

# Proposed initiative for the payment of the Advisory Fee in CBFIs

February 2015

# What does our proposal imply?



- An initiative to further strengthen the alignment of interests between the Advisor and Fibra Danhos' investors.
- Currently, the Advisory Agreement establishes that the Advisory Fee is to be paid in cash.
- The proposed initiative consists in changing the FORM in which the Advisory Fee is paid: Payment in CBFIs, except for those amounts that the Advisor requests in cash for the payment of taxes related to the Advisory Fee.
- We believe this initiative will not only strengthen the alignment of interests, but will also benefit Fibra Danhos, since the resources that will be released could be distributed or invested, instead of representing an operating expense of the Trust.
- The initiative does NOT change the amount of the Advisory Fee, NOR the way the Advisory Fee is computed according to the Advisory Agreement. We only propose to change the FORM of payment.

# What CBFI price is proposed to be used for the payment of the Advisory Fee?



- **Annual Advisory Fee 2013- 2014:** Has been earned by our Advisor, but has not been paid yet. To cover such Advisory Fee, which amount shall be determined in absolute adherence to the Advisory Agreement (Clause Four of the Advisory Agreement), we propose that the unit price per CBFI be determined as the daily average trading price during the 90 days prior to the date of the Holders Meeting.
- **Annual Advisory Fee from 2015 to the end of the Advisory Agreement (Initial term up to October 4, 2023):** To cover such Advisory Fee, which amount shall be determined in absolute adherence to the Advisory Agreement (Clause Four of the Advisory Agreement), we propose that the unit price per CBFI be determined as the daily average trading price during the quarter in which the Advisory Fee was earned.

# Other Considerations



- In this Holders Meeting the issuance of up to 85,050,000 CBFIs will be proposed destined to the payment of the Advisory Fee, to the extent such CBFIS are sufficient, under the terms of the Trust Agreement and the Advisory Agreement, in the understanding that the number of CBFIs does not necessarily represent the Advisory Fee that is payable to the Advisor during the term of the Advisory Agreement.
- The CBFIs that are issued but have not been delivered to the Advisor as payment of the Advisory Fee will have no economic or corporate rights, so long as they are not delivered to the Advisor.
- The CBFIs granted to the Advisor will not be subject to any lock-up.