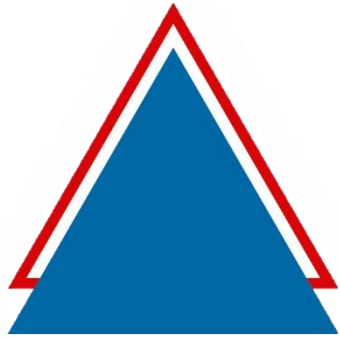


Institutional presentation

BAHIAINVESTE – Empresa Baiana de Ativos S.A.

The purpose of this document is to present a brief overview of the reasons and opportunities for the institution of **BAHIAINVESTES – Empresa Baiana de Ativos S.A.**, as well as its operational guidelines and its organizational and financial structures.

In addition, it outlines the axes, segments and services, which guide its action with public and private entities.



1. Context

2. Institution of BAHIAINVESTE

3. Corporate organization

4. Services list

The State of Bahia, with the highest representation of the population of the Northeast, accounts for about 4,1% of the GDP national

Average Dollar = BRL 3,50
Source : BACEN (2017)



Commercial Flow MDIC/Secex/SEI 2016

US\$ 13 billion = Exports + Imports

54% of all external movement in the Northeast and 3,7% in the country



Employment MTb-RAIS/SEI

224,1 thousand new jobs generated (2009 - 2017) | +11,2%



Level of Urbanization SE/IBGE 2015

74,1% (BA) | 69,4% in 2009

98,2% (RMS) | 98,1% in 2009



GDP IBGE

US\$ 64,7 billion (2017)

6th in the country 2016 | 4,1%



Population 2018 (estimated)

14,8 million / 1st in Northeast



HDI 2010 IBGE

0,66 / 22st in Brazil (= "average" level)



Per capita income (1)

US\$ 246 / 17th in Brazil (2017 IBGE)



Revenues and Expenses 2017 IBGE

US\$ 14,3 billion – Revenue from the budget held / 6th in Brazil

US\$ 13,0 billion – Committed budgetary expenditures / 6th in Brazil

(1) Nominal household income per capita.

The Government of Bahia performs its executive attributions through more than 50 entities, through resources originating especially from ICMS...

- ▶ The **Government of the State of Bahia**, under the State Executive Branch, is **composed of over 50 entities, 23 of which are represented by State Departments**, it is responsible, among others, administration, public policies and execution of its strategies at the State level.
- ▶ These entities cover **responsibilities to various spheres such as health, education, labor, transportation, infrastructure, economic development, urban development etc.**
- ▶ The **main sources of funds for the implementation of the actions directed by each of these entities are the Tax on the Circulation of Goods and Services (ICMS) and Onlending of the Union (FPE¹)**, as well as other amounts arising from ITCMD², IPVA³, Contribution Improvement, onlays relating to royalties etc.

(1) FPE – State Participation Funds.

(2) ITCMD – Transmission Tax Causes Mortis and Donations of Any Nature.

(3) IPVA – Property Tax Motor Vehicles

...However, the national economic scenario has caused significant consequences to the volume of public and private investments, besides generating uncertainty regarding the future conjuncture...

- ▶ The economic crisis observed in the country, and changes in the international context, has promoted strong impact on its federal units, with effects in different areas, such as examples: **level of private investment, individual borrowing rate, interest rates, consumer and business confidence, gross domestic product** etc.
- ▶ Still, the uncertainty surrounding a **possible worsening of the economic scenario, beyond doubt about time to reverse this situation**, intensify the prudence of the Government on the use of its resources.
- ▶ In this sense, there is the **risk of a cyclical effect**, in which the reduction in public spending would induce a reduction of private investment, raising even deteriorating effects on employment and population income.

SOME CONSEQUENCES:

- ▶ Decreased stimulus for private investment.
- ▶ Reduction of state public revenue, promoting:
 - Contingency of public expenditure.
 - Restriction of access to public financial resources for investments.
- ▶ ...

...Thus, the search for the potentializing public collection and the optimization of investments and expenditures, without compromising the stimulation of private investments, have become even more crucial for the State of Bahia

Opportunities of action were identified in the areas of "revenues", "expenses" and "investments / financing", as follows:

REVENUES

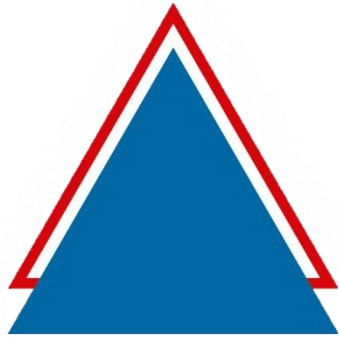
- ▶ **Optimizing exploitation of real estate assets** owned by the state.
- ▶ **Increased margin on revenues** resulting from the operation of real estate assets of the state, by adding value.
- ▶ **Sale, lease or revitalization of real estate assets** in ruins, empty or underused.
- ▶ ...

EXPENSES

- ▶ **Optimization of permanent spending** support services - *facilities* (examples: vehicles, maintenance, cleaning, security etc.).
- ▶ **Review of public expenditure** from the perspective of indispensability and potential effects.
- ▶ **Outsourcing non-core** public services.
- ▶ ...

INVESTMENTS / FINANCING

- ▶ **Potentializing structuring operations** with a view to obtaining financial resources, including capital market.
- ▶ **Investments in partnership with the Private Sector.**
- ▶ **Securitization of active debt** of the state.
- ▶ **Generation of stimuli to the attraction of investments** of private origin.
- ▶ ...



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The Governor of Bahia State, in order to obtain rapid and consistent support in the achievement of some of the main opportunities, instituted the BAHIAINVESTE at the end of 2015 ...

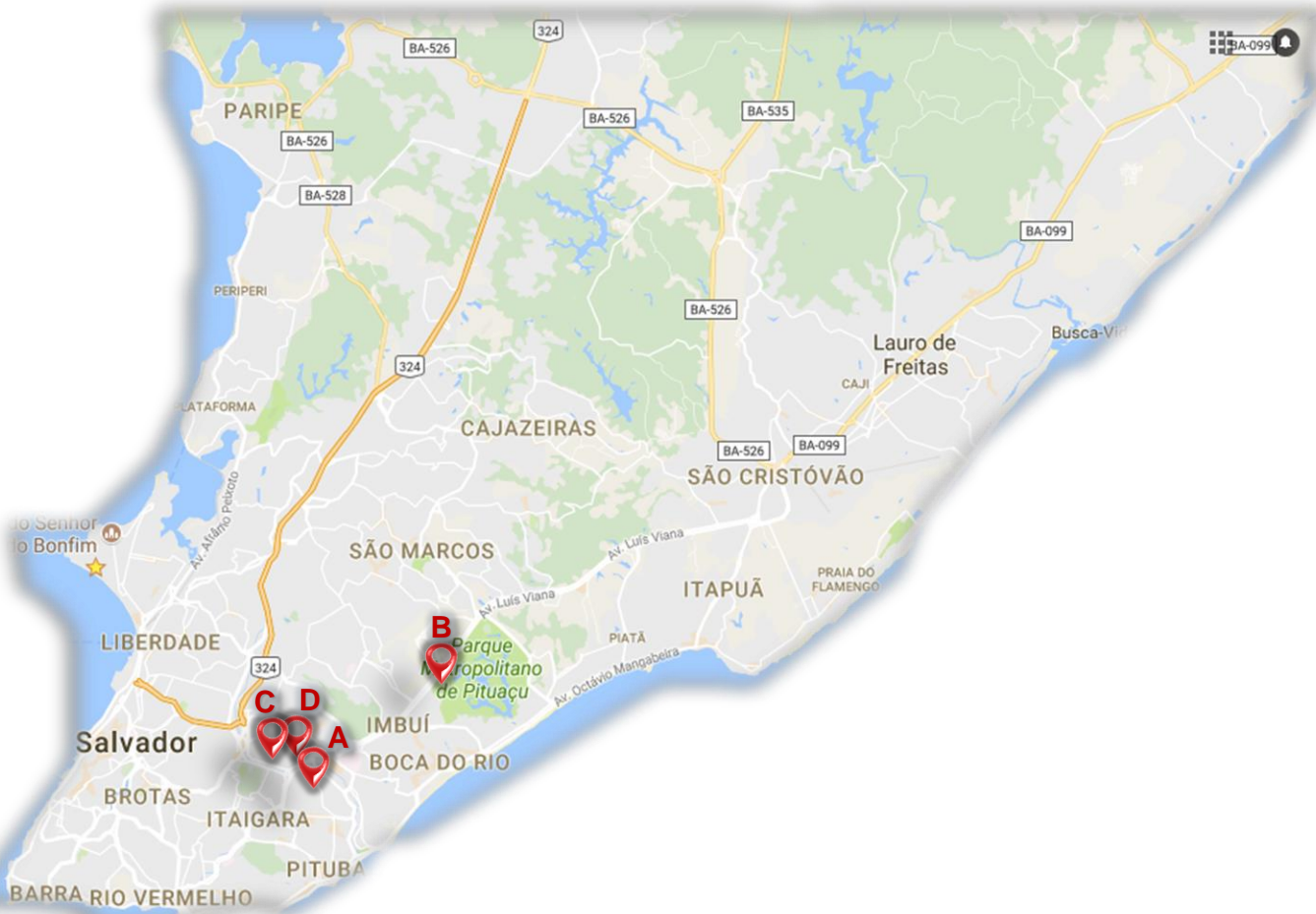


According to State Law nº 13.467 of December 23, 2015, was established to BAHIAINVESTE – Empresa Baiana de Ativos S.A., featuring , among others, the following purposes.

- I. To explore and dispose of the assets of its patrimony;
- II. To structure and implement operations with a view to attracting financial resources;
- III. To assist the State in the raising of financial resources;
- IV. To advise the State of Bahia collaborating with the state system of finance in matters related to state equity;
- V. To identify and to articulate opportunities for efficient exploitation of assets;
- VI. To make investments in projects considered strategic by the State.

The State of Bahia authorized the initial integration of the capital of BAHIAINVESTE with the following assets indicated below:

Map of Salvador / BA



A
**Headquarters building Desenhahia
(current building SEFAZ)**
Registered Scriptures
(Registration nº 14.066 / Registration nº 15.779)



B
**Land: Luís Viana Filho Ave.,
unnumbered**
Deed of reversion, 6th Tabelionato, Order No.
636619, Book nº 1398, Sheet nº 106,
Transfer nº 1



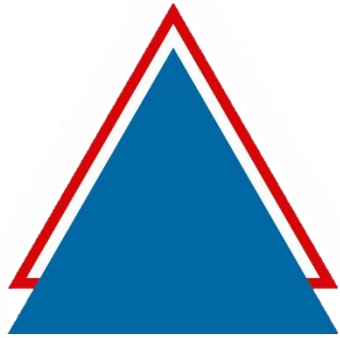
C
**State Department of Transportation
– DETRAN**
Certificate from the Office of the 3rd Registry
Office for real estate registration Book 3M, under
Nº 20,955, p. 256



D
Salvador Bus Terminal
Certificate from the Office of the 3rd Registry
Office for real estate registration Book 3M, under
Nº 20,955, p. 256

In order to achieve its objectives, BAHIAINVESTE may carry out the activities described in art. 4 of State Law nº 13.467 of December 23, 2015, as follows:

- I. Enter into contracts or agreements for technical cooperation with the Direct or Indirect Administration;
- II. Explore, record and dispose of assets that are part of its property;
- III. Provide real and fiduciary guarantees and contract insurance;
- IV. Borrow and issue bonds;
- V. Participate or constitute investment funds;
- VI. Issue debentures and other forms of investments or ventures considered strategic by the state;
- VII. Capturing resources or structuring operations or funds;
- VIII. Elaborate technical studies on the economic-financial viability in projects of interest to the State;
- IX. Create investment funds and participations, in accordance with the rules and regulations of the CVM;
- X. Create funds that guarantee financial obligations in infrastructure projects.



1. Context

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The BAHIAINVESTES office is located in the city of Salvador/BA ...



According to legal determination, BAHIAINVESTES has its office and forum in the city of Salvador, in the State of Bahia. Its office is located at Tancredo Neves Ave., nº 776, Caminho das Arvores, Salvador/BA.

The mission, vision and values of BAHIAINVESTE are guidelines of high esteem by all its collaborators

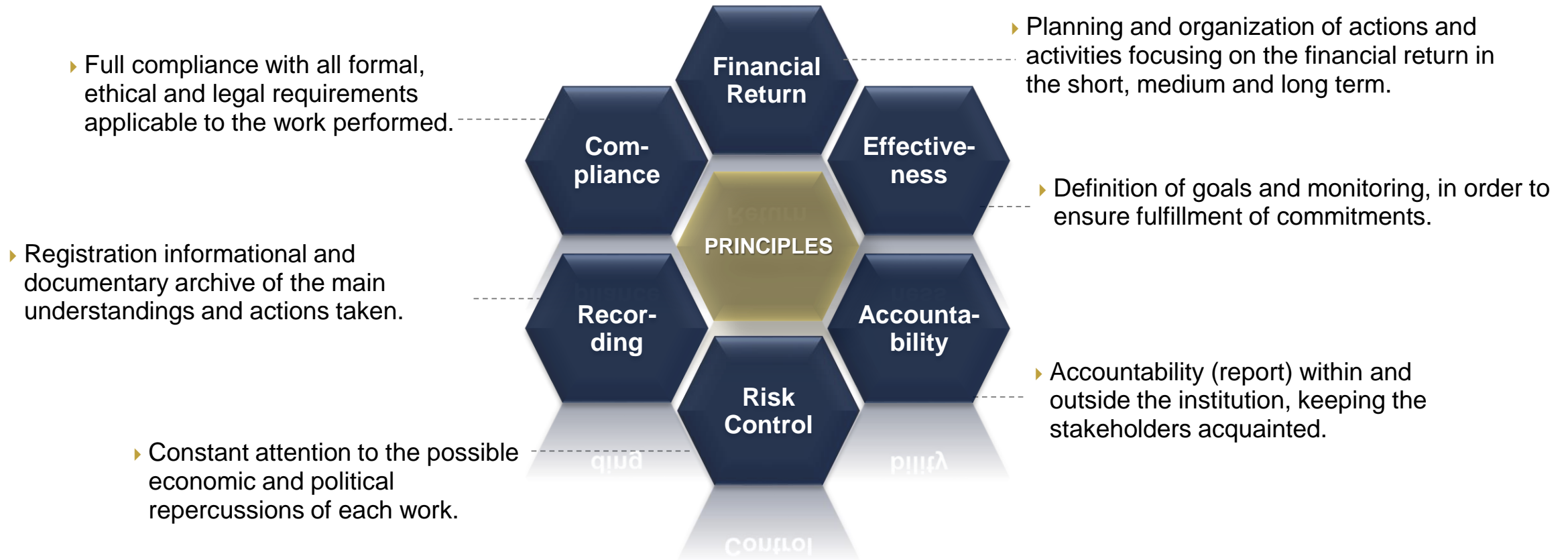
- ▶ To act in the fundraising and feasibility of strategic projects of the State of Bahia, contributing to the effectiveness, added value and sustainability for the development of the people of Bahia.



- ▶ To be a reference in the State of Bahia until 2022 for the public and private actors, in the axes and segments of their performance.

- ▶ Commitment to corporate goals and strategies.
- ▶ Results-driven business efficiency and effectiveness.
- ▶ Appreciation and respect to employees and employees.
- ▶ Acting with transparency, ethics and socio-environmental responsibility.

The activities of BAHIAINVESTE are guided by the following corporate principles:



BAHIAINVESTE presents features that favor its performance, as follows:

01 Legal institution

01 Legal institution

Its attributions have legal support, assuring its autonomy of action with the public and private agents.

02 Structure of the State

02 Structure of the State

It composes the executive structure of the State⁽¹⁾, allowing access to the information necessary for its full and adequate performance.

03 Flexibility of management

03 Flexibility of management

Autonomy in the management of resources for the execution of its actions and malleability of composition of its organizational structure.

04 Private character

04 Private character⁽²⁾⁽³⁾

Constituted as a legal entity under private law, it has the purpose of profit aiming at the financial return on their investments.

05 Experienced director board

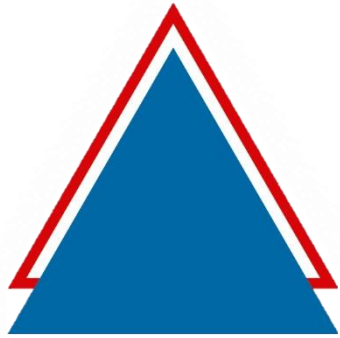
05 Experienced director board

Board of Directors with vast experience and high level of articulation with public and private entities.

(1) BAHIAINVESTE is part of the indirect public administration, and is linked to the Secretariat of Economic Development (SDE).

(2) Respecting its characteristics as a member of the indirect public administration.

(3) Non-Dependent Mixed Economy Company.



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BAHIAINVESTES's services offer is guided by a matrix view, according to axes and segments, as presented:



I. Real Estate Assets

Segment	Services examples
<p>❖ Real estate cession</p>	<ul style="list-style-type: none"> ▶ Portfolio survey and classification: i)survey of real estate portfolio; ii)segregation of the portfolio by work groups; iii)classification of properties in terms of conservation status, locality, density, value etc. ▶ Elaboration of books of sale / lease: i)local visits for prior knowledge of the assets; ii)survey of documents and profile of the property; iii)valuation reports; iv)occupation study; v)elaboration of the sales strategy. ▶ Consolidation of trading channels: i)consolidation of partnerships: a)large players, b)investment funds, c)small players (local brokers); ii)direct offers to groups of investors. ▶ Negotiation and formalization: i)proposal management; ii)managing the expectations of the stakeholders; iii)preparation of the contract; iv)effectiveness of the business: a)direct sale; b)leaseback; c)FII; d)others.
<p>❖ Construction for leasing (Built to Suit)</p>	<ul style="list-style-type: none"> ▶ Survey of opportunities: i)survey of infrastructure needs for the State; ii)identification of idle real estate. ▶ Prospecting of partners / investors / builders: i)identification of potential stakeholders in the realization of the investment; ii)management of the articulation with stakeholders. ▶ Negotiation and formalization: i)proposal management; ii)managing the expectations of the stakeholders; iii)execution of the business; iv)preparation of the contract; v)mapping of formal and legal requirements.

I.

Real Estate Assets

Segment

Services examples

❖ Facilities management services

- ▶ **Survey and classification:** i) survey contracts (pantry, reception, security, cleaning and gardening); ii) evaluation of costs and dimensioning; iii) review of management model, processes and monitoring etc.
- ▶ **Contract analysis.** i) evaluation of criteria (deadlines, responsibilities etc.); ii) identification of best practices through benchmarking; iii) diagnosis.
- ▶ **Establishing of parameters:** design of performance metrics based on key indicators of efficiency and control.
- ▶ **Proposition of adjustments in the management model:** i) identification of opportunities to review management models; ii) design of proposals for improvements (including dimensioning); iii) evaluation of implications and impacts.
- ▶ **Proposition / realization of monitoring processes:** Proposition, implementation and management of monitoring processes.

II. Capital Market

Segment	Services examples
<ul style="list-style-type: none"> ❖ Real Estate Investment Funds ❖ Investment Funds in Innovation ❖ Investment Funds in Participations 	<ul style="list-style-type: none"> ▶ Identification of opportunities: i)survey of needs and opportunities; ii)design of proposals; iii)survey of interested parties; iv)articulation with stakeholders etc. ▶ Management of the bidding process: i)execution of Public Calls; ii)preparation of the Bidding Notice; iii)conducting bids etc. ▶ Structuring and constitution of Investment Funds: i)support for the elaboration of the internal Regulations; ii)support for drafting contracts; iii)Conduct of Shareholder Agreements. ▶ Management of Investment Funds: i)structuring and monitoring the distribution of securities (debentures, commercial promissory notes, certificates of real estate receivables - CRI); ii)identification of efficient fiscal structures for the realization of investments through Investment Funds; iii)management and monitoring of the administration contracts of the Funds etc.
<ul style="list-style-type: none"> ❖ Participation in Special Purpose Companies 	<ul style="list-style-type: none"> ▶ Identification of opportunities: i)survey of needs and opportunities; ii)design of proposals; iii)survey of interested parties; iv)articulation with stakeholders; v)definition of corporate types etc. ▶ Participation in the Company: i)formation of social capital; ii)integration of the equity of the Company; iii)constitution of the Company; iv)participation in internal and external relations in the SPC; v)distribution of profits to the partners; vi)joint venture etc.

II.

Capital Market

Segment

Services examples

❖ Debt securitization

- ▶ **Analytical models:** i) portfolio segmentation in collection; ii) early warning models; iii) development of collection scorings; iv) development of reports and appropriate KPIs.
- ▶ **Review of the collection process:** i) definition of management model; ii) dimensioning the volume of people required; iii) definition of actions to improve the collection process (avoid bottlenecks).
- ▶ **Renegotiation model:** i) definition of new renegotiation products; ii) improvement of service interfaces.
- ▶ **Performance monitoring:** i) definition of indicators to monitor performance; ii) review of strategies based on performance.
- ▶ **Support technologies:** i) implementation of solutions (expert systems); ii) automation of transactional manual activities.
- ▶ **Financial operation:** i) selection of financial institutions; ii) analysis of the technical feasibility and risks involved in each proposed financial type / structure; iii) definition of the detailed plan for the issuance of securities; iv) integrated management and monitoring of the implementation plan.

III. Structural Projects

Segment	Services examples
<ul style="list-style-type: none"> ❖ Public-Private Partnerships ❖ Concession of Real Rights of Use ❖ Common Concessions 	<ul style="list-style-type: none"> ▶ Preliminary structuring: i)definition of the scope and scope of the project; ii)identification of stakeholders; iii)evaluation of the premises and limitations; iv)definition of costs; v)benchmarking; vi)analysis of legal framework etc. ▶ Planning and monitoring: elaboration and monitoring of the schedule of activities and the work plan for the execution of the services, indicating: deadlines, responsible, stakeholders, expected deliveries, associated risks, dependence on financial resources, dependencies of I.T. etc. ▶ Management of the bidding process: i)execution of Public Calls; ii)preparation of the Bidding Notice; iii)assistance during a period of public consultation and holding a public hearing, assisting in the answer to the questions regarding the services provided and contributions presented and in the interaction with potential bidders; iv)conducting bids; v)aid during a bidding process, through answers to questions related to services and challenges submitted by bidders etc. ▶ Executive report: generation of periodic follow-up reports, with analysis of status of activities and action plans to correct possible delays in relation to the baseline of execution of technical services.
<ul style="list-style-type: none"> ❖ Guarantee Funds ❖ Project Structuring Funds 	<ul style="list-style-type: none"> ▶ Identification of opportunities: i)survey of needs and opportunities; ii)design of proposals; iii)survey of interested parties; iv)articulation with stakeholders etc. ▶ Structuring and constitution of Funds: i)elaboration of the internal Regulations; ii)design of contracts; iii)Conduct of Shareholder Agreements. ▶ Management of the Funds: management and monitoring of the administration contracts of the Funds.



BAHIAINVESTE

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