

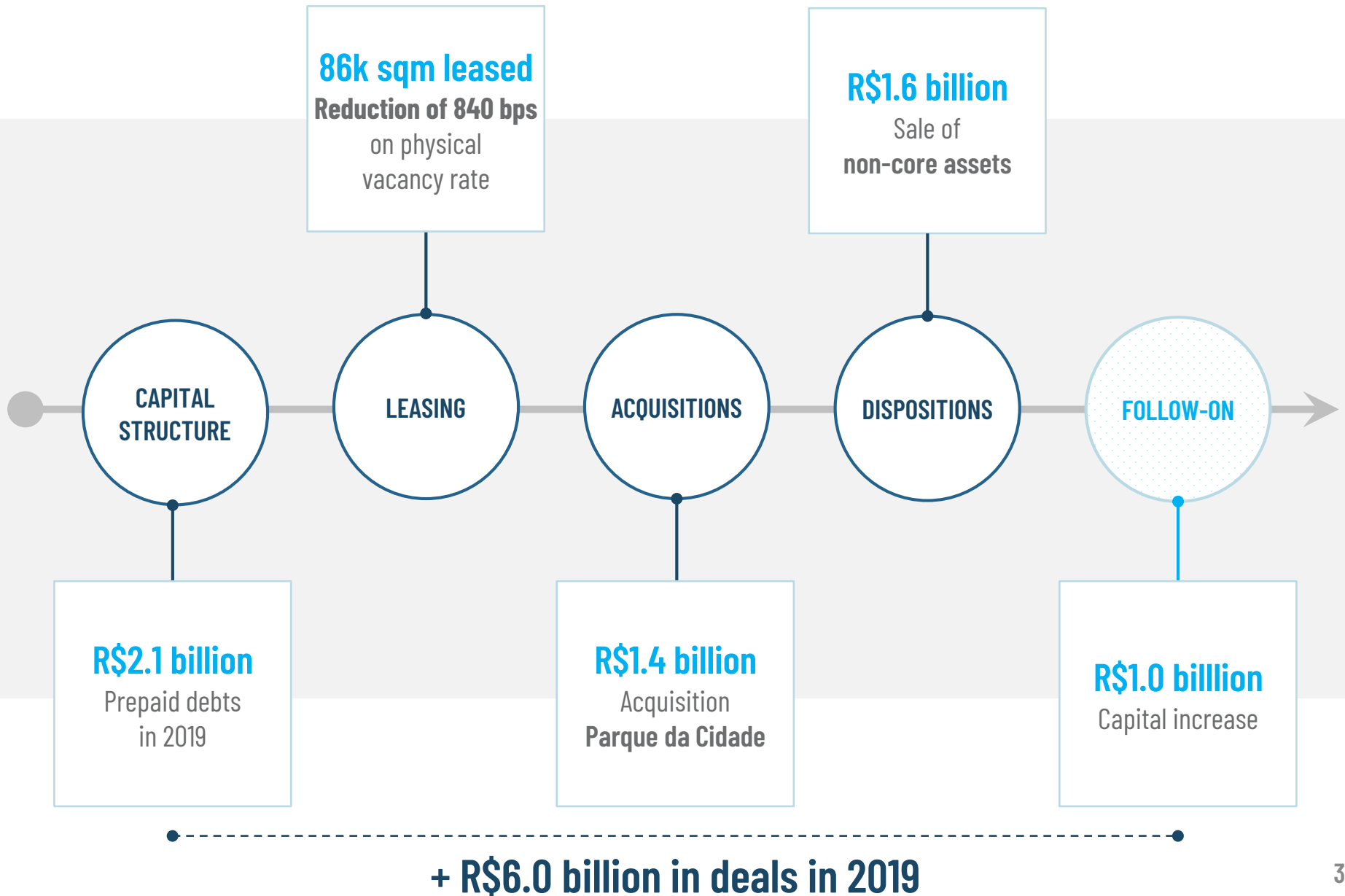
# Conference Call 4Q19 & 2019

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# 1. Highlights & Portfolio

# Milestones 2019



## BR Properties closes 2019 accomplishing the recent years' strategy: Acquisitions, Sale of Assets, Capital Structure Optimization and Leasing Activity.

### ✓ Leasing

- During 4Q19, the Company signed 42,797 sqm of GLA in new lease agreements, totaling 85,617 sqm in the year. Of the total area leased in 2019, 40,622 sqm were signed in commercial properties located in Rio de Janeiro, 24,895 sqm signed in properties located in São Paulo and 19,026 sqm signed in logistic and industrial warehouses, thus showing an excellent equilibrium in the leasing activity during the year as well as the portfolio's liquidity.
- BR Properties' portfolio ended the quarter with consolidated financial and physical vacancy rates of 13.8% and 17.3%, respectively, presenting a sharp reduction of 550 bps and 840 bps year-over-year, a higher than market average performance. This achievement reveals the great outcome of the recycling strategy designed by the Company, aiming the portfolio concentration in AAA assets.

### ✓ M&A

- In 2019, the Company acquired the totality of the commercial properties "Torre Aroeira" and "Torre Paineira" and, approximately, 30% of "Torre Jatobá", which represent 101,864 sqm of GLA under development, located in a multipurpose real estate development known as "Condomínio Parque da Cidade", in the city of São Paulo. The total amount of the acquisition is R\$1,362.1 million, representing R\$13,360 in acquisition price per sqm.
- BR Properties concluded the acquisition of Cajamar's landbank in 2019 and, at the end of the year, the site's earthmoving and the warehouse's construction has begun. The total CAPEX required for the delivery of, approximately, 150 thousand m<sup>2</sup> of logistics area is R\$275 million. Cajamar is Brazil's most highly sought-after logistics submarket.
- Over 2019, the Company concluded the sale of 15 non-core commercial properties, which totaled 188,203 sqm of GLA. The total value of the sale was R\$1,586.7 million.
- Through the completion of the transactions described above, BR Properties has concentrated its portfolio in AAA properties, which now represents, in market value 83% of the Company's portfolio. Including Parque da Cidade and Galpão Cajamar, at acquisition prices, from 2021 on, the AAA ratio will reach 87%.

## ✓ Capital Structure

- As part of the continuous improvement in the Company's liability management, BR Properties extraordinarily prepaid R\$2,105.4 million during the year. These debts had an average weighted cost of 11.2% (CDI +6.5%) over the last 12 months. By the end of 2019, the average effective cost of debt was 6.1%, representing a reduction of 360 bps year-over-year and of 260 bps quarter-over-quarter.
- BR Properties closed the quarter with a net debt of R\$354.0 million and a cash position of R\$1,392.5 million.
- On November 21, the Company concluded its public offering of primary public distribution with restricted placement efforts, pursuant the CVM Rule No. 400. By issuing newly 84,375,00 common shares with a price per share set at R\$12.50, the Company raised the total amount of R\$1.054,7 million. Regarding the use of proceeds raised at the end of November, BR Properties has already partially used it to prepay debts, to initiate the development of Galpão Cajamar and it is still actively looking for M&A opportunities.
- The Offer has strongly contributed to increase the liquidity of the Company's shares, resulting in a free-float enhancement from 29% to 41%, meanwhile the ADTV increased from R\$6.9 million in 9M19 to R\$43.3 million in December.
- Based on all efforts carried out through 2019 in its capital structure, the Company reached the end of the year with extremely comfortable leverage indicators. While its Net Loan-to-Value (NLTV) reached 5% (from 32% at the end of 2018), the net debt-to-EBITDA ratio went from 8.1x at the end of 2018 to 1.3x at the end of 2019.



## ✓ Financial Results

- BR Properties registered net revenues of R\$379.3 million in 2019, representing a decrease of 10% over 2018. It is important to highlight that these reductions are explained by the sale of assets that occurred throughout 2019.
- In 2019, adjusted EBITDA reached R\$270.2 million, with a margin of 71%.
- The adjusted net financial expenses recorded R\$208.2 million in 2019, representing a 22% reduction when compared to 2018. This result is the outcome of a strong reduction in the Company's average debt cost throughout 2019. It is worth mentioning that the financial economy has reflected partially in this years' result, since approximately half of the prepayments occurred in December.
- In December 2019, the Company's portfolio underwent a full appraisal by CB Richard Ellis (CBRE). Considering the same properties base as of 2018, our consolidated portfolio appreciated approximately 10% year-over-year.
- BR Properties registered a net income of R\$ 311.4 million in 2019, representing a nominal increase of R\$297.6 million when compared to the previous year.
- Adjusted Net Income (FFO) for the year, excluding non-cash and non-recurring effects, was R\$56.8 million, with a margin of 15%, representing an increase of 39% over 2018. In the last quarter of the year, FFO margin was 27%, reflecting part of the Company's effort previously mentioned.
- As a result of BR Properties' operational and financial performance throughout 2019, its shares appreciated 77% in the period, surpassing the Ibovespa appreciation of 32%.

	4Q18		4Q19	
NET DEBT	R\$ 2.6 billion	>	R\$ 0.4 billion	✓ - 86%
NET LTV	32%	>	5%	✓ -27 p.p.
NET DEBT / EBITDA	8.1 x	>	1.3 x	✓ - 84%
PHYSICAL VACANCY	25.7%	>	17.3%	✓ -8,4 p.p.
DEBT COST	9.7%a.a.	>	6.1%a.a.	✓ -3,6 p.p.
FREE FLOAT	29%	>	41%	▲ 12 p.p.
PRICE / SHARE	R\$ 8.20	>	R\$ 14.48	▲ 77%
ADTV	R\$ 10.5 million	>	R\$ 31.1 milhões	▲ 20mn/day

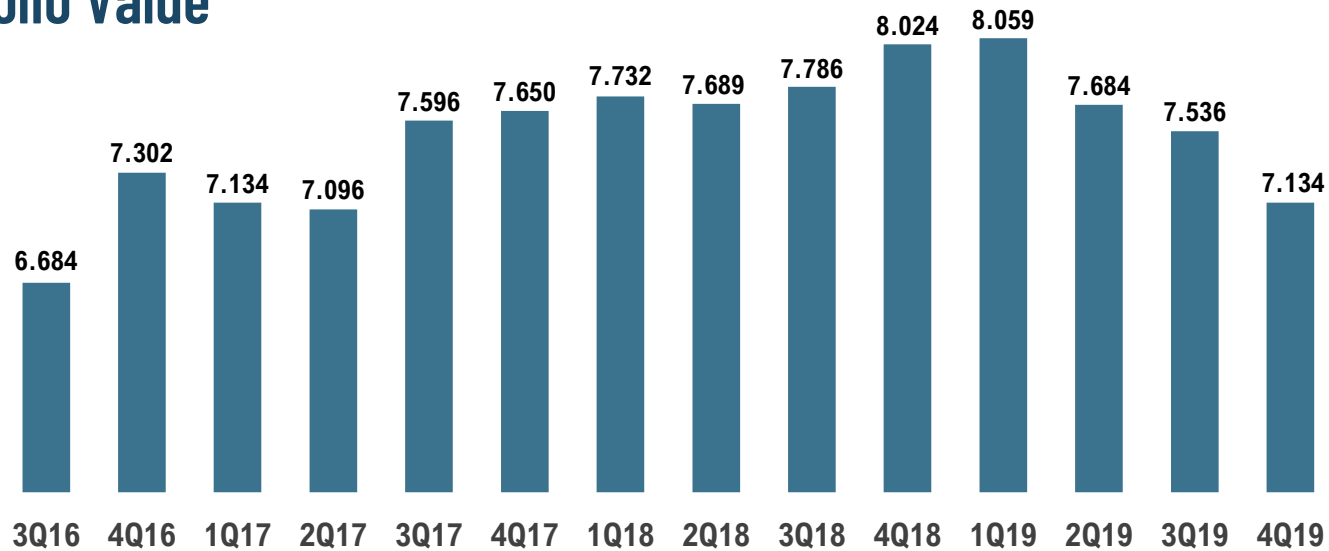
## 2019 Portfolio Recycling

Date	Property	Type	Location	GLA (sqm)	Value (R\$)
2Q19	Ed. Paulista	Office	São Paulo	22.855	405.000.000
3Q19	Ed. Barra da Tijuca (70%)	Office	Rio de Janeiro	16.247	184.800.000
4Q19	Ed. Chucri Zaidan	AAA Office	São Paulo	21.906	306.807.831
4Q19	Bolsa RJ	AAA Office	Rio de Janeiro	3.224	610.215.000
	Icomap	Office	Rio de Janeiro	9.164	
	São Pedro	Office	São Paulo	3.575	
	Vargas	Office	Rio de Janeiro	14.809	
	Ed. Comercial Indaiatuba	Office	Indaiatuba	11.335	
	Santo Antônio	Office	São Paulo	5.017	
	São José	Office	São Paulo	5.080	
	Alexandre Dumas	Office	São Paulo	6.889	
	Ouvidor 107	Office	Rio de Janeiro	6.284	
	CBOP - Ed. Jacarandá	Office	Barueri	31.954	
	RB 115	Office	Rio de Janeiro	11.516	
	Barra Funda	Office	São Paulo	11.384	
4Q19	Ed. Barra da Tijuca (30%)	Office	Rio de Janeiro	6.963	79.885.540
				<b>188.203</b>	<b>1.586.708.371</b>

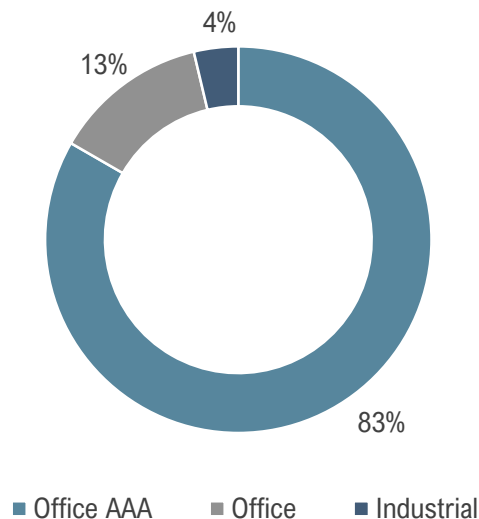
51% Vacant



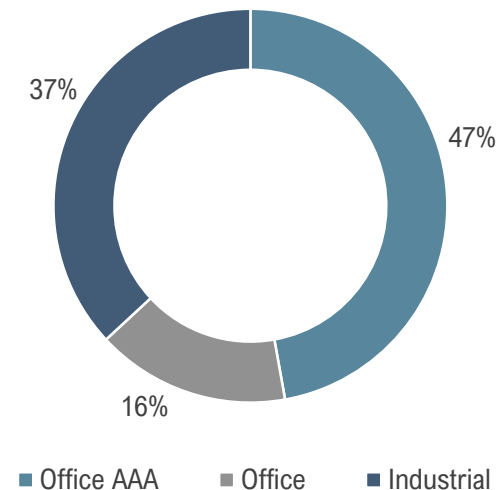
## > Portfolio Value



### Portfolio Breakdown (Value)



### Portfolio Breakdown (GLA)

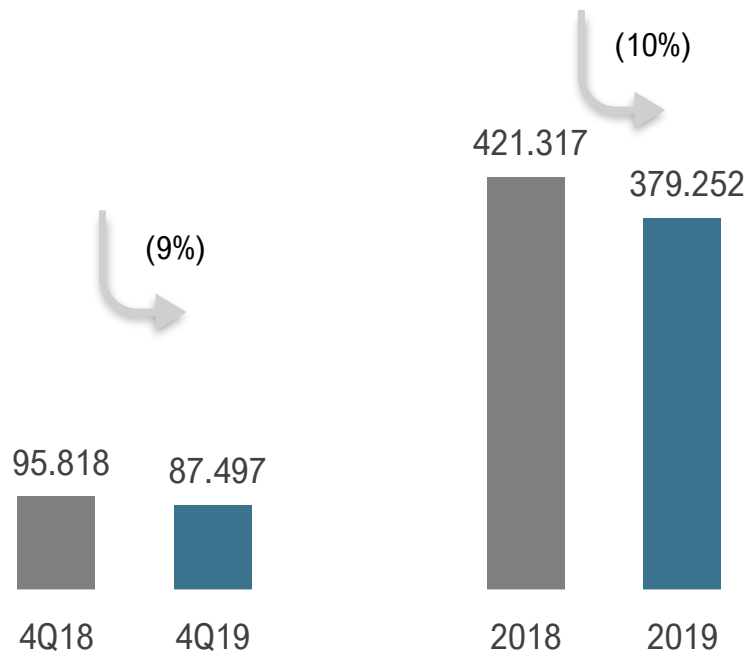




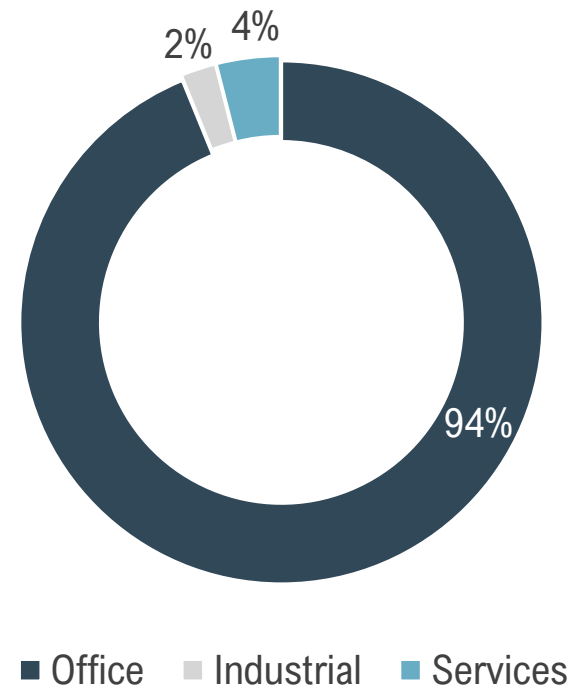
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## Financial Highlights

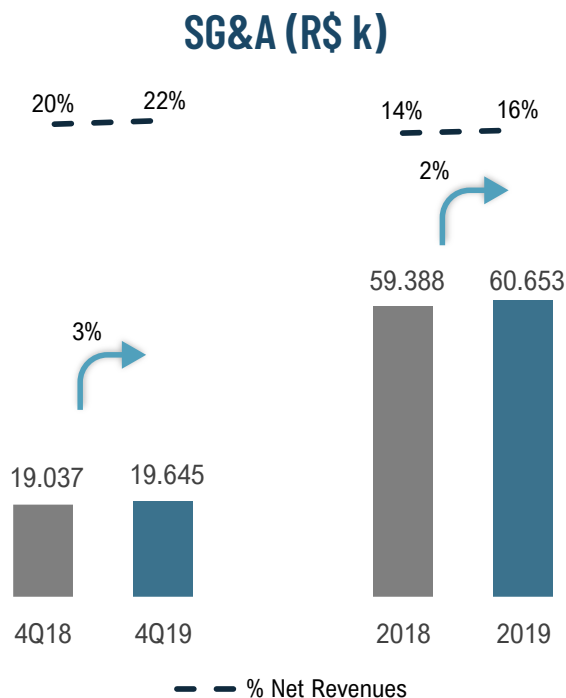
## Net Revenues (R\$ k)



## 2019 Revenues Breakdown



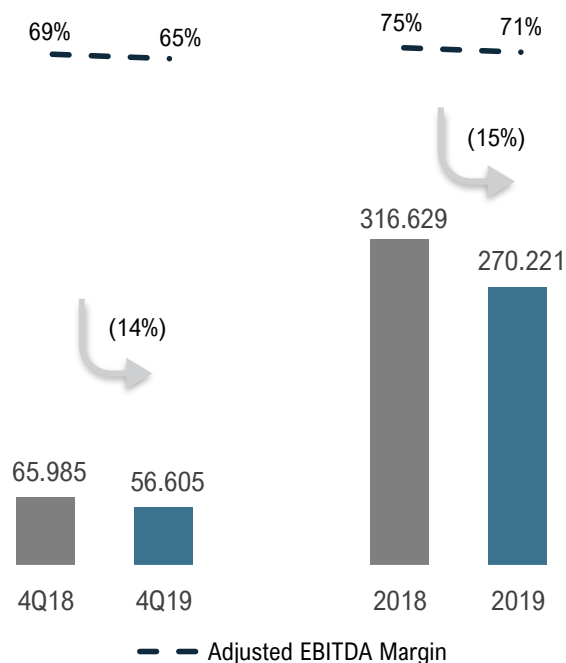
# General and Administrative Expenses



Account	General and Administrative Expenses	4Q19	4Q18	var %	2019	2018	var %
(12)	<b>SG&amp;A</b>	<b>(32.481)</b>	<b>(12.456)</b>	<b>161%</b>	<b>(127.742)</b>	<b>(92.410)</b>	<b>38%</b>
(13)	Operating Expenses	(7.463)	13.294	-156%	(22.686)	(3.596)	531%
(14)	Taxes	1.891	(5.615)	-134%	(3.248)	2.121	-253%
(15)	Personnel Expenses <sup>1</sup>	(7.879)	(3.898)	102%	(26.866)	(23.890)	12%
(16)	Management Fees <sup>1</sup>	(4.303)	(1.181)	264%	(11.101)	(4.651)	139%
(17)	Stock Options / LTIP	(1.440)	(1.552)	-7%	(5.824)	(6.313)	-8%
(18)	Vacancy Expenses	(13.286)	(13.504)	-2%	(58.017)	(56.081)	3%
	<b>Adjusted SG&amp;A</b>	<b>(19.645)</b>	<b>(19.037)</b>	<b>3%</b>	<b>(60.653)</b>	<b>(59.388)</b>	<b>2%</b>
(18)	(+) Vacancy Expenses	13.286	13.504	-2%	58.017	56.081	3%
(17)	(+) Stock Options / LTIP	1.440	1.552	-7%	5.824	6.313	-8%
(14)	(+) Taxes	(1.891)	5.615	-134%	3.248	(2.121)	-253%
(13)	(-) Reversal of Provision (One Properties Contingency)	-	(27.252)	n/a	-	(27.252)	n/a
	<b>Percentage: G&amp;A / Net Revenues</b>	<b>22%</b>	<b>20%</b>	<b>3 p.p.</b>	<b>16%</b>	<b>14%</b>	<b>2 p.p.</b>

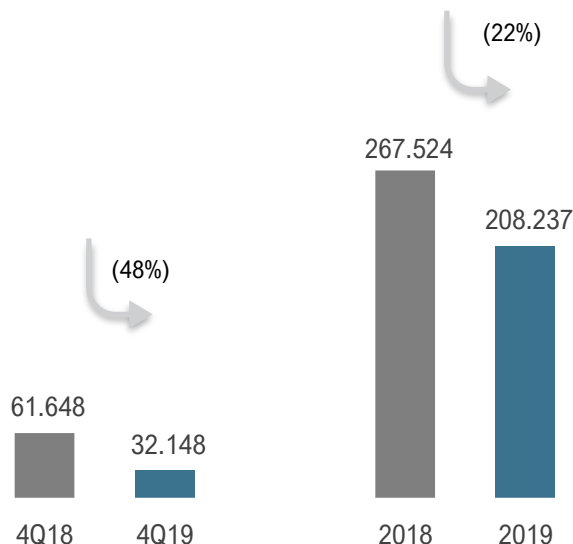
<sup>1</sup> The increase in "Management Fees" and "Personal Expenses", when compared to the previous year, is mainly explained by a R\$3.8 million reversal of bonus provision in 2018, which reduced these expenses this year, thus distorting this comparison.

## Adjusted EBITDA (R\$ k)



Account	Adjusted EBITDA Composition	4Q19	4Q18	var %	2019	2018	var %
(28)	Net Income (loss)	396.566	124.133	219%	311.352	13.705	2172%
(27)	(+) Deferred Taxes	72.399	109.156	-34%	147.582	149.235	-1%
(26)	(+) Income and Social Contribution Taxes	36.799	2.074	1674%	41.103	8.366	391%
(24)	(-) Gain (Loss) on Appraisal of Investment Properties	(570.996)	(198.507)	188%	(570.996)	(198.507)	188%
(23)	(-) Gain (Loss) on Sale of Investment Properties	-	-	n/a	(25.898)	(1.554)	1567%
(22)	(+) Other Operating Income/Expense	48.856	8.928	447%	73.370	8.913	723%
(19)	(+) Financial Result	71.392	37.580	90%	274.996	348.750	-21%
(17)	(+) Stock Options / LTIP	1.440	1.552	-7%	5.824	6.313	-8%
(14)	(+) Taxes on Corporate Restructuring / ITBI - (Non-Recurring)	-	8.188	n/a	12.346	8.188	51%
(13)	(+) Depreciation	149	134	11%	542	472	15%
(13)	(-) Reversal of Provision (One Properties Contingency)	-	(27.252)	n/a	-	(27.252)	n/a
(31)	Adjusted EBITDA	56.605	65.985	-14%	270.221	316.629	-15%
(32)	Adjusted EBITDA Margin	65%	69%	-4 p.p.	71%	75%	-4 p.p.

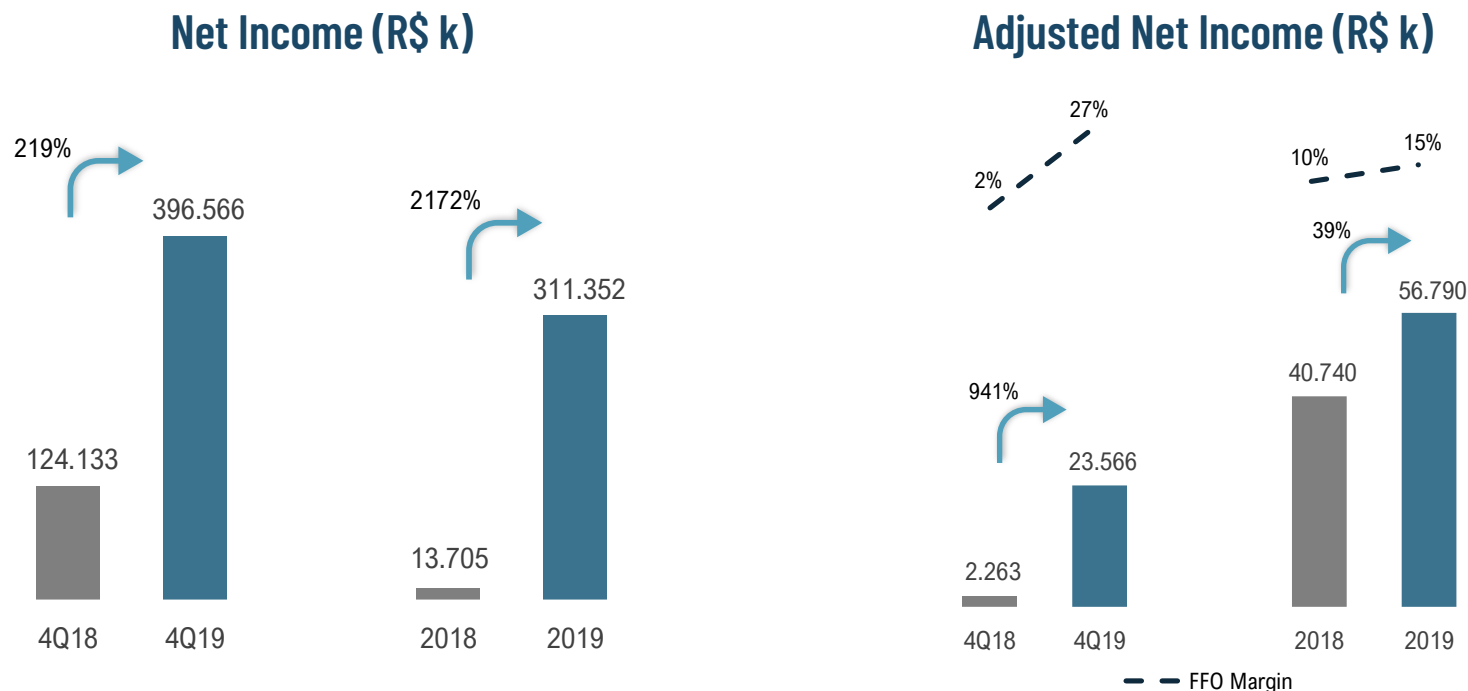
## Adjusted Net Financial Expenses (R\$ k)



Financial Results	4Q19	4Q18	var %	2019	2018	var %
<b>Financial Income</b>	<b>20.398</b>	<b>28.997</b>	<b>-30%</b>	<b>88.696</b>	<b>102.072</b>	<b>-13%</b>
Return on Cash Reserves	14.445	10.164	42%	47.223	71.239	-34%
Non-cash Variations (MTM - Perpetual Bond Swap and Interest)	-	9.623	n/a	-	9.738	n/a
Exchange Rate Variation	-	-	n/a	20.112	-	n/a
Other	386	539	-28%	2.168	1.156	88%
Monetary Adjustment of Tax Credits	5.567	8.672	-36%	19.192	19.938	-4%
<b>Financial Expenses</b>	<b>(91.790)</b>	<b>(66.577)</b>	<b>38%</b>	<b>(363.692)</b>	<b>(450.821)</b>	<b>-19%</b>
Interest Expense on Company Debt	(75.975)	(91.867)	-17%	(329.109)	(367.277)	-10%
Gain on Debt Renegotiation (Fair Value)	(15.459)	(1.970)	685%	(27.171)	27.627	-198%
Non-cash Variations (MTM - Perpetual Bond Swap and Interest)	-	4.449	n/a	(5.044)	(24)	20550%
Exchange Rate Variation	-	23.807	n/a	-	(106.725)	n/a
Other	(356)	(997)	-64%	(2.367)	(4.421)	-46%
<b>Net Financial Expenses</b>	<b>(71.392)</b>	<b>(37.580)</b>	<b>90%</b>	<b>(274.996)</b>	<b>(348.750)</b>	<b>-21%</b>
(-) Non-cash Gains on Exchange Rate Variation	-	-	n/a	(20.112)	-	n/a
(+) Non-cash Losses on Exchange Rate Variation	-	(23.807)	n/a	-	106.725	n/a
(-) Non-cash Gains (MTM - Perpetual Bond Swap and Interest)	-	(9.623)	n/a	-	(9.738)	n/a
(+) Non-cash Losses (MTM - Perpetual Bond Swap and Interest)	-	(4.449)	n/a	5.044	24	20550%
(-) Gain on Debt Renegotiation (Fair Value)	15.459	1.970	685%	27.171	(27.627)	-198%
(+) Debt Prepayment Fee	13.771	2.462	459%	24.529	2.462	896%
(+) Write-off of Deferred Financing Costs (Debt Prepayment)	10.015	-	n/a	10.015	-	n/a
(+) Hedge Expense (NDF - Perpetual Bond Repurchase)	-	9.380	n/a	20.112	9.380	n/a
<b>Adjusted Net Financial Expenses</b>	<b>(32.148)</b>	<b>(61.648)</b>	<b>-48%</b>	<b>(208.237)</b>	<b>(267.524)</b>	<b>-22%</b>



# Adjusted Net Income (FFO)



Account	Adjusted Net Income Composition (FFO)			4Q19	4Q18	var %	2019	2018	var %
(30) <b>Net Income (loss)</b>				<b>396.566</b>	<b>124.133</b>	<b>219%</b>	<b>311.352</b>	<b>13.705</b>	<b>2172%</b>
(27) (+) Deferred Taxes				72.399	109.156	-34%	147.582	149.235	-1%
(26) (+) Income Taxes on Property Sales				35.909	-	n/a	35.909	-	n/a
(24) (-) Gain (Loss) on Appraisal of Investment Properties				(570.996)	(198.507)	188%	(570.996)	(198.507)	188%
(23) (-) Gain (Loss) on Sale of Investment Properties				-	-	n/a	(25.898)	(1.554)	1567%
(22) (+) Other Operating Income/Expense				48.856	8.928	447%	73.370	8.913	723%
(19) (+) Non-cash Gains/Losses on Exchange Rate Variation				-	(23.807)	n/a	(20.112)	106.725	-119%
(19) (+) Non-cash Variations (MTM - Perpetual Bond Swap and Interest)				-	(14.072)	n/a	5.044	(9.714)	-152%
(19) (-) Ganho AVJ com Repactuação da Dívida				15.459	1.970	685%	27.171	(27.627)	-198%
(19) (+) Debt Prepayment Fee				13.771	2.462	459%	24.529	2.462	896%
(19) (+) Write-off of Deferred Financing Costs (Debt Prepayment)				10.015	-	n/a	10.015	-	n/a
(19) (+) Hedge Expense (NDF - Perpetual Bond Repurchase)				-	9.380	n/a	20.112	9.380	114%
(17) (+) Stock Options / LTIP				1.440	1.552	-7%	5.824	6.313	-8%
(14) (+) Taxes on Corporate Restructuring ITBI - (Non-Recurring)				-	8.188	n/a	12.346	8.188	51%
(13) (+) Depreciation				149	134	11%	542	472	15%
(13) (-) Reversal of Provision (One Properties Contingency)				-	(27.252)	n/a	-	(27.252)	n/a
(33) <b>Adjusted Net Income (FFO)</b>				<b>23.566</b>	<b>2.263</b>	<b>941%</b>	<b>56.790</b>	<b>40.740</b>	<b>39%</b>
(34) <b>Adjusted Net Income Margin (FFO Margin)</b>				<b>27%</b>	<b>2%</b>	<b>25 p.p.</b>	<b>15%</b>	<b>10%</b>	<b>5 p.p.</b>

Indebtedness	4Q19	3Q19	var %
<b>Short Term Loans and Financing</b>	<b>217.631</b>	<b>262.040</b>	<b>-17%</b>
Loans and Financing	249.623	244.417	2%
Creditory Rights (Barra da Tijuca Sale)	(31.992)	(22.284)	44%
Payables for acquisition of Real Estate	-	39.908	n/a
<b>Long Term Loans and Financing</b>	<b>1.528.870</b>	<b>2.445.268</b>	<b>-37%</b>
Loans and Financing	1.551.175	2.004.900	-23%
Creditory Rights (Barra da Tijuca Sale)	(36.190)	(23.183)	n/a
Payables for acquisition of Real Estate	13.886	463.552	-97%
<b>Gross Debt</b>	<b>1.746.502</b>	<b>2.707.308</b>	<b>-35%</b>
Cash and Cash Equivalents	1.265.430	504.465	151%
Escrow Account	127.049	93.431	36%
<b>Net Debt</b>	<b>354.023</b>	<b>2.109.412</b>	<b>-83%</b>
Portfolio Value	7.133.661	7.536.480	-5%
Gross Loan to Value	24%	36%	-12 p.p.
Net Loan to Value	5%	28%	-23 p.p.
Net Debt/EBITDA	1,3x	7,5x	-83%
Adjusted EBITDA / Adjusted Financial Results <sup>1</sup>	1,3x	1,2x	10%
Average Term (years)	5,4	6,2	-12%
Unsecured Debt / Total Debt	48%	31%	17 p.p.

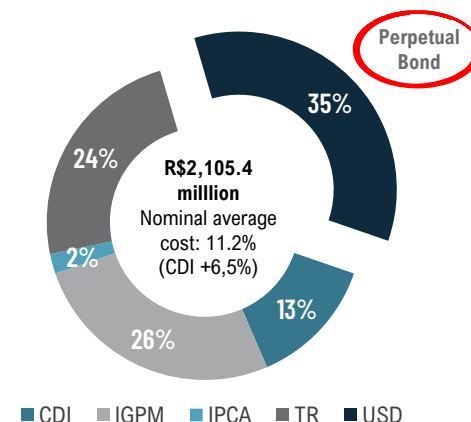
<sup>1</sup> Considering Adjusted Financial Results and Adjusted EBITDA (Last 12 months)

## ➤ Liability Management

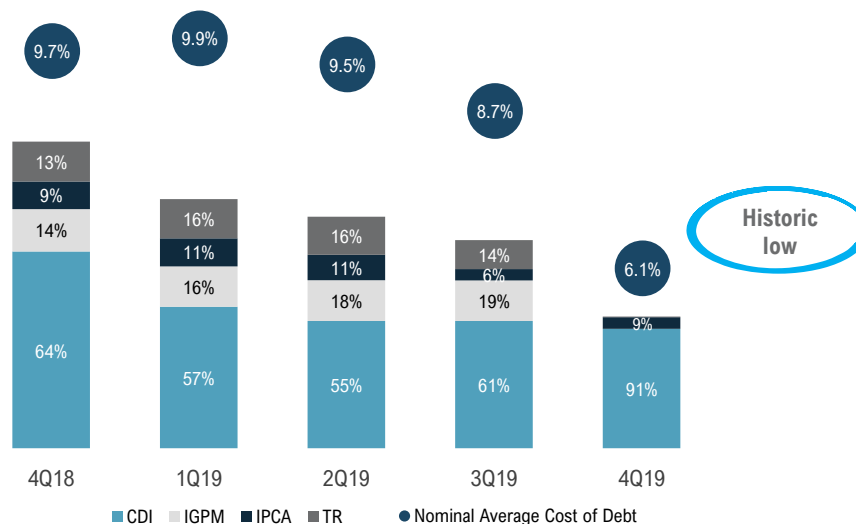
### Amortized Debt

Date	2019 Prepaid Debts	Index	Coupon	Balance (R\$ k)
1Q19	Perpetual Bond	USD	10,29%	733.388
2Q19	CRI Vale	IPCA	10,82%	42.766
2Q19	Debêntures - 12ª Emissão	CDI	1,70%	182.989
3Q19	Ouvidor 107	TR	9,60%	2.738
3Q19	Ed. Paulista	TR	9,50%	84.581
3Q19	CD Anhanguera	TR	9,50%	30.370
3Q19/4Q19	CRI Vivo	IGPM	9,50%	63.883
4Q19	Chucri Zaidan	CDI	1,65%	96.370
4Q19	Alexandre Dumas	TR	9,60%	1.133
4Q19	Vargas II	TR	11,25%	19.629
4Q19	TR Itau	TR	9,83%	285.332
4Q19	Manchete	TR	9,50%	75.217
4Q19	Passeio Corporate	IGPM	7,00%	486.999
			<b>8,25%</b>	<b>2.105.394</b>

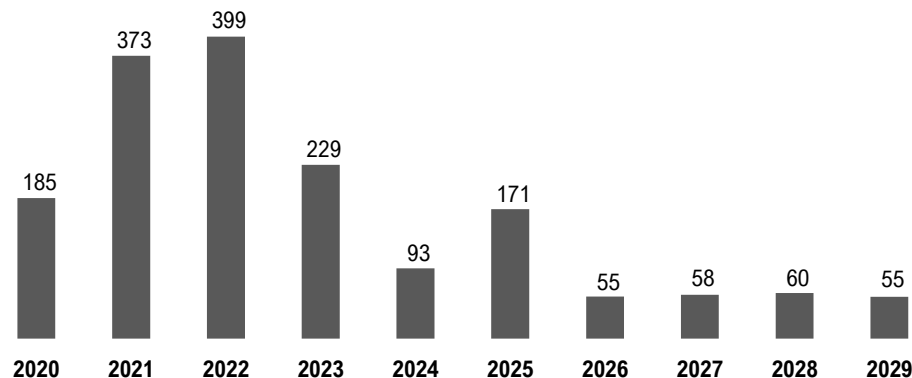
### Breakdown prepaid debts



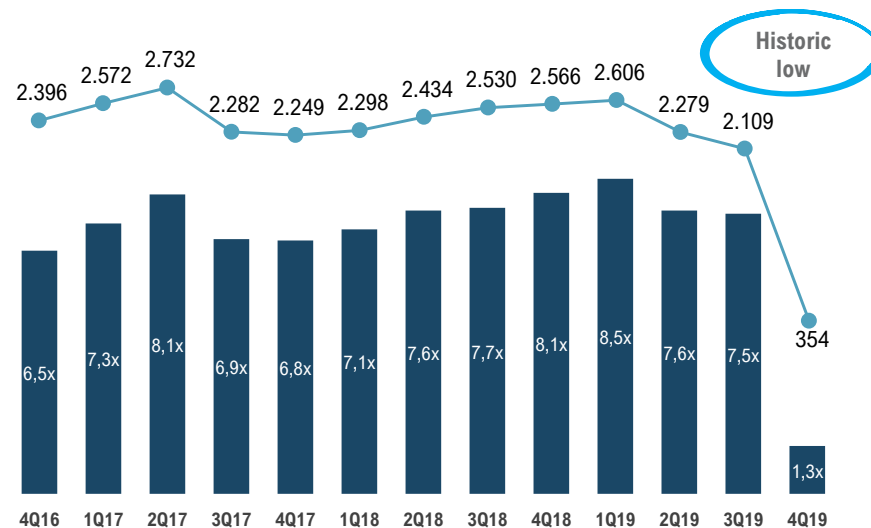
### Debt Profile



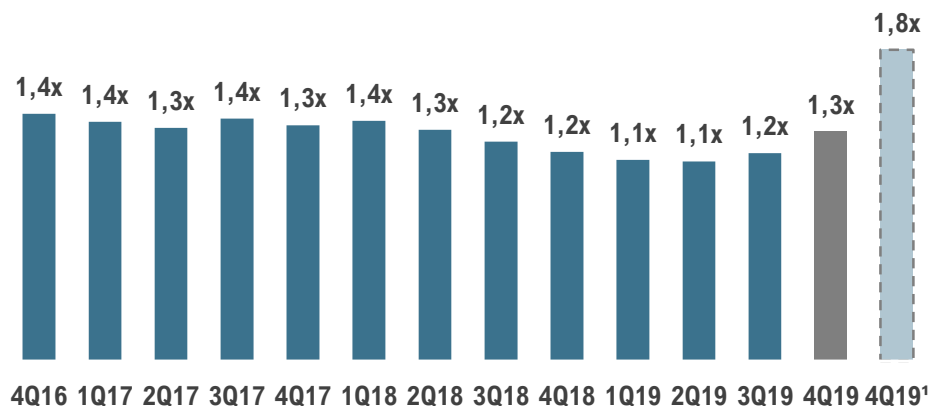
## Amortization Schedule (R\$ million)



## Net Debt / Adjusted EBITDA (x) vs Net Debt

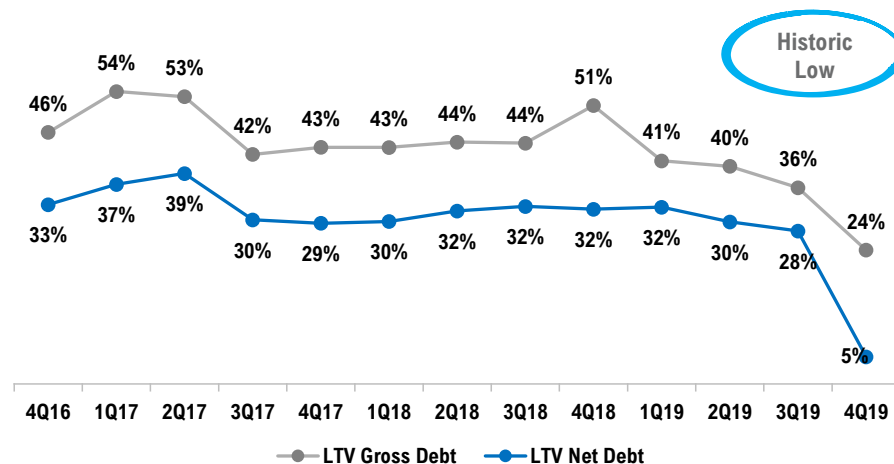


## Interest Rate Coverage (x)



Adjusted EBITDA / Net Interest Expenses

## LTV: Gross and Net (%)





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## Operational Highlights

## Rent / Sqm / Month – Same Properties

Rent / Sqm / Month Same Properties *	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19 <sup>2</sup>	4Q19 <sup>2</sup>	4Q19 x 3Q19 <sup>2</sup>
Office	1,8%	3,6%	-0,3%	-4,4%	-5,5%	-5,1%	-2,8%	-1,8%	-1,5%	-0,3%	-2,0%	0,4%	1,5%	3,7%	1,2%	4,1%	1,0%
Industrial	0,2%	10,8%	10,6%	10,6%	n/a	n/a	n/a	n/a	n/a	n/a	0,3%	2,6%	4,5%	4,1%	4,6%	4,1%	0,4%
<b>Total</b>	<b>1,7%</b>	<b>3,9%</b>	<b>0,0%</b>	<b>-4,0%</b>	<b>-5,5%</b>	<b>-5,1%</b>	<b>-2,8%</b>	<b>-1,8%</b>	<b>-1,5%</b>	<b>-0,3%</b>	<b>-2,0%</b>	<b>0,4%</b>	<b>1,6%</b>	<b>3,7%</b>	<b>1,3%</b>	<b>4,1%</b>	<b>1,0%</b>
IPCA (Inflation Indicator)	9,4%	8,8%	8,5%	6,3%	4,6%	3,0%	2,5%	2,9%	2,7%	4,4%	4,5%	3,7%	4,6%	3,4%	2,9%	4,3%	1,8%
IGP-M (Inflation Indicator)	11,6%	12,2%	10,7%	7,2%	4,9%	-0,8%	-1,4%	-0,5%	0,2%	6,9%	10,0%	7,5%	8,3%	6,5%	3,4%	7,3%	3,1%
<b>Weighted Average:</b>																	
<b>IPCA<sup>1</sup> x IGP-M (~ 7% x 93%)</b>	<b>11,4%</b>	<b>11,9%</b>	<b>10,6%</b>	<b>7,1%</b>	<b>4,8%</b>	<b>-0,6%</b>	<b>-1,3%</b>	<b>-0,4%</b>	<b>0,4%</b>	<b>6,7%</b>	<b>9,7%</b>	<b>7,3%</b>	<b>8,0%</b>	<b>6,3%</b>	<b>3,3%</b>	<b>7,1%</b>	<b>3,0%</b>

\* Comparison between: the average same property rent in the current period vs the average same property rent in equal period of last year

\* Considering only rent prices of leased areas

\* In nominal terms

<sup>1</sup> IPCA and Other

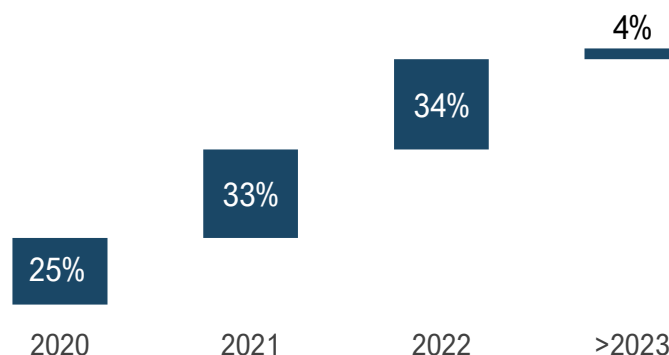
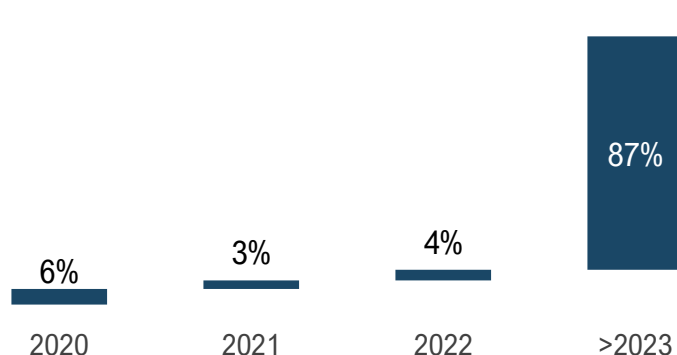
<sup>2</sup> Disregarding the effect of Petrobras departure of Ventura Towers

## Lease Contracts Average Duration

Existing Lease Contracts	Current Average Duration
All Contracts	8.0 Years
Built-to-Suit Contracts	3.4 Years

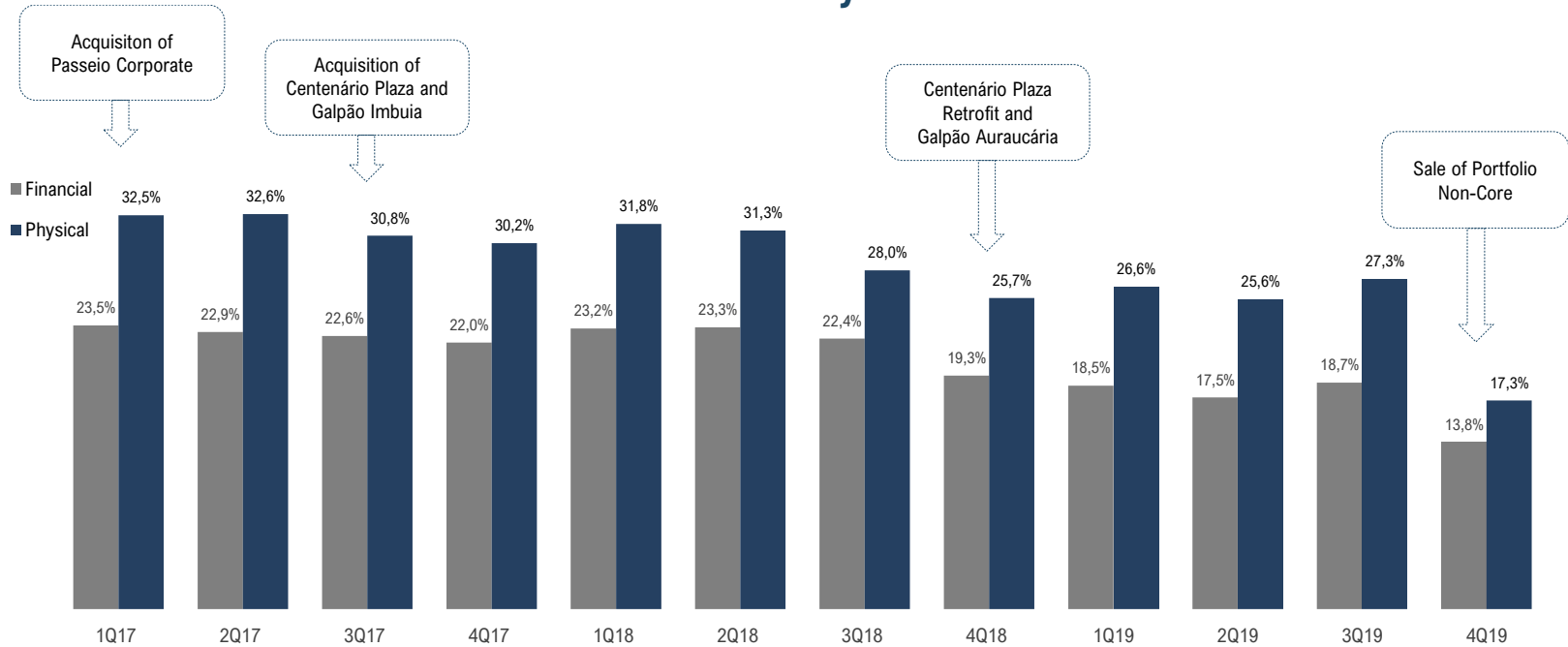
## Expiration Schedule (% Revenues)

## 3rd Year Alignment Schedule (% Revenues)

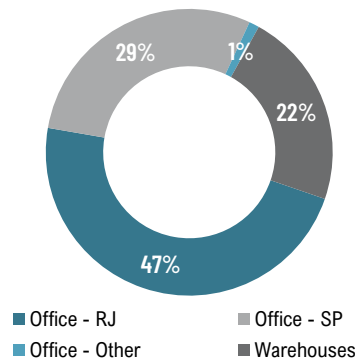




## Vacancy



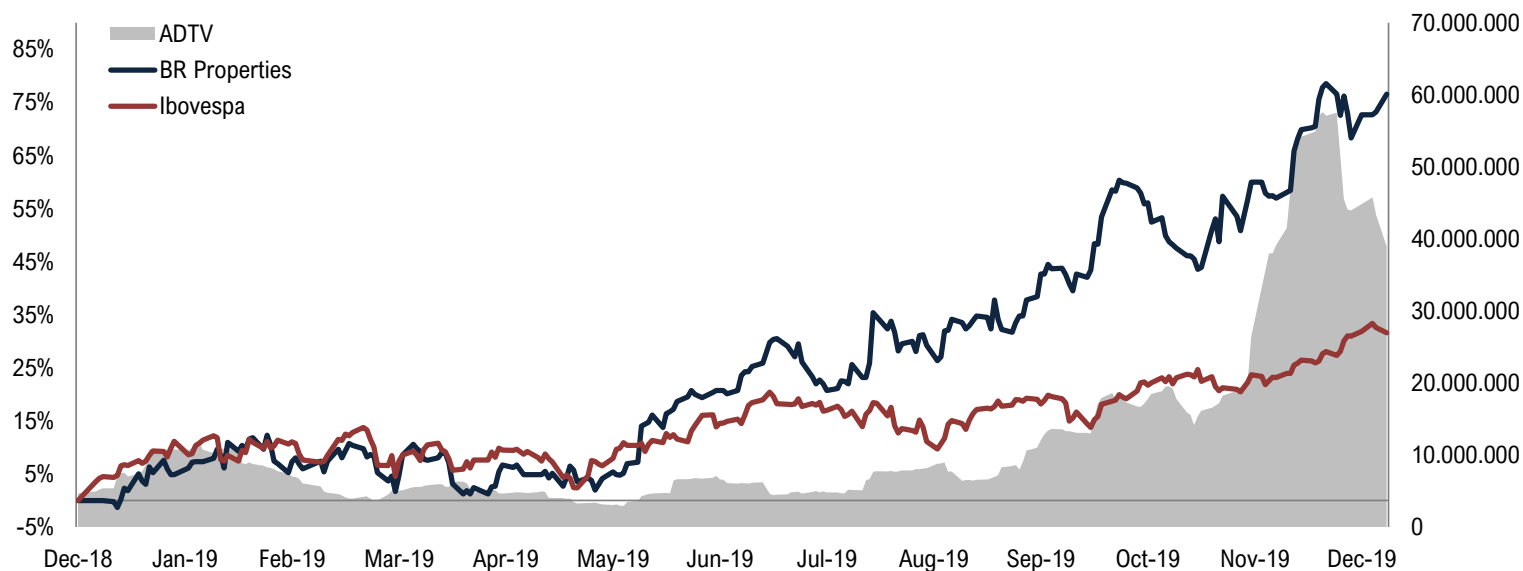
## Breakdown 2019 new leases





# 4. Capital Markets

## Performance BRPR3 – 2019



Stock Performance (BRPR3)	4Q19	4Q18	var %	2019	2019	var %
Total Number of Shares	491.510.283	407.135.283	21%	491.510.283	407.135.283	21%
Free Float (%)	41%	29%	12 p.p.	41%	29%	12 p.p.
Stock Price (average for the period)	12,94	7,74	67%	10,33	8,69	19%
Stock Price (end of period)	14,48	8,20	77%	14,48	8,20	77%
Market Cap end of period (R\$ million)	7.117	3.339	113%	7.117	3.339	113%
Average Daily Trading Volume (R\$ million)	31,11	10,53	196%	12,88	6,91	86%
Average Daily Traded Shares	2.380.610	1.470.844	62%	1.135.878	843.656	35%
Average Daily negotiations	6.078	2.081	192%	3.121	1.868	67%

# IR Team

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**Ticker: BRPR3**