

PROJECT RAPHAEL – TRANSACTION OVERVIEW

**USD 35M FUNDING FOR A LUXURY COMPLEX
IN SAO PAULO**

October 2017



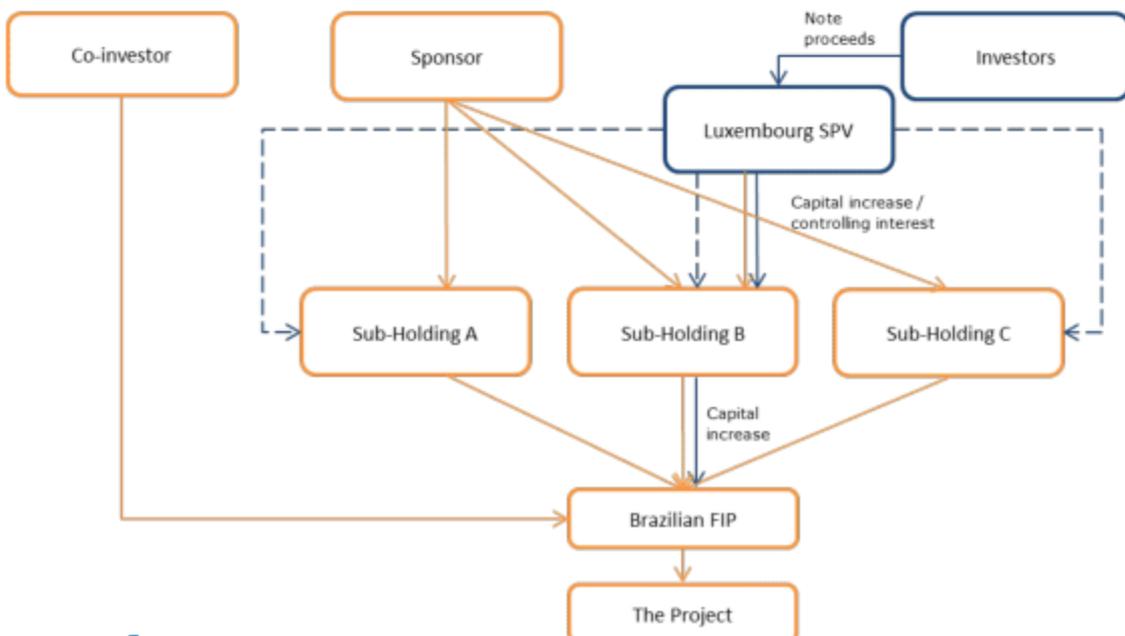
WEALTH MANAGEMENT
CORPORATE & FAMILY GOVERNANCE
CORPORATE ADVISORY & STRUCTURING
ASSET SERVICES
ASSET MANAGEMENT



Source: Company's presentation. Layout view.

THE OFFERING

- An international real estate, hospitality and retail group, (the "Sponsor"), is looking to raise financing to provide additional equity in the largest ongoing heritage renovation project in Brazil (the "Project").
 - The Sponsor is the majority shareholder in the Project. The co-investor is a global leader in the luxury and hospitality industry.
 - The Sponsor and its co-investor have a successful track record in the development of highly luxurious opportunities.
 - The Sponsor indirectly owns through three sub-holdings (the "Sub-Holdings" and individually the "Sub-Holding A", "Sub-Holding B" and "Sub-Holding C") a majority stake in a Brazilian *Fundos de Investimento em Participações* (the "Brazilian FIP").
- A total amount of USD 35m is raised through a Luxembourg SPV which has ultimately direct title or security over the Sub-Holdings' controlling stake in the Brazilian FIP.
- A EUR issuance is also possible depending on investors' appetite.



PROJECT'S HIGHLIGHTS

- The investment opportunity consists in the financing of part of the development costs of a multi-use village with a luxury and trendy hotel, apartment suites, shops, offices, galleries and restaurants in the most populated and wealthiest city in Brazil.
- Located in the center of Sao Paulo, close to museums, cultural centers, a major university and international companies' headquarters, the Project is one of the highest profile project in Brazil.
- Construction started in 2015 and the development is expected to end mid-2019. All permits have been granted. The Project is expected to generate positive cash flows in its first year of operation and to reach a Net Operating Income ("NOI") of USD 40m by year 2022.
- Remaining construction costs until the Project completion mid 2019 are BRL ~900m (USD ~300m equivalent) including permit, marketing and sales expenses as well as general and administrative expenses. Over USD 290m of equity has already been invested in the Project.
- The Sponsor is partnering with acclaimed architects and designers as well as a top luxury hotel brand.

KEY TERMS

Issuer	Luxembourg SPV
Issue Date	25 November 2017
Currency and Amount	USD 35,000,000. EUR tranche may as well be contemplated.
Industry Sector	Real Estate & Hospitality
Use of Proceeds	Finance a capital increase in Sub-Holding B, itself participating in a corresponding capital increase in the Brazilian FIP
Transaction Type	PIK Notes with Warrants
Interest Rate	10% PIK
Repayment Type	Bullet
Tenor	4 years
Warrants	<p>Each investor shall be granted detachable warrants (the "Warrants") in the form of ordinary shares in Sub-Holding B. The Warrants may be converted during the Election Period by each investor up to [50%] of its principal amount, at the discounted price (the "Discounted Price").</p> <p>The Discounted Price will be derived from the equity value of the Brazilian FIP determined in a valuation report performed by a leading accounting firm (the "Valuation Report"), to which a [20%] discount will be applied.</p> <p>The Valuation Report shall be made available by the Sponsor to each investor at least 30 days prior to the beginning of the Election Period.</p> <p>The Election Period refers to the period starting 60 days after the 3rd anniversary of the Issue Date and ending on the 150 days after the 3rd anniversary of the Issue Date.</p>
Security Package	Included but not limited to share pledge and direct title over a controlling stake in the Brazilian FIP
Early Repayment	Possible after year 2 with a 30 day notice period, a prepayment fee of 3% and a warrant make-whole premium of 7%
Clearing House	Euroclear, Clearstream
Listing	No

- The Project starts running at full capacity in 2021 when Management expects the Project's value to reach BRL 2,265m. Investors who elect to convert will benefit from the Project's significant upside potential generated onward.

- Alternatively, the Issuer might consider an equity transaction for the entire amount on an accelerated time table basis.

PROJECT OVERVIEW

The Project consists in the gathering of multiple businesses such as a luxury hotel, an office building, a parking and a retail village, all located in a 145,000m² park. It is described by a well-known American newspaper as one of the “*best development projects in the world*”.

The Project’s segments are described in further details below.

Hospitality

A luxury hotel with 150 rooms and 120 suites includes multiple amenities such as 4 restaurants, 2 bars, 2 pools, an event center with a cinema, chapel and meeting rooms.

- Tower Suites
 - Over 120 units for a surface of ~22,000m².
 - 75% of the suites are expected be sold during the construction period and the remaining post completion.
 - The tower is designed by Jean Nouvel and is intended to become the symbol of Sao Paulo.
 - Sale of suites is expected to raise over BRL 760m (USD 240m equivalent).
- Hotel rooms
 - Over 150 keys operated by an international operator. With over 50 hotels in 18 countries across multiple brands, the hotel manager is the world’s fastest growing luxury hotel company.
 - The hotel is designed by the famous designer Philippe Starck.
 - The NOI is expected to reach a steady level of USD 20m by 2021.

Retail

- 2 retail segments are developed: an experience store and a village with multiple stores. Both segments cover an area of 22,000m² to be leased.
- Tenants include luxury flagships and departments stores. Over 60 brands are represented, including numerous premium/luxury brands currently not available in Brazil today.
- The online operations of the experience store are performed by a JV with a luxury online leader that will boost the company’s earnings by an additional income on e-sales equivalent to 45% of net revenues.
 - Logistic operations allow delivery throughout Sao Paulo within 40 minutes, and within Brazil within 1 day.
- Excluding online operations, the retail business is expected to have an NOI of BRL 44m (USD 14m equivalent) by 2022 and BRL 55m (USD 17.5m equivalent) by 2025.

Parking

- 2 connected parking lots offer 1,400 parking places. One is for office and residential use while the other is opened to the public.
- The management contract is being finalized with the largest parking operating company in Brazil.

Office

- Green building over a 7,000m² area.

- Lease is 15 years. A contract with an international company is currently being negotiated.
- NOI is expected to reach a steady level of BRL 9m (USD 3m equivalent) by 2021.

The Project aims to become the main showcase of Brazilian culture and know-how. It is located over an entire block surrounded by a park and includes 35 restaurants. A theater, exhibition hall, music studio, chapel and ballroom are created to improve entertainment opportunities. The most famous Brazilian artists are contributing to the success of the Project.

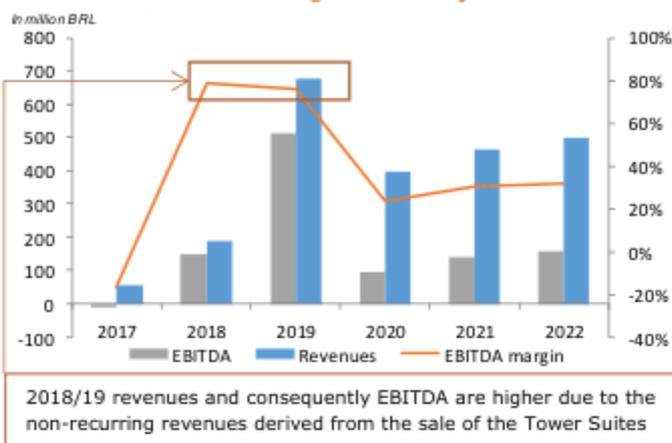


Source : Company's presentations.

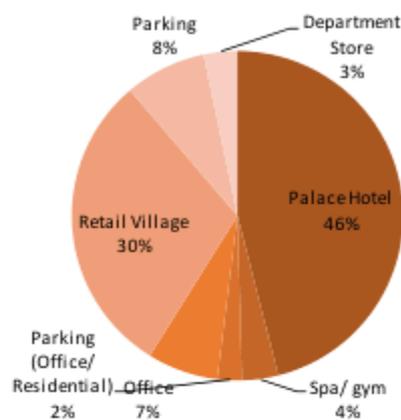
FINANCIAL OVERVIEW

- Multiple segments provide the Project with several sources of cash flows, primarily coming from the hospitality and retail operations.
- Total annual NOI of the Project is expected to reach and stabilize at BRL ~130m (USD ~40m) by 2022.

Revenues and EBITDA margin of the Project



Expected breakdown NOI by segment in 2022



- The Project offers an attractive return in a turn-around Brazilian economic backdrop.
- Indicative Enterprise Value in 2021 for the Project is conservatively expected to amount to BRL 2,265m (USD 750m equivalent).
- Indicative Sources and Uses for the entire Project (incurred and expected) are displayed in the below table.

Indicative S&U as of end 2019

In million BRL

Sources		Uses	
Local Bank A	200	Construction costs	900
Local Bank B	290	Operating expenses	505
Total Debt	490	Senior loan interests payments	319
		Senior loan amortization	177
Equity	590		
NOI	55		
Pre-flat sales	767		
Total sources	1'901	Total uses	1'901

- As of May 2017, equity investments of ~490m BRL covered most costs related to land and license approvals, as well administrative and marketing expenses. Most of the remaining expenses earmarked for construction are to be financed with the envisioned equity injection and 2 senior loans currently being finalized with major Brazilian banks.
- The co-investor has agreed to provide additional funding by up to USD 70m if necessary in order to guarantee project completion.

Note: BRL / USD exchange rate as of September 22nd of 1 USD = 3.14 BRL.

Disclaimer

This document has been prepared by REYL & Cie Ltd, an affiliate of REYL & Cie Holding Ltd. REYL & Cie Holding Ltd, its subsidiaries, branches and affiliates are referred to herein as REYL.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to any person or address in the United States of America, to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject REYL to any registration or licensing requirement within such jurisdiction. It is published solely for information purposes; No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of any information contained in this document ("the Information"), except with respect to Information concerning REYL. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. REYL does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups of REYL.

Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. Investments involve risks, and investors should exercise prudence and their own judgement in making their investment decisions. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors. For investment advice, trade execution or other enquiries, clients should contact their relationship manager.

The value of any investment or income may go down as well as up, and investors may not get back the full amount invested. Past performance is not necessarily a guide to future performance. Neither REYL nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

The Information and disclosures contained in this document produced by REYL shall be governed by and construed in accordance with Swiss law.

This document is confidential and REYL specifically prohibits the redistribution of this document in whole or in part without the written permission of REYL and REYL accepts no liability whatsoever for the actions of third parties in this respect.

© Copyright 2016 REYL. All rights reserved.

GENERAL CONTACT

REYL & Cie Ltd
Rue du Rhône 62
1204 Geneva
Switzerland

T +41 22 816 80 00

F +41 22 816 80 01

www.reyl.com