



**LOCALIZA RENT CAR S.A.**  
PUBLICLY HELD COMPANY  
Corporate Taxpayer ID CNPJ/MF 16.670.085/0001-55  
Corporate Registry ID (NIRE) 3130001144-5

## **MATERIAL FACT**

### **Combination of businesses of Localiza and Unidas**

Localiza Rent a Car SA - "Localiza" (B3: RENT3 and OTCQX: LZRFY), in compliance with the terms of CVM Instruction No. 358/02 and No. 565/15, as amended, and in addition to the Material Fact disclosed jointly with Companhia de Locação das Américas ("Unidas", jointly with Localiza, "Companies"), on September 22nd, 2020, through which was disclosed the terms and conditions of the Combination of businesses of, purpose of the Share Merger Agreement between Localiza, the founding shareholders of Localiza, Unidas and the founding shareholders of Unidas was announced ("Share Merger Agreement"), inform their respective shareholders, the market in general and other interested parties, that on this date, Localiza approved at its Board of Directors meeting: (i) the signing of the Protocol and Justification for the Merger of Shares ("Protocol"); and (ii) the Management Proposal to the Localiza Extraordinary General Meeting, through which the terms and conditions for the implementation of the Companies' business combination were established, by means of a merger of Unidas shares into Localiza ("Merger of Shares").

The terms and conditions of the Merger of Shares, described below, are contained in the Protocol, submitted together with the appraisal reports and other pertinent documents, to the Board of Directors of Localiza and signed by its managements, and will be submitted to the deliberation of the extraordinary general meetings of both Companies.

#### **1. Main Terms for the Merger of Shares**

The main terms of the Merger of Shares and the Protocol are described below:

##### **a. Identification of the Companies Involved and Description of Activities**

As indicated above, the Merger of Shares will involve Localiza and Unidas. Both Companies are publicly-held companies listed in the Novo Mercado segment of B3 operating, directly or through their subsidiaries, in the car rental sector in Brazil and whose main activities are car rental, fleet management and adjacent activities, including, secondarily, the sale of decommissioned cars for fleet renewal.

##### **b. Description and Purpose of the Merger of Shares**

The intended Merger of Shares has as purpose combine the business of Localiza and Unidas, through the merger of Unidas shares, at their economic value, by Localiza, under the terms of articles 252, 224 and 225 of Law 6,404/76 ("Corporate Law"). Accordingly, upon the consummation of the Merger of Shares, Unidas will become a wholly owned subsidiary of Localiza, pursuant to the caput of Article 252 of the Corporate Law.

Moreover, with the consummation of the Merger of Shares, Localiza will issue new common shares, the same as the existing ones, traded in the Novo Mercado segment of B3, which will be attributed to Unidas' founding shareholders, in accordance with the Exchange Ratio below. For the purposes of this Material Fact, Localiza, after the consummation of the Merger of Shares, will be referred to as the "Combined Company".

c. Main Benefits, Costs and Risks of the Merger of Shares

The Merger of Shares aims to promote the combination of the Companies' businesses with benefits for their respective businesses, shareholders, customers and other stakeholders. The proposed Merger of Shares is strategic due to the complementarity of the Companies' businesses. The integration of its businesses should promote the use of gains in scale, synergies and efficiency increases in the Combined Company.

The parties further understand that the Merger of Shares of Unidas by Localiza is justified insofar as, in addition to being part of the implementation of the complementary business combination structure, it will enable the combined company to operate more efficiently in an evolving sector, highly dynamic and competitive, with investments in innovation and diversification of the products and services portfolio.

Localiza's Executive Office estimates that the costs of carrying out the Merger of Shares for Localiza will be approximately R\$ 65,000,000.00, which include costs with financial advisory, appraisals, legal advisory and other advisory services for the implementation of the Merger of Shares, publications and other related expenses.

The Companies does not foresee significant risks caused by the implementation of the Merger of Shares, and the success of the transaction shall depend, mainly, on the ability of the Combined Company in realizing growth opportunities and cost savings resulting from the combination of the businesses of the Company and Unidas.

The conclusion of the transaction is conditioned to the analysis/approval of CADE. If CADE understands the need to impose restrictions as a condition for approving the Merger of Shares, including those that may affect the structure of the Merger of Shares or require asset divestitures and/or any behavioral restrictions, the Parties will negotiate, in good faith and in the best interest of enabling the combination of Localiza's and Unidas' businesses, the acceptable terms and conditions regarding the restrictions. If such restrictions are not acceptable to the Parties, when considered in good faith and in the best interest of making the combination of Localiza's and Unidas' business feasible, the parties to the Share Merger Agreement will have the right to terminate the Share Merger Agreement and not to complete the Merger of Shares due to such restrictions.

If such objectives are not successfully achieved, the expected benefits of the Merger may not be fully verified, or may take longer than expected to be verified. There are natural risks of variation in the price of the Combined Company's shares after the closing of the Merger of Shares, which is inherent to the capital market and incurred by all the Combined Company's shareholders.

Finally, the Companies operate and, until the consummation of the transaction (observing the necessity of compliance or waiver of the conditions precedent set forth in the Share Merger Agreement, among them the approval of the Merger of Shares by CADE), shall continue to operate independently. Both

companies shall have important challenges in consolidating functions, integrating organizations, processes and operations in an optimized and efficient manner, as well as in retention of staff.

**d. Exchange Ratio**

Subject to the terms and conditions set forth in the Share Merger Agreement with the consummation of the Merger of Shares, Unidas shareholders will receive 0.44682380 new common share issued by Localiza to replace 1 common share issued by Unidas by them held on the date of consummation of the Merger of Shares ("Exchange Ratio").

Based on the Exchange Ratio, Localiza's shareholders will jointly hold 76.85000004% of the total and voting share capital of the Combined Company, and (ii) the then Unidas shareholders will jointly hold 23.14999996% of the total and voting share capital of the Combined Company ("Final Stake").

The Exchange Ratio already contemplates the economic effects arising from (i) the distribution of Dividends described below, and (ii) the Financing described below.

The replacement ratio of the shares issued by Unidas to be merged into Localiza was determined by the managements of Localiza and Unidas, as independent parties, during the negotiation process of the business combination that culminated in the Merger of Shares.

Localiza hired the advice of Bank of America Merrill Lynch Banco Múltiplo S.A. to assist its Board of Directors in the decision-making process regarding the financial parameters of the Merger of Shares.

In addition, Apsis - Consultoria Empresarial Ltda., a company established in the city of Rio de Janeiro, state of Rio de Janeiro, at Rua do Passeio, No. 62, 6th floor, Centro, Zip Code 20021-290, registered at National Register of Legal Entities of the Ministry of Economy under No. 27.281.922/0001-70, registered with the Regional Accounting Council of Rio de Janeiro, under No. 005112/O-9 ("Appraiser") to prepare: (i) Unidas appraisal report, prepared by the Appraiser based on the economic value of Unidas shares to be merged by Localiza, on the base date of June 30, 2020 ("Base Date"), in order to determine the amount of Localiza's capital increase resulting from the Merger of Shares; and (ii) the appraisal report of Unidas and Localiza, prepared by the Appraiser, evaluating both companies using the discounted cash flow method and the market value of the respective shares, for the purpose of subsidizing the Exchange Ratio.

The Appraiser declared that he had no conflict or shared interests with the controlling and minority shareholders of Unidas and Localiza.

Localiza's *pro forma* consolidated financial information was also compiled to illustrate the impact of the Merger of Shares, accompanied by the respective reasonable assurance by Deloitte Touche Tohmatsu Auditores Independentes, pursuant to article 7 of CVM Instruction No. 565, of June 15, 2015.

**e. Shareholders' Approval, Submission of the Merger of Shares to the Antitrust Authorities and other Conditions Precedent**

The effectiveness of the Merger of Shares is conditional on obtaining the approval of the Companies' shareholders at their respective general shareholders' meetings, of CADE, as well as the verification of other certain precedent conditions usual for operations of this type, as described in the Protocol and the Share Merger Agreement. The transaction will be submitted to CADE's evaluation within up to 60 days

from the date of signature of the Share Merger Agreement, provided that all information and documentation required in connection with the notification to CADE are provided by the Parties in a timely manner and the pre-notification procedures provided for in the Internal Manual of the General Superintendence of CADE for merger acts presented under ordinary rite have been completed.

Once the precedent conditions have been verified, the respective Boards of Directors of the Companies will consign the date on which the Merger of Shares will be effectively consummated, and the Companies will jointly disclose the Material Fact on the subject ("Closing Date").

**f. Calculation of the Exchange Ratio under the terms of Article 264 of the Corporate Law**

Considering that the Companies have no control relationship and that they do not have common control and that the Exchange Ratio was negotiated between absolutely independent parties, there is nothing to be said about the applicability of Article 264 of the Corporate Law to the Merger of Shares.

**g. Governance of the Combined Company**

Together with the Share Merger Agreement, the Founding Shareholders of Localiza and the Unidas' Founding Shareholders entered into a voting agreement for the Combined Company, with effectiveness conditioned to the closing of the Merger of Shares, to govern the appointment of members to the Combined Company's Board of Directors and the exercise of their joint voting rights in relation to certain matters at the general meetings of the Combined Company ("Voting Agreement").

The Founding Shareholders of Unidas and the Founding Shareholders of Localiza, agreed, for the first term immediately after the Closing Date, to exercise their voting rights so that the Board of Directors of the Combined Company is composed of six individuals appointed by the Founding Shareholders of Localiza and two individuals appointed by the Founding Shareholders of Unidas, subject to the applicable Law and the rules provided for in the Voting Agreement.

**h. Right to Withdraw**

Localiza's shareholders will not have the right to withdraw due to the Merger of Shares, given that Localiza's common shares are liquid and dispersed in the market, as provided for in articles 252, § 1 and 137, II of the Corporate Law.

As provided for in articles 252, paragraph 2, and 137, paragraph 1, of the Corporate Law, the right of withdrawal shall be guaranteed to the shareholders of Unidas who do not vote in favor of the Merger of Shares, who abstain from voting, or who do not attend the relevant Extraordinary General Meeting, and who expressly manifest their intention to exercise the right of withdrawal within 30 days from the date of publication of the minutes of the Extraordinary General Meeting that approves the Merger of Shares. The right of withdrawal, with the consequent payment of the reimbursement, shall only be assured in relation to the shares issued by Unidas that the shareholder has proven to have held since the close of the trading session on September 22nd, 2020, and that have been maintained by the shareholder uninterruptedly until the date of the effective exercise of the right of withdrawal.

The dissenting shareholders of Unidas shall be entitled to reimbursement of their shares, in the amount of R\$7.67 per share, corresponding to the value of the net equity of Unidas's share on December 31, 2019, in accordance with the financial statements of Unidas approved at the Ordinary General Meeting held on

June 12nd, 2020, without prejudice to the preparation of a special balance sheet, under the terms of the applicable laws and regulations.

## **2. Other Relevant Information:**

### **a. Dividends**

Subject to the completion of the Merger of Shares, Unidas may distribute dividends to its shareholders in the total amount of up to R\$ 425,000,000.00 ("Dividends"), subject to the following conditions: (i) will have the effectiveness of its declaration conditioned to the consummation of the Merger of Shares; (ii) will be declared based on the shareholding position of Unidas' shareholders on the Closing Date; and (iii) will be paid within 90 (ninety) calendar days from the date of the closing of the Merger of Shares.

In case Unidas, until the Closing Date (a) cannot, under the applicable law, declare the total amount of the Dividends, or (b) does not obtain the authorizations, waivers, consents and approvals of third parties necessary for the declaration and distribution of the Dividends, Localiza shall pay, on the Closing Date, to Unidas the amount equivalent to the difference between (i) the amount of Dividends and (ii) the amount of Dividends actually declared to Unidas' shareholders. Localiza must pay Unidas' shareholders based on the same shareholding position established for the completion of the Merger of Shares, without any change to the Exchange Ratio. The Parties will decide, in good faith, the best structure for this payment.

In the case of non-resident investors holding Unidas' shares, in which the Withholding Income Tax (*Imposto de Renda Retido na Fonte - "IRRF"*) will be held with respect to the possible capital gain pursuant to art. 21, § 6 of Normative Instruction RFB 1.455/14, as amended by Normative Instruction RFB 1.732/17, the Companies have the right to: (a) withhold IRRF on the possible capital gain of the non-investor resident who does not present, directly or through its custody agents, by the date set forth in the Notice to Shareholders to be released in due time, information on the average acquisition cost of their shares that demonstrate the absence of taxable capital gain or the respective Federal Revenue Collection Document - DARF (*Documento de Arrecadação de Receitas Federais - DARF*) regarding the taxable capital gain, duly completed and paid, according to the applicable Law; and (b) offset, according to the Laws applicable to private credit offset, the amount of IRRF eventually collected by any of the Companies on behalf of the non-resident foreign investor with the value of the Dividends to which the respective investor is entitled, as well as with any other credits held against the foreign investor, including, without limitation, the value of any dividends, interest on equity and other earnings that may be declared and/or paid by the Companies at any time, even before the Closing Date of the Merger of Shares.

### **b. Financing**

In addition, subject to the completion of the Merger of Shares, Localiza will arrange for it to be available for disbursement by the 25th calendar day of the month following the Closing Date, to all shareholders of Unidas that are interested and are registered as shareholders of Unidas at the completion of the Merger of Shares, a credit line with one or more Brazilian financial institutions chosen by it ("Financing").

The Financing amount of the credit line will be 20% of the total value of Localiza shares attributed to Unidas shareholders on the Closing Date due to the Merger of Shares considering the average price, weighted by volume, on the Closing Date (ie, each shareholder of Unidas will be entitled, at their own discretion, to receive a loan in the amount up until 20% of the value of the shares of Localiza received by

such shareholder on the Closing Date). The terms and conditions of the Financing, which will be mandatorily guaranteed by chattel mortgage (*alienação fiduciária*) of the shares received by Localiza, as well as the procedures for joining and contracting by the shareholders are described in Exhibit 2.1.4 to the Share Merger Agreement.

It will be up to each Unidas' shareholder that chooses to take the Financing to meet the requirements for registration and opening accounts for the purposes of granting the Financing in a timely manner (including the formalization of the chattel mortgage of the shares in guarantee with B3), pursuant to the applicable Law and as required by the respective financial institution. The Combined Company will be exempt from any liability for any impediment or refusal of the financial institution to grant financing to the respective Unidas' shareholder due to registration problems, deficiency of guarantees or similar issues pointed out by the respective financial institution at its sole discretion.

c. Penalty for Breach

If the Share Merger Agreement is terminated: (i) by the innocent Party, if the conditions precedent set forth are not complied with by the other Party within the time limits provided for in the Share Merger Agreement; or (ii) by any of the Parties, if the respective shareholders of Unidas and/or Localiza, as the case may be, do not approve at their respective general meetings the Merger of Shares under the terms of the Share Merger Agreement, being certain that if said termination is due to a willful misconduct, gross fault or any other act or omission in bad faith of the other Party, the defaulting Party will pay the innocent Party a compensatory fine, as a fixed-rate compensation, in the total amount of R\$ 500,000,000.00, adjusted by the variation of the CDI rate, from the date of execution of the Share Merger Agreement until the date of actual payment.

d. Access to Documents

All documents related to the Merger of Shares to be reviewed or discussed at the Extraordinary General Meeting called, including Call Notice, Management Proposal, as well as those required under the Corporate Law and pursuant to CVM Instruction No. 481/2009, are available to the Company's shareholders as of the date hereof: **(i)** on the website of B3 S.A. - Brasil, Bolsa, Balcão ([www.b3.com.br](http://www.b3.com.br)); **(ii)** on the website of the Brazilian Securities and Exchange Commission - CVM ([www.cvm.gov.br](http://www.cvm.gov.br)), and **(iii)** on the website of the Company ([ri.localiza.com.br](http://ri.localiza.com.br)).

**3. Call notice for extraordinary general meeting**

Unidas and Localiza will call their respective extraordinary general meetings for November 12nd, 2020, at 10:00 a.m. and 3:00 p.m., respectively, in order to approve the corporate acts related to the Merger of Shares. In addition to approval by the shareholders of the Companies, the Transaction is also conditional on obtaining approval for the Merger of Shares by the Administrative Council for Economic Defense - CADE without restrictions or with restrictions that, subject to the terms of the Share Merger Agreement,

are acceptable to the parties, as well as the verification of other certain conditions precedent usual for operations of this nature.

The Company informs that it will keep its shareholders and the market informed about the development of the Merger of Shares that are the object of this Material Fact, including under the terms of the Brazilian Securities and Exchange Commission Instruction No. 565/2015, as amended.

Belo Horizonte, October 8th, 2020

**Mauricio Teixeira**

CFO and IRO

E-mail: [ri@localiza.com](mailto:ri@localiza.com). Available Information: [ri.localiza.com](http://ri.localiza.com)