Zacks Small-Cap Research

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Steven Ralston, CFA
312-265-9426
sralston@zacks.com

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

Garnero Group Acq. Co. (GGAC-NASDAQ)

Awaiting successful business combination with Grupo Colombo

Current Recommendation	**Buy**
Prior Recommendation	N/A
Date of Last Change	04/17/2016
Current Price (04/15/16)	$9.89
Six- Month Target Price	**$15.40**

OUTLOOK

Garnero Group Acquisition Company, a Special Purpose Acquisition Company (SPAC), is in the process of consummating a business combination with Grupo Colombo, a leading men's apparel retailer in Brazil. The combination will re-capitalize Grupo Colombo and allow management to continue expanding its geographical footprint through new store openings, to stimulate sales through marketing investments and to further develop e-commerce, multi-brand and business-to-business (B2B) sales channels The deadline for the business combination is June 25, 2016. We initiate coverage with a target of $15.40.

SUMMARY DATA

52-Week High	**$9.95**
52-Week Low	**$9.40**
One-Year Return (%)	**3.34**
Beta	**N/A**
Average Daily Volume (shrs.)	**3,360**
Shares Outstanding (million)	**18.7**
Market Capitalization ($ mil.)	**$184.9**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**38.5**
Insider Ownership (%)	**22.3**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2016 Estimate	**N/A**
P/E using 2017 Estimate	**49.4**

Risk Level	**Above Average**
Type of Stock	**Small - Growth**
Industry	**SPAC - Apparel**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	N/A	N/A	N/A	N/A	0.0 A
2015	N/A	N/A	N/A	N/A	152.2 E
2016					175.0 E
2017					235.0 E

Earnings per Share
(EPS is operating earnings before non recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	-$0.00 A	-$0.00 A	-$0.06 A	-$0.13 A	-$0.19 A
2015	-$0.03 A	-$0.01 A	-$0.07 A	-$0.06 E	-$0.17 E
2016	-$0.06 E	-$0.07 E	$0.03 E	$0.03 E	-$0.07 E
2017					$0.20 E

Zacks Projected EPS Growth Rate - Next 5 Years % **8**

Estimates assume successful business combination.

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KEY POINTS

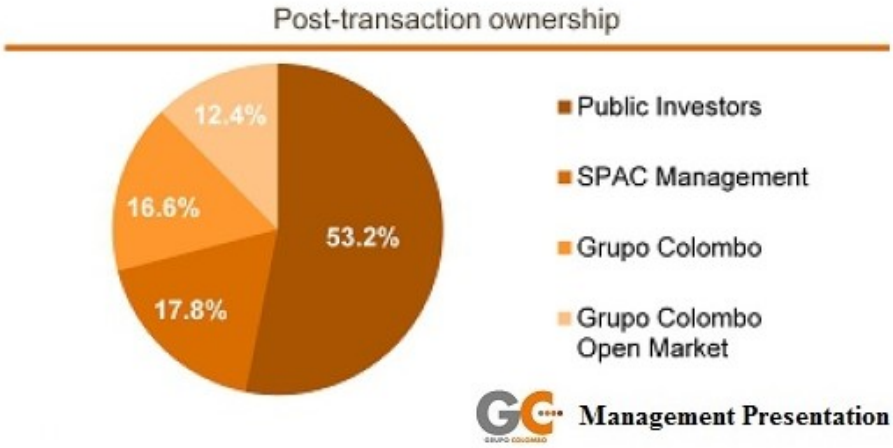
- **Garnero Group Acquisition Company**
  - The new regulatory environment created by Rule 419
    - A Special Purpose Acquisition Company (SPAC) is structured with investor protections.
    - The buyers of SPAC's Units in an IPO are investing in a collective investment structure where the sponsors are given a blank check to buy an undisclosed operating company.
- The first prospective target was **WISeKey**, a Swiss digital information security company.
  - The deal was mutually terminated four months after its announcement.
- **Grupo Colombo**
  - A leading Brazilian apparel retailer (primarily menswear) that offers quality, basic apparel with low exposure to fashion trends.
    - Approximately 400 stores with locations in every Brazilian state
    - Strong brand awareness of the COLOMBO brand
    - Caters predominantly to low-to-middle income consumers (Class C and D), Brazil's more rapidly growing income classes
    - Management focuses on a product mix that generates high turnover and provides high gross margin.
      - economies of scale derived from a **large store network** and a **simplified supply chain** with a centralized distribution center that allows Grupo Colombo to offer apparel at price points that are competitive yet yield a high gross margin.
      - Recently implemented systems to lower days of inventory.
  - **History of store count** and **top-line growth**
    - 1990-1999
      - **refine focus** to emerging social classes (C and D) in Brazil
      - increase store count from 1 to 13
    - 2000-2008
      - **accelerate pace of store openings**
      - increase store count to 172
    - 2009-2013
      - increase store count to 393
      - concentrate on **economies of scale** through enhancing **distribution** capabilities
    - 2014-2015
      - **reduced occupancy costs** by re-negotiating leases
      - **rationalized underperforming stores**
  - Clearly defined strategy for pursuing **multiple growth avenues**:
    - Opening additional new stores
    - Continue store consolidation by closing stores with sub-par sales per square meter
    - Simplifying supply chain with centralized distribution center
    - Continue expanding into women's clothing
    - Promoting e-commerce sales, which commenced in 2013 and generated BRL$16 million in revenue during 2014
    - Further connecting with consumers via social media
    - Broadening financial services offerings (co-branded credit cards, gift & prepaid cards and insurance products)
    - Exploring for opportunities to make bolt-on acquisitions, especially in the South and Southeast regions of Brazil.
    - Increasing efforts to open business-to-business (B2B) sales channel through which packs of COLOMBO products would be sold to multi-brand stores.
- We initiate coverage with a price target of $15.40.

OVERVIEW

Based in Sao Paulo, Brazil, Garnero Group Acquisition Company (GGAC) is incorporated in the Cayman Islands and is listed on the NASDAQ as a Special Purpose Acquisition Company (SPAC) whose stated objective is to acquire one or more operating businesses that have a collective fair market value is at least equal to 80% the **trust account's balance** (valued at **$144,621,160** as of September 30, 2015). Though the prospective targets were not limited to a particular industry or geographic region, the initial focus was on operating businesses located in Latin America or Europe with an emphasis on Brazil.

Initially, on October 30, 2014, Garnero Group Acquisition Company entered into a Share Purchase Agreement with **WISeKey** (Swiss digital cyber-security company headquartered in Geneva). Despite filing Proxy Materials and amending the Agreement, roughly four months later, on February 26, 2015, the SPA was terminated mutually by Garnero Group and WISeKey.

Six months later, on August 26, 2015, Garnero Group entered into an Investment Agreement to acquire Q1 Comercial de Roupas S.A. (aka **Grupo Colombo**), a leading apparel retailer in Brazil. On **December 17, 2015**, the **merger agreement was amended** to adjust for changes in the foreign exchange rate (since the Brazilian Real declined 18.4% after the signing of the Letter of Intent)[i]. Under the terms of the revised Agreement, the controlling persons (Alvaro Jabur Maluf Jr. and Paulo Jabur Maluf) and option holders of Grupo Colombo would receive **4,000,000 newly issued shares**[ii] **of GGAC** and the controlling persons would use reasonable best efforts to **purchase at least US$30 million in GGAC shares** from existing shareholders in the open market. The revised agreement was approved by the Boards of both Garnero Group Acquisition Company and Grupo Colombo, but there are ongoing negotiations to improve the capital structure that may make the deal more attractive.



After the closing, Grupo Colombo would become a wholly-owned subsidiary of Garnero Group and have access to **$137.5 million** of capital in the current trust account, which Grupo Colombo will utilize to repay some of the debt incurred as a result of its multi-year expansion program. The injection of capital would strengthen Grupo Colombo's balance sheet, not only reducing interest expense, but also providing working capital to fund organic growth (the opening of additional stores and the renovation of existing stores) and the pursuit of acquisitions. Also, the closing would convey Grupo Colombo's R$200,000,000 (approximately US$50.5 million) accrued amortizable goodwill to Garnero Group. Also, as of December 31, 2014, Grupo Colombo had approximately $137,619 of Brazilian net operating losses (NOLs) that may be available to offset 30% of future taxable income per tax period.

Assuming a **majority** of Garnero Group's shareholders approve the business combination at the to-be-scheduled Extraordinary General Shareholder meeting, the company will be **renamed Garnero Colombo Inc.** and continue trading on NASDAQ. **Alvaro Jabur Maluf Jr.**, current CEO of Grupo Colombo, would become CEO of Garnero Colombo and manage the retail operations in Brazil.

If a business combination with Grupo Colombo is not consummated by **June 25, 2016**, Garnero Group Acquisition Company would automatically enter the liquidation phase, during which GGAC shareholders would receive their *pro rata* portion of the trust account. The 3,593,750 initial founder shares (currently valued at $35,542,188) would not be entitled to participate in the redemption distribution and would become worthless). The holders of the founder shares (all of Garnero Group's officers and directors) are highly incentivized to complete the transaction before the stipulated deadline.

Timeline

• February 11, 2014	Garnero Group Acquisition Company incorporated
• July 1, 2014	GGACU completed initial public offering (IPO) of 12,500,000 Units
• July 7, 2014	Closing overallotment of an additional 1,875,000 Units
• October 30, 2014	Entered into a Share Purchase Agreement (SPA) with WISeKey
• February 26, 2015	SPA with WISeKey mutually terminated
• August 27, 2015	Announce definitive investment agreement to merge with Grupo Colombo
• December 21, 2015	Revised merger agreement with Grupo Colombo approved by Boards
• December 23, 2015	Preliminary Proxy Statement filed with SEC
• January 27, 2016	Revised Preliminary Proxy Statement filed
• March 31, 2016	Definitive Proxy Statement filed
• April 25, 2016	Extraordinary General Shareholder meeting
• June 25, 2016	Deadline for business combination before automatic liquidation of SPAC

SPECIAL PURPOSE ACQUISITION COMPANY

A Special Purpose Acquisition Company (SPAC) is a **development stage company** formed for the express purpose of raising capital from investors through an initial public offering (IPO) in order to acquire (or merge with) one or more operating businesses through a business combination. Usually, SPACs are sponsored by prominent individuals or management teams with prior merger & acquisition (M&A) and/or operating experience. At the time of the IPO, the anticipated acquisition target(s) are unidentified, though a stated focus is usually disclosed, such as a targeted industry (real estate, energy, health care, technology) or a particular geographic location (regionally Latin America, Europe et al or nationally China, Brazil, etc.), but the prospective emphasis may not be binding. Some SPACs have been are open-ended, having been formed without qualification as to the type of targeted business combination. The transaction might be in the form of a merger, capital stock exchange, stock purchase or asset acquisition, among others.

A SPAC is a vehicle by which **public investors** are allowed to participate in private equity-type investment which has better liquidity characteristics and also is almost always directed by distinguished and knowledgeable sponsors. The investment proposition centers on the unique opportunity to participate in a private-equity-type investment where a business combination is sought and evaluated by note-worthy individuals with a proven track record. Investors in a SPAC believe that the sponsors' expertise better equips them to identify and secure a quality target company that will ultimately be a successful public company. In addition, the sponsors' experience better enables them to increase the value of the acquisition candidate after the business combination.

High-profile sponsors (business professionals and prominent financiers) helped enhance legitimacy to the SPAC investment model, specifically,

- **Roger Stone** (CEO Stone Container) Stone Arcade Acquisition Corp. (IPO August 2005); acquired International Paper's Kraft paper business
- **Steve Wozniak** (Apple co-founder): Acquicor Technology (IPO March 2006); acquired Jazz Technologies

- **Thomas Hicks** (LBO veteran): Hicks Acquisition (IPO October 2007); acquired Resolute Resources
- **Ronald O. Perelman** (billionaire financier) MAFS Acquisition Corp (filed December 2007); withdrawn
- **Mario Gabelli** (fund manager) Gabelli Entertainment & Telecommunications Acquisition Corp. (filed April 2008); withdrawn
- **Nelson Peltz** (CEO Triarc) Trian Acquisition (IPO January 2008); liquidated January 2010

Also, business combinations with household-name companies increased the visibility and bolstered the reputation of SPACs. In November 2006, **Jamba Juice** (fruit juice seller) was acquired by Service Acquisition Corp.; Endeavor Acquisition acquired **American Apparel** (an apparel retailer with 143 locations) in December 2007; and in April 2010 BPW Acquisition Corp. bought **The Talbots**.

During the initial phase of modern SPACs (1992-2003), underwriters of SPACs were primarily mid-tier firms, such as EarlyBird Capital, Morgan Joseph, Maxim Group, Ladenburg Thalman & Co. and Lazard Capital Markets. However, starting in 2005, more prominent Wall Street investment banks (such as Bank of America/Merrill Lynch, Deutsche Bank and Citigroup) began acting as underwriters for SPAC IPOs. These well-known investment banks, whose strong relationships with hedge funds and other institutional investors, are have especially robust capabilities for raising capital to close SPAC offerings.

A SPAC is classified as a **blank check company** (SIC code 6770). After raising capital from the public through an IPO, a SPAC has no operations, only cash reserves, and is usually structured to adhere to the many protective requirements for investors under Rule 419[iii], including certain restrictive conditions. Though SPACs that have over $5 million in capital are legally exempt from the Rule, those SPACs issued since 2003 have striven to satisfy most, if not all, of the substantive requirements and restrictive conditions of Rule 419 in order to avoid the taint associated with the forerunners of SPACs.

In addition, a SPAC is also a special type of shell company, known as a **clean shell**. Legacy shell companies usually have had operations, a history of losses and/or an expectation of continuing losses. Some of these legacy or natural shell companies have even gone through bankruptcy proceedings. However, a SPAC is differentiated from these existing public shells in that it is a newly-formed clean shell company that has become a publically-traded entity through an offering of shares and warrants in a process known as a **Unit IPO**.

In 1992, the SEC issued **Rule 419** under the Securities Act of 1933, which instituted regulatory stipulations and enhanced review processes that help obviate the irregularities that tainted the reputations of the forerunners of SPACs in the 1980s (namely blind pools, especially penny stocks). In 1990, Congress passed the Securities Enforcement Remedies and Penny Stock Reform Act, which authorized the SEC to promulgate Rule 419 and subsequent rules that improved investor protection (like 33-8407 in 2005). As a result of the imposition of certain obligations and restrictions that have helped provide better transparency, **blank check companies gained greater acceptance, most notably demonstrated by the amended listing rules for SPACs adopted by the AMEX, NASDAQ and NYSE**. In 2005, AMEX began to permit the listing of SPACs, and three years later, in early 2008, both NASDAQ and NYSE followed suit allowing SPACs to list on their exchanges. Previously, SPACs only traded on the Over-the-Counter Bulletin Board (OTCBB).

The level of credibility granted to the SPAC investment structure by the exchanges further enhances the attractiveness of SPACs to investors by diminishing the perceived risk generally associated with blank check companies previously. The increasing familiarity of SPACs is motivating sponsors to form special purpose acquisition companies, investors (including institutional investors and hedge funds) to commit capital and target companies to engage in business combinations with SPACs.

Rule 419 Requirements That Help Protect Shareholders

- Proceeds from IPO must be deposited in a trust (or escrow) account in government securities pending the execution of a business combination.
- Sponsor must find a deal within a certain time period, usually between 18 months ant three years.
- Shortly after closing the IPO, audited financial statements are filed.
- Regularly file quarterly and annual financial statements (10-Q and 10-K) with the SEC.
- File a registration statement upon the execution of an agreement for an acquisition or merger.
- The consummation of any acquisition is conditional upon stockholder approval.
- Stockholders hold conversion rights enabling them to redeem their shares for the *pro rata* portion of the IPO proceeds being held in trust (or escrow).
- If the SPAC fails to buy a business within the specified time period, it is liquidated and funds held in trust (escrow) are returned to investors.

The investment of 90%+ of the SPAC's IPO proceeds into a trust (or escrow) account is intended to substantially reduce downside risk until the business combination transaction is consummated. The amount was in the low-90% range since the gross proceeds were reduced by the investment bank's fees, typically around 6%. However, over time, a portion of the investment banking fees sometimes has become contingent on closing a business combination. Also, the sponsors normally contribute capital through a private placement of Units or warrants simultaneous with the completion of the IPO. As a result, the amount deposited in trust now generally approaches and sometimes exceeds 100% of the gross proceeds of the IPO.

In a SPAC deal, there are **three key players**: the sponsors, the investors and the sellers (the owners of the acquisition target).

SPAC Attributes - IPO Investors

The structure of a SPAC provides **certain safeguards** that initially protect the investment of public investors. Upon completion of the IPO, **at least 90% of the gross proceeds are placed into a trust (or escrow) account** for the benefit of the public shareholders (Rule 419). Usually, the funds are invested in risk-free U.S. treasury bills. The trust account structure almost eliminates a great deal downside risk during the time period between the IPO and the initial business transaction. A limited amount of funds is held outside the trust account to pay the expenses related to identifying, investigating, negotiating and closing potential transactions including fees for office space, secretarial support and other administrative services. After the acquisition is completed, investors are subject to the same risks as other shareholders of publically-traded companies.

A **timeframe** is often specified in the S-1 registration statement for the SPAC to complete an acquisition; otherwise, the SPAC is dissolved, and the funds held in trust (or escrow) are returned *pro rata* to stockholders. The time period to complete a business combination is typically 24 months from the closing of the IPO; however, shorter timeframes have occurred, and NASDAQ CM listing requirements specify a **maximum of 36 months**. The sponsors do not receive any salaries or asset management fees until a business combination closes and cannot receive a *pro rata* distribution from the trust (escrow) account if an acquisition is not completed.

Commonly, approval of the initial prospective business combination by a majority of the SPAC's shareholders is required at a special meeting duly called for that purpose. In order to enable stockholders to make informed decisions, the sponsors create and file a **proxy statement** (DEF 14A), which is filed with and reviewed by the SEC. In addition, the proxy statement is provided to all stockholders, along with a proxy card to vote on the approval or rejection of the business combination. The DEF-14A contains all material information concerning the proposed transaction and the target company, including **audited historical** and ***pro forma* financial statements**.

Importantly, shareholders have the **right to opt out** of the SPAC prior to the completion of the initial business combination and receive their *pro rata* share of funds held in trust (escrow amount). The requirements to redeem their shares are laid out in the registration statement of the IPO. In the past, shareholders were required to vote against the business transaction in order to redeem shares, but this particular requirement is no longer mandated.

SPAC Attributes - Acquisition Targets

A **private company** can become a publicly-listed company relatively quickly and cost-effectively by being acquired by a SPAC and **avoiding the time-consuming and expensive IPO underwriting process**. In addition, the SPAC's clean shell structure averts the complexities of being acquired either by an operating public company with its own past history or through a reverse merger with a shell of a pre-existing publicly-traded company.

A merger with a SPAC provides not only an **infusion of capital** to strengthen the balance sheet for expansion initiatives, but also **transparent financials** in less time than it usually takes to bring a company public. From the time of its IPO, a SPAC complies with all filing requirements, corporate governance processes and investor relations obligations required of public companies. Also, being pre-funded with the proceeds of the IPO, a SPAC usually can complete the proposed business combination without the delay associated with financing a traditional acquisition. In addition, when acquired by a SPAC, a private company immediately attains **share liquidity**.

Private equity firms have monetized some investments in their portfolios through SPACs. For example, **Madison Dearborn Partners** acquired the paper, packaging and newsprint, forest products and timberland assets of Boise Cascade through a leveraged buyout (LBO) deal in late 2004. A few years later in 2007, Madison Dearborn Partners sold the paper, packaging and newsprint segments to Aldabra 2 Acquisition Corp. (a SPAC formed by Nathan Leight and Jason Weiss, the founders of Terrapin Partners) for $1.62 billion. Aldabra 2 was renamed Boise Inc. in February 2008, and in late 2013, it was acquired by Packaging Corporation of America (NYSE: PKG). In March 2008, **Kirtland Capital Partners** exited its private-equity investment in Essex Crane Rental Corp. through a sale to NASDAQ-listed SPAC Hyde Park Acquisition Corp. SPACs are providing an viable opportunity for private equity sponsors to exit investment positions.

A **public company** is able to divest non-core operations to a SPAC. For example, in August 2005, Stone Arcade Acquisition Corp. (headed by Roger Stone, former COB of Stone Container) raised $120 million and later in 2007 acquired the Kraft paper unit of International Paper. Similarly, Boulevard Acquisition Corp. raised $225 million in February 2014 and acquired AgroFresh Inc., a subsidiary of Dow Chemical Company for $810 million in July 2015. These transactions demonstrate how a business combination with a SPAC is a viable alternative to the traditional spin-off of operations.

Lastly, but significantly, the sale of a business to a SPAC is able provide a method by which the target's owners can participate in the future growth of the business. The deal can be structured in a manner that target's owners receive a portion of transaction's consideration in the public stock of the SPAC.

SPAC Attributes - Sponsors

The sponsors of SPACs create a blank check company, commit capital to the venture, search for a target business and consummate an acquisition. Sponsors are highly rewarded for successfully completing a business transaction, but only after fulfilling many responsibilities and funding the initial stages of the process.

SPAC sponsors are highly incentivized to locate and complete a transaction before the stipulated deadline. Typically, sponsors do not receive salaries, management fees, finders' fees or other cash compensation prior to the consummation of the initial business combination. In addition, they are not entitled to any proceeds from the trust account upon liquidation.

Generally, sponsors receive a generous **equity stake** in the SPAC (approximately 20% of the pre-business combination shares excluding warrants) in compensation for locating, securing and consummating the deal. These **founder or insider shares** are usually acquired in connection with the formation of the SPAC when sponsors issue themselves shares of common stock for nominal consideration (often near $0.01 per share). Shares held by the sponsors are generally locked up for one-to-three years following the initial business transaction. Management typically purchases additional securities (usually between 3% and 5% of the amount offered in the IPO) in a private placement (aka **private shares**) simultaneous with the completion of the IPO. The proceeds of the private placement are placed in the trust account, the balance of which is distributed to public stockholders in the event of liquidation. However, the holders of insider and private shares do not participate in any liquidation distribution in the event the SPAC fails to consummate a business combination.

The sponsor's responsibilities begin with the **preparation and filing the SPAC's prospectus** (S-1). After the equity capital is raised through an initial public offering, the sponsors **identify** and **investigate** available operating companies, **negotiate** the terms of a business combination with the selected target and thereafter perform further **due diligence**. Ensuing duties include **preparing and filing of a proxy statement** (DEF 14A), conducting a shareholders' meeting to gain approval of the acquisition and then **closing the business combination**. Subsequently, the sponsor may take a hands-on approach and lead the company as CEO or leave existing management in place and strategically guide operations as Chairman of the Board.

Sponsors are required to complete an initial business combination with an **aggregate fair market value of at least 80%** of the SPAC's trust (escrow) account within a specified time period; otherwise, the SPAC is liquidated and the funds in escrow money are returned to shareholders

Illustrative SPAC Structure

	$6.00 Structure	$8.00 Structure
Public Offering Proceeds	$48.0 million	
Unit Price	$6.00 (8.0 million units)	$8.00 (6.0 million units)
Unit Structure	1 Common Share, 2 Warrants exercisable at $5.00 each	1 Common Share, 1 Warrant exercisable at $5.00
Warrant Redemption	May be redeemed after warrants become exercisable, if common stock trades at $8.50 for 20 of 30 days.	May be redeemed after warrants become exercisable, if common stock trades at $11.50 for 20 of 30 days.
Exchange	Typically OTCBB	
Trading	Units may decouple and trade separately after 90 days or at the underwriter's discretion	
Sponsor Ownership	20% of outstanding common shares, escrowed and locked up for period of up to 3 years	
Management Investment	Management purchases $2 million of securities (in addition to public offering) in a private placement. The securities are identical to those offered to the public except that they do not participate in a liquidating distribution.	
Net Proceeds to SPAC	$47.1 Million (after subtracting underwriting fees and offering expenses and adding management's investment)	
Cash Held in Trust	$46.1 Million ($47.1 million less ~$1 million for working capital)	
Cash in Trust Per Share	$5.76 per share (96.0% of unit offering price)	$7.68 per share (96.0% of unit offering price)
Acquisition	The SPAC has 24 months to consummate the business combination, or the trust proceeds plus any accrued interest is returned to common shareholders. The target company must have a valuation of at least 80% of the net asset value of the SPAC.	
Conversion Rights	A common stock shareholder will receive cash from trust if at the time of the shareholder vote to approve a transaction, the shareholder votes against a transaction that is approved and elects to convert his/her shares to cash.	
Shareholder Approval	Shareholders vote on any proposed acquisition. If the majority of shareholders approve the transaction and less than 30% of shareholders elect to convert their shares to cash, the acquisition is approved.	

EarlyBirdCapital

SPAC Structure

Typically, a SPAC's IPO consists of the **issuance of Units** priced between $6 and $10 (almost always at the standardized prices of $6, $8 and $10). Each Unit is generally composed of one or more **shares** of common stock, one or more **warrants** exercisable for common stock and potentially **rights** that entitle the holder to a fractional common share upon the completion of a business combination. The

exercisability of the warrants has migrated from two shares per warrants in the 1990's to fractions of a share per warrant today. If a business combination is not consummated, the rights expire worthless

Initially, the Units typically trade under a ticker symbol ending with "U" (e.g. GGACU), and after a certain period (or sometimes simultaneously), the common stock and warrants will begin trading as separate securities. Commonly, the common stock's ticker symbol omits the "U" (e.g. GGAC), the warrants substitute "W" for the "U" (GGACW) and the rights end with an "R" (GGACR). The Units are usually dissolved 30-to-60 days after the IPO. The warrants are only exercisable after the successful completion of the business combination (or occasionally one-year from the date of the IPO) and typically expire worthless if the SPAC is liquidated.

SPAC – Sponsor Analysis

After testing a SPAC for its adherence to the spirit of Rule 419 (see above for details), the key determinant in assessing the potential success of a SPAC investment is the evaluation of the **sponsor's track record** in terms of **quality and quantity of experience** in order to gauge the ability to identify, investigate and execute an acquisition in a timely fashion. Other items included in the assessment are the credibility of the proposed strategy of acquisition and the **business connection** capabilities of the sponsor to better support the search and act as a catalyst to locate an opportunity.

SPAC History

According to SPAC Analytics, between 2003 and 2015, **236 SPACs completed IPOs** on the U.S. stock exchanges. Of the 236, 130 (or 55%) have completed an acquisition while 77 (or 33%) have been liquidated.[iv] The remaining companies are looking for or have announced an acquisition target.

Year	Number of SPACs	Average Deal Size ($ million)	Gross Proceeds ($ million)
2003	1	24.2	24
2004	12	40.4	485
2005	28	75.5	2,113
2006	37	91.5	3,384
2007	66	183.2	12,093
2008	17	226.0	3,842
2009	1	36.0	36
2010	7	71.8	503
2011	16	69.4	1,110
2012	9	53.2	479
2013	10	144.7	1,447
2014	12	145.8	1,750
2015	20	195.1	3,902

Data from SPAC Analytics

GARNERO GROUP ACQUISITION COMPANY – GENERAL COMPARISON TO SPACs

- In February and March 2014, initial shareholders collectively owned **20.0%** of the then issued shares. These 3,593,750 insider shares were issued for a purchase price of $25,000 (or approximately $0.007 per share). Insider shares do not participate in any liquidating distribution.
- Garnero Group Acquisition Company completed its 12,500,000 Unit IPO on July 1, 2014. Each Unit is composed of one share of common stock, one warrant and one right.
- Each Garnero Group **warrant** is exercisable for **one-half of one ordinary share**. The warrants are exercisable upon the completion of the initial business combination and expire five years thereafter.

- Each Garnero Group **right** is exercisable for one-tenth (1/10) of a share upon consummation of the initial business combination; fractional shares will not be issued.
- The proceeds from company's IPO, over-allotment option and additional Private Placement allowed **$10.05 per share** (sold in the IPO) or **100.5%** to be deposited in a **trust account** in the United States at Barclays (maintained by Continental Stock Transfer & Trust Company).
- Garnero Group must complete an initial business combination by March 19, 2016 (**21 months** from the date of the prospectus) or by **June 25, 2016** (24 months) if a definitive agreement has been executed; otherwise, the SPAC will be liquidated.
- The target business must have a collective fair market value is **at least equal to 80% the trust account**'s balance.
- Prior to the consummation of a business combination, officers, directors, and holders of the insider shares shall not receive any fees, reimbursements or other cash payments other than payment for office space, related services and reimbursable out-of-pocket expenses.
- Within 7 days after closing its IPO, Garnero Group filed an audited balance sheet with the SEC, 38 days later its 10-Q, and approximately 60 days later, its 10-K with audited financial statements.
- Upon the executing an amended and restated **investment agreement** for a merger with **Grupo Colombo** on December 21, 2015, Garnero Group filed a proxy registration statement two days later on December 23rd.
- The initial business combination is conditional upon the approval of **a majority** of the outstanding ordinary shares.
- Shareholders hold conversion rights enabling them to redeem their shares at the proxy meeting for the *pro rata* portion of the IPO proceeds being held in trust regardless of their vote on the proposed business combination.
- Though compliant in almost all respects, Garnero Group seeks to avoid being subject to Rule 419.

The shares of Units of Garnero Group Acquisition Company (GGACU) began trading on NASDAQ beginning on June 27, 2014, and on July 23, 2014, the ordinary shares (GGAC), warrants (GGACW) and rights (GGACR) began trading separately.

Mario Garnero, the Chief Executive Officer of Garnero Group Acquisition Company, founded and is Chairman and principal shareholder the **Brasilinvest Group**, a Brazilian development agency, which has attracted approximately $16 billion in direct investments to Brazil. He also has been President of the United Nations Association – Brazil, Director of Volkswagen of Brazil and Chairman of the National Automakers Association and the National Confederation of Industries. His personal contacts have included Presidents Bill Clinton, George H. W. Bush, Gerald Ford, German Chancellor Helmut Schmidt, Secretary Henry Kissinger, Senator Robert F. Kennedy, David Rockefeller and Jacob Rothschild. President Bush, Senator Kennedy and UN Secretary-General Kofi Annan visited Brazil at Garnero's invitation, while Secretary Kissinger was his guest during the Brazil foreign debt negotiations in the mid-1980s. Fernando Garnero and Mario Bernardo Garnero, both sons of Mario Garnero, were instrumental the identification and investigation of Grupo Colombo, along with being involved in the negotiations of the merger agreement.

GRUPO COLOMBO

After the target of a SPAC is announced, the **fundamentals** and **market position** of the proposed acquisition should be verified and analyzed. The prospective business combination with Grupo Colombo represents a quality acquisition of a focused Brazilian specialty apparel retailer with the scale and business plan to move forward on a growth trajectory.

Headquartered in São Paulo, Grupo Colombo (GC) is **one of the largest men's apparel retailers in Brazil**. With over 370 stores located across Brazil in all 27 states, the apparel retailer focuses on

menswear, primarily shirts (camisas), pants (calças) and suits (ternos). GC is Brazil's largest seller of men's shirts (approximately 4,891,000 sold in 2014) and men's suits (565,000 units) accounting for 30% and 10% of gross revenues, respectively. The company also sells men's polo/T shirts (25% of gross revenues), pants (15%), blazers/jackets (5%) and ties (5%). Since 2011, a women's wear line (5% of revenues in 2014 and 9% as of September 2015) has been added**.**



From 1917 to the 1990s, Grupo Colombo focused on the **men's formal wear** segment. Roughly 20 years ago, management refined the company's focus and began targeting the emerging social classes (B and C) by diversifying into **men's smart casual clothes**. The lower-to-mid income households now account for an increased percentage of urban population in Brazil, while at the same time, these income class levels are experiencing rising average purchasing power. Grupo Colombo is well positioned to benefit from Brazil's demographic trends.

Targeting young male adults, Grupo Colombo **broadened its assortment** from dress suits and shirts to casual shirts, pants and shorts, which are recognized as quality attire offered at very competitive prices. The casual lines are appropriate as both casual business attire and leisure wear. Management focuses on products that generate high turnover and provide high gross margins. Furthermore, **complementary products**, such as ties, belts and fragrances, are offered, which also reflect the company's image of quality and style. Growing awareness over personal appearance among Brazilian men, coupled with rising spending power, augurs well for continued long-term demand for menswear. The company has been successful extending into the women's and children's categories.

In late-2013, GC expanded its retail platform from traditional mall and on-the-street stores with the addition of an **e-commerce** presence. During 2014, the **website** (www.camisariacolombo.com.br) increased the company's ability to retain, acquire and serve customers and, in the process, generated sales of net operating revenue of BRL$10.8 million (approximately US$4.6 million)[v]. The internet retailing channel for apparel continues to grow since more Brazilians are gaining access to the internet and are able to purchase goods using computers or smartphones.

Incremental traffic is being driven to the website by Smart Tags (inserted advertising links). Management is considering augmenting on-line marketing investments to further develop e-commerce sales. Bolstering its online presence, the company already has an active **facebook** page (facebook.com/CamisariaColombo) and an **Instagram** account (instagram.com/CamisariaColombo).

In 2012, Grupo Colombo created a **financial services** segment by offering co-branded cards. To-date, over 720,000 cards have been issued, which facilitate approximately 12% of the company's sales. Gift

and pre-paid cards were launched in mid-2014. Grupo Colombo also sells personal accident insurance policies and currently has over 70,000 clients.

Though focused on the Brazilian retail apparel market today, **blue sky opportunities** exist as management contemplates **expanding elsewhere in Latin America** both by opening new stores and also by extending reach through e-commerce, local partners and/or providing merchandise to multi-brand stores. Management is particularly pursuing widening the sales channels for the company's apparel by intensifying its efforts to sell COLOMBO branded products through other multi-brand retail stores.

Grupo Colombo's functional currency is the Brazilian Real (BRL$) and its reporting currency is the United States Dollar (US$).

Competitive Advantages

Grupo Colombo has certain competitive advantages in the Brazilian apparel marketplace. Strategically, the company's portfolio of stores is **geographically diversified**, and its **target customer** income segments are the **faster growing ones in Brazil**. Also, management has focused on intelligently-priced apparel that has **low exposure to fashion trends** and that tend to be high turnover items. In addition, Grupo Colombo has **organic growth opportunities** by expanding the availability of its apparel through both concentrating and **expanding the geographical footprint** of its network of stores. Management is also **pursuing acquisition prospects** to take advantage of the fragmentation in the Brazilian shopping center market.

BRANDING PRIMER

Consumer products companies with strong brand name franchises enjoy the **competitive strengths** of **brand awareness** and **consumer loyalty**. Through new products, line extensions and marketing programs, revenue growth is attained. Financially, this in turn leads to substantial internal cash flow generation, higher levels of profitability and above-average earnings growth, allowing for reinvestment in additional marketing programs and product innovation. Large capitalization companies usually also utilize cash flow for share repurchase programs, acquisitions, debt reduction and dividend increases.

Strong brand names are important assets to consumer products companies. When brands consistently deliver quality, consumers usually reciprocate through **brand loyalty** and **consistent repurchase**. Though consumers may have difficulty articulating their relationship with a brand, simplistically, there are several types of brand positioning concepts, including Functional (how the product differentiates itself by better benefiting consumers and solving their problems), Experiential (how the product experience provides sensory and/or cognitive stimulation), Emotional (how the product delivers positive feelings related to owning and using the brand), Social (the product fulfills feelings of both belonging and social meaningfulness) and Self-expressive (how consumers identify with the product in a way that expresses and enhances self-image).

Functional benefits relate to the tangible capabilities or attributes of a product, which are perceived to be better (tastier, faster, lighter, safer, more advanced, etc.) than competing products. Though some attributes are subjective, such as flavor, each can be rationally assessed. The product's functional and usability advantages are appealing. With brand name products, consumers rely that the product's quality will remain consistent. When each subsequent purchase delivers a gratifying consumer experience, any uncertainty about the product's quality is resolved. The customer is assured and brand equity is built. High-quality products are rewarded with brand loyalty exemplified by faithful purchase behavior; however, brand loyalty becomes transient if the product fails to deliver consistent quality. Consumers perceive functional superiority as differentiation, which competitors may attempt to diffuse by offering conflicting claims**.**

The vitality of a brand can be further realized through **emotional** relationships. Emotional benefits add strength and richness to the perception of the brand, usually created and enhanced by experiences of owning and using the product. Brand loyalty is reinforced in consumers that hold a heartfelt commitment to a product that is linked to happy memories and experiences.

Self-expressive benefits focus on self-concept and aspirations, along with providing a way to communicate self-image. Truly meaningful brand relationships deliver on one's life theme and support the quest for identity. Often, a feeling of well-being (warm glow) accompanies an altruistic act. Environmentally conscious and fair-minded consumers experience personal satisfaction by contributing to the improvement of the common good. These meaningful issues improve one's core concept of self. By deliberately choosing and sincerely supporting an organic and sustainable brand reinforces self-worth and self-esteem.

The brand name, brand-mark, slogans, product names and packaging are critical elements in positioning the brand along all dimensions. The **name of a brand** is generally the most important element affecting consumer perceptions. Brand identity can be further constructed through packaging, **brand-marks**, **symbols** and slogans. The imagery of the packaging both in terms of color and logos are important elements in constituting the brand.

However, effective brands transcend logos, marketing campaigns and social media presence. Though important, truly powerful brand create dynamic, meaningful relationships with consumers by delivering a compelling brand experience on all dimensions of brand positioning.

Historically, brand name consumer products have been positioned in the market at premium price points, which are usually still modest and affordable. The durability of the brand relationship leads to strong **pricing power** as prices can be raised at the rate of inflation or above with consumer response being more inelastic to price increases (reduced price sensitivity).

BRANDING - GRUPO COLOMBO

In the case of Grupo Colombo, the quality and distinct style of the company's products convey a functional benefit, which caters to the target consumer's profile. The B and C social classes aspire to appear fashionable while at the same time desiring quality apparel that is reasonably/intelligently priced. The **COLOMBO brand** connects with these consumers in a meaningful and emotional way. The product's smartness and flair invoke the pleasure of a fashion statement and reach today's inspirational B and C social class consumers for both business and leisure wear. The COLOMBO name provides credible differentiation from other basic apparel products with many pieces sporting the symbolic **crown logo** or **brand-mark** of Grupo Colombo. The COLOMBO brand is a memorable name that invokes an image. Grupo Colombo has built a strong brand that represents intelligent fashion and style.



Grupo Colombo has achieved **strong brand awareness** throughout Brazil. The Colombo brand is widely known for delivering high quality products at competitive prices. The strength of the Grupo

Colombo brand has been confirmed by **EXAME**, a biweekly Brazilian business magazine. In annual listings of "Most Remembered Brand of Brazil," Grupo Colombo ranked in the top three in the apparel retail sector in 2007, 2008 and 2009.

Prize "Top of Mind"
Most Remembered Brand of Brazil
2007 - 2008 - 2009

Prize "Alshop Retailer of the Year"
Company Clothing Category
2010 - 2013 - 2014

The Brazilian Association of Shopping Center Retailers (Associação dos Lojistas de Shopping Centre or ALSHOP) promotes the Brazilian retail shopping center industry by providing retail industry statistics, publishing Who's Who guides, sponsoring conferences, etc. **ALSHOP** designated Grupo Colombo "ALSHOP Retailer of the Year" in the Company Clothing Category for 2010, 2013 and 2014. ALSHOP is a member of the National Retail Federation (NRF), the Forum for International Retail Association Executives (FIRAE) and the International Council of Shopping Center (ICSC).



Grupo Colombo is listed in ALSHOP's Who's Who (**QUEM É QUEM)** Retail Official Guide to Shopping, which provides information and data on the company including leadership profiles.



Maintaining a strong brand image is important both for driving revenues and for generating profitability as well-known brand products enjoy premium pricing over generic apparel. In addition, the COLOMBO brand has withstood economic recessions and currency exchange rate crises for almost a century.

BRIEF OVERVIEW OF THE RETAIL APPAREL INDUSTRY

The **retail apparel industry** is strongly dependent on the financial and economic health of consumer, and hence is quite **cyclical**. During periods of recession and economic uncertainty, customers tend to reduce spending and especially refrain from buying discretionary goods, such as apparel. Also, the retail apparel industry is **highly competitive** and **highly fragmented**. The nature of competition centers on primarily four dimensions: pricing, geographical location, product differentiation and retailer service. The nature of competition varies from establishing **brand recognition** to improve demand and pricing in the high-end to adopting aggressive pricing policies for volume-driven products in the low-end. Switching costs are very low since customers can easily shop elsewhere to purchase fairly undifferentiated products. However, a firm's sales and profitability can be enhanced through the creation of a differentiated brand image that develops **customer loyalty**. A recognizable and desirable brand is a competitive advantage that not only bolsters sales, but also improves **economies of scale** in terms of both production costs and advertising, especially when dovetailed with geographic concentration. In the apparel industry, it is important to compete under both product differentiation and cost leadership.

In Brazil, the apparel retail industry is also highly fragmented with the five largest chains representing approximately 19.1% of sales in 2014, a modest increase from 18.2% in 2013[vi]. In 2014, Grupo Colombo's sales represented 0.5% of revenues of the Brazilian apparel retail industry accounting for approximately **1.8% market share**. Based on a market study (performed by the Brazilian Institute of Public Opinion and Statistics (Instituto Brasileiro de Opinião Pública e Estatística or IBOPE), Grupo Colombo has the potential to attain a 5.9% market share among the B and C social classes.

Historically, Grupo Colombo's sales have experienced **seasonality**, primarily during the fourth quarter due to traditionally strong sales during the holiday season and secondarily in August due to Father's Day. Fourth quarter sales are typically 67% greater than the average sales of the other three quarters.

DEMOGRAPHICS - GRUPO COLOMBO

Grupo Colombo targets specific demographic social classes (C and D) and positions product offerings to resonate with its target consumers. The company's apparel exhibits fashion and style at price points that reflect its intelligently-priced brand positioning. In addition, a large component of the merchandise mix is concentrated on casual basics.

The most adopted conceptual framework by which Brazilian society is demographically segmented is based on the economic attribute of family monthly gross income in terms of Brazil's currency, the Real (BRL$). Each of the categorized A, B, C, D and E classes is prescribed a socio-economic profile based on demographic studies. Some generalities that are useful in analyzing the social classes in Brazil are listed below.

Class A (upper middle class and the wealthy)
- Monthly Household Income: over BR $10,200 (US$2,850)
- Education: college and graduate degrees
- Occupations: doctors, lawyers, bankers, financiers, investors and major real estate owners

Class B (traditional middle class)
- Monthly Household Income: Between BRL$5,100 and BRL$10,200 (US$1,425 and US$2,850).
- Education: college and graduate degrees
- Occupations: traditional middle class of professionals (judges, professors, managers, engineers and politicians), along with some shopkeepers

Class C (lower middle class)
- Monthly Household Income: Between BRL$2,040 and BRL$5,100 (US$570-US$1,425)
- Education: high school or technical school, and sometimes college
- Occupations: teachers, nurses, mechanics, electricians and other trade professions

Class D (poor)
- Monthly Household Income: Between BRL$1,020 and BRL$2,040 (US$285-US$570)
- Education: Generally do not have a high school diploma
- Occupations: Housemaids, bartenders, bricklayers, small store vendors, drivers

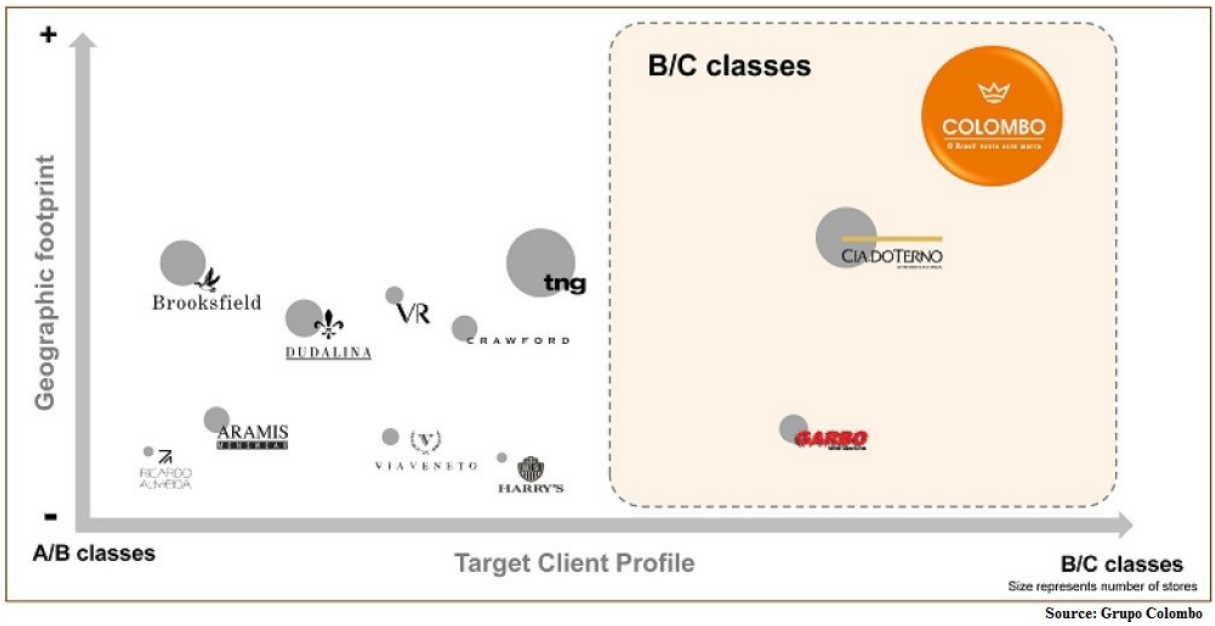
Class E (extremely poor)
- Monthly Household Income: Below BRL$1,020 (US$285).
- Education: Completed elementary school or less
- Occupations: Minimum wage positions (janitors, street sweepers) and also the unemployed

In Brazil, the combined effect of economic growth, income redistribution (through social benefit programs), urbanization, increased employment, higher pay and improved education has uplifted the social class structure and improved the consumer consumption, especially for apparel. The table below[vii] provides an overview of the evolution of the proportional distribution of Brazil's social strata. The growth in the middle income group (Class C) from 32.5% to 52% has been identified as the "new middle class," which now constitutes the largest income group in the country.

Distribution of Social Groups by Income			
Income Groups	1992	2002	2012
A/B	5.4%	10%	11%
C	32.5%	42%	52%
D/E	62.1%	48%	37%
Total	100%	100%	100%

Source: Getúlio Vargas Foundation (*Fundação Getúlio Vargas* or FGV)

The defining characteristic of this demographic shift has been the change in Brazilian consumption patterns as the growth of the middle class has increased demand for stylish and aspirational goods, especially apparel and leisure goods. Also, the rise of women in the workforce is changing the demographic mix of shoppers as a result of female consumers now having more discretionary income. It should be noted that Brazilians enjoy shopping, which itself can be considered a leisure activity. Shopping centers in Brazil attract customers not only with stores for a shopping experience, but also by providing other diversified services, including leisure and entertainment activities, at a single location, all in a pleasant air conditioned environment and with convenient parking. Also, there is a sense of security and protection from both criminals and the weather (the peak Christmas retail sales season is during the tropical rain season). Furthermore, personal consumption is considered a key indicator of a fulfilling lifestyle.

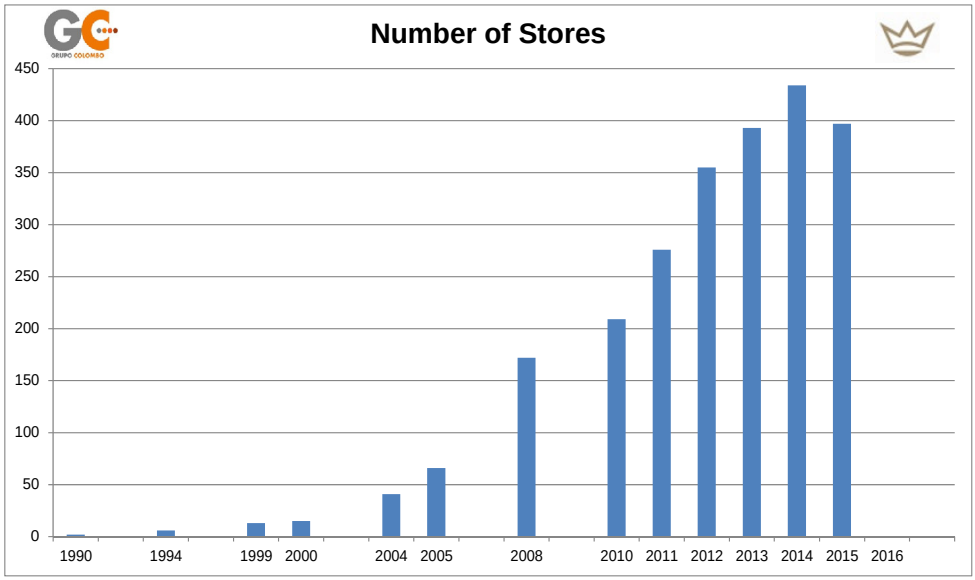


Source: Grupo Colombo

The **COLOMBO brand** is **well positioned for the B and C social classes**, which are the faster growing in Brazil. Specifically, Class C is the largest segment of the population in Brazil and has experienced the largest increase in economic advancement. Also, Class C is highly engaged with online sales and social media. Grupo Colombo utilizes social media engagement tactics to generate sales as well as to strengthen brand's identity.

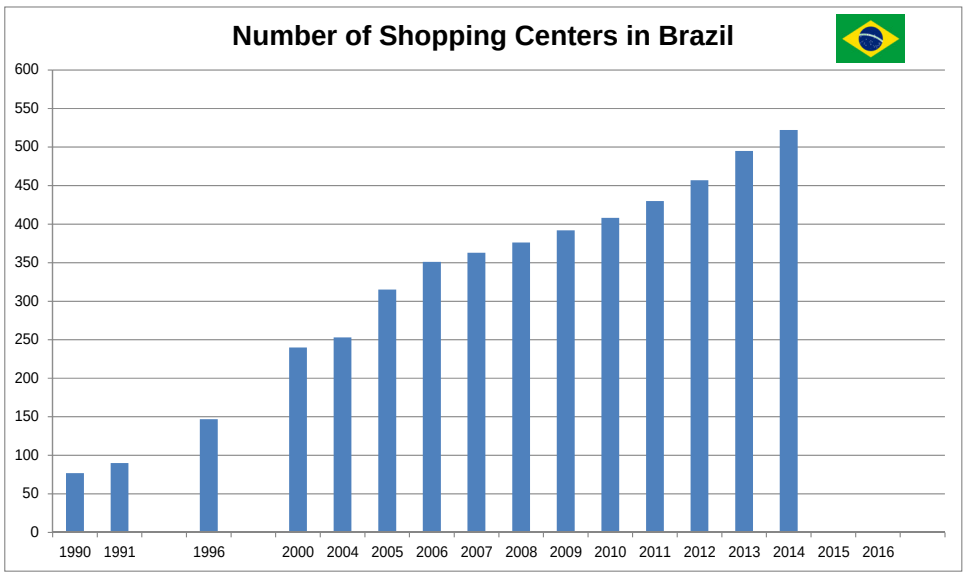
GEOGRAPHIC EXPANSION - GRUPO COLOMBO

In October 1917, Grupo Colombo opened its first store (*Camisaria Colombo)* in São Paulo. The company's expansion began in 1990 with the opening of a second store in the Ibirapuera shopping mall, also located in São Paulo. By 1995, an additional four stores were established, after which the company's expansion accelerated, and over the last decade, the number of stores has expanded from 41 in 2005 to **434 stores at the end of 2014** when the company achieved a presence in all Brazilian states.



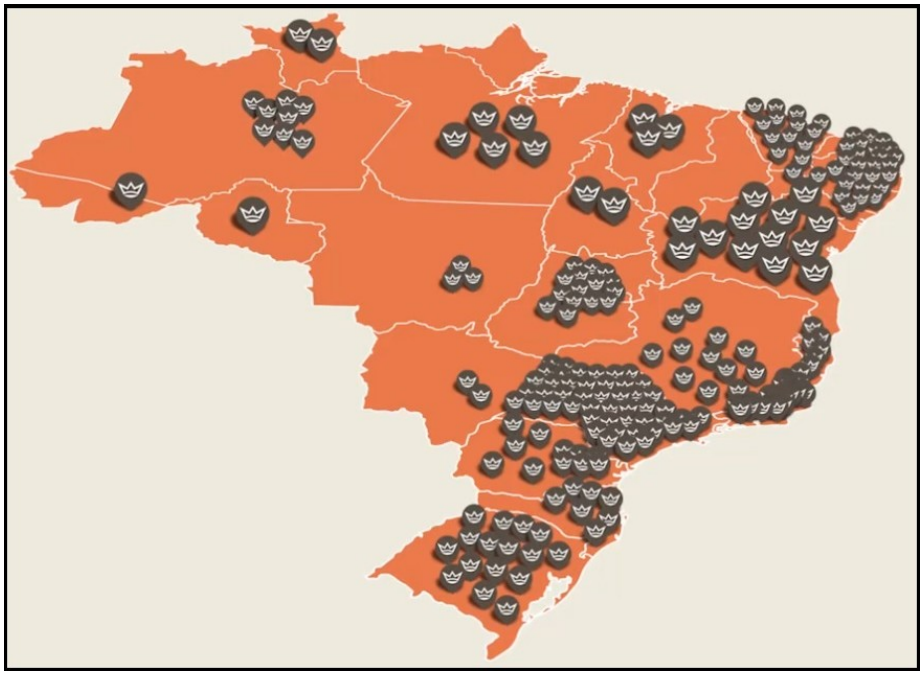
Source: Grupo Colombo

The company's geographical footprint was partially enabled by the large quantity of shopping centers constructed in the Brazilian urban landscape. Since the 1990s, there has been a significant wave of investments into mall and shopping center projects, primarily due to the improved financial stability derived from the 1994 introduction of a new currency (the Brazilian Real replaced the Cruzerio Real), which was accompanied by a substantail monetary package aimed at controlling inflation. The Brazilian economic reforms drove increased consumer spending as a result of improved discretionary income and consumer confidence. As per capita consumption was stimulated, the number of shopping venues increased.



Source: ABRASCE

Grupo Colombo's aggressive geographic expansion required significant capital investment. In 2011 and again in 2014, Gávea Investimentos (a Brazilian private equity firm) invested in Grupo Colombo and in the process acquired an aggregate equity stake of 49.9%. Grupo Colombo's controlling shareholders (Álvaro Jabur Maluf Jr. and Paulo Jabur Maluf) acquired Gávea's equity stake in 2015. Most of GC's stores are located in shopping malls or outlet centers where they benefit from the shopping destination traffic generated by the anchor tenants and/or other retailers.



The more densely populated North, Northeast and Midwest regions of Brazil present opportunities for organic growth (high demand and higher sales per square meter) while the South and Southeast regions provide prospects for growth through the acquisition of a competitor. Management is particularly concentrating on the opening of new stores in the Northeast region due to robust demand from B, C and D classes. In the past three years, the Northeast has grown to represent 25% of the company's total sales.

According to ALSHOP, currently 134 shopping centers (representing have 26,000 new stores) are under construction with planned openings for 2017. Founded in 1976, Associação Brasileira de Shopping Centers (ABRASCE) is a non-profit organization that helps support and promote the shopping center industry in Brazil. ABRASCE organizes seminars/ conferences, conducts surveys, disseminates industry statistics and publishes magazines.

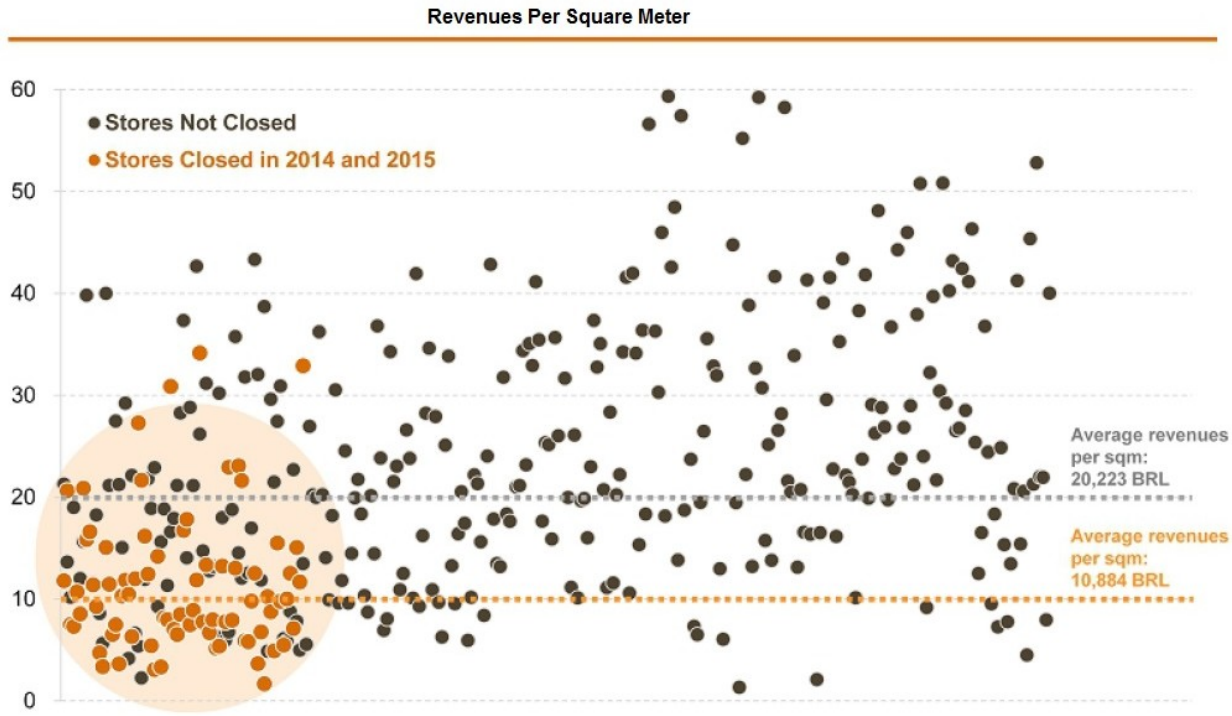
Based on a market study completed by IBOPE, it is estimated that Brazil could potentially support 1,085 Grupo Colombo men's stores and over 2,000 Grupo Colombo women's stores. **Management anticipates opening 70 to 80 new stores** in **2016** and **2017**. Historically, a typical new store reaches its full sales potential between 12 and 24 months after opening.

Management is focused on achieving an average post-tax Return on Invested Capital (ROIC) of approximately 50% on new stores, which implies a payback in less than 24 months. Before a new store is opened, a market's potential is accessed through a mapping process of certain criteria, including the number and store-size of competitors in the area.

Rationalization of Store Portfolio

Grupo Colombo - Store Openings & Closings			
Year	Opened	Closed	Stores at Year-end
2011			276
2012	81	2	355
2013	44	6	393
2014	56	15	434
2015	9	46	397

During the past two years, management has concentrated on the process of **closing underperforming stores** by focusing primarily on the sales per square-meter (sqm) metric. The strategy resulted in the **closure of over 60 under-performing stores** across the country during 2014 and 2015. Of the stores closed, the average revenues per sqm were BRL$10,884; in contrast, typical Colombo mall and on-the-street stores generate an average of BRL$25,000 and BRL$12,000, respectively. The store consolidation also helped improve inventory management. As a result of the aggressive campaigns of opening new stores and closing underperforming stores, Grupo Colombo was operating **397 stores at the end of 2015.**



ECONOMIES OF SCALE - GRUPO COLOMBO

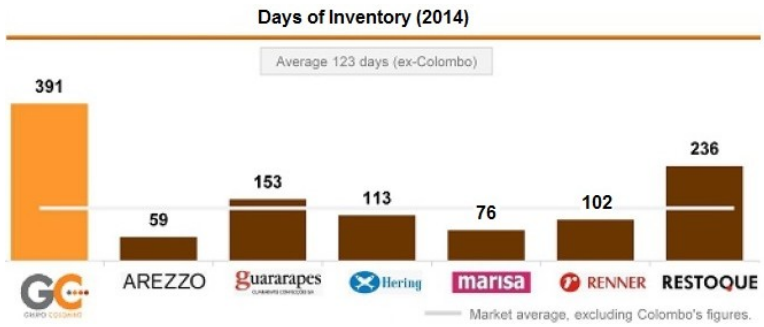
Due to the company's sizeable operations, Grupo Colombo benefits from **economies of scale**. A central **distribution center** located the city of Araçariguama in the State of São Paulo was opened in 2010. The 12,876 square-meter leased facility not only has expanded the company's storage capacity to approximately 17 million pieces, but also is expected to increase efficiencies by lowering operating costs through centralized purchasing and improved inventory management. Through a software platform (SISLOJA), the inventory at each store is automatically replenished on a weekly basis from the distribution center by an automated ordering system which optimizes the logistics, decreases the number of out-of-stock items and reduces distribution costs. Between 2012 and 2014, Grupo Colombo invested approximately BRL$30.9 million (roughly US$14.5 million) to improve the overall efficiency of inventory flow in its distribution network. With the **capacity to supply up to 900 stores**, Grupo Colombo has established the infrastructure that can support management's expansion plan to further increase the company's national presence. According to a market study completed by IBOPE, there is market potential for 1,085 Grupo Colombo men's stores in Brazil.[viii]

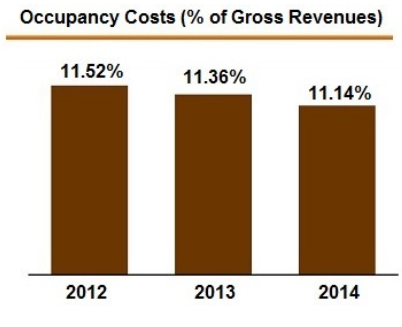
The company's **bargaining power** with local manufacturers/suppliers permits the company to source products at lower costs. With a national presence of around 400 stores through which to drive merchandise, Grupo Colombo enjoys leverage over suppliers by means of a centralized purchasing process. Men's and women's apparel is sourced from a range of Brazilian and Chinese suppliers, selected for their ability to manufacture products to Grupo Colombo's quality standards.

IMPROVING OPERATING METRICS - GRUPO COLOMBO

Management strives to make continuous operational improvements. Two such efforts are the program to reduce days of inventory (DSI or Days Sales of Inventory) and the effort to reduce occupancy costs.

DSI is a calculation to determine the average number of days it takes a company to convert its inventory on hand into sales. The metric measures a company's efficiency in terms of inventory management and the generation of sales. In 2014, Grupo Colombo's DSI of 391 days was well above industry average of 123 days, indicating there is much room for improvement. Recently, the company implemented systems to better control and lower the level of inventories, which would reduce the amount of working capital required to operate.





Over the last two years (2012 to 2014), **occupancy costs** (lease and condo expenses plus promotional funds) have decreased from 11.52% of gross revenues to 11.14%, primarily due to the renegotiating of contracts on roughly 30% of all COLOMBO stores. Management is targeting a maximum of 8% of gross sales for new contracts signed in the future, which should led to a further decline in the occupancy costs-to-gross revenues ratio.

RECENT OPERATIONAL RESULTS - GRUPO COLOMBO

In the latest available calendar year of **2014**, **net revenues increased 6.5%** to US$234.5 million despite a challenging economic environment of only 0.1% GDP growth and rising interest rates. The inflation rate was high but held reasonably steady at 6.3% versus 6.2% in 2013. The rate of sales growth in USD terms was muted by the weakness of the Brazilian Real relative to the United States Dollar as the BRL depreciated 13.4% versus the USD. **In local currency terms, net revenues increased 16.2%**, 48% of was derived from same-stores-sales and 52% from new stores.

Management of Grupo Colombo continued its geographic expansion program **by opening 56 new stores** (primarily in the Northeast region) and also began its aggressive campaign of closing underperforming stores with the **closure of 15 stores**. According to Euromonitor International, sales of the Brazilian apparel retail sector declined 0.7% in 2014, confirming that the company achieved market share gains.

Gross profit increased by 7.0% from US$120.6 million to US$ 129.1 million. The **gross margin expanded 25 basis points** (bps) from 54.8% to 55.0%. SG&A expenses declined 6.4%, primarily due to a reduction in occupancy costs and the reduction of average headcount at the stores. Interest on debt increased 34.6% from US$27.7 million to US$37.2 million.

Grupo Colombo incurred a net loss for the year of US$32.27 million versus a net loss of US$21.45 million in 2013, primarily due to the increase of financing costs. **Without the interest on debt expense**, which is expected to be eliminated by the business combination, **Grupo Colombo would have been profitable**.

During 2015, the macroeconomic environment in Brazil worsened as GDP declined 3.0% and the inflation rate increased to 9.0%. Management continued renegotiating occupancy leases and closing underperforming stores. The weak economy aided in the negotiation of better lease terms. In addition, marketing investments were reduced to minimum levels.

For the **nine months** ended September 30, 2015, **net revenues declined 35.9%** from US$158.3 million to US$101.4 million, of which 5.8 percentage points (pps) was a result of closing non-profitable stores, 8.6 pps was attributable to the reduction of marketing investments and 21.5 pps was a due currency.

Gross profit declined by 30.1% from US$87.4 million to US$61.1 million; in local currency terms, gross profit declined by 4.9%. The **gross margin expanded 502 basis points** (bps) from 55.2% to 60.2% in the comparable period in 2014 due to several factors: the closing of non-profitable and marginally profitable stores, further improving inventory management and effective pricing. SG&A expenses declined 31.8% from US$66.6 million to US$45.4 million and again primarily due to a reduction in occupancy costs and the reduction of average headcount at the stores.

For the nine months ended September 30, 2015, Grupo Colombo reported a net loss of US$49.72 million versus US$37.21 million in the comparable period in 2014. The increase was primarily due to tax penalties and finance charges of roughly $13 million which resulted from a default on payment of financed ICMS (sales tax) and INSS (payroll tax) obligations that had been incurred under Brazil's tax amnesty programs. The remainder of the increased net loss can be attributable to lower net revenues.

MANAGEMENT'S PROJECTIONS

The management of Garnero Group projects that Grupo Colombo will grow in local currency terms (Brazilian Real) through 2020, noting that Grupo Colombo's local currency revenues historically have grown much faster than GDP (for example during 2013 Brazilian GDP increased 2.7% while Grupo Colombo's local currency revenues increased 20%, and in 2014 GDP only increased 0.1% while local currency revenues advanced 16%). Some of this leverage is attributable to the new stores which were opened between 2012 and 2014 as they ramped up to their full sales potential. Revenues generated during 2016 will be primarily influenced by the Brazilian economy, the net increase in store openings and the restoration of normalized marketing investments. **Management expects local currency revenues to growth at 15% annually between 2017 and 2020**, which could be augmented by a recovery of the Brazilian economy.

The **capital to be made available by the business combination** will significantly

- better enable the continued **store expansion** effort,
- bolster sales through investments in **marketing**
- fund improvements to the **e-commerce** sales channel
- finance the efforts to develop the **multi-brand** and **business-to-business** (B2B) sales channels
- reduce **debt interest expense** and
- improve the company's working capital position

Management anticipates opening 70 to 80 new stores in **2016** and **2017**. In addition, the **resumption of marketing campaigns** is expected to positively stimulate sales. As further investments are made in online marketing and the online purchase experience is improved, the **e-commerce sales channel** is expected to expand from 1.9% of revenues (in 2014) to 5.3% by 2017. Management increased the efforts to develop the multi-brand and B2B sales channel in 2014. Dedicated salespersons were hired to sell packs of products to **marketplace platforms** (such as Americanas.com and Netshoes.com) and also to multi-brand stores. Management expects the marketplace platform sales channel to potentially generate BRL$20 million (approximately US$5 million) annually while the multi-brand sales channel is expected to generate sales of BRL$10 million (approximately US$2.5 million) by the end of 2017.

Over the last four years, Grupo Colombo has invested approximately BRL$260 million (approximately US$110 million) in its operations, including the opening of new stores, the renovation of existing stores, and the improvement of its distribution network. The capital expenditures were financed primarily through debt financing. **The business combination with Garnero Group will allow Grupo Colombo to reduce its outstanding debt** and consequently **reduce its debt interest expense**. Without its high level of indebtedness and related debt interest expense, Grupo Colombo would have been profitable in 2013 and 2014.

As of September 30, 2015, Grupo Colombo's outstanding debentures totaled $114.2 million and the working capital deficiency was $179.0 million. The incurred interest expense related to the debentures had an annual run-rate of approximately US$37 million.

FINANCINGS

Garnero Group Acquisition Company filed its first S-1 registration statement in May 2014 and completed the IPO on July 1, 2014. Prior to the IPO in February and March of 2014, **3,593,750 insider shares** (aka founder shares) were issued for a purchase price of **$25,000**. Insider shares do not participate in any liquidating distribution.

The **IPO** consisted of the issuance of **12,500,000 Units** priced at $10.00 per Unit. Each Unit was composed of one ordinary share, one right and one warrant. Each warrant entitles the holder to purchase one-half (1/2) of an ordinary share at price of $11.50 per full share. The warrants became exercisable on July 1, 2015 and expire five years after the completion of the initial business combination unless redeemed. At the closing of the initial business combination, each right holder will receive one-tenth (1/10) of an ordinary share. In the case of both rights and warrants, only full shares will be issued. The IPO generated gross proceeds of **$125,000,000**.

Simultaneously with the IPO, a **private placement** of **563,750 Units** priced at $10.00 per Unit generated gross proceeds of **$5,637,500**. An affiliate of CEO Mario Garnero purchased 501,250 of the Units while EarlyBird Capital Inc. (the representative of the lead underwriter of the IPO) bought the remaining 62,500 Units.

The full **over-allotment** option closed six days later (on July 7, 2014) resulted in the issuance of an additional **1,875,000 Units**, also priced at $10.00 per Unit. The over-allotment generated gross proceeds of **$18,750,000**.

Simultaneously with the over-allotment, **70,313 Units** priced at $10.00 per Unit were sold in a private sale to CEO Mario Garnero's affiliate (60,938 Units) and EarlyBird Capital Inc. (9,375 Units) generating gross proceeds of **$703,130**.

From the gross proceeds of the IPO, private placement, over-allotment option and private sale, **$144,468,755 was placed in trust**, which represented $10.05 per share sold in the IPO.

Equity Financings

Date		Shares	Rights	Warrants	Price/ Unit	Gross Proceeds
February 11, 2014	Founder Shares	3,593,750	0	0	$0.007	25,000
July 1, 2014	IPO (Units)	12,500,000	12,500,000	12,500,000	$10.00	125,000,000
July 1, 2014	Private Placement	563,750	563,750	563,750	$10.00	5,637,500
July 7, 2014	Over-allotment	1,875,000	1,875,000	1,875,000	$10.00	18,750,000
July 7, 2014	Private Sale	70,313	3,593,750	3,593,750	$10.00	703,130
	Totals	**18,602,813**	**18,532,500**	**18,532,500**		**150,115,630**

As a result, the **officers and directors** of Garnero Group Acquisition Company **beneficially own approximately 22.3% of the outstanding ordinary shares**. Mario Garnero beneficially controls 3,522,328 shares (18.93%), and through participation in the private placement and private sale, EarlyBird Capital controls 0.39% of the outstanding shares.

According to the most recent 13-D filings, certain **hedge funds** have accumulated significant positions in Garnero Group Acquisition Company. AQR Capital Management, LLC holds 2,370,000 shares (12.74%), Polar Securities Inc. owns 2,273,841 shares (12.22%), North Pole Capital Master Fund (managed by Paul Sabourin) holds 1,773,841 shares (9.54%) and Paul J. Glazer Capital owns 772,575 shares (4.2%). Garnero Group Acquisition Company requires working capital to cover expenses while a target company is being pursued. During this period of time, the sponsor (Mario Garnero) has provided approximately US$**1,228,650 in loans** to the company, of which $500,000 is a promissory note convertible into 50,000 working capital Units, which are identical to the private Units. Upon the consummation of the acquisition, the loans are expected to be repaid and/or converted into Units. If a business combination is not completed, the loans would become unsecured liabilities, since Mr. Garnero waived any claim against the trust account.

VALUATION

The valuation methodology for specialty apparel retail companies usually considers EV-to-EBITDA (Enterprise Value/Earnings Before Interest, Taxes, Depreciation and Amortization), Price-to-Cash Flow (P/CF), P/E and/or Price-to-Sales (P/S), generally reflecting the industry's characteristics of profitability and cash flow generation. However, if an apparel company is experiencing negative profitability, either due to adverse fundamental circumstances or being in the early phases of the company's life cycle, the most applicable valuation metric becomes Price-to-Sales (P/S). In the case of Garnero Colombo, the heavy debt burden from its expansion programs has weighed on the company's profitability; therefore, we believe that the applicable valuation methodology is P/S. **Assuming the completion of the business transaction**, the infusion of capital will allow management to reduce the company's debt position and significantly reduce interest expense, a major impediment on the company's ability to achieve profitability over the last few years.

Finding comparable companies to Garnero Colombo is challenging. The company's exposure to both the growth opportunities in the specialty apparel retail industry and the Brazilian economy. We believe that the appropriate valuation comparables of Garnero Colombo are Lojas Renner (LREN3.SA), Cia Hering (HGTX3.SA), Restoque Comércio e Confecções de Roupas SA (LLIS3.SA), Guararapes Confecções SA (GUAR3.SA), TJX Companies (TJX), Ross Stores (ROST) and Burlington Stores (BURL). All these companies concentrate on apparel while companies with significant exposure to shoes, supermarkets and durable consumer goods (appliances, electronics, etc.) were not considered to be suitable comparisons.

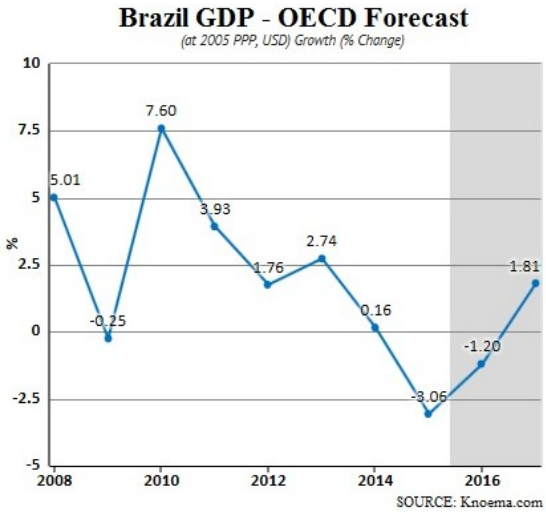
Industry Comparables	**Pr Chg YTD**	**P/E TTM**	**EPS Gr 5Yr Est**	**Price/ Book**	**Price/ Sales**	**Price/ CF**
GARNERO COLOMBO	0.8	N/M	12.0	1.3	1.1	N/A
Industry Mean	31.4	19.5	10.2	5.2	1.4	13.6
Industry Median	27.1	22.7	12.8	4.1	1.6	8.8
S&P 500	1.9	17.2	10.8	9.5	3.6	15.0
Brazilian Comparables						
Lojas Renner	27.2	24.1	12.8	6.0	2.3	16.3
Cia Hering	0.5	9.0	5.8	2.1	1.6	7.4
Restoque Comércio e Confecções de Roupas SA	114.6	N/M	N/M	0.7	1.2	17.5
Guararapes Confecções SA	27.1	10.3	0.7	1.1	0.7	6.2
US Comparables						
TJX Companies	9.0	22.9	15.1	11.9	1.7	17.5
Ross Stores	5.8	22.7	16.8	9.5	1.9	17.7
Burlington Stores	35.5	27.9	N/M	N/M	0.8	12.5

Our valuation analysis assumes the completion of the merger and the creation of Garnero Colombo. Comparable companies trade in a P/S valuation range between 2.3 and 0.7. Utilizing normalized annual sales of $200 million and with the expectation that Garnero Colombo can attain a first quartile P/S ratio of 1.7, our share price target is $15.40.

It should be noted that Reuters calculates a much higher industry average P/S valuation of 3.0 times sales for the Brazilian specialty apparel companies of Cia Hering, Restoque Comércio e Confecções de Roupas SA and Guararapes Confecções SA.

RISKS

- Like all Special Purpose Acquisition Companies, the Garnero Group Acquisition Company is a development stage company with no operating results to date. However, if the business combination closes with Grupo Colombo, the company will have an operating history back to 1917. Though, the historical annual financial statements provided in the proxy statement only go back to 2012 and lack the full details to determine the long-term historical progression in the business. In addition, not even a full year's worth of quarterly data is available, making it difficult to understand seasonality of the business.
- Prior to the close of the initial business combination, a SPAC is relatively illiquid compared to similar small-cap operating companies listed on a stock exchange. On the other hand, SPACs are more liquid than traditional private equity investments, which usually have a 7-to-10 year commitment, thereby providing investors with a more flexible exit strategy.
- As with all SPACs, there will be significant dilution due to founder shares (approximately 20%) and the overhang of additional dilution from the warrants issued as part of the offerings of Units.
- Assuming the completion of the merger with Grupo Colombo, the operations of GGAC will be affected by macroeconomic and market conditions in Brazil, including the inflation rate, GDP, employment rates, consumer confidence, wage levels, etc.
  - The Brazilian economy continues to be affected by high inflation, rising unemployment rates and political uncertainties. Declines in consumer and business confidence have reduced household consumption, directly impacting the sales at Brazil's apparel companies.
  - In 2015, Brazil's GDP contracted 3.1%, and estimates for the economy's growth range from -3% to +1% for 2016, and between +0.8% and +2.5% in 2017.





- The weak Brazilian economy and increased inflation has resulted in the depreciation of the Brazilian Real versus the US Dollar.
  - There is a divergence between the operational performance of the underlying business relayed in Grupo Colombo's functional currency (the Brazilian Real) and financial statement results conveyed in the reporting currency (US Dollars). The change in foreign exchange rates can cause financial results to differ materially from actual operational performance.
- Grupo Colombo is governed by the laws of Brazil and relating to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Although the management of Grupo Colombo has implemented compliance and anti-corruption protocols, there always remains some risk that improper conduct could possibly occur.
- FINRA (Financial Industry Regulatory Authority) requires that investors in a SPAC IPO be made aware of the following risks:
  - An acquisition may not occur resulting in the SPAC being liquidated. Of the 236 SPACs issued since 2003, roughly 55% have completed an acquisition while 33% have been liquidated.

- Even if an acquisition is completed, the SPAC's stock price may decline in value.
- Registered persons must perform suitability analysis on investors, particularly retail investors, before executing a SPAC transaction to ensure that risks associated with a SPAC are fully understood, including the two risks above.

PROJECTED BALANCE SHEET & INCOME STATEMENT

GARNERO GROUP ACQUISITION CO. (in thousands, except share and per share data)	GGAC 6/30/2014	GGAC 7/1/2014	GGAC 6/30/2015	GGAC 9/30/2015	Grupo Colombo 9/30/2015	Combined Assuming No Redemptions
ASSETS						
Cash and cash equivalents	0.2	675.6	0.3	20	325	137,966
Investments	-	-	-	-	3,393	3,393
Accounts receivable, net	-	-	-	-	172	172
Deferred offering costs associated with initial public offering	283	-	-	-	-	-
Inventories, net	-	-	-	-	46,918	46,918
Prepaid expenses	-	-	49	40	13,580	13,620
Total current assets	**283**	**676**	**49**	**60**	**64,388**	**202,069**
Property and equipment, net					36,498	36,498
Intangible assets, net					1,955	1,955
Restricted cash and cash equivalents held in trust	-	125,625	144,552	144,621	-	-
Trademark	-	-	-	-	-	75,000
Lease rights	-	-	-	-	-	23,000
Goodwill	-	-	-	-	-	113,627
Other assets	-	-	-	-	5,929	178
TOTAL ASSETS	**283**	**126,301**	**144,601**	**144,681**	**108,770**	**452,327**
LIABILITIES AND STOCKHOLDERS' EQUITY						
Accounts payable and accrued expenses	55	0	94	144		
Accounts payable	-	-	-	-	28,420	28,420
Accrued expenses	-	-	-	-	6,670	6,814
Tax obligations	-	-	-	-	14,743	14,743
Debentures payable	-	-	-	-	114,181	114,181
Working capital loans	-	-	-	-	56,513	56,513
Stockholders' loan	-	-	-	-	7,435	7,435
Obligations under capital leases	-	-	-	-	441	441
Interest payable	-	-	-	-	14,969	14,969
Offering costs payable	-	60	-	-	-	-
Advances from related party	88	88	726	1,079	-	1,079
Note payable to related party	125	125	-	-	-	-
Total current liabilities	**267**	**272**	**820**	**1,223**	**243,372**	**244,595**
Deferred taxes	-	-	-	-	-	25,500
Tax obligations	-	-	-	-	3,043	3,043
Other liabilities	-	-	-	-	3,291	3,291
Total Liabilities	**267**	**272**	**820**	**1,223**	**249,706**	**276,429**
Commitments						
Ordinary shares subject to possible conversion	0	121,028,622	138,780,852	138,457,915	0	0
Stockholders' Equity						
Preferred stock	-	-	-	-	-	-
Ordinary shares	0.4	0.5	0.5	0.5	-	2.3
Common stock					103,726	
Paid in Capital	25	5,009	6,100	6,423	-	184,320
Accumulated other comprehensive income	-	-	-	-	140,917	-
Accumulated deficit	(9)	(9)	(1,101)	(1,424)	(385,579)	(8,424)
Total shareholder's equity	**16**	**5,000**	**5,000**	**5,000**	**(140,936)**	**175,898**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**283**	**126,301**	**144,601**	**144,681**	**108,770**	**452,327**
Shares outstanding	3,593,750	4,614,851	4,793,773	4,840,425	103,726,000	22,556,668

GARNERO GROUP ACQUISITION CO.

Income Statement

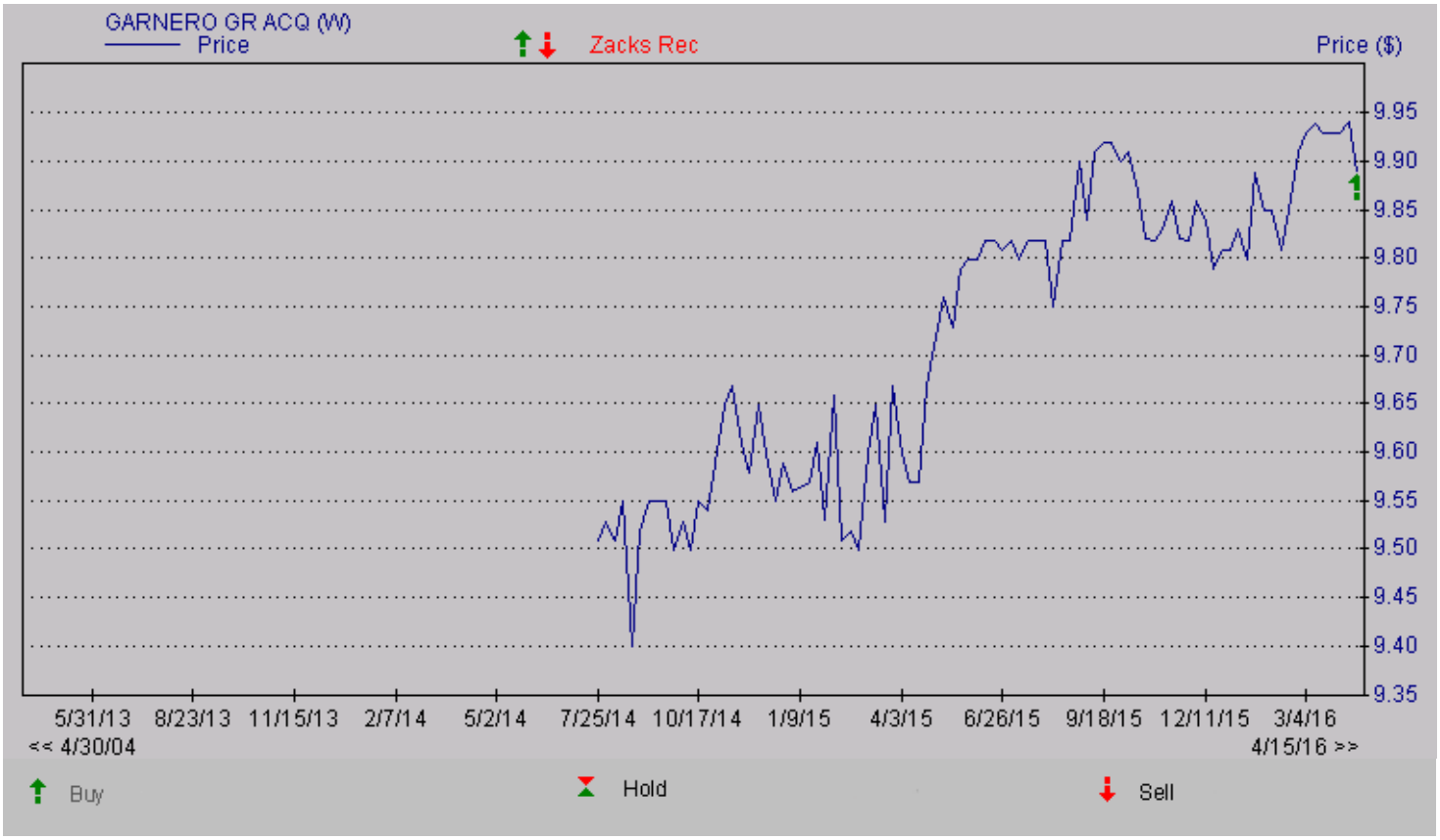
	GGAC From Inception to 6/30/2014	GGAC Year ending 6/30/2015	Combined Assuming No Redemptions 6/30/2015	GGAC Quarter ending 9/30/2015	Combined Assuming No Redemptions 9/30/2015
(For Fiscal Years Ending June 30)				(Quarter ending September 30)	
Net Revenues	**0**	**0**	**205,823,000**	**0**	**30,776,000**
Cost of goods sold	0	0	89,026,000	0	11,043,000
Gross profit	**0**	**0**	**116,797,000**	**0**	**19,733,000**
Operating expenses	0	0	83,994,000	0	15,755,000
Legal and professional fees	0	754,330	754,330	343,819	344,000
General and administrative expenses	8,958	330,433	330,433	18,544	19,000
Office expense – related party	0	120,000	120,000	30,000	30,000
Formation and operating costs	**8,958**	**1,204,763**	**85,198,763**	**392,363**	**16,148,000**
Income (loss) from operations	**(8,958)**	**(1,204,763)**	**31,598,237**	**(392,363)**	**3,585,000**
Interest (expense)	0	113,137	2,035,000	69,423	203,000
Debt interest (expense)	0	0	(59,430,000)	0	(10,375,000)
Vendor interest (expense)	0	0	(15,394,000)	0	(2,918,000)
ICMS[sales tax] and INSS[payroll tax]	0	0	0	0	1,009,000
Credit card (fees)	0	0	(4,250,000)	0	(725,000)
Other income (expense)	0	0	(1,631,000)	0	(206,000)
Total other income (expense):	**0**	**113,137**	**(78,670,000)**	**69,423**	**(13,012,000)**
Loss before income tax	(8,958)	(1,091,626)	(47,071,763)	(322,940)	(9,427,000)
Provision for income tax (expense)	0	0	(1,158,000)	0	(263,000)
Net (loss)	**(8,958)**	**(1,091,626)**	**(48,229,763)**	**(322,940)**	**(9,690,000)**
Net loss per share (basic and diluted)	**($0.00)**	**($0.23)**	**($2.14)**	**($0.07)**	**($0.43)**
Wgtd. avg. shares outstanding	3,593,750	4,728,666	22,537,706	4,794,280	22,556,668

COMERCIAL DE ROUPAS S.A. aka GRUPO COLOMBO

Income Statement

(in thousands, except shares & per share amounts) (For The Years Ending)	2012 12/31/2012	2013 12/31/2013	2014 12/31/2014	2015 E 12/31/2015
Net Revenues	**203,010**	**220,119**	**234,461**	**152,175**
Cost of goods sold	88,449	99,502	105,396	60,536
Gross profit	**114,561**	**120,617**	**129,065**	**89,712**
Operating expenses	95,160	100,483	95,405	66,607
Income (loss) from operations	**19,401**	**20,134**	**33,660**	**23,105**
Interest income (expense)	3,579	2,283	3,446	683
Debt interest (expense)	(36,188)	(27,676)	(37,248)	(37,773)
Vendor interest (expense)	(19,273)	(10,133)	(13,908)	(11,247)
ICMS[sales tax] and INSS[payroll tax] (expense)	(1,838)	(1,520)	(5,604)	(20,103)
Credit card (fees)	(3,453)	(3,799)	(5,015)	(2,815)
Other income (expense)	(2,242)	1,144	(1,483)	(2,219)
Total Other Expense	**(59,415)**	**(39,701)**	**(59,812)**	**(73,475)**
Loss before income tax	**(40,014)**	**(19,567)**	**(26,152)**	**(50,371)**
Provision for income tax (expense)	(2,928)	(1,879)	(6,120)	(350)
Net (loss)	**(42,942)**	**(21,446)**	**(32,272)**	**(50,721)**
Net loss per share (basic and diluted)	**($1.84)**	**($0.63)**	**($0.66)**	**($0.94)**
Other Comprehensive Income (Loss)				
Foreign currency translation adjustments	12,749	25,791	16,426	65,000
Total Comprehensive Income (Loss)	**(30,193)**	**4,345**	**(15,846)**	**14,279**
Wgtd. avg. shares outstanding	23,340,800	33,785,542	48,664,321	54,083,633
Gross Margin	**56.4%**	**54.8%**	**55.0%**	**59.0%**

HISTORICAL ZACKS RECOMMENDATIONS



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Buy/Outperform: The analyst expects that the subject company will outperform the broader U.S. equity market over the next one to two quarters.
Hold/Neutral: The analyst expects that the company will perform in line with the broader U.S. equity market over the next one to two quarters.
Sell/Underperform: The analyst expects the company will underperform the broader U.S. Equity market over the next one to two quarters.

The current distribution is as follows: Buy/Outperform- 27.4%, Hold/Neutral- 50.3%, Sell/Underperform – 15.4%. Data is as of midnight on the business day immediately prior to this publication.

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[i] The Brazilian Real declined 18.4% from 0.31588 on May 28, 2016 (date on Letter of Intent) to 0.25780 on December 17, 2015 (date of Amended Agreement).
[ii] 3,640,000 new shares to be issued to Alvaro Jabur Maluf Jr. and Paulo Jabur Maluf; 360,000 new shares to option holders.
[iii] SEC Rule 419 was passed in 1992 and requires significant safeguards in connection with an IPO or other registration under the Securities Act of 1933 of a blank check company. An IPO is exempt from Rule 491 if more than $5 million is raised in the IPO; however, through moral suasion, the sponsors and underwriters of SPACs adhere to almost all obligations and restrictions imposed by Rule 419.
[iv] SPAC Analytics - http://www.spacanalytics.com/index.php?lang=1&link=home
[v] Garnero Group Acquisition Company, Preliminary Proxy Statement, Form PRER Schedule 14A, filed January 27, 2016, page 125.
[vi] According to Euromonitor International.
[vii] Filho**,** Naomar de Almeida, Social inequality and human development: Intertwined cycles of perversion in education in contemporary Brazil *Encounters in Theory and History of Education, Vol. 16, 2015, page 89.*
[viii] Garnero Group Acquisition Company, Preliminary Proxy Statement, Form PRER Schedule 14A, filed January 27, 2016, page 124.