Financial Statements

Ez Tec Empreendimentos e Participações S.A. and Subsidiaries

December 31, 2012
with Independent Auditor's Report

Ez Tec Empreendimentos e Participações S.A. and Subsidiaries

Financial statements

December 31, 2012

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A free translation from Portuguese into English of Independent Auditor's Report on Individual Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil, and on Consolidated Financial Statements prepared in Brazilian currency in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, applicable to real estate development entities in Brazil

Independent auditor's report on financial statements

The Shareholders, Board of Directors and Officers
Ez Tec Empreendimentos e Participações S/A
São Paulo - São Paulo

Introduction

We have audited the accompanying individual and consolidated financial statements of Ez Tec Empreendimentos e Participações S/A ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2012, and the related income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil, and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), applicable to real estate development entities in Brazil, as approved by the Brazilian Financial Accounting Standards Board - FASB (CPC), by the Brazilian Securities and Exchange Commission (CVM) and by Brazil's National Association of State Boards of Accountancy (CFC), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

Auditor's responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements prepared in accordance with accounting practices adopted in Brazil

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ez Tec Empreendimentos e Participações S/A as at December 31, 2012, its individual and consolidated operating performance and individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements prepared in accordance with the IFRS applicable to real estate development entities in Brazil, as approved by the Brazilian FASB (CPC), by the CVM and by CFC

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ez Tec Empreendimentos e Participações S/A as at December 31, 2012, its consolidated operating performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), applicable to real estate development entities in Brazil, as approved by the Brazilian Financial Accounting Standards Board - FASB (CPC), by the Brazilian Securities and Exchange Commission (CVM) and by Brazil's National Association of State Boards of Accountancy (CFC).

Emphasis of matter

As mentioned in Note 2.1, the individual and consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil. The consolidated financial statements prepared in accordance with the IFRS, applicable to real estate development entities, also comprise Guidance OCPC 04 - Application of Accounting Interpretation ICPC 02 to Real Estate Developers in Brazil, issued by the Brazilian FASB (CPC). This guidance addresses revenue recognition of this industry and involves matters related to the meaning and application of the concept of continuous transfer of risks, rewards and control on sale of real estate units, as detailed in Note 2.1.6. Our opinion is not qualified in respect of this matter.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2012, prepared under the responsibility of management, the presentation of which is required by the Brazilian Corporation Law for publicly held companies , and as supplementary information under the IFRS, whereby no statement of value added presentation is required. These statements were subject to the same audit procedures described above and, in our opinion, they are fairly presented, in all material respects, in relation to the overall financial statements prepared in accordance with accounting practices adopted in Brazil.

Audit of prior-year corresponding figures

The corresponding figures for the year ended December 31, 2011, presented for comparison purposes, were previously audited by other independent auditors who issued an unmodified opinion dated March 9, 2012, with emphasis related to the same matter described in a specific paragraph herein.

São Paulo, March 19, 2013.

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC-2SP015199/O-6

Acyr de Oliveira Pereira
Accountant CRC-1SP220266/O-0

A free translation from Portuguese into English of Individual Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil, and of Consolidated Financial Statements prepared in Brazilian currency in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, applicable to real estate development entities in Brazil

Ez Tec Empreendimentos e Participações S.A. and Subsidiaries

Balance sheets
December 31, 2012 and 2011
(Amounts expressed in thousands of reais - R$)

		Company BR GAAP		Consolidated IFRS and BR GAAP	
	Note	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Assets					
Current assets					
Cash and cash equivalents	3	**625**	144,621	**52,351**	228,391
Short-term investments	4	**62,013**	60,447	**122,396**	73,936
Trade accounts receivable	5	**-**	-	**620,592**	259,033
Properties for sale	6	**-**	-	**500,529**	286,511
Taxes to be offset	7	**-**	-	**1,835**	1,376
Prepaid taxes	18	**-**	-	**3**	-
Other receivables		**9,536**	1,157	**7,587**	2,562
Additional Construction Potential Certificates (CEPACs)	8	**21,219**	47,021	**25,002**	47,021
Total current assets		**93,393**	253,246	**1,330,295**	898,830
Noncurrent assets					
Trade accounts receivable	5	**-**	-	**502,186**	577,608
Properties for sale	6	**-**	-	**230,728**	261,636
Prepaid taxes	18	**-**	-	**32**	-
Taxes to be offset	7	**20,913**	19,331	**20,914**	19,331
Transactions with related parties	19	**13,617**	14,851	**4,431**	2,872
Additional Construction Potential Certificates (CEPACs)	8	**40,307**	-	**40,307**	-
Other receivables		**23**	39	**2,733**	5,316
Investments	9	**1,700,676**	1,295,659	**-**	-
Property and equipment	10	**5,778**	5,422	**5,914**	5,526
Intangible assets	11	**5,012**	2,949	**5,221**	3,159
Total noncurrent assets		**1,786,326**	1,338,251	**812,466**	875,448
Total assets		**1,879,719**	1,591,497	**2,142,761**	1,774,278

	Note	Company BR GAAP		Consolidated IFRS and BR GAAP	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011
Liabilities					
Current liabilities					
Trade accounts payable		**1,211**	610	**28,306**	19,694
Labor liabilities	14	**3,926**	2,894	**9,718**	7,373
Tax liabilities	15	**8**	17	**6,055**	5,018
Loans and financing	13	**-**	-	**54,388**	20
Provision for investment losses	9	**2,487**	1,698	**-**	-
Trade accounts payable	9.b)	**2**	17,374	**8,278**	23,835
Provision for warranty	2.13	**-**	-	**4,155**	5,497
Advances from customers	16	**-**	-	**43,492**	31,669
Land payable	17	**-**	-	**67,578**	57,352
Dividends payable	21.e)	**79,840**	78,130	**79,840**	78,130
Transactions with related parties	19	**133,810**	91,994	**2,451**	2,846
Deferred tax payment	18	**-**	-	**24,338**	15,655
Total current liabilities		**221,284**	192,717	**328,599**	247,089
Noncurrent liabilities					
Loans and financing	13	**-**	-	**87,355**	60,957
Land payable	17	**-**	-	**17,218**	8,087
Provision for warranty	2.13	**-**	-	**3,710**	-
Provision for risks and contingencies	20	**3,774**	445	**6,676**	4,751
Deferred tax payment	18	**-**	-	**21,023**	35,203
Other payables to third parties		**-**	-	**1,689**	830
Total noncurrent liabilities		**3,774**	445	**137,671**	109,828
Equity					
Capital	21	**1,050,000**	724,070	**1,050,000**	724,070
Capital reserves	21	**38,297**	38,297	**38,297**	38,297
Income reserves	21	**566,364**	635,968	**566,364**	635,968
Equity of controlling shareholders		**1,654,661**	1,398,335	**1,654,661**	1,398,335
Noncontrolling shareholders in equity of subsidiaries		**-**	-	**21,830**	19,026
Total equity		**1,654,661**	1,398,335	**1,676,491**	1,417,361
Total liabilities and equity		**1,879,719**	1,591,497	**2,142,761**	1,774,278

See accompanying notes.

Ez Tec Empreendimentos e Participações S.A. and Subsidiaries

Income statements
Years ended December 31, 2012 and 2011
(Amounts expressed in thousands of reais - R$, except basic earnings per share)

	Note	Company BR GAAP		Consolidated IFRS and BR GAAP	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011
Net revenue	23	**-**	-	**799,451**	744,185
Cost of sales and services	25	**-**	-	**(384,979)**	(368,548)
Gross profit		**-**	-	**414,472**	375,637
Operating income (expenses)					
Selling expenses	25	**-**	-	**(45,874)**	(32,828)
General and administrative expenses	25	**(37,251)**	(32,385)	**(54,529)**	(45,675)
Management compensation	26	**(6,651)**	(5,830)	**(7,270)**	(6,376)
Equity pickup	9	**368,377**	341,596	**-**	-
Provision for investment losses	9	**(861)**	(44)	**-**	-
Tax expenses		**(353)**	(348)	**(3,323)**	(3,172)
Provision for risks and contingencies		**(3,329)**	-	**(1,925)**	(418)
Reversal of provision for losses with CEPAC	8	**-**	-	**-**	-
Other operating income (expenses), net		**5,762**	639	**8,448**	1,334
Operating income before financial effects		**325,694**	303,628	**309,999**	288,502
Financial income	27	**10,563**	25,411	**50,980**	71,875
Financial expenses	27	**(91)**	(72)	**(7,128)**	(7,286)
Operating income before income and social contribution taxes		**336,166**	328,967	**353,851**	353,091
Current income and social contribution taxes	18	**-**	-	**(18,542)**	(20,584)
Deferred income and social contribution taxes	18	**-**	-	**2,911**	(1,766)
Net income for the year		**336,166**	328,967	**338,220**	330,741
Income attributable to controlling shareholders				**336,166**	328,967
Income attributable to noncontrolling shareholders				**2,054**	1,774
Basic earnings per share - R$	22	**2.29**	2.25		

See accompanying notes.

Ez Tec Empreendimentos e Participações S.A. and Subsidiaries

Statements of comprehensive income
Years ended December 31, 2012 and 2011
(Amounts expressed in thousands of reais - R$)

	Company BR GAAP		Consolidated IFRS and BR GAAP	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
Net income for the year	**336,166**	328,967	**338,220**	330,741
Other components of comprehensive income	**-**	-	**-**	-
Total comprehensive income for the year	**336,166**	328,967	**338,220**	330,741
Income attributable to controlling shareholders			**336,166**	328,967
Income attributable to noncontrolling shareholders			**2,054**	1,774

See accompanying notes.

Ez Tec Empreendimentos e Participações S.A. and Subsidiaries

Statements of changes in equity
Years ended December 31, 2012 and 2011
(Amounts expressed in thousands of reais - R$)

	Note	Capital	Treasury shares	Capital reserve	Income reserves		Retained earnings (accumulated losses)	Equity of controlling shareholders	Noncontrolling shareholders of subsidiaries	Consolidated equity
					Legal reserve	Expansion reserve				
Balances at December 31, 2010		724,070	(10,681)	-	26,459	358,672	-	1,098,520	18,122	1,116,642
Sale of treasury shares	21.f)	-	10,681	-	-	-	-	10,681	-	10,681
Gain on sale of treasury shares	21.b)	-	-	38,297	-	-	-	38,297	-	38,297
Effect of noncontrolling shareholders on subsidiaries		-	-	-	-	-	-	-	(870)	(870)
Net income for the year		-	-	-	-	-	328,967	328,967	1,774	330,741
Allocation of net income for the year:										
Legal reserve	21.b)	-	-	-	16,448	-	(16,448)	-	-	-
Proposed dividends	21.e)	-	-	-	-	-	(78,130)	(78,130)	-	(78,130)
Expansion reserve	21.d)	-	-	-	-	234,389	(234,389)	-	-	-
Balances at December 31, 2011		**724,070**	**-**	**38,297**	**42,907**	**593,061**	**-**	**1,398,335**	**19,026**	**1,417,361**
Effect of noncontrolling shareholders on subsidiaries		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**750**	**750**
Capital increase with reserves	21.a)	**325,930**	**-**	**-**	**-**	**(325,930)**	**-**	**-**	**-**	**-**
Net income for the year		**-**	**-**	**-**	**-**	**-**	**336,166**	**336,166**	**2,054**	**338,220**
Allocation of net income for the year:										
Legal reserve	21.b)	**-**	**-**	**-**	**16,808**	**-**	**(16,808)**	**-**	**-**	**-**
Proposed dividends	21.e)	**-**	**-**	**-**	**-**	**-**	**(79,840)**	**(79,840)**	**-**	**(79,840)**
Expansion reserve	21.d)	**-**	**-**	**-**	**-**	**239,518**	**(239,518)**	**-**	**-**	**-**
Balances at December 31, 2012		**1,050,000**	**-**	**38,297**	**59,715**	**506,649**	**-**	**1,654,661**	**21,830**	**1,676,491**

See accompanying notes.

Ez Tec Empreendimentos e Participações S.A. and Subsidiaries

Cash flow statements
Years ended December 31, 2012 and 2011
(Amounts expressed in thousands of reais - R$)

	Company BR GAAP		Consolidated IFRS and BR GAAP	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Cash flow from operating activities				
Net income for the year	**336,166**	328,967	**338,220**	330,741
Adjustments to reconcile net income to net cash provided by operating activities:				
Present value adjustment to trade accounts receivable	**-**	-	**(12,314)**	16,142
Monetary variation and interest, net	**(6,850)**	(6,698)	**(43,942)**	(44,126)
Goodwill/surplus value amortization	**981**	805	**-**	-
Depreciation and amortization	**2,075**	1,638	**2,144**	1,740
Equity pickup	**(368,377)**	(341,596)	**-**	-
Reversal of allowance for doubtful accounts	**-**	-	**(2,231)**	-
Provision for (reversal of) risks and contingencies	**3,328**	-	**1,925**	418
Current and deferred income and social contribution taxes	**-**	-	**15,631**	22,350
Investment disposal	**18,909**	-	**-**	3
Provision for investment losses	**861**	44	**-**	-
(Increase) decrease in operating assets:				
Trade accounts receivable	**-**	-	**(238,877)**	(125,257)
Acquisition of Additional Construction Potential Certificate (CEPAC)	**(49,254)**	-	**(53,037)**	-
Properties for sale	**-**	-	**(116,898)**	(85,068)
Prepaid expenses	**-**	-	**-**	(20)
Other assets	**(10,259)**	(7,355)	**(5,809)**	(6,733)
Increase (decrease) in operating liabilities:				
Advances from customers	**-**	-	**11,823**	9,381
Trade accounts payable	**601**	(485)	**8,612**	8,073
Other liabilities	**(16,347)**	162	**(12,945)**	6,826
Dividends received from subsidiaries	**164,565**	227,285	**-**	-
Income and social contribution taxes paid	**-**	-	**(17,131)**	(20,320)
Interest paid	**-**	-	**(10,717)**	(4,683)
Net cash provided by operating activities	**76,399**	202,767	**(135,546)**	109,467
Cash flow from investing activities				
Acquisition of securities	**(68,971)**	(57,334)	**(160,440)**	(75,373)
Redemption of securities	**74,255**	27,159	**122,625**	38,863
Capital contribution in subsidiaries	**(186,105)**	(179,708)	**-**	-
Additions to property and equipment and intangible assets	**(4,494)**	(1,688)	**(4,595)**	(1,695)
Net cash used in investing activities	**(185,315)**	(211,571)	**(42,410)**	(38,205)
Cash flow from financing activities				
Loans and financing taken out	**-**	-	**124,033**	65,791
Repayment of loans and financing	**-**	-	**(44,343)**	(62,616)
Effect of noncontrolling shareholders on subsidiaries	**-**	-	**750**	(870)
Disposal of own shares	**-**	48,978	**-**	48,978
Transactions with related parties	**43,050**	67,792	**(394)**	407
Dividends paid	**(78,130)**	(57,887)	**(78,130)**	(57,887)
Net cash provided by (used in) financing activities	**(35,080)**	58,883	**1,916**	(6,197)
Increase in cash and cash equivalents	**(143,996)**	50,079	**(176,040)**	65,065
Cash and cash equivalents at beginning of year	**144,621**	94,542	**228,391**	163,326
Cash and cash equivalents at end of year	**625**	144,621	**52,351**	228,391

See accompanying notes.

Ez Tec Empreendimentos e Participações S.A. and Subsidiaries

Statements of value added
Years ended December 31, 2012 and 2011
(Amounts expressed in thousands of reais - R$)

	Company BR GAAP		Consolidated IFRS and BR GAAP	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
Revenues				
Sales and services	**-**	-	**815,385**	767,360
Other revenues	**2,433**	1,621	**6,523**	-
	2,433	1,621	**821,908**	767,360
Inputs acquired from third parties (including - ICMS, IPI, PIS and COFINS)				
Cost of sales and services	**-**	-	**(358,254)**	(351,494)
Materials, energy, third-party services and other expenses	**(4,115)**	(14,152)	**(63,195)**	(51,540)
Impairment/recovery of assets	**(861)**	(44)	**-**	-
Other	**(8,801)**	(647)	**(8,800)**	(1,149)
	(13,777)	(14,843)	**(430,249)**	(404,183)
Gross value added (consumed)	**(11,344)**	(13,222)	**391,659**	363,177
Depreciation and amortization	**(3,056)**	(2,443)	**(2,144)**	(1,740)
Net value added (consumed) produced by the Company	**(14,400)**	(15,665)	**389,515**	361,437
Value added received in transfer				
Equity pickup	**368,377**	341,596	**-**	-
Financial income	**10,563**	25,411	**50,980**	71,875
	378,940	367,007	**50,980**	71,875
Total value added to be distributed	**364,540**	351,342	**440,495**	433,312
Distribution of value added	**364,540**	351,342	**440,495**	433,312
Personnel:				
Direct compensation	**18,515**	13,871	**42,987**	31,351
Benefits	**4,951**	4,161	**6,512**	5,974
FGTS	**799**	606	**2,768**	2,661
Taxes, charges and contributions				
Federal	**3,798**	3,236	**40,181**	52,854
Municipal	**179**	214	**2,657**	2,230
Debt remuneration:				
Financial expenses	**90**	72	**7,128**	7,286
Rent	**42**	215	**42**	215
Equity remuneration:				
Proposed dividends	**79,840**	78,130	**79,840**	78,130
Retained profits for the year	**256,326**	250,837	**256,326**	250,837
Noncontrolling shareholders in retained profits	**-**	-	**2,054**	1,774

See accompanying notes.

1. Operations

A EZ TEC Empreendimentos e Participações S.A. ("Company"), headquartered at Avenida República do Líbano, 1921, in the City and State of São Paulo, has been listed in Novo Mercado since June 21, 2007, in the Securities, Commodities and Futures Exchange (BM&FBOVESPA S.A.), shares of which are traded under the ticker symbol "EZTC3", acting as holding of the companies mentioned in Note 9.

The Company, by means of its subsidiaries, is mainly engaged in the: (a) development and sale of real estate projects of any nature, including by means of financing; (b) management and lease of own properties; (c) allotment of land; (d) construction of condominiums; (e) provision of services related to construction, supervision, studies and projects and carrying out of any construction work and provision of civil engineering services on a technical and economic basis; and (f) interest in other companies, either business or not, acting as a owner, member, or shareholder.

2. Summary of significant accounting practices

2.1. Statement of compliance

These financial statements comprise:

- The consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil (BR GAAP), which comprise the standards set forth by the CVM and pronouncements, interpretations and guidance issued by the Brazilian FASB (CPC), and comply with the International Financial Reporting Standards (IFRSs), applicable to real estate development entities in Brazil, as approved by the Brazilian FASB (CPC), the CVM and Brazil's National Association of State Boards of Accountancy (CFC), including Guidance OCPC 01 and OCPC 04 - Application of Technical Interpretation ICPC 02 to Real Estate Developers in Brazil - relating to revenue recognition and related costs and expenses from real estate operations in the course of the works (Percentage-of-Completion Method - POC), identified as Consolidated - IFRS and BR GAAP.

2. Summary of significant accounting practices (Continued)

2.1. Statement of compliance (Continued)

- The individual financial statements were prepared in accordance with accounting practices adopted in Brazil (BR GAAP), which comprise the standards set forth by the CVM and pronouncements, interpretations and guidance issued by the Brazilian FASB (CPC).

Accounting practices adopted in Brazil comprise those included in the Brazilian Corporation Law, as well as pronouncements, guidance and interpretations issued by the CPC and approved by the CVM and CFC.

The individual financial statements present investments in subsidiaries and jointly-controlled entities by the equity method, unlike IFRSs, which require the measurement of these investments in subsidiaries at cost or fair value.

However, there is no difference between consolidated P&L and equity presented by the Company and P&L and equity of the parent company in the individual financial statements thereof, attributable to controlling shareholders. Therefore, the consolidated financial statements and the individual financial statements of the parent company are presented side by side in a single set of financial statements.

Accounting practices used in the preparation of the individual and consolidated financial statements for the year ended December 31, 2012 are consistent with those used for the prior year.

2.2. Basis of preparation

The individual and consolidated financial statements were prepared based on the historical cost, unless otherwise stated.

2. Summary of significant accounting practices (Continued)

2.3. Basis of consolidation

The consolidated financial statements include operations of the Company and subsidiaries described in Note 9 (organized for the purpose of managing real estate projects) and of EZTEC Private Credit Multimarket Investment Fund. All transactions, balances, revenues and expenses between subsidiaries and Company are fully eliminated from the consolidated financial statements, and noncontrolling shareholders are separately disclosed.

a) Investments in subsidiaries

Control is obtained when the Company is entitled to control financial and operating policies of an entity to enjoy benefits arising from the activities thereof.

In this method, components of assets, liabilities and P&L are fully combined, and the equity value of noncontrolling shareholders is determined by applying the percentage of interest of shareholders in the subsidiaries' equity.

b) Investments in jointly-controlled companies

The Company maintains shared interest in entities for which contracts, articles of organization/incorporation and/or agreements provide for joint control.

The Company presents its interest in jointly-controlled companies in its consolidated financial statements, using the proportional consolidation method. Company's interest in assets, liabilities and P&L of jointly-controlled companies is combined with the corresponding items in the Company's consolidated financial statements, line by line.

Investments in subsidiaries and jointly-controlled companies are accounted for under the equity method for purposes of individual financial statements.

2. Summary of significant accounting practices (Continued)

2.3. Basis of consolidation (Consolidated)

c) Exclusive investment funds

Financial investment fund managed by a top-tier financial institution, which invests basically in federal government bonds, repurchase agreements and bank deposit certificates. This fund does not have significant obligations with third parties, which are limited to the fees charged for asset management and other services inherent in the operations thereof.

The Company holds 100% of the Fund shares, which is in essence an exclusive investment fund. Therefore, in accordance with CVM Rules No. 247/1996 and 408/2004, the Company consolidated the Fund in its financial statements, so as to provide evidence of its overall financial position.

This exclusive fund is audited by independent auditors, and the fiscal year begins on April 1 and ends on March 31 of each year.

Fund cash is used basically for land acquisition, establishment of partnerships and funding projects in progress, as mentioned in the Cash flow statement.

2.4. Business combination

In the consolidated financial statements, business acquisitions are accounted for using the acquisition method. Business combination is measured at fair value, which is calculated by the sum of fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer with former controlling shareholders of the acquiree and equity interest issued by the parent company in exchange for control of the acquiree. Acquisition costs are recognized in P&L as incurred.

Noncontrolling shareholders, which corresponds to current interest and grants the right to a proportional portion of net assets of the entity in the event of liquidation, may be initially measured at fair value or based on the proportional portion of noncontrolling interest in recognized amounts of identifiable net assets of the acquiree.

2. Summary of significant accounting practices (Continued)

2.5. Functional and reporting currency

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

2.6. Use of significant accounting judgments, estimates, and assumptions

- Judgments: The preparation of the individual and consolidated financial statements of the Company requires that management make judgments and estimates and adopt assumptions that affect the amounts disclosed referring to revenues, expenses, assets and liabilities, as well as the disclosures of contingent liabilities, as at the financial statement reporting date.

- Estimates and assumptions: Significant assumptions concerning sources of uncertainty in future estimates and other significant sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the book value of assets and liabilities in the next financial year are described below:

  - Budgeted costs: these are regularly reviewed, in accordance with the development of the construction works, and adjustments on the basis of this review are reflected in the Company's P&L under the accounting method used;

  - Taxes and administrative or legal proceedings: the Company and its subsidiaries are subject to tax inspections, audit, legal and administrative proceedings concerning civil, tax, labor, environmental, corporate, consumer protection matters, among others, arising in the normal course of business. Depending on the subject matter of the inspection, the legal or administrative proceedings filed may adversely impact the Company and its subsidiaries, regardless of their final outcome.

    Company and subsidiaries are periodically reviewed by different authorities, including tax, labor, social security, environmental and sanitary surveillance authorities. No guarantee may be given that these authorities will not serve the Company and its subsidiaries a delinquency notice, or that these infringements will not result in administrative proceedings, thereby giving rise to lawsuits, or in terms of the final outcome of such judicial or administrative proceedings.

2. Summary of significant accounting practices (Continued)

2.6. Use of significant accounting judgments, estimates and assumptions (Continued)

- Fair value of financial instruments: When the fair value of financial assets and liabilities stated in the balance sheet cannot be obtained in active markets, it will be determined using valuation techniques, including the discounted cash flow method. These methods use observable market data, whenever possible; otherwise, a given judgment call is required in order to determine the fair value. The judgment includes consideration of the data used, for instance, liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the stated fair value of the financial instruments.

2.7. Financial Instruments

Financial assets and liabilities are recognized when the Company and its subsidiaries become party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities (except for financial assets and liabilities measured at fair value through profit or loss) are added to or deducted from fair value of financial assets or liabilities, if applicable, after initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in P&L.

a) Financial assets

Cash and cash equivalents

These include cash and banks, investments in investment fund with immediate liquidity rate, readily convertible into cash and subject to insignificant risk of change in value. These are recorded at cost, plus income earned through the financial statement date, less provision for losses, whenever applicable.

2. Summary of significant accounting practices (Continued)

2.7. Financial instruments (Continued)

a) Financial assets (Continued)

Short-term investments

These refer to Bank Deposit Certificates (CDBs) and National Treasury Notes (LFT), which mature in the short term, have high liquidity and are available for sale. At the financial statements dates, all short-term investments are measured at amortized cost, effects of which are recognized in P&L.

Trade accounts receivable and allowance for doubtful accounts

Current and noncurrent trade accounts receivable derive from sale of real estate units. The remaining debt balance of the agreements is monetarily restated in accordance with respective adjustment clauses and discounted to present value. An allowance for doubtful accounts is recorded, as applicable, in an amount considered sufficient by management, taking into consideration the risks involved, in order to cover probable losses in the realization of receivables. The procedures described in Note 2.16 are applied to receivables arising from agreements for the sale of units under construction. Amounts referring to monetary restatement of accounts receivable are recorded in P&L for the period under "Revenue from sale of properties" until handing over of the keys and under "Financial income" (interest receivable) after handing over of the keys.

b) Financial liabilities

Loans and financing

These are basically represented by real estate credit financing, the funds of which are applied to the construction works. These are stated at their original amount, plus interest and monetary restatement provided for in the respective agreements.

2. Summary of significant accounting practices (Continued)

2.7. Financial instruments (Continued)

c) Other assets and liabilities subject to indexation

Assets and liabilities in reais (R$) subject to indexation are restated at corresponding rates based on the effective interest rate method, by applying the corresponding rates at the financial statements closing dates. Similarly, exchange gains and losses and monetary variations are recognized in P&L, when earned and incurred.

d) Equity instrument (treasury shares)

Company's share repurchase is recognized and deducted directly in equity. No gain or loss is recognized in P&L arising from the purchase, sale, issuance, or cancellation of Company's own equity instruments.

2.8. Properties for sale

These are represented by acquisition cost of land, plus construction costs and other expenses related to the development process of real estate projects under construction or completed, the units of which have not yet been sold.

Loan and financing charges for constructing properties are capitalized as incurred and recognized in P&L according to sales of units.

The Company, through its subsidiaries, acquired land by way of barter for units to be constructed in the land itself; however, up to the financial statement date, no real estate project had been launched in this land, which is accounted for at its contractual value. The fair value will be calculated when the Company launches the related real estate project and defines the price table of the real estate units.

2. Summary of significant accounting practices (Continued)

2.9. Investments

Investments in subsidiaries are stated by the equity method, according to CPC 18.

According to this method, the Company's proportional share in the increase or decrease of subsidiaries' equity, after acquisition, as a result of the calculation of net P&L for the period, gains or losses in capital reserves, or prior years' adjustments, is recognized as operating income (or expense). Cumulative changes after the acquisitions are adjusted as a reduction of investment costs.

Wholly-owned subsidiaries or jointly-controlled companies - equity value

When the Company holds over half of the voting capital of an entity, this entity is considered a subsidiary. In those entities that the Company holds less than 50% of the voting capital, there are agreements that ensure to the Company the right of veto in decisions that significantly impact the subsidiaries' business, thus ensuring the shared control.

2.10. Property and equipment

Property and equipment items are recorded at acquisition cost, with their respective depreciation recorded using the straight-line method based on the estimated useful life of the assets, except for leasehold improvements, which are depreciated over the lease of properties.

Property and equipment items are written off when sold or when no future economic benefits are likely to flow to the Company from the use of these assets. Gains and losses, if any, from sale or write-off of a property and equipment item are determined by the difference between the amounts received in the sale and the book value of each asset, and are recorded in P&L.

Depreciation rates are reviewed on an annual basis to be consistent with the useful life, as applicable.

2. Summary of significant accounting practices (Continued)

2.11. Impairment test

Management annually tests the net book value of tangible and intangible assets in order to determine whether there are any events or changes in economic, operating, or technological circumstances that may indicate impairment When such evidence is identified and net book value exceeds recoverable amount, a provision for impairment is set up so as to adjust net book value to recoverable amount.

The main groups of accounts subject to impairment test are: properties for sale, Additional Construction Potential Certificates (CEPACs), investments, property and equipment and intangible assets.

When impairment losses are reversed subsequently, the carrying amount of the asset is increased to the reviewed impairment estimate, as long as it does not exceed the carrying amount which would have been determined in case no impairment losses had been recognized for such asset in prior years. The reversal of impairment loss is immediately recognized in P&L.

2.12. Provision for risks and contingencies

A provision for contingencies is recorded when Company and subsidiaries have a present legal or constructive obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits in an amount that can be reliably estimated.

Assessment of the likelihood of loss includes analysis of available evidence, hierarchy of laws, available case law, latest court decisions and their relevance in the legal system, as well as the opinion of external legal advisors. Provisions are reviewed and adjusted considering changes in circumstances, such as applicable statute of limitations, tax audit conclusions, or additional exposures identified based on new matters or court decisions.

2. Summary of significant accounting practices (Continued)

2.13. Provision for warranty

This provision is set up in an amount considered necessary to cover maintenance costs in real estate projects covered under warranty. It is set up against profit or loss (cost) to the extent that costs of units sold are incurred; any remaining unused balance of the provision is reversed after expiration of the warranty.

2.14. Income and social contribution taxes

Current

As permitted by tax law, revenue relating to the sale of real estate units is taxed on a cash basis, not by following the criterion mentioned in Note 2.16, referring to revenue recognition. In each fiscal year, Company and subsidiaries, in compliance with legal requirements, may opt to determine taxable income in accordance with taxable profit or taxable profit computed as a percentage of gross sales and/or appropriation of assets. Under taxable profit, taxes are calculated as a percentage of net income, at 25% for income tax and 9% for social contribution tax, totaling 34%. Under taxable profit computed as a percentage of gross sales, the profit is determined at 8% and 12% of operating income, for income and social contribution taxes, respectively, plus 100% of other revenues. Income and social contribution taxes are calculated at 25% and 9%, respectively.

For the case of appropriation of assets, income and social contribution taxes are calculated on revenues arising from real estate development at 1.89% and 0.98%, respectively. From January 1, 2013, by means of Provisional Executive Order No. 601 dated December 28, 2012, these rates were changed to 1.26% and 0.66%.

2. Summary of significant accounting practices (Continued)

2.15. Deferred tax payment

Deferred Corporate Income Tax (IRPF), Social Contribution Tax on Net Profit (CSLL), Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Contribution Tax on Gross Revenue for Social Security Financing (COFINS) are recognized in the short and long-term, as the expected receipt of installment payments provided for in purchase and sale agreements. Deferred payment refers to the difference between recognition under the corporate criterion, described in Note 2.16, and tax criterion based on which the revenue is taxed upon receipt.

2.16. Profit/Loss calculation after developing and selling real estate

Profit or loss from sales of properties, which comprises sales revenues and costs of land, construction, financial charges arising from real estate financing, maintenance expenses (guarantee) and other expenses inherent in the respective real estate development, is allocated to profit or loss over the construction process, under the financial development thereof, by using the percentage-of-completion method of each real estate project, percentage of which is measured at the cost incurred in relation to the total estimated cost of the real estate project, in accordance with the criteria established in accounting guidance OCPC 04 - Application of Accounting Interpretation ICPC 02 to Real Estate Developers in Brazil, approved by CVM and CFC, taking into account the analysis of transactions referring to the requirements provided for in such accounting guidance for recognizing the operating income and costs thereof. Trade accounts receivable, arising from sales of units under construction, are presented at the same realization percentage, and the receipts exceeding these receivables are recorded in current liabilities as “Advance from customers”.

Sale revenue is recorded at fair value, based on the present value adjustment to “Accounts receivable” referring to projects under construction.

Balances of real estate developments and sale of properties under construction that, according to the criteria established by such pronouncements, are no longer part of balances of balance sheet accounts are detailed in Note 12. For completed units, there is full appropriation of sales revenues and the costs thereof.

2. Summary of significant accounting practices (Continued)

2.16. Profit/Loss calculation after developing and selling real estate (Continued)

Certain matters related to the meaning and application of the concept of continuous transfer of risks, rewards and control on sales of units within real estate developments will be analyzed by the International Accounting Standards Board (IASB), as part of the "Revenue from Contracts with Customers" project, which is still in draft for discussion format. The outcome of this analysis may require real estate development companies review their accounting practices for revenue recognition.

2.17. Present value adjustment - accounts receivable and land payable

In accordance with accounting pronouncement CPC 12 - Present Value Adjustment, the Company, by means of its subsidiaries, adjusted balances of accounts receivable in installments from units not completed and land payable at present value, considering as discount rate the variation of National Treasury Notes - series B - NTN-B under the Extended Consumer Price Index (IPCA) variation. For short-term balances, the relevance of their effect in relation to overall financial statements is assessed.

2.18. Segment information

Financial information are analyzed based on internal management reports per real estate project and the decision referring to fund allocation and corresponding assessment is made by Company Executive Board, which also defines its segments between commercial and residential projects.

2.19. Statement of value added

The purpose of such statement is to present the profit earned by the Company and its sharing for a certain period and is presented by the Company as required by the Brazilian Corporate Law, as part of its individual financial statements and as additional information to the consolidated financial statements, as it is not a statement required by IFRSs.

2. Summary of significant accounting practices (Continued)

2.19. Statement of value added (Continued)

The statement of value added was prepared based on information obtained from accounting records that serve as a basis of preparation of the financial statements and on the provisions of accounting pronouncement CPC 09 - Statement of Value Added. In its first part, the statement presents the profit earned by the Company, represented by revenues (gross sales revenue, including taxes thereon, other revenues and effects of the allowance for doubtful accounts), by inputs acquired from third parties (cost of sales and acquisitions of materials, electricity and third party services, including taxes upon acquisition, effects of losses and impairment of assets, and depreciation and amortization) and by the value added received from third parties (equity pickup, financial income and other revenues). The second part of the statement of value added presents profit sharing among the employees, taxes, charges and contributions, debt remuneration and equity remuneration.

2.20. Basic and diluted earnings per share

Basic and diluted earnings per share are reached after dividing the net income attributed to Company shareholders by the weighted average of common shares outstanding in the respective period, taking into consideration, when applicable, breakdown adjustments which occurred in the period or subsequently to the preparation of the financial statements.

The Company has no operations that influence calculation of diluted earnings; as such, diluted earnings per share correspond to the amount of basic earnings per share, as described in Note 22.

2. Summary of significant accounting practices (Continued)

2.21. Standards and interpretations issued by the IASB and not yet adopted

On the preparation date of these financial statements, the following IFRS, amendments and interpretations of IFRIC had been published; however, their application was not compulsory:

Pronouncement	Description	Effectiveness
IFRS 7 - Amendments to IFRIC 7	It comprises disclosures of transfers of financial assets.	Annual periods beginning after January 1, 2013.
IFRS 9 - Financial Instruments	It refers to the first phase of the replacement project of IAS 39 - Financial Instruments: Recognition and Measurement.	Annual periods beginning after January 1, 2015.
IFRS 10 - Consolidated Financial Statements	It replaces parts of IAS 27 – Separate Financial Statements, which comprises when and how an investor should prepare consolidated financial statements and replaces SIC 12 - “Special Purpose Entities”.	Annual periods beginning on or after January 1, 2013.
IFRS 11 - Joint Arrangements	It replaces parts of IAS 27 - Separate Financial Statements, which comprises when and how an investor should prepare consolidated financial statements and replaces SIC 12 - “Special Purpose Entities”.	Annual periods beginning on or after January 1, 2013.
IFRS 12 Disclosures of Interest in Other Entities	It establishes the objective of disclosures and minimum disclosures for entities that invest in subsidiaries, jointly controlled entities, associates, or other non-consolidated entities.	Annual periods beginning on or after January 1, 2013.
IFRS 13 - Fair value measurement	It establishes a single fair value measurement model when required by other pronouncements.	Annual periods beginning on or after January 1, 2013.
IAS 19 (R) -	Employee Benefits	Annual periods beginning on or after January 1, 2013.
IAS 27 (R) - Consolidated and Separate Financial Statements	Amendments to IAS 27.	Annual periods beginning on or after January 1, 2013.
IAS 28 (R) - Investments in Associates	Amendments to IAS 28 – Investments in Associates and in Subsidiaries.	Annual periods beginning on or after January 1, 2013.

Company management evaluated these new standards and does not expect significant effects on the amounts reported, except for the application of IFRS 10 - Consolidated Financial Statements and IFRS 11 (CPC 19 R1) - Joint Arrangements. With the adoption of IFRS 10 and IFRS 11 (CPC 19 R1), certain jointly-controlled companies are no longer consolidated on a proportional basis; this adoption will have no impact on the Company P&L and equity.

2. Summary of significant accounting practices (Continued)

2.21. Standards and interpretations issued by the IASB and not yet adopted (Continued)

At December 31, 2012, the estimated portion of assets and liabilities, revenues and expenses, which will no longer be proportionally consolidated in the Company's financial statements, is as follows:

	12/31/2012
Current assets	**(220,508)**
Noncurrent assets	**(104,758)**
Investments	**227,076**
Current liabilities	**44,028**
Noncurrent liabilities	**54,162**
	-
Net revenue	**(163,696)**
Cost of sales and services	**89,770**
Operating income (expenses)	**13,058**
Current and deferred income and social contribution taxes	**3,560**
Equity pickup	**57,308**
	-

3. Cash and cash equivalents

These are represented by:

	Company – BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
Cash and banks	**625**	4,320	**52,351**	63,095
Short-term investment funds:				
Short-term investment funds	**-**	107,712	**-**	126,901
Financial Treasury Bills (LFT)	**-**	11,940	**-**	14,067
Repurchase agreements (100% to 105.5% of Interbank Deposit Certificates - CDI)	**-**	20,649	**-**	24,328
	625	144,621	**52,351**	228,391

4. Short-term investments

At December 31, 2012, the amount of R$ 62,013 and R$ 122,396 (R$ 60,447 and R$ 73,936 at December 31, 2011), in the Company and Consolidated, respectively, refer to investments in Bank Deposit Certificates (CDBs) and are classified as "Available for sale" according to Company's cash needs. Yield fluctuates between 75.0% and 110.5% of CDI.

5. Trade accounts receivable

	Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**
Accounts receivable from customers per real estate development - completed units	**304,481**	229,818
Accounts receivable from customers per real estate development - units under construction (*)	**818,214**	607,955
Trade notes receivable - services	**178**	1,215
	1,122,873	838,988
Securitized customer credits	**(95)**	(116)
Allowance for doubtful accounts	**(-)**	(2,231)
	1,122,778	836,641
Current	**620,592**	259,033
Noncurrent	**502,186**	577,608

(*) Net amounts of present value adjustment at December 31, 2012, in the amount of R$ 32,084 (R$ 43,848 at December 31, 2011). The average rate used for the year ended December 31, 2012 was 4.20% p.a. (6.15% p.a. at December 31, 2011) for accounts receivable from undelivered units.

At December 31, 2012 and 2011, breakdown of the portion of noncurrent assets per year of receipt is as follows:

	Consolidated - IFRS and BR GAAP	
Year	**12/31/2012**	**12/31/2011**
2013	**-**	247,046
2014	**217,418**	123,917
2015	**95,605**	53,086
2016	**51,913**	42,461
2017	**39,490**	36,096
2018 onwards	**97,760**	75,002
	502,186	577,608

5. Trade accounts receivable (Continued)

At December 31, 2012 and 2011, the aging list of trade accounts receivable per real estate development is as follows:

	Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**
Overdue:		
Within 30 days	**47,436**	9,309
From 31 to 60 days	**18,191**	5,388
From 61 to 90 days	**4,482**	3,025
From 91 to 120 days	**7,661**	3,435
Over 120 days	**7,515**	12,698
	85,285	33,855
Falling due	**1,037,588**	805,133
	1,122,873	838,988

Out of the total amount overdue at December 31, 2012, approximately 76.4% refers to customers that are under analysis and obtaining bank financing for settling their debit balance.

At December 31, 2012, securitized customer credits with joint liability totaling R$ 95 (R$ 116 at December 31, 2011) were generated from sale of part of the accounts receivable of subsidiary Silvana Empreendimentos Imobiliários Ltda.

These transactions are guaranteed by chattel mortgage of real estate financed upon the generation of real estate credits, except those discussed earlier.

6. Properties for sale

These are substantially represented by the buildup cost of properties for sale, either completed or under construction, and land for future developments, distributed as follows:

	Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**
Completed units	**32,416**	25,872
Units under construction	**266,483**	82,270
Land for new construction	**416,163**	431,248
Advances to suppliers	**16,195**	8,757
	731,257	548,147
Current	**500,529**	286,511
Noncurrent	**230,728**	261,636

6. Properties for sale (Continued)

Land for new construction will be developed as from January 2013, according to the launchings in progress. Land expected to be developed from December 2013 onward was classified under noncurrent assets.

At December 31, 2012, the Company, through subsidiary Avignon Incorporadora Ltda., a plot of land in Bertioga, amounting to R$ 6,952, equivalent to its interest percentage in the subsidiary, for which environmental permits are yet to be obtained from regulators by virtue of the notice received on December 12, 2007. Company management considers that the permits will be obtained without additional relevant costs. Additionally, there is other plots of land in Bertioga, State of São Paulo, amounting to R$ 6,015, recorded in subsidiaries Itagi Incorporadora Ltda. and Vanguarda Incorporadora Ltda.

Company management measures its "Land for new construction", at market price, based on market valuation reports and concluded that no impairment loss adjustments are required, since book value is lower than market value.

For the year ended December 31, 2012, capitalized interest amounts to R$ 1,172 (R$ 300 at December 31, 2011) in the consolidated, based on the interest rates for financing mentioned in Note 13.

7. Taxes recoverable

These are represented by:

	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
Withholding Income Tax (IRRF) (*)	**20,907**	19,324	**21,605**	20,311
Social Security Tax (INSS)	**6**	6	**21**	29
Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	**-**	-	**193**	180
Corporate Income Tax (IRPJ)	**-**	-	**109**	107
Social Contribution Tax on Net Profit (CSLL)	**-**	-	**27**	25
Other		1	**794**	55
	20,913	19,331	**22,749**	20,707
Current	**-**	-	**1,835**	1,376
Noncurrent	**20,913**	19,331	**20,914**	19,331

(*) Income tax on short-term investments represents withholding occurred, including prior year withholding, which, in line with the provisions of article 66 of Law No. 8383/91, as amended by article 58 of Law No. 9069/95, establishes the right to offset these amounts against taxes of the same nature or to request a refund, which ensures full realization thereof at adjusted amounts. The Company has already filed a request for the refund of part of this amount.

8. Additional Construction Potential Certificate (CEPAC)

	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
Additional Construction Potential Certificate (CEPAC)	**61,526**	47,021	**65,309**	47,021
Current	**21,219**	47,021	**25,002**	47,021
Noncurrent	**40,307**	-	**40,307**	-

The Additional Construction Potential Certificates (CEPACs) are stated at cost, which is lower than the quotation of the last auction held on June 15, 2012.

This amount is recorded in current and noncurrent assets, in accordance with the expected use in real estate projects to be launched.

9. Investments

	Company - BR GAAP						
						Investments	
Subsidiary	**Interest held - %**	**Capital**	**Equity (capital deficiency)**	**Net income(loss) for the year**	**Equity pickup**	**12/31/2012**	**12/31/2011**
AK 14 Empreendimentos e Participações Ltda.	60.00	10,928	10,020	(342)	(205)	**6,012**	5,707
Alfenas Incorporadora Ltda.	99.99	11,907	38,022	16,991	16,991	**38,022**	18,732
Alessandra Incorporadora Ltda.	99.99	1	921	(1)	(1)	**921**	1
Alexandria Incorporadora Ltda.	99.99	19,845	65,133	22,604	22,604	**65,133**	42,530
Analisys Consultoria, Planejamento e Participações S/S	99.99	5	(1,626)	-	-	**-**	-
Arapanés Incorporadora Ltda.	99.99	6,001	13,424	3,422	3,422	**13,424**	10,002
Antilhas Empreendimentos Imobiliários Ltda. - Condomínio Ville de France - SCP (a)	50.00	9,942	28,994	4,884	2,442	**14,497**	16,355
Arambaré Incorporadora Ltda.	99.99	25,311	21,088	(410)	(410)	**21,088**	20,021
Ares da Praça Empreendimento Imobiliário Ltda.	70.00	11,511	12,769	(369)	(258)	**8,938**	6,348
Aurillac Incorporadora Ltda.	99.99	21,733	21,790	892	892	**21,790**	23,597
Áustria Incorporadora Ltda.	99.99	1	8,796	(514)	(514)	**8,796**	1
Bergamo Incorporadora Ltda.	99.99	1,081	795	(268)	(268)	**795**	1,053
Camila Empreendimentos Imobiliários Ltda.	99.99	14,860	15,543	1,052	1,052	**15,543**	14,436
Blumenau Incorporadora Ltda. (a)	33.40	1	2,572	-	-	**859**	858
Cabo Frio Incorporadora Ltda. (a)	33.40	1	8,663	-	-	**2,893**	2,773
Catarina Incorporadora Ltda.	99.99	7,041	8,627	450	450	**8,627**	7,122
Cayowaa Incorporadora Ltda.	99.99	4,986	4,892	(15)	(15)	**4,892**	4,907
CCISA07 Incorporadora Ltda.	50.00	2,689	3,484	(152)	(76)	**1,742**	-
Center Jabaquara Empreendimentos Imobiliários Ltda.	99.99	2,082	7,402	2,341	2,341	**7,402**	1,988
Coimbra Incorporadora Ltda.	99.99	1	1	(1)	(1)	**1**	1
Crown Incorporadora Ltda.	99.99	15,156	18,819	3,230	3,230	**18,819**	15,589
Curupá Empreendimentos Imobiliários Ltda.	99.99	5,227	6,629	686	686	**6,629**	6,943
Elba Incorporadora Ltda.	99.99	13,581	23,164	6,519	6,519	**23,163**	13,644

9. **Investments** (Continued)

		Company - BR GAAP					
						Investments	
Subsidiary	Interest held - %	Capital	Equity (capital deficiency)	Net income (loss) for the year	Equity pickup	12/31/2012	12/31/2011
Esmirna Incorporadora Ltda.	99.99	8,265	13,518	2,987	2,987	**13,517**	25,881
E.Z.L.I. Empreendimento Imobiliário Ltda.	70.00	19,206	19,676	(238)	(167)	**13,773**	13,148
EZ Park Estacionamento Ltda.	99.99	1	93	86	86	**93**	-
EZ TEC Técnica Engenharia e Construção Ltda.	99.99	15,969	123	(1,555)	(1,555)	**123**	-
Florença Incorporadora Ltda.	99.99	4,822	37,787	15,547	15,547	**37,787**	19,797
Florianópolis Empreend. Imobiliários Ltda.	50.00	8,360	11,153	(208)	(104)	**5,576**	-
Garicema Empreendimentos Imobiliários Ltda.	99.99	55,107	248,957	55,883	55,883	**248,957**	149,801
Genova Incorporadora S.A. (a)	60.00	5,090	16,959	4,491	2,694	**10,175**	7,091
Giopris Empreendimentos Imobiliários Ltda.	99.99	42,003	43,956	4,250	4,251	**43,956**	42,999
Giovanna Incorporadora Ltda.	99.99	3,513	5,628	764	764	**5,628**	4,864
Gol Incorporadora Ltda.	99.99	24,229	25,405	(3)	(3)	**25,405**	24,609
Grauna Incorporadora Ltda.	99.99	3,936	3,808	(14)	(14)	**3,808**	3,821
Guara Incorporadora Ltda.	99.99	1	5	(36)	(36)	**5**	1
Hannover Incorporadora Ltda.	99.99	1	11	-	-	**11**	1
Ibiuna Incorporadora Ltda.	99.99	1	3,150	(22)	(22)	**3,150**	1
Iracema Incorporadora Ltda. (a)	33.40	1	10,975	(31)	(10)	**3,666**	3,443
Itagi Incorporadora Ltda.	80.00	5,404	486	(1)	(1)	**389**	389
J.J. Rodrigues Empreendimentos Imobiliários SPE Ltda. (a)	50.00	32,073	69,073	40,711	20,356	**34,796**	31,729
Jauaperi Incorporadora Ltda.	99.99	26,147	26,147	1,687	1,687	**26,147**	26,358
Juriti Empreendimentos Imobiliários Ltda.	99.99	7,463	17,115	5,503	5,503	**17,115**	10,189
Lafaiete Incorporadora Ltda.	99.99	32	7,470	(1,916)	(1,916)	**7,470**	6,741
Lausane Incorporadora Ltda.	99.99	12,396	57,628	15,899	15,899	**57,628**	41,730
Limoges Incorporadora Ltda.	99.99	-	66,484	17,154	17,154	**66,484**	44,742
Livorno Incorporadora Ltda.	99.99	8,989	10,081	(1,830)	(1,830)	**10,081**	8,863
Luzitânia Incorporadora Ltda.	99.99	10,552	10,704	(228)	(228)	**-**	652
Marcella Empreendimentos Imobiliários Ltda.	99.99	37,430	38,064	1,550	1,550	**38,064**	38,114
Marina Empreendimentos Imobiliários Ltda.	99.99	39,573	47,098	3,288	3,288	**47,098**	47,710
Mix Residencial Ltda.	99.99	19	1	(1)	(1)	**1**	2
Miziara Imobiliários Ltda.	50.00	10,894	9,320	(1,972)	(986)	**4,663**	4,804
Mônaco Incorporação S.A. (a)	40.00	39,883	91,625	53,534	21,414	**36,650**	20,589
Monza Incorporadora Ltda.	99.99	15,947	17,773	4,756	4,756	**17,773**	22,177
Otawa Incorporadora Ltda.	99.99	4,967	24,302	13,396	13,396	**24,302**	8,541
Paraíso Empreendimentos Imobiliários Ltda.	99.99	6,628	22,150	716	716	**22,150**	17,767
Park Empreendimentos Imobiliários Ltda.	99.99	18,298	18,454	1,836	1,836	**18,454**	18,371
Phaser Incorporação SPE S.A. (a)	27.50	93,598	92,094	(7,940)	(2,184)	**25,326**	12,331
Priscilla Empreendimentos Imobiliários Ltda.	99.99	15,312	16,202	(1,806)	(1,806)	**16,202**	19,443
Reno Incorporadora Ltda.	99.99	11	40,815	(1,261)	(1,261)	**40,815**	20,730
Santarém Incorporadora Ltda.	99.99	15,765	15,668	5,977	5,977	**15,668**	50,391
Savona Incorporadora Ltda.	90.00	-	1,859	178	160	**1,672**	11,855
San Diego Incorporadora Ltda.	99.99	13,227	47,454	18,771	18,771	**47,454**	28,013
Santa Lidia Empreendimentos e Participações SPE Ltda. (a)	50.00	24,920	64,898	25,454	12,727	**32,449**	19,722
Serra Azul Incorporadora Ltda.	45.00	13,892	18,282	2,272	1,022	**8,227**	-
Silvana Empreendimentos Imobiliários Ltda.	99.99	12,116	12,015	32	32	**12,015**	11,984

9. Investments (Continued)

		Company - BR GAAP					
						Investments	
Subsidiary	Interest held- %	Capital	Equity (capital deficiency)	Net income (loss) for the year	Equity pickup	12/31/2012	12/31/2011
Solidaire Empreendimentos Imobiliários Ltda. (a)	50.00	9,683	15,038	1,865	933	**7,519**	5,404
Tatuapé Empreendimentos Imobiliários Ltda.	99.99	20,969	21,048	1,689	1,689	**21,048**	23,059
Tec Vendas Consultoria de Imóveis Ltda.	99.99	106	(861)	(862)	(1)	**-**	1
Tirol Incorporadora Ltda.	99.99	1	13,166	(1,294)	(1,294)	**13,166**	9,599
Torino Incorporadora Ltda.	99.99	8,708	37,877	13,311	13,311	**37,877**	24,417
Toscana Incorporadora Ltda.	99.99	6,802	17,409	3,263	3,263	**17,409**	13,305
Trento Incorporadora Ltda.	99.99	6,016	24,599	7,951	7,951	**24,599**	15,063
Treviso Incorporadora Ltda.	90.00	26,518	78,029	23,552	21,196	**70,226**	49,028
Valentina Empreendimentos Imobiliários Ltda.	99.99	191	192	-	-	**192**	193
Vanguarda Incorporadora Ltda.	99.99	5,746	4,968	(8)	(8)	**4,968**	4,964
Verona Incorporadora Ltda.	99.99	16,266	61,985	18,796	18,796	**61,985**	42,464
Vermonth Incorporadora Ltda.	99.99	3,649	4,092	(1)	(1)	**4,091**	4,094
Venezia Incorporadora Ltda.	99.99	1	10	-	-	**10**	-
Village of Kings Incorporadora Ltda.	99.99	26,714	38,085	7,792	7,792	**38,085**	44,951
Vinhedo Incorporadora Ltda.	99.99	2	2	(1)	(1)	**2**	1
Wanessa Incorporadora Ltda.	99.99	5,225	26,084	10,730	10,730	**26,083**	5,593
Win Consultoria Imobiliária Ltda.	99.99	5	83	332	332	**83**	1
Windsor Incorporadora Ltda.	99.99	6,347	22,694	8,547	8,547	**22,694**	13,938
Ype Incorporadora Ltda.	99.99	1	3,226	(71)	(71)	**3,226**	1
Subtotal					368,377	**1,687,972**	1,288,078
"Surplus value" (b)						**12,704**	7,581
Total investments						**1,700,676**	1,295,659

(a) Jointly controlled companies and consolidated proportionally to interest held. The other investments are fully consolidated.

(b) In 2012, the Company acquired more 12.5% of interest, totaling 27.5%. At December 31, 2012, the amount of R$ 17,341, referring to acquisition of 15%, is classified under "Accounts payable".

(c) In "surplus value", amounts of assets of properties for sale were recognized, which, in the acquisition thereof, were measured at fair value. In subsequent periods, they were tested for impairment by internal and external experts, the breakdown of which is as follows:

"Surplus value" of accounts receivable and properties for sale acquired in companies	Company (BR GAAP)	
	12/31/2012	12/31/2011
Garicema Empreendimentos Imobiliários Ltda.	**448**	550
Genova Incorporadora S.A. (ii)	**1,567**	1,413
Phaser Incorporação SPE S.A.	**6,204**	5,009
Santa Lidia Empreendimentos e Participações SPE Ltda.	**407**	609
Florianópolis Empreendimentos Imobiliários Ltda.	**1,179**	-
Wanessa Incorporadora Ltda (i)	**2,899**	-
	12,704	7,581

(i) The surplus value on acquisition of this investment was based on customer portfolio. The surplus value of other investments is associated with properties for sale (land).

(ii) Surplus value upon acquisition was based on customer portfolio and properties for sale.

9. Investments (Continued)

Provision for investment losses with capital deficiency:

	Company - BR GAAP	
Provision for investment losses	**12/31/2012**	**12/31/2011**
Analysis Consultoria, Planejamento e Participações S/S	**(1,626)**	(1,626)
Tec Vendas Consultoria de Imóveis Ltda.	**(861)**	-
EZ TEC Técnica Engenharia e Construção Ltda.	**-**	(72)
	(2,487)	(1,698)

At December 31, 2012, the amount of R$ 2,487 (R$ 1,698 at December 31, 2011) of the provision for investment losses represent the recognition of interest in investments with capital deficiency and are presented in current liabilities. At December 31, 2012, the amount recorded as expense in the income statement was R$ 861 (R$ 44 at December 31, 2011).

10. Property and equipment

These are comprised of:

	Company - BR GAAP					
	Balance at 12/31/2010	**Additions**	**Balance at 12/31/2011**	**Additions**	**Write-offs**	**Balance at 12/31/2012**
Cost						
Furniture and fixtures	604	135	739	158	-	**897**
Machinery and accessories	135	1	136	-	-	**136**
Vehicles	61	-	61	245	-	**306**
Tools	6	-	6	-	-	**6**
Facilities	68	11	79	1	-	**80**
Computers and peripherals	2,020	687	2,707	1,098	-	**3,805**
improvements	3,438	77	3,515	233	-	**3,748**
Equipment	714	-	714	120	-	**834**
	7,046	911	7,957	1,855	-	**9,812**
Accumulated depreciation						
Furniture and fixtures	(44)	(74)	(118)	(78)	-	**(196)**
Machinery and accessories	(53)	(27)	(80)	(27)	-	**(107)**
Vehicles	(7)	(12)	(19)	(24)	-	**(43)**
Tools	(1)	(1)	(2)	(1)	-	**(3)**
Facilities	(15)	(7)	(22)	(8)	-	**(30)**
Computers and peripherals	(500)	(537)	(1,037)	(613)	-	**(1650)**
improvements	(373)	(659)	(1,032)	(674)	-	**(1,706)**
Equipment	(153)	(72)	(225)	(74)	-	**(299)**
	(1,146)	(1,389)	(2,535)	(1,499)	-	**(4,034)**
	5,900	(478)	5,422	356	-	**5,778**

10. Property and equipment (Continued)

	Consolidated - IFRS and BR GAAP					
	Balance at 12/31/2010	**Additions**	**Balance at 12/31/2011**	**Additions**	**Write-offs**	**Balance at 12/31/2012**
Cost						
Furniture and fixtures	711	135	846	158	(4)	**1,000**
Machinery and accessories	148	1	149	-	-	**149**
Vehicles	199	-	199	336	-	**535**
Tools	21	-	21	-	(1)	**20**
Facilities	164	11	175	2	(9)	**168**
Computers and peripherals	2,615	687	3,302	1,100	(22)	**4,380**
improvements	3,439	77	3,516	234	-	**3,750**
Equipment	772	1	773	120	-	**893**
	8,069	912	8,981	1,950	(36)	**10,895**
Accumulated depreciation						
Furniture and fixtures	(107)	(83)	(190)	(83)	4	**(269)**
Machinery and accessories	(63)	(27)	(90)	(28)	-	**(118)**
Vehicles	(151)	(16)	(167)	(36)	-	**(203)**
Tools	(10)	(4)	(14)	(4)	1	**(17)**
Facilities	(64)	(16)	(80)	(40)	9	**(111)**
Computers and peripherals	(1,006)	(595)	(1,601)	(619)	22	**(2,198)**
improvements	(374)	(660)	(1,034)	(674)	-	**(1,708)**
Equipment	(189)	(90)	(279)	(78)	-	**(357)**
	(1,964)	(1,491)	(3,455)	(1,562)	36	**(4,981)**
	6,105	(579)	5,526	388	-	**5,914**

Annual rates used for calculating depreciation are as under:

Furniture and fixtures	10%
Machinery and accessories	10%
Vehicles	20%
Tools	10%
Facilities	10%
Computers and peripherals	20%
Improvements (over the lease term in five years)	20%
Other	10%

11. Intangible assets

	Company - BR GAAP				
	Balance at 12/31/2010	**Additions**	**Balance at 12/31/2011**	**Additions**	**Balance at 12/31/2012**
Software use license					
Cost	2,585	772	3,357	2,639	**5,996**
Amortization	(166)	(248)	(414)	(576)	**(990)**
Trademarks and patents					
Cost	3	5	8	-	**8**
Amortization	(1)	(1)	(2)	-	**(2)**
	2,421	528	2,949	2,063	**5,012**

	Consolidated - IFRS and BR GAAP				
	Balance at 12/31/2010	**Additions**	**Balance at 12/31/2011**	**Additions**	**Balance at 12/31/2012**
Software use license					
Cost	2,787	773	3,560	2,640	**6,200**
Amortization	(171)	(248)	(419)	(577)	**(996)**
Trademarks and patents					
Cost	13	10	23	4	**27**
Amortization	(2)	(3)	(5)	(5)	**(10)**
	2,627	532	3,159	2,062	**5,221**

12. Real estate development and sale of properties

As described in Note 2.16, the total amounts of real estate developments and sale of units under construction, including the amounts already realized and presented in balance sheet accounts and the amounts not yet recorded, identified as "unrealized" below, due to the revenue recognition criterion established under accounting guidance OCPC 04 applicable to real estate activities, are as follows:

a) Trade accounts receivable and advances from customers

	Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**
Current assets		
Accounts receivable - % realized	**620,592**	259,033
Accounts receivable - % unrealized	**245,238**	124,326
	865,830	383,359
Noncurrent:		
Accounts receivable - % realized	**502,186**	577,608
Accounts receivable - % unrealized	**854,067**	639,575
	1,356,253	1,217,183
Current liabilities		
Advance from customers - % unrealized	**35,383**	25,067
Advance from customers – condition precedent	**8,109**	6,602
	43,492	31,669

12. Real estate development and sale of properties (Continued)

b) Unearned income

	Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**
Unearned gross sales revenue	**1,216,013**	865,674
(-) Unearned adjustment to present value	**(81,324)**	(76,709)
(-) Costs to incur with units sold (i)	**(609,333)**	(417,520)
Income from sale of unearned properties	**525,356**	371,445

(i) These represent estimates of costs to be incurred with constructions in progress of units already sold, less costs incurred up to December 31, 2012 and 2011.

c) Income earned on sale of properties

	Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**
Accumulated amounts:		
Earned gross sales revenue (ii)	**1,103,379**	968,764
(-) Present value adjustment	**(84,369)**	(43,848)
(-) Costs incurred with units sold (iii)	**(569,927)**	(456,200)
Income (loss) on sale of properties	**449,083**	468,716

(ii) Earned gross sales revenue

This refers to earned revenue accumulated from launching up to December 31, 2012 and 2011. This revenue does not include real estate projects completed in 2012 and 2011.

(iii) Costs incurred with units sold

Costs comprise expenses incurred with land, construction, financial charges from real estate financing, provision for guarantees and other expenses inherent to the respective real estate development.

d) Appropriation of assets

At December 31, 2012, real estate projects included in “appropriation of assets”, pursuant to Law No. 10931/04, correspond to 72.8% of total assets consolidated (52.9% at December 31, 2011).

13. Loans and financing

		Consolidated - IFRS and BR GAAP				
Financial institution	**Object**	**Currency**	**Financial charges**	**Final maturity**	**12/31/2012**	**12/31/2011**
Banco Itaú S.A.	Working capital	R$	-	January 2013	**36**	20
Banco Santander (Brasil) S.A.	Real estate credit	R$	TR + 10.0% p.a.	January 2015	**12,995**	-
Banco Santander (Brasil) S.A.	Real estate credit	R$	TR + 9.50% p.a.	April 2015	**10,039**	-
Banco Itaú S.A. (i)	Real estate credit	R$	TR + 10.2% p.a.	November 2014	**12,282**	3,680
Caixa Econômica Federal	Real estate credit	R$	TR + 9.92% p.a.	March 2014	**-**	2,312
Banco Bradesco S.A.	Real estate credit	R$	TR + 10.2% p.a.	November de 2014	**13,565**	2,131
Banco Bradesco S.A.	Real estate credit	R$	TR + 10.2% p.a.	May 2014	**9,945**	7,881
Banco Itaú S.A.	Real estate credit	R$	TR + 10.2% p.a.	July 2013	**4,624**	9,417
Banco do Brasil S.A.	Real estate credit	R$	TR + 9.8% p.a.	August de 2015	**12,259**	5,639
Banco do Brasil S.A.	Real estate credit	R$	TR + 9.86% p.a.	July 2015	**9,367**	-
Banco Bradesco S.A.	Real estate credit	R$	TR + 10.0% p.a.	April 2014	**14,037**	-
Banco Itaú S.A.	Real estate credit	R$	TR + 10.2% p.a.	January 2014	**6,898**	5,504
Caixa Econômica Federal (i)	Real estate credit	R$	TR + 9.5% p.a.	February 2014	**13,853**	17,162
Banco Itaú S.A.	Real estate credit	R$	TR + 10.5% p.a.	August 2013	**5,696**	7,231
Banco Itaú S.A.	Real estate credit	R$	TR + 9.90% p.a.	September 2015	**3,215**	-
Banco Santander (Brasil) S.A.	Real estate credit	R$	TR + 10.00% p.a.	May 2014	**4,032**	-
Banco Bradesco S.A.	Real estate credit	R$	TR + 10.20% p.a.	February 2013	**2,911**	-
Banco Itaú S.A.	Real estate credit	R$	TR + 9.90% p.a.	January 2015	**3,905**	-
Banco Bradesco S.A.	Real estate credit	R$	TR + 9.80% p.a.	June 2015	**6**	-
Banco Bradesco S.A.	Real estate credit	R$	TR + 9.80% p.a.	February 2015	**2**	-
Banco Bradesco S.A.	Real estate credit	R$	TR + 10.50% p.a.	August 2014	**1**	-
Banco Bradesco S.A.	Real estate credit	R$	TR + 10.00% p.a.	February 2015	**653**	-
Brazil's Federal Savings and Loans Bank (CEF)	Working capital	R$		January 2013	**1,422**	-
					141,743	60,977
Current					**54,388**	20
Noncurrent					**87,355**	60,957

(i) These were partially settled in January 2013.

Loans and financing taken out are inherent in the development of the work, guaranteed by the mortgage of the own property and right on customers' credits.

14. Labor liabilities

These are represented by:

	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
Accrued vacation pay and social charges	**1,189**	647	**3,283**	2,236
Payroll charges	**1,068**	699	**3,478**	2,413
Salaries and premiums payable (*)	**1,669**	1,548	**2,839**	2,601
Management fees payable	**-**	-	**118**	123
	3,926	2,894	**9,718**	7,373

(*) It includes provision for premiums payable to employees, which are calculated under global goals, as established by management. At December 31, 2012 R$ 3,169 (R$ 2,983 at December 31, 2011) in general and administrative expenses were allocated in the consolidated financial statements, for which partial payment was made in 2012.

15. Tax liabilities

These are represented by:

	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
IRPJ	**-**	-	**1,977**	1,687
CSLL	**-**	-	**987**	918
PIS	**-**	-	**365**	361
COFINS	**-**	-	**2,058**	1,767
Other	**8**	17	**668**	285
	8	17	**6,055**	5,018

16. Advances from customers

At December 31, 2012, the amount of R$ 43,492 (R$ 31,669 at December 31, 2011) in the consolidated financial statements represent amounts received from customers exceeding the revenue from financial development of real estate projects.

17. Land payable

		Consolidated - IFRS and BR GAAP	
Subsidiary	**Location**	**12/31/2012**	**12/31/2011**
Alessandra Incorporadora Ltda.	Vila Santa Catarina	**8,280**	-
Arambaré Incorporadora Ltda.	Praia Grande	**1,257**	2,264
Aurillac Incorporadora Ltda.	Santos	**-**	4,175
Austria Incorporadora Ltda.	Santo Amaro	**-**	2,335
Bergamo Incorporadora Ltda.	Mooca	**-**	4,575
Blumenau Incorporadora Ltda.	Mooca	**2,338**	2,069
Cabo Frio Incorporadora Ltda.	Mooca	**7,652**	6,774
Center Jabaquara Empreendimentos Imobiliários Ltda.	Jabaquara	**17**	716
Crown Incorporadora Ltda.	Socorro	**1,980**	3,351
Elba Incorporadora Ltda.	Santana	**150**	150
Giopris Empreendimentos Imobiliários Ltda.	Jucumã	**1,519**	1,487
Iracema Incorporadora Ltda.	Mooca	**9,470**	8,384
Limoges Incorporadora Ltda.	Vila Mascote	**7**	2,150
Marina Empreendimentos Imobiliários Ltda.	Tatuapé	**512**	-
Paraíso Empreendimentos Imobiliários Ltda.	Saúde	**921**	1,601
Reno Incorporadora Ltda.	Vila Mariana	**-**	18,129
San Diego Incorporadora Ltda.	Indianópolis	**65**	894
Serra Azul Incorporadora Ltda.	Morumbi	**-**	6,000
Toscana Incorporadora Ltda.	Brooklin Paulista	**2,440**	-
Verona Incorporadora Ltda.	Vila Mascote	**413**	385
Ype Incorporadora Ltda.	São Caetano	**47,775**	-
		84,796	65,439
Current		**67,578**	57,352
Noncurrent		**17,218**	8,087

17. Land payable (Continued)

At December 31, 2012, amounts inherent in land payable represent land acquired from third parties by the aforementioned subsidiaries, for future developments as from January 2013, except for the land acquired by subsidiary San Diego Incorporadora Ltda., having a real estate project launched in 2010, and Center Jabaquara Empreendimentos Imobiliários Ltda., Crown Incorporadora Ltda. and Paraiso Empreendimentos Imobiliários Ltda., having real estate projects launched in 2012.

There are no financial charges on the amounts mentioned, except for land acquired by subsidiaries Arambaré Incorporadora Ltda. and Ype Incorporadora Ltda., which are monetarily restated by the General Market Price Index published by Fundação Getulio Vargas - IGP-M/FGV, and San Diego Incorporadora Ltda., which are monetarily restated based on savings account earnings.

Maturities of noncurrent liabilities are as follows:

	Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**
2013	**-**	7,997
2014	**17,218**	90
	17,218	8,087

18. Deferred tax payment

Deferred IRPJ, CSLL, PIS and COFINS are calculated based on revenues allocated to profit or loss for the year, which were not financially realized. Payment is made to the extent they are received, under the provisions of tax law. Tax base for the year is as follows:

18. Deferred tax payment (Continued)

a) Breakdown of balances recorded in current and noncurrent liabilities

	Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**
Assets:		
Income tax paid in advance	**11**	-
Social contribution tax paid in advance	**7**	-
PIS and COFINS paid in advance	**17**	-
	35	-
Current	**3**	-
Noncurrent	**32**	-
Measurement basis for deferred tax liabilities	**1,120,056**	857,631
Deferred IRPJ	**14,207**	15,695
Deferred CSLL	**7,467**	8,255
Deferred PIS and COFINS	**23,687**	26,908
	45,361	50,858
Current	**24,338**	15,655
Noncurrent	**21,023**	35,203

The amounts classified into noncurrent will be realized from January 2014.

b) Breakdown of IRPJ and CSLL expenses - current and with deferred payment

	Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**
Current		
IRPJ	**(12,181)**	(13,480)
CSLL	**(6,361)**	(7,104)
	(18,542)	(20,584)
Deferred payment		
IRPJ	**2,115**	(1,213)
CSLL	**796**	(553)
	2,911	(1,766)

18. Deferred tax payment (Continued)

c) Reconciliation of IRPJ and CSLL expenses - current

IRPJ and CSLL expenses are reconciled at statutory rates, as follows:

	Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**
Revenue of subsidiaries taxed by taxable profit computed as a percentage of gross sales and appropriation of assets - cash basis	**583,640**	650,426
Effect of current income and social contribution taxes for the year (see Note 2.15 with statutory rates)	**(18,542)**	(20,584)

d) Reconciliation of IRPJ and CSLL effects - with deferred payment

Deferred IRPJ and CSLL amounts are reconciled at statutory rates, as follows:

	Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**
Increase in the difference between tax and corporate revenue (i)	**271,279**	61,533
Effect of deferred income and social contribution taxes for the year (see Note 2.15 with statutory rates)	**2,911**	(1,766)

(i) According to Brazilian IRS Revenue Procedure No. 84/79, developers should pay taxes based on the financial development of real estate projects. Accounting interpretation ICPC 02 - Agreements for the Construction of Real Estate and accounting guidance OCPC 04 establish that the appropriation of revenues shall be based on the financial development of real estate projects. Therefore, the difference between tax and corporate revenue is the basis of recognition of deferred taxes.

(ii) The positive amount of R$ 2,747 reflects the 0.95% reduction in the income and social contribution tax rates set forth by Law No. 10931/04 (see Note 2.14).

e) Reconciliation of IRPJ and CSLL - current

	Company - BR GAAP	
	12/31/2012	**12/31/2011**
Income before income and social contribution taxes	**336,166**	328,967
Rate - 34%	**(114,297)**	(111,849)
Effects on exclusions (equity pickup)	**125,248**	116,143
Effects on other exclusions	**608**	443
Effects on additions	**(1,286)**	(1,400)
Tax credit is not set up on tax losses and temporary differences	**10,274**	3,337

18. Deferred tax payment (Continued)

e) Reconciliation of IRPJ and CSLL - current (Continued)

The parent company opted for the taxable profit determination system and does not record tax credits, recording them only upon realization of future income.

19. Transactions with related parties

	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Noncurrent assets (*):				
Alefico Administração e Participações S.A.	**-**	-	**264**	-
AK 14 Empreendimentos e Participações Ltda.	**16**	16	**-**	-
Analisys Consultoria, Planejamento e Participações S/S	**1,814**	1,805	**-**	-
Arapanés Incorporadora Ltda.	**130**	150	**-**	-
Avignon Incorporadora Ltda.	**3,668**	3,668	**-**	-
CCI07SA Incorporadora Ltda.	**-**	-	**-**	-
E.Z.L.I.Empreend.Imobil.Ltda.	**-**	-	**-**	-
Florença Incorporadora Ltda.	**-**	4	**-**	-
Genova Incorporadora S.A.	**4,850**	-	**-**	-
Gênea Administração, Incorporação e Participações Ltda.	**-**	-	**1,961**	17
Giopris Empreendimentos Imobiliários Ltda.	**-**	-	**-**	-
Itagi Incorporadora Ltda.	**1,206**	1,206	**-**	-
J.J. Rodrigues Empreendimentos Imobiliários SPE Ltda.	**1,200**	-	**-**	-
Miziara Empreendimentos Imobiliários Ltda.	**-**	-	**-**	-
Proberd Empreendimentos Imobiliários Ltda.	**-**		**1,051**	1,298
Serra Azul Incorporadora Ltda.	**-**	7,081	**-**	-
Solidaire Empreend. Imobil.Ltda.	**-**	-	**-**	-
Tirol Incorporadora Ltda.	**-**	2	**-**	-
Treviso Incorporadora Ltda.	**550**	-	**-**	-
Trisul S.A.	**-**	-	**-**	-
Venezia Incorporadora Ltda.	**-**	1	**-**	-
Wanessa Incorporadora Ltda.	**-**	811	**-**	-
WZ Incorporação Imobiliária Privelige Ltda.	**-**	-	**1,155**	1,557
Other	**183**	107	**-**	-
	13,617	14,851	**4,431**	2,872
Current liabilities (*):				
Alefico Administração e Participações Ltda.	**-**	-	**7**	8
Aurillac Incorporadora Ltda.	**4,607**	9,240	**-**	-
Camila Empreendimentos Imobiliários Ltda.	**2,812**	2,857	**-**	-
Crown Incorporadora Ltda.	**4,160**	5,270	**-**	-
Ez Tec Técnica Engenharia e Construções Ltda.	**560**	-	**-**	-
Giopris Empreendimentos Imobiliários Ltda.	**21,700**	17,300	**-**	-
Grauna Incorporadora Ltda.	**88**	123	**-**	-
J.J. Rodrigues Empreendimentos Imobiliários SPE Ltda.	**-**	3,324	**-**	-
Jauaperi Incorporadora Ltda.	**11,118**	4,000	**-**	-
Limoges Incorporadora Ltda.	**160**	2,045	**-**	-
Marcella Empreendimentos Imobiliários Ltda.	**21,210**	20,120	**-**	-

19. Transactions with related parties (Continued)

	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Marina Empreendimentos Imobiliários Ltda.	**4,010**	-	**-**	-
Monza Incorporadora Ltda.	**14,375**	-	**-**	-
Park Empreendimentos Imobiliários Ltda.	**15,850**	9,505	**-**	-
Petropolis Empreendimentos Imobiliários Ltda.	**-**	-	**13**	13
Priscila Empreendimentos Imobiliários Ltda.	**2,008**	-	**-**	-
Proberd Empreendimentos Imobiliários Ltda.	**-**	-	**1,150**	1,143
Savona Incorporadora Ltda.	**-**	-	**-**	-
Santarém Incorporadora Ltda.	**11,900**	-	**-**	-
Silvana Empreendimentos Imobiliários Ltda.	**950**	350	**-**	-
Tatuapé Empreendimentos Imobiliários Ltda.	**12,295**	10,945	**-**	-
Tec Vendas Consultoria de Imóveis Ltda.	**127**	1,030	**-**	-
Torino Incorporadora Ltda.	**1,000**	1,000	**-**	-
Trisul S.A.	**-**	-	**-**	408
Vanguarda Incorporadora Ltda.	**795**	800	**-**	-
Vermonth Incorporadora Ltda.	**4,085**	4,085	**-**	-
WZ Incorporação Imobiliária Privelige Ltda.	**-**	-	**1,281**	1,274
	133,810	91,994	**2,451**	2,846

(*) It represents loan agreements without financial charges.

For the periods ended December 31, 2012 and 2011, in addition to the transactions mentioned, the Company performed or maintains the following transactions:

- Lease agreement with the controlling shareholder, for the property in which part of its facilities is located, with monthly cost of R$ 125, annually adjusted by the positive variance of IGP-DI-FGV. The lease expires in five years and there is a penalty in the event of termination corresponding to three months of lease.

- Acquisition by the controlling shareholder of residential units amounting to R$ 3,760 in September 2012. The contractual conditions, including price of the acquired property, is in accordance with market conditions and prices used by the Company in transactions with third parties for the same real estate project.

20. Provision for risks and contingencies

(a) Based on individual analysis of possible tax risks, management set up a provision at and amount deemed sufficient to cover probable losses.

At December 31, 2012, the Company and its subsidiaries do not have any contingent assets with probable gains and subject to disclosure:

	Company - BR GAAP	Consolidated - IFRS and BR GAAP
Balance at December 31, 2011	445	4,751
Additions	3,329	3,510
Reversals	-	(1,585)
Balance at December 31, 2012	**3,774**	**6,676**

(b) The Company and its subsidiaries are parties to legal claims, the probability of loss of which is possible, at December 31, 2012, amounting to R$ 1,849, R$ 1,674 of which refer to civil claims and R$ 175 to labor claims (at December 31, 2011 R$ 1,835, R$ 1,065 of which refer to civil claims and R$ 770 to labor claims).

21. Equity

a) Capital

At December 31, 2012, Company's capital amounts to R$ 1,050,000 divided into 146,724,120 common shares with no par value.

At the Special General Meeting held on April 27, 2012, a capital increase of R$ 325,930 was approved, and capital now amounts to R$ 1,050,000, arising from the expansion reserve, without issuance of new shares.

b) Legal reserve

This reserve is compulsorily set up by the Company at the ratio of 5% of net income for the year, limited to 20% of paid-in capital. Legal reserve will only be used to increase capital and offset accumulated losses.

At December 31, 2012, the Company's legal reserve balance is R$ 59,715 (R$ 42,907 at December 31, 2011).

21. Equity (Continued)

c) Capital reserve

Capital reserve derives from gain on disposal of treasury shares in 2011 and may be used in compliance with article 200 of Law No. 6404/76, as amended.

At December 31, 2012 and 2011, the capital reserve balance is R$ 38,297.

d) Expansion reserve

As provided for by article 25, letter "f" of the Company's Articles of Incorporation, the statutory income reserve, denominated "Expansion reserve" is intended for financing the expansion activities of the Company's and/or its subsidiaries and affiliates, including by means of subscription of capital increases or creation of new real estate projects, and will be made up with 100% (one hundred per cent) of net income remaining after legal and statutory deductions, and whose balance, in addition to the balances of other income reserves, except for unrealized income reserve and reserve for contingencies, may not exceed 100% (one hundred per cent) of the Company's subscribed capital.

At December 31, 2012, the expansion reserve balance is R$ 506,649 (R$ 593,061 at December 31, 2011).

e) Dividends

Shareholders are entitled to a minimum mandatory dividend corresponding to 25% of net income for the year, calculated under the Brazilian Corporation Law.

The allocation of P&L for the years ended December 31, 2012 and 2011 is as follows:

	Company - BR GAAP	
	12/31/2012	**12/31/2011**
Net income for the year	**336,166**	328,967
Legal reserve - 5%	**(16,808)**	(16,448)
	319,358	312,519
Proposed dividends - 25%	**(79,840)**	(78,130)
Expansion reserve	**(239,518)**	(234,389)
	-	-

21. Equity (Continued)

e) Dividends (Continued)

Pursuant to article 34, letter "f" of the Articles of Incorporation, Company management proposed allocation of the remaining balance of net income for the year to expansion reserve in order to increase its operating activities, such as purchase of new land, residential and commercial launching and developments to be carried out with its current inventory of land.

f) Treasury shares

At the Board of Directors' meetings held on April 15 and September 12, 2008, an own common share repurchase program was approved, to be held in treasury and later sold and/or cancelled, without capital reduction. The Company acquired 6,004,000 common shares for R$ 20,216 at market price; 2,562,412 of which were cancelled at the Special General Meeting held on September 23, 2008, at the average repurchase price for allocation to retained profit reserve amounting to R$ 9,535, remaining, at December 31, 2009, of such repurchase, 3,441,588 shares, amounting to R$ 10,681. On January 27, 2011, the Board of Directors approved the disposal of treasury shares, which were fully disposed of in the first half of 2011.

22. Basic earnings per share

Calculation of basic earnings per share is as follows:

	Company - BR GAAP	
	12/31/2012	**12/31/2011**
Income attributable to controlling shareholders	**336,166**	328,967
Weighted average number of outstanding common shares (in thousands)	**146,724**	146,041
Basic earnings per share in R$	**2.29**	2.25

The Company does not have any debt convertible into shares with stock options granted; therefore, it does not calculate diluted earnings per share.

23. Net revenue

The net revenue for the years is as follows:

	Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**
Gross operating revenue:		
Revenue from sale of properties	**869,420**	805,367
Revenue from leases and services	**7,128**	4,668
Total gross operating revenue	**876,548**	810,035
Deductions from gross revenue:		
Sales cancellation	**(61,163)**	(42,675)
Sales taxes including deferred taxes	**(15,934)**	(23,175)
Total deductions from gross revenue	**(77,097)**	(65,850)
Net revenue	**799,451**	744,185

24. Sales cancellation

At December 31, 2012, the amount of R$ 61,163 (R$ 42,675 at December 31, 2011) represent cancellations for the year, related to agreements previously executed, incorporating the effects of results recorded for the financial development of the respective construction works. The properties returned by means of cancellation are resold, and since Company management understands that such amount is not material in relation to sales volume, no provision for return is set up in the financial statements.

25. Expenses by nature

These are represented by:

	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
Cost of sales and services				
Cost of construction work/land	-	-	**(366,201)**	(360,306)
Capitalized financial charges	-	-	**(10,913)**	(5,309)
Maintenance/guarantee	-	-	**(7,865)**	(2,933)
	-	-	**(384,979)**	(368,548)
Selling expenses:				
Advertising and other expenses	-	-	**(29,345)**	(21,905)
Sales booth expenses	-	-	**(16,529)**	(10,923)
	-	-	**(45,874)**	(32,828)

25. Expenses by nature (Continued)

	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
General and administrative expenses:				
Expense on salaries and charges	**(16,461)**	(11,883)	**(20,441)**	(17,224)
Expense on employee benefits	**(4,952)**	(4,162)	**(6,629)**	(6,002)
Depreciation and amortization expenses	**(2,074)**	(1,637)	**(2,138)**	(1,721)
Expenses on services rendered	**(8,827)**	(9,777)	**(16,143)**	(13,037)
Rental expenses and condominium fees	**(2,080)**	(1,954)	**(2,084)**	(1,964)
Properties maintenance expenses	**(241)**	(218)	**(336)**	(262)
Expenses on fees and charges	**(104)**	(30)	**(563)**	(910)
Other expenses	**(2,512)**	(2,724)	**(6,195)**	(4,555)
	(37,251)	(32,385)	**(54,529)**	(45,675)

26. Management compensation

The General Meeting held on April 27, 2012 approved the Company's total annual management compensation limit of R$ 12,000.

In 2012, management compensation in consolidated amounted to R$ 7,270 (R$ 6,376 at December 31, 2011), of which R$ 6,306 refer to fixed compensation and R$ 964 to variable compensation (R$ 5,581 fixed compensation and R$ 795 variable compensation at December 31, 2011).

27. Financial income (expenses)

These are comprised of:

	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
Income:				
Financial income	**9,976**	24,205	**15,089**	30,129
Interest receivable on trade accounts	**-**	-	**32,691**	34,923
Other income	**587**	1,206	**3,200**	6,823
	10,563	25,411	**50,980**	71,875
Expenses:				
Interest payable and monetary variation losses	**-**	-	**(244)**	(690)
Discounts granted on trade accounts receivable	**-**	-	**(5,827)**	(5,626)
Other expenses	**(91)**	(72)	**(1,057)**	(970)
	(91)	(72)	**(7,128)**	(7,286)

28. Stock option plan

Company's Articles of Incorporation provides for a stock option plan, approved at the Special General Meeting held on March 3, 2007, for managers, employees and service providers, and, up to December 31, 2012, no stock option was granted. The stock option plan will be limited to 2% of Company's shares.

29. Financial Instruments

29.1. Capital risk management

The Company and its subsidiaries manage their capital in order to ensure the ability to continue as a going concern, while maximizing the return to all interested parties or parties involved in its operations, by optimizing the balance of debts and equity. The Company's overall strategy has not changed since 2009. The capital structure of the Company and its subsidiaries is comprised by net indebtedness (loans and financing detailed in Note 13, less balance of cash and cash equivalents and short-term investments in Notes 3 and 4, respectively) and Company's equity (which includes capital, income reserves and noncontrolling interest).

The Company is not subject to any external requirement on the capital.

29.2. Net cash

Net cash at end of years is as follows:

	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
Loans and financing (a)	**-**	-	**(141,743)**	(60,977)
Cash and cash equivalents and short-term investments (b)	**62,638**	205,068	**174,747**	302,327
Net cash	**62,638**	205,068	**33,004**	241,350
Equity (c)	**1,654,661**	1,398,335	**1,676,491**	1,417,361
Net cash	**0.04**	0.15	**0.02**	0.17

(a) Short and long-term loans and financing, as defined in Note 13.

(b) Cash and cash equivalents and short-term investments, as described in Notes 3 and 4, respectively.

(c) Equity includes capital, income reserves and noncontrolling shareholders.

29. Financial instruments (Continued)

29.3. Financial instruments by category

	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Financial assets				
Loans and receivables:				
Cash and cash equivalents	**625**	144,621	**52,351**	228,391
Trade accounts receivable	**-**	-	**1,122,778**	836,641
Transactions with related parties	**13,617**	14,851	**4,431**	2,872
Available for sale:				
Short-term investments	**62,013**	60,447	**122,396**	73,936
Investments held to maturity recorded at amortized cost:				
Additional Construction Potential Certificate (CEPAC)	**61,526**	47,021	**65,309**	47,021
Financial liabilities				
Amortized cost:				
Trade accounts payable	**1,211**	610	**28,306**	19,694
Loans and financing	**-**	-	**141,743**	60,977
Accounts payable	**1**	17,374	**8,278**	23,835
Land payable	**-**	-	**84,796**	65,439
Transactions with related parties	**133,810**	91,994	**2,451**	2,846

29.4. Financial risk management objectives

The Company monitors and manages financial risks associated with the operations. Among these risks there are market risk (interest rate variation), credit risk and liquidity risk. The main purpose is to maintain Company's exposure to these risks at minimum levels by using non-derivative financial instruments and evaluating and controlling credit and liquidity risks.

29.5. Market risk management

The Company is engaged in the development, construction and sale of real estate projects. In addition to the risks that affect the real estate market in general, such as stoppage of supplies and price volatility of construction materials and equipment, changes in supply and demand of real estate projects in certain areas, strikes and zoning environmental regulations, Company's activities are specifically affected by the following risks:

- The Brazilian economic situation, which could have a negative impact on the growth of the real estate sector as a whole, by means of economic slowdown, increased interest, currency fluctuation and political instability, among others.

29. Financial instruments (Continued)

29.5. Market risk management (Continued)

- Prohibition in the future, as a result of new regulations or market conditions, against the adjustment for inflation of receivables, according to certain inflation rates, as currently allowed, which could make a project financially or economically infeasible.

- Buyers' level of interest in a new project launched or selling price per unit required to sell all units can be below the expected, causing the project to become less profitable than expected.

- In the event of bankruptcy or significant financial issues of a major real estate company, the whole sector can be negatively impacted, which could cause a reduction in customer confidence in other companies that operate in the sector.

- Local and regional real estate market conditions, such as excess supply, shortage of land in certain areas, or significant increase in acquisition cost of land.

- Risk that the buyers will have a negative perception of the safety and security, convenience and attractiveness of the Company's properties, as well as their location.

- Company's profit margins may be affected as a result of increased operating costs, including investments, insurance premium, real estate taxes and public charges.

- Development opportunities can decrease.

- The construction and sale of real estate units may not be completed on schedule, leading to increased construction costs or termination of sales agreements.

- Non-payment after delivery of units acquired in installments. The Company is entitled to file a collection lawsuit, aiming at due amounts and/or taking back the unit from the delinquent buyer, which cannot ensure that it will be able to recover the total amount of the debt balance or, after taking back the property, its sale under satisfactory conditions.

29. Financial instruments (Continued)

29.5. Market risk management (Continued)

- Any change in the policies of the Brazilian Monetary Council (CMN) on the application of funds intended for the Housing Finance System (SFH) can reduce the financing offer to customers.

- The decrease in the market value of land kept in inventory, before the development of the real estate project for which it is intended, and the inability to preserve the margins previously projected for the respective developments.

29.6. Exposure to currency risks

The Company and its subsidiaries are not exposed to currency risks as they do not have any foreign currency transactions.

29.7. Exposure to interest rate risks

The Company and its subsidiaries have loans with third parties, subject to fluctuations of the rates provided for in such agreements, by means of Referential Rate (TR) variation and interest. They are exposed to fluctuations of interest rates receivable from customers and balances of short-term investments, in this case, by the CDI variation.

At December 31, 2012, Company and its subsidiary management conducted a sensitivity analysis for a 12-month scenario, as required by CVM Rule No. 475, of December 17, 2008, not necessarily representing Company's expectations. A decrease (assets) and an increase (liabilities) of 25% and 50% in interest rates, using 7.75% (CDI) and 0.00% (TR), expected on balances of short-term investments and loans and financing, were taken into account:

	Company - BR GAAP			Consolidated - IFRS and BR GAAP		
Index	**Scenario I Probable**	**Scenario II (25%)**	**Scenario III (50%)**	**Scenario I Probable**	**Scenario II (25%)**	**Scenario III (50%)**
Assets:						
Short-term investments (decrease in CDI)	4,806	3,604	2,403	9,486	7,114	4,743
Liabilities:						
Loans and financing (increase in TR)	-	-	-	-	-	-

29. Financial instruments (Continued)

29.8. Liquidity risk management

The Company and its subsidiaries manage liquidity risk by maintaining reserves and bank credit lines considered as appropriate, by means of continuous monitoring of forecasts and actual cash flow and combination of maturities of financial assets and liabilities.

29.9. Risk concentration

The Company and its subsidiaries maintain bank checking accounts and short-term investments with financial institutions approved by management in accordance with objective criteria for risk diversification. The balance of accounts receivable is distributed among various customers. None of these customers concentrates 10% or more of the total net operating income or the balance receivable.

29.10. Fair value of financial instruments

Book values of financial instruments of the Company and its subsidiaries at December 31, 2012 and 2011, which are recorded at amortized cost, according to Note 29.3, approximate fair value, as the nature and characteristic of contracted conditions resemble those available in the market at the financial statement dates. The balance of cash and cash equivalents as well as short-term investments are indexed to CDI; therefore, the amounts recorded approximate fair value of these financial instruments.

In 2012 and 2011, the Company and its subsidiaries had no derivative financial instruments or any similar risks.

30. Insurance coverage

The Company and its subsidiaries maintain, at December 31, 2012, the following insurance contracts:

a) Engineering risk - civil work under construction - "All Risks" policy, which provides insurance against all risks involved in the construction of a real estate project, such as fire, theft and execution damages, among others. This type of policy allows additional coverage in accordance with the risks inherent in the work, including, but not limited to, general and cross civil liability, extraordinary expenses, riots, civil liability of the employer and pain and suffering.

b) Corporate insurance - coverage for sales booths and model apartments, providing insurance against damages caused by fire, theft, lightening and explosion, among others.

c) Insurance against miscellaneous risks - electronic devices - insurance against any theft or electrical damage.

d) General Civil Liability (D&O).

31. Commitments

The Company has lease agreements for two properties where its facilities are located, with monthly cost of R$ 35, adjusted by IGP-M/FGV variation. The lease expires in five years and there is a penalty in the event of termination corresponding to three months of lease.

At December 31, 2012, the Company, by means of its subsidiaries, has long-term agreements amounting to R$ 158,080 (R$ 33,432 at December 31, 2011), related to the supply of raw material used in the development of real estate projects.

32. Additional information - Cash flow statements

The following transactions did not involve cash disbursement:

	Company - BR GAAP		Consolidated - BR GAAP and IFRS	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
Purchase of land financed by sellers	**-**	-	**19,356**	23,768
CEPAC transferred to subsidiaries and used in the transaction	**35,063**	16,823	**35,063**	16,823
Acquisition of investments payable	**-**	17,342	**-**	-

33. Segment information

Company management focuses its business on real estate developments.

Information is analyzed by internal management reporting per real estate project, and the Company's Executive Board resolves on the allocation of funds and assessment thereof, establishing its segments between commercial and residential properties.

a) Breakdown of the main profit or loss accounts, by segment:

	Consolidated - IFRS and BR GAAP			
	Commercial		Residential	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
Gross income	**213,927**	233,861	**662,622**	576,174
Deductions from gross income:	**(18,344)**	(13,324)	**(58,754)**	(52,526)
Net income	**195,583**	220,537	**603,868**	523,648
Cost of sales and services	**(67,619)**	(95,391)	**(317,360)**	(273,157)
Gross profit	**127,964**	125,146	**286,508**	250,491
Selling expenses	**(8,365)**	(7,713)	**(37,509)**	(25,115)

33. Segment information (Continued)

b) Breakdown of main assets and liabilities, by segment:

	Consolidated - IFRS and BR GAAP			
	Commercial		Residential	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Assets:				
Trade accounts receivable	**249,963**	218,745	**872,815**	617,896
Properties for sale	**177,010**	87,355	**554,247**	460,792
Liabilities:				
Loans and financing	**-**	-	**141,743**	60,977
Advances from customers	**23,857**	15,928	**19,635**	15,741

34. Financial statements approval

The financial statements were approved by the Company's Board of Directors and authorized for disclosure on March 19, 2013.

35. Subsequent events

On January 15, 2013, subsidiary Garicema Empreendimentos Imobiliários Ltda. entered into a purchase and sale agreement whereby such company undertook to sell to São Carlos Empreendimentos e Participações S/A, for the amount of R$ 564,000, one of the towers - "Tower A" - of the commercial real estate project named EZ Towers, under construction, which was submitted to appropriation of assets according to Law No. 10931/04. The construction of this real estate project will be financed by Banco Bradesco S/A, as provided for by the financing agreement entered into on that date, in the amount of R$ 425,000, which will be fully assumed by the purchaser on the date of the definitive purchase and sale deed.

On March 4, 2013, through a Share Purchase and Sale Agreement, the Company acquired 20% of interest in Mônaco Incorporação S.A. for R$ 26,000.

MANAGEMENT'S REPORT

EZTEC's Management announces its results for the forth quarter of 2012 (4Q12) and for 2012. The year of 2012 stood out for EZTEC´s operational growth through the increased volume of projects under execution, alongside with the maintenance of the controls and differentiated financial performance.

The Company launched **R$343.7 million** (EZTEC's share) in the 4Q12, and a total of **R$1,189.1 million** in 2012, when including EZTEC´s stake acquisitions in existing projects throughout 2012. For 2013, EZTEC highlights its decision to renew the yearly Launch Guidance between R$1.2 billion and R$1.4 billion, confirming EZTEC´s belief in the maintenance of the demand, execution control and financial margins so far obtained.

Contracted Sales have reached **R$875.7 million** in 2012. Considering the total area sold, EZTEC sold 8.2% more in 2012 than in 2011. The Company continues to believe in the demand for its residential and commercial products in the city of São Paulo and the São Paulo Metropolitan Area, while observing that the decision to launch products directed to the middle and middle-high income segments was correct and has resulted into the reported high margins. Alongside the correct strategy, the Company has successfully maintained its execution controls which guarantees finishing quality, deadline fulfillments and budget control.

Net Revenues reached R$200.6 million in the forth quarter of 2012, and record high **R$799.5 million** in 2012, **up 7.4%** from the 2011. EZTEC has increased its execution level throughout 2012, which led to an average R$200 million in Net Revenues per quarter. It´s also important to point out that the revenues of 4 projects launched in 2012 (*Up Home Santana, Prime House São Bernardo, Jardins do Brasil – Amazônia* and *Dez Cantareira)* will only be recognized in 2013. Therefore, when considering the current operational levels with yearly launches being over R$1.1 billion, future revenues will be even higher than in previous quarters.

EZTEC´s record Net Revenue came alongside with the highest yearly Gross Margin since the IPO, reaching **51.8%, 1.4 p.p. above** 2011´s. This increase was caused by: [i] the accuracy in budgets and strict cost control, alongside with the positive effect coming from INCC; [ii] the precise pricing of EZTEC´s products; and [iii] the adjustments of the PIS and COFINS tax from 3.13% to 2.08% as a reflection of the of changes in tax laws intruduced by the *MP°601* (Provisional *Measure*) published December 28th, 2012. As a result, the Gross Profit was **up 10.3%** reaching **R$414.5 million** in 2012.

Net Income reached **R$336.2 million** in 2012**,** 2.2% above the same period of the previous year, while Net Margin reached 42.0% (12.0 p.p. above our guidance for the year). The increase in Net Margin was a result of the Company´s operational evolution, and less due to the Financial Result as in previous years. This is a clear demonstration that the investment of the Company´s Cash position in new projects have been fueling the Company´s growth and giving adequate return when considering all risks involved.

In terms of Land Bank, in 2012, EZTEC acquired the net position of 7 new land pieces. All of them in São Paulo and its Metropolitan Area, adding another **R$608.0 million** to the Company´s Land Bank. By the end of 2012, the Land Bank position reached **R$4.0 billion** of own PSV.

In terms of Cash, EZTEC ended the period with Cash, Cash equivalents and Financial Investments position of R$174.7 million. After deducting debt of R$141.7 million (consisting

exclusively of SFH financing lines for construction) at the end of the 4Q12, the Net Cash position reaches R$33.0 million which can be seen together with the R$304.5 million of Performing Receivables which are adjusted by the IGP-M index plus 12%p.a. fixed rate and are qualified for securitization.

The new record Net Income will result in the distribution, after legal deductions, of R$79.8 million as dividends, corresponding to a payout of 25%, subject to approval by the Shareholders' Meeting, programmed to be held on April 26th, 2013. Earnings per share should be around R$0.54, 2.2% higher than in the previous year.

As following events, it´s important to point out the sale of ***EZ Towers'*** Tower A to **São Carlos** Empreendimentos e Participações S.A. for R$564.0 million. This amount will be adjusted by the INCC index and increased by the Variable Payment, which corresponds to the financial costs related to the construction´s financing provided by Bradesco S/A. This financing agreement was signed that same date sale and is to be **fully transferred to São Carlos after the granting of the final deed of sale**. The revenues related to the sale will begin to be recognized on the 1Q13 and onward according to the construction´s evolution.

The successful sale of *EZ Towers* project is a motivation for the continuity of the development of new commercial Greenfields projects, since it involves the active participation in the projects' development from all areas inside the Company. Therefore, qualifying EZTEC for future development of high quality commercial projects, as well as capturing operational synergies and financial results that only and integrated business model can offer.

Also as a following event, EZTEC announces its guidance for the year, with launches ranging between **R$1.2 billion** and **R$1.4 billion**, while the minimum Gross Margin and Net Margin thresholds remaining at 40% and 30%, respectively. So far, in 2013, EZTEC has launched 3 new projects for a total of R$201.9 million, reaching 15.5% of the mid-point of the Guidance.

EZTEC's Management reiterates its shareholders that the 2012´s results show that the eventual fragilities of the sector have not affected the Company´s confidence in the market and strengthens the concept that a Business Model that is conservative and based on rigid operational controls on all its levels is crucial to eliminate results´ volatilities and to create a Company which its consistency is its greatest asset. Therefore, we appreciate the trust EZTEC´s clients, shareholders, employees and partners has put upon us.

EZTEC Management.