement**	**Exercise price per share at December 30, 2011 (in reais, annually updated IGP-M FGV)**
Members of management and employees appointed to the Board of Directors	4,931,389	6.87

At the Board of Directors Meeting, on October 1, 2010, the opening of the 5th Purchase Option Program for Shares issued by the Company was approved (i), which calls for a total of 7,380,000 shares, in 5 annual lots of approximately 20% of the total lot of shares.

The table below shows the total shares involved in the 5th Program Plan:

Beneficiary	**Total shares object of purchase option agreement**	**Exercise price per share at December 30, 2011 (in reais, annually updated IGP-M FGV)**
Members of management and employees appointed to the Board of Directors	7,380,000	11.19

At the Board of Directors Meeting, on August 31, 2011, the opening of the 6th Purchase Option Program for Shares issued by the Company was approved (i), which calls for a total of 195,486 shares, in 5 annual lots of approximately 20% of the total lot of shares.

The table below shows the total shares involved in the 6th Program Plan:

Beneficiary	**Total shares object of purchase option agreement**	**Exercise price per share at December 30, 2011 (in reais, annually updated IGP-M FGV)**
Employees appointed to the Board of Directors	195,486	16.11

All amounts in R$ thousands unless otherwise stated

As determined by CPC Technical Pronouncement 10 - Share-based payments, approved by CVM Deliberation No. 562 of 2008, the Company recognized, to the extent that the services were rendered on payment transactions based on shares, the effect on the results of the year ended on December 31, 2011 amounted to R$ 17,018 (December 31, 2010 - R$ 9,707).

Premiums on the share options were calculated based on the fair value at the date the option was granted, in accordance with each program of the Company, based on their respective market price. Based on the evaluation techniques of Black - Scholes and financial models, the Company estimated the accounting effects with a reasonable level of accuracy. The Company periodically reviews the amount of financial equity instruments that it expects to grant since the expected numbers of financial instruments to be granted is different from the initial estimation.

	1st Program A	1st Program B	4th Program	5th Program	6th Program	Total
Granted options	4,746,826	2,056,962	5,231,846	7,380,000	195,486	19,611,120
Exercised options	4,746,826	1,604,387	1,860,128	640,246		8,851,587
Canceled options			160,481	88,000		248,481
Suspended options			139,976			139,976
Unexercised options until December 31, 2011		452,575	3,071,261	6,651,754	195,486	10,371,076

Programs	**1st Program B**	**4th Program**	**5th Program**	**6th Program**
Price for the year in R$	4.37	6.51	10.81	15.86
Market price in R$ (*)	3.16	5.72	10.58	17.75
Fair value of the options in R$	1.00	5.19	7.63	7.89
Price volatility of the share	24.29%	76.04%	38.97%	34.04%
Return rate free of risk	4.90%	3.95%	5.77%	5.81%
Fair value (*)	412	5,433	11,264	1,543
Accrual basis 1st quarter of 2011				4,277
Accrual basis 2nd quarter of 2011				4,277
Accrual basis 3rd quarter of 2011				4,255
Accrual basis 4th quarter of 2011				4,209
Total				17,018

For the 1st Option Program B, the exercise price used was based on the latest actual negotiation at the time, which took place in November of 2006.

(*) Original amounts, on the dates of the granting of the option programs. For the 1st Program, the latest Company negotiation in the market was used, as the Company was not listed on the stock exchange.

32 Other information

(i) The profit sharing plan was established in 2007 as a way to stimulate employees to meet individual and corporate goals, improving stockholder's return. In 2011, the Company set up a provision for profit and result sharing for its employees and directors, of R$ 32,744 (December 31, 2010 - R$ 21,298), recorded in the administrative expenses account. This participation is established in Union agreements and its main objective is to help generate results.

(ii) Ecisa Engenharia brought the suits No. 323/93 and No. 330/93 against Prefeitura Municipal de São Paulo, in 1993, due to nonperformance of the obligations provided in the construction contract of the Hospital Geral de Campo Limpo. With the unappealable decision of these suits favorable to Ecisa Engenharia, the credit was executed through a Court Order, payable in 10 annual and consecutive installments. Therefore, Ecisa Engenharia recognized in the 1st quarter of 2011 other operating income of R$ 1,588 due to the payment of the 7th installment of the Court Order.

33 Events after the reporting period

(i) On January 1, 2012, 40% of the equity book value of SPE Mooca was split off. As from this date, BR Malls will hold 100% of SPE Mooca, which will hold 60% of Shopping Center Mooca.

(ii) Private issuance, on January 1, 2012, of 452,572 common, nominative shares with no par value at an issuing price of R$ 4.54 per share; 649,167 common, nominative shares with no par value at an issuing price of R$ 6.88 per share; and 908,129 common, nominative shares with no par value at an issuing price of R$ 11.19 per share, which will be for subscription and payment of shares.

(iii) At a meeting of the Supervisory Board held on January 31, 2012, it was approved the private issuance of 170,911 common, nominative shares with no par value at an issuing price of R$ 6.88 per share; 26,467 common, nominative shares with no par value at an issuing price of R$ 11.19 per share and 15,972 common, nominative shares with no par value at an issuing price of R$ 16.11 per share, which will be for subscription and payment of shares.

(iv) On February 3, 2012, debentures were issued amounting to R$ 405 million in 2 series (R$ 165,200 linked to CDI + 0.94% p.a.with maturity of 5 years and R$ 239,300 linked to IPCA + 6.4% p.a.) with maturity of 7 years.

(v) On February 14, 2012, BR Malls acquired a 33% interest in Itaú Power Shopping in Contagem - State of Minas Gerais, for R$ 87,500 on demand and R$ 2,300 updated by the IGPM at a rate of 33% of the parking lot operation. The shopping mall is located in the metropolitan region of Belo Horizonte.

(vi) At February 22, 2012, BR Malls fully settled the promissory notes recorded in current liabilities in the amount of R$ 204,592.

(vii) On February 16, 2012, BR Malls acquired 33% of interest in Itaú Power Shopping in Contagem, for R$ 87,500.

(viii) On April 3, 2012, BR Malls acquired 50% interest in Rio Anil Shopping in São Luis. On the same date, the Company bought 50% interest in the future expansion project for the shopping mall, which is scheduled to open in the fourth quarter of 2013. Taking that acquisition into account, the Company holds now interest in 46 shopping malls

(ix) On April 9, 2012, BR Malls and Simon Property Group entered into an agreement to develop outlets in Brazil. The Brazilian entity in charge of developing and controlling outlets in Brazil will be jointly controlled by BR Malls and Simon Property Group.

(x) On April 17, 2012, a violation notice was issued against Ecisa Participações, a subsidiary of BRMalls. Such violation notice refers to deductible reverse merger goodwill of companies Lycia and Dylpar, for base periods 2007 and 2008, amounting to R$ 23,950, including fine and interest. The Company, in conjunction with its legal advisers, is currently assessing the referred to violation notice and is preparing to challenge it. As a result, it is still not possible to rate the likelihood of an unfavorable outcome therefor

(xi) On March 2, 2012, BR Malls disclosed the greenfield project in Guarujá city. The Company will bear 75.6% of total investment and hold 65% interest in the shopping mall.

(xii) On April 5, 2012, a financing agreement was entered into with Banco do Brasil (released on June 22) for the construction of Estação BH project. The total amount financed by SPE Azione was R$ 137 million. The debt cost is TR + 10.20% p.a., the payment will be made in 96 monthly, equal and consecutive installments, 24 months from the contract date.

(xiii) On July 17, 2012, the public offering of quotes of BM Jardim Sul II Investment Fund was concluded, the objective of which is investing in real estate development of shopping malls through acquisition of up to 40.00% of Jardim Sul Shopping mall, currently held by Proffito.

(xiv) On July 27, 2012, 250 promissory notes were issued by BR Malls Participações S.A., in a single series, amounting to R$ 500 million, subject to public offering of distribution with restricted efforts to placement. The term is 180 days and CDI + 0.7%, in accordance with our debt management policy.

(xv) In the second semester, there was disposal of total interest in Cuiabá Participações S.A. (Pantanal Shopping mall) for R$45,000, generating profit of R$14,554 and diluting interest in GS Shopping mall (Goiânia Shopping mall), which was consolidated on a *pro rata* basis, generating an investment property write-off equivalent to the non-controlling interest. In addition, on February 16, 2012, there was a split-off of 40% of ownership interest held by SPE Mooca Empreendimento Imobiliário S/A in Mooca Shopping mall, which now holds only 60% ownership interest in the shopping mall.

(xvi) In the second quarter of 2012, Estação BH Greenfield project was concluded

* * *

(A free translation of the original in Portuguese)

Independent Auditor's Report on the Financial Statements

To the Board of Directors and Stockholders
BR Malls Participações S.A.

We have audited the accompanying financial statements of BR Malls Participações S.A. ("Parent Company"), which comprise the balance sheet as at December 31, 2010 and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of BR Malls Participações S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2010 and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with accounting practices adopted in Brazil, and for the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BR Malls Participações S.A.

Opinion on the Parent Company Financial Statements

In our opinion, the parent company financial statements present fairly, in all material respects, the financial position of BR Malls Participações S.A. as at December 31, 2010, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of BR Malls Participações S.A. and its subsidiaries as at December 31, 2010, and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Emphasis of Matter

As discussed in Note 2.2 to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of BR Malls Participações S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries, associates and jointly-controlled entities based on equity accounting, while IFRS requires measurement based on cost or fair value, and the maintenance of the balances of deferred charges as at December 31, 2008, which are being amortized.

We draw attention to Note 2.29 to these financial statements, describing the restatement of these financial statements due to the adjustment in statements of cash flows. This report replaces the original issued on February 24, 2011.

Other Matters Statement of Value Added

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2010. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Rio de Janeiro, October 17, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" RJ

Patricio Marques Roche
Contador CRC 1RJ081115/O-4

BR Malls Participações S.A.

Balance Sheets

In thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated		
Assets	**December 31, 2010**	**December 31, 2009**	**December 31, 2010**	**December 31, 2009**	**January 1, 2009**
Current					
Cash and cash equivalents	180	371	19,843	13,526	3,388
Marketable securities (Note 5)	88,471	725,560	231,961	1,053,254	755,094
Accounts receivable (Note 7)	16,938	15,230	154,933	96,408	70,539
Derivative instruments	55	1,373	618	2,291	2,241
Taxes recoverable - indirect (Note 8)	317	324	6,488	6,785	3,127
Income tax and social contribution recoverable (Note 8)	25,447	22,068	53,434	43,695	27,471
Advances	633	823	10,033	7,955	5,773
Other amounts receivable	7,165	192	30,001	19,070	20,629
Prepaid expenses	1,257	1,626	7,683	6,926	7,946
	140,463	767,567	514,994	1,249,910	896,208
Non-current					
Long-term receivables					
Accounts receivable (Note 7)	1,396	207	80,935	33,481	15,386
Deferred tax asset (Note 10)			48,386	56,910	65,434
Deposits and guarantees	31	37	21,867	11,455	10,843
Marketable securities (Note 5)			65,912	59,898	
Income tax and social contribution deferred (Note 9)	89,249	89,215	54,756	42,215	34,402
Derivative instruments	64,297	21,946	64,469	19,527	42,469
Advance for future capital - increase (Note 11)	15,999	188,523			
Subsidiary and associated companies' debts		26,887			
Financial Instruments		3	11,673	2,826	2,825
Other amounts receivable (Note 7)		181	7,914	766	206
	170,972	326,999	355,912	227,078	171,565
Investments (Note 12)	5,669,136	4,403,081			
Investment properties (Note 13)	323,565	250,376	9,676,115	6,960,688	5,203,241
Property and equipment (Note 14)	11,574	12,143	11,574	12,143	12,658
Intangible assets (Note 15)	7,309	4,752	11,172	8,726	7,882
Deferred	3,451	3,599			
	6,186,007	5,000,950	10,054,773	7,208,635	5,395,346
Total assets	6,326,470	5,768,517	10,569,767	8,458,545	6,291,554

BR Malls Participações S.A.

Balance Sheets

In thousands of reais **(continued)**

Equity and liabilities	Parent company December 31, 2010	Parent company December 31, 2009	Consolidated December 31, 2010	Consolidated December 31, 2009	Consolidated January 1, 2009
Current					
Suppliers	1,168	2,227	21,796	12,590	10,435
Loans and financing (Note 17)	26,599	13,031	126,873	106,187	90,710
Taxes and contributions payable (Note 18)	1,834	1,300	33,134	16,440	27,982
Provision for income and social contribution			25,064	18,867	9,186
Salaries and social charges	13,402	9,554	37,852	20,519	11,906
Dividends payable (Note 23 g)	27,742	49,211	27,742	49,211	
Taxes and contributions - installments			4,803	4,768	4,988
Advances from clients	1,148	796	20,729	9,425	2,281
Liabilities payable for acquisition of shopping mall (Note 20)	45,563		203,139	66,045	18,168
Derivative instruments	4,156	907	2,078	1,475	1,208
Other amounts payable			2,149	1,209	310
	121,612	77,026	505,359	306,736	177,174
Non-current					
Suppliers	6,226	7,139	6,226	7,139	8,031
Loans and financing (Note 17)	359,785	354,684	1,439,023	1,346,966	1,371,505
Provision for contingencies (Note 21)	641		110,530	27,268	23,193
Taxes and contributions - installments (Note19)			75,751	20,513	14,304
Deferred taxes (Note 9)	36,608	43,094	1,901,146	1,530,951	1,107,531
Liabilities payable for acquisition of shopping mall (Note 20)	14,353		519,930	50,673	9,273
Derivative instruments			89,828	27,653	6,620
Deferred revenue (Note 22)	1,220	553	128,427	70,159	23,356
Loans with related companies (Note 11)	286,740	266,034			
Other amounts payable	6,242	11,111	4,149	7,332	6,405
	711,815	682,615	4,275,010	3,088,654	2,570,218
Stockholders' equity (Note 23)					
Capital	2,561,195	2,307,012	2,561,195	2,307,012	1,846,253
Costs of raising funds	(39,879)	(39,879)	(39,879)	(39,879)	(34,340)
Capital reserve	9,987	280	20,284	10,086	6,508
Revenue reserves	2,961,740	2,741,463	2,955,363	2,736,687	
Retained earnings					1,694,387
Treasury shares			(14,792)	(19,204)	(5,390)
	5,493,043	5,008,876	5,482,171	4,994,702	3,507,418
Non-controlling interest			307,227	68,453	36,744
	5,493,043	5,008,876	5,789,398	5,063,155	3,544,162
Total equity and liabilities	6,326,470	5,768,517	10,569,767	8,458,545	6,291,554

The accompanying notes are an integral part of these financial statements.

BR Malls Participações S.A.

Income Statements
Years Ended December 31
In thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2010	**2009**	**2010**	**2009**
Net income from rentals and services (Note 25)	12,434	10,196	546,437	392,583
Cost of rentals and services (Note 26)	(480)	(215)	(60,452)	(32,209)
Gross rentals and services	11,954	9,981	485,985	360,374
Operating revenues (expenses)				
Equity accounting results (Note 12)	538,635	1,001,563	1,222	925
Trade expenses	(3,997)	(2,311)	(12,793)	(6,218)
Administrative expenses (Note 27)	(14,130)	(1,902)	(82,466)	(56,664)
Gain (loss) on fair value of property for investment (Note 13)	(37,149)	24,685	567,925	1,244,596
Other operating gains	7,568	9,604	8,478	6,336
	490,927	1,031,639	482,366	1,188,975
Profit before financial result	502,881	1,041,620	968,351	1,549,349
Financial result, net (Note 28)	(12,942)	34,779	(94,047)	(6,584)
Profit before taxation	489,939	1,076,399	874,304	1,542,765
Income tax and social contribution (Note 18)				
For the year		(940)	(42,825)	(29,262)
Deferred	6,520	15,434	(197,207)	(418,417)
Profit for the year	496,459	1,090,893	634,272	1,095,086
Attributable to:				
Company's stockholders	496,459	1,090,893	634,272	1,095,086
Non-controlling interest			(139,414)	(3,575)
	496,459	1,090,893	494,858	1,091,511
Profit per share attributable to equity holders of the company during the year (expressed in R$ per share)				
Basic earnings per share - R$	1.23	2.72		
Diluted earnings per share - R$	1.18	2.66		

The statements of comprehensive income were not presented because there are no components of other comprehensive income.

The accompanying notes are an integral part of these financial statements.

BR Malls Participações S.A.

Statements of Changes in Equity (Parent Company)

In thousands of reais

	Capital	Cost with fund raising	Capital reserve	Legal	Retent res
At January 1, 2009	1,846,253	(34,340)	126		
Capital increase and subscription	460,759				
Expenditure with issue of shares		(5,539)			
Premium stock option			154		
Profit for the year					
Appropriations of income					
Formation of reserves				49,521	2,5
Minimum mandatory dividends - R$ 0.25 per share					
At December 31, 2009	2,307,012	(39,879)	280	49,521	2,5
Capital increase and subscription	254,183				(2
Premium stock option			9,707		
Profit for the year					
Appropriations of income					
Formation of reserves				24,823	3
Minimum mandatory dividends in 2010 - R$ 0.07 per share					
				74,344	2,6
At December 31, 2010	2,561,195	(39,879)	9,987		2,9

The accompanying notes are an integral part of these financial statements.

BR Malls Participações S.A.

Statements of Changes in Equity (Consolidated)

In thousands of reais

				Revenue reserves			
	Capital	**Cost with fund raising**	**Capital reserve**	**Legal**	**Retention of profit reserve**	**Revenue to realize**	**Retain earnin**
At January 1, 2009	1,846,253	(34,340)	6,508				1,694,3
Capital increase and subscription	460,759						
Recognized granted options			3,424				
Expenditure with issue of shares		(5,539)					
Premium stock option			154				
Acquisition of shares							
Profit for the year							1,091,5
Appropriations of income							
Formation of reserves				49,521	2,501,155	186,011	(2,736,6
Minimum mandatory dividends - R$ 0.25 per share							(49,2
At December 31, 2009	2,307,012	(39,879)	10,086	49,521	2,501,155	186,011	
Capital increase and subscription	254,183				(248,440)		
Recognized granted options			9,706				
Acquisition of shares							
Profit for the year							494,8
Appropriations of income							
Formation of reserves			492	24,823	352,127	117,908	(494,8
Minimum mandatory dividends in 2010 - R$ 0.07 per share						(27,742)	
				74,344	2,604,842	276,177	
At December 31, 2010	2,561,195	(39,879)	20,284		2,955,363		

The accompanying notes are an integral part of these financial statements.

BR Malls Participações S.A.

Statements of Cash Flows
Years Ended December 31
In thousands of reais (A free translation of the original in Portuguese)

	2010		2009	
	Parent company	Consolidated	Parent company	Consolidated
Operating activities				
Pre-income tax and social contribution	489,939	874,304	1,076,399	1,542,765
Adjustments to reconcile the net income to the cash flow generated by operating activities				
Depreciation and amortization	1,600	11,753	1,107	11,697
Interest and net monetary variations	2,305	93,545	(47,114)	(47,750)
Straight-line adjustment of the rent and assignment fees	281	17,405	98	3,382
Fair value adjustment of financial instruments:	(6,304)	(14,094)	79,872	41,663
Adjustment to present value of accounts receivable				(1,120)
Adjustment of granted options plan	9,707	9,707		3,425
Equity in the results of investees	(538,635)	(1,222)	(1,001,563)	(925)
Fair value adjustment of investment property	37,149	(567,925)	(24,685)	(1,244,596)
Others		158		
Decrease (increase) of assets				
Trade accounts receivable	(2,511)	(105,979)	(5,319)	(37,521)
Taxes recoverable	(3,372)	(9,442)	(7,054)	(19,882)
Advances to condominium fees	190	(2,078)	(278)	(2,182)
Prepaid expenses	369	(757)	462	1,020
Deposits and guarantees	6	(10,412)		(612)
Subsidiary and associated companies' debt	26,887		(26,887)	
Others	(38,271)	(10,282)	(32,672)	(10,848)
Increase (decrease) of liabilities				
Suppliers	(1,972)	8,293	846	1,263
Taxes and contributions	534	78,164	(977)	(25,134)
Salaries and social charges	3,848	17,333	1,317	8,613
Advance from clients	352	11,304	609	7,144
Associated companies' credit	20,706		(91,878)	
Provision for contingencies	641	83,262		4,075
Others	(6,369)	292,142	8,857	39,693
Net flow (used in) generated from operating activities	(2,920)	775,179	(68,860))	274,170
Investing activities				
Payment of capital	(554,896)		(360,140)	
Acquisition of marketable securities	(104,852)	(1,521,033)	(531,326)	(1,504,701)
Sale of marketable securities	785,480	2,435,175	516,315	1,235,820
Acquisition of investment properties	(50,422)	(1,541,151)	(8,270)	(407,701)
(Acquisition)/sale of intangible	(2,958)	(3,103)	2,720	(2,189)
Dividends received/(paid)			(2,578)	
(Acquisition)/sale of property and equipment			515	(710)
Net cash used in investing activities	72,352	(630,112)	(382,764)	(679,481)
Financing activities				
Capital increase	5,743	5,743	460,759	460,759
Premium stock option			154	154
New loans		102,978		120,539
Expenditures with obtaining funds			(5,539)	(5,539)
Amortization of loans	(30,567)	(202,672)	(3,454)	(146,650)
(Purchase)/sale of treasury shares	4,412	4,412		(13,814)
Dividends paid	(49,211)	(49,211)		
Net flow generated from financing activities	(69,623)	(138,750)	451,920	415,449
Cash flow generated (used) in the year	(191)	6,317	296	10,138
Cash and cash equivalents				
At the end of the year	180	19,843	371	13,526
At the beginning of the year	371	13,526	75	3,388
Net change in cash and cash equivalents	(191)	6,317	296	10,138

The accompanying notes are an integral part of these financial statements.

BR Malls Participações S.A.

Statements of Value Added
Years Ended December 31

In thousands of reais (A free translation of the original in Portuguese)

	2010		2009	
	Parent company	**Consolidated**	**Parent company**	**Consolidated**
Revenue	23,493	682,246	16,407	453,072
Service income	13,730	595,551	11,245	429,066
Allowance for doubtful accounts (constitution)	(565)	(3,764)	98	(4,081)
Other operating income	7,568	8,478	5,064	(6,146)
Income related to the construction of own assets	2,760	81,981		34,233
Inputs acquired from third parties	(3,540)	(106,575)	(2,424)	(34,086)
Inputs and outsourced services for the construction of own assets	(58)	(21,490)		
Services cost	(480)	(59,791)	(2,422)	(27,526)
Materials, energy, outsourced services and others	(3,002)	(25,294)	(2)	(6,560)
Gross value added	19,953	575,671	13,983	418,986
Retentions	(1,600)	(11,753)	2,816	(11,697)
Depreciation and amortization	(1,600)	(11,753)	2,816	(11,697)
Net value added generated by the entity	18,353	563,918	16,799	407,289
Value added received through transfer	665,289	818,659	1,264,570	1,610,937
Equity in the results of investees	538,635	1,222	1,001,563	925
Financial income	163,803	249,512	238,322	354,506
Fair value adjustment - investment property	(37,149)	567,925	24,685	1,255,506
Total value added to distribute	683,642	1,382,577	1,281,369	2,018,226
Distribution of value added	683,642	1,382,577	1,281,369	2,018,226
Personnel and payroll charges	14,754	59,023		44,236
Salaries and social charges	1,615	29,191		22,756
Officers' fees		2,065		1,773
Direct remuneration	1,589	7,204		10,427
Benefits		1,618		1,091
Social security contributions		4,047		3,597
FGTS		2,391		1,007
Rescission		229		103
Personnel - shopping malls	26	11,637		4,684
Others				74
Sale commissions	3,432	(1,173)		3,149
Profit sharing		21,298		14,907
Granted options	9,707	9,707		3,424
Taxes and contributions	(5,224)	289,688	(13,067)	484,468
Interest on debts	176,745	343,559	203,543	361,090
Capitalized interest	908	56,035		33,346
Non-controlling interests				
Revenue retained	496,459	634,272	1,090,893	1,095,086
Value added distributed				

The accompanying notes are an integral part of these financial statements.

1 General Information

The main activities of BR Malls Participações S.A., its subsidiary companies and joint subsidiaries (jointly referred to as "Company"), which are integral components of these financial statements, are: (i) holding shares in and managing shopping malls, (ii) holding shares in other companies of the real estate sector as a stockholder or quotaholder, (iii) promotion and management of their own real estate enterprises of any kind, or for third parties, and (iv) interest and management in parking operations.

The Company is a Corporation with headquarters in the city of Rio de Janeiro, RJ, and has stock traded on the BM&F Bovespa Stock Exchange (BRML3). In addition, the Company has adhered to the level of corporate governance of Bovespa's New Market ("Novo Mercado").

These financial statements, originally issued on February 24, 2011, are being restated due to adjustments in the statements of cash flow. The restatement of these financial statements was authorized by the Board of Directors on October 17, 2012.

At December 31, 2010, the Company had holdings in 40 shopping malls in different regions of Brazil: Norte Shopping (in the State of Rio de Janeiro), Shopping Iguatemi Caxias (in the State of Rio Grande do Sul), Shopping Villa Lobos (in the State of São Paulo), Shopping Del Rey (in the State of Minas Gerais), Shopping Independência (in the State of Minas Gerais), Shopping Recife (in the State of Pernambuco), Shopping Campo Grande (in the State of Mato Grosso do Sul), Goiânia Shopping (in the State of Goiânia), Shopping Estação (in the State of Paraná), Pantanal Shopping (in the State of Mato Grosso), Araguaia Shopping (in the State of Goiânia), Shopping ABC (in the State of São Paulo), Amazonas Shopping Center (in the State of Amazonas), Shopping Center Iguatemi Belém (in the State of Para), Shopping Curitiba (in the State of Paraná), Shopping Center Iguatemi Maceió (in the State of Alagoas), Shopping Center Piracicaba (in the State of São Paulo), Natal Shopping (in the State of Rio Grande do Norte), Fashion Mall (in the State of Rio de Janeiro) , Ilha Plaza (in the State of Rio de Janeiro), Niterói Plaza (in the State of Rio de Janeiro), Rio Plaza (in the State of Rio de Janeiro), Minas Shopping (in the State of Minas Gerais), Big Shopping (in the State of Minas Gerais), Esplanada Shopping (in the State of São Paulo), Shopping Center Tamboré (in the State of Sao Paulo), Shopping Mueller (in the State of Santa Catarina), Shopping São Luís (in the State of Maranhão), Shopping Metrô Tatuapé (in the State of São Paulo), Osasco Plaza (in the State of São Paulo), Iguaçu Top Shopping (in the State of Rio de Janeiro), West Shopping (in the State of Rio de Janeiro), Center Shopping Rio (in the State of Rio de Janeiro), Campinas Shopping (in the State of São Paulo), Metrô Santa Cruz (in the State of São Paulo), Crystal Plaza (in the State of Paraná), Center Shopping Uberlandia (in the State of Minas Gerais), Shopping Sete Lagoas (in the State of Minas Gerais), Shopping Granja Vianna (in the State of São Paulo) and Shopping Tijuca (in the State of Rio de Janeiro).

In thousands of reais, unless otherwise indicated

The Company's investments are shown below:

Stockholdings in companies:

	Stockholding - %	
	2010	**2009**
Direct subsidiary companies		
Ecisa Engenharia, Comércio e Indústria Ltda. (Ecisa Engenharia)	100.00	100.00
Ecisa Participações Ltda. (Ecisa Participações)	100.00	100.00
BR Malls International Finance Ltd. ("BR Malls Finance")	100.00	100.00
SPE Azione Gestão e Participação Ltda. ("SPE Azione")	60.00	100.00
BR Malls Desenvolvimento e Participações Ltda. ("BR Malls Desenvolvimento")	100.00	100.00
BR Malls Serviços Compartilhados Ltda. ("BR Malls CSC")	100.00	100.00
SPE Fortuna Gestão e Participações Ltda. ("BR Malls Fortuna")	100.00	100.00
SPE Sfida Gestão e Participação Ltda. ("SPE Sfida")	79.10	79.10
Spinacia Participações S.A. ("Spinacia")	100.00	100.00
EDRJ113 Participações Ltda. ("EDRJ113")	100.00	
Crystal Administradora de Shopping Centers Ltda. ("Crystal")	100.00	
Special-purpose partnership Crystal Parking	95.00	
Indirect subsidiary companies (through Ecisa Engenharia Ltda., Ecisa Participações Ltda. and BR Malls International Finance Ltd.)		
L 5 Corporate LLC.	100.00	100.00
BR Malls Administração e Comercialização Ltda. ("BR Malls Administração")	100.00	100.00
Proffito Holding Participações S.A. ("Proffito")	100.00	100.00
Nattca 2006 Participações S.A. ("Nattca")	100.00	100.00
SPE Indianápolis Participações Ltda. ("SPE Indianápolis")	100.00	100.00
Empresa Patrimonial Industrial IV Ltda. ("EPI")	100.00	100.00
SDR Empreendimentos Imobiliários Ltda. ("SDR")	100.00	100.00
Empresa Cogeradora de Energia Ltda. ("Emce")	100.00	100.00
Campo Grande Parking Ltda. ("Campo Grande Parking")	68.81	60.22
GS Shopping Center S.A. ("GS Shopping")	65.45	65.45
SPE Xangai Participações S.A. SPE Xangai	75.00	77.78
SPE Monza Participações Ltda. ("SPE Monza")	100.00	100.00
SPE Classic Participações Ltda. ("SPE Classic")	100.00	100.00
Fashion Mall S.A. ("Fashion Mall")	100.00	100.00
Rai Rhodes Administração de Imóveis Ltda. ("Rai Rhodes")	100.00	100.00
COFAC - Companhia Fluminense de Administração e Comércio ("COFAC")	100.00	100.00
KGM37 Empreendimentos Ltda.	100.00	100.00
Ras Empreendimentos e Participações Ltda. ("Ras")	65.14	65.14
Shopping Center Mooca Empreendimento Imobiliários. S.A. ("Shopping Center Mooca")	60.00	60.00
Exímia Comercial e Empreendimentos Ltda. ("Exímia")	100.00	100.00
Cuiabá Participações S.A. ("Cuiabá")	78.65	78.65
Special-purpose partnership JLN-2 (Niterói Plaza)	94.10	94.10
Special-purpose partnership JLN-2 (Rio Plaza)	96.00	
Special-purpose partnership Centro Oeste Parking	70.99	70.99
Special-purpose partnership Campinas Shopping	96.00	
Special-purpose partnership Estação Parking	95.40	
Special-purpose partnership Fashion Parking	81.00	
Special-purpose partnership Independência Parking	96.00	
Special-purpose partnership Shopping Ilha Parking	94.80	
Companhia Santa Cruz	100.00	100.00
SAS Sociedade Administradora de Centros Comerciais Ltda. ("SAS Administradora")	100.00	100.00
Lesbos Participações Ltda.	100.00	100.00
Sociedade Independência Imóveis ("SISA")	83.44	8.00
Mídia Central Ltda.	100.00	
Center Shopping Rio	51.00	
CIMA Empreendimentos do Brasil S.A.	100.00	
Piracicaba Malls Participações Ltda.	100.00	
Special-purpose partnership Tijuca Parking	95.00	
Special-purpose partnership Park Center	100.00	
CG Participações Ltda.	85.95	

In thousands of reais, unless otherwise indicated

	Stockholding - %	
	2010	**2009**
Joint Ventures		
Administradora Shopping Center Recife Ltda. ("ASCR")	32.46	32.46
Recife Parking Ltda. ("Recife Parking")	32.46	32.46
Recife Locadora de Equipamentos para Autogeração Ltda. ("Recife Locadora")	32.46	32.46
Villa Lobos Parking Ltda. ("Villa Lobos Parking")	26.85	26.85
SPE Mônaco Participações S.A. ("SPE Mônaco") (i)	50.00	50.00
Christaltur Empreendimentose Participações S.A.	49.99	49.99
B. Sete Participações S.A.	39.59	39.59
Special-purpose partnership Center Parking (i) ("Uberlândia Parking")	28.50	
Special-purpose partnership West Parking (i)("West Parking")	28.50	
Associated companies		
EDRJ100 Participações Ltda.	8.00	
Pró-Parking Participações Ltda.	10.51	10.51

(i) Direct investment of BR Malls.

Stockholdings in shopping malls (recorded as investment properties):

	Stockholding - %	
	2010	**2009**
NorteShopping	74.50	74.50
Shopping Iguatemi Caxias	45.50	45.50
Shopping Villa Lobos	39.72	39.72
Shopping Del Rey	65.00	65.00
Shopping Independência	83.44	8.00
Shopping Recife	31.10	31.10
Shopping Campo Grande	68.70	65.10
Goiânia Shopping	73.56	73.56
Shopping Estação	100.00	100.00
Pantanal Shopping	10.00	10.00
Araguaia Shopping	50.00	50.00
Natal Shopping	50.00	50.00
Shopping ABC	1.28	0.68
Shopping Curitiba	35.00	35.00
Shopping Center Iguatemi Belém	13.30	13.30
Shopping Center Iguatemi Maceió	34.20	34.20
Shopping Center Piracicaba	34.38	19.04
Amazonas Shopping Center	17.90	17.90
Ilha Plaza	100.00	100.00
Fashion Mall	100.00	100.00
Niterói Plaza	100.00	100.00
Rio Plaza	100.00	100.00
Shopping Center Tamboré	100.00	100.00
Esplanada Shopping	3.41	3.41
Big Shopping	13.00	13.00
Minas Shopping	2.13	0.98
Shopping Mueller	10.41	10.41
Shopping São Luis	15.00	15.00
Shopping Metrô Tatuapé	3.00	3.00
Osasco Plaza	39.59	39.59
Villa Daslu		80.00
Top Shopping	35.00	35.00
West Shopping	30.00	30.00

In thousands of reais, unless otherwise indicated

	Stockholding - %	
	2010	**2009**
Center Shopping Rio	30.00	30.00
Campinas Shopping	100.00	100.00
Shopping Metrô Santa Cruz	100.00	100.00
Crystal Plaza	70.00	
Center Shopping Uberlandia	51.00	
Shopping Granja Vianna	75.00	
Shopping Sete Lagoas	70.00	
Shopping Tijuca	100.00	

(a) Directly controlled subsidiary companies

Ecisa Engenharia Comercio e Indústria Ltda. and Ecisa Participações Ltda.

The Company holds all the capital stock of Ecisa Engenharia and Ecisa Participações, (jointly referred to as "Ecisas") whose objectives are (i) to operate shopping malls and other business or industrial enterprises, of their own or third-parties'; (ii) to perform economic planning, develop, market, manage and implement shopping malls and other business or industrial enterprises; (iii) to operate parking lots; (iv) to provide technical support for the implementation, organization and operation of industrial, business or service companies; and (v) to invest in the capital of other companies as a stockholder or quotaholder.

BR Malls International Finance Ltd. ("BR Malls Finance")

BR Malls Finance, with its head office in the Cayman Islands, was set up with the specific purpose of issuing perpetual bonds in the international market and does not have its own business operations (Note 17(v)).

BR Malls Desenvolvimento

The Company holds all the shares of BR Malls Desenvolvimento, whose objectives are to operate, prepare business plans, develop, market, manage and establish shopping malls and operate parking lots.

SPE Azione

BR Malls holds 60% of the company's capital. The objective of this company is the operation of shopping malls and commercial buildings, economic planning, development, marketing, management and implementation of shopping malls and the operation of parking lots. SPE Azione develops the project of the Shopping Estação BH.

BR Malls Serviços Compartilhados Ltda.

The objective of this company is the rendering of financial, accounting and legal services related to information technology and human resources for the implementation, organization and operation of commercial or other types of companies, as well as shopping malls.

SPE Fortuna Gestão e Participações Ltda.

The objective of this company is the operation, economic planning, development and management of Top Shopping. SPE Fortuna holds 35% of the real estate shares in Top Shopping (RJ).

SPE Sfida Gestão e Participação Ltda.

BR Malls holds 79.10% of the company's capital. The objective of this company is the operation of shopping malls and commercial buildings, economic planning, development, marketing, management and implementation of shopping malls and the operation of parking lots. SPE Sfida holds 88.5% of Shopping Center Sete Lagoas.

Spinacia Participações S.A.

The objective of Spinacia is to operate shopping malls and parking lots, develop, market, manage and implement shopping malls. In February 2010, Spinacia Participações acquired 51% of a piece of land located in the Municipality of São Bernardo do Campo in the State of São Paulo where it plans to develop a shopping mall. In May 2010, Spinacia acquired an additional 9% of the real state holding, and now has 60%.

EDRJ113 Participações Ltda.

The objective of Spinacia is to operate shopping malls and parking lots, develop, market, manage and implement shopping malls. In May 2010, EDRJ113 acquired 49% of the "Greenfield" Via Brasil located in Irajá in the Municipality of Rio de Janeiro.

Crystal Administradora de Shopping Centers Ltda.

The objective of Crystal is to render services, manage, consult, plan and organize trade and real state enterprises, mainly Shopping Malls. The company is responsible for the management of Shopping Center Crystal.

Special-purpose partnership
Crystal Parking

BR Malls holds 95.00% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, vallet parking and similar ("Parking lot").

(b) Indirectly controlled subsidiary companies

L 5 Corporate LLC.

L 5 Corporate, with its head office in the State of Delaware - United States of America, was set up with the specific purpose of obtaining funds in the international markets. It does not have its own operations.

BR Malls Administração e Comercialização Ltda.

Together, the Ecisas hold the total capital of BR Malls Administração e Comercialização Ltda. ("BR Malls Administração"), a company that provides services related to the planning, management, implantation and operation of shopping malls and commercial ventures of any nature, owned or of third parties, as well as coordinating the acquisition and rental of real estate for commercial use.

Proffito and GS Shopping

Proffito has the specific purpose of investing in the capital of GS Shopping. Proffito holds an interest of 65.5% in the capital of GS Shopping, which is a company whose objective is to invest in shopping malls and which holds 73.56% of the real estate shares in Goiânia Shopping.

Proffito holds 100% of all the ideal fractions and improvements that comprise Shopping Tamboré in Alphaville - São Paulo.

Nattca

The Ecisas hold 100% of the capital of Nattca, a company established with the specific objective of holding shares in Shopping Estação - it is the sole owner of 100% of the aforementioned shopping mall.

SPE Indianápolis, Cuiabá and Exímia

Ecisa Participações holds the total capital of SPE Indianápolis, which is a company whose objectives are, amongst others, to operate and develop shopping malls and to invest in the capital of other companies. SPE Indianápolis holds an interest of 78.65% in the capital of Cuiabá Participações S.A, which in turn holds 12.72% of the shares in the real estate segment of Pantanal Shopping. Upon consolidation of these holdings, SPE Indianápolis indirectly will hold approximately 10% of Pantanal Shopping.

Furthermore, SPE Indianápolis also owns debentures issued by Maia e Borba S.A, which ensures that SPE Indianápolis receives remuneration corresponding to 50% of the net results of Araguaia Shopping, which is a business enterprise operated by that company.

SPE Indianápolis holds 99.9% of the shares in the capital of Exímia, which is a company whose objective is to rent its own real estate property and invest in other companies. Exímia's assets comprise the following investments: (i) 13% of the enterprise known as Big Shopping and (ii) 2.13% of the enterprise known as Minas Shopping.

Center Shopping, Mídia Central and Center Estacionamento

SPE Indianapólis hold 51% of the capital of Center Shopping S.A, whose objectives, amongst others, are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls. The company has 100% of the investments in real estate of Shopping Center Uberlândia.

Center Shopping S.A. holds the whole of the capital of Mídia Central Ltda. The objective of the company is the exploration of the media placement activity.

Center Shopping S.A. holds 100.00% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, vallet parking and similar ("Parking lot").

EPI, SPE Classic and Piracicaba Malls

Ecisa Engenharia holds an interest of approximately 100% in the capital of EPI, which is a company whose main objective is to invest in real estate enterprises, amongst other objectives. EPI holds the following holdings: (i) 19.04% of the enterprise known as Shopping Center Piracicaba, (ii) 13.30% of the enterprise known as Shopping Center Iguatemi Belém (iii) 17.9% of the enterprise known as

Amazonas Shopping Center and (iv) 34.20% of the enterprise known as Shopping Center Iguatemi Maceió. EPI holds 100% of the quotas of the capital stock in SPE Classic Participações Ltda., which in turn has a 3% share in an enterprise known as Shopping Metrô Tatuapé and a 15% share in an enterprise known as Shopping São Luis. EPI holds 100% of the quotas of the capital stock in Piracicaba Malls Participações Ltda., which in turn has a 15.34% real estate share in Shopping Center Piracicaba.

Fashion Mall and Rai Rhodes

The Ecisas hold 100% of the capital of Fashion Mall S.A, whose objectives, amongst others, are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls. The companies hold (i) 100% of the shares in Rio Plaza Shopping; and (ii) 100% of the shares in São Conrado Fashion Mall (iii) 100% of the shares in Niterói Plaza and (iv) 100% of the shares in Shopping Ilha Plaza.

Fashion Mall holds the total capital of Rai Rhodes, which provides administration, leasing and other services related to the real estate business, including shopping malls, as well as the purchase and sale of real estate.

COFAC

The Ecisas hold an interest of 100% in the capital of COFAC whose objectives, amongst others are to operate, prepare business plans, develop, market, manage and implement shopping malls.

SPE Monza and Shopping Center Mooca

Ecisa Engenharia holds an interest of 100% in the capital of SPE Monza, whose objective, amongst others, is to operate, prepare business plans, develop, market, administer, manage and implement shopping malls and operate parking lots.

SPE Monza holds an interest of 60% in the Capital of Shopping Center Mooca. Shopping Center Mooca has the objective to promote, develop and operate exclusively upon the sale, purchase or lease of space for enterprises. SPE Monza started to operate in the Shopping Center Mooca with the specific purpose of developing a shopping mall located in the Mooca area of São Paulo.

SPE Xangai

Ecisa holds an interest of 75.00% in the capital of SPE Xangai, which is a company whose objectives, amongst others, are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls as well as operate parking lots. SPE Xangai holds 100% of Shopping Granja Vianna, located on Rodovia Raposo Tavares, Km 23.5, in the Municipality of Cotia, in the metropolitan area of São Paulo.

Emce

The objective of this company is to lease equipment which allows for cogeneration of electric power. Its main client is Norte Shopping.

Ras

Ecisa Participações holds an interest of 65.14% in the capital of Ras, whose objective is to operate, prepare business plans, develop, market, administer, manage and implement shopping malls. Ras holds 5.24% of the capital of Shopping Center Esplanada.

KGM37

The Ecisas hold an interest of 100% in the capital of KGM37, which is a company whose objective is to operate, prepare business plans, develop, commercialize, administer, manage and implement shopping malls. KGM37 holds 10.41% of the capital of Shopping Mueller.

SDR

This company's objective is to undertake real estate projects, notably shopping malls, and investing in the capital stock of other companies. SDR has 30% of the investments in the real estate of Shopping Del Rey. Together with Ecisa Engenharia Ltda., BR Malls holds 65% of the real estate investment in shopping Del Rey.

Campo Grande Parking

The objective of this company is to operate paid parking lots in Shopping Campo Grande.

Special-purpose partnership JLN-2

The objective of JLN-2 is to develop, execute, operate and manage the parking lot at Plaza Niterói and Rio Plaza.

**Special-purpose partnership
Centro Oeste Parking**

The objective of this company is to develop, execute, operate and manage the parking lot at Goiania Shopping.

**Special-purpose partnership
Campinas Parking**

The objective of this company is to develop, execute, operate and manage the parking lot at Campinas Shopping.

**Special-purpose partnership
Fashion Parking**

The objective of this company is to develop, execute, operate and manage the parking lot at São Conrado Fashion Mall.

**Special-purpose partnership
Estação Parking**

The objective of this company is to develop, execute, operate and manage the parking lot at Shopping Estação.

Companhia Santa Cruz and SAS Administradora

The Ecisas have a 100% share of the capital of Companhia Santa Cruz, whose specific purpose is to hold a share in the Shopping Metro Santa Cruz and is the exclusive owner of 100% of that Shopping Center.

Companhia Santa Cruz has a 100% share of the capital of SAS Administradora whose objective is to provide financial administration, planning, coordination and organizational services to Shopping Metro Santa Cruz.

Lesbos Participações Ltda.

The Ecisas have a 100% share of the capital of Lesbos whose objective is to develop, execute, operate and manage the parking lot at Metro Santa Cruz.

Sociedade Independência Imóveis ("SISA")

Ecisa Engenharia holds an interest of 83.44% in the capital of SISA, which is a company whose objective is to organize, implement and manage movable and fixed assets as well as business enterprises, notably shopping malls. SISA holds the whole of the investment in the real estate of Shopping Center Independência.

Special-purpose partnership
Independência Parking

SISA holds 96% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, vallet parking and similar ("Parking lot").

Special-purpose partnership
Ilha Parking

Fashion Mall holds 94.8% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, vallet parking and similar ("Parking lot").

CIMA

Ecisa Engenharia holds an interest of 100% in the capital of CIMA, which is a company whose objective is to organize, implement and manage movable and fixed assets as well as business enterprises, notably shopping malls. CIMA holds the total real estate shares of Shopping Tijuca and 50% of the trade towers that belong to the shopping mall.

CG Participações

Ecisa Participações holds an interest of 85.95% in the capital of CG Particpações Ltda., which is a company whose objective is to organize, implement and manage movable and fixed assets as well as business enterprises, notably shopping malls. CG Participações holds the following holdings: 10.5% of real estate shares of Shopping Campo Grande and 4.13% of Campo Grande Parking.

Special-purpose partnership
Ilha Parking

CIMA holds 95.00% of the capital of the company whose objective is to develop, execute, operate and manage parking lots for all kinds of motor vehicles in the Shopping, and can include paid parking, vallet parking and similar ("Parking lot").

(c) Joint Ventures

ASCR

This company provides administrative services related to the operation of Shopping Recife.

Recife Parking

The objective of this company is to operate paid parking lots in Shopping Recife.

Recife Locadora

This company has the objective of leasing equipment for the generation of electric or thermal power, related to the operations of Shopping Center Recife.

Villa Lobos Parking

This company has the objective of operating a paid parking lot for cars in Shopping Center Villa Lobos.

SPE Mônaco

BR Malls holds an interest of 50% in the capital of SPE Mônaco, which is a company whose objectives, amongst others, are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls as well as operate parking lots. SPE Mônaco holds 100% of Natal Shopping Center.

B. Sete Participações S.A.

BR Malls holds an interest of 39.59% in the capital of B. Sete Participações S.A., whose objectives are to operate, prepare business plans, develop, market, administer, manage and implement shopping malls as well as operate parking lots. B. Sete Participações S.A. holds 100% of Shopping Center Osasco Plaza and 100% of Administradora Osasco Plaza, the company that is responsible for the shopping mall management.

Christaltur Empreendimentose Participações S.A.

Ecisa Engenharia holds an interest of 49.99% in the capital of Christaltur, which has as its main objective performing real estate mergers, as well as investing in other companies as a stockholder or quotaholder. After the purchase of Christaltur, BR Malls became the holder of 39.72% of the gross leaseable area of Shopping Villa-Lobos, increasing its investment in that enterprise.

Special-purpose partnership
WEST Parking and Center Parking

BR Malls has a 28.5% share of the capital of the companies whose objectives are to develop, execute, operate and manage the parking lot at West Shopping and Center Shopping.

(d) Financial investments

EDRJ100 Participações Ltda.

Ecisa Engenharia holds an 8% interest in the capital of EDRJ100, which is a company whose main objective is to invest in other companies.

Pró-Parking Participações Ltda.

BR Malls Participações holds a 10.51% share in Pró-Parking Participações Ltda., whose objective is to operate the paid parking lot at Shopping Center Mueller.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the fair value of investment properties and certain financial instruments against the result for the year.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

(a) Consolidated financial statements

The consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC). In 2009, the Company opted for the early adoption of the CPCs, as mentioned in item "b" below.

The consolidated financial statements have also been prepared and are being presented in accordance with *International Financial Reporting Standards (IFRS*) issued by the *International Accounting Standards Board* and they are the first financial statements presented in accordance with CPCs and IFRS by the company.

In adopting the IFRS for the consolidated financial statements for 2010, certain adjustments were required to balances previously presented in accordance with the CPCs in 2009. In this context, the only difference between the accounting practices previously adopted by BR Malls in the consolidated (early adoption) and IFRS, is related to the balance of Deferred Assets, which was reversed. The reconciliation of the equity and of the result are described in Note 34.2.

(b) Individual financial statements

The individual financial statements of the parent entity have been prepared in accordance with accounting practices adopted in Brazil issued by the CPC and are disclosed together with the consolidated financial statements.

According to Article 3 of CVM Deliberation No. 603/09, open stock companies may anticipate the adoption, in their financial statements for 2009, the Pronouncements, Interpretations and Orientations of the CPC, approved by the CVM, to take effect for the years beginning as of January 1, 2010, as long as they are fully applied and also extended to the financial statements for 2008 presented for comparison purposes and together with the statements for 2009.

The Company's management chose to effect the early adoption mentioned above for the year ended December 31, 2009 and present the comparable effects for the year ended December 31, 2008. Accordingly, once the Company changed its accounting policies retrospectively, the financial statements for the year ended December 31, 2009, presented for comparison purposes, had already been adjusted and presented upon its elaboration.

Still regarding the financial statements of the Parent Company for the year ended December 31, 2009, reclassifications of R$ 219,322 were carried out between the following items: (i) "Investments" and "Investment Properties" in non-current assets and (ii) "Gain on fair value of investment property" and "Equity accounting results" in the income statement, contemplating the correlated tax effects. These reclassifications did not generate changes in the net income for the year, equity and dividends.

2.2 Consolidation

(a) Consolidated financial statements

The following accounting policies are applied in the preparation of the consolidated financial statements.

(i) Subsidiaries, joint ventures and associates

Subsidiaries are all the entities (including special purpose entities) over which the group has the power to determine the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of possible voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are no longer consolidated from the date that control ceases.

The financial statements also comprise the financial information of its joint ventures, the situation in which the control and management of the companies are shared with the other stockholders. The consolidation includes asset, liability and statement of income accounts proportionally to the total holding in the capital of the respective companies.

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See Note 2.6.4 for the impairment of non-financial assets, including goodwill.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries, associates and jointly-controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Company.

(ii) Transactions and non-controlling interests

The Company treats transactions with non-controlling interests as transactions with equity owners of the Company. For purchases from non-controlling interests, the difference between any consideration paid and the share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(b) Individual financial statements

In the individual financial statements, subsidiaries, associates and jointly-controlled entities are recorded based on the equity accounting method. The same adjustments are made in the individual and consolidated financial statements to reach the same profit or loss and equity attributable to the holders of the parent entity. In the case of BR Malls, the accounting practices adopted in Brazil used in the individual financial statements differ from the IFRS applicable to the separate financial statement only in relation to the measurement of investments in subsidiaries and associates based on equity accounting, while IFRS requires measurement based on cost or fair value, and the maintenance of the balances of deferred charges as at December 31, 2008, which are being amortized.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the top management responsible for the Company's strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in R$, which is the Company's functional currency, and also the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or expense". All other foreign exchange gains and losses are presented in the income statement within "Financial result - net".

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, with immaterial risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.6 Financial assets

2.6.1 Classification

The Company classifies its financial assets as follows: measured at fair value through profit or loss, loans and receivables and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at the time they are initially recorded.

Securities recorded in current and non-current assets are shown at the amount invested plus the fair value of the securities, as they are basically financial instruments held for negotiation and contracted remuneration and recognized on a pro-rata basis up to the date of the financial statements and held to maturity, not to exceed their fair value.

(a) Financial assets at fair value through the results

These are financial assets held for active and frequent trading. Financial instruments are also classified as held for trading and included in the category, unless they have been designated as hedge instruments.

Assets in this category are classified as current assets. Gains or losses arising from the changes in the fair value of financial assets measured at fair value through profit or loss are recorded in the statements of income as "financial result" in the year they occur. The Company does not apply hedge accounting.

(b) Loans and receivables

These comprise loans granted and non-derivative receivables with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets or non-current assets, depending on whether they fall due within or after 12 months from the balance sheet date. The Company's loans and receivables comprise loans granted to associated and subsidiary companies, trade accounts receivable, other accounts receivable and cash and cash equivalents.

The loans and receivables are recorded at amortized cost, based on the effective interest rate method.

(c) Assets held to maturity

These are basically financial assets that cannot be classified as loans and receivables, because they are quoted in an active market. These financial assets are acquired by the Company with the intention and financial ability of being held up to their maturity. They are recorded at the acquisition cost, plus accrued earnings under the effective interest rate method, recorded in results for the year

2.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Financial result - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of "Other operating gains" when the Company's right to receive payments is established.

Fair values of investments with publicly-available quotations are based on current purchase prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Company evaluates, at the balance sheet date, if there is objective evidence of loss in a financial asset or a group of financial assets. Impairment testing of trade receivables is described in Note 2.6.4.

2.6.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.6.4 Impairment of financial assets

Assets carried at amortized cost

The Company assesses at the end of each period whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the issuer or obligor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of borrowers in the portfolio; and
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

2.7 Derivative financial instruments and hedge activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. Although the Company uses derivatives, exclusively, for protection, it does not apply hedge accounting.

Changes in the fair value of any of these derivative instruments are recognized immediately in the income statement within "Financial result - net".

2.8 Trade accounts receivable

These include rents receivable, as well as management fees and assignment of usage rights fees granted to tenants of stores of the shopping malls. They are stated at their value to date, less the respective allowances for doubtful accountants (impairment). The Company's management considers the mentioned allowance as sufficient to cover identified losses.

The present value of long-term trade accounts receivable is calculated based on the effective interest rate of assignment of use rights. This rate is compatible with the nature, term and risks of similar transactions under normal market conditions. The average rate at December 31, 2010, corresponds to 10.61 % per annum (p.a.) (December 31, 2009 - 8.55% p.a.).

2.9 Non-current assets held for sale

Assets of the disposal group are classified as held for sale when their carrying value is recoverable, particularly in the case of a sale and when the completion of such sale is practically certain. These assets are stated at the lower of the carrying value and fair value, less sales cost, if the carrying value can be recovered, particularly by means of a sale transaction and not due to continuing use.

2.10 Intangible assets

(a) Goodwill

Previously, the goodwill or negative goodwill determined on the acquisition of an investment was calculated as the difference between the purchase value and the accounting value of the stockholders' equity of the company acquired. The goodwill or negative goodwill was recorded in the investment Company and subdivided into two categories: (i) surplus value of assets, represented by the difference between the accounting value of the acquired company and the fair value of the assets and liabilities and (ii) future earnings, represented by the difference between the fair value of assets and liabilities and the purchase value. The portion based on the surplus value of assets was amortized as these assets and liabilities in the company acquired were realized. As of January 1, 2008, retroactively, the goodwill was totally transferred to the investment property account, which is valued at fair value and reviewed at least annually. The Company maintains a supplementary control of this goodwill due to the tax benefits from the deductibility of the goodwill.

With the adoption of CPC Pronouncement 28, the goodwill paid on the acquisition of investments was eliminated and transferred to the investment property account.

(b) Intangible assets - computer programs (software)

Licenses for computer programs acquired are capitalized and amortized during the estimated useful life according to the rates disclosed in Note 15.

2.11 Deferred (only for individual financial statements)

Deferred charges, up to December 31, 2007 were made up mostly of pre-operating and reorganization expenses, being amortized in up to ten years. In accordance with CPC 13, the Company chose to maintain the balance of recorded deferred charges, made up until 2007, up to the end of its amortization and there has been no new capitalization after January 2008.

2.12 Property and equipment

These are stated at cost less the corresponding accumulated depreciation. Depreciation is calculated on the straight-line method at annual rates considered compatible with the useful and economic lives of the assets, as disclosed in Note 14.

Residual values and useful lives of the assets are reviewed annually and adjusted, if appropriate.

2.13 Investment properties

Investment properties are represented by land and buildings in shopping malls held for rental income and/or capital gains as disclosed in Note 13.

Investment properties are recognized at their fair value. Appraisals were made by internal specialists using a proprietary model considering earnings history and cash flows discounted at market rates. Annually reviews are made to evaluate any changes in recognized balances. The fair value variations are recognized in profit or loss;

Investment properties under construction (Greenfields) are recognized at their construction costs up to the date they enter into operation or when the Company can reliably determine the asset's fair value.

The fair value of investment properties does not reflect future capital expenditures that increase property values nor does it consider related future benefits derived from these expenditures.

2.14 Impairment of assets

Property and equipment and other non-current assets, including intangible assets, are reviewed at least annually to identify indicators of non-recoverable losses, or, any time events or changed circumstances indicate that a book value may not be recoverable. When this is the case, the recoverable value is calculated in order to see if there is any loss. Whenever there is a loss, it is recognized at the amount by which the book value exceeds its recoverable value, which is the higher between the net asset sale price and its value in use. For purposes of valuation, assets are grouped into the smallest group of assets for which there are cash flows which can be identified separately. It was not necessary to record a loss resulting from the reduction of the recoverable value of assets.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. In practice, they are usually recognized at the amount of the related invoice.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the settlement value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Financial instruments, including perpetual bonus, which are mandatorily redeemable on a specific date are classified as liabilities.

Borrowings are classified as current liabilities unless the Company has an unconditional right to define settlement of the liability for at least 12 months after the reporting period.

2.17 Provisions

The restructuring costs and legal claims (labor, civil and indirect taxes) are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.18 Current and deferred income tax and social contribution

The current income tax and social contribution are calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken by the Company in income tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax and social contribution are recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax and social contribution are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The currently defined tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred credits.

Deferred income tax and social contribution assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Income tax and social contribution

These are recorded on a monthly basis under the annual taxable income method, except for certain subsidiaries and joint subsidiaries, whose taxes are calculated based on presumed profit.

The social contribution is calculated at the rate of 9% on the income adjusted according to the provisions of the law currently in effect. The provision for income tax is recorded at the gross amount, applying the base rate of 15%, plus an additional of 10%. For the companies that chose the assumed profit method, the calculation base for the income tax is calculated at the rate of 32% for income arising from rents and rendering of services and 100% for financial income; the social contribution on the net profit is calculated at the rate of 32% on the gross revenue, on which the nominal rates are applied.

2.20 Deductions from income

For the companies which use the annual taxable profit system, the Social Integration Program ("Programa de Integração Social - PIS") is calculated at the rate of 1.65%, applied to the whole of the operating income, adjusted in accordance with deductions and exclusions established in the prevailing legislation. The Tax for Social Security Financing ("Contribuição para Financiamento de Seguridade Social - COFINS") is calculated at the rate of 7.60%, applicable to the same calculation basis as for the PIS.

For the companies that chose the presumed profit method, the PIS is calculated at the rate of 0.65%, applied on the whole of the operating and financial income. The COFINS is calculated at the rate of 3%, applicable to the same calculation basis as for the PIS.

2.21 Employee benefits

(a) Share-based remuneration

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The social security contributions payable in connection with the granting of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

(b) Profit sharing

The Company recognizes a liability and an expense for profit-sharing based on a formula that takes into consideration the profit attributable to the Company's stockholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.22 Capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity in a specific reserve, net of taxes.

Where any company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are canceled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax and social contribution effects, is included in equity attributable to the Company's equity holders.

2.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Rendering of services

Revenues and costs arise substantially from the operation of shopping malls. The Company records proportionally its share of rents paid and corresponding costs passed on by the condominium association and consortium, based on the capital of the Company in these enterprises. The Company's income arises from four main activities, "operating income of its business": (i) ownership of shopping malls, through the rental of shops, 'Mall and Merchandising" space and the operation of parking areas; (ii) rendering of management and consulting services performed through the BR Malls Administração subsidiary; (iii) rendering of services for the marketing of shops and "Mall and Merchandising" spaces, through the BR Malls Administração subsidiary; and (iv) rendering of services related to the preparation of business plans and development carried out through the BR Malls Desenvolvimento subsidiary company. The main source of income of the Company results from the proportional participation in the income generated by the Shopping Centers. Deferred income refers, basically, to recognition of assignment of use rights, as well as the operation of securitization of receivables, as described in Note 22.

Income related to the assignment of rights is recognized on the straight line method in the statement of operations for the year, based on the lease terms of the respective stores in question. In addition, store rental income is recognized on the straight line method during the course of the lease contract, taking into consideration the contractual readjustment and charge for 13th month's rent.

Regarding items (ii) and (iii) above, BR Malls Administração render management and trading services to shopping malls of the Company and of third parties, accruing monthly the following income: (a) fee paid by the entrepreneurs, which is calculated through the application of a percentage on the net income of the shopping mall, less their operating expenses (excluding the management fee) of the gross operating income; (b) fees paid by the storekeeper, which are defined based on a monthly fixed amount or on a percentage on the total condominium expenses and on the promotion fund; and (c) trade revenue, which, in general, correspondes to a percentage of the rental agreements of stores, kiosks and spaces for merchandising, as well as right assignment, transfer fees of traded real estate.

(b) Finance income

Interest income is recognized according to the elapsed term, using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Subsequently, as time goes by, interest is incorporated into loans and receivables against interest income. This interest income is calculated at the same effective interest rate used to determine the recoverable amount, that is, the original rate of loans and receivables.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

2.24 Dividend and interest on capital distribution

Dividend and interest on capital distribution to the Company's stockholders is recognized as a liability in the Company's financial statements at year-end based on the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the stockholders at the general meeting.

Tax benefit of interest on capital is recognized in the income statement.

2.25 Investments in subsidiaries and jointly controlled companies

Investments in subsidiaries and jointly controlled companies are evaluated based on the equity accounting method (Note 12). For consolidation purposes, the Company adopts the criteria described in Note 2.2.

2.26 Equity accounting

The investments in subsidiary and associated companies are recorded and evaluated based on the equity accounting method (Note 12), recognized in income for the year. In accordance with this method, the Company's share in the increase or decrease of the equity of the subsidiaries, associates and jointly-controlled companies after the acquisition, due to the determination of the net income or loss for the year or due to gains or losses in capital reserves, is recognized as income (or expense). For effects of the equity accounting calculation, gains or transactions that took place between the Company and its subsidiaries and associated companies are eliminated in the proportion of the Company's participation; unrealized losses are also eliminated, unless the transaction provides evidence of permanent loss (impairment) of the asset transferred.

In thousands of reais, unless otherwise indicated

When the Company's share in accumulated losses of subsidiaries and associated companies becomes equal to or exceeds the amount of the investment, the Company does not recognize additional losses unless it has taken on obligations or made payments on behalf of these companies.

2.27 Costs incurred with the raising of funds

The recognition of the transaction costs incurred with the raising of equity funding is recorded in a reduction account of stockholders' equity, less any tax effect.

2.28 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight-line method over the period of the lease. Leases in which the Company is the lessor are recognized as mentioned in Note 2.23.

2.29 Restatement of the financial statements

The Company has prepared these restated financial statements to properly present the non-cash effects related to the purchase of investment properties which had impacted the cash flow from operating and investing activities.

The table below shows the effects of this restatement:

	2010		2009	
	Parent company	Consolidated	Parent company	Consolidated
Net cash (used in) generated from operating activities - As previously reported	56,996	1,381,530	(70,761)	363,447
Adjustment related to non-cash transaction of liabilities payable for acquisition of shopping malls	(59,916)	(606,351)	1,901	(89,277)
Net cash (used in) generated from operating activities – restated	(2,920)	775,179	(68,860)	274,170
Net cash (used in) generated from investing activities –As previously reported	12,436	(1,236,463)	(380,863)	(768,758)
Adjustment related to the non-cash transaction related to the Purchases of investment property	59,916	606,351	(1,901)	89,277

In thousands of reais, unless otherwise indicated

Net cash (used in) generated from investing activities – restated	72,352	(630,112)	(382,764)	(679,481)

The adjustment did not affect reported cash balances, profit for the year, shareholders´ equity, earnings per share or the the basis of distribution of dividends.

2.30 New pronouncements, amendments, and interpretations of IFRS

The following standards, amendments and interpretations of standards that affect the Company have been published and are mandatory for the accounting periods beginning on or after January 1, 2011 or later periods but the Company has not opted for their early adoption.

(a) IFRS 9, "Financial instruments", issued in November 2009

This standard is the first step in the process to replace IAS 39 "Financial instruments: Recognition and measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until January 1, 2013 but is available for early adoption. The Company has yet to assess IFRS 9's full impact during 2011.

(b) Revised IAS 24, "Related party disclosures", issued in November 2009,

It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. Early application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company will apply the revised standard from January 1, 2011.

3 Critical Accounting Estimates and Judgments

(a) Use of estimates

The preparation of financial statements requires the use of estimates to record certain assets, liabilities and other transactions. Therefore, these financial statements include estimates for the selection of useful lives of property and equipment, allowance for doubtful accounts and for the provisions required for contingent liabilities, determination of the provision for income tax and social contribution and other charges. As these are estimates, actual results may differ in relation to the estimates upon the realization or settlement of the corresponding assets and liabilities.

(b) Critical accounting estimates

Critical accounting practices are those which are both (a) important to demonstrate the financial condition or entity results and which (b) require more difficult, subjective or complex judgment by management, frequently as a result of the need to make estimates which have an impact on inherently uncertain questions. As the number of variables and assumptions which affect the possible solution of these uncertainties increase, these judgments become even more subjective and complex. The following estimates were considered to be the most complex at the time these financial statements was prepared:

(i) Value of investment properties - Fair value of investment properties is determined using a proprietary model to calculate the present value of projected cash flows for each property, which uses market assumptions, annually updated at the balance sheet date.

(ii) Fair value of derivative financial instruments - The fair value of derivative financial instruments is determined using valuation techniques. Company Management uses its judgment to choose several methods and define assumptions that are principally based on market conditions at the date of the balance sheet.

In preparing the financial statements, the Company adopted estimates and assumptions derived from past experience and several other factors which it understands to be reasonable and relevant under certain conditions.

Actual results, based on judgments, were similar to estimates under different variables, assumptions or conditions.

4 Financial Risk Management

The Company has a policy for monitoring risk management. Management analyzes the matters that relate to financial investment, management of debts and risk management, sending the matters for the approval of the Supervisory Board. In accordance with internal policy, the Company's financial result should be a result of the generation of operating cash and not gains in the financial market. The results obtained by the application of internal controls for the management of risks were satisfactory for the proposed purposes.

4.1 Financial risk factors

(a) Credit risk

Company operations include administration of Shopping Centers (projects) and rental of stores which are the object of the Project.

The Company is subject to credit risk related to trade accounts receivable and financial investments. Company financial policy limits its associated risk with these financial instruments, allocating them in financial institutions with ratings as described in Note 4.2.

The lease contracts are governed by the applicable legislation. It is appropriate to point out that the choice of a diverse portfolio and control and evaluation of the balances are procedures that the Company undertakes in order to minimize losses resulting from default. Concentration of credit risk in accounts receivable is minimized due to the large number of customers, as the Company does not have any customer or company which represents more than 2.5% of its consolidated sales.

(b) Price risk

Revenues depend directly on the Company's capacity to lease space available in the enterprises in which the Company has invested. Adverse conditions may reduce the number of leases, as well as the possibility to increase lease prices. The following factors, amongst others, can affect revenue generation:

- Periods of recession and increase in vacancy levels in the enterprises.
- Negative perception of tenants with respect to security, convenience and attractiveness of areas where the enterprises are located.
- Increase in the tax burden on the Company's operations.

Management constantly controls and assesses these risks so as to minimize the impacts on the business.

(c) Exchange rate risk

The associated risk is a result of the possibility that the Company incurs losses due to the fluctuations in the exchange rate of the US dollar and the Japanese yen that increases the amounts obtained or decreases the amounts transferred to the market.

(d) Liquidity risk

Cash flow projections are made in group companies. The Company monitors the continuous forecasts for liquidity requirements of the group companies to assure that it has sufficient cash to meet its operating needs.

In thousands of reais, unless otherwise indicated

(e) Analysis of the responsiveness required by the Marketable Securities Commission (Deliberation 550)

On October 17, 2008, the Brazilian Securities Commission (CVM) issued Resolution No. 550, which deals w derivative financial information. The required information applicable to the Company is as follows:

Operation	Assets/Liabilities	Entity	Maturity	Notional value
December 31, 2010				
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Participações Ltda.	2/14/2019	24,177
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Engenharia Ltda.	2/14/2019	18,133
Financing Itaú BBA	TR +9.94% x IGP-M + 6.25%	SPE Monza	12/28/2012	17,898
Financing Itaú BBA	TR +11.16% x IGP-M + 7.75%	Proffito Holding	10/15/2021	92,500
Financing Santander	TR + 11% p.a x IGP-M + 8.30 % p.a	SPE Xangai Participações	8/1/2019	94,643
Financing Santander	TR + 10% p.a x 93.95 % DI	SPE Sfida	12/23/2019	32,000
Perpetual credit bonds	USD + 9.75% p.a. x JPY + 6.90% p.a.	L5 Corporate LLC	11/6/2012	232,558
Perpetual credit bonds	JPY + 6.9% p.a. x USD + 9.87% p.a.	BR Malls Participações S.A.	11/5/2012	232,558
Perpetual credit bonds	USD + 11.25% p.a. x 109.3% DI	BR Malls Participações S.A.	11/5/2012	232,558
Perpetual credit bonds	JPY + 1.22% p.a. x USD + 1.378% p.a.	BR Malls Participações S.A.	11/5/2012	232,558
Perpetual credit bonds	USD + 9.75% p.a. x 95.50% DI	BR Malls Participações S.A.	11/5/2012	64,505
Perpetual credit bonds	86% DI x USD + 9.75 %	BR Malls Participações S.A	11/5/2015	249,258
Perpetual credit bonds	100.3 % DI x USD 11.47 % p.a.	BR Malls Participações S.A	11/5/2015	69,137

In thousands of reais, unless otherwise indicated

Operation	Assets/Liabilities	Entity	Maturity	Notional value
December 31, 2009				
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Participações Ltda.	2/14/2019	21,862
CCB Unibanco	13.77% p.a. x IGP-M + 9.70% p.a.	Ecisa Engenharia Ltda.	2/14/2019	29,150
Financing Itaú BBA	TR +11.16% x IGP-M + 7.75%	Proffito Holding	10/15/2021	92,500
Financing Santander	TR + 11% p.a x IGP-M + 8.30 % p.a	SPE Xangai Participações	8/1/2019	36,836
Financing Santander	TR + 10% p.a x 93.95% DI	SPE SFIDA	12/23/2019	32,000
Perpetual credit bonds	USD + 9.75% p.a. x JPY + 6.90% p.a.	L5 Corporate LLC	11/6/2012	232,558
Perpetual credit bonds	JPY + 6.9% p.a. x USD + 9.87% p.a.	BR Malls Participações S.A.	11/5/2012	232,558
Perpetual credit bonds	USD + 11.25% p.a. x 109.3% DI	BR Malls Participações S.A.	11/5/2012	232,558
Perpetual credit bonds	JPY + 1.22% p.a. x USD + 1.378% p.a.	BR Malls Participações S.A.	11/5/2012	232,558
Perpetual credit bonds	USD + 9.75% p.a. x 95.50% DI	BR Malls Participações S.A.	11/5/2012	64,505

In thousands of reais, unless otherwise indicated

The table below shows the sensitivity analysis of the Company's management and the cash effects of the open operations at December 31, 2010 (unaudited by the independent auditors):

Scenario - increase in the CDI rate

Operation	Risk	Probable scenario	Possible scenario	Remote scenario
US dollar x CDI	Increase in CDI rate	5,176	4,728	14,058
Pre X IGP-M	Increase in IGP-M rate	(15,248)	18,661	22,312
TR x IGP-M	Increase in IGP-M rate	(18,974)	30,663	43,252
TR x CDI	Increase in CDI rate	735	2,025	5,134
TR x CDI	Increase in IPCA rate	(252)	355	457
		(28,563)	56,432	85,213

Operation	Maturity (months)	Current market(%)	Possible market(%)	Remote market(%)
US dollar x CDI	60	11.94	13.13	14.33
TR x IGP-M	42	6.86	5.71	4.55
TR x IGP-M	65	6.77	5.78	4.78
TR x CDI	64	97.82	83.15	68.48
TR x IPCA	70	5.78	4.92	4.05

The Company does not have derivative financial instruments with leverage, nor limits to determine results from appreciation or devaluation of the US dollar in relation to the Brazilian real.

Valuation of financial instruments

The main financial asset and liability instruments of the Company, at December 31, 2010 are described as follows, as well as the criteria for their valuation and assessment:

(i) Cash, cash equivalents and marketable securities

The amounts recorded are adjusted to fair value. The fair value is estimated based on contract market rates and comparable operations or future cash flows, discounted for the investment risk.

(ii) Trade accounts receivable, other assets and accounts payable

The accounting values of the accounts receivable and accounts payable recorded in the balance sheet approximate their respective fair values. For assignment of use rights which represent accounts receivable of more than 360 days, the adjustment to present value of these assets was calculated at market rate.

(iii) Investments

The investments are mainly in closed capital companies, which are mostly consolidated and which are of strategic interest to the Company's operations. Information on market value of the quotas held are not applicable.

(iv) Loans and financing

These are subject to interest at the usual market rates at the date the operations were contracted, as described in Note 17. Estimated market value was calculated based on the current value of future cash disbursements, using interest rates that are available for the Company to issue debts with similar maturity dates and terms according to the current terms and conditions (December 31, 2010). The use of different market methodologies may have differing effects on the estimated realization values.

Management of these instruments is effected through operating strategies aiming at their protection, security and liquidity. The control policy consists of a permanent follow-up of the rates contracted versus those prevailing in the market.

BR Malls Participações S.A.

Notes to the Financial Statements
at December 31, 2010
In thousands of reais, unless otherwise indicated

The market value of these loans and financing operations is as follows:

Company	Bank	Accounting balance	Contracted rate	Maturit
BR Malls International Finance	Perpetual Bond	295,691	USD + 9.75% p.a.	
BR Malls Participações S.A.	Debentures 1st issuance	20,871	CDI + 0.5% p.a.	July 15, 201
BR Malls Participações S.A.	Debentures 2nd issuance	333,866	IPCA + 7.9% p.a.	July 15, 201
Ecisa Engenharia Ltda.	Banco do Nordeste	210	10% p.a.	February 22, 201
Ecisa Engenharia Ltda.	Unibanco	29,840	IGP-M + 9.70% p.a.	February 14, 201
Ecisa Participações Ltda.	Unibanco	39,787	IGP-M + 9.70% p.a.	February 14, 201
Nattca S.A.	Itaú S.A.	87,279	IGP-M + 9.75% p.a.	February 15, 201
Fashion Mall S.A.	CRI Itaú S.A.	512,215	TR + 10.15% p.a.	March 27, 202
Cofac	Leasing	453	17.61% p.a.	February 15, 201
Cofac	Finame	120	3.70% p.a.	March 31, 201
Proffito	CRI Itaú S.A.	105,340	TR + 11.16% p.a.	October 15, 202
SPE Xangai	Santander	93,345	TR + 11% p.a.	October 1, 201
SPE Sfida	Santander	30,721	TR + 10% p.a.	December 21, 201
SISA	Finame Bradesco	1,062	TJLP + 3.85% p.a.	March 15, 201
SISA	Finame Banco do Brasil	13,424	TJLP + 3.35% p.a.	November 15, 201
SISA	Banco do Brasil	1,672	CDI + 2.86% p.a.	August 15, 201
		1,565,896		

In thousands of reais, unless otherwise indicated

(v) Interest and exchange rate swap contracts

The fair value of interest rate contracts (US dollars) were estimated based on market quotations for similar contracts. Actual cash liquidation of the contracts occurs at the effective maturity dates. The Company has no intention of liquidating these contracts before maturity.

4.2 Investment policy

The Company has an investment policy with the objective of establishing standards for cash management and to minimize risks.

According to this policy, conservative investments are allowed with the purpose of obtaining 100% of the CDI rate, and the investments in CDBs, committed operations, public bonds and national investment funds are allowed. For international funds, investments in time deposits and other conservative alternatives with pre- or post-fixed remuneration linked to the FED funds rate (basic interest rate of the North American economy) and/or LIBOR (London Interbank Offered Rate) are permitted. The rule for allocation in CDBs, committed operations and other fixed-income security according to risk is as follows:

Investment in absolute values (R$ million)	Minimum equity of the financial institution (R$ million)	Minimum rating (i)
250	60,000	AA+
200	14,000	AA+
100	7,000	AA+
50	3,000	AA+

(i) Management uses as a reference the ratings of the international rating agencies Fitch, Moody's or Standard & Poors.

The maximum limit for the allocation of resources in a single bank is 25%. The liquidity restriction is as follows:

Minimum of 55%	Daily liquidity
Maximum of 45%	Maximum liquidity - 90 days
Maximum of 20%	Maximum liquidity - 90 days
Maximum of 5%	Maximum liquidity - 360 days

4.3 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, BR Malls may review the policy for the payment of dividends, issue new shares or sell assets to reduce, for example, debt.

In thousands of reais, unless otherwise indicated

Consistent with others in the industry, BR Malls continuously monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

	2010	**2009**
Total borrowings (Note 17)	1,565,896	1,453,153
Less: Cash and cash equivalents	(19,843)	(13,526)
Less: Marketable securities	(297,873)	(1,113,152)
Net debt (a)	1,248,180	326,475
Total equity (b)	5,789,398	5,063,155
Total capital (a) + (b)	7,037,578	5,389,630
Gearing ratio - %	17.7	6.1

Capital is not managed at the parent company level only at the consolidated level.

5 Marketable Securities

Financial investments correspond to the operations carried out with premium domestic and international financial institutions, through bank deposit certificates ("Certificado de Depósito Bancário - CDB") and fixed income operations having debentures as a guarantee, as well as government bonds issued by the Brazilian Federal Government. They are usually remunerated based on the variation of the Interbank Deposit Certificate ("Certificado de Depósito Interfinanceiro - CDI") rate, at normal market conditions and rates and for which there are no fines or restrictions whatsoever for immediate redemption, as follows:

In thousands of reais, unless otherwise indicated

Parent company

Investment	Rate	Institution		December 31, 2010	December 31, 2009
Fixed-income (iii)	102.90%CDI	Banco BTG Pactual S.A	(i)	34,907	686,519
	100.65%CDI	Itaú Unibanco Leasing S.A.		1,076	16,406
	100.05%CDI	Bradesco Leasing S.A.		20,839	1,725
	DI + +0.50% p.a.	Debentures	(v)	31,649	20,910
Current				88,471	725,560

Consolidated

Investment	Rate	Institution		December 31, 2010	December 31, 2009	January 1, 2009
Fixed-income (iii)	102.90%CDI	Banco BTG Pactual S.A	(i)	133,472	721,240	654,847
	101.72%CDI	Bradesco Leasing S.A.		21,564	19,519	19,865
	99.69%CDI	Itaú Unibanco Leasing S.A.		54,384	230,183	59,043
	100.58%CDI	Santander Real Leasing S.A.		15,368	24,509	3,793
	103.00%CDI	Banco HSBC Leasing S.A.		1,069	55,835	441
	0.04% p.a.	Banco BTG Pactual Int.	(ii)		307	613
	2.64%p.a	Unibanco Grand Cayman				294
	5.45% p.a.	Banco Itaú BBA				16,076
		Banco Mercantil do Brasil		6,095		
	100.80%p.a.	Banco Alfa S.A.		6	1,069	
		Others		3	592	122
Current				231,961	1,053,254	755,094
Fixed-income (iv)	CDI	Banco HSBC S.A.		61,072	55,289	
		Banco HSBC S.A.		4,840	4,609	
Non-current				65,912	59,898	

The average remuneration for the year ended December 31, 2010 of marketable securities was 101.71% of the CDI (December 31, 2009 - 102.62% of the CDI).

(i) The investment administrated by Banco BTG Pactual S.A. refers to an exclusive Interbank Deposit (DI) investment fund, which invests in government securities and bank deposit certificates of prime financial institutions with immediate liquidity. The statement of the fund's portfolio is shown below:

Investment - Consolidated	December 31, 2010	December 31, 2009	December 1, 2009
Over committed operations - federal public bond			22,374
Committed operations - private bonds	71,100	519,847	280,226
Bank Deposit Certificate - DI (*)	55,306	144,876	292,480
Investment fund - Pactual Yield DI	7,084	56,549	59,797
Expenses with audit and administrative fees	(18)	(32)	(30)
	133,472	721,240	654,847

(*) Correspond to CDBs of Banco Bradesco, Citibank, Santander, Banco do Brasil, HSBC and Banco Cruzeiro do Sul.

(ii) Refers to time deposits in foreign currency (U.S. dollars) held by BR Malls International Finance Ltd. with financial institutions abroad.

(iii) Bonds for trading.

(iv) Bond held to maturity.

(v) Refers to debentures issued by the Company which were repurchased in December 2009.

6 Financial Instruments

Operations related to derivative financial investments

The Company contracted non-speculative derivative financial instruments with the purpose of protecting its exposure to the pre-fixed interest rates and exchange variation of the US dollar, and its only objective is equity protection. These operations have the purpose of mitigating the effects of the changes in the interest and exchange rates of the US dollar. The derivative interest and exchange rate contracts were realized with contra-parties represented by the banks Itaú Unibanco, Citibank, Itaú BBA, BTG Pactual.

Interest rate swap

At December 31, 2010, Ecisa Engenharia and Ecisa Participações have interest rate swap operations with the objective of protection with regard to the bank credit certificate ("Certificado de Crédito Bancário - CCB") obtained from Unibanco (Note 17), to substitute the original pre-fixed interest rate of the loan in question (pre-fixed rate of 13.77% p.a.) by a post-fixed rate (General Market Price Index ("Índice Geral de Preços do Mercado - IGPM") + 9.70% per annum)

At December 31, 2010, SPE Xangai Participações had a synthetic interest rate swap for the purpose of protecting its financing to build the Granja Vianna Shopping Center obtained from Santander. The object is to substitute the original interest rate of the financing in question (TR rate + 11.0% p.a.) with a post-fixed rate (IGPM + 8.30% per annum).

At December 31, 2010, Proffito had a synthetic interest rate swap for the purpose of protecting the CRI issued to build the Expansion of Tamboré Shopping Center obtained from Itaú BBA. The objective is to substitute the original interest rate of the financing in question (TR rate + 11.16% p.a.) with a post-fixed rate (IGPM +7.75% per annum).

At December 31, 2010, SPE SFIDA had an interest rate swap operation for the purpose of protecting its financing to build the Sete Lagoas Shopping Center obtained from BTG Pactual bank. The objective is to substitute the original interest rate of the financing in question (TR rate+ 10% p.a.) for post-fixed rate (93.95% DI.).

At December 31, 2010, SPE Monza had a synthetic interest rate swap for the purpose of protecting its financing to build the Shopping Mooca obtained from Banco Itaú BBA. The objective is to substitute the original interest rate of the financing in question (TR rate + 9.8% p.a.) for a post-fixed rate (IPC-A + 6.25 % per annum).

Exchange swap

On April 18, 2008, part of the financial investments in foreign currency (time deposits) maintained by BR Malls Finance were converted to local currency and the Company holds the perpetual bonds recorded in the long-term liabilities indexed at the exchange variation (Note 15). So as to minimize possible effects of the exchange variations between asset and liability positions, the Company contracted with Citibank an exchange swap operation of 19 quarterly payments (pre-fixed rate of 9.75% per annum plus the exchange variation of the US dollar) for a post-fixed rate (109.30% of the certificate of interbank deposit), maturing on November 8, 2012.

In thousands of reais, unless otherwise indicated

In order to extend the exchange swap mentioned above, the Company contracted in the first quarter of 2010 two forward exchange swap operations with Deutsche Bank, from a flow of 13 payments. The first swap has the notional base of US$ 38,000 thousand (the Company is active in dollar plus 9.75%, and passive in 88% of CDI), and the second swap has the notional base of US$ 137,000 thousand (the Company is active in dollar plus 11.47%, and passive in 100.3% of CDI). Both operations begin in November 2012 and end in November 2015.

The purpose of these operations was a cash flow protection, so that the Company's cash is not exposed to the exchange variation of the US dollar. The principal amount of the perpetual bond is not protected due to the fact that this is an operation without a maturing date, a perpetual debt. Up to December 31, 2010, the Company had made 12 quarterly payments of the interest on the perpetual bonds and 11 of the exchange swaps of Citibank (the swap began in April 2008 with the entry of the funds from issuance of the perpetual bonds into Brazil, after the first payment of the debt coupon in February 2008).

Due to Law No. 11,638/07, the Company assessed its assets and liabilities at fair value, through available information and appraisal methodologies established by management. This adjustment was made based on fair value of early liquidation of all the swaps listed below, generating a loss at December 31, 2010 of R$ 26,819 (December 31, 2009 a gain of R$ 1,808).

However, both the interpretation of the market data and the choice of appraisal methods require considerable judgment and reasonable estimates to produce the more appropriate realizable value. Consequently, the estimates presented do not necessarily indicate the amounts which could be realized in the current market. The use of different market assumptions and/or methodologies for estimates could have a material effect on the estimated realizable values.

7 Trade Accounts Receivable and Other Amounts Receivable

7.1 Trade accounts receivable

	Consolidated		
	December 31, 2010	December 31, 2009	January 1, 2009
Rentals	162,706	93,315	69,121
Rendering of accounts CPI	29,974	12,222	9,682
Fees for the assignment of the right of use (i)	48,960	32,358	16,032
Adjustment to present value (ii)	(61)	(40)	(1,160)
Others (iii)	13,362	2,182	33
	254,941	140,037	93,708
Allowance for doubtful accounts	(19,073)	(10,148)	(7,783)
	235,868	129,889	85,925
Current	154,933	96,408	70,539
Non-current	80,935	33,481	15,386
	235,868	129,889	85,925

In thousands of reais, unless otherwise indicated

(i) Represents accounts receivable related to the assignment of usage rights granted to storekeepers and other areas in the shopping malls.

(ii) The adjustment to present value of accounts receivable of R$ 61 (December 31, 2009 - R$ 40) was calculated in conformity with the cash flow receipts, based on the SELIC rate (10.64%).

(iii) This represents the income of BR Malls Administração e Comercialização from the rendering of services and income of BR Malls Desenvolvimento from developing.

The balance of accounts receivable (gross of the adjustment to present value) matures as follows:

	Consolidated		
	December 31, 2010	**December 31, 2009**	**January 1, 2009**
Falling due	220,304	121,017	81,959
Past due up to 60 days	2,349	960	650
Past due (61-90 days)	1,829	675	457
Past due (91-180 days)	4,072	1,907	1,292
Past due (181-360 days)	7,443	3,759	2,546
Past due more than 361 days	19,005	11,759	7,964
	255,002	140,077	94,868

The allowance for doubtful accounts (impairment) considers the amounts past due for more than 360 days and the amounts receivable from the same clients overdue for less than this period.

7.2 Other amounts receivable

These refer mainly to the right related to the sale of the holding in the trade towers of Shopping Tijuca of R$ 7,813.

7.3 Leases

The Company maintains agreements as lessor, as mentioned in Note 2.28. The table below shows the nominal values of the minimum payments (receipts) of leases that cannot be canceled in which the Company is lessor:

	Consolidated	
	2010	**2009**
Up to 1 year	344,393	265,694
Between 2 and 5 years	848,555	754,841
Later than 5 years	150,093	138,354
	1,343,041	1,158,889

In thousands of reais, unless otherwise indicated

8 Recoverable Income Tax and Social Contribution and Recoverable Taxes

	Parent company	
	December 31, 2010	**December 31, 2009**
Prepaid IRPJ and CSLL	258	263
IRPJ and CSLL to be offset (negative balance)	12,805	8,356
Income tax withheld at source - IRRF (i)	12,384	13,449
Direct taxes recoverable	25,447	22,068
Indirect taxes recoverable (PIS and COFINS)	317	324
	25,764	22,392

	Consolidated		
	December 31, 2010	**December 31, 2009**	**January 1, 2009**
Prepaid IRPJ and CSLL	10,633	9,290	2,488
IRPJ and CSLL to be offset (negative balance)	24,237	18,102	9,203
Income tax withheld at source - IRRF (i)	18,564	16,303	15,780
Taxes recoverable - direct	53,434	43,695	27,471
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)	1,661	1,467	1,241
Others	4,827	5,318	1,886
Taxes recoverable - indirect	6,488	6,785	3,127
	59,922	50,480	30,598

(i) For the most part, this corresponds to income tax withheld at source on marketable securities. These taxes, according to current legislation, may be offset against other federal taxes in the following calendar year, as a negative balance. The Company has a tax offsetting plan, through taxes due on Shopping Center operations, on remittances of interest abroad and other amounts withheld at source.

9 Deferred Income Tax and Social Contribution

Most of the Companies that form the BR Malls Group adopt the presumed profit taxation system, according to which income tax and social contribution are calculated based on pre-established percentages of revenue from rent, services and finance-related items (Note (2.23)). The companies, BR Malls Participações, BR Malls Desenvolvimento, Ecisa Engenharia, Ecisa Participações, Proffito, Nattca, Fashion Mall S.A., Cofac, SPE Indianápolis and SPE Azione adopted the actual taxable income.

In thousands of reais, unless otherwise indicated

For the purpose of calculating income tax and social contribution on net income for 2009, the companies had the option of choosing the Transitional Tax System ("Regime Tributário de Transição - RTT"), which allows a legal entity to eliminate the accounting effects of Law No. 11,638/07 and Provisional Measure ("Medida Provisória - MP") No. 449/08, which became Law No. 11,941 dated May 27, 2009, through the recording of adjustments in the Taxable Income Control Register (Livro de Apuração do Lucro Real - LALUR") or by supplementary controls, without any changes in commercial accounting. The option to use this regime was made when the Corporate Income Tax Return ("Declaração de Imposto de Renda Pessoa Jurídica - DIPJ") for calendar year 2008 was filed.

(a) Breakdown

Deferred asset balances are as follows:

	Consolidated		
	December 31, 2010	**December 31, 2009**	**January 1, 2009**
Income tax losses (i)	8,786	5,710	1,161
Social contribution losses (i)	5,723	2,281	2,142
Temporary differences:			
Provision for contingencies (ii)	5,117	5,416	3,885
Provision for losses on financial instruments	8,843	3,358	5,409
Allowance for doubtful accounts	1,895	2,148	
Other temporary differences (iii)	3,495	2,405	3,207
Deferred expenses on the issuance of stock	20,897	20,897	17,690
Others			908
Non-current	54,756	42,215	34,402

(i) The deferred income tax and social contribution of the subsidiaries Ecisa Engenharia Ltda., Ecisa Participações Ltda., Fashion Mall S.A., Proffito and Nattca, stated above, correspond to the social contribution tax losses.

In addition to these deferred taxes, BR Malls Participações also shows in its tax records the amount of R$ 67,600 of tax loss (December 31, 2009 - R$ 54,663) and R$ 127,268 for the negative base for social contribution (at December 31, 2009 - R$ 93,063) which may be offset against future taxable income. In 2009, BR Malls Participações recorded a deferred tax asset of R$ 4,549 on tax loss based on management's estimates of taxable income for the next 5 years. This estimate takes into consideration a study elaborated by the Company's management, which states the realization of this loss.

(ii) These mainly correspond to contingent labor and tax liabilities. The labor liabilities refer to legal proceedings whose objective is to charge social security contributions on services rendered by individuals and companies. The tax liabilities refer to: (i) a assessment notice issued by the Municipality of Rio de Janeiro against Fashion Mall S.A by which it demands payment of the ITBI (Real Estate Transmission Tax) on the real estate incorporation underway in Fashion Mall S.A's capital.; (ii) contingent COFINS liability on rental income of Ecisa Engenharia related to the cumulative period (May 2001 to January 2004).

In thousands of reais, unless otherwise indicated

(iii) This refers principally to temporary differences on PIS and COFINS whose liability was suspended due to deposits made by Ecisa Engenharia and Ecisa Participações due to suits discussing enlargement of the calculation base for the contributions in Law No. 9,718/98 and the inclusion of companies in the cumulative assessment regime for PIS and COFINS. The liability had been suspended until June 2008, when the companies stopped making the legal deposit and started to pay the amounts of these contributions according to current legislation.

Since the tax basis of the income tax and social contribution on net profit results from not only the profit that can be made, but also the existence of non-taxable income, non-deductible expenses and other variables, there is no immediate correlation between the Company's net profit and the result of income tax and social contribution. Therefore, the expectation of the use of tax credits should not be considered the only indication of the future results of the Company.

(b) Estimated period of realization

It is expected that deferred tax assets, net of deferred tax liabilities, will be realized as follows:

	Deferred tax assets Consolidated		
Year	**December 31, 2010**	**December 31, 2009**	**January 1, 2009**
2009			3,630
2010		4,912	694
2011	3,480	1,206	213
2012	4,946		
2013 to 2019 (i)	46,330	36,097	29,865
	54,756	42,215	34,402

(i) The realization of credits on temporary differences calculated on provisions for contingencies was classified in a period greater than five years given the nature of these provisions.

(c) Income tax and social contribution - non-current deferred tax liability (consolidated)

This substantially refers to the deferred taxes arising from adjustment to fair value of the hedge operations and investment properties. At December 31, 2010, the balance is R$ 1,901,146 (December 31, 2009 - R$ 1,530,951; January 1, 2009 - R$ 1,107,531).

10 Deferred Tax Asset - Long-term Receivables (Consolidated)

At the end of 2006 Company GP and Equity International acquired stockholdings in Ecisa Engenharia and Ecisa Participações. These acquisitions were carried out through two companies with holding company characteristics (Licia and Dylpar) and generated goodwill, initially accounted for by these holding companies. In December 2006 these holdings were merged into the operating companies Ecisa Engenharia and Ecisa Participações.

In thousands of reais, unless otherwise indicated

Pursuant to CVM Instruction Nos.349 and 319, the goodwill merged into Ecisa Engenharia was reduced by 66%, as a contra entry to the Capital Reserve in that company, so as to show only the tax benefit to be generated by the amortization of the goodwill. At December 31, 2010, the balance was R$ 19,755 (December 31, 2009 - R$ 23,235; January 1, 2009 - R$ 26,715).

Until March 31, 2007, the goodwill related to Ecisa Participações was fully provided, considering that this company's tax regime was that of presumed profit. Upon the change of the tax regime to taxable income, starting in the second quarter of 2007, this provision was reversed, and R$ 47,916 recorded as a contra entry to the Capital Reserve in this company, so as to solely reflect the tax benefit generated by amortization of the goodwill. At December 31, 2010, the balance was R$ 28,631 (December 31, 2009 - R$ 33,675; January 1, 2009 - R$ 38,719).

The Company expects to realize the tax credit in a period of ten years, which is the same period for the amortization of the goodwill. Annual realization is approximately R$ 8,524.

11 Related Parties

Accounts receivable (Parent company)

At December 31, 2010, the Company has accounts receivable with its Ecisas subsidiaries which refer to interest on capital of R$ 12,750.

Advance for future capital increase - "AFAC" (Parent company)

At December 31, 2010, the Company had AFACs amounting to R$ 15,999 (December 31, 2009 - R$ 188,523) with its subsidiaries as summarized below:

	Parent company	
	December 31, 2010	**December 31, 2009**
Ecisa Engenharia		12,655
Ecisa Participações (i)		169,987
BR Malls Desenvolvimento	3,767	4,227
SPE Sfida	11,389	1,000
Others	843	654
	15,999	188,523

(i) At December 31, 2009, it mainly referred to the AFAC made by BR Malls for the acquisition of Metrô Santa Cruz, wholly capitalized during 2010.

The advances are considered to be of a permanent character and are not remunerated or subject to monetary restatement. The Company plans to capitalize the remaining balance by December 31, 2010.

In thousands of reais, unless otherwise indicated

Loans to associated companies

Refers mainly to a loan agreement with an associated company of R$ 286,740 (at December 31, 2009 - R$ 266,034) adjusted by the exchange variation of the U.S. dollar and interest rates of 9.75% per annum (p.a.) equivalent to US$ 137,000 thousand.

Revenue/costs of the administration and commercialization services of shopping malls

BR Malls Administração provides services related to the planning, management, implantation and operation of shopping malls and commercial ventures of any nature, owned or of third parties, as well as coordinating the acquisition and rental of real estate for commercial use. At December 31, 2010, the income amounting to R$ R$ 10,870 (at December 31, 2009 - R$ 7,967), which refers to owned shopping centers, is eliminated from the consolidation.

Key management compensation

The compensation of the management, which includes the directors and officers, related to short-term benefits and profit sharing, amounted to R$ 1,952 (December 31, 2009 - R$ 4,663) and the compensation based on shares, which corresponds to the cost of the options grated to the managers, amounted to R$ 13,247 (December 31, 2009 - R$ 6,785).

Key management personnel include the directors and officers. According to the Stockholders' Meeting, it was approved a maximum limit of R$ 15,200 for the global annual remuneration of the Company's management.

12 Investments (Parent company)

	At December 31, 2008	Capital subscription	Goodwill reserve	Acquisitions	Interest on Capital	Equity accounting results(*)	At December 31, 2009
Ecisa Engenharia	1,393,457	42,008		1	(519)	410,911	1,845,858
Ecisa Participações	1,613,321	161,223	154		(4,635)	535,067	2,305,130
Br Malls Finance	35,377	4,813				28,522	68,712
SPE Mônaco	59,007					9,657	68,664
SPE Azione	823	7,230				62	8,115
SPE Sfida	2	3,473				(624)	2,851
SPE Fortuna	84,442					15,007	99,449
Br Malls CSC	368	63				3,138	3,569
BR Malls Desenvolvimento	(90)					(156)	(246)
SPE Spinacia	1,000					(21)	979
	3,187,707	218,810	154	1	(5,154)	1,001,563	4,403,081

In thousands of reais, unless otherwise indicated

	At December 31, 2009	Capital subscription	Disposals	Dividends	Interest on Capital	Equity accounting results (*)	December 31, 2010
Ecisa Engenharia	1,845,858	375,572			(7,000)	140,483	2,354,913
Ecisa Participações	2,305,130	231,951			(8,000)	390,142	2,919,223
Br Malls Finance	68,712	2,625				(40,469)	30,868
SPE Mônaco	68,664			(1,841)		(4,831)	61,992
SPE Azione	8,115		(3,282)			303	5,136
SPE Sfida	2,851	(2,195)				23,302	23,958
SPE Fortuna	99,449			(5,756)		22,946	116,639
Br Malls CSC	3,569			(5,132)		4,209	2,646
BR Malls Desenvolvimento	(246)	1,059				1,140	1,953
SPE Spinacia	979	39,251				(25)	40,205
Center Parking						285	285
West Parking						714	714
EDRJ 113		110,181				284	110,465
Crystal Administradora				(13)		95	82
Crystal Parking						57	57
	4,403,081	758,444	(3,282)	(12,742)	(15,000)	538,635	5,669,136

The main balances at December 31, 2010 of the direct subsidiary companies of the Company are as follows:

	Assets			Liabilities			
	Current	Non-current	Total	Current	Non-current	Equity (*)	Total
Ecisa Engenharia	43,176	2,967,987	3,011,163	36,852	619,398	2,354,913	3,011,163
Ecisa Participações	56,610	3,031,952	3,088,562	80,725	88,614	2,919,223	3,088,562
Br Malls Finance	4,289	326,662	330,951	4,417	295,666	30,868	330,951
SPE Mônaco	46,733	30,749	77,482	437	15,053	61,992	77,482
SPE Azione	1,833	4,895	6,728	126	1,466	5,136	6,728
SPE Sfida	5,175	55,836	61,011	1,972	35,081	23,958	61,011
SPE Fortuna	6,112	112,200	118,312	654	1,019	116,639	118,312
Br Malls CSC	2,867	79	2,946	57	243	2,646	2,946
BR Malls Desenvolvimento	1,874	4,917	6,791	811	4,027	1,953	6,791
SPE Spinacia	1,192	39,157	40,349	73	71	40,205	40,349
Center Parking		303	303	18		285	303
West Parking	2	754	756	42		714	756
EDRJ 113	296	110,180	110,476	1	10	110,465	110,476
Crystal Administradora	11,319	648	11,967	11,885		82	11,967
Crystal Parking	110		110	53		57	110
Total	181,588	6,686,319	6,867,907	138,123	1,060,648	5,669,136	6,867,907

In thousands of reais, unless otherwise indicated

Subsidiaries' income statement for the year

	Net revenue	Costs of rentals and services	Operating expenses	Net financial results	Equity accounting results	Others revenues	Income tax and social-contri-bution	Net income (loss) for the year (*)
Ecisa Engenharia	61,665	(10,672)	(48,353)	(10,302)	141,350	6,478	317	140,483
Ecisa Participações	83,936	(14,426)	(70,614)	1,860	388,293	902	191	390,142
Br Malls Finance			(204)	(4,871)	(35,394)			(40,469)
SPE Mônaco	5,736	(1,750)	(147)	98	(8,099)		(669)	(4,831)
SPE Azione	91		(19)	294	44		(107)	303
SPE Sfida	4,377	(296)	(32)	(220)	20,058		(585)	23,302
SPE Fortuna	6,187	(1,553)	(53)	199	18,909		(743)	22,946
Br Malls CSC	4,885		(372)	379	4		(687)	4,209
BR Malls Desenvolvimento	1,971	(8)	(406)	52			(469)	1,140
SPE Spinacia			(38)	18			(5)	(25)
Center Parking	394	(67)					(42)	285
West Parking	956	(133)					(109)	714
EDRJ 113	664	40	(3)		(416)		(1)	284
Crystal Administradora	117	(16)		4			(10)	95
Crystal Parking	144	(71)					(16)	57
	171,123	(28,952)	(120,241)	(12,489)	524,749	7,380	(2,935)	538,635

(*) The amounts shown represent the investment reflected in the Company's financial statements, considering the elimination of balances and intercompany transactions between companies of BR Malls.

13 Investment Properties (Consolidated)

According to CPC Pronouncement 28 property held for rental income or capital gains may be recorded as investment properties. Investment properties were initially valued at cost. The Company's management adopted the fair value method to best reflect its business.

The measurement and the fair value adjustment are made annually made at the closing date of the balance sheet at the end of the year.

In thousands of reais, unless otherwise indicated

	In operation	Greenfield projects in construction (iii)	Total
At January 1, 2009	5,128,987	74,254	5,203,241
Acquisitions (i)	473,924	38,927	512,851
Fair value adjustment (iv)	1,244,596		1,244,596
At December 31, 2009	6,847,507	113,181	6,960,688
Acquisitions (ii)	1,811,089	336,413	2,147,502
Transfers	227,962	(227,962)	
Fair value adjustment (iv)	567,925		567,925
At December 31, 2010	9,454,483	221,632	9,676,115

(i) These refer basically to the acquisition of real estate shares in Shopping Campinas and Metrô Santa Cruz.

(ii) The acquisitions of investment properties in operation are mainly related to the acquisition of Crystal Plaza Shopping, increase in the interest in Shopping ABC and Minas Shopping, Shopping Center Uberlândia, Shopping Tijuca, besides expansion of the shopping malls Tamboré and Ilha Plaza.

(iii) The Greenfield projects in construction refer to the acquisition of the land in São Bernardo do Campo, Via Brasil, Granja Vianna, Estação BH, Shopping Mooca and Sete Lagoas. In the fourth quarter of 2010, the Greenfields projects Sete Lagoas and Granja Vianna were concluded and, from the conclusion, they were transfered to the item investment property in operation.

(iv) Amounts recognized in the result for the year.

The Company's management adopted the fair value method to best reflect its business.

Fair value appraisal of investment properties was performed using a proprietary method supported by market rates and evidence. Thus, fair value of investment properties was based on internal appraisals by professionals with experience in the appraised properties.

The assumptions used for 2010 and 2009 for fair value evaluation based on cash flow discounted from these properties are as follows:

Assumptions of the fair value evaluation	
Annual inflation	4.50%
Growth in the perpetuity (real)	1.50%
CAPEX - maintenance/gross revenue	2.50%

Investment properties given as collateral for loans are described in Note 17.

In thousands of reais, unless otherwise indicated

14 Property and Equipment (Consolidated)

	Buildings and improvements (i)	Equipment and facilities	Total
At January 1, 2009			
Total cost	11,000	2,229	13,229
Accumulated depreciation	(513)	(58)	(571)
Net book value	10,487	2,171	12,658
Annual depreciation rates	4%	2%	
At December 31, 2009			
Total cost	11,000	2,229	13,229
Accumulated depreciation	(953)	(133)	(1,086)
Net book value	10,047	2,096	12,143
Annual depreciation rates	4%	2%	
At December 31, 2010			
Total cost	11,000	2,229	13,229
Accumulated depreciation	(1 463)	(192)	(1,655)
Net book value	9,537	2,037	11,574
Annual depreciation rates	4%	2%	

(i) This refers to the Company's corporate headquarters in Rio de Janeiro. The remaining items which were recorded in property and equipment until 2008, as they represented properties whose purpose was to generate income, were transferred to the investment properties account.

In thousands of reais, unless otherwise indicated

15 Intangible Assets (Consolidated)

	Consolidated
	Computer softwares acquired and others
At January 1, 2009	7,882
Acquisition	1,500
Amortization	(656)
At December 31, 2009	8,726
Acquisitions (i)	3,103
Amortization	(657)
At December 31, 2010	11,172
Annual amortization rate	20%

(i) These correspond basically to amounts incurred in the acquisition of SISA.

16 Suppliers

Breakdown by company

	Consolidated		
	December 31, 2010	**December 31, 2009**	**January 1, 2009**
BR Malls (i)	7,395	9,366	10,477
Spinacia	50	5,020	5,000
SISA	1,228		
Fashion Mall		1,637	
CIMA	4,472		
Companhia Santa Cruz (ii)	1,372		
Spe Xangai (iv)	3,429	125	
Ecisa Participações	1,064		
Ecisa Engenharia	1,517	814	2,237
Others (iii)	7,495	2,767	752
	28,022	19,729	18,466
Current	21,796	12,590	10,435
Non-current	6,226	7,139	8,031
	28,022	19,729	18,466

(i) This refers to liabilities assumed by BR Malls Participações related to the acquisition of the corporate headquarters of the Company in Rio de Janeiro. The original amount of R$ 10,246 will be paid in 10 years (grace period of six months) starting in December 2008, restated at the TR rate plus 10.50% per annum.

In thousands of reais, unless otherwise indicated

(ii) This refers mainly to liabilities payable to Metrô due to lease agreement of the shopping mall.

(iii) This refers to amounts payable to suppliers related to shopping center expansions and refurbishing work.

(iv) These refer to suppliers related to the Greenfield construction.

17 Loans and Financings (Consolidated)

				Consolidated
	Charges	December 31, 2010	December 31, 2009	January 1, 2009
Local currency				
Unibanco - CCB (i)	IGPM + 9.70% p.a.	12,676	12,684	13,831
Itaú - CCB (ii)	IGPM + 9.75% p.a.	13,999	11,898	11,718
Itaú - CRI (iii)	TR + 10.15% p.a.	64,737	59,900	44,079
Debentures - Series 1 (interest) (iv)	CDI + 0.50% p.a.	5,969	1,302	3,174
Debentures - Series 2 (interest) (iv)	IPCA + 7.90% p.a.	11,580	10,948	10,774
Banco do Nordeste do Brasil	10% p.a.	210	1,261	1,264
HSBC - Finame	TJLP + 3.70% p.a.	120	116	
HSBC - Leasing	16.43% p.a.	453	1,815	
Banco Santander (vi)	TR + 11% p.a.	4,340	1,972	
Banco Santander (viii)	TR + 10% p.a.	1,465		
Itaú (vii)	TR + 11.16% p.a.	1,939		
Banco do Brasil - Finame (ix)	TJLP + 3.35% p.a.	3,969		
Banco Bradesco - Finame (ix)	TJLP + 3.85 % p.a.	612		
Banco do Brasil (ix)	DI + 2.86% p.a.	698		
		122,767	101,896	84,840
Foreign currency				
Perpetual bonds (interest) (v)	US dollar + 9.75% p.a.	4,106	4,291	5,870
Current		126,873	106,187	90,710
Local currency				
Unibanco - CCB (i)	IGPM + 9.70% p.a.	56,951	61,664	71,794
Itaú - CCB (ii)	IGPM + 9.75% p.a.	73,280	71,688	77,340
Itaú - CRI (iii)	TR + 10.15% p.a.	447,478	461,799	469,715
Debentures - Series 1 (iv)	DI + 0.50% p.a.	14,903	29,870	50,000
Debentures - Series 2 (iv)	IPCA + 7.90% p.a.	322,285	304,684	292,215
Banco do Nordeste do Brasil	10% p.a.		209	1,466
HSBC - Finame	TJLP + 3.70 % p.a.		123	
HSBC - Leasing	16.43% p.a.		454	
Banco Santander (vi)	TR + 11% p.a.	89,005	17,718	
Banco Santander (viii)	TR + 10% p.a.	29,256		
Itaú (vii)	TR + 11.16% p.a.	103,401	94,047	
Banco Bradesco - Finame (ix)	TJLP + 3.85 % p.a.	450		
Banco do Brasil - Finame (ix)	TJLP + 3.35% p.a.	9,455		
Banco do Brasil (ix)	DI + 2.86% p.a.	974		
		1,147,438	1,042,256	962,530
Foreign currency				
Perpetual bonds (v)	US dollar + 9.75% p.a.	291,585	304,710	408,975
Non-current		1,439,023	1,346,966	1,371,505
		1,565,896	1,453,153	1,462,215

In the parent company BRMalls Participações, the loans and financings correspond to the operations with Debentures Series 1 and 2.

Loans and financing in foreign currency are restated by the US dollar exchange variance.

(i) In February 2007, Ecisa Participações and Ecisa Engenharia issued two bank credit certificates amounting to R$ 70,000, whose creditor is Unibanco, falling due in February 2019. The payment of the principal and interest began in March, 2008 after a grace period of one year.

(ii) In February 2007, Nattca issued two bank credit certificates for the acquisition of property amounting to R$ 70,000, whose creditor is Itaú BBA. These certificates are payable in 132 consecutive monthly installments after a one year grace period.The first installment came due on March 17, 2008 and the last one will be due on February 15, 2019.

(iii) In February 2008, the Company signed a structured operation of securitization of receivables with Banco Itaú BBA, which will result in the issuing of receivable credits - (CRIs) secured and guaranteed by Plaza Niterói, Fashion Mall and Ilha Plaza amounting to R$ 470,000 for 12 years (one year grace period) at a cost equivalent to TR rate + 10.15% per annum.

(iv) In July 2007, the Company issued 32,000 debentures not convertible into shares at the par value of R$ 10, each amounting to R$ 320.000. The issuance was carried out in two series. The first series, composed of 5,000 debentures with the principal falling due on July 15, 2014, will be amortized in four equal, annual and successive installments as from July 15, 2011. The second series, composed of 27,000 debentures with the principal falling due on July 15, 2016, will be amortized in four equal, annual and successive installments as from July 15, 2013. According to the deed of public distribution of debentures, 20% of the funds raised were mandatorily for the expansion of the operations of the shopping malls in which the Company holds an interest. The financial charges resulting from financings obtained from third parties, destined for the expansion of shopping centers were capitalized.

(v) In November 2007, the Company issued US$ 175 million in perpetual bonds through its subsidiary company BR Malls International Finance Ltd. The bonds are denominated in US dollars with quarterly payments of interest of 9.75% per annum. BR Malls International Finance Ltd. has the option to repurchase the bonds as from November 8, 2012. In accordance with the prospectus for the issue of perpetual credit bonds, part of the funds raised will be destined for the expansion of the operations of shopping centers in which the Company holds an interest.

(vi) In October 2009, a financing contract was signed by SPE Xangai Participações S.A. amounting to R$ 94,643 for the purpose of raising funds for construction of the Granja Vianna Shopping Center. Release of the funds occurs based on the project's physical and financial timetable. Total term for this financing is 120 months (10 years) and debt service costs are TR rate + 11% per annum.

(vii) In November 2009, Proffito signed a structured receivable securitization operation with Banco Itaú BBA which led to the issuing of real estate receivable certificates - CRIs backed and guaranteed by Shopping Tamboré and Expansão do Tamboré amounting to R$ 92,500 for 12 years (grace period of two years) at a cost of TR rate + 11.16% per annum.

(viii) In December 2009 a financing contract was signed by SPE Sfida S.A. amounting to R$ 32,000 with the purpose of raising funds to build the Sete Lagoas Shopping Center. Release of the funds occurs based on the project's physical and financial timetable. Total term for this financing is 120 months (10 years) and debt service costs are TR rate + 10% per annum.

(ix) In June 2010, with the acquisition of SISA, the financings were incorporated by BR Malls.

(x) In June 2010, Shopping Center Mooca Empreendimento Imobiliário S.A. entered into a financing agreement amounting to R$ 115,000 in order to raise funds for the construction of Shopping Center Mooca. Release of the funds will occur based on the project's physical and financial timetable. Total term for this financing is 144 months (12 years) and debt service costs are TR rate+ 9.8% per annum. At December 31, 2010, no amount had been released.

Contractual clauses - covenants

Some of the Company's financing includes clauses determining the highest level of indebtedness and leverage, as well as the minimum levels to cover installments falling due and the maintenance of minimum balances receivable in a current account. The Company has as one of the covenant contractual clauses of the debentures (Series 1 and Series 2) the indicator of (i) EBITDA (operating profit or loss, plus depreciation and amortization and financial result)/net financial expenses, relating to the four quarters must be equal to or higher than 1.75 times and (ii) net debt (loans and financing less cash and cash equivalents)/EBITDA (operating profit or loss, plus depreciation and amortization and financial result), with the quarter EBITDA multiplied by 4 must be equal or inferior to 3.8 times .

At December 31, 2010, calculation of the first Series 1 debenture covenant indicator was 10.40 times and Series 2 indicator 9.09 times (excluding exchange variation) and for the second covenant is 0.35 times, thus contractual clause covenant requirements are being complied with.

On January 25, 2009, 1st public issuance 2nd series debenture holders approved an enhanced wording of "Net financial result" appearing in the deed of issue, to read as follows: The difference between financial expenses and financial income as presented in the Company's statement of income for the quarter, excluding (i) any monetary or exchange rate variations not disbursed by the Company in the last 12 months, (ii) the non-recurring financial expenses relating to the issuance of securities in the domestic or international capital market.

In October 2010, a General Meeting of Debenture Holders of Series 1 and 2 was carried out, and the following issues were discussed:

(i) Change of the financial index established as from the third quarter of 2010, in order to be annualized net debt /EBITDA equal to or less then 3.80 times as from the third quarter of 2010.

(ii) Improvement of the definition text of "Net Debt" in the sub-item XVII of the Clause 6.22 of the Issuance Deed, in order for it to be in force with the following text:

"Net Debt": the sum of the onerous debts of the Company, except the perpetual debts (without a defined maturity date), on consolidated bases, except cash and banks (cash plus marketable securities)."

(iii) Inclusion, in the Issuance Deed, of provision on the option of redemption of the whole of the Debentures of the First Series and/or Debentures of the Second Series by the Issuer if an Event of Default occurs, as defined in the Issuance Deed, without the enactment of anticipated maturity.

(iv) Authorization for the trustees to enter into an amendment to the Issuance Deed, reflecting the decisions approved by the debenture holders.

(v) Furthermore, it was approved the payment of an amount equivalent to 0.55% on the unit price to be paid on October 29, 2010, as a premium for the renegotiation approved in the Company's General Meeting of Debenture Holders of the 1st and 2nd series amounting to R$ 1,895.

According to the debenture deed of issue, the Company is not allowed to fail to meet the covenant contractual clauses for more than two consecutive quarters or for more than three non-qualifying periods.

Guarantees

The Company has given the following assets in guarantee for its loans and financings:

(i) Unibanco - CCB

First degree mortgage of the fractions held in Shopping Center Piracicaba, Amazonas Shopping and Shopping Center Iguatemi Caxias and fiduciary assignment of credit rights held against store owners in Norte Shopping.

(ii) Itaú - CCB

Chattel mortgage of the land of Shopping Estação and of Estação Convention Center. Mortgage of movable assets, installations and improvements. Fiduciary assignment of credit rights held against store owners of the shopping mall and endorsement of insurance as guarantee against physical damage to the structure of the shopping mall.

(iii) Itaú - CRI

In February 2008, the Company signed a structured operation of securitization of receivables with Banco Itaú BBA, which will result in the issue of receivable credits - CRIs with the following guarantees: chattel mortgage of the fixed assets of Shopping Fashion Mall, Ilha Plaza Shopping and Niterói Plaza Shopping and of the shares of Fashion Mall S.A., fiduciary assignment of receivables of the shopping center aforementioned and endorsement of insurance as guarantee against physical damage to the structure of the shopping malls, putting the securitizing company as the beneficiary in case of any event.

(iv) Debentures

Personal guarantee.

(v) Perpetual bonds

Personal guarantee.

(iv) Santander - Granja Vianna Financing

In October 2009, SPE Xangai signed a real estate financing contract to build the Granja Vianna Shopping Center with Santander with the following guarantees: chattel mortgage of the land and shopping center opened in October 2010 and fiduciary transfer of BR Administração receivables. This transfer of receivables will be replaced by the receivables of the shopping center.

(vii) Itaú - CRI Tamboré

In November 2009, Proffito signed a structured receivable securitization operation with Banco Itaú BBA which led to the issuing of real estate receivable certificates - CRIs with the following guarantees: chattel mortgage of the Tamboré real estate, fiduciary transfer of the receivables of the above mentioned shopping centers and endorsement of insurance as guarantee against physical damage to the shopping center structure, placing the securitization underwriter as beneficiary in case of any incident.

In thousands of reais, unless otherwise indicated

(viii) Santander - Sete Lagoas financing

In December 2009, SPE Sfida entered into a real estate financing contract with Santander to build Shopping Sete Lagoas with the following guarantees: chattel mortgage of the land and the shopping center opened in November 2010 and fiduciary transfer of BR Malls Administração receivables (guarantee shared with the financing of the Granja Viana Shopping Center). This transfer of receivables will be replaced by the receivables of the shopping mall.

(ix) Bradesco - Mooca Financing

In June 2010, SPE Mooca signed a real estate financing contract with Bradesco to build the Shopping Center Mooca with the following guarantees: chattel mortgage of the land and shopping center to be built, and fiduciary transfer of the future credit rights of the shopping mall receivables.

The loans and financing have the following maturity terms:

	Consolidated		
	December 31, 2010	**December 31, 2009**	**January 1, 2009**
2009			90,710
2010		106,187	78,445
2011	126,873	100,290	86,740
2012	118,258	1,246,676	1,206,320
2013 onward	1,320,765		
	1,565,896	1,453,153	1,462,215

18 Taxes and Contributions Payable

	Consolidated		
	December 31, 2010	**December 31, 2009**	**January 1, 2009**
PIS and COFINS on operating income (i)	8,198	3,495	12,763
PIS and COFINS on rents (ii)	16,768	11,096	14,492
ISS	1,004	1,689	727
Others	7,164	160	
	33,134	16,440	27,982

(i) In November 2009, Ecisa Engenharia adhered to the Program to Pay Fiscal Debts in Installments provided by Law No. 11,941/2009 to pay in 30 monthly installments the COFINS debt, related to the non-cumulative period introduced by Law No. 10,833/2003, as specified in the Assessment Notice that gave rise to the administrative suit No. 184710010492007-83 (see Note 19).

(ii) Ecisa Engenharia filed a civil suit against the National Treasury in order not to pay COFINS on revenue from leasing, refund of amounts paid under this title and granting of a preliminary protection order to discontinue the enforceability of the tax amounting to R$ 8,532, based on the understanding of unconstitutionality of the Law No. 9,718/98 and on the interpretation that the leasing cannot be classified as the rendering of service.

In thousands of reais, unless otherwise indicated

(iii) Cima filed a suit against the National Treasury in order not to pay COFINS and PIS on the rental revenue, and having judicially deposited R$ 3,820 since June 2009.

Reconciliation of income tax and social contribution expenses - consolidated

The reconciliation between the income tax and social contribution expenses at the nominal and effective rate is shown below:

	2010	2009
Profit before income tax and social contribution	874,304	1,542,765
Nominal combined income tax and social contribution rate - %	34	34
Income tax and social contribution at legal rates	(297,263)	(524,540)
Tax effects on:		
Amortization of goodwill	(16,576)	(10,520)
Positive result of equity accounting results	88,642	61,682
Interest on credited capital	(5,100)	(1,753)
Exchange variations (i)	2,639	40,687
Calculation base difference for companies taxed using presumed profit method	(13,152)	(21,911)
Others	778	8,676
Income tax and social contribution for the year	(240,032)	(447,679)
Current	(42,825)	(29,262)
Deferred	(197,207)	(418,417)

(i) The Company adopts the cash basis for the purpose of taxation of exchange variations.

In thousands of reais, unless otherwise indicated

19 Taxes and Contributions - Payment in Installments

	December 31, 2010	December 31, 2009	January 1, 2009
Income tax (i)	197	217	660
Social Contribution (i)	63	69	242
COFINS (i)	1,835	2,018	1,816
IPTU (ii)	2,510	2,242	2,098
Others	198	222	182
Current	4,803	4.768	4,998
Income tax (i)	2,381	3,626	422
Social Contribution (i)	273	748	155
COFINS (i)	6,881	7,961	4,265
IPTU (ii)	6,962	7,646	8,681
REFIS (iii)	58,709		
Others	545	532	781
Non-current	75,751	20,513	14,304

(i) In November 2009, the Company joined the new Program to Pay Fiscal Debts in Installments provided by Law No. 11,941/2009, for the purpose of evening out and settling the tax liabilities through a special payment system and payment in installments of its tax and social liabilities, noting all the tax legislation that regulated the mentioned program. According to Joint Ordinance PGFN/RFB No. 3/2010, the companies Ecisa Engenharia and Fashion Mall manifested for the non-inclusion of the whole of the debts in the payment in installments provided by Law No. 11,941/2009, thus, according to the Joint Ordinance PGFN/RFB No. 11/2010, the companies will have to inform, up to August 16, 2010, in detail, the debts to be paid by installments, upon the filling out and filing of the forms contained in the attachments of the Joint Ordinance PGFN/RFB No. 3/2010.

The debts described below were the object of installment plans with the conditions indicated below.

(a) Installment plans of up to 30 months

Administrative proceedings

Ecisa Engenharia joined the new Program to Pay Fiscal Debts in Installments of up to 30 monthly installments for amounts of IRPJ, CSLL and COFINS due disclosed in the administrative proceedings described below, with the benefits of Law No. 11,941/2009 for this case, whereby reductions of 90% and 40% in fines and interest penalties respectively are granted. According to the lawyers who sponsored these cases, chances of loss are classified as probable   Consequently, the Company agreed to installment plans of up to 30 months for: (i) IRPJ and CSLL due on supplementary monetary correction of the balance sheet based on the difference between the IPC and BTNF indexes, demonstrated in the Tax Assessment Notice which initiated the administrative proceeding

No. 1076801940195-50; (ii) IRPJ and CSLL due on expenses considered as non-deductible by the Tax Authorities, demonstrated in the Tax Assessment Notice which gave rise to the administrative proceeding No. 1537400222700-10; (iii) COFINS due, related to the non-cumulative period from Law No. 10,833/2003, demonstrated in the Tax Assessment Notice which gave rise to the administrative proceeding No. 184710010492007-83. With regard to these cases, the Company pays monthly a minimum installment of one hundred reais.

(b) Installment plans of up to 180 months

New installment plan for unpaid balances on previous ordinary installment plans

Ecisa Engenharia joined the new Plan to Pay Taxes in Installments for (i) definition of a new installment plan in 180 months of the remaining balance of Income Tax and Social Contribution debt, which had been included in the normal installment plan which had been approved in 2005; (ii) definition of a new installment program in 180 months of the COFINS debt related to the non-cumulative period arising from Law No. 10,833/2003, which had been included in the normal installment plan in 2007. With regard to these cases, the Company pays monthly an installment of R$ 209.

(ii) When Nattca acquired Shopping Estação, it became responsible for the payment of an IPTU (Urban Property Tax) debt with the Curitiba Municipal Government. The installment plan on this debt was extended until 2014 and Nattca has been paying it since February 2007. The amount of the installment plan was adjusted against the acquisition cost of the shopping center and is adjusted based on the TJLP (Long-term Interest Rate).

(iii) Cima enrolled in the Tax Recovery Program ("Programa de Recuperação Fiscal - Refis"), provided by Law No. 9,964/2000 (REFIS 1), to promote the regularization of Union credits, that arose from corporate debts related to taxes and contributions, managed by the Federal Revenue Secretariat and by the National Institute of Social Security ("Instituto Nacional do Seguro Social - INSS"), falling due up to February 29, 2000, constituted or not, inscribed or not in the active debt register, filed or to file, with suspended liabilities or not, including the ones arising from lack of payment of the withhheld amounts. The Company pays monthly and successive installments, falling due on the last working day of each month, being the value of each installment determined on a percentage basis of 0.6% of the gross revenue of the immediately previous month. In order to include the debts in Refis, the Company granted as a collateral lands located in the States of Paraná, Maranhão and Espírito Santo.

In thousands of reais, unless otherwise indicated

20 Liabilities Payable for Acquisition of Shopping Malls

	Consolidated		
	December 31, 2010	**December 31, 2009**	**January 1, 2009**
BR Malls (i)	45,564		
SDR Empreendimentos Imobiliários (ii)		9,611	10,214
GS Shopping		656	6,901
Fashion Mall S.A (iii)		720	686
Ecisa Participações (iv)	52,964	54,911	
SPE Indianápolis (v)	104,611		
Others (Exímia and Cuiabá)		147	367
Current	203,139	66.045	18,168
BR Malls (i)	14,353		
Ecisa Engenharia(vi)	505,577		
SDR Empreendimentos Imobiliários (ii)			8,507
Fashion Mall S.A (iii)			600
Ecisa Participações (iv)		50,673	
Others (Exímia and Cuiabá)			166
Non-current	519,930	50.673	9,273

(i) This refers to liabilities undertaken by BR Malls for the purchase of 40% of the real estate shares of the Shopping Crystal Plaza. The first installment was paid immediately and the second, amounting to R$ 30,000, will be amortized within 12 months as from the acquisition date (September 2010). At December 30, 2010, BR Malls acquired a further 30% of the real estate shares of Shopping Crystal. The first installment was paid immediately, and the amount of R$ 28,700 will be amortized in the 12th and 24th months. All the installments are adjusted by the IGPM.

(ii) At December 31, 2009, these referred to liabilities undertaken by SDR Empreendimentos Imobiliários S.A. for the purchase of 30% of Shopping Del Rey. The original value was divided into 48 consecutive monthly installments adjusted by the INPC index bearing monthly interest of 0.6434%.

(iii) At December 31, 2009, this referred to the acquisition of part of Ilha Plaza Shopping Center. The original amount was divided into a down payment and four equal and successive annual installments adjusted monetarily by the variation of the INPC index, plus 8% interest per annum.

(iv) This refers to the acquisition of ASB Administração e Incorporação (company incorporated by Ecisa Participações on May 31, 2009), which holds a 100% share in the Campinas Shopping real estate development. The installment plan refers to an annual installment, restated monetarily based on 55% of the variation in the CDI rate, due on February 6, 2011. Payments are guaranteed pursuant to two guarantee contracts signed by Ecisa Participações and HSBC with maturity dates in February 2011.

In thousands of reais, unless otherwise indicated

(v) These refer to liabilities undertaken by SPE Indianápolis for the purchase of 51% of Center Shopping in Uberlândia. The first installment was paid immediately and the second, amounting to R$ 102,000, will be amortized within 12 months as from the acquisition date (September 2010). This installment will be adjusted by the CDI.

(vi) These refer to liabilities undertaken by Ecisa Engenharia for the purchase of 100% of Shopping Tijuca. The first installment was paid immediately, and the remaining balance of R$ 500,000 will be amortized in 10 quarterly installments as from the 21st month. This balance will be adjusted by the SELIC rate plus interest of 2% per annum.

(vii) This refers to the liabilities undertaken by the company GS Shopping for the purchase of real estate and improvements related to Goiânia Shopping. The original value was divided into 48 consecutive monthly installments, a portion of these is adjusted by the INPC index and the other part by the IGP-M, plus monthly interest of 0.54%, with 1 installment still to be paid at December 31, 2009. The operation is guaranteed by a letter of guarantee of Unibanco.

21 Provision for Contingencies (Consolidated)

The Company is exposed to fiscal, labor and civil contingencies. According to Brazilian Accounting Standards and Pronouncement- NBC 22 and consistent with CPC Pronouncement 25, these are classified as "probable", "possible" or "remote" according to the risk of becoming a loss for the Company. Those which are considered probable losses by the Company's management, internal and external legal advisors are provided for.

			Consolidated
	December 31, 2010	**December 31, 2009**	**January 1, 2009**
Tax (i)	46,985	14,899	9,105
Labor and social security (ii)	11,964	11,351	13,869
Civil	51,581	1,018	219
Non-current	110,530	27,268	23,193

(i) Corresponds mainly to:

- Ecisa Engenharia questions the legality of the laudemium charge on the purchase of Shopping Recife, and classified as probable loss by the lawyers. The amount recorded as a contingency corresponds to R$ 3,744.

- Tax contingency, recorded in fiscal year 2008, related to the tax assessment notice issued by the Municipality of Rio de Janeiro, through which it claimed Property Transfer Tax (Imposto sobre Transmissão de Bens Imóveis - ITBI) on the capital subscription of Fashion Mall S.A. with property in 2001 in the amount of R$ 6,050.

- Tax contingencies of the company Cima, amounting to R$ 33,117, corresponds basically to Real Estate Tax ("Imposto Predial e Territorial Urbano - IPTU") debt of Shopping Tijuca of R$ 18,723 and of PIS and COFINS credits on the non-cumulative calculation basis of R$ 10,500 and IOF collection on intercompany loans of R$ 1,663.

In thousands of reais, unless otherwise indicated

(ii) The legal suits related to social security labor charges refer to services rendered by individuals and the contracting of legal entities.

(iii) Civil contingencies of Cima, of R$ 50,669, which correspond to civil suits of storekeepers related to the sale and purchase agreement on the recording of the real estate of Shopping Tijuca.

At December 31, 2010, the Company has provided R$ 1,632 related to labor contingencies (December 31, 2009 - R$ 2,026); R$ 8,960 related to tax contingencies (December 31, 2009 - R$ 8,055) and R$ 19,125 (December 31, 2009 - R$ 27,181) related to civil contingencies classified as a possible loss by the management based on the support of its legal advisors. The contingencies relate mainly to: (a) injunction filed by Geral de Turismo Ltda. due to the alleged non-compliance with an agreement that established the procedure for garbage removal from Shopping Niterói Plaza; (b) supplemental severance pay; and (c) assessment notices issued to charge COFINS debts on the leasing revenue; (d) charge for IPTU debts; and (e) charge for ISS debts by the Municipality of Recife.

22 Deferred Revenue

	Consolidated		
	December 31, 2010	**December 31, 2009**	**January 1, 2009**
Real estate credit note - Company Santa Cruz (i)	49,729	28,613	
Deferred income - CDU (ii)	78,698	41,546	23,356
Non-current	128,427	70,159	23,356

(i) In May 2005, Companhia Santa Cruz, a wholly-owned subsidiary of Ecisa Participações Ltda., signed a contract with BI Companhia Securitizadora de Créditos Imobiliários for a structured operation of securitized receivables which arose from the issuance of real estate credit notes - CCIs, backed and guaranteed by the cash flow of receivables from Shopping Metrô Santa Cruz. In this operation, Companhia Santa Cruz sold at present value 50% of its receivable flow on lease contracts for stores in the Shopping Metrô Santa Cruz through July 2015. The Company recognizes securitization income on this operation on the straight-line method over the term of the contract. At December 31, 2010, Companhia Santa Cruz has an amount of R$ 49,729 (December 31, 2009 - R$ 28,613) related to deferred income to be appropriated.

(ii) Deferred income basically refers to the recognition of assignment of use rights which are recognized on the straight-line method in its statement of income based on the rental term of the respective stores to which it refers.

23 Equity

(a) Capital

At December 31, 2010, the Company's capital is R$ 2,561,195 (December 31, 2009 - R$ 2,307,012) divided in 406,277,988 (December 31, 2009 - 404,825,792, after the share-split) nominative common shares with no par value.

In thousands of reais, unless otherwise indicated

At a meeting of the Supervisory Board held on February 5, 2010, a capital increase was approved, as a result of the exercising of the purchase of stock options related to the 1st Program of the Stock Option Plan approved at the Extraordinary Meeting of February 9, 2007 (Note 31), through a private subscription of 1,452,196 shares, at an issue price of R$ 3.96, after the share-split, totaling R$ 5,743.

In the Extraordinary General Meeting, on September 23, 2010, the following was approved:

(i) split of the shares issued by the Company, in the proportion of 1 for 2, in order that: each 1 (one) current share is split into 2 (two) shares, without change of the capital value; the capital will be split into 406,277,988 common nominative shares, with no par value; the shares arising from this split will have the same rights and obligations of the current shares; the shares issued by the Company will be negotiated with a new price as from September 24, 2010, with settlement of new negotiation as from September 28, 2010; and the credit of the shares arising from this split will occur at September 29, 2010.

(ii) Increase of the Company's capital to the advantage of all stockholders, amounting to R$ 248,440, without the issuance of new shares, upon the capitalization of a portion of the Company's profit reserve, in equal amount, in accordance with Article 169, §1st, of Law No. 6,404/76.

(iii) Change in the limit of the Company's authorized capital, in order to allow that it may be increased up to the limit of 600,000,000 common shares, regardless of an amendment in the statutes, upon deliberation of the Board of Directors, in accordance with Article 168 of Law No. 6,404/76.

(iv) The creation of a statutory reserve, in accordance with Article 194 of Law No. 6,404/76, in order to guarantee funds for investments, with the inclusion of item *(c)* in the second paragraph of Article 31 of the By-laws, which will be calculated with the remainder portion of the net income, as proposed by the management bodies, may be totally or partially destined for the constitution of an "Investment Reserve", whose objective is to insure the maintenance, development and expansion of these social activities. The maximum limit of this reserve will be up to 100% (one hundred per cent) of the capital, observing that this reserve balance, plus the balance of the other revenue reserves, except the revenue reserves to be realized, the reserves for contingencies and the reserve of tax incentives, cannot exceed 100% (one hundred per cent) of the capital.

The Company's shareholdings on December 31, 2010 are as follows:

	Number of shares	**Capital (%)**
New Market	296,493,715	72.9
HSBC	27,900,206	6.9
Fidelity	23,541,395	5.8
Dyl Empreendimentos e Participações S.A.	21,654,680	5.3
Richard Paul Matheson	20,140,136	5.0
EI Brazil Investments III, LLC	10,934,016	2.7
Treasury shares	2,976,590	0.7
Carlos Medeiros	1,449,302	0.4
Associates	1,187,948	0.3
	406,277,988	100.0

In thousands of reais, unless otherwise indicated

(b) Contra account to equity - Costs of raising funds

Costs incurred with raising funds through the issuing of equity securities of R$ 39,879 (December 31, 2009 - R$ 39,879) are shown as a reduction account in equity, less the net fiscal effects.

(c) Capital reserve

This represents the amount recorded in the books of the stock option plan for employees and directors amounting to R$ 20,284 (December 31, 2009 - R$ 10,086) (Note 31).

(d) Legal reserve

The legal reserve is appropriated in accordance with Brazilian Corporate Law and the Company's by-laws, on the basis of 5% of annual net income, up to a limit of 20% of capital. In 2010, the Company appropriated to the legal reserve R$ 24,823, the accumulated balance of the legal reserve at December 31, 2010 amounts to R$ 74,344 (December 31, 2009 - R$ 49,521). The purpose of the legal reserve is to ensure the integrity of the capital and may only be used to offset losses and increase capital.

(e) Reserve for unrealized profits

In years when the amount of the mandatory dividend, calculated pursuant to the Company's by-laws exceeds the portion of the actual net income realized for the year, the Stockholders' General Meeting may, if proposed by management, apply the excess to form the reserve for unrealized profits.

The portion of net income for the year is deemed to be realized if it exceeds the sum of the following amounts:

(i) Positive net result from equity accounting.

(ii) Profit, earnings or net gains on operations or booking of assets, liabilities and equity accounts at fair value, whose financial realization term occurs after the year end (investment properties).

	Revenue to be realized
Appropriation of revenue to be realized in 2009	186,011
Net income realized in 2010	(27,742)
Appropriation of revenue not realized in 2010	117,908
Revenue reserve balance to be realized at December 31, 2010.	276,177

At December 31, 2010, the Company appropriated R$ 117,908 (December 31, 2009 - R$ 186,011), related to the installment of the unrealized revenue in the year and reverted the installment of revenue realized in 2010 of R$ 27,742, on December 31, 2010, the balance of revenue to be realized is R$ 276,177.

In thousands of reais, unless otherwise indicated

(f) Retention of revenue reserves

According to Article 196 of the Brazilian Corporate Law, the Stockholders' General Meeting may, if proposed by management, decide to withhold part of net income for the year considered in its previously approved capital budget. Based on the cash flow projection, included in the Company's capital budget for the next 5 years, it is necessary to withhold an amount of retained earnings, calculated through December 31, 2009, amounting to R$ 2,505,931. On September 23, 2010, the amount of R$ 248,440 was paid up, thus, reducing the amount of the retention of profit reserves to R$ 2,257,491. At December 31, 2010, the Company carried out the retention of part of the retained earnings amounting to R$ 353,728. Consequently, the Company's management proposed that the portion of calculated earnings be withheld by the Company in order to cover the investment projects planned in its capital budget.

As established by Article 199 of the Brazilian Corporate Law, the balance of the revenue reserves (except reserves for contingent liabilities, tax incentives and unrealized profits) cannot exceed the Company's capital stock (currently R$ 2,561,195). If this limit is reached, the Stockholders' General Meeting will decide on how this excess is to be applied, whether as subscribed capital, increase of capital or distribution of dividends. Company management proposes that the amount of earnings to be withheld exceeding the amount of the Company's capital, of R$ 124,368, be capitalized through approval of an increase in the Company's capital of the same amount.

(g) Dividends

According to the by-laws, stockholders are entitled to a minimum dividend corresponding to 25% of the net income determined in each year, adjusted pursuant to the legislation in force.

	2010	2009
Net profit for the year (A)	496,459	1,090,893
Absorption of accumulated losses determined up to December 31, 2008		(100,484)
Base for reserves appropriation	496,459	990,409
Appropriation to legal reserve - 5%	(24,823)	(49,521)
Dividends calculation basis	471,636	940,888
Minimum mandatory dividends - 25% before the appropriation to revenue reserve to be realized (B)	117,908	235,222
Revenue to be realized		
Investment properties	(37,149)	24,685
Equity accounting	538,635	1,001,563
Deferred income tax and social contribution	6,520	15,434
Unrealized revenue (C)	508,006	1,041,682
Revenue realized in the year, corresponding to the minimum mandatory dividends payable (A) - (C) = (D)		49,211
Appropriation to revenue reserve to be realized (B) - (D)	117,908	186,011
Profit for 2009 realized in 2010, equivalent to the minimum mandatory dividends payable	27,742	

In thousands of reais, unless otherwise indicated

The Company's management proposed by referendum of the Ordinary General Meeting, the distribution of complementary dividends in the amount of R$ 39,460 and related to the year ended December 31, 2010.

In 2010, the realized minimum mandatory dividends and the proposed complementary dividends amounted to R$ 67,202, but as mentioned in Note 2.24, the amount recorded in the financial statements at December 31, 2010 is the minimum mandatory dividend of R$ 27,742.

(h) Treasury shares

At the meeting of the Supervisory Board held on November 17, 2008, the repurchase of the shares issued by the company was approved through its subsidiary Ecisa Participações Ltda., up to the limit established by Article 30 of Law No. 6,404. The final deadline for the purchase of the shares in question was 365 days from that date, ending on November 17, 2009. For purposes of consolidation of the financial statements, the treasury shares are recorded in equity.

At December 31, 2010, the value of the Company's treasury stock is R$ 14,792 (December 31, 2009 - R$ 19,204), divided into 2,976,590 common shares after share-split (December 31, 2009 - 3,849,752).

24 Earnings per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares in issue during the year excluding common shares purchased by the Company and held as treasury shares (Note 23 (h)).

	2010	2009
Profit attributable to equity holders of the company	496,459	1,090,893
Weighted average number of common shares in issue (thousands)	403,301,398	400,976,040
Basic earnings per share - R$	1.23	2.72

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding, to assume conversion of all dilutive potential common shares. The Company has two categories of dilutive potential common shares: convertible debt and share options. The convertible debt is assumed to have been converted into common shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

In thousands of reais, unless otherwise indicated

	2010	2009
Earnings		
Profit attributable to equity holders of the Company	496,459	1,090,893
Weighted average number of common shares in issue (a)	403,301,398	400,976,040
Adjustments of share options unexercised (b)	13,860,088	8,791,184
Weighted average number of common shares for the diluted earnings per share (a) + (b)	417,161,486	409,767,224
Diluted earnings per share	1.19	2.66

25 Net Revenue

	Consolidated	
	2010	2009
Rentals	425,535	330,329
Fees for the assignment of the right of use	16,812	12,740
Parking lot	82,956	42,799
Transfer fees	3,760	1,688
Rendering of services	51,121	35,097
Others	15,367	6,412
	595,551	429,065
Taxes and contributions	(49,114)	(36,482)
Net income from rentals and services	546,437	392,583

26 Operating Costs

	Consolidated	
	2010	2009
Personnel	(11,637)	(4,684)
Services contracted	(15,942)	(3,820)
Condominium fees	(11,964)	(9,622)
Cost of fund for promotions	(4,702)	(3,592)
Financial	(712)	(337)
Fiscal	(2,823)	(2,875)
Commercial	(5,013)	(5,825)
Other costs	(11,312)	(4,993)
PIS and COFINS credits	3,653	3,539
	(60,452)	(32,209)

In thousands of reais, unless otherwise indicated

27 Administrative Expenses

	Consolidated	
	2010	**2009**
Personnel (i)	(53,933)	(36,139)
Depreciation and amortization	(11,459)	(11,698)
Services rendered	(8,794)	(9,656)
Use and consumption material	(69)	(58)
Other administrative expenses (i)	(7,804)	(210)
Reversal (Constitution) of provision for contingencies (iii)	(407)	1,097
	(82,466)	(56,664)

(i) This corresponds to salaries, charges and profit sharing of the employees and managers.

(ii) This basically corresponds to the expenses with traveling, legal expenditures, publishing and insurance premiums.

(iii) Corresponds to the reversal/(constitution) of civil, tax (except income tax and social contribution) and labor contingencies, as mentioned in Note 21.

28 Financial Result

(a) Financial income

	Consolidated	
	2010	**2009**
Income from financial investments	125,675	97,505
Gain on fair value of derivatives	65,037	91,910
Exchange variations (i)	53,738	98,895
Others	5,062	4,223
	249,512	292,533

In thousands of reais, unless otherwise indicated

(b) Financial expenses

	Consolidated	
	2010	**2009**
Charges on loans and financing	(184,870)	(158,149)
Exchange variations (i)	(40,202)	
Loss on fair value of derivatives	(109,646)	(134,543)
Others	(8,841)	(6,425)
	(343,559)	(299,117)
Financial result, net	(94,047)	(6,584)

(i) These correspond to the exchange variations on the perpetual bonds, explained by the valuation of the Brazilian currency in relation to the US dollar. The Company did not carry out speculative operations on the exchange market and the expense related to exchange variations did not affect the Company's cash position.

29 Information by Segment

Company's top management uses information by business segment to make strategic decisions. The performance of each segment is extracted from the Company's accounting records and segregated as below. Assets and liabilities by business segment are not presented, as they are not the object of analysis for strategic decision making on the part of management:

					Consolidated
					2010
	High	**Medium/ high**	**Medium**	**Medium/ low**	**Total**
Shopping Malls income by segment (i)					
Rentals	34,776	138,218	175,789	76,752	425,535
Assignment fees	5,169	3,614	6,896	1,133	16,812
Parking lot	7,221	16,883	45,916	12,936	82,956
Transfer fees	43	609	2,746	362	3,760
Services (ii)					51,121
Others	357	5,753	8,879	378	15,367
	47,566	165,077	240,226	91,561	595,551
Taxes and contributions	(4,761)	(14,333)	(21,245)	(8,775)	(49,114)
Shopping Malls costs by segment					
Personnel	(763)	(3,136)	(5,680)	(2,058)	(11,637)
Sundry services	(2,452)	(7,061)	(7,786)	(2,826)	(20,125)
Condominium fees	(1,406)	(2,518)	(5,293)	(2,747)	(11,964)
Cost of promotion fund	(912)	(1,015)	(2,218)	(557)	(4,702)
Amortization					(294)
Other costs	(1,860)	(1,217)	(6,781)	(1,872)	(11,730)
	(7,393)	(14,947)	(27,758)	(10,060)	(60,452)
Gross profit	35,412	135,797	191,223	72,726	485,985

In thousands of reais, unless otherwise indicated

					Consolidated
					2009
	High	**Medium/ high**	**Medium**	**Medium/ low**	**Total**
Shopping Malls income by segment (i)					
Rentals	35,245	73,265	153,710	68,109	330,329
Assignment fees	2,478	3,101	5,700	1,461	12,740
Parking lot	3,982	6,461	24,201	8,155	42,799
Transfer fees	250	159	1,082	197	1,688
Services (ii)					35,097
Others	55	545	3,860	1,952	6,412
	42,010	83,531	188,553	79,874	429,065
Taxes and contributions	(4,318)	(7,849)	(16,778)	(7,537)	(36,482)
Shopping Malls costs by segment					
Personnel	(402)	(768)	(2,619)	(895)	(4,684)
Sundry services	(1,921)	(1,392)	(4,387)	(1,866)	(9,566)
Condominium fees	(1,434)	(2,760)	(2,833)	(2,595)	(9,622)
Cost of promotion fund	(717)	(574)	(1,807)	(494)	(3,592)
Other costs	(994)	(552)	(2,759)	(440)	(4,745)
	(5,468)	(6,046)	(14,405)	(6,290)	(32,209)
Gross profit	32,224	69,636	157,370	66,047	360,374

(i) Division by social class follows a survey performed in shopping malls with consumers by a known market research organization according to the "Brazilian Criteria". The "Brazilian Criteria" is related to urban individual and family purchasing power in Brazil, aimed at classifying the population into economic classes.

(ii) Refers to BR Malls Administração income not allocated by segment.

Social class	**Monthly income (in number of minimum salaries)**
High	More than 22 minimum salaries
Medium/High	12 to 21 minimum salaries
Medium	7 to 11 minimum salaries
Med/Low	2 to 6 minimum salaries

In thousands of reais, unless otherwise indicated

					2010
	South	**Southeast**	**Northeast**	**North/ Center Midwest**	**Total**
Shopping Malls income by region					
Rentals	14,543	343,511	32,747	34,734	425,535
Assignment fees	356	14,913	809	734	16,812
Parking lot	1,189	58,151	6,364	17,252	82,956
Transfer fees	133	2,673	733	221	3,760
Services (ii)					51,121
Others	53	14,064	1,018	232	15,367
	16,274	433,312	41,671	53,173	595,551
Taxes and contributions	(3,557)	(26,619)	(12,353)	(6,586)	(49,114)
Shopping Malls costs by region					
Personnel	(504)	(8,339)	(790)	(2,004)	(11,637)
Sundry services	(892)	(16,113)	(836)	(2,284)	(20,125)
Condominium fees	(320)	(9,097)	(960)	(1,587)	(11,964)
Cost of promotion fund	(227)	(3,041)	(579)	(855)	(4,702)
Amortization					(294)
Other costs	(331)	(9,464)	(1,234)	(701)	(11,730)
	(2,274)	(46,054)	(4,399)	(7,431)	(60,452)
Gross profit	10,443	360,639	24,919	39,155	485,985

					Consolidated
					2009
	South	**Southeast**	**Northeast**	**North/ Center Midwest**	**Total**
Shopping Malls income by region					
Rentals	29,066	232,967	37,140	31,156	330,329
Assignment fees	1,275	9,181	1,208	1,076	12,740
Parking lot	2,360	27,183	6,060	7,196	42,799
Transfer fees	191	1,303	110	84	1,688
Services (ii)					35,097
Others	2,133	3,080	1,150	50	6,412
	35,025	273,714	45,668	39,562	429,065
Taxes and contributions	(3,724)	(24,020)	(4,629)	(4,109)	(36,482)
Shopping Malls costs by region					
Personnel	(342)	(2,276)	(914)	(1,152)	(4,684)
Sundry services	(1,584)	(5,831)	(892)	(1,259)	(9,566)
Condominium fees	(981)	(7,434)	(881)	(326)	(9,622)
Cost of promotion fund	(210)	(2,240)	(570)	(572)	(3,592)
Amortization					
Other costs	(82)	(2,922)	(1,055)	(686)	(4,745)
	(3,199)	(20,703)	(4,312)	(3,995)	(32,209)
Gross profit	28,102	228,991	36,727	31,458	360,374

In thousands of reais, unless otherwise indicated

30 Insurance

The Company has a risk management program in order to limit its risks, looking for insurance coverages that are compatible with its business size and operations in the market. Insurance coverages were contracted for amounts shown as follows and considered sufficient by management to cover possible claims, considering the nature of the business, the risks involved with the operations and the advice of their insurance consultants.

At December 31, 2010, the Company had the following principal insurance policies contracted with third parties:

Lines	**Insured amounts**
Named risks - basic coverage	215,000
Loss of profit	95,000
Civil liability	28,100

31 Stock Option Plans

Within the scope of the Option Plan, during a meeting of the Supervisory Board held on February 9, 2007 the First Option Plan was approved ("1st Program Plan"), which granted options to the main executive officers of the Company ("Options of 1st Program"). The table below shows the total shares involved in the 1st Program Plan:

Beneficiary	**Total shares object to purchase option agreement**	**Exercise price per share at December 31, 2010 (in reais, annually updated IGP-M FGV plus 3% spread)**
Members of the Board of Directors	6,803,788	4.37

The Options of the 1st Program can be exercised as from January 1, 2008, as follows: (i) 4,746,826 (after share-split at September 23, 2010) shares in four annual lots of approximately 25% of the total lot of shares; and (ii) 2,056,962 (after share-split at September 23, 2010) shares in five annual lots of approximately 20% of the total lot of shares. In case these executive officers leave the company during the period to exercise the Options of the 1st Program, automatically all the options whose exercise terms had not passed will expire.

At a meeting of the Option Plan Committee held on April 14, 2009, the following items were approved:

(i) Inauguration of the 4th Purchase Option Program for Shares issued by the Company, observing the Purchase Option Plan which calls for a total of 5,459,318 (after share-split at September 23, 2010) common shares, which will be exercised for a price of R$ 5.72 per share, plus the correction index of the plan in question.

In thousands of reais, unless otherwise indicated

(ii) The determination was that the participants who join the 4th Option Plan will have their ties to previous plans immediately revoked with previous programs to which they were affiliated (2nd and 3rd programs), making them invalid. With the formalization of the 4th Purchase Option Program for Shares issued by the Company which took place on July 1, 2009, the 2nd and 3rd programs were canceled and the benefits migrated to the new plan.

The table below shows the total of shares which are the object of the 4th Program Plan:

Beneficiary	**Total shares object to purchase option agreement**	**Exercise price per share at December 31, 2010 (in reais, annually updated IGP-M FGV plus 3% spread)**
Members of management and employees appointed to the Board of Directors	5,231,846	6.51

(e) In the Board of Directors Meeting, on October 1, 2010, it was approved the opening of the 5th Purchase Option Program for Shares issued by the Company (i), which calls for a total of 7,380,000 shares, in 5 annual lots of approximately 20% of the total lot of shares.

The table below shows the total of shares which are the object of the 5th Program Plan:

Beneficiary	**Total shares object to purchase option agreement**	**Exercise price per share at December 31, 2010 (in reais, annually updated IGP-M FGV plus 3% spread)**
Members of management and employees appointed to the Board of Directors	7,380,000	10.81

As determined by CPC Technical Pronouncement 10 - Share-based payments, approved by CVM Deliberation No. 562 of 2008, the Company recognized, to the extent that the services were rendered on payment transactions based on shares, the effect on the results of the period ended on December 31, 2010 amounted to R$ 9,707.

In thousands of reais, unless otherwise indicated

Premiums on the share options were calculated based on the fair value at the date the option was granted, in accordance with each program of the Company, based on their respective market price. Based on the evaluation techniques of Black - Scholes and financial models, the Company estimated the accounting effects with a reasonable level of accuracy. The Company periodically reviews the amount of financial equity instruments that it expects to grant since the expected numbers of financial instruments to be granted is different from the initial estimation.

Programs	1st Program A	1st Program B	4th Program	5th Program	Total
Period to exercise	1/1/2011	1/1/2012	7/1/2014	10/1/2015	
Amount of options	4,746,826	2,056,962	5,231,846	7,380,000	
Price for the year in R$	4.34	4.37	6.51	10.81	
Market price in R$ (*)	3.16	3.16	5.72	10.58	
Fair value of the options in R$	0.88	1	5.19	7.63	
Price volatility of the share	24.29%	24.29%	76.04%	38.97%	
Return rate free of risk	5%	4.90%	3.95%	5.77%	
Fair value (*)	1,045	412	5,433	11,264	
Accrual basis 1st quarter of 2010					1,723
Accrual basis 2nd quarter of 2010					1,723
Accrual basis 3rd quarter of 2010					1,722
Accrual basis 4th quarter of 2010					4,539
Total					9,707

For the 1st Option Program, the exercise price used was based on the latest actual negotiation at the time, which took place in November of 2006.

(*) Original amounts, on the dates of the granting of the option programs. For the 1st Program, the latest Company negotiation in the market was used, as the Company was not listed on the stock exchange.

32 Other Information

(i) The profit sharing plan was established in 2007 as a way to stimulate employees to meet individual and corporate goals, improving stockholder's return. At December 31, 2010, the Company provided for R$ 21,298 as profit sharing for its employees and managers (December 31, 2009 - 14,907), recorded under "administrative expenses". This participation is established in Union agreements and its main objective is to help generate results.

(ii) BR Malls obtained a victory in the Arbitration Board related to the dispute with the former owners of the company FMSA regarding Property Transfer Tax ("Imposto sobre Transmissão de Bens Inter-vivos - ITBI") contingency in the updated amount of R$ R$ 5,909 (recorded in Contingencies). Due to this fact, BR Malls recorded in the second quarter of 2010, the amount of R$ 5,984 in other operating income in BR Malls related to this suit, since the decision is definitive and unappealable.

(iii) The equity accounting results of R$ 1,431 in the 2nd quarter of 2010 in the consolidated refers to the gain obtained in the change of the evaluation criterion from the cost price to the equity accounting criterion, due to the increase in the interest in the Company Sociedade Independência S.A., becoming influential in the company's management.

(iv) Ecisa Engenharia brought the suits No. 323/93 and No. 330/93 against Prefeitura Municipal de São Paulo, in 1993, due to nonperformance of the obligations provided in the construction contract of the Hospital Geral de Campo Limpo. With the unappealable decision of these suits favorable to Ecisa Engenharia, the credit was executed through a Court Order, payable in 10 annual and consecutive installments. Therefore, Ecisa Engenharia recognised in the 1st quarter of 2010 other operating income of R$ 3,493 due to the payment of the 5th and 6th installments of the Court Order.

33 Subsequent Events

(a) On January 3, 2011, BR Malls sold its total share in Esplanada Shopping through the company RAS for R$ 11,800, being R$ 6,100 paid immediately and R$ 5,700 adjusted by CDI that will be paid after the filing of the corporate document.

(b) On January 6, 2011, the shareholdings detained by BlackRock Inc. reached, on an aggregated basis, 20,436,831 common shares issued by the Company, representing 5.03% of the Company's capital. The objective of the investment mentioned above is not to change the share control nor the administrative structure of the Company.

(c) On January 13, 2011, BR Malls priced the offer of senior perpetual bonuses abroad in the amount of US$ 230,000 subject to quarterly payments of 8.50% interest per annum ("Bonuses").
The Bonuses were not and will not be recorded under the U.S. Securities Act of 1933, as changed, and were offered only abroad for institutional investors qualified under the Rule 144A and to non American individuals outside the United Stated of America, according to Regulation S, except in the jurisdictions in which this offer or sale is prohibited. These bonuses will be recorded in Euroclear. Euroclear, equivalent to the Brazilian Cetip, is headquartered in Brussels and is the biggest service provider for settlement of securities, shares and investment funds transactions in the world.

BR Malls and its subsidiaries, ECISA Engenharia Comércio e Indústria Ltda., ECISA Participações Ltda. and Proffito Holding Participações S.A., guarantee the bonuses, that are considered senior obligations without real guarantee of BR Malls International Finance Limited or of BR MALLS and its subsidiaries.

BR Malls intends to use the resources obtained with the offer to finance: (i) conception, incorporation and manage of new shopping malls; (ii) acquisition of more shares in the shopping malls in which it already has shares; (iii) acquisition of shares in shopping malls of third parties and companies that operate in the same sector; (iv) expansion of the operations of the shopping malls in which it has shares; and (v) amortization or settlement of financings.

The obtained resources, in the total amount of R$ 382,603, were internalized on February 23, 2011, through intercompany loans. On February 18, 2011, the Company contracted with Deutsche Bank an exchange swap operation of 20 quarterly payments, beginning on February 23, 2011 (pre-fixed rate of 9.75%, per annum plus US dollar exchange variation) for a post-fixed rate (99,15% of the certificate interbank deposit), falling due January 14, 2016.

(d) On January 19, 2011, Cia Santa Cruz repurchased from BI INVEST all the 401 real estate receivable certificates ("Certificados de Recebíveis Imobiliários - CRI") for R$ 470,152.63, amounting to a face value of R$ 48,896. This operation did not generate a profit nor loss.

(e) On January 28, 2011, ECISA Engenharia acquired an additional fraction of 14.0% of the total Gross Leasable Area (GLA) of Shopping Curitiba, an enterprise located in the Municipality of Curitiba in the State of Paraná. With this acquisition, BR MALLS adds 3,242 m² to its own GLA, increasing its share from 35% to 49% in the shopping mall. The transaction amounted to R$ 34,650, being R$ 14,650 paid immediately, and the remainder in 20 monthly installments of R$ 1,000 adjusted by INPC + 7% p.a, the first being paid in February 2011.

(f) On January 28, 2011, the shareholdings detained by Dodge & Cox reached, on an aggregated basis, 20,614,700 common shares issued by the Company, representing 5.08% of the Company's capital. The objective of the investment mentioned above is not to change the company's management nor the composition of the majority, neither to control the company's operations.

(g) In February 2011 a CIMA signed a structured receivable securitization operation with Banco Bradesco which led to the issuing of real estate receivable certificates - CRIs backed and guaranteed by Shopping Tijuca amounting to R$ 500,000 for 14 years (grace period of two years) at a cost of TR rate + 10.70% per annum.

(h) On March 30, 2011, it was signed a financing agreement by Spinacia Participações S.A. of R$ 107,000. At May 11, 2011, it was signed an amendment of R$ 24,000 amounting to R$ 131,000. The objective was to raise funds for the construction of Shopping Center São Bernardo.

(i) At a shareholders meeting held on April 29, 2011 the shareholders unanimously approved the allocation of net income for the year ended December 31, 2010, totaling R $ 496,459, being: (i) R $ 24,823 for the legal reserve, pursuant to article 193 of Law 6404/76 and Article 31 of the Bylaws, (ii) R $ 78,448 for the booking of profits, pursuant to article 197 of Law 6404/76; and (iii) R $ 353,728 for the retention of profits as a capital budget of the Corporation in accordance with Article 196 of Law No. 6404/76, all as the administration's proposal previously made available to shareholders. Additionally it was approved a total payment of dividends of R $ 67,202 (R$ 27,742 on the realization of unrealized gains of 2009 that had been destined for Book Unrealized Profit and R $ 39,460 from the perspective of realization during the first four months 2011, a portion of unrealized profits in 2010, the Reserve for Unrealized Profit).

(j) On April 29, 2011, the Company acquired 95% of Shopping Paralela in Salvador (BA), for a total price of $ 285 million, and within 30 days, will be responsible for its administration and leasing it. The price to be paid for it will total R$237.5 million, of which 40% will be paid cash and the remainder in four equal annual installments, adjusted by the IPCA, the mall was sold in a fiduciary warranty of shares outstanding. The acquisition also involves the payment of R$47.5 million for 95% of the parking operation to be paid in the same format as the acquisition of the mall.

(k) Shopping Via Brasil was opened at April 26, 2011, when it was transferred from Greenfields to assets in operation in the amount of R$ 109,236.

(l) At a meeting of the Supervisory Board held on July 1, 2011, a capital increase was approved, as a result of the exercising of the purchase of stock options related to the 4th and 5th Programs of the Stock Option Plan approved at the Extraordinary Meeting of April 14, 2009 and October 5, 2010, respectively, through a private subscription of 94,970 shares, at an issue price of R$ 6.64, totaling R$ 630 and 20,304, at issue price R$10,98, totaling R$ 223.

(m) On January 1, 2012, 40% of the equity book value of SPE Mooca was split off. As from this date, BR Malls will hold 100% of SPE Mooca, which will hold 60% of Shopping Center Mooca.

(n) Private issuance, on January 1, 2012, of 452,572 common, nominative shares with no par value at an issuing price of R$ 4.54 per share; 649,167 common, nominative shares with no par value at an issuing price of R$ 6.88 per share; and 908,129 common, nominative shares with no par value at an issuing price of R$ 11.19 per share, which will be for subscription and payment of shares.

(o) At a meeting of the Supervisory Board held on January 31, 2012, it was approved the private issuance of 170,911 common, nominative shares with no par value at an issuing price of R$ 6.88 per share; 26,467 common, nominative shares with no par value at an issuing price of R$ 11.19 per share and 15,972 common, nominative shares with no par value at an issuing price of R$ 16.11 per share, which will be for subscription and payment of shares.

(p) On February 3, 2012, debentures were issued amounting to R$ 405 million in 2 series (R$ 165,200 linked to CDI + 0.94% p.a.with maturity of 5 years and R$ 239,300 linked to IPCA + 6.4% p.a.) with maturity of 7 years.

(q) On February 14, 2012, BR Malls acquired a 33% interest in Itaú Power Shopping in Contagem - State of Minas Gerais, for R$ 87,500 on demand and R$ 2,300 updated by the IGPM at a rate of 33% of the parking lot operation. The shopping mall is located in the metropolitan region of Belo Horizonte.

(r) On February 16, 2012, BR Malls acquired 33% of interest in Itaú Power Shopping in Contagem, for R$ 87,500.

(s) At February 22, 2012, BR Malls fully settled the promissory notes recorded in current liabilities in the amount of R$ 204,592.

(t) On April 3, 2012, BR Malls acquired 50% interest in Rio Anil Shopping in São Luis. On the same date, the Company bought 50% interest in the future expansion project for the shopping mall, which is scheduled to open in the fourth quarter of 2013. Taking that acquisition into account, the Company holds now interest in 46 shopping malls.

(u) On April 9, 2012, BR Malls and Simon Property Group entered into an agreement to develop outlets in Brazil. The Brazilian entity in charge of developing and controlling outlets in Brazil will be jointly controlled by BR Malls and Simon Property Group.

(v) On April 17, 2012, a violation notice was issued against Ecisa Participações, a subsidiary of BRMalls. Such violation notice refers to deductible reverse merger goodwill of companies Lycia and Dylpar, for base periods 2007 and 2008, amounting to R$ 23,950, including fine and interest. The Company, in conjunction with its legal advisers, is currently assessing the referred to violation notice and is preparing to challenge it. As a result, it is still not possible to rate the likelihood of an unfavorable outcome there for.

(w) On March 2, 2012, BR Malls disclosed the greenfield project in Guarujá city. The Company will bear 75.6% of total investment and hold 65% interest in the shopping mall.

(x) On April 5, 2012, a financing agreement was entered into with Banco do Brasil (released on June 22) for the construction of Estação BH project. The total amount financed by SPE Azione was R$ 137 million. The debt cost is TR + 10.20% p.a., the payment will be made in 96 monthly, equal and consecutive installments, 24 months from the contract date.

(y) On July 17, 2012, the public offering of quotes of BM Jardim Sul II Investment Fund was concluded, the objective of which is investing in real estate development of shopping malls through acquisition of up to 40.00% of Jardim Sul Shopping mall, currently held by Proffito.

(z) On July 27, 2012, 250 promissory notes were issued by BR Malls Participações S.A., in a single series, amounting to R$ 500 million, subject to public offering of distribution with restricted efforts to placement. The term is 180 days and CDI + 0.7%, in accordance with our debt management policy.

(aa) In the second semester, there was disposal of total interest in Cuiabá Participações S.A. (Pantanal Shopping mall) for R$45,000, generating profit of R$14,554 and diluting interest in GS Shopping mall (Goiânia Shopping mall), which was consolidated on a *pro rata* basis, generating an investment property write-off equivalent to the non-controlling interest. In addition, on February 16, 2012, there was a split-off of 40% of ownership interest held by SPE Mooca Empreendimento Imobiliário S/A in Mooca Shopping mall, which now holds only 60% ownership interest in the shopping mall.

(bb) In the second quarter of 2012, Estação BH Greenfield project was concluded

34 First-time Adoption of IFRS

34.1 Transition basis

34.1.1 Application of IFRS 1

The consolidated financial statements for the year ended December 31, 2010 are the first annual statements prepared in conformity with IFRSs. The Company adopted IFRS 1 for the preparation of these consolidated financial statements.

The transition date is January 1, 2009. Management prepared the opening balance sheets according to IFRSs on that date.

In preparing these financial statements, the Company applied the material compulsory exceptions and certain voluntary exemptions to the full retrospective application.

34.1.2 Chosen exemptions and exceptions applied according to the IFRS 1 standards

IFRS 1 should be applied when IFRS is adopted for preparation of its annual accounting statements for the first time. As a general rule, IFRS 1 requires that an entity follow the rules of each one of the IFRS accounting Standards in force on the date its first IFRS accounting statements are prepared.

IFRS 1 grants some exemptions on specific topics for which the cost of generating information could exceed the benefits to users of the financial statements. IFRS 1 also establishes some exceptions which prohibit retrospective application of certain IFRS accounting Standards in some areas, particularly where the retrospective application could require judgment of Management on past conditions and after knowing about transactions which have already occurred. The date of January 1, 2008 was defined as the transition date for preparation of this reconciliation.

The exemptions from IFRS 1 were not applicable or were not chosen by Company Management:

- Subsidiary, associated company and joint venture assets and liabilities
- Obligations arising from deactivation or restoration of similar assets or liabilities
- Leasing
- Non-recognition of financial assets and liabilities
- Share-based remuneration
- Insurance contracts
- Fair value measurement of financial assets and liabilities on the transition date
- Employees benefits
- Compound financial instruments
- Cumulative differences on the conversion of subsidiary balances and investments in companies abroad
- Leases
- Capitalization of financial costs

The only difference between the accounting practices adopted in Brazil and the IFRS in the consolidated financial statements refers to the Deferred Assets balance, according to reconciliation in the following item. Accordingly, no exemption was adopted.

In thousands of reais, unless otherwise indicated

34.2 Reconciliation of equity and net income in accordance with CPC and IFRS

Reconciliation of stockholders' equity and net earnings, consolidated, prepared in accordance with the early adoption of CPC Pronouncements and IFRS is shown below:

	Consolidated		
	Equity		Net income
	December 31, 2009	January 1, 2009	December 31, 2009
According to CPC	5,067,931	3,549,556	1,090,893
Write-off of deferred assets	(7,236)	(8,173)	
Reversal of amortization of deferred assets			937
Deferred taxes on the adjustments	2,460	2,779	(319)
According to IFRS	5,063,155	3,544,162	1,091,511

* * *

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