34,782,609 Common Shares

even.com.br

EVEN CONSTRUTORA E INCORPORADORA S.A.

Offer Price: R$11.50 per Common Share

We, Even Construtora e Incorporadora S.A., are conducting a primary offering of 34,782,609 common shares to the public in Brazil, to qualified institutional buyers in the United States and to institutional and other investors elsewhere.

We have registered the offering of our common shares with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or the CVM. Our common shares have been approved for listing on the *Novo Mercado* segment of the São Paulo Stock Exchange (*Bolsa de Valores de São Paulo*), or the BOVESPA, under the symbol "EVEN3." The ISIN number for our common shares is BREVENACNOR8. Neither the CVM, the United States Securities and Exchange Commission nor any other regulatory authority has approved or disapproved of the common shares offered hereby or passed upon or endorsed the merits of this offering or the accuracy or adequacy of this offering memorandum (or the Portuguese-language prospectus used in connection with the offering of our common shares in Brazil). Any representation to the contrary is a criminal offense.

We have granted to Banco UBS Pactual S.A. an option, exercisable upon consultation with Banco Itaú BBA S.A., to place up to an additional 5,217,391 common shares at the offering price, representing 15% of the common shares initially offered hereby, to cover over-allotments, if any, for a period of up to 30 days from the first business day after the date of the publication of the announcement in Brazil of the commencement of this offering.

The offer of our common shares has not been and will not be registered under the U.S. Securities Act of 1933, as amended (which we refer to as the Securities Act), or under any U.S. state securities laws. Accordingly, our common shares are being offered in the United States only to qualified institutional buyers as defined in Rule 144A under the Securities Act, or Rule 144A, pursuant to exemptions from registration provided under the Securities Act and outside the United States in accordance with Regulation S under the Securities Act, or Regulation S. See "Transfer Restrictions" on page 141 for a description of restrictions on transfers of our common shares.

Investors residing outside Brazil may purchase our common shares if they comply with the registration requirements of CVM Instruction No. 325, dated January 27, 2000, and Resolution No. 2,689, dated January 26, 2000, of the Brazilian National Monetary Council (*Conselho Monetário Nacional*), or the CMN, as amended.

Investing in our common shares involves risks. See "Risk Factors" beginning on page 13 for a discussion of certain factors you should consider before investing in our common shares.

Payment for our common shares must be made in *reais* through the Brazilian Settlement and Custodial Company (*Companhia Brasileira de Liquidação e Custódia*), or the CBLC. It is expected that our common shares will be delivered through the CBLC on or about April 4, 2007.

Joint Bookrunners

UBS Investment Bank **Banco Itaú BBA**

Co-Managers

HSBC **Safra**

The date of this offering memorandum is March 29, 2007.

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You should only rely on the information contained in this offering memorandum. Neither we, the Brazilian underwriters nor the agents appointed by the Brazilian underwriters to facilitate the placement of common shares outside of Brazil, have authorized anyone to provide you with information that is different from or additional to that contained in this offering memorandum. If anyone provides you with different or additional information, you should not rely on it. You should assume that the information in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum, regardless of the time of delivery of this offering memorandum or any sale of our common shares. Our business, financial condition, results of operations and prospects may change after the date on the front cover of this offering memorandum. Neither we, the Brazilian underwriters nor the agents are making an offer to sell the common shares in any jurisdiction where the offer or sale is not permitted.

In this offering memorandum, references to "Even," "the Company," "we," "us" and "our" refer to Even Construtora e Incorporadora S.A., a *sociedade anônima* incorporated under the laws of Brazil, and its subsidiaries, except where the context requires otherwise. References to "common shares" refer to the common shares of Even, except where the context requires otherwise.

This offering memorandum is highly confidential, and we have prepared it for use solely in connection with the proposed offering of our common shares outside Brazil. This offering memorandum is personal to the offeree to whom it has been delivered by the agents and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise to acquire our common shares. Distribution of this offering memorandum to any person other than the offeree is unauthorized, and any disclosure of any of its contents without our prior written consent is prohibited. Each offeree, by accepting delivery of this offering memorandum, agrees to the foregoing and agrees to make no copies of this offering memorandum, in whole or in part.

We are relying on exemptions from registration under the Securities Act for offers and sales of securities that do not involve a public offering. Our common shares offered through this offering memorandum are subject to restrictions on transferability and resale and may not be transferred or resold in the United States except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration or exemption from them. By purchasing the common shares, you will be deemed to have made the acknowledgements, representations and warranties and agreements described under the heading "Transfer Restrictions" in this offering memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. In making an investment decision, you must rely on your own examination of our business and the terms of this offering, including the merits and risks involved.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell our common shares or possess or distribute this offering memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of our common shares under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we, the Brazilian underwriters nor the agents will have any responsibility therefor.

We, the Brazilian underwriters and the agents reserve the right to reject any offer to purchase, in whole or in part, and for any reason, our common shares offered hereby.

This offering is being made in Brazil by a prospectus in Portuguese to be dated March 30, 2007. The Brazilian prospectus, which has been filed with the CVM, is in a format different from that of this offering memorandum and contains certain information generally not included in documents such as this one. This offering is made in the United States and elsewhere outside Brazil solely on the basis of the information contained in this offering memorandum and you should take this information into account when making an investment decision. In connection with this offering, Banco UBS Pactual S.A., upon consultation with

Banco Itáu BBA S.A., may over-allot or acting through UBS Pactual Corretora de Títulos e Valores Mobiliários S.A. effect transactions with a view to supporting the market price of our common shares at a level higher than that which might otherwise prevail. However, there is no assurance that Banco UBS Pactual S.A. acting through UBS Pactual Corretora de Títulos e Valores Mobiliários S.A. will undertake stabilizing actions. In addition, such stabilizing activities, if commenced, may be discontinued at any time and must be brought to an end after a limited period. If conducted, such stabilizing activities shall be in compliance with all applicable laws, regulations and rules. See "Plan of Distribution."

We are not, and the Brazilian underwriters and the agents are not, making any representation to any purchaser of the common shares regarding the legality of an investment in the common shares by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the common shares.

NOTICE TO INVESTORS

Notwithstanding anything in this document to the contrary, except as reasonably necessary to comply with applicable securities laws, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal income tax treatment of the offering.

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under RSA 421-B with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire implies that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State of the State of New Hampshire has passed in any way upon the merits or qualification of, or recommended or given approval to, any person, security, or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with the provisions of this paragraph.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This offering memorandum includes estimates and forward-looking statements, in particular under the sections "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry Overview" and "Business." These estimates and forward-looking statements are based principally on our current expectations and projections about future events and financial trends that affect or may affect our business and results of operations.

Estimates and forward-looking statements involve risks, uncertainties and assumptions, and therefore are not a guarantee of future results. Our financial condition and results of operations, as well as our market share and competitive position, may differ substantially from those anticipated in our forward-looking statements due to numerous factors.

Among the factors that may influence our estimates and forward-looking statements are:

- general economic, political and business conditions in Brazil, especially in the geographic markets we serve;
- the effectiveness of our marketing and sales efforts;
- our ability to successfully implement our growth strategy and business plan;
- fluctuations in inflation, the value of the *real* and prevailing interest rates;
- changes in real estate market prices, customer demand and preferences, the financial condition of our customers and competitive conditions;
- the availability of credit to our customers;
- our level of indebtedness and other financial obligations;
- our ability to obtain additional financing on reasonable terms and conditions;
- existing and future laws and government regulations, including those relating to measures and changes in fiscal policy, zoning and tax laws;
- changes in construction technology;
- increases in costs;
- our ability to obtain equipment, materials and services from suppliers without interruption and at prices and on terms that we deem reasonable;
- our ability to offer financing rates attractive to our customers;
- our ability to realize our general sales value or our expected general sales value (each as defined under "Presentation of Financial and Other Information");
- the interests of Carlos Eduardo Terepins, Luis Terepins, Kary Empreendimentos Imobiliários Ltda. and Genoa Fundo de Investimento em Participações, or FIP Genoa, considered as a group as our controlling shareholders; and
- the risk factors discussed under the caption "Risk Factors."

Forward-Looking Information and Statements

Statements that depend on or are related to events or future or uncertain conditions or that include the words "believe," "anticipate," "continue," "expect," "estimate," "intend," "will," "may" "assume" and other variations, as well as similar words, are intended to identify forward-looking statements. Forward-looking statements include information concerning our potential or assumed future results of operations, business strategies, funding plans, competitive position, industry environment, potential growth opportunities and the effects of future regulation and of competition. Forward-looking statements and estimates speak only as of the date they are made, and neither we nor the Brazilian underwriters or the agents undertake the obligation to update or revise any forward-looking statements after we distribute this offering memorandum to reflect new information, future events or other factors. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this offering memorandum may not occur or be accurate, and our future results of operations and performance may differ materially from those set out for a number of reasons. Any such forward-looking statements and estimates are not guarantees of future performance and involve risks and uncertainties. Given such limitations, you should not rely on these forward-looking statements to make a decision to invest in our common shares.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this offering memorandum, all references to the "*real*," "*reais*" or the symbol "R$" are to the official currency of Brazil, the *real*. All references to "dollars," as well as to the symbol "US$", are to the official currency of the United States, the U.S. dollar.

This offering memorandum contains translations of various *real* amounts into U.S. dollars at specified rates solely for convenience. You should not construe these translations as representations that the *real* amounts currently represent these U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated or at other rates. Unless otherwise indicated, we have translated certain *real* amounts included in this offering memorandum into U.S. dollars using a rate of R$2.138 to US$1.00, based on the U.S. dollar commercial selling rate as of December 31, 2006, published by the Brazilian Central Bank (*Banco Central do Brasil*), which we refer to as BACEN or the Central Bank. See "Exchange Rates."

Financial Statements

We maintain our books and records in *reais*. Our consolidated financial statements as of and for the years ended December 31, 2004, 2005 and 2006 have been audited by PricewaterhouseCoopers Auditores Independentes, as stated in their reports appearing in this offering memorandum, and are included elsewhere in this offering memorandum. Our consolidated financial statements are prepared in accordance with accounting practices adopted in Brazil, or Brazilian GAAP. Brazilian GAAP differs in certain significant respects from U.S. GAAP, and is based on:

- Brazilian Corporate Law (Law No. 6,404, dated December 15, 1976, as amended);
- the rules and regulations issued by the CVM; and
- certain accounting standards issued by the Brazilian Institute of Independent Accountants (*Instituto dos Auditores Independentes do Brasil*), or IBRACON, and the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*), or CFC.

Revenue Recognition

Under Brazilian GAAP, specific rules apply to companies in the real estate industry such as us, in particular with respect to revenue recognition accounting methods. In May 2003, the CFC established criteria for revenue recognition applicable to real estate companies. According to these criteria, revenue from installment sales of individual units that are not yet completed but for which construction began prior to January 1, 2004, is recorded in our financial statements to the extent of the "physical completion" of the development. Revenue from installment sales of unfinished individual units in developments for which construction began after January 1, 2004 is recorded in our financial statements on the basis of the "financial completion" of the development, which refers to the percentage of the costs incurred to date in the development in relation to the total budgeted costs of the development. In the case of sales of completed units, revenue is recognized at the time that the sale is realized, irrespective of when payment is received. Other modifications in the accounting for revenue and costs from unit sales after January 1, 2004 were also made as a result of the CFC criteria. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information on Brazilian GAAP as it applies to the real estate sector.

Certain Industry Terms

General Sales Value. In this offering memorandum, all of the references to "general sales value" correspond to the total amount that can potentially be obtained from the sale of all units of a specific real estate project at their initial asking prices. Our investors should note that the general sales value may not be realized and that the actual prices at which we sell units may differ significantly from the asking prices that we use to calculate general sales value. In addition, the total number of units sold may be lower than the number of units launched.

The general sales value is an index commonly used in our industry, but there is no standardized meaning and therefore our calculation of general sales value might significantly differ from other real estate developers' calculation of general sales value or similar terms. The general sales value should not be considered as an estimate or projection of revenue to be recognized in a specific present or future period of time.

Expected General Sales Value. "Expected general sales value" corresponds to the total current estimated value from the potential sale of all of the units of a particular future development that we expect to launch. The quantity of units and the usable square meters of each future development are determined based on feasibility studies performed by third-party architectural and engineering firms for each individual parcel of land that we have acquired. Expected general sales value has been calculated by multiplying the total usable square meters by the current estimated selling price per square meter, which price we estimate based on current prices for similar developments in a particular area and on advice from real estate brokers.

Investors should recognize that current estimated selling prices may not represent the selling prices that we will actually achieve in the future, since the selling prices of our developments depend upon various factors. Investors should also recognize that the estimated usable square meters of a development may vary due to future alterations in how the projects are actually developed. The quantity of units actually sold may be different from the quantity of units launched. Expected general sales value is a measure widely used in our industry but it does not follow a standard definition or method of calculation. Our definition of expected general sales value may not be comparable to that used by other companies. Expected general sales value does not take into account the development costs of a project, and should not be considered an estimate or projection of revenue to be recognized in any given period, in the present or the future, nor should it be considered a projection of the profitability of our developments. We cannot guarantee that all of the parcels of land that we own will be actually utilized in future launches.

Average Sales Price Launched. The average sales price launched of our developments is the result of dividing the general sales value of a development by the total usable area of the development in square meters.

Contracted Sales. Contracted sales are the sales for which a sales agreement with a customer has been executed, either for finished or unfinished units.

Consolidation

Our consolidated financial information comprises our company and our subsidiaries, including our special purpose companies, or SPEs. Our consolidated financial information excludes accounts receivable and payable and intercompany revenues and expenses, as well as our investment in the consolidated entities with the interest of third parties in such entities recognized as minority interest. Entities incorporated with other partners and in which we have shared control together with these partners are proportionally consolidated. Entities incorporated with other partners and in which we have control are fully consolidated, even if we hold less than 100% in them, with the share of the results of our partners being presented as "minority interest".

The table below sets forth the list of all of our subsidiaries and companies under shared control as of December 31, 2006, indicating, in each case, the related development, our interest in the entity and, where applicable, the name of our partner:

Subsidiaries and companies under shared control	Development	Our direct or indirect interest (%)	Partner
Subsidiaries (fully consolidated)			
Alef Empreendimentos Imobiliários Ltda.	Reserva Granja Julieta	100.0%[(1)]	Tishman Speyer Properties
Áquila Even Empreendimentos Imobiliários Ltda.	Eiras Garcia	100.0%	n/a
Boulevard São Francisco Empreendimentos Imobiliários Ltda.	Boulevard São Francisco	100.0%	n/a
Campo Belíssimo Participações Imobiliárias S.A.	Campo Belíssimo	70.5%	Paladin Tricity Investors, JCR
Centaurus Even Empreendimentos Imobiliários Ltda.	Campo Belo I	100.0%	n/a
Concetto Empreendimentos Imobiliários Ltda.	Concetto	100.0%	n/a
Cygnus Even Empreendimentos Imobiliários Ltda.	n/a	100.0%	n/a
Especiale Empreendimentos Imobiliários Ltda.	Especiale	100.0%	n/a
Eta Even Empreendimentos Imobiliários Ltda.	Club Park Santo Amaro	100.0%	n/a
Gemini Even Empreendimentos Imobiliários Ltda.	Corporate Nações; Office Nações	100.0%	n/a
Iluminatto Empreendimentos Imobiliários Ltda.	Iluminatto	100.0%	n/a
Inspiratto Empreendimentos Imobiliários Ltda.	Inspiratto	100.0%	n/a
Kappa Even Empreendimentos Imobiliários Ltda.	Vida Viva Vila Maria	100.0%	n/a
Lambda Even Empreendimentos Imobiliários Ltda.	Vida Viva Butantã	100.0%	n/a
Lynx Even Empreendimentos Imobiliários Ltda.	Praia Barra	100.0%	n/a
Mozodiel do Campo Ltda.	Verte	100.0%	n/a
Omega Even Empreendimentos Imobiliários Ltda.	Ibirapuera	100.0%	n/a
Omicron Even Empreendimentos Imobiliários Ltda.	Planalto Paulista	100.0%	n/a
Orion Even Empreendimentos Imobiliários Ltda.	High Campo Belo	100.0%	n/a
Phi Even Empreendimentos Imobiliários Ltda.	Breeze Santana	100.0%	n/a
Plaza Mayor Empreendimentos Imobiliários Ltda.	Plaza Mayor	75.0%	Quality Building
Sociedade em conta de participação – Even Construterpins	The View	64.3%[(2)]	JCR
Sociedade em conta de participação - Even MDR	Horizons	66.7%[(3)]	Seisa Mester
Tabor Empreendimentos Imobiliários Ltda.	Plaza Mayor Ipiranga	100.0%	n/a
Vida Viva Mooca Empreendimentos Imobiliários Ltda.	Vida Viva Mooca	100.0%	n/a
Vida Viva Santa Cruz Empreendimentos Imobiliários S.A.	Vida Viva Santa Cruz	100.0%	n/a
Vida Viva Tatuapé Empreendimentos Imobiliários Ltda	Vida Viva Tatuapé	100.0%	n/a
Westeven Empreendimentos Imobiliários Ltda.	Wingfield	100.0%	n/a
Zeta Even Empreendimentos Imobiliários Ltda.	Vida Viva Freguesia	100.0%	n/a
Companies under shared control (proportionally consolidated)			
Aliko Investimento Imobiliário Ltda.	Reserva do Bosque	50.0%	W3
City Projects Empreendimentos Ltda.	Morumbi Trend, Horto do Ypê, Signum, Icon, Azuli, Personale, Breeze, Vitá	50.0%	Amazon Simon
Eco Life Cidade Universitária Empreendimentos Imobiliários S.A.	Eco Life Cidade Universitária	40.0%	PDG Realty
Jardim Goiás Empreendimentos Imobiliários Ltda.	Le Parc	50.0%	Campos Construtora
Nova Suíça Empreendimentos Imobiliários Ltda.	Tendence	50.0%	Campos Construtora
Parqueven Empreendimentos Ltda.	The Gift	50.0%	Quality Building
Tricity Empreendimentos e Participações Ltda.	n/a	50.0%	Paladin Tricity Investors
Window Jardins Empreendimentos Imobiliários S.A.	Window	49.9%	HG Realty

(1) Our interest in the development is 15% through a co-development with our partner.
(2) Our interest in the development is 45%.
(3) Our interest in the development is 50%.

Market Share and Other Information

We make statements in this offering memorandum concerning market estimates, our competitive position and market share in, and the market size of, the Brazilian real estate industry. We have made these statements on the basis of information from sources that we believe are reliable, such as the Brazilian Property Studies Company (*Empresa Brasileira de Estudos de Patrimônio*), or EMBRAESP; the Association of Managers of Real Estate Companies (*Associação de Dirigentes de Empresas do*

Mercado Imobiliário), or ADEMI; the São Paulo Trade Association for Companies Involved in Purchase, Sale, Lease and Management of Residential and Commercial Properties (*Sindicato das Empresas de Compra, Venda, Locação e Administração de Imóveis Residenciais e Comerciais*), or SECOVI; the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*), or IBGE; the João Pinheiro Foundation (*Fundação João Pinheiro*), a research institute supported by the government of the Brazilian State of Minas Gerais; and BACEN, among others. Although we have no reason to believe any of this information is inaccurate in any material respect, neither we nor any of the agents or underwriters have independently verified the accuracy of this information.

Rounding

Percentages and some amounts included in this offering memorandum have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Other Information

In this offering memorandum, all references to:

- high-income customers are families with income between R$15,000 and R$50,000 per month, usually interested in acquiring residential properties with a price between R$750,000 and R$1,300,000;

- upper middle-income customers are families with income between R$7,500 and R$20,000 per month, usually interested in acquiring residential properties with a price between R$390,000 and R$800,000;

- middle-income customers are families with income between R$4,400 and R$8,000 per month, usually interested in acquiring residential properties with a price between R$220,000 and R$390,000; and

- emerging customers are families with income between R$3,000 and R$5,000 per month, usually interested in acquiring residential properties with a price between R$100,000 and R$250,000.

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SUMMARY

This summary highlights information contained elsewhere in this offering memorandum about our business, financial and operating data, our strengths and strategies, as well as the common shares to be offered. It does not contain all of the information that you should consider before making an investment decision. Before investing in the common shares, you should read this offering memorandum in its entirety, including the information contained in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as our financial statements and related notes included elsewhere in this offering memorandum.

Overview

We are the third largest real estate developer and the fourth largest builder in the metropolitan region of São Paulo, according to the most recent ranking published by EMBRAESP in 2005. We focus on residential developments targeted at the middle-income and upper middle-income segments, as well as on commercial developments. In 2006, we launched real estate developments with a general sales value of R$744.4 million, which contributed to an average annual growth in launched general sales value of 103.3% over the two prior years. Based only on our share of these developments, our average annual growth rate in launched general sales value for the same period was 233.3%. We believe this growth is the product of our results-oriented management team and the successful implementation of our unique sales and marketing strategies, as well as the distinctive architectural features of our projects and our success in exceeding our customers' expectations.

We have created a management structure based on modern and transparent methods, strict operational and financial controls and enhanced corporate governance practices, all of which have been reinforced by our successful partnerships with important players in the international real estate industry. We have developed 13 residential projects, representing R$562.1 million in general sales value, in partnership with Paladin Realty Partners, a well-known U.S. institutional real estate investment manager with significant investments in the United States and Latin America. In addition, we have been the principal Brazilian partner of Tishman Speyer, a global industry leader, in its residential developments launched in Brazil to date. Since 2004, jointly with Tishman Speyer, we launched developments representing a general sales value of R$496.6 million. In 2006, funds managed by and affiliates of Spinnaker Capital, which is based in London and which has approximately US$5.2 billion in assets under management, made an equity investment in us which represented 39.75% of our capital stock.

Our strategy emphasizes maximizing the development and the sales velocity of our projects. Of the total units we have launched since 2004, we have sold an average of 55.5% in the first six months following launch. We believe this high sales velocity is a result of our strong brand recognition, the distinctive architectural features of our projects and the value that we offer to our customers through our products. We also believe that another factor contributing to our high sales velocity is our strategy of concentrating the sale of our residential developments exclusively with *Lopes*, the largest real estate consultant and broker in Brazil. We believe our #1 position in its 2005 sales rankings, according to the most recent internal *Lopes* study, confirms the effectiveness of our sales strategy and demonstrates the loyalty of *Lopes*' sales force to us.

Our vertically integrated business model, with operations in all stages of the real estate development process, from land prospecting through construction and helping our customers arrange financing, gives us a significant degree of control over the quality of our products and allows us to maximize our margins.

In 2006, we began our geographic expansion to regions in Brazil outside of the São Paulo metropolitan area through the launching of a residential project in the city of Rio de Janeiro and the acquisition of land in that city and in the city of Goiânia, all with local partners. The rapid expansion of our activities in Rio de Janeiro led us to establish a branch office there in 2006. In February 2007, we entered into a partnership with a real estate developer headquartered in the city of Natal for the development of projects in the Northeastern region of Brazil.

Our management team constantly seeks to improve both our products and our financial results. Our values, which include teamwork, discipline, humility and meritocracy, are fundamental to our identity and performance. We believe we benefit from an excellent combination of an experienced founding shareholder, who is well known in our industry and possesses a material economic interest in our company, with a professionalized management team, whose interests are aligned with those of our shareholders via incentive compensation plans. These characteristics have helped us to achieve consistent results and growth, while controlling the risks inherent in our business.

The table below presents certain operating and financial information for the years ended December 31, 2004, 2005 and 2006:

In thousands of R$ or US$ (except when otherwise indicated)	Year ended December 31,			
	2004	2005	2006	2006*
		(R$)		(US$)
Financial data				
Gross operating revenue	52,452	78,921	215,405	100,751
Net operating revenue	50,892	73,904	205,450	96,094
Gross profit	16,405	25,815	74,547	34,868
Gross margin(1)	32.2%	34.9%	36.3%	36.3%
EBITDA(2)	8,033	12,030	33,156	15,508
EBITDA margin(3)	15.8%	16.3%	16.1%	16.1%
Net income before minority interest	3,898	3,568	28,276	13,225
Net margin before minority interest(4)	7.7%	4.8%	13.8%	13.8%
Net debt(5)	17,911	24,173	66,793	31,241
New developments				
Number of projects launched	3	8	11	
General sales value (100%)(6)(7)	180,188	533,072	744,436	348,193
General sales value (% Company)(7)	47,153	234,426	523,897	245,041
Number of units launched(6)(7)	348	1,038	1,485	
Usable area of units launched (100% – in m²)(5)(6)	58,285	154,626	232,637	
Average sales price launched (in R$/m²)(6)(7)	3,092	3,447	3,200	1,497
Sales				
Contracted sales (100%)(6)(7)	172,460	283,621	541,527	253,287
Contracted sales (% Company)(7)	75,370	145,412	287,625	134,530
Usable area of units sold (100% – in m²)(6)(7)	62,751	94,985	169,905	
Number of units sold(6)(7)	578	783	1,141	

(1) Gross profit divided by net operating revenue.
(2) EBITDA means net income before taxes and social contribution, amortization and net financial expenses. EBITDA is not a measure under Brazilian GAAP, does not represent cash flows for the periods presented and should not be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flow as an indicator of our liquidity. EBITDA does not have a standardized meaning and, accordingly, our definition of EBITDA may not be comparable to EBITDA as used by other companies. For a reconciliation of net income before taxes and social contribution with EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – EBITDA" in this offering memorandum.
(3) EBITDA divided by net operating revenue.
(4) Net income before minority interest divided by net operating revenue.
(5) Sum of loans and financings minus cash and cash equivalents.
(6) Including other shareholders' interests in SPEs under shared control.
(7) Does not include units transferred in exchange for land.
* Translated for convenience only at the exchange rate in effect on December 31, 2006 of R$2.138 per US$1.00. See "Presentation of Financial and Other Information" in this offering memorandum.

Our Strategies

We believe that by implementing our principal strategies described below, we will be able to enhance our growth, increase our market share and consolidate our position as one of the largest real estate developers and builders in Brazil.

Maximize development, launch and sales velocity. We believe our growth is based on our capacity to accelerate the development, launch and selling cycle time of our projects. In 2006, projects representing 77% of our general sales value were originated and launched within the same year. We intend to develop our projects within the shortest possible period, by being agile in screening new land parcels, efficient in planning our developments and quick in selling our units. For this reason, we seek to acquire land that is suitable for short-term launches, with reduced periods for government approvals and for product development. Our current land bank reflects this strategy since it is comprised mostly of land that we intend to use in developments to be launched in 2007. We believe that this policy reduces risks related to shifts in market trends, while allowing for the sale of units in line with current market demand.

Increase the offering of developments targeted at emerging customers. We plan to expand our operations in residential developments targeted at emerging customers. We believe products aimed at emerging customers represent, and should continue to represent, significant growth potential in the coming years. These prospective customers seek to purchase homes at affordable prices, with distinctive architectural features and practical leisure areas and security features. For this reason, we have a specialized team and operational structure dedicated to this customer segment. We believe our operations in this segment enhance our growth prospects and complement our activities targeted at middle- and upper middle-income customers.

Consolidate and expand our geographic diversification. In 2006, we launched a residential development in the city of Rio de Janeiro in partnership with an experienced local developer. This was our first project outside of the São Paulo metropolitan area. The rapid evolution of our business in Rio de Janeiro led us to establish a branch office in that city, where we have purchased three additional land parcels. Moreover, in 2006, we acquired three land parcels in the city of Goiânia, also in partnership with a local developer. We launched developments on two of the land parcels in Goiânia in January 2007 and we expect to launch a development on the third land parcel during the remainder of 2007. We believe there are other regions in Brazil with high demand potential, including other cities in the state of Rio de Janeiro and in the Southern, Midwestern and Northeastern regions. In February 2007, we entered into a partnership with a real estate developer headquartered in the city of Natal for the development of projects, starting this year, in the Northeastern region. We intend to expand to other areas of Brazil, based upon the profit potential and the results of our projects in these regions. In general, we plan to operate through partnerships with local developers with knowledge of local markets and skill in structuring and implementing our developments.

Expand our third-party construction services business. We build all of the projects we develop. We monitor costs closely on a monthly basis and possess an efficient quality control system, which we believe makes our construction operation one of the most cost competitive in the industry. We work in partnership with our suppliers, adopting modern planning methods that ensure compliance with deadlines and reduce the loss and waste of materials. We believe our mastery of construction techniques and costs, derived from our experience in building our own real estate developments, gives us the ability to provide high quality construction services to other developers at competitive prices. Providing construction services to third parties enables us to obtain gains from economies of scale, to strengthen our relationships with suppliers and to generate an alternative source of revenue in addition to consolidating our position among the four largest builders in the metropolitan region of São Paulo. We plan to continue to market our construction services to developers in São Paulo, as well as to developers in other geographic regions. We believe the advantages from this strategy include increasing our bargaining power *vis-à-vis* our suppliers and reducing our construction costs *vis-à-vis* our competitors, as well as generating additional revenue source.

Provide our customers with access to financing while maintaining a conservative financial policy. We believe important factors in maximizing our sales velocity are the amount and terms of financing offered to prospective home buyers. For this reason, we seek to offer our prospective buyers access to the best financing alternatives available in the Brazilian market, by being pro-active with financial institutions and by securitizing our receivables. Our objective is to make available financing alternatives with more attractive conditions regarding term, costs and amount without, however, compromising our solid financial condition.

Strengthen our "even" *brand*. We believe that we have built a solid brand that is widely recognized in Brazil as being synonymous with reliability, innovation and quality in real estate projects. We intend to intensify our marketing campaigns and the dissemination of our brand through creative, cutting-edge campaigns, institutionally as well as with our partners, suppliers and potential customers. We believe a strong brand is critical for maximizing our pre-sales, which enhances our financial results while, at the same time, reducing our economic risks.

Our Strengths

We believe our main competitive strengths include the following:

Distinctive sales strategy. We have developed a distinctive sales strategy aimed at maximizing the sales velocity of our units. The main components of this strategy are: (i) concentrating selling efforts with respect to our residential developments with a single independent real estate broker, *Lopes*, (ii) investing in the dissemination of our brand and in the marketing of our developments through different media, and (iii) setting competitive prices. We believe that outsourcing all of our residential sales efforts to a single real estate broker creates a strong partnership with that broker's sales agents, who are highly committed to sell our units. We also believe that concentrating these sales exclusively with *Lopes* gives us the ability to motivate the best agents and to maintain their loyalty, as they do not have to be concerned with competition from other real estate brokers or from in-house sales teams with respect to our units. These agents benefit from our sales incentives, which include bonuses and prizes. We believe our #1 position in its 2005 sales rankings, according to the most recent internal *Lopes* study, confirms the effectiveness of our sales strategy and demonstrates the loyalty of *Lopes*' sales force to us. We have also adopted a policy of disseminating our brand and products through both media campaigns and direct promotional actions. Through these measures, we aim to attract a larger number of potential customers to our sales stands, where we attempt to close sales. In addition, we believe our competitive prices are a result of our skill in acquiring land, our well-conceived products and our effective management of construction costs.

Efficient operating structure, appropriate for our growth. We possess an organizational structure with modern management systems. We believe that our structure ensures greater operational efficiency by allowing us to keep fixed costs below the levels of our competitors, as well as by generating productivity gains. In 2006, we adopted SAP's ERP system, an enterprise resource planning system that permits the integration of our different departments and the automation of all information associated with our business. We believe that we are one of the first builders and real estate developers in Brazil to adopt the R/3 application of SAP in practically all business areas. We believe our current structure, including our information systems, will support our expansion plans, both with regard to volume of projects and geographic diversification. Additionally, so as to align the interests of both our employees and shareholders, a portion of the compensation paid to our employees is tied to the achievement of pre-established individual and corporate goals. We believe that this incentive compensation program helps us to attract, develop and retain a motivated and cohesive group of employees, while allowing us to control our fixed costs.

Solid partnerships with important international players. We believe our capacity to attract international partners stems from our distinctive management culture, which is based on modern and transparent methods and strict operational controls, as well as on aligning the interests of our shareholders and our management. We have developed 13 residential projects, representing a general sales value of R$562.1 million, in partnership with Paladin Realty Partners. We have also been the principal Brazilian partner of Tishman Speyer, a global industry leader, in its residential developments launched in Brazil to date. Since 2004, jointly with Tishman Speyer, we launched developments representing a general sales value of R$496.6 million. In 2006, funds managed by and affiliates of Spinnaker Capital made an equity investment in us which represented 39.75% of our capital stock.

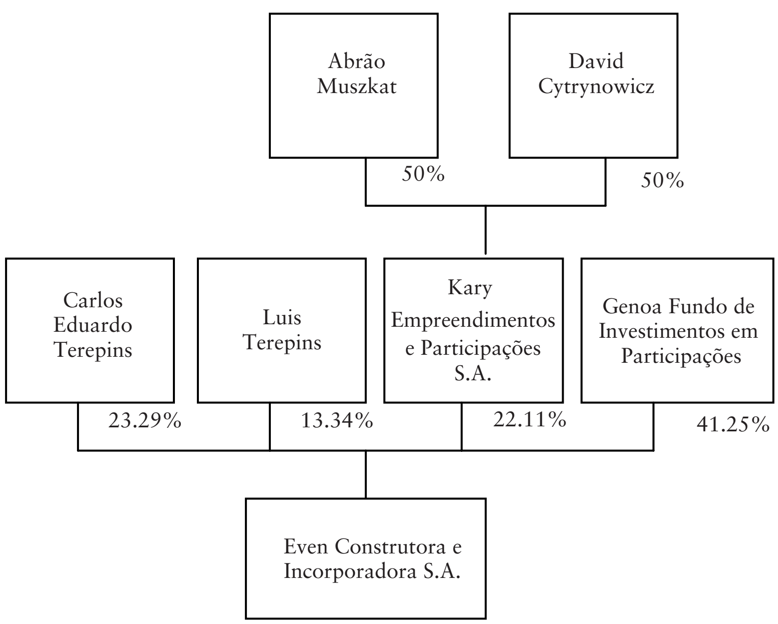
Flexibility in product development. Our capacity to develop real estate projects targeted at different income segments, as well as our experience in developing various types of projects, expands our business alternatives and enables us to adapt more quickly and efficiently to changes in the real estate market, without affecting our competitiveness. Our principal activity is the development of innovative, high quality residential projects targeted at middle- and upper middle-income customers. In addition, due to our flexibility in product development, we have, to a lesser degree, sought to develop projects targeted at high-income customers. Moreover, we intend to expand our operations in residential developments targeted at emerging customers. While in the past few years we have operated mostly in the residential segment, we have through the years developed several commercial projects, a hotel and a shopping center. In addition, we believe through our market research department, we are able to anticipate the migration from the central and higher value regions of the city of São Paulo to other neighborhoods, where we are able to acquire land at better prices and to offer and sell units at lower prices, providing a better value proposition to our customers and increasing our sales velocity.

Personalization and quality of products. We believe we are recognized as an industry leader in terms of the personalization of our products, which attracts new customers, increases our sales velocity and positively contributes to our results. We offer our customers personalized units under the "excluseven" brand — 76.4% of our customers have opted for these services since April 2004, which services have been completed by the date of this offering memorandum. We have a skilled team of architects that offers customers different finishing and lay-out options, among other services, designed to provide our customers with on-time delivery of ready-to-move-in units incorporating their particular choices. In addition, we believe that the quality, modernity and functionality of our developments have strengthened our brand and have consolidated our strong reputation in the real estate industry. In our developments, we use some of the most advanced technologies and materials available in the market. Furthermore, we seek to hire the best architects and engineers available in Brazil, and we make product innovation a performance target, with the aim of encouraging contemporary architectural designs in line with the best practices in the industry.

Vertically integrated business model. We believe that our vertically integrated business model enables us to efficiently control and maintain the quality of our real estate developments, adding value to our brand and contributing positively to our financial results. We are active in all stages of the development process, with teams specially trained and skilled in each phase of our business activities, including land acquisition, planning, government permits and approvals, construction, customer service, preventive maintenance and repairs.

Our principal corporate offices are located in the City of São Paulo, state of São Paulo, Brazil, at Rua Funchal, 418, 29th and 30th floors, Condomínio e-Tower São Paulo, 04551-060. Our financial, administrative and investor relations officer is Hélio Baptista Novaes. The telephone number of the investor relations officer is (55-11) 3377-3777 and the email address is ri@even.com.br . Our website is located at www.even.com.br. None of the information included in or accessible through our website is part of or incorporated into this offering memorandum.

The following chart sets forth our share structure as of the date of this offering memorandum:



THE OFFERING

Issuer	Even Construtora e Incorporadora S.A.
Securities offered	The offering consists of a primary offering of 34,782,609 common shares: • to the public in Brazil pursuant to an offering registered with the CVM in Brazil; • to qualified institutional buyers, as defined under Rule 144A, in the United States; and • to institutions and other investors outside the United States and Brazil that are not U.S. persons in reliance on Regulation S.
Over-allotment option	We have granted to Banco UBS Pactual S.A. an option, exercisable upon consultation with Banco Itaú BBA S.A., to place up to 5,217,391 additional common shares at the offering price, representing 15% of the common shares initially offered hereby, to cover over-allotments, if any, for a period of up to 30 days from the first business day after the date of publication of the announcement of the commencement of the offering in Brazil.
Rights of first refusal	Of the total common shares offered hereby (excluding common shares that may be sold under the over-allotment option), 6,956,522 common shares are subject to a right of first refusal. FIP Genoa has exercised its right of first refusal in respect of all of these 6,956,522 common shares. These common shares will be delivered to FIP Genoa on the closing date of this offering in exchange for a cash payment in immediately available funds, in an amount equal to the offering price per common share in this offering multiplied by the number of common shares subscribed by FIP Genoa.
Offering price	R$11.50 per common share.
Capital stock	Our capital stock immediately prior to this offering consists of 92,008,824 common shares. Immediately following completion of this offering, our capital stock will consist of 126,791,433 common shares (assuming no exercise of the over-allotment option).
Use of proceeds	We estimate that the net proceeds from the primary offering will be approximately R$382.7 million, assuming no exercise of the over-allotment option and after deducting discounts and underwriting commissions and estimated offering expenses payable by us.

	We intend to use the net proceeds from the primary offering for the further development of our corporate activities as we currently conduct them, including land acquisition, launching of new developments, providing financing to customers and building launched developments, as well as other working capital needs. For further information, see "Use of Proceeds."
Lock-up agreements	We, our controlling shareholders and our directors and officers have agreed, subject to certain exceptions, not to issue, sell, offer or agree to sell, grant any option to sell or otherwise dispose of, directly or indirectly, any shares or securities convertible into or exchangeable or exercisable for shares or warrants or other rights to purchase common shares during the 180-day period following the date of this offering memorandum without prior written consent of the Brazilian underwriters. In addition, pursuant to the rules of the *Novo Mercado* segment of the BOVESPA, during the six months following the publication of the announcement of the commencement of this offering, our controlling shareholders and our directors and officers may not sell the common shares and their derivatives held by each of them after this offering. Upon expiration of such six-month period, such persons may not sell for an additional six months more than 40% of such common shares and their derivatives held by them after this offering. Certain of our shareholders have granted to one of our former executive officers the option to acquire up to 153,350 common shares issued by us and held by them. Such option may be exercised within 15 business days from the publication of the announcement of the completion of this offering in Brazil. The common shares transferred upon the exercise of this option will not be subject to lock-up provisions. Any common shares issued upon conversion of the Convertible Debentures (as defined below) will be subject to a lock-up agreement. See "Convertible Debentures."

Convertible Debentures	On March 2, 2007, the CVM granted registration for the offering of our first series of debentures, or the Convertible Debentures, in the total amount of R$50.0 million. The Convertible Debentures are convertible into our common shares. See "Convertible Debentures." The conversion of Convertible Debentures is expected to dilute any shareholder's investment in our company. See "Dilution."
Transfer restrictions	Our common shares have not been registered under the Securities Act and are subject to U.S. restrictions on transfer and resale, as described in "Transfer Restrictions." Transfers of our common shares, including by or between residents of jurisdictions outside Brazil, may be affected only in Brazil. See "Description of Capital Stock — Restrictions on Foreign Investment."
Voting rights	Each common share entitles its holder to one vote at any annual or extraordinary shareholders' meeting. See "Description of Capital Stock — Rights of Common Shares."
Tag-along rights	Following the listing of our common shares on the *Novo Mercado* segment of the BOVESPA, holders of our common shares will be entitled to be included in a public tender offer in case our controlling shareholders sell their controlling stake in us, and the minimum price to be offered for each common share shall be equal to 100% of the price paid per common share of the controlling stake. See "Description of Capital Stock — Sale of a Controlling Stake in Our Company."
Dividends	Our bylaws require us to distribute at least 25% of our annual adjusted net income, as calculated under Brazilian GAAP and adjusted under Brazilian Corporate Law (which differs significantly from net income as calculated under U.S. GAAP), unless the payment of dividends is suspended by our board of directors after having concluded that such distribution would be incompatible with our financial condition at the time. Dividends may be paid in the form of interest attributed to shareholders' equity. See "Dividends and Dividend Policy."
Trading, settlement and clearance	Payment for our common shares will be required to be made to us in *reais* in Brazil through the facility of the CBLC and we expect to deliver our common shares in Brazil through the facility of the CBLC on or about April 4, 2007. Trades in our common shares on the BOVESPA will settle through the CBLC.

Listing	Our common shares have been approved for listing on the *Novo Mercado* segment of the BOVESPA, under the symbol "EVEN3."
Minimum float	When the trading of our common shares commences in the *Novo Mercado* segment of the BOVESPA, the total number of our common shares listed thereon will be equivalent to 20.5% of our capital stock (assuming the conversion of all of the Convertible Debentures into common shares), which is below the minimum 25% required by the rules of the *Novo Mercado* segment. We expect to comply with this *Novo Mercado* requirement within two years from the commencement of trading of our common shares on the *Novo Mercado* segment.
Risk factors	An investment in our common shares involves risks. See "Risk Factors" beginning on page 13 and the other information included in this offering memorandum for a discussion of factors you should consider before deciding to invest in our common shares.
Taxation	Dividend distributions with respect to our common shares are not currently subject to withholding of Brazilian income tax. However, payments of interest attributable to stockholders' equity (in lieu of dividends) are subject to withholding of Brazilian income tax. For certain Brazilian and U.S. tax consequences with respect to U.S. holders of our common shares, see "Taxation."

Unless otherwise specified, share amounts in this offering memorandum do not reflect the exercise of Banco UBS Pactual S.A.'s over-allotment option.

SUMMARY FINANCIAL AND OTHER INFORMATION

The following is a summary of certain of our financial information as of and for the years ended December 31, 2004, 2005 and 2006, all of which was prepared in accordance with Brazilian GAAP. You should read this information in conjunction with our audited annual financial statements, as well as the sections under the captions "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The summary financial information regarding our statements of income and balance sheets as of and for the years ended December 31, 2004, 2005 and 2006 set forth in the tables below is derived from our audited annual financial statements included elsewhere in this offering memorandum.

Statement of income data

In thousands	Year ended December 31,			
	2004	2005	2006	2006*
		(R$)		(US$)
Gross operating revenue	**52,452**	**78,921**	**215,405**	**100,751**
Real estate development and sales	51,070	74,124	203,179	95,032
Construction and other services	1,382	4,797	12,226	5,718
Deductions	(1,560)	(5,017)	(9,955)	(4,656)
Net operating revenue	**50,892**	**73,904**	**205,450**	**96,094**
Cost of sales	**(34,487)**	**(48,089)**	**(130,903)**	**(61,227)**
Gross profit	**16,405**	**25,815**	**74,547**	**34,868**
Operating income (expenses)	**(10,151)**	**(18,079)**	**(43,761)**	(20,468)
Selling expenses	(3,113)	(7,070)	(17,342)	(8,111)
General and administrative expenses	(5,061)	(7,051)	(22,192)	(10,380)
Financial expenses	(2,488)	(6,575)	(9,925)	(4,642)
Financial income	757	2,343	7,528	3,521
Other operating income (expenses)	(246)	274	(1,830)	(856)
Operating income	**6,254**	**7,736**	**30,786**	**14,399**
Non-operating results, net	–	–	(168)	(79)
Income before taxes on income	**6,254**	**7,736**	**30,618**	**14,321**
Income tax and social contribution	(2,356)	(4,168)	(2,342)	(1,095)
Income before minority interest	**3,898**	**3,568**	**28,276**	**13,225**
Minority interest	(697)	(1,542)	(5,877)	(2,749)
Net income	**3,201**	**2,026**	**22,399**	**10,477**

* Translated for convenience only at the exchange rate in effect on December 31, 2006 of R$2.138 per US$1.00. See "Presentation of Financial and Other Information" in this offering memorandum.

Balance sheet data

In thousands	As of December 31,			
	2004	2005	2006	2006*
		(R$)		(US$)
Total assets	**93,598**	**142,755**	**415,317**	**194,255**
Current assets	87,368	134,615	354,421	165,772
Cash and cash equivalents	1,415	8,250	22,865	10,695
Accounts receivable	21,605	40,653	80,035	37,435
Units for sale	57,211	73,864	220,956	103,347
Other current assets	7,137	11,848	30,565	14,296
Long-term receivables	5,900	7,496	56,362	26,362
Accounts receivable	5,422	6,087	52,688	24,644
Advance for future capital increase	0	0	3,207	1,500
Deferred income tax and social contribution	470	1,401	459	215
Other long-term receivables	8	8	8	4
Permanent assets	330	644	4,534	2,121
Total liabilities and shareholders' equity	**93,598**	**142,755**	**415,317**	**194,255**
Total liabilities	**73,368**	**118,250**	**280,543**	**131,217**
Current liabilities	59,582	77,748	187,688	87,787
Suppliers	1,434	1,879	10,204	4,773
Accounts with development partners	1,324	2,421	1,415	662
Advances from customers	6,223	8,833	8,069	3,774
Obligations for purchase of land	29,526	6,675	68,668	32,118
Loans and financing	10,830	25,469	79,698	37,277
Taxes and contributions	1,370	2,371	5,059	2,366
Proposed dividends	–	–	5,566	2,603
Related parties	5,159	25,324	1,930	903
Other current liabilities	3,716	4,776	7,079	3,311
Long-term liabilities	13,786	40,502	92,855	43,431
Loans and financing	8,496	6,954	9,960	4,659
Obligations for purchase of land	510	22,282	67,430	31,539
Taxes payable	2,913	7,592	4,468	2,090
Other long-term liabilities	1,867	3,674	10,997	5,144
Minority interest	**2,842**	**5,091**	**10,989**	**5,140**
Shareholders' equity	**17,388**	**19,414**	**123,785**	**57,898**
Capital	12,128	12,128	99,666	46,616
Revenue reserve	–	–	24,119	11,281
Retained earnings	5,260	7,286	–	–

* Translated for convenience only at the exchange rate in effect on December 31, 2006 of R$2.138 per US$1.00. See "Presentation of Financial and Other Information" in this offering memorandum.

In thousands of R$ or US$ (except when otherwise indicated)	Year ended December 31,			
	2004	2005	2006	2006*
		(R$)		US$
Financial Data				
Gross operating revenue	52,452	78,921	215,405	100,751
Net operating revenue	50,892	73,904	205,450	96,094
Gross profit	16,405	25,815	74,547	34,868
Gross margin(1)	32.2%	34.9%	36.3%	36.3%
EBITDA(2)	8,033	12,030	33,156	15,508
EBITDA margin(3)	15.8%	16.3%	16.1%	16.1%
Net income before minority interest	3,898	3,568	28,276	13,225
Net margin before minority interest(4)	7.7%	4.8%	13.8%	13.8%
Net debt(5)	17,911	24,173	66,793	31,241
New developments				
Number of projects launched	3	8	11	
General sales value (100%)(6)(7)	180,188	533,072	744,436	348,193
General sales value (% Company)(7)	47,153	234,426	523,897	245,041
Number of units launched(6)(7)	348	1,038	1,485	
Usable area of units launched (100% – in m²)(5)(6)	58,285	154,626	232,637	
Average sales price launched (in R$/m²)(6)(7)	3,092	3,447	3,200	1,497
Sales				
Contracted sales (100%)(6)(7)	172,460	283,621	541,527	253,287
Contracted sales (% Company)(7)	75,370	145,412	287,625	134,530
Usable area of units sold (100% – in m²)(6)(7)	62,751	94,985	169,905	
Number of units sold (6)(7)	578	783	1,141	

(1) Gross profit divided by net operating revenue.
(2) EBITDA means net income before taxes and social contribution, amortization and net financial expenses. EBITDA is not a measure under Brazilian GAAP, does not represent cash flows for the periods presented and should not be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flow as an indicator of our liquidity. EBITDA does not have a standardized meaning and, accordingly, our definition of EBITDA may not be comparable to EBITDA as used by other companies. For a reconciliation of net income before taxes and social contribution with EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – EBITDA" in this offering memorandum.
(3) EBITDA divided by net operating revenue.
(4) Net income before minority interest divided by net operating revenue.
(5) Sum of loans and financings minus cash and cash equivalents.
(6) Including other shareholders' interests in SPEs under shared control.
(7) Does not include units transferred in exchange for land.
* Translated for convenience only at the exchange rate in effect on December 31, 2006 of R$2.138 per US$1.00. See "Presentation of Financial and Other Information" in this offering memorandum.

Net debt data

In thousands	At December 31,			
	2004	2005	2006	2006*
		(R$)		(US$)
Real estate financing	9,381	14,242	14,021	6,558
Working capital	9,945	10,265	75,637	35,377
Debt convertible into capital of subsidiary	–	7,916	–	–
Cash and cash equivalents	(1,415)	(8,250)	(22,865)	(10,695)
Total net debt	**17,911**	**24,173**	**66,793**	**31,241**

* Translated for convenience only at the exchange rate in effect on December 31, 2006 of R$2.138 per US$1.00. See "Presentation of Financial and Other Information" in this offering memorandum.

RISK FACTORS

An investment in our common shares involves a high degree of risk. You should carefully consider all of the information set forth in this offering memorandum, particularly the risks described below, before deciding whether to invest. Additional risks not currently known to us or that we now consider immaterial could also adversely affect our operations and the value of your investment. If any of these risks actually occur, our business, financial condition and/or results from operations could be adversely affected. In that case, the trading price of our common shares could decline and you could lose all or part of your investment in our common shares.

RISKS RELATED TO BRAZIL

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This involvement, as well as Brazilian political and economic conditions, may adversely affect us and the market price of our common shares.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policy and regulations. The Brazilian government's actions to control inflation and other policies and regulations have often involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations, capital controls and limits on imports. Our business, financial condition and results of operations may be adversely affected by changes in policies or regulations involving or affecting various factors, such as:

- interest rates;
- exchange controls and restrictions on remittances abroad, such as those that were imposed in 1989 and early 1990;
- currency exchange rate fluctuations;
- inflation;
- liquidity of domestic capital and lending markets;
- tax policies and laws; and
- other political, social and economic developments in or affecting Brazil.

Uncertainty as to whether the Brazilian government will implement changes in policies or regulations affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets and in the securities issued abroad by Brazilian issuers.

Inflation and government efforts to combat inflation may contribute significantly to economic uncertainty in Brazil.

Brazil has in the past experienced extremely high rates of inflation, which were significantly reduced with the implementation of the *Plano Real* in 1994. As measured by the Brazilian general inflation index IGP-M (*Índice Geral de Preços ao Mercado*), the inflation rate was 25.3% in 2002, 8.7% in 2003, 12.4% in 2004, 1.2% in 2005 and 3.8% in 2006. Prices, as measured by the Brazilian consumer inflation index IPCA (*Índice de Preços ao Consumidor Amplo*), increased 12.5% in 2002, 9.3% in 2003, 7.6% in 2004, 5.7% in 2005 and 3.1% in 2006. The adoption of a floating exchange rate and the devaluation of the *real* in relation to the U.S. dollar may cause additional inflationary pressures in Brazil, in turn causing the Brazilian government to adopt countermeasures associated with high interest rates, which can affect the economy as a whole, including our industry and our customers. In the event of a rise in inflation rates, the anti-inflationary policies adopted by the Brazilian government could result in a decrease in the level of economic activity and purchasing power of the population, as well as a lack of credit in the market, which would have a materially adverse effect on our business.

Political, economic and social events and the perception of risk in other countries, especially in emerging markets, may adversely affect the Brazilian economy, our business and the market value of Brazilian securities, including our common shares.

The market value of securities of Brazilian companies is affected to varying degrees by economic and market conditions in Brazil and, to a certain extent, in other Latin American and emerging market countries. While economic conditions are different from country to country, the reactions of investors towards events in one country can cause other countries' capital markets to suffer fluctuations. Political, economic and social events in emerging markets, including those in Latin America, may adversely affect the availability of credit available to Brazilian companies in the external market, which could result in a significant flow of resources out of the country and a decrease in the quantity of foreign capital invested in the country. This, in turn, would affect the market price of our common shares and would negatively affect our results of operations.

There is no assurance that the international capital markets will remain open to Brazilian companies and or that the financing costs in the markets will be advantageous to us. Crises in other emerging economies may reduce the interest of investors in securities issued by Brazilian companies, including ours, adversely affecting the market price of our common shares.

Exchange rate instability may adversely affect the Brazilian economy.

The Brazilian currency has been devalued periodically in relation to the U.S. dollar and other foreign currencies during the last four decades. During this period, the Brazilian government has implemented various economic plans and utilized a number of exchange-rate policies, including sudden devaluation, periodic mini-devaluation during which the frequency of adjustments ranged from daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets. From time to time, there have been significant fluctuations in the exchange rate between Brazilian currency and the U.S. dollar and other currencies. For example, the *real* depreciated against the U.S. dollar by 18.7% in 2001 and 52.3% in 2002. Although the *real* appreciated 18.2%, 8.1%, 11.8% and 8.7% against the U.S. dollar in 2003, 2004, 2005, and 2006, respectively, there can be no assurance that the *real* will not depreciate or be devalued against the U.S. dollar. On December 31, 2005, the exchange rate between the *real* and the U.S. dollar was R$2.336 per US$1.00, and, on December 31, 2006, it was R$2.138 per US$1.00.

Depreciations of the *real* relative to the U.S. dollar could create additional inflationary pressures in Brazil and lead to increases in interest rates, which may negatively affect the Brazilian economy as a whole, and, in particular, our results of operations. These devaluations, in general, limit access to the international financial markets and may cause the Brazilian government to intervene in the economy, including with recessionary economic policies. Additionally, devaluations reduce the value in U.S. dollar terms of our common shares and of dividends on our common shares. In addition, the appreciation of the *real* against the U.S. dollar may cause a deterioration in the Brazilian current account and the balance of payments, as well as the reduction of export growth. Any of the foregoing events may affect adversely affect our operating results as well as the market price of our common shares.

There is, historically, a direct link between the performance of the real estate sector and the performance of the Brazilian economy. A recession in the Brazilian economy may adversely affect us.

There is, historically, a direct link between the performance of the real estate sector and the performance of the Brazilian economy on the national level. High interest rates may affect our business. The base interest rate SELIC in Brazil, as determined by BACEN, has remained at elevated levels in recent years. On December 31, 2004, 2005 and 2006, the base interest rate was 17.8%, 18.2% and 13.3%, respectively. The current target base interest rate is 12.75% per year, which is generally considered incompatible with sustainable growth and, consequently, may adversely affect us. Furthermore, a recession in the Brazilian economy, occasioned by internal and/or external crises, may adversely affect companies in the real estate sector, including us, resulting in reduced activities and revenue, as well as an increase in defaults related to transactions already closed.

RISKS RELATED TO US

We may not successfully implement our business strategy, including our commercial projects, our projects targeting emerging customers and our geographic diversification. Additionally, we may not be able to maintain the growth rates we have experienced in recent years.

Our ability to implement our business strategy, specifically related to our commercial projects, our projects targeting emerging customers and our geographic diversification, depends on a number of factors, including the existence of profitable investment opportunities, a stable legislative and regulatory environment, the availability of credit for potential buyers of real estate and reasonable interest rates. The absence of any of these factors may adversely affect, in a material manner, our ability to implement our business strategy, our financial condition and our results of operations. As a result, we cannot guarantee that we can maintain the growth rates we have experienced in recent years, nor can we guarantee the commercial success of our projects.

A lack of financing or an increase in interest rates may adversely affect the ability or willingness of prospective home buyers to finance their purchases of real estate properties.

A lack of funds in the market for financing or an increase in interest rates may adversely affect the ability or willingness of prospective home buyers to finance their purchases of real estate properties. The availability of funds at lower interest rates has been significantly improved by a certain incentive promulgated by the CMN and known as the "multiplying factor". This program provides a significant incentive for banks and financial institutions to reduce the interest rates charged in real estate financing transactions. However, the multiplying factor was created due to special circumstances, and it is likely that it will be eliminated. The purchasing power of the potential customers of our projects is particularly vulnerable to increases in interest rates and the availability of financing. Consequently, any increase in interest rates and any reduction in credit availability, including, without limitation, as a result of the elimination of the multiplying factor, may significantly reduce the demand for our properties and could have a material adverse effect on our financial condition and results of operations.

Our business depends upon the availability of financing for our working capital needs, land acquisition and construction, as well as for the purchase of our properties by prospective buyers.

Our business requires a significant amount of funds for working capital needs, land acquisition and construction. We depend upon bank financing and cash generated by our operations in order to meet these needs. We may be obliged to raise additional capital by means of bank financing, issuance of debt securities, capital contributions from our shareholders or issuance of additional common shares in order to finance our growth and development. In addition, most prospective buyers of our properties depend upon bank loans to finance their purchases. We cannot assure you that such financing will be available to us or to prospective buyers, nor can we assure you that, if available, the terms of these financings will be satisfactory. Changes in the rules of the Brazilian government's Real Estate Finance System (*Sistema Financeiro Imobiliário*), or SFI, and the Brazilian government's Housing Finance System (*Sistema Financeiro da Habitação*), or SFH, a lack of funds in the market for financing available or an increase in interest rates may adversely affect our ability to fund our capital needs and the ability or willingness of prospective buyers to finance their purchases of real estate, thus restricting the growth and development of our business and decreasing the demand for our properties.

The loss of members of our senior management could have a material adverse effect on our financial condition and our results of operations.

Our ability to maintain our competitive position depends to a large degree upon the services of our senior management team. We cannot give any assurance that we will be successful in attracting or retaining members of our senior management. The loss of any of the members of our senior management team, or uncertainty in our ability to attract and retain additional senior executives, could adversely affect our ability to implement our strategy, our financial condition and our results of operations.

Problems with our real estate projects that are beyond our control may damage our reputation and expose us to civil liability.

Our reputation and the quality of the real estate projects in which we are involved, directly or indirectly, through our SPEs, individually or in association with partners, are key factors driving our sales and our growth.

The quality and timely completion of our projects, however, depend on certain factors that are beyond our control, including the quality and availability of materials and the technical skills of the third-party professionals and contractors we hire. In addition, in the event that the contractors we utilize do not comply with their labor or tax obligations, we may be jointly liable for such obligations and may incur penalties imposed by governmental authorities. The occurrence of one or more problems in our real estate projects may adversely affect our reputation and our future sales and could eventually expose us to civil liability.

Our financial results depend upon funds distributed by our subsidiaries and we can give no assurance that such funds will be distributed to us.

We are a holding company that controls or holds ownership interests in various companies in the real estate sector. Our ability to meet our financial obligations and to distribute dividends to our shareholders depends upon the cash flow and earnings of our subsidiaries, as well as the distribution of these earnings to us as dividends, including dividends in the form of interest attributable to stockholders' equity. Certain of our subsidiaries are SPEs, which have been incorporated by us together with other developers and builders. We generally own 50% or more of the voting shares of the SPE and, according to understandings with our partners, we maintain control over the SPE cash accounts, such that an SPE cannot pay dividends unless all its obligations have been fully paid or the partners decide otherwise. There is no assurance that any such funds will be made available to us or will be sufficient to meet our financial obligations and to distribute dividends to our shareholders.

If our partnerships do not succeed, or if we are not able to maintain good relationships with our partners, our business and operations may be materially adversely affected.

In addition to our currently existing partnerships, we depend on our ability to enter into new partnerships with other real estate developers and builders if new opportunities appear, so as to reduce the costs of acquiring land and to diversify our portfolio of projects. Maintaining good relationships with our business partners, as well as with other developers and builders, is crucial for the success of our partnerships. There can be no assurance that we will be able to maintain good relationships with any of our business partners, nor can there be any assurance that our partnerships will be successful and will achieve the results we expect. Problems in maintaining our partnerships and difficulties in adequately meeting the needs of our customers in the event of failed partnerships may materially adversely affect our business, cash flow, results of operations and financial condition.

The termination of our contract with Lopes as the exclusive sales broker for the marketing of our residential units may have a material adverse effect on our sales and, consequently, on our financial condition and results.

As a part of our sales strategy, we outsource all of our sales efforts with respect to our residential units to a single broker, *Lopes*, pursuant to a contract dated December 16, 2004, which may be terminated by either party at any time. For more information, see, "Business—Material Contracts—Sales Brokerage Agreement with Lopes."

We cannot assure that this contract will continue in force or, if maintained, will not be altered materially, by either party.

The termination or material modification of this contract could adversely affect the velocity, efficiency and volume of our sales and consequently adversely affect our financial condition and results of operations.

RISKS RELATED TO THE REAL ESTATE BUSINESS

The real estate industry in Brazil is highly competitive and we could lose our position in the market in certain circumstances.

The real estate industry in Brazil is highly competitive and fragmented and does not have high barriers to entry restricting new competitors from entering the market. The main competitive factors in the real estate development business include availability and location of land, price, financing, design, quality, reputation and partnerships with local developers and builders. A number of residential and commercial developers and real estate service companies compete with us in seeking (i) land for acquisition, (ii) development partners, (iii) financial resources for development, and (iv) prospective purchasers. Other companies, including foreign firms in alliances with local partners, may become active in the real estate development business in Brazil over the next few years, further increasing competition, which could adversely affect our financial condition and results of operations, and could cause an erosion of our market position.

To the extent that one or more of our competitors initiates a successful marketing or sales campaign and, as a result, increases its sales significantly, our business could be materially adversely affected. If we are not able to respond to such pressures quickly and effectively, the demand for our units may fall, materially adversely affecting our financial condition and results of operations.

We are exposed to risks associated with real estate development, construction and sales.

We engage in the development, construction and sale of residential and office properties and intend to continue to engage in such activities. In addition to risks generally affecting the real estate industry, such as interruptions in supplies, volatility in the prices of construction materials and equipment, variations in the supply and demand for developments in certain areas, labor strikes and zoning and environmental regulations, our activities are specifically affected by the following risks:

- economic conditions in Brazil may adversely affect the growth of the real estate business as a whole through, among other factors, economic slowdowns, increases in interest rates, exchange rate fluctuations and political instability, aside from other factors;

- we could be precluded, as a result of new regulations or market conditions, from indexing our accounts receivable to certain inflation rates, as currently permitted, possibly making a project unfeasible in economic or financial terms;

- the level of buyers' interest in a newly launched project or the sales price per unit necessary to sell all units may be materially lower than expected, resulting in the project becoming less profitable than initially estimated;
- in the event of the bankruptcy or significant financial difficulties of a major company in the real estate industry, the sector as a whole could be adversely affected, which may cause customers to lose confidence in other companies operating in this industry;
- local or regional real estate market conditions, such as the oversupply of office space or a shortage of land at accessible prices in particular regions;
- purchasers may have a negative perception of the security, convenience and attractiveness of our properties and the areas in which they are located;
- increases in operating costs, insurance premiums, real estate taxes and utilities may affect our profit margins;
- lack of development opportunities;
- construction and sales may not be completed on schedule, resulting in increased construction costs or the termination of sales contracts by our customers;
- a future change in the policies of the CMN concerning the allocation of resources to the SFH could reduce the availability of financing to our customers; and
- a decrease in the market value of land maintained in our land bank prior to the initiation of construction of the associated development project, and our inability to maintain the previously projected profit margins for the respective development.

The occurrence of any of the above may have a material adverse effect on our financial condition and results of operations.

In addition, pursuant to the terms of their sales contracts, our customers are entitled to rescind their sales contracts without penalty and to be refunded substantial portions of amounts paid, adjusted for inflation, in the event that delivery of their units is not made within 180 days of scheduled dates (except in cases of *force majeure*). No assurance can be made that we will not experience such delays in the future. Additionally, as required by Brazilian law, we provide a five-year limited warranty covering structural defects and we may face claims under such warranties.

Our business is subject to extensive regulation, which could increase our costs, limit our development or otherwise adversely affect our business.

The Brazilian real estate industry is subject to extensive building and zoning regulation by various federal, state and municipal authorities, as well as to Brazilian federal, state and municipal environmental laws and regulations. These regulations and laws, including zoning rules and permit requirements as well as consumer protection statutes and regulations, affect land acquisition and development and construction activities, which may result in delays or cause us to incur substantial compliance and other costs and which may prohibit or severely restrict commercial and residential development and construction activities in environmentally sensitive regions or areas. We are required to obtain the approval of various governmental authorities for our development activities. New laws or regulations may be adopted, enforced or interpreted in a manner that could adversely affect our results of operations. In addition, these laws tend to become more restrictive over time and any such increased restrictiveness could have a material adverse effect on us.

An increase in tax rates or the creation of new taxes could materially adversely affect us.

In the event the Brazilian government increases tax rates or creates new taxes that are incidental to the purchase and sale of real estate while the contracts for the sale of our units are in force, our financial condition and results of operations may be materially adversely affected to the extent that we cannot pass on such increased costs to our customers. In addition, if we are able to pass on such costs to our customers, the final price of our units may increase and may reduce the demand for our properties and our profitability.

Real estate development activities carry the risks normally associated with financing.

As is normal in the real estate sector, we grant financing to some buyers of units in our developments. Consequently, we are subject to the risks associated with this activity, including the risks of default on principal and interest payments and of an increase in the cost of our funding. Our sales contracts provide for the adjustment on a *pro rata temporis* basis of loan balances, aside from on interest rate of 12% per year, based on price indices or the Brazilian reference rate *taxa referencial*, or TR, and calculated according to the "price" system of amortization.

If there is an increase in inflation, the indebtedness of our customers, pursuant to their sales contracts, would likely rise, possibly resulting in an increase in defaults. If this were to occur, our cash flow and, by extension, our results may be adversely affected. In the case of a default after we have already delivered the associated unit, Brazilian law guarantees the right to file a lawsuit for the money owed and, potentially, to repossess the unit of the defaulting buyer, in accordance with the appropriate judicial timeframes and procedures. Such a lawsuit generally lasts, at a minimum, two years, meaning that if the buyer does default, we cannot guarantee that we will be able to recoup the value owed, since generally we resell such real estate units for a price that is lower than the original sales price.

These factors could have an adverse effect on our financial condition and our results. In addition, we raise funds in the market at various rates and indices and we may not be able to pass on such rates to our customers to the extent our financings are based on different indices. The mismatch of rates and maturities between our sources and use of financing could adversely affect our cash flow and our financial performance.

RISKS RELATED TO THE OFFERING AND OUR COMMON SHARES

An active and liquid market for our common shares may not develop, thereby limiting the sale of our common shares by investors.

There is currently no active or liquid market for our common shares. We cannot guarantee that a market for our common shares will develop on the BOVESPA, and if it does develop, that it will be sufficiently liquid, both of which could affect the ability of investors to sell the common shares.

The Brazilian securities market is substantially smaller, less liquid and more volatile than major international securities markets. For example, the BOVESPA had a market capitalization of approximately R$1.545 trillion on December 31, 2006 and an average daily trading volume of R$949 million in 2006. In contrast, the New York Stock Exchange had a market capitalization of US$25.0 trillion on December 31, 2006, and an average daily trading volume of US$86.9 billion during 2006. The top ten stocks in terms of trading volume accounted for approximately 51.3% of all shares traded on the BOVESPA in December 2006. Such market characteristics may substantially limit the ability of holders of our common shares to sell them at the price and at the time they desire, and, consequently, this may negatively affect the market price of our common shares.

The offering price per common share was determined after conclusion of the bookbuilding procedure and may differ from the prices that will prevail in the market after the completion of this offering.

The sale of a significant number of our common shares after the conclusion of this offering could negatively affect their price; aside from this, any future issuance of common shares will dilute the value of the holdings of our shareholders, unless we opt to grant them rights of first refusal as specified by Brazilian Corporate Law.

We, the controlling shareholders and our directors and executive officers have agreed that we and they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any common shares issued by us, or securities convertible into or exchangeable or exercisable for any common shares issued by us, for 180 days after the date of this final offering memorandum. For further information, see "Plan of Distribution".

In addition, during the first six months after the first public offering of our common shares and, after registering with the *Novo Mercado*, our controlling shareholders, directors and executive officers may not sell, and/or offer to sell, any of the shares or derivatives that they held immediately after the occurrence of the offering mentioned above. After this initial six-month period, the controlling shareholders and the management of our company will not be able to sell, and /or offer to sell, for an additional six months, more than 40% of the common shares and derivatives that they hold immediately after the occurrence of offering mentioned above.

After the termination of this period of restriction on the sale of shares, nothing will prevent our shareholders from selling our common shares, which could negatively affect the price of our common shares.

In the future, we may issue a substantial quantity of new common shares, which could dilute the ownership percentage of investors who subscribe to or acquire the common shares.

We may need to raise additional capital in the future through the issuance of securities, which may result in a dilution of the holdings of investors in our common shares.

We may need to raise additional capital in the future through a public or private issuance of shares or other securities. In the case that public or private financing is not available, or if our shareholders so decide, we may obtain additional resources by increasing our capital, which may dilute the holdings of investors.

In acquiring the common shares, an investor will bear an immediate dilution in the book value of his investment.

We expect that the price per common share in this offering will exceed the book value per share. Therefore, an investor will pay a price per common share that exceeds our total assets minus our total liabilities, divided by the number of outstanding common shares. Consequently, investors will experience an immediate and significant dilution in the book value of their investment in our company.

In addition, the purchasers of common shares in this offering will experience additional dilution when FIP Genoa, the holder of the Convertible Debentures, converts all such Convertible Debentures, which will occur within 30 days after the publication of the announcement of the completion of this offering in Brazil. For more information on the characteristics of the Convertible Debentures, see "Dilution" and "Convertible Debentures".

Our shareholders may modify or eliminate entirely the protections contained in our bylaws for diffused ownership.

Our bylaws currently require any purchaser of more than 20% of our capital stock to conduct a tender offer to all shareholders. This provision is intended to preserve diffused ownership of our capital stock.

However, our bylaws also provide that shareholders representing 70% or more of our capital stock may modify or entirely eliminate protections contained in our bylaws for diffused ownership. If this occurs, such shareholders will not be obligated to conduct a tender offer for the purchase of all of our outstanding shares. In addition, while the bylaws of other companies with securities listed on the BOVESPA contain this protection, this mechanism has not yet been tested in practice, and may be subject to legal challenges in whole or in part at the time of implementation.

When the trading of our common shares commences in the Novo Mercado segment of the BOVESPA, the total number of our common shares listed thereon will be equivalent to 20.5% of our capital stock (assuming the conversion of all of the Convertible Debentures into common shares), which is less than the minimum 25% of our capital stock required by the rules of the Novo Mercado segment.

When the trading of our common shares commences in the *Novo Mercado* segment of the BOVESPA, the total number of our common shares listed thereon will be equivalent to 20.5% of our capital stock (assuming the conversion of all of the Convertible Debentures into common shares), which is below the minimum 25% required by the rules of the *Novo Mercado* segment. We expect to comply with this *Novo Mercado* requirement within two years from the commencement of trading of our common shares in the *Novo Mercado* segment.

Consequently, during such period, our common shares will be less liquid than the shares of other companies with securities listed on the *Novo Mercado* segment, which could adversely affect our investors.

Additionally, there is no guarantee that we will be able to comply with this requirement of the *Novo Mercado* of the BOVESPA within the estimated two-year period. If we do not comply with this requirement, the BOVESPA can sanction our company. Such sanctions can range from quoting our shares separately, to suspending the trading of our shares on the *Novo Mercado* segment and even to cancelling the authorization for the trading of our shares on the *Novo Mercado* segment.

The interests of our controlling shareholders may conflict with interests of other common shareholders.

Our controlling shareholders have the power, among others, to elect a majority of our board of directors and to determine the outcome of any action requiring shareholders' approval, including transactions with related parties, corporate reorganizations, dispositions, and the timing of any future payment of dividends, subject to minimum dividend payment requirements imposed under Brazilian Corporate Law. Our controlling shareholders may have an interest in pursuing acquisitions, dispositions, partnerships, financings or similar transactions that could conflict with the interests of investors.

Payments of dividends, interest on capital and other distributions to shareholders in an amount greater than our net income are subject to certain restrictions imposed by the Convertible Debentures.

The indenture governing the Convertible Debentures restricts the payment of dividends, interest on capital and other distributions to shareholders exceeding the minimum mandatory dividend of 25% of our net income, calculated either in a specific fiscal year or in interim periods, by requiring the prior approval of holders representing a majority of the Convertible Debentures outstanding. Non-compliance with these provisions will result in an acceleration of the maturity date of the Convertible Debentures, and we will be obligated to pay to the Convertible Debenture holders the total value owed to them, in accordance with the terms and conditions of the Convertible Debentures. FIP Genoa, the holder of the Convertible Debentures, has agreed to convert all Convertible Debentures into common shares within 30 days after the date of publication of the announcement of the completion of this offering in Brazil. For more information, see "Convertible Debentures."

USE OF PROCEEDS

We expect to receive net proceeds of approximately R$382.7 million from the sale of 34,782,609 common shares issued in this offering, assuming no exercise of the over-allotment option, and after deducting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for general corporate purposes, including for the acquisition of land and the development of new projects, customer financing, construction and working capital.

Use	Value (in millions of *reais*)	Value (in millions of US$)*	Percentage
Acquisition of land and development of new projects	267.9	125.3	70%
Construction	57.4	26.9	15%
Working capital	38.3	17.9	10%
Customer financing	19.1	8.9	5%
Total	**382.7**	**179.0**	**100%**

* Translated for convenience only at the exchange rate on December 31, 2006 of R$2.138 per US$1.00. See "Presentation of Financial and Other Information."

The use of proceeds from this offering will be influenced by factors that we cannot anticipate at this time, such as the future conditions in the Brazilian real estate market and our ability to negotiate land acquisitions. See "Forward-Looking Information and Statements."

For more information on the impact of our net proceeds from this offering on our financial condition, see "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

EXCHANGE RATES

Before March 14, 2005, there were two legal foreign exchange markets in Brazil, the commercial exchange rate market and the floating exchange rate market. Most trade and financial foreign exchange transactions in Brazil were carried out on the commercial exchange rate market. These transactions included the purchase and sale of shares or the payment of dividends or interest with respect to shares. Foreign currencies could only be purchased in the commercial exchange rate market through a Brazilian bank authorized to operate in these markets. The floating exchange rate market applied to certain transactions to which the commercial rate did not apply, including the sale of Brazilian currency to tourists, remittances related to banking guarantees and payments in connection with the provision of technical services. In both markets, rates were freely negotiated but could be influenced by BACEN intervention. In 1999, BACEN placed the commercial exchange rate and the floating exchange rate markets under identical operational limits, and financial institutions operating in the commercial market were authorized to unify their positions in the two different markets, which led to a convergence in the pricing and liquidity of both markets and a decrease in the difference between their respective rates. Starting in February 1, 1999, the floating exchange rate was substantially the same as the commercial exchange rate, and the system relying on the foreign exchange rate band had been eliminated.

On March 4, 2005, the CMN enacted Resolution No. 3,265, pursuant to which the floating exchange rate market and the commercial exchange rate market were unified in one "exchange market," effective as of March 14, 2005. The new regulation allows the purchase and sale of foreign currency and the international transfer of *reais* by any person or legal entity, regardless of the amount, provided the transaction is legal and complies with certain regulatory procedures.

Since 1999, BACEN has allowed the U.S. dollar-*real* exchange rate to float freely, and, since then, the U.S. dollar-*real* exchange rate has fluctuated considerably. Since the beginning of 2001, the Brazilian exchange rate market has been increasingly volatile, and, until early 2003, the value of the *real* declined relative to the U.S. dollar. The *real* appreciated against the U.S. dollar in 2004, 2005 and 2006. On December 31, 2006, the U.S. dollar-*real* exchange rate was R$2.138 per US$1.00. In the past, BACEN has intervened occasionally to control unstable movements in foreign exchange rates. We cannot predict whether BACEN or the Brazilian government will continue to let the *real* float freely or will intervene in the exchange rate market through the return of a currency band system or otherwise. The *real* may depreciate or appreciate against the U.S. dollar substantially in the future. Exchange rate fluctuations will affect the U.S. dollar equivalent of the *real* price of our common shares on the BOVESPA as well as the U.S. dollar equivalent of any distributions we make in *reais* with respect to our common shares. For more information on these risks, see "Risk Factors—Risks Related to Brazil."

Exchange Rates

The following tables set forth the selling rate, expressed in *reais* per U.S. dollar (R$/US$), for the periods indicated.

	Period-end	Average for period	Low	High
	(*reais* per U.S. dollar)			
Year ended				
December 31, 2001	2.320	2.352(1)	1.936	2.801
December 31, 2002	3.533	2.924(1)	2.271	3.955
December 31, 2003	2.889	3.075(1)	2.822	3.662
December 31, 2004	2.654	2.925(1)	2.654	3.205
December 31, 2005	2.341	2.434(1)	2.163	2.762
December 31, 2006	2.138	2.176(1)	2.059	2.371
Month ended				
September 2006	2.174	2.173(2)	2.128	2.218
October 2006	2.143	2.150(2)	2.133	2.168
November 2006	2.167	2.161(2)	2.135	2.187
December 2006	2.138	2.154(2)	2.138	2.169
January 2007	2.125	2.140(2)	2.125	2.156
February 2007	2.118	2.097(2)	2.077	2.118
March 2007 (through March 29, 2007)	2.055	2.097	2.055	2.139

Source: BACEN

(1) Represents the average of the exchange rates on the last day of each month during the period.

(2) Average of the lowest and highest rates in the period.

This offering memorandum contains translations of various *real* amounts into U.S. dollars at specified rates solely for your convenience. You should not construe these translations as representations by us that the *real* amounts actually represent these U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated or at other rates. Unless otherwise indicated, we have translated the *real* amounts included in this offering memorandum using a rate of R$2.138 to US$1.00, based on the U.S. dollar commercial selling rate as of December 31, 2006, published by BACEN.

Brazilian law provides that, whenever there is a serious imbalance in Brazil's balance of payment or there are substantial reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. We cannot assure you that such measures will not be taken by the Brazilian government in the future.

Exchange rate fluctuations will affect the U.S. dollar equivalent of the price of our common shares in *reais* on the BOVESPA as well as the U.S. dollar equivalent of any distributions we make with respect to our common shares, which will be made in *reais*. Exchange rate fluctuations may also affect our financial condition. See "Risk Factors — Risks Related to Brazil."

CAPITALIZATION

The table below sets forth our cash and cash equivalents, short-term and long-term loans and financings, shareholders' equity and total capitalization as of December 31, 2006, on a historical basis and as adjusted to reflect the estimated net proceeds from the issuance of our common shares in this offering of approximately R$382.7 million after deducting discounts, underwriting commissions and estimated offering expenses payable by us, based on an offering price per common share of R$11.50 and assuming no exercise of the over-allotment option. You should read this table in conjunction with the information under the headings "Selected Financial and Operating Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and respective notes included elsewhere in this offering memorandum.

	As of December 31, 2006			
(In million)	**Historical**	**Adjusted(1)**	**Historical(4)**	**Adjusted(1)(4)**
	(R$)	**(R$)**	**(US$)**	**(US$)**
Cash and cash equivalents	22,865	405,582	10,695	189,702
Loans and financings				
Short-term loans and financings	79,698	79,698	37,277	37,277
Long-term loans and financings	9,960	9,960	4,659	4,659
Total loans and financings(2)	89,658	89,658	41,936	41,936
Shareholders' equity				
Capital	99,666	499,666	46,616	233,707
Revenue Reserve	24,119	6,836	11,281	3,197
Total Shareholders' equity	123,785	506,502	57,897	236,904
Total capitalization(3)	**213,443**	**596,160**	**99,833**	**278,840**

(1) Adjusted to reflect the use of the net proceeds of this offering, before the conversion of the Convertible Debentures. "See Convertible Debentures."
(2) These amounts do not include the indebtedness related to the issuance of Convertible Debentures in the aggregate amount of R$50.0 million on the date of the issuance of the Convertible Debentures (i.e., February 1, 2007). See "Convertible Debentures."
(3) Corresponds to the sum of short-term and long-term liabilities (loans and financing) and total shareholders' equity.
(4) The *real* amounts for December 31, 2006 have been converted into dollars using the exchange rate of US$1.00 = R$2.138, which is the selling rate reported by the Central Bank of Brazil on this date. This information is presented solely for the convenience of the reader. You should not interpret the currency conversions in this offering memorandum as a statement that the amounts in *reais* currently represent such values in U.S. dollars. Additionally, you should not interpret such conversions as statements that the amounts in *reais* have been, could have been or could be converted into U.S. dollars at this or any other foreign exchange rates.

There was no material change in our capitalization since December 31, 2006, when we made a provision for the distribution of dividends to our shareholders of R$5,566 thousand, except for the issuance of the Convertible Debentures in the total amount of R$50.0 million as indicated above.

DILUTION

As of December 31, 2006, the book value of our shareholders' equity, as calculated from our consolidated financial statements prepared in accordance with Brazilian GAAP, was R$123,785 thousand. As of that date, the book value per common share, which represents the book value of our shareholders' equity divided by the total number of common shares outstanding, was R$2.69, corresponding to R$1.35 when the stock split of March 7, 2007 is considered.

After giving effect to the sale by us of 34,782,609 common shares in this offering at a price of R$11.50 per common share, after deducting discounts and underwriting commissions and estimated offering expenses payable by us, our shareholders' equity as of December 31, 2006 would be approximately R$506,502 thousand, representing R$3.99 per common share, already reflecting the stock split that ocurred on March 7, 2007. Considering the price of R$11.50 per common share, this offering would result, as of December 31, 2006, in an increase in the book value per common share of R$2.64 to existing shareholders, representing 196.2% of the book value per common share as of December 31, 2006, already reflecting the stock split that occurred on March 7, 2007, and an immediate dilution in the book value of R$7.51 per common share to new investors acquiring common shares in this offering. This dilution represents the difference between the offering price per common share paid by investors and the book value per common share adjusted by this offering.

The table below sets forth the dilution per common share:

	After this offering[3]	After the conversion of the Convertible Debentures[4][6]	After this offering[3][5]	After the conversion of the Convertible Debentures[4][6]
	(R$)	(R$)	(US$)	(US$)
Offering price per common share[1]	11.50	11.50	5.38	5.38
Book value per common share as of December 31, 2006[5]	1.35	–	0.63	–
Book value per common share after completion of this offering[5]	3.99	4.11	1.87	1.92
Increase in book value per common share	2.64	–	1.24	–
Dilution per common share for new investors	7.51	7.39	3.51	3.46
Percentage of dilution per common share for new investors[2]	65.3%	64.3%	65.3%	64.3%

(1) Corresponds to the price per common share set forth on the cover page of this offering memorandum.
(2) Calculated to reflect dilution in the book value per common share for new investors vis-à-vis the offering price per common share.
(3) Reflects the dilution per common share after this offering.
(4) Reflects the dilution per common share in case of conversion by FIP Genoa of all Convertible Debentures, assuming for the purpose of calculating the quantity of common shares to be issued as a result of this conversion, the offering price per common share indicated on the cover of this offering memorandum. The conversion of our Debentures would result in an increase of our capital stock of R$50.0 million considering the nominal value of the Convertible Debenture issue and the issuance of 8,695,652 common shares calculated according to the price of R$11.50 per common share indicated on the cover of this offering memorandum. For more information, see "Convertible Debentures."
(5) Reflects the stock split that occurred on March 7, 2007.
(6) Translated for convenience only at the exchange rate in effect an December 31, 2006 of R$2.138 per US$1.00. See "Presentation of Financial and Other Information" in this offering memorandum.

The offering price per common share bears no relationship to the book value of our common shares and has been set based on the book building procedure.

Dilution

Furthermore, the investors acquiring common shares pursuant to this offering will be subject to additional dilution of R$0.12 per common share, based on the price per common share set forth on the cover of this offering memorandum, upon conversion of all Convertible Debentures by FIP Genoa, which will occur within 30 days after the publication of the announcement of the completion of this offering in Brazil. For additional information, see "Convertible Debentures".

Pursuant to the terms of our stock option plan approved at our extraordinary shareholders' meeting held on February 13, 2007, as amended, we may grant to our management, pursuant to the terms and conditions approved by our board of directors, options to acquire common shares issued by us, limited to an aggregate amount of 5% of our share capital. As of the date of this offering memorandum, we have not granted any such options to our management. The investors acquiring common shares pursuant to this offering will be subject to additional dilution of R$0.19 per common share if our management exercises all of their options under our stock option plan immediately after this offering, considering the offering price of R$11.50 per common share and an option exercise price of R$0.0 per common share.

SELECTED FINANCIAL AND OPERATING DATA

The following is a summary of our financial information as of and for the years ended December 31, 2004, 2005 and 2006.

Our annual financial information was prepared in accordance with Brazilian GAAP. You should read this information in conjunction with our audited annual financial statements and related notes included elsewhere in this offering memorandum, and the information under "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our selected consolidated financial information regarding our consolidated balance sheets and consolidated statements of income as of and for the years ended December 31, 2004, 2005 and 2006 are derived from our audited financial statements, included elsewhere in this offering memorandum.

Consolidated Statement of Income Data

In thousands	Year ended December 31,			
	2004	2005	2006	2006*
		(R$)		(US$)
Gross operating revenue	**52,452**	**78,921**	**215,405**	**100,751**
Real estate development and sales	51,070	74,124	203,179	95,032
Construction and other services	1,382	4,797	12,226	5,718
Deductions	(1,560)	(5,017)	(9,955)	(4,656)
Net operating revenue	**50,892**	**73,904**	**205,450**	**96,094**
Cost of sales	(34,487)	(48,089)	(130,903)	(61,227)
Gross profit	**16,405**	**25,815**	**74,547**	**34,868**
Operating income (expenses)	**(10,151)**	**(18,079)**	**(43,761)**	(20,468)
Selling expenses	(3,113)	(7,070)	(17,342)	(8,111)
General and administrative expenses	(5,061)	(7,051)	(22,192)	(10,380)
Financial expenses	(2,488)	(6,575)	(9,925)	(4,642)
Financial income	757	2,343	7,528	3,521
Other operating income (expenses)	(246)	274	(1,830)	(856)
Operating income	**6,254**	**7,736**	**30,786**	**14,399**
Non-operating results, net	–	–	(168)	(79)
Income before taxes on income	**6,254**	**7,736**	**30,618**	**14,321**
Income tax and social contribution	(2,356)	(4,168)	(2,342)	(1,095)
Income before minority interest	**3,898**	**3,568**	**28,276**	**13,225**
Minority interest	(697)	(1,542)	(5,877)	(2,749)
Net income	**3,201**	**2,026**	**22,399**	**10,477**

* Translated for convenience only at the exchange rate in effect on December 31, 2006 of R$2.138 per US$1.00. See "Presentation of Financial and Other Information" in this offering memorandum.

Selected Financial and Operating Data

Consolidated Balance Sheet Data

In thousands	As of December 31,			
	2004	2005	2006	2006*
		(R$)		(US$)
Total assets	**93,598**	**142,755**	**415,317**	**194,255**
Current assets	87,368	134,615	354,421	165,772
Cash and cash equivalents	1,415	8,250	22,865	10,695
Accounts receivable	21,605	40,653	80,035	37,435
Units for sale	57,211	73,864	220,956	103,347
Other current assets	7,137	11,848	30,565	14,296
Long-term receivables	5,900	7,496	56,362	26,362
Accounts receivable	5,422	6,087	52,688	24,644
Advance for future capital increase	0	0	3,207	1,500
Deferred income tax and social contribution	470	1,401	459	215
Other long-term receivables	8	8	8	4
Permanent assets	330	644	4,534	2,121
Total liabilities and shareholders' equity	**93,598**	**142,755**	**415,317**	**194,255**
Total liabilities	**73,368**	**118,250**	**280,543**	**131,217**
Current liabilities	59,582	77,748	187,688	87,787
Suppliers	1,434	1,879	10,204	4,773
Accounts with development partners	1,324	2,421	1,415	662
Advances from customers	6,223	8,833	8,069	3,774
Obligations for purchase of land	29,526	6,675	68,668	32,118
Loans and financing	10,830	25,469	79,698	37,277
Taxes and contributions	1,370	2,371	5,059	2,366
Proposed dividends	–	–	5,566	2,603
Related parties	5,159	25,324	1,930	903
Other current liabilities	3,716	4,776	7,079	3,311
Long-term liabilities	13,786	40,502	92,855	43,431
Loans and financing	8,496	6,954	9,960	4,659
Obligations for purchase of land	510	22,282	67,430	31,539
Taxes payable	2,913	7,592	4,468	2,090
Other long-term liabilities	1,867	3,674	10,997	5,144
Minority interest	**2,842**	**5,091**	**10,989**	**5,140**
Shareholders' equity	**17,388**	**19,414**	**123,785**	**57,898**
Capital	12,128	12,128	99,666	46,616
Revenue reserve	–	–	24,119	11,281
Retained earnings	5,260	7,286	–	–

* Translated for convenience only at the exchange rate in effect on December 31, 2006 of R$2.138 per US$1.00. See "Presentation of Financial and Other Information" in this offering memorandum.

Selected Financial and Operating Data

In thousands of R$ or US$ (except when otherwise indicated)	Year ended December 31, 2004	2005	2006	2006*
		(R$)		US$
Financial data				
Gross operating revenue	52,452	78,921	215,405	100,751
Net operating revenue	50,892	73,904	205,450	96,094
Gross profit	16,405	25,815	74,547	34,868
Gross margin[(1)]	32.2%	34.9%	36.3%	36.3%
EBITDA[(2)]	8,033	12,030	33,156	15,508
EBITDA margin[(3)]	15.8%	16.3%	16.1%	16.1%
Net income before minority interest	3,898	3,568	28,276	13,225
Net margin before minority interest[(4)]	7.7%	4.8%	13.8%	13.8%
Net debt[(5)]	17,911	24,173	66,793	31,241
New developments				
Number of projects launched	3	8	11	
General sales value (100%)[(6)(7)]	180,188	533,072	744,436	348,193
General sales value (% Company)[(7)]	47,153	234,426	523,897	245,041
Number of units launched[(6)(7)]	348	1,038	1,485	
Usable area of units launched (100% – in m^2)[(5)(6)]	58,285	154,626	232,637	
Average sales price launched (in R$/$m^2$)[(6)(7)]	3,092	3,447	3,200	1,497
Sales				
Contracted sales (100%)[(6)(7)]	172,460	283,621	541,527	253,287
Contracted sales (% Company)[(7)]	75,370	145,412	287,625	134,530
Usable area of units sold (100% – in m^2)[(6)(7)]	62,751	94,985	169,905	
Number of units sold[(6)(7)]	578	783	1,141	

(1) Gross profit divided by net operating revenue.
(2) EBITDA means net income before taxes and social contribution, amortization and net financial expenses. EBITDA is not a measure under Brazilian GAAP, does not represent cash flows for the periods presented and should not be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flow as an indicator of our liquidity. EBITDA does not have a standardized meaning and, accordingly, our definition of EBITDA may not be comparable to EBITDA as used by other companies. For a reconciliation of net income before taxes and social contribution with EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – EBITDA" in this offering memorandum.
(3) EBITDA divided by net operating revenue.
(4) Net income before minority interest divided by net operating revenue.
(5) Sum of loans and financings minus cash and cash equivalents.
(6) Including other shareholders' interests in SPEs under shared control.
(7) Does not include units transferred in exchange for land.
* Translated for convenience only at the exchange rate in effect on December 31, 2006 of R$2.138 per US$1.00. See "Presentation of Financial and Other Information" in this offering memorandum.

Net Debt Data

In thousands	At December 31, 2004	2005	2006	2006*
		(R$)		(US$)
Real estate financing	9,381	14,242	14,021	6,558
Working capital	9,945	10,265	75,637	35,377
Debt convertible into capital of subsidiary	–	7,916	–	–
Cash and cash equivalents	(1,415)	(8,250)	(22,865)	(10,695)
Total net debt	**17,911**	**24,173**	**66,793**	**31,241**

* Translated for convenience only at the exchange rate in effect on December 31, 2006 of R$2.138 per US$1.00. See "Presentation of Financial and Other Information" in this offering memorandum.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion below is based on and should be read together with our consolidated financial statements and respective explanatory notes, included in this offering memorandum, with sections "Presentation of Financial and Other Information", "Selected Financial and Operating Data" and other financial data included elsewhere in this memorandum.

In order to provide the reader with a better understanding of our company, we present below more detailed information and a breakdown of our financial statements included in this offering memorandum.

Overview

According to the most recent ranking published by EMBRAESP in 2005, we are the third largest real estate developer and the fourth largest builder in the metropolitan region of São Paulo. We have focused on residential developments targeted at the middle-income and upper middle-income segments, as well as on commercial developments. In 2006, we launched real estate developments with a general sales value of R$744.4 million, which contributed to an average annual growth in launched general sales value of 103.3% over the two prior years. Considering only our share of these developments, our average annual growth rate in launched general sales value for the same period was 233.3%. We believe this growth is the product of our results-oriented management team and the successful implementation of our unique sales and marketing strategies, as well as the distinctive architectural features of our projects and our success in exceeding our customers' expectations.

Brazilian Economic Environment

In the last six years, the Brazilian economy has grown at an average rate of 2.5% per year, showing growth rates of only 2.5% between 2001 and 2003, and 4.9%, 2.3% and 2.9% in 2004, 2005 and 2006, respectively. The following adverse factors, among others, have been affecting the economy:

- high interest rates in the domestic market, which are among the highest in the world despite the recent downward trend;
- continuing political and economic uncertainties in Latin America and other emerging markets; and
- the impact of the war in Iraq, the weakness of the U.S. dollar against other currencies and the increase in interest rates in the United States.

In 2003, the depreciation of the U.S. dollar against other currencies, as well as the Brazilian government's conservative monetary and fiscal policies, led to an 18.2% appreciation of the *real* against the U.S. dollar. In 2004 the effects of a less restrictive monetary policy became visible. In that year, Brazil's gross domestic product, or GDP grew 4.9% and the average unemployment rate decreased from 12.3% to 11.5% in Brazil's key metropolitan regions, pursuant to information disclosed by the Brazilian Institute of Geography and Statistic (*Instituto Brasileiro de Geografia e Estatistica* – IBGE). Inflation as measured by the IPCA (*Índice de Preços ao Consumidor Amplo*), a Brazilian consumer inflation index issued by IBGE, was 7.6%. This economic rebound, however, raised some concern about inflation, resulting in the Central Bank maintaining high interest rates. The next year, 2005, was marked by accusations of corruption against officials of the Brazilian government and their allies, and also by the effort of the *Comitê de Política Monetária* (the Brazilian Monetary Policy Committee), or COPOM, to keep inflation on target, resulting in continued high interest rates. However, mainly due to the decreasing inflation rates, beginning in November 2005, the COPOM started a process of interest rate cuts. On December 31, 2005, the base interest rate was at 18.0%. Also in 2005, the *real* appreciated against the U.S. dollar, and, on December 31, 2005, the *real*/U.S. dollar exchange rate was R$2.3407 and inflation as measured by the IPCA was 5.7%. Indications of recovery in the domestic market could already be noticed and the job market showed the first signs of upturn.

The base interest rate decreased in June 2003, but increased again in September 2004, in view of the concerns regarding inflation, and has since declined further. As of December 31, 2006, the base interest rate was 13.25% per annum.

The table below sets forth certain Brazilian economic indicators, including inflation rates measured by IGPM, IPCA and INCC and the value of the *real* against the U.S. dollar in the periods indicated.

Indicators	2004	2005	2006
Inflation – IPCA[1]	7.6%	5.7%	3.1%
Inflation – IGP-M[2]	12.4%	1.2%	3.8%
TJLP rate[3]	9.8%	9.8%	7.9%
CDI rate[4]	17.8%	18.0%	15.0%
SELIC rate at the end of period[5]	17.5%	18.2%	13.3%
U.S dollar exchange rate at the end of the period (R$ per US$1.00)[6]	2.654	2.340	2.138
U.S. dollar average exchange rate (R$ per US$1.00)[6]	2.924	2.434	2.177
Appreciation of the *real* against the U.S. dollar[6]	8.9%	13.3%	9.5%
Inflation – INCC[7]	11.0%	6.8%	5.0%

(1) Consumer inflation index (*Índice de Preços ao Consumidor Amplo*) as calculated and published by the IBGE.
(2) General inflation index, *Índice Geral de Preços ao Mercado* as calculated and published by the *Fundação Getulio Vargas*.
(3) TJLP (*taxa de juros de longo prazo*) is the long-term interest rate, defined as the basic cost of financing granted by the Brazilian *Banco Nacional de Desenvolvimento Econômico e Social* (National Bank for Social and Economic Development), or BNDES. The TJLP is set by the *Conselho Monetário Nacional*, or CMN, and is published by the last working day of the quarter immediately preceding to the period of its validity.
(4) epresents the average interbank loan rate in one day in Brazil (complied through monthly periods of analysis)
(5) The SELIC rate is the BACEN's overnight lending rate, which is also referred to as the "base interest rate" elsewhere in this offering memorandum.
(6) According to BACEN data.
(7) Inflation index for the construction sector, *Índice Nacional de Custo da Construção*, as calculated and published by the *Fundação Getulio Vargas*.

Effects of economic conditions on the Brazilian real estate sector and on our results

The real estate sector is affected by the economic and other conditions prevailing in Brazil.
The demand for new residential units is influenced by a number of factors, including job growth, long- and short-term interest rates, availability of credit to home buyers, consumer confidence, government policies, demographic factors and, to a lesser extent, changes in property taxes, energy costs and federal corporate income tax regulations. On the other hand, the development of new units is influenced by the inventory of existing units, zoning restrictions, governmental policies, cost and availability of land, construction and sales costs and availability of real estate financing, among other factors.

Considerable economic and political uncertainties exist that could have adverse effects on consumers buying behavior, construction costs, availability of labor and raw material and other factors affecting the Brazilian real estate industry at large. Higher interest rates may affect the ability of home buyers to qualify for financing and, as a result, may decrease the demand for new homes and make investment in commercial buildings less attractive. The lack of available financing may also adversely affect the demand for housing and, therefore, decrease our sales. Inflation has also had, and may continue to have, effects on our financial condition and results of operations. Nearly all our operating expenses are denominated in *reais* and the suppliers and service providers generally attempt to increase their prices to reflect Brazilian inflation.

In addition, our results of operations may be indirectly affected by currency fluctuations. Although substantially all of our revenue is denominated in *reais* and only a very small portion of our net costs and obligations is linked to the U.S. dollar, depreciations of the *real* in relation to the U.S. dollar could create additional inflationary pressures in Brazil and lead to increases in interest rates. On the other hand, the appreciation of the *real* against the U.S. dollar may limit both the rise of inflation and, consequently, the increase of interest rates, factors that could lead to a growing demand in the real estate sector. In periods of economic slowdown, customers and investors purchase fewer real estate properties, rental prices decline and the amount of available real estate units increases, adversely affecting our results of operations.

Business Model

Our business model combines real estate development with construction services. We provide construction services primarily in connection with projects that we develop, but also to unrelated third parties. We believe that by operating both as a developer and a construction services provider we obtain a greater degree of stability in our revenue and in the financing of our management and operations, thereby mitigating the effects of volatility in the Brazilian real estate development market. Additionally, this business model allows us to pass on savings in construction costs to our customers, as reflected in the prices of the units we sell.

We also focus on high-velocity sales, thus mitigating the market risk related to each project, as well as enabling a larger portion of the revenue from the sale of real estate units to fund construction costs and expenses, reducing the need for capital contributions from our shareholders or third party financing. One of our key marketing tools is our extension of credit to our customers for the purchase of our units under similar or more favorable terms as compared to those offered by our main competitors. However, we avoid maintaining receivables from such financings after the completion of each development, so as to increase our return on capital. Consequently, we receive most of our revenue from sales within one year after the completion of each project, thus increasing the velocity with which we can reinvest our capital.

Additionally, we create partnerships for our projects, which allow us to balance the risk of our portfolio of developments and generate operational leverage based on construction services that we provide to the SPEs. As a result, our average equity interest in our development projects is relatively low as compared to our peer developers in the Brazilian market, especially before the capital contribution by funds managed by and affiliates of Spinnaker Capital in March 2006.

As required by Brazilian GAAP, our consolidated financial information comprises our company and our subsidiaries, including our SPEs. Our consolidated financial information excludes accounts receivables related to intercompany revenue and expenses, as well as our investment in the consolidated entities with the interest of third parties in such entities recognized as minority interest. Entities incorporated with other partners and in which we have shared control together with these partners are proportionally consolidated. Entities incorporated with other partners and in which we have control are fully consolidated, even if we hold less than 100% in them, with the share of the results of our partners being presented as "minority interest". If comparisons are made with other real estate developers that have a different treatment of shared-control entities, you should consider such differences in making comparisons. In order to assess our operating income as compared to other developers we understand that the use of "Income before minority interest" reduces potential distortions caused by fully consolidating or proportionally consolidating our subsidiaries, including our SPEs.

Accordingly, differences in business model, especially those with respect to form of control of our subsidiaries, including our SPEs (control or shared-control) and the provision of construction services, affect the comparability of our financial statements with the financial statements of our competitors with different business models.

Due to the increasing number of competitors seeking higher margins in the Brazilian real estate industry, the competition for land in premium areas in the metropolitan region of São Paulo is becoming more difficult. Although we do not expect price increases over the medium term, owners of land are demanding a higher portion of payment in cash rather than payment in exchange for units, through which land is partially paid with units or a share of the future revenue from the future development. As a result, the financial cost of maintenance of land in inventory has significantly increased.

Taking these aspects into consideration, we have adopted a strategy of carrying a low inventory of land and rapid turnover. We thus minimize the cost of maintenance of land without compromising our schedule of new developments.

The table below shows certain summary financial and other information for the years ended December 31, 2004, 2005 and 2006:

In thousands of R$ or US$ (except when otherwise indicated)	Year ended December 31, 2004	2005	2006	2006*
		(R$)		US$
Financial data				
Gross operating revenue	52,452	78,921	215,405	100,751
Net operating revenue	50,892	73,904	205,450	96,094
Gross profit	16,405	25,815	74,547	34,868
Gross margin(1)	32.2%	34.9%	36.3%	36.3%
EBITDA(2)	8,033	12,030	33,156	15,508
EBITDA margin(3)	15.8%	16.3%	16.1%	16.1%
Net income before minority interest	3,898	3,568	28,276	13,225
Net margin before minority interest(4)	7.7%	4.8%	13.8%	13.8%
Net debt(5)	17,911	24,173	66,793	31,241
New developments				
Number of projects launched	3	8	11	
General sales value (100%)(6)(7)	180,188	533,072	744,436	348,193
General sales value (% Company)(7)	47,153	234,426	523,897	245,041
Number of units launched(6)(7)	348	1,038	1,485	
Usable area of units launched (100% – in m²)(5)(6)	58,285	154,626	232,637	
Average sales price launched (in R$/m²)(6)(7)	3,092	3,447	3,200	1,497
Sales				
Contracted sales (100%)(6)(7)	172,460	283,621	541,527	253,287
Contracted sales (% Company)(7)	75,370	145,412	287,625	134,530
Usable area of units sold (100% – in m²)(6)(7)	62,751	94,985	169,905	
Number of units sold(6)(7)	578	783	1,141	

(1) Gross profit divided by net operating revenue.
(2) EBITDA means net income before taxes and social contribution, amortization and net financial expenses. EBITDA is not a measure under Brazilian GAAP, does not represent cash flows for the periods presented and should not be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flow as an indicator of our liquidity. EBITDA does not have a standardized meaning and, accordingly, our definition of EBITDA may not be comparable to EBITDA as used by other companies. For a reconciliation of net income before taxes and social contribution with EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – EBITDA" in this offering memorandum.
(3) EBITDA divided by net operating revenue.
(4) Net income before minority interest divided by net operating revenue.
(5) Sum of loans and financings minus cash and cash equivalents.
(6) Including other shareholders' interests in SPEs under shared control.
(7) Does not include units transferred in exchange for land.
* Translated for convenience only at the exchange rate in effect on December 31, 2006 of R$2.138 per US$1.00. See "Presentation of Financial and Other Information" in this offering memorandum.

Significant Accounting Policies

Recognition of revenue from real estate development

Real estate developers like us recognize revenue of real estate developing activities over the construction period of the projects and not at the moment of sale of the units. Part of our sales are financed sales with the total selling price being collected in installments. Revenue from real estate developments in one period can reflect the recognition as revenue of sales made in prior periods.

In order to align the accounting practices of the Brazilian real estate companies, on May 16, 2003, the Federal Council of Accounting (*Conselho Federal de Contabilidade*), or CFC, approved CFC Resolution 963, establishing specific criteria and procedures to account for activities in the financial statements and to define the minimum level of information that must be disclosed in the notes to the financial statements of companies engaged in the purchase, sale, development, management and lease of real estate and land development.

Our principal accounting policies with respect to real estate development are described below:

- the percentage of costs incurred (including land acquisition, projects, construction and financial charges directly related to the project) in relation to total budgeted costs is computed for each unit sold;

- to determine the amount of revenue to be recognized in any given period, the percentage calculated as described above is applied to the total sale price of the unit sold. The total sales price is adjusted based on contractual terms (monetary correction based on INCC or other contractual indices) but does not include interest charges for financed units after they are finalized;

- collections for the sale of units that exceed the amount of sales revenue recognized in a given period, calculated as described above, are recorded as advances from customers;

- the amount of sales revenue recognized in excess of amounts collected is recorded as accounts receivable;

- cost of sales for the units sold is determined by allocating total costs incurred (as described above) to the units that were sold;

- costs incurred with respect to units not yet sold are recognized as inventories; and

- the same percentage of costs incurred over total budgeted costs is applied to recognize direct selling expenses.

Other revenue and expenses, including advertising and marketing, are recognized when incurred. Upon sale of finished units, the full sale price and total related costs are recognized in the moment of sale irrespective of the period of collection of the sale price.

Consolidation

The consolidated financial information comprises our company and our subsidiaries, including our SPEs. Our consolidated financial information excludes accounts receivable and payable and intercompany revenue and expenses, as well as our investment in the consolidated entities with the interest of third parties in such entities recognized as minority interest. Entities incorporated with other partners and in which we have shared control together with these partners are proportionally consolidated. Entities incorporated with other partners and in which we have control are fully consolidated, even if we hold less than 100% in them, with the share of the results of our partners being presented as "minority interest".

Income tax and social contribution (IRJP and CSLL)

Deferred Income tax and social contribution consist of the following: (1) amounts not yet recognized as taxable income resulting from the fact that income from real estate activities is taxed when the sales price is collected on a cash basis as opposed to when revenue is recognized on an accrual basis; (2) income or expenses which are not yet taxable or deductible, such as provisions for contingencies; and (3) net operating losses, when realization or recovery in future periods is considered probable.

Consolidation of the Activities of ABC Construtora and of Terepins e Kalili

Our company resulted from the combined operations of ABC Construtora e Incorporadora Ltda. and Terepins e Kalili Engenharia e Construções Ltda., for the purpose of construction and real estate developments. On May 31, 2002, the shareholders of these two companies combined their respective holdings of the capital stock, merging the activities with and into Terepins e Kalili Engenharia e Construções Ltda. Terepins e Kalili Engenharia e Construções Ltda. then changed its name to Even Incorporadora e Construtora Ltda. In 2006, our shareholders approved the transformation of our company into a corporation.

Investment of FIP Genoa in Us

In 2005, we entered into negotiations with Spinnaker Capital, which is based in London and which manages investment funds totaling approximately US$5.2 billion, to establish a partnership for the co-development of certain real estate projects in the city of São Paulo. In March 2006, funds managed by and affiliates of Spinnaker Capital made an equity investment in us which represented 39.75% of our capital stock. These funds and affiliates subsequently increased their holding to 41.25%. Furthermore, in March 2007, FIP Genoa, an affiliate of Spinnaker Capital, acquired all of the Convertible Debentures. For more information about the Convertible Debentures, see "Convertible Debentures."

New Developments and Contracted Sales

New developments

The following table presents detailed information on our total new residential developments in the periods indicated:

In thousands of R$ (except when otherwise indicated)	Year ended December 31, 2004	2005	2006
New developments			
Number of projects launched	3	8	11
General sales value (100%)(1)(2)	180,188	533,072	744,436
General sales value (% Company)(2)	47,153	234,426	523,897
Number of units launched(1)(2)	348	1,038	1,485
Usable area of units launched (100% – in m^2)(1)(2)	58,285	154,626	232,637
Average sales price launched (in R$/$m^2$)	3,092	3,447	3,200
Our participation in the total new developments	26.2%	44.0%	70.4%

(1) Including other shareholders' interests in SPEs under shared control.
(2) Does not include units transferred in exchange for land.

In 2005, we launched eight projects in the city of São Paulo, compared to three projects launched in 2004. The average price per square meter of our units launched in 2005 was R$3,447, compared to R$3,092 in 2004, representing an increase of 11.5%, due to the increase of the average sales price per unit in the city of São Paulo in 2005.

In 2006, we launched ten projects in the city of São Paulo and one in the city of Rio de Janeiro, compared to eight projects in São Paulo in 2005. The average price per square meter of our units launched in 2006 was R$3,200, compared to R$3,447 in 2005, representing a 7.2% decrease, as a result of a higher share of units targeted at emerging customers in 2006 as compared to the prior period.

Contracted sales

We adopted the policy of recognizing revenue from sales in our developments only after the legal grace period of 180 days, measured from the date of official registration of the development. We may, however, recognize our revenue earlier, if (i) the development reaches a minimum percentage of sales established in its registration; or (ii) we file for a suspension of the grace period, whenever we deem appropriate. Thus, no revenue is recognized for a development during the grace period, even if we have contracted sales or incurred costs regarding the development.

Subsequent to the grace period (or, as mentioned above, if this period is anticipated), we recognize our operating revenue for unfinished units only as each project evolves financially. Accordingly, operating revenue reflects the portion of contracted sales in relation to the percentage of costs incurred over total budgeted costs for the units sold. The remaining portion, when the percentage of cost incurred is less than 100%, is revenue to be recognized as construction progresses.

We have targeted the majority of our new residential developments to upper-middle and high-income customers. These developments totaled 73.7% of our units launched in 2005 and 76.1% of the units launched in 2006. We have made an effort to expand our business by developing products targeted at emerging customers. To this end, we launched one project in this segment in 2005 and two in 2006. The average sale price for a unit in this product category is R$2,400 per square meter.

Gross Operating Revenue

Our gross operating revenue derives primarily from the development and sale of real estate properties and, to a lesser degree, from our construction services both to our development projects and to third-party developments, as set forth in the table for the years ended December 31, 2004, 2005 and 2006:

	Year ended December 31,					
In thousands of R$	**2004**	**% Total**	**2005**	**% Total**	**2006**	**% Total**
Gross operating revenue	**52,452**	**100.0%**	**78,921**	**100.0%**	**215,405**	**100.0%**
Real estate development and sales	51,070	97.4%	74,124	93.9%	203,179	94.3%
Construction and other services	1,382	2.6%	4,797	6.1%	12,226	5.7%

Gross revenue from real estate development and sales

Our revenue from real estate developments and the sale of properties derives from the sale of units of our residential developments and, to a lesser extent, commercial properties. These revenues include monetary correction adjustment, which is the adjustment of the principal amount based on an inflation index, for each sales agreement through the date construction is finalized, but exclude interest from financed sales incurred after delivery of the finished unit. Such interest is recognized as financial income on an accrual basis.

Our revenue from real estate developments and the sale of unfinished properties is recognized *pari passu* according to the financial completion of the costs of each development, including land, construction and financial costs (interest and charges regarding construction financing). Revenue from real estate development derives both from units sold in previous years (in this case, only in the percentage of cost incurred in the year over total budgeted costs, plus monetary correction for the period) and from new sales (to the extent of total accumulated costs incurred over total budgeted costs applied to the sales price as per the sales agreement).

Gross revenue from construction and other services

Our revenue from construction and other services is derived from administration fees charged for management and construction services. For administration fees charged to our fully consolidated subsidiaries which have other third-party shareholders, the portion of the fee charged to the subsidiary and that corresponds to the other shareholders is reflected under the item "minority interest"and thus the profit in these circumstances is not reflected in our gross profit.

Deductions from Gross Revenues

PIS and COFINS

We and our subsidiaries calculate PIS and COFINS, federal taxes levied on revenue, under the cumulative regime, at the respective rates of 0.65% and 3.0% on the total revenue earned. This regime permits no deduction of any PIS and COFINS tax credits that might have been levied on prior transactions.

ISS

We provide services of civil construction, hydraulic and electrical services, work administration and inspection services and engineering services, either directly or through our subsidiaries, including our SPEs. The gross revenue from these activities is subject to the *Imposto sobre Serviços* (tax on services), or ISS, which is assessed by and paid to: (i) the municipality where the development is located, for services of construction, administration and inspection; and (ii) the municipality where our establishment is located, for engineering services. The ISS tax rate levied on our services (i) in the municipality of São Paulo is 5%; (ii) in the municipality of Rio de Janeiro is 3%; and (iii) in the municipality of Goiânia is 5%.

Cost of Sales

Our costs result from real estate development and, to a lesser extent, services rendered.

Our real estate development costs consist of land costs, the financial costs related to the construction financing and the construction costs, which include design, foundations, structures and finishing, as well as costs related to a broad variety of raw materials and our own and outsourced labor.

The following table sets forth the components of cost of sales, as well as their percentage of our total cost for the years ended December 31, 2004, 2005 and 2006:

	Year ended December 31,					
In thousands of R$	**2004**	**% Total**	**2005**	**% Total**	**2006**	**% Total**
Land	9,802	28.4%	14,950	31.1%	76,973	58.8%
Construction costs	23,864	69.2%	32,241	67.0%	52,278	39.9%
Financial costs	821	2.4%	898	1.9%	1,652	1.3%
Total	34,487	100.0%	48,089	100.0%	130,903	100.0%

One of the principal real estate development costs is the cost of land, which may present significant variation depending on the characteristics of the land, region and segment of the new development. Land may be acquired in cash, through the exchange for units in current or future developments, through financial exchange (whereby a portion of the proceeds from the sale of units in a future project to be developed on the land is passed on to the seller), or any combination of any of these forms.

Construction costs consist primarily of labor and raw material. Labor represented, on average, 42.0% of our total construction costs for the year ended December 31, 2006.

No single raw material alone represents a significant portion of our total costs. However, as a group, raw materials represented, on average, 58.0% of our total construction cost for the last three years.

The prices of some of our principal raw materials have recently significantly increased. In the period from 2004 to 2006, the Sinduscon-SP (Construction Industry Class Association) index, which measures the cost variation of civil construction in the city of São Paulo, increased cumulatively 19.3% and the INCC increased by 24.6%.

Since 2002, we have been experimenting with new raw materials, as well as developing new construction techniques and processes, for the purpose of reducing construction costs, improving the timing of disbursements and reducing potential technical assistance expenses. As a result, we been successful in accessing competitive construction costs compared to other companies in the real estate development industry.

During the years ended on December 31, 2004, 2005 and 2006, we have incurred most of our construction costs between the 13th and the 18th month of construction, according to the evolution of our construction costs shown in the table below:

Period of construction (in months)	Percentage of costs per project incurred[1]
1st to 6th	15%
7th to 12th	25%
13th to 18th	35%
19th to 24th	25%

(1) Excluding cost of land.

Financial costs refer to interest, financial charges and monetary adjustments on loans granted to fund the development of our projects.

Gross Profit

Our gross profit consists primarily of the gross results from development projects and the sale of our properties, because, due to the consolidation criteria, revenue from services is eliminated on consolidation with the related expense recorded under cost of sales by our consolidated entities, except for the portion regarding services accounted for as inventory (in connection with unsold units). Therefore, the impact of revenue from services on our gross profit is minimal.

Operating Income (Expenses)

Our operating income (expenses) corresponds primarily to our selling expenses, to general and administrative expenses and to net financial revenue and expenses.

Selling expenses

Selling expenses consist of costs related to the creation of sales stands, decoration of model units, commissions on sales, advertisement and marketing. The expenses for the creation of sales stands and decoration of model unit are deferred and charged to income based on the percentage of physical or financial completion of the respective development.

The amount of selling expenses deferred for recognition in future years is recognized as an asset under the item "deferred selling expenses" in our financial statements.

The remaining selling expenses, including related advertisement and publicity, are reflected in our results on an accrual basis, regardless of the date of disbursement.

General and administrative expenses

Our general and administrative expenses consist primarily of (i) outsourced auditing, consulting, legal and other services; (ii) payroll and related social charges; (iii) management fees and related social charges; (iv) corporate expenses, including the publication of minutes and financial statements; (v) notary publics and registries; and (vi) collection expenses and outsourced services.

Financial income (expenses)

Our financial income derives from interest on our receivables portfolio and investment of our cash balance. Interest income accruing on our receivables portfolio refers exclusively to charges incurred after the completion of the development, in connection with sales on credit to our customers. This income is recognized on an accrual basis, only after the completion of the units sold on credit.

Our financial expenses derive from interest incurred as a result of loans and financing granted to our company and our subsidiaries, including our SPEs. However, they do not include the financial cost of loans to finance construction of real estate developments, which are accounted for as cost of sales, as described above.

Income Tax and Social Contribution

Income tax and social contributions are computed following the "actual" profit regime, while some of our SPEs apply the "presumed" profit regime. Real estate activities have specific procedures for determining the amounts of actual or presumed taxable income for activities involving real estate development, land development and purchase and sale of properties.

Companies adopting the presumed profit regime, as permitted by tax laws to companies with annual revenue in the previous year of less than R$48.0 million, calculate their presumed taxable income by applying the rates of 8% and 12% (for Income tax and social contribution, respectively) to their revenue, and on the resulting taxable income the regular tax rates of Income tax and social contribution are applied.

Simplified Tax Regime ("Patrimônio de afetação")

As of the date of this offering memorandum, only one of our subsidiaries has opted for the special tax regime created by Law No. 10.931, of August 2, 2004. According to that regime, all income tax and social contributions are levied at the single simplified rate of 7% on the gross revenue. The application of this simplified regime did not impact our financial statements as of and for the years ended December 31, 2004, 2005 and 2006, as the only subsidiary applying the regime did not record any taxable revenue in these periods.

Minority Interest and Net Income

As a result of the consolidation criteria required by Brazilian GAAP, net income corresponds to our net income and our actual interest in the net income of our controlled entities after eliminating the portion of net income attributable to other investors which is presented under "minority interest". Our net income properly reflects only our interest in the results obtained by our consolidated entities. For the reasons described under "—Business Model", we understand that comparability of our results of operations with those of our competitors with different business models might be limited. In order to compare our results of operations with those of our competitors, we understand that the use of "Income before minority interest" reduces potential distortions resulting from the different treatment for consolidation (full or partial) depending on whether we have control or shared control of our subsidiaries and SPEs.

EBITDA

EBITDA means net income before taxes and social contribution, amortization and net financial expenses. EBITDA is not a measure under Brazilian GAAP, does not represent cash flows for the periods presented and should not be considered as an alternative to net income, as an indicator of our operating performance or as an alternative to cash flows as an indicator of our liquidity. EBITDA does not have a standardized meaning and, accordingly, our definition of EBITDA may not be comparable to EBITDA as used by other companies.

Interest expenses regarding our real estate financings are accounted for as cost of construction and used to calculate the percentage of completion of the development. They are, therefore, accounted for as cost of properties sold and, thus, are not excluded from the calculation of EBITDA presented.

See below our calculation of EBITDA for the years ended December 31, 2004, 2005 and 2006:

	Year ended December 31,		
In R$ thousands	**2004**	**2005**	**2006**
Income before taxes on income	6,254	7,736	30,618
(+/-) Net financial income (expenses)	1,731	4,232	2,397
(+) Depreciation and amortization	48	62	141
EBITDA	**8,033**	**12,030**	**33,156**

Analysis of our Results with Respect to the Years ended December 31, 2004, 2005 and 2006

The table below sets forth our consolidated results of operations for the years ended December 31, 2004, 2005 and 2006.

Consolidated Statement of Income Data

	Year ended December 31,		
In R$ thousands	**2004**	**2005**	**2006**
Gross operating revenue	**52,452**	**78,921**	**215,405**
Real estate development and sale	51,070	74,124	203,179
Construction and other services	1,382	4,797	12,226
Deductions	(1,560)	(5,017)	(9,955)
Net operating revenue	**50,892**	**73,904**	**205,450**
Cost of sales	(34,487)	(48,089)	(130,903)
Gross profit	**16,405**	**25,815**	**74,547**
Operating income (expenses)	**(10,151)**	**(18,079)**	**(43,761)**
Selling expenses	(3,113)	(7,070)	(17,342)
General and administrative expenses	(5,061)	(7,051)	(22,192)
Financial expenses	(2,488)	(6,575)	(9.925)
Financial income	757	2,343	7,528
Other operating income (expenses)	(246)	274	(1,830)
Operating income	**6,254**	**7,736**	**30,786**
Non-operating results, net	–	–	(168)
Income before taxes on income	**6,254**	**7,736**	**30,618**
Income and social contribution	(2,356)	(4,168)	(2.342)
Income before minority interest	**3,898**	**3,568**	**28,276**
Minority interest	(697)	(1,542)	(5,877)
Net income	**3,201**	**2,026**	**22,399**

Analysis of our Results for the Year Ended December 31, 2006 Compared to our Results for the Year Ended December 31, 2005

In the analysis below, the expressions "in 2006" and "in 2005" refer to years ended December 31, 2006 and December 31, 2005, respectively.

Gross operating revenue

Our gross operating revenue totaled R$215.4 million in 2006, a 172.9% increase compared to R$79.0 million in 2005, primarily due to an increase in sales volume for the period, which resulted from a higher volume of developments launched over the year.

The following is the breakdown of our gross operating revenue in 2005 and 2006:

(in thousands of R$)	**2005**	**2006**
Gross operating revenue	**78,921**	**215,405**
Real estate development and sales	74,124	203,179
Construction and other services	4,797	12,226

Revenues from real estate development and sales

Our revenue from real estate development and sales totaled R$203.2 million in 2006, a 174.1% increase compared to R$74.1 million in 2005. This increase is primarily attributable to an increase in the number of units sold in 2006, as well as the recognition of revenue from units under construction and from units sold in previous years.

The table below shows the financial completion of our real estate developments and the recognition of their respective revenue:

Development[1]	Year launched	Total usable area	Cumulative financial completion as of December 31,		Percentage of available units sold as of December 31,		Revenue recognized for year ended December 31,		Our percentage interest in the development
			2005	2006	2005	2006	2005	2006	2006
		(in m^2)	(in %)		(in %)		(in thousands of R$)		(in %)
Campo Belíssimo	2006	45,070	0.0%	39.7%	0.0%	68.0%	–	41,988	70.5%
Horizons	2003	30,940	72.8%	100.0%	86.5%	98.5%	24,424	24,291	50.0%
Club Park Santana	2005	32,321	0.0%	33.2%	0.0%	99.3%	–	22,677	50.0%
Duo	2005	37,475	0.0%	43.8%	0.0%	66.0%	–	15,113	25.0%
Reserva Granja Julieta	2004	61,380	35.2%	68.4%	60.8%	73.3%	5,915	9,235	15.0%
The View	2005	15,663	30.5%	56.1%	44.4%	64.5%	4,680	8,584	45.0%
Window	2004	11,027	39.2%	76.2%	65.8%	94.6%	4,571	8,346	49.9%
Vitá	2005	20,420	0.0%	31.7%	0.0%	88.7%	–	8,076	50.0%
Wingfield	2006	9,362	0.0%	32.7%	0.0%	76.1%	–	7,802	100.0%
Terra Vitris	2005	10,600	21.6%	46.1%	63.5%	89.9%	4,399	7,557	50.0%
Breeze	2005	13,526	0.0%	39.8%	0.0%	78.9%	–	7,356	50.0%
Iluminatto	2006	9,780	0.0%	25.4%	0.0%	79.2%	–	6,445	100.0%
Plaza Mayor	2006	57,712	0.0%	21.4%	0.0%	15.7%	–	5,696	75.0%
Icon	2003	8,419	81.4%	100.0%	79.0%	93.2%	7,070	4,892	50.0%
Azuli	2003	12,051	78.4%	100.0%	85.4%	90.6%	7,291	4,792	50.0%
Personale	2004	6,941	51.0%	100.0%	60.4%	58.2%	2,373	3,717	50.0%
Inspiratto	2006	12,797	0.0%	34.0%	0.0%	26.2%	–	3,697	100.0%
Particolare	2006	25,390	0.0%	33.0%	0.0%	59.3%	–	3,031	15.0%
Vida Viva Moóca	2006	11,205	0.0%	29.0%	0.0%	38.0%	–	2,857	100.0%
Ecolife Cidade Universitária	2005	12,415	0.0%	23.8%	0.0%	87.3%	–	2,153	40.0%
Boulevard São Francisco	2006	25,423	0.0%	18.8%	0.0%	16.8%	–	1,793	100.0%
Horto do Ypê	2002	9,661	100.0%	100.0%	88.9%	100.0%	2,304	1,502	50.0%
Morumbi Trend	2002	7,572	100.0%	100.0%	91.0%	98.8%	3,449	793	50.0%
Vida Viva Tatuapé	2006	10,514	0.0%	23.2%	0.0%	9.0%	–	497	100.0%
Reserva do Bosque	2006	16,527	0.0%	29.0%	0.0%	43.8%	–	289	50.0%
Subtotal							**66,476**	**203,179**	
Others							7,648	–	
Total							**74,124**	**203,179**	

(1) In decreasing order of amount of revenue recognized as of December 31, 2006.

Revenues from construction and other services

Our revenue from construction and other services totaled R$12.2 million in 2006, a 154.9% increase compared to R$4.8 million in 2005, resulting from the increase in the volume of sales, in this case in connection with an increase in the number of buildings under construction.

Deductions

Our deductions totaled R$10.0 million in 2006, a 98.4% increase compared to R$5.0 million in 2005, primarily as a result of an increase in our gross revenue for the period, generating higher taxes. However, as a percentage of our net operating revenue, this account totaled 4.8% against 6.8% in 2005, due mainly to the selection of the presumed tax regime by several of our subsidiaries in 2006, resulting in a reduction of the PIS and COFINS rates.

Net operating revenue

Our net operating revenue totaled R$205.5 million in 2006, a 178.0% increase compared to R$73.9 million in 2005, primarily due to an increase in our gross operating revenue, more specifically from real estate development revenue and sale of properties.

Cost of sales

Our cost of sales totaled R$130.9 million in 2006, a 172.2% increase compared to R$48.1 million in 2005, mainly due to an increase in our revenue from developments.

Gross profit

Our gross profit totaled R$74.6 million in 2006, a 188.8% increase compared to R$25.8 million in 2005. This increase is primarily due to the expansion of our revenue from real estate development and sale of properties.

Operating income (expenses)

Our operating income (expenses) totaled R$43.8 million in 2006, a 142.1% increase compared to R$18.1 million in 2005. This increase is primarily due to increases in our general and administrative expenses as well as selling expenses and result from an increased volume of sales.

Selling expenses

Our selling expenses totaled R$17.3 million in 2006, a 145.3% increase compared to R$7.1 million in 2005, primarily due to costs incurred for sales stands and launch campaigns. Our increased selling expenses reflect a higher number of new developments in 2006, which were concentrated in the second half of the year and therefore had a more limited impact on the results for the full year.

General and administrative expenses

Our general and administrative expenses totaled R$22.1 million in 2006, a 214.7% increase compared to R$7.1 million in 2005. This increase is also due to a higher volume of sales. In 2006, we acquired SAP's ERP system, we relocated our head office and retained independent auditors. These factors, combined with new personnel hires, increased our general and administrative expenses in comparison with 2005.

Financial income (expenses)

Our net financial expenses were R$2.4 million in 2006, compared to financial expenses of R$4.2 million in 2005. This change is primarily attributable to the impact of the capital contribution made by Spinnaker Capital in March 2006, in the total amount of R$71.9 million, which changed our capital structure in 2006 and, consequently, our cash availability over the year.

Other operating income (expenses)

We had other operating expenses of R$1.8 million in 2006, representing a R$2.1 million decrease as compared to other revenue of R$274 thousand in 2005. This decrease was primarily attributable to a provision of R$1.1 million for payment of performance bonuses to our employees.

Operating income

Our operating income totaled R$30.8 million in 2006, a 298.0% increase compared to R$7.7 million in 2005, due to the reasons described in the previous items.

Non-operating results, net

Our net non-operating results, net, totaled R$168 thousand in 2006, as a result of losses in the conversion to equity of debt of Tricity Empreendimentos e Participações Ltda.

Income tax and social contribution

Our total income tax and social contribution reached R$2.3 million in 2006, a 43.8% decrease compared to R$4.2 million in 2005. Our total income tax and social contribution was positively affected by a reduction in deferred income tax and social contribution liabilities of City Projects and one of its subsidiaries resulting from the election during 2006 to use the presumed profit regime for computing taxes, which did not recur in 2005.

Minority interest

Minority interest had a negative impact of R$5.9 million in 2006, increasing by R$4.3 million our negative minority interest of R$1.6 million in 2005. This variation is primarily a result of our growing activities over 2006, offset in part by the increase in our average percentage interest in the new developments launched in 2006 as compared to 2005.

Net income

Our net income totaled R$22.4 million in 2006, a 1005.6% increase if compared to the R$2.0 million profit in 2005, primarily attributable to our growing real estate development activities over 2006 and reflects part of our profit gains related to an increased real estate revenue.

Analysis of our Results for the Year Ended December 31, 2005 Compared to our Results for the Year Ended December 31, 2004

In the analysis below, the expressions "in 2004" and "in 2005" refer to the years ended December 31, 2004 and December 31, 2005, respectively.

Gross operating revenue

Our gross operating revenue totaled R$78.9 million in 2005, a 50.5% increase compared to R$52.5 million in 2004, primarily due to an increase in our revenue from real estate development, as a result of a higher number of new developments and the sale of residential units.

The following is the breakdown of our gross operating revenue in 2004 and 2005:

(in thousands of R$)	2004	2005
Gross operating revenue	**52,452**	**78,921**
Real estate development and sales	51,070	74,124
Construction and other services	1,382	4,797

Revenues from real estate development and sales

Our revenue from real estate development and sales totaled R$74.1 million in 2005, a 45.1% increase compared to R$51.1 million in 2004. This increase is primarily attributable to higher sales in the period, as well as to an increase in the recognition of revenue both from units already sold and under construction.

The table below shows the financial completion of our real estate developments and the recognition of their respective revenue:

Development[(1)]	Year launched	Total usable area	Cumulative financial completion as of December 31,		Percentage of available units as of December 31,		Revenue recognized for years ended December 31,		Our percentage interest in the development
			2004	2005	2004	2005	2004	2005	2005
		(in m^2)	(in %)		(in %)		(in thousands of R$)		(in %)
Horizons	2003	30,940	31.1%	72.8%	74.2%	86.5%	12,725	24,424	50.0%
Azuli	2003	12,051	34.3%	78.4%	77.1%	85.4%	4,173	7,291	50.0%
Icon	2003	8,419	39.2%	81.4%	54.6%	79.0%	1,828	7,070	50.0%
Reserva Granja Julieta	2004	61,380	0.0%	35.2%	0.0%	60.8%	–	5,915	15.0%
The View	2005	15,663	0.0%	30.5%	0.0%	44.4%	–	4,680	55.0%
Window	2004	11,027	0.0%	39.2%	0.0%	65.8%	–	4,571	50.0%
Terra Vitris	2005	10,600	0.0%	21.6%	0.0%	63.5%	–	4,399	100.0%
Morumbi Trend	2002	7,572	100.0%	100.0%	69.0%	91.0%	3,836	3,449	50.0%
Signum	2003	8,953	79.0%	100.0%	96.7%	100.0%	6,831	3,113	50.0%
Personale	2004	6,941	18.5%	51.0%	38.8%	60.4%	738	2,373	50.0%
Horto do Ypê	2002	9,661	90.2%	100.0%	56.5%	88.9%	2,377	2,304	50.0%
Actualité	2002	3,778	100.0%	100.0%	98.8%	100.0%	3.415	820	100.0%
Immaginare	2003	4,035	100.0%	100.0%	97.4%	100.0%	8.445	619	100.0%
Qualis	2001	4,049	100.0%	100.0%	94.3%	100.0%	3.391	503	50.0%
Mercure	2000	4,284	100.0%	100.0%	99.3%	97.8%	1.652	50	40.0%
Subtotal							**49,411**	**71,581**	
Other							1,659	2,543	
Total							51,070	74,124	

(1) In decreasing order of amount of revenue recognized as of December 31, 2005.

Revenues from construction and other services

Our revenue from construction and other services totaled R$4.8 million in 2005, a 247.1% increase compared to R$1.4 million in 2004, primarily as a result of an increase in construction services as a result of an increase in our construction activity.

Deductions

Our deductions totaled R$5.0 million in 2005, a 221.6% increase compared to R$1.6 million in 2004, primarily as a result of an increase in the amounts collected from our customers for real estate developments and construction services in the period, which directly influenced our taxes payable.

Net operating revenue

Our net operating revenue totaled R$73.9 million in 2005, a 45.2% increase compared to R$50.9 million in 2004, primarily due to an increase in our revenue from real estate development, which grew at similar rates.

Cost of sales

Our cost of sales totaled R$48.1 million in 2005, a 39.4% increase compared to R$34.5 million in 2004. This increase is also due to an increase in our revenue from developments and is in line with the increase in revenue, resulting in a gross margin of 34.9% in 2005, slightly higher than our gross margin of 32.2% for 2004.

Gross profit

Our gross profit totaled R$25.8 million in 2005, a 57.4% increase compared to R$16.4 million in 2004. This increase is primarily due to the expansion of our real estate development activities, with stable gross margins over the periods.

Operating income (expenses)

Our operating income (expenses) totaled R$18.1 million in 2005, a 78.1% increase compared to R$10.2 million in 2004. This increase is primarily attributable to an increase in our selling expenses, as well as the negative impact of our financial income, as further explained above.

Selling expenses

Our selling expenses totaled R$7.1 million in 2005, a 127.1% increase compared to R$3.1 million in 2004, due to higher costs incurred for new developments as a result of our more aggressive marketing approach. This approach was required so that we could expand our sales in the period.

General and administrative expenses

Our general and administrative expenses totaled R$7.1 million in 2005, a 39.3% increase compared to R$5.1 million in 2004, primarily due to an increase in overhead costs we incurred, particularly payroll expenses, and also reflects an increase in our activities.

Financial income (expenses)

Our financial income (expenses) was R$4.2 million in 2005, a 144.5% increase compared to an expense of R$1.7 million in 2004, primarily due to an increase in our net debt for the period, in order to meet our investment needs and to compensate for temporary cash deficits as a result of a higher number of developments launched particularly during the second semester.

Other operating income (expenses)

Our other operating revenue totaled R$274 thousand in 2005, increasing by R$520 thousand compared to expenses of R$246 thousand in 2004, due to the recognition in 2005 of gains from changes in interest in ABC Desenvolvimento Imobiliário Ltda. compared to a loss for the same reason in 2004.

Operating income

Our operating income totaled R$7.8 million in 2005, a 23.7% increase compared to R$6.3 million in 2004, due to the changes described in the previous items.

Non-operating results, net

We did not record non-operating results, net in 2005 or 2004.

Income tax and social contribution

Our total income tax and social contributions reached R$4.2 million in 2005, a 76.9% increase compared to R$2.4 million in 2004, which is primarily attributable to the recognition of increased revenue of developments.

Minority interest

Minority interest had a negative impact of R$1.5 million in 2005, an increases of 121.2% compared to R$697 thousand in 2004, which is primarily due to a higher interest of other partners in our portfolio in the developments launched in the period.

Net income

Our net income totaled R$2.0 million in 2005, a 36.7% decrease compared to R$3.2 million in 2004, primarily attributable to higher operating expenses, more specifically selling and financial expenses.

Liquidity and Capital Resources

Our principal sources of liquidity derive from the cash generated by our operations and, when necessary, loans, which are in some cases guaranteed by our receivables. The financing and management of our cash flow are crucial in a long-term business like ours. We have managed to finance our operating activities predominantly with the proceeds from the sale of our real estate projects. This is possible because of our high levels of profitability and because we generally use strategies to reduce the amount of cash flow required for each development, such as (i) partnerships with other developers; and (ii) financing the purchase price of land acquisition or a portion thereof, by granting the seller a certain number of the units to be built on the land or a percentage of the proceeds from the sale of the units in such development. When necessary, we obtain loans for working capital that could be guaranteed by our accounts receivables. After the completion of the development, we look for financial alternatives to securitize our receivables, including sale of receivables, financing guaranteed by those receivables or issuance of securities backed by these credit rights in the local market.

We believe that these sources will continue to be sufficient to meet our current funding needs, which include working capital, investment capital, repayment of loans and payment of dividends.

From time to time, we assess new investment opportunities both directly and through our subsidiaries, or in partnership with other developers, and we may potentially finance such investments with our cash and cash equivalents, cash generated by our operations, loans, capital contributions or a combination of these methods.

Sources and Use of Funds

We rely mainly on the cash flow of our operations to generate working capital and support our operating and investment activities. We have also obtained funds through loans or capital contributions from our shareholders to finance our operations. Our cash flow was (i) positive in 2006, principally as a result of the subscription by funds managed by and affiliates of Spinnaker Capital of shares issued by us in March 2006 to meet our land acquisition needs and selling and new development expenses; (ii) positive in 2005, principally as a result of a loan granted by our controlling shareholders and the cash generated by previously launched developments, thus meeting the funding needs for new projects; and (iii) positive in 2004, principally as a result of the cash generated by projects under construction.

We provide long-term financing to customers who purchase residential units in our developments. Accordingly, as new developments are launched, the balance of our receivables portfolio increases significantly. For financed sales of residential units, approximately 10% of the price of a unit is paid prior to construction, 20% during construction and 70% subsequently to the conclusion of the project, in general over a period of ten years.

The table below shows the evolution of our receivables from the development and sale of properties at December 31, 2004, 2005 and 2006:

	At December 31,		
In thousands of R$	**2004**	**2005**	**2006**
Finished projects	**13,978**	**11,777**	**28,960**
Developments under construction	**14,037**	**39,369**	**107,513**
Revenue recognized	31,371	79,813	184,274
Installments received	(17,334)	(40,444)	(76,761)
Total balance	28,015	51,146	136,473
Long-term receivables	(5,422)	(6,087)	(52,688)
Current portion	22,593	45,059	83,785
Discounted receivables	(459)	(3,829)	(3,173)
Provision for doubtful receivables	(529)	(577)	(577)
Receivables in current assets	**21,605**	**40,653**	**80,035**

The principal amounts due under financing that we grant to our customers are adjusted as follows: (i) during construction, according to the INCC; and (ii) after the issuance of the certificate of occupancy by the local authority, by the variation of the applicable price index plus interest of 12% per year, on a *pro rata temporis* basis, calculated by the "price" amortization system.

The table below sets forth the evolution of our accounts receivable (before discounted receivables and provision for doubtful receivables), including sales revenue to be recognized:

	At December 31,		
In thousands of R$	**2004**	**2005**	**2006**
Current	22,593	45,059	83,785
Long term	5,422	6,087	52,688
Total Balance	28,015	51,146	136,473
Balance recognized classified as advance from customers	(2,896)	(4,843)	(7,408)
Sales revenue to be recognized	47,386	68,881	264,677
Total amount of accounts receivable (including sales revenue to be recognized)	**72,505**	**115,184**	**393,742**
Current	22,659	47,412	93,460
Long term	49,846	67,772	300,282

As described under "—Significant Accounting Policies" we recognize revenue, as well as its related costs, from the sale of unfinished units over the construction period based on the percentage of incurred cost in relation to total budgeted costs.

The table below sets forth the gross sales revenue to be recognized and the cost of units sold to be incurred:

	December 31,	
In thousands of R$	**2005**	**2006**
Gross sales revenue to be recognized	68,881	264,677
Cost of units sold to be incurred	(44,114)	(168,666)
Balance	**24,767**	**96,011**

The table above sets forth our deferred revenue and expected budgeted costs for units already sold but not yet recognized. The amounts presented in the table with respect to cost of units sold to be incurred represents the best estimate by management as of each date presented and are the amounts used to determine which is the percentage of financial completion of the development projects as of each date. Estimated amounts may change when actual costs are incurred and, as a result, profitability of the projects may differ from budgets. Revenue and related costs are recognized over the construction period.

As from January 31, 2007, we started considering delays in payment of more than 90 days as default by our customers. Pursuant to such criterion, our default level reached 0.9% of our accounts receivable on January 31, 2007. Our default levels are diluted to the extent we repossess the properties from customers in default and sell them to third parties, therefore mitigating or eliminating possible losses.

As of December 31, 2006, our provision for doubtful accounts totaled R$577 thousand, with no change as compared to December 31, 2005, and R$529 thousand as of December 31, 2004, primarily to compensate probable losses from other accounts receivable.

To the extent that our customers pay the amounts due, funds are invested in the financial markets in a manner compatible with the financial completion of our projects. We also have a policy of investing reserves in the financial markets to cover unexpected needs.

Indebtedness

General overview

To the extent necessary, we incur loans, preferably through the Brazilian government's Housing Finance System (*Sistema Financeiro de Habitação* – SFH), which offers lower interest rates than the private market, pre-payment options and the possibility to transfer our debt to our customers. We always seek to minimize our exposure to interest and exchange rates risks.

The table below sets forth the breakdown of our indebtedness for the years ended December 31, 2004, 2005 and 2006:

	December 31,		
In thousands of R$	**2004**	**2005**	**2006**
Loans for working capital	1,377	4,181	75,637
Loans for working capital secured by receivables	2,939	907	–
Loans for real estate financing	9,381	14,242	14,021
Loans for working capital in foreign currency	5,629	5,177	–
Bridge loans in foreign currency (convertible into subsidiary's capital)	–	7,916	–
Total	**19,326**	**32,423**	**89,658**

Convertible Debentures

Pursuant to indenture governing the Convertible Debentures, we and any of our subsidiaries may execute any agreements, commitments, contracts, documents, notes or instruments related to capital disbursements, loans, personal guarantees and/or sureties of any nature and/or the assumption of obligations that causes, either in isolation or as a set of interrelated acts of the same nature, our indebtedness to exceed, at any time, an amount in excess of twice our EBITDA for the last 12 months, only if we receive the prior approval of the holders of Convertible Debentures representing at least the majority of the outstanding Convertible Debentures. FIP Genoa, the holder of such Debentures, undertook to convert the entire Convertible Debentures into common shares issued by us within 30 days from the date of publication of the announcement of the completion of this offering in Brazil. For further information, see "Convertible Debentures."

The table below sets forth the timetable for the payment of our indebtedness in the total amount of R$89.7 million, according to our financial obligations on December 31, 2006:

Year	**Total Amount (in thousands of R$)**
2007	79,698
2008	9,960
Total	**89,658**

For further information on our contractual obligations, see sections "Business – Material Contracts" and "Convertible Debentures" in this offering memorandum.

Real Estate Financing

In order to develop certain real estate projects, we have incurred financing directly or indirectly with the SFH, at a rate of 12%, plus TR, per annum, which currently mature between January 2007 and November 2008. These financings are secured by mortgages and receivables from the sale of units in our development projects. As of December 31, 2006, we had six outstanding agreements totaling R$14.0 million.

We believe that we have the means to honor our short- and medium-term obligations in force at the date of this offering memorandum, as well as to continue expanding our operations. In addition, we believe that, due to our cash generation, we are in a comfortable position to honor our short- and long-term obligations, including the Convertible Debentures.

Contractual Obligations

The table below summarizes our other non-cancelable contractual obligations, on December 31, 2006, in addition to our loans and financings:

In thousands of R$	Total	Less than one year	One to three years	Three to five years	More than five years
Purchase of land – short term	68,668	68,668	–	–	–
Purchase of land – long term	67,430	–	45,096	22,334	–
Total	136,098	68,668	45,096	22,334	–

These amounts refer to agreements for the financed acquisition of land. The amounts above do not include our commitment to deliver units to the sellers of land as payment for the land. We do not have any other material non-cancelable contractual obligations.

Off-Balance Sheet Arrangements

As of the date of this offering memorandum, we have no off-balance sheet arrangements to finance our operations. We have no majority-owned subsidiaries that are not included in our consolidated financial statements, nor do we have any interests in, or relationships with, any SPEs that are not reflected in our consolidated financial statements.

Quantitative and Qualitative Information on Market Risks

We are exposed to market risks arising from the normal course of our business involving primarily adverse changes in interest rates and in the *real*/U.S. dollar exchange rates that affect our financial performance.

Interest rates

Our revenue and profitability are affected by changes in interest rates due to the impact that these changes have on financial expenses from variable-rate debt instruments, interest revenue from receivables and any interest revenue generated from our investments.

We raise funds at different rates and indices, generally matching the rates and indices of the financing we grant to some of our customers. The mismatched rates and terms applied to the funds we raised and the financings we grant may adversely affect our cash flow. Accordingly, we are constantly reviewing and assessing the impact of the indexation of our assets and liabilities. Should we conclude that the risk of mismatched indices applicable to our assets and liabilities, we may use derivative instruments to hedge against variations in the interest rates of our assets and liabilities.

As of the date of this offering memorandum, we are not party to any derivative agreements.

The table below sets forth our exposure to interest rates and indices that are applicable to the financing we have granted to our customers (assets) and to the financing, loans and obligations we contracted (liabilities) as of December 31, 2006:

In thousands of R$	Principal index	Total	Due on December 31, 2007	2008	2009	2010	2011 and thereafter
Loans and financing							
Real estate financing	TR	14,021	4,061	9,960	–	–	–
Working capital	CDI	75,637	75,637	–	–	–	–
Bridge loans	US$	–	–	–	–	–	–
Total loans and financing		**89,658**	**79,698**	**9,960**		–	–
Obligations for purchase of land	IGP-M	136,098	68,668	28,949	16,147	22,334	–
Total		**225,756**	**148,366**	**38,909**	**16,147**	**22,334**	–
							–
Cash and financial investments							–
Cash and cash equivalents		16,312	16,312	–	–	–	–
Financial investments	CDI	6,553	6,553	–	–	–	–
Receivables from customers							
Accounts receivable [1]	IGP-M	364,607	79,251	83,289	86,664	18,646	96,757
Accounts receivable [1]	INCC	29,135	14,210	5,412	3,886	2,649	2,978
Total Receivables from customers		393,742	93,461	88,701	90,550	21,295	99,735
Total		416,607	116,326	88,701	90,550	21,295	99,735

(1) Includes receivables from customers for which revenue has not yet been recognized, pursuant to CFC Resolution No. 963/03, as construction of the respective units is still in progress.

Foreign exchange risk

As of December 31, 2006, we did not posses any debt or material expense denominated in U.S. dollars. As our exchange risk is very low, we do not enter into derivative contracts to manage this risk. However, with the issuance of the Convertible Debentures, we acquired an exposure to exchange risk. As a measure of our market risk in respect of exposure to foreign currencies, after the issuance of the Convertible Debentures, an increase in our financial expenses as a result of a hypothetical devaluation of R$0.10 of the *real* in relation to the U.S. dollar could be quantified as approximately R$2.5 million through the end of 2007.

CONVERTIBLE DEBENTURES

On March 2, 2007, the CVM granted registration for the offering of our first issue of debentures, or the Convertible Debentures, in the total amount of R$50 million. Fifty Convertible Debentures were issued with a par value of R$1,000,000.00 each. All Convertible Debentures were acquired by FIP Genoa, one of our controlling shareholders and an affiliate of Spinnaker Capital, which committed to convert all Convertible Debentures into common shares within 30 days from the date of publication of the announcement of the completion of this offering in Brazil, and represent subordinated debt.

The Convertible Debentures are convertible into our common shares, as described below. The Convertible Debentures' maturity date is February 1, 2012. At the maturity date, the face value of the Convertible Debentures is payable in a single installment, except for the Convertible Debentures which were previously converted into common shares. The Convertible Debentures shall bear interest in an amount of (i) the foreign exchange variation rate of the US dollar *vis-à-vis* the *real*, as such rate is published at the Brazilian Central Bank System (SISBACEN), transaction PTAX800, Option 5 ("Foreign Exchange Rate") with respect to the business day immediately prior to such date, to be paid in a single installment on the Convertible Debentures' maturity date; plus (ii) interest corresponding to (a) 5.90% per year for the period from the issuance date to January 1, 2008; (b) 6.65% for the period from January 1, 2008 to January 1, 2009; and (c) 7.40% for the period from January 1, 2009 to the maturity date of the Convertible Debentures.

The Convertible Debentures may be converted in whole into common shares at any time from issuance until maturity at the holder's discretion. No partial conversion shall be allowed. The Convertible Debentures shall be converted into common shares in accordance with the following formula: Number of Shares = FV/Value per Share, where:

- Number of Shares = number of our common shares issued upon conversion of each Debenture;

- FV = face value of each Debenture, adjusted by the Foreign Exchange Rate variation on a *pro rata temporis* basis, from the date of issuance until the date of conversion; and

- Value per Share = the value per common share issued by us, which is the higher of (i) the result from the division of R$550,000,000.00 (on a pre-conversion basis), with adjustment by the Foreing Exchange Rate varation calculated on a *pro rata temporis* basis, from the date of issuance until the respective conversion date, by 92,008,824 shares, which corresponds to the total number of common shares issued by us at the date of the issuance of the Convertible Debentures; or (ii) 50% of the price of each common share issued by us in the case of our initial public offering (before the commencement of trading).

The number of shares issued upon the conversion of each Debenture pursuant to the foregoing shall be automatically adjusted whenever there is an increase in our share capital due to payment of share dividends, stock splits or reverse splits, for any reason, occurring from the date of issuance of the Convertible Debentures.

The Convertible Debentures are subject to certain events of default. The following are the main events of default:

- a change in our corporate purpose established in our bylaws, without the prior approval of the holders of the Convertible Debentures representing at least the majority of the Convertible Debentures outstanding;

- the issuance of preferred shares by us, without the prior approval of the holders of the Debenture representing at least the majority of the Convertible Debentures outstanding;

- our change of control (pursuant to the terms of article 116 of Brazilian Corporate Law), directly or indirectly, without the prior approval of the holders of the Convertible Debentures representing at least the majority of the Convertible Debentures outstanding;

- the incorporation by us of any subsidiary, without the prior approval of the holders of Convertible Debentures representing at least the majority of the Convertible Debentures outstanding, except for the incorporation of SPEs as our subsidiaries to be used in the ordinary course of our real estate business;

- the modification of any other provision of our bylaws, without the prior approval by the holders of the Convertible Debentures representing at least the majority of the Convertible Debentures outstanding;

- the entering into, by us or by any of our subsidiaries, any agreements, commitments, contracts, documents, titles, instruments related to cash withdrawal, loans, granting of security interests and/or guarantees (*aval*) of any nature and/or the undertaking of any obligations which (singly or in the aggregate) results in an increase of our debt: EBITDA ratio to more than 2:1 for the last 12 months, without the prior approval of the holders of the Convertible Debentures representing at least the majority of the Convertible Debentures outstanding;

- the contracting by us of an independent auditing firm other than member firms of Deloitte Touche Tohmatsu, Ernst & Young, KPMG or PricewaterhouseCoopers to annually audit our financial statements, without the prior approval of the holders of the Convertible Debentures representing at least the majority of the Convertible Debentures outstanding;

- the destination of profits exceeding 25% of our net income under a fiscal year or interim periods, without the prior approval of the holders of the Convertible Debentures representing at least the majority of the Convertible Debentures outstanding; or

- the modification of our company's fiscal year without the prior approval by the holders of the Convertible Debentures representing at least the majority of the Convertible Debentures outstanding.

INDUSTRY OVERVIEW

Introduction

The Brazilian real estate industry is cyclical and heavily influenced by the Brazilian macroeconomic environment, as well as by demographic and socio-cultural factors. Increased availability of real estate financing, growth of the population and lower interest rates contribute to strengthening the demand for real estate.

Macroeconomic Environment in Brazil

General overview

Brazilian economic performance in recent years has been strongly affected by inflation, interest rates and uncertainties as to the continuity of economic policies.

Brazil has experienced high levels of inflation in a number of periods during its history. Inflation and the measures to fight it normally result in a reduction of the population's income and, as a consequence, impede expansion of economic activity. Increases in inflation rates affect the real estate market to the extent that they reduce economic activity, consumption and investment.

The level of interest rates has a strong influence on the consumption decisions of individuals and on the investment decisions of companies. To the extent that it influences the liquidity of the means of payment, interest rates levels have direct effects on the demand for durable and consumer goods and, as a consequence, on the acquisition of real estate.

Uncertainties concerning the continuity of economic policies during the 2002 presidential elections caused a depreciation of the *real*, which had negative effects on the economy and led to, for example, an abrupt increase in the inflation rate. To combat this effect, the Brazilian government adopted a restrictive monetary policy at the beginning of 2003, raising interest rates and reducing the volume of credit available in the market.

In 2004, with inflationary pressures under control, there was a gradual reduction of interest rates, which in turn generated an expansion of credit. However, in 2005 the Brazilian government once again adopted a restrictive monetary policy to curb increases in inflation caused by accelerated economic growth during the previous year. Higher interest rates again reduced the volume of available credit and economic growth. Inflation was effectively controlled and at the end of 2005, the inflation rate was below the level initially estimated by the Brazilian government. Furthermore, the base interest rate SELIC dropped from 19.5% per annum on September 31, 2005 to 18.0% per annum on December 31, 2005. As of December 31, 2006 it was 13.25% per annum.

Demographic and socio-cultural factors

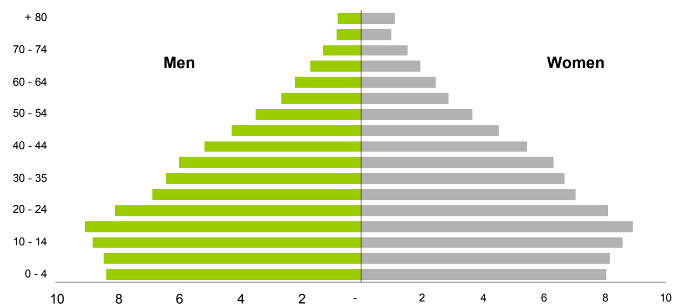
Brazil's population growth, the high percentage of young people and the aging trend, the decline in the number of inhabitants per household and the socio-cultural preference of people for owning their homes all combine to support a high potential demand for residential real estate in Brazil over the next ten years.

According to the IBGE, from 1991 to 2000 Brazil's population grew from 146.8 million to 169.8 million inhabitants, representing an annual compound growth rate of 1.6%. Although the Brazilian population growth rate is decreasing, it is still substantially higher than the average population growth rate of the main developed Western European countries (Germany, United Kingdom, Italy, France and Spain), which was 0.3% from 1990 to 2000, and of the United States, which was 1.2% from 1990 to 2000, both according to the U.S. Census Bureau.

The young population of Brazil still represents a large potential for real estate demand during the next couple of decades. In 2000, people under 25 years old represented 49.7% of Brazil's total population versus 35.4% in the U.S.

The chart below indicates the demographic distribution, by age, in Brazil in the year 2000.

Population 2000 (million of individuals)



Source: IBGE (2000 Census of the Brazilian Population).

Another positive indicator is the decrease in the number of inhabitants per household. In 1970 the average number of inhabitants per household was 5.28. In 2000, this figure dropped to 3.73. The reduction occurred mainly as a result of a decline in the average number of children per family.

This decrease is also due to an increase in households with one inhabitant. From 1991 to 2000, the percentage of households with one inhabitant increased from 6.2% to 8.3% of the total number of households.

Furthermore, according to a study conducted by the *Fundação João Pinheiro*, an applied research institution that has been associated with the government of the state of Minas Gerais since 1969, in 2005 the Brazilian housing deficit was 7.2 million housing units, with the largest portion of the deficit in the lower income segments:

	Housing deficit by family income in minimum salaries				
Geographic region	**Up to three**	**Three to five**	**Five to ten**	**Over ten**	**Regional housing deficit**
	(in thousands of units)				
North	704	81	48	16	849
Northeast	2,603	157	66	26	2,851
Southeast	1,805	269	192	75	2,342
South	532	78	50	19	679
Midwest	411	47	31	14	502
Approximate Total Housing Deficit	**6,055**	**632**	**386**	**149**	**7,223**

Source: Estimates by the *Fundação João Pinheiro*.

Finally, the significant level of home ownership reflects a socio-cultural preference for home ownership in Brazil. Despite the high interest rates in the 1990s, according to the IBGE, owned homes as a percentage of total homes increased from 69.8% to 74.3% between 1991 and 2000, while rented homes fell from 16.0% to 14.3% and "assigned homes," that is, homes where ownership is transferred from one party to another by gift, inheritance or other reasons, decreased from 13.3% to 10.1%.

We believe that all of these factors together will contribute to a sustained demand for new housing in Brazil.

Increased availability of credit

The construction of residential developments has not increased significantly through the years, partly due to the lack of availability of credit in the construction sector. With high interest rates and a scarcity of long-term financing, there was a shortage of available credit, which created difficulties for the financing of new homes by the population.

In 2005, particularly in the second half of the year, the Brazilian real estate sector showed increased activity. According to BACEN, financing for the segment rose 60% in relation to 2004, a growth that was mainly generated by BACEN measures that required banks to increase the volume of their real estate loan portfolios, and by new regulations for the benefit of the creditors.

Furthermore, based on BACEN data, the volume of residential property financing in the first quarter of 2006 was 74% greater than in the same period in 2005, and, for the 12-month period ended February 28, 2006, the volume of mortgage financing was 67% greater than for the 12-month period ended February 28, 2005.

The table below shows the volume of financing for the real estate sector, from 2001 to 2005:

	Units financed		Volume financed	
Year	Number of units	Difference in relation to the previous year (in %)	Volume financed (in thousands of R$)	Difference in relation to the previous year (in %)
2001	35,768	(1.6)	1,870	(2.4)
2002	28,902	(19.2)	1,768	(5.4)
2003	36,446	26.1	2,217	25.4
2004	53,787	47.6	3,000	35.3
2005	60,769	13.0	4,793	59.7

Sources: BACEN and SECOVI-SP.

Government Action and Regulation of the Brazilian Real Estate Industry

Government actions, particularly regarding the regulation of real estate activity and the regulation of credit policy, can have an impact on our activities.

Regulations concerning real estate activity

Regulations for real estate activity concern matters such as the obligations of the developer and the restrictions imposed by zoning laws and by environmental protection laws.

Ownership of real estate is governed by the Brazilian Civil Code. For the purpose of providing greater security in the sale of real estate, as well as for the creation, transfer, modification or waiver of rights with respect to property, certain legal formalities are required, such as the requirement to use a public deed, except for cases of a transaction involving the Brazilian government's Real Estate Finance System (*Sistema Financeiro Imobiliário*), or SFI, and the Brazilian government's Housing Finance System (*Sistema Financeiro da Habitação*), or SFH, among others.

Real estate development

Development activities are regulated by the Developments Law. This law states the principal obligations of the developer include:

- securing all of the approvals and authorizations from the relevant agencies required for implementation of the project;
- registering the development with the relevant real estate registry, which is necessary for selling the individual units;
- designating in the preliminary documents the timeframe for the developer to complete the project;
- indicating the registration number of the development in advertising materials and agreements executed with the unit purchasers;
- supervising the construction of the building, within the timeframe established in the agreement and in accordance with the project approved by the relevant authorities;
- delivering the finished units to the final owners in accordance with contractual specifications, transferring the ownership of the units sold to the owners and executing the relevant final deeds of sale; and
- providing for the filing of the construction documentation, specifications and the condominium agreement with the relevant real estate registry.

The principal obligation of the purchaser, in turn, consists of paying an amount equivalent to the allocated proportion of the land area and construction. Construction of the development may be contracted for and paid by either the developer or the final unit purchasers.

Brazilian development law provides for two systems of building a development: construction under contract and construction by management. The construction-under-contract system has two variants: one at a fixed price established prior to the beginning of construction, and the other at a price that is adjusted by indices stipulated in advance by the contracting parties. Under the construction by management system, the buyers of the units under construction are liable for payment of the full cost of the construction, in the form of a pro-ration of the monthly expenditures incurred by the developer or by the builder, and there is no fixed construction price, merely an estimate.

Assets appropriation regime

According to the Developments Law a given real estate development may be included in the assets appropriation regime, at the discretion of the developer, and the development will be subject to a special tax system. According to the assets appropriation regime, the land area, whatever is built on it and the financial contributions and other assets and rights associated with them, are segregated from the general assets of the developer until the completion of the development and the delivery of the units to the purchasers. In this way, the appropriated assets are not associated with the developer's general assets or with assets appropriated to other projects. Thus, the appropriated assets guarantee only the debts and obligations related to that appropriated development so that, even if the developer applies for bankruptcy or becomes insolvent, the construction in progress will not be affected. Up to the date of this offering memorandum, we have not adopted the assets appropriation regime for any of our real estate developments. We prefer to use *Sociedades de Propósito Específico*, or SPEs, which are special purpose companies created for implementing specific real estate projects. The purpose of the SPEs is to facilitate the raising of loans with financial institutions, inasmuch as they segregate the credit risk for the financier. In addition, they afford a more efficient and transparent structure for cases in which we operate in partnership with third parties.

Conditional sale

Law No. 9,514/97 instituted the conditional sale of real estate for the purpose of facilitating real estate financing in general. Under the conditional sale mechanism, the creditor retains ownership of the assets pledged by the debtor as a guarantee. According to Law No. 9,514/97, upon full payment of the debt to the creditor, the conditional sale is automatically cancelled and the debtor gains ownership of the property.

Regulations Concerning the Credit Policy

The real estate industry is highly influenced by the Brazilian government's credit policies, since the real estate segment in general is dependent on credit available in the market, both for development and construction activities and for the acquisition of units built.

Sistema Financeiro de Habitação – SFH

Through Law No. 4,380, of August 21, 1964, as subsequently amended, the Brazilian government created the SFH for the purpose of facilitating and encouraging the construction and acquisition of homes for ownership, particularly for the low-income population. The funds for financing within the scope of the SFH mostly originate from the Brazilian Unemployment Compensation Fund (*Fundo de Garantia por Tempo de Serviço*), or FGTS, as well as from savings account deposits in certain savings and loan entities in Brazil.

Loans through the SFH offer fixed interest rates that are lower than those offered in the market, limited to 12% per annum. The terms of loan agreements with the SFH normally vary from 15 to 20 years. Loans made through the mortgage portfolio system have interest rates that are freely established by the financial institutions, usually varying from 12% to 14%, plus TR, per annum.

Loans under the SFH are required to be made with one or more of the following as secured collateral: (i) a first mortgage on the property that is subject-matter of the transaction; (ii) conditional sale of the property that is subject-matter of the transaction, as provided in the Developments Law; (iii) a first mortgage or conditional sale, on the terms of the relevant law, of another property owned by the borrower or by a third party; or (iv) other guarantees at the financing agent's discretion. Loan proceeds under the SFH may be released to the borrower only upon formalization of one or more of the aforementioned guarantees.

FGTS funds

The FGTS is funded by means of a mandatory contribution of 8% of the payroll for employees enrolled in the system, as set forth in applicable Brazilian labor law. Each employee has an FGTS account, which operates as a kind of pension fund, to be used in certain situations established by law for acquisition of homes.

The Brazilian Federal Savings Bank (*Caixa Econômica Federal*) is the institution responsible for managing FGTS funds. To use such funds for the financing of real estate, certain conditions must be observed, among which:

- for units in construction, there is a limit of R$55,000, or 60% of the price of the property in question, whichever is lower, on funds for financing; and

- for units that are already built, there is a limit on funds for financing of up to R$245,000, or 70% of the price of the property in question, whichever is lower.

In both cases the customer must be resident or domiciled in the city in which the property is located, should be an FGTS deposit beneficiary and may not own any other property in the city where the financed property is located.

Funds deposited in savings accounts

In addition to FGTS funds, funds deposited in savings accounts in financial institutions in Brazil that are members of the Brazilian Savings and Loan System (*Sistema Brasileiro de Poupança e Empréstimo*), or SBPE, are made available for real estate financing. The conditions for financings using these deposits are regulated by BACEN. The financing can take two forms: through the SFH system, or through the system of mortgage portfolios, where the banks are free to establish the conditions for the financing.

CMN, Resolution No. 3005, of July 30, 2002, as subsequently amended, which rules on the allocation of funds raised through savings deposits by the entities that are members of the SBPE, regulates the principal conditions applicable to loans made within the scope of the SFH. Among such conditions, the following are highlighted:

- the amount of the loan, including principal and expenses, is limited to a maximum of R$245,000;
- the maximum selling price for the financed units is R$350,000;
- the maximum effective cost for the final borrower, including interest, fees and other financial charges, except for insurance, should not exceed 12% per annum; and
- if at the end of the originally established financing term there is an outstanding balance, there may be an extension of the financing term for a period equal to half of the initially established term.

Bank portfolios

In addition to the amount allocated to the SFH, the funds raised through deposits in savings accounts are also allocated to real estate financing. CMN Resolution No. 3005 resulted in an increase in the amount of new real estate lending by providing for the allocation of such funds and requiring that a minimum of 65% of such deposits be allocated to real estate lending, of which a minimum of 80% must be directed to housing finance within the scope of the SFH, and the remaining balance to home loans granted at market rates.

The remaining balance includes the mortgage portfolio used by banks for granting home loans. In this category of financing, the applicable rates and the amounts financed are usually higher than those applied by the SFH, usually set at between 12% and 14%, plus TR, per annum. However, the excess demand for real estate credit ultimately led member institutions of the SBPE to simply pay these amounts to BACEN, or to invest the funds in areas other than the real estate industry.

In this context, the Brazilian government introduced a series of measures, among which was CMN Resolution No. 3,259, of January 28, 2005, which was meant to enhance the regulations for the allocation of funds secured by savings deposits so as to benefit the real estate industry. The following alterations to the allocation of funds deposited in savings accounts were implemented to this end:

- waiver of payment to BACEN of funds not applied to real estate financing in the months of January, February and March 2005, observing the conditions provided in the above-mentioned resolution;
- creation of a real estate interbank deposit, with the aim of enabling an exchange of positions between institutions that have a surplus of investment and those that have a deficit;

- increase in the SFH operating limits, with the maximum appraisal amount of the properties set at R$350,000 and the maximum loan amount set at 70% of such amount, or R$245,000;

- applicable as of January 1, 2005, revision of the multiplication ratios used for compulsory allocation, so as to stimulate the granting of loans for the acquisition of new low-value properties within the scope of the SFH, which then increase due to the fact that the value of the financed property and the interest rates charged fell; and

- authorization to include within the minimum SFH requirements financings granted to companies to construct housing for their employees, provided that such financings are conceded pursuant to the terms of the SFH.

We believe that these recent changes will significantly increase the amount of funds available for investment in the Brazilian real estate industry, effective 2006.

Sistema Financeiro Imobiliário – SFI

Law No. 9514/97 created the SFI and covers the granting, acquisition and securitization of real estate credits in Brazil. The system created by the above-mentioned law seeks to enhance the primary (granting of credit) and secondary (trading of instruments backed by receivables) markets for real estate financing, through the creation of favorable remuneration conditions and special instruments for the protection of creditors' rights.

Included in the SFI are the real estate loans made by savings banks, commercial banks, investment banks, banks with real estate portfolios, real estate credit companies, savings and loan associations, mortgage companies and other entities that may be accredited by the CMN.

The conditions of real estate credit may be freely negotiated between parties, while observing the following principles: (i) total repayment of the amount lent, with respective readjustment; (ii) remuneration of invested capital at rates agreed-upon in the contract; (iii) capitalization of interest; and (iv) contracting by borrowers of life and permanent disability insurance.

Property sales transactions with payment in installments and real estate leasing and financing in general may be obtained from non-financial institutions on the same conditions allowed for entities authorized to operate within the SFI. Non-financial entities in this case are, thus, authorized to charge capitalized interest exceeding 12% per annum to the price installments.

The law concerning the SFI foresees the following categories of mortgage guarantees for real estate lending in general: (i) mortgage; (ii) chattel mortgage of credit rights deriving from real estate sale agreements; (iii) pledge of credit or acquisition rights deriving from agreements for sale or promise to sell properties; (iv) chattel mortgage for immovable assets; and (v) assignment of rents and other rights (*anticrese*).

The Developments Law also modified the securitization of real estate assets, making the structure more accessible. Securitization of credits within the scope of the SFI is carried out through companies that securitize real estate credits (i.e. non-financial institutions created as corporations whose purpose is the acquisition and securitization of these credits).

Funding by securitization companies can be implemented through the issuance of debt instruments, such as debentures and promissory notes, as well as through the issuance of instruments, called Real Estate Receivables Certificates (*Certificados de Recebíveis Imobiliários*), or CRIs. CRIs are registered instruments of credit issued exclusively by credit securitization companies and backed by real estate credits. CRIs can be traded freely and represent promises to pay in cash.

Municipal Legislation

Municipality of São Paulo

The zoning law governs the subdividing, occupation and use of the soil in the municipality of São Paulo, setting forth technical and urban requirements for subdividing the soil and conditioning projects for parceling, splitting and separating tracts of land on the prior approval by the city government. In addition, the law describes the categories of use and their respective characteristics, dividing the territory of the city of São Paulo into zones for use with location, limits and boundaries specified in the law itself.

The zoning law in the city of São Paulo provides for punitive fines and sanctions for those who violate its provisions. Presently being considered in the São Paulo City Council is Proposed Law No. 244/2005, intended to correct certain provisions of the zoning law.

Municipal Law No. 13,430, of September 13, 2002, approved the Master Plan and instituted the Planning System of the Municipality of São Paulo (*Sistema de Planejamento do Município de São Paulo*), which is regulated by a number of municipal decrees. The Master Plan is an instrument that guides the transformation of urban space and structures, serving as a reference for action by all of the public and private agents active in the municipality of São Paulo.

In this regard, the Master Plan establishes the strategic objectives and general guidelines for the urban region, the objectives and guidelines for different planning areas and the tools for their implementation. In addition to the Master Plan, the process of municipal planning is governed by Articles 182 and 183 of the Federal Constitution and by Federal Law No. 10,257, of July 10, 2001, known as the Cities Law (*Estatuto da Cidade*).

Law No. 11,228, of June 25, 1992, approved the Works and Buildings Code (*Código de Obras e Edificações*), which is regulated by Decree No. 32,329, of September 23, 1992, which governs the administrative and executive procedures, and provides the general and specific rules to be observed in the design, licensing, execution, maintenance and use of works and buildings in the Municipality of São Paulo, as well as establishing pertinent sanctions and punitive fines in the event such rules are disobeyed.

Municipality of Rio de Janeiro

Decree No. 322, of March 3, 1976, of the municipality of Rio de Janeiro, and Decree "E" No. 3,800, of April 20 1970, of the then state of Guanabara, jointly instituted the Zoning Regulation, the Regulation for Parceling of Land and the Regulation for Construction and Building. These regulations govern the use of the soil in the city and address urban zoning, use of areas, development of activities and types and conditions of buildings in relation to each zone established by the regulations.

Supplementary Law No. 16, of June 4, 1992, approved the Ten-Year Master Plan of the Municipality of Rio de Janeiro, which establishes the rules and procedures relative to urban policy in the municipality of Rio de Janeiro. It sets guidelines, provides tools for execution of urban policies and defines industry policies and programs, so as to completely meet the social needs of the city.

Municipality of Goiânia

The Use of the Soil Law was approved on December 29, 1994 through Supplementary Law No. 31, to adapt the use of the soil to the Master Plan of the city of Goiânia (Supplementary Law No. 15/92).

The zoning law, as it is better known, governs the use and occupation of the soil in urban zones, as well as the urban expansion of the municipality of Goiânia, and establishes other urban measures. After approval of the zoning law, a number of amendments were issued. Decree No. 1,135, of April 17, 1995, and Decree No. 1,505, of May 31, 1995, govern the classifications of the categories of use for business, service and industrial purposes for each zone of use. Decree No. 2,081, of August 4, 1995, establishes the requirements for vehicle parking lots and loading and unloading areas.

The Goiânia Building Code was approved by Law No. 5,062, of November 25, 1975, which regulates all construction, modification or demolition of buildings carried out within the municipality of Goiânia by any proprietor. Its main purpose is to regulate approvals, construction and inspections , as well as the minimum conditions for safety, comfort and hygiene of the users and of other citizens.

Decree No. 2,202, of November 30, 1998, implements the Building Code and establishes criteria for inspections, as well as administrative proceedings, penalty fines and sanctions for those violating the provisions contained in Law No. 5,062/75.

The principal focus of these regulations is urban real estate, with respect to both buildings and the use of the soil. The main purpose of this legislation is to ensure that urban real estate fulfills its social function and serves collective interests. There is currently legislation in the Goiânia City Council to revise the 1992 Master Plan, with the aim of developing new guidelines, urban measures and projects in accordance with Federal Law No. 10,257/01, or the Cities Law.

Environmental Regulations

Environmental licenses and authorizations

Brazilian environment policy provides that implementation of any project that could cause degradation of the environment be contingent upon prior environmental licensing. This procedure is necessary both for the initial stages of a project's implementation and for any expansions implemented thereafter. The licenses issued must be renewed periodically.

The Brazilian Environment and Renewable Natural Resources Institute (*Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis*), or IBAMA, has the authority to license projects with regional environmental impact or that are implemented in areas of interest to or in the domain of the Brazilian government. State environmental agencies maintain this authority in other cases. The process for environmental licensing basically follows three consecutive stages: prior license, installation license and operating license.

Environmental legislation imposes, for the process of licensing projects causing significant environmental impact and implemented after July 2000, the allocation of at least 0.5% of the total estimated cost of implementing the project to the creation and maintenance of a preservation unit as environmental compensation. For such a project, the absence of an environmental license, irrespective of whether or not the activity is treated as causing damage to the environment, and represents an environmental crime. Violators, thus, are subject to administrative sanctions, such as punitive fines of up to R$10,000,000, as well as the interdiction of construction activities of a project for which a license has not been obtained.

Any delays or denials by environmental licensing agencies in issuing or renewing licenses, as well as any inability on our part to comply with the requirements established by environmental agencies in the process of environmental licensing, can jeopardize or even hinder, as the case may be, the implementation and the maintenance of such projects.

The implementation of real estate developments normally implies moving earth as well as oftentimes cutting vegetation. When not summarily prohibited by law, carrying out such activities in areas that are specially protected, or even the cutting or pruning of isolated trees that are subject to specific legal protection, is contingent upon prior authorization by the pertinent environmental agencies. In order to issue such authorizations these agencies may require the planting of new trees and the acquisition of forest areas with an area at least equivalent to the affected areas. Unauthorized actions in such regulated areas, or the cutting or pruning of protected trees, are an environmental crime and would subject the responsible party to administrative and criminal sanctions, in addition to the obligation of restoring the affected area.

Solid waste

Brazilian environmental legislation establishes rules for proper disposal of waste, including waste stemming from civil construction. For more information regarding penalties for the improper disposal of waste that causes any damages, see "—Environmental Liability".

Contaminated areas

The environmental agencies, particularly the Department of the Environment of the State of São Paulo and the State Corporation for Basic Sanitation and Environmental Protection Technology (*Companhia de Tecnologia de Saneamento Ambiental*), or CETESB, which is linked to the aforementioned department, have been adopting postures that are becoming more and more severe concerning the management of contaminated areas. These include the establishment of more stringent environmental guideline standards for the quality of the soil and ground water. Failure to comply with the guidelines established by the environmental and health agencies for carrying out studies and analyses in areas suspected to be contaminated, or for the exposure of people to poisoning risks in such places, can subject the party responsible for the construction of real estate developments in such areas to criminal and administrative sanctions.

In addition, the owner of a property located in a contaminated area may be forced to bear the cost of decontamination of the site, even if it did not cause the contamination.

As a result of the need to comply with environmental legislation, when acquiring tracts of land on which we intend to develop our projects, we take into account all necessary and applicable environmental aspects, with an emphasis on the possible existence of springs, trees, vegetation, as well as the location of the land *vis-à-vis* an area requiring preservation. Thus, even before the acquisition of land parcels, we carefully analyze the environmental aspects that may be related to the potential project.

At the time of approval of our projects by the relevant agencies, the environmental aspects have already been given proper consideration.

Environmental Liability

Brazilian environmental legislation provides for criminal and administrative sanctions for individuals and legal entities whose conduct is characterized as an environmental crime or violation, irrespective of the obligation of remedying any environmental damages caused. The sanctions that may be imposed on us for the practice of any environmental crimes and violations include, among others:

- imposition of punitive fines that, within the administrative sphere, may reach R$50,000,000, depending on the economic capacity and the criminal record of the offender, as well as on the severity of the facts and precedents. These fines can be doubled or tripled in the event of relapse;

- suspension or interdiction of the activities of the relevant project; and
- loss of tax benefits and incentives.

According to Brazilian environmental policy, environmental damages involve joint, direct and indirect strict civil liability. This means that the liability for repair may affect all of those who, either directly or indirectly, caused the damage, irrespective of evidence of fault on the part of the agents. In this way, both activities of the SPEs that can potentially cause contamination, as well as the hiring of third parties to perform services in our developments, including, for example, clearing of vegetation or landscaping, do not eliminate the liability for any environmental damages caused by the SPEs and by the third parties we hire if they fail to carry out their activities in compliance with environmental rules.

In addition, environmental legislation permits the disregard of the corporate veil of the controlling entity, whenever the latter represents an obstacle for reimbursement of damages caused to the environment.

Real Estate Brokerage

Real estate brokerage is regulated by Law No. 6,530/78, which provides that real estate brokers be registered with the Regional Real Estate Brokers Council responsible for their area of operation. The Federal Real Estate Brokers Council and the Regional Real Estate Brokers Council are responsible for developing rules and for controlling the activities of real estate brokers.

In addition, each Regional Real Estate Brokers Council is responsible for determining the commission that a broker may charge within his/her relevant region. Brokers are not permitted to charge commissions that are higher than those that have been pre-established by the Council. In 2002, the commissions for the metropolitan region of São Paulo were established at 4% to 6%.

BUSINESS

Overview

We are the third largest real estate developer and the fourth largest builder in the metropolitan region of São Paulo, according to the most recent ranking published by EMBRAESP in 2005. We focus on residential developments targeted at the middle-income and upper middle-income segments, as well as on commercial developments. In 2006, we launched real estate developments with a general sales value of R$744.4 million, which contributed to an average annual growth in launched general sales value of 103.3% over the two prior years. Based only on our share of these developments, our average annual growth rate in launched general sales value for the same period was 233.3%. We believe this growth is the product of our results-oriented management team and the successful implementation of our unique sales and marketing strategies, as well as the distinctive architectural features of our projects and our success in exceeding our customers' expectations.

We have created a management structure based on modern and transparent methods, strict operational and financial controls and enhanced corporate governance practices, all of which have been reinforced by our successful partnerships with important players in the international real estate industry. We have developed 13 residential projects, representing R$562.1 million in general sales value, in partnership with Paladin Realty Partners, a well-known U.S. institutional real estate investment manager with significant investments in the United States and Latin America. In addition, we have been the principal Brazilian partner of Tishman Speyer, a global industry leader, in its residential developments launched in Brazil to date. Since 2004, jointly with Tishman Speyer, we launched developments representing a general sales value of R$496.6 million. In 2006, funds managed by and affiliates of Spinnaker Capital, which is based in London and which has approximately US$5.2 billion in assets under management, made an equity investment in us which represented 39.75% of our capital stock.

Our strategy emphasizes maximizing the development and the sales velocity of our projects. Of the total units we have launched since 2004, we have sold an average of 55.5% in the first six months following launch. We believe this high sales velocity is a result of our strong brand recognition, the distinctive architectural features of our projects and the value that we offer to our customers through our products. We also believe that another factor contributing to our high sales velocity is our strategy of concentrating the sale of our residential developments exclusively with *Lopes*, the largest real estate consultant and broker in Brazil. We believe our #1 position in its 2005 sales rankings, according to the most recent internal *Lopes* study, confirms the effectiveness of our sales strategy and demonstrates the loyalty of *Lopes*' sales force to us.

Our vertically integrated business model, with operations in all stages of the real estate development process, from land prospecting through construction and helping our customers arrange financing, gives us a significant degree of control over the quality of our products and allows us to maximize our margins.

In 2006, we began our geographic expansion to regions in Brazil outside of the São Paulo metropolitan area through the launching of a residential project in the city of Rio de Janeiro and the acquisition of land in that city and in the city of Goiânia, all with local partners. The rapid expansion of our activities in Rio de Janeiro led us to establish a branch office there in 2006. In February 2007, we entered into a partnership with a real estate developer headquartered in the city of Natal for the development of projects in the Northeastern region of Brazil.

Our management team constantly seeks to improve both our products and our financial results. Our values, which include teamwork, discipline, humility and meritocracy, are fundamental to our identity and performance. We believe we benefit from an excellent combination of an experienced founding shareholder, who is well known in our industry and possesses a material economic interest in our company, with a professionalized management team, whose interests are aligned with those of our shareholders via incentive compensation plans. These characteristics have helped us to achieve consistent results and growth, while controlling the risks inherent in our business.

The table below presents certain operating and financial information for the years ended December 31, 2004, 2005 and 2006:

In thousands of R$ or US$ (except when otherwise indicated)	Year ended December 31, 2004	2005	2006	2006*
		(R$)		US$
Financial data				
Gross operating revenue	52,452	78,921	215,405	100,751
Net operating revenue	50,892	73,904	205,450	96,094
Gross profit	16,405	25,815	74,547	34,868
Gross margin(1)	32.2%	34.9%	36.3%	36.3%
EBITDA(2)	8,033	12,030	33,156	15,508
EBITDA margin(3)	15.8%	16.3%	16.1%	16.1%
Net income before minority interest	3,898	3,568	28,276	13,225
Net margin before minority interest(4)	7.7%	4.8%	13.8%	13.8%
Net debt(5)	17,911	24,173	66,793	31,241
New developments				
Number of projects launched	3	8	11	
General sales value (100%)(6)(7)	180,188	533,072	744,436	348,193
General sales value (% Company)(7)	47,153	234,426	523,897	245,041
Number of units launched(6)(7)	348	1,038	1,485	
Usable area of units launched (100% – in m²)(5)(6)	58,285	154,626	232,637	
Average sales price launched (in R$/m²)(6)(7)	3,092	3,447	3,200	1,497
Sales				
Contracted sales (100%)(6)(7)	172,460	283,621	541,527	253,287
Contracted sales (% Company)(7)	75,370	145,412	287,625	134,530
Usable area of units sold (100% – in m²)(6)(7)	62,751	94,985	169,905	
Number of units sold(6)(7)	578	783	1,141	

(1) Gross profit divided by net operating revenue.
(2) EBITDA means net income before taxes and social contribution, amortization and net financial expenses. EBITDA is not a measure under Brazilian GAAP, does not represent cash flows for the periods presented and should not be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flow as an indicator of our liquidity. EBITDA does not have a standardized meaning and, accordingly, our definition of EBITDA may not be comparable to EBITDA as used by other companies. For a reconciliation of net income before taxes and social contribution with EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – EBITDA" in this offering memorandum.
(3) EBITDA divided by net operating revenue.
(4) Net income before minority interest divided by net operating revenue.
(5) Sum of loans and financings minus cash and cash equivalents.
(6) Including other shareholders' interests in SPEs under shared control.
(7) Does not include units transferred in exchange for land.
* Translated for convenience only at the exchange rate in effect on December 31, 2006 of R$2.138 per US$1.00. See "Presentation of Financial and Other Information" in this offering memorandum.

Our Strategies

We believe that by implementing our principal strategies described below, we will be able to enhance our growth, increase our market share and consolidate our position as one of the largest real estate developers and builders in Brazil.

Maximize development, launch and sales velocity. We believe our growth is based on our capacity to accelerate the development, launch and selling cycle time of our projects. In 2006, projects representing 77% of our general sales value were originated and launched within the same year. We intend to develop our projects within the shortest possible period, by being agile in screening new land parcels, efficient in planning our developments and quick in selling our units. For this reason, we seek to acquire land that is suitable for short-term launches, with reduced periods for government approvals and for product development. Our current land bank reflects this strategy since it is comprised mostly of land that we intend to use in developments to be launched in 2007. We believe that this policy reduces risks related to shifts in market trends, while allowing for the sale of units in line with current market demand.

Increase the offering of developments targeted at emerging customers. We plan to expand our operations in residential developments targeted at emerging customers. We believe products aimed at emerging customers represent, and should continue to represent, significant growth potential in the coming years. These prospective customers seek to purchase homes at affordable prices, with distinctive architectural features and practical leisure areas and security features. For this reason, we have a specialized team and operational structure dedicated to this customer segment. We believe our operations in this segment enhance our growth prospects and complement our activities targeted at middle- and upper middle-income customers.

Consolidate and expand our geographic diversification. In 2006, we launched a residential development in the city of Rio de Janeiro in partnership with an experienced local developer. This was our first project outside of the São Paulo metropolitan area. The rapid evolution of our business in Rio de Janeiro led us to establish a branch office in that city, where we have purchased three additional land parcels. Moreover, in 2006, we acquired three land parcels in the city of Goiânia, also in partnership with a local developer. We launched developments on two of the land parcels in Goiânia in January 2007 and we expect to launch a development on the third land parcel during the remainder of 2007. We believe there are other regions in Brazil with high demand potential, including other cities in the state of Rio de Janeiro and in the Southern, Midwestern and Northeastern regions. In February 2007, we entered into a partnership with a real estate developer headquartered in the city of Natal for the development of projects, starting this year, in the Northeastern region. We intend to expand to other areas of Brazil, based upon the profit potential and the results of our projects in these regions. In general, we plan to operate through partnerships with local developers with knowledge of local markets and skill in structuring and implementing our developments.

Expand our third-party construction services business. We build all of the projects we develop. We monitor costs closely on a monthly basis and possess an efficient quality control system, which we believe makes our construction operation one of the most cost competitive in the industry. We work in partnership with our suppliers, adopting modern planning methods that ensure compliance with deadlines and reduce the loss and waste of materials. We believe our mastery of construction techniques and costs, derived from our experience in building our own real estate developments, gives us the ability to provide high quality construction services to other developers at competitive prices. Providing construction services to third parties enables us to obtain gains from economies of scale, to strengthen our relationships with suppliers and to generate an alternative source of revenue in addition to consolidating our position among the four largest builders in the metropolitan region of São Paulo. We plan to continue to market our construction services to developers in São Paulo, as well as to developers in other geographic regions. We believe the advantages from this strategy include increasing our bargaining power *vis-à-vis* our suppliers and reducing our construction costs *vis-à-vis* our competitors, as well as generating additional revenue source.

Provide our customers with access to financing while maintaining a conservative financial policy. We believe important factors in maximizing our sales velocity are the amount and terms of financing offered to prospective home buyers. For this reason, we seek to offer our prospective buyers access to the best financing alternatives available in the Brazilian market, by being pro-active with financial institutions and by securitizing our receivables. Our objective is to make available financing alternatives with more attractive conditions regarding term, costs and amount without, however, compromising our solid financial condition.

Strengthen our "even" *brand.* We believe that we have built a solid brand that is widely recognized in Brazil as being synonymous with reliability, innovation and quality in real estate projects. We intend to intensify our marketing campaigns and the dissemination of our brand through creative, cutting-edge campaigns, institutionally as well as with our partners, suppliers and potential customers. We believe a strong brand is critical for maximizing our pre-sales, which enhances our financial results while, at the same time, reducing our economic risks.

Our Strengths

We believe our main competitive strengths include the following:

Distinctive sales strategy. We have developed a distinctive sales strategy aimed at maximizing the sales velocity of our units. The main components of this strategy are: (i) concentrating selling efforts with respect to our residential developments with a single independent real estate broker, *Lopes*, (ii) investing in the dissemination of our brand and in the marketing of our developments through different media, and (iii) setting competitive prices. We believe that outsourcing all of our residential sales efforts to a single real estate broker creates a strong partnership with that broker's sales agents, who are highly committed to sell our units. We also believe that concentrating these sales exclusively with *Lopes* gives us the ability to motivate the best agents and to maintain their loyalty, as they do not have to be concerned with competition from other real estate brokers or from in-house sales teams with respect to our units. These agents benefit from our sales incentives, which include bonuses and prizes. We believe our #1 position in its 2005 sales rankings, according to the most recent internal *Lopes* study, confirms the effectiveness of our sales strategy and demonstrates the loyalty of *Lopes*' sales force to us. We have also adopted a policy of disseminating our brand and products through both media campaigns and direct promotional actions. Through these measures, we aim to attract a larger number of potential customers to our sales stands, where we attempt to close sales. In addition, we believe our competitive prices are a result of our skill in acquiring land, our well-conceived products and our effective management of construction costs.

Efficient operating structure, appropriate for our growth. We possess an organizational structure with modern management systems. We believe that our structure ensures greater operational efficiency by allowing us to keep fixed costs below the levels of our competitors, as well as by generating productivity gains. In 2006, we adopted SAP's ERP system, an enterprise resource planning system that permits the integration of our different departments and the automation of all information associated with our business. We believe that we are one of the first builders and real estate developers in Brazil to adopt the R/3 application of SAP in practically all business areas. We believe our current structure, including our information systems, will support our expansion plans, both with regard to volume of projects and geographic diversification. Additionally, so as to align the interests of both our employees and shareholders, a portion of the compensation paid to our employees is tied to the achievement of pre-established individual and corporate goals. We believe that this incentive compensation program helps us to attract, develop and retain a motivated and cohesive group of employees, while allowing us to control our fixed costs.

Solid partnerships with important international players. We believe our capacity to attract international partners stems from our distinctive management culture, which is based on modern and transparent methods and strict operational controls, as well as on aligning the interests of our shareholders and our management. We have developed 13 residential projects, representing a general sales value of R$562.1 million, in partnership with Paladin Realty Partners. We have also been the principal Brazilian partner of Tishman Speyer, a global industry leader, in its residential developments launched in Brazil to date. Since 2004, jointly with Tishman Speyer, we launched developments representing a general sales value of R$496.6 million. In 2006, funds managed by and affiliates of Spinnaker Capital made an equity investment in us which represented 39.75% of our capital stock.

Flexibility in product development. Our capacity to develop real estate projects targeted at different income segments, as well as our experience in developing various types of projects, expands our business alternatives and enables us to adapt more quickly and efficiently to changes in the real estate market, without affecting our competitiveness. Our principal activity is the development of innovative, high quality residential projects targeted at middle- and upper middle-income customers. In addition, due to our flexibility in product development, we have, to a lesser degree, sought to develop projects targeted at high-income customers. Moreover, we intend to expand our operations in residential developments targeted at emerging customers. While in the past few years we have operated mostly in the residential segment, we have through the years developed several commercial projects, a hotel and a shopping center. In addition, we believe through our market research department, we are able to anticipate the migration from the central and higher value regions of the city of São Paulo to other neighborhoods, where we are able to acquire land at better prices and to offer and sell units at lower prices, providing a better value proposition to our customers and increasing our sales velocity.

Personalization and quality of products. We believe we are recognized as an industry leader in terms of the personalization of our products, which attracts new customers, increases our sales velocity and positively contributes to our results. We offer our customers personalized units under the "exclus**even**" brand — 76.4% of our customers have opted for these services since April 2004, which services have been completed by the date of this offering memorandum. We have a skilled team of architects that offers customers different finishing and lay-out options, among other services, designed to provide our customers with on-time delivery of ready-to-move-in units incorporating their particular choices. In addition, we believe that the quality, modernity and functionality of our developments have strengthened our brand and have consolidated our strong reputation in the real estate industry. In our developments, we use some of the most advanced technologies and materials available in the market. Furthermore, we seek to hire the best architects and engineers available in Brazil, and we make product innovation a performance target, with the aim of encouraging contemporary architectural designs in line with the best practices in the industry.

Vertically integrated business model. We believe that our vertically integrated business model enables us to efficiently control and maintain the quality of our real estate developments, adding value to our brand and contributing positively to our financial results. We are active in all stages of the development process, with teams specially trained and skilled in each phase of our business activities, including land acquisition, planning, government permits and approvals, construction, customer service, preventive maintenance and repairs.

History and Corporate Restructuring

Our company resulted from the combined operations of ABC Construtora e Incorporadora Ltda. and Terepins e Kalili Engenharia e Construções Ltda., for the purpose of construction and real estate developments. The following description sets forth the modification of our share capital in our last five fiscal years:

- On November 11, 2002, the shareholders of Terepins e Kalili Engenharia e Construções Ltda, Mauro Roberto Terepins, Luis Terepins, Nissim Asslan Kalili and Carlos Eduardo Terepins, transferred 5,802,001 shares to ABC-T&K Participações S.A. After this transfer, the shareholders of Terepins e Kalili Engenharia e Construções Ltda. were ABC-T&K Participações S.A., with 5,802,001 shares, and Carlos Eduardo Terepins, with one share. (Each share had a par value of R$1.00.) At this time, the trade name of Terepins e Kalili Engenharia e Construções Ltda. was changed to Even Construtora e Incorporadora Ltda.;

- On February 27, 2004, pursuant to a decision of an extraordinary general shareholders' meeting that was subsequently modified on October 25, 2004, the company's share capital was increased by R$6,326,127, through the issuance of 6,326,127 shares with a par value of the R$1.00 each, which were fully subscribed and paid-up by ABC-T&K Participações S.A. After this transaction, share capital of the company was R$12,128,128;

- On March 3, 2006, the company was transformed from a Brazilian limited liability company into a corporation (*sociedade anônima*). The company's share capital remained unaltered at R$12,128,128, being divided into 12,128,128 shares, each with a par value of R$1.00;

- On March 9, 2006, the company's share capital was increased by R$15,589,530, through the issuance of 15,589,530 shares with a par value of R$1.00 each, which were fully subscribed and paid-in by ABC-T&K Participações S.A. After this transaction, the share capital of the company was R$27,717,658;

- On March 17, 2006, the company's share capital was increased by R$18,286,754, through the issuance of 18,286,754 shares with a par value of R$1.00 each, which were fully subscribed and paid-in by a new shareholder, Donneville Participações Ltda., an affiliate of Spinnaker Capital, for a price of R$3.9345 per share. After this transaction, the share capital of the company was R$46,004,412, and R$53,662,329 were credited to the company's revenue reserve account, in accordance with Brazilian Corporate Law;

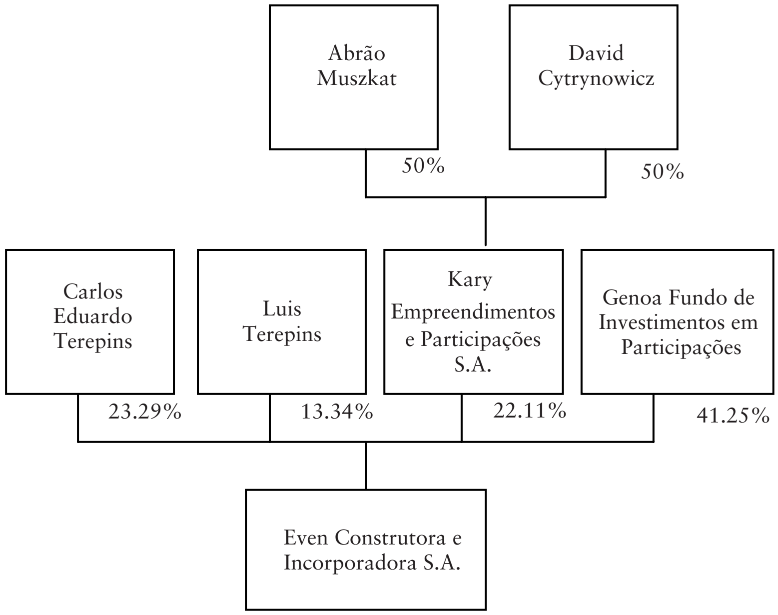
- On October 31, 2006, the company redeemed 18,286,754 shares held by Donneville Participações Ltda., in exchange for the same number of common shares (with a par value of R$1.00 each) issued by us and delivered to Pradesol Corporation Sociedad Anônima, the holder of 100% of the share capital of Donneville Participações Ltda. at the time. Pradesol Corporation Sociedad Anônima then became a shareholder of our company. This transaction did not result in an increase of our share capital account;

- On December 1, 2006, the company's share capital was increased by R$53,662,328, without the issuance of shares, through the capitalization of the revenue reserve. After this transaction, the share capital of the company was R$99,666,740, divided into 46,004,412 common shares, without par value, fully subscribed and paid-in.

- On December 29, 2006, Carlos Eduardo Terepins, Luis Terepins and Kary Empreendimentos e Participações S.A., the shareholders holding 100% of the capital stock of ABC-T&K Participações S.A., acquired all of our shares previously held by ABC-T&K Participações S.A.

- On March 7, 2007, we declared a two-for-one stock split.

The following chart sets forth our share structure as of the date of this offering memorandum:



Material Investments

Given the special characteristics of the real estate development business, we generally make no material investments in property, plant and equipment. During the year ended December 31, 2006, we invested approximately R$4,042 thousand in property, plant and equipment, mainly computers and office furniture.

As part of our business model, we invest in SPEs, through which we plan and implement our real estate developments. Furthermore, several of our developments are implemented through partnerships with other developers, including via SPEs. Our investments in wholly owned subsidiaries and affiliates totaled approximately R$23,615 thousand, R$39,226 thousand and R$89,277 thousand, in the years ended December 31, 2004, 2005 and 2006, respectively.

We made no significant divestments in 2004, 2005 or 2006.

Subsidiaries

We conduct our development and construction activities either directly or indirectly through our subsidiaries, including our SPEs, which are used as vehicles to optimize our operations and results.

The purpose of our SPEs is to simplify obtaining financings, since SPE assets can be separated from our company's assets, which limits lender risks to the actual development being financed. In addition, SPEs allow for a more effective definition of the roles and interests of partners when establishing a partnership.

On December 31, 2006, we had 29 wholly owned subsidiaries, and nine subsidiaries under shared control, all of which were organized and are headquartered in Brazil. Each of our operating subsidiaries and affiliates engage solely in activities in the real estate industry and are linked to specific developments.

The table below shows our SPEs in operation as of December 31, 2006, and the real estate developments related to them, as well as our interest in each such SPE as of the same date:

Subsidiaries and companies under shared control	Developments	Our direct or indirect interest (%)	Partner
Subsidiaries (fully consolidated)			
Alef Empreendimentos Imobiliários Ltda.	Reserva Granja Julieta	100.0%[1]	Tishman Speyer Properties
Áquila Even Empreendimentos Imobiliários Ltda.	Eiras Garcia	100.0%	n/a
Boulevard São Francisco Empreendimentos Imobiliários Ltda.	Boulevard São Francisco	100.0%	n/a
Campo Belíssimo Participações Imobiliárias S.A.	Campo Belíssimo	70.5%	Paladin Tricity Investors, JCR
Centaurus Even Empreendimentos Imobiliários Ltda.	Campo Belo I	100.0%	n/a
Concetto Empreendimentos Imobiliários Ltda.	Concetto	100.0%	n/a
Cygnus Even Empreendimentos Imobiliários Ltda.	n/a	100.0%	n/a
Especiale Empreendimentos Imobiliários Ltda.	Especiale	100.0%	n/a
Eta Even Empreendimentos Imobiliários Ltda.	Club Park Santo Amaro	100.0%	n/a
Gemini Even Empreendimentos Imobiliários Ltda.	Corporate Nações; Office Nações	100.0%	n/a
Iluminatto Empreendimentos Imobiliários Ltda.	Iluminatto	100.0%	n/a
Inspiratto Empreendimentos Imobiliários Ltda.	Inspiratto	100.0%	n/a
Kappa Even Empreendimentos Imobiliários Ltda.	Vida Viva Vila Maria	100.0%	n/a
Lambda Even Empreendimentos Imobiliários Ltda.	Vida Viva Butantã	100.0%	n/a
Lynx Even Empreendimentos Imobiliários Ltda.	Praia Barra	100.0%	n/a
Mozodiel do Campo Ltda.	Verte	100.0%	n/a
Omega Even Empreendimentos Imobiliários Ltda.	Ibirapuera	100.0%	n/a
Omicron Even Empreendimentos Imobiliários Ltda.	Planalto Paulista	100.0%	n/a
Orion Even Empreendimentos Imobiliários Ltda.	High Campo Belo	100.0%	n/a
Phi Even Empreendimentos Imobiliários Ltda.	Breeze Santana	100.0%	n/a
Plaza Mayor Empreendimentos Imobiliários Ltda.	Plaza Mayor	75.0%	Quality Building
Sociedade em conta de participação - Even Construterpins	The View	64.3%[2]	JCR
Sociedade em conta de participação - Even MDR	Horizons	66.7%[3]	Seisa Mester
Tabor Empreendimentos Imobiliários Ltda.	Plaza Mayor Ipiranga	100.0%	n/a
Vida Viva Mooca Empreendimentos Imobiliários Ltda.	Vida Viva Mooca	100.0%	n/a
Vida Viva Santa Cruz Empreendimentos Imobiliários S.A.	Vida Viva Santa Cruz	100.0%	n/a
Vida Viva Tatuapé Empreendimentos Imobiliários Ltda	Vida Viva Tatuapé	100.0%	n/a
Westeven Empreendimentos Imobiliários Ltda.	Wingfield	100.0%	n/a
Zeta Even Empreendimentos Imobiliários Ltda.	Vida Viva Freguesia	100.0%	n/a
Companies under shared control (proportionally consolidated)			
Aliko Investimento Imobiliário Ltda.	Reserva do Bosque	50.0%	W3
City Projects Empreendimentos Ltda.	Morumbi Trend, Horto do Ypê, Signum, Icon, Azuli, Personale, Breeze, Vitá	50.0%	Amazon Simon
Eco Life Cidade Universitária Empreendimentos Imobiliários S.A.	Eco Life Cidade Universitária	40.0%	PDG Realty
Jardim Goiás Empreendimentos Imobiliários Ltda.	Le Parc	50.0%	Campos Construtora
Nova Suíça Empreendimentos Imobiliários Ltda.	Tendence	50.0%	Campos Construtora
Parqueven Empreendimentos Ltda.	The Gift	50.0%	Quality Building
Tricity Empreendimento e Participações Ltda.	n/a	50.0%	Paladin Tricity Investors
Window Jardins Empreendimentos Imobiliários S.A.	Window	49.9%	HG Realty

(1) Our interest in the development is 15% through a co-development with our partner.
(2) Our interest in the development is 45%.
(3) Our interest in the development is 50%.

Sales

We outsource the sales of our units exclusively to *Lopes*, which is responsible for marketing our developments. We have concentrated our sales exclusively with *Lopes* because of the quality and size of its sales team, as well as due to the experience and knowledge that its individual sales agents have of the real estate market. In addition, we believe *Lopes* has the ability to rapidly expand its sales operations, which would be beneficial to us in the event of an expansion of the real estate industry and a consequent increase in the demand for sales agents. According to *Lopes*, as of December 31, 2006, *Lopes* counted on the services of approximately 1,200 independent sales agents, which is the largest real estate brokerage sales force operating in Brazil and which gives it the leading position among the realtors operating in this market.

We believe that outsourcing all of our sales efforts to a single real estate broker results in the creation of a strong partnership with the sales agents, who are highly committed to sell our units. We also believe that concentrating our sales exclusively with *Lopes* gives us the ability to motivate the best agents and to maintain their loyalty, as they do not have to be concerned with competition from other brokers or from in-house sales teams with respect to our units. These agents focus on the sale of our units and benefit from our sales incentives, which include bonuses and prizes. We believe our #1 position in its 2005 sales rankings, according to the most recent *Lopes* internal study, reflects its brokers' commitment and confirms the effectiveness of our sales strategy.

The table below sets forth *Lopes*' rankings for 2005:

Ranking	Developer	Percentage of *Lopes*' general sales value attributable to developer in 2005 (%)(1)(3)	Percentage of developer's general sales value sold by *Lopes*(2)(3)
1.	**Even**	**11.4**	**100.0%**
2.	Tecnisa	7.1	100.0%
3.	Gafisa	6.3	46.0%
4.	Company	4.2	41.8%
5.	Kallas	4.1	79.6%
6.	Tishman Speyer	3.9	59.2%
7.	Helbor	3.7	86.6%
8.	Rossi	3.5	71.0%
9.	Cyrela	3.4	13.5%
10.	Lindencorp	3.3	100.0%
11.	Ez Tec	2.6	100.0%
12.	Tricury	2.5	37.6%
13.	Canário	2.5	100.0%
14.	Sispar	2.5	100.0%
15.	Patrimônio	2.2	100.0%

Source: *Lopes*

(1) Represents the general sales value of each developer as a percentage of *Lopes*' general sales value in 2005.

(2) Represents the percentage of general sales value of each developer sold by Lopes in 2005.

(3) According to data collected in a survey conducted by EMBRAESP, for the year 2005. EMBRAESP possesses its own criteria to ascertain participation in the general sales value, which does not include computing the share of sales by the developers themselves, whether directly or through their sales companies.

Additionally, we have our own sales monitoring team, which is in charge of overseeing *Lopes,* our independent sales agent. This team is also responsible for collecting information on the preferences, tastes and requirements of our potential customers, thereby supporting our land acquisition and development planning activities.

Our selling efforts for each development begin at launch. At the time of launch for a development, we typically create a show room at the location where we intend to construct our development. This show room includes a real-size model standard unit, with interior finishings, household appliances and furniture. At the show room, our sales team and the sales agents answer questions and show the model unit. The sales agents are trained in accordance with the profile of the target customers for each particular development, always striving for excellence in customer service. In addition, they are well-briefed about the project, the "excluseven" system for personalizing units, the construction warranties and the financing options for potential buyers.

We believe this training is critical for the sale of our units. By being fully informed with respect to the products and services we offer as well as with respect to the target buyers, sales agents are given the tools they need to attract customers. We are committed to providing training to sales agents, who from time to time attend courses on sales techniques, prevailing economic conditions and motivational techniques. Another factor helping sales is our commitment to the timely delivery of our units and our use of state-of-the-art materials. We use our reputation for quality, modernity and professionalism to boost the velocity of our sales. Of the total units we have launched since 2004, we have sold an average of 55.5% in the first six months following launch, which we believe confirms the effectiveness of our sales strategy

The table below shows our sales of units by number of months following launch, since 2004 and is presented according to the month of launch.

Month of launch	Developments launched	Units launched	General sales value (in R$ thousands)	Months following launch											
				1	2	3	4	5	6	7	8	9	10	11	12
Apr. 2004	1	45	22,417	11.1%	4.4%	2.2%	6.7%	2.2%	2.2%	4.4%	2.2%	0.0%	0.0%	0.0%	0.0%
Aug. 2004	1	178	122,587	35.4%	4.5%	2.8%	5.1%	2.2%	0.0%	1.1%	2.2%	5.6%	3.9%	1.1%	0.6%
Dec. 2004	1	122	35,184	28.7%	7.4%	4.9%	1.6%	4.9%	3.3%	1.6%	1.6%	1.6%	0.8%	3.3%	1.6%
Mar. 2005	1	128	51,124	9.4%	5.5%	7.8%	5.5%	1.6%	0.0%	2.3%	1.6%	3.1%	2.3%	0.0%	2.3%
Jun. 2005	1	82	74,390	11.0%	4.9%	1.2%	6.1%	3.7%	1.2%	3.7%	0.0%	2.4%	2.4%	1.2%	2.4%
Jul. 2005	1	72	34,823	27.8%	15.3%	6.9%	5.6%	1.4%	2.8%	2.8%	9.7%	2.8%	2.8%	2.8%	2.8%
Oct. 2005	1	56	47,648	41.1%	7.1%	5.4%	3.6%	3.6%	5.4%	3.6%	1.8%	0.0%	0.0%	1.8%	1.8%
Nov. 2005	2	364	84,394	28.9%	8.0%	9.8%	9.2%	9.6%	6.9%	6.7%	2.8%	2.2%	1.3%	2.2%	0.9%
Dec. 2005	2	336	240,693	35.2%	8.3%	7.1%	5.0%	0.7%	2.7%	0.7%	0.0%	2.3%	0.8%	4.1%	4.2%
Jun. 2006	2	184	61,402	46.8%	4.4%	5.4%	1.1%	2.7%	2.2%	1.6%					
Jul. 2006	1	66	33,778	57.6%	4.5%	9.1%	6.1%	0.0%	0.0%						
Sep. 2006	1	220	164,225	52.7%	8.2%	5.9%	1.4%	0.5%							
Oct. 2006	1	62	114,869	45.2%	6.5%	0.0%	1.6%								
Dec. 2006	6	953	370,162	25.3%	10.1%										
			Average sales % per month	33.5%	7.8%	5.3%	4.2%	2.4%	2.5%	2.3%	1.6%	2.7%	1.7%	2.4%	2.4%
			Accumulated average %	33.5%	41.3%	46.5%	50.7%	53.1%	55.5%	57.8%	59.4%	62.1%	63.8%	66.2%	68.6%

Our marketing team also prepares advertising materials to market our developments to our target customers through newspapers, direct mail and flyer distributions in the neighborhood of each project. In 2006, we were the largest real estate sector advertiser in the newspaper *O Estado de S. Paulo*. In addition, we market our developments via telemarketing and our website. As of December 31, 2006, we had 345,000 active users of our website and 109,000 enrolled in our database, in addition to mailing lists we acquired and visits to our show rooms and sales stands. We have invested heavily in our Internet sales portal. We provide information and services through the Internet to customers both before and after the sale of units in the developments we launch.

We have created a quarterly publication, "Evenmag", which we distribute to our customers and partners. The magazine publicizes our launches, includes interviews and design tips and describes innovative materials that we use in the construction of our developments.

Under Brazilian law, we are permitted to establish the date of delivery and the conditions under which we can exercise the right to cancel a particular development. Pursuant to our unit sale agreements, we are entitled to cancel a development if we fail to sell, on average, 50% of the development units within the first six months following launch. In these cases, prior to deciding to cancel a project, we generally consider alternatives such as modifying the development or selling the land, but in any event we refund to our customers any amounts paid to us, as adjusted for inflation but without interest or penalties. To date we have not cancelled any of our launched developments.

Real Estate Development and Construction Activities

Our real estate operations include development and construction activities related to the sale of residential and commercial projects.

The table below presents our revenue from our real estate activities, as well as the percentage they represent of our gross operating revenue in the years ended December 31, 2004, 2005 and 2006:

	Year ended December 31,					
In R$ thousands	2004	% Total	2005	% Total	2006	% Total
Gross operating revenue	**52,452**	**100.0%**	**78,921**	**100.0%**	**215,405**	**100.0%**
Real estate development and sales	51,070	97.4%	74,124	93.9%	203,179	94.3%
Construction and other services	1,382	2.6%	4,797	6.1%	12,226	5.7%

Residential development activity

Between January 1, 2003 and December 31, 2006, we completed a total of 27 residential developments (in 25 projects, with two projects having two phases), which, in the aggregate, represent 509,946,000 square meters of usable area and a general sales value of R$1.6 billion.

Our principal activity has been the development of innovative, high quality residential projects targeted at middle- and upper middle-income customers. In addition, due to our flexibility in product development, we have, to a lesser degree, sought to develop projects targeted at high-income customers. Moreover, we intend to expand our operations in residential developments targeted at emerging customers. See "– Our Strategies" above.

The table below provides certain information relating to our residential developments for 2004, 2005 and 2006:

	Years ended December 31,		
	2004	2005	2006
Developments launched	3	8	11
Usable area (m^2)	58,285	154,626	232,637
Units[(1)]	348	1,038	1,485
Average sale price on launch (R$/$m^2$)	3,092	3,447	3,200

(1) Does not include units transferred in exchange for land.

Residential developments targeted at middle- and upper middle-income customers

Residential developments targeted at middle- and upper middle-income customers represented 50.3% of our general sales value launched between January 1, 2003 and December 31, 2006, and included three- and four-bedroom units with private areas averaging, in general, between 90 and 180 square meters.

Residential developments targeted at middle-income customers are designed to accommodate families purchasing three- or four-bedroom apartments with areas between 85 and 130 square meters. They are usually located on land parcels in neighborhoods that are recipients of migrations from central and more appreciated regions of the city of São Paulo. These parcels permit the construction of a large number of units with low monthly maintenance fees, while offering services and amenities that substitute for leisure-related expenses. The prices of these units generally vary between R$220,000 and R$390,000.

Residential developments targeted at upper middle-income customers are designed to accommodate families that seek apartments with areas between 135 to 200 square meters in premium locations with significant leisure areas. In our experience, these customers are generally seeking to upgrade the location or size of their homes. Renowned architects or designers decorate the common areas in these developments. The developments also boast quality landscaping, security and lower density. The launch price of the average apartment in these developments varies from R$405,000 to R$800,000.

The table below shows our residential developments targeted at middle-income and upper middle-income customers launched from January 1, 2003 through December 31, 2006:

Development	Target customer segment	Date of launch	General sales value (in R$ thousands)	Our direct or indirect share (%)	Usable area (in m^2)	Number of units	Units sold (%)
Immaginare	UM*	Jan 2003	10,087	100%	4,035	68	100.0%
Icon	UM	Jun 2003	32,834	50%	8,419	63	93.2%
Azuli	M**	Sep 2003	32,709	50%	12,051	96	90.6%
Horizons	M	Oct 2003	73,988	50%	30,940	224	98.5%
Personale	UM	Apr 2004	22,417	50%	6,941	45	58.2%
Window	UM	Dec 2004	35,184	50%	11,027	125	94.6%
The View	UM	Mar 2005	51,124	45%	15,663	128	64.5%
Terra Vitris	UM	Jul 2005	34,823	100%	10,600	72	89.9%
Vitá	M	Nov 2005	57,392	50%	20,420	180	89.9%
Club Park Santana (1st stage)	M	Dec 2005	55,926	100%	23,464	224	99.3%
Club Park Santana (2nd stage)	M	Jun 2006	23,469	50%	8,857	72	
Reserva do Bosque	M	Jun 2006	37,933	50%	16,527	112	43.8%
Wingfield	UM	Jul 2006	33,778	100%	9,362	66	76.1%
Inspiratto	UM	Dec 2006	44,584	100%	12,797	88	26.2%
Iluminatto	UM	Dec 2006	34,222	100%	9,780	54	79.2%
Plaza Mayor	UM	Dec 2006	174,751	75%	57,712	350	15.7%
Boulevard São Francisco	M	Dec 2006	64,073	100%	25,423	194	16.8%

* UM means upper middle-income customer segment

** M means middle-income customer segment

Residential developments targeted at high-income customers

Residential developments targeted at high-income customers represented 44.8% of our general sales value between January 1, 2003 and December 31, 2006. These developments are generally comprised of one or a small number of towers, with one or two apartments on each floor. They are normally located on quiet, tree-lined streets in premium neighborhoods. The apartments generally measure between 200 and 300 square meters, with launch prices ranging between R$750,000 and R$1,300,000.

The table below shows our residential developments targeted at high-income customers launched from January 1, 2003 through December 31, 2006:

Development	Target customer segment	Date of launch	General sales value (in R$ thousands)	Our direct or indirect share (%)	Usable area (in m²)	Number of units	Units sold (%)
Signum	HI*	Jan 2003	21,040	50%	8,953	48	100.0%
Reserva Granja Julieta (1st stage)	HI	Aug 2004	122,587	15%	40,317	178	73.3%
Reserva Granja Julieta (2nd stage)	HI	Jun 2005	74,390	15%	21,063	82	
Breeze	HI	Oct 2005	47,648	50%	13,526	56	78.9%
Duo	L**	Dec 2005	184,767	25%	37,475	112	66.0%
Campo Belíssimo	HI	Sep 2006	164,225	70%	45,070	220	68.0%
Particolare	L	Oct 2006	114,869	15%	25,390	62	59.3%

* HI means high-income customer segment
** L means luxury high-income customer segment

Residential developments targeted at emerging customers

Residential developments targeted at emerging customers represented 4.9% of our general sales value launched between January 1, 2003 and December 31, 2006. These are products designed to accommodate young families and couples starting their careers, who seek to purchase a first home or upgrade to a better apartment, at affordable prices. These developments have accessible prices, are well located and possess distinctive architectural features. These customers seek excellent value in both the unit sales price and the monthly maintenance fees. The developments generally offer apartments starting at two bedrooms, with usable areas varying between 50 and 98 square meters, which are sold at launch prices varying between R$100,000 and R$250,000.

The table below shows our residential developments targeted at emerging customers launched from January 1, 2003 through December 31, 2006:

Development	Date of launch	General sales value (in R$ thousands)	Our direct or indirect share (%)	Usable area (in m²)	Number of units	Units sold (%)
EcoLife Cidade Universitária	Nov 2005	27,002	40%	12,415	184	87.3%
Vida Viva Mooca	Dec 2006	27,519	100%	11,205	159	38.0%
Vida Viva Tatuapé	Dec 2006	25,013	100%	10,514	108	9.0%

Commercial Developments

Due to market saturation in commercial developments in Brazil, and in particular in the São Paulo metropolitan region, in recent years we have focused exclusively on residential projects. However, given the recent increase in the demand for commercial units, stemming principally from improved market expectations with respect to macroeconomic indicators in Brazil, we plan to resume our commercial development activities. The composition of our land bank already reflects this strategy, with 21.5% of our expected general sales value for 2007 being comprised of commercial developments units, as shown in the table below.

Development	Location	Our share(1)	Areas (in m²)		Date of purchase	Form of purchase(2)	Estimated launch	Total Units	Expected general sales value (in R$ thousands)	
			Land	Usable					Total	Even
Corporate Nações	São Paulo	100%	7,048	24,552	Dec 06	C	2007	25	147,312	147,312
Office Nações	São Paulo	100%	4,570	16,660	Dec 06	C	2007	307	78,302	78,302
Riverside Plaza (Phase I)	São Paulo	50%	6,666	24,000	Dec 05	C	2007	24	124,525	62,263
Jamel Cecilio (Phase I)	Goiás	50%	2,952	12,896	Nov 06	E	2007	287	41,267	20,634
								Total	391,406	308,510

(1) Estimated share
(2) C: Cash, E: Exchange

Velocity of Developments

In 2006, projects representing 77% of our general sales value were originated and launched within the same year. Our intention is to develop new projects within the shortest period possible, through agility in the search for new land parcels, efficiency in the creation of our products and fast sales of the new units. For such purposes, we search for land parcels with characteristics that will allow us to have quick launches, with shorter periods for the obtainment of government authorizations and product development. We believe that such a strategy mitigates the risks related to shifts in market trends, while allowing for the sale of units in line with current market demand.

Project	General sales value (in R$ thousand)	Year of contract	Date of launch
Club Park Santana (Phase II)	23,469	2005	Jun/06
Reserva do Bosque	37,933	2006	Jun/06
Wingfield	33,778	2004	Jul/06
Inspiratto	44,584	2006	Dec/06
Iluminatto	34,222	2006	Dec/06
Plaza Mayor	174,751	2006	Dec/06
Boulevard São Francisco	64,073	2006	Dec/06
Campo Belíssimo	164,225	2006	Sep/06
Particolare	114,869	2005	Oct/06
Vida Viva Mooca	27,519	2006	Dec/06
Vida Viva Tatuapé	25,013	2006	Dec/06
Total (1)	**744,436**		
Total purchased in 2006 (2)	**572,320**		
Total/ Total purchased in 2006: (1) / (2)	77%		

Customers

As of December 31, 2006, between our real estate development and construction services segments, we possessed approximately 3,300 active customers. Our customers in the real estate development segment are the purchasers of units in our projects, whereas our customers in the construction services segment are large corporations, many of which are real estate developers that do not build their own developments.

Our portfolio of customers is diversified, and, therefore, none of our customers individually represents a material portion of our gross operating revenue, either in the real estate development or the construction services segment.

We believe we are a leader in terms of customer service in the Brazilian real estate development market, having been a pioneer in using call centers and the Internet to service our customers. Our telephone customer service center includes specially trained telemarketing professionals. In addition, we offer a user-friendly website providing services, information and assistance to our customers in an efficient and quick manner. As of December 31, 2006, we had approximately 345,000 active users of our website.

Operations

Except with respect to the sales brokerage of our units, we manage and control all stages of the development process. Our activities include the identification, evaluation and purchase of land; the planning of our developments; the securing of government licenses, permits and approvals; the building of our developments; marketing and sales; and providing services to our customers before, during and after the sale of our units.

Land acquisition

Given the high demand for land in the markets where we operate and the level of competition we face in purchasing well-located parcels that present a good investment return potential, the land acquisition stage is extremely important for the development of our business. Consequently, we maintain a team of specially trained professionals who focus solely on prospecting and selecting land for our land bank.

In addition to our prospecting activities, we frequently receive proposals to acquire land from both realtors and owners, including from large companies interested in implementing a development jointly with a well-known developer with knowledge of the market, such as us, as well as proposals from other developers interested in forming development partnerships.

We take the following factors into consideration when we are deciding whether to purchase a land parcel:

- market aspects, which refers to the characteristics of a development in a given location and the profile of potential buyers;

- technical aspects, which refers to the cost of construction and the environmental and the soil conditions to construct a development that is suitable for the location and the targeted buyers;

- financial aspects, which refers to the availability of resources and the project's return on investment; and

- regulatory aspects, which refers to the feasibility of obtaining the licenses, permits and approvals under the legislation applying to a particular location.

Upon completion of the above-mentioned analysis, a recommendation is submitted to our Investment Committee with respect to a possible purchase of the land parcel.

The flowchart below shows each of the stages involved in our decision-making process with respect to land acquisition:

1	Offer of land	➢ Prospect land parcels
2	Check our database	➢ Check for parcel in our land database
3	Preliminary analysis	➢ Check for restrictions on use and zoning; analyze asking price
4	Internal construction study	➢ Develop rough outline of project and product
5	First feasibility study	➢ Check financial feasibility of development based on our guidelines
6	On-site analysis	➢ Check land, neighboring parcels and region
7	Analysis of restrictions	➢ Conduct more detailed analysis, with technical, environmental and legal reports
8	Market survey	➢ Analyze product options / sales price for the land
9	Construction /architectural study	➢ Send product summary to architectural firm for construction plan, including basic lay-out and type of façade
10	Construction cost study	➢ Calculate construction cost based on construction materials/architectural study, plane-altimetric layout and soil samples
11	Market survey	➢ Check market demand for proposed product, as well as impact of proposed project on market
12	Feasibility confirmation	➢ Confirm financial feasibility, using all suggested variables (technical and sales)
13	Top management on-site analysis	➢ Visit parcel to confirm conditions of neighborhood and to assess future development of the region
14	Feasibility study by risk analysis	➢ Simulate the scenario variables, checking effects on the development (case-by-case basis)
15	Investment Committee	➢ Present studies to a committee composed of representatives of all departments. Reach decision on land purchase
16	Purchase	➢ Conduct final negotiations and close purchase, with supervision by legal department

We purchase land using (i) exchange for future units in our developments; (ii) exchange for revenue from the sale of units; (iii) cash; (iv) payment in installments; or (v) a combination of any of these alternatives.

Choosing suitable payment alternatives depends on the particular negotiation. We may purchase land alone or jointly with other builders or developers.

We purchase land both for immediate development and for inventory in our land bank. On the date of this offering memorandum, we possessed land parcels on which we may develop 41 real estate projects, as indicated in the table below:

Development	State	Target customer segment[4]	Our interest[1]	Area (in m²) Land	Usable	Date of purchase	Form of purchase[2]	Purchase stage	Expected launch	Units	Expected general sales value (In R$ thousands) Total	Even
Concetto	São Paulo	MI	50%	2,410	7,078	Jan 2005	C/S	Acquired	2007	78	24,877	12,438
Especiale	São Paulo	HI	50%	1,614	5,020	Dec 2005	C	Acquired	2007	20	21,724	10,862
Riverside Plaza (Phase I)	São Paulo	C	50%	6,666	24,000	Dec 2005	C	Acquired	2007	24	124,525	62,263
Riverside Plaza (Phase II)	São Paulo	C	50%	7,035	25,325	Dec 2005	C	Acquired	2008	25	124,525	62,263
The Gift (Phase I)	São Paulo	UM	50%	11,575	46,494	Dec 2005	C	Acquired	2007	236	140,746	70,373
The Gift (Phase II)	São Paulo	UM	50%	7,716	30,996	Dec 2005	C	Acquired	2008	158	98,522	49,261
Vida Viva Santa Cruz	São Paulo	E	100%	3,798	9,828	Mar 2006	C	Acquired	2007	99	25,063	25,063
Le Parc	Goiás	MI	50%	1,762	10,606	Sep 2006	C	Acquired	2007	71	26,727	13,364
Plaza Mayor Ipiranga	São Paulo	MI	100%	25,768	70,968	Sep 2006	C/S	Acquired	2007	390	206,738	206,738
Tendence	Goiás	MI	50%	3,060	16,603	Sep 2006	C/S	Acquired	2007	162	37,902	18,951
Verte	São Paulo	UM	100%	2,723	9,803	Sep 2006	C	Acquired	2007	56	34,197	34,197
Breeze Santana	São Paulo	HI	100%	3,952	10,401	Oct 2006	C	Acquired	2007	50	39,818	39,818
Club Park Sto Amaro	São Paulo	MI	50%	4,589	23,454	Oct 2006	C	Acquired	2007	194	65,671	32,835
Jamel Cecilio (Residencial)	Goiás	MI	50%	6,000	28,600	Oct 2006	S	Acquired	2007	268	81,510	40,755
Club Park Barra (Phase I)	Rio de Janeiro	MI	90%	27,876	32,400	Nov 2006	S	Acquired	2007	400	92,340	83,106
Club Park Barra (Phase II)	Rio de Janeiro	MI	90%	27,876	32,400	Nov 2006	S	Acquired	2008	400	92,340	83,106
Jamel Cecilio (Comercial)	Goiás	O	50%	2,952	12,896	Nov 2006	S	Acquired	2007	287	41,267	20,634
Planalto Paulista	São Paulo	UM	100%	5,500	13,204	Nov 2006	C/S	Acquired	2007	82	44,891	44,891
Vida Viva Freguesia	Rio de Janeiro	E	90%	2,691	8,775	Nov 2006	C	Acquired	2007	120	21,061	18,955
Vida Viva Vila Maria	São Paulo	E	100%	3,000	7,926	Nov 2006	C	Acquired	2007	88	19,008	19,008
Corporate Nações	São Paulo	C	100%	7,048	24,552	Dec 2006	C	Acquired	2007	25	147,312	147,312
Eiras Garcia	São Paulo	MI	100%	5,000	14,744	Dec 2006	C	Acquired	2008	152	40,546	40,546
Office Nações	São Paulo	O	100%	4,570	16,660	Dec 2006	C	Acquired	2007	307	78,302	78,302
Campo Belo I	São Paulo	HI	100%	3,443	16,813	Jan 2007	C	Acquired	2008	104	68,996	68,996
Colinas Morumbi (Phase I)	São Paulo	MI	30%	88,818	89,836	Jan 2007	C/S	Acquired	2007	629	242,557	72,767
Colinas Morumbi (Phase II)	São Paulo	MI	30%	45,192	45,709	Jan 2007	C/S	Acquired	2008	286	127,118	38,135
Colinas Morumbi (Phase III)	São Paulo	MI	30%	21,612	21,860	Jan 2007	C/S	Acquired	2008	168	62,616	18,785
Ibirapuera	São Paulo	L	50%	2,600	6,668	Jan 2007	C/S	Acquired	2007	25	38,623	19,312
Praia Barra	Rio de Janeiro	HI	80%	4,506	6,659	Jan 2007	S	Acquired	2007	70	35,359	28,287
Vida Viva Butanta	São Paulo	E	100%	9,348	18,954	Jan 2007	C	Acquired	2007	256	43,967	43,967
Vida Viva Freguesia do Ó	São Paulo	E	100%	4,932	11,238	Jan 2007	C	Acquired	2007	150	25,738	25,738
Vida Viva Jacarepaguá[5]	Rio de Janeiro	E	90%	6,770	14,339	Jan 2007	C/S	Optioned	2008	224	–	–
High Campo Belo	São Paulo	HI	100%	2,917	15,548	Feb 2007	C	Acquired	2007	42	63,857	63,857
Loteamento	São Paulo	R	50%	168,476	87,536	Feb 2007	S	Acquired	2007	425	15,582	7,791
Mooca	São Paulo	MI	100%	3,000	11,008	Feb 2007	C	Acquired	2008	112	30,110	30,110
Ponta Negra	Rio Grande do Norte	MI	50%	5,000	10,528	Feb 2007	C/S	Acquired	2007	170	31,952	15,976
Tatuapé I	São Paulo	MI	100%	3,450	10,314	Feb 2007	C	Acquired	2008	80	28,887	28,887
Tatuapé II	São Paulo	MI	100%	2,929	8,567	Feb 2007	C	Acquired	2008	92	23,988	23,988
Vida Viva Guarulhos (Phase I)	São Paulo	E	50%	5,430	22,238	Feb 2007	C	Acquired	2007	301	53,371	26,686
Vida Viva Guarulhos (Phase II)	São Paulo	E	50%	5,430	22,238	Feb 2007	C	Acquired	2008	301	54,972	27,486
Horizons Butantã[5]	São Paulo	MI	100%	20,012	57,584	Feb 2007	C	Optioned	2008	400	–	–
										Total	2,577,305	1,755,807

(1) Probable share.
(2) C: Cash, S: Swap; C/S: Cash and Swap.
(3) Land acquired pursuant to Bidding SEP/G.S – CPI No. 011/06 dated December 29, 2006, pending confirmation and adjudication by the competent government authorities.
(4) MI means middle-income customer segment; HI means high-income customer segment; C means corporate customer segment; UM means upper middle-income customer segment; E means emerging customer segment; L means luxury high-income customer segment; O means office segment; R means residential subdivisions segment.
(5) Expected general sales value is not presented for land over which we have an option to purchase, but which option has not been exercised.

The tables below present the geographic distribution of our land bank (not including land over which we have a purchase option, but for which such option has not been exercised) and expected launches in 2007 and 2008:

			Areas (in m²)		Total	Expected general sales value (In R$ thousands)	
Year	Location	Launches	Land	Usable	Units	Total	Even
2007	São Paulo	20	365,735	521,406	3,477	1,456,567	1,044,217
	Goiás	4	13,774	68,704	788	187,406	93,703
	Rio de Janeiro	3	35,073	47,834	590	148,760	130,348
	Rio Grande do Norte	1	5,000	10,528	170	31,952	15,976
Total		28	419,581	648,472	5,025	1,824,685	1,284,244

			Areas (in m²)		Total	Expected general sales value (In R$ thousands)	
Year	Location	Launches	Land	Usable	Units	Total	Even
2008	São Paulo	10	104,807	207,574	1,478	660,280	388,457
	Rio de Janeiro	1	27,876	32,400	400	92,340	83,106
Total		11	132,683	239,974	1,878	752,620	471,563

Given the increase in the number of competitors seeking higher profit margins, competition for land in prime locations in the metropolitan region of São Paulo has intensified. While we do not anticipate any significant increase in the average price of land, owners have been demanding cash payment of larger portions of the sales price, and the portion of the sales price that can be paid through an exchange for units has been falling. This has considerably increased the financial costs of maintaining a significant land bank.

In response to this trend, we have adopted a strategy of maintaining a reduced inventory of land, while promoting a rapid pace of launches. This allows us to minimize the cost of maintaining our land bank without affecting our schedule for launches of new real estate developments.

Development design

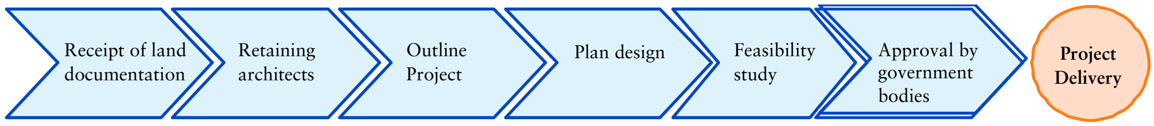
Our real estate developments are designed, jointly with our engineers and our marketing and sales team, by architects selected from a group of firms that are well known in Brazil and with whom we have established relationships. In the design phase, we first define the size, style and price range for the units. The fees we pay to architects are determined according to a price list (updated annually) that includes a bonus if the architects meet certain targets. On December 31, 2006, the group of architects and architectural firms providing services to us included Aflalo e Gasperini, Jonas Birger and Konigsberger Vanuchi. We believe that our system of retaining and compensating architects is highly favorable to us, as it results in developments designed by well known professionals with a broad knowledge of the real estate market. In addition, we believe that these professionals enjoy working with us.

Based on the development plans for a project, one of our specialized teams prepares a construction budget and implementation schedule for all construction phases.

In addition to the basic units offered to our potential customers, buyers may take advantage of our personalization services, provided under the "excluseven" brand. These consist of alternative plans we offer with respect to unit lay-out, installations and finishings at a cost defined by us. Should a buyer choose to retain these "excluseven" services, the additional cost is charged to their account, including our costs for managing such changes to the basic unit. We provide the personalization services and accept responsibility for the correct execution of the work.

Concurrently with the preparation of plans and budgets, we seek to obtain all licenses and permits required to start construction, which in most cases may take from 45 days to one year, depending on the location and characteristics of the development.

The flowchart below shows each of the stages involved in delivering a complete project for any particular real estate development.



Construction

In 2005, according to EMBRAESP, we were the fourth largest construction company in the metropolitan region of São Paulo in terms of total square meters built. We are active in all phases of construction. Prior to starting a new project, we prepare designs, conduct feasibility studies and develop plans to create the product that is most suitable for the target customers in that region and for that development. The standardized construction techniques and unique control system we have developed allow us to maximize our productivity and to reduce waste.

The table below sets forth the ranking of the largest builders in the São Paulo metropolitan region, according to data published by EMBRAESP.

Ranking	Developer	2005 (%)
1.	Cyrela Brazil Realty	5.21
2.	Gafisa	4.49
3.	Company	3.51
4.	**Even**	**3.35**
5.	Setin	2.10
6.	Goldfarb	1.96
7.	Camargo Correa	1.95
8.	Tecnisa	1.77
9.	M Bigucci	1.74
10.	Tricury	1.60

Source: EMBRAESP (2005)

During the main stages of construction, such as building the foundation, we employ standardized construction techniques aimed at maximizing productivity and quality control, while minimizing the waste of materials or construction worker idle time. As holders of ISO 9000 and PBPQ–Level A civil construction certificates, we place great emphasis on quality control. In addition, we use strict planning and construction control methods, including computer-based monitoring systems, throughout a project. These procedures allow us to keep construction costs within budget.

We invest heavily in technology and consequently use state-of-the-art construction techniques that represent an advantage when compared to traditional techniques. We maintain long-term agreements with our suppliers, which allow us to build quality developments using technologically advanced, brand name materials and construction equipment from reliable sources. Additionally, we maintain a central purchasing department for the acquisition of raw materials for all our developments. This purchasing method permits us to achieve substantial scale economies.

Pursuant to our construction strategy, we do not own heavy equipment and employ a relatively small workforce. Subcontractors perform the actual construction work. Our team of approximately 160 employees includes engineers, architects, interns and construction managers and supervisors, and focuses on the management and supervision of the construction of our developments.

The construction of all our real estate developments is performed by independent subcontractors hired at fixed prices. The market for subcontractors is highly fragmented and competitive, with new participants constantly entering. This is beneficial to us, as it helps us hire subcontractors at reasonable prices and to ensure high quality work. Subcontractors for any given development are selected based on strict requirements of qualifications, performance, reputation and price. We verify the reputation, financial condition, reliability and quality of previous work performed by subcontractors and outsourced workers. While subcontractors work on our developments, our engineering team supervises them at all stages of construction. We monitor compliance with all of our safety and cost control requirements, as well as compliance with zoning and building regulations, seeking to ensure timely delivery of the project. Our quality control procedures are an essential part of the construction process, and we possess internal teams responsible for ensuring the quality of construction and of our development projects.

Hiring subcontractors to execute construction gives us financial and logistical advantages. We do not incur fixed costs to maintain a permanent construction workforce, which enables us to benefit from the use of specialized subcontractors, while minimizing the displacement of personnel to our jobsites. This allows for better management of construction costs and time, as well as better allocation of financial resources among our developments.

We manage almost all construction of our real estate developments and are liable for all construction work, even though the work is performed by subcontractors. As a form of ensuring subcontractor compliance with tax, labor and social security obligations, prior to making any payments, we require subcontractors to present to us with evidence of the payment of all taxes and charges levied on their operations or relating to their employees.

The work of suppliers is always supervised by one of our engineers, who stays at the jobsite during work hours. Our civil engineering team coordinates the activities of suppliers and ensures compliance with zoning and safety codes, as well as the timely completion of construction. Pursuant to the requirements of Brazilian law, we provide five-year warranties covering structural defects in our real estate developments. As of the date of this offering, we have not been sued nor have we received claims involving any of the warranties we provide in connection with the construction of our developments.

Given the risks of real estate development business, we have a policy to only commence construction after having closed the sale of at least of 50% of the units in any given project. Construction work generally starts between six and 12 months after launch of a development, and, during this period, we complete detailed plans with respect to specific portions of each building. The average time of construction is 24 months.

Risk controls

We place special emphasis on minimizing the risks inherent in our business activities, including those relating to Brazilian macroeconomic conditions, which may affect our financial performance. Our financial committee meets every month to review, among other matters: (i) our cash flow projections, (ii) the performance of our launched developments vis-à-vis studies conducted and approved before launch, (iii) the effects of variations of sales assumptions on profitability and cash flow, (iv) the financing of our developments, and (v) our cost of capital.

Prior to committing to purchase land and before launching any of our developments, our investment committee meets to review the proposed conditions of purchase, and in particular: (i) the proposed product, (ii) the project and cost of construction, (iii) economic feasibility, (iv) sales and financial conditions of the proposed purchase of land, (v) sales conditions and proposed unit sales prices, in the case of a launch, and (vi) the land or real estate development from a legal and regulatory standpoint.

Financing Transactions

Our financings

The nature of our business requires capital for the development and launch of our real estate projects. We finance our operations principally through the cash generated by our operations and, when necessary, loans, which are in some cases guaranteed by our receivables. See "Management's Discussion and Analysis of Financial Condition and Results of Operations —Liquidity and Capital Resources".

In addition, when necessary, we seek construction financing through: (i) the SFH, which charges interest rates lower than those prevailing in the market; (ii) mortgage portfolio loans, which are larger financings at higher interest rates as compared to loans from the SFH; and (iii) the SFI, which provides general real estate financing. For more detailed information on these sources of financing, see "Industry Overview" in this offering memorandum.

Should we face difficulties in obtaining capital to fund our operations under acceptable conditions, our ability to launch new real estate developments could be compromised, which would result in a reduction in our revenue from sales and adversely affect our results of operations. While obtaining financing is an important part of our business, we do not depend on any single financing transaction to operate. For further information, see "Risk Factors".

Customer financing

The availability of financing to prospective home buyers, in particular during construction of a real estate development, is fundamental to our business. The relatively few sources of credit for prospective home buyers in Brazil require us to provide financing to our customers with respect to a significant portion of our sales. We offer various financing plans to customers, which involve lending our own funds or assisting our customers in obtaining bank financing. These plans are tailored specifically for each project. Given the difficulties in collecting debt from companies in the event of a default, we grant financing only to individuals.

In connection with the provision of financing, we use a strict credit analysis process, which is based on the following criteria:

- the prospective buyer must not be listed as a credit risk either in the database of Serasa S.A. or any other credit-related database;

- the monthly debt service payments must not exceed 30% of the potential home buyer's gross monthly household income;

- as a condition for delivery of the unit, the prospective home buyer is required (i) to issue to us a promissory note representing each monthly payment outstanding under the financing, (ii) to have paid all previously due monthly payments to us; and (iii) (a) to obtain personal guarantees (*fiança*) from at least two persons residing in the same region where our development is located, one of whom should own a minimum of two real properties, which ultimately serve as collateral; or (b) agree to a conditional sale of the unit, which means that title is transferred to the buyer only after the full payment of all of the outstanding installments; or (c) offer collateral for an amount equivalent to 120% of the unit price.

As from January 31, 2007, we started considering delays in payment of more than 90 days as defaults by our customers. Pursuant to such criterion, our default level reached 0.9% of our accounts receivable on January 31, 2007.

We offer two financing options to prospective buyers: (i) short-term financing, with a term of up to 36 months, and (ii) long-term financing, with a term of up to 150 months. Short-term financing requires a down payment of at least 22.6% of the purchase price and financing of the balance in form of monthly payments, provided that approximately 86% of such balance is repaid by the time the unit is delivered. If long-term financing is granted for the purchase of completed units, we require a down payment of at least 30% of the purchase price and will finance the balance for a maximum of 60 months. If long-term financing is granted for the purchase of units under construction, we require a down payment of 10% of the price, will finance 20% of the purchase price for repayment by the date the unit is delivered, and will finance the balance of 70% for up to 120 months. All our financing plans are subject to conditional sale arrangements, which means that title is transferred to the buyer only after the full payment of all of the outstanding installments.

Our sales agreements generally contemplate adjustment of the purchase price to reflect inflation. During construction, adjustments are computed pursuant to the INCC index, which is based on the variation of the cost of construction, and after completion of construction, the adjustments are computed pursuant to the IPCA, plus 12% per annum.

In line with our working capital strategy, we seek not to maintain credit receivables in our portfolio after completion of construction of each particular development. Consequently, home buyers may also be granted bank loans guaranteed by mortgages, in which case the bank will pay us, upon delivery of the units, the outstanding balance of the financing we granted and will receive the units as a guarantee (mortgage). Commercial banks in Brazil recently became more active in the home financing market, and may grant loans for longer terms and at lower interest rates than financing offered by us.

The table below presents the limits applying to real estate financing offered in Brazil, according to the applicable legislation:

Financing by	Standard interest rate	Maximum valuation of the property	Maximum amount of financing
Mortgage portfolio	12-14% per annum + TR(1)	No limit	No limit
SFH	≤12% per annum + TR	R$350,000	R$245,000
FGTS	≤10% per annum + TR	R$62,000	R$55,000

(1) These interest rates are freely negotiated and currently vary between 12% and 14%, plus TR, per annum.

The lack of financial resources available for home financing in Brazil could adversely affect the capacity or willingness of potential buyers to obtain financing for the purchase of homes. This could result in a reduction in the demand for our residential units, which would adversely affect our financial condition and results of operations. A shortage of such financial resources and/or an increase in interest rates could result in a reduction in the demand for homes, which would negatively affect the real estate industry and, consequently, our business and our results of operations. For more information, see "Risk Factors – Risks Related to Us" in this offering memorandum.

We do not depend on any single customer financing transaction to operate and do business. The aggregate of the ten highest outstanding customer financing balances in our portfolio represent less than one percent of the total amount of this portfolio.

Principal Materials and Suppliers

We purchase a wide variety of materials for our real estate developments. In the last three years these materials represented an average of 49.1% of our total costs. The only material other than land representing more than 20% of our total costs was steel. The prices of some materials have significantly increased in the last two years. These price increases considerably exceeded the inflation rates. The index that measures variations in the cost of construction in Brazil, the INCC, increased 24.60% during the three-year period ended December 31, 2006. During the same period, the prices of our units, which are adjusted for inflation according to the IGP-M, increased 18.15%. We invest in the development of new construction techniques and use of alternative materials in order to minimize cost increases without sacrificing construction quality.

While we do not have exclusivity agreements with our suppliers, we seek to develop partnerships with key vendors to ensure stability in the supply of materials and provision of services to us, giving us supply priority and lower prices. These agreements include first refusal rights from suppliers, but with no commitments on our part with respect to exclusivity or minimum orders.

Our five largest suppliers in terms of volume are: Sanhidrel Instalações e Comércio, Gerdau Aços Longos S.A., Adalume Esquadrias Metálicas Ltda., Elevadores Atlas Schindler S.A. and Age Comunicações S.A.

From time to time we evaluate our suppliers based on the ratings of our managers and reports prepared by our customer service department, which summarize our customers' evaluations and complaints. If we determine that a particular supplier is not performing according to our standards, we may either replace it or work with it to resolve the problems.

Customer Service

In the real estate industry, customer satisfaction depends mostly on our ability to provide appropriate customer service before, during and after the sale of our units. We employ innovative techniques and personalized customer services from the first contact with our prospective buyers. Customer service include the following:

- regular customer service, with a team specially trained to answer questions and to handle complaints;
- online customer service through our website;
- customer satisfaction surveys at the time of purchase of the unit, upon delivery of the unit and 12 months following delivery. These surveys allow us to evaluate the level of satisfaction of customers with respect to the products we offer, various aspects of our projects, and the services provided to customers by our different operating departments;
- inspections of the units immediately prior to delivery in order to promptly solve any pending construction problems;
- technical assistance services;
- activities aiming to promote good, long-standing relationship with our customers, including scheduled visits to the units during construction and promotional event. These promotional events include joint events with our partners, at which we provide information on the progress of construction work, offer gifts and engage in other promotional actions; and
- regular delivery of our quarterly magazine, "Evenmag", which provides information on new activities, other novelties and services.

We believe these initiatives help us to establish a relationship with our customers that enhances our reputation, associates our brand with cordial, personalized and reliable service, and ultimately increases our sales, while reducing the level of customer defaults on financed sales.

Competition

The real estate market in Brazil is highly fragmented and competitive. We believe that our principal competitive advantages include price, financing, quality, reputation, reliability, timely delivery of units, partnerships with other developers, and land availability and location. The residential real estate development market in the metropolitan region of São Paulo is geographically dispersed. Because of the existence of numerous developed and dynamic areas located far from one another, no developer or constructor has individually succeeded in obtaining a significant share of the market.

According to market share data compiled by the EMBRAESP for 2005, in the metropolitan region of São Paulo, we ranked third among developers in the residential segment, with a market share of 2.55%.

The table below presents the 2005 residential development market share of the principal developers in the metropolitan region of São Paulo, based on gross sales:

	Ranking	2005 (in %)
Cyrela Brazil Realty	1st	5.19
Gafisa	2nd	3.60
Even	**3rd**	**2.55**
Company	4th	2.12
Goldfarb	5th	1.74
Tecnisa	6th	1.72
Camargo Corrêa	7th	1.49
Sama Treviso	8th	1.41
M. Bigucci	9th	1.41
Tricury	10th	1.40

Source: EMBRAESP (2005)

Until 2005, all our real estate developments were concentrated in the metropolitan region of São Paulo, which in December 2005 accounted for 15% of the Brazilian GDP, according to the IBGE.

In 2006, we began our geographic expansion to regions in Brazil outside of the São Paulo metropolitan area through the launching of a residential project in the city of Rio de Janeiro and the acquisition of land in that city and in the city of Goiânia, all with local partners. The rapid expansion of our activities in Rio de Janeiro led us to establish a branch office in that city in 2006. In February 2007, we entered into a partnership with a real estate developer headquartered in the city of Natal for the development of projects in the Northeastern region of Brazil.

Seasonality

While the Brazilian real estate market is not a seasonal market, sales activity tends to decrease during certain months of the year, mostly during the summer (January and February) and the winter (July), principally due to school vacations, which result in delays in investment decisions during these periods.

Intellectual Property

Patents and trademarks

As of December 31, 2006, we were holders of the rights to our two trademarks "even" and "excluseven", which had been filed in Brazil with the Brazilian National Institute of Industrial Property (*Instituto Nacional da Propriedade Industrial*), or INPI. A challenge for the registration of the "even" trademark was filed on August 15, 2006, and will be answered within the proper legal timeframe. This challenge notwithstanding, based on the opinion of our advisers we believe the likelihood of us not obtaining registration of the "even" trademark are remote. As of the date of this offering, we had no patents registered in our name.

We believe these trademarks are important assets for our business due to the strong reputation we have built in the real estate development market.

Domain names

As of December 31, 2006, we held title to the following domain names:

	Domain names
1.	www.azuli.com.br
2.	www.boulevardsaofrancisco.com.br
3.	www.breezealtodalapa.com.br
4.	www.campobelissimo.com.br
5.	www.clubparksantana.com.br
6.	www.concettoperdizes.com.br
7.	www.duoaltodepinheiros.com.br
8.	www.especiale.com.br
9.	www.even.com.br
10.	www.evenconstrutora.com.br
11.	www.evenmail.com.br
12.	www.eventerrenos.com.br
13.	www.iconitaim.com.br
14.	www.iluminatto.com.br
15.	www.inspiratto.com.br
16.	www.livingconstrutora.com.br
17.	www.morumbitrend.com.br
18.	www.particolare.com.br
19.	www.particulare.com.br
20.	www.personalecampobelo.com.br
21.	www.piazzamaggiore.com.br
22.	www.plasmanopan.com.br
23.	www.plazamaior.com.br
24.	www.plazamayor.com.br
25.	www.reservasaofrancisco.com.br
26.	www.riversidecorporateplaza.com.br
27.	www.solarhorto.com.br
28.	www.terravitris.com.br
29.	www.thegift.com.br
30.	www.theview.com.br
31.	www.verteaclimacao.com.br
32.	www.vidavivamooca.com.br
33.	www.vidavivasantacruz.com.br
34.	www.vidavivatatuape.com.br
35.	www.vitaaltodalapa.com.br
36.	www.windowjardins.com.br
37.	www.wingfield.com.br

Software

We utilize software and technology developed and licensed by third parties and we do not believe that we are in violation of the rights of these third parties.

Licenses and Permits

Under the regulations applying to our real estate developments, we are required to obtain various licenses and permits for any new project. As of December 31, 2006, we believed we held all required licenses, permits and approvals to implement our ongoing real estate developments.

Property, Plant and Equipment

Items included under property, plant and equipment in our balance sheet as of December 31, 2006, consisted mostly of information technology equipment, improvements to leased properties and office furniture at our headquarters. The balance of property, plant and equipment as of that date was R$4,523 thousand.

In May 2006, we moved our headquarters to our current premises, located in the city of São Paulo, state of São Paulo, Brazil, at Rua Funchal 418, 29th and 30th floors, Condomínio e-Tower São Paulo, where we have our registered office. We believe our current premises are suitable for purposes of our future operations and expansion.

We lease the real property in which our registered office is located pursuant to a lease agreement executed with Susana Shimidzu and Gerdau Empreendimentos, Investimentos e Participações Ltda., effective through April 30, 2011.

The land we purchase for our real estate developments is registered on our balance sheet under "property for trade", and is not included in property, plant and equipment. As of December 31, 2006, our balance sheet item "property for trade - land" had a balance of approximately R$146,157 thousand.

Insurance

We maintain insurance policies with leading and financially sound Brazilian insurance companies. These insurance policies cover all potential risks related to our real estate developments from the start of construction, and include property damages, business interruptions, engineering risks, fire, collapses, disintegration, lightning, gas explosions and possible construction errors.

These insurance policies possess the customary terms, limits and deductibles in the regions in which a given real estate development is located. We maintain no insurance policy for our developments after the end of construction.

While we believe we carry appropriate insurance coverage for our developments, there can be no assurance that the insured amounts would be sufficient in the event of material losses.

Human Resources

As of December 31, 2006, we had 205 employees and 68 interns, all of them working from our offices in the city of São Paulo.

The table below shows the evolution in the number of employees for the years 2004, 2005 and 2006:

		Assigned area			
	Year	Operations	Administration and Finance	Real estate developments	Total
Employees	2004	44	35	12	**91**
	2005	57	42	20	**119**
	2006	102	81	22	**205**
Interns	2004	12	0	1	**13**
	2005	23	1	2	**26**
	2006	59	4	5	**68**

We employ directly only a small percentage of the labor force required to build our developments. Our employees generally manage and supervise construction, while subcontractors perform the work. As of December 31, 2006, we had approximately 1,000 subcontractor employees working in the construction of our real estate developments.

We impose strict requirements related to the prevention of occupational accidents. In the last three years, we had only four serious jobsite accidents. The low rate of occupational accidents is the result of substantial investments we make in safety and accident prevention on the jobsite, of frequent training programs involving our construction workers and those of our subcontractors, as well as a result of the requirements and processes we impose on our subcontractors.

Most of our employees are affiliated with the SINTRACON. We believe we maintain good relations with both our employees and the workers' unions. In this respect, in the last several years there have been no work interruptions. As a general rule, the SINDUSCON-SP in the state of São Paulo negotiates with SINTRACON the terms and conditions of the collective bargaining agreements that apply to construction workers. The collective bargaining agreement in effect as of the date of this offering memorandum is dated May 8, 2006 and is effective through April 2007.

Policy on human resources

We offer the following benefits to our employees: life insurance, health care plan, meal vouchers and variable compensation plan. We also subsidize undergraduate and graduate programs for our employees. Additionally, we sponsor sports events, aiming to improve the welfare of our employees. Our incentive compensation plans encourage good performance and compensate employees for the achievement of goals previously established by us.

Occupational safety and health

The municipal building code sets forth the rules governing building plans, construction, conservation and use, as well as licenses, permits and approvals, in addition to administrative proceedings, execution procedures and other requirements related to buildings and building activities in the city of São Paulo. This code also establishes fines, penalties and other sanctions in the event of noncompliance with such rules. We comply fully with these rules, including rules on prevention of occupational accidents. In addition, we have adopted a Program for the Prevention of Environment Risks, with the aim of protecting the health of our employees in the construction environment by anticipating, recognizing, evaluating and controlling possible risks, as well as a Program for the Preservation of Occupational Health with the aim of promoting and protecting health in the work environment by detecting and promoting early diagnosis of occupational health-related problems.

Material Contracts

Except for the contracts described below, we are not parties to any contract that may individually be deemed material, or the renegotiation of which would materially affect our business. However, we have entered into various service contracts with service providers, builders, architects and suppliers, which collectively are considered material to our business.

Partnership agreements

Campos Construtora. On March 16, 2006, we entered into a partnership agreement with Campos Construtora, a construction company and developer based in the city of Goiânia, in the state of Goiás, Brazil. Under this agreement, Campos Construtora is required to grant us first refusal rights in future partnerships it may wish to establish to implement real estate developments. According to this agreement, the costs of land purchases and development management would be equally shared by us and Campos Construtora. Construction would be performed by Campos Construtora, pursuant to jointly prepared and defined plans, specifications and construction and financial schedules, with one of our engineers being assigned to monitor construction. In addition, we would be jointly liable for obligations resulting from tax, labor, social security or other disputes or litigation.

W3. On March 20, 2006, we entered into a partnership agreement with W3, a construction company based in the city of Rio de Janeiro. Under this agreement, W3 is required to grant us first refusal rights in future partnerships it may wish to establish to implement real estate developments in the Rio de Janeiro metropolitan region. According to this agreement, the cost of land purchases would be equally shared by us and W3. The cost of construction would also be shared by us and W3, and the revenue from sales of development units would be divided between the parties, net of the costs of construction. Construction would be executed by W3, pursuant to jointly prepared and defined plans, specifications and construction and financial schedules, with one of our engineers being assigned to monitor construction. In addition, we would be jointly liable for obligations resulting from tax, labor, social security or other disputes or litigation, except that W3 would be solely liable for construction and would bear sole responsibility for the technical aspects of construction of each real estate development implemented under this partnership agreement.

Paladin Tricity Investors. On November 17, 2006, we entered into a partnership agreement with Paladin Tricity Investors (Brazil) LLC, or Paladin Tricity Investors, for the joint acquisition, participation, development, management and sale of real estate projects. This agreement is valid until October 3, 2015 and establishes that the partnership shall be initially effective in the metropolitan area of Sao Paulo for residential real estate projects. Pursuant to the terms of this agreement, we undertake to use our best efforts to develop projects in compliance with the minimum requirements for investment by Paladin Tricity Investors, provided that, for each project, we shall offer to Paladin Tricity Investors: (i) in projects developed by us without participation of third parties, at least a 50% interest, and (ii) in projects developed by us together with third parties, at least 25% of our interest.

Capuche. On February 14, 2007, we entered into a partnership agreement with Capuche Empreendimentos Imobiliários Ltda., or Capuche, a construction company based in the city of Natal, to create a joint venture to develop and build real estate projects in the state of Rio Grande do Norte and in other states of the Northern and/or Northeastern regions of Brazil. For the projects developed under the partnership, we will act as the developer and Capuche as developer and constructor. For each project, an SPE will be created, with us and Capuche as shareholders, and a shareholders agreement will be signed in order to define the responsibilities and remuneration of each shareholder in connection with such SPE.

Share pledge agreement

According to a pledge agreement executed on March 17, 2006, as amended, 16,630,594 common shares issued by us and owned by Kary and our shareholders Carlos Eduardo Terepins and Luis Terepins are pledged to FIP Genoa. This pledge is a guarantee for the full payment of any indemnification by these shareholders to FIP Genoa with respect to any liabilities, losses, damages, penalties, costs and expenses that may be due to FIP Genoa, the company or/and its subsidiaries, pursuant to our investment agreement with Spinnaker Capital.

Convertible debentures

On March 2, 2007, the CVM granted registration of our first issue of debentures, or the Convertible Debentures, in the aggregate amount of R$50,000,000. We issued 50 debentures, each with a par value of R$1,000,000. For more information, see "Convertible Debentures".

Sales brokerage agreement with Lopes

On December 16, 2004, we entered into a Service Agreement for Brokerage, Sales Promotion and Real Estate Services with *Lopes*. Under this agreement, we retained *Lopes* as our exclusive broker to sell all of our current and future development units. *Lopes* is entitled to a commission on the sales price per unit, with the commission rate established on a case-by-case basis for each of our real estate developments. The commissions are payable on the signing of each unit sales agreement with a customer. The agreement we executed with *Lopes* is effective for an indefinite term.

Construction financing agreements

We are parties to the following construction financing agreements in connection with our real estate developments:

Creditor	Debtor	Original contractual amount (in R$ millions)(1)	Real estate development	Maturity date	Collateral
Itaú	Terra Vitris	12.8	Condomínio Terra Vitris	November 5, 2008	Mortgage on the development and pledge of receivables from unit sales.
Itaú	Evisa	17.5	Condomínio Horizons Alto da Lapa	January 5, 2007	Mortgage on the development and pledge of receivables from unit sales.
Banco Bradesco S.A.	City Projects	23.3	Condomínio Vitá Alto da Lapa	October 27, 2008	Mortgage on the development and pledge of receivables from unit sales.
BankBoston Banco Múltiplo S.A.	City Projects	7.4	Edifício Personale Campo Belo	May 1, 2007	Mortgage on the development.
Unibanco	Window Jardins	12.2	Edifício Window Jardins	February 10, 2008	Mortgage on the development and pledge of receivables from unit sales.
Santander	Even	13.5	Edifício The View Brooklin	June 10, 2008	Mortgage on the development and pledge of receivables from unit sales.

(1) Refers to the total contractual amount. The disbursement of these amounts occurs during the period of construction, and amortization may occur through the transfer period (i.e., six months after the conclusion of construction). The total contractual amount does not reflect the outstanding balance on December 31, 2006 or on the date of this offering memorandum.

Stock Options

Certain of our shareholders have granted to one of our former executive officers the option to acquire up to 153,350 of common shares issued by us and held by them. Such option may be exercised within 15 business days from the publication of the announcement of the completion of this offering in Brazil.

On March 20, 2007, Carlos Eduardo Terepins, Luis Terepins and Kary granted an irrevocable option to FIP Genoa that permits FIP Genoa to purchase, in its sole and absolute discretion, from such shareholders, on a pro rata basis, up to an aggregate of 7,826,087 of our common shares from such shareholders. FIP Genoa may exercise this purchase option, in whole or in part, at any time, during the three-year period commencing on the date of the final offering memorandum. The purchase price of the common shares subject to this option will be the price per common share, adjusted by the IPCA, from the date of this offering until the option exercise date. If such option is exercised during the lock-up period, FIP Genoa will be permitted to acquire the common shares that are subject to such option. However, such common shares will remain subject to the lock-up after being transferred to FIP Genoa.

Legal and Administrative Proceedings

We are party to certain legal and administrative proceedings relating to tax, civil and labor matters, representing contingent liabilities in an aggregate of approximately R$3,369 thousand on December 31, 2006. Our provisions for these contingencies amounted to approximately R$327 thousand on December 31, 2006. We believe that these provisions are sufficient to meet probable losses. In addition, we do not believe that none of the individual claims or proceedings would, if judged unfavorably to us, have a material adverse effect on our financial condition or results of operations, and would not negatively affect our corporate image in a material manner.

Civil litigation

As of December 31, 2006, we were party to 51 civil lawsuits, 37 as plaintiff and 14 as defendant, representing an aggregate amount of about R$2,375 thousand, of which R$2,147 thousand related to cases in which we are plaintiff and R$228 thousand related to cases in which we are defendant.

Approximately 81.5% of the total amount claimed in lawsuits in which we are plaintiff relate to the collection of late payments and the remaining approximately 18.5% relate to the termination of sale agreements and repossession of units. With respect to the amounts claimed under lawsuits where we are defendant, approximately 57.0% relate to the refund of amounts paid to us, and the remaining approximately 43.0% relate to damage claims for material and other damages. According to our legal advisors, our chance of success in most lawsuits in which we are defendant is probable and in most lawsuits in which we are plaintiff is probable or possible.

Labor claims

As of December 31, 2006, we were defendant in 54 labor claims, the aggregate amount of which were approximately R$908,000, and 24 were settled. All of these claims were filed by employees of subcontractors that provided construction services in connection with our real estate developments. Pursuant to Brazilian labor legislation, we are secondarily liable for compliance with the labor obligations related to employees of our suppliers. Our external advisors have advised us that our chance of prevailing in these actions is possible or probable, depending on the financial condition of the particular subcontractor.

Tax litigation

As of December 31, 2006, we were a defendant in a tax litigation case involving a claim in the amount of R$86,000. The claim relates to a preliminary injunction filed to obtain authorization to deposit funds owed under the tax recovery program named REFIS, therefore permitting the issue of a tax clearance certificate. Our attorneys have advised us that our chance of prevailing in this proceeding is probable.

MANAGEMENT

Pursuant to Brazilian Corporate Law, we are managed by a board of directors and a board of executive officers.

Board of Directors

The members of our board of directors are elected by the annual shareholders' meeting for a unified two-year term. Each member of the board of directors must be a shareholder of our company, owning at least one share, and may be removed by the shareholders at any time. The responsibilities of the board of directors include defining our overall strategic guidelines, electing and supervising our executive officers and approving specific transactions.

The table below sets forth the current members of our board of directors:

Name	Position	Date of election	End of election term
Carlos Eduardo Terepins...	Chairman	February 16, 2007	Annual shareholders meeting on 2009
Luis Terepins.....................	Director	February 16, 2007	Annual shareholders meeting on 2009
Abrão Muszkat	Director	February 16, 2007	Annual shareholders meeting on 2009
Rubens Antonio Tiburski ..	Director	February 16, 2007	Annual shareholders meeting on 2009
Cláudio Kier Citrin...........	Director	February 16, 2007	Annual shareholders meeting on 2009
Paolo Zaghen	Independent Director	February 16, 2007	Annual shareholders meeting on 2009
Lidia Goldenstein	Independent Director	February 16, 2007	Annual shareholders meeting on 2009

Below are brief biographical descriptions of each member of the board of directors, including their professional experiences and their principal business interests outside our company. If not otherwise indicated, the business address of each member of the board of directors is in the City of São Paulo, State of São Paulo, Brazil, at Rua Funchal, 418, 29th and 30th floors, Condomínio e-Tower São Paulo, 04551-060.

Carlos Eduardo Terepins, 53 years old, was born on January 24, 1954, received a civil engineering degree from the Escola Politécnica of the Universidade de São Paulo-USP in 1977, and a masters degree in finance from the Fundação Getúlio Vargas in 1980. He was chief technical officer of Terepins and Kalili Engenharia e Construções Ltda., a company active in high- and medium-end residential and commercial real estate construction, from 1979 until 2002. In that company, he was also responsible for projects, development of new products, construction and planning, and shared the responsibility for the financial area. Currently, he is the chairman of our board of directors and our chief executive officer.

Luis Terepins, 51 years old, was born on August 9, 1955, received a civil engineering degree from the Universidade Mackenzie in 1979, and a masters degree in finance from the Fundação Getúlio Vargas in 1983. He was the chief executive officer of Shopping Pólo Moda from 1997 until 2005. Currently, he is the executive officer of AACD – *Associação de Assistência à Criança Deficiente* (Association for the Care of Children with Disabilities), chief executive officer of Têxtil Matec Ltda. and member of our board of directors.

Abrão Muszkat, 58 years old, was born on April 27, 1948, and received a degree in economics from the Universidade Mackenzie in 1970. From 1968 to 1971, he worked in Banco Brazão de São Paulo S.A. as a comptroller. For three years, he worked in the finance area of Karibê Indústria e Comércio S.A. He was a shareholder of ABC Construtora e Incorporadora Ltda., Frak Indústria Metalúrgica S.A and Tijuca Empreendimentos e Participações S.A. He joined us in 2002 and currently is a member of our board of directors as well as our chief corporate affairs officer.

Rubens Antonio Tiburski, 48 years old, was born on December 9, 1958 and has more than 30 years of experience in the financial markets. Since 1999, he has been an officer of Spinnaker Capital – Consultoria em Gestão de Recursos Ltda. and of other companies of the group, being the officer responsible for the administrative and comptroller divisions for Latin America. He was an officer at Credit Agricole Indosuez DTVM from 1993 until 1999, and worked for 17 years at Banco Citibank S.A. and other financial institutions, acting always in the administrative and comptroller areas.

Cláudio Kier Citrin, 44 years old, was born on April 4, 1962 and received a chemical engineering degree from the Universidade Federal do Rio de Grande do Sul – UFRGS in 1983. He has 22 years of experience in corporate finance and was an officer at BankBoston Banco Múltiplo S.A., responsible for the corporate finance area in Brazil in addition to being co-head of the Latin American investment banking area. He also held positions at Chase, Citibank and Bankers Trust. Since 2001, he has been an officer of Spinnaker Capital in Brazil, responsible for the structuring and management of investments of Spinnaker Capital funds and affiliates in Latin America. He is also a member of our board of directors.

Paolo Enrico Maria Zaghen, 63 years old, was born on July 8, 1943, received a degree in economics from the Faculdade de Administração e Economia of the Universidade de São Paulo-USP and received a PhD from the University of California, Berkeley. He is a partner of Equitas, a corporate finance advisor and manager of investments funds. From 1999 to 2001, he was chief executive officer of the Banco do Brasil S.A., a member of the board of directors of VISA America Latina, chairman of the board of directors of Brasil Saúde and a member of the board of directors of various companies of the Banco do Brasil Group. From 2001 to 2002, he was chairman of the board of directors of Banco do Brasil S.A. and chief executive officer of BrasilCap. From 1996 to 1999, he was an officer of the Brazilian Central Bank, responsible for the renegotiation of the debts of the states to the Brazilian government and for the privatization program of the state banks. Before his participation in the Brazilian government, he was financial and investors' relations officer of Paranapanema, an officer of Corretora Banespa, a partner of Lucro DTVM and an officer of DIVESP-Distribuidora de Titulos e Valores Mobiliários do Estado de São Paulo S.A. He was a professor at Faculdade de Administração e Economia of the Universidade de São Paulo-USP for 22 years. Currently, he is also a member of our board of directors, acting as an independent member.

Lidia Goldenstein, 52 years old, was born on October 15, 1954, received a degree in economics from the Faculdade de Economia e Administração of the Universidade de São Paulo-USP in 1976 and received a PhD in economics from the Instituto de Economia da Universidade de Campinas in 1994. She worked as an analyst of SEADE – Fundação Sistema Estadual de Análise de Dados (1978-79), an economist/researcher of CEBRAP – Centro Brasileiro de Análise e Planejamento (1981-95), an economic assistant in the Economic and Planning Office of the state of Rio de Janeiro (1987-1988) and assistant to the president of the BNDES (1996-98). She was a professor at many institutions (*Fundação Armando Álvares Penteado*, UNICAMP and of the Program for the Formation and Improvement of the Diplomatic Career, at the Rio Branco Institute – Brasilia). She has published many research papers and articles about economic and political matters in Brazil. She is the author of the book "Repensando a Dependência" (1994). Currently she is a consultant at LGoldenstein Consultoria, is associated with MB Associados and is member of the board of directors of Makro Atacadista. She is also a member of our board of directors, acting as an independent member.

Board of Executive Officers

The board of executive officers is currently composed of five officers, who are elected and may be removed by the board of directors at any time. The board of executive officers is composed of one chief executive officer, one corporate affairs officer, one financial, administrative and investor relations officer, one technical officer and one project development officer. Our executive officers are elected for a unified two-year term and reelection is permitted.

Management

Our executive officers are responsible for implementing the decisions adopted by the board of directors and for our direct representation before third parties. Each executive officer has also individual responsibilities to be determined by the board of directors.

The table below indicates our current executive officers.

Name	Position	Date of election	End of election term
Carlos Eduardo Terepins	Chief Executive Officer	February 16, 2007	Annual shareholders meeting on 2009
Hélio Baptista Novaes...........	Chief Financial, Administrative and Investor Relations Officer	February 16, 2007	Annual shareholders meeting on 2009
Abrão Muszkat.....................	Chief Corporate Affairs Officer	February 16, 2007	Annual shareholders meeting on 2009
Silvio Luiz Gava....................	Chief Technical Officer	February 16, 2007	Annual shareholders meeting on 2009
João Eduardo de Azevedo Silva........................	Chief Project Development Officer	February 16, 2007	Annual shareholders meeting on 2009

Below are brief biographical descriptions of each executive officer, including their professional experiences and their principal external business interests.

For brief biographical descriptions of Carlos Eduardo Terepins and Abrão Muszkat, see "Management – Board of Directors" above.

Hélio Baptista Novaes, 43 years old, was born on June 14, 1963 and received a degree in civil engineering and a graduate degree in finance from the Fundação Dom Cabral – FDC as well as a specialization in management from the Fundação Dom Cabral – FDC and Insead. He has been an officer at various international banks (Lloyds, Interatlântico, (associated with Crédit Agricole) and Fibra (Vicunha group)) and financial officer at various Brazilian companies (Gafisa, Folha group and Natura). He joined us in 2007 as chief financial, administrative and investor relations officer.

Silvio Luiz Gava, 34 years old, was born on March 10, 1972, received a civil engineering degree from the Universidade Mackenzie in 1994 and a degree in business administration from the Fundação Instituto de Administração - FIA. From 1998 to 2005, he held the positions of construction general manager and quality control manager at Gafisa S.A. He joined us in 2005 as chief technical officer.

João Eduardo Azevedo Silva, 32 years old, was born on September 13, 1974, holds a civil engineering degree from the Fundação Armando Alvares Penteado - FAAP and a certificate in management from the Fundação Instituto de Administração - FIA. From 1999 to 2003, he held the position of project development manager at Gafisa S.A. He joined us in 2003, chief as project development officer.

Shares Held by Our Directors and Officers

The table below indicates the number of common shares issued by us and held directly or indirectly by our directors and executive officers at the date of this offering memorandum:

Director/executive officer	Number of common shares	%
Carlos Eduardo Terepins	21,428,979	23.3
Luis Terepins	12,281,442	13.3
Abrão Muszkat(1)..	10,172,381	11.0
Rubens Antonio Tiburski..	1	0.0
Claudio Kier Citrin	1	0.0
Paolo Zaghen...	1	0.0
Lidia Goldenstein...	1	0.0

(1) Reflecting his indirect participation held through Kary. See "Principal Shareholders."

Family Relationships

Carlos Eduardo Terepins is the brother of Luis Terepins. Both are members of the group of controlling shareholders and members of our board of directors. There are no family relationships among our other managers, or between the managers and the other controlling shareholders.

Compensation

In the special and annual shareholders' meeting held on March 5, 2007, our shareholders approved an annual aggregate compensation for our management of R$3.6 million for the year 2007. We do not maintain any pension or similar plans for our directors and officers.

Bonuses

In the special and annual shareholders' meeting held on March 5, 2007, our shareholders approved a bonus in the aggregate amount of up to R$3.5 million, to be paid out to our management during 2007. The distribution of this bonus, however, is conditioned on the successful completion of this offering.

Stock Option Plan

On February 13, 2007, our shareholders, at a special shareholders' meeting, authorized the board of directors to create a stock option plan, for the benefit of our management. Our board of directors will define the rules related to the award, term, issuance price and the other terms and conditions related to stock options to be granted to our management by the company. According to our stock option plan, we can grant stock options to our managers up to the limit of 5% of the total number of our common shares. Through the date of this offering memorandum, we have not granted any stock options to our management under the terms and conditions of this plan.

Fiscal Council

According to our bylaws, our fiscal council is a non-permanent body that can be installed when requested by the shareholders holding at least 10% of our voting shares. We currently do not have a fiscal council. If installed, our fiscal council will be comprised of three members, and an equal number of alternates. Our fiscal council is independent from management and our external independent auditors. The primary responsibility of the fiscal council is to review our management's activities and financial statements, to give their opinion on various proposals of management to be submitted for approval by the shareholders and to report to the shareholders and management any errors, fraud and crimes that the fiscal council becomes aware of.

The members of fiscal council, if and when installed, are elected at the annual shareholders' meeting. According to Brazilian Corporate Law, the fiscal council may not include executive officers or members of the board of directors, or employees of the company or spouses or relatives (up to the third degree) of any member of our management.

PRINCIPAL SHAREHOLDERS

As of the date of this offering memorandum, our capital stock was R$99,666,740.00 divided into 92,008,824 registered and book entry common shares, without par value. Under our bylaws, our capital stock may be increased up to R$750,000,000, in common shares by a decision of the board of directors. The board of directors may establish the issuance price and all other conditions relating to the subscription and payment of these common shares, within the limits of the authorized capital.

The table below describes our ownership structure as of the date hereof, prior to and after the offering, without considering the exercise of the over-allotment option.

	Before the offering		After the offering[1]	
Shareholder	**Number of shares**	**% Capital stock**	**Number of shares**	**% Capital stock**
Carlos Eduardo Terepins	21,428,979	23.3	21,428,979	16.9
Luis Terepins	12,281,442	13.3	12,281,442	9.7
Kary	20,344,761	22.1	20,344,761	16.0
FIP Genoa	37,953,637	41.2	44,910,159	35.4
Directors and executive officers	5	0.0	5	0.0
Free float	0	0.0	27,826,087	22.0
Total	**92,008,824**	**100%**	**126,791,433**	**100%**

(1) Without considering (i) the exercise by one of our former executive officers of the option to acquire up to 153,350 common shares issued by us and held by certain of our shareholders, which option may be exercised within 15 days from the publication of the announcement of the completion of this offering in Brazil, or (ii) the conversion of the Convertible Debentures by FIP Genoa. See "Description of Capital Stock."

Description of the Principal Shareholders

Kary

Kary is a stock corporation incorporated and existing according to the Brazilian law, in the city of São Paulo, state of São Paulo, Brazil, at Rua Funchal, 418, 29th floor, 2901, room 6A, and registered on CNPJ/MF under n. 69.276.269/0001-00. Kary is controlled by Messrs. Abrão Muszkat and David Cytrynowicz.

FIP Genoa

FIP Genoa is an investment fund, incorporated as a *condomínio fechado* pursuant to the terms of CVM Instruction 391/03, and is under registration with the CVM. FIP Genoa is managed by Banco Santander Banespa S.A.

The sole shareholders of FIP Genoa are (i) Yorkley Investment S/A, (ii) West Kilbride S/A and (iii) Urigill Corporation S/A, all of which incorporated and existing in Uruguay and holders, respectively, of 30.0%, 30.1% and 39.9% of the shares issued by the FIP Genoa (Yorkley Investment S/A, West Kilbride S/A and Urigill Corporation S/A collectively referred hereto as the "Quotaholders").

Each of the Quotaholders is controlled by a single shareholder, which is the holder of 100% of its issued shares, as follows: (i) Spinnaker Global Emerging Markets Fund Ltd., an investment fund headquartered at the British Virgin Island, is the controlling shareholder of Urigill Corporation S/A; (ii) Spinnaker Global Strategic Fund Ltd., an investment fund headquartered at the British Virgin Island, is the controlling shareholder of West Kilbride S/A; and (iii) Spinnaker Global Opportunity Fund Ltd., an investment fund headquartered at the British Virgin Island, is the controlling shareholder of Yorkley Investment S/A (all of which, collectively referred hereto as "Investment Funds").

Principal Shareholders

The investors in the Investment Funds are financial institutions, insurance companies, foundations, investment funds, pension funds and other institutional investors that are located in various countries. No investor holds more than 10% of the total shares issued by each Investment Fund, individually computed, or 5.5% if the three Investment Funds are jointly considered. The Investment Funds are publicly held and, therefore, are subject to redemption and may issue new shares at any time. Consequently, the participation of the shareholders of the funds may vary significantly over time.

The Investment Funds shareholders are passive investors, without management powers or any influence over the management of the Investment Fund's assets. All investment decisions by the Investment Funds are taken exclusively by their manager, which has general powers to, at its own discretion, and in the interest of the investors, the buy or sell the assets that comprise the fund's investment portfolios.

The Investment Funds are managed by Spinnaker Capital Group, which has offices at 53-54 Grosvenor Street, London, England, W1K3HU, and which also controls Spinnaker Capital – Consultoria em Gestão de Recursos Ltda., which represents the Spinnaker Capital Group in Brazil. Spinnaker in Brazil has offices at Alameda Santos, 1940, 2nd Floor, in the City of São Paulo, State of São Paulo.

Carlos Eduardo Terepins

See "Management – Board of Directors".

Luis Terepins

See "Management – Board of Directors".

Shareholders Agreement

Carlos Eduardo Terepins, Luis Terepins, Kary and FIP Genoa executed a shareholders agreement on March 17, 2006, with the consent of the company, Abrão Muszkat and David Cytrynowicz. This agreement will become effective if this offering is completed and will replace the existing shareholders agreement.

Some of the principal provisions of the new agreement are summarized below:

- *Voting rights*. Each of our common shares grants its holder the right to vote in our shareholders meetings.

- *Rights of first refusal*. If any of the controlling shareholders agrees to sell or transfer part or all of its common shares to any third party or any other controlling shareholder, the selling shareholder must first offer these common shares to the other controlling shareholders, who have the right to acquire them upon the same terms and conditions as under the original offer, pursuant to the preference order, terms and mechanisms established by the shareholders agreement.

- *Tag along rights*. If any of the controlling shareholders does not exercise his rights of first refusal, as described above, then each of the controlling shareholders may include part or all its own common shares in the offer by the potential purchaser, upon the same terms and conditions. The tag along right is exercised by giving notice to the selling shareholder within five days of the last day of the term to exercise the right of first refusal.

- *Public offering*. If we make a public offering, FIP Genoa has the right, at its sole discretion, to request its common shares to be offered jointly in the public offering, up to an amount equal to 50% of the total amount to be offered by the company as part of the public offering, regardless of the number of common shares owned by FIP Genoa at the time, but limited to number of common shares that will be offered by us in a primary offering. In case the public offering is not made as a result of the non-compliance by Carlos Eduardo Terepins, Luis Terepins and/or Kary, with any applicable legal proceeding, then Carlos Eduardo Terepins, Luis Terepins and Kary, jointly and severally, must acquire all common shares owned by FIP Genoa at that time. The right of first refusal and tag along rights are not applicable in this case.

- *Authorized transfer*. The shareholders do not have priority rights if the transfer or sale of common shares is made to a shareholder's affiliate.

- *Non-competition.* During the term of the shareholders agreement and for a period of two years after its termination, Carlos Eduardo Terepins, Luis Terepins, Kary, Abrão Muszkat, David Cytrynowicz and FIP Genoa, and/or their respective affiliates, shall not, individually or together with any other person, directly or indirectly, conduct or engage in, have any financial or other participation of any other nature, or become commercially involved in any activity or business in Brazil, which is substantially the same or which competes with our business.

- *Arbitration.* Any disputes arising from the shareholders agreement will be decided through arbitration.

- *Term*. The shareholders agreement is binding from the date of its signature and it will remain valid for a ten-year term. This term will be renewed automatically for subsequent ten-year periods, if none of the shareholders notify the other shareholders in writing of its decision to not renew the agreement.

We have signed shareholders agreements with the other shareholders of our SPEs. The only individually material shareholder agreement involving our SPEs is described below:

City Projects

On February 26, 2002, Amazon Simon, ABC Construtora e Incorporadora Ltda. and our company, as the only shareholders of City Projects Empreendimentos Ltda., signed a shareholders agreement.

The material provisions of this agreement are as follows:

- *Management*. ABC Construtora e Incorporadora Ltda. and we have the right to elect the executive officers of City Projects Empreendimentos Ltda. Amazon Simon retains the right to remove any of these executive officers in certain situations described in the shareholders agreement.

- *Committee*. All the decisions that affect the business and activities of City Projects Empreendimentos Ltda. will be taken by a shareholders committee comprised of four members, two of them chosen by Amazon Simon, one of them chosen by ABC Construtora e Incorporadora Ltda. and one of them chosen by us.

- *Quorum*. Certain events defined in the shareholders agreement, such as the issuance, sale or transfer of new shares, financings and refinancings, material corporate transactions, additional capital contributions, engaging in businesses not related to the company's objectives, liquidation of City Projects Empreendimentos Ltda., contracts with affiliates, material contracts, bankruptcy and insurance, are subject to the approval of the members of the shareholders' committee representing a majority of City Projects Empreendimentos Ltda.'s capital stock.

- *Term*. The shareholders' agreement is valid until the liquidation or termination of City Projects Empreendimentos Ltda.

Stock Options

Certain of our shareholders granted to a former executive officer an option to purchase up to 153,350 common shares issued by us and held by them. Such option may be exercised within 15 business days after the publication of the closing of this offering in Brazil.

FIP Genoa granted to Carlos Eduardo Terepins, Luis Terepins and Kary an option to purchase up to 4,600,440 common shares of our common stock owned by FIP Genoa, provided that FIP Genoa obtains a specified financial return in sales and transfers of its holdings of our common shares.

On March 20, 2007, Carlos Eduardo Terepins, Luis Terepins and Kary granted an irrevocable option to FIP Genoa that permits FIP Genoa to purchase, in its sole and absolute discretion, from such shareholders, on a pro rata basis, up to an aggregate of 7,826,087 of our common shares from such shareholders. FIP Genoa may exercise this purchase option, in whole or in part, at any time, during the three-year period commencing on the date of the final offering memorandum. The purchase price of the common shares subject to this option will be the price per common share, adjusted by the IPCA, from the date of this offering until the option exercise date. If such option is exercised during the lock-up period, FIP Genoa will be permitted to acquire the common shares that are subject to such option. However, such common shares will remain subject to the lock-up after being transferred to FIP Genoa.

RELATED PARTY TRANSACTIONS

FIP Genoa, the holder of all outstanding Convertible Debentures, has agreed to convert all Convertible Debentures into common shares to be issued by us within 30 days following the date of publication of the announcement of the completion of this offering in Brazil. For more information, see the section "Convertible Debentures."

DESCRIPTION OF CAPITAL STOCK

The following is a summary of certain significant provisions of our bylaws, Brazilian Corporate Law and the rules and regulations of the CVM. This description does not purport to be complete in relation to any subject mentioned herein, it shall not be deemed a legal opinion in relation to the issues discussed herein and is qualified by reference to our bylaws, Brazilian Corporate Law and the rules and regulations of the CVM and of the Novo Mercado. *Potential investors must review carefully our bylaws, which, regardless of this description, regulates their rights as holders of our common shares.*

General

This section summarizes certain of the provisions in our bylaws, Brazilian Corporate Law, the CVM, *Novo Mercado* rules relating to our capital stock, management reporting requirements and other corporate matters to which we are subject.

This summary is not conclusive in respect of any of the matters discussed herein, and contains a general description of some of the provisions in our bylaws, Brazilian Corporate Law, the CVM and the *Novo Mercado*.

Following the offering and listing of our common shares on the *Novo Mercado* segment of BOVESPA, we may not issue non voting shares or shares with restricted voting rights and therefore this section will not discuss the rights of holders of no voting shares or shares with restricted voting rights.

In connection with this offering, we and BOVESPA entered into an agreement to list our common shares on the *Novo Mercado*, under which we agreed to meet the requirements relating to specific corporate governance practices and disclosure of information to the market.

We are currently a publicly-held corporation (*sociedade por ações de capital aberto*), organized in accordance with the laws of Brazil, with our principal place of business located in the city of São Paulo, state of São Paulo, registered with the CVM under No. 02052-4. Our corporate documents have been duly filed with the Commercial Registry of the State of Sao Paulo (*Junta Comercial do Estado de São Paulo*), or JUCESP, under NIRE 35.30032952-0.

On February 28, 2007, we applied to list our common shares on the *Novo Mercado*. The listing of our common shares on the *Novo Mercado* will become effective only one business day following the publication of the announcement of the commencement of the offering in Brazil.

Restrictions on Foreign Investment

There are no specific restrictions on ownership of our common shares by individuals or legal entities domiciled outside Brazil. However, the right to convert dividend payments and proceeds from the sale of shares into foreign currency and to remit such amounts outside Brazil is subject to exchange control restrictions and foreign investment legislation which generally requires, among other things, obtaining an electronic filing of such investment with BACEN.

Foreign investors with direct foreign investments registered under Law 4,131/62 may divest through private transactions or transactions conducted through the stock exchange or over-the-counter market and are generally subject to less favorable tax treatment as compared to foreign investors with investments in portfolio pursuant to Resolution 2,689 and Instruction 325.

Under Resolution 2,689, foreign investors with portfolio investments registered with the CVM may buy and sell shares only on the BOVESPA or in the over-the-counter market, except in certain cases, such as the acquisition of shares in public offerings. Investors under these regulations are also generally entitled to favorable tax treatment. See "Taxation—Material Brazilian Tax Considerations."

Registration of Our Common Shares

Our common shares are held in book-entry form with Banco Itaú S.A.

Corporate Purpose

Article 3 of our bylaws provides that our corporate purposes are: (i) the development, subdivision and building of real-estate properties on our own or with third parties; (ii) engineering and real estate advisory services; (iii) the purchase and sale of real estate properties; (iv) the management of receivable portfolios resulting from real estate financing or our own developments or developments with third parties; and (v) the participation as a partner or shareholders in other companies.

Capital Stock

On the date of this offering memorandum, our capital stock was R$99,666,740.00, divided into 92,008,824, registered and book-entry common shares, without par value. Under our bylaws, our board of directors may decide to increase our capital stock to up to R$750,000,000, without the need for our shareholders to amend our bylaws. Our shareholders must approve in a shareholders' meeting any capital increase that exceeds the amount of our authorized capital. Under the *Novo Mercado* Regulation, we may not issue non-voting shares or participation certificates (*partes beneficiárias*).

Before the offering, our common shares were not traded on stock exchanges or on organized over-the-counter markets. On February 28, 2007, we entered into an agreement with the BOVESPA to trade our common shares in the *Novo Mercado* segment, under the symbol "EVEN3", the effectiveness of which was suspended until the date of the publication of the announcement of commencement of the offering. We are not able to assure that, after the offering, an active market will develop for our common shares, or that our common shares will be traded at a value higher than the price at which our common shares are initially offered. For further information, see "Risk Factors—Risks Related to the Offering and Our Common Shares," "Management," and "Description of Capital Stock".

Additionally, 16,630,594 common shares issued by us are pledged to FIP Genoa, according to the pledge agreement as described in "Business – Material Contracts – Share Pledge Agreement."

Shares in Treasury

We do not maintain any treasury shares.

Rights of Common Shares

Each of our common shares entitles its holder to one vote in resolutions of shareholders' meetings. Under the *Novo Mercado* Regulation, we may not issue non-voting shares or shares with restricted voting rights.

In addition, under our bylaws and Brazilian Corporate Law, holders of our common shares are entitled to dividends and other distributions made to shareholders ratably in accordance with their respective participation in the total amount of our issued and outstanding shares. Furthermore, upon our liquidation, after the discharge of all liabilities, holders of our common shares are entitled to receive any remaining assets as capital reimbursement ratably in accordance with their respective participation in the total amount of our issued and outstanding shares. Holders of shares have the right, but not the obligation, to subscribe to our future capital increases.

Under Brazilian Corporate Law, neither our bylaws, nor our shareholders' meetings may exclude the following rights of holders of our common shares:

- right to participate in our distribution of profits ratably;
- in the event of our liquidation, right to participate in the distribution of any remaining assets ratably in accordance with their respective participation in the total amount of our issued and outstanding common shares;
- preemptive rights to subscribe for shares, convertible debentures and warrants, as described under "—Preemptive Rights";
- right to monitor our management, pursuant to the provisions of Brazilian Corporate Law; and
- right to withdraw from our company in the events provided in Brazilian Corporate Law, such as described under "—Withdrawal Rights."

Shareholders' Meetings

At regularly called and convened shareholders' meetings, our shareholders are generally empowered to take any action relating to our corporate purpose and to pass such resolutions as they may deem necessary. Shareholders at the annual shareholders' meeting have the exclusive power to approve our audited financial statements and to determine the allocation of our net income and the payment of dividends with respect to the fiscal year ended immediately prior to the relevant annual shareholders' meeting. As a rule, the election of our directors typically takes place at the annual shareholders' meeting, although this may also occur at an extraordinary shareholders' meeting. Members of the fiscal council (*conselho fiscal*) may be elected at any shareholders' meeting.

An extraordinary shareholders' meeting may be held at any time, including concurrently with the annual shareholders' meeting. The following actions, among others, may be taken only at a shareholders' meeting.

- amendment of our bylaws;
- approval of management accounts and our audited financial statements on a yearly basis;
- authorization for the issuance of debentures, except as provided under article 59, paragraph 1, of Brazilian Corporate Law;
- authorization to suspend the rights of a shareholder who fails to comply with obligations imposed by Brazilian Corporate Law or our bylaws;
- appraisal of shareholders' assets to be transferred to us as payment for subscription of our common shares;
- approval of any merger, acquisition or spin-off, dissolution or liquidation, and the appointment and dismissal of the respective liquidator and review of the reports prepared by the liquidator;
- authorization to petition for our bankruptcy or request our judicial reorganization and/or authorization to petition for bankruptcy of our controlled companies or request judicial reorganization of our controlled companies;
- election and dismissal of the members of our board of directors and fiscal council, if and when installed;
- determination of the compensation of our officers, the members of the board of directors and the members of the fiscal council, if and when installed;

- approval of stock option or subscription plans of our directors, employees or individuals that provide services to us or our controlled companies;
- approval, in accordance with a proposal by the board of directors, of the distribution of our profits and the payment of dividends for the relevant fiscal year;
- our transformation into a limited liability company or any other type of corporate entity.
- approval for redemptions of our shares;
- authorization to delist from the *Novo Mercado*; and
- approval of a specialist firm to prepare a valuation report with respect to the value of our common shares in public offerings provided by our bylaws and the rules of Novo Mercado, among three firms approved by our board of directors.

Quorum

As a general rule, Brazilian Corporate Law provides that a quorum for purposes of a shareholders' meeting consists of shareholders representing no less than 25% of a company's issued and outstanding voting capital stock on the first call and, if that quorum is not reached, any percentage of our voting capital stock on the second call. A quorum for purposes of amending our bylaws consists of shareholders representing at least two-thirds of our issued and outstanding voting capital stock on the first call and any percentage on the second call.

Generally, the affirmative vote of shareholders representing at least a majority of the issued and outstanding voting shares present at a shareholders' meeting in person, or represented by a proxy, is required to approve any proposed action, with abstentions not taken into account. However, the affirmative vote of shareholders representing at least 50% of our issued and outstanding voting capital is required, among other things, for:

- reducing the mandatory dividend for distribution to our shareholders;
- changing our corporate purpose;
- approving our consolidation or merger with another company or the spin-off of our assets or liabilities;
- approving our participation in a group of companies (as defined in Brazilian Corporate Law);
- applying for cancellation of any voluntary liquidation;
- approving our dissolution; and
- approving the merger of our common shares in other companies' capital stock.

In the case of publicly held corporations with a significant free float that results in holders of common shares representing a minimum of 50% of the voting capital stock not attending the last three consecutive shareholders' meetings, the CVM may authorize a reduction of the quorum for such resolutions.

In addition, the listing rules of the *Novo Mercado* require special quorums for the approval of certain matters. For instance, the choice of the appraisal firm to be hired for determining our economic value in connection with mandatory tender offerings pursuant to a delisting of the *Novo Mercado* or going private, must be approved by the majority of the votes of our outstanding shares present at the relevant meeting which, in the first call, must have shareholders representing at least 20% of our outstanding shares or, in the second call, any number of shareholders representing our outstanding common shares.

Notice of a Shareholders' Meeting

Brazilian Corporate Law requires that notice of a shareholders' meeting be published on three different dates in the federal, state or in local official gazette where the company's headquarters is located, and in one other widely circulated newspaper, which are currently the following newspapers: *Valor Económico* and *Diário de São Paulo*. The first notice must be published no later than 15 days before the date of the meeting on the first call, and no later than eight days before the date of the meeting on the second call. In certain circumstances, upon request of any shareholder, the CVM may (i) require that the first notice be published not later than 30 days prior to the meeting and (ii) suspend for up to 15 days the required prior notice of an extraordinary shareholders' meeting so that the requesting shareholder may become familiar with and analyze the proposals to be voted upon at the meeting. The notice of a shareholders' meeting must contain the agenda for the meeting and, in the case of an amendment to our bylaws, a summary of the proposed amendment.

Who May Call a Shareholders' Meeting

In addition to being called by our board of directors, shareholders' meetings may also be called by:

- any shareholder, if our board of directors fails to call a shareholders' meeting within 60 days after the date they were required to do so under the applicable laws and our bylaws;
- shareholders holding at least 5% of our capital stock, if our board of directors fails to call a meeting within eight days after receipt of a duly justified request to call the meeting by shareholders, indicating the proposed agenda;
- shareholders holding at least 5% of our capital stock, if our board of directors fails to call a meeting within eight days after receipt of a request to call the meeting to convene the fiscal council; and
- our fiscal council, if one is in place, if the board of directors fails to call an annual shareholders' meeting within one calendar month after the date it was required to do so under applicable law. The fiscal council, if one is in place, may also call an extraordinary shareholders' meeting if it believes that there are important or urgent matters to be addressed.

Location of a Shareholders' Meeting

Our shareholders' meetings are held at our registered office. Brazilian Corporate Law allows our shareholders to hold meetings outside our registered office during an event of *force majeure*, provided that the meetings are held in the region of our registered office and the relevant notice contains a clear indication of the place where the shareholders' meeting should take place.

Conditions of Admission to a Shareholders' Meeting

In order to attend a shareholders' meeting, a shareholder must prove its capacity as a shareholder and its ownership of the shares it intends to vote.

Our shareholders may be represented at shareholders' meetings by a proxy appointed less than a year before the relevant meeting, which must be a shareholder, an officer or director of the company, an attorney or a financial institution. Investment funds should be represented by their manager.

Board of Directors

Under our bylaws, our board of directors consists of seven members, of whom a minimum of 20% should be independent directors not related to our controlling shareholders. Brazilian Corporate Law permits cumulative voting upon the request of shareholders of at least 10% of our voting capital. Should this occur, each share will be granted as many votes as there are seats on the board, and each shareholder will have the option to cast his or her votes for one of more candidates. In any event, pursuant to Brazilian Corporate Law, the shareholders holding, individually or jointly, at least 15% of our common shares have the right to indicate, in a separate election, one member of the board of directors and the respective alternate. The members of our board of directors are appointed for a unified two-year term of office.

Under CVM Instruction No. 282, dated June 26, 1998, the minimum percentage required for a shareholder to request adoption of cumulative voting in public companies may be reduced based on the amount of the outstanding capital stock reflected in its bylaws, varying from 5% to 10%. Based on the amount of our current outstanding capital stock, shareholders representing 6% of our capital stock can request cumulative voting.

In addition, under Brazilian Corporate Law, each member of our board of directors must hold at least one share issued by us. Our directors are not subject to a mandatory retirement age.

Transactions of Interest to Our Directors

Under Brazilian Corporate Law, our directors and executive officers cannot:

- perform any charitable act at our expense, except for such reasonable charitable acts for the benefit of employees or of the community in which we participate, upon approval by the Board of directors or the executive officers;
- by virtue of the director's or executive officer's position, receive any type of direct or indirect personal advantage from third parties without authorization in our bylaws or in a shareholders' meeting;
- borrow money or property from us or use our property, services or credits for the Director's or executive officer's own benefit, our for the benefit of a company or third party in which the director or executive officer has an interest, without the prior approval in a shareholders' meeting or of our board of directors;
- take part in any corporate transaction in which the director or executive officer has an interest that conflicts with our interest, or in the decisions made by other directors or officers on such matter;
- use, for its own benefit or for the benefit of third parties, business opportunities made known to it as a result of its participation in our management;
- fail to exercise or protect our rights or, for the purposes of obtaining benefits for itself or third parties, fail to take advantage of business opportunities for us; and
- purchase, for resale, assets or rights known to be of interest to us or necessary for our activities.

Our shareholders set the compensation of our directors.

Fiscal Council

Brazilian Corporate Law requires our fiscal council to be independent from management and our external independent auditors. The primary responsibility of the fiscal council is to review our management's activities and financial statements and to report their findings to the shareholders.

Our fiscal council is a non-permanent body that can be formed with three members, and an equal number of alternates, who must all be resident of Brazil, whether shareholders or not.

Our fiscal council is installed at a shareholders' meeting upon the request of shareholders that represent at least 10% of our outstanding common shares, and its term ends at the first annual shareholders' meeting following its creation. The request to install a fiscal council, even if not included in the agenda for the shareholders' meeting, may be submitted during any shareholders' meeting, at which time the elections of members of the fiscal council would occur.

The fiscal council may not include executive officers or members of the board of directors, or employees of a subsidiary or a company that participates in either of the management bodies, or spouses or relatives of any member of our management. Moreover, according to Brazilian Corporate Law, the fiscal council members are entitled to at least 10% of the average compensation paid to the executive officers, excluding benefits, representation fees and profit sharing.

Preemptive Rights

Except as described below, our shareholders have a general preemptive right to subscribe for new shares in any capital increase in proportion to their interest in our common shares at the time of the capital increase. While our shareholders also have preemptive rights to subscribe for convertible debentures and warrants, no preemptive rights apply to actual conversions of debentures and warrants into shares nor, to the granting of options for the acquisition of our common shares and to the acquisitions of shares as a result of their exercise. In accordance with Brazilian law, a period of at least 30 days from the publication of notice of issuance of the common shares, convertible debentures or warrants is granted for the exercise of preemptive rights, which rights may be transferred or disposed of for value.

However, in accordance with Article 172 of Brazilian Corporate Law and our bylaws, our board of directors may exclude preemptive rights or reduce the period for their exercise with respect to the issue of new shares, debentures convertible into our common shares and warrants up to the limit of our authorized capital stock, if the placement of those shares, debentures or warrants occurs through a public offering or through an exchange of shares in a public offering, the purpose of which is to acquire control of another company.

Withdrawal and Redemption Rights

Withdrawal rights

Any of our shareholders who disagree with certain decisions taken in a shareholders' meeting have the right to withdraw from us and receive the book value of their shares.

Pursuant to Brazilian Corporate Law, the right of withdrawal may be exercised under the following circumstances:

- a change of our corporate purpose;
- a reduction of our mandatory dividend to be paid to shareholders;
- our conversion into another corporate form;

- a spin-off of our assets or liabilities;
- our merger into or consolidation with another company;
- a merger of common shares involving us, pursuant to Article 252 of Brazilian Corporate Law;
- our participation in a group of companies (as defined in Brazilian Corporate Law); and
- the acquisition by us of control of another company for a price that exceeds certain limits provided by Brazilian Corporate Law.

Brazilian Corporate Law further provides that the spin-off of our assets or liabilities will only give rise to the right of withdrawal if it results in:

- a change of our corporate purpose, except to the extent that the principal business purpose of the entity in which the spun-off assets and liabilities were transferred is consistent with our corporate purpose;
- a reduction of the mandatory dividend to be paid to shareholders; or
- our participation in a group of companies.

In case of our merger into or consolidation with another company, the merger of shares involving us, our participation in a group of companies, or the acquisition by us of control of another company for a price that exceeds certain limits provided by Brazilian Corporate Law, then our shareholders will not be entitled to withdrawal rights if our shares:

(i) are liquid, i.e., are part of the BOVESPA index or some other traded stock exchange index, as defined by the CVM, and

(ii) are widely held, such that our controlling shareholders or their affiliates hold less than 50% of our common shares subject to the withdrawal.

The withdrawal right expires 30 days after publication of the minutes of the shareholders' meeting that approve any of the above subjects. Additionally, we are entitled to reconsider (by a majority vote of shareholders attending a meeting called by our board of directors) any decision giving rise to withdrawal rights within ten days after the expiration of those rights, if the redemption of common shares of dissenting shareholders would jeopardize our financial stability.

If shareholders exercise withdrawal rights, they are entitled to receive the book value of their shares, based on the last balance sheet approved by the shareholders. If the resolution giving rise to the withdrawal rights is made later than 60 days after the date of the last approved balance sheet, the shareholder may demand that the shares be valued according to a new balance sheet dated no more than 60 days before the resolution date. In this case, we must immediately pay 80% of the equity value of the shares, according to the most recent balance sheet approved by our shareholders, and the balance must be paid within 120 days after the date of the resolution of the shareholders' meeting.

Redemption rights

Pursuant to Brazilian Corporate Law, our common shares may be redeemed if our shareholders representing a minimum of 50% of the common shares vote to do so at an extraordinary shareholders' meeting. The share redemption may be paid with our profits, profits reserves or capital reserves.

Policy on the Trading of Our Securities by Us and Our Controlling Shareholders, Directors and Officers

We are subject to CVM Instruction No, 358 in respect of the securities we issue. We, our controlling shareholders, members of our board of directors, executive officers and members of our fiscal council and members of any technical or advisory body or whomever which, by virtue of its title, duty or position in us, or in our controlling shareholders, controlled companies or affiliates, have knowledge of a material fact, and any other person who has knowledge of material information and knows it has not been disclosed to the market (including auditors, analysis, underwriters and advisors), are considered insiders, and must abstain from trading our securities, prior to the disclosure of such material information to the market.

Such restrictions also applies:

- to any of our former officers, directors or members of the fiscal council, if one is in place, for a six-month period, if any such officer, director or member of the fiscal council, if one is in place, left office prior to a disclosure of material information that occurred while in office;
- if we intend to carry out transactions involving our consolidation, merger, a full or partial spin-off of our assets and liabilities or a corporate restructuring;
- to our controlling shareholders, our directors and officers, in the course of any process for the purchase or sale of our common shares by us or any of our controlled companies or affiliates or companies under common control with us, or if an option or mandate is granted for such purpose;
- during the 15-day period preceding the disclosure of our quarterly information, or ITR, or our annual information and financial statements, or IAN and DFP, subject to certain exceptions; and
- to us, if an agreement for the transfer of our control has been executed, or if an option or mandate is granted for such purpose.

Purchases of Our Own Shares by Us

Our bylaws authorize our board of directors to approve the acquisition of our own shares for treasury or cancellation. The acquisition of our common shares may not, among other things:

- result in a reduction of our capital stock;
- require the use of funds in excess of our retained earnings and reserves (other than the legal reserve, unrealized profit reserve, revaluation reserve and special mandatory dividend reserves) recorded in our most recent financial statements;
- directly or indirectly create any artificial demand, supply or price conditions, or involve unfair practices;
- be used to purchase unpaid shares or shares held by our controlling shareholder; or
- take place in the course of any public offering for purchase of our common shares.

The decision to purchase our own shares must be taken by the board of directors, which shall specify (i) the purpose of the transaction, (ii) the number of shares to be purchased, (iii) the maximum period of time during which these transactions shall take place, which should not exceed 365 days, (iv) the number of outstanding shares in the market, and (v) the name and address of the financial institutions that will intermediate purchases of our common shares.

Our treasury stock may not exceed 10% of our outstanding shares, including the shares held by our subsidiaries and affiliates.

Any acquisition of our common shares by us must be made on a stock exchange and may not be made pursuant to private transactions, unless prior approval for such transactions has been obtained from the CVM. We also may purchase our own shares for the purpose of going private. Moreover, we may acquire or issue put or call options related to our common shares.

Disclosure Requirements

As a publicly held company, we are subject to the reporting requirements established by Brazilian Corporate Law and the CVM. Furthermore, because our common shares are listed on the *Novo Mercado*, we follow the disclosure requirements contained in the *Novo Mercado* listing regulations.

Information Requested by CVM

Brazilian securities regulations require that a publicly held corporation, such as ourselves, must provide CVM and the relevant stock exchanges with the following periodic information, among others:

- our financial statements prepared in accordance with Brazilian GAAP and related annual report and auditors' report, within 30 days prior to the annual shareholders' meeting or on the date in which its is published or made available to shareholders, whichever occurs first, together with our *Demonstrações Financeiras Padronizadas* (a report on standard form containing relevant financial information derived from our financial statements required to be filled out by us and filed with CVM);

- notices of our annual shareholders' meeting, on the same date of its publication;

- *Informações Anuais*—IAN (a report on standard form containing our relevant corporate, business, and selected financial information), within five months from the end of our corporate year or within a month from the date of the annual shareholders' meeting, whichever occurs first;

- summary of the decisions taken in our annual shareholders' meeting, on the next following day;

- *Informações Trimestrais*—ITR (a report on standard form containing our relevant quarterly corporate, business and financial information), together with a limited review report issued by our independent auditor, within 45 days from the end of each quarter (except for the last quarter of each year) or upon disclosure of such information to the public;

- copy of the minutes of the annual shareholders' meeting, within ten days from its occurrence, including information as to the date and newspaper of publication of such minutes, if already published.

In addition to the foregoing, we must also file with the CVM and the relevant stock exchanges the following information:

- notice of extraordinary or special shareholders' meetings, on the same date the notice is published;

- summary of the decisions taken in such meetings, on the next following day;

- minutes of the extraordinary or special shareholders' meetings, within ten days from the date in which the meeting occurred;

- any press release giving notice of material facts, on the same date it is published in the press;

- information on any filing for our judicial or extrajudicial reorganization and copy of any judicial decision granting such request, on the same date it is filed and on the date it takes notice of it, respectively;
- information regarding bankruptcy request and copy of any judicial decision granting such request, on the same date it is filed and on the date it takes notice of it, respectively; and
- copy of shareholders' agreement, if filed with the company.

Disclosure of Trading of Our Shares by Us and Our Controlling Shareholders, Directors and Officers

Under the CVM rules, our directors and officers, members of our Fiscal Council, if one is in place, as well as members of any other technical or advisory committee created under our bylaws, are required to disclose to us the number of securities issued by us, or our publicly held subsidiaries or controlling companies, held or traded by them or by persons related to them. In the case of individuals, they should include information as to securities held by a spouse, companion or dependent for income tax purposes, and by companies directly or indirectly controlled by these persons.

The notice shall contain at least the following information:

- name and identification of the person providing the information;
- the issuer, amount, type and/ or class, in case of shares, or other characteristics in case of other securities, and the relevant issuer and the balance of shares held before and after the trade; and
- form, price and date of the transaction.

The information must be sent (i) one business day after a member of our management takes office, (ii) upon submission of an application for registration as a publicly held corporation, and (iii) within five days from any trade date.

Our investor relations officer must submit the above – mentioned information to the CVM and, if necessary, to the stock exchanges and over-the-counter markets on which our common shares are traded, within ten days after the end of the month in which the relevant trades or events occurred. The submitted information will be publicly available through an electronic filing system.

If our direct or indirect controlling shareholders, the shareholders that elect members of the board of directors or fiscal council, and/or any person or company, individually or as a group, acting jointly or representing the same interests, reaches an ownership interest directly or indirectly equal to at least 5% of our common shares, such shareholder or group of shareholders shall report to us, the BOVESPA and the CVM the following information:

- the name and qualification of the person providing the information;
- the purposes of the transaction and the amount purchased including, if applicable, a statement to the extent that the transaction is not intended to change our corporate control or management structure;
- the amount, per type and class, of shares traded, or other characteristics in case of other securities traded; and
- the terms of any agreement regulating the exercise of voting rights or the purchase and sale of our marketable securities.

In addition, such communication is also mandatory to any person or group of persons representing the same interests, which holds an ownership interest of at least 5% once such ownership interest is increased or reduced by 5%.

Disclosure of Material Developments

Pursuant to Law 6,385, of December 7, 1976, as amended, and regulations issued by CVM, we are required to inform the CVM and the BOVESPA of any material developments relating to us and our business. We should also publish notices to disclose such information to the market. A material development consists of an event with the potential to affect the price of our securities, the decision of investors to buy, sell, or keep such securities, or their decision to exercise any of the rights inherent in such securities.

In certain circumstances, we may submit to the CVM a request for confidential treatment of certain material developments.

Pursuant to Instruction 358, we also adopt a policy for disclosure of information to the market that consists in the disclosure of material information and confidentiality as to undisclosed material information.

The investor relations officer is required to disclose to the market, and inform the CVM and the stock exchanges of any material facts or acts affecting or relating to the business of a publicly held corporation deemed to consist of material information, and to disseminate such material information widely and promptly to the stock exchanges and the market, including by publishing notices in newspapers.

We anticipate that in certain events we would request that confidential treatment be given to certain material developments affecting us, including if we should consider that a disclosure could jeopardize our legitimate interests.

All persons related to us, including our controlling shareholders, our directors and officers, members of our Fiscal Council, in case installed, or other technical or advisory committee created under our bylaws, plus managers and employees with access to material information and other persons we may deem convenient, are required to execute instruments assuming the obligation to comply with our policy of disclosure of material information, and maintain the confidentiality of undisclosed information, subject to indemnification of the losses we may suffer, payable to us and the persons related to us.

Information Requested by *Novo Mercado*

In addition to the disclosure requirements imposed by CVM, the *Novo Mercado* imposes the following reporting requirements on us:

- no later than six months following the listing of our common shares in the *Novo Mercado*, we must disclose our financial statements and consolidated financial statements at the end of each quarter (except for the last quarter of each year) and at the end of each year, including a statement of our cash flow, which must indicate, at least, the changes in our cash and cash equivalents, divided into operational, finance and investment cash flows. The statement of cash flow shall also be mentioned into the *Demonstrações Financeiras Padronizadas* —DFP as explanatory notes;

- after the release of our financial statements for the second fiscal year following our listing of our common shares on the *Novo Mercado,* we must no later than four months after the end of each fiscal year, either (i) release financial statements and consolidated financial statements in accordance with the U.S. GAAP or International Financial Reporting Standards, in *reais* or U.S. dollars, prepared in the English language, together with our annual report, the notes to our financial statements, and including information on our net income and net worth at the end of such fiscal year calculated in accordance with Brazilian GAAP, as well as the proposal for allocation of the net income and the independent auditors' report; or (ii) disclose, in the English language, our complete financial statements, annual report and the notes to our financial statements, prepared in accordance with Brazilian Corporate Law, accompanied by an additional explanatory note regarding the conciliation of the year-end results and net worth calculated in accordance with Brazilian GAAP and with US GAAP or the International Financial Standards, which shall include a description of the main differences between the accounting principles used and the independent auditors' report;

- after the release of our first financial statements prepared as provided above, no later than 15 days following the term established by Brazilian law for disclosure of our quarterly information, we must either (i) disclose our quarterly information translated into the English language; or (ii) disclose our financial statements and consolidated financial statements in accordance with the U.S. GAAP or International Financial Reporting Standards, accompanied by the independent auditors' report.

In addition to the information referred to above, we must disclose the following information together with our Quarterly Information (*Informações Trimestrais*):

- a consolidated balance sheet, a consolidated statement of results and an analysis of our consolidated performance, to the extent the we are required to prepare consolidated financial statements at year-end within six months following the authorization to be listed under the *Novo Mercado* segment;
- any direct or indirect ownership interest exceeding 5% of our capital stock, up to the ultimate individual beneficial owners;
- the aggregate number and characteristics of our securities held directly or indirectly by controlling shareholders, members of our board of directors, executive officers and members of the Fiscal Council, if one is in place;
- changes in the number of securities held by the persons referred to above within the immediately preceding 12 months;
- a cash flow statement, to be included in the explanatory notes to the financial statements;
- the number of our free float shares and their respective percentage in relation to the total of shares issued;
- the existence and our submission to the arbitration clause; and
- presentation of a special revision report prepared by independent auditors duly registered with the CVM.

Information relating to the number and characteristics of our common shares directly or indirectly held by the controlling shareholders, members of our board of directors, executive officers and Fiscal Council, if one is in place, changes in the number of securities held by such persons within the immediately preceding 12 months, as well as the number of free float shares and their respective percentage in relation to the total of shares issued must also be included in our annual report. Such annual report must also include a note as to the existence of and our submission to the arbitration clause of the *Novo Mercado*.

Transactions with Affiliates

According to the listing rules of the *Novo Mercado*, we must send to the BOVESPA, and disclose information regarding, any and all agreements entered into between us and our controlling shareholders, if any, directors, executive officers, and controlled companies and affiliates of the directors, executive officers or controlling shareholders, if any, as well as agreements with other companies with which any of the above participates in the same group, with a value of more than R$0.2 million or 1% of our net equity, whichever is greater.

Annual Agenda

The *Novo Mercado* regulations provide that we and the members of our board of directors and executive officers must provide to BOVESPA and disclose, by the end of January every year, an annual agenda setting forth information about scheduled corporate events and containing information about us, the corporate event, its date and time, and the publication and distribution of the documents related to such event to BOVESPA. Any subsequent change in any scheduled event must be sent to BOVESPA and disclosed immediately.

Public Meeting with Analysts

The *Novo Mercado* regulations provide that at least once a year, we must hold a public meeting with analysts and other interested parties, for disclosure of information on its economic and financial condition, its projects and its prospects.

Shareholding Dispersion in Public Distribution

The *Novo Mercado* regulations provide that in any public distribution of our common shares, we shall use our best efforts to achieve dispersion of shareholdings, by adopting special procedures, such as, ensuring access to all interested investors and the allocation to individuals or non-institutional investors of at least 10% of the securities offered.

Maintenance of Minimum Free Float after Capital Increases

The *Novo Mercado* regulations provide that in the event a capital increase is not fully subscribed by the holders of preemptive rights or if there are an insufficient number of parties interested in subscribing to such capital increase in the public distribution, and there is a full or partial subscription of such capital increase by the controlling shareholder, then the controlling shareholder must cause to be taken, within the six months following ratification of such subscription, the necessary steps to restore the minimum free float of 25% of the shares of our capital stock.

When the trading of our common shares commences in the *Novo Mercado* segment of the BOVESPA, the total number of our common shares listed thereon will be equivalent to 20.5% of our capital stock (assuming the conversion of all of the Convertible Debentures into common shares), which is below the minimum 25% required by the rules of the *Novo Mercado* segment. We expect to comply with this *Novo Mercado* requirement within two years from the commencement of trading of our common shares in the *Novo Mercado* segment.

Sale of a Controlling Stake in Our Company

The listing rules of the *Novo Mercado* provide that a change of our control, either through one transaction or though successive transactions, is subject to the condition that a mandatory tender offer for all of our common shares is launched by the acquirer. The tender offer must have the same terms and conditions of the sale of control transaction and must comply with the rules of the *Novo Mercado*.

The mandatory tender offer is required in the event:

- a person acquires rights to subscribe for shares or securities convertible into shares which, if subscribed or converted, would result in a change of control; and
- a change in control of our controlling shareholders.

Any shareholder that acquires control of us through a private contract with our controlling shareholders must (i) launch a tender offer as provided above, and (ii) pay to any shareholders from which he acquired shares through the BOVESPA, during the six months prior to the date of the sale of control, an amount equal to the difference between the price paid to the selling controlling shareholders and the value paid at BOVESPA for our common shares during that period, adjusted to inflation until the date of actual payment.

In any case, the acquirer must ensure a free float of at least 25% of our common shares within six months following the control acquisition. Any sale of control by the controlling shareholder will be conditioned upon compliance, by the acquirer, with the listing rules of the *Novo Mercado*.

Our controlling shareholders may not transfer our common shares held by them to the purchaser of control of our company, and we shall not register the transfer of such shares, if the purchaser fails to execute the Terms of Consent of the *Novo Mercado* Regulations and the Rules of the Market Arbitration Chamber established by the BOVESPA. Moreover, we will not register any shareholders' agreement that regulates the exercise of control rights until the signatories thereto execute the Terms of Consent of the *Novo Mercado* Regulations and the Rules of the Market Arbitration Chamber established by the BOVESPA.

Delisting from the *Novo Mercado*

We may, at any time, delist our common shares from the *Novo Mercado*, provided that shareholders approve the decision and that the BOVESPA is notified in writing at least 30 days in advance. To allow our common shares to continue to be traded on the BOVESPA (not on the *Novo Mercado*), our controlling shareholder must launch a tender offer for all of our common shares, in compliance with the terms and conditions under applicable law and the listing rules of the *Novo Mercado*. The minimum tender price per share shall be equal to the economic value of such shares, to be determined based on a valuation report prepared by a specialized institution of recognized expertise selected at the general shareholders' meeting from a group of three firms nominated by our board of directors. The delisting from the *Novo Mercado* does not imply the cancellation of the trading of shares on the BOVESPA. When the delisting occurs due to the cancellation of our registration as a publicly-held company before the CVM, our controlling shareholder must follow the requirements applicable to the cancellation of such registration.

In the case of our delisting from the *Novo Mercado* due to a corporate restructuring in which the new company is not accepted for trading on the *Novo Mercado*, our controlling shareholder must launch a public tender offer for shares held by other shareholders for at least the economic value of the shares, pursuant to the terms and conditions under applicable law and the listing rules of the *Novo Mercado*. In the event of a transfer of our control within 12 months following our delisting from the *Novo Mercado*, the selling controlling shareholders and the acquirer must launch a tender offer for the remaining shares at the same price and terms offered to the selling controlling shareholders, adjusted for inflation. Moreover, if the price received by the controlling shareholders for the sale of their shares is higher than the price paid by them in any tender offer conducted as a result of its decisions to delist or exit the *Novo Mercado*, the selling controlling shareholders and the acquirer will be jointly and severally liable for paying to each shareholder that has accepted such offer the difference between the price received from the selling controlling shareholders in such public offer and the price received by the selling controlling shareholders from the acquirer for the sale of its shares.

Upon cancellation of the listing of our common shares on the *Novo Mercado*, we will not be allowed to list securities on the *Novo Mercado* for a period of two years following the delisting date, unless a change of control occurs after the delisting.

Going Private Process

We may become a private company if we or our controlling shareholders conduct a public tender offer for the acquisition of all of our outstanding shares provided that:

- the offering price should be the fair value of those shares, as defined under Brazilian Corporate Law and CVM Instruction No. 361; and

- holders of shares representing more than two thirds of the outstanding shares should have agreed to the delisting or accepted the offer, provided however that for such purposes outstanding shares shall mean shares the holders of which shall have agreed to the delisting or enrolled to participate in the offer.

Brazilian Corporate Law provides that fair price is the price determined based on the net book value, economic value or trading price of our common shares, or by the cash flow method, comparison of multiples method or some other criteria accepted by the CVM.

Pursuant to Brazilian Corporate Law, the offered price may be reviewed if holders of at least 10% of our common shares request our board of directors to call an extraordinary shareholders' meeting to determine whether to perform another valuation, according to the same or another criteria, to determine the value of our common shares. The request must be duly justified and submitted within 15 days from the disclosure of the offering price. The shareholders requesting a new appraisal, and those voting in favor of such proposal, must refund the company for its cost, if the newly appraised value is lower than or equal to the initially appraised offering price. If the new valuation price is higher than the original valuation price, the public offering shall be made at the new valuation price.

Under the *Novo Mercado* regulations and our bylaws, the minimum price to be paid for the common shares in a tender offer launched for the purpose of going private should be the economic value of such shares, to be determined based an a valuation report prepared by a specialized institution of recognized expertise selected at a general shareholders meeting from a group of three firms nominated by our board of directors.

Arbitration

According to the *Novo Mercado* rules and our bylaws, we, our shareholders, directors and officers and members of the fiscal council must commit to resolve by means of arbitration with the Market Arbitration Chamber (in accordance with the terms of the applicable arbitration regulations) any and all disputes or controversies which may arise amongst themselves relating to or originating from the application, validity, effectiveness, interpretation, violations and effects of arrangements contained in the listing agreement for the *Novo Mercado*, the *Novo Mercado* regulations, in the Arbitration rules set by BOVESPA, shareholders agreements filed with our company, Brazilian Corporate Law, our bylaws, rules and regulations of the CMN, BACEN, and the CVM, as well as other rules and regulations applicable to the Brazilian capital markets.

Brazilian Institute of Corporate Governance — IBGC

The Brazilian Institute of Corporate Governance (*Instituto Brasileiro de Governança Corporativa*), or IBGC, has adopted a Code of Best Corporate Governance Practices (*Código de Melhores Práticas de Governança Corporativa*) aiming at assisting companies in the pursuit of (i) increased value; (ii) improved performance; (iii) access to capital at low cost, and to contribute to long-lasting companies. The intrinsic principles it adopted for such purpose are transparency, equity, accountability, and corporate responsibility. Among the best practices of corporate governance recommended by the IBGC in its code, we adopt the following:

- issue of common shares only;
- "one common share, one vote" policy;
- independent auditors to review balance sheets and financial statements, which should not be retained for other purposes, so as to ensure full independence;
- clearly worded bylaws as to (i) procedure for calling shareholders' meetings; (ii) the duties of the board of directors and of the board of executive officers; and (iii) the voting system, election, removal and terms of the offices of directors and officers;
- transparent dissemination of the annual management reports;
- availability of calls for shareholders' meetings and related documents from the date of the first call, and presentation of detailed information on the agenda of these meetings, without references to "other matters of interest to the company," and meetings effectively held on the scheduled dates, times and places, thus permitting attendance by as many shareholders as may wish to attend;
- if so requested, inclusion of the terms of dissenting votes in the minutes of meetings;
- inclusion of a provision in our bylaws ordering abstention in the event of conflicts of interest;
- prohibition of use of privileged information and adoption of a policy for disclosure of material information;
- inclusion of a provision in our bylaws electing arbitration to settle disputes between our shareholders and us;
- free float, to ensure the liquidity of securities, except as described in “Risk Factors—Risks related to the offering and our common shares;”
- requirement that at least 20% of our board of directors be made up of independent, unrelated persons, with no ties to us or our controlling shareholders;
- election of directors that are experienced in operational and financial matters, with previous participation in other boards;
- availability to all shareholders, and access to the terms of shareholders' agreements filed with our company; and
- inclusion of a provision in our bylaws preventing directors who have a conflict of interest with the company from having access to information or voting rights.

Regulation of Foreign Investment

Investors residing outside Brazil, including institutional investors, are authorized to purchase equity instruments on the Brazilian stock exchange, provided that they comply with the registration requirements set forth in Resolution No. 2,689 and CVM Instruction No. 325/00.

With certain limited exceptions, Resolution No. 2,689 investors are permitted to carry out any type of transaction in Brazilian capital markets involving a security traded on a stock, future or organized over-the-counter market, but may not transfer the ownership of investments made under Resolution No. 2,689 to other non-Brazilian holders through private transactions. Investments and remittances outside Brazil of gains, dividends, profits or other payments under our common shares are made through the foreign exchange market.

In order to become a Resolution No. 2,689 investor, an investor residing outside Brazil must:

- appoint at least one representative in Brazil that will be responsible for complying with registration and reporting requirements and procedures with BACEN and the CVM. If the representative is an individual or a non-financial company, the investor must also appoint an institution duly authorized by BACEN that will be jointly and severally liable for the representative's obligations;
- appoint an authorized custodian in Brazil for its investments;
- complete the appropriate foreign investor registration form;
- register as a foreign investor with the CVM;
- register the foreign investment with BACEN;
- appoint a tax representative in Brazil; and
- obtain a taxpayer identification number from the Brazilian federal tax authorities.

Securities and other financial assets held by foreign investors pursuant to Resolution No. 2,689 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by BACEN or the CVM. In addition, securities trading by foreign investors is generally restricted to transactions on BOVESPA or in organized over-the-counter markets licensed by the CVM. See "Taxation—Material Brazilian Tax Considerations" in this offering memorandum for a description of the tax consequences to an investor residing outside Brazil of investing in our common shares in Brazil.

DIVIDENDS AND DIVIDEND POLICY

Amounts Available for Distribution

At each annual shareholders' meeting, our board of directors is required to advise on how to allocate our net income for the preceding fiscal year. The allocation is subject to approval by our shareholders. Brazilian Corporate Law defines "net income" for any fiscal year as the results in a given fiscal year after the deduction of accrued losses, the provisions for income tax and social contribution for that year, accumulated losses from prior years, and any amounts allocated to profit-sharing payments to the employees and management, provided that management will be entitled to any profit-sharing payment only after the shareholders are paid the mandatory dividend.

Our bylaws provide that an amounts equal to at least 25% of our adjusted net income, after deducting allocations to the legal reserve, and contingency reserve, if any, or adding reversed contingency reserve amounts from prior years, if any, should be available for distribution as mandatory dividend or interest on shareholders' equity. Our calculation of net income and allocations to reserves for any year, as well as the amounts available for distribution, are determined on the basis of our financial statements prepared in accordance with Brazilian Corporate Law.

Reserve Accounts

Companies incorporated under Brazilian law usually present two main reserve accounts: profit reserve account and capital reserve account.

Profit reserves

Our profit reserve accounts are comprised of the legal reserve, bylaws reserve, unrealized profit reserve, retained profit reserve and contingency reserve.

Legal reserve. Under Brazilian Corporate Law, we are required to maintain a legal reserve to which we must allocate 5.0% of our net income for each fiscal year until the aggregate amount of the reserve equals 20.0% of our share capital. However, we are not required to make any allocations to our legal reserve in a year in which the legal reserve, when added to our other established capital reserves, exceeds 30.0% of our share capital. The amounts allocated to such reserve may only be used to increase our share capital or to offset losses. Therefore, they are not available for the payment of dividends. As of December 31, 2006, our legal reserve amounted to R$1,172 thousand corresponding to 1.2% of our capital stock.

Bylaws reserve. Under Brazilian Corporate Law, we are permitted to provide for the allocation of part of our net income to discretionary reserve accounts that may be established in accordance with our bylaws, which must also indicate the purpose, allocation criteria and maximum amount of the reserve. The allocation of our net income to discretionary reserve accounts may not be made if it affects the payment of the minimum mandatory dividend.

Unrealized profit reserve. Under Brazilian Corporate Law, the amount by which the mandatory dividend exceeds the realized net income in a given year may be allocated to an unrealized profit reserve account, and the mandatory dividends may be limited to the realized portion of the net income. Brazilian Corporate Law defines realized net income as the amount by which our net income exceeds the sum of (i) our net positive results, if any, from the equity method of accounting; and (ii) the profits, gains or income that will be received by us after the end of the next fiscal year. Profits recorded in the unrealized profit reserve, if realized and not absorbed by losses in subsequent years, must be added to the next mandatory dividend distributed after the realization. As of December 31, 2006, we did not have an unrealized profit reserve.

Retained profit reserve. Under Brazilian Corporate Law, our shareholders may decide at the annual shareholders' meeting to retain a portion of our net income, as provided for in a capital expenditure budget that has been previously approved. The allocation of funds to this reserve cannot jeopardize the payment of the minimum mandatory dividends. As of December 31, 2006, our retained profit reserve was of approximately R$23,982 thousand.

Contingency reserve. Under Brazilian Corporate Law, a percentage of our net income may be allocated to a contingency reserve for anticipated losses that are deemed probable in future years, if their amount may be estimated. Any amount so allocated must be reversed in the fiscal year in which a loss that had been anticipated fails to occur as projected or charged off in the event that the anticipated loss occurs. The allocations to the contingency reserve are also subject to approval of our shareholders in a shareholders' meeting. As of December 31, 2006, our contingency reserve equaled R$0.00.

The balance of our profit reserve accounts, except for the contingency reserve and the unrealized profits reserve, may not exceed our share capital. If so, a shareholders' meeting would vote on whether the excess should be used to pay in subscribed and unpaid capital, or to increase the share capital or to distribute dividends.

The net income of a fiscal year which are not allocated in accordance with the foregoing shall be distributed as dividends.

Capital reserves

Pursuant to Brazilian Corporate Law, we may maintain capital reserves in which we may record goodwill paid in connection with the subscription of our shares, mergers, sale of warrants or debentures, and tax incentives, donations and grants for investments. The balance of such capital reserves may only be used by us to increase our capital stock, off set losses that exceed retained earnings and profit reserves or to redeem, repay or repurchase our common shares. As of December 31, 2006, our capital reserves equaled R$0.00.

Payment of Dividends and Interest on Shareholders' Equity

Brazilian Corporate Law requires that the bylaws of a Brazilian company specify a minimum percentage of the available net income for the annual distribution of dividends, known as mandatory dividend, which must be paid to shareholders as either dividends or interest on shareholders' equity. The basis of the mandatory dividend is a percentage of the net income, as adjusted pursuant to Article 202 of Brazilian Corporate Law. Under our bylaws and Brazilian Corporate Law, a minimum of 25.0% of our adjusted net income, as explained above under "—Amounts Available for Distribution", should be allocated for the distribution and payment of the mandatory dividend to our shareholders. Payment of mandatory dividends to our shareholders may be limited to the amount of realized net income in a given year, provided the difference should be recorded as unrealized profit reserve, as discussed above under "—Reserve Accounts—Profit Reserves—Unrealized Profit Reserve". Our calculation of net income and allocations to reserves for any year, as well as the amounts available for distribution, are determined on the basis of our non-consolidated financial statements prepared in accordance with Brazilian Corporate Law.

Additionally, the board of directors may recommend that our shareholders approve the payment of additional dividends, resulting from other reserves legally available for distribution.

Brazilian Corporate Law allows, however, a company to suspend such dividend distribution if its board of directors reports to our annual shareholders' meeting that the distribution would not be advisable given the company's financial condition. The Fiscal Council, if one is in place, reviews any suspension of the mandatory dividend. In addition, our management should submit a report to the CVM setting out the reasons for the suspension. Net income not distributed by virtue of a suspension is allocated to a separate reserve and, if not absorbed by subsequent losses, is required to be distributed as dividends as soon as the financial condition of the company should permit such payment.

Dividends and Dividend Policy

Dividends

We are required by Brazilian Corporate Law and our bylaws to hold an annual shareholders' meeting no later than the fourth month subsequent to fiscal year-end, at which time, among other matters, the allocation of the results of operations in any year and the distribution of an annual dividend are reviewed. The payment of annual dividends is based on our unconsolidated audited financial statements prepared for the immediately preceding fiscal year.

Any holder of record of shares at the time a dividend is declared is entitled to receive dividends. Under Brazilian Corporate Law, dividends are generally required to be paid within 60 days following the date on which the dividend is declared, unless the shareholders' resolution established another payment date, which, in any event, must occur before the end of the year in which the dividend is declared.

Our bylaws do not require that the dividend amounts be adjusted by inflation. Shareholders have a three-year period from the date of the dividend payment to claim the dividends or interest on shareholders' equity with respect to their shares, after which the aggregate amount of any unclaimed dividend shall legally revert to us.

Under our bylaws, our board of directors may declare interim dividends or interest attributable to shareholders' equity based on realized profits verified in semi-annual financial statements. The board of directors may also declare dividends based on financial statements prepared in shorter periods, provided that the total amount of dividends paid in each semester does not exceed the amounts accounted for in our capital reserve account set forth in paragraph 1 of Article 182 of the Brazilian Corporate Law. Interim dividends may also be paid from profit reserve accounts based on the latest annual or semi-annual financial statements. Any payment of interim dividends or interest on shareholders' equity may be set off against the amount of mandatory dividends relating to the net income earned in the year in which the interim dividends were paid. The interest on shareholders' equity may be considered as an advance of mandatory dividends with respect to the net income at the end of the corporate year.

Interest on Shareholders' Equity

Since January 1, 1996, Brazilian companies have been authorized to pay interest on shareholders' equity to holders of equity securities, and to treat those payments as a deductible expense for purposes of calculating corporate income tax and, since 1998, the social contribution tax. The amount of the tax deduction in each year is limited to the greater of (i) 50% of our net income (after the deduction of any allowances for social contribution taxes but before taking into account allowances for income tax and the interest on shareholders' equity) for the period in respect of which the payment is made; and (ii) 50% of our accumulated profits and profit reserve at the beginning of the relevant period. The rate applied in calculating interest on shareholders' equity cannot exceed the pro rata die variation of the Brazilian long-term interest rate, or TJLP. Payments of interest on shareholders' equity, net of withholding income tax, may be considered as part of the mandatory dividend distribution. Under applicable law, we are required to pay to our shareholders an amount sufficient to ensure that the net amount they receive in respect of interest on shareholders' equity, after payment of any applicable withholding tax, plus the amount of distributed dividends, is at least equivalent to the minimum mandatory dividend amount.

Dividends and Dividend Policy

Any payment of interest attributable to stockholders' equity to the shareholders, whether or not they are Brazilian residents, is subject to Brazilian withholding tax at the rate of 15%, with a 25% withholding tax rate applicable if the person receiving this interest is a resident of a tax-haven jurisdiction (i.e., a country that does not impose income tax or that imposes it at a maximum rate lower than 20.0% or where the local legislation imposes restrictions on disclosing the shareholding composition or the ownership of the investment).

In accordance with Article 32 of Law No. 4,357 of July 16, 1964, Brazilian corporations that possess unsecured debts to the Federal Government or its autonomous entities for Social Security contributions are not permitted to distribute any amounts to shareholders or to give or confer participations or profits to partners or quotaholders, nor to directors and other members of directing bodies, whether oversight or advisory.

The applicable penalty for a corporation that fails to observe this determination is 50% of the amount distributed or paid to beneficiaries. This penalty was recently been limited by Law No. 11,051 of December 29, 2004 ("Law No. 11,051/04") to 50% of the amount of the debt. Due to the fact that Law No. 11,051/04 was recently promulgated and there is no case law regarding it, it is not possible to predict that any interpretation that such law applies to the payment of dividends shall prevail in the Brazilian courts.

As of December 31, 2006, we have not paid any interest on shareholders' equity.

Dividend Policy

We intend to declare and pay dividends and/or interest attributable to stockholders' equity in each fiscal year in amounts equivalent to a minimum of 25% of our adjusted net income, in accordance with Brazilian Corporate Law and our bylaws.

The declaration of annual dividends, including dividends in excess of the minimum mandatory dividend, requires approval by a majority vote of the holders of our common shares and will depend on many factors. These factors include our results of operations, financial condition, cash requirements, future prospects and other factors deemed relevant by our board of directors and shareholders.

We have not paid dividends to our shareholders for the fiscal years ended December 31, 2004, 2005 and 2006.

The distribution of dividends to our shareholders in the amount of R$5,566 thousand, equivalent to R$0.12 per common share, was unanimously approved in our General Shareholders Meeting of March 5, 2007 and shall be paid during 2007, with prior notice to the shareholders, to be published in the newspapers customarily used by our company for publication.

Restrictions on the Payment of Dividends, Interests on Shareholders' Equity and other Distributions to Shareholders in Amounts Exceeding our Net Income

The terms of the Convertible Debentures establish that the allocation of our net income exceeding the mandatory minimum dividend of 25% of our net income in a fiscal year or interim periods, depends on the prior approval of holders of the Debenture representing at least the majority of the Convertible Debentures outstanding. The non-observance of such provision may result in the acceleration of the Convertible Debentures and, in such case, we shall pay to the Debenture holders the entire aggregate amount owed to the same, pursuant to the terms and conditions of the Convertible Debentures. FIP Genoa committed to convert all Convertible Debentures into common shares within 30 days from the date of the publication of the announcement of the completion of this offering in Brazil. For further information, see "Convertible Debentures".

TAXATION

The following discussion addresses the principal Brazilian and U.S. federal income tax consequences of acquiring, holding and disposing of our common shares. It is not a comprehensive discussion of all the tax considerations that may be relevant to a decision to purchase our common shares, it is not applicable to all categories of investors, some of which may be subject to special rules, and it does not specifically address all of the Brazilian and U.S. federal income tax considerations applicable to any particular holder. It is based upon the tax laws of Brazil and the United States in effect as of the date of this offering memorandum, which are subject to change, possibly with retroactive effect, and to differing interpretations.

Although there presently is no income tax treaty between Brazil and the United States, the tax authorities of the two countries have had discussions that may culminate in such a treaty. We cannot assure you, however, as to whether or when a treaty will enter into force or how it will affect holders of our common shares.

Each prospective purchaser is urged to consult its own tax advisor about the particular Brazilian and U.S. federal income tax consequences of an investment in our common shares.

Material Brazilian Tax Considerations

The following discussion summarizes the principal Brazilian tax consequences of the acquisition, ownership and disposition of common shares by an individual, entity, trust or organization resident or domiciled outside Brazil for tax purposes (a "Non-Resident Holder"). The following discussion summarizes the principal tax consequences applicable under Brazilian law to a Non-Resident Holder of common shares in general, and, therefore, it does not specifically address all of the Brazilian tax considerations applicable to any particular Non-Resident Holder. It is based upon the tax laws of Brazil as in effect on the date of this offering memorandum, which are subject to change, possibly with retroactive effect, and to differing interpretations. Any change in that law may change the consequences described below. Each prospective purchaser is urged to consult its own tax advisor about the particular Brazilian tax consequences to it of an investment in our common shares.

Income tax

Dividends

Dividends paid by a Brazilian corporation, such as ourselves, including stock dividends and other dividends paid to a Non-Resident Holder of common shares, are currently not subject to withholding income tax in Brazil to the extent that such amounts are related to profits generated on or after January 1, 1996.

Interest on shareholders' equity

Law No. 9,249, of December 26, 1995, as amended, permits a Brazilian corporation, such as us, to make distributions to shareholders of interest on shareholder's equity and treat those payments as a deductible expense for purposes of calculating Brazilian corporate income tax, and, since 1997, social contribution on profits as well, as far as the limits described below are observed. These distributions may be paid in cash. For tax purposes this interest is limited to the daily pro rata variation of the Brazilian long-term interest rate, or TJLP, as determined by BACEN from time to time, and the amount of the deduction may not exceed the greater of:

- 50% of net income (after deduction of the provisions for deduction of social contribution on net income but before taking into account the provision for corporate income tax and the interest on shareholders' equity capital related to the period in respect of which the payment is made); and

- 50% of the sum of retained earnings and reserves for profit retention as of the date of the beginning of the period in respect of which the payment is made.

Payment of interest to a Non-Resident Holder is subject to withholding income tax at the rate of 15%, or 25% if the Non-Resident Holder is domiciled in a Tax Haven—that is, a country or location that does not impose income tax or where the maximum income tax rate is lower than 20% or where the laws of that country or location impose restrictions on the disclosure of shareholding composition or the ownership of the investment ("Tax-Haven Residents"). These payments may be included, at their net value, as part of any mandatory dividend. To the extent payment of interest on shareholder's equity is so included, the corporation is required to distribute to shareholders an additional amount to ensure that the net amount received by them, after payment of the applicable withholding income tax, is at least equal to the mandatory dividend.

Capital gains

According to Law No. 10,833 of 2003, the gains related to disposition or sale of assets located in Brazil, such as our common shares, are subject to income tax in Brazil, regardless of whether the sale or the disposition is made by the Non-Resident Holder to a resident or person domiciled in Brazil or not.

Gains realized as a result of a transaction are the excess of the amount in *reais* realized on the sale or exchange of a security over its acquisition cost measured in *reais* (without correction for inflation).

There are arguments to sustain that the acquisition cost of a security registered as a direct investment with BACEN is calculated on the basis of the foreign currency amount so registered, translated into *reais* at the commercial market rate on the date of such sale or exchange.

For purposes of taxation of gains earned in a sale or disposition of common shares, two situations should be considered:

- gains earned by Non-Resident Holders registered under Resolution No. 2,689, other than Tax-Haven Residents, are not subject to income tax (unless the sale takes place outside a Brazilian stock exchange, in which case the gains are subject to a 15% income tax); and

- gains earned by Non-Resident Holders who invest in Brazil through any means other than under Resolution No. 2,689 ("Non-Registered Investors") and Tax-Haven Residents—whether or not they are registered under Resolution No. 2,689.

In this last situation, capital gains derived from the sale of our common shares on the Brazilian stock exchange by Non-Registered Investors and Tax-Haven Investors are subject to income tax at a rate of 15%. The sale or disposal of common shares will also be subject to withholding income tax at a rate of 0.005%, which can be offset with a possible income tax due on capital gain. Furthermore, a sale of common shares outside a Brazilian stock exchange will be subject to income tax at a rate of 15% or, in case of Tax Haven Residents, 25%.

In the case of redemption of securities or capital decrease by a Brazilian corporation, such as ourselves, the positive difference in *reais* between the amount effectively received by the Non-Resident Holder and the corresponding acquisition cost is treated, for tax purposes, as capital gain derived from sale or exchange of common shares not carried out on a Brazilian stock exchange market, and is therefore subject to income tax at the rate of 15% or, in case of Tax-Haven Residents, 25%.

Any exercise of preemptive rights relating to our common shares will not be subject to Brazilian taxation. Capital gains realized by a non-Brazilian holder on the sale or assignment of preemptive rights relating to common shares will be subject to Brazilian income taxation according to the same rules applicable to the sale or disposition of common shares.

Tax on foreign exchange and financial transactions (IOF)

Foreign Exchange Transactions. Brazilian law imposes a Tax on Foreign Exchange Transactions, or IOF/Exchange Tax, due on the conversion of *reais* into foreign currency and on the conversion of foreign currency into *reais*. Although the current applicable rate for almost all foreign currency exchange transactions is zero, the Ministry of Finance is permitted to increase the rate at any time, up to 25%. However, any increase in rates may only apply to future transactions.

Tax on Transactions Involving Bonds and Securities. Brazilian law imposes a Tax on Transactions Involving Bonds and Securities, or IOF/Bonds Tax, on transactions involving bonds and securities, including those carried out on a Brazilian stock exchange. The rate of IOF applicable to transactions involving stocks is currently zero, although the Minister of Finance is permitted to increase such rate at any time up to 1.5% per day, but only in respect to future transactions.

Temporary contribution on financial transactions (CPMF)

As a general rule, any transaction carried out by a holder of securities in Brazil that results in the transfer of *reais* from an account maintained by such holder (or its custodian) with a Brazilian financial institution may be subject to CPMF, at the rate of 0.38%. Although CPMF is to be in effect until December 31, 2007, no assurance can be given that such term will not be extended. Currently, the funds transferred for the acquisition of shares on a Brazilian stock exchange and funds remitted abroad resulting from the disposition of shares on a Brazilian stock exchange are exempt from CPMF. In addition, according to Law No. 11,312 dated June 27, 2006, the CPMF rate is reduced to zero on withdrawals from bank accounts used to buy common shares in a public offering provided that (1) the public offering is registered with the CVM and (2) the issuer is listed on a Brazilian stock exchange.

When applicable, the CPMF Tax must be withheld from the amounts transferred from such account and must be collected in favor of the Brazilian government by the financial institution that carries out the relevant financial transaction.

Other Brazilian taxes

There are no Brazilian inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of stocks, except for gift and inheritance taxes imposed by some Brazilian states on gifts or bequests by individuals or entities not domiciled or residing in Brazil to individuals or entities domiciled or residing within such states. There are no Brazilian stamp, issue, registration or similar taxes or duties payable by holders of shares.

Material U.S. Federal Income Tax Consequences

The following is a summary description of the principal U.S. federal income tax consequences of purchasing, holding and disposing of our common shares. This discussion applies only to beneficial owners of common shares that are initial purchasers of our common shares in this offering and that hold our common shares as "capital assets" (generally, property held for investment). This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code") its legislative history, existing final, temporary and proposed Treasury Regulations, administrative pronouncements by the U.S. Internal Revenue Service, or IRS, and judicial decisions, all as currently in effect and all of which are subject to change (possibly on a retroactive basis) and to different interpretations.

Taxation

This discussion does not purport to address all U.S. federal income tax consequences that may be relevant to a particular holder and you are urged to consult your own tax advisor regarding your specific tax situation. The discussion does not address the tax consequences that may be relevant to U.S. Holders subject to special tax rules including, for example:

- insurance companies;
- tax-exempt organizations;
- broker-dealers;
- traders in securities or currencies;
- banks or other financial institutions;
- partnerships or other pass-through entities;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- U.S. expatriates;
- persons that hold our common shares as part of a hedge, straddle or conversion transaction; or
- persons who received our common shares as compensation for the performance of services;
- real estate investment trusts, regulated investment companies or grantor trusts;
- persons that own, directly, indirectly, or constructively, 10% or more of the total combined voting power of our common shares.

Except where specifically described below, this discussion assumes that we are not a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. Please see the discussion under "—Passive Foreign Investment Company Rules" below. Further, this discussion does not address the U.S. federal estate and gift or alternative minimum tax consequences of holding common shares or the indirect consequences to holders of equity participations in partnerships or other entities that own our common shares. In addition, this discussion does not address the state, local and non-U.S. tax consequences of holding our common shares.

You should consult your own tax advisor regarding the U.S. federal, state and local, as well as non-U.S. income and other tax consequences of purchasing, owning and disposing of our common shares in your particular circumstances.

You are a "U.S. Holder" if you are a beneficial owner of common shares and you are for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or any other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under current Treasury regulations to be treated as a United States person.

A "Non-U.S. Holder" is a beneficial owner of our common shares that is neither a U.S. Holder, nor partnership, nor other entity classified as partnership for U.S. federal income tax purposes.

If a partnership holds our common shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. A partner of a partnership holding our common shares should consult its own tax advisor.

U.S. Internal Revenue Service Circular 230 Disclosure

Pursuant to the U.S. Internal Revenue Service Circular 230, we hereby inform you that the description set forth in this offering memorandum with respect to U.S. federal tax issues was not intended or written to be used, and such description cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the U.S. Internal Revenue Code. Such description was written to support the marketing, within the meaning of the U.S. Internal Revenue Service Circular 230, of the common shares.

Distributions on common shares

Subject to the discussion below under "—Passive Foreign Investment Company Rules", distributions of cash or property (including distributions paid in the form of interest on shareholder's equity or as dividends for Brazilian tax purposes and amounts withheld to pay Brazilian tax, as described above under "—Material Brazilian Tax Considerations") with respect to common shares generally will be treated as dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). A U.S. Holder of common shares generally will be taxed on such dividends as ordinary income. Distributions in excess of our current and accumulated earnings and profits will be treated first as a non-taxable return of capital reducing such U.S. Holder's adjusted tax basis in our common shares, and thereafter as either long-term or short-term capital gain depending upon whether the U.S. Holder held our common shares for more than one year. Because we do not expect to keep earnings and profits in accordance with U.S. federal income tax principles, U.S. Holders should expect that a distribution will generally be treated as a dividend for U.S. federal income tax purposes. Distributions of additional common shares to U.S. holders that are part of a pro rata distribution to all our shareholders generally will not be subject to U.S. federal income tax. As used below, the term "dividend" means a distribution that constitutes a dividend for U.S. federal income tax purposes.

A U.S. Holder will be entitled, subject to a number of complex limitations and conditions, to claim a U.S. foreign tax credit in respect of any Brazilian income taxes withheld on dividends received on common shares. U.S. Holders who do not elect to claim a credit for any foreign taxes paid during the taxable year may instead claim a deduction in respect of such income taxes. Dividends received with respect to our common shares will be treated as foreign-source income, subject to various classifications and other limitations. The rules relating to computing foreign tax credits or deducting foreign taxes are extremely complex, and U.S. Holders are urged to consult their own tax advisors regarding the availability of foreign tax credits with respect to any Brazilian income taxes withheld from payment.

Dividends paid by us generally will not be eligible for the dividends-received deduction available under the Code to certain U.S. corporate shareholders. Also, under current law, certain dividends received by non-corporate U.S. investors on shares of certain non-U.S. corporations may be subject to U.S. federal income tax at lower rates than other types of ordinary income if certain conditions are met. However, because our common shares are not tradable on an established securities market in the United States and there is no income tax treaty between Brazil and the United States, we currently do not expect that those conditions will be met. Thus, we do not expect that dividends paid by us will be entitled to reduced rates of U.S. federal income taxation.

The amount of any dividend paid in *reais* will equal the U.S. dollar value of the dividend, calculated by reference to the exchange rate in effect at the time the dividend is received by the U.S. Holder, regardless of whether the payment is in fact converted to U.S. dollars at that time. A U.S. Holder should not recognize any foreign currency gain or loss in respect of such dividend if such *reais* are converted into U.S. dollars on the date received by the U.S. Holder. If the *reais* are not converted into U.S. dollars on the date of receipt, however, gain or loss may be recognized upon a subsequent sale or other disposition of the *reais*. Such foreign currency gain or loss, if any, will be U.S.-source ordinary income or loss. U.S. Holders should consult with their tax advisors regarding the treatment of any foreign currency gain or loss if any *reais* received as a dividend on our common shares are not converted into U.S. dollars on the date of receipt.

Sale, exchange or other taxable disposition of common shares

Subject to the discussion below under "—Passive Foreign Investment Company Rules", a U.S. Holder generally will recognize capital gain or loss upon the sale, exchange or other taxable disposition of common shares measured by the difference between the amount realized on the sale, exchange or other taxable disposition of our common shares and the U.S. Holder's adjusted tax basis in our common shares. Any gain or loss will be long-term capital gain or loss if our common shares have been held for more than one year. Certain non corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations under the Code.

If you are U.S. Holder, the initial tax basis of your common shares will be the United States dollar value of the *reais* denominated purchase price determined on the date of purchase. If the common shares are treated as traded on an "established securities market", a cash method U.S. Holder, or, if it elects, an accrual method U.S. Holder, will determine the dollar value of the cost of such common shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. With respect to the sale or exchange of common shares, the amount realized generally will be the United States dollar value of the payment received determined on (1) the date of receipt of payment in the case of a cash basis U.S. Holder and (2) the date of disposition in the case of an accrual basis U.S. Holder. If the common shares are treated as traded on an "established securities market", a cash method taxpayer, or, if it elects, an accrual method taxpayer, will determine the U.S. dollar value of the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the sale.

If a Brazilian tax is withheld on the sale or other disposition of common shares, the amount realized by a U.S. Holder will include the gross amount of the proceeds of that sale or other disposition before deduction of the Brazilian tax. Capital gain or loss, if any, realized by a U.S. Holder on the sale, exchange or other taxable disposition of common shares generally will be treated as U.S.-source gain or loss for U.S. foreign tax credit purposes. Consequently, in the case of a gain from the disposition of a common share that is subject to Brazilian capital gain tax (see "—Material Brazilian Tax Considerations—Income Tax—Capital Gains"), the U.S. Holder may not be able to benefit from the foreign tax credit for that Brazilian capital gain tax (i.e., because the gain from the disposition would be U.S.-source), unless the U.S. Holder can apply the credit against U.S. federal income tax payable on other income from foreign sources. Alternatively, the U.S. Holder may take a deduction for the Brazilian capital gain tax if it does not elect to claim a foreign tax credit for any foreign taxes paid during the taxable year.

Passive foreign investment company rules

Based on current estimates of our income and assets, we do not believe that we were classified for our most recently ended taxable year, or will be classified for our current taxable year, as a PFIC for U.S. federal income tax purposes, and we intend to continue our operations in such a manner that we do not expect that we would become a PFIC in the future. However, there can be no assurance in this regard, because the PFIC determination is made annually and is based on the portion of our assets (including goodwill) and income that is characterized as passive under the PFIC rules. Moreover, the PFIC determination is complex and the rules are not entirely clear. If we are or become a PFIC, unless a U.S. Holder elects to be taxed annually on a mark-to-market basis with respect to its common shares, any gain realized on a sale or other taxable disposition of our common shares and certain "excess distributions" (generally distributions in excess of 125% of the average distribution over the shorter of a three-year period or the U.S. Holder's holding period for our common shares) would be treated as realized ratably over the U.S. Holder's holding period for our common shares, and amounts allocated to prior years while we are a PFIC would be taxed at the highest tax rate in effect for each such year. An additional interest charge may apply to the portion of the U.S. federal income tax liability on such gains or distributions treated under the PFIC rules as having been deferred by the U.S. Holder. Amounts allocated to the current year and to any year before we became a PFIC would be taxed as ordinary income in such current year.

If we are treated as a PFIC, the rules above can be avoided by a U.S. Holder that makes a mark-to-market election. A U.S. Holder may make a mark-to-market election for our common shares, if our common shares constitute "marketable stock" as defined in the U.S. Treasury regulations. Our common shares will be "marketable stock" if they are regularly traded or a "qualified exchange or market." We cannot provide any assurance that our common shares are or will be considered "marketable stock" for this purpose. In particular, it is unclear whether BOVESPA would meet the requirements for a "qualified exchange or market." If a mark-to-market election is made, a U.S. Holder would take into account each year the appreciation or depreciation in value of its common shares as if our common shares were sold at fair market value at the end of the year. Such appreciation or depreciation generally would be treated as ordinary income or (subject to limitations) ordinary loss, as would gains or losses on actual dispositions of common shares.

Any U.S. Holder who owns common shares during any year that we are a PFIC would be required to file IRS Form 8621. U.S. Holders should consult their own tax advisors regarding the application of the PFIC rules to our common shares and the availability and advisability of making a mark-to-market election should we be considered a PFIC for any taxable year.

Backup withholding and information reporting

In general, dividends on common shares, and payments of the proceeds of a sale, exchange or other disposition of common shares, paid within the United States or through certain United States-related financial intermediaries to a U.S. Holder are subject to information reporting and may be subject to backup withholding at a current rate of 28% unless the holder (i) establishes that it is a corporation or other exempt recipient or (ii) provides an accurate taxpayer identification number and certifies that it is a U.S. person and that no loss of exemption from backup withholding has occurred.

Backup withholding is not an additional tax. The amount of any backup withholding tax from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. A U.S. Holder generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed its U.S. federal income tax liability by filing a refund claim with the IRS.

The above description is not intended to constitute a complete analysis of all tax consequences relating to acquisition, ownership and disposition of our common shares. You should consult your own tax advisor concerning the tax consequences of your particular situation.

CERTAIN ERISA CONSIDERATIONS

This disclosure was written in connection with the promotion and marketing of the common shares by us, the Brazilian underwriters and the agents, and it cannot be used by any holder for the purpose of avoiding penalties that may be asserted against the holder under the Internal Revenue Code of 1986, as amended ("Code"). Prospective purchasers of the common shares should consult their own tax advisors with respect to the application of the U.S. federal income tax laws to their particular situations.

The Employee Retirement Income Security Act of 1974, as amended, or ERISA, imposes certain requirements on employee benefit plans subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans, ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan.

Section 406 of ERISA and Section 4975 of the Internal Revenue Code, prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Subject to the considerations described below, the common shares are eligible for purchase by Plans or other employee benefit plans, or any person investing the assets of any Plan or other employee benefit plan.

Any Plan fiduciary that proposes to cause a Plan to purchase the common shares should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA or the Code.

Foreign plans, governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to other federal, state, local or foreign laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code ("Similar Law"). Fiduciaries of any such plans should consult with their counsel before purchasing the common shares to determine the need for, if necessary, and the availability of, any exemptive relief under any Similar Law.

Each purchaser and each transferee of the common shares, or any interest respectively therein, will be deemed to have represented and agreed by its purchase and holding thereof (a) either that (1) it is not, and is not acting on behalf of (and for so long as it holds such common shares or interest therein will not be, or be acting on behalf of), a Plan, or any entity whose underlying assets include "plan assets" by reason of any such Plan's investment in the entity or a governmental, church or non-U.S. plan which is subject to Similar Laws, and no part of the assets to be used by it to purchase or hold such common shares or any interest therein constitutes the assets of any Plan or such a governmental, church or non-U.S. plan, or (2) its purchase, holding and disposition of such common shares or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a violation of Similar Laws); and (b) it will not sell or otherwise transfer such common shares or any interest therein otherwise than to a purchaser or transferee that is deemed to represent and agree with respect to its purchase, holding and disposition of such common shares to the same effect as the purchaser's representation and agreement set forth in this sentence.

The sale of any common shares, or any interest therein, to a Plan or a governmental, church or non-U.S. plan that is subject to Similar Laws is in no respect a representation by our company, or the joint bookrunners, or any of their respective affiliates, that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular such plan; that any prohibited transaction exemption would apply to such an investment by such plans in general or any particular such plan; or that such an investment is appropriate for such plans generally or any particular such plan.

The discussion of ERISA and Section 4975 of the Code contained in this confidential offering memorandum, is, of necessity, general, and does not purport to be complete. Moreover, the provisions of ERISA and Section 4975 of the Code are subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings and court decisions, some of which may have retroactive application and effect.

PLAN OF DISTRIBUTION

Pursuant to the terms of an underwriting agreement dated March 29, 2007, Banco UBS Pactual S.A. and Banco Itaú BBA S.A., or the underwriters, have agreed severally with us to place the numbers of common shares set forth opposite their names below:

Name	Number of shares
Banco UBS Pactual S.A.	19,130,435
Banco Itaú BBA S.A.	15,652,174
Total	**34,782,609**

Banco UBS Pactual S.A. and Banco Itaú BBA S.A. will act as joint bookrunners. Pursuant to terms of a placement facilitation agreement dated March 29, 2007, UBS Securities LLC will act as agent on behalf of Banco UBS Pactual S.A. and Itaú Securities Inc. will act as agent on behalf of Banco Itaú BBA S.A. in connection with the placement of common shares outside of Brazil. HSBC Securities, Inc. and Banco Safra de Investimentos S.A. will act as co-managers in connection with the placement of the common shares sold to investors outside of Brazil. HSBC Corretora de Títulos e Valores Mobiliários S.A. and Banco Safra de Investimentos S.A. will act as contracted managers (*Coordenadores Contratados*) in connection with the placement of the common shares in Brazil.

Of the total common shares offered hereby (excluding common shares that may be sold under the over-allotment option), 6,956,522 common shares are subject to a right of first refusal. FIP Genoa has exercised its right of first refusal in respect of all of these 6,956,522 common shares. These common shares will be delivered to FIP Genoa on the closing date of this offering in exchange for a cash payment in immediately available funds, in an amount equal to the offering price per common share in this offering multiplied by the number of common shares subscribed by FIP Genoa.

The underwriting agreement provides that the obligation of the underwriters to place the common shares is subject to, among other conditions, the delivery of certain legal opinions by our and their legal counsel and accountants' comfort letters from our auditors. The underwriting agreement also provides that, if any of the common shares are not placed, the underwriters are obligated to purchase them on a firm commitment basis on the settlement date, subject to certain conditions and exceptions. The common shares will initially be offered by the underwriters and the agents at the price indicated on the cover page of this offering memorandum. We have also entered into a placement facilitation agreement with the agents relating to the placement of our commons shares outside Brazil, which contains conditions for the placement of the common shares by the agents similar to those of the underwriting agreement.

We have granted to Banco UBS Pactual S.A. an option, exercisable upon consultation with Banco Itaú BBA S.A., to place up to an aggregate of 5,217,391 additional common shares to cover over-allotments from the date of execution of the Brazilian underwriting agreement and for a period of up to 30 days from the first business day after the date of the publication in Brazil of the announcement of the commencement of this offering. The option, if exercised, will be at the price per common share indicated on the cover page of this offering memorandum, less the underwriting discount.

Pursuant to the underwriting agreement and the placement facilitation agreement, we have agreed to indemnify the underwriters, the agents and each of their directors and officers and any person who controls such underwriter or agent against certain liabilities, including liabilities under the Securities Act. If we are unable to provide this indemnification, we will contribute to payments the underwriters, the agents and each of their directors and officers and any person who controls such underwriter or agent may be required to make in respect thereof.

We have also been advised by the underwriters that they propose to place the common shares initially to persons in the United States whom the agents reasonably believe to be "qualified institutional buyers" as defined under Rule 144A and to non-US persons in transactions meeting the requirements of Regulation S under the Securities Act.

The common shares have not been registered under the Securities Act and will be subject to significant resale restrictions. See "Transfer Restrictions." Until 40 days after the announcement of commencement of this offering, an offer or sale of common shares within the United States by a broker dealer, whether or not it is participating in this offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

The following table shows the per common share offering price, underwriting discount to be paid by us to the underwriters and proceeds, before expenses, to us. This information is presented assuming either no exercise or exercise in full of the over-allotment option.

(in *reais*)	Price per common share	Without over-allotment option	With over-allotment option
Offering price	11.50	400,000,003.50	460,000,000.00
Underwriting discount	0.40	14,000,000.12	16,100,000.00
Proceeds, before expenses, to us	11.10	386,000,003.38	443,900,000.00

The expenses and the underwriting discount will be paid entirely by us.

Our common shares have been approved for listing on the *Novo Mercado* segment of the BOVESPA under the symbol "EVEN3."

The underwriters have informed us that the price at which the common shares will be offered will be based primarily on the demand they encounter at various price levels in the course of the book building process, taking into consideration the underwriters' and the agents' valuation of us based on discounted cash flows and comparative multiples.

In connection with this offering, Banco UBS Pactual S.A., acting through UBS Pactual Corretora de Títulos e Valores Mobiliários S.A., as representative on behalf of the underwriters, may engage in transactions that stabilize, maintain or otherwise affect the price of the common shares, and the underwriters' representative may engage in stabilization activity for a period of up to 30 days after the date of the publication in Brazil of the announcement of the commencement of the offering. Specifically, the underwriters' representative may over-allot in connection with the offering, creating a syndicate short position. In addition, the underwriters' representative may bid for, and purchase, common shares in the open market to cover syndicate short positions or stabilize the price of the common shares. Any of these activities may stabilize or maintain the market price of the common shares above independent market levels or may delay a decline in the market price of the common shares. The underwriters' representative is not required to perform these activities every day and may terminate these activities, at any time. Reports of stabilization activity are required to be furnished to the CVM. Such stabilization activity shall be in compliance with all laws, regulations and rules.

UBS AG and/or its affiliates may enter into derivative transactions in connection with the common shares, acting at the order and for the account of their clients. UBS AG and/or its affiliates may also purchase some of the securities in this offering as a hedge for such transactions. Such transactions may have an effect on demand, price or other terms of the offering.

In addition to the placement of common shares pursuant to this offering, the underwriters, the agents or their affiliates have from time to time in the past provided, and currently provide, us with regular banking services. In the future, the underwriters, the agents, the co-managers or their affiliates may provide us with financial advisory services, including investment banking and other services necessary for our activities.

In addition, UBS Pactual Asset Management S.A. – DTVM, an affiliate of UBS Securities LLC, currently manages UBS Pactual Desenvolvimento e Gestão I - Fundo de Investimento em Participações (PDG I), the controlling shareholder of PDG Realty S.A., a publicly-held company in Brazil and our business partner in Eco Life Cidade Universitária Empreendimentos Imobiliários S.A.

The common shares may be offered outside of Brazil only to investors registered with the CVM and acting through custody accounts managed by local agents pursuant to CVM Instruction No. 325, dated January 27, 2000, and Resolution No. 2,689 of the CMN, as amended.

Other than with respect to this offering on the *Novo Mercado* segment of the BOVESPA, no action has been or will be taken in any country or jurisdiction by us, the underwriters and the agents that would permit a public offering of the common shares, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this offering memorandum comes are required by us, the underwriters and the agents to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver common shares or have their possession or distribute such offering material, in all cases at their own expense.

Shares Eligible for Future Sale

We, our controlling shareholders and each of our directors and executive officers have agreed with the underwriters and the agents, for a period of 180 days following the date of the publication of the announcement of the commencement of the offering, not to issue, offer, sell, contract to sell, pledge, loan, grant any option to purchase, make any short sale or otherwise, directly or indirectly, dispose of, or grant any rights or, in our case, file a registration statement under the Securities Act or under Brazilian laws, in all cases with respect to any common shares or any options or warrants to purchase any common shares, or any securities convertible into, or exchangeable for, or that represent the right to receive common shares. Additionally, we, our controlling shareholders and each of our directors and executive officers have agreed with the underwriters and the agents, for the 180-day period referred to in the preceding sentence, not to enter into any swap or other arrangement that transfers to another party, in whole or in part, any of the economic consequences of the ownership of common shares or of any securities convertible into or exercisable or exchangeable for common shares, or of warrants or other rights to purchase common shares, whether any such transaction is to be settled by delivery of common shares or such other securities, in cash or otherwise, and not to publicly announce an intention to effect any transaction described in this paragraph. We call such actions, other than issuance, "transfers."

Under this agreement, transfers of these securities could be made under the following circumstances:

- pursuant to bona fide gifts;
- pursuant to dispositions to any trust for the direct or indirect benefit of the transferor and/or the immediate family of the transferor;
- transfers to any affiliates of the transferor (as such term is defined in Rule 405 under Securities Act);
- with the prior consent of the underwriters and agents, such consent not to be unreasonably withheld; or
- for the purpose of the stabilization activities to support the market price of such common shares in the BOVESPA, to be conducted through its affiliate UBS Pactual Corretora de Títulos e Valores Mobiliários S.A.

In either of the first four cases, it will be a condition of the transfer that the transferee agrees that it is receiving and holding the transferred securities subject to the provisions of the lock-up agreement and that the transferee will not transfer the securities except in accordance with the lock-up agreement for the remainder of its term.

In addition, under the listing rules of the *Novo Mercado* segment of the BOVESPA, our controlling shareholders, our directors and executive officers may not sell or offer to sell our common shares, or derivatives linked to those shares, during the first six months after the common shares begin trading on the *Novo Mercado* segment. After this initial period of six months, our controlling shareholders, our directors and executive officers may not sell or offer to sell more than 40% of the shares that they hold, or derivatives linked to those shares, for an additional six months.

We cannot assure you that the underwriters and the agents will not waive these lock-up obligations or the listing rules of the *Novo Mercado* segment of the BOVESPA will not change, in which case these common shares would become eligible for sale earlier.

We cannot predict the effect, if any, that future sales of the common shares, or the availability of such common shares for future sale, will have on the market price of the common shares prevailing from time to time or on our ability to raise capital in the future. Sales of substantial amounts of common shares in the public market, or the perception that such sales could occur, could adversely affect the prevailing market price of the common shares and our ability to sell shares in the future at a time and at a price that we deem appropriate.

TRANSFER RESTRICTIONS

Because of the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of our common shares.

United States

Our common shares have not been registered under the Securities Act. They may not be offered or sold within the United States except:

- in compliance with the registration requirements of the Securities Act and all applicable securities laws in the states of the United States; or
- pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable securities laws of the states of the United States.

Accordingly, our common shares are being offered and sold only:

- inside the United States to qualified institutional buyers, as defined in Rule 144A under the Securities Act; and
- outside the United States in accordance with Rule 903 under the Securities Act.

In addition, purchasers of our common shares may not be able to exercise the preemptive rights relating to the common shares unless an exemption from the registration requirements of the Securities Act is available or a registration statement under the Securities Act is effective with respect to those rights. We are not obligated to file a registration statement with respect to the common shares relating to these preemptive rights, and we may not file such a registration statement.

Each purchaser of our common shares in the United States will be deemed to have agreed not to deposit such common shares into an unrestricted American or global depositary receipt facility for as long as those shares are "restricted securities" within the meaning of Rule 144A under the Securities Act and also to have represented and agreed as follows:

1. It understands and acknowledges that the common shares have not been registered under the Securities Act or any other applicable securities law, are being offered in transactions not requiring registration under the Securities Act or any other securities law, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act, or any other applicable securities law, pursuant to an exemption from registration or in a transaction not subject to registration. We make no representation as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of our common shares.

2. It understands that the common shares (to the extent they are in certified form in the future), unless otherwise determined in accordance with applicable law, will bear a legend substantially to the following effect:

   THIS SHARE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFF-SHORE

TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THIS SHARE.

3. It is not an affiliate (as defined in Rule 144 under the Securities Act) of us or acting on our behalf and it is either:

   - a qualified institutional buyer as defined under Rule 144A (or a QIB) and is aware that any sale of the common shares to it will be in reliance on an exemption from the Securities Act. Such acquisition will be for its own account or for the account of another QIB; or

   - a person who, at the time the buy order for the common shares was originated, was outside the United States and was not a US person (and was not purchasing for the account or benefit of a US person) within the meaning of Regulation S under the Securities Act.

4. If it is a purchaser in a sale that occurs outside the United States within the meaning of Regulation S under the Securities Act, it agrees that until the expiration of a 40-day "distribution compliance" period within the meaning of Rule 903 of Regulation S under the Securities Act, no offer or sale of the common shares shall be made by it to a US person or for the account or benefit of a US person within the meaning of Rule 902(k) of the Securities Act except to a QIB and in compliance with the applicable selling restrictions.

5. Pursuant to Resolution No. 2,689 of the CMN and CVM Instruction No. 325, transfers of common shares, including by or between residents of jurisdictions outside Brazil, may be affected only in Brazil. See "Description of Capital Stock—Regulation of Foreign Investment."

6. It (I) either (A) is not, and is not acting on behalf of (and for so long as it holds the common shares, or any interest therein, will not be, or be acting on behalf of), a Plan or any entity whose underlying assets include "plan assets" by reason of such Plan's investment in such entity, or a governmental, church or non-U.S. plan which is subject to Similar Laws, and no part of the assets to be used by it to purchase or hold such common shares, or any interest therein, constitutes the assets of any such Plan or such governmental, church or non-U.S. plan, or (B) is, or is acting on behalf of, such a Plan, entity or other plan, and its purchase, holding and disposition of such common shares or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a violation of any Similar Laws); and (II) will not sell or otherwise transfer any common shares, or any interest therein, otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its purchase, holding and disposition of such common shares.

7. Neither we, the underwriters nor any person representing us or the underwriters have made any representation to it with respect to us or the offering or sale of any common shares, other than the information contained in this offering memorandum, which has been delivered to it and upon which it is relying in making its investment decision with respect to the common shares. It acknowledges that no representation or warranty is made by the underwriters or their agents as to the accuracy or completeness of such materials. It has had access to such financial and other information concerning us and the common shares as it has deemed necessary in connection with its decision to purchase the common shares, including an opportunity to ask questions of and request information from us and the underwriters or their agents.

8. It acknowledges that we, the underwriters and their agents and our respective counsel will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties deemed to have been made by its purchase of shares are no longer accurate, it shall notify us and the underwriters. In the event that it is acquiring any shares as a fiduciary or agent for one or more investment accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account. In the event that an agent or representative of the purchaser is making any acknowledgment, representation or agreement on behalf of the purchaser, such agent or representative represents that it is duly authorized to execute the subscription agreement on behalf of the purchaser and has confirmed the foregoing acknowledgments, representations and agreements with the purchaser.

Offers and Sales in Canada

This offering memorandum is not, and under no circumstance is to be construed as, an advertisement or a public offering of the common shares in Canada or any province or territory thereof. Any offer or sale of the common shares in Canada will be made only pursuant to an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable provincial securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) our common shares will not be offered to the public in that Relevant Member State prior to the publication of a prospectus in relation to our common shares which has been approved by the competent authority in that Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, our common shares may be offered to the public in that Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than 43,000,000 and (iii) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or
- in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "our common shares may be offered to the public" in relation to any of our common shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and our common shares to be offered so as to enable an investor to decide to purchase our common shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The EEA selling restriction is in addition to any other selling restrictions set out below.

Transfer Restrictions

United Kingdom

Our common shares may not be offered or sold and will not be offered or sold to any persons in the United Kingdom other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses and in compliance with all applicable provisions of the Financial Services and Markets Act 2000, or FSMA, with respect to anything done in relation to our common shares in, from or otherwise involving the United Kingdom. In addition, each underwriter has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of our common shares in circumstances in which Section 21(1) of the FSMA does not apply to us. Without limitation to the other restrictions referred to herein, this offering memorandum is directed only at: (1) persons outside the United Kingdom; (2) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; or (3) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Without limitation to the other restrictions referred to herein, any investment or investment activity to which this offering memorandum relates is available only to, and will be engaged in only with, such persons, and persons within the United Kingdom who receive this communication (other than persons who fall within (2) or (3) above) should not rely or act upon this communication.

Germany

The common shares will not be offered, sold or publicly promoted or advertised in the Federal Republic of Germany other than in compliance with the German Securities Prospectus Act (*Gesetz über die Erstellung, Billigung und Veröffentlichung des Prospekts, der beim öffentlicken Angebot von Wertpapieren oder bei der Zulassung von Wertpapieren zum Handel an einem organisierten Markt zu veröffenlichen ist - Wertpapierprospektgesetz*) as of 22 June 2005, effective as of 1 July 2005, as amended, or any other laws and regulations applicable in the Federal Republic of Germany governing the issue, offering and sale of securities. No selling prospectus (*Verkaufsprospeckt*) within the meaning of the German Securities Selling Prospectus Act has been or will be registered within the Financial Supervisory Authority of the Federal Republic of Germany or otherwise published in Germany.

Netherlands

The common shares may not be offered, sold, transferred or delivered, in or from the Netherlands, as part of the initial distribution or as part of any reoffering, and neither this offering memorandum nor any other document in respect of the offering may be distributed in or from the Netherlands, other than to individuals or legal entities who or which trade or invest in securities in the conduct of their profession or trade (which includes banks, investment banks, securities firms, insurance companies, pension funds, other institutional investors and treasury departments and finance companies of large enterprises), in which case, it must be made clear upon making the offer and from any documents or advertisements in which a forthcoming offering of common shares is publicly announced that the offer is exclusively made to said individuals or legal entities.

ENFORCEMENT OF JUDGMENTS

We were incorporated under the laws of Brazil. Our directors and officers and certain advisors named herein reside in Brazil. Substantially all of our assets and those of these other persons are located outside the United States. As a result, it may not be possible for investors to affect service of process within the United States upon such persons or to enforce against them or us in United States courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

We have been advised that judgments of United States courts for civil liabilities based upon the federal securities laws of the United States may be, subject to the requirements described below, enforced in Brazil. A judgment against us or the persons described above obtained outside Brazil would be enforceable in Brazil without reconsideration of the merits, upon confirmation of that judgment by the Brazilian Superior Court of Justice. That confirmation will occur if the foreign judgment:

- fulfills all formalities required for its enforceability under the laws of the country where the foreign judgment is granted;
- is issued by a competent court after proper service of process on the parties, which service must be in accordance with Brazilian law if made in Brazil, or after sufficient evidence of the parties' absence has been given, as established pursuant to applicable law;
- is not subject to appeal;
- is for the payment of a determined sum of money;
- is authenticated by a Brazilian consular office in the country where the foreign judgment is issued and is accompanied by a sworn translation into Portuguese; and
- is not against Brazilian public policy, good morals or national sovereignty.

Notwithstanding the foregoing, we cannot assure you that confirmation will be obtained, that the process described above will be conducted in a timely manner or that Brazilian courts will enforce a monetary judgment for violation of the U.S. securities laws with respect to our common shares.

We have also been advised that:

- original actions based on the federal securities laws of the United States may be brought in Brazilian courts and that, subject to applicable law, Brazilian courts may enforce liabilities in such actions against us (provided that provisions of the federal securities laws of the United States do not contravene Brazilian public policy, good morals or national sovereignty and provided further that Brazilian courts can assert jurisdiction over the particular action);
- the ability of a judgment creditor or the other persons named above to satisfy a judgment by attaching certain of our assets is limited by provisions of Brazilian law;
- a plaintiff, whether Brazilian or non-Brazilian, who resides outside Brazil during the course of litigation in Brazil must make a deposit to guarantee the payment of the defendant's legal fees and court expenses if the plaintiff owns no real property in Brazil that could secure that payment, except in the case of collection claims based on an instrument that may be enforced in Brazilian courts without the review of its merit (título executivo extrajudicial) or counterclaims as established under Article 836 of the Brazilian Code of Civil Procedure. The deposit must have a value sufficient to satisfy the payment of court fees and the defendant's attorney fees, as determined by a Brazilian judge. This requirement does not apply to the enforcement of foreign judgments which have been confirmed by the Brazilian Superior Court of Justice; and
- any disputes or controversies relating to the listing rules of the Novo Mercado, our bylaws, Brazilian Corporate Law, the rules established by CMN, the Central Bank, the CVM and the BOVESPA, as well as other rules applicable to Brazilian capital markets in general, must be submitted to arbitration conducted in accordance with the Rules of the Market Arbitration Chamber established by the BOVESPA, provided the dispute or controversies do not involve non waiveable rights.

LEGAL MATTERS

Souza, Cescon Avedissian, Barrieu e Flesch Advogados, our counsel, will pass on the validity of our common shares. Shearman & Sterling LLP, our U.S. counsel, will pass on certain legal matters for us. Pinheiro Guimarães - Advogados, Brazilian counsel to the agents and Brazilian underwriters, and White & Case LLP, U.S. counsel to the agents and Brazilian underwriters, will pass on certain legal matters for the agents and Brazilian underwriters.

INDEPENDENT ACCOUNTANTS

Our consolidated financial statements as of and for the years ended December 31, 2004, 2005 and 2006, included in this offering memorandum, have been audited by PricewaterhouseCoopers Auditores Independentes, independent accountants, as stated in their reports appearing herein.

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(A free translation of the original in Portuguese)

EVEN Construtora e Incorporadora S.A. and Subsidiaries

Financial Statements at December 31, 2006 and 2005 and Report of Independent Auditors

Report of Independent Auditors

To the Board of Directors and Stockholders
EVEN Construtora e Incorporadora S.A.

1 We have audited the accompanying balance sheets of EVEN Construtora e Incorporadora S.A. and the consolidated balance sheets of EVEN Construtora e Incorporadora S.A. and its subsidiaries as of December 31, 2006 and 2005, and the related statements of income, of changes in stockholders' equity and of changes in financial position of EVEN Construtora e Incorporadora S.A., as well as the related consolidated statements of income and of changes in financial position, for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.

2 We conducted our audits in accordance with approved Brazilian auditing standards, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audit taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the Companies, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements, and (c) assessing the accounting practices used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

3 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of EVEN Construtora e Incorporadora S.A. and of EVEN Construtora e Incorporadora S.A. and its subsidiaries as of December 31, 2006 and 2005, and the results of operations, the changes in stockholders' equity and the changes in financial position of EVEN Construtora e Incorporadora S.A., as well as the consolidated results of operations and of changes in financial position, for the years then ended, in accordance with accounting practices adopted in Brazil.

São Paulo, February 15, 2007

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Júlio César dos Santos
Contador CRC 1SP137878/O-6

EVEN Construtora e Incorporadora S.A. and Subsidiaries

Balance Sheets at December 31
In thousands of reais

(A free translation of the original in Portuguese)

Assets	Parent company 2006	Parent company 2005	Consolidated 2006	Consolidated 2005
Current assets				
Cash and cash equivalents (Note 3)	7,813	1,202	22,865	8,250
Accounts receivable (Note 4)	9,499	2,945	80,035	40,653
Units for sale (Note 5)	23,282	21,443	220,956	73,864
Accounts with development partners (Note 10)	2,707	506	4,817	2,058
Taxes and contributions available for offset	904	146	1,168	244
Related parties (Note 9)	8,397	2,521	1,210	1,182
Deferred selling expenses	550	715	16,404	6,297
Other accounts receivable	2,082	62	6,966	2,067
	55,234	29,540	354,421	134,615
Non-current assets				
Long-term receivables				
Accounts receivable (Note 4)	2,328	867	52,688	6,087
Advances for future capital increase (Note 6)	81,658	435	3,207	
Deferred income tax and social contribution (Note 14)	364	771	459	1,401
Other accounts receivable	8	8	8	8
	84,358	2,081	56,362	7,496
Permanent assets				
Investments (Note 6)	83,069	39,331	11	11
Goodwill (negative goodwill) (Note 6)	6,219	(94)		
Property and equipment (Note 7)	4,499	625	4,523	633
	93,787	39,862	4,534	644
Total assets	233,379	71,483	415,317	142,755

Liabilities and stockholders' equity	Parent company 2006	Parent company 2005	Consolidated 2006	Consolidated 2005
Current liabilities				
Loans and financing (Note 8)	75,176	9,754	79,698	25,469
Suppliers	2,230	91	10,204	1,879
Obligations for purchase of land (Note 12)	8,068	3,621	68,668	6,675
Accounts with development partners (Note 10)	789	922	1,415	2,421
Advances from customers (Note 11)	1,039	493	8,069	8,833
Taxes and contributions payable	1,500	1,650	5,059	2,371
Proposed dividends	5,566		5,566	
Related parties (Note 9)	4,086	28,528	1,930	25,324
Other accounts payable	2,783	3,083	7,079	4,776
	101,237	48,142	187,688	77,748
Non-current liabilities				
Long-term liabilities				
Loans and financing (Note 8)	461	511	9,960	6,954
Obligation for purchase of land (Note 12)	4,673	1,827	67,430	22,282
Taxes payable (Note 13)	430	334	4,644	2,948
Advances for future investments (Note 6)			4,959	
Deferred income tax and social contribution (Note 14)	364	771	4,468	7,592
Other accounts payable	1,394	484	1,394	726
	7,322	3,927	92,855	40,502
Minority interest			10,989	5,091
Stockholders' equity (Note 15)				
Capital	99,666	12,128	99,666	12,128
Revenue reserve	25,154		24,119	
Retained earnings		7,286		7,286
	124,820	19,414	123,785	19,414
Total liabilities and stockholders' equity	233,379	71,483	415,317	142,755

The accompanying notes are an integral part of these financial statements.

EVEN Construtora e Incorporadora S.A. and Subsidiaries

Statements of Income
Years Ended December 31
In thousands of reais, unless otherwise indicated (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2006	**2005**	**2006**	**2005**
Gross operating revenue				
Real estate development and sales	18,144	5,483	203,179	74,124
Construction and other services	12,226	3,953	12,226	4,797
Deductions	(2,444)	(1,092)	(9,955)	(5,017)
Net operating revenue	27,926	8,344	205,450	73,904
Cost of sales	(11,824)	(4,221)	(130,903)	(48,089)
Gross profit	16,102	4,123	74,547	25,815
Operating income (expenses)				
Selling expenses	(1,686)	(328)	(17,342)	(7,070)
General and administrative expenses	(20,024)	(6,831)	(22,130)	(7,000)
Management fees	(62)	(24)	(62)	(51)
Equity in the results of investees	33,047	6,150		
Gains (losses) on investees	(36)	198		
Financial expenses	(5,740)	(4,056)	(9,925)	(6,575)
Financial income	3,505	1,891	7,528	2,343
Other operating income (expenses), net	(1,814)	375	(1,830)	274
	7,190	(2,625)	(43,761)	(18,079)
Operating income	23,292	1,498	30,786	7,736
Non-operating results, net	142		(168)	
Income before taxes on income	23,434	1,498	30,618	7,736
Income tax and social contribution				
Current			(4,524)	(420)
Deferred		528	2,182	(3,748)
		528	(2,342)	(4,168)
Income before minority interest	23,434	2,026	28,276	3,568
Minority interest			(5,877)	(1,542)
Net income	23,434	2,026	22,399	2,026
Net income per share/quota at the end of the year - R$	0.51	0.17		

The accompanying notes are an integral part of these financial statements.

EVEN Construtora e Incorporadora S.A.

Statements of Changes in Stockholders' Equity
In thousands of reais (A free translation of the original in Portuguese)

	Capital	Capital reserve - share premium	Revenue reserve - Legal reserve	Revenue reserve - Retained profit	Retained earnings	Total
At December 31, 2004	12,128				5,260	17,388
Net income for the year					2,026	2,026
At December 31, 2005	12,128				7,286	19,414
Capital increase (Note 15)	33,876	53,662				87,538
Capitalization of reserve (Note 15)	53,662	(53,662)				
Net income for the year					23,434	23,434
Appropriation of net income						
Legal reserve			1,172		(1,172)	
Proposed dividends - R$0.12 per share (Note 15)					(5,566)	(5,566)
Revenue reserve				23,982	(23,982)	
At December 31, 2006	99,666		1,172	23,982		124,820

The accompanying notes are an integral part of these financial statements.

EVEN Construtora e Incorporadora S.A.

Statements of Changes in Financial Position
Years Ended December 31
In thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2006	2005	2006	2005
Financial resources were provided by				
Operations				
Net income for the year	23,434	2,026	22,399	2,026
Expenses (income) not affecting working capital				
Equity in results of investees	(33,047)	(6,150)		
Amortization of goodwill (negative goodwill)	4	15		
(Gain) loss on investees	(42)	(198)		
Depreciation	135	60	141	62
Residual value of fixed asset disposals	11		11	
Long-term taxes payable	96	(292)	1,696	1,505
Financial charges on long-term liabilities	74	394	945	653
Deferred income tax and social contribution		(528)	(2,182)	3,748
Minority interest			5,877	1,542
	(9,335)	(4,673)	28,887	9,536
Resources used in operations	9,335	4,673		
			28,887	9,536
Third and related parties				
Transfer from long-term receivables to current assets		2,421		
Obligations for purchases of land	2,846	2,274	45,148	21,772
Loans and financing		975	3,056	975
Advances for future investments			4,959	
Other accounts payable	910	490	668	481
Increase in minority interest			21	707
Dividends received	7,695	846		
Stockholders				
Capital increase	87,538		87,538	
	98,989	7,006	141,390	23,935
Total funds provided	**98,989**	**7,006**	**170,277**	**33,471**
Financial resources were used for				
Operations	9,335	4,673		
Long-term receivables				
Accounts receivable	1,461		46,601	3,115
Advances for future capital increase	81,223	435	3,207	
Transfer from long-term liabilities to current liabilities	124	6,851	995	899
Proposed dividends	5,566		5,566	
Investments	24,661	10,124		
Property and equipment	4,020	370	4,042	376
Total funds used	**126,390**	**22,453**	**60,411**	**4,390**
Increase (decrease) in working capital	(27,401)	(15,447)	109,866	29,081
Changes in working capital				
Current assets				
At the end of the year	55,234	29,540	354,421	134,615
At the beginning of the year	(29,540)	(45,425)	(134,615)	(87,484)
	25,694	(15,885)	219,806	47,131
Current liabilities				
At the end of the year	101,237	48,142	187,688	77,748
At the beginning of the year	(48,142)	(48,580)	(77,748)	(59,698)
	53,095	(438)	109,940	18,050
Increase (decrease) in working capital	**(27,401)**	**(15,447)**	**109,866**	**29,081**

The accompanying notes are an integral part of these financial statements.

1 Operations

The main activities of the Company and its subsidiaries are residential real estate development and investments in other companies.

Real estate development projects are carried out by the Company and its subsidiaries or in association with other partners. Third parties participate directly in the development projects or through investments in companies formed for the specific purpose of developing the projects.

As described in Note 15, at the General Meeting held on March 3, 2006, the quotaholders decided to change the Company's corporate structure from a private limited liability partnership (Ltda.) to a corporation (S.A.), adopting its current corporate name.

2 Significant Accounting Practices and Presentation of the Financial Statements

The financial statements have been prepared in accordance with accounting practices adopted in Brazil (as determined by Corporate Law), and resolutions and additional regulations of the Brazilian Securities Commission ("CVM").

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates include, but are not limited to, the selection of the useful lives of property and equipment, the provisions necessary for contingent liabilities, the determination of provisions for taxes, budgeted costs and other similar charges. Actual results could differ from those estimates.

(a) Determination of results of developments and sales of properties and others

The result for finished units sold on credit is recognized when the sale is made, regardless of the receipt of the contractual amount.

Interest income from fixed interest rate loans is recognized following the accrual basis of accounting, regardless of receipt of these values.

For sales of units under construction, the procedures and rules established by Resolution no. 963 of the Federal Accounting Council (CFC) were observed, as follows:

- The incurred costs on units sold, including land, is fully recognized in results;

- The percentage of incurred costs on units sold, including land, measured in relation to total budgeted costs is applied to the total sales price of the units sold, adjusted according to the terms established in the sales contract, and to selling expenses, in order to determine the revenue and selling expenses to be recognized; and

- The amount of revenue calculated, including monetary indexation charges, and discounted of installments already received, is classified as accounts receivable or advances from customers, when applicable.

The other revenues and expenses, including advertising and marketing, are recognized in results on the accrual basis.

(b) Current assets and long-term receivables

Cash and cash equivalents include investment funds, which are stated at the market value of the quotas at the balance sheet date, and bank deposit certificates, which are stated at cost, plus income accrued up to the balance sheet date.

The allowance for doubtful receivables is set up on accounts receivable of delivered units, at an amount considered sufficient to cover expected losses on realization.

Properties for sale are stated at the cost of purchase and construction, which does not exceed net realizable value.

Deferred selling expenses refer to construction costs, cost of maintenance of sales stands, and other expenses directly related to each development project, and are recognized in the results using the same criteria adopted to recognize revenues and costs of units sold (Note 2(a)).

Other assets are stated at cost or realizable amounts including, when applicable, accrued earnings, inflation and exchange variations.

(c) Permanent assets

Permanent assets are stated at cost, combined with the following aspects:

- Investments in subsidiaries are recorded following the equity method, plus unamortized goodwill (negative goodwill), as mentioned in Note 6.
- Depreciation of property and equipment is calculated on the straight-line basis, at the annual rates listed in Note 7, which considers the economic useful lives of the assets.

(d) Current and long-term liabilities

Current and long-term liabilities are stated at their known or estimated amounts, including, when applicable, accrued charges and inflation or exchange variations.

(e) Income tax and social contribution on net income

Income tax and social contribution are calculated at the standard rate of 15% for income tax plus a 10% surcharge, and at 9% for social contribution, on book income adjusted in accordance with the criteria established by tax legislation.

As permitted by tax legislation, certain subsidiaries, whose previous year turnover had not exceeded R$48,000, opted for the presumed profit regime. For these companies, income tax and social contribution basis is calculated at the rate of 8% and 12% on gross revenues, respectively, (at 32% when revenue arises from services rendered and at 100% when it arises from financial revenues), upon which the standard rates for income tax and social contribution are applied.

Deferred income tax and social contribution are presented in Note 14.

(f) Consolidated financial statements

The consolidated financial statements comprise the financial statements of EVEN Construtora e Incorporadora S.A. and its subsidiaries (individually and under shared control or incorporated for development of a specific real estate project), as mentioned in Note 6. The consolidated financial statements exclude intercompany accounts, revenue and expenses, as well as the investments. Minority interests are disclosed separately. The financial statements of the companies under shared control are consolidated proportionally.

All amounts in thousands of reais, unless otherwise indicated

As described in Note 6, at December 31, 2006, certain subsidiaries have a net capital deficiency (excess of liabilities over assets). As management understands that the losses are not permanent, it decided not to record a provision to cover a future payment of the net capital deficiency. As a result, the corresponding amount is being presented as a reconciling item between stockholders' equity and net income, between those of the parent company and the respective consolidated amounts, as shown below:

	Net income for the year	Stockholders' equity
Balances of the parent company	23,434	124,820
Net capital deficiency of the subsidiaries		
Especiale Empreendimentos Imobiliários Ltda	(128)	(128)
Concetto Empreendimentos Imobiliários Ltda	(75)	(75)
Boulevard São Francisco Empreendimentos Imobiliários Ltda.	(325)	(325)
Áquila Even Empreendimentos Imobiliários Ltda.	(2)	(2)
Centaurus Empreendimentos Imobiliários Ltda.	(2)	(2)
Cygnus Empreendimentos Imobiliários Ltda.	(2)	(2)
Gemini Even Empreendimentos Imobiliários Ltda.	(2)	(2)
Omicron Even Empreendimentos Imobiliários Ltda.	(1)	(1)
Orion Even Empreendimentos Imobiliários Ltda.	(2)	(2)
Tabor Empreendimentos Imobiliários Ltda.	(3)	(3)
Eta Even Empreendimentos Imobiliários Ltda.	(6)	(6)
Kappa Even Empreendimentos Imobiliários Ltda.	(1)	(1)
Lambda Even Empreendimentos Imobiliários Ltda.	(1)	(1)
Lynx Even Empreendimentos Imobiliários Ltda.	(2)	(2)
Phi Even Empreendimentos Imobiliários Ltda.	(2)	(2)
Omega Even Empreendimentos Imobiliários Ltda.	(32)	(32)
Aliko Investimento Imobiliário Ltda.	(54)	(54)
Parqueven Empreendimentos Ltda.	(395)	(395)
	(1,035)	(1,035)
Balances of the consolidated	22,399	123,785

3 Cash and Cash Equivalents

	Parent company		Consolidated	
	2006	2005	2006	2005
Cash and banks	7,796	1,118	16,312	4,568
Investment funds - fixed rate(*)	17	84	6,553	877
Bank deposit certificate(*)				2,805
	7,813	1,202	22,865	8,250

(*) Average rates equivalent to the variation of the Interbank Deposit Certificate (CDI).

All amounts in thousands of reais, unless otherwise indicated

4 Accounts Receivable

	Parent company		Consolidated	
	2006	2005	2006	2005
Completed projects	4,001	5,616	28,960	11,777
Projects under construction				
Recognized revenue	34,191		184,274	79,813
Installments received	(24,925)		(76,761)	(40,444)
	9,266		107,513	39,369
	13,267	5,616	136,473	51,146
Long-term receivables	(2,328)	(867)	(52,688)	(6,087)
	10,939	4,749	83,785	45,059
Discounts of receivables	(863)	(1,227)	(3,173)	(3,829)
Allowance for doubtful accounts	(577)	(577)	(577)	(577)
Current assets	9,499	2,945	80,035	40,653

Accounts receivable are indexed mainly according to the National Civil Construction Index (INCC) up to the delivery of completed units and, subsequently, according to the General Market Price Index (IGP-M), plus interest of 12% "per annum", calculated on a "pro rata" basis.

The balance of accounts receivable from units sold and not yet completed is not fully recognized in the financial statements, as the recorded revenue is limited to the portion of revenue recognized for accounting purposes (in accordance with the criteria described in Note 2(a)), net of installments already received.

All amounts in thousands of reais, unless otherwise indicated

Additional information on the balance of accounts receivable related to real estate development projects, net of installments received, is summarized as follows:

	Parent company		Consolidated	
	2006	2005	2006	2005
Current	10,939	4,749	83,785	45,059
Long-term	2,328	867	52,688	6,087
	13,267	5,616	136,473	51,146
Portion recorded in advances from customers (Note 11)	(683)		(7,408)	(4,843)
Revenue not recognized	22,263		264,677	68,881
Total accounts receivable	34,847	5,616	393,742	115,184
Current	(10,387)	(3,620)	(93,460)	(47,412)
Long-term	24,460	1,996	300,282	67,772

At December 31, 2006, the main information on the projects under construction is as follows:

	Parent company		Consolidated	
	2006	2005	2006	2005
Revenue not recognized	22,263		264,677	68,881
Cost of units sold to be incurred	(13,213)		(168,666)	(44,114)
Unappropriated sales expenses	550	715	16,404	6,297
Cost incurred with units in inventory	4,428	7,324	68,437	44,757
Total budgeted cost to be incurred (units sold and in inventory)	20,744		347,069	69,936

5 Properties for Sale

This account represents the costs of units (completed and under construction) and land for future real estate development projects, as shown below:

	Parent company		Consolidated	
	2006	2005	2006	2005
Properties under construction	4,428	7,324	68,437	44,757
Completed properties		82	6,147	2,014
Land	18,679	13,082	146,157	26,138
Advances for purchase of land	175	955	215	955
	23,282	21,443	220,956	73,864

All amounts in thousands of reais, unless otherwise indicated

6 Investments

	Parent company		Consolidated	
	2006	2005	2006	2005
In subsidiaries	83,058	39,320		
Tax benefits and other	11	11	11	11
	83,069	39,331	11	11
Unamortized goodwill	6,329	197		
Unamortized negative goodwill	(110)	(291)		
	6,219	(94)		

All amounts in thousands of reais, unless otherwise indicated

(a) The main information on investees is as follows:

	Company's interest - %		Net income (loss) for the year		Investee net equity (net capital deficiency)		Investment	
Companies	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Subsidiaries								
Alef Empreendimentos Imobiliários Ltda.	100.00	100.00	2,098	1,465	7,311	4,812	7,311	4,812
Sociedade em conta de participação - Even Construterpins	64.29	64.29	2,404	(76)	9,259	6,764	5,952	4,348
Westeven Empreendimentos Imobiliários Ltda.	100.00	100.00	1,713		5,812	1	5,812	1
Campo Belíssimo Participações Imobiliárias S.A.[(ii)]	50.92		8,695		15,602		7,944	
Vida Viva Mooca Empreendimentos Imobiliários Ltda.[(iii)]	100.00		474		3,414		3,414	
Vida Viva Santa Cruz Empreendimentos Imobiliários S.A.[(iv)]	100.00		(176)		3,068		3,068	
Sociedade em conta de participação - Even MDR	66.67	66.67	11,279	4,057	8,882	7,544	5,921	5,029
Plaza Mayor Empreendimentos Imobiliários Ltda.[(v)]	75.00		451		452		339	
Especiale Empreendimentos Imobiliários Ltda.[(vi)]	100.00		(128)		(128)			
Mozodiel do Campo Ltda.	100.00		(168)		102		102	
Concetto Empreendimentos Imobiliários Ltda.[(vii)]	100.00		(74)		(75)			
Iluminatto Empreendimentos Imobiliários Ltda.[(viii)]	100.00		1,278		2,879		2,879	
Boulevard São Francisco Empreendimentos Imobiliários Ltda.[(ix)]	100.00		(324)		(325)			
Vida Viva Tatuapé Empreendimentos Imobiliários Ltda.[(xi)]	100.00		35		466		466	
Inspiratto Empreendimentos Imobiliários Ltda.[(x)]	100.00		562		708		708	
Áquila Even Empreendimentos Imobiliários Ltda.	100.00		(2)		(2)			
Centaurus Even Empreendimentos Imobiliários Ltda.	100.00		(2)		(2)			
Cygnus Even Empreendimentos Imobiliários Ltda.	100.00		(2)		(2)			
Gemini Even Empreendimentos Imobiliários Ltda.	100.00		(2)		(2)			
Omicron Even Empreendimentos Imobiliários Ltda.	100.00		(1)		(1)			
Orion Even Empreendimentos Imobiliários Ltda.	100.00		(2)		(2)			
Tabor Empreendimentos Imobiliários Ltda.	100.00		(3)		(3)			
Eta Even Empreendimentos Imobiliários Ltda.	100.00		(6)		(6)			
Kappa Even Empreendimentos Imobiliários Ltda.	100.00		(1)		(1)			
Lambda Even Empreendimentos Imobiliários Ltda.	100.00		(1)		(1)			
Lynx Even Empreendimentos Imobiliários Ltda.	100.00		(2)		(2)			

EVEN Construtora e Incorporadora S.A. and Subsidiaries

Notes to the Financial Statements at December 31, 2006 and 2005 All amounts in thousands of reais, unless otherwise indicated

Companies	Company's interest - %		Net income (loss) for the year		Investee net equity (net capital deficiency)		Investment	
	2006	2005	2006	2005	2006	2005	2006	2005
Phi Even Empreendimentos Imobiliários Ltda.	100.00		(2)		(2)			
Zeta Even Empreendimentos Imobiliários Ltda.	100.00							
Omega Even Empreendimentos Imobiliários Ltda.	100.00		(33)		(32)			
Shared controlled entiteis [i]								
City Projects Empreendimentos Ltda.	50.00	50.00	11,643	2,777	44,784	36,340	22,392	18,170
Window Jardins Empreendimentos Imobiliários S.A.	49.90	49.90	2,287	448	10,126	5,462	5,053	2,726
Eco Life Cidade Universitária Empreendimentos Imobiliários S.A.	40.00	40.00	201	(100)	3,377	3,168	1,351	1,267
Tricity Empreendimento e Participações Ltda.	50.00	100.00	8,307	(220)	18,372	2,881	9,186	2,881
Aliko Investimento Imobiliário Ltda.	50.00		244		(108)			
Jardim Goiás Empreendimentos Imobiliários Ltda.	50.00		(131)		1,871		935	
Nova Suíça Empreendimentos Imobiliários Ltda.	50.00		(126)		446		225	
ABC Desenvolvimento Imobiliário Ltda.		25.00		2,720		340		85
Parqueven Empreendimentos Ltda.	50.00	50.00	(777)		(789)	1		1
							83,058	39,320

(i) Proportional consolidation.
(ii) The direct and indirect holdings total 70.46%.
(iii) Formerly Delta Even Empreendimentos Imobiliários Ltda.
(iv) Formerly Eco Life Santa Cruz Empreendimentos Imobiliários S.A.
(v) Formerly Vila Leopoldina Empreendimentos Imobiliários Ltda.
(vi) Formerly Franco da Rocha Empreendimentos Imobiliários Ltda.
(vii) Formerly Alpha Even Empreendimentos Imobiliários Ltda.
(viii) Formerly Beta Even Empreendimentos Imobiliários Ltda.
(ix) Formerly Gama Even Empreendimentos Imobiliários Ltda.
(x) Formerly Epsilon Even Empreendimentos Imobiliários Ltda.
(xi) Formerly Sigma Even Empreendimentos Imobiliários Ltda.

All amounts in thousands of reais, unless otherwise indicated

(b) The main information on indirect investees is summarized as follows:

Companies	Company's interest - %		Net income (loss) for the year		Investees net equity (net capital deficiency)	
	2006	2005	2006	2005	2006	2005
Evisa Empreendimentos Imobiliários Ltda.(*)	50.00	50.00	15,038	5,472	13,951	11,153
Terra Vitris Empreendimentos Imobiliários Ltda.(*)	50.00	100.00	1,159	482	4,742	3,582
Norteven Empreendimentos Ltda	50.00	100.00	3,209	(387)	2,823	(386)

(*) Proportional consolidation (2005 - when applicable).

(c) Unamortized goodwill (negative goodwill)

	Parent company	
	2006	2005
Evisa Empreendimentos Imobiliários Ltda.		135
Alef Empreendimentos Imobiliários Ltda.	40	62
Window Jardins Empreendimentos Imobiliários S.A.	(110)	(291)
Campo Belíssimo Participações Imobiliárias S.A.	75	
Viva Vida Santa Cruz Empreendimentos Imobiliários S.A.	495	
Mozodiel do Campo Ltda.	3,380	
Aliko Investimento Imobiliário Ltda.	2,332	
Special purpose partnership - Even MDR	7	
	6,219	(94)

Goodwill and negative goodwill arising from revaluation of lots of land in the investees in relation to their book cost, are being amortized proportionally to the recognition of results from the real estate development projects of these subsidiaries or special-purpose companies. Unamortized balances are presented in the consolidated financial statements under "Properties for sale".

EVEN Construtora e Incorporadora S.A. and Subsidiaries

Notes to the Financial Statements at December 31, 2006 and 2005 All amounts in thousands of reais, unless otherwise indicated

(d) The changes in investments may be summarized as follows:

	December 31, 2004	Capital subscription (reduction)	Profit distributed	Net equity	Other	December 31, 2005	Capital subscription (reduction)	Profit distributed	Net equity	Other	December 31, 2006
City Projects Empreendimentos Ltda.	14,473	2,308		1,389		18,170		(1,600)	5,821	1	22,392
ABC Desenvolvimento Imobiliário Ltda.	52		(846)	681	198	85				(85)	
Sociedade em Conta de Participação (SCP) - Even MDR	3,122	(798)		2,705		5,029	(475)	(6,095)	7,520	(58)	5,921
Alef Empreendimentos Imobiliários Ltda.	3,347			1,465		4,812	377		2,098	24	7,311
Sociedade em Conta de Participação - Even Construterpins	2,307	2,091		(50)		4,348	18		1,544	42	5,952
Window Jardins Empreendimentos Imobiliários S.A.		2,506		220		2,726	1,181		1,141	5	5,053
Eco Life Cidade Universitária Empreendimentos Imobiliários S.A.		1,307		(40)		1,267			81	3	1,351
Parqueven Empreendimentos Ltda.		1				1			6	(7)	
Tricity Empreendimento e Participações Ltda.		3,101		(220)		2,881			6,735	(430)	9,186
Campo Belíssimo Participações Imobiliárias S.A.							3,397		3,997	550	7,944
Westeven Empreendimentos Imobiliários Ltda.		1				1	4,099		1,713	(1)	5,812
Iluminatto Empreendimentos Imobiliários Ltda.							1,601		1,278		2,879
Vida Viva Mooca Empreendimentos Imobiliários Ltda.							2,941		474	(1)	3,414
Inspiratto Empreendimentos Imobiliários Ltda.							146		562		708
Vida Viva Santa Cruz Empreendimentos Imobiliários S.A.							3,244		(176)		3,068
Plaza Mayor Empreendimentos Imobiliários Ltda.							1		339	(1)	339
Vida Viva Tatuapé Empreendimentos Imobiliários Ltda.							431		35		466
Aliko Investimento Imobiliário Ltda.							(176)		176		
Jardim Goiás Empreendimentos Imobiliários Ltda.							1,001		(66)		935
Mozodiel do Campo Ltda.							270		(168)		102
Nova Suíça Empreendimentos Imobiliários Ltda.							288		(63)		225
	23,301	10,517	(846)	6,150	198	39,320	18,344	(7,695)	33,047	42	83,058

The quotaholders of ABC Desenvolvimento Imobiliário Ltda. decided, in accordance with a Private Instrument of Dissolution and Liquidation dated December 31, 2006, to dissolve the company. As a result, the Company suffered a loss equivalent to the investment it held in this company, in the amount of R$85, which was recorded in the statement of income as "Non-operating results".

The subsidiary Tricity Empreendimentos e Participações Ltda. sold to the Company, pursuant to a Share Sale and Purchase Agreement dated December 27, 2006, a portion (5.92%) of the investment held in the capital of Campo Belíssimo Participações Imobiliárias S.A., for R$290. This transaction generated a loss of R$550, which was recorded as "Non-operating results" in the statement of income; the Company recorded the same amount as negative goodwill on the transaction, which was fully amortized, since it was originally generated by another transaction, as described below.

On December 28, 2006, an increase in the capital of Tricity Empreendimentos Imobiliários Ltda. was approved, in the amount of R$7,218, represented by the capitalization of a foreign currency loan granted by a third party (Note 8). The Company did not exercise its subscription right, thus reducing the investment in this company from 100% to 50%, and incurring a loss in the transaction of R$430, which was recorded in the statement of income as "Non-operating results". The quotas of Tricity Empreendimentos Imobiliários Ltda. held by the Company remain pledged in favor of the new stockholder and were previously pledged in guarantee of the loan.

EVEN Construtora e Incorporadora S.A. and Subsidiaries

Notes to the Financial Statements
at December 31, 2006 and 2005
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(e) The balance of the balance sheet and income statement accounts of direct and indirect shared-controlled subsidiaries that are included in the consolidated financial statements, in proportion to the percentage holding, are summarized as follows:

		Assets				Liabilities and stockholders' equity				Result for the year						
	Company's interest- %	Current	Long-term	Permanent assets	Total	Current	Long-term	Net equity	Total	Net revenue	Costs	Operating expenses	Financial results	Other income and expenses	Income tax and social contribution	Total
At December 31, 2006																
City Projects Empreendimentos Ltda.	50.00	51,751	15,824		67,575	16,110	6,681	44,784	67,575	59,844	(42,045)	(5,901)	(1,103)		848	11,643
Window Jardins Empreendimentos Imobiliários S.A.	49.90	16,103		6	16,109	1,671	4,312	10,126	16,109	16,107	(12,501)	(855)	30		(494)	2,287
Eco Life Cidade Universitária Empreendimentos Imobiliários S.A.....	40.00	4,351			4,351	862	112	3,377	4,351	5,185	(3,456)	(1,378)	8		(158)	201
Tricity Empreendimento e Participações Ltda............................	50.00	6,259		13,727	19,986	1,614		18,372	19,986			(571)	1,561	7,639	(322)	8,307
Aliko Investimento Imobiliário Ltda.	50.00	1,930	123		2,053	2,161		(108)	2,053	580	(336)	(26)	16	9	1	244
Jardim Goiás Empreendimentos Imobiliários Ltda.	50.00	3,344			3,344	1,473		1,871	3,344			(131)				(131)
Nova Suíça Empreendimentos Imobiliários Ltda.	50.00	4,585			4,585	1,405	2,734	446	4,585			(126)				(126)
Parqueven Empreendimentos Ltda.........	50.00	46,088			46,088	17,068	29,809	(789)	46,088			(722)	(56)	1		(777)
Evisa Empreendimentos Imobiliários Ltda. (indirect subsidiary)	50.00	14,365	7,085		21,450	6,449	1,050	13,951	21,450	30,989	(17,182)	(1,410)	(138)		2,779	15,038
At December 31, 2005																
City Projects Empreendimentos Ltda.	50.00	60,228	12,730		72,958	24,795	11,823	36,340	72,958	44,852	(31,846)	(5,260)	(1,792)	4	(3,181)	2,777
Window Jardins Empreendimentos Imobiliários S.A.	49.90	6,836	2,172	8	9,016	3,250	304	5,462	9,016	8,808	(6,606)	(1,490)	(18)		(246)	448
ABC Desenvolvimento Imobiliário Ltda.	25.00	500			500	160		340	500	3,236		(148)	(24)		(344)	2,720
Eco Life Cidade Universitária Empreendimentos Imobiliários S.A.....	40.00	3,718			3,718	550		3,168	3,718			(90)	(10)			(100)
Parqueven Empreendimentos Ltda.........	50.00	23,366			23,366	4,968	18,397	1	23,366					1		1
Evisa Empreendimentos Imobiliários Ltda. (indirect subsidiary)..............................	50.00	33,757	50		33,807	4,175	18,479	11,153	33,807	31,299	(19,264)	(1,348)	(1,291)		(3,924)	5,472

All amounts in thousands of reais, unless otherwise indicated

(f) Advances for future capital increases were made to the following companies:

	Assets			
	Parent company		Consolidated	
	2006	2005	2006	2005
Tricity Empreendimento e Participações Ltda.	467	435	234	
Inspiratto Empreendimentos Imobiliários Ltda.	8,261			
Zeta Even Empreendimentos Imobiliários Ltda.	1,621			
Eta Even Empreendimentos Imobiliários Ltda.	1,312			
Especiale Empreendimentos Imobiliários Ltda.	869			
Vida Viva Tatuapé Empreendimentos Imobiliários Ltda.	2,122			
Omega Even Empreendimentos Imobiliários Ltda.	8,444			
Mozodiel do Campo Ltda.	413			
Plaza Mayor Empreendimentos Imobiliários Ltda.	13,415			
Parqueven Empreendimentos Ltda.	5,062		2,531	
Kappa Even Empreendimentos Imobiliários Ltda.	1,704			
Phi Even Empreendimentos Imobiliários Ltda.	256			
Omicron Even Empreendimentos Imobiliários Ltda.	4			
Lambda Even Empreendimentos Imobiliários Ltda.	5			
Tabor Empreendimentos Imobiliários Ltda.	12,787			
Orion Even Empreendimentos Imobiliários Ltda.	20			
Centaurus Even Empreendimentos Imobiliários Ltda.	500			
Cygnus Even Empreendimentos Imobiliários Ltda.	22			
Gemini Even Empreendimentos Imobiliários Ltda.	570			
Vida Viva Santa Cruz Empreendimentos Imobiliários S.A.	529			
Westeven Empreendimentos Imobiliários Ltda.	936			
Concetto Empreendimentos Imobiliários Ltda.	1,201			
Jardim Goiás Empreendimentos Imobiliários Ltda.	451		226	
Nova Suíça Empreendimentos Imobiliários Ltda.	432		216	
Iluminatto Empreendimentos Imobiliários Ltda.	4,309			
Boulevard São Francisco Empreendimentos Imobiliários Ltda.	8,830			
Vida Viva Mooca Empreendimentos Imobiliários Ltda.	1,847			
Campo Belíssimo Participações Imobiliárias S.A.	5,269			
	81,658	435	3,207	

The consolidated balance of advances for future capital increases arises from the proportional consolidation of the above investees.

All amounts in thousands of reais, unless otherwise indicated

	Liabilities
	Consolidated
	2006
Quality Building	
Empreendimento Plaza Mayor (Vila Leopoldina)	3,043
Empreendimento The Gift (Parqueven)	1,453
	4,496
Construtora e Incorporadora Campos	
Empreendimento Tendence (Nova Suiça)	228
Empreendimento Le Parc (Jardim Goiás)	235
	463
	4,959

The consolidated balances of advances for future investments refer to increases not yet capitalized made by development partners and with no predetermined term for capitalization.

7 Property and Equipment

	Parent company		Consolidated		Annual depreciation rate - %
	2006	2005	2006	2005	
Machinery and equipment (cost)	49		50		10
Accumulated depreciation	(2)		(2)		
Furniture and fixtures (cost)	592	199	592	200	10
Accumulated depreciation	(112)	(81)	(112)	(81)	
Computers (cost)	481	166	488	173	20
Accumulated depreciation	(112)	(50)	(114)	(50)	
Facilities (cost)	680	105	680	105	10
Accumulated depreciation	(70)	(35)	(70)	(35)	
Vehicles (cost)	83	96	83	96	20
Accumulated depreciation	(51)	(70)	(51)	(70)	
Software (cost)	2,896	31	2,896	31	20
Accumulated depreciation	(28)	(3)	(28)	(3)	
Improvements to properties	102		102		
Accumulated depreciation	(10)		(10)		
Construction in progress		267		267	
Other (cost)	33		51		
Accumulated depreciation	(32)		(32)		
	4,499	625	4,523	633	

All amounts in thousands of reais, unless otherwise indicated

8 Loans and Financing

	Parent company		Consolidated	
	2006	2005	2006	2005
In local currency				
Working capital	75,637	4,181	75,637	4,181
Working capital guaranteed by Receivables		907		907
Real estate credit			14,021	14,242
	75,637	5,088	89,658	19,330
In foreign currency				
Working capital		5,177		5,177
Bridge loan				7,916
	75,637	10,265	89,658	32,423
Current liabilities	(75,176)	(9,754)	(79,698)	(25,469)
Long-term liabilities	461	511	9,960	6,954

The main information on loans and financing is:

(a) Credit lines in local currency for working capital purposes are mainly subject to:

(i) 110% of the variation of the CDI rate; or

(ii) Variation of the CDI rate plus 0.20% (2006) and 0.35% (2005) per month.

These lines are guaranteed by sureties from the stockholders.

(b) Working capital guaranteed by receivables is subject to the CDI variation plus interest charges of 4.03% per annum.

(c) The loan in foreign currency for working capital purposes, in the amount of US$2,000 thousand, was subject to interest of 5.0% p.a., plus exchange variation, and was settled in 2006.

(d) The bridge loan of US$3,381 thousand was used to increase the capital of subsidiary Tricity Empreendimento e Participações Ltda. as described in Note 6(d), and bears no interest.

At December 31, 2006, long-term amounts fall due mainly in 2008.

Long-term real estate financing agreements include clauses of anticipated maturity in the event of default on some of the commitments assumed, such as the use of proceeds from the agreement according to its terms, registration of the mortgage on the real estate development projects, compliance with the construction schedule etc. The Company has been in compliance with the terms of these agreements.

All amounts in thousands of reais, unless otherwise indicated

9 Related Parties

(a) Loans

	Parent company				Consolidated			
	Assets		Liabilities		Assets		Liabilities	
	2006	2005	2006	2005	2006	2005	2006	2005
Subsidiaries								
Alef Empreendimentos Imobiliários Ltda.	1,387	162					129	
Parqueven Empreendimentos Ltda.		1,173				586		
Window Jardins Empreendimentos Imobiliários S.A.	372	1,186			186	594		
City Projects Empreendimentos Ltda.	353		1,180	1,632	353	2	761	815
ABC Desenvolvimento Imobiliário Ltda.				500				375
Aliko Investimento Imobiliário Ltda.							63	
Tricity Empreendimento e Participações Ltda			1,858	2,262	379		929	
Westeven Empreendimento e Participações Ltda.			1,000					
Campo Belíssimo Empreendimentos Imobiliários Ltda	5,993							
	8,105	2,521	4,038	4,394	918	1,182	1,882	1,190
Other related parties								
ABC T&K Participações S.A.	7			16,587	7			16,587
ABC Construtora e Incorporadora Ltda.	20			3,815	20			3,815
Fundo de Investimento Pactual			48				48	
Abraão Muszkat	196				196			
Carlos Eduardo Terepins	69				69			
Baucis Participações Ltda.				3,732				3,732
	292		48	24,134	292		48	24,134
	8,397	2,521	4,086	28,528	1,210	1,182	1,930	25,324

The balances with subsidiaries, except for those with Campo Belíssimo Empreendimentos Imobiliários Ltda. ("Campo Belíssimo") , City Projects Empreendimentos Ltda. ("City Projects") and Tricity Empreendimento e Participações Ltda ("Tricity"), are not subject to financial charges and they have no predetermined maturity date.

The balances with Campo Belíssimo, City Projects and Tricity are subject to interest at the CDI rate. The balance with Campo Belíssimo Empreendimentos Imobiliários Ltda. matures in June 2007 and the balances with City and Tricity in May 2007.

The consolidated balances with subsidiaries arise from the proportional consolidation of the financial statements.

The balances with ABC T&K Participações S.A. and its subsidiary ABC Construtora e Incorporadora Ltda. were not subject to financial charges and were settled in 2006.

The balance with Baucis Participações Ltda. was subject to the variation of the CDI, plus interest of 3% per annum, and was settled in 2006.

(b) Transactions

In 2006, the parent company purchased completed real estate units from City Projects in the amount of R$1,807 (2005 - R$2,004, and from Window Jardins Empreendimentos Imobiliários S.A., in the amount of R$520).

Other transactions with related parties are described in Notes 6(d) and 15.

All amounts in thousands of reais, unless otherwise indicated

10 Accounts with Development Partners

	Parent company		Consolidated	
	2006	2005	2006	2005
Development projects				
Campo Belíssimo			422	
Duo Alto de Pinheiros	3,003	492	3,003	492
Granja Julieta			(631)	1,359
Mercure Trianon	(145)	(461)	(145)	(461)
Horizons	(163)	(153)	(162)	(153)
The View	(406)	(240)	794	(240)
Particolare	(161)		(162)	
Other	(210)	(54)	(172)	(56)
	1,918	(416)	2,947	941
Other partners				
Quality Building				(586)
Hedging Griffo				(595)
Seisa Mester Empreendimentos Imobiliários Ltda.			455	195
MDR Empreendimento Imobiliário Ltda.				(195)
ABC Construtora e Incorporadora Ltda.				(123)
			455	(1,304)
	1,918	(416)	3,402	(363)
Balance in assets	2,707	506	4,817	2,058
Balance in liabilities	(789)	(922)	(1,415)	(2,421)
	1,918	(416)	3,402	(363)

The Company participates in real estate development projects together with partners directly or through related companies, by means of corporate holdings. The management and cash management are centralized in the company leading the project, that also monitors the construction work and the budget. Therefore, the company leading the project assures the investment of necessary funds as well as their allocation according to the initial planning. The sources and use of the resources of each project are reflected in these balances, based on the respective company's interest, and are not subject to financial charges and they do not have predetermined maturity dates.

All amounts in thousands of reais, unless otherwise indicated

The average term of development and completion of the projects in which funds are invested is three years, always based on the planning and financial schedules of each project. The allocation of funds in this way allows the business conditions agreed with each partner and for each project to focus on specific structures that are more suitable to the characteristics of each project.

11 Advances from Customers

	Parent company		Consolidated	
	2006	2005	2006	2005
Amounts received for sale of projects not yet developed and other advances	356	493	661	3,990
Units sold from projects under Construction				
Recognized revenue	(1,137)		(13,889)	(12,354)
Installments received	1,820		21,297	17,197
	683		7,408	4,843
	1,039	493	8,069	8,833

12 Obligations for Purchases of Land

	Parent company		Consolidated	
	2006	2005	2006	2005
Current liabilities	8,068	3,621	68,668	6,675
Long-term liabilities	4,673	1,827	67,430	22,282
	12,741	5,448	136,098	28,957

All amounts in thousands of reais, unless otherwise indicated

As of December 31, 2006, long-term amounts fall due as follows:

	Parent company		Consolidated	
Year	**2006**	**2005**	**2006**	**2005**
2007		1,511		6,257
2008	4,673	316	28,949	10,769
2009			16,147	2,628
2010			22,334	2,628
	4,673	1,827	67,430	22,282

Amounts are mainly indexed to the INCC or the IGP-M.

13 Long-term Taxes Payable

Long-term taxes payable refer to taxes levied (Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)) on the difference between development revenue recognized on the accrual basis and taxable revenue which follows the cash basis.

14 Income Tax and Social Contribution

(a) Deferred

The Company and its subsidiaries have the following balances to be offset against, deducted from or added to the calculation basis of future taxable income. Additionally, certain subsidiaries have amounts to be taxed in future years, arising from profits on real estate activities taxable on the cash basis and whose amount was recognized on the accrual basis, considering taxation on the presumed profit regime, summarized as follows:

All amounts in thousands of reais, unless otherwise indicated

(i) Credits available for offset – taxable income

	Parent company		Consolidated	
	2006	2005	2006	2005
Income tax and social contribution losses to be offset against future taxable income	11,227	2,308	11,505	4,433
Unamortized goodwill	27,186			
Temporarily non-deductible expenses	336	330	336	829
Other		1,856		3,589

(ii) Taxable liabilities - taxable income

	Parent company		Consolidated	
	2006	2005	2006	2005
Difference between income taxed on the cash basis and the amount recognized on the accrual basis	1,071	1,118	3,587	20,579
Foreign exchange variation		1,150		1,150

(iii) Taxable liabilities - presumed profit

	Parent company		Consolidated	
	2006	2005	2006	2005
Difference between income from real estate activities taxed on the cash basis and the mount recognized on the accrual basis			105,461	6,623

As a result of the tax assets and liabilities mentioned above, the following tax effects (deferred income tax and social contribution) were recorded:

	Parent company		Consolidated	
	2006	2005	2006	2005
Long-term receivables				
Income tax and social contribution losses	364	771	459	913
Temporarily non-deductible differences				280
Other				208
	364	771	459	1,401
Long-term liabilities				
Difference in income from real estate operations - taxable income	364	380	1,220	6,997
Difference in income from real estate operations - presumed profit			3,248	204
Taxable foreign exchange variation		391		391
	364	771	4,468	7,592
Net amount of income tax and social contribution			(4,009)	(6,191)
Credit (charge) to results for the year		528	2,182	(3,748)

All amounts in thousands of reais, unless otherwise indicated

As a result of the current operations of the parent company, which are mainly investments in other companies, no tax assets were set up on the balances of income tax and social contribution losses. In addition, no tax assets were set up on the balance of temporarily non-deductible expenses in the determination of taxable income nor on the unamortized goodwill arising from the merger process, as mentioned in Note 15.

The taxation of the difference between net income recorded on a cash basis and the one recognized on the accrual basis occurs over an average period of five years, considering the period of receipt of revenue and the completion of the corresponding construction work.

Income tax and social contribution losses available for offset against future taxable income have no statute of limitations term, but their offset is limited to 30% of taxable income of each future base period.

Income tax and social contribution were calculated at the rates of 25% and 9%, respectively.

(b) For the year

Income tax and social contribution charges may be summarized as follows:

	Parent company		Consolidated	
	2006	2005	2006	2005
Calculation method				
Taxable income				
Income tax		388	(821)	(2,614)
Social contribution		140	(295)	(941)
		528	(1,116)	(3,555)
Presumed profit				
Income tax			(901)	(398)
Social contribution			(325)	(215)
			(1,226)	(613)
Credit (charge) to results for the year		528	(2,342)	(4,168)

Income tax and social contribution due on the taxable income of the Parent Company and subsidiaries were calculated as described in Note 2 (e).

15 Stockholders' Equity

At December 31, 2006, capital is comprised of 46,004,412 common nominative shares (December 31, 2005 - 12,128,128 quotas, with a par value of R$1.00 each).

At a General Meeting held on March 3, 2006, the quotaholders decided to transform the Parent Company into a corporation (S.A.), adopting the corporate name "EVEN Construtora e Incorporadora S.A.". Initial capital comprised 12,128,128 common nominative shares, with a par value of R$1.00 each. The Company's by-laws were approved in the same meeting and established that 5% of net income for each year will be used in the payment of mandatory annual dividends, after offsetting losses and allocations to the legal reserve.

Additionally, also in March 2006, the following capital increases were made:

- On March 9, capital was increased by R$15,589, with the issue of 15,589,530 shares with a par value of R$1.00 each.

- On March 17, capital was increased by R$18,287, paid in cash, with the subsequent issue of 18,286,754 shares, at R$3.9345 per share, resulting in a share premium of R$53,662, also paid in cash, and which was capitalized on December 1, 2006.

At an Extraordinary General Meeting held on October 31, 2006, stockholders approved the merger of Donneville Participações Ltda, which had become a stockholder of the Company on March 17, 2006. The net assets merged, which were appraised at book value by a specialized company at September 30, 2006, comprise the investment the merged company held in the capital of EVEN and the related goodwill, which is supported by the expectation of future profitability, in the amount of R$27,186, net of the provision recorded at the same amount, with no effects on the net assets merged. This provision was recorded by the merged company due to the fact that there was no expectation of generation of future taxable income by the merged company and the Company to absorb the tax benefit of the amortization of this balance.

The shareholders agreement signed with the new shareholder admitted on March 17, 2006, establishes that, in the event this goodwill generates a tax benefit in the Company, the latter commits, at the time this benefit is realized, to compensate the aforementioned stockholder at 80% of the amount of the benefit, whereas the other stockholders are entitled to 20%.

All amounts in thousands of reais, unless otherwise indicated

At December 31, 2006, the calculation of dividends is as follows:

	Parent company
Net income for the year	23,434
Appropriation to legal reserve	(1,172)
Calculation basis	22,262
Minimum statutory dividend - %	5
Minimum mandatory dividend	1,113
Supplementary dividend	4,453
Dividend proposed by management	5,566

As described in Note 4, the total budgeted cost of the real estate development projects launched up to December 31, 2006 is R$347,069, of which R$168,666 refer to units which have already been sold. As a result, the payment of dividends was limited to 25% of adjusted net income and the remaining balance was transferred to a revenue reserve to cover the obligations assumed.

16 Contingencies

The civil lawsuits in which the subsidiaries are defendants amount to R$220 and mainly refer to the review of the adjustment clause in the contracts with customers and to the interest on amounts to be collected as a result of these contracts. According to the information provided by responsible legal counsel, an unfavorable outcome is considered probable in some of these lawsuits, in a total amount of R$8. The provision for losses on total receivables amounts was R$577 and is considered sufficient to meet expected losses on accounts receivable, as mentioned in Note 4.

Additionally, some subsidiaries are defendants, directly or indirectly, as follows:

- Labor claims amounting to R$908, of which the unfavorable outcome is classified by management, as suggested by the legal counsel as: probable R$318, possible - R$411 and remote - R$179.

- Tax collection proceedings, in a total of R$86, of which the unfavorable outcome is classified by management, as suggested by the legal counsel, as: possible - R$53 and remote - R$33. There are no lawsuits with probable unfavorable outcome.

The financial statements include a provision for contingencies of R$327, classified as "Other accounts payable" in long-term liabilities.

17 Employee Benefits

The Company and its subsidiaries do not have pension plans or any other pension benefits for employees.

18 Financial Instruments

The Company participates in transactions involving financial instruments, all of which are recorded in balance sheet accounts, that are aimed to meet the company's needs and reduce exposure to credit, foreign currency exchange and interest rate risks. Management of these risks is effectively done by defining strategies, establishing control systems and determining limits for investments.

(a) Considerations about risks

(i) Credit risk

Credit risk is considered almost inexistent because the units sold are pledged in guarantee in the event of default. The financial statements comprise a provision of R$577 to meet expected losses on accounts receivable related to completed units, resulting from lawsuits (Note 16).

(ii) Currency exchange risk

As mentioned in Note 8, at December 31, 2005, foreign currency loans amounted to US$5,381 million and were settled during 2006 eliminating such exchanges risk.

(iii) Interest rate risk

Interest rates on loans and financing are mentioned in Note 8. Interest rates on financial investments are mentioned in Note 3. Interest of 12% p.a. is levied on accounts receivable from completed units, as mentioned in Note 4, which are recognized on a pro-rata basis. Also, as mentioned in Notes 9 and 10, a significant part of the balances owned to or by related parties and development partners is not subject to financial adjustments.

(b) Valuation of financial instruments

At December 31, 2006, the main financial instruments, related to assets and liabilities, are described below, as well as the criteria for their valuation:

(i) Cash and cash equivalents

The market value of these assets does not differ significantly from the amounts presented in the financial statements (Note 3). The contractual rates reflect common market conditions.

(ii) Loans and financing

The provisions and terms of the loans and financing obtained are described in Note 8. The settlement amount of these liabilities does not differ significantly from the amounts recorded in the financial statements.

19 Insurance Coverage

The Company and its subsidiaries have liability insurance, as detailed below, considered sufficient by the management to cover any risks related to its assets and/or responsibilities:

(a) Engineering risk: (i) basic - R$456,100, (ii) other - R$51,621.

(i) Basic - accidents (sudden and unpredictable causes) in the construction site, such as natural damage or acts of God, windstorms, storms, lightning, flood, earthquakes etc., as well as losses resulting from construction work, use of defective or improper materials, construction defects and collapse of structures.

(ii) Other - extraordinary expenses, removal of debris, riots, strikes, joint construction liability etc.

(b) Sundry risks - R$620.

* * *

(A free translation of the original in Portuguese)

EVEN Construtora e Incorporadora Ltda. and Subsidiaries

Financial Statements at December 31, 2005 and 2004 and Report of Independent Auditors

(A free translation of the original in Portuguese)

Report of Independent Auditors

To the Management and Quotaholders
EVEN Construtora e Incorporadora Ltda.

1 We have audited the accompanying balance sheets of EVEN Construtora e Incorporadora Ltda. and the consolidated balance sheets of EVEN Construtora e Incorporadora Ltda. and its subsidiaries as of December 31, 2005 and 2004, and the related statements of income, of changes in quotaholders' equity and of changes in financial position of EVEN Construtora e Incorporadora Ltda., as well as the related consolidated statements of income and of changes in financial position, for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.

2 We conducted our audits in accordance with approved Brazilian auditing standards, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audit taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the Companies, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements, and (c) assessing the accounting practices used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

3 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of EVEN Construtora e Incorporadora Ltda. and of EVEN Construtora e Incorporadora Ltda. and its subsidiaries as of December 31, 2005 and 2004, and the results of operations, the changes in quotaholders' equity and the changes in financial position of EVEN Construtora e Incorporadora Ltda., as well as the consolidated results of operations and of changes in financial position, for the years then ended, in accordance with accounting practices adopted in Brazil.

São Paulo, November 14, 2006

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Júlio César dos Santos
Contador CRC 1SP137878/O-6

EVEN Construtora e Incorporadora Ltda. and Subsidiaries

Balance Sheets at December 31
In thousands of reais

(A free translation of the original in Portuguese)

Assets	Parent company 2005	Parent company 2004	Consolidated 2005	Consolidated 2004
Current assets				
Cash and cash equivalents	1,202	158	8,250	1,415
Accounts receivable	2,945	7,010	40,653	21,605
Units for sale	21,443	36,531	73,864	57,211
Accounts with development partners	506		2,058	1,100
Taxes and contributions available for offset	146	56	244	139
Related parties	2,521		1,182	
Deferred selling expenses	715		6,297	3,074
Other	62	1,670	2,067	2,824
	29,540	45,425	134,615	87,368
Long-term receivables				
Accounts receivable	867	4,074	6,087	5,422
Advance for future capital increase	435			
Deferred income tax and social contribution	771		1,401	470
Other	8	8	8	8
	2,081	4,082	7,496	5,900
Permanent assets				
Investments	39,237	23,626	11	11
Property and equipment	625	315	633	319
	39,862	23,941	644	330
Total assets	71,483	73,448	142,755	93,598

Liabilities and quotaholders' equity	Parent company 2005	Parent company 2004	Consolidated 2005	Consolidated 2004
Current liabilities				
Loans and financing	9,754	8,277	25,469	10,830
Suppliers	91	63	1,879	1,434
Obligations for purchase of land	3,621	27,817	6,675	29,526
Accounts with development partners	922	1,203	2,421	1,324
Advances from customers	493	1,073	8,833	6,223
Taxes and contributions payable	1,650	971	2,268	1,062
Provision for income tax and social Contribution		294	103	308
Related parties	28,528	5,359	25,324	5,159
Other	3,083	3,523	4,776	3,716
	48,142	48,580	77,748	59,582
Long-term liabilities				
Loans and financing	511	5,632	6,954	8,496
Obligations for purchase of land	1,827	510	22,282	510
Taxes payable	334	626	2,948	1,443
Deferred income tax and social contribution	771	528	7,592	2,913
Other	484	184	726	424
	3,927	7,480	40,502	13,786
Minority interest			5,091	2,842
Quotaholders' equity				
Capital	12,128	12,128	12,128	12,128
Retained earnings	7,286	5,260	7,286	5,260
	19,414	17,388	19,414	17,388
Total liabilities and quotaholders' equity	71,483	73,448	142,755	93,598

The accompanying notes are an integral part of these financial statements.

EVEN Construtora e Incorporadora Ltda.
and Subsidiaries

Statements of Income
Years Ended December 31
In thousands of reais, unless otherwise indicated (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2005	**2004**	**2005**	**2004**
Gross operating revenue				
Real estate development and sales	5,483	18,560	74,124	51,070
Construction and other services	3,953	1,001	4,797	1,382
Deductions	(1,092)	(761)	(5,017)	(1,560)
Net operating revenue	**8,344**	**18,800**	**73,904**	**50,892**
Cost of sales	**(4,221)**	**(12,164)**	**(48,089)**	**(34,487)**
Gross profit	**4,123**	**6,636**	**25,815**	**16,405**
Operating income (expenses)				
Selling expenses	(328)	(391)	(7,070)	(3,113)
General and administrative expenses	(6,831)	(4,244)	(7,000)	(4,998)
Management fees	(24)	(24)	(51)	(63)
Equity in results of investees	6,150	3,140		
Amortization of goodwill (negative goodwill)	(15)	(84)		
Gain (loss) on investees	198	(263)		
Financial expenses	(4,056)	(2,055)	(6,575)	(2,488)
Financial income	1,891	544	2,343	757
Other operating income (expenses), net	390	182	274	(246)
	(2,625)	(3,195)	(18,079)	(10,151)
Operating income before taxes on income	**1,498**	**3,441**	**7,736**	**6,254**
Income tax and social contribution				
Current		(639)	(420)	(684)
Deferred	528	399	(3,748)	(1,672)
	528	(240)	(4,168)	(2,356)
Income before minority interest	**2,026**	**3,201**	**3,568**	**3,898**
Minority interest			**(1,542)**	**(697)**
Net income	**2,026**	**3,201**	**2,026**	**3,201**
Net income per quota at the end of the year – R$	0.17	0.26		

The accompanying notes are an integral part of these financial statements.

EVEN Construtora e Incorporadora Ltda.

Statements of Changes in Quotaholders' Equity
In thousands of reais (A free translation of the original in Portuguese)

	Capital	Retained earnings	Total
At December 31, 2003	**5,802**	**2,059**	**7,861**
Capital increase (Note 15(a))	6,326		6,326
Net income for the year		3,201	3,201
At December 31, 2004	**12,128**	**5,260**	**17,388**
Net income for the year		2,026	2,026
At December 31, 2005	**12,128**	**7,286**	**19,414**

EVEN Construtora e Incorporadora Ltda.
and Subsidiaries

Statements of Changes in Financial Position
Years Ended December 31
In thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2005	**2004**	**2005**	**2004**
Financial resources were provided by				
Operations				
Net income for the year	2,026	3,201	2,026	3,201
Expenses (income) not affecting working capital				
Depreciation	60	44	62	48
Equity in results of investees	(6,150)	(3,140)		
Amortization of goodwill (negative goodwill)	15	84		
(Gain) loss on investees	(198)	263		
Residual value of fixed asset disposals				136
Long-term taxes payable	(292)	34	1,505	771
Financial charges on long-term liabilities	394	419	653	420
Deferred income tax and social contribution	(528)	(399)	3,748	1,672
Minority interest			1,542	697
	(4,673)	506	9,536	6,945
Resources used in operations	4,673			
		506	9,536	6,945
Third and related parties				
Transfer from long-term receivables to current assets	2,421			
Obligations for purchases of land	2,274		21,772	
Loans and financing	975		975	2,865
Other accounts payable	490		481	139
Increase in minority interest			707	1,135
Dividends received	846			
Quotaholders				
Capital increase		6,326		6,326
	7,006	6,326	23,935	10,465
Total funds provided	**7,006**	**6,832**	**33,471**	**17,410**
Financial resources were used for				
Operations	4,673			
Long-term receivables				
Accounts receivable		2,560	3,115	3,640
Advance for future capital increase	435			
Transfer from long-term liabilities to current liabilities	6,851	5,099	899	5,099
Investments	10,124	12,242		
Property and equipment	370	219	376	224
Total funds used	**22,453**	**20,120**	**4,390**	**8,963**
Increase (decrease) in working capital	**(15,447)**	**(13,288)**	**29,081**	**8,447**
Changes in working capital				
Current assets				
At the end of the year	29,540	45,425	134,615	87,368
At the beginning of the year	(45,425)	(17,179)	(87,368)	(29,334)
	(15,885)	28,246	47,247	58,034
Current liabilities				
At the end of the year	48,142	48,580	77,748	59,582
At the beginning of the year	(48,580)	(7,046)	(59,582)	(9,995)
	(438)	41,534	18,166	49,587
Increase (decrease) in working capital	**(15,447)**	**(13,288)**	**29,081**	**8,447**

The accompanying notes are an integral part of these financial statements.

1 Operations

The main activities of the Company and its subsidiaries are residential real estate development and investments in other companies.

Real estate development projects are carried out by the Company and its subsidiaries or in association with other partners. Third parties participate directly in the development projects or through investments in companies formed for the specific purpose of developing the projects.

2 Significant Accounting Practices and Presentation of the Financial Statements

The financial statements have been prepared in accordance with accounting practices adopted in Brazil (as determined by Corporate Law), and resolutions and additional regulations of the Brazilian Securities Commission ("CVM").

(a) Determination of results of developments and sales of properties and others

The result for finished units sold on credit is recognized when the sale is made, regardless of the receipt of the contractual amount.

Interest income from fixed interest rate loans is recognized following the accrual basis of accounting, regardless of receipt of these values.

For sales of units under construction, the procedures and rules established by Resolution no. 963 of the Federal Accounting Council (CFC) were observed, as follows:

- The incurred costs on units sold, including land, is fully recognized in results.

- The percentage of incurred costs on units sold, including land, measured in relation to total budgeted costs is applied to the total sales price of the units sold, adjusted according to the terms established in the sales contract, and to selling expenses, in order to determine the revenue and selling expenses to be recognized.

- The amount of revenue calculated, including monetary indexation charges, and discounted of installments already received, is classified as accounts receivable or advances from customers, when applicable.

The other revenues and expenses, including advertising and marketing, are recognized in results on the accrual basis.

(b) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates include, but are not limited to, the selection of the useful lives of property and equipment, the provisions necessary for contingent liabilities, the determination of provisions for taxes, budgeted costs and other similar charges. Actual results could differ from those estimates.

(c) Current assets and long-term receivables

Cash and cash equivalents include investment funds, which are stated at the market value of the quotas at the balance sheet date, and bank deposit certificates, which are stated at cost, plus income accrued up to the balance sheet date.

The allowance for doubtful receivables is set up on accounts receivable of delivered units, at an amount considered sufficient to cover expected losses on realization.

Properties for sale are stated at the cost of purchase and construction, which does not exceed net realizable value.

Deferred selling expenses refer to construction costs, cost of maintenance of sales stands, and other expenses directly related to each development project, and are recognized in the results using the same criteria adopted to recognize revenues and costs of units sold (Note 2(a)).

Other assets are stated at cost or realizable amounts including, when applicable, accrued earnings, inflation and exchange variations.

(d) Permanent assets

Permanent assets are stated at cost, combined with the following aspects:

- Investments in subsidiaries are recorded following the equity method, plus unamortized goodwill (negative goodwill), as mentioned in Note 6.

- Depreciation of property and equipment is calculated on the straight-line basis, at the annual rates listed in Note 7, which considers the economic useful lives of the assets.

(e) Current and long-term liabilities

Current and long-term liabilities are stated at their known or estimated amounts, including, when applicable, accrued charges and inflation or exchange variations.

In thousands of reais, unless otherwise indicated

(f) Income tax and social contribution on net income

Income tax and social contribution are calculated at the standard rate of 15% for income tax plus a 10% surcharge, and at 9% for social contribution, adjusted in accordance with the criteria established by tax legislation.

As permitted by tax legislation, in 2005, certain subsidiaries (2004 - parent company), whose previous year turnover had not exceeded R$48,000, opted for the presumed profit regime. For these companies, income tax and social contribution basis is calculated at the rate of 8% and 12% on gross revenues, respectively, (at 32% when revenue arises from services rendered and at 100% when it arises from financial revenues), upon which the standard rates for income tax and social contribution are applied.

Deferred income tax and social contribution are presented in Note 13.

(g) Consolidated financial statements

The consolidated financial statements comprise the financial statements of EVEN Construtora e Incorporadora Ltda. and its subsidiaries (individually and under shared control or incorporated for development of a specific real estate project), as mentioned in Note 6. The consolidated financial statements exclude intercompany accounts, revenue and expenses, as well as the investments. Minority interests are disclosed separately. The financial statements of the companies under shared control are consolidated proportionally.

3 Cash and Cash Equivalents

	Parent company		Consolidated	
	2005	2004	2005	2004
Cash and banks	1,118	95	4,568	1,085
Investment funds - fixed rate (*)	84	63	877	243
Bank Deposit Certificate (*)			2,805	87
	1,202	158	8,250	1,415

(*) Average monthly rates equivalent to the variation of the Interbank Deposit Certificate (CDI).

In thousands of reais, unless otherwise indicated

4 Accounts Receivable

	Parent company		Consolidated	
	2005	2004	2005	2004
Completed projects	5,616	12,072	11,777	13,978
Projects under construction				
Recognized revenue			79,813	31,371
Installments received			(40,444)	(17,334)
			39,369	14,037
	5,616	12,072	51,146	28,015
Long-term receivables	(867)	(4,074)	(6,087)	(5,422)
	4,749	7,998	45,059	22,593
Discounts of receivables	(1,227)	(459)	(3,829)	(459)
Allowance for doubtful receivables	(577)	(529)	(577)	(529)
Current assets	2,945	7,010	40,653	21,605

Accounts receivable are indexed mainly according to the National Civil Construction Index (INCC) up to the delivery of completed units and, subsequently, according to the General Market Price Index (IGP-M), plus interest of 12% "per annum", calculated on a "pro rata" basis.

The balance of accounts receivable from units sold and not yet completed is not fully recognized in the financial statements, as the recorded revenue is limited to the portion of revenue recognized for accounting purposes (in accordance with the criteria described in Note 2(a)), net of installments already received.

Additional information on the balance of accounts receivable related to real estate development projects, net of installments received, is summarized as follows:

	Parent company		Consolidated	
	2005	2004	2005	2004
Current	4,749	7,998	45,059	22,593
Long term	867	4,074	6,087	5,422
	5,616	12,072	51,146	28,015
Advances from customers (Note 11)			(4,843)	(2,896)
Revenue not recognized			68,881	47,386
Total accounts receivable	5,616	12,072	115,184	72,505
Current	(3,620)	(7,655)	(47,412)	(22,659)
Long term	1,996	4,417	67,772	49,846

In thousands of reais, unless otherwise indicated

5 Properties for Sale

This account represents the costs of units (completed and under construction) and land for future real estate development projects, as shown below:

	Parent company		Consolidated	
	2005	2004	2005	2004
Properties under construction	7,324		44,757	13,154
Completed units	82	502	2,014	2,730
Land	13,082	36,029	26,138	41,327
Advances for purchase of land	955		955	
	21,443	36,531	73,864	57,211

6 Investments

	Parent company		Consolidated	
	2005	2004	2005	2004
Subsidiaries				
Cost	39,320	23,301		
Unamortized goodwill (negative goodwill)	(94)	314		
Tax benefits and other	11	11	11	11
	39,237	23,626	11	11

(a) The main information on investees is summarized as follows:

	Company's interest - %		Net income (loss) for the year		Investees net equity		Investment	
Investees	2005	2004	2005	2004	2005	2004	2005	2004
City Projects Empreendimentos Ltda. (*)	50.00	50.00	2,777	4,452	36,340	28,947	18,170	14,473
Alef Empreendimentos Imobiliários Ltda.	100.00	100.00	1,465	(467)	4,812	3,347	4,812	3,347
Window Jardins Empreendimentos Imobiliários S.A. (*)	49.90		448		5,462		2,726	
ABC Desenvolvimento Imobiliário Ltda. (*)	25.00	25.00	2,720	977	340	211	85	52
SCP/Even/Construterpins	64.29	64.29	(76)	(34)	6,764	3,588	4,348	2,307
Eco Life Cidade Universitária Empreendimentos Imobiliários S.A. (*)	40.00		(100)		3,168		1,267	
Parqueven Empreendimentos Ltda. (*)	50.00				1		1	
SCP Even MDR	66.67	66.67	4,057	2,077	7,544	4,683	5,029	3,122
Tricity Empreendimento e Participações Ltda.	100.00		(220)		2,881		2,881	
Westeven Empreendimentos Imobiliários Ltda.	100.00	100.00			1		1	
							39,320	23,301

(*) Proportional consolidation.

In thousands of reais, unless otherwise indicated

(b) The main information on indirect investees is summarized as follows:

	Company's interest - %		Net income (loss) for the year		Investees net equity	
Investees	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
Evisa Empreendimentos Imobiliários Ltda. (*)	50.00	50.00	5,472	2,791	11,153	5,681
Terra Vitris Empreendimentos Imobiliários Ltda.	100.00	100.00	482		3,582	
Norteven Empreendimentos Ltda.	100.00	100.00	(387)		(386)	

(*) Proportional consolidation.

(c) Unamortized goodwill (negative goodwill)

	Parent company	
	2005	**2004**
Evisa Empreendimentos Imobiliários Ltda.	135	280
Alef Empreendimentos Imobiliários Ltda.	62	79
SCP-Even-Construterpins		(45)
Window Jardins Empreendimentos Imobiliários S.A.	(291)	
	(94)	314

Goodwill and negative goodwill arising from revaluation of lots of land used for capital subscription in subsidiaries or special-purpose companies (SPCs), in relation to their book cost, are being amortized proportionally to the recognition of results from the real estate development projects of these subsidiaries and special-purpose companies. At December 31, 2005 and 2004, unamortized balances are presented in the consolidated financial statements under "Properties for sale".

In thousands of reais, unless otherwise indicated

(d) The changes in investments described above are summarized as follows:

	At December 31, 2003	Subscription (reduction of capital)	Equity in results	Other	At December 31, 2004	Subscription (reduction) of capital	Dividends paid	Equity in results	Other	At December 31, 2005
City Projects Empreendimentos Ltda.	6,124	6,427	1,922		14,473	2,308		1,389		18,170
ABC Desenvolvimento Imobiliário Ltda.	71		244	(263)	52		(846)	681	198	85
SCL-Even-MDR	2,021	(294)	1,395		3,122	(798)		2,705		5,029
Alef Empreendimentos Imobiliários Ltda.		3,747	(400)		3,347			1,465		4,812
SCP-Even-Construterpins		2,328	(21)		2,307	2,091		(50)		4,348
Window Jardins Empreendimentos Imobiliários S.A.						2,506		220		2,726
Eco Life Cidade Universitária Empreendimentos Imobiliários S.A.						1,307		(40)		1,267
Parqueven Empreendimentos Ltda.						1				1
Tricity Empreendimento e Participações Ltda.						3,101		(220)		2,881
Westeven Empreendimentos Imobiliários Ltda.						1				1
	8,216	12,208	3,140	(263)	23,301	10,517	(846)	6,150	198	39,320

In thousands of reais, unless otherwise indicated

(e) The balance of the balance sheet and income statement accounts of direct and indirect shared-controlled investees that are included in the consolidated financial statements, in proportion to the percentage holding, are summarized as follows:

		Assets				Liabilities and net equity				Result for the year						
	Company's interest - %	Current	Long-term	Permanent assets	Total	Current	Long-term	Net equity	Total	Net revenue	Costs	Operating expenses	Financial results	Other income (expenses	Income tax and social contribution	Total
At December 31, 2005																
City Projects Empreendimentos Ltda.	50.00	60,228	12,730		72,958	24,795	11,823	36,340	72,958	44,852	(31,846)	(5,260)	(1,792)	4	(3,181)	2,777
Window Jardins Empreendimentos Imobiliário	49.90	6,836	2,172	8	9,016	3,250	304	5,462	9,016	8,808	(6,606)	(1,490)	(18)		(246)	448
ABC Desenvolvimento Imobiliário Ltda.	25.00	500			500	160		340	500	3,236		(148)	(24)		(344)	2,720
Eco Life Cidade Universitária Empreendimentos Imobiliários S.A.	40.00	3,718			3,718	550		3,168	3,718			(90)	(10)			(100)
Parqueven Empreendimentos Ltda.	50.00	23,366			23,366	4,968	18,397	1	23,366					1		1
Evisa Empreendimentos Imobiliários Ltda. (indirect subsidiary)	50.00	33,757	50		33,807	4,175	18,479	11,153	33,807	31,299	(19,264)	(1,348)	(1,291)		(3,924)	5,472
At December 31, 2004																
City Projects Empreendimentos Ltda.	50.00	43,247	3,705	10	46,962	13,249	4,766	28,947	46,962	38,492	(28,682)	(2,779)	(294)	8	(2,293)	4,452
ABC Desenvolvimento Imobiliário Ltda.	25.00	352			352	141		211	352	1,460		(196)	(4)	(140)	(143)	977
Evisa Empreendimentos Imobiliários Ltda. (indirect subsidiary)	50.00	12,651	110		12,761	4,480	2,600	5,681	12,761	16,642	(10,643)	(1,639)	(131)		(1,438)	2,791

In thousands of reais, unless otherwise indicated

(f) An advance for future capital increase, recorded in long-term receivables, was made to the subsidiary Tricity Empreendimento e Participações Ltda.

7 Property and Equipment

	Parent company		Consolidated		Annual depreciation rate - %
	2005	2004	2005	2004	
Furniture and fixtures (cost)	199	193	200	193	10
Accumulated depreciation	(81)	(64)	(81)	(64)	
Computers (cost)	166	119	173	119	20
Accumulated depreciation	(50)	(27)	(50)	(27)	
Facilities (cost)	105	103	105	103	10
Accumulated depreciation	(35)	(25)	(35)	(25)	
Vehicles (cost)	96	83	96	90	20
Accumulated depreciation	(70)	(67)	(70)	(70)	
Software (cost)	31		31		20
Accumulated depreciation	(3)		(3)		
Construction in progress	267		267		
	625	315	633	319	

8. Loans and Financing

	Parent company		Consolidated	
	2005	2004	2005	2004
In local currency				
Working capital	4,181	1,377	4,181	1,377
Working capital guaranteed by receivables	907	2,939	907	2,939
Real estate credit		3,964	14,242	9,381
In foreign currency				
Working capital	5,177	5,629	5,177	5,629
Bridge loan			7,916	
	10,265	13,909	32,423	19,326
Current liabilities	(9,754)	(8,277)	(25,469)	(10,830)
Long-term liabilities	511	5,632	6,954	8,496

As of December 31, 2005, the main information on loans and financing is:

(a) Credit lines in local currency for working capital purposes are subject to CDI rate, plus 0.35% per month.

(b) Working capital guaranteed by receivables is adjusted by the IGP-M, plus interest from 10% to 11.5% p.a., except for the agreement whose balance amounts to R$907, which is subject to the CDI variation plus interest of 4.03% p.a.

(c) Real estate financing agreements are subject to the interest Referential Rate (TR) variation, plus interest of 12% p.a.

(d) The foreign currency loan for working capital purposes of US$2 millions is subject to interest of 5.0% p.a., plus exchange variation.

(e) The bridge loan of US$3,381 millions will be used to increase the capital of the subsidiary Tricity Empreendimento e Participações Ltda., and it bears no interest, according to the agreement. This agreement prescribes that the capitalization will take place up to December 17, 2006. The parties are negotiating the percentage to which the creditor will be entitled. If no agreement is reached, the loan will be considered due.

This bridge loan is guaranteed by sureties from the controlling quotaholders, mortgage on land and real estate development projects, accounts receivable from completed projects and lien on all quotas of the capital of the subsidiary Tricity Empreendimento de Participações Ltda.

At December 31, 2005, long-term amounts fall due mainly on 2007.

Long-term real estate financing agreements include clauses of anticipated maturity in the event of default on some of the commitments assumed, such as the use of proceeds from the agreement according to its terms, registration of the mortgage on the real estate development projects, compliance with the construction schedule etc. The Company has been in compliance with the terms of these agreements.

In thousands of reais, unless otherwise indicated

9 Related Parties

(a) Loans

	Parent company			Consolidated		
	Assets	Liabilities		Assets	Liabilities	
	2005	2005	2004	2005	2005	2004
Subsidiaries						
Alef Empreendimentos Imobiliários Ltda.	162					
Parqueven Empreendimentos Ltda.	1,173			586		
Window Jardins Empreendimentos Imobiliários S.A.	1,186			594		
City Projects Empreendimentos Ltda.		1,632	400	2	815	200
ABC Desenvolvimento Imobiliário Ltda.		500			375	
Tricity Empreendimento e Participações Ltda.		2,262				
	2,521	4,394	400	1,182	1,190	200
Other related parties						
ABC T&K Participações S.A.		16,587	2,931		16,587	2,931
ABC Construtora e Incorporadora Ltda.		3,815	2,028		3,815	2,028
Baucis Participações Ltda.		3,732			3,732	
		24,134	4,959		24,134	4,959
	2,521	28,528	5,359	1,182	25,324	5,159

The balances with subsidiaries, except for those with City Projects Empreendimentos Ltda. and Tricity Empreendimento e Participações Ltda., are not subject to financial charges and they have no predetermined maturity date.

The balances with City Projects and Tricity Empreendimento e Participações Ltda. are subject to an interest at the CDI rate and are expected to mature in November 2006.

The consolidated balances with subsidiaries arise from the proportional consolidation of the financial statements.

The balances with ABC T&K Participações S.A. and its subsidiary ABC Construtora e Incorporadora Ltda. are not subject to financial charges and they have no predetermined maturity date.

The balance with Baucis Participações Ltda. is subject to the CDI variation, plus interest of 3% p.a., and is expected to mature in June 2006.

(b) Transactions

In the year ended December 31, 2005, the parent company acquired units from City Projects Empreendimentos Ltda., in the total amount of R$2,004, and from Window Jardins Empreendimentos Imobiliários S.A., in the total amount of R$520.

In thousands of reais, unless otherwise indicated

10 Accounts with Development Partners

	Parent company		Consolidated	
	2005	2004	2005	2004
Development projects				
Duo Alto de Pinheiros	492		492	
Granja Julieta			1,359	1,060
São Carlos do Pinhal	(461)	(1,203)	(461)	(1,203)
Carlos Weber	(153)		(153)	
Nova Independência	(240)		(240)	
Other	(54)		(56)	14
	(416)	(1,203)	941	(129)
Other partners				
Quality Building			(586)	
Hedging Griffo			(595)	
Seisa Mester Empreendimentos Imobiliários Ltda.			195	
MDR Empreendimento Imobiliário Ltda.			(195)	
ABC Construtora e Incorporadora Ltda.			(123)	(95)
			(1,304)	(95)
	(416)	(1,203)	(363)	(224)
Balance in assets	506		2,058	1,100
Balance in liabilities	(922)	(1,203)	(2,421)	(1,324)
	(416)	(1,203)	(363)	(224)

The Company participates in real estate development projects together with partners directly or through related companies, by means of corporate holdings. The management and cash management are centralized in the company leading the project, that also monitors the construction work and the budget. Therefore, the company leading the project assures the investment of necessary funds as well as their allocation according to the initial planning. The sources and use of the resources of each project are reflected in these balances, based on the respective company's interest, and are not subject to financial charges and they do not have predetermined maturity dates.

The average term of development and completion of the projects in which funds are invested is three years, always based on the planning and financial schedules of each project. The allocation of funds in this way allows the business conditions agreed with each partner and for each project to focus on specific structures that are more suitable to the characteristics of each project.

In thousands of reais, unless otherwise indicated

11 Advances from customers

	Parent company		Consolidated	
	2005	2004	2005	2004
Amounts received for sale of projects not yet developed and other advances	493	1,073	3,990	3,327
Units sold from projects under construction				
Recognized revenue			(12,354)	(6,769)
Installments received			17,197	9,665
			4,843	2,896
	493	1,073	8,833	6,223

12 Obligations for Purchases of Land

	Parent company		Consolidated	
	2005	2004	2005	2004
Current liabilities	3,621	27,817	6,675	29,526
Long-term liabilities	1,827	510	22,282	510
	5,448	28,327	28,957	30,036

As of December 31, 2005, long-term amounts fall due as follows:

Year	Parent company	Consolidated
2007	1,511	6,257
2008	316	10,769
2009		2,628
2010		2,628
	1,827	22,282

Amounts are mainly adjusted by the INCC or the IGP-M.

13 Income Tax and Social Contribution

(a) Deferred

The Company and its subsidiaries have the following balances to be offset against, deducted from or added to the calculation basis of future taxable income. Additionally, certain subsidiaries have amounts to be taxed in future years, arising from profits on real estate activities taxable on the cash basis and whose amount was recognized on the accrual basis, considering taxation on the presumed profit regime, summarized as follows:

In thousands of reais, unless otherwise indicated

(i) Credits available for offset – taxable income

	Parent company		Consolidated	
	2005	2004	2005	2004
Income tax and social contribution losses to be offset against future taxable income	2,308		4,433	1,277
Temporarily non-deductible expenses	330		829	
Other	1,856		3,589	106

(ii) Taxable liabilities – taxable income

	Parent company		Consolidated	
	2005	2004	2005	2004
Difference between income taxed on a cash basis and the amount recognized on the accrual basis	1,118		20,579	6,769
Exchange variation	1,150		1,150	
Other				245

(iii) Taxable liabilities – presumed profit

	Parent company		Consolidated	
	2005	2004	2005	2004
Difference between income from real estate activities taxed on a cash basis and the amount recognized on the accrual basis		17,159	6,623	17,159

As a result of the tax assets and liabilities mentioned above, the following related tax effects (deferred income tax and social contribution) were recorded:

	Parent company		Consolidated	
	2005	2004	2005	2004
Long-term receivables				
Income tax and social contribution losses	771		913	434
Temporarily non-deductible differences			280	
Other			208	36
	771		1,401	470
Long-term liabilities				
Difference in income from real estate operations - taxable income	380		6,997	2,302
Difference in income from real estate operations - presumed profit		528	204	528
Taxable foreign exchange variation	391		391	
Other				83
	771	528	7,592	2,913
Net amount of income tax and social contribution		(528)	(6,191)	(2,443)
Credit (charge) to results for the year	528	399	(3,748)	(1,672)

In thousands of reais, unless otherwise indicated

As a result of the current operations of the parent company, which are mainly investments in other companies, no tax assets were set up on the balances of income tax and social contribution losses. In addition, no tax assets were set up on the balance of temporarily non-deductible expenses in the determination of taxable income. The same occurs in certain subsidiaries, in which management does not intend to remain being taxed on the actual taxable income method, but rather adopting the presumed profit regime, as mentioned in Note 2(f).

The taxation of the difference between net income recorded on a cash basis and the one recognized on the accrual basis occurs over an average period of five years, considering the period of receipt of revenue and the completion of the corresponding construction work.

Income tax and social contribution losses available for offset against future taxable income have no statute of limitations term, but their offset is limited to 30% of taxable income of each future base period.

Income tax and social contribution were calculated at the rates of 25% and 9%, respectively.

(b) For the year

Income tax and social contribution charges may be summarized as follows:

	Parent company		Consolidated	
	2005	2004	2005	2004
Calculation method				
Taxable income				
Income tax	388		(2,614)	(841)
Social contribution	140		(941)	(303)
	528		(3,555)	(1,144)
Presumed profit				
Income tax		(156)	(398)	(787)
Social contribution		(84)	(215)	(425)
		(240)	(613)	(1,212)
Credit (charge) to results for the year	528	(240)	(4,168)	(2,356)

Income tax and social contribution due on the taxable income of the parent company and subsidiaries were calculated as described in Note 2(f).

14 Long-term Taxes Payable

These taxes represent the revenue based tax charges levied (Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)) on the difference between revenue taxed on the cash basis and the amount recognized on the accrual basis.

15 Quotaholders' Equity

(a) Capital

At December 31, 2005 and 2004, capital is comprised of 12,128,128 quotas, with a par value of R$1.00 each.

By an amendment to the Company's articles of association on February 27, 2004, and rectified by the amendment to the articles of association on October 25, 2004, capital was increased by R$6,326, through the subscription of quotas equivalent to 25% of the Company's interest on City Projects Empreendimentos Ltda.

(b) Distribution of net income for the year

Net income will be distributed in accordance with the decision of the majority quotaholders.

16 Contingencies

The civil lawsuits in which the subsidiaries are defendants amount to R$220 and mainly refer to the review of the adjustment clause in the contracts with customers and to the interest on amounts to be collected as a result of these contracts. According to the information provided by responsible legal counsel, an unfavorable outcome is considered probable in some of these lawsuits, in a total amount of R$4. At December 31, 2005, the provision for losses on total receivables amounts was R$577 and is considered sufficient to meet expected losses on accounts receivable, as mentioned in Nota 4.

Additionally, some subsidiaries are defendants, directly or indirectly, as follows:

- Labor claims, amounting to R$937, of which the unfavorable outcome is classified by management, as suggested by the legal counsel as: probable R$198, possible - R$243 and remote - R$496.

- Tax collection proceedings, in a total of R$70, of which the unfavorable outcome is classified by management, as suggested by the legal counsel, as: possible - R$53 and remote - R$17. There are no lawsuits with probable unfavorable outcome.

The financial statements comprise a provision for contingencies of R$200, classified as "Other" in current liabilities.

17 Employee Benefits

The Company and its subsidiaries do not have pension plans or any other pension benefits for employees.

18 Financial Instruments

The Company participates in transactions involving financial instruments, all recorded in balance sheet accounts, that are aimed to meet the company's needs and reduce exposure to credit, foreign currency exchange and interest rate risks. Management of these risks is effectively done by defining strategies, establishing control systems and determining limits for investments.

(a) Considerations about risks

(i) Credit risk

Credit risk is considered almost inexistent because the units sold are pledged in guarantee in the event of default. At December 31, 2005, the provision recorded in the financial statements is considered sufficient to meet expected losses on accounts receivable related to completed units, resulting from lawsuits (Note 16).

(ii) Currency exchange risk

As mentioned in Note 8, at December 31, 2005, foreign currency loans amount to US$5,381 millions. The Company did not operate with derivative financial instruments to hedge foreign exchange risks.

(iii) Interest rate risk

Interest rates on loans and financing are mentioned in Note 8. Interest rates on financial investments are mentioned in Note 3. Interest of 12% p.a. is levied on accounts receivable from completed units, as mentioned in Note 4, which are recognized on a "pro rata" basis. Also, as mentioned in Notes 9 and 10, a significant part of the balances owed to or by related parties and development partners is not subject to financial adjustments.

(b) Valuation of financial instruments

At December 31, 2005, the main financial instruments, related to assets and liabilities are described below, as well as the criteria for the valuation:

(i) Cash and cash equivalents

The market value of these assets does not differ significantly from the amounts presented in the financial statements (Note 3). The contractual rates reflect common market conditions.

(ii) Loans and financing

The provisions and terms of the loans and financing obtained are described in Note 8. The settlement amount of these liabilities does not differ significantly from the amounts recorded in the financial statements.

19 Insurance Coverage

The Company and its subsidiaries have liability insurance, as detailed below, considered sufficient by the management to cover any risks related to its assets and/or responsibilities:

(a) Engineering risk: (i) basic - R$111,419, (ii) other - R$3,142.

(i) Basic: accidents (sudden and unpredictable causes) in the construction site, such as natural damage or acts of God, windstorms, storms, lightning, flood, earthquakes etc., as well as losses resulting from construction work, use of defective or improper materials, construction defects and collapse of structures.

(ii) Other: refer to extraordinary expenses, removal of debris, riots, strikes, joint construction liability etc.

(b) Sundry: R$334.

20 Subsequent Events

At the quotaholders' meeting held on March 3, 2006, the quotaholders agreed to transform the parent company into a stock corporation, to operate under the name of "EVEN Construtora e Incorporadora S.A.". The stock capital will be represented by 12,128,128 common nominative shares, with a par value of R$1.00 each. The Company's by-laws, approved at this meeting, establishes that 5% of net income for each year will be used in the payment of mandatory annual dividends, after offsetting losses and allocations to the legal reserve.

Furthermore, in the same month, the following capital increases were made:

- On March 9, capital stock was increased by R$15,589, with the subsequent issue of 15,589,530 shares, with a par value of R$1.00 each.

- On March 17, capital was increased by R$18,287, paid in cash, with the subsequent issue of 18,286,754 shares, at R$3,9345 per share, and which resulted in a share premium reserve of R$53,662, also in paid cash.

The shareholders' agreement signed between the new shareholder admitted on March 17, 2006, establishes that, in the event of a financial restructuring carried out by the latter, jointly with the parent company, resulting on tax benefits, the parent company agrees to compensate the new shareholder for 80% of the total value of this benefit upon its realization, whereas the other shareholders are entitled to 20% of the total value of this benefit.

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