

General Shopping & Outlets

D O B R A S I L

In compliance with legal, bylaws and securities market requirements, General Shopping e Outlets do Brasil S/A submits to you its annual report and financial statements for the year ended December 31, 2019.

MANAGEMENT'S COMMENTS

Management is pleased to report the Company's operational and financial performance for the fourth quarter of 2019 (4Q19) and the year 2019, shown in detail in the respective reports and statements.

The first point to note is the year-on-year reduction in GLA (Gross Leasable Area) in 4Q19 due to the transfer of the controlled corporations which are holders of the commercial developments of Parque Shopping Barueri, Parque Shopping Sulacap, Outlet Premium São Paulo, Outlet Premium Fortaleza, Suzano Shopping, Outlet Premium Salvador, Shopping Bonsucesso, Outlet Premium Brasília, Poli Shopping, Unimart Shopping e Outlet Premium Rio de Janeiro to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário and payment of dividends in kind in April 2019 and on other hand the acquisition of stakes in Parque Shopping Barueri and Outlet Premium Brasília.

Gross Revenue in 4Q19 fell 41.8% to R\$ 37.3 million, reflecting the reduction in Rental Revenues of 69.2% and a growth in Services Revenue of 4.4% when compared to 4Q18. In 2019 as a whole, Gross Revenue reached R\$ 159.2 million, a reduction of 34.9% compared with 2018. In the light of the performance in Same Areas, SAR (Same Area Rentals) posted growth of 5.1% in 4Q19 compared with the same period in 2018 and an increase in SAS (Same Area Sales) of 6.1% also in relation to the same comparable periods.

The occupancy rate reported an improvement in the quarter, reaching 95.4% in 4Q19 against 94.9% in 4Q18.

Rentals and Services Costs increased 38.0% compared with 4Q18, reaching R\$ 10.9 million and affected by the increase in occupancy costs and outsourced services and payroll costs. On a full year-on-year basis, there was an increase of R\$ 36.5 million. NOI was R\$ 104.0 million in 2019, a 45.1% year-on-year reduction with a 74.7% margin. In 4Q19, NOI reached R\$ 21.6 million with a NOI margin of 66.9%, a decrease of 55.2% relative to 4Q18.

General and Administrative Expenses posted a reduction of 2.6% in 2019, compared with the preceding year and a reduction of 37.0% in 4Q19 compared with 4Q18, impacted principally by a reduction in non-recurring, commercialization and publicity and advertising expenses. Adjusted EBITDA in 2019 reached R\$ 72.9 million with an adjusted EBITDA margin of 52.4%. In 4Q19, adjusted EBITDA reached R\$ 17.8 million with an adjusted EBITDA margin of 55.3%.

In 2019, the Company's Net Financial Result was impacted mainly by the variation in the US Dollar x Real exchange rate, decreasing from a negative R\$ 344.3 million in 2018 to a negative R\$ 144.2 million in 2019.

On January 13, 2020, following a reverse stock split, the shares into which the Company's capital stock is divided are now being traded at the ratio of 36x1, pursuant to the approval of the Extraordinary General Meeting of December 11, 2019.

Recently the world has been affected by the outbreak of a disease known as COVID-19 (Coronavirus) and classified by the World Health Organization (WHO) as a pandemic. The Company's management is monitoring the possible impacts on its businesses and has been working on the implementation of contingency plans to maintain the continuity of its operations in a situation of normality. As of the date of publication of these financial statements, it is impossible to gauge the risks that may arise from this pandemic and consequently the effect eventual losses could have on the Company's forecasts or business.

We would like to take this opportunity to thank our employees, tenants, customers and visitors for their contribution to the Company's results.

Marcio Snioka,
Investor Relations Officer

COMPANY OVERVIEW

General Shopping e Outlets do Brasil is one of the main Brazilian companies focused on owning and managing various kinds of shopping centers. We manage 14 shopping centers with a total lease area of 270,347 m², in addition to operating complementary services. We have stake in 8 shopping centers with 67,214 m² of gross leasable area and an average stake of 41.3% as of December 31, 2019.

We believe our success is based on market understanding and on the success of the retail operations in our shopping centers.

Our goal is to maximize the profitability of the Company through the rental and complementary services revenues arising from better tenants' performance, developing greenfields projects and negotiating stakes in shopping centers. Based on marketing and location surveys, our strategy is:

- Real estate investment in ownership stakes in shopping centers, either by developing greenfields projects, acquiring from third parties or increasing share in our current portfolio or divestments stakes;
- Managing these shopping centers in an optimal way through our competences;

- Providing complementary services to the shopping center operations;
- Developing new types of shopping centers in the Brazilian market, as well as mixed-use projects that create positive synergy with shopping center performance.

DESCRIPTION OF BUSINESS AND INVESTMENTS

Different from our competitors, we work in the shopping center market in a manner that is oriented toward the retail market.

Our activities are (i) planning and managing shopping centers; (ii) leasing commercial space (stores); (iii) leasing advertising and promotional space (merchandising); (iv) managing shopping center parking lots; (v) planning and leasing of electrical and water supply equipment at the developments. (See description of revenue in economic and financial performance).

SCENARIOS AND PERSPECTIVES

The year of 2019 registered an increase of 1.8% in the volume of sales of retail trade, less than the rates observed in 2017 (2.1%) and 2018 (2.3%). In part, this performance was due to the low level of economic activity observed during the first half of last year. While sales volume recorded an accumulated rate of change of 0.6% between January and June 2019 (compared to the same period in 2018), this rate was 2.9% over the second half, indicating a significant improvement in performance retailer in the last two quarters of the year.

This accommodation in the rates of change reflects an economic scenario of slow recovery, which showed improvement in the determining indicators of consumption, but marginal improvements.

In the labor market, the share of employed persons ended 2019 with growth higher than that observed in 2018 (2.0% against 1.4% in 2018), with real average earnings increasing by 0.2% over the year. The average (annual) rate of unemployment also showed a slight improvement, starting from 11.6% in the 4th quarter of 2018 and ending 2019 with a rate of 11.0%.

The credit market, measured based on the evolution of concessions for families, showed a very significant increase during 2019 (15.3%), despite the small reduction in borrowing costs for individuals, which went from 47.6% per year in Dec/2018 to 45.5% in Dec/2019. The counterpart to the growth in concessions was the gradual increase in the level of default by families, which reached 5.0% of accounts overdue for more than 90 days, an increase of 0.2 percentage points in the last 12 months.

The improvements observed in the labor market and the growth of the credit market were accompanied by a scenario of stability in inflation rates and an improvement in consumer confidence indicators.

Thus, in general, the performance over the year of retail sales was quite irregular, with a significant improvement in growth rates in the months of the 2nd half of 2019. Although at the end of 2019 the growth level was 1.8 %, the variation registered in the 4th quarter was much higher (3.3%), signaling an acceleration of performance for the year 2020.

However, this scenario has changed radically with policies to restrict the circulation of people and their effects on consumption and production, aiming at a reduction of damages caused by the contamination of the coronavirus.

OPERATIONAL AND FINANCIAL PERFORMANCE

Consolidated Financial Highlights						
R\$ thousand	4Q18	4Q19	Chg.	2018	2019	Chg.
Gross Revenue	64,029	37,284	-41.8%	244,780	159,242	-34.9%
Rent (Shopping Malls)	40,179	12,389	-69.2%	156,750	70,791	-54.8%
Services	23,850	24,895	4.4%	88,030	88,451	0.5%
NOI - Consolidated	48,166	21,560	-55.2%	189,385	104,037	-45.1%
Adjusted EBITDA	37,913	17,822	-53.0%	152,207	72,910	-52.1%
Adjusted Net Result	188	(5,077)	-	(209,813)	(97,023)	-53.8%
Adjusted FFO	1,185	(4,480)	-478.1%	(206,140)	(94,415)	-54.2%
NOI Margin	86.7%	66.9%	-19.8 p.p.	87.8%	74.7%	-13.1 p.p.
Adjusted EBITDA Margin	68.3%	55.3%	-13.0 p.p.	70.6%	52.4%	-18.2 p.p.
Adjusted Net Result Margin	0.3%	-15.8%	-	-97.3%	-69.7%	27.6 p.p.
Adjusted FFO Margin	2.1%	-13.9%	-	-95.6%	-67.8%	27.8 p.p.
Gross Revenue per m ²	340.03	554.71	63.1%	1,232.64	1,663.14	34.9%
NOI per m ²	255.79	320.77	25.4%	953.69	1,086.57	13.9%
Adjusted EBITDA per m ²	201.34	265.15	31.7%	766.47	761.48	-0.7%
Adjusted Net Result per m ²	1.00	(75.54)	-	(1,056.56)	(1,013.32)	-4.1%
Adjusted FFO per m ²	6.29	(66.65)	-	(1,038.06)	(986.08)	-5.0%
Own GLA - Average in the Period (m ²)	188,304	67,214	-64.3%	198,582	95,748	-51.8%
Own GLA - End of the Period (m ²)	195,757	67,214	-65.7%	195,757	67,214	-65.7%

CAPITAL MARKET AND CORPORATE GOVERNANCE

Our entry into the capital market in July 2007 allowed us to access better capital sources. This in turn allowed us to conduct an efficient growth strategy.

In addition to access to the capital market, listing on the Novo Mercado benefited us with better management practices through the application of corporate governance and equal rights for shareholders.

Our approved dividend policy is to distribute the minimum dividend, required by law, as we consider attractive profitability and necessary reinvestment in the Company.

HUMAN RESOURCES

We have 166 employees in our offices and shopping centers. Additionally, our shopping centers use outsourced labor for operations such as maintenance, cleaning and security. We monitor the outsourced companies' compliance with employment and social security law.

ENVIRONMENTAL SUSTAINABILITY

Although shopping center activities generally have low environmental impact, wherever possible we seek to use new concepts in our projects, such as:

- Using electricity from sources certified by the Alternative Source Electrical Power Incentive Program (Programa de Incentivo às Fontes Alternativas de Energia Elétrica), or PROINFA.
- Water recycling.
- Recycling waste and oil.
- Optimizing the use of paper and recycling.
- Landscaping with reforestation.
- Architectural design that takes advantage of natural light.

INDEPENDENT AUDITING

In compliance with Brazilian Securities Commission (CVM) Instruction 381/03, we report that BDO RCS Auditores Independentes SS provided us no services other than auditing our financial statements in the year ended December 31, 2019.

ARBITRATION

The Company is linked to arbitration at the Market Arbitration Chamber under the arbitration agreement in article 42 of its bylaws.

GENERAL SHOPPING E OUTLETS DO BRASIL S.A.

Independent auditors' report

**Individual and Consolidated Financial
statement as of December 31, 2019**

GENERAL SHOPPING E OUTLETS DO BRASIL S.A.

**Financial statement Individual and Consolidated
December 31, 2019**

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To
Shareholders, Advisers and Board of Directors of
General Shopping e Outlets do Brasil S.A.
São Paulo - SP

Opinion

We have examined the individual and consolidated financial statements of **General Shopping e Outlets do Brasil S.A. ("Company")**, identified as the parent company and consolidated, respectively, which comprise the balance sheet as of December 31, 2019 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the related explanatory notes, including a summary of the main accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the individual and consolidated financial position of **General Shopping e Outlets do Brasil S.A.** as of December 31, 2019, the individual and consolidated performance of its operations and their respective individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements." We are independent in relation to the Company and its subsidiaries, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

Key audit matter

Key audit matter (KAMs) are those matters that, in our professional judgment, were the most significant in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole and in forming our opinion on these individual and consolidated financial statements and therefore, we do not express a separate opinion on these matters.

Fair value measurement of investment properties

According to Note 11 to the financial statements, the Company records its investment properties at the fair value supported by an appraisal report prepared by an external and independent expert in relation to the Company. As of December 31, 2019, the fair value of these assets, recognized in non-current assets of the Company and its subsidiaries, was R\$ 948,270 thousand (consolidated). The estimation of the fair value of investment properties was determined taking into account several assumptions, such as: projections of growth of revenues, interest rates for discounted cash flows, vacancy rates, defaults and perpetuity among other premises.

This matter was considered a KAM due to the relevance of the values of the investment properties registered by the Company, due to the uncertainties inherent to this type of estimate and to the necessary judgment that must be exercised by Management in determining the assumptions for calculating the fair value of such assets.

Audit response to the matter

Our audit procedures included, among others:

- we use our specialists to assist us in the examination and evaluation of the premises and methodology used by the external expert hired by the Company;
- we evaluated whether the methodology applied for the calculation of fair value was in accordance with the practices used in the market for the calculation of the fair value and if the methodology used was supported by applicable accounting standards;
- we compare the discounted rates used, growth rates, vacancy, GLA and etc., with data available in the market made by other appraisers for similar properties;
- we compare the discounted rates used, growth rates, vacancy, GLA and etc., with data available in the market made by other appraisers for similar properties;
- we tested the mathematical calculations of fair value for certain investment property.

Based on the audit procedures performed in the fair value appraisal reports prepared by the Company's third party experts, and on the audit evidence obtained supporting our tests, including our sensitivity analysis, we believe that the fair value assessments prepared by the Company's third party Company, as well as the respective disclosures, are acceptable in the context of the financial statements individual and consolidated taken as a whole.

Estimate - Allowance for doubtful accounts

According to the note to financial statements Note 6, the Company records its Allowance for doubtful accounts based on the valuation carried out by the Company's management involving, among others: i) customers' payment capacity; (ii) the existence of real guarantees, as well as their fair values; (iii) the history of loss of the customer portfolio; and (iv) compliance with the renegotiations made.

This issue was considered a KAM due to the uncertainties inherent in this type of estimate and the necessary judgment that should be exercised by Management in determining the calculation assumptions for purposes of registration of the Allowance for doubtful in view of the current economic situation in Brazil.

Audit response to the matter

Our audit procedures included, among others:

- understanding and testing of relevant general controls on Information Technology related to the management of changes, accesses and operations, as well as performing the understanding and testing of the relevant transaction controls related to the allowance for doubtful accounts;
- we performed integrity tests of the database used to measure and record the allowance for doubtful accounts through documentary examination for a selected sample;
- we recalculated the model used and challenged the relevant assumptions used by the Company's Management to measure the allowance doubtful accounts, such as the age of overdue securities and the estimated realizable value of the guarantees, potential loss for customers that do not have overdue securities and the analysis of financial capacity customer payment.

Based on the audit procedures performed, we consider that the estimate used for the provision for estimated losses with doubtful accounts is appropriate to support the judgments, estimates and information included in the financial statements individual and consolidated as a whole.

Assets reallocation and dividends

According to the notes on the operating activities and profit reserve to realize from shareholders' equity to the financial statements Nos. 1 and 21, the Company distributed dividends in April 2019 in the amount of R\$ 828,956 thousand, arising from the realization of profits recorded in (RLAR), according to the Company's balance sheet as of December 31, 2017, which corresponds to 25% in the amount of R\$ 207,239 thousand, which was settled in cash portion on April 09, 2019 and the balance corresponding to 75% in the amount of R\$ 621,716 thousand was settled in "natura" by delivering quotas of the "Fundo de Investimento Imobiliário Top Center" ("FII") (currently indirectly held by the Company) to the Company's shareholders, in proportion to their respective interest in the Company's capital stock, for which the Company consulted specialists and obtained technical and legal opinions of advisors and also attended requests for clarifications made by the CVM (Brazilian Securities and Exchange Commission).

This topic was considered a KAM because of the relevance of the amounts involved and the impacts it generated in the reallocation of assets and due to issues disclosed in the media.

Other matters

Statements of Value Added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2019, prepared under the responsibility of the Company's Management, and presented as supplementary information for IFRS purposes, were subject to jointly executed auditing procedures with the audit of the Company's financial statements. For the purposes of forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content comply with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria set forth in this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the auditor's report

The Company's management is responsible for such other information that includes the Management Report.

Audit response to the matter

Our auditing procedures included, among others, the reading of all technical material prepared by the Company's management, inquiries and discussions with the management about the subject matter, in order to understand the whole process in order to compare the evaluations informed in the opinions and technical material; examination of the minutes of the Boards of Directors and Fiscal Council, with the approval of the operation of distribution of dividends and constitution of the Fund FII; and reading the opinion of the CVM (Brazilian Securities and Exchange Commission) and the legal opinions on the subject, if there were any irregularities in the procedure in question.

Based on the audit procedures performed on the subject, and on the evidence obtained through the auditing procedures outlined above, we consider that there are no restrictions with respect to the requirements set forth by the Company in the disclosure and on the dividends paid, as well as the respective disclosures in the context of the individual and consolidated financial statements taken as a whole.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion on this report.

In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in so doing, to consider whether this report is materially inconsistent with the financial statements or with our knowledge obtained in the audit or otherwise appear to be materially misstated. If, based on our work we have performed, we concluded that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and governance by the individual and consolidated financial statements

Management is responsible for the preparation and adequate presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and for such internal control which it has determined as necessary to enable the preparation of financial statements free of material misstatement, whether due to fraud or error.

In the preparation of the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting in the preparation of the financial statements, unless Management either intends to liquidate the Company and its subsidiaries or cease its operations, or has no realistic alternative but to do so.

Those responsible for the governance of the Company and its subsidiaries are those responsible for supervising the process of preparing the financial statements.

Responsibilities of the auditor for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance that the individual and consolidated financial statements as whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that included our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that the audit conducted in accordance with Brazilian and international auditing standards will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users take on the basis of these referred financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of the internal controls relevant to the audit to plan audit procedures appropriate to the circumstances, but not, in order to express an opinion on the effectiveness of the Company's and its subsidiaries' internal controls;

- Obtain an understanding of internal control relevant to the audit 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 Company's and its subsidiaries' internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of financial statements, including disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;

We communicate with those responsible for governance regarding, among others aspects, the planned scope, timing of the audit and significant audit findings, including any significant deficiencies in the internal controls that we have identified during our work.

We also provide those responsible for governance with a statement that we have complied with the relevant ethical requirements, including the applicable requirements for independence, and communicate with them all possible relationships or other matters that may reasonably be thought to bear on our independence, including and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that we were of the most significance in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 27, 2020.

General Shopping e Outlets do Brasil S.A.

Balance sheet of December 31, 2019 and 2018

(Amounts expressed in thousands of reais or otherwise indicated)

ASSETS

	Notes	Company		Consolidated	
		12/31/2019	12/31/2018	12/31/2019	12/31/2018
Current assets					
Cash and cash equivalents	3	19	66	197,654	383,959
Restricted cash	5	-	-	70,809	132,605
Trade accounts receivable	6	-	-	32,687	63,239
Recoverable taxes	7	2,464	2,455	32,807	25,822
Investment properties	11	-	-	-	132,966
Other accounts receivables	8	543	335	23,468	15,225
Total current assets		3,026	2,856	357,425	753,816
Non-current assets					
Trade accounts receivable	6	-	-	1,628	2,617
Related parties	9	23,711	2,228	55,316	51,422
Loans receivables with third parties		-	-	2,979	6,819
Recoverable taxes	7	-	-	27	2,760
Deposits and guarantees	-	49	49	3,067	6,103
Debentures with related parties	4	-	-	215,188	-
Financial investments	3	-	-	-	1,668
Other accounts receivables	8	273	-	84,384	54
		24,033	2,277	362,589	71,443
Investments in associates	10	13,364	1,010,511	-	-
Investment properties	11	-	-	948,270	2,128,784
Fixed assets	12	1,705	1,945	18,127	4,155
Intangible assets	13	2,335	3,281	13,010	14,562
		17,404	1,015,737	979,407	2,147,501
Total non-current assets		41,437	1,018,014	1,341,996	2,218,944
Total assets		44,463	1,020,870	1,699,421	2,972,760

The accompanying notes are integral part of the financial statements individual and consolidated.

General Shopping e Outlets do Brasil S.A.

Balance sheet of December 31, 2019 and 2018

(Amounts expressed in thousands of reais or otherwise indicated)

LIABILITIES AND EQUITY

	Notes	Company		Consolidated	
		12/31/2019	12/31/2018	12/31/2019	12/31/2018
Current liabilities					
Suppliers	-	812	538	13,592	8,187
Loans and financing	14	-	-	20,727	31,734
Payroll and social charges	-	1,418	1,413	1,986	2,004
Taxes, charges and contributions	18	23,390	18,880	132,858	162,458
Taxes in installments	17	230	235	17,832	20,818
Real Estate Credit Bills (CCI)	15	-	-	13,132	48,509
Related parties	9	13,899	131,646	26,709	24,032
Revenue from assignments to be appropriated	19	-	-	4,291	13,992
Dividends	21	-	828,956	-	828,956
Accounts payables	-	-	-	-	1,311
Other accounts payables	16	27	-	1,416	2,290
Total current liabilities		39,776	981,668	232,543	1,144,291
Non-current liabilities					
Loans and financing	14	-	-	1,265,610	1,206,788
Revenue from assignments to appropriated	19	-	-	18,404	66,497
Taxes in installments	17	316	519	52,744	63,494
Deferred income taxes	26	-	-	12,267	65,504
Provisions for labor and civil risks	20	-	-	1,919	2,311
Accounts payables	-	-	-	-	7,209
Real Estate Credit Bills (CCI)	15	-	-	111,563	377,983
Total non-current liabilities		316	519	1,462,507	1,789,786
Equity					
Share capital - common shares	-	385,064	385,064	385,064	385,064
Capital reserve	-	(1,907)	(1,907)	(1,907)	(1,907)
Profit reserves	-	12,573	12,573	12,573	12,573
Accumulated losses	-	(391,359)	(357,047)	(391,359)	(357,047)
		4,371	38,683	4,371	38,683
Total liabilities and equity		44,463	1,020,870	1,699,421	2,972,760

The accompanying notes are integral part of the financial statements individual and consolidated.

General Shopping e Outlets do Brasil S.A.

Statement of income (loss)

For the year ended December 31, 2019 and 2018

(Amounts expressed in thousands of reais, except the amount per share)

	Notes	Company		Consolidated	
		12/31/2019	12/31/2018	12/31/2019	12/31/2018
Net revenue	22	-	-	139,215	215,625
Cost of rental and services provided	23	-	-	(36,459)	(27,923)
Gross profit		-	-	102,756	187,702
Operational (Expenses)/Income					
General and administrative expenses	24	(29,846)	(25,399)	(58,646)	(60,194)
Other income (expenses), net	27	(100)	441	72,991	(74,210)
Equity in earnings of subsidiaries	10	795	(305,308)	-	-
Operational profit/(loss) before financial income, net		(29,151)	(330,266)	117,101	53,298
Net financial result	25	(4,693)	2,785	(144,231)	(344,258)
Loss before taxes		(33,844)	(327,481)	(27,130)	(290,960)
Current income taxes	26	(559)	(17,040)	(23,147)	(89,645)
Deferred income taxes	26	91	(12,526)	15,965	23,558
Loss for the year		(34,312)	(357,047)	(34,312)	(357,047)
Attributable to:					
Controlling interest		(34,312)	(357,047)	(34,312)	(357,047)
Non-controlling interest		-	-	-	-
Basic loss per share - R\$	21	(0.51)	(5.29)	(0.51)	(5.29)

The accompanying notes are integral part of the financial statements individual and consolidated.

General Shopping e Outlets do Brasil S.A.

Statement of comprehensive income For the year ended December 31, 2019 and 2018

(Amounts expressed in thousands of reais or otherwise indicated)

	Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Loss for the year	(34,312)	(357,047)	(34,312)	(357,047)
Other comprehensive income (loss) that may be subsequently reclassified to profit or loss:				
Other comprehensive income	-	-	-	-
Comprehensive loss	<u>(34,312)</u>	<u>(357,047)</u>	<u>(34,312)</u>	<u>(357,047)</u>
Total other comprehensive loss attributable to:				
Controlling interest	(34,312)	(357,047)	(34,312)	(357,047)
Non-controlling interest	-	-	-	-
	<u>(34,312)</u>	<u>(357,047)</u>	<u>(34,312)</u>	<u>(357,047)</u>

The accompanying notes are integral part of the financial statements individual and consolidated.

General Shopping e Outlets do Brasil S.A.

Statement of changes in equity - Company and Consolidated

For the year ended December 31, 2019 and 2018

(Amounts expressed in thousands of reais or otherwise indicated)

	Notes	Share capital			Capital reserve		Profit reserves		Accumulated losses	Total
		Share capital	Treasury shares	Share issuance expenses	Goodwill on the Issue of shares	Capital transaction	Legal reserve	Profit reserves to realize		
Balances in January 1, 2018		389,625	(2,427)	(2,134)	6,376	(8,283)	12,573	828,956	-	1,224,686
Loss for the year	-	-	-	-	-	-	-	-	(357,047)	(357,047)
Total comprehensive income, net		-	-	-	-	-	-	-	(357,047)	(357,047)
Dividends payables - cash portion	21	-	-	-	-	-	-	(207,239)	-	(207,239)
Dividends payables - "in natura" portion	21	-	-	-	-	-	-	(621,717)	-	(621,717)
Balances in December 31, 2018		389,625	(2,427)	(2,134)	6,376	(8,283)	12,573	-	(357,047)	38,683
Balances in January 1, 2019		389,625	(2,427)	(2,134)	6,376	(8,283)	12,573	-	(357,047)	38,683
Loss for the year	-	-	-	-	-	-	-	-	(34,312)	(34,312)
Total comprehensive income, net		-	-	-	-	-	-	-	(34,312)	(34,312)
Balances in December 31, 2019		389,625	(2,427)	(2,134)	6,376	(8,283)	12,573	-	(391,359)	4,371

The accompanying notes are integral part of the financial statements individual and consolidated.

General Shopping e Outlets do Brasil S.A.

Statement of cash flows - indirect method
For the year ended December 31, 2019 and 2018

(Amounts expressed in thousands of reais or otherwise indicated)

	Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash flow from operating activities				
Loss for the year	(34,312)	(357,047)	(34,312)	(357,047)
Adjustments to reconcile net income (loss) to cash provided on operating activities:				
Depreciation and amortization	1,327	1,989	2,608	3,672
Allowance for doubtful accounts	-	-	4,484	5,035
Constitution (reversing) provision for labor and civil risks	-	(70)	491	6,258
Deferred income taxes	-	-	(15,965)	(30,851)
Income taxes	-	-	23,147	89,645
Financial charges on loans e financing, CCI and Perpetual bonds	-	-	140,283	197,339
(Gain) / Loss on disposal of investment property	-	-	-	50,627
Financial charges on the other non-current assets and liabilities	-	-	(19,473)	-
Financial charges on payment of taxes in installment	-	-	5,625	9,873
Exchange rate variation	-	-	47,847	185,960
Adjustment of fair value	-	-	(45,095)	(9,516)
Equity in earnings of subsidiaries	(795)	305,308	-	-
Decrease (increase) in operating activities				
Trade accounts receivable	-	-	(3,083)	1,284
Recoverable taxes	(9)	(513)	(4,252)	(14,048)
Other accounts receivables	(481)	642	(92,573)	118
Deposits and guarantees	-	4	3,036	(5,377)
Increase (decrease) in operating activities				
Suppliers	274	(2,152)	5,405	(5,133)
Taxes, charges and contributions	4,510	16,007	(6,300)	(34,766)
Payroll and social charges	5	(49)	(18)	(89)
Revenue from assignments to be appropriated	-	-	(4,807)	(93,505)
Accounts payables	-	-	(8,520)	8,520
Other accounts payables	27	(6)	(873)	(408)
Net cash (used in) provided by operating activities	<u>(29,454)</u>	<u>(35,887)</u>	<u>(2,345)</u>	<u>7,591</u>
Payment of interest	-	-	(66,567)	(98,094)
Net cash used in operating activities	<u>(29,454)</u>	<u>(35,887)</u>	<u>(68,912)</u>	<u>(90,503)</u>
Cash flow from investing activities				
Write-off property investments, permanent assets and intangible assets	-	2	322,159	1,783
Transfer of investments, investment property, fixed assets and intangible assets to FII GSOB	12,458	-	15,376	-
Disposal of property for investments intended for sale	-	-	132,966	-
Redemption (application) in financial investments and bound financial investments and restricted cash	-	-	63,464	(132,685)
Dividend receipt	363,767	-	-	-
Loans receivables with third parties	-	-	3,840	-
Acquisition of investments and fixed assets and intangible assets	(141)	(51)	(394,517)	(99,910)
Receipt from sale of property for investment and fixed assets	-	-	-	1,059,148
Net cash provided by (used in) investing activities	<u>376,084</u>	<u>(49)</u>	<u>143,288</u>	<u>828,336</u>
Cash flow from financing activities				
Amortization of the principal of loans, financing and CCI	-	-	(38,125)	(521,339)
Payment of dividends	(207,239)	-	(207,239)	-
New taxes installments	(208)	(261)	4,850	72,581
Payment of the principal taxes installment	-	-	(18,950)	(15,055)
Related parties	(139,230)	34,018	(1,217)	1,292
Net cash (used in) provided by financing activities	<u>(346,677)</u>	<u>33,757</u>	<u>(260,681)</u>	<u>(462,521)</u>
Increase (Decrease) in cash and cash equivalent, net	<u>(47)</u>	<u>(2,179)</u>	<u>(186,305)</u>	<u>275,312</u>
Cash and cash equivalents:				
Cash and cash equivalents at the end of the year	19	66	197,654	383,959
Cash and cash equivalents beginning of the year	66	2,245	383,959	108,647
Increase (Decrease) in cash and cash equivalent, net	<u>(47)</u>	<u>(2,179)</u>	<u>(186,305)</u>	<u>275,312</u>

As notas explicativas são parte integrante das demonstrações contábeis individuais e consolidadas.

General Shopping e Outlets do Brasil S.A.

Statement of added value - additional information For the year ended December 31, 2019 and 2018

(Amounts expressed in thousands of reais or otherwise indicated)

	Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Revenue				
Revenue from rent, services and other	-	-	153,974	236,560
Allowance for doubtful accounts	-	-	(4,484)	(5,035)
	-	-	149,490	231,525
Third parties services and materials				
Third parties services, materials and other	(15,875)	(5,644)	(65,424)	(55,543)
Gross added (consumed) value	(15,875)	(5,644)	84,066	175,982
Depreciation and amortization	(1,327)	(1,989)	(2,608)	(3,672)
Net added (consumed) value generated	(17,202)	(7,633)	81,458	172,310
Net added value by transfer				
Equity accounting result	795	(305,308)	-	-
Financial income	256	654	390,717	399,209
Other	(100)	147	72,992	(74,210)
Net added value total to distribution	(16,251)	(312,140)	545,167	497,309
Distribution of added (consumed) value				
Labor				
Salaries	8,208	8,899	11,070	11,644
Benefits	1,855	1,876	3,443	3,366
FGTS (Brazilian Labor Social Charges)	425	520	632	641
INSS (Brazilian Labor Social Security)	2,019	2,118	2,715	2,762
Taxes, charges and contributions				
Federal	479	29,566	21,977	87,317
Municipal	126	-	4,694	5,159
Capital Remuneration from third parties				
Interests expenses	4,949	1,928	534,948	743,467
Owned capital remuneration				
Loss for the year	(34,312)	(357,047)	(34,312)	(357,047)
	(16,251)	(312,140)	545,167	497,309

The accompanying notes are integral part of the financial statements individual and consolidated.

GENERAL SHOPPING E OUTLETS DO BRASIL S.A.

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(In Thousand of Brazilian Reais - R\$, except when indicated otherwise)

1. Operating activities

General Shopping e Outlets do Brasil S.A. (Company) was set up on March 06, 2007 and, as from March 31, 2007, after successive ownership operations through which the interest held in the capital of the companies with shopping mall activities, as well as interest held in the capital stock of companies that provide services to the shopping malls, was grouped, respectively, into two distinct companies: (a) Levian Participações e Empreendimentos Ltda. and (b) Atlas Participações Ltda. Currently the Company's interest in the capital of the companies with activities in shopping centers are grouped in Levian Participações e Empreendimentos Ltda., and Securis Administradora e Incorporadora Ltda.

According to the Company's Board of Directors' Meeting, started on December 21, 2018 and concluded on December 26, 2018, after the suspension of the works ("First RCA") and the Company's Board of Directors' Meeting held on February 22, 2019 ("Second RCA" and, together with the First RCA, the "Meetings"), it was approved, ad referendum of the Company's General Meeting, the distribution of dividends to shareholders in the total amount of R\$ 828,955,780.00 (eight hundred and twenty-eight million, nine hundred and fifty-five thousand and seven hundred and eighty reais), resulting from the realization of profits recorded in the Unrealized Profit Reserve (RLAR) verified according to the Company's balance sheet as of December 31, 2017, the amount of (i) R\$ 207,238,945.00 (two hundred and seven million, two hundred and thirty-eight thousand, nine hundred and forty-five reais) to be paid in cash to the shareholders ("Cash Portion") and (ii) R\$ 621,716,835.00 (six hundred and twenty-one million, seven hundred and sixteen thousand and eight hundred and thirty-five reais) to be paid "in natura", upon delivery of quotas of General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII ("FII") as shown in the table below.

On April 9, 2019, the dividend payment operation was concluded, of which R\$ 207,238,945.00 (two hundred and seven million, two hundred and thirty-eight thousand, nine hundred and forty-five reais) in cash and R\$ 621,716,835, 00 (six hundred and twenty-one million, seven hundred and sixteen thousand, eight hundred and thirty-five reais) "in natura", upon delivery of quotas of General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII ("FII") to shareholders..

The Company trades its stock at "B3", under the following abbreviation GSHP3.

The Company filed with the Securities and Exchange Commission (CVM) the request for registration of a restricted program sponsored by Global Depositary Shares based on Regulation S and Rule 144A (GDSs), as approved at a meeting of the Company's Board of Directors held on July 22, 2016. On July 18, 2016, the CVM approved the request. In this context, The Bank of New York Mellon operates as the depositary institution of the GDS Program and is responsible for issuing the respective certificates.

GENERAL SHOPPING E OUTLETS DO BRASIL S.A.

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The Company's common shares are traded on the BM&FBOVESPA and represent the GDS at the ratio of 1 (one) GDS for every 73 (seventy-three) shares. The Itaú Unibanco S.A. operates as the custodian institution of the Company's shares in Brazil. The establishment of the GDS program involved the issuance of 11,000,000 (eleven million) new common shares as a result of the merger of the indirect subsidiary Druz Administradora e Incorporadora Ltda. Of the amount of the shares that did not serve as the basis for the GDS program, 6,564,301 shares were canceled as per minutes of the meeting of the board of directors' held on August 4, 2017. The remaining balance of 1,923,550 shares remains in nominal treasury at Company.

The Company's head offices are located in São Paulo - SP, at Avenida Angélica, 2466, 24th floor - suite 241.

The individual and consolidated financial statement of General Shopping e Outlets do Brasil S.A. (Company) referring to the year ended on December 31, 2019, have been concluded and approved by the Company's Executive Officers on March 27, 2020.

The individual and consolidated financial statement of the Company referring to the year ended on December 31, 2019 comprises the Company and its subsidiaries (collectively referred to as Group and individually referred to as entities of the Group).

The General Shopping e Outlets do Brasil S.A. and its subsidiaries (hereinafter referred to as the Company), have as their main corporate activities the: (a) management of its own and third-party assets; (b) participation in securities business; and (c) real estate development and similar or related activities.

The Company's direct and indirect subsidiaries that were included in the consolidated financial statements are the following:

- ALTE Telecom Comércio e Serviços Ltda. (ALTE): is engaged in providing web server services, multimedia communication services, and voice over internet protocol (VOIP);
- Andal Administradora e Incorporadora Ltda. (Andal): the business activity of which is to manage its own assets and hold interest in other companies. The Andal had an ideal fraction of 99.9% in Suzano Shopping Center. Granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB, in April 2019. In August 2019, it was incorporated by Delta Shopping Empreendimentos Imobiliários Ltda. and the 99.9% interest in Suzano Shopping Center was disposed of in September 2019;
- Ardan Administradora e Incorporadora Ltda. (Ardan): the business activity of which is to manage its own assets and hold interest in other companies. Currently, Ardan holds an ideal fraction of 0.5% in Internacional Guarulhos Auto Shopping Center;

GENERAL SHOPPING E OUTLETS DO BRASIL S.A.

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(In Thousand of Brazilian Reais - R\$, except when indicated otherwise)

- Ast Administradora e Incorporadora Ltda. (Ast): the business activity of which is to manage its own assets and third-party assets, real estate development, hold interest in other companies and real estate ventures and lease security equipment and video cameras;
- Atlas Participações Ltda. (Atlas): the business activity of which is to manage its own assets and hold interest in other companies. Currently, Atlas holds full ownership interest in I Park Estacionamento Ltda., Energy Comércio e Serviços de Energia Ltda., Wass Comércio e Serviços de Água Ltda., General Shopping Brasil Administradora e Serviços Ltda., Internacional Guarulhos Auto Shopping Center Ltda., Vide Serviços e Participações Ltda., Ast Administradora e Incorporadora Ltda., GS Park Estacionamento Ltda.; ALTE Telecom Comércio e Serviços Ltda. and in the BR Brasil Retail Administradora e Incorporadora S.A.;
- Bac Administradora e Incorporadora Ltda. (Bac): the business activity of which is real estate development;
- Bail Administradora e Incorporadora Ltda. (Bail): the business activity of which is to manage its own assets and third-party assets and real estate development;
- BOT Administradora e Incorporadora Ltda. (BOT): the business activity of which is real estate development. BOT holds 100% of Manzanha Consultoria e Administração de Shopping Centers Ltda.'s shares;
- Brassul Shopping Administradora e Incorporadora Ltda. (Brassul): the business activity of which is to manage its own assets and third-party assets and real estate development. Brassul holds 100% interest in the quotas of Sale Empreendimentos e Participações Ltda.;
- BUD Administradora e Incorporadora Ltda. (BUD): the business activity of which is to its own and third party assets, real estate developments, interest in other companies and real estate developments. In July 2019 BUD acquired 3% of the Premium Outlet Brasília;
- BR Brasil Retail Administradora e Incorporadora S.A. (BR Retail): the business activity of which is the development and management of projects involving planning, interest and development of retail and wholesale trade activities, as well as acquisition, creation and management of companies operating in retail trade, master franchises, franchiser companies and/or with potential to become franchiser companies, all operating in Brazil;
- Delta Shopping Empreendimentos Imobiliários Ltda. (Delta): the business activity of which is to manage its own assets and third-party assets, real estate development and hold ownership interest in other companies and real estate ventures. Delta was holds 0.1% interest in Suzano Shopping Center and disposed of its stake in September 2019;
- Energy Comércio e Serviços de Energia Ltda. (Energy): is engaged in purchasing, selling and leasing equipment for the generation, transfer and distribution of energy and in providing installation, maintenance and consulting services. Currently, Energy provides services referring to the lease of equipment for the generation, transfer and distribution of energy to Internacional Guarulhos Auto Shopping Center, Suzano Shopping Center, Shopping Suzano (until September 2019), Outlet Premium São Paulo, Parque Shopping Barueri, Outlet Premium Brasília, Outlet Premium Salvador, Shopping do Vale, Parque Shopping Maia, Outlet Premium Rio de Janeiro, Parque Shopping Sulacap and Unimart Shopping;

GENERAL SHOPPING E OUTLETS DO BRASIL S.A.

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(In Thousand of Brazilian Reais - R\$, except when indicated otherwise)

- ERS Administradora e Incorporadora Ltda. (ERS): its corporate purpose is the management of its own and third-party assets and real estate development. The company ERS is owner of 50% of the Shopping Outlet Premium Rio de Janeiro. Granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB in April 2019;
- FAT Empreendimentos e Participações S/A. (FAT): has the purpose of incorporating real estate, the sale of real estate built or acquired for resale and administration of own and third parties' assets, as well as participation as a shareholder and shareholder in other companies and participation in real estate projects;
- FIPARK Estacionamentos Ltda (FIPARK): has as its object the administration of parking lots of motor vehicles in general, own and third parties. Currently FIPARK is responsible for the administration of the parking lots of the Parque Shopping Maia and Shopping Bonsucesso and Suzano Shopping Center (until September 2019);
- FLK Administradora e Incorporadora Ltda. (FLK): the business activity of which is to manage its own assets and third-party assets and real estate development. FLK owns 52% of the Outlet Premium in Bahia. Granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB in April 2019;
- Fonte Administradora e Incorporadora Ltda. (Fonte): the business activity of which is to manage its own assets and third-party assets, and real estate development. Fonte owns 51% of the Shopping Sulacap in Rio de Janeiro. Granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB in April 2019;
- GAX Administradora e Incorporadora Ltda. (GAX): the business activity of which is to manage its own assets and third-party assets, real estate development, and hold interest in other companies and real estate ventures. GAX holds 50% interest in Outlet Premium São Paulo. Granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB in April 2019;
- General Shopping Brasil Administradora e Serviços Ltda. (GSB Administradora): the business activity of which is to manage its own assets and third-party assets, provide management services to commercial centers and buildings, provide other complementary, supplementary services or services associated with its activities, in addition to hold interest in other companies, whatever type they may be. Currently, GSB Administradora is the manager of Suzano Shopping (until September 2019), Poli Shopping, Cascavel JL Shopping, Shopping do Vale, Outlet Premium São Paulo, Outlet Premium Brasília, Unimart Shopping, Parque Shopping Barueri, Shopping Bonsucesso, Outlet Premium Salvador, Parque Shopping Sulacap, Parque Shopping Maia and Outlet Premium Rio de Janeiro and Outlet Premium Fortaleza;

GENERAL SHOPPING E OUTLETS DO BRASIL S.A.

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(In Thousand of Brazilian Reais - R\$, except when indicated otherwise)

- General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB (new social denomination of FII Top Center): whose object is the acquisition of a real estate project, provided that it is approved by the Shareholders' General Meeting, aiming at obtaining revenues through the valuation of real estate, leasing or leasing and sales of real estate assets, as permitted by the Fund regulation, by law and by the provisions of the Brazilian Securities and Exchange Commission (CVM). The FII GSOB holds 99.99% of Vanti Administradora e Incorporadora Ltda. (Vanti) and as of April 9, 2019, the shares were transferred to shareholders as payment of the dividends in natura;
- General Shopping Finance Limited (General Shopping Finance): is a company headquartered in the Cayman Islands that is engaged in performing activities and transactions relating to the Company or its subsidiaries. General Shopping Finance holds 49.9% of the quotas of Levian Participações e Empreendimentos Ltda.;
- GS Finance II Limited (GS Finance II): is a company organized in the Cayman Islands that is engaged in performing activities and transactions relating to the Company or its subsidiaries;
- GS Investments Limited (GS Investments): is a company headquartered in the Cayman Islands that is engaged in performing activities and transactions relating to the Company or its subsidiaries. GS Investments holds 97.3% of the quotas of Securis Administradora e Incorporadora Ltda.;
- GS Park Estacionamento Ltda. (GS Park): is engaged in managing parking lots for motor vehicles of all kinds, of their own or owned by third parties. Currently, GS Park is in charge of managing the parking lots of Outlet Premium Salvador, Parque Shopping Sulacap, Internacional Guarulhos Auto Shopping and Outlet Premium Rio de Janeiro;
- I Park Estacionamento Ltda. (I Park): is engaged in exploiting the specific motor vehicle parking business, for both its own vehicles and vehicles owned by third parties, by managing such parking lots. Currently, I Park is in charge of managing the parking lots of Cascavel JL Shopping, Outlet Premium São Paulo, Outlet Premium Brasília, Unimart, Shopping do Vale and Parque Shopping Barueri;
- Indui Administradora e Incorporadora Ltda. (Indui): the business purpose of which is to manage its own assets and third-party assets, and real estate development. Indui holds 50% interest in Outlet Premium Brasília. Granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB in April 2019;
- Internacional Guarulhos Auto Shopping Center Ltda. (ASG Administradora): the business activity of which is to manage its own assets and third-party assets, provide management services to commercial centers and buildings, provide other complementary, supplementary services or services associated with its activities, in addition to hold interest in other companies, whatever type they may be. Currently, ASG Administradora is the administrator of Internacional Guarulhos Auto Shopping Center;

GENERAL SHOPPING E OUTLETS DO BRASIL S.A.

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(In Thousand of Brazilian Reais - R\$, except when indicated otherwise)

- Levian Participações e Empreendimentos Ltda. (Levian): the business activity of which is to manage its own assets, hold interest in other companies and other complementary and associated activities. Currently, Levian holds an ideal fraction of an ideal fraction of 99.5% of Internacional Guarulhos Auto Shopping Center and 0.5% of Unimart Shopping. Levian also holds interest in Send Empreendimentos e Participações Ltda. (100%), Delta Shopping Empreendimentos Imobiliários Ltda. (100%), Vul Administradora e Incorporadora Ltda. (100%), Zuz Administradora e Incorporadora Ltda. (100%), Bud Administradora e Incorporadora Ltda. (100%), Bac Administradora e Incorporadora Ltda. (100%), Mai Administradora e Incorporadora Ltda. (100%), Premium Outlet Administradora e Incorporadora Ltda. (100%), BR Outlet Administradora e Incorporadora Ltda. (100%), Jauá Administradora e Incorporadora Ltda. (100%), Securis Administradora e Incorporadora Ltda. (2.7%), Atlas Participações Ltda. (100%), FIPARK Estacionamentos Ltda (100%), EDO Empreendimentos e Participações S.A. (100%), Poli Shopping Administradora de Bens Ltda. (50%); Babi Administradora e Incorporadora Ltda. (100%); Dan Administradora e Incorporadora Ltda. (100%) and Loa Administradora e Incorporadora Ltda. (100%);
- MAI Administradora e Incorporadora Ltda. (MAI): the business activity of which is to manage its own assets and third-party assets and real estate development;
- Manzanza Consultoria e Administração de Shopping Centers Ltda. (Manzanza): is engaged in providing consulting and management services for shopping malls and managing its own assets. Manzanza is the owner of the land in Atibaia;
- Palo Administradora e Incorporadora Ltda. (Palo): is engaged in exploiting the shopping mall industry by leasing its own properties. Currently, Palo holds 50% interest in of Outlet Premium Fortaleza. Granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB in April 2019;
- Pentar Administradora e Incorporadora Ltda. (Pentar): the business activity of which is to manage its own assets and third-party assets and its own and third-party shopping centers, real estate development and participation in other companies and real estate projects. Pentar holds 99.5% of Unimart Shopping. Granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB in April 2019;
- POL Administradora e Incorporadora Ltda. (POL): is engaged in developing real estate development ventures.
- Poli Shopping Center Empreendimentos Ltda. (Poli Empreendimentos): is engaged in exploiting the shopping mall industry by leasing its own properties or subleasing third party leased properties. Currently, "Poli Empreendimentos" holds 50% interest in Poli Shopping Center. Granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB in April 2019;
- Rumb Administradora e Incorporadora Ltda. (Rumb): is engaged in the activities of real estate development, the sale of real estate built or acquired for sale, the management of own and third party assets, participation in other companies and real estate developments;

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Notes to the Financial Statements

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(In Thousand of Brazilian Reals - R\$, except when indicated otherwise)

- Sale Empreendimentos e Participações Ltda. (Sale): is engaged in purchasing, selling, leasing, urbanizing, mortgaging, developing, building and managing its own real estate or third-party real estate or jointly owned real estate. Sale holds 84.4% interest in Shopping do Vale;
- SB Bonsucesso Administradora e Incorporadora S.A. (SB Bonsucesso): the business activity of which is to manage its own assets and third-party assets and real estate development. SB Bonsucesso holds 63.4% interest in Shopping Bonsucesso. Granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB in April 2019;
- Securis Administradora e Incorporadora Ltda. (Securis): the business activity of which is to manage its own assets and third-party assets, real estate development participation in other companies. Securis holds 100% of quotas of the following companies: Ardan Administradora e Incorporadora Ltda., Bail Administradora e Incorporadora Ltda., Bavi Administradora e Incorporadora Ltda., Indui Administradora e Incorporadora Ltda., BOT Administradora e Incorporadora Ltda., Brassul Shopping Administradora e Incorporadora Ltda., FAT Empreendimentos e Participações S.A., POL Administradora e Incorporadora Ltda., Tequs Administradora e Incorporadora Ltda., Rumb Administradora e Incorporadora Ltda., Tela Administradora e Incorporadora Ltda., Securis also holds 0.1% interest in Shopping Bonsucesso and a fraction of less than 0.1% of the Vanti Administradora e Incorporadora Ltda.;
- Send Empreendimentos e Participações Ltda. (Send): the business activity of which is to manage its own assets and participate in other societies. Send owns 100% of the shares of Uniplaza Empreendimento Participação e Administração de Centro de Compras Ltda. and 85.5% of Cascavel JL Shopping, in July 2019 acquired 48% stake of Parque Shopping Barueri;
- Tela Administradora e Incorporadora Ltda. (Tela): the business activity of which the real estate development activities, the sale of properties built or acquired for resale, the management of own and third parties' assets, participation in other companies and real estate projects. Tela owns 85% of the Outlet Premium Grande São Paulo currently under construction;
- Uniplaza Empreendimentos Participações e Administração de Centros de Compras Ltda. (Uniplaza): the business activity of which is to manage its own assets and third-party assets and its own and third-party commercial centers, real estate development and hold ownership interest in other companies and real estate ventures;
- Vanti Administradora e Incorporadora Ltda. (Vanti): Its objective is the management of its own assets and of third parties and of its own commercial centers and of third parties, the real estate development and participation in other companies. Vanti owns 100% of the quotas of the companies: Andal Administradora e Incorporadora Ltda. (alienated in August 2019) , ERS Administradora e Incorporadora Ltda., FLK Administradora e Incorporadora Ltda., GAX Administradora e Incorporadora Ltda., SB Bonsucesso Administradora e Incorporadora S.A., XAR Administradora e Incorporadora Ltda., Indui Administradora e Incorporadora Ltda., Palo Administradora e Incorporadora Ltda., Pentar Administradora e Incorporadora Ltda., Poli Shopping Center Empreendimentos Ltda. and Fonte Administradora e Incorporadora Ltda. Granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB in April 2019;

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(In Thousand of Brazilian Reals - R\$, except when indicated otherwise)

- Vide Serviços e Participações Ltda. (Vide): is engaged in providing services referring to institutional disclosures, managing its own properties and third-party properties, real estate development and holding interest in other companies and real estate development ventures;
- Vul Administradora e Incorporadora Ltda. (Vul): the business activity of which is to manage its own assets and third-party assets, real estate development and hold ownership interest in other companies and real estate ventures. Vul is the owner of 50.1% of Parque Shopping Maia;
- Wass Comércio e Serviços de Águas Ltda. (Wass): is engaged in leasing water exploration, treatment and distribution equipment, as well as providing installation, maintenance and consultancy services, inherent. Currently, Wass is in charge of leasing water exploration, treatment and distribution equipment to Internacional Guarulhos Auto Shopping Center, Cascavel JL Shopping, Suzano Shopping (until September 2019), Outlet Premium São Paulo, Outlet Premium Brasília, Shopping do Vale, Parque Shopping Barueri, Poli Shopping, Shopping Bonsucesso, Outlet Premium Salvador, Parque Shopping Maia and Outlet Premium Rio de Janeiro;
- XAR Administradora e Incorporadora Ltda. (XAR): the business activity of which is to manage its own assets and third-party assets, real estate development, hold interest in other companies and in real estate ventures. Currently, XAR holds 48% interest in Parque Shopping Barueri. Granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB in April 2019;
- Zuz Administradora e Incorporadora Ltda. (Zuz): the business activity of which is to manage its own assets and third-party assets, real estate development and hold interest in other companies and real estate ventures;

The following subsidiaries: BR Outlet Administradora e Incorporadora Ltda. (BR Outlet), Premium Outlet Administradora e Incorporadora Ltda. (Premium Outlet), Jauá Administradora e Incorporadora Ltda. (Jauá), Bavi Administradora e Incorporadora Ltda. (Bavi), Tequs Administradora e Incorporadora Ltda. (Tequs), Poli Shopping Administração e Serviços Ltda. (Poli Adm), BAC Administradora e Incorporadora Ltda. (BAC), Mai Administradora e Incorporadora Ltda. (MAI), Zuz Administradora e Incorporadora Ltda. (ZUZ), Babi Administradora e Incorporadora Ltda. (BABI), Dan Administradora e Incorporadora Ltda (DAN), Loa Administradora e Incorporadora Ltda. (LOA) and EDO Empreendimentos e Participações S.A. (EDO), have as their purpose the administration of own and third parties assets. The companies have no records of operations as of December 31, 2019.

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The Company holds direct participation, as of December 31, 2019 and 2018, in the following undertakings:

	12/31/2019			12/31/2018		
	Share	Total GLA (m ²)	Own GLA (m ²)	Share	Total GLA (m ²)	Own GLA (m ²)
Shopping Center						
Poli Shopping Guarulhos (*)	-	-	-	50.0%	3,386	1,693
Internacional Shopping	-	-	-	9.8%	77,080	7,554
Auto Shopping	100.0%	11,477	11,477	100.0%	11,477	11,477
Suzano Shopping (*)	-	-	-	100.0%	22,813	22,813
Cascavel JL Shopping	85.5%	8,877	7,590	85.5%	8,877	7,590
Shopping do Vale	84.4%	16,882	14,247	84.4%	16,882	14,247
Unimart Shopping Campinas (*)	0.5%	15,878	79	100.0%	15,878	15,878
Outlet Premium São Paulo (*)	-	-	-	50.0%	24,337	12,169
Parque Shopping Barueri (*)	48.0%	36,300	17,424	48.0%	36,300	17,424
Outlet Premium Brasília (*)	3.0%	16,162	485	50.0%	16,162	8,081
Shopping Bonsucesso (*)	0.1%	25,273	25	63.5%	25,273	16,048
Outlet Premium Salvador (*)	-	-	-	52.0%	14,964	7,781
Parque Shopping Sulacap (*)	-	-	-	51.0%	29,022	14,801
Parque Shopping Maia (**)	50.1%	31,711	15,887	63.5%	31,711	20,136
Outlet Premium Rio de Janeiro (*)	-	-	-	50.0%	20,906	10,453
OFF Outlet Fashion Fortaleza (*)	-	-	-	50.0%	15,223	7,612
		<u>162,560</u>	<u>67,214</u>		<u>370,291</u>	<u>195,757</u>

(*) The Holdings held by the company in December 31, 2018 were granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB, as informed above;

(**) According to the Material Fact published on April 26, 2019, the ideal fraction of 13.4% of the property was donated as part of the payment for the usufruct extinction operation, highlighted in note 19.

2. The submission of the financial statements and main accounting practices

2.1. The preparation basis and submission of individual and consolidated financial statements

2.1.1. Compliance statement

The Company's individual and consolidated financial statement have been prepared and are being presented in accordance with International Financial Reporting Standards - IFRS (IAS 1) and in accordance with CVM Resolution 676/11, which approved CPC 26 (R1), issued by the Accounting Pronouncements Committee (CPC), and emphasize all relevant information specific to the individual and consolidated financial statements, and only these, which are consistent with those used by administration in its management.

Provided there are no differences between the consolidated equity and the consolidated results attributable to the Parent Company's shareholders, stated in the consolidated financial statements and equity and the income, the Company has chosen to present these individual and consolidated financial statements as a whole, and side by side.

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Company's management represents and confirms all relevant information contained in individual and consolidated financial statements are shown and correspond to the information used by the Company's Management in its management.

Operational continuity

Based on our best knowledge, there are no relevant facts or contingencies that have not been reported and that may (i) impede the ordinary operating continuity of the Company and its subsidiaries, and / or (ii) significantly affect the financial and equity situation of the Company and influence its evaluation as an ongoing project. Therefore, the individual and consolidated financial statements were prepared taking this assumption into account.

The company is attentive to COVID-19 and its repercussions in a global scenario, as well as to the measures eventually adopted by government authorities. However, it is not yet possible to measure the impacts of COVID-19 on the Company's activities.

Capital structure and net working capital

As of December 31, 2019, the Company reduced its shareholders' equity position from R\$ 38,683 to R\$ 4,371 mainly due to non-monetary factors and with no cash effect, that is, generated due to the impact of the exchange variation on the company's perpetual debt. Company that is indexed to the dollar. Accordingly, in accordance with Brazilian accounting standards, the exchange variation is recorded in financial expenses and affects the result, being reflected in the profit or loss for the year, but has no cash effect or definitive character.

Consolidated net working capital on December 31, 2019 was positive at R\$ 124,882. Therefore, the Company's Management understands that the business plan approved by the Board of Directors, combined with the efficient management of results and balance sheet, must guarantee its sustainability and demonstrate the elements necessary for the continuity of the operation.

2.1.2. Functional currency and presentation of the individual and consolidated financial statements

The financial statements of each subsidiary included in the consolidation are prepared by using their functional currency (the currency of the main financial economic environment in which each subsidiary operates). Upon defining the functional currency of each subsidiary, Management considered which currency has a significant influence in the selling price of the services provided and the currency in which most of the cost of their services provided is paid or incurred.

Notes to the Financial Statements

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The consolidated financial statements are presented in Reais (R\$), which is the Company's functional and presentation currency.

The subsidiaries located abroad (General Shopping Finance, GS Finance II and GS Investments) neither have their own management team nor administrative, financial, and operational independence. Therefore, the Real (R\$) was chosen as the functional currency, which is the functional currency of the Parent Company.

2.1.3. Foreign currency

Upon preparing the Company's individual and consolidated financial statements, the transactions in foreign currency are recorded in accordance with the foreign exchange rates in effect on the date of each transaction. At the end of each fiscal year, the monetary items in foreign currency are converted at the rates in effect. Translation adjustments on monetary items are recognized in the income for the year in which they occur.

2.2. Consolidation basis

The consolidated financial statements include the information of the Company and its subsidiaries, closed on the same date, and are consistent with the accounting practices described in Note 2.1.

Control is obtained when the Company has the power to control the financial and operating policies of an entity to earn benefits from its activities. In the applicable cases, the existence and the effect of potential voting rights, which are currently exercisable or convertible, are taken into consideration when assessing whether the Company controls, or not, another entity. The subsidiaries are fully consolidated as from the date on which the control is transferred to the Company and they cease to be consolidated, where applicable, as from the date on which the control ceases.

The subsidiaries were fully consolidated including the assets accounts, liabilities accounts, revenues accounts and expenses accounts according to the nature of each account, complemented with the elimination of (a) investment and equity balances; (b) checking account balances and other balances that integrate the assets and/or liabilities held between the consolidated companies; and (c) revenues and expenses, as well as unrealized profits, where applicable, arising from business transactions between the consolidated companies. On December 31, 2019, the Company does not have any non-controlling interest to be presented. The profit or loss of the subsidiaries (including real estate investment funds) acquired or disposed of during the year are included in the income statement as from the date of the effective acquisition or up to the date of the disposal, as applicable.

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The consolidated financial statement is presented in Brazilian Reais, the Company's functional currency. The Company reviewed the accounting practices adopted by the subsidiaries abroad and did not identify any differences as compared to the practices adopted in Brazil, to be adjusted in the shareholders' equity and in the income for the year of such investments before determining the profit or loss and the adjusted equity result.

The consolidated financial statements include the transactions of the Company and of the following subsidiaries, the percentage interest of which, held as of the balance sheet date, is summarized as follows:

	% - 12/31/2019 - Interest in capital	% - 12/31/2018 - Interest in capital
Direct Subsidiaries		
Levian	100%	100%
General Shopping Finance	100%	100%
Vanti (*)	-	100%
GS Finance II	100%	100%
GS Investments	100%	100%
Indirect Subsidiaries		
Alte	100%	100%
Andal (*)	-	100%
Ardan	100%	100%
ASG Administradora	100%	100%
Ast	100%	100%
Atlas	100%	100%
Babi (no operation)	100%	-
Bac	100%	100%
Bail	100%	100%
Bavi (no operation)	100%	100%
Bot	100%	100%
Br Outlet (no operation)	100%	100%
BR Retail	100%	100%
Brassul	100%	100%
Bud	100%	100%
Dan (no operation)	100%	-
Delta	100%	100%
EDO (no operation)	100%	100%
Energy	100%	100%
ERS (*)	-	100%
FAT	100%	100%
FIPARK	100%	100%
FII Top Center	-	100%
FLK (*)	-	100%
Fonte (*)	-	100%
GAX (*)	-	100%
GSB Administradora	100%	100%
GS Park	100%	100%
Indui (*)	-	100%
Ipark	100%	100%
Jauá (no operation)	100%	100%
Loa (no operation)	100%	-
MAI	100%	100%
Manzanza	100%	100%
Palo (*)	-	100%
Pentar (*)	-	100%
POL	100%	100%
Poli Shopping (*)	-	100%
Poli Shopping Administração e serviços	50%	-
Premium Outlet (no operation)	100%	100%
Rumb	100%	100%
Sale	100%	100%
SB Bonsucesso (*)	-	100%
Securis	100%	100%
Send	100%	100%
Tela	100%	100%

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	% - 12/31/2019 - Interest in capital	% - 12/31/2018 - Interest in capital
Tequs (no operation)	100%	100%
Uniplaza	100%	100%
Vide	100%	100%
Vul	100%	100%
Wass	100%	100%
XAR (*)	-	100%
Zuz	100%	100%

(*) From April 2019 contribution to the General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB.

2.3. Investments in subsidiaries

The Company's investments in its subsidiaries are evaluated based on the equity method, according to CPC 18 R2 (IAS 28) - Investments in Associates and Joint Ventures, for the purposes of the Parent company's financial statements.

Based on the equity method, the investment in subsidiaries is accounted for in the balance sheet of the parent company at cost, plus the changes after the acquisition of interest in the subsidiary.

The ownership interest in the subsidiaries is presented in the Company's income statement as equity accounting, representing the net income or loss assignable to the Parent Company's shareholders.

The financial statements of the subsidiaries are prepared in the same reporting for the year as that of the Company. Where necessary, adjustments are made so that the accounting policies are in accordance with those adopted by the Company.

After applying the equity method of accounting, the Company determines whether it is necessary to recognize impairment on the Company's investment in its subsidiaries. The Company determines at each financial statement closing date whether there is objective evidence that the investment in a subsidiary suffered impairment. If so, the Company calculates the amount of the impairment as the difference between the recoverable amount of the subsidiary and its book value, and then it recognizes the amount in the income statement.

2.4. Presentation of information per segment

The information per operating segment is presented in a manner that is consistent with the internal report provided to the chief operating decision maker. The chief operating decision maker, in charge of allocating resources and assessing the performance of the operating segments, is represented by the CEO.

2.5. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, other immediately liquid short-term investments at a known amount of cash and subject to an insignificant risk of having its value changed, which are recorded at cost plus yield earned up to the balance sheet dates, which do not exceed their market or realization value.

2.6. Financial instruments

Recognition and Measurement

Financial assets and liabilities are initially measured at fair value. The costs of the transactions that are directly attributable to the acquisition or issuance of financial assets and liabilities (except for financial assets and liabilities recognized at fair value in the Company's income statement) are increased by, or deducted from, the fair value of financial assets or liabilities, where applicable, after initial recognition. The transactions costs that are directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in the income statement.

The Company's financial instruments are represented by cash and cash equivalents, accounts receivable, financial investments, accounts payable, perpetual bonds, loans and financing and derivative financial instruments.

Classification

The financial instruments of the Company and its subsidiaries were classified under the following categories:

a) Measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for negotiation, when acquired for that purpose, mainly in the short term. Derivative financial instruments are also classified in this category. The assets of that category are classified in current assets. The balances referring to gains or losses arising from unsettled transactions are classified in current assets or liabilities and the changes in the fair value are respectively recorded in "Financial income" or "Financial expenses".

b) Financial assets at amortized cost

Loans and receivables are non-derivative financial instruments with fixed or determinable payments or receipts, which are not listed in stock markets, are classified as current assets, except for those the maturity dates of which exceed 12 months after the date of the preparation of the financial statements, which are classified as noncurrent assets.

The Company's Financial Assets correspond to loans made to related parties, accounts receivable from clients, cash and cash equivalents, financial investments, and other accounts receivable.

c) Financial liabilities at amortized cost

Represented by bank loans and financing, and amounts balances of checking accounts with related parties, except for the checking account, the others are stated at original value, plus interest, inflation adjustments and translation adjustments incurred up to the dates of the financial statements. Financial liabilities are initially measured at fair value, net of transaction costs. Later, they are measured at amortized cost using the effective interest rate method, and the financial expenses are recognized based on the effective yield.

2.7. Derivative financial instruments

The Company has derivative financial instruments to manage its exposure to foreign exchange rate and interest rate risks. Explanatory Note 28 contains further and more detailed information on derivative financial instruments.

Derivatives are initially recognized at fair value on the date they are entered into and are later re-measured at fair value at the end of the fiscal year. Eventual gains or losses are immediately recognized in P&L.

When a derivative financial instrument is listed in a stock exchange, its fair value must be measured by means of valuations techniques based on stock market quotations, where the price used to calculate the fair value is the one at the closure of each month. For those cases of derivatives not listed, that is, over the counter, the fair value must be calculated by means of valuation methods at present value by discounted future cash flow, also based on market information as of the last day of the month.

2.8. Impairment

Financial assets, except for those at fair value through profit or loss, are evaluated according to impairment indicators at the end of each year. Losses due to impairment are recognized when there is objective evidence of the impairment of the financial assets as a result of one or more events that have occurred after their initial recognition, with an impact on the estimated future cash flows of such assets.

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The criteria that the Company and its subsidiaries use to determine whether there is objective evidence of impairment of financial assets include:

- Significant financial difficulties of the issuer or debtor;
- Agreement breach, such as default or the late payment of interest or the principal amount;
- Likelihood of the debtor declaring bankruptcy or financial reorganization;
- The extinguishment of an active market for that financial asset by virtue of financial problems.

The book value of the financial assets is directly reduced due to impairment, except for accounts receivable where the book value is reduced due to the use of a provision. The subsequent recovery of amount previously written off is credited to the provision. Changes in the book value of the provision are recognized in P&L.

2.9. Accounts receivable and related parties

Accounts receivable and related parties are initially recorded at the amounts invoiced on the basis of the lease agreements and of the services provided, adjusted by the effects arising from the recognition of revenue from rents on a straight-line basis calculated in accordance with the terms provided for in the agreements, including, where applicable, yield and inflation adjustment gains.

The allowance for doubtful accounts is created at an amount considered sufficient by Management to cover probable losses in the realization of accounts receivable, considering the following criterion: the individual analysis of debtors, regardless of the maturity dates, as described in Note 6. The expenses with the creation of an allowance for doubtful accounts were recorded in "General and administrative expenses" in the income statement.

2.10. Investment properties

Investment properties are represented by land and buildings in shopping malls held for earn yield from rent and/or capital valuation, as disclosed in Explanatory Note 11.

Investment properties are initially recorded at acquisition or construction cost. After the initial recognition, the investment properties are presented at fair value, except for properties under construction ("greenfields") and land for future expansion. Gains or losses from fair value variations of investment properties are included in the year's statement of income in the fiscal year in which they are generated.

Properties held for investment construction ("greenfields") are recognized by the construction cost up to the moment in which operations start or when the Company is able to measure the fair value of assets reliably.

The costs incurred relating to investment properties under use, such as maintenance, repairs, insurance and property taxes are recognized as costs in the income statement of the fiscal year to which they refer.

Investment properties are written off after disposal or when they are permanently withdrawn from use and there are not future economic benefits resulting from disposal. Any gains or losses resulting from the write off of the property (calculated as the difference between net revenues from disposal and the book value of the asset) is recognized in the income for the years in which the property is written off. For transactions in which the investment is realized under a co-venture regime, in which the amounts paid by the partner to the Company are held in liabilities as advance payments until the effective transfer of the risks and rewards of ownership of the asset (completion of construction), when the difference between the net amounts from disposal and book value amounts are recognized in P&L (Profit and Loss).

Financial charges with regard to loans and financing incurred during the construction period, where applicable, are capitalized.

2.11. Fixed Assets

These are stated at acquisition cost. Depreciation is calculated on a straight-line basis at the rates described in Explanatory Note 12, which consider the estimated economic life-cycles of the assets.

Residual values and the life-cycles of the assets are annually reviewed and adjusted, if applicable.

An item of the fixed item is written off after disposal or when there are not any future economic benefits resulting from the continuous use of the asset. Any gains or losses on the sale or write off of an item of the fixed assets are determined by the difference between the amounts received on the sale and the book value of the asset and are recognized in P&L.

2.12. Intangible

Intangible assets with definite useful lives, acquired separately, are recorded at cost, minus amortization and accumulated impairment losses. Amortization is recognized according to the straight-line method based on the estimated useful lives of the assets. The estimated useful life and the amortization method are reviewed at the end of each fiscal year and the effect of any changes in the estimates is accounted for, prospectively.

2.13. Impairment of tangible and intangible assets

Items of the fixed assets, investment properties, intangible assets and other noncurrent assets are annually evaluated to identify evidence of impairment or whenever significant events or changes in the circumstances indicate that the book value might be impaired. When there is loss deriving from the situations in which the book value of the asset exceeds its recoverable amount, in this case defined by the value in use of the asset, using the discounted cash flow method, such loss is recognized in the income for the fiscal year. As of December 31, 2019 and 2018, there have been no evidence suggesting the assets would not be recoverable.

Investments properties are evaluated at fair value, the variations in accordance with the appraisal reports are recorded in the fiscal year's income statement.

2.14. Other assets (current and noncurrent)

An asset is recognized in the balance sheet when it is a resource controlled by the Company deriving from past events and from which it is expected that future economic benefits will inure to the Company. Other current and noncurrent assets are stated at cost or realization value, including, where applicable, the yield and inflation and translation adjustments earned up to the dates the fiscal year are closed.

2.15. Other liabilities (current and noncurrent)

A liability is recognized in the balance sheet when the Company has a legal or constructive obligation resulting from an event in the past and it is probable that an economic resource will be required to settle it. Other current and noncurrent liabilities are stated at known or calculable amounts, plus the corresponding charges and inflation and /or translation adjustments incurred up to the balance sheet date, where applicable.

2.16. Provisions / Reserves

Provisions are recognized to present liabilities (either legal or presumed) resulting from past events in which it is possible to reliably estimate the amounts and the settlement of which is probable. The amount recognized as a provision is the best estimate of the considerations required to settle a liability at the end of each year, considering the risks and uncertainties pertaining to the liability.

2.17. Provision for civil, tax, labor and social security risks

A provision for civil, tax, labor and social security risks is created for lawsuits, the future disbursement probabilities of which are considered probable by the legal advisors and Management of the Company and its subsidiaries, considering the nature of the lawsuits and the experience of Management with similar lawsuits, as described in Explanatory Note 20.

2.18. Cost of loans - capitalization of interest

The financial charges of loans obtained that are directly linked to the acquisition, construction or production of investment properties in progress are capitalized and thus are part of the cost of the asset. The capitalization of such charges starts after the beginning of the preparation of an asset's construction or development activities and is interrupted soon after the beginning of its use or the end of its production or construction.

The costs of loans that are directly attributable to the acquisition, construction or production of qualifying assets, which necessarily take a substantial period of time to be ready for use or sale, are added to the cost of such assets up to the date in which they are ready for the intended use or sale.

Gains on investments deriving from the temporary investment of resources obtained with specific loans not yet spent with the qualifying asset are deducted from the costs with loans that are entitled to be capitalized. All of the other costs with loans are recognized in the income for the year in which they are incurred.

2.19. Current and deferred income tax and social contribution

The provision for income tax and social contribution is accounted for the actual and assumed profit regime and was established at the rate of 15%, plus the additional 10% rate on annual taxable income exceeding R\$ 240. Social contribution was calculated at the rate of 9% on the adjusted book profit.

As allowed by the tax legislation, certain subsidiaries included in the consolidated financial statements chose to be taxed according to the presumed profit tax regime. The basis of calculation of income tax and social contribution is calculated at the rate of 32% on the gross revenues from services provided, 8% on the fair value adjustment and on sale of investment properties, 100% of financial revenues, on which the regular rate of 15% applies, plus the additional 10% for income tax and 9% for social contribution.

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For that reason, such consolidated companies did not record deferred income tax and social contribution assets on tax losses, negative bases and temporary differences and are not inserted in the context of non-cumulativeness in determining the Tax on Gross Revenues for the Social Integration Program (PIS) and the Tax on Gross Revenues for Social Security Financing (COFINS).

Deferred income tax and social contribution are recognized on the temporary differences arising from the differences between the tax bases of assets and liabilities and their book values in the financial statements. Deferred income tax and social contribution are determined by using enacted, or substantially enacted, tax rates (and tax laws) at the balance sheet date, and must be applied when the respective deferred tax asset is realized or when the deferred tax liability is settled. The rates of these taxes, currently defined for the determination of such deferred credits, are 25% for income tax and 9% for social contribution.

2.20. Revenue recognition

Revenue from rents is recognized according to the straight-line method based on the duration of the agreements, taking into consideration the contractual readjustment and the collection of the 13th rent, and the revenue from services provided is recognized when the services are effectively provided.

Our revenues mainly come from the following activities:

a) Rent

“Rent” refers to the lease of space to tenants and other commercial spaces such as sales stands and includes the lease of commercial spaces for publicity and promotion purposes. The lease of stores to tenants in shopping malls corresponds to the largest percentage of the Company’s revenues.

b) Parking lots

“Parking lots” refers to the revenue from exploiting parking lots.

c) Services

“Services” refers to revenue from managing energy and water supplies in the shopping malls.

Revenues from the transfer of rights to be appropriated

Revenues from the transfer of rights of use to tenants, equipment rental and usufruct of ideal fractions of the parking of Shopping Bonsucesso, Parque Shopping Maia and Shopping Suzano are appropriated to P&L according with the respective term of the first lease agreement, or rights of use agreement, or the usufruct agreement.

2.21. Investment property in negotiation for sale (disposal)

When the Company is committed to a sale plan for the disposal of an investment property, following the premises of CPC 28 - Investment Property, the investment property must be written off (eliminated from the balance sheet) upon disposal or when the property for investment is permanently withdrawn from use and no economic benefit is expected from its disposal.

2.22. Basic and diluted Profit/Loss by stock

In compliance with Technical Standard CPC 41 (IAS 33), basic profit or loss per share is calculated by taking into account the income for the year and the weighted average of outstanding shares in the respective year. In the Company's case, the diluted profit or loss per share is equal to the basic profit or loss per share, once the Company does not have any potential dilutive common or preferred stock.

2.23. Statement of Added Value

The purpose of the statement of value added is to evidence the wealth created by the Company and how it is distributed during certain period of time and is presented by the Company, as required by the Brazilian corporate legislation as part of its individual financial statements and as supplementary information to the consolidated financial statements, for it is not a statement provided for nor compulsory according to the IFRS. The Statement of Value Added was prepared based on information obtained from the accounting records that serve as the preparation basis of the financial statements.

2.24. Use of estimates and critical judgment

The preparation of the financial statements according to the accounting practices adopted in Brazil and in conformity with the IFRS require Management to use estimates to record certain transactions that affect the assets, liabilities, revenues and expenses of the Company and of its subsidiaries, as well as the disclosure of information about the data in their financial statement.

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The estimates must be determined based on the best existing knowledge, as of the date of approval of the financial statements, concerning ongoing events and transactions and according to the experience of past and / or current events.

The final results of such transactions and information, when they are effectively performed in subsequent periods, may differ from such estimates.

The main assumptions relative to sources of uncertainty in future estimates and other significant sources of uncertainties in estimates as of balance sheet date, involving a significant risk of causing a significant adjustment to the book value of assets and liabilities in the next financial period are discussed below:

a) Fair value of investment properties

The Company hired an external and independent appraisal firm that has renowned appropriate professional qualification in the region and in the type of property that is being appraised, to evaluate the Company's investment properties every year.

The fair values are based on the market values of investment properties and the estimated value at which a property could be exchanged on the date of the appraisal between the knowledgeable and interested parties in a transaction at arm's length. This calculation is based on a detailed inspection, including historic analysis, current situations, future perspectives, and location of investment properties appraised outside markets in general.

b) Deferred income tax and social contribution

The Company and its subsidiaries, when applicable, recognize deferred assets and liabilities based on the differences between the book value presented in the financial statements and the tax base of the assets and liabilities using the rate in effect.

Deferred tax assets are recognized for all of the tax losses not used in the extent to which the Company has taxable temporary differences (deferred IRPJ and CSLL tax liabilities). Such losses refer to the Company that presents a history of losses that do not prescribe. Accumulated tax loss carry-forwards are restricted to the limit of 30% of the taxable income generated in a certain fiscal year.

Deferred income tax and social contribution on equity evaluations of investment properties are calculated according to the assumed profit system.

Fair value of financial instruments

When the fair value of financial assets and liabilities presented in the balance sheet cannot be obtained on active markets, it is determined by using valuation techniques, including the discounted cash flow method. The data for such methods are based on those practiced on the market, where possible; however, when that is not viable, a certain level of judgment is required to establish the fair value. Such judgment includes considerations about the data used, such as liquidity risk, credit risk and volatility. Changes in the assumptions about such factors could affect the fair value presented in the financial statements.

2.25. 2.25. New standards, amendments and interpretations

The IASB has issued / revised certain IFRS standards, which have been adopted for annual periods beginning on or after January 1, 2019, and the Company has assessed and is evaluating the impacts on its interim financial information of the adoption of these standards:

- CPC 06 (R2) (IFRS 16) - Leases. This standard introduces a single model of accounting for leases in the balance sheet for lessees. A lessee recognizes a right-of-use asset that represents its right to use the leased asset and a lease liability that represents its obligation to make lease payments. Exemptions are available for short-term leases and low-value items. This standard replaces the existing lease rules. The Company evaluated the adoption of the standard and there are no material effects on the financial statements;
- Issuance of ICPC 22 interpretation (IFRIC 23) - Uncertainties in the treatment of income taxes. Establishes aspects of recognition and measurement of the IAS 12 standard when there are uncertainties about the treatment of income tax related to active or liabilities and current or deferred taxes, based on taxable profits, tax losses, tax bases, unused tax losses, unused tax credits used and tax rates. This interpretation is effective for exercises beginning on or after 01/01/2019. The Company evaluated the adoption of the standard and there are no material effects on the financial statements;
- Amendment to IAS 19 - Changes to the plan in the event of a reduction or liquidation. It clarifies aspects of measurement and recognition in the result of the effects of reductions and settlements in employee benefit plans. This change in the standard is effective for years beginning on or after 01/01/2019. The Company does not expect impacts on possible future events of reductions and settlements in employee benefit plans;
- Amendment to IFRS 3 - Business definition. Clarifies aspects for the definition of business, in order to clarify when a transaction should have accounting treatment of business combination or acquisition of assets. This amendment to the standard is effective for years beginning on or after January 1, 2020. The Company does not expect significant impacts on possible future events of business combinations or asset acquisitions;

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- Amendment to IAS 1 and IAS 8 - Definition of materiality. It clarifies aspects of materiality to fit the accounting standard where this concept is applicable. These changes to standards are effective for years beginning on or after January 1, 2020. The Company does not expect significant impacts on its financial statements;
- Amendment to IFRS 9, IAS 39 and IFRS 7 - Interest rate reform. Clarifies aspects related to interest rates in hedge financial instruments. These changes to standards are effective for years beginning on or after 1/01/2020. The Company does not expect significant impacts on its Financial Statements;
- Amendment to IAS 1 - Classification of liabilities as Current or Non-current. Clarifies aspects to be considered for the classification of liabilities as Current Liabilities or Non-current Liabilities. This amendment to the standard is effective for years beginning on or after 01/01/2022. The Company does not expect significant impacts on its Financial Statements.

3. Cash and cash equivalents and financial investments

	Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash and banks				
In Brazilian Reais				
Cash	14	60	51	95
Banks	2	1	1,720	1,453
In US Dollar				
Banks (a)	-	-	10	26
	<u>16</u>	<u>61</u>	<u>1,781</u>	<u>1,574</u>
Financial investments				
In Brazilian Reais				
CDB (b)	-	-	33,066	32,676
Committed (b)	-	-	238	2,644
Interest-bearing account	3	5	533	2,604
Exclusive investment Fund (c)				
Cash	-	-	10	10
Investment Fund	-	-	40,140	118
LFT	-	-	96,724	171,188
Financial Treasury	-	-	22,922	9,961
Committed	-	-	2,240	163,184
Total financial investments	<u>3</u>	<u>5</u>	<u>195,873</u>	<u>382,385</u>
Total cash and cash equivalents	<u>19</u>	<u>66</u>	<u>197,654</u>	<u>383,959</u>
Non-current financial investments	-	-	-	1,668
Total financial investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,668</u>

- (a) On December 31, 2019, the total balance of cash and banks is of R\$ 1,781 (consolidated), whereas the amount of R\$ 10 is deposited in a checking account abroad is indexed to the US Dollar. As of December 31, 2018, from the total balance of R\$ 1,574 (consolidated), the amount of R\$ 26 was deposited in a checking account abroad is indexed to the US Dollar;
- (b) Resources invested in Bank Deposit Certificates (CDB) and Committed in banks Santander and Itaú with average yield of 98.9% of CDI;
- (c) On December 31, 2019, the Exclusive Investment Fund portfolio is substantially composed of securities issued by Brazilian financial institutions and highly liquid federal government bonds, recorded at their realization values, which yield, on average 99.0% do CDI. Such fund does not have any significant obligations with third parties and such obligations are limited to asset management fees and other services inherent in fund transactions.

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Financial investments classified as cash and cash equivalents are investments that may be redeemed within 90 days, composed of highly liquid securities, convertible into cash and that have an insignificant risk of changes in value.

4. Debentures with related parties

	Consolidated	
	12/31/2019	12/31/2018
Debêntures a receber (a)	215,188	-
Total	215,188	-

- (a) On February 18, 2019, the non-convertible simple unsecured debentures of a single type were issued for private distribution, with maturing on February 18, 2029, at the rate of 4.18% per year + IPCA, with payment of interest and annual amortization as of 2023, except in the case of early maturity, optional early redemption or early redemption in the event of an IPCA absence event of the Issuer Vanti Administradora e Incorporadora S.A., currently in favor of the subsidiary Levian Participações e Empreendimentos Ltda. On August 28, 2019 and October 31, 2019, there was a partial settlement in the amount of R\$154,893:

	12/31/2019
Issuance of debentures	350,608
Interest	19,473
Payment of principal	(147,142)
Interest payment	(7,751)
Total	215,188

5. Restricted cash

	Consolidated	
	12/31/2019	12/31/2018
Fixed Income (a)	70,809	132,605
Total	70,809	132,605

- (a) Amount deposited in DI Investment Fund at Banco Itaú S.A. with daily liquidity, referring to the additional guarantee of real estate loan and credit transactions (CCI), as described in Notes 14 and 15. "

6. Accounts Receivable

	Consolidated	
	12/31/2019	12/31/2018
Rentals receivable and others	58,847	100,168
Allowance for doubtful accounts	(24,532)	(34,312)
Total	34.315	65,856
Current	32,687	63,239
Non-current	1,628	2,617

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The accounts receivable from clients are stated at the nominal values of the securities that represent the credits, including, where applicable, yields, inflation adjustments earned and effects arising from linearizing the revenue, calculated on a pro rata day basis up to the balance sheet date. Such nominal amounts correspond, approximately, to their respective present values because they are realizable within the short term.

The Company's maximum exposure to credit risk is the book value of the abovementioned accounts receivable. To mitigate such risk, the Company follows the practice of analyzing the types of collection (rents, services and other items), considering the average history of losses, Management periodically monitoring its clients' equity and financial position, establishing credit limits, analyzing credits that have been past due for more than 180 days and permanently monitoring their debit balance, among other practices. The client portfolio that has not been accrued refers to clients whose individual analysis of their financial position did not show that they would not be realizable.

In order to evaluate the quality of the credit of potential clients, the Company considers the following assumptions: the amount of the guarantee offered must cover at least 12 months of occupancy costs (rent, plus common charges and promotion funds, multiplied by 12); the guarantees accepted (properties, letter of guarantee, insurance, etc.); the good standing of the individuals and legal entities involved in the rental (partners, guarantors, debtors) and the use of SERASA as reference for consultations.

The provision movements transaction for doubtful account for the years ended on December 31, 2019 and 2018 is the following:

	Consolidated	
	12/31/2019	12/31/2018
Balance at the beginning of the year	(34,312)	(29,277)
Credits provisioned and written off in the year	(4,484)	(5,035)
Contribution to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB	14,264	-
Balance at the end of the period	<u>(24,532)</u>	<u>(34,312)</u>

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The composition of the accounts receivable billed, per maturity period, is the following:

	Consolidated	
	12/31/2019	12/31/2018
Current receivables	20,527	47,989
Overdue receivables		
From 1 to 30 days	723	2,388
From 31 to 60 days	414	1,774
From 61 to 90 days	502	1,584
From 91 to 180 days	6,274	4,889
Above 180 days	30,407	41,544
	38,320	52,179
Total	<u>58,847</u>	<u>100,168</u>

As of December 31, 2019, the amount of R\$ 5,875 in "Accounts receivable" (R\$ 7,232 as of December 31, 2018) is overdue for more than 180 days, but no provision has been made for it. The Company understands that the other past due amounts have been duly negotiated with the clients and there have not been any significant changes in the quality of their credit, and the amounts are considered recoverable.

7. Taxes recoverable

	Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Withholding Income Tax (IRRF) on investment	-	-	4,994	6,704
IRRF Recoverable	3	71	791	1,269
Services Tax (ISS)	-	-	49	128
PIS and COFINS recoverable	-	-	85	425
Income Tax - anticipation	1,833	1,783	21,634	15,714
Social contribution - anticipation	628	601	5,100	4,071
Other taxes recoverable	-	-	181	271
Total	<u>2,464</u>	<u>2,455</u>	<u>32,834</u>	<u>28,582</u>
Current	2,464	2,455	32,807	25,822
Non-current	-	-	27	2,760

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8. Other accounts receivable

	Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Extinction of usufruct (a)	-	-	18,350	-
Contract terminations receivable	-	-	23,512	-
Amounts receivable Suzano	-	-	58,234	-
Insurance expenses to record	10	199	63	317
Suppliers advances	7	9	3,654	3,695
Advance of labor benefits	56	115	86	174
Expenses to record	367	-	367	-
Accounts receivable from other enterprises	273	-	2,327	9,188
Commissions to be apportioned	-	-	1,018	1,326
Other Accounts Receivable	103	12	241	579
Total	816	335	107,852	15,279
Current assets	543	335	23,468	15,225
Non-current assets	273	-	84,384	54

(a) Amounts receivable arising mainly from the extinction of usufruct in the projects granted to the FII GSOB as mentioned Note 19

9. Related Parties transactions

a) Balances and transactions with related parties

During the course of the Company's business, the shareholders, the subsidiaries and the civil condominiums (jointly-owned properties) enter into financial and commercial transactions among themselves, which include: (i) the provision of consulting services and operating assistance relating to the supply of water and energy and to the electrical installations; (ii) management of shopping malls; (iii) management of shopping mall parking lots; (iv) commercial lease agreements; and (v) agreements and decisions made with respect to condominium rules.

Generally speaking, all of the terms and conditions of the agreements entered into by and between the Company and related parties are in accordance with the terms and conditions that are usually adopted in loan agreements on commutative and market bases, as if the loan occurred with a non-related party, except in relation to balance of current account agreements on which financial charges are not levied.

Management individually negotiates agreements with related parties, analyzing their terms and conditions in the light of the terms and conditions usually adopted in the market, the particularities of each transaction, including timeframes, amounts, compliance with quality standards, thus having the agreement with the related party reflect the option that best meets the interests of the Company with respect to timeframes, amounts and quality conditions, when compared with other similar providers.

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The balances as of December 31, 2019 and 2018, in the Parent Company, are presented in following:

	Company	
	12/31/2019	12/31/2018
Assets		
Levian	7,152	-
Vanti	12,459	-
General Shopping e Outlets do Brasil Fundo de Investimentos Imobiliário - FII GSOB	1,766	-
Other	2,334	2,228
Total	<u>23,711</u>	<u>2,228</u>
	Company	
	12/31/2019	12/31/2018
Liabilities		
I Park (a)	6,569	6,569
Delta (a)	7,330	7,329
Levian (a)	-	117,748
Total	<u>13,899</u>	<u>131,646</u>

(a) Refers to liabilities on which there are no financial charges and no defined maturity date.

The balances as of December 31, 2019 and 2018, in the consolidated, are the following:

	Consolidated	
	12/31/2019	12/31/2018
Assets		
BR Partners Bahia Empreendimentos Imob.	-	149
Condomínio Outlet Premium RJ (c)	-	1,815
Condomínio Outlet Premium Brasília (c)	2,466	2,466
Condomínio do Vale (c)	2,110	1,720
Condomínio Bonsucesso (c)	346	2,259
Condomínio Parque Shop Sulacap (c)	-	3,190
Condomínio Volunt. Civil Parque Shop Maia (c)	5,810	4,999
Fundo de Investimento Imobiliário Sulacap - FII	-	653
Golf Participações Ltda. (a)	35,663	31,624
Nova Poli Shopping Center	102	100
Individuals (c)	163	1,780
PNA Empreendimentos Imobiliários Ltda.	-	146
Grupo VANTI (c)	7,772	-
Other (c)	884	521
Total - Non-current	<u>55,316</u>	<u>51,422</u>
	Consolidated	
	12/31/2019	12/31/2018
Liabilities		
SAS Venture LLC (b)	24,650	23,822
Condomínio Unimart Campinas	493	-
Other (c)	1,566	210
Total	<u>26,709</u>	<u>24,032</u>

- (a) The transactions between related parties is subject to financial charges of 1% per month. There is no timeframe to receive it;
- (b) Upon ownership reorganization, the capital stock of the subsidiary "Park Shopping Administradora" was reduced and has been being returned to the then shareholder SAS Ventures LLC, semi-annual installments updated by the US Dollar variation, since September 14, 2007;

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(c) On the other transactions between related parties no financial charges are levied and there are no maturity dates set forth.

b) Management compensation

On the year ended on December 31, 2019 and 2018, were paid to the Company's managers short-term benefits (salaries, wages, contributions to social security, profit sharing and medical insurance) in the amount of R\$ 5,785 and R\$ 5,980, respectively, as evidenced below:

	Consolidated	
	12/31/2019	12/31/2018
Director's fees	4,119	4,134
Variable compensation and charges	843	827
Benefits	823	1,019
Total	<u>5,785</u>	<u>5,980</u>

No amount was paid by way of: (i) post-employment benefits (pensions, other retirement benefits, post-employment life insurance and post-employment medical assistance); (ii) long-term benefits (leaves due to years of service or other leaves, jubilees or other benefits for years of service and benefits for long-term disability); and (iii) share-based compensation.

In the Ordinary and Extraordinary General Shareholders' Meeting held on April 30, 2019, was approved the global remuneration of R\$ 13,330 for fiscal year 2019 (R\$ 12,450 for fiscal year 2018).

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10. Investments

	% - Interests	Stocks /share quantity held	Share Capital	Profit (Loss) of the year	Equity	Equity in earnings of subsidiaries	Investments in	
							12/31/2019	12/31/2018
Direct subsidiaries - Investments								
Levian	50.1	347,798,356	693,707	115,519	777,601	77,916	389,578	675,428
Vanti	-	-	-	-	-	-	-	628,954
FII - GSOB	-	-	-	-	-	5,221	-	-
			693,707	115,519	777,601	83,137	389,578	1,304,382
Provision for losses on Investments								
In subsidiaries								
General Shopping								
Finance	100	50,000	81	13,638	(111,962)	13,638	(111,962)	(125,600)
GS Investments	100	50,000	-	(96,013)	(263,438)	(90,013)	(263,438)	(167,424)
GS Finance II	100	50,000	81	33	(814)	33	(814)	(847)
			162	(82,342)	(376,214)	(82,342)	(376,214)	(293,871)
Net balance			693,869	33,177	401,387	795	13,364	1,010,511

	% - Interests	Stocks /share quantity held	Share Capital	Profit (Loss) of the Year	Equity
Indirect subsidiaries - Levian					
Atlas	100%	3,816,399	3,816	53,086	166,475
Bac	100%	10,000	10	-	10
Babi	100%	10,000	29,302	-	14,692
BR Outlet	100%	10,000	10	(16)	(47)
Bud	100%	10,000	10	4,538	4,534
Dan	100%	10,000	10	-	10
Delta	100%	89,693	89,693	(22,323)	250,723
Edo	100%	10,000	1	(4)	(3)
Fipark	100%	10,000	563	2,629	7,925
Jauá	100%	10,000	10	-	25
Loa	100%	10,000	10	-	10
Mai	100%	1,409,558	1,410	(9)	1,567
Poli Adm.	50%	100,000	100	(5)	(7)
Premium Outlet	100%	10,000	10	(5)	(4)
Securis	2.7%	194,579,548	178,825	2,957	193,775
Send	100%	262,581,624	289,000	69,453	428,762
Uniplaza	100%	42,948,318	42,948	645	35,791
Vul	100%	350,689,894	424,382	42	237,697
Zuz	100%	58,139,780	58,140	970	95,240

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	% - Interests	Stocks /share quantity held	Share Capital	Profit (Loss) of the Year	Equity
Indirect subsidiaries - Atlas					
Alte	100%	50,000	1,582	(8)	(252)
ASG Administradora	100%	20,000	1,945	41	2,130
Ast	100%	1,497,196	1,497	1,531	8,277
BR Brasil Retail	100%	100	3,864	(241)	(18)
Energy	100%	10,000	10	31,449	89,336
GS Park	100%	10,000	2,774	416	4,695
GSB Administradora	100%	1,906,070	4,212	6,366	54,033
Ipark	100%	3,466,160	3,466	176	32,753
Vide	100%	10,000	10	(3)	(201)
Wass	100%	10,000	10	3,307	29,067

	% - Interests	Stocks /share quantity held	Share Capital	Profit (Loss) of the Year	Equity
Indirect subsidiaries - GS Investments					
Ardan	100%	50,000	1,582	(8)	(252)
Bail	100%	20,000	1,945	78	2,167
Bavi	100%	1,497,196	1,497	1,921	8,667
Bot	100%	100	3,864	(440)	(217)
Brassul	100%	10,000	10	37,043	94,930
FAT	100%	10,000	2,774	637	4,917
Manzanza	100%	1,906,070	4,212	8,722	56,389
POL	100%	3,466,160	3,466	1,019	33,597
Rumb	100%	10,000	10	(1)	(199)
Sale	100%	10,000	10	4,218	29,977
Securis	97.3%	50,000	1,582	(8)	(252)
Tela	100%	20,000	1,945	78	2,167
Tequs	100%	1,497,196	1,497	1,921	8,667

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The changes for the year ended on December 31, 2019 are the following:

	R\$
Balances on December 31, 2017	1,315,819
Equity in earnings of subsidiaries	(305,308)
Balances on December 31, 2018	1,010,511
Capital increase at General Shopping e Outlets do Brasil Fundo de Investimento - FI	1,765
Equity in earnings of subsidiaries	795
Transfer of ownership interest in General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB, to shareholders as payment of "in natura" dividends	(621,716)
Contribution to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB	(14,224)
Receipt of dividends from Levian	(363,767)
Balances on December 31, 2019	<u>13,364</u>

11. Investment property

	Consolidated		
	In operation	"Greenfield" projects under construction (i)	Total
Balances on December 31, 2017	2,141,268	127,581	2,268,849
Acquisition / Additions	99,390	-	99,390
Disposal (iii)	(113,706)	-	(113,706)
Transfer to fixed assets	(2,299)	-	(2,299)
Transfer to "Investments properties for held sale" (iv)	(132,966)	-	(132,966)
Fair value adjustments (ii)	9,516	-	9,516
Balances on December 31, 2018	2,001,203	127,581	2,128,784
Acquisition / Additions (vii)	359,818	184,716	544,534
Disposal (vi)	(321,772)	-	(321,772)
Contribution to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB (v)	(1,412,425)	(24,354)	(1,436,779)
Transfer to fixed assets	(11,592)	-	(11,592)
Fair value adjustments (ii)	45,095	-	45,095
Balances on December 31, 2019	<u>660,327</u>	<u>287,943</u>	<u>948,270</u>

- (i) Land for future construction and construction in progress.
- (ii) Amounts recognized in income for the year;
- (iii) Disposal of 10.2% interest of the Internacional Shopping de Guarulhos;
- (iv) Transfer to "Property for investments in negotiation for sale", referring to the 9.8% interest in Internacional Shopping Guarulhos, an operation concluded on February 12, 2019;
- (v) Contribution to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB, as mentioned note 1;
- (vi) Sale of 13.4% of Parque Shopping Maia and sale of 100% of Shopping Suzano;
- (vii) Acquisition of 100% of Shopping Suzano, 48% of Shopping Barueri and 3% of Outlet Brasília, construction of Outlet Premium Grande São Paulo.

Investment properties given to guarantee loans are described in Explanatory Notes 14 and 15.

Notes to the Financial Statements

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Evaluation at fair value

The fair value of each investment property in operation was determined by the appraisal performed by a specialist independent firm (CB Richard Ellis).

The methodology adopted to appraise such investment properties at fair value is the one prescribed by The Royal Institution of Chartered Surveyors (R.I.C.S.), in Great Britain, and by the Appraisal Institute in the United States, which are internationally used and well known for appraisal cases and other analyses.

All of the calculations are based on the physical qualification analysis of the property studied and on the several pieces of information obtained in the market, which are properly treated to be used in determining the value of the undertaking.

For the appraisals, ten-year cash flows were prepared, not considering the inflation that might exist in that period. The average discount rate applied to the cash flow was 9.40% and the average capitalization rate (perpetuity) adopted in the 10th year was 8.73%.

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12. Fixed Assets

	% - Depreciation rate	Company					
		12/31/2019			12/31/2018		
		Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Buildings	2 to 4	587	(250)	337	587	(226)	361
Furniture and fixtures	8 to 15	523	(326)	197	523	(289)	234
Machinery and equipment	8 to 15	1,414	(704)	710	1,410	(684)	726
Computer equipment	15 to 25	1,508	(1,385)	123	1,448	(1,323)	125
Improvements on third parties properties	8 to 15	701	(670)	31	701	(509)	192
Suppliers advances	-	307	-	307	307	-	307
Total		5,040	(3,335)	1,705	4,976	(3,031)	1,945

	% - Depreciation rate	Consolidated					
		12/31/2019			12/31/2018		
		Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Buildings	2 to 4	1,596	(1,258)	338	1,596	(1,234)	362
Furniture and fixtures	8 to 15	3,448	(3,188)	260	5,344	(5,315)	29
Machinery and equipment	8 to 15	13,811	(1,244)	12,567	2,423	(1,035)	1,388
Vehicles	15 to 25	122	(41)	81	243	(133)	110
Computer equipment	8 to 15	2,346	(2,115)	231	3,229	(2,974)	255
Improvements on third parties properties	8 to 15	6,700	(6,446)	254	6,609	(6,236)	373
Suppliers advances		4,401	(5)	4,396	1,643	(5)	1,638
Total		32,424	(14,297)	18,127	21,087	(16,932)	4,155

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Changes to Fixed assets, as show subsequently, for the year ended on December 31, 2018:

	Company				12/31/2019
	12/31/2018	Additions	Disposals	Depreciation	
Buildings	361	-	-	(24)	337
Furniture and fixtures	234	-	-	(37)	197
Machinery and equipment	726	4	-	(20)	710
Computers equipment	125	60	-	(62)	123
Improvements on third parties properties	192	-	-	(161)	31
Suppliers advances	307	-	-	-	307
Total	1,945	64	-	(304)	1,705

	Consolidated							12/31/2019
	12/31/2018	Additions	Disposals	Depreciations	Andal Incorporation	Transfer	Transfer VANTI	
Buildings	362	-	-	(24)	-	-	-	338
Furniture and fixtures	29	171	(172)	(156)	102	45	241	260
Machinery and equipment	1,388	82	-	(196)	-	11,547	(254)	12,567
Vehicles	110	-	(8)	(21)	-	-	-	81
Computers equipment	255	91	(3)	(113)	1	-	-	231
Improvements on third parties properties	373	91	-	(210)	-	-	-	254
Suppliers advances	1,638	2,829	(71)	-	-	-	-	4,396
Total	4,155	3,264	(254)	(720)	103	11,592	(13)	18,127

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13. Intangible

	% - Amortization rate	Company					
		12/31/2019			12/31/2018		
		Cost	Accumulated amortization	Net amount	Cost	Accumulated amortization	Net amount
Undefined Useful Life Trademarks and patents	-	447	-	447	406	-	406
Defined Useful Life Software	20	19,056	(17,168)	1,888	19,020	(16,145)	2,875
Total		19,503	(17,168)	2,335	19,426	(16,145)	3,281
	% - Amortization rate	Consolidated					
		12/31/2019					
		Cost	Accumulated amortization	Net amount			
Undefined Useful Life Trademarks and patents	-	4,391	-	4,391			
Undefined Useful Life Software	20	21,666	(19,136)	2,530			
Use right of Shopp Suzano (a)	1.67	4,505	(555)	3,950			
Agreements Renewal Right (b)	10	7,970	(5,831)	2,139			
Total		38,532	(25,522)	13,010			
	% - Amortization rate	Consolidated					
		12/31/2018					
		Cost	Accumulated amortization	Net amount			
Undefined Useful Life Trademarks and patents	-	4,134	-	4,134			
Undefined Useful Life Software	20	21,675	(18,133)	3,542			
Use right of Shopp Suzano (a)	1.67	4,505	(555)	3,950			
Agreements Renewal Right (b)	10	7,970	(5,034)	2,936			
Total		38,284	(23,722)	14,562			

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- (a) On July 30, 2012, the Company pledged to pay to the Municipal Government of Suzano the amount of R\$ 4,505 for property right use with charges of an area totaling 11,925.71 m² in the City of Suzano/SP to set up shopping malls. Such right has a 60-year term and is amortized over that period on a straight-line basis;
- (b) By means of an appraisal report, we identified as an intangible asset with definite useful life, arising from the acquisition of 100% of the shares of SB Bonsucesso Administradora de Shopping S.A., the right to renew contracts (contract management), which refers to the automatic renewal of lease contracts of the tenants of Shopping Bonsucesso. The method used was the discounted cash flow method with a 10-year useful life span.

The changes in Intangible Assets for the year ended on December 31, 2019 is the following:

	Company						
	Useful life term	Amortization Method	12/31/2018	Additions	Amortization	Disposal	12/31/2019
Undefined Useful Life Trademarks and patents	-	-	406	41	-	-	447
Defined Useful Life Software	5 years	Straight line	2,875	36	(1,023)	-	1,888
Total			3,281	77	(1,023)	-	2,335

	Consolidated							
	Useful life term	Amortization Method	12/21/2018	Additions	Amortization	Transfer to VANTI	Disposal	12/31/2019
Undefined Useful Life Trademarks and patents	-		4,134	260	-	-	(3)	4,391
Defined Useful Life Software	5 years	Straight line	3,542	268	(1,091)	(59)	(130)	2,530
Right to use Shopping Suzano	60 years	Straight line	3,950	-	-	-	-	3,950
Agreements renewal right	10 years	Straight line	2,936	-	(797)	-	-	2,139
Total			14,562	528	(1,888)	(59)	(133)	13,010

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(In Thousand of Brazilian Reais - R\$, except when indicated otherwise)

14. Loans and Financing

	Currency	% - Average anual interest rate	Maturity	Consolidated	
				12/31/2019	12/31/2018
Loans and financing					
Perpetual bonds (a)	US\$	10%	-	473,629	455,310
Perpetual bonds (b)	US\$	13%	-	754,212	663,638
Debt Bonus (b)	US\$	10%/12%	2026	37,365	35,919
Banco Nacional de Desenvolvimento Econômico e Social (BNDES) PINE FINAME (c)	R\$	9%	2019	-	130
Banco Nacional de Desenvolvimento Econômico e Social (BNDES) Bradesco FINEM (f)	R\$	6.8% + TJLP	2021	12,739	20,317
Banco Nacional de Desenvolvimento Econômico e Social (BNDES) Bradesco FINEM (g)	R\$	6.8% + Selic	2021	8,392	12,666
Debentures - SB Bonsucesso (d) - CDI	R\$	2.7% + CDI	2022	-	14,891
Debentures - SB Bonsucesso (d) - IPCA	R\$	7.5% + IPCA	2022	-	20,950
Banco Nordeste do Brasil (e)	R\$	3.53%	2025	-	14,701
Total				1,286,337	1,238,522
Current liabilities				20,727	31,734
Non-current liabilities				1,265,610	1,206,788

GENERAL SHOPPING E OUTLETS DO BRASIL S.A.

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- (a) On November 9, 2010, the subsidiary General Shopping Finance obtained, by issuing perpetual bonds, the amount of US\$ 200,000 corresponding to R\$ 339,400, as of the date it was obtained. The perpetual bonds are denominated in US dollars, with quarterly payments of interest at the rate of 10% per year. General Shopping Finance has the option to repurchase the perpetual bonds as from November 9, 2015. According to the perpetual bond issue prospect, the funds obtained are intended for the advance settlement of the CCI and for investing in "Greenfields" and expansions. All of the subsidiaries, except for GSB Administradora, ASG Administradora and FII Top Center, have given sureties to guarantee the transaction. The cost of issue of the perpetual bonds was R\$ 11,483 and the effective cost of the transaction totaled 10.28%. On April 19, 2011, the subsidiary General Shopping Finance obtained, by issuing perpetual bonds, the amount of US\$ 50,000 corresponding to R\$ 78,960, as of the date it was obtained. The perpetual bonds are denominated in US dollars, with quarterly payments of interest at the rate of 10% per year. General Shopping Finance has the option to repurchase the perpetual bonds as from November 9, 2015. All of the subsidiaries, except for GSB Administradora, ASG Administradora and FII Top Center, have given sureties to guarantee the transaction. The cost of issue of the perpetual bonds was R\$ 758 and the effective cost of the transaction totaled 10.28%. On October 27, 2015, part of the "Perpetual Bonds" were repurchased for US\$ 85,839 corresponding to R\$ 335,750 on the date of repurchase. On August 8, 2018, part of the perpetual bonds, in the amount of US\$ 48,297, corresponding to R\$ 181,206 was redeemed on the repurchase date.
- (b) On March 20, 2012, the subsidiary GS Investments Limited obtained, by issuing perpetual bonds, the amount of US\$ 150,000 corresponding to R\$ 271,530, as of the date it was obtained. The perpetual bonds are denominated in US dollars, with interest of 12% per year paid every six months up to the 5th year counting from the date of issue, after the 5th year through the 10th year counting from the date of issue, 5 Year US Treasury Constant Maturity plus 11.052% per year, paid every six months, and from the 10th year onwards, USD LIBOR rate for three months plus 10.808% and 1% paid every quarter. The Company will be able to opt to defer interest, indefinitely on the deferred amounts will bear interest at the applicable rate indicated above, plus 1% per annum. In any deferral of interest, the Company should distribute only the equivalent of 25% net profit for the mandatory minimum dividend provided for in Brazilian legislation. GS Investments Limited may totally or partially redeem the bonds at its own discretion in the 5th year counting from the date of issue, in the 10th year counting from the date of issue, and at each interest payment date after then. The bonds will be guaranteed by the sureties from General Shopping and from the following subsidiaries: General Shopping do Brasil S.A., Ast Administradora e Incorporadora Ltda., BOT Administradora e Incorporadora Ltda., BR Outlet Administradora e Incorporadora Ltda., Brassul Shopping Administradora e Incorporadora Ltda., Bud Administradora e Incorporadora Ltda., Cly Administradora e Incorporadora Ltda. (incorporated into the Levian), Delta Shopping Empreendimentos Imobiliários Ltda., ERS Administradora e Incorporadora Ltda., FLK Administradora e Incorporadora Ltda., Intesp Shopping Administradora e Incorporadora Ltda., I Park Estacionamentos Ltda., Levian Participações e Empreendimentos Ltda., MAI Administradora e Incorporadora Ltda., Manzanha Consultoria e Administração de Shopping Centers Ltda., Poli Shopping Center Empreendimentos Ltda., PP Administradora e Incorporadora Ltda. (incorporated into the Securis), Premium Outlet Administradora e Incorporadora Ltda., Sale Empreendimentos e Participações Ltda., Securis Administradora e Incorporadora Ltda., Send Empreendimentos e Participações Ltda., Sulishopping Empreendimentos Ltda. (incorporated into the Securis), Uniplaza Empreendimentos, Participações e Administração de Centros de Compra Ltda., Vide Serviços e Participações Ltda., Vul Administradora e Incorporadora Ltda., and Zuz Administradora e Incorporadora Ltda. The cost of issue of the perpetual bonds was R\$ 12,581.

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There are no financial covenants in the perpetual bond issue transactions. The covenants refer to: (i) the limitation of encumbrances on the assets (except for the encumbrances allowed, including the BNDES financing, the refinancing of existing transactions and certain securitizations, among others), where the proportion of the non-encumbered assets/unsecuritized debts should be maintained *pari passu* with the conditions given to encumbered assets/securitized debts; (ii) limitation of sale and lease-back transactions concerning current assets with maturity exceeding three years, under the same conditions of (i) above and (iii) limitation of transactions with affiliates, building in, merging, or transferring of assets.

On August 10, 2016, the amount of US\$ 34,413 was settled in the exchange offer. For this operation, new senior debt bonds were issued in the amount of US\$ 8,923 with guarantee and maturity in 2026 (10% / 12% Senior Secured PIK Toggle Notes due 2016) and 34,413 Global Depository Share (GDS) as the Issued by the Company in the proportion of 73 common shares for each 1 GDS, totaling 2,512,149 common shares. The Perpetual Bonds that were exchanged under the Exchange Offer were canceled;

- (c) Financing obtained during the last quarter of 2011 for the acquisition of equipment to build Parque Shopping Barueri through the FINAME line of credit of the BNDES in the amount of R\$ 937 and the rate of 8.7% per year. In January 2012, R\$ 105 was added to the existing agreement. The duration of the agreement is 96 months, with a grace period of 24 months and 72 months of amortization. On September 16, 2019, the contract was fully settled;
- (d) On October 26, 2012, the Debenture Trust Deed of the 1st issue of unsecured bonds SB Bonsucesso Administradora de Shoppings S.A, not convertible into shares, with additional security interest and personal guarantee, into two types (DI and IPCA) for public distribution with restricted placement efforts, was signed. The total amount of the debentures is R\$ 78,000, debts in the DI series of R\$ 39,000 with the rate of 2.75% per year + CDI rate, with monthly amortization of the principal and interest and a total duration of 120 months. The IPCA series in the amount of R\$ 39,000 has a 7.5% rate per year + IPCA, with monthly payments and annual amortization and a total 10 years term (120 months). In April 2019, the amounts granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB;
- (e) On November 13, 2013, the amount of R\$ 15,344 was obtained through Brazilian Northeast Fund of Financing (FNE) from Banco do Nordeste do Brasil S.A, another R\$ 7,942 was released in December 30, 2013 and R\$ 1,910 in August 19, 2016, totaling R\$ 25,196 at the rate of 3.53% interest per year. The duration of the agreement is 139 months. As of December 31, 2019, this transaction had an additional guarantee as described in note 5. In April 2019, the amounts granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB;
- (f) On November 25, 2014, R\$ 25,900 was released, R\$ 9,100 was released on March 11, 2015, R\$ 7,700 was released on May 18, 2015, R\$ 1,494 was released on July 28, 2015, totaling the amount of R\$ 44,194. Such amounts were raised through the financing operation under FINEM/BNDES program. This operation was carried out by BRADESCO, at 6.8% rate per annum. + TJLP and it has a total 84 months term, which has 12 months grace period and 72 months amortization;
- (g) On November 25, 2014 were transferred R\$ 11,100, on March 11, 2015, R\$ 3,900, was released, R\$ 3,300 was released on May 18, 2015, R\$ 640 was released on July 28, 2015, totaling the amount of R\$ 18,940. These amounts were raised through a financing operation transacted in modality FINEM/ BNDES. This operation was transacted by BRADESCO, at the rate of 6.8% p.a. + SELIC for the total period of 84 months, 12 of grace period and 72 months of amortization;

The agreements do not provide for the maintenance of financial indicators (borrowing rate, coverage of expenses with interest etc.).

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The composition of the installments as of December 31, 2019, by year of maturity, is composed in the following manner:

	<u>Consolidated</u>
Year	
2020	20,727
2021	8,419
2022	-
2023	-
2024 onwards (*)	1,257,191
	<u>1,286,337</u>

(*) Because the obtainments through the issuance of perpetual bonds do not have a maturity date, such obtainments were classified as debt payable from 2024 onwards.

Changes in loans and financing for the half ended on December 31, 2019 are the following:

	<u>Company</u>	<u>Consolidated</u>
Balances on December 31, 2018	-	1,238,522
Contribution to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB		(49,886)
Amortization of Funding Cost	-	202
Payment - principal	-	(14,249)
Payment - interest	-	(52,183)
Exchange Variation	-	47,847
Financial charges	-	116,084
Balances on December 31, 2019	-	<u>1,286,337</u>

Financial charges and transaction costs

Financial charges and transaction costs of loans and financing are capitalized and allocated to P&L because the duration of the instrument entered into has been elapsing according to the amortized cost, using the effective interest rate method.

15. Real estate credit bills

	Currency	% - Rate	Maturity	<u>Consolidated</u>	
				12/31/2019	12/31/2018
Subsidiaries					
Andal (a)	R\$	11% + TR	2022	-	30,979
Xar (b)	R\$	7% + IPCA	2024	-	56,820
Gax (c)	R\$	6.95% + IPCA	2024	-	44,468
Indui (d)	R\$	6.9% + IPCA	2025	-	32,176
Levian (e)	R\$	9.7% + TR	2026	124,695	136,411
Ers (f)	R\$	10% + TR	2027	-	64,540
Pentar (g)	R\$	6.5% + IPCA	2027	-	61,098
				<u>124,695</u>	<u>426,492</u>
Currency liabilities				13,132	48,509
Non-current liabilities				<u>111,563</u>	<u>377,983</u>

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- (a) In September 2012, the subsidiary Andal obtained resources by issuing CCIs. The total amount of the CCIs issued is R\$ 63,911. The amount obtained will be paid in 120 monthly installments, plus 11% interest per year and annual inflation adjustments according to the changes in the TR rate. The following were granted to guarantee the CCIs: (i) secured fiduciary sale of the property called Shopping Suzano; and (ii) statutory lien of Shopping Suzano's receivables. The cost of the obtainment was R\$ 959. The effective cost of the transaction was TR + 11.17%. In April 2019, amounts granted to General Shopping e Outlets do Brasil Fundo de Investimentos Imobiliário - FII GSOB. In July 2019, the company Andal was incorporated by the company Delta; On August 26, 2019, the operation was fully settled;
- (b) On November 13, 2012, the subsidiary Xar Administradora obtained resources by issuing CCIs on behalf of HABITASEC Securitizadora S.A. in the amount of R\$ 67,600, with a 7% interest rate per year + IPCA. The duration of the transaction is 144 months. The following were granted to guarantee the CCIs: (i) statutory lien of the ideal fraction of the property called Parque Shopping Barueri and (ii) statutory lien of Parque Shopping Barueri's receivables. In April 2019, the amounts granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB;
- (c) On January 8, 2013, the subsidiary Gax Administradora e Incorporadora Ltda. obtained resources by issuing CCIs on behalf of Habitasec Securitizadora S.A. in the amount of R\$ 50,814 with a 6.95% interest rate per year + IPCA. The duration of the transaction is 144 months. The following were granted to guarantee the CCIs: (i) statutory lien of the ideal fraction of the property called Outlet Premium and (ii) statutory lien of Outlet Premium's receivables. In April 2019, the amounts granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB;
- (d) On September 20, 2013, the subsidiary Pol Administradora e Incorporadora Ltda. obtained resources by issuing CCIs on behalf of HABITASEC Securitizadora S.A. in the amount of R\$ 36,965 with a 6.95% interest rate per year + IPCA. The duration of the transaction is 144 months. The following were granted to guarantee the CCIs: (i) statutory lien of the ideal fraction of the property called Outlet Premium Brasília and (ii) statutory lien of Outlet Premium Brasília's receivables. In April 2019, the amounts granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB;
- (e) On March 26, 2014, the subsidiary Eler Administradora e Incorporadora Ltda. (incorporated in the Levian in 2018), obtained resources by issuing CCIs, to securitize the rents receivable referring to the property where Internacional Guarulhos Shopping Center is located. The total amount of the CCIs issued is R\$ 275,000. The amount obtained will be paid in 144 monthly installments (until April 2026), plus 9.7% interest per year and annual inflation adjustments according to the changes in the Referential Rate (TR). The following were granted to guarantee the CCIs: (i) secured fiduciary sale of the property, with book value of R\$ 201,829; (ii) collateral transfers of credits arising from the agreement; and (iii) statutory lien of the shares and quotas of the subsidiaries Nova União and Eler. The costs of obtainment in the amount of R\$ 10,706 of the CCIs were deducted from the principal and are being amortized in 144 installments on a straight-line basis. On August 1, 2014 Itaú Unibanco assigned the CCIs to Ápice Securitizadora. The transaction was partially settled on October 8, 2018, in the amount of R\$ 150,000. As of December 31, 2018, this transaction had an additional guarantee as described in Note 5;
- (f) On January 13, 2015, subsidiary Ers Administradora e Incorporadora Ltda., through issue of Real Estate Credit Bills (CCI) in favor of Ápice Securitizadora, has raised R\$ 75,000, at the rate of 10% per annum + TR. This operation has a 145 month term. As collateral for the CCIs, where given: (i) statutory lien of the ideal fraction of the property called Outlet Premium Rio de Janeiro and (ii) partial statutory lien of receivables of Gsb Administradora e Serviços. As of December 31, 2018, this transaction had an additional guarantee as described in note 4. In April 2019, the amounts granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB;
- (g) On March 27, 2017, the subsidiary Pentar Administradora e Incorporadora Ltda., through the issuance of Real Estate Credits (CCI) in favor of Habitasec Securitizadora SA, raised R\$ 71,045, at a rate of 6.5% per annum + IPCA. This operation has a term of 120 months. Under CCI guarantee, the following were granted: (i) fiduciary sale of the ideal fraction of the property and (ii) fiduciary sale of receivables from Shopping Unimart. In April 2019, the amounts granted to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB.

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The agreements do not provide for the maintenance of financial indicators (indebtedness, coverage of expenses with interest etc.).

The breakdown of installments as of December 31, 2019, by year of maturity, is the following:

	<u>Consolidated</u>
2019	13,132
2020	14,595
2021	16,237
2022	18,029
2023 onwards	<u>62,702</u>
Total	<u><u>124,695</u></u>

The changes in the CCIs for the year ended on December 31, 2019 is the following:

	<u>Consolidated</u>
Balances on December 31, 2018	426,492
Contribution to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário - FII GSOB	(281,842)
Incorporation	26,596
Raising Cost amortization	3,505
Payment - principal	(50,472)
Payment - interest	(20,076)
Financial charges	20,492
Balances on December 31, 2019	<u><u>124,695</u></u>

16. Other accounts payable

	<u>Company</u>		<u>Consolidated</u>	
	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
Transfer of key money and rentals - partners (a)	-	-	540	1,382
Transfers to condominium	-	-	96	175
Advances from customers	-	-	728	611
Other	<u>27</u>	<u>-</u>	<u>52</u>	<u>122</u>
Total	<u><u>27</u></u>	<u><u>-</u></u>	<u><u>1,416</u></u>	<u><u>2,290</u></u>

- (a) It refers to key money and rents to be transferred to the partners of the following ventures: Parque Shopping Barueri, Poli Shopping, Cascavel JL Shopping, Shopping Bonsucesso, Parque Shopping Sulacap, Parque Shopping Maia, Outlet Premium São Paulo, Outlet Premium Brasília, Outlet Premium Salvador and Outlet Rio de Janeiro.

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17. Tax installment plans

	Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
PIS ans COFINS	119	140	13,650	10,828
INSS	427	614	426	615
ISS	-	-	2,992	5,534
Income Tax and Social Contribution	-	-	53,508	67,335
Total	546	754	70,576	84,312
Current liabilities	230	235	17,832	20,818
Non-current liabilities	316	519	52,744	63,494

In 2009 and 2014, the Company adhered to the tax installment plan under Law No. 11.941/2009 (REFIS), Law No. 12.996/2014 (REFIS) and to the simplified tax installment plan.

The Company's Management estimate is that the balance, as of December 31, 2019, of the aforementioned installments of REFIS and simplified taxation system are settled within 180 and 60 months, respectively, using the flat number of installments, adjusted through the Liquidation Special System for Settlement and Custody Rate (SELIC).

The permanence in the installment programs depends on the payment of current federal and social security taxes and installment payments. The non-payment may lead to the exclusion of payment programs.

The change of debts for the year ended on December 31, 2019, projected by the Company, in connection to tax-installments pay plan, contemplating the amount of the principal added of interests and fines in the period, is the following:

	R\$
Balances on December 31, 2017	18,386
New installments	72,581
Payment - principal	(15,055)
Payment - interest	(1,473)
Financial charges	9,873
Balances on December 31, 2018	84,312
New installments	4,850
Payment - principal	(18,950)
Pagamentos - juros	(2,059)
Payment - interest	5,625
Transfer to Vanti Group	(3,202)
Balances on December 31, 2019	70,576

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18. Taxes, Charges and Contributions

	Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Income taxes and social contribution	21,867	16,968	91,293	99,732
PIS and COFINS	141	162	32,451	47,780
ISS	-	-	1,588	1,680
Other taxes	1,382	1,750	7,526	13,266
Total	<u>23,390</u>	<u>18,880</u>	<u>132,858</u>	<u>162,458</u>

19. Revenues from assignments to be appropriated

The Company controls, in liabilities, revenues from assignments to be appropriated.

Revenues from assignments of rights of use to tenants, equipment rental and usufruct of ideal fractions of the parking of Shopping Bonsucesso, Parque Shopping Maia and Shopping Suzano are appropriated to the result in accordance with the respective term of the first rental agreement or the agreement of Rights of use, or of the usufruct agreement.

The change in the agreements and recognition of revenue in the year ended on December 31, 2019 is the following:

Balances on December 31, 2018	<u>80,489</u>
New contracts	4,289
Revenue recognition	(9,096)
(-)Extinction of usufruct (*)	(52,987)
Balances on December 31, 2019	<u>22,695</u>
Current liabilities	4,291
Non-current liabilities	<u>18,404</u>

(*) Extinction of the usufruct of ideal fractions of the parking lots of the Bonsucesso, Suzano and Maia shopping malls, according to the Material Fact published on April 26, 2019 and contribution to the FII GSOB.

20. Provision for civil and labor procedural risks

For all matters in litigation, a provision is made in an amount considered sufficient to cover probable losses, based on the assessment of external legal advisors. The amounts reserved include those referring to tax, labor and civil matters.

There are no deposits in court escrow accounts linked to these reserves. The breakdown of the reserves/provisions are the following:

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	Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Civil (a)	-	-	1,866	7,163
Labor	-	-	53	580
Judicial deposits	-	-	-	(5,432)
Total	-	-	1,919	2,311

(a) It refers to the lawsuits due to pecuniary injury and pain and suffering damages, lawsuits referring to the renewal of lease agreements, lawsuits regarding collection of amounts owed, and lawsuits concerning contractual termination.

On December 31, 2019, Company as other proceedings in progress approximately R\$ 5,940 (R\$ 15,582 in December 31, 2018), with loss probabilities classified as possible by external legal advisors and for which no provision was recorded thereto on the financial statements.

From time to time, proceedings are evaluated and reserves are supplemented when necessary.

The changes in reserves for these risks, as of the year ended on December 31, 2019, are the following:

	Consolidated		Contribution to FII GSOB	12/31/2019
	12/31/2018	Inclusions/(exclusion)		
Civil	7,163	621	(5,918)	1,866
Labor	580	(130)	(397)	53
Judicial deposits	(5,432)	-	5,432	-
Total	2,311	491	(883)	1,919

21. Equity

Share Capital

The Company's subscribed capital on December 31, 2019 is R\$ 385,064, represented by 69,435,699 common shares without par value, as follows:

	12/31/2019	12/31/2018
Golf Participações	16,089,235	48,267,707
L.H.Y.S.P.E.	16,089,236	-
L.H.X.S.P.E.	16,089,236	-
Teton Capital Partners L.P.	-	6,115,100
General Shopping e Outlets do Brasil S.A.	1,923,550	1,923,550
Board of directors	2,899	8,689
Officers	3,148	253
Stockholders ballast in GDSs	2,512,149	2,512,149
Other stockholders	16,726,246	10,608,251
Total shares	69,435,699	69,435,699
Treasury shares	(1,923,550)	(1,923,550)
Total outstanding stocks	67,512,149	67,512,149

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The Company may, through a decision made by the Board of Directors and in accordance with the plan approved by the Shareholders at a Shareholders' Meeting, grant stock option or share subscription, without shareholders being entitled to preemptive right, on behalf of Management, employees or individuals that provide services to the Company, or the Company's direct or indirect subsidiaries.

The Ordinary and Extraordinary General Meeting on April 29, 2016 amended Article 6 of the Company's Bylaws, in order to increase the limit of the Company's authorized share capital by 30,000,000 (thirty million) of new common shares, nominative, book-entry and with no par value, which may be issued by the deliberation of the Company's Board of Directors, regardless of corporate statutory reform, so that the share capital of the Company may be represented by up to 95,000,000 (ninety-five million) common shares.

According to the minutes of the meeting of the board of directors of August 4, 2017, 6,564,301 treasury shares were canceled, with the balance of 1,923,550 registered shares remaining with the Company. Treasury shares in the amount of R\$10,710 went to R\$2,427, with a reduction of R\$8,283, deducted from the capital account.

Capital reserve

Corresponds to the variation of the nominal value of the 2,512,149 shares issued at the time of the perpetual Bonds exchange, in relation to their effective value at the date of the transaction.

Legal reserve

Legal reserve shall be created in conformity to the Corporate Law and Bylaws, at the basis of 5% of the net profit of each year up to 20% of capital stock. Legal reserve is intended to assure the integrity of the capital stock and can only be used to compensate losses and increase capital.

Profit reserve to realize

On December 31, 2014, due to a change in accounting policies regarding measurement of investment properties, the Company withheld the adjustment at fair value payment of investment properties, recorded in the opening balance sheet (January 01, 2013). Consequently, the Company's Management proposed that the amount to be paid of R\$ 958,644 of accumulated profit was withheld by the Company to set up the account profit reserve to realize.

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According to the Meeting of the Board of Directors of the Company commenced on December 21, 2018 and concluded on December 26, 2018 after the suspension of the work ("first RCA") and at the Meeting of the Company's Board of Directors held on February 22, 2019 ("Second RCA" and, in conjunction with the first RCA, the "Meetings"), the shareholders' meeting approved the distribution of dividends to shareholders in the aggregate amount of R\$ 828,955,780.00 (eight hundred and twenty-eight million, nine hundred and fifty-five thousand, seven hundred and eighty reais), arising from the realization of profits recorded in the Realized Profit Reserve (RLAR) as per the Company's balance sheet as of December 31, 2017, the amount of (i) R\$ 207,238,945.00 (two hundred and seven million, two hundred and thirty-eight thousand, nine hundred and forty-five reais) to be paid in cash to shareholders ("Cash portion") and (ii) R\$ 621,716,835.00 (Six hundred and twenty-one million, seven hundred and sixteen thousand, eight hundred and thirty-five reais) to be paid in natura, upon delivery of quotas of "General Shopping e Outlets do Brazil Fundo de Investimento Imobiliário" - FII ("FII"), according to the Meetings ("Portion in Natura"). The dividends were settled on April 9, 2019. General Shopping and Outlets do Brasil Fundo de Investimento Imobiliário - FII started trading at "B3" on April 30, 2019.

The table below shows the basic profit (loss) per share:

	<u>12/31/2019</u>	<u>12/31/2018</u>
Basic numerator		
Loss for the year	(34,312)	(357,047)
Denominator		
Weighted average of the shares - basic	67,512	67,512
Basic loss per share in Brazilian Reais	<u>(0.51)</u>	<u>(5.29)</u>

22. Net revenues of rent, service and others

	<u>Consolidated</u>	
	<u>12/31/2019</u>	<u>12/31/2018</u>
Gross operating revenues		
Rental	70,791	156,750
Services	88,451	88,030
	<u>159,242</u>	<u>244,780</u>
Deductions		
Taxes on Rentals and Services	(14,759)	(20,935)
Deductions and discount	(5,268)	(8,220)
Net revenue	<u>139,215</u>	<u>215,625</u>

The variation in rental costs was substantially due to the contribution to General Shopping e Outlets do Brasil Fundo de Investimento Imobiliário FII GSOB as mentioned in the note 1.

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23. Cost of rents and services provided per nature

	Consolidated	
	12/31/2019	12/31/2018
Personnel cost	(3,662)	(2,459)
Depreciation cost	(1,281)	(1,683)
Occupation cost	(22,453)	(16,933)
Third-party services cost	(9,063)	(6,848)
Total	(36,459)	(27,923)

24. General and administrative expenses by nature

	Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
IPTU	(126)	(109)	(641)	(453)
Commercialization	-	-	(3,538)	(4,152)
Allowance for doubtful accounts	-	-	(2,878)	(5,035)
Publicity and Advertising	(183)	(128)	(780)	(1,440)
Facilities conservation	-	-	(9)	(47)
Materials	(246)	(196)	(707)	(552)
Electric power	(99)	(82)	(143)	(124)
Personnel expenses	(12,508)	(13,429)	(13,712)	(14,776)
Expenses from third parties services	(12,467)	(7,179)	(25,964)	(18,501)
Depreciation and Amortization	(1,327)	(1,989)	(1,327)	(1,989)
Rental	(830)	(776)	(1,522)	(835)
Fee and contributions	(108)	(110)	(293)	(908)
Telephony	(643)	(517)	(794)	(643)
Travels and lodging	(424)	(242)	(767)	(367)
Insurances	(206)	(223)	(521)	(539)
Courier service	(213)	(210)	(213)	(210)
Legal expenses	(269)	(93)	(2,240)	(2,024)
Provision for contingencies	-	-	(492)	(6,371)
Other	(197)	(116)	(2,105)	(1,226)
Total	(29,846)	(25,399)	(58,646)	(60,194)

25. Net financial result

	Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Financial income				
Interests on financial investments	-	-	18,804	26,280
Gains on operations - derivatives	-	-	84,610	34,194
Assets Exchange Rate variation	2	2	236,240	304,028
Asset monetary variation	-	-	56	-
Other	254	2,923	51,007	34,707
	256	2,925	390,717	399,209
Financial expenses				
Interest on Loans, Financing and CCIs	(2)	-	(142,508)	(198,621)
Losses on derivative transactions	-	-	(81,382)	(24,760)
Liabilities Monetary variations	-	-	-	(58)
Liability Exchange Rate Change	(3)	(7)	(284,863)	(440,729)
Penalty on taxes in arrears	(4,697)	(5)	(13,955)	(44,459)
Other	(247)	(128)	(12,240)	(34,840)
	(4,949)	(140)	(534,948)	(743,467)
Net financial result	(4,693)	2,785	(144,231)	(344,258)

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26. Income tax and social contribution

Income tax and social contribution debited against the income for the period are composed as follows:

	12/31/2019		12/31/2018	
	Company	Consolidated	Company	Consolidated
(Loss) before Legal Entity Income Tax (IRPJ) and the Social Contribution on Net Profits (CSLL)	(33,844)	(27,130)	(327,481)	(290,960)
Combined rate in force	34%	34%	34%	34%
Estimated credits of income tax and social contribution	11,507	9,224	111,344	98,927
IRPJ and CSLL effects on Equity accounting method	270	-	(103,805)	-
Other net permanent differences	-	(25)	(1)	(50)
IRPJ and CSLL from previous periods	(559)	(559)	-	-
Deferred IRPJ and CSLL on tax losses and non-established temporary differences	(11,777)	(61,711)	(7,538)	34,311
Effects of IRPJ and CSLL of companies taxed by presumed profit	-	29,924	-	(272,936)
Effects of IRPJ and CSLL on constitution of deferred tax assets	91	91	(12,526)	21,444
Effects of IRPJ and CSLL on the adjustment to fair value	-	15,874	-	2,114
Reversal of IRPJ and CSLL on the adjustment to fair value of investment properties for sale	-	-	(17,040)	50,103
Income taxes and social contribution recognized in income	(468)	(7,182)	(29,566)	(66,087)
Current	(559)	(23,147)	(17,040)	(89,645)
Deferred	91	15,965	(12,526)	23,558

Deferred Income Tax and Social Contribution are composed as below:

	Consolidated	
	12/31/2019	12/31/2018
Calculation basis		
Assessing the fair value of investment properties and properties intended for sale	347,990	2,076,437
Presumption for Income Tax 8%-25% rate for income tax	2%	2%
Presumptive Social Contribution 12%- 9% of rate for Social Contribution	1.08%	1.08%
Deferred income tax and social contribution, liabilities on investment properties for sale	(10,718)	(63,955)
Deferred Income tax and social contribution, liabilities on agreements renewal rights	(1,549)	(1,549)
Liabilities Deferred income tax and social contributions	(12,267)	(65,504)

Basis for realizing Deferred Income Tax and Social Contribution

- a) Realization of deferred tax liabilities on adjustment at fair value of investment properties based on the taxation according to assumed profit as of its respective disposal.

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27. Other net operating revenues

	Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Net proceeds from sale of properties for investment	-	-	456,939	1,059,148
Cost of selling from properties for investments	-	-	(456,939)	(1,059,148)
Adjustment to fair value of sale of properties for Investment	-	-	(8,623)	(79,401)
Fair value adjustment	-	-	45,095	(234)
Termination of rental agreement	-	-	23,512	-
Other income (expenses)	(100)	134	6,632	3,359
Recovery of expenses	-	307	6,376	2,066
Total	<u>(100)</u>	<u>441</u>	<u>72,992</u>	<u>(74,210)</u>

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28. Financial instruments by category

The Company's financial instruments were classified according to the following categories:

	Consolidated							
	12/31/2019				12/31/2018			
	Fair value by the result	Financial assets and liabilities at amortized cost	Other liabilities at amortized cost	Total	Fair value by the result	Financial assets and liabilities at amortized cost	Other liabilities at amortized cost	Total
Assets								
Cash and Cash Equivalents	-	197,654	-	197,654	-	383,959	-	383,959
Financial investments and related investments	70,809	-	-	70,809	134,273	-	-	134,273
Debentures receivable	215,188	-	-	215,188	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Trade accounts receivable and other receivables	-	142,167	-	142,167	-	81,135	-	81,135
Total	285,997	339,821	-	625,818	134,273	465,094	-	599,367
Liabilities								
Loans and Financing	-	1,286,336	-	1,286,336	-	1,238,522	-	1,238,522
CCIs	-	124,695	-	124,695	-	426,492	-	426,492
Derivative financial instruments	1,805	-	-	1,805	1,599	-	-	1,599
Suppliers	-	-	13,592	13,592	-	-	8,187	8,187
Other accounts payable	-	-	1,416	1,416	-	-	2,290	2,290
Total	1,805	1,411,031	15,008	1,427,844	1,599	1,665,014	10,477	1,677,090

28.1. Risk factors

The Company's main source of revenues, as well as of its subsidiaries is rents from tenants in shopping malls.

The Company and its subsidiaries have a risk management policy to manage market risks through financial instruments. The main market risks to which the Company is exposed are translation adjustments and the flotation of inflation indexes inherent to its operations. The policy is monitored by the Board of Directors ensuring that the financial instruments do not exceed the limits of the policy, in consonance with the best corporate governance practices. The primary objective of risk management is to protect the Company's cash flows, where the operations must respect the limits of exposure, coverage, maturity and instrument, thus minimizing operating costs. According to their nature, financial instruments may involve known risks, or unknown risks, so it is important to the Company to assess potential risks according to the Company's and its subsidiaries' judgment. Therefore, there may be risks with guarantees or without guarantees, depending on circumstantial or legal aspects. The policy allows the Company to use derivative financial instruments only for hedging purposes. The Company is forbidden to enter into any derivatives that result in the net sale of options and structured financial transactions with embedded derivatives.

The main market risk factors that can affect the business of the Company and its subsidiaries are presented below:

a) Credit risk

The client portfolio is broadly diversified. By means of internal controls, the Company and its subsidiaries permanently monitor the level of their accounts receivable, which limits the risk of bad debt.

The Company's risk management policy allows transactions where cash funds are invested only with first line counterparties, that is, with low credit risk, according to the international rating agencies. The policy allows derivative financial instrument transactions to be directly entered into at B3. Both the financial institutions and the brokers must be previously approved by the Risks Management Committee.

b) Liquidity risk

The forecast of the cash flow is performed at the operating entities of the Company by financial professionals that continually monitor liquidity in order to ensure that the Company has sufficient cash to meet its operating needs. Such forecast takes into consideration the plans for financing the debt, the achievement of the internal goals of the balance sheet quotient and, if applicable, external or legal regulatory requisites.

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The cash and cash equivalents held by the operating entities, in addition to the balance required for managing working capital, is transferred to the treasury, which substantially invests cash and cash equivalents in CDBs, LTNs (Federal Treasury Bonds) and investment funds with their yield linked to the changes in the CDI rate and by choosing instruments with appropriate maturity dates or sufficient liquidity to provide the necessary margin, as established by the above-mentioned provisions.

c) Capital risk

The Company and its subsidiaries manage their capital to make sure that the companies will be able to continue their going concern at the same time that they maximize the return to all of the interested parties or all those involved in their operations by optimizing the balance of the debts and equity.

The capital structure of the Company and of its subsidiaries is formed by net indebtedness (loans and financing and CCIs described in Explanatory Notes 14 and 15 deducted from cash and cash equivalents and active financial instruments) and by the consolidated shareholders' equity (which includes capital issued and reserves, as presented in Explanatory Note 21).

The Company's Management periodically reviews the capital structure of the Company. As a part of such review, it considers the cost of capital and the risks associated to each class of capital. The Company's borrowing rate, as of December 31, 2019, was of 26,134%, as detailed below:

▪ Borrowing levels

The borrowing rate, as of December 31, 2019 and 2018 is the following:

	Consolidated	
	12/31/2019	12/31/2018
Debt (i)	1,411,031	1,665,014
Cash and cash equivalents	(268,463)	(516,564)
Net debt	1,142,568	1,148,450
Shareholders' Equity (ii)	4,371	38,683
Net Indebtedness Index	26,134%	2,969%

(i) Debt is defined as loans and financing and short and long-term CCIs;

(ii) Shareholders' equity includes all of the Company's capital and reserves, managed as capital.

d) Liquidity risk management

The Company and its subsidiaries manage liquidity risk by maintaining appropriate reserves, bank credit lines e credit lines to obtain loans they deem appropriate, by continually monitoring the forecast and actual cash flows, and by combining the maturity profiles of financial assets and liabilities.

Interest and liquidity risk table

The table below shows the details of the remaining contractual maturity term of the bank liabilities of the Company and its subsidiaries and the contractual amortization periods. The tables have been prepared in accordance with the cash flows not discounted of financial liabilities, based on the closer date on which the Company and its subsidiaries must settle their respective liabilities. The tables include the cash flows of the interest and principal amount. While the interest flows were post-fixed, the amount not discounted was obtained on the basis of the interest curves at the end of the year 2019.

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The contractual maturity is based on the most recent date in which the Company and its subsidiaries must settle their respective liabilities:

Consolidated	% - Weighted Average Effective Interest Rate	Less than one month	From one to three months	From three months to one year	From one to five years	Over to five years	Total
Loans and financing (*)	16.21%	1,225	15,906	47,346	159,659	1,621,475	1,845,611
CCI	9.90%	2,301	4,601	20,707	82,826	75,924	186,359
Total		3,526	20,507	68,053	242,485	1,697,399	2,031,970

(*) So as to obtain perpetual bonds, the interest to be incurred up to the date of the purchase option and the principal amount were considered and, because they have no maturity dates, they were classified as debt maturing after more than 5 years.

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e) Interest rate risk

- Loans for working capital and CCIs: the Company's subsidiaries also have a series of loan and financing obtained for working capital, as described in Explanatory Notes 14 and 15, on which average interest rates are levied of up to 15.6% per year.

f) Foreign currency exchange rate risk

The Company, through its subsidiary, has financing and amounts payable to non-related parties entered into in foreign currency in the amount of R\$ 1,265,206 in December 31, 2019 (R\$ 1,178,663 in December 31, 2018). The Company measures its exposures according to the Company's own forecasting and budgeting model. Through its subsidiary, the Company enters into derivatives, such as dollar future in the "B3 (B3 S.A. - Brasil, Bolsa, Balcão)", with the purpose of protecting its exposure to exchange variation. The main risk that the Company intends to reduce is the exposure to translation adjustments linked to its liabilities in foreign currency.

On December 31, 2019, the Company is using derivatives for protecting exchange rate variation risks in connection to the issue of perpetual bonds.

The Company does not have derivative or non-derivative instrument transactions to hedge the balance of the principal amount of the perpetual bonds.

For protecting from exchange rate variation in payment of interests on perpetual bonds, the Company uses derivative of dollar future at "B3 (B3 S.A. - Brasil, Bolsa, Balcão)", classified as level 2, as described at CPC 40. The mark-to-market of the derivative instruments as of December 31, 2019 was:

Instrument	Notional	Maturity	Fair value on 12/31/2019
FUT DOL BM&F	49,500	02/03/2020	(1,357)
NDFs	52,000	02/03/2020	(448)
Total	101,500		1,805

The Company manages and monitors its derivative position on a daily basis, suiting itself to the best hedge strategy with less cost in relation to others.

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Sensitivity analysis - derivative

NDF of USD Dollar - Counter							
Notional (US\$ Thousands)	Contractual price	Price in 12/31/2019	Fair value	Impact on the curve DI/TJLP			
				-25%	-50%	-25%	-50%
				Adjustment	Adjustment	Fair value	Fair value
52,000	R\$4.0311/US\$	R\$4.0224/US\$	(448)	(52,095)	(104,190)	(52,543)	(104,639)
52,000			(448)	(52,095)	(104,190)	(52,543)	(104,639)

Future of USD Dollar - "B3"							
Notional (US\$ Thousands)	Price in 12/31/2019	Fair value	Impact on the curve DI/TJLP				
			-25%	-50%	-25%	-50%	
			Adjustment	Adjustment	Fair value	Fair value	
49,500	R\$4.0224/US\$	(1,357)	(49,778)	(99,556)	(51,135)	(100,913)	
49,500		(1,357)	(49,778)	(99,556)	(51,135)	(100,913)	

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In order to carry out the operations in B3, the margin deposit was made through public securities (LFT). The margin deposit, as of December 31, 2019, totaled R\$ 24,960.

Financial assets, except for those designated at fair value through profit or loss, are evaluated by impairment indicator at the end of each fiscal year. Impairment losses are recognized when there is objective evidence of a reduction in the recoverable amount of a financial asset, as a result of one or more events that have occurred after their initial recognition, with an impact on the estimated future cash flows of such asset.

The criteria that the Company and its subsidiaries use to determine whether there is objective evidence of impairment of a financial asset include:

- Significant financial difficulties of issuer or debtor;
- Contract breach, such as nonperformance or late payments of interest or principal amount;
- The probability of the debtor declaring bankruptcy or financial reorganization;
- Extinguishment of the active market for that financial asset by virtue of financial problems.

The book value of financial assets is directly reduced by impairment losses for all of the financial assets, except for the accounts receivable, where the book value is reduced by using a provision. Subsequent recoveries of amounts previously written off are credited to the provision. Changes in the book value of the provision are recognized in P&L.

g) Sensitivity analysis- loans, financing and CCI

Considering the aforementioned financial instruments, the Company developed a sensitivity analysis, as provided for by Instruction No. 475/2008 issued by the CVM, which requires the presentation of two other scenarios with 25% and 50% impairment of the risks variable considered. Those scenarios may generate impacts on the Company's profit or loss and/ or on the future cash flows as described below:

- Case scenario: maintenance of the levels of interest at the same levels observed as of December 31, 2019;
- Adverse scenario: impairment of 25% in the principal risk factor of the financial instrument in relation to the levels verified on December 31, 2019;
- Remote scenario: impairment of 50% in the principal risk factor of the financial instrument in relation to the levels verified on December 31, 2019.

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h) Loans, financing and CCI

Premises

As described above, the Company understands that it is primarily exposed to risks referring to the changes in the TR and IPCA rates, US-dollar translation adjustments, which are the basis for updating a substantial part of the loans, financing and CCIs and perpetual bonds it has entered into. Thus, the table below demonstrates the rates used to calculate the sensitivity analysis:

Premises	Base scenario	Adverse scenario	Remote scenario
Increase of IPCA rate	0.35%	0.44%	0.53%
TJLP increase	0.45%	0.57%	0.68%
DI increase	0.36%	0.45%	0.54%
Real devaluation against US Dollar	10.00%	12.50%	15.00%

The net exposure in US Dollars, without considering the effects of derivative instruments is demonstrated below:

	Consolidated No effect of derivative operations - 12/31/2019
Loans and Financing (Perpetual bonds)	1,265,206
Related Parties	24,650
Cash and Cash Equivalents	(10)
Net exposition	<u>1,289,846</u>

Operation	Risk	Scenarios		
		Basis	Adverse	Remote
Interest on Loans subject to TR variation	TR increase	44,209	45,325	46,441
US\$ forward agreements (*)	USD Dollar increase	258,683	291,018	297,485

(*) Calculated on the net exposure of the Company, without considering the effects of derivative instruments.

The table above shows the effects of interest and changes in the indices up to the maturity of the contracts.

The interest on the perpetual bonds are flat. Thus, the sensitivity analysis was not carried out.

i) Cash and cash equivalents

Premises

As described above, the Company understands that it is mainly exposed to the changes in the CDI rate and in foreign exchange rates.

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In this sense, the indexes and rates used in the sensitivity analysis calculations are shown below:

		Base scenario	Adverse scenario	Remote scenario
Deterioration of CDI rate		4.40%	3,30%	2,20%
Operation		Consolidated		
Risk factors	Risk	Base scenario	Adverse scenario	Remote scenario
Subject to CDI variation	Reduction of CDI rate	11,812	8,859	5,906

The exchange variation sensitivity analysis of cash and cash equivalents indexed to USD was presented net of other liabilities indexed to the USD, as mentioned in item (i).

j) Fair value of bonds

Type	Currency	% - Contract Charge per year	Maturity	Fair value in 12/31/2019	Fair value in 12/31/2018
Perpetual credit bonds (a)	US\$	10%	-	316,909	444,459
Perpetual credit bonds (b)	US\$	13%	-	424,395	439,749
Debt Bonus (b)	US\$	10%/12%	2026	25,803	21,792
Total				767,107	906,000

The prices used to calculate the market value of the Company's Bonds were acquired from "Bloomberg". Prices are indicative of the market as of December 31, 2019 and 2018.

28.2. Determining the fair value of financial instruments

The Company discloses its financial assets and liabilities at fair value, based on the relevant accounting pronouncements, which refer to valuation concepts and disclosure requirements.

Specifically regarding the disclosure, the Company applies the hierarchy requirements set forth in Deliberation CVM No. 699/12, which involves the following aspects:

- Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in a transaction without favor;
- Hierarchy in 3 levels for the measurement of the fair value, according to observable inputs for the valuation of an asset or liability at the measurement date;
- Valuation in 3 levels of hierarchy for the measurement of fair value is based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect valuation techniques adopted by the Company. These two types of inputs create the following fair value hierarchy:

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- ✓ Level 1 - Observed (unadjusted) prices for identical instruments in active markets. In this category are allocated the investments in Financial Treasury Bills ("LFT") and other Financial Bills;
- ✓ Level 2 - Prices observed in active markets for similar instruments, observed prices for identical or similar instruments in non-active markets and valuation models for which inputs are observable. At this level, investments in CDB, Committed DI, other financial investments remunerated by DI and derivatives, which are valued by pricing models widely accepted in the market. In addition to the indicators of operations, observable market inputs such as interest rates, volatility factors and exchange parity quotations are used; and
- ✓ Level 3 - Instruments whose significant inputs are not observable. The Company does not have financial instruments in this classification.

The table below presents the general classification of financial instruments assets and liabilities in accordance with the valuation hierarchy. For the year ended December 31, 2019, there was no change among the three levels of hierarchy.

	Company			Consolidated		
	12/31/2019			12/31/2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial assets						
At amortized cost						
CDBs	-	-	-	-	33,066	-
Committed DI	-	-	-	-	2,478	-
Bearing account	-	3	-	-	533	-
Fixed income fund	-	-	-	-	70,809	-
Financial Treasury Bills - LFT	-	-	-	96,724	-	-
Financial treasury	-	-	-	22,922	-	-
Debentures receivables	-	-	-	-	215,188	-
	-	3	-	119,646	322,074	-
Liabilities						
Financial liabilities measured at fair value						
Other financial liabilities						
Derivatives not designated as hedge accounting	-	-	-	-	(1,805)	-
	-	-	-	-	(1,805)	-

	Company			Consolidated		
	12/31/2018			12/31/2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial assets						
At amortized cost						
CDBs	-	-	-	-	32,676	-
Committed DI	-	-	-	-	165,828	-
Bearing account	-	5	-	-	2,604	-
Fixed income fund	-	-	-	-	132,605	-
Financial Treasury Bills - LFT	-	-	-	171,188	-	-
Financial treasury	-	-	-	9,962	-	-
	-	5	-	181,150	333,713	-
Liabilities						
Financial liabilities measured at fair value						
Other financial liabilities						
Derivatives not designated as hedge accounting	-	-	-	-	(1,599)	-
	-	-	-	-	(1,599)	-

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29. Insurance coverage

The Companies and its subsidiaries take out insurance to cover possible risks on their assets and/ or civil liabilities.

As of December 31, 2019, the insurance coverage is the following:

Modality	Insured amount
Civil responsibility	89,000
Comprehensive usual fire	1,040,595
Lost of profit	82,642
Windstorm/Smoke	58,251
Shopping Mall Operations	42,980
Moral damage	24,542
Material damage	82,632
Employer	6,200

The risk assumptions adopted and the amounts of coverage involved, were considered by the Company's management to be sufficient to cover eventual claims that may occur and that may impede the normal continuity of the business. These assumptions, given their nature, are not part of the audit scope of the financial statements and, therefore, were not audited by our independent auditors.

30. Information per segment

The information per segment is used by the Company's Management for decision making concerning the allocation of resources and performance assessment.

The accounting practices for the reportable segments are the same as those of the Company, described in Explanatory Note 2. The P&L per segment consider the items that are directly attributable to the segment, as well as those that may be allocated on a reasonable basis. The assets and liabilities per segment are not being presented, once they are not the subject matter of analyses for Management's strategic decision-making.

Therefore, the reportable segments of the Company are the following:

a) Rent

Rent refers to the lease of space to tenants and other commercial spaces such as sales stands, lease of commercial spaces for publicity and promotion and fees concerning the transfer of rights to use property spaces.

b) Services

Services provided refer to the revenue from managing the energy and power supply of shopping malls as well as exploitation of parking lots.

The Company's total revenues are realized in Brazil.

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Statement of Income per segment

	Consolidated					12/31/2019 Consolidated
	12/31/2019			Elimination		
	Rental	Services	Corporative	Debit	Credit	
Net revenue	65,110	83,144	-	-	(9,039)	139,215
Cost of rentals and services	(8,394)	(34,228)	-	6,163	-	(36,459)
Gross profit	56,716	48,916	-	6,163	(9,039)	102,756
Operational (Expenses) / Income	164,342	68,800	47,641	-	(266,438)	14,345
Profit (Loss) Before Financial Income (Expense)	221,058	117,716	47,641	6,163	(275,477)	117,101
Net financial result	18,805	792	(163,828)	-	-	(144,231)
Profit / (loss) before taxes	239,863	118,508	(116,187)	6,163	(275,477)	(27,130)
Income taxes	2,992	(9,707)	(467)	-	-	(7,182)
Net income (loss) for the year	242,855	108,801	(116,654)	6,163	(275,477)	(34,312)

	Consolidated					12/31/2018 Consolidated
	12/31/2018			Elimination		
	Rental	Services	Corporative	Debit	Credit	
Net revenue	144,832	85,612	-	(14,819)	-	215,625
Cost of rentals and services	(12,522)	(24,166)	-	-	8,765	(27,923)
Gross profit	132,310	61,446	-	(14,819)	8,765	187,702
Operational (Expenses) / Income	163,154	23,572	(629,258)	(13,855)	321,983	(134,404)
Profit (Loss) Before Financial Income (Expense)	295,464	85,018	(629,258)	(28,674)	330,748	53,298
Net financial result	(102,341)	(2,950)	(238,967)	-	-	(344,258)
Profit / (loss) before taxes	193,123	82,068	(868,225)	(28,674)	330,748	(290,960)
Income taxes	(27,931)	(8,590)	(29,566)	-	-	(66,087)
Net income (loss) for the year	165,192	73,478	(897,791)	(28,674)	330,748	(357,047)

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31. Statement of Cash Flow

The Company has transacted the following operations, which have not involved cash and cash equivalents:

	Consolidated	
	12/31/2019	12/31/2018
Fair value adjustment of investment properties	45,095	9,516

32. Subsequent events

Impacts of COVID-19 (Coronavirus) on the Company's business

With the Coronavirus pandemic ("COVID-19"), the global and Brazilian economy were directly affected, with an impact on the circulation of people and the movement of commerce in general, including shopping centers. The Company's Management monitors the possible impacts on its business and has been working with the implementation of plans and contingencies to maintain the continuity of activities and operations in normal conditions. As of the date of issue of these financial statements, it is not yet possible to measure the risks and possible losses that such a pandemic may generate on the Company's estimates or business.

Reverse split of shares issued by the Company

According to the General Extraordinary Meeting (called AGE) of December 11, 2019, the reverse split of all the shares issued by the Company was approved (including the shares that support the securities issued by General Shopping within the scope of its sponsored program of deposit certificates), at the rate of 36 (thirty-six) shares for 1 (one) share, so that each batch of 36 (thirty-six) shares is grouped into a single share, pursuant to article 12 of the Brazilian Corporation Law ("Grouping"). As a result of the reverse split, the number of shares into which the Company's capital stock is divided will change from 69,435,699 (sixty-nine million, four hundred and thirty-five thousand, six hundred and ninety-nine) to 1,928,769 (one million, nine hundred and twenty-eight Thousand, seven hundred and sixty-nine) common share, registered, book-entry shares with no par value.

A period of 30 (thirty) days was granted so that the Company's shareholders, at their free and exclusive discretion, could adjust their shareholding position in multiple lots of 36 (thirty-six) shares, through trading at B3 S.A. - Brasil, Bolsa, Balcão ("B3"), in order to ensure ownership of an entire number of shares as a result of the reverse split ("Adjustment Period").

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As a result of this amendment, the caput of article 5 of the Company's Bylaws will come into force with the following wording: "Article 5 - The Company's capital stock, fully subscribed and paid in, is R\$ 389,625,569.00 (three hundred and eighty-nine million, six hundred and twenty-five thousand, five hundred and sixty-nine reais), divided into 1,928,769 (one million, nine hundred and twenty-eight Thousand, seven hundred and sixty-nine) common shares, all registered, book-entry and without nominal value."

The Securities and Exchange Commission - CVM approved, on January 23, 2020, the modification of the conditions of the sponsored program of deposit certificates for shares issued by the Company ("GDS"), in order to reflect: (i) the correct reason General Shopping; and (ii) the reverse split, passing the number of shares represented by each GDS from the current 73 (seventy-three) common shares for each 1 (one) GDS to 2 (two) common shares for each 1 (one) GDS.

Francisco José Ritondaro
Chief Executive Officer
Chief Planning and Expansion Officer

Marcio Snioka
Chief Investors Relation Officer

Vicente de Paula da Cunha
Chief Financial Officer

Djalma Pereira da Silva
Chief Marketing and of Relationship of Retailer

Francisco Antonio Antunes
Accountant
CRC 1SP-149.353/O-2

OPINION OF THE AUDIT COMMITTEE

“The Audit Committee in the use of its legal attributions, at a meeting held today, examined the Management’s Annual Report and the financial statements of General Shopping e Outlets do Brasil S.A. relating to the fiscal year ended as of December 31, 2019. Based on the exams performed, also considering the independent auditor’s report issued by BDO RCS Auditores Independentes, the Directors expressed a favorable opinion as regards the abovementioned documents and informs that such documents are in condition to be voted and approved by the Shareholders at the next Annual Shareholders’ Meeting.”

São Paulo, March 26, 2020.

Paulo Alves das Flores

Board Director

Camila de Cassia Satin Briola

Board Director

Marco Antônio Mayer Foletto

Board Director