**BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)**

**Publicly-held Corporation**

# REFERENCE FORM 2012 v20

**Base date: December 31, 2011**

*Pursuant to Annex 24 of CVM Instruction nº 480, of December 7, 2009 (CVM Instruction 480)*

| | |
|---|---|
| Identification | MRV Engenharia e Participações S.A., a publicly-held corporation, enrolled with CNPJ/MF under n° 08.343.492/0001-20, with its articles of incorporation duly filed with the Board of Trade of the State Minas Gerais ("JUCEMG") under NIRE 31.300.023.907, registered as a publicly-held corporation with the Brazilian Securities and Exchange Commission ("CVM") under nº 02091-5 ("Company" or "MRV Engenharia"). |
| Head Office | The Company's head office is located at Avenida Raja Gabaglia, nº 2720, Belo Horizonte, Minas Gerais. |
| Investor Relations Department | The Company's investor relations department is located in our head office. The Investor Relations Officer is Mr. Leonardo Guimarães Corrêa. The telephone number of our investor relations department is (55**31) 3348-7150 and our facsimile number is (55**31) 3348-7155 and our e-mail is: ri@mrv.com.br. |
| Company's Independent Auditors | Deloitte Touche Tohmatsu Auditores Independentes, located at Rua Paraíba, 1122 – 20º e 21º, Funcionários, Belo Horizonte – MG, CEP 30130-141, telephone number (55**31) 3269-7400. |
| Custodian Institution | Banco Bradesco S.A. |
| Securities Issues | Shares listed on the *Novo Mercado* segment of the BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros ("BM&FBOVESPA") under the symbol "MRVE3". |
| Newspapers where the Company discloses Information | The publications, by operation of Law Lei nº 6,404, of December 15, 1976, as amended ("Brazilian Corporate Law"), are disclosed in the Official Gazette of the State of Minas Gerais and in the "*Jornal da Tarde*" and "*Hoje em Dia*" newspapers. |
| Website | www.mrv.com.br. The information contained on the Company's website is not an integral part hereof. |
| Shareholders' Service | The service to the shareholders is carried out by the Company, in its head office, through the telephone number and e-mail indicated above, and by Banco Bradesco S.A., which head office is located at Avenida Yara, s/n, Cidade de Deus, Osasco, SP. The telephone number and e-mail of the shareholders' department of Banco Bradesco S.A. is (0xx11) 3684-3749 and 4010acecustodia@bradesco.com.br , respectively. |

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## Identification of the persons in charge of the Form's content

### 1.0. Identification

I, Rubens Menin Teixeira de Souza, Chief Executive Officer of MRV Engenharia e Participações S.A., declare that I reviewed the reference form, that all information contained herein is in compliance with CVM Instruction nº 480, in particular Articles 14 to 19 and that, the set of information contained herein truly, accurately and completely reflects the financial and economic condition of MRV Engenharia e Participações S.A. and the risks inherent to its activities and securities issued.

I, Mônica Freitas Guimarães Simão, Chief Investor Relations Officer of MRV Engenharia e Participações S.A., declare that I reviewed the reference form, that all information contained herein is in compliance with CVM Instruction nº 480, in particular Articles 14 to 19 and that, the set of information contained herein truly, accurately and completely reflects the financial and economic condition of MRV Engenharia e Participações S.A. and the risks inherent to its activities and securities issued.

## Auditors

### 2.1. Regarding the independent auditors

| | |
|---|---|
| a) Corporate Name | Deloitte Touche Tohmatsu Auditores Independentes |
| CVM code | 385-9 |
| CNPJ | 49.928.567/0001-11 |
| b) Persons in charge, CPF and contact information | Délio Rocha Leite<br>CPF: 094.062.268-80<br>tel: (55**31) 3269-7400<br>fax: (55**31) 3269-7470<br>email: dleite@deloitte.com<br>03/09/2007 – 12/31/2010 |
| | Walmir Bolgheroni<br>CPF: 012.725.828-09<br>tel: (55**31) 3269-7400<br>fax: (55**31) 3269-7470<br>email: wbolgheroni@deloitte.com<br>01/01/2011 – 25/06/2012 |
| c) Date of engagement | 03/09/2007 |
| d) Description of services | As of 2011 refer to the issuance of quarterly reports about the application of previously agreed procedures regarding financial indices.<br>As of 2010 refer to the issuance of letter of Comfort regarding the issuance of debentures and Certificates of Real Estate Receivables (CRI) and quarterly reports about the application of previously agreed procedures regarding financial indices.<br>As of 2009 refer to the issuance of letter of Comfort related to the public distribution of shares, issued by the Company. |
| e) Substitution of auditor | 25/06/2012 |
| Reason for substitution | The independent auditor substitution was implemented in accordance to Article 31 of the CVM Instruction nr. 308/1999 |
| Reason for the auditor | Not applicable |

| | |
|---|---|
| a) Corporate Name | Ernst & Young Terco Auditores Independentes S/S |
| CVM code | 471-5 |
| CNPJ | 61.366.936/0014-40 |
| b) Persons in charge, CPF and contact information | Flávio de Aquino Machado<br>CPF: 685.128.306-97<br>tel: (55**31) 3232-2121<br>fax: (55**31) 3232-2106<br>email: flavio.a.machado@br.ey.com<br>26/06/2012 – |
| c) Date of engagement | 26/06/2012 |
| d) Description of services | As of 2012 will refer to the issuance of quarterly reports about the application of previously agreed procedures. |
| e) Substitution of auditor | Not applicable |
| Reason for substitution | Not applicable |
| Reason for the auditor | Not applicable |

The services referred to in item 2.1 (d) above include any and all services rendered by our independent auditors.

### 2.2. Inform total amount of compensation paid to independent auditors in the last fiscal year, by describing the fees relating to audit services and those relating to any other services rendered

| R$ thousand | 2011 | 2010 | 2009 |
|---|---|---|---|
| Audit fees | 389 | 550 | 449 |
| Fees relating to audit services | 13 | 325 | 200 |
| **Total** | **402** | **875** | **649** |

*Audit fees:*

Audit of annual financial statements and review of quarterly information.

*Fees relating to audit services*

as of 2011 refer to the issuance of quarterly reports about the aplication of previously agreed procedures regarding financial indices.
as of 2010 refer to the issuance of letter of Comfort regarding the issuance of debentures and Certificates of Real Estate Receivables (CRI) and quarterly reports about the aplication of previously agreed procedures regarding financial indices.
as of 2009 refer to the issuance of letter of Comfort related to the public distribution of shares, issued by the Company.

### 2.3. Other material information

All material information relating to this subject matter was disclosed in the items above

# Selected Financial Information

## 3.1. Selected financial information

| Year | 31.12.2011 | 31.12.2010 | 31.12.2009 |
|---|---|---|---|
| Shareholders' equity | 3,670,089,000 | 3,052,750,000 | 2,523,274,000 |
| Total Assets (in R$) - Consolidated | 9,160,646,000 | 6,791,338,000 | 4,360,259,000 |
| Net operating revenue (in R$) | 4,015,063,000 | 3,020,951,000 | 1,647,580,000 |
| Gross profit (in R$) | 1,247,447,000 | 976,844,000 | 577,841,000 |
| Net income (in R$) | 816,291,000 | 675,199,000 | 374,066,000 |
| Number of shares, including treasury shares | 479,617,617 | 482,435,340 | 481,399,656 |
| Book value per share (in reais) | 7.6521 | 6.3278 | 5.2415 |
| Net income per share (in reais) | 1.7020 | 1.3996 | 0.7770 |

## 3.2. a) Non-accounting measurements and b) Reconciliations of the disclosed values with the values in the audited financial statements

| (in R$ thousand) | 2009 | 2010 | 2011 |
|---|---|---|---|
| Net Income | 374,066 | 675,199 | 816,291 |
| (+) Depreciation and amortization | 14,728 | 13,667 | 18,845 |
| (+) Income Taxes | 48,180 | 85,299 | 86,326 |
| (+) Financial Results | (39,109) | (90,625) | (9,594) |
| (+) Financial costs recorded under cost of properties sold | 41,678 | 112,393 | 132,930 |
| **Adjusted EBITDA (1)** | **439,543** | **795,933** | **1,044,798** |
| Adjusted EBITDA Margin(2) | 26.7% | 26.3% | 26.0% |

(1) Adjusted EBITDA - is equal to net income plus income tax and social contribution, net financial result, financial charges recorded under cost of goods sold, depreciation and amortization. MRV believes that the reversion of the adjustment to present value of receivables from units sold and not yet delivered that is recorded as gross operating revenue is part of our operating activities and therefore we do not exclude these revenues from Adjusted EBITDA's calculation. Adjusted EBITDA is not a Brazilian GAAP measure and should not be considered in isolation and should not be considered an alternative to net income, as an indicator of our operating performance or cash flows or as a measure of our liquidity. Adjusted EBITDA does not have a standard definition and other companies may measure their Adjusted EBITDA in a different way. Because the calculation of Adjusted EBITDA does not take into consideration income tax and social contribution, net financial result, financial charges recorded under cost of goods sold, depreciation, amortization and expenses related to financial and legal advisory fees in connection with the entry of the selling shareholder and MRV initial public offering, Adjusted EBITDA is an indicator of our general economic performance which is not affected by changes in interest rates, income tax and social contribution rates and rates of depreciation and amortization. Because EBITDA does not take into account certain costs related to our business which could materially affect our profits, such as financial result, taxes, depreciation, amortization and capital expenditures, among others, EBITDA is subject to limitations that impair its use as a measure of our profitability.

(2) Adjusted EBITDA divided by net operating revenue.

## 3.3. Subsequent events in the last year-end financial statements which substantially changes such financial statements

There are no material subsequent events not taken into consideration in the financial statements.

### 3.4. Policy for allocation of net income for the three last fiscal years

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Rules for retention of profits | The remaining balance of net income, after the establishment of the legal reserve and proposed dividends, was transferred to the profit retention reserve in order to meet the funding requirements for future investments in the expansion of our activities, according to the capital budget. | The remaining balance of net income, after the establishment of the legal reserve and proposed dividends, was transferred to the profit retention reserve in order to meet the funding requirements for future investments in the expansion of our activities, according to the capital budget. | The remaining balance of net income, after the establishment of the legal reserve and proposed dividends, was transferred to the profit retention reserve in order to meet the funding requirements for future investments in the expansion of our activities, according to the capital budget. |
| Value of retentions of profits | R$ 541,573,352.26 | R$ 445,203,273.98 | R$ 247,537,960.84 |
| Rules for distribution of dividends | Shareholders are entitled to an annual mandatory minimum dividend of not less than 25% (twenty five percent) of net income for the year, which can be decreased or increased by the following amounts: (i) amount to be allocated to the legal reserve; (ii) amount allocated to recognition of reserves for contingencies and reversal of these reserves recognized in prior years; and (iii) amount derived from the reversal of unrealized prior years' earnings reserve, pursuant to article 202, II, of Corporate Law. | Shareholders are entitled to an annual mandatory minimum dividend of not less than 25% (twenty five percent) of net income for the year, which can be decreased or increased by the following amounts: (i) amount to be allocated to the legal reserve; (ii) amount allocated to recognition of reserves for contingencies and reversal of these reserves recognized in prior years; and (iii) amount derived from the reversal of unrealized prior years' earnings reserve, pursuant to article 202, II, of Corporate Law. | Shareholders are entitled to an annual mandatory minimum dividend of not less than 25% (twenty five percent) of net income for the year, which can be decreased or increased by the following amounts: (i) amount to be allocated to the legal reserve; (ii) amount allocated to recognition of reserves for contingencies and reversal of these reserves recognized in prior years; and (iii) amount derived from the reversal of unrealized prior years' earnings reserve, pursuant to article 202, II, of Corporate Law. |
| Frequency of distribution of dividends | Annual | Annual | Annual |
| Restrictions to the distribution of dividends | None | None | None |

### 3.5. Summary of distributions of dividends and retention of profits

| (R$ thousand) | 12.31.2011 | 12.31.2010 | 12.31.2009 |
|---|---|---|---|
| Adjusted net income for purposes of dividends (in R$ thousand) | 722,098 | 607,396 | 330,051 |
| Percentage of dividend per adjusted net income | 25.00% | 25.00% | 25.00% |
| Return rate in relation to shareholders' equity | 4.92% | 4.97% | 3.45% |
| Dividend distributed (mandatory) (in R$ thousand) | 180,524 | 151,849 | 82,513 |
| Retained net income (in R$ thousand) | 541,574 | 445,204 | 247,538 |
| Date of approval of retention | 04/30/2012 | 04/30/2011 | 04/30/2010 |
| | | | |
| Mandatory Dividend | 180,524 | 86,931 | 82,513 |
| Date of payment of dividend | 06/15/2012 | 06/15/2011 | 06/15/2010 |
| Interest on Capital | / | 64,917 | / |
| Date of payment of dividend | / | 06/15/2010 | |

### 3.6. Dividends recorded in the retained profit reserve or prior years' reserves

Not applicable.

## 3.7. Indebtedness level

| | 12.31.2011 |
|---|---|
| Amount of debt of any nature (in R$ thousand) | 5,490,557 |
| Indebtedness level [1] | 150% |
| Net debt (net cash) / Total Shareholders' equity[2] | 42.5% |

[1] Current liabilities plus non-current liabilities divided by shareholders' equity.
[2] Net debt is composed of the balance of loans plus intercompany payables less cash and cash equivalents, and financial instruments. Net debt is not a Brazilian GAAP measure and other companies may calculate net debt differently than we do. We use this indicator as it best reflects our leverage level.

## 3.8. Our obligations by nature and maturity date

**As of December 31, 2011**

| R$ thousand | Less than 1 year | More than 1 year and less than 3 years | More than 3 years and less than 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Secured guarantee | 367,576 | 585,185 | 100,387 | - | 1,053,148 |
| Floating guarantee | - | - | - | - | - |
| Unsecured debts | 2,280,999 | 1,537,646 | 618,764 | - | 4,437,409 |
| **Total** | **2,648,575** | **2,122,831** | **719,151** | **-** | **5,490,557** |

## 3.9. Other material Information

All material information relating to this subject matter was disclosed in the items above

# Risk Factors

## 4.1. Risk factors that may affect the decision to invest in securities issued by us

a) Risks related to our company

**A substantial portion of the funds to finance our low-income residential developments comes from the CEF.**

The acquisition of units by our customers is mainly financed by bank loans, in particular those granted by Caixa Econômica Federal (CEF). As a government-owned financial institution, CEF is subject to greater political interference and may suffer changes in the method for extension of credit currently in force, thereby reducing the availability and/or benefits of the terms and conditions for extension of financing. Moreover, the suspension, interruption or slowdown of the CEF's activities in approving our projects, extending financing to our customers and monitoring the development of our construction projects, among other activities, could negatively affect our operations and financial capacity.

Furthermore, our growth is partially linked to the Minha Casa, Minha Vida program created by the Brazilian government. The non-implementation, suspension, interruption or significant change of this program could negatively affect the estimate of growth of our business.

**The market value of our land may decrease, which may adversely affect our results of operations.**

We maintain a land bank for our future developments and we intend to increase our land bank, as well as to acquire larger land parcels in the future. The market value of our land may decrease significantly from the time of their acquisition to the time when such parcels are actually developed due to market or economic conditions. A decrease in the market value of our land may adversely affect the results of the sales of our developments which may adversely affect our operations.

**The loss of members of our senior management or the inability to attract and retain additional senior management personnel could have a material adverse effect on our business, financial condition and results of operations.**

Our ability to maintain our competitive position largely depends on the services of our senior management. Most of our management team has worked with us since the beginning of our operations and has long experience in the real estate industry, particularly in the low-income residential development segment. In addition, because their compensation is partly linked to the market price of our common shares, their interests are aligned with our performance. We cannot assure that we will be successful in attracting new personnel and retaining our current qualified senior management personnel to assist us in our growth. The loss of services of any of the members of our senior management team or the inability to attract and retain additional senior management personnel could have a material adverse effect on our business, financial condition and results of operations.

**Our business may be adversely affected if we are not able to obtain the necessary licenses and/or authorizations for our developments in due time.**

All land already acquired or yet to be acquired by us to be further developed or commercialized, or financed by financial institutions, are subject to obtaining certain licenses, authorizations and registrations as required by the municipalities regulatory agencies, appropriate real estate registries and other regulatory agencies.

If we are unable to obtain these registrations related to any of the projects in due time, our business may be adversely affectedand experience delays in our projects.

Among the pending registrations, we have: (i) registrations filed, pending approval from the competent authority; (ii) registrations pending minor approvals regarding the construction projects.

**We may be unable to sustain or increase our historical growth rate.**

We have recently experienced rapid growth, as well as a geographic expansion of our operations. We intend to expand our activities in the markets where we operate, as well as in other markets. However, we may be unable to increase or maintain similar growth rate in the future, and our results of operations in the last periods or years may not indicate our future performance.

Our internal growth has placed and is expected to continue to place a substantial strain on our business, particularly our administrative, operational and financial resources and internal controls. Additional growth and expansion in our existing markets and in new markets we intend to enter may further strain our resources and will depend substantially on our ability to implement and manage the expansion of these resources. If we are not able to rapidly and adequately respond to such expansion, our operating results may be adversely affected.

**Our growth may require additional capital, which may not be available or, if available, may not be on terms acceptable to us.**

Our operations require significant working capital. We may be required to seek additional capital, whether from sales of equity or debt securities or additional bank loans for the growth and development of our business. We cannot assure you that additional capital will be available or, if available, whether it would be on terms acceptable to us. Failure to access additional capital on terms acceptable to us may restrict the growth and development of our business, which could have a material adverse effect on our financial condition, results of operations and, consequently, the market price of our common shares.

b) Risks related to the direct or indirect controlling shareholder or controlling group

**The Company does not have a controlling shareholder or a controlling group with more than 50% of its voting capital, which can lead to alliances between shareholders, conflicts between shareholders, among other events related to the absence of a controlling shareholder or a controlling group with more than 50% of its voting capital**

The Company does not have a shareholder or a controlling group with the absolute majority of its voting capital. In Brazil, there is not an established practice of publicly-held company with no identified controlling shareholder. However, in its better understanding, alliances or voting agreements between shareholders may occur, which could cause the same effect of having a controlling shareholder. If a controlling group is formed and it begins to have the Company's decisory power, the Company may suffer sudden and unexpected changes in its corporate and strategic policies, including the replacement of its board of directors. Moreover, the Company can be more vulnerable to hostile controlling acquisition attempts and conflits arising from that.

The absence of a controlling shareholder or a controlling group with more than 50% of the Company's voting capital (i) also means thaht there is no guarantee that the Company's proposed strategy or business plan will be maintained. A shareholder or a shareholder group that begins to exercise the controlling power, can, in the future, significantly change the business and activities courses, which may adversally impact the Company's shares or debentures prices; and (ii) may difficult certain decision processes in a consequence of not obtaining the minimum quorum recquired by law to some deliberation. In such case, the Company and its minority shareholders may not use the same protection given by the The Brazilian Corporation Law against abuses of other shareholders and, as a consequence, may have difficulty in obtaining the amends of the caused damages. Any sudden or unexpected change in the board of directors' team, the corporate policy or strategic direction, attempt of controlling acquisition or any dispute among shareholders concerning its respective rights, may adversally affect the Company.

c) Risks related to the shareholders

**We may raise additional capital in the future through the issuance of equity securities, which may result in dilution of the interests of our shareholders.**

We may need to raise additional funds in the capital market, through the issuance of shares and/or public and private placement of securities convertible into shares. The raise of additional funds through the public issuance of shares, which may be obtained with the exclusion of the preemptive rights of our current shareholders, may dilute the percentage interests of investors in our common shares.

**Holders of our common shares may not receive any dividends or interest on shareholders' equity.**

According to our By-laws, we must pay our shareholders at least 25.0% of our annual net income as dividends or interest on shareholders' equity, as calculated and adjusted under Brazilian Corporate Law. Our Bylaws allows the payment of interim dividends based on (i) our semiannual balance sheet or (ii) retained earnings or revenue reserves recorded in the last annual or semiannual balance sheet. The Company may also pay interest on shareholders' equity, under the limitations set forth by applicable law. The interim dividends and the interest on shareholders' equity declared in each year may be included as the minimum mandatory dividend in connection with the results for the year when such dividends were distributed. This adjusted net income may be capitalized, used to absorb losses or otherwise retained as allowed under Brazilian Corporate Law, and may not be made available for payment as dividends or interest on shareholders' equity. Additionally, we may suspend the mandatory distribution of dividends in any particular fiscal year if our board of directors informs our shareholders that such distribution would be inadvisable in view of our financial condition.

**The volatility and lack of liquidity of the Brazilian securities markets may adversely affect the ability of investors to sell our common shares at the desired price and time.**

The Brazilian securities market is substantially smaller, less liquid, more concentrated and generally more volatile than major international securities markets. The BM&FBOVESPA had a total market capitalization of R$2.3 trillion as of December 31, 2011 and an average daily trading volume of R$6.5 in 2011. The ten most actively traded stocks in terms of trading volume accounted for approximately 48.8% of all shares traded on the BM&FBOVESPA as of December 31, 2011. These market characteristics may substantially limit your ability to sell our common shares at the price and time you wish and, as a consequence, could adversely affect the market value of our common shares

d) Risks related to the subsidiaries and affiliates

The participation of the Company in special purpose vehicles creates additional risks, incluiding possible problems of financial and commercial relationship with its partners.

The Company invests in special purpose vehicles together with other Brazilian homebuilders. The inherent risks in special purpose vehicles include potential bankruptcy in its special purpose vehicles societies and the possibility of arisal of economical or commercial interest conflicting or incompatible between the Company and its partners. In the case of a special purpose vehicles partner doesn't match its obligations or become financially incapable of handling its stallements of necessary capital placement, the Company may have to make additional investment or provide additional services to compensate the lack of capital placement by the partner. Furthermore, the shareholders of one special purpose vehicle may be responsible for special purpose vehicle obligations in determined areas, including, fiscal, labor, environmental and consumer matters. Such events, in the case of occurrence, may adversally impact the Company's business. Not applicable.

e) Risks related to the suppliers

**Delays or technical difficulties with our real estate projects that are beyond our control may have a material adverse effect on our reputation and our business as well as expose us to civil liability.**

We acquire materials from third parties, and we outsource a portion of the labor services to develop our real estate projects to contractors. As a result, the timely completion and quality of our developments depend on factors that are beyond our complete control, including, but not limited to, the quality and timeliness of the delivery of the materials supplied for use in our projects and the technical skills of outsourced professionals and workers. Unforeseen problems or delays in the construction of our developments may have a negative effect on our reputation, our relationship with clients, our business and operating results.

In addition, pursuant to Article 619 of the Brazilian Civil Code, we are required to warrant our customers against structural problems in our developments for up to five years, and we may be called to make good these warranties. In this event, we may incur unanticipated costs, which may have a material adverse effect on our financial condition and our operating results.

f) Risks related to the customers

**We are subject to risks normally associated with providing financing.**

Historically, we have provided financing to almost all of the purchasers of units of our residential real estate properties. This financing is based on installment sales contracts. We are subject to the risks normally associated with providing financing, including the risks of increases in inflation rates, defaults in principal and interest payments and the risk of increases in the cost of our funding. In the event there is an increase in the number of clients in default and/or an increase in the cost of our funding, our financial situation and operating results can be adversely affected.

Under Brazilian law, in the event of a post-delivery default under an installment sales contract, we have the right to initiate proceedings to collect the amounts due on and recover possession of the unit from the defaulting purchaser, subject to certain limitations. In the event of repossession of the unit of a defaulting purchaser, we may not be able to recover the total amount outstanding on its respective sales contract, which may have a material adverse effect on our financial condition and results of operations.

In addition, we and other real estate companies 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 divergence of rates and maturities between our sources of financing and loans we provide our customers could adversely affect our cash flow and our financial performance.

g) Risks related to the Brazilian real estate industry

**We are exposed to risks associated with the purchase, development, construction and sales of real estate.**

We engage in the purchase of land parcels, development, construction and sale of low-income residential developments and intend to continue to engage in such activities. However, there are risks that generally affect the real estate industry, such as interruptions in supplies and volatilities in the prices of construction materials and equipment, lack of high quality labor, variations in supply and demand for developments in certain areas, labor strikes and changes in 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 industry as a whole, particularly in the segment in which we operate, through economic slowdowns, interest rate and inflation increases, exchange rate fluctuations and political instability, among other factors;

- we could be prevented in the future, 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 purchaser interest in a newly launched project or the sales price per unit necessary to sell all units may be lower than expected, resulting in the project failing to reach its anticipated profitability and/or the total value of all units to be sold;
- in the event of bankruptcy or significant financial difficulties of a major company in the real estate industry, the real estate market could be adversely affected, which may cause customers to lose confidence in other companies operating in this industry, including us;
- we may be affected by local or regional real estate market conditions such as the oversupply of low-income residential developments in the regions in which we operate or may operate in the future P;
- purchasers may have a negative perception of the security, convenience and attractiveness of our developments and the areas in which they are located;
- increases in operating costs, including the need for capital improvements, insurance premiums, real estate taxes, changes in the real estate tax legislation and public tariffs may affect our profit margins;
- we may be negatively affected by the scarcity of well located land parcels, or by an increase in the prices of well located land parcels, for use in our construction projects in the regions where we currently operate or may operate in the future;
- real estate development opportunities may disappear or be reduced;
- interruptions in the supply of construction materials or equipment; and
- the construction and sale of development units may not be completed on schedule, resulting in increased construction costs or the rescission of sales contracts.

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

**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 entry barriers restricting new competitors from entering the market. The main competitive factors in the real estate development business include availability and location of land parcels, price, funding, design, quality, reputation and partnerships with developers. A number of residential developers and real estate companies compete with us in terms of seeking land parcels for acquisition, obtaining financial resources for development and in finding prospective purchasers. Other companies, including foreign companies, with alliances with local partners, have become active in the real estate development business in Brazil, further increasing competition, especially in the low-income residential development segment due to its large potential for growth.

To the extent that one or more of our competitors initiates a very successful marketing or sales campaign and, as a result, their sales increase significantly, our business could be materially and adversely affected. If we are not able to respond to such pressures as promptly and effectively as our competitors, our financial condition and results of operations could be materially and adversely affected.

Moreover, certain competitors may have access to better financial resources than us and, accordingly, may be able to withstand periods of crisis in the real estate market with less difficulty than us.

**The scarcity of available financing for low-income residential developments, the change in current financing policies of income residential developments and/or the increase in interest rates may adversely affect the ability or willingness of prospective purchasers to finance their purchases.**

Purchasers of residential low-income real estate properties generally rely on borrowings to finance their purchases. The lack of financing resources available in the market, changes in policy for the financing of residential low-income real estate properties and/or increasing interest rates may inhibit the ability or willingness of buyers to finance their purchases. The CMN has frequently charged the amount of funds that banks are required to make available for real estate financing—in particular, to the Brazilian Real Estate Finance System (Sistema Financeiro de Habitação), or SFH. If the CMN restricts the amount of such funds that are available for real estate financings in the future or raises market interest rates, the scarcity of available financing or the increase in interest rates would likely adversely affect the ability or willingness of potential purchasers to finance their purchases, thus reducing the demand for our residential real estate developments, as well as for large residential community developments. Any reduction in purchaser demand may have a material adverse effect on our business, financial condition and results of operations.

h) Risks related to the Brazilian real estate industry regulation

**Our business is subject to extensive regulation, which could, in case of change, adversely affect our business.**

The Brazilian real estate industry is subject to extensive building, zoning and environmental regulation by various federal, state and municipal authorities, which affect land acquisition and development and construction activities through zoning restrictions

and license requirements, as well as consumer protection laws and regulations. We are required to obtain the approval of various governmental authorities for our development activities, and new laws or regulations could be adopted, enforced or interpreted in a manner that could adversely affect our results of operations.

Our operations are also subject to Brazilian federal, state and municipal environmental laws and regulations. These environmental laws may result in delays, may cause us to incur substantial compliance and other costs and may prohibit or severely restrict residential development and construction activities in environmentally sensitive regions or areas.

If regulations governing the Brazilian real estate industry as well as environmental laws become more restrictive, our results of operations could be materially adversely affected.

**Increases in existing tax rates or the creation of new taxes during the term of our sale contracts could materially adversely affect our financial conditions and results of operations.**

In the past, the Brazilian government frequently increased tax rates, created new taxes and changed the tax system. In the event the Brazilian government increases tax rates or creates new taxes on the purchase and sale of real estate during the term of our sale contracts, our financial conditions and results of operations could be materially and adversely affected to the extent that we cannot amend the agreements in order to pass through such increased costs to our customers. In addition, an increase in or the creation of new taxes on the purchase and sale of real estate that are passed on to consumers may increase the final price to our customers, thereby reducing the demand for our properties and/or affecting our margins.

i) Risks related to foreign countries

**Developments and the perception of risk in other countries, especially emerging market countries and the United States, may adversely affect the market price of Brazilian securities.**

The market price of securities of Brazilian companies is affected to varying degrees by economic and market conditions in other countries, particularly other Latin American and emerging market countries, Eurozone countries and the United States. Although economic conditions in these countries may differ significantly from economic conditions in Brazil, investors' reactions to developments in these other countries may have an adverse effect on the market price of securities of Brazilian issuers. Crises in other emerging market countries may diminish investors' interest in securities of Brazilian issuers, including our common shares.

In the past, the adverse development of economic conditions in emerging markets resulted in a significant flow of funds out of the country and a decrease in the quantity of foreign capital invested in Brazil.

Any of these factors could adversely affect the market price of our common shares, and could also make it more difficult for us to access to the capital markets and finance our operations in the future on acceptable terms, or at all.

## 4.2. Estimates of reduction or increase in the exposure to material risks

Our policy is to continuously analyze the risks to which we are exposed and that may affect our business, financial condition and results of operations. We are continuously monitoring changes in the macroeconomic and industry scenario that may affect our activities by means of monitoring of the main performance indicators.

We adopt a high level of control with respect to our suppliers in order to prevent any kind of material effect on our activities. We adopt a strict financial and cash management policy. We have not currently identified any increase or reduction of the Company's exposure to the risks described in section 4.1.

## 4.3. Legal, administrative and arbitration proceedings to which we and our subsidiaries are parties are material to our business and are not subject to confidentiality obligation

We and our subsidiaries are parties to lawsuits of a civil, tax, labor and environmental nature, as well as to administrative proceedings, which are not subject to confidentiality obligation.

The amount of the contingency related to each lawsuit may not represent the amount provisioned, taking into account the method for definition of provision adopted. We determine the amount provisioned based on an evaluation of the likelihood of loss, classified as probable, possible or remote (in the lawsuits in which we are defendants). This classification is carried out after analysis of the facts and fundaments claimed in the initial procedural document and the defense's allegations, the pleading in view of the factual and actual status, the jurisprudence with respect to similar cases, in addition to the opinion of internal and external lawyers in charge of the conduction of each lawsuit. Provisions are made only for those losses deemed probable.

We understand that our provisions for legal and administrative proceedings are sufficient to cover any probable losses. Based on the opinion of outside counsel, we have provisioned R$7.0 million for estimated losses as of December 31, 2011.

We do not believe that any pending legal or administrative proceedings, if decided against us or any companies formerly part of the MRV Group, would have a material adverse effect on our financial condition or results of operation.

I) Tax proceedings

As of December 31, 2011, we and our subsidiaries were parties to 194 legal and administrative tax proceedings. The total amount involved in such proceedings is approximately R$3.0 million, of which R$1.4 million was related to lawsuits mainly concerning municipal taxes payable by the committed buyers of the units. As of December 31, 2011, R$0.28 million were provisioned, relating to tax proceedings in which the estimate of loss was probable, based on the opinion of our legal advisors. None of these proceedings, taken individually, is financially material. The other legal and administrative proceedings have not been provisioned due to the favorable opinion of our legal advisors.

There is no material tax proceeding.

II) Labor proceedings

As of December 31 2011, we and our subsidiaries were parties to approximately 3,980 labor proceedings (legal and administrative). We can be held joint liable in connection with 81.0% of our lawsuits. The total amount involved in these proceedings is approximately R$7.9 million, of which R$7.1 million was related to labor claims. Regardless of such fact, based on a conservative opinion, we provisioned, as of December 31, 2011, R$3.9 million, concerning the 693 labor claims for which the estimate of loss was probable, based on the opinion of our legal advisors in the labor area. None of these proceedings, taken individually, is financial material. The remaining labor claims have not been provisioned due to the favorable opinion of our legal advisors. The primary subject matters involved in connection with such claims are: vicarious liability, payment of severance amounts, payment of overtime, indemnification for work-related accidents and salary differences. Also, the recognition of employment relationship and matters related to occupational health and safety, and all matters discussed in such claims were duly regularized throughout the process.

There is no material labor proceeding.

III) Civil proceedings

As of December 31, 2011, we were party to approximately 4,965 civil proceedings, appearing as an author in 340 demands. The majority of the proceedings in which we were the defendant consist of lawsuits challenging the terms of customers' agreement, injunction for delivery of keys, collection actions, indemnification, undue repetition, payment allocation and execution. For 140 civil proceedings, among those stated above, we provisioned as of December 31, 2011, R$2.8 million. None of these proceedings, taken individually, is financially material. The remaining civil proceedings have not been provisioned.

There is no material civil proceeding.

IV) Environmental proceedings

There is no material environmental proceeding that may affect the Company’s activities.

## 4.4. Legal, administrative and arbitration proceedings to which we and our subsidiaries are parties, are not subject to confidentiality obligation and which adverse parties are managers or former managers, controlling shareholders or former controlling shareholders or investors of the issuer or the issuer’s controlling shareholders

We and our subsidiaries are not parties to legal, administrative and arbitration proceedings which adverse parties are managers or former managers, controlling shareholders or former controlling shareholders or investors of the Company or its subsidiaries.

## 4.5. Impacts in the event of loss and amounts involved in material confidential proceedings to which we or our subsidiaries are parties

We and our subsidiaries do not have material confidential proceedings in which we and our subsidiaries are parties and which have not been disclosed above.

### 4.6. Repeated or related legal, administrative and arbitration proceedings, based on similar legal facts and causes of action, to which we or our subsidiaries are parties, are not subject to confidentiality obligation and are jointly material to our business

We and our subsidiaries do not have repeated or related legal, administrative and arbitration proceedings, based on similar legal facts and causes of action, which are not subject to confidentiality obligation and which are jointly material, in addition to the legal or administrative proceedings described in item 4.3 above.

### 4.7. Other material contingencies

Not applicable.

### 4.8. Information on the rules of the country of origin of the foreign issuer and rules applicable in the country where the securities issued by the foreign issuer are held in custody

Not applicable.

# Market Risks

## 5.1. Market risks to which we are exposed, including with respect to foreign exchange and interest rate risks:

We are exposed to market risks related to our operating activities.

The real estate industry is affected by the economic conditions of Brazil. The demand for new residential units is influenced by a number of factors, including employment levels, short- and long-term interest rates, the availability of mortgage financing, consumer confidence, government policies, demographic factors and, to a lesser extent, changes in property taxes, energy costs, condominium expenses and federal income tax regulation. Furthermore, the launch of new units is influenced by the zoning restrictions, government policies, cost and availability of land banks, various construction and sales costs and availability of financing, among other factors.

Considerable economic and political uncertainties exist that could have adverse effects on consumer buying behavior, construction costs, availability of labor and raw materials and other factors affecting the real estate industry in general. In addition, increases in interest rates may affect the availability of financing to the purchasers of real estate and, as a consequence, decrease the demand for real estate in Brazil. Also, periods of economic slowdown may adversely affect the demand for real estate. These factors may adversely affect our sales.

Inflation has also had, and may continue to have, effects on our financial condition and results of operations. Substantially all of our operating expenses are denominated in reais and the suppliers and service providers generally attempt to increase their prices to reflect Brazilian inflation.

Among the main risks, we may point out the risks described below. In addition, see item 4.1 hereof for additional information.

***The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This influence, as well as Brazilian political and economic conditions, may adversely affect us.***

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policy and monetary, tax, credit and tariff 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 and salary controls, obstruction of access to bank accounts, currency devaluations, capital controls and limits on imports. We may not foresee and we do not have control over the measures and policies the Brazilian government may adopt in the future. Our activities, financial condition, operational results and perspectives may be adversely affected by changes in policy or regulations involving or affecting factors, such as:

- interest rates;
- exchange controls and restrictions on remittances outside Brazil;
- exchange rate fluctuations;
- inflation;
- liquidity of domestic capital and lending markets;
- expansion or contraction of the Brazilian economy, as measured by GDP growth rates;
- energy shortages;
- political and social instability;
- monetary policy;
- tax policies; and
- other political, social and economic developments in or affecting Brazil.

Uncertainty over 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 securities issued abroad that are supported by Brazilian issuers. Therefore, such uncertainties and other future developments in Brazilian economy may have adverse consequences on our business and operating results.

***Inflation and efforts by the Brazilian government to curb inflation may contribute significantly to economic uncertainty in Brazil and could adversely affect our business and the market price of our common shares***.

Brazil has in the past experienced extremely high rates of inflation. Inflation, along with the Brazilian government's measures to curb inflation and speculation about possible governmental measures to be adopted, has had significant negative effects on the Brazilian economy, contributing to economic uncertainty in Brazil and heightened volatility in the Brazilian securities markets. More recently, the annual rate of inflation, as measured by the General Market Price Index, or IGP-M, has decreased from 20.1% in 1999 to -1.71% in 2009 and risen again 11.32% in 2010, and 5.10% in 2011. The Brazilian government's measures to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and reducing economic growth. As a result, interest rates have fluctuated significantly. For example, the official interest rates in Brazil at the end of 2006 to 2011 as set by the Brazilian Committee on Monetary Policy, or COPOM, were 13.25%, 11.25%, 13.75%, 8.75%, 10.75% and 11.00%, respectively.

Future measures to be taken by the Brazilian government, including interest rate adjustments, intervention in the foreign exchange market and actions to adjust or fix the value of the Brazilian real may increase inflation. In the event of an increase in inflation, we may not be able to adjust the prices we charge our clients to offset the effects of inflation over our cost structure, which could increase our costs and reduce our net operating margin.

***Exchange rate instability may adversely affect the Brazilian economy and the market price of our common shares***.

As a result of inflationary pressures, the Brazilian currency has seen significant fluctuations in relation to the U.S. dollar and other foreign currencies during the last four decades. Throughout this period, the Brazilian government has implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations, during which the frequency of adjustments has ranged from daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets.

For example, the real depreciated 18.9% and 32.1% against the U.S. dollar in 2001 and 2002, respectively. It appreciated from 2003 through 2007, respectively 22.0%, 9.1%, 14.2%, 9.0% and 20.5%. In 2008, as a result of the worsening global financial and economic crisis, the real depreciated 24.7% against the U.S. dollar, and on December 31, 2008 the exchange rate between the real and the U.S. dollar was R$2.356 to US$1.00. In 2009 and 2010, the real appreciated 34.7% and 4.7% against the U.S. dollar. On December 31, 2010, the exchange rate between the real and the dollar was R$1.6704 to US$1.00. There was a depreciation of 10.5% in 2011. We cannot assure that the real will not depreciate or appreciate against the U.S. dollar in the future.

Fluctuations of the real relative to the U.S. dollar could create additional inflationary pressures in Brazil and lead to increases in interest rates, which could negatively affect the Brazilian economy as a whole, and the market price of our common shares.

Capital Risk and Liquidity Risk

***The global economic crisis may adversely affect the Brazilian economic growth or limit the Company's access to the financial market and, as a consequence, damage our business and financial condition.***

The world economic crisis and the global financial system instability have been affecting, and may continue to negatively affect, the Brazilian economic growth. The current financial crisis reduced the liquidity and credit availability to the business financing permanence and expantion all over the world. The recent and substantial losses in the global stock markets, including Brazil, may cause a long term global recession or depression.

As a result of the global economic crisis, the Company's ability to access the stock or credit markets may be limited in a moment the Company needs or wants to access these markets, which would harm its reaction to adversal economical and market conditions. The global economic crisis may affect the Company's current creditors, clients or its suppliers' ability to meet the contracted deliveries on time, causing their inability to meet their obligations with the Company. In the case the global economic crisis worsens, it may harm the Company's demand for apartments and its ability to finance its future growth.

Market Risk

***Interest rates and Inflation Indices fluctuations may raise the Company's debt payment cost, negatively aftecing our financial condition***

On December 31,2011 the Company had, among other obligations, R$1,904 million in loans, financing, debentures and payables for purchase of land liable to CDI, R$835 million liable to Taxa Referencial (TR), R$47 million liable to IGP-M, R$32 million liable to IPCA and R$18 million liable to INCC.

These indices, especially CDI, significantly floted last year in a response to the Brazilian economy's expansion or contraction, the inflation, the Brazilian government policies, among other factors. A significantly increase in any of these interest rates or indices, particularly the CDI rate, may adversally affect the financial income or expense and its financial performance.

*Foreign exchange risk*

The Company and its subsidiaries do not have foreign currency-denominated assets or liabilities.

*Credit risk*

Assessed as very low in light of the guarantee of recovery of the properties in cases of customer default. Therefore, at December 31, 2011 and 2010 no allowance for doubtful accounts was recognized.

## 5.2. Our policy for management of market risks, purposes, strategies and instruments:

Our risk management policy aims to reduce or mitigate the market risks.

a) Risks to be hedged

The Company seeks to obtain hedge Capital and Liquidity Risks.

b) strategy of hedge

The adopted strategy hedge strategy was the creation of a multidisciplinary organizational structure, whereby the board of directors evaluates whether the actions performed are taken in order to abide by the policies adopted, always with the intent of mitigating any risk to the business without the use of derivative financial instruments.

c) instruments used for purposes of hedge

The main financial instruments used are banks and cash, loans raisings for our working capital and financing the developments in construction and the issuance of debentures among others.

d) Criteria used for risk management purposes

The main criteria adopted by the Company for risk management purposes are:

The Executive Board periodically revises the Company's capital structure. As part of this revision, the Executive Bard consider the capital cost, the assets liquidity, the risks associated to each capital class and the Company's debt level.

The Executive Board seeks to keep debt level according to its loan, financing and debentures contracts (below 65%).

The liquidity risks management is done through the financial reports analysis and cash flow forecasts, including stress analisys.

e) financial instruments with different hedging purposes

There are no financial instruments with different purposes than hedging.

f) Organizational structure for risk management control

The Company's risk management is done through the Board of Directors, the Risk Comitee and the Financial Comitee, under finanacial reports analysis and cash flow forecasts.

The Risk Comitee is composed of two Executive Officers.

The Board of Directors and the Risk Comitee map and control risks through the 'Risk Management and Internal Audit' area and through financial reports.

g) adequacy of the operational structure of internal controls for purposes of verification of the efficiency of the policy adopted

The Board of Directors and the Risk Comitee map and control risks through the 'Risk Management and Internal Audit' team.

Furthermore, the Risks Management and Internal Audit area periodically valuates and tests the adherence of the controls used to mitigate risks, reporting, twice a year, the tests' results and the flaws identified to the Risks Management Committee.
Additionally the activities performed by the Management and Internal Audit area are reported to the Board of Directors in all of its ordinary meetings.

Due to the structure presented on item 5.2 above, the Company believes these measures are effective to mitigate the risks.

### 5.3. Significant changes in the main market risks or the risk management policy with respect to the last fiscal year

There were no significant changes in the main market risks, as well as the risk monitoring policy adopted by us in the last fiscal year.

### 5.4. Other material information

All material information relating to this subject matter was disclosed in the items above.

# History of the Issuer

## 6.1. Incorporation of the Company

a. Date: May 31, 2006

b. Corporate form: Organized as a publicly-held company

c. Country of incorporation: Brazil

## 6.2. Duration Period

Indefinite.

## 6.3. Brief History of the Company

The MRV group was founded in 1979 by Rubens Menin Teixeira de Souza, Mario Lucio Pinheiro Menin and Vega Engenharia Ltda., with the incorporation of MRV Serviços de Engenharia Ltda. in the city of Belo Horizonte, in the state of Minas Gerais, with the aim to build and develop residential real estate projects. Two years after incorporation, Vega Engenharia Ltda. withdrew from MRV Serviços de Engenharia. In the following year, we delivered our first houses, and, in 1981, we delivered our first buildings in Belo Horizonte.

The Cruzado monetary plan, implemented by the Brazilian government in 1986, had a positive effect on our operations. During this time, we had a small land bank and the price of the real estate properties in our land bank increased abruptly as a result of new demand. In the same year, we began offering financing to our customers.

Consequently, we were able to continue to expand our operations. By the early 1990s, we had attained a significant market share in the city of Belo Horizonte and began exploring new markets to expand into. In 1993, we introduced our "finishing kits," a product that gave our customers additional finishing options for their residential units.

In 1994, we also opened our first sales office in the city of Belo Horizonte, and, in 1995, we began to expand our activities outside of the city of Belo Horizonte, developing and building projects in the city of Uberlândia, in the state of Minas Gerais. In 1996, MRV Empreendimentos was incorporated, and we began operations in the city of Americana, in the state of São Paulo. In 1997, we began sponsoring sports, especially volleyball, to market our brand and our real estate developments. Shortly thereafter, in 1999, MRV Construções was incorporated, and we began to operate in the south of Brazil, initially in the cities of Londrina and Curitiba, in the state of Paraná.

Continuing our strategy, in 2000 we launched a financing plan that enabled our customers to finance their purchases in fixed installments. This financing option provided an affordable means of payment and an opportunity to plan investments, which contributed to the improvement of our results. In this same year, we began our first investments in the city of São Paulo and, in 2003, we launched our *Spazio* and *Village* product lines.

In 2006, a new stage in our history has began and we expanded our activities to the city of Goiânia, in the state Goiás, increasing the number of cities in which we operate to 28. We began the restructuring of the MRV group in the same year. On May 31, 2006, we were incorporated in order to simplify the Group's structure and we started to control MRV Construções e a MRV Empreendimentos.

In 2007, we completed our restructuring, which included the admission of Autonomy as our shareholder and the consolidation of our company as an operating company, active in the low-income residential real estate development segment. In 2007, we continued to increase our geographical diversification, expanding our operations to 54 additional cities.

On July 13, 2007 our registration with the CVM as a publicly held corporation was approved under nº 02091-5. On July 20, 2007, we concluded our initial public offering and, as from July 23, 2007, our shares began trading on BM&FBOVESPA's *Novo Mercado* segment.

The offering, consisting of a total of 45,900,000 common shares, raised gross proceeds of $1,193,400,000.00. We allocated the net proceeds from that offering to the acquisition of land and to the development of construction and development projects already underway.

In 2007, we purchased participation in the capital stock of Prime and Blás, both companies are active in the affordable housing segment. Moreover, in 2007, we signed a letter of intent with CEF through which we became the CEF's first representative in the real estate industry. Through the partnership, we began to provide services of receiving and analyzing residential financing proposals, making financing to their customers more efficient and faster.

In June 2008, we, together with Autonomy Investimentos, incorporated MRV LOG, with ownership interests of 65% and 35%, respectively. The corporate purpose of this company is to act in the real estate development segment with a focus in the

development and leasing of distribution centers, industrial condominiums, hubs and logistics condominiums (developments to be leased to logistics and transportation companies that will lease part of the warehouse space and divide the common areas into dining halls, restaurants, sleeping areas, support areas, etc.).

In March 2009, we increase our international visibility and access to foreign investors through the launch of the program American Depositary Receipts (ADRs), level 1 in the U.S. market OTC (Over-The-Counter). In December of that year, MRV's ADRs began trading on the highest category of OTC (Over-the-Counter) in the United States, the Premier International OTCQX. The OTCQX market is the first category of trading on the OTC market in the United States. Companies focused on investor use the OTCQX platform qualitatively controlled to provide investors transparent negotiation, information of higher quality, and easy access through their brokers, intermediaries regulated in the United States. The innovative platform[1] OTCQX provides companies and their shareholders a level of market services previously only available on a stock exchange in the United States.

In July 2009, we concluded the primary offering of 24.3 million shares (before split) at the BM&FBovespa with the price of R$ 24.50 per share (before split), totaling R$ 595 million (R$ 570 million, net of commissions ). Funds raised are earmarked for land acquisition, incorporation of new developments, construction of projects launched and maintenance of working capital.

In December 2009, we made the split of all of our common shares (MRVE3) in a 3:1 ratio. This operarion provided greater liquidity for our shares and consequently greater and easier access for investors in general.

Due to growth of the trading volume of our stock, as of January 2010, our share MRVE3 became part of the Bovespa Index (IBovespa) the most important[2], indicator stock performance of Brazilian market, made up of stocks with highest negotiability, participation in financial volume and presence in the trading session.

On July 15, 2011, the current shareholders of LOG together with Starwood Capital Group signed an Investment Agreement for the issuance of 62,650,009 common shares to be issued by LOG, totaling R$ 350 million, being R$ 250 million as Starwood"s part and R$ 100 million for the current shareholders of LOG, of which R$ 63,050 as the Company's part. In August and October of 2011 the installment of the agreement of R$ 140,000 and R$ 210,000, respectiviely, were paid. After these paymentsthe Company's part decreased to 42.03% from 63.05%.

At the shareholders meeting held in January 2012 the change of the corporate name and corporate brand of the former MRV Logística e Participações S.A. to LOG Commercial Properties e Participações S.A. ("LOG") was approved. This amendment aims to reflect the company's business and to strengthen its strategy as commercial and industrial property builder.

Currently, we – MRV Engenharia e Participações S.A. – are present in 107 cities and 18 brazilian states, are a publicly held corporation, organized for an indefinite period and duly registered with the CVM, headquartered in Belo Horizonte in the state of Minas Gerais, located at 2720 Avenida Raja Gabaglia, and which purpose consists of: (i) management of own assets; (ii) development, construction and sale of own or third-party properties; (iii) provision of engineering services relating to the qualifications of the technical employees; and (iv) participation in other companies as partner or shareholder.

### 6.4. Date of registration with CVM

Registration obtained on July 13, 2007.

[1] Source: http://www.otcqx.com/qx/int/overview
[2] Source: http://www.bmfbovespa.com.br/indices/ResumoIndice.aspx?Indice=IBOVESPA&idioma=pt-br

## 6.5. Main corporate events

| | 2009 |
|---|---|
| a) Event: | MDI empreendimentos Ltda establishment; |
| b) Main business conditions: | In 2009 there was no capital investment;<br>Price: does not apply<br>Payment method: does not apply<br>Payment term: does not apply<br>Suspension clauses: does not exist<br>Agreements regulating the voting right: does not exist<br>Pending approval by regulatory agencies: does not exist |
| c) Shareholders: | MRV Engenharia e Participações S.A. and LOG Commercial Properties; |
| d) Results in corporate structure: | Creation of controlled Company with 99.90% equity interest. |

e) Corporate structure before and after the event:

| MDI Establishment | Before | After |
|---|---|---|
| MRV Engenharia e Participações S.A. | 0.00% | 99.90% |
| LOG Commercial Properties | 0.00% | 0.10% |
| | 0.00% | 100.0% |

| | 2010 | 2010 |
|---|---|---|
| a) Event: | MRL Engenharia e Empreendimentos S.A. (“Blas”) fully merged LGB Construções Ltda; | New shareholder on LOG Commercial Properties; |
| b) Main business conditions: | Price: does not apply<br>Payment method: Merged net assets amounted to R$2,793 thousand<br>Payment term: does not apply<br>Suspension clauses: does not exist<br>Agreements regulating the voting right: does not exist<br>Pending approval by regulatory agencies: does not exist | Price: does not apply<br>Payment method: The new shareholder invested R$ 3,490 (thousand);<br>Payment term: does not apply<br>Suspension clauses: does not exist<br>Agreements regulating the voting right: does not exist<br>Pending approval by regulatory agencies: does not exist |
| c) Shareholders: | MRV Engenharia e Participações S.A., MRL Engenharia e Empreendimentos S.A.; | LOG Commercial Properties and Marcelo Patrus; |
| d) Results in corporate structure: | MRV’s interest in the capital of MRL Engenharia e Empreendimentos S.A. decreased from 49 to 37.73 percent | MRV’s interest in the capital of LOG Commercial Properties decreased from 65.00% to 63.05%. |

e) Corporate structure before and after the event:

| LGB Merge | Before | After |
|---|---|---|
| Ricardo Blás | 51.00% | 39.27% |
| MRV Engenharia e Participações S.A. | 49.00% | 37.73% |
| Luiz Eduardo | 0.00% | 23.00% |
| | 100.0% | 100.0% |

| Starwood Investment | Before | After |
|---|---|---|
| MRV Engenharia e Participações S.A. | 65.00% | 63.05% |
| Conedi Participações Ltda | 23.50% | 22.80% |
| Marcos Alberto Cabaleiro Fernandez | 5.50% | 5.34% |
| Marcelo Patrus | 0.00% | 3.00% |
| Other | 6.00% | 5.81% |
| | 100.00% | 100.00% |

| | 2011 |
|---|---|
| a) Event: | Issuance of 62,650,009 ordinary shares by LOG Commercial Properties e Participações S.A.; |
| b) Main business conditions: | Price: Capital increase of R$ 350,000 (thousand);<br>Payment method: I R$ 250 million as Starwood"s part and R$ 100 million for the current shareholders of LOG.<br>Payment term: October of 2011 the installment of the agreement of R$ 140,000 and R$ 210,000, respectiviely, were paid.<br>Suspension clauses: does not exist<br>Agreements regulating the voting right: does not exist<br>Pending approval by regulatory agencies: does not exist |
| c) Shareholders: | LOG Commercial Properties e Participações S.A (previously MRV Logística e Participações S.A.) and Starwood Capital; |
| d) Results in corporate structure: | MRV's interest in the capital of LOG Commercial Properties decreased from 63.05% to 42.03%. |

e) Corporate structure before and after the event:

| Starwood Investment | Before | After |
|---|---|---|
| MRV Engenharia e Participações S.A. | 63.05% | 42.03% |
| Starwood Capital do Brasil | 0.0% | 33.33% |
| Conedi Participações Ltda | 22.80% | 15.20% |
| Marcos Alberto Cabaleiro Fernandez | 5.34% | 3.56% |
| Other | 8.81% | 5.88% |
| | 100.0% | 100.0% |

## 6.6. Bankruptcy requests based on material amount and judicial or extrajudicial recovery requests

There was no bankruptcy request based on material amount or judicial or extrajudicial recovery request by the Company.

## 6.7. Other material information

All material information relating to this subject matter was disclosed in the items above.

# Issuer's Activities

## 7.1. Summarized description of the activities developed by us and our subsidiaries

Business Purpose:

Development and Construction Activities: We focus on the activities of real estate development and construction. Our operations involve the following stages: (i) identification, evaluation and acquisition of land parcels; (ii) obtaining government licenses, permits and approvals; (iii) sales and marketing; (iv) construction; and (v) providing financing and other services to our customers.

Logistics Activities: Through our subsidiary LOG Commercial Properties, we focus in the construction and leasing of industrial and logistic condominiums, besides the development of commercial properties such as shopping centers, strip malls and offices.

Operating Markets and Geographic Diversification:

The real estate industry in Brazil, both in development and construction activities, is highly fragmented. The State of São Paulo is one of the main Brazilian economic centers, concentrating the largest real estate construction industry in Brazil. According to the IBGE, the estimated São Paulo's GDP was R$523.7 billion in 2009, which represented 33% of Brazil's total GDP. Therefore, São Paulo is the state with the greatest capacity to absorb real estate supply.

The table below shows the estimated GDP of our markets in 2008:

| State | PIB (R$ thousand of 2000) (2009) | % Brazil |
|---|---|---|
| AL | 10,254,663 | 0.7% |
| BA | 66,195,329 | 4.2% |
| CE | 31,729,291 | 2.0% |
| DF | 63,497,092 | 4.1% |
| ES | 32,240,818 | 2.1% |
| GO | 41,344,880 | 2.6% |
| MA | 19,246,396 | 1.2% |
| MG | 138,622,865 | 8.9% |
| MS | 17,562,675 | 1.1% |
| MT | 27,668,189 | 1.8% |
| PB | 13,868,624 | 0.9% |
| PE | 37,874,158 | 2.4% |
| PR | 91,749,843 | 5.9% |
| RJ | 170,892,839 | 10.9% |
| RN | 13,475,720 | 0.9% |
| RS | 104,243,771 | 6.7% |
| SC | 62,685,307 | 4.0% |
| SE | 9,545,822 | 0.6% |
| SP | 523,649,890 | 33.5% |
| Other states | 87,996,498 | 5.6% |
| **Brazil** | **1,564,344,672** | **100.0%** |

Source: IBGE

We operate in the states of Rio Grande do Sul, Santa Catarina, Paraná, São Paulo, Rio de Janeiro, Minas Gerais, Espírito Santo, Goiás, Mato Grosso, Mato Grosso do Sul, Alagoas, Bahia, Ceará, Maranhão, Paraíba, Pernambuco, Rio Grande do Norte, Sergipe, as well as in the Federal District.

We are active in a total of 107 cities: Águas Claras (DF), Americana (SP), Aparecida (SP), Aparecida de Goiânia (GO), Aracaju (SE), Araçatuba (SP), Arapongas (PR), Araraquara (SP), Araras (SP), Araucária (PR), Barretos (SP), Bauru (SP), Belford Roxo (RJ), Belo Horizonte (MG), Betim (MG), Birigui (SP), Botucatu (SP), Camaçari (BA), Cambé (PR), Campinas (SP), Campo Grande (MS), Campo Limpo Paulista (SP), Campos dos Goytacazes (RJ), Canoas (RS), Cariacica (ES), Caruaru (PE), Catanduva (SP), Contagem (MG), Cotia (SP), Cuiabá (MT), Curitiba (PR), Feira de Santana (BA), Ferraz de Vasconcelos (SP), Fortaleza (CE), Franca (SP), Gama (DF), Goiânia (GO), Gravataí (RS), Guarulhos (SP), Hortolândia (SP), Indaiatuba (SP), Itú (SP), Jaboatão dos Guararapes (PE), Jacareí (SP), João Pessoa (PB), Joinville (SC), Juiz de Fora (MG), Jundiaí (SP), Lauro de Freitas (BA), Limeira (SP), Londrina (PR), Macaé (RJ), Maceió (AL), Maracanaú (CE), Marília (SP), Maringá (PR), Mauá (SP), Mirassol (SP), Mogi das Cruzes (SP), Mogi Guaçu (SP), Montes Claros (MG), Natal (RN), Niterói (RJ), Nova Lima (MG),

Ourinhos (SP), Parnamirim (RN), Paulínia (SP), Pindamonhangaba (SP), Piracicaba (SP), Ponta Grossa (PR), Porto Alegre (RS), Presidente Prudente (SP), Recife (PE), Resende (RJ), Ribeirão Preto (SP), Rio Claro (SP), Rio das Ostras (RJ), Rio de Janeiro (RJ), Salto (SP), Salvador (BA), Santo André (SP), São Bernardo do Campo (SP), São Carlos (SP), São Gonçalo (RJ), São José (SC), São José do Ribamar (MA), São José do Rio Preto (SP), São José dos Campos (SP), São José dos Pinhais (PR), São Luís (MA), São Paulo (SP), Sapucaia do Sul (RS), Serra (ES), Sertãozinho (SP), Sorocaba (SP), Suzano (SP), Taguatinga (DF), Tatuí (SP), Taubaté (SP), Tremembé (SP), Uberaba (MG), Uberlândia (MG), Valparaíso de Goiás (GO), Várzea Grande (MT), Vespasiano (MG), Vila Velha (ES) and Votorantim (SP).

According to the IBGE, in 2009, these cities represented 50% of Brazilian GDP and, according to the 2010 census, 34.5% of the Brazilian population.

| State | Population (Censo 2010) | % Brazil |
|---|---|---|
| Alagoas | 3,120,494 | 1.6% |
| Bahia | 14,016,906 | 7.3% |
| Ceará | 8,452,381 | 4.4% |
| Distrito Federal | 2,570,160 | 1.3% |
| Espírito Santo | 3,514,952 | 1.8% |
| Goiás | 6,003,788 | 3.1% |
| Maranhão | 6,574,789 | 3.4% |
| Minas Gerais | 19,597,330 | 10.3% |
| Mato Grosso do Sul | 2,449,024 | 1.3% |
| Mato Grosso | 3,035,122 | 1.6% |
| Paraíba | 3,766,528 | 2.0% |
| Pernambuco | 8,796,448 | 4.6% |
| Paraná | 10,444,526 | 5.5% |
| Rio de Janeiro | 15,989,929 | 8.4% |
| Rio Grande do Norte | 3,168,027 | 1.7% |
| Rio Grande do Sul | 10,693,929 | 5.6% |
| Santa Catarina | 6,248,436 | 3.3% |
| Sergipe | 2,068,017 | 1.1% |
| São Paulo | 41,262,199 | 21.6% |
| | | |
| Other States | 18,982,814 | 10.0% |
| **Brazil** | **190,755,799** | **100.0%** |

Source: IBGE

## 7.2. Operating segments

a) Products and services sold

Real Estate Development and Construction

For more information, see item 7.3 hereof.

Logistics

For more information, see item 7.1 hereof.

b) Revenue from the segment and participation in the issuer's net revenues

Net revenue by operational segment:

| Net Revenue (R$ thousand) | 2009 | 2010 | 2011 |
|---|---|---|---|
| Real estate development | NA | 3,019,685 | 4,011,378 |
| Logistics | NA | 1,266 | 3,685 |
| **Total** | NA | 3,020,951 | **4,015,063** |

| Participation in Net Revenue (%) | 2009 | 2010 | 2011 |
|---|---|---|---|
| Real estate development | NA | 99.96% | 99.91% |
| Logistics | NA | 0.04% | 0.09% |
| **Total** | NA | 100% | **100%** |

(1) For further information, see item 10.1 (h), "Financial Information", of this Reference Guide.

c) Income or loss resulting from the segment and participation in the issuer's net revenues

| Net Income R$ mil | 2009 | 2010 | 2011 |
|---|---|---|---|
| Real estate development | ND | 674,838 | 813,297 |
| Logistics | ND | 361 | 2,994 |
| **Total** | **ND** | **675,199** | **816,291** |

(1) For further information, see item 10.1 (h), "Financial Information", of this Reference Guide.

The information of the fiscal year 2008 was elaborated in a different accounting standard, not allowing an adequat comparison.

## 7.3. Products and services

a) Characteristics of the production process

Identification, evaluation and acquisition of land

We focus our initial efforts on studying and understanding demographic, social and economic trends to identify the needs of each prospective market in which we operate upon launching of our products.

We seek to acquire land that shows potential to appreciate in value as a result of increasing demand driven by previously identified economic, social and demographic trends. The acquisition of appropriate land parcels is essential to the profitability of our developments.

We generally identify opportunities for acquiring land parcels through specialized real estate agents, land owners interested in partnering with a company with knowledge and experience in the industry, or through other real estate companies.

We have a multidisciplinary team responsible for preparing such feasibility studies. Each potential acquisition of land is subject to financial review to determine if we will obtain a sufficient return on the capital invested in the proposed real estate development. For such purpose, we evaluate the ownership of the property to determine whether it meets the minimum requirements for the type of project we plan to develop and, carry out the legal due diligence and a review of relevant technical data.

We also use market research to identify potential buyers and local builders, common characteristics of the developments in the area, market supply and demand, as well as the average income and population profile of the region.

We also consider in the selection of lands for construction of the real estate developments the feasibility and time frame for obtaining all licenses and other regulatory permits required to develop the project.

The actual acquisition of land is generally conditioned on obtaining all necessary licenses and regulatory permits before the execution of the purchase. Typically, however, the initial down payment and the pre-construction costs are not recovered if all approvals are not obtained and the purchase is not concluded.

The final decision regarding the acquisition of a specific land bank is taken by an internal committee. This committee meets every week and is comprised of the following members: two members of the Board of Directors (Rubens Menin Teixeira de Souza e Marcos Alberto Cabaleiro Fernandez) and three Chief Officers (Hudson Gonçalves Andrade, Rafael Nazareth Menin Teixeira de Souza e Eduardo Fischer Teixeira de Souza).

We acquire properties through purchase agreements or exchange agreements. In an exchange agreement, the seller of the land receives a certain number of units to be built on the property or a percentage of the revenue obtained from the sale of the units in the development. Through an exchange agreement, we reduce our capital needs and increase our rate of return on the capital employed in our developments.

We make significant investments in the acquisition of land and intend to build in all lands acquired. Although we plan to develop all acquired land, subsequent events may prevent construction or make construction economically unviable.

Obtaining government licenses, permits and approvals

The process of obtaining municipal, state and federal approvals generally takes between three to 24 months, with an average of nineteen months. The various approvals required include building, planning and environmental permits; obtaining these approvals can be particularly burdensome in Brazil.

We seek to obtain all material licenses necessary for our real estate developments, in light of the development stage of each project.

Sales and marketing

For more information, see item 7.3. (b) below.

Construction

The management and oversight of the construction of our developments is the responsibility of our technical team, which the Company believes to have an extensive experience in low-income residential real estate developments. Our management and oversight of construction work is focused on guaranteeing quality and cost control, mastering all stages in the development process and meeting contracted deadlines.

The actual construction work is performed by prequalified contractors. A significant portion of the contractors to whom we outsource our construction work has long-term relationships with the MRV group. These companies are selected on the basis of experience and personal and professional references. Given the standardization of our products and our long-term relationships with these companies, their employees have acquired a high degree of familiarity and specialization in our projects. As a consequence, we are able leverage their efficiency and increase productivity.

Moreover, the Company believes to exist a growing demand for our products. Therefore, in order to increase our construction capacity, we have developed partnerships with certain construction companies. Our strategy is to select construction companies with experience and knowledge of the low-income residential development segment, regardless of the geographic area in which they operate. In selecting partners, we also take into consideration whether the partner's experience is compatible with our methods, standards of excellence and costs. In addition, we can also establish technical assistance agreements with the construction companies. In such partnerships, we maintain control over land selection, development operations, sales and construction management. We also proportionately contribute funds to the development.

Our construction process is highly standardized. The main benefits from the standardization of our construction process are our control of costs, with subsequent reduction of operating costs; and more agility in the execution of our real estate development. The adoption of an input procurement process with strict quality and supplier selection standards also constitutes and important element for the standardization of our construction process and guarantee of quality of our products.

Moreover, we have maintained a level A certification from the Brazilian Program for Housing Quality and Productivity *(Programa Brasileiro da Qualidade e Produtividade do Habitat),* or the PBQP-h, since 2001, which guarantees strict quality control for our developments. We ensure quality control through the use of procedural guides that describe in detail each stage of the construction process. We maintain control over technical aspects of the infrastructure and superstructure work by adhering to the standards of the Brazilian Association of Technical Standards (*Associação Brasileira de Normas Técnicas*), or the ABNT.

Securities

The Company has an insurance policy that considers primarily risk concentration and their materiality, taking into consideration the nature of its business, and advice of the insurance brokers. As at December 31, 2011, insurance coverage is as follows:

| Items | Type of coverage | Insured amount |
|---|---|---|
| - Construction insurance (engineering risk) | - Coverage during construction for involuntary damages caused during construction, installation and assembling work on the insured sites. | 636,861 |
| - Builder guarantee insurance | - Insures the lender the completion and legal documentation of construction | 458,607 |
| - Engineering risks | - Close-end insurance purchased directly from Caixa Seguros, mandatory for all projects related to *Crédito Associativo* | 3,845,453 |

b) Characteristics of the distribution process

Sales and marketing

Our developments are sold by our own team of 4 thousand brokers, 220 of whom operate in internet sales. In addition, we also hire outside brokerage companies, which have outsourced brokers exclusively dedicated and trained to sell our developments. We believe it is important to maintain our own sales team focused exclusively on the sale of our projects to develop strong

relationships with our current customers and to attract new ones. We believe these factors make our sales strategy more efficient.

Our sales strategy also includes:

- Our website is the most visited among the homebuilders in Brazil (according to alexa.com and Google Trends), with a total of 2.0 million visits per month. In this same period, our 200 online brokers attended an average 3 thousand people in a daily basis through our online chat and email. Our web sales channel is a great success, representing around 32% of our contracted sales this year.

- We offer special financing plans to assist customers in acquiring properties as well as performance insurance for the completion of construction.

- We continuously conduct market research regarding the profile of our customers and maintain updated databases with the demographics, income profile, age and other details of our customers. We use this database for identifying land, developing our products and implementing our sales strategy.

- Direct marketing. Our direct marketing team manages a database of potential customers and directly markets our products to such customers through telemarketing, mail, e-marketing and corporate marketing. In addition to generating business, this department assists in our planning by identifying the socio-economic and cultural profiles of our customers, as well as their preferences.

- Relationship sales. We conduct campaigns to benefit customers who recommend new buyers. These campaigns give us a very satisfactory return.

- Innovative nationwide marketing campaigns. Given the geographic scope of our operations, we are able to adopt innovative nationwide marketing strategies, which results in lower publicity costs per unit.

- Sports advertising, in particular soccer and volleyball. Since 1996 we have promoted our developments and our brand through sports advertising. Until 2004, we sponsored the Minas Tênis Clube women's volleyball team, which helped bring national attention to our "MRV" brand. From 2004 to the end of 2007, we sponsored the Clube Atlético soccer team, and in 2008 we began to sponsor the Vasco da Gama soccer team. In 2012 we started sponsoring Bruno Senna and a major F1 team, besides two great national soccer teams, Sport Clube Recife and again Clube Atlético Mineiro.

Customer financing

The availability of financing for potential customers, especially during construction, has been of fundamental importance to our business. The relative scarcity of funds for real estate financing in Brazil has led us to finance a significant percentage of our sales.

Recently, commercial banks and the CEF have again begun to offer real estate financing to buyers, following the reduction in liquidity during prior years. This increase in financing has changed the financial conditions and the internal rate of return for new developments.

We are offering new financing plans to our customers, who can pay significantly lower amounts before delivery of the units, generally a maximum of 30.0% of the purchase price. While we receive a lesser portion of the purchase price from customers before delivery of units, as soon as we complete construction and provide customers with the applicable occupancy permit, we receive the outstanding balance in full.

Commercial banks have also increased the availability of construction financing, supplying and complementing the amount of cash necessary to carry out developments. This financing may amount up to approximately 40.0% of the sales value of new units.

Additionally, the greater availability of financing allows us to move at a faster pace through a typical construction cycle. Our construction processes are standardized and generally require short construction periods. By decreasing construction time, we are able to increase the internal rate of return for our projects and, therefore, for our Company. The combination of high gross margins with shorter capital cycles considerably increases our economic efficiency. In addition, by shortening the construction cycle, we benefit our customers, which, for a shorter period, will have to pay for their currently residence, mainly rented, as well as we contribute for the payment of the future property.

We provide our customers with three forms of financing: direct financing, bank financing and Crédito Associativo.

Crédito Associativo - CEF/BB

Pursuant to the Crédito Associativo model, the customer receives funds from the bank, which are passed on to us in accordance with the evolution of the project. We receive up to 95.0% of the sale price during construction, decreasing our

working capital needs. In addition, this financing is not recorded as a liability on our balance sheet, which is more interesting to our Company in terms of cash flow and credit risk, being the type of financing most used by our Company.

Bank financing

In this type of financing, we provide direct financing only until delivery. After delivery, the customer finances the outstanding balance directly with financial institutions, who pay the remaining balance in cash to us. In some developments, credit approval by the financial institution is not automatic. The financial institution evaluates the customer's credit and the value of the property, which is subject to a mortgage or a conditional assignment to secure payment of the financing.

We believe that bank financing offers advantages both to the customer and to us. On one hand, customers can use their FGTS deposits to pay part of the outstanding balance on the property and obtain a longer repayment period at a lower interest rate from the financial institution. On the other hand, we benefit from increased liquidity, reduced credit risk from customers and reduced time in managing receivables.

Direct financing

When we offer direct financing, we receive a down payment from the customer with the remaining portion of the purchase price payable in monthly installments.

In addition, installments are adjusted monthly in accordance with the INCC index, until the delivery of the units. After delivery, installments are adjusted on a monthly basis according to the IGP-M, plus interest.

Once construction is complete, our financing is generally secured by a conditional assignment of the property, with transfer of full ownership rights to the client, contingent on payment in full.

Historically, we have had a low default rate. We believe that this low default rate is a result of the following actions: (i) our continued collection efforts; (ii) the several renegotiation options offered to those customers facing financial difficulties; (iii) the transfer of possession to the buyer only after analysis of payment records; (iv) the use of guarantors/cosigners for the delivery of units in longer sales plans and/or sales plans with periodical adjustments; and (v) after August 2006, only delivering financed units which are subject to conditional assignment (sales financed by us).

In addition, we rely on our experience with customers in our segment in determining which customers are eligible for financing. We have a teal of 745 professional dedicated to this activity. Financing is only available to customers within our risk and security parameters, based on a credit analysis with the Credit Protection Service, or the SPC, and other reports. Default is monitored and any renegotiation can include repossession of the property in case its possession has already been transferred to the customer. Finally, we also protect ourselves by selling to a broad cross-section of customers in diverse geographic locations.

c) Characteristics of the operating markets: (i) participation in each one of the markets; (ii) competitive conditions in the markets

Below, see our contracted sales by state in 4Q11:

| State | R$ million | % |
|---|---|---|
| São Paulo | 711.2 | 49.4% |
| Minas Gerais | 217.9 | 15.1% |
| Paraná | 136.7 | 9.5% |
| Rio de Janeiro | 110.8 | 7.7% |
| Goiás | 47.9 | 3.3% |
| Distrito Federal | 38.4 | 2.7% |
| Mato Grosso do Sul | 34.9 | 2.4% |
| Bahia | 33.3 | 2.3% |
| Espírito Santo | 28.6 | 2.0% |
| Ceará | 24.1 | 1.7% |
| Mato Grosso | 17.0 | 1.2% |
| Santa Catarina | 9.6 | 0.7% |
| Rio Grande do Norte | 9.3 | 0.6% |
| Paraíba | 7.3 | 0.5% |
| Pernambuco | 6.4 | 0.4% |
| Rio Grande do Sul | 6.0 | 0.4% |
| **Total** | **1,439.4** | **100.0%** |

(ii) Competition conditions in markets

The real estate development and construction industry in Brazil is very competitive. The market is fragmented and no single company has a significant share of the national market.

We have two types of competitors: companies that are already listed or are in process of becoming listed on the BM&FBOVESPA and small local companies. Companies in the first group are mainly located in large cities and have for the most part only recently entered the low-income residential segment. Companies in the second group have low levels of capitalization, and limited access to financing. In our view, this competitive edge will tend to decrease in value over time. In addition to government's efforts, we believe that bank real estate financing is a strong factor in the development and sales process. The financing costs are easily offset by our scale and industrial production features. A large scale and financing also allow us to have easy and low-cost access to credit, thereby resulting in a lower cost to our customer.

Among the real estate development companies listed on the BM&FBOVESPA, the most important are: Rodobens Negócios Imobiliários S.A., PDG Realty S.A. Empreendimentos e Participações, Trisul S.A., Camargo Corrêa Desenvolvimento Imobiliário S.A., Rossi Residencial S.A., Gafisa S.A. (Fit Residencial and Construtora Tenda S.A.), Cyrela Brazil Realty S.A. Empreendimentos e Participações (Living) and Direcional Engenharia S.A. All of these companies operate in the São Paulo metropolitan area and the majority of them operate in the capitals of the principal Brazilian states.

In the coming years, we expect more competition from traditional developers from other segments listed on BM&FBOVESPA, and from foreign companies who recognize the growth potential in the low-income residential segment.

Some of these companies are financially capable, made possible through their capital raising efforts, to enter into the segment. We believe, however, that because our efficiency, experience in the segment and continued efforts to improve our operations we should be capable of maintaining our competitiveness.

The main factors that distinguish us from competitors include price, location, availability and terms of financing, finishing standards, quality of construction materials, reputation and our track-record of meeting construction deadlines.

## d) Potential seasonality

In general, the real estate market in our segment is not significantly affected by seasonality. The most consistent fluctuation is a decrease in sales in December, which we believe is due to the Christmas and New Year's holidays.

## e) Main inputs and raw materials

(i) Procurement Relashionship

On average, raw materials account for a relevant part of the direct costs of construction. Accordingly, the Company believes to have a specialized procurement team with extensive knowledge of the supplier market. Our procurement team is integrated into our construction team and, aside from its responsibility over purchasing our raw materials, is also responsible for contracting higher value-added strategic services (such as work involving foundations, demolition, earthmoving, paving, and electrical infrastructure, among other types of services), which together with raw material cost, accounts for approximately 62% of our direct production costs. Oversight from our procurement team gives us more control over final construction costs.

(ii) Possible dependence on few suppliers

We do not have exclusivity agreements with any supplier, and we research the market constantly. Our average payment term is approximately 35 days. Because of the standardization of our products and the simultaneous development of several projects in the cities we operate, we are able to achieve economies of scale in the acquisition of raw materials and contracting of services.

We have a list of fixed suppliers. Our suppliers are selected based on rigid criteria and agreements are negotiable to ensure timely deliveries, product quality within technical specifications and warranties, and better commercial terms. We classify our suppliers into national, regional or local, in order to standardize inputs used in the construction process and, obtain the service, which protect us from relying on any one supplier. In 2011, we had approximately 11,000 suppliers.

(iii) Possible volatility of inputs price

We do not have exclusivity agreements with any supplier, and we research the market constantly. Our average payment term is approximately 35 days. Because of the standardization of our products and the simultaneous development of several projects in the cities we operate, we are able to achieve economies of scale in the acquisition of raw materials and contracting of services.

## 7.4. Relevant clients (responsible for more than 10% of the Company's total net revenue

No client is responsible for more than 10% of the Company's net revenue. The real estate market is extremely diluted.

## 7.5. Relevant effects of the state regulation on the Company's activities

a) need of governmental authorizations for the exercise of the activities and historical relationship with the public administration of such authorizations

The exercise of the Company's activities is not subject to governmental authorizations, except for the specific licenses and authorizations of each of our developments. Historically, we have always obtained successfully the governmental authorizations necessary for the development of our projects.

Regulation related to real estate activities

The current regulation of the real estate industry includes such matters as real estate development, zoning restrictions and environmental laws. The Brazilian Civil Code governs matters relating to real estate development projects, as well as the ownership of real estate. As a general rule, the Brazilian Civil Code requires that transactions relating to the sale of real estate, as well as the assignment, transfer, change or waiver of real estate rights, must be made by means of a public deed, except for transactions related to the SFI and the SFH and certain other exceptions provided by law. Each of these transactions must also be registered with the proper Real Estate Registry office.

*Real estate development*

Real estate development activities are regulated by Federal Law 4591, of December 16, 1964, the Real Estate Development Law, which defines real estate development as the activity performed to foster the construction and development of real estate projects, for total or partial sale, in the form of buildings or otherwise composed of units.

The developer's main duties are: (i) to register the real estate development with the Real Estate Registry office; (ii) to sale the Units upon the effective registration with the Real Estate Registry office, indicating in all advertisements and sales contracts the registration number of the development; (iii) to assure the construction of the development; (iv) to transfer title to the unit; and (v) to register the construction blueprints along with the joint ownership agreement with the proper Real Estate Registry office. The developer may establish a deadline of up to 180 days for the sale of the real estate development, and may withdraw from the development before this deadline, but this deadline should not exceed the term for the validity of the respective registration or, however the case may be, the respective revalidation.

The construction of the development may be contracted and paid for by the developer or by purchasers of the units. The Real Estate Development Law provides for two systems of construction: (i) construction under contract and (ii) construction under management.

Construction under contract is arranged with either a fixed price, established before the construction begins, or an adjusted price, which varies according to an index determined by the contracting parties.

In a construction under management, the purchasers of the units pay the total costs of the development through monthly proportional installment payments. Therefore, the purchase and sales agreements do not set forth the unit sales price.

*Assets for appropriation*

Law No. 10,931, of August 2, 2004, created a special tax system related to assets for appropriation. Under this system, land parcels and structures built on it, financial investments in the land and any other assets and rights with respect to the land are apportioned to benefit that development's construction and the delivery of the units to the purchasers, and are thus segregated from the developer's remaining assets. Accordingly, appropriated assets have no connection with the other properties, rights and obligations of the developer, including other assets previously appropriated. In addition, the appropriated assets can only be used to secure debts and obligations related to the respective development. The appropriated assets will not be affected in the event of the developer's bankruptcy or insolvency.

In the event of a developer's bankruptcy or insolvency, joint ownership of the development may be instituted by a resolution of the purchasers or by judicial order. The joint owners of the development then decide whether to proceed with the project or liquidate the assets for appropriation.

*Real estate credit policy*

The real estate industry is highly dependent on the availability of credit. The Brazilian government real estate credit policy significantly affects the availability of funds for real estate financing, and consequently the supply and demand for real estate units.

The real estate credit market in Brazil is extremely regulated, and the funds for financing in this industry are derived mainly from the FGTS, and from the mandatory investment of a portion of the deposits from savings accounts.

The FGTS is a mandatory contribution equivalent to 8.5% of the payroll of the employees in accordance with the employment relationship set forth in the CLT, the Decree-Law 5452, of May 1, 1943. The CEF is the entity in charge of the management of funds under the FGTS.

Financing can be granted through the (i) SFH, which is regulated by the Brazilian government; and (ii) mortgage portfolio system, under which financial institutions may freely negotiate the financing conditions.

*Housing finance system (SFH)*

Law No. 4380, of August 21, 1964, created the SFH with the purpose of facilitating the acquisition of residential real estate units, in particular by the low-income population. The SFH is funded by the FGTS and a portion of the deposits from savings accounts.

The main requirements to obtain financing for the acquisition of a home are as follows:

- The financed real estate must be exclusively for the use of the purchaser;
- The maximum sales price of the units must be R$500,000;
- The borrower cannot own title or rights for a residential property in the same city;
- The maximum cost for the purchaser, including interest, commissions and other financial charges but not insurance, cannot exceed 12.0% per year;
- In case of a balance at the end of the negotiated period, the payment term may be extended for a period equivalent to one-half of the period originally established; and
- The purchaser must provide one of the following security interests: (i) a first mortgage on the financed asset; (ii) a conditional sale agreement related to the financed asset; (iii) a first mortgage of another property of the purchaser or of a third party; or (iv) other guarantees, as established by the financial agent.

*Mortgage portfolio system*

The SFH funds derive from the FGTS and deposits in savings accounts. However, not all funds derived from savings accounts are allocated to the SFH. At least 65.0% of savings deposits must be used for real estate financing, as follows:

- 80%, at least, for residential financing within the SFH; and
- the remainder for real estate financing contracted at market rates, including housing financing transactions.

This remaining balance, intended for financing granted at market rates, comprises the mortgage portfolio used by banks for the granting of real estate financing. Since the financial institution uses its own funds to grant financing, the terms and conditions in these cases may be negotiated more freely than the for SFH financing, allowing financing of real estate properties with higher prices. Consequently, the rates and amounts of these types of financing are usually higher than those of the SFH financing, ranging from 12.0% to 14.0% per year, adjusted for inflation based on the TR index.

*Real estate finance system (SFI)*

Law No. 9514, of November 20, 1997, as amended, created the SFI and established rules for the assignment, acquisition and securitization of real estate credits. This system seeks to develop primary (loans) and secondary (trading of securities backed by receivables) markets for the financing of real estate units by means of the creation of advantageous compensation conditions and special instruments for the protection of creditors' rights. The new rules also permitted capitalization of interest and monetary adjustment less than yearly for transactions over 36 months, both of which were previously prohibited.

Real estate sales into installments, leasing or other financing in general may be negotiated with non-financial institutions under the same conditions permitted by authorized entities under the SFI. In these cases, non-financial entities are authorized to charge compound interest rates greater than 12.0% per year.

The following types of collateral are applicable to financing granted through the SFI: (i) mortgages; (ii) conditional assignment of credit rights from sales contracts; (iii) pledge of credit rights resulting from sales contracts or rental of real estate; (iv) conditional assignment of real estate; and (v) antichresis.

Finally, amongst the matters covered by Law No. 9514, of November 20, 1997, we emphasize the securitization of real estate credits. This Law created a specific system for this type of securitization, with specific characteristics, such as the conditional sale system, making the structure less expensive and more attractive.

The securitization of credits in the context of the SFI is made through real estate securitization companies, which are non-financial institutions formed as stock companies and registered with CVM as publicly-held companies. Such companies have the objective of acquiring and securitizing real estate credits through the issuance of Real Estate Receivable Certificates, or CRIs, as well as other marketable securities (debentures, notes, among others) backed by real estate credits.

CRIs are securities issued exclusively by real estate securitization companies as a promise of payment in cash. CRIs are backed by real estate credits that can be freely negotiated. The main characteristics of these securities are: (i) issuance in book-entry form; (ii) payment in installments; (iii) fixed or floating interest rates; (iv) monetary adjustment; (v) registration and negotiation through centralized systems of custody and financial settlement of private securities; (vi) possibility of a trust system, linking real estate credits to the respective CRIs issued (thus constituting segregated assets similar to those under the assets for appropriation system in real estate development); and (vii) establishment of a floating charge on the issuer's assets.

Municipal regulation

We describe below the municipal legal aspects of our main markets.

*Municipality of São Paulo*

The Zoning Law governs the parceling, use and occupation of land in the municipality of Sao Paulo. It sets forth technical and urban planning requirements for parceling, and establishes that the splitting and separation of tracts of land will be subject to the prior approval of the Sao Paulo municipal government. Moreover, this zoning law describes the types of allowed uses of the land and their respective characteristics by dividing São Paulo into areas of use with fixed locations, limits and boundaries

Municipal Law No. 13,430, of September 13, 2002, approved the Master Plan and created the Planning System of the Municipality of São Paulo, being governed by a number of municipal decrees. The Master Plan is the guiding tool for planning development in the urban areas of the municipality and is used as a reference by all public and private agents acting within the municipality. It establishes the strategic goals and general guidelines for urban construction, the objectives and guidelines for differentiated areas of planning, and the instruments for their implementation. In addition to the Master Plan, municipal planning is also regulated by Articles 182 and 183 of the Federal Constitution and by Federal Law No. 10,257, of July 10, 2001, known as *Estatuto da Cidade* (the Cities Act). In addition, Law No. 11,228, of September 25, 1992, approved the Code of Works and Construction, which is regulated by Municipal Decree No. 32,329, of September 23, 1992. Municipal Decree No. 32,329 governs administrative and executive procedures and states the general and specific rules to be followed in the planning, licensing, execution, maintenance, and use of public works and construction within real estate projects with respect to the real estate within the municipality of São Paulo, and also provides for sanctions and fines applicable in cases of noncompliance with these rules.

*Municipality of Belo Horizonte*

The municipality of Belo Horizonte is subdivided into large zones. Each zone has general urban parameters, common to any type of development. These parameters are regulated by Municipal Laws No. 7,165 and No. 7,166, both of August 27, 1996 (Master Plan and Use of Land Law, respectively) and Law No. 9959, of July 20, 2010, which modifies Laws No 7165/96 and No. 7166/96.

The particular aspects of certain regions, with different urban and tax regulations according to the characteristics of each zone, have been considered in Areas of Special Regulations (ADEs).

The differences between each zone are based on the potential for growth and the demands for environmental or landscape preservation and protection.

The Municipal Secretary of Urban Regulation is mainly responsible for (i) giving instructions and enforcing the legislation concerning urban activities in the municipality; and (ii) ensuring urban quality of life of the population of Belo Horizonte by using updated urban planning techniques.

*Municipality of Rio de Janeiro*

Complementary Law 111 of February 1, 2011, provides for the Urban and Environmental Policy of the City and establishing the Master Plan for Sustainable Urban Development in the city of Rio de Janeiro.

This plan has a term of 10 years, establishing the rules and procedures related to urban policy in the municipality of Rio de Janeiro. This plan established guidelines and tools for the execution of urban policies and programs with the purpose of meeting the social needs of the city.

The zoning parceling, use and occupation of land laws of the municipality of Rio de Janeiro govern the use of land in the city and address urban zoning, use of areas, development activities, and types and conditions of developments in relation to each zone established by the regulations.

*Municipality of Campinas*

The rules applicable to the use and occupation of the land in the municipality of Campinas are established in the (i) Master Plan of the Municipality of Campinas (Law No. 4, of January 17, 1996); (ii) Construction Code (Law No. 9, of December 23, 2003); (iii) Land Use and Occupation Law (Law No. 6,031, of December 29, 1988); (iv) Municipal Laws No. 10,850, of June 7, 2001,

and No. 9,199, of December 27, 1996, which provide for the environmental protection areas and the urban management plan of the Barão Geraldo district and (v) Decrees nº 17.503 ofJanuary30 of 2012, that outlines about the aproval of land parcelling for housing purposes in the public administration shpere and disciplines compliance of "Plano de Estruturação Urbana da Região Centro-Sul" and n° 17,261 of February 08 ,2011, that outlines over the procedures for environmental licensing of developments and activities that have local impact in the Secretaria Municipal de Meio Ambiente de Campinas sphere.

The Municipal Secretariat of Housing is responsible for establishing policies aimed at offering housing to the low-income population. COHAB *(Companhia de Habitação Popular de Campinas)* is responsible for the planning, development and sale of residential units as well as financing, all of which are specifically directed towards the low-income population, according to the regulations set by the municipal, state and federal governments.

On a municipal and regional level, the Municipal Secretariat of Housing acts as financial agent and sponsor of the SFH, being responsible for applying the national housing policy and for implementing other programs related to residential financing, with the purpose of reducing the housing deficit

On July 7, 2005, the Municipal Secretariat of Urban Planning - SEMURB was created to be in charge of the approval of architectural and urban projects on private land through the establishment of rules, issuance of licenses for the use and monitoring of development projects.

b) issuer's environmental policy and costs incurred for compliance with environmental regulation and, however the case may be, other environmental practices, including the adhesion to international environmental protection standards:

We are in compliance with applicable environmental legislation and rules and we operate accordingly in all stages of the project and construction of our developments. We have not adhered to any specific rule or international standard in connection with the environmental protection.

Continuously focused on the sustainable growth, we adopted certain practices to increase our commitment with the environmental protection. In this regard, we stimulate the development of projects and new technologies which contributes for the waste reduction, the logical usage of natural resources and the use of proper materials not to damage the environment.

In compliance with environmental legislation, when we acquire the land where we intend to develop our projects, we seek to consider all necessary and applicable environmental aspects, focused on the existing springs, vegetation and localization of this land as regards to the preservation areas in the place.

In addition, the implementation of the real estate developments usually results in leveling of the ground, as well as, in many cases, the removal or cutting of vegetation. These activities depend on the previous authorization by the environmental bodies. As a condition to issue such authorizations, such bodies may require compensatory measures, such as, for example, the plantation of new trees and even the acquisition of forest areas with extension at least equivalent to the affected areas. The non-authorized modification in these areas or the removal or cutting of protected trees represents environmental violation and subjects the infractor to civil, administrative and criminal claims.

We develop and construct projects in several states in Brazil. Each member state is supported by the Environmental Secretariat or Environmental Agency and we comply with all requirements before these bodies, from the purchase of the land to the final licensing of the projects. The environmental bodies have adopted, over the years, more severe measures as regards to the management of environmental matters and we have successfully complied with these measures.

In this sense, our developments, the projects of which are already approved, were properly licensed. As regards to the developments under approval, the environmental projects are in progress.

We estimate that the cost incurred for the compliance with the environmental regulations, as requested in connection with some developments, corresponds to approximately 1% of the development's total sales value.

Our activities are subject to environmental rules, as described below.

*Environmental licenses and authorizations*

Brazilian environmental legislation, under Law No. 6938, of August 31, 1981 ("Law no. 6938/81") has determined that the installation, construction, extension and operation of projects that in any way cause or could cause degradation of the environment are contingent upon obtaining previous licensing of the competent environmental agency. And the licenses issued must be renewed periodically, which must be requested with a minimum advance of 120 (one hundred twenty) days of the expiration date, so that this is automatically extended until the ultimate manifestation of the competent environmental agency.

Therefore, the environmental licensing process, which is governed by the Environment National Council (CONAMA) Resolution 237, of December 19, 1997 ("CONAMA Resolution nº 237/1997"), is divided in three parts, being each license subject to the issuance of its previous license: (i) preliminary permit; (ii) building permit, and (iii) operating permit. In addition, an environmental permit is required when any part of the development is changed or expanded.

CONAMA Resolution nº 237/1997 additionally establishes that the state environmental agency has the responsibility over the environmental projects licensing whose impacts are restricted to its territory, as well as imposing the conditions, restrictions and plausible control measures. It is up to Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis (IBAMA) the competence to proceed to the licensing of developments and activities of significant environmental impact in regional or international scopes, as well as the city competent organs with the local impact projects' licensing.

Notwithstanding the application of fines, there can also be penalties that include orders to cease work or to deactivate or demolish a project, among others. Moreover, in accordance with Decree 6514, of July 22, 2008, these penalties also apply if the developer fails to comply with the terms of the environmental permit.

We seek to properly maintain our development's environmental permits. The construction and maintenance of our developments' sales may suffer delays on obtaining environmental licenses or even due to inability on our part to comply with the requirements established by environmental agencies in the process of environmental licensing.
The implementation of real estate developments normally implies moving soil as well as often cutting vegetation. These activities are contingent upon prior authorization by the pertinent environmental agencies. In order to issue authorizations and these agencies may require the adoption of compensatory measures, such as planting of new trees and the acquisition of forest areas with size at least equivalent to the affected areas. Unauthorized actions in regulated areas, or the cutting or pruning of protected trees, are an environmental crime and would subject the responsible party to civil, administrative and criminal sanctions.

We seek to obtain all the necessary environmental permits for the development of our activities. The absence of licenses or permits from the competent environmental agencies for potentially polluting activities subject the offender to criminal and administrative sanctions that may culminate in fines varying from R$500.00 to R$10.0 million, as well as the responsibility of repairing the environmental damage in the civil sphere. However, it is relevant to highlight that the maximum fine is only imposed when the irregular conduct implies severe environmental damage.

*Technical Federal Registry*

The Federal law nº 6,938/1981 that regulates the National Environmental Policy imposed the Technical Federal Registry ("CTF") of IBAMA as an environmental promotion instrument. Individuals or Companies that dedicate themselves to activities that may potentially be polluting or extraction, production, transport and commerce of pottentially environment harmful products, as wel as products and subproducts of fauna and flora, such as civil construction are subject to register in the CTF.

In accordance to the Federal law nº 6,938/1981 the absence of register at the CTF subjects the entrepreneur to penalties, varying from R$ 900.00 (Nine hundred reais) to R$9,000.00 (Nine thousand Reais), proportional to the size of the entrepreneur. Moreover, the non presentation of the Annual Activities Report to IBAMA, as established by the Normative Instruction nº07/2011 of IBAMA, subjects the offender to fines from R$1,000.00 to R$100,000.00.

We seek to obtain all the registers necessary for our activitie's conduction at IBAMA.

*Conservation units*

When dealing with the licensing of a project that will have significant environmental impact installed as from July 2000, in accordance with Law No 9,985, it is necessary for the entrepreneur to support the implementation and maintenance of Conservation units by undertaking the payment of an environmental compensation, under the terms of the National System of Conservation Units ("SNUC"). The percentage of the proceeds to be allocated with this purpose, in the amount of up to 0.5% of the development's total predicted implementing value, will be determined by the authorized environmental agency, based on the level of damages against the environment in the EIA/RIMA.

The general guidelines related to the methodology for calculation of the environmental compensation were ruled by CONAMA and the Federal Government in accordance with Decree 4,340, of August 22, 2002. According to Federal Decree nº6,514/2008 the non-compliance of the compensation measure by implementing and maintaining a conservation unit, implies, indenpendently of the application of penalty sanctions, the appliance of administrative penalties, such as fines from R$ 10,000.00 (ten thousand reais) to R$1,000,000.00 (one million reais), embargo or activities suspention, among others.

*Permanent Preservation Areas*

The Permanent Preservation Areas ("APPs") are areas specially protected by virtue of their environmental importance. In accordance with the Forestation Code, the APPs include, among others, the surroundings of water places, water springs and top of the hills.

The removal of the vegetation and/or any intervention in area located in APPs depends on the prior authorization by the proper authority and will solely approved in cases of public services or social interests, when there is no other technical or localization alternative for the development.

Deforestation or of other native formations, as well as exploitation of any kind of native vegetation or native species planted at APPs without the corresponding authorization from the competent agency constitute an environmental administrative offense. In

the terms of Decree nº6,514/2008 applies penalties, which value can vary from R$300.00 (three hundred reais) to R$500.00 (five hundred reais) per hectare or fraction. The existing APPs in our developments are preserved.

*Water resources*

In accordance with the National Water Resources Policy (Federal Law nº 9433 of January 8, 1997), the authorization for the usage of water resources is mandatory for all activities which use water locations, both for capture of water and disposal of effluents. The authorization to use the water resources is issued by the proper environmental body. These activities include the capture of water from private artesian wells.

The capture and dispersal performed without authorization subjects the individual or Company to penalties such as a warning, embargo, interdiction and fine, that may vary from R$100.00 (hundred reais) up to R$10,000.00 (ten thousand reais). The activities which volume of water/effluent is not significant (domestic use, for example) and the companies which capture or disposal is performed directly through the public network are exempt from obtaining such authorization.

*Legal reserve*

In accordance with the Forestation Code, at least 20% of the vegetation of each rural property must be allocated to environmental preservation except for those areas of Forest and cerrado located inside Legal Amazon, in which 80% and 35% of each property, respectively, must be representing the legal reserve. The APPs must not be considered, except in cases achknowledged by law upon consent of the competent environmental agency. Such area must be registered in the deed of the respective property, the usage of which must not be changed in the cases of transfers or dismembering of the area. According to Decree nº6,514/2008 as of Aprill 11, 2012, the non registry of legal reserve in rural property will subject the offender to warning penalty and daily fine of $50 to R$500.00 per hectare or fraction of legal reserve.

In case the owner or rural property land owner does not meet the requirement for maintenance of the legal reserve, the Forestation Code establishes alternatives, such as: (i) reforestation through native species planting, (ii) conducting the natural regeneration of the legal reserve or (iii) compensation of the legal reserve by other equivalent area in ecological importance or extension that is part of the same ecosystem and microbasin.

*Historical and archeological patrimony*

As regards to the archeological sites and areas of historical and cultural interests, it is necessary, previously to the construction of the development, to perform a research as duly authorized by the National Institute of the Historical and Artistic Patrimony ("IPHAN") and coordinated by archaeologists duly registered. We do not have developments with archeological sites and historical and cultural interests.

*Solid waste*

According to the Solid Waste National Policy, as outlined by the Federal Law nº12,305/2010 the inadequate disposal of solid waste, as well as accidents deriving from the transportation of this waste, may be a soil and ground waters contamination factor, implying the application of administrative and criminal sanctions. Additionally, Brazilian environmental legislation establishes rules for the proper disposal of waste, including waste stemming from civil construction. Violation of these rules can result in penalties. See subitem "Environmental Liability".

CONAMA Resolution No. 307, of July 5, 2002, amended by CONAMA Resolution No. 348, of August 16, 2004, establishes criteria for management of civil construction waste, with the purpose of minimizing environmental impact. According to this rule, civil construction waste is classified into four classes, and for each class the acceptable type of disposal is defined. The rule expressly prohibits disposal of such waste in residential landfills, dumping areas, hillsides, rivers and lakes, vacant plots of land and other areas protected by law without the proper environmental license,

For cases where environmental licensing of the activity is not required, a project for management of civil construction waste ("PGRCC") must be submitted with the development project for analysis by the appropriate municipal government agency. We seek to obtain all the necessary environmental licenses for construction's waste management and we present the projects of our developments to be analyzed by the proper body and solely provide the PGRCCs when required.

*Contaminated areas*

The soild and/or groundwater contamination represent environmental liabilities that need to be managed carefully, since the compensation is imprescritible. In other words, the responsibility for environmental damage is not extinguished over time. Areas considered contamined are those in which there was proved to be pollution generated by disposal, accumulation, storing or infiltration of substances or waste, implying negative impact over the protected assets.

We develop and construct real estate development projects in certain states of Brazil. Each state has an environmental office or environmental agency. The environmental agencies have been adopting positions that are more and more stringent concerning the management of contaminated areas, including the establishment of environmental standards for improving the quality of the soil and ground water. We emphasize that, in accordance with State Law 13,577, of July 8, 2009, the State of São Paulo is the

state subject to the most restrictive terms in this area, which terms determine that the legal responsible for a land, or those persons jointly deemed responsible (such as the superficiary, the holder of the effective ownership and the beneficiary), upon verification of evidences or suspected contamination, must report the matter to the proper environmental and health bodies, under the penalty of fines of up to R$50,000,000.00. It is also mentionable that the maximum charge is only imposed when there is severe damage to the environment.

In order to comply with the environmental legislation, when we acquire a tract of land we take into account all of the environmental aspects, including the possible existence of water supply basins, trees, and other forms of vegetation. We also take into account whether the land possesses the characteristics of an area requiring preservation, so that the environmental aspects have already been considered when the time for approval of our project by the appropriate agency comes.

*Environmental liability*

Environmental liabilities may occur at three different and independent levels: (i) civil, (ii) administrative and (iii) criminal.

These three levels are different and independent because a single action by the agent may generate environmental liabilities at all three levels, with the application of three different sanctions. In addition, the non-attribution of liability at one of these levels does not necessarily exempt the agent from liability at the other levels.

*Administrative liability*

In this matter, Environmental Crimes Law ruled by Federal Decree No. 6,514/2008 provides, in article 70, that any action that violates the legal regulations of environment's use, enjoyment, promotion and recovery is considered an administrative environmental infraction.

Administrative liability for performing an action or omission of the agent that characterizes violation of any applicable rule, regardless of guilt verifying or effective occurance of environmental damage.

The sanctions to be imposed against eventual administrative infraction may include warning, fine, product suspention, suspention of fiscal benefits and canceling or participation interruption in state banks' credit lines, besides prohibition of being hired by public agencies.

*Civil liability*

When strict civil liability is found, it means the agent's liability depends only on the determination that its act or omission caused environmental harm, regardless of the agent's fault (negligence, lack of care, or gross negligence). Environmental civil liability is therefore attributed, in principle, to the person who is directly or indirectly responsible for an activity that causes environmental harm (article 3, IV, of Law 6,938/81).

Additionally, if the activity is performed by more than one agent and it is not possible to identify each agent's contribution to the environmental harm, government agencies and the courts find joint and several liability, under which one of the agents is found liable for the entire environmental harm, and that agent has a right of recourse against the other agents who caused the environmental harm, as set forth in article 942 of the Civil Code.

Therefore, both activities that are potentially polluting that we conduct and the hiring of third parties to provide any service at our developments, including removing vegetation and earthmoving, make us potentially liable for any environmental harm caused if the third parties do not conduct their activity in accordance with environment rules. We are not parties to any Public Civil Claim related to the environmental matter with material impact in our business.

Because of this, considering that those who compete indirectly for the occurance of eventual environmental damage may be responsible civicly, it is fundamental that a joint management of the inherent risks to all involved in the specific project development, as well as demand and control the compliance of an adequate environmental policy from its clients, in a way to minimize risks that may arise due to an eventual jointly liability.

Finally, it is mentionable that, despite there is no express reference in the law, according to the doctrine's understanding the redress pretention is not subject to prescription.

*Criminal liability*

In the Criminal sphere, any individual or Company is subject to Federal Law nº9605/1998 that may compete for the practice of certain acts considered harmful to the environment, the proving of intention or guilt (negligence,imprudence,malpractice).

In such way for the Company's criminal liability to be configured it is necessary the proving of an action or omission by it or one of its subsidiaries, and the act being framed in one of the penal types predicted by law nº9605/1998.

Moreover, the Law nº9605/1998 sets forth the possible disregard of the legal personality, as regards to the legal person responsible for the environmental violation, whenever this situation avoids the reimbursement of losses caused against the

environmental quality. The restrictive penalties of the Company may be (i) total or partial activities suspention (ii) temporary establishment, construction or activity interdiction, and (iii) prohibition of hiring the Public sphere, as well as obtaining from it subsides, subventions or donations.

c) patents, trademarks, licenses, concessions, franchises, royalties agreements deemed relevant to the development of the activities

We perform our business through the trademark “MRV Engenharia”. We entered into with MRV Serviços de Engenharia Ltda., on January 5, 2007, a Trademark Use License Agreement, through which MRV Serviços de Engenharia Ltda. granted us, freely and exclusively, the license to use, in Brazil, 4 (four) trademarks named "MRV Engenharia in different classes, all duly registered with INPI, 1 (one) mixed trademark named “SFH da MRV Sistema Fácil de Habitação”, which register is extinct since September 3, 2006. The license is valid for ten years as from the date of execution of the respective agreement and must not be assigned by any of the parties, except upon prior approval. We are not the owners of any registration or request of registration of trademark with INPI.

We are the owners of a number of domain names registered in Brazil, such as “mrv.com.br”, "cademeuprimeiroape.com.br" and "euodeiopagaraluguel.com.br".

## 7.6. Information on the countries where the Company records significantly revenues

There are no Company’s revenues from other countries other than those generated in Brazil. Our incorporation activities are performed only in Brazil. The totalities of revenues registered in the financial statements are derived from customers assigned to Brazil, where our company is headquartered

## 7.7. Regulation of the foreign countries disclosed in item 7.6 from which the Company records significant revenues

Not applicable, once the Company does not have revenues from foreign countries.

## 7.8. Other long-term relevant relationships with the Company

The Company has always been supported by financial partners, being significant the number of businesses carried out with partners over the years.

Our most important partner is CEF, with which we work since the beginning of the 1980’s.

We are the CEF’s real estate representative, as such we execute part of the necessary procedures for risk evaluation and contracting the home acquisition.

We initiated in 2010 our corporate relationship with BB – Banco do Brasil, which created a great efficiency in the processes of both construction as client financing. In the same year, we contracted our first financing.

We also maintain a solid relationship with Banco Santander, mainly as regards to the real estate financing operations.

Moreover, we have a long-term relationship with several suppliers, such as Gerdau, Votorantim, Alumasa and others.

**SOCIAL AND ENVIRONMENTAL RESPONSIBILITY**

The mission of the Company, the largest platform for low-income properties in Brazil, is to reduce the country’s housing deficit by offering the best cost-benefit relationship, generating solid and growing results for shareholders and constantly fostering the development of its employees and communities, while helping to preserve the environment. To achieve excellence over its 32 years of existence, the Company has always worked in step with the market and by adopting the best construction, social and environmental practices.

The Company believes that in order for a development to be sustainable it needs to comprehend four basic requirements: to be ecologically correct, economically viable, sociably fair and culturally accepted. Committed with environmental impacts mitigation, maintaining actions for the well being and life quality of the communities in which is inserted. The numerous social-environmental initiatives that the Company developed through the years are proof of that.

The Company’s developments are submitted in accordance with National Environmental Policy, which means all projects comply with: environmental licensing; authorizations for earthmoving and/or vegetation suppression; and regulations for disposal of solid waste and preservation of the soil and groundwater. All aspects are taken into consideration when acquiring the lot and reflected in the design of our projects that are submitted to the authorities for approval.

For the Company, environment is top priority and it starts in the land choice – in a way to reduce land removal and preserve its original characteristics. This thematic goes through the Real-Estate developing and reaches all the construction phases, always seeking the rational use of materials and natural resources.

The Company disclosures its Sustainability Report, avaiable at http://www.mrv.com.br/mrvsustentavel.

Close and transparent Relationships

Ethic and respect in the relations with all its stakeholders. This is what drives our values and rule the Company's relations with all its publics, whether they are clients, collaborators, investor, shareholders, community or partners. The pursuit of sustainable and environmentally correct solutions is one of the major concerns of the organization, whose growth in based on the personal and professional development of its employees, always with a view to customer satisfaction.

Meticulous selection of suppliers

More than just service and solution providers, the Company views its suppliers as partners in the pursuit of Sustainable Development. During selection, potential suppliers are meticulously evaluated and only contracted if their activities are aligned with the Company's reality: Sustainable Development.

Client Relationship

At the Company, 2011 was elected as the year of the Customer. This event aimed to engage employees in the quest for processes improvement in favor of customer satisfaction. One of this year's major events was Sintonia, an event that brought the leaders of the company together from all over Brazil, about 800 employees, so they could learn about the characteristics and expectations of the Company's customers.

The relationship area has been focusing all its efforts in establishing a transparent, reliable and trustworthy relation, by developing innovative projects that bring immediate results for the clients, such as the reformulation of the Relationship website to offer more interactivity and self-services. Executive Support – a project that lets the Company's managers do the Client support in the call center, so they can see closely the needs and opportunities for process improvement; Implementation of humanized support in the call center, where the operators have more liberty to interact with the client, in a formal and effective way; Creation of specialized nuclei in response to Syndics, Procon and branches; Communication Ruler: a review of all communications sent to the client, starting from the creation of a unique language and identity, which will facilitate the understanding of all the steps that involve the purchase of a property and provide all the information needed during the period in which he has a relationship with the Company.

The Company does not adopt formal policies of social responsibility, sponsorship and cultural incentive, however practices the following sustainable actions:

Labor Training

The Company is aware of the importance of its actions as an agent of progress and of the improvement of its collaborators', their families and the community's life quality. One of the Company's life social responsibility programs is the labor training, qualifying thousands of people.

The training courses – mason, bricklayer, carpenter, electrician, among others – are offered at no cost in partnership with the National Industrial Learning Service (Senai). Students with good performance are hired to work at the company's construction sites. For labor training purpose the Production School model was created in 2011. At Uberlândia 400 professionals were already trained and at Curitiba another 400. Also in Londrina (PR), Porto Alegre (RS) and Joinville (SC) the activities of the Production School already started.

Cidade dos Meninos São Vicente de Paulo

This is the Company's largest social project and is sponsored in partnership with the institution Cidade dos Meninos de São Vicente de Paulo, which supports more than 5,000 underprivileged youths, with headquarters in the Belo Horizonte Metropolitan Area. In 2008, the Company and a group of its shareholders/employees built two buildings with six units that feature bedrooms, a master bedroom for the host mother or father, a study room, bathrooms, a kitchen and laundry area that is capable of housing 200 teenagers benefitted by the institution.

The building was donated on February 6, 2009, when the company and a group of shareholders/employees reiterated the commitment to maintain the buildings and the 200 youths who will live there for 5 years. In this way, we help ensure that these adolescents become citizens with access to housing, quality education, food, sports and cultural activities. In addition to the moral and human orientation, the boys also learn a profession, since the Cidade dos Meninos institution offers some 90 vocational courses.

In 2011, the Company started the construction of a Child Centre in the Cidade dos Meninos, in partnership with the clothing brand Guess. The project will serve 600 children, age 2 to 12, providing a structure to the development of health, hygiene, leisure and well-being.

Child Education Center in Contagem

In May 2011, the Company and Secretaria de Educação de Contagem (MG) started the activities at the City's Child Education Center (CEMEI) Bernardo Monteiro, a space that serves 160 children of up to six years old full time. Also in 2011 MRV built Basic Health Units (UBS) of the Sapucaias and Bernardo Monteiro neighborhoods, which offer basic health services to the population, beneficiating more than 18 thousand people.

Solidarity Center at Uberlândia

In August 2011 the Company signed a partnership with the Voluntary Service of Social Assistance (Servas) and the city hall of Uberlândia for the construction of one education center that will serve 200 children of up to six years old.

Schools at Campo Grande

The Company invested R$ 1.7 million on the construction of a school that will serve 730 students at the neighborhood Maria Aparecida Pedrossian. Last year alone the company invested a sumo R$ 8 million for the construction of seven other schools in the city.

Adopting public areas and squares

Aware of its role and social and environmental responsibility, the Company adopts public squares and areas to promote better quality of life and increase safety and social wellbeing. Some examples are: (i) asphalt paving, sewer installation, improvement and extension of the water system, installation of drainage system and street lighting in eight districts of the city of São Jose do Rio Preto, São Paulo, (ii) restoration of the Casarão in the Castelo district of Belo Horizonte, Minas Gerais; (iii) revitalization and maintenance of Parque Linear do Confisco, in Contagem, Minas Gerais, (iv) complete the works at Parque Sapucaias in Contagem, Minas Gerais, which offers leisure and quality of life in 38 thousand sqm of park.

Recycling Exchange

The recycling exchange, which is part of the Minas Gerais State Manufacturers' Federation (FIEMG), promotes the exchange of waste byproducts and supports the recycling sector by providing electronic information on the supply, demand and donation of waste byproducts. MRV actively participates in this project as a supplier of byproducts.

Sustainable Developments

The Company plans and builds its developments employing elements that are fundamental for the preservation of natural resources.

- Individual water meters – The Company uses individual water meters in its developments, which reduces monthly water consumption in condominiums by up to 50%, and at its construction sites MRV uses certified timber of known origin.

- Low-flow toilets with tank – The use of toilets with coupled tanks provides excellent water savings compared to conventional toilets, helping preserve the environment. Each flush saves up to 20 liters of water compared with conventional toilets. In addition to installing low-flow toilets as standard, one of the options in our Finishing Kit is a Dual-Flush system, with offers two flow options (3 or 6 liters) depending on the specific need.

- Certified wood – Forestry certification guarantees that the lumber used by the Company comes from proper production processes. This guarantee also helps the Company choose a high quality product that adds value while also being environmentally safe (selection of value chain).

- Reforestation timber – Our concern with deforestation has led us to seek timber from replanted areas, which avoids the consumption of native species from the Amazon Region. The main benefit is the use of a renewable raw material (in compliance with the sustainable production principles established by forestry certification), contributing to CO2 sequestration.

- Pergolas – in addition, to reducing timber consumption, The Company's developments use only pergolas made of concrete.

- Debris – The Company contracts outsourced companies to appropriately dispose of the debris from its construction sites, in compliance with the environmental regulations of the municipalities and states where it operates.

- Plaster disposal – The Company works in partnership with Gramadus to appropriately collect and dispose of plaster/lumber. After being collected, the material is sent to a Disposal and Sorting Area for separation and reintegration into the production process.

Green House Gases Inventory

Over the last years the phenomena deriving from temperature variations or drastic changes on the land scape, as a consequence of climate change, became reality in several parts of the world. The subject of Climate Change and Carbon Strategic Management gains importance of the agenda and in the Company's strategical plan, such as the Company, which joined the ICO2 index of BM&FBovespain 2010.

In 2010, the Company carried out, for the first time, the estimates of its GHG emissions as required by the ICO2 index, of BM&FBovespa. In this occasion there was no direct data collection on the Company's activities, therefore, the used methodology for the estimates was based on company's revenues and typical emissions analysis of companies in the sector.

In 2011 the Company took another step towards sustainability and quantified its emissions based on real data from its activities and the main references for creating corporate inventories.

Adoption of Permanent Preservation Areas and infrastructure works

In 2011, the Company planted 105,956 trees in the cities where it operates and intends to plant 120 thousand in 2012.

Concerned with developing sustainable initiatives, the Company has also adopted Permanent Preservation Areas (APPs) in those municipalities where it operates, i.e. areas that must be kept free from human intervention under federal law, such as river banks (a 30-meter band on each side) and water source areas (50-meter radius), in order to minimize adverse environmental impacts and (chiefly) conserve green areas. The Company has guaranteed to maintain all the adopted areas for five years, after which time they will be donated to the local authorities.

On February 16, 2011, the Paranamirim municipal government and the Company formed a partnership for the execution of drainage works, budgeted at R$3 million, to resolve the problem of flooding on the stretch of Avenida Abel Cabral between Ruas Canguaretama and Antonio Lopes Chaves.

The Company also formed a partnership with the Belo Horizonte city government to promote citizenship and improve the quality of life in the Camargos neighborhood, constructing the 1,700 $m^2$ Praça Mirante, entirely landscaped and equipped with street furniture, a playground, exercise equipment, a jogging track and a space for events, as well as four chess tables. The Company invested R$ 240,000 in the undertaking.

## 7.9. Other relevant information

We have more than 32 years of experience focusing on low-income customers. We believe that our operational structure allows to grow and to take advantage of market opportunities.

As from our Initial Public Offering, in July 2007, we recorded significant operational and financial results, which are confirmed by our launchings, our Contracted Sales and our net operational revenues.

| R$ billion | Launches | Contracted Sales | Net Operating Revenue |
|---|---|---|---|
| 2007 | R$ 1.2 | R$ 0.7 | R$ 0.4 |
| 2008 | R$ 2.5 | R$ 1.5 | R$ 1.1 |
| 2009 | R$ 2.6 | R$ 2.8 | R$ 1.6 |
| 2010 | R$ 4.7 | R$ 3.8 | R$ 3.0 |
| 2011 | R$ 4.6 | R$ 4.3 | R$ 4.0 |

The year of 2011 was a year of challenges, but also of a lot of victories for MRV. Based on the strength of its team, its integrated business model, growing organically and focused exclusively on the low income housing segment, the Company concluded another year delivering important net operating revenue, adjusted Ebitda and net income, maintaining a high level of profitability.

The industry's fundaments are solid and sustained by the pillars of the need for new homes, credit availability and consumer confidence. Population growth, jointly with its aging added to the increase of purchasing power and decrease of the average size of Brazilian families, stresses the consuming strength for low income houses.

Stability and development of the Brazilian economy allowed the growth of purchase power and market potential in small and medium sized cities. Once, the income was concentrated only in big cities and nowadays the development is superior and at great speed at second tier cities and metropolitan areas.

Keeping control of 100% of the projects, with technology and advanced processes has allowed the Company to sustain its geographical diversification concentrating its operations in regions and cities of strong growth and less competition in the low income housing segment.

In 2011 the housing financial system has presented improvements in our operational segment. In the beginning of the year, Caixa Econômica Federal (CEF) has implemented a new IT platform for real estate financing and has begun a centralization process, allowing an increase in efficiency and productivity. Also in 2011, Banco do Brasil (BB) initiated its activities on housing financing as operator of the Minha Casa Minha Vida program. As for 2012, with the stabilization of the CEF systems and BB's operation growth, the expectations are of great advances in the financing processes for our clients.

In the low income housing segment the standardization and cost control are fundamental, since the construction cost is very representative on the total costs. Therefore, the production machine is the foundation for a solid growth with consistent profitability. MRV's production machine is established and operating in a balanced way, being prepared for the market's new challenges and opportunities.

The integrated business model, the established production machine and the low income housing segment's strength will enable the Company to keep on delivering: organic growth on the low income housing segment, operational quality and efficient cash management.

**Our strengths**

We believe that we are uniquely positioned to take advantage of growth possibilities in the Brazilian real estate market. We believe our competitive strengths include:

***Extensive experience and exclusive focus on the low-income residential development segment.*** We have been operating exclusively for more than 30 years in the low-income residential development segment, which encompasses a large part of the Brazilian population and demand for new housing units. We have focused on the development of product lines with attractive cost-benefit ratios, which we believe have been commercially well-received in regions with different housing demands. Our focus on this segment has allowed us to develop business practices that are specifically tailored to the particular needs of our targeted markets.

***Scale benefits in connection with standardized construction models and with the dilution of costs and expenses.*** Over the years we have developed a modular and scalable model that allows us to simultaneously replicate a uniform construction standard in various sites. These projects are based on structures that can be efficiently adapted to local consumer preferences and can be replicated in different types of developments. This model provides us with (i) greater bargaining power with suppliers; (ii) reliability in execution and delivery deadlines; (iii) strict controls over quality at all stages of the construction process for every project; (iv) the ability to compare costs and margins in each development; (v) the ability to reduce our operational risks by spreading our activities over various different municipalities; (vi) flexibility to take advantage of different market opportunities, including those related to the size and disposition of land; and (vii) the ability to reduce our development cycle, meaning the required time period between the purchase of a land parcel and the delivery of units, which contributes to greater returns from our developments. The size of our operations allows us to dilute our costs and expenses through leverage, and contributes to a continuous increase of our margins

***Geographical diversity with significant expansion potential.*** We began our activities in Belo Horizonte and are currently present in 107 cities across 18 states and the Federal District. According to data from IBGE, in 2011, 63% of the cities in which we operate have between 100,000 and 500,000 inhabitants, and 30% of the cities have over 500,000 inhabitants. We believe we have a privileged competitive position in the market in which we operate as our main competitors are local companies that do not have the same scale and market coverage as us. We have extensive knowledge of the characteristics of the markets we serve and of our competitors in the cities where we operate. In addition, we have devised processes and assembled an internal team exclusively dedicated to our expansion to new markets. We believe that this represents a significant differentiated factor, to the extent that the real estate market, despite of the strong expansion period, still follows a logical understanding in terms of geographic location, based on which the knowledge about each region is an important factor in terms of competition.

***Integrated business model.*** We rely on an integrated business model, controlling all stages of development, including the search for land parcels, the design and construction of units and sales to final customers. We either use our own employees or outsource to specialized companies for construction work, which we believe gives us greater efficiency. Our specially trained internal team supervises such construction work, performing material strategic tasks. As of December 2011, our sales force included over 3,580 real estate brokers. In 2011, 31% of our contracted sales were made in our own stores and 32% were made through the internet, which contributed to a reduction in our sales expenses.

***Strategic land bank for low-income residential developments and ability to identify new land parcels.*** As of December 31, 2011, the largest part of the forecasted projects for our land bank is eligible for participation the Minha Casa, Minha Vida program. This program intends to reduce the housing deficit of 7.2 million housing units in the low-income segment of the Brazilian population, according to the IBGE. As of December 31, 2011, our land bank totaled approximately 7.5 million square

meters, which we estimate represents a potential VGV of approximately R$17.0 billion[3]. Our capacity to acquire new land parcel rapidly and efficiently is an important advantage in our growth.

***Consolidated structure to align the interests amongst partners, directors, executive officers and employees.*** For more than ten years, we have maintained a partnership model with our key executives and employees that seeks to retain talented people and encourage an internal culture in which the interests of our shareholders, executives and key employees are aligned. Since our initial public offering in 2007, we have not lost any of our key executives to our competitors. Currently, 156 our executives and key employees receive performance-based compensation. In addition to contributing to the development of a highly efficient management, we believe that the adoption of this partnership model creates an incentive for other employees to constantly improve our operations and, therefore, their professional perspectives.

**Our strategies**

Our main strategies are:

Maintain our leadership in the low-income residential development segment and explore opportunities for greater credit availability. Our current business model allows us to attain accelerated growth while maintaining our profitability, and by an average yearly growth of 83.8% in sales between 2006-2011. We plan to replicate our model and take advantage of the current increase in the availability of credit for low-income residential developments, particularly through the Minha Casa, Minha Vida program, which is an important real estate public policy in Brazil specifically aimed at the low-income population, which will create greater demand for new units. In 2011, our contracted sales were R$ 4.3 billion, showing the strong impact of the *Minha Casa, Minha Vida* program[4]. Our goal is to use our competitive position to effectively take advantage of these opportunities.

Maintain our geographic diversity and our pace of expansion. Since our initial public offering, we have gone from operating in 35 cities to 107 cities, and from 7 to 18 states. This gives us a greater geographic footprint and diversifies our risk. We plan to use our experience to continue our pace of expansion. We believe that Brazil presents favorable opportunities in the low-income residential development segment due to its large, dispersed population and its place at the center of a major offer of credit from the sector through the *Minha Casa, Minha Vida* program.

Focus on our capital structure and the management of our financing levels. Our current capital structure has a low level of debt compared to the principal real estate development companies listed on the BM&FBOVESPA[5]. The decreased liquidity in the market witnessed in the last quarter of 2008, has vindicated our strategy of growing based on available cash. Although the current market shows an increase in the availability of credit through the Minha Casa, Minha Vida program and a decrease in interest rates, we intend to reduce the use of our own capital in our developments, transferring to financial institutions and to our consumers the associated financing burdens. Therefore, we plan to increase the efficiency of our capital allocation and the profitability of our developments.

**Relevant Constracts**

The Company does not have any relevant contracts other than those described on Item 18 of this Reference Form.

**Markets**

Our operational market relates to the construction network, one of the main sectors of the Brazilian economy. In accordance with the information provided by BACEN and IBGE, the Brazilian GDP increased by 4.0% in 2006, 5.7% in 2007, 5.1%, in 2008, -0.2% in 2009 and 7.5% in 2010 and 2.7% in 2011. In addition, the homebuilding sector is responding as a major inducer of the national growth cycle. Nowadays, it is estimated that the subsector of construction supply represents nationally 4.9% of GDP and 21.0% of the industry sector.

| **Construction** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** |
|---|---|---|---|---|---|---|
| %GDP | 4.1% | 4.2% | 4.2% | 4.2% | 4.5% | 4.9% |
| %Industry | 16.5% | 17.5% | 17.6% | 19.4% | 19.6% | 21.0% |

The last available data provided by IBGE on the number of companies operating in the sector refers to 2008, totaling 132,772 companies with 2,206,330 employees. 43,580 companies have a number of employees equivalent to or greater than five occupied persons. The 489 largest companies have 703,474 employees, on average 1,439 per company.

The Brazilian potential and effective real estate market has a significant size as compared to the other markets in the Latin America. Based on the research disclosed in 2009, IBGE recorded a housing deficit of 7.2 million of residences in 2007. Over the last years, Brazil recovered the real estate activities by virtue of the positive measures adopted by the Federal Government

[3] The VGV is equivalent to the total potential Units of the launching, multiplied by the estimated average sales price of the Unit. The investors must consider that the VGV reported is an estimate and may be not reached or may be exceeded, varying, therefore, significantly as regards to the value effectively contracted, since the total Units effectively sold may be lower or greater than the number of Units launched and/or the value effectively contracted of each Unit may be lower or greater than the launching price.

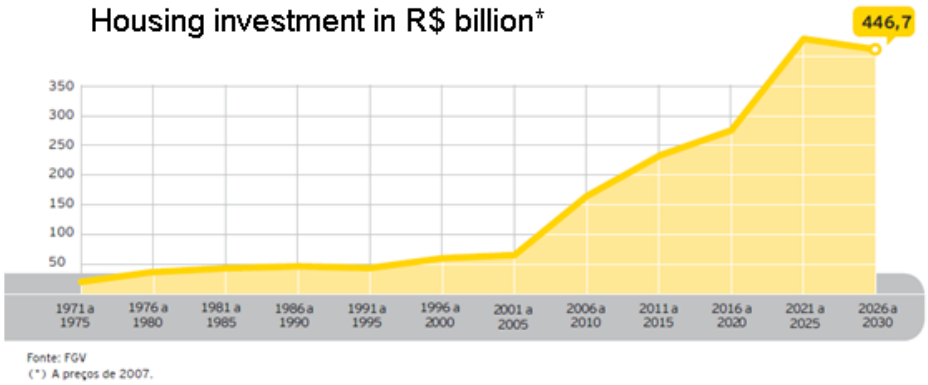
[4] The investors must consider that we cannot assure that the Federal Government will be able to implement the "Minha Casa, Minha Vida" Program, or that such program will be implemented in accordance with the terms and conditions disclosed. Therefore, the Company's benefits in connection with this program may be not verified or may vary significantly as regards to the benefits described in the text.

[5] Cyrella, Gafisa, PDG, Rossi, Tenda, Even, Agra, Tecnisa, Brookfield, Rodobens, Inpar, CCDI, Trisul, Goldfarb, Direcional.

which affected directly the industry and due to the increasing availability of credit lines. However, the investments in the Brazilian real estate sector were not sufficient to meet the potential demand of the market.

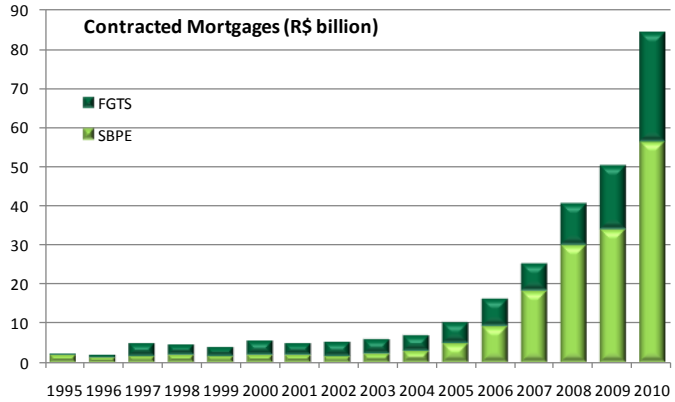
According to the research performed in 2007 by Ernst & Young and FGV about the potential demand of the Brazilian real estate market, the real estate credit line will increase an average rate of 11.2% per year, from R$25.3 billion in 2007 to an estimated value of R$290.4 billion in 2030. Moreover, it is estimated an annual construction of approximately 1.7 million of new residences up to 2030, in view of the increase in the number of families in Brazil and the increasing housing deficit.

The graphic below shows the growth of the real estate investments in Brazil, as well as the estimated growth:




*Housing investment in R$ billion**
*Source: FGV*
*(*) Prices at 2007*

The financing of residential properties with savings resources, in accordance with the CBIC data, totaled R$100. billion and 904,299 units sold through financing in 2011, as compared to866 thousand properties in 2010.




Source:CBIC

The repressed demand for housing, the greater availability of financing for real estate financing resulting from the government program *Minha Casa, Minha Vida (for further information, see item "Minha Casa, Minha Vida Program")*, and the increase of income of the population in general contribute to a heightened demand for real estate properties.

**Housing Deficit**

In accordance with the IBGE and the "*Minha Casa, Minha Vida*" Program, Brazil, in 2007, recorded a housing deficit of 7.2 million residences. The Southeast region recorded the greatest housing deficit in terms of absolute values, equivalent to 36.4% of the total percentage, followed by the Northeast, South, North and Middle-West regions, equivalent to 34.3%, 12.0%, 10.3% and 7.0%, respectively.

The Brazilian housing deficit also accounted for the greatest concentration in the segment of families earning monthly income lower than three minimum wages, as demonstrated below:

| | Monthly family average income (in minimum wages) | | |
|---|---|---|---|
| **Region** | **Up to 3** | **Between 3 and 10** | **More than 10** |
| North | 89.7% | 9.3% | 1.0% |

| | | | |
|---|---|---|---|
| Northeast | 95.9% | 3.7% | 0.4% |
| Southeast | 86.7% | 12.2% | 1.1% |
| South | 84.8% | 14.1% | 1.1% |
| Mid-West | 88.4% | 9.7% | 1.9% |

Source: IBGE and PNAD 2007.

Factors that affect the real estate market

Macroeconomic factors

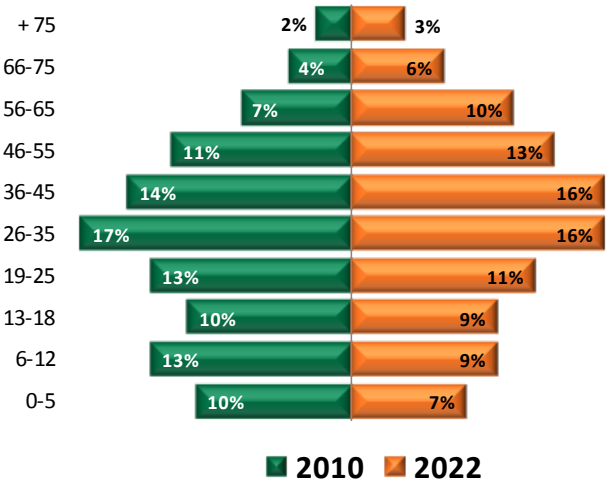
Real estate properties are assets with high value and, in general, are a significant portion of family wealth. The purchase of a real estate unit depends, to a great extent, on the availability of long-term financing. Accordingly, the performance of the real estate construction industry is influenced by several macroeconomic factors, such as inflation, interest rates, GDP growth, per capita income and consumer confidence.

The interest rates have an influence on consumption decisions made by individuals and on investment decisions made by companies. Because such rates influence the liquidity of many forms of payment, the control of interest rates directly affects the demand for long-term assets and consumer goods, and consequently the acquisition of real estate properties. Inflation and the measures intended to combat inflation usually result in a decrease in the income of the population and, consequently, in a reduction of economic activity. Increases in inflation rates affect the real estate industry to the extent they reduce economic activity, and consequently, consumption and investments. In addition, changes in inflation indices, in particular the INCC and the IGP-M indexes, which are generally used to adjust construction costs and installment receivables from sales of units, also affect the profitability of the real estate industry.

*Demographic and socio-cultural factors*

Several factors create a high potential demand for residential real estate units in Brazil. These factors include the growth of the Brazilian population, the young average age of the population (as regards to the total population), the rise in life expectancy, the decline in the number of individuals per household, and the socio-cultural preference for home ownership.

According to the IBGE, Brazil's population increased from 169.6 million in 2000 to 190.8 million in 2010, representing an annual growth rate of 1.2%. Historically the growth rate of the Brazilian population has been declining. From 1970 to 1980, the growth rate was 2.4%, from 1980 to 1991, the growth rate fell to 2.1%. and from 1991 to 2000, the growth rate fell to 1.6%.




Source: ConstruBusiness 2010, IBGE

The demographic dynamics and economic growth scenario with social mobility show a strong expansion in the number of households between 2010 and 2022. The growth rate of the number of households, of 1.88% a year, is nearly three times the pace of demographic expansion. So being, families will increase from 63.6 million to 79.6 million, with the formation of nearly 16 million new households in the coming 12 years - or, 1.33 million new households per year.

**Expansion of the real estate financing**

*Overview*

One of the current priorities of the Brazilian government is to promote the growth of the real estate construction industry, given the industry's ability to absorb workforce and reduce unemployment relatively quickly. The Brazilian government has therefore adopted a number of policies that we believe will heighten the demand for real estate, including:

- stimulating mortgage financing by reducing the interest paid by the Central Bank to banks on deposits not used for real estate financing under the SFH;
- increasing the availability of financing by requiring that at least 65.0% of deposits in savings accounts be used for real estate financing, with a minimum of 80.0% of the financing going to housing loans under the SFH;
- reduce the housing deficit for the population with a household income of up to 10 times the monthly Brazilian minimum wages (R$1,395 to R$4,650) through the program Minha Casa, Minha Vida;
- simplifying and improving enforceability of the laws governing repossession of residential real estate units in the event of default;
- providing a tax exemption for gains on the sale of a residential real estate unit when another unit is purchased within 180 days;
- reducing taxes (tax on manufactured products) on certain construction inputs and raw materials;
- fostering new instruments to permit the securitization of real estate receivables through the exemption of income tax on gains;
- increasing the security of real estate developers through the availability of liens on properties;
- increasing the security of buyers through a special tax system, which segregates the developer's assets from the real estate development's assets; and
- requiring repayment of a mortgage even if the mortgage terms are being challenged in court.

In addition, the Brazilian government announced on September 12, 2006 a package of incentives to the real estate construction industry. The main provision of this package is the increased flexibility of the use of the TR in real estate financing, which enabled, through Law 11734, of December 28, 2006 ("Law 11734), the use of prefixed interest rates by the SFH. Moreover, Decree No. 5,892, of September 12, 2006, which amends Decree No. 4,840, of September 17, 2003, allows the use of variable installments in the housing credit. The CEF began to offer R$1 billion *reais* in credit to developers, financing up to 85.0% of the total construction costs, while banks financed only 50.0% in the past. Furthermore, the Brazilian government decreased taxes rates from 10.0% to 5.0%. Therefore, upon enactment of Law 11734, we were able to expand our lines of credit with several financial institutions to acquire land bank and develop new projects, as well as offer new and better financing conditions to our clients.

Furthermore, the CEF offers full financing to those in middle- and low-income classes for the acquisition of residential real estate units.

The table below describes the financing for real estate financed by the FGTS and SBPE from 2007 to 2010:

| **Year** | **Value (R$ million)** | | **Units** | |
|---|---|---|---|---|
| | **FGTS** | **SBPE** | **FGTS** | **SBPE** |
| 2007 | 6,926 | 18,410 | 329,911 | 196,133 |
| 2008 | 10,405 | 30,032 | 287,837 | 299,685 |
| 2009 | 16,035 | 34,017 | 427,587 | 302,680 |
| 2010 | 27,663 | 56,198 | 670,913 | 421,386 |
| 2011* | 29,003 | 71,684 | 460,953 | 443,346 |

*YTD Nov/11

Source: CBIC

Despite the improvement in the availability of credit in recent years, real estate financing is still very low in Brazil in comparison with other countries. The analysis of the housing area in other countries revealed the significant importance of the investments in the construction of new residences, maintenance and refurbishment of the properties as an essential factor for the economic growth and, mainly, for the sustainable development. These aspects contribute to the preparation of the Brazilian real estate scenarios, since such experiences represent the economic relations which contributed to some countries to be successful in this area and which indicate the potential possibilities of growth in Brazil. We noted good conditions in terms of economic stability, income level, economic development expectations, population growth trends, improvement of the financing systems and favorable institutional and legal environments. Therefore, we estimate a significant increase in the real estate investment and financing levels in Brazil, as demonstrated below:

| | **Housing investment per capita in US$*, 2005** | **Economic growth – 1995 to 2005 (% per year)** | **Growth contribution (%)** |
|---|---|---|---|
| European Union | 1,672.75 | 2.24% | 0.34 |
| *Ireland* | *5,388.14* | *7.48%* | *1.21* |
| *Portugal* | *2,283.61* | *2.35%* | *1.13* |
| *Greece* | *2,133.78* | *3.92%* | *0.72* |
| *Norway* | *5,390.72* | *2.83%* | *0.72* |
| *Island* | *3,608.19* | *4.31%* | *0.58* |
| *Spain* | *2,406.00* | *3.63%* | *0.53* |
| *Holland* | *2,072.00* | *2.28%* | *0.35* |
| *Austria* | *1,443.51* | *2.21%* | *0.30* |
| *Germany* | *1,537.50* | *1.37%* | *0.30* |
| *Great Britain* | *1,315.60* | *2.79%* | *0.30* |
| *France* | *1,396.13* | *2.14%* | *0.28* |

| | Housing investment per capita in US$*, 2005 | Economic growth – 1995 to 2005 (% per year) | Growth contribution (%) |
|---|---|---|---|
| *Denmark* | *1,671.04* | *2.10%* | *0.28* |
| *Italy* | *1,236.88* | *1.27%* | *0.22* |
| *Finland* | *1,810.58* | *3.46%* | *0.16* |
| *Sweden* | *922.07* | *2.73%* | *0.10* |
| Turkey | 405.09 | 4.13% | 0.58 |
| Canada | 2,178.24 | 3.34% | 0.45 |
| Japan | 1,199.61 | 1.20% | 0.19 |
| Australia | 2,246.51 | 3.56% | 0.57 |
| New Zealand | 1,668.18 | 3.05% | 0.45 |
| South Korea | 1,320.24 | 4.44% | 0.64 |
| Mexico | 495.24 | 3.62% | 0.50 |
| United States | 2,582.51 | 3.31% | 0.60 |
| Brazil | 241.67 | 2.38% | 0.27 |

Fonte: FGV e OCDE
(*) US$ de 2005 ajustados à Paridade do Poder de Compra
*Source: FGV and OCDE; in Ernst & Young, sustainable Brazil, potential housing market*

**Minha Casa, Minha Vida Program**

Housing shortage

In April 2009, the Brazilian government launched the *Minha Casa, Minha Vida* Program. This program is composed of various incentives aimed at increasing the housing supply and the purchase power of the Classes C to E, whose residents earn up to ten times the monthly Brazilian minimum wage, thereby reducing the housing shortage in Brazil. There is currently a shortage of 7.2 million housing units in Brazil according to the IBGE.

The housing shortage is also concentrated according to family income, as set forth in the table below:

| Brazilian minimum wage | Percentage of housing shortage |
|---|---|
| Up to 3 minimum wages | 90.90% |
| 3 to 6 minimum wages | 6.70% |
| 6 to 10 minimum wages | 2.40 % |

Source: www.minhacasaminhavida.gov.br.

*Program description: Minha Casa, Minha Vida 1*

The *Minha Casa, Minha Vida* program seeks to reduce Brazil's housing shortage by 14%. The Brazilian Government will invest a total of approximately R$34.0 billion. This amount will be allocated as follows: (i) R$16.0 billion for the financing of the acquisition of residential units for families that earn up to three times the monthly Brazilian minimum wage and who live in municipalities with more than 100,000 residents and in metropolitan areas, and (ii) R$12.0 billion for financing for new real estate units or real estate units under construction/being launched for families that earn up to 10 times the monthly Brazilian minimum wage, as set forth below:

| Program (R$ billion) | Brazilian Government | FGTS | Total |
|---|---|---|---|
| Housing subsidy | 16.0 | – | 16.0 |
| Subsidy through FGTS | 2.5 | 7.5 | 10.0 |
| Guarantee fund to FGTS financing | 2.0 | – | 2.0 |
| Financing for infrastructure | 5.0 | – | 5.0 |
| Financing of construction costs | – | 1.0 | 1.0 |
| **Total** | **25.5** | **8.5** | **34.0** |

The table above shows that the housing program includes a R$5.0 billion credit line to encourage real estate development companies to invest in basic infrastructure, as described below. This financing is required to be repaid in up to 36 months, with a grace period of up until the conclusion of the construction (a maximum period of 18 months), the period for completion of the project. BNDES will also offer financing to companies in the chain of production in the real estate construction industry to encourage the competitiveness of the industry, increase the level of quality of builders and suppliers, and increase investment in low-cost construction alternatives with a shorter delivery period and reduced environmental impact.

The monthly maximum installment is 10% of the beneficiary's income (being the minimum installment of R$ 50.0), over a period of 10 years, with the remaining part of the financing being subsidized by the Brazilian government through a R$16 billion credit line.The Minha Casa, Minha Vida program currently provides for the construction of 400,000 residential units for families earning between three and six times the monthly Brazilian minimum wage. Financing will be subsidized by the Brazilian government through a R$2.5 billion credit line, in addition to a R$7.5 billion credit line through the FGTS. The monthly installment cannot exceed 20.0% of the beneficiary's income and the amount of the individual subsidy will vary according to the location of the residential unit and the purchaser's income. Financing for residential real estate unit for people who earn between six and ten

times the monthly Brazilian minimum wage will be supported through access to the guarantee fund and the reduction of the cost of insurance required for financing.

The table below sets forth the preliminary distribution under the program per region:

| Region | Number of housing units | % |
|---|---|---|
| North | 103.018 | 10,3 |
| Northeast | 343.197 | 34,3 |
| Center-West | 69.786 | 7 |
| South | 120.016 | 12 |
| Southeast | 363.984 | 36,4 |
| **Total** | **1.000.000** | **100** |

(*) Preliminary distribution subject to changes in view of the contribution of States and municipalities.
(**) Source: www.minhacasaminhavida.gov.br.

Below are the main features of the program:

Families with gross income of up to three minimum wage

The purpose of the program for this income segment is to finance the acquisition of developments before they are built, located in state capitals and the main metropolitan areas, in municipalities with more than 500,000 residents. Under special conditions, municipalities with 50,000 to 100,000 residents may also be included in this stage of the program, according with their housing shortage.

Through the program, the Brazilian government will allocate funds by region and ask the developers to submit projects for approval. States and municipalities, in turn, will record demand and, after a selection process, appoint families to receive financing, using information from a unified registration list. The developers will submit the projects to the regional offices of the CEF for approval. Developers can also prepare the projects in partnership with states, municipalities, cooperatives, social organizations or independently. After a brief analysis, the CEF will finance the acquisition, monitoring the execution of the project, disbursing funds available according to the schedule, and, after the development is concluded, selling it.

Only single-storey houses up to 35 square meters or buildings with apartments up to 42 square meters, with predetermined features and up to 500 units per project, or condominiums divided into 250 units, are eligible.

The maximum value of the property will be: (1) R$130,000, in the Sao Paulo, Rio de Janeiro and Federal District metropolitan areas and municipalities with over 1.0 million residents; (ii) R$100,000 in municipalities with over 250,000 residents and (iii) R$80,000 in other municipalities.

The CEF will monitor the project, measuring progress monthly on a predetermined day. Financing funds will be disbursed to acquire the unit within 48 hours after the request.

Families with gross income from three to ten minimum wage

The objective of the program for this income segment is to finance real estate construction companies for the development of low-income residential units in state capitals and their respective metropolitan areas and municipalities with more than 100,000 residents. Under special conditions, municipalities with between 50,000 and 100,000 residents may be also included in this stage of the program, in accordance with their housing shortage.

Through the program, the Brazilian government and the FGTS allocate funds by region, subject to periodic review. The developers will submit the projects to the regional offices of the CEF for approval, which will conduct a preliminary review and authorize the launch and sale. After the review of the project and proof of the sale of the minimum required number of units, the financing for the development will be approved. During the construction period, the CEF finances the purchasers and the amount of these financings is deducted from the developer outstanding debt. The funds are released according to a schedule, after inspections by the CEF. Once the development is complete, the developer delivers the units to the purchasers.

Developments with an appraisal value compatible with the targeted income segment (between three and ten times the monthly Brazilian minimum wage), with up to 500 units per project, without a specified standard, are eligible.

The CEF will monitor the project, measuring progress monthly on a predetermined day. Financing funds will be disbursed to acquire the unit within five days after the consolidation of the sources of the funds (receivables, own funds and financing). The CEF will charge a Project Monitoring Fee, or TAO, of 1.5% of the installment amount.

Minha Casa Minha Vida 1 program ended in 2010 and the tabl below shows its final accomplishments and our participation.

| Status Dec 31-2010 | | CAIXA | MRV Engenharia | |
|---|---|---|---|---|
| Contracted | (units) | **1,005,028** | **50,384** | **5%** |
| | 00-03 MW | 574,874 | 0 | |
| | 03-10 MW | 430,154 | 50,384 | 12% |
| | **(PSV R$million)** | **R$ 51,310** | **R$ 4,987** | **10%** |

*Program description: Minha Casa, Minha Vida 2*

The changes of the price limits for the MCMV 2 framework, announced last January, have a positive effect for the low-income housing segment. As leader of this segment in Brazil, the impacts on the Company's operations, though not immediate, are positive and give us confidence in this market as well as in our continuous growth with returns above the market average. The table below shows the potential increase of the unit price of the projects contemplated in our land bank, as of December 31, 2010 and compares the current average unit price of and the new prices limits for MCMV 2.

The *Minha Casa, Minha Vida 2* has a goal of contracting 2 million housing units by 2014. 60% of the units are for families with incomes of up to R$ 1,395.00. Government investment is expected to be R$ 71.7 billion for the period.

The new rules were approved by an interim measure (MP) passed by the Senate. The MP includes an increase of R$ 14 billion to R$ 16.5 billion of resources that the Union may transfer to the Residential Lease Fund (FAR), one of the sources of funding for the program.

The federal government decided to eliminate the five floors limit for residential buildings contracted in the second phase of *Minha Casa, Minha Vida*. The new rules also determine the possibility to set up a commercial activity on the ground floors of these buildings.

To release the height of the buildings intends to make the construction of buildings for the low income in capital cities and metropolitan areas, where land prices are more expensive, more viable.

Also approved was the possibility of divorced women to sign the program's contract, even in cases where divorce has not been settled in court.

In November 2011, the Government announced a decrease of RET for MCMV homes below R$85 thousand.

The table below shows the program's status and our participation.

| Status Sep 19-2011 | | CAIXA | MRV Engenharia | |
|---|---|---|---|---|
| Contracted | (units) | **260,805** | **18,808** | **7%** |
| | 00-03 MW | 18,782 | 0 | |
| | 03-10 MW | 242,023 | 18,808 | 8% |

Source : Caixa (september 19, 2011) and MRV (august 31, 2011)

Corporate financing

The purpose of the corporate financing in the program is to provide companies with financing to develop infrastructure, internal and/or external, including paved roads, sewage and electricity installation. This financing will be provided with funds from the National Secretary of the Treasury, for the development of real estate residential projects financed by the CEF.

The maximum amount of the financing is 100.0% of the total cost of the infrastructure, connected to the development of real estate projects financed by the CEF, and in accordance with the company's repayment capacity.

The funds will be released according to a schedule approved by the CEF. The first installment will be released in when the contract is executed, but this installment is limited to 10.0% of the total financing.

# Economic Group

## 8.1. Economic Group

### a) Direct and indirect controllers and

| Direct shareholder | Nacionality | CNPJ/CPF | Number of common shares | Shareholding interest |
|---|---|---|---|---|
| Rubens Menin Teixeira de Souza | Brazilian | 315.836.606-15 | 155,016,628 | 32.1% |

### b) Subsidiaries and associated companies

| CORPORATE NAME | 2011 | 2010 | 2009 |
|---|---|---|---|
| **Empresas - controle compartilhado** | | | |
| LOG Commercial Properties e Participações S.A. | 42,03% | 63,05% | 65,00% |
| MRL Engenharia E Empreendimentos S.A. | 37,73% | 37,73% | 49,00% |
| Prime Incorporações e Construções Ltda. | 60,00% | 60,00% | 60,00% |
| | | | |
| **Empresas controladas** | | | |
| MDI Desenvolvimento Imobiliário | 100,00% | 99,90% | |
| | | | |
| **SCPs controladas** | | | |
| Area Do Fred Scp S220 | 77,50% | - | - |
| Bangu Scp S198 | 70,00% | - | - |
| Barcas | 75,00% | 75,00% | - |
| Barretos 1 | 70,00% | 70,00% | - |
| Barretos 2A | 70,00% | 70,00% | - |
| Barretos 3 | 70,00% | 70,00% | - |
| Belle Floratta | 65,00% | 65,00% | - |
| Belle Luna | 65,00% | 65,00% | - |
| Belle Stella | 65,00% | 65,00% | - |
| Bello Mare | 65,00% | 65,00% | - |
| Bello Solare | 65,00% | 65,00% | - |
| Bello Valle | 65,00% | 65,00% | - |
| Benetido Cohatrac | 60,00% | - | - |
| Bosque Da Figueira | 80,00% | 80,00% | 80,00% |
| Bosque Das Oliveiras, Bosque Do Ingá, Bosque Aurora | 80,00% | 80,00% | 80,00% |
| Bosque Verde | 80,00% | 80,00% | - |
| Botanique Residence | 50,00% | 50,00% | - |
| Caruaru I | 60,00% | 42,00% | - |
| Caruaru II | 60,00% | 42,00% | - |
| Clube Do Professor Gaúcho E Spazio Puerto De La Plata | 70,00% | 70,00% | 70,00% |
| Colonial | 60,00% | 60,00% | - |
| Correio Maraponga | 60,00% | 60,00% | - |
| Dallas Campos | 70,00% | 70,00% | - |
| Dede Dunas | 60,00% | 60,00% | - |
| Dede Expedicionário | 60,00% | 60,00% | - |
| Esporte Campo Cruzeiro | 70,00% | 70,00% | - |
| Festeggiare Clube E Condomínio | 79,20% | 79,20% | - |
| Fortune Residence Club | 60,00% | 60,00% | 60,00% |
| Giemac | 35,00% | 35,00% | - |
| Glória 2 | 70,00% | 70,00% | - |
| Green Tower Resort | 70,00% | 70,00% | 75,49% |
| Laguna Beach | 75,00% | 75,00% | 80,62% |
| Macae Buena Vista | 70,00% | 70,00% | 70,00% |
| Manchete | 35,00% | 35,00% | - |
| Mar Báltico | 70,00% | 70,00% | - |
| Maré Azulli E Maré Verdi | 70,00% | 70,00% | 70,00% |
| Milan Vizinho | 70,00% | 70,00% | - |

| CORPORATE NAME | 2011 | 2010 | 2009 |
|---|---|---|---|
| Palm Beach | 75,00% | 75,00% | 80,09% |
| Park Sun Coast | 75,00% | 75,00% | 75,00% |
| Parque Abrantes | 50,00% | 50,00% | 50,00% |
| Parque Acrópolis | 99,00% | 99,00% | 99,00% |
| Parque Belle Stanza | 65,00% | 65,00% | - |
| Parque Bem Te Vi | 33,50% | 33,50% | - |
| Parque Clair De Lune E Celeste | 99,00% | 99,00% | 99,00% |
| Parque Das Araras | 33,50% | 33,50% | - |
| Parque Das Flores | 75,00% | 75,00% | 75,00% |
| Parque Das Gaivotas | 33,50% | 33,50% | - |
| Parque Diamante | 99,00% | 99,00% | 99,00% |
| Parque Do Sabiá | 33,50% | 33,50% | - |
| Parque Dos Buritis/Parque Burle Marx | 99,00% | 99,00% | 99,00% |
| Parque Facile E Parque Ideale | 75,00% | 75,00% | 75,00% |
| Parque Fontana Meride | 75,00% | 75,00% | 75,00% |
| Parque Fontana Verona | 99,50% | 99,50% | - |
| Parque Horizonte Belo | 98,00% | 98,00% | 98,00% |
| Parque Jubileu (Antiga Área Diamante E Estrela Do Oriente) | 70,00% | 70,00% | 70,00% |
| Parque La Terre | 98,00% | 98,00% | 98,00% |
| Parque Ouro Verde | 75,00% | 75,00% | 75,00% |
| Parque Porto Altântico | 65,00% | 65,00% | - |
| Parque Porto Mediterrâneo | 65,00% | 65,00% | - |
| Parque Puerto Madero | 99,50% | 99,50% | 72,00% |
| Parque Recreio | 35,00% | 35,00% | - |
| Parque Riacho Das Borboletas | 99,00% | 99,00% | 99,00% |
| Parque Riacho Das Conchas | 99,00% | 99,00% | 99,00% |
| Parque Riacho Das Pedras | 99,00% | 99,00% | 99,00% |
| Parque Riacho Do Ouro | 99,00% | 99,00% | 99,00% |
| Parque Riversul | 35,00% | 35,00% | - |
| Parque Rívoli | 33,50% | 33,50% | - |
| Parque Rouxinois Beija-Flor | 34,00% | 34,00% | - |
| Parque Rubis | 99,00% | 99,00% | 99,00% |
| Parque São Petesburgo | 99,00% | 99,00% | 99,00% |
| Parque Ventanas | 75,00% | 75,00% | 75,00% |
| Parque Veranno, Primavera, D´Outonno | 75,00% | 75,00% | 75,00% |
| Parque Vila D´Oro E Parque Vila Serrana | 98,00% | 98,00% | 98,00% |
| Parque Vila Da Costa - S219 | 75,30% | - | - |
| Parque Vila Del Rey | 97,00% | 97,00% | 97,00% |
| Parque Villa Dorata | 75,00% | 75,00% | 75,00% |
| Parque Vitalitá | 75,00% | 75,00% | 75,00% |
| Parque Viva Jacaraípe | 75,00% | 75,00% | - |
| Parque Viva Joara | 75,00% | 75,00% | - |
| Parque Vivaldi | 75,50% | 75,50% | 75,50% |
| Patrimônio Afetado | 99,00% | 99,00% | 99,00% |
| Porquinha | 60,00% | - | - |
| Porto Cristal | 72,00% | 72,00% | 72,00% |
| Porto Farroupilha | 65,00% | 65,00% | - |
| Porto Guaiba | 69,00% | 69,00% | 69,00% |
| Porto Lucena | 99,50% | 99,50% | 68,00% |
| Porto Pacífico | 65,00% | 65,00% | - |
| Premier II | 60,00% | 60,00% | - |
| Punta Del Este | 75,00% | 75,00% | 80,44% |
| Recanto Das Andorinhas | 33,50% | 33,50% | - |
| Residencial Essenza | 75,00% | 75,00% | 75,00% |
| Residencial Jangadas | 75,00% | 75,00% | - |
| Residencial Veleiros | 75,00% | 75,00% | - |
| Ricardo Libmann | 53,00% | 53,00% | - |
| Rouxinóis | 34,00% | 34,00% | 34,00% |
| Saint Tropez | 75,00% | 75,00% | 80,43% |

| CORPORATE NAME | 2011 | 2010 | 2009 |
|---|---|---|---|
| Santa Cruz | 35,00% | 35,00% | - |
| São José Do Rio Preto | 97,00% | 97,00% | 97,00% |
| Scp - Granja Galícia | 35,00% | - | - |
| ScpMaracanaú | 50,00% | 100,00% | - |
| Scp Barreto 5 | 70,00% | - | - |
| Scp Linha Azul | 70,00% | - | - |
| Scp Parque Monte Cristal | 77,50% | - | - |
| Scp Retiro Da Serra | 35,00% | - | - |
| Scp Retiro Dos Pinheiros | 35,00% | - | - |
| Scp São Pedro | 50,00% | 70,00% | - |
| Scp Saragozza | 99,00% | - | - |
| Sonho Dourado | 70,00% | 70,00% | - |
| Spazio Amalfi | 99,00% | 99,00% | 99,00% |
| Spazio Amaretto | 99,00% | 99,00% | 99,00% |
| Spazio Arboreto | 98,00% | 98,00% | 98,00% |
| Spazio Avignon | 99,00% | 99,00% | 99,00% |
| Spazio Azzurro | 99,00% | 99,00% | 99,00% |
| Spazio Belo Campo | 33,50% | 33,50% | 33,50% |
| Spazio Cadiz, Esmeralda Ville, Carlos Pyles E Dicavalcanti | 97,00% | 97,00% | 97,00% |
| Spazio Campelles | 99,00% | 99,00% | 99,00% |
| Spazio Campo Das Alvoradas E Spazio Campo De Savoya | 98,00% | 98,00% | 98,00% |
| Spazio Campo Das Nascentes | 98,00% | 98,00% | 98,00% |
| Spazio Caravaggio E Celebrare | 98,00% | 98,00% | 98,00% |
| Spazio Chamonix | 99,00% | 99,00% | 99,00% |
| Spazio Chateaubriand E Spazio Clermont | 99,00% | 99,00% | 99,00% |
| Spazio Córsega | 99,00% | 99,00% | 99,00% |
| Spazio Das Aroeiras | 98,00% | 98,00% | 98,00% |
| Spazio Fasano - Patrimônio De Afetação - Scp Afetado | 99,00% | 99,00% | 99,00% |
| Spazio Florian | 80,00% | 80,00% | - |
| Spazio Frankfurt | 80,00% | 80,00% | 80,00% |
| Spazio Illuminare | 88,00% | 88,00% | 88,00% |
| Spazio Jardim De Trento E Spazio Jequitibás | 98,00% | 98,00% | 98,00% |
| Spazio Jardim Ferrara | 99,00% | 99,00% | 99,00% |
| Spazio Matisse E Miró | 99,00% | 99,00% | 99,00% |
| Spazio Mirafiori E Marseille | 99,00% | 99,00% | 99,00% |
| Spazio Monreal | 99,50% | 99,50% | 99,50% |
| Spazio Monterrey | 99,00% | 99,00% | 99,00% |
| Spazio Monteverdi | 99,00% | 99,00% | 99,00% |
| Spazio Nimbus Residence Club | 75,00% | 75,00% | 79,15% |
| Spazio Orizzonte | 97,00% | 97,00% | 97,00% |
| Spazio Parque Vila Da Serra | 75,30% | 75,30% | 75,30% |
| Spazio Pontes Do Rialto E Spazio Ponte Nova | 88,00% | 88,00% | 88,00% |
| Spazio Porto Real | 68,00% | 68,00% | 68,00% |
| Spazio Porto Teresópolis | 65,00% | 65,00% | 65,00% |
| Spazio Puerto Collón | 99,50% | 99,50% | - |
| Spazio Raritá | 98,00% | 98,00% | 98,00% |
| Spazio Rennes | 70,00% | 70,00% | 70,00% |
| Spazio Resplendor | 99,00% | 99,00% | 99,00% |
| Spazio Rimini | 70,00% | 70,00% | 72,20% |
| Spazio Saint Etiene, San Teodoro E San Juan | 99,15% | 99,15% | 99,15% |
| Spazio San Cristovan | 98,50% | 98,50% | 98,50% |
| Spazio San Telmo | 80,00% | 80,00% | 80,00% |
| Spazio Saragoza | 99,00% | - | - |
| Spazio Solarium | 99,00% | - | - |
| Spazio Sunrise | 76,00% | 76,00% | 76,00% |
| Spazio Sunset | 75,50% | 75,50% | - |
| Spazio Tendence | 99,50% | 99,50% | 76,00% |
| Spazio Teneriffe | 76,50% | 100,00% | 76,50% |
| Spázio Tibet | 74,50% | 74,50% | - |

| CORPORATE NAME | 2011 | 2010 | 2009 |
|---|---|---|---|
| Spazio Tifany | 75,00% | 75,00% | 75,00% |
| Spazio Treville | 76,00% | 76,00% | - |
| Spazio Upside | 99,00% | 99,00% | 99,00% |
| Spazio Vanguardia | 75,00% | 75,00% | 75,00% |
| Spazio Vila Da SerraS218 | 75,30% | - | - |
| Spazio Vintage | 75,00% | 75,00% | 75,00% |
| Talude | 75,00% | 75,00% | - |
| Tamarineira II | 42,00% | 42,00% | - |
| Terminal Messejana | 50,00% | 50,00% | - |
| The Palms Houses & Club | 99,50% | 99,50% | 99,50% |
| Tintoreto | 75,50% | 75,50% | 75,50% |
| Tomaz Coelho | 35,00% | 35,00% | - |
| Top Life Natal | 75,00% | 75,00% | 75,00% |
| Total Life | 74,00% | 74,00% | 74,00% |
| Vila Aurora S217 | 75,30% | - | - |
| Vila Bela, Las Palmas | 99,00% | 99,00% | 99,00% |
| Vila Natal | 60,00% | - | - |
| Village Anchieta E Spazio Áurea | 99,10% | 99,10% | 99,10% |
| Village Chateaux Lafite E Lorane | 98,50% | 98,50% | 98,50% |
| Village Chateaux Tivoli | 97,50% | 97,50% | 97,50% |
| Village Chateaux Victória | 96,00% | 96,00% | 96,00% |
| Village Chopin | 99,00% | 99,00% | 99,00% |
| Village Renascence | 97,00% | 97,00% | 97,00% |
| Village Salermo | 99,00% | - | - |
| Village Sarriá | 99,00% | - | - |
| Village Supreme | 99,00% | 99,00% | 99,00% |
| Village Tempus E Treville | 76,00% | 76,00% | 76,00% |
| Vitta Club | 80,00% | 80,00% | 80,00% |
| Zé Olavo Mondubim | 54,26% | 54,26% | - |
| | | | |
| **SCPs - controle compartilhado** | | | |
| Belas Ilhas | 50,00% | 50,00% | 50,00% |
| Belle Époque | 65,00% | 65,00% | 65,00% |
| Cesário De Melo | 33,50% | 33,50% | 33,50% |
| Chapada Imperial (Antigo Dimas) | 58,00% | 58,00% | 58,00% |
| Eco Ville | 70,00% | 70,00% | 75,08% |
| Estrada Do Tingui - Novolar | 34,00% | 34,00% | 34,00% |
| Goiabeiras I e II | 58,00% | 58,00% | 58,00% |
| Gran Maison E Gran Place | 66,00% | 66,00% | 69,76% |
| Ilha Vitória | 95,00% | 95,00% | 95,00% |
| Lins Vasconcelos - Recanto Das Aguas | 33,50% | 33,50% | 33,50% |
| Niterói Garden Garden | 70,00% | 70,00% | 76,33% |
| Paçuare | 33,50% | 33,50% | 33,50% |
| Park Reality | 32,00% | 32,00% | 32,00% |
| Park Riverfall - Rivera Do Sol/Costa | 34,50% | 34,50% | 34,50% |
| Parque Belle Acqua | 57,00% | 57,00% | 65,00% |
| Parque Bello Canto | 65,00% | 65,00% | 65,00% |
| Parque Bello Cielo | 57,00% | 57,00% | 57,00% |
| Parque Chapada Guimarães | 58,00% | 58,00% | 58,00% |
| Parque Conquista São Francisco | 65,00% | 65,00% | 69,12% |
| Parque Recanto Da Colina | 35,00% | - | - |
| Parque Recanto Da Serra | 35,00% | - | - |
| Parque Recanto Das Flores | 35,00% | - | - |
| Parque Recanto Verde | 35,00% | - | - |
| Parque Rossete/Guandu Sape | 33,50% | 33,50% | 33,50% |
| Portal Do Bosque - Patrimar | 34,00% | 34,00% | 34,00% |
| Recanto Das Pedras | 50,00% | 50,00% | 50,00% |
| Reserva Flamboyant | 69,00% | 69,00% | 69,00% |
| Richmond Resort | 70,00% | 70,00% | 74,63% |

| CORPORATE NAME | 2011 | 2010 | 2009 |
|---|---|---|---|
| Rio Star Resort | 70,00% | 70,00% | 73,25% |
| Riviera Do Campo E Riviera Atlântica | 71,00% | 71,00% | 76,56% |
| Scp - São Pedro | 70,00% | - | - |
| Scp Redentore | 70,00% | - | - |
| Scp Royal Palms Club | 70,00% | - | - |
| Spazio Boulevard Taguatinga | 66,00% | 66,00% | 66,00% |
| Spazio Brisas Águas Claras | 50,00% | 50,00% | 50,00% |
| Spazio Classique | 65,00% | 65,00% | 69,60% |
| Spazio Positano | 50,00% | 50,00% | 50,00% |
| Spazio Reale | 70,00% | 70,00% | 70,00% |
| Spazio Regence | 70,00% | 70,00% | 70,00% |
| Spazio Renault | 70,00% | 70,00% | 70,00% |
| Spázio Ritz | 34,50% | 34,50% | 34,50% |
| Spazio Rodin | 75,00% | 75,00% | 75,00% |
| Spazio Rosseau | 71,00% | 71,00% | 75,98% |
| Spazio Rossini | 75,40% | 75,40% | 75,40% |
| Spazio Rotterdan | 75,40% | 75,40% | 75,40% |
| Top Life Goiânia | 65,50% | 65,50% | 65,50% |
| Vivendas Das Oliveiras / Palmeiras | 33,50% | 33,50% | 33,50% |
| | | | |
| **SPEs – controladas** | | | |
| Ba I Incorporações SPE LTDA | 99,00% | 99,00% | - |
| Blas - Mrv Mrl LI Incorp SPE LTDA | 70,00% | - | - |
| Blas - Mrv Mrl LII Incorp SPE LTDA | 70,00% | - | - |
| Blas - Mrv Mrl XXXV Incorp SPE LTDA | 70,00% | - | - |
| Blas - Mrv Mrl XXXVI Incorp SPE LTDA | 70,00% | - | - |
| Blas - Mrv Mrl XXXVIII Incorp SPE LTDA | 70,00% | - | - |
| Botanique Incorporações Imobiliárias SPE LTDA | 100,00% | 50,00% | - |
| Camp Life Residences I Incorporação SPE LTDA | 99,00% | 99,00% | 99,00% |
| Camp Life Residences II Incorporações SPE LTDA | 99,50% | 99,50% | 99,50% |
| Campo Colorato Incorporações SPE LTDA | 98,00% | 98,00% | 98,00% |
| Campo Das Violetas Incorporações SPE LTDA | 99,00% | 99,00% | 99,00% |
| Campo De Bragança Incorporações SPE LTDA | 99,50% | 99,50% | 99,50% |
| Campo Di Bourbon Incorporações SPE LTDA | 98,75% | 98,75% | - |
| Campo Di Orleans Incorporações SPE LTDA | 99,00% | 99,00% | - |
| Campo Dos Bandeirantes Incorporações SPE LTDA | 98,50% | 98,50% | 98,50% |
| Campo Lazio Incorporações SPE LTDA | 99,75% | 99,75% | - |
| Casa Pueblo Incorporacoes SPE LTDA | 97,00% | - | - |
| Cp Di Itália E Cp Di Orleans SPE LTDA | 99,50% | 99,50% | 99,50% |
| Evidence Resort Incorporação SPE LTDA | 99,00% | 99,00% | 99,00% |
| Go I Incorporações SPE LTDA | 65,00% | 99,00% | - |
| Go II Incorporações SPE LTDA | 65,00% | 99,00% | - |
| Go III Incorporações SPE LTDA | 99,00% | 99,00% | - |
| Go IV Incorporações SPE LTDA | 99,00% | 99,00% | - |
| Go V Incorporações SPE LTDA | 99,00% | 99,00% | - |
| Go VI Incorporações SPE LTDA | 99,00% | 99,00% | - |
| II Incorporações SPE LTDA | 99,00% | 99,00% | - |
| II Incorporações SPE LTDA | 99,00% | 99,00% | - |
| Julliard Incorporações SPE LTDA | 99,00% | 99,00% | - |
| Md Pe Life Ltda. (Setúbal) SPE LTDA | 42,00% | 42,00% | - |
| Md Pe Praia De Piedade SPE LTDA | 42,00% | 42,00% | - |
| Mrl Iv Incorporações SPE LTDA | 97,00% | - | - |
| Mrv Magis Ii Incorporacoes SPE LTDA | 60,00% | - | - |
| Mrv Magis X Incorporacoes SPE LTDA | 60,00% | - | - |
| Mrv Magis Xi Incorp. SPE LTDA | 60,00% | - | - |
| Mrv Magis Xii Inc. SPE LTDA | 60,00% | - | - |
| Mrv Mdi Castanheira Prv Inc. SPE LTDA | 99,00% | - | - |
| Mrv Mdi Ce I Incorp. SPE LTDA | 99,00% | - | - |
| Mrv Mdi Ce Iii Incorp. SPE LTDA | 99,00% | - | - |

| CORPORATE NAME | 2011 | 2010 | 2009 |
|---|---|---|---|
| Mrv Mdi Ce Iv Incorp. SPE LTDA | 99,00% | - | - |
| Mrv Mdi Ce Vi Incorporacoes SPE LTDA | 99,00% | - | - |
| Mrv Mdi Mar De Espanha Prv Inc SPE LTDA | 99,00% | - | - |
| Mrv Mdi Pe Leonardo Da Vinci Prv In SPE LTDA | 99,00% | - | - |
| Mrv Mdi Pe Michelangelo Prv Inc. SPE LTDA | 60,00% | - | - |
| Mrv Mdi Pe Principe De Gales Prv In SPE LTDA | 99,00% | - | - |
| Mrv Mdi Pe Van Gogh Prv Inc Spe E17 SPE LTDA | 60,00% | - | - |
| Mrv Mdi Planalto Da Serra Prv Incor SPE LTDA | 99,00% | - | - |
| Mrv Mdi Rs I Incorporações SPE LTDA | 99,00% | - | - |
| Mrv Mrl Ix Incorporações SPE LTDA | 95,00% | - | - |
| Mrv Mrl LIncorp. SPE LTDA | 99,00% | - | - |
| Mrv Mrl X Incorporações SPE LTDA | 99,00% | - | - |
| Mrv Mrl Xi Incorporações SPE LTDA | 95,00% | - | - |
| Mrv Mrl Xii Incorporações SPE LTDA | 99,00% | - | - |
| Mrv Mrl Xiii Incorporações SPE LTDA | 97,00% | - | - |
| Mrv Mrl Xix Inc SPE LTDA | 99,00% | - | - |
| Mrv Mrl Xl Incorp SPE LTDA | 70,00% | - | - |
| Mrv Mrl Xli Incorporacoes SPE LTDA | 99,00% | - | - |
| Mrv Mrl Xliii Inc SPE LTDA | 99,00% | - | - |
| Mrv Mrl Xlix Incorp. SPE LTDA | 99,00% | - | - |
| Mrv Mrl Xlvii Incorp. SPE LTDA | 99,00% | - | - |
| Mrv Mrl Xvi Incorporacoes SPE LTDA | 99,00% | - | - |
| Mrv Mrl Xvii Inc SPE LTDA | 98,00% | - | - |
| Mrv Mrl Xxi Incorporacoes SPE LTDA | 96,00% | - | - |
| Mrv Mrl Xxv Inc SPE LTDA | 95,00% | - | - |
| Mrv Mrl Xxvi Incorporacoes SPE LTDA | 70,00% | - | - |
| Mrv Mrl Xxvii Inc. SPE LTDA | 70,00% | - | - |
| Mrv Mrl Xxx Incorp. SPE LTDA | 70,00% | - | - |
| Mrv Mrl Xxxii Inc. SPE LTDA | 97,00% | - | - |
| Mrv Mrl Xxxiv Incorp. SPE LTDA | 70,00% | - | - |
| Mrv Mrl Xxxix Incorp. SPE LTDA | 70,00% | - | - |
| Mrv Prime Iii Inc. SPE LTDA | 99,00% | - | - |
| Mrv Prime Iv Inc SPE LTDA | 95,00% | - | - |
| Mrv Prime Ix Inc SPE LTDA | 96,00% | - | - |
| Mrv Prime Morada Do Campo SPE LTDA | 99,00% | - | - |
| Mrv Prime Parque Chapada Do Horizon SPE LTDA | 65,00% | - | - |
| Mrv Prime Vi Inc. SPE LTDA | 95,00% | - | - |
| Mrv Prime Vii Inc SPE LTDA | 95,00% | - | - |
| Mrv Prime Viii Incorporações SPE LTDA | 95,00% | - | - |
| Mrv Prime Xi Incorporações SPE LTDA | 97,00% | - | - |
| Mrv Prime Xiii Inc SPE LTDA | 96,00% | - | - |
| Mrv Prime Xiv Incorporacoes SPE LTDA | 97,00% | - | - |
| Mrv Prime Xviii Incorp. SPE LTDA | 98,00% | - | - |
| Mrv Prime Xx Inc. SPE LTDA | 97,00% | - | - |
| Mrv Prime Xxi Inc SPE LTDA | 65,00% | - | - |
| Mrv Prime Xxii Incorp. SPE LTDA | 96,00% | - | - |
| Mrv Prime Xxiii Incorporacoes SPE LTDA | 97,00% | - | - |
| Mrv Prime Xxiv Inc. SPE LTDA | 98,00% | - | - |
| Mrv Prime Xxix Incorp. SPE LTDA | 96,00% | - | - |
| Mrv Prime Xxv Inc SPE LTDA | 65,00% | - | - |
| Mrv Prime Xxviii Incorporações SPE LTDA | 97,00% | - | - |
| Mrv Prime Xxx Incorp. SPE LTDA | 96,00% | - | - |
| Mrv Prime Xxxi Incorp. SPE LTDA | 96,00% | - | - |
| Mrv Prime Xxxii Incorp. SPE LTDA | 96,00% | - | - |
| Ms I Incorporações SPE LTDA | 99,00% | 99,00% | - |
| Mt I Incorporações SPE LTDA | 65,00% | 99,00% | - |
| Mt Ii Incorporações SPE LTDA | 65,00% | 99,00% | - |
| Mt Iii Incorporações SPE LTDA | 65,00% | 99,00% | - |
| Paladium Incorporações SPE LTDA | 99,50% | 99,50% | 99,50% |

| CORPORATE NAME | 2011 | 2010 | 2009 |
|---|---|---|---|
| Palazzo Di Spagna Incorporações SPE LTDA | 99,50% | 99,50% | 99,50% |
| Panoramic Incorporações SPE LTDA | 99,00% | 99,00% | 99,00% |
| Parque Alabama Incorporações SPE LTDA | 99,70% | 99,70% | - |
| Parque Arkansas Incorporações SPE LTDA | 99,50% | 99,50% | - |
| Parque Asteca Incoporações SPE LTDA | 99,50% | 99,50% | - |
| Parque Da Lapa Inc. SPE LTDA | 65,00% | - | - |
| Parque Jambreiro Incorporações SPE LTDA | 99,50% | 99,50% | - |
| Parque Jamile Incorporações SPE LTDA | 99,75% | 99,75% | - |
| Parque Joborandi Incorporações SPE LTDA | 99,75% | 99,75% | - |
| Parque Juno Incorporações SPE LTDA | 99,25% | 99,25% | - |
| Parque Patagonia Inc. SPE LTDA | 96,00% | - | - |
| Parque Piazza Navona Incorporações SPE LTDA | 99,40% | 99,40% | - |
| Parque Piazza Reppública Incorporações SPE LTDA | 99,60% | 99,60% | - |
| Parque Premiatto Incorporações SPE LTDA | 99,00% | 99,00% | 99,00% |
| Pe I Incorporações SPE LTDA | 60,00% | 99,00% | - |
| Piazza San Pietro Incorporações SPE LTDA | 99,40% | 99,40% | - |
| Prime I Incorporações SPE LTDA | 65,00% | 65,00% | - |
| Prime X Incorporações SPE LTDA | 98,00% | - | - |
| Residencial Veleiros Incorporações SPE LTDA | 100,00% | 60,00% | 98,90% |
| Saint Moritz Incorporação SPE LTDA | 98,90% | 98,90% | 99,00% |
| San Leonard Incorporação SPE LTDA | 99,00% | 99,00% | 99,00% |
| Santo Amaro SPE LTDA | 100,00% | 100,00% | 100,00% |
| Santos Dumont Incorporações SPE LTDA | 98,50% | 98,50% | 98,50% |
| Spázio Campo Bianco Incorporações SPE LTDA | 98,25% | 98,25% | - |
| Spázio Campo Giallo Incorporações SPE LTDA | 99,25% | 99,25% | - |
| Spazio Joanesburgo Incorporações SPE LTDA | 99,50% | 99,50% | - |
| Spe - Md Rn Mrv Pq Nova Europa SPE LTDA | 50,00% | 50,00% | - |
| Spe - Mrv Mdi Df I Incor Spe E137 SPE LTDA | 99,00% | - | - |
| SpeMrv Mdi Rj Ix SPE LTDA | 99,00% | 99,00% | - |
| Spe Mrv Prime Xii Spe E131 | 99,00% | - | - |
| Spe- Mrv MdiDf Ii E135 SPE LTDA | 99,00% | - | - |
| Spe- Mrv MdiDf Iii E134 SPE LTDA | 99,00% | - | - |
| Spe-Mrv MdiEs I E136 SPE LTDA | 99,00% | - | - |
| Spep-Parque Guarani E221 - SPE LTDA | 70,00% | - | - |
| Summer Ville Incorporações SPE LTDA | 62,76% | 62,76% | - |
| Torres Do Mirante Tendende E Tifany SPE LTDA | 98,00% | 98,50% | - |
| | | | |
| **SPE - controle compartilhado** | | | |
| Amazonas Parque Incorporações SPE LTDA | 99,50% | 72,50% | 72,50% |
| Aparecida De Goiânia SPE LTDA | 65,00% | 65,00% | 65,00% |
| Belvedere Towers - Gi SPE LTDA | 41,67% | 41,67% | 41,67% |
| Campo Del Rey Incorporações SPE LTDA | 98,00% | 98,00% | 98,00% |
| Chronos Incorporações SPE LTDA | - | - | - |
| Citylife Incorporações SPE LTDA | 65,50% | 65,50% | 70,62% |
| Costa Atlântica Incorporações SPE LTDA | 50,00% | 50,00% | 50,00% |
| Encanto Parangaba Incorporações SPE LTDA | 50,00% | 50,00% | 50,00% |
| Favoritto Incorporações SPE LTDA | 60,00% | 60,00% | 60,00% |
| Forte Independência Incoporações SPE LTDA | 50,00% | 50,00% | 50,00% |
| Forte Iracema Incorporações SPE LTDA | 60,00% | 60,00% | 60,00% |
| Four Seasons Club Incorporações SPE LTDA | 50,00% | 50,00% | 50,00% |
| Gran Olimpus SPE LTDA | 65,00% | 65,00% | 65,00% |
| Inspiratto Residence Club E Incorporações SPE LTDA | 50,00% | 50,00% | 50,00% |
| Lagune Maraponga Clube SPE LTDA | 60,00% | 60,00% | 60,00% |
| Md Pe Praia De Piedade SPE LTDA | 42,00% | 42,00% | 42,00% |
| Mrv Gran Classe Incopororações SPE LTDA | 66,00% | 66,00% | - |
| Mrv Mrl Iii Incorporações SPE LTDA | 95,00% | - | - |
| Mrv Mrl Xxiii Inc. Spe E180 SPE LTDA | 70,00% | - | - |
| Mrv Mrl Xxiv Inc Spe E210 SPE LTDA | 70,00% | - | - |
| Mrv Patrimar Galleria Incoporação SPE LTDA | 50,00% | 50,00% | 50,00% |

| CORPORATE NAME | 2011 | 2010 | 2009 |
|---|---|---|---|
| Mrv Prime Xix Inc SpeE142 SPE LTDA | 65,00% | - | - |
| Papa 1 Incorporações SPE LTDA | 65,00% | 65,00% | 65,00% |
| Parque Castelo De Andorra Incorporações SPE LTDA | 65,00% | 65,00% | - |
| Parque Castelo De Gibraltar Incorporações SPE LTDA | 65,00% | 65,00% | - |
| Parque Castelo De Luxemburgo Incorporações SPE LTDA | 65,00% | 65,00% | - |
| Parque Castelo De San Marino Incorporações SPE LTDA | 65,00% | 65,00% | - |
| Parque Chapada Diamantina Incorporações SPE LTDA | 67,00% | 67,00% | 67,00% |
| Parque Chapada Guimarães Incorporações SPE LTDA | 58,00% | 58,00% | 58,00% |
| Parque Chapada Imperial Incorporações SPE LTDA | 58,00% | 58,00% | 58,00% |
| Parque Chronos Incorporações SPE LTDA | 58,00% | 58,00% | 58,00% |
| Parque Sevilha SPE LTDA | 65,00% | 65,00% | 65,00% |
| Reserva Jardim Incorporações SPE LTDA | 49,00% | 49,00% | 49,00% |
| Silco Taguatinga Qi 03 Incorporações Imobiliárias SPE LTDA | 41,67% | 41,67% | 41,67% |
| Spazio Cristalli Incorporações SPE LTDA | 58,00% | 58,00% | - |
| Spazio Nautilus Incorporação SPE LTDA | 75,00% | 75,00% | 75,00% |
| Spe Mrv Mrv Xviii (Recriart) SPE LTDA | 70,00% | - | - |
| Spe Prime Top Taguatinga Ii Incorporações SPE LTDA | 70,00% | 70,00% | - |
| Taguatinga Qi 03 Empreendimentos Imobiliários SPE LTDA | 41,67% | 41,67% | 41,67% |
| Top Taguatinga Incorporações SPE LTDA | 70,00% | 70,00% | 70,00% |
| Village Coliseum Incorporações SPE LTDA | 66,00% | 66,00% | 66,00% |
| Village Gran Castel Incorporações SPE LTDA | 65,00% | 65,00% | 65,00% |
| Villagio Maraponga Incorporações SPE LTDA | 50,00% | 50,00% | 50,00% |
| Vitalice Incorporações SPE LTDA | 50,00% | 50,00% | 50,00% |

The Company's shareholding interest percentages as of December 31, 2011 derived from the quarterly information as of December 31, 2011.

The Company's shareholding interest percentages as of December 31, 2010 derived from the quarterly information as of December 31, 2010.

The Company's shareholding interest percentages as of December 31, 2009 derived from the quarterly information as of December 31, 2009.

The most relevant economic companies are LOG Commercial Properties e Participações S.A., MRL Engenharia e Empreendimentos S.A. and Prime Incorporações e Construções Ltda.

Through our subsidiary LOG Commercial Properties, we focus in the construction and leasing of industrial and logistic condominiums, besides the development of commercial properties such as shopping centers, strip malls and offices.

MRL operates in the Low Income homebuilding segment, focused in the state of Rio de Janeiro and the city of Belo Horizonte.

Prime operates in Low Income homebuilding segment, mainly in the Brasília city region.

For more information regarding these companies, please see item 6.1 of this reference Form.

**c) Company's interest in companies comprising the group**

The Company does not hold interest in companies other than the described above, on item 8.1 (b).

**d) Group's shareholding interest in the Company**

Not applicable once the Company's shareholders are not societies. The Company's shareholder structure is:
Rubens Menin Teixeira de Souza holds 32.1% of the Company's capital stock;
Black Rock Inc. holds 5.1% of the Company's capital stock;
Other shareholders holds 62.2% of the Company's capital stock;
Treasury shares holds 0.6% of the Company's capital stock;

**e) Companies under Common control**
Not applicable once the Company does not Companies under Common control.

### 8.2. Economic group's flowchart

For further information on our shareholding interest in the economic group's flowchart, please see item above

### 8.3. Restructuring, mergers, spin-offs, stock mergers and acquisitions of shareholding controls and acquisitions and disposals of important assets

| | |
|---|---|
| **Operation Date:** | July 15, 2011 |
| **Corporate Event:** | Other |
| **Corporate Event Description:** | LOG CP share issuance |
| **Operation description:** | On July 15, 2011 the current shareholders of LOG together with Starwood Capital Group signed an Investment Agreement for the issuance of 62,650,009 common shares to be issued by LOG, totaling R$ 350 million, being R$ 250 million as Starwood"s part and R$ 100 million for the current shareholders of LOG. |

| | |
|---|---|
| **Operation Date:** | November 09, 2010 |
| **Corporate Event:** | Corporate Control Alienation or Acquisition |
| **Corporate Event Description:** | / |
| **Operation description:** | A new shareholder joined MRV Logística e Participações S.A. without the other shareholders exercising their preemptive rights, and thus the Company's equity interest decreased from 65.0% to 63.05%. |

| | |
|---|---|
| **Operation Date:** | May 1st, 2010 |
| **Corporate Event:** | Incorporation |
| **Corporate Event Description:** | / |
| **Operation description:** | On May 1, 2010, jointly controlled entity Blas Engenharia e Empreendimentos S.A. ("Blas") fully merged LGB Construções Ltda. ("LGB"). On the same date, the latter's name was changed to MRL Engenharia e Empreendimentos S.A. ("MRL"). Merged net assets amounted to R$2,793. As a result, on this date the Company's interest in the capital of MRL Engenharia e Empreendimentos S.A. decreased from 49 to 37.73 percent. |

| | |
|---|---|
| **Operation Date:** | July 1st, 2009 |
| **Corporate Event:** | Other |
| **Corporate Event Description:** | MDI Empreendimentos Ltda. establishment |
| **Operation description:** | On July 1, 2009, the Company established, together with its subsidiary MRV Logística e Participações S.A., MDI Empreendimentos Ltda., a company engaged in the management of own assets, development, construction and sale of own or third-party properties, the purchase, sale or barter of own or third-party properties, and holding equity interests in other companies. The Company holds 99.90% of its shares and MRV Logística e Participações S.A. holds 0.10%. |

### 8.4. Provide other information deemed relevant by the issuer

All relevant and applicable information on this matter was disclosed in the items above.

# Relevant assets

## 9.1. Assets comprising the non-current assets deemed relevant for the development of the Company's activities:

**a) property, plant and equipment (including those subject to rental or leasing)**

The Company does not have property, plant and equipment of relevance for the development of the Companies activities.

**b) patents, trademark, concessions, franchises and IT transfer agreements**

Registered trademarks (Brazil)

| Holder | Trademark | Proceeding | Class | Deposit | Effective period |
|---|---|---|---|---|---|
| MRV SERVIÇOS DE ENGENHARIA LTDA. | MRV Engenharia | 816554587 | 37.05 | 11/29/1991 | 10/13/2013 |
| MRV SERVIÇOS DE ENGENHARIA LTDA. | MRV Engenharia | 821587137 | 27.5.1 | 04/15/1999 | 09/23/2013 |
| MRV SERVIÇOS DE ENGENHARIA LTDA. | MRV Engenharia | 821587129 | 37/05.40 | 04/14/1999 | 10/14/2013 |
| MRV SERVIÇOS DE ENGENHARIA LTDA. | MRV Engenharia | 200039202 | 27.5.1 | 04/15/1999 | 10/14/2013 |

As set forth in item 7.5 (c), we entered into with MRV Serviços de Engenharia Ltda., on January 5, 2007, the Trademark Use License Agreement, through which MRV Serviços de Engenharia granted us, freely and exclusively, the use license in Brazil of the mixed trademark "MRV Engenharia", duly registered with INPI. The Trademark Use is valid for ten years as from the date of execution of the respective agreement and must not be assigned by any of the parties to third parties, except under prior approval. We are not the owners of any registry or request for registration of any trademark with INPI. The Company can lose its trademark's rights in the event of no renovation of the ten year term when it finishes, or in the event of the expiration or rescission, prematurely or not, of the Trademark Use License Agreement.

We believe that the chances of not renewal of the trademark use license are remote. Rubens Menin Teixeira de Souza, our controlling shareholder, has shared shareholding control of MRV Serviços de Engenharia, holding 50% of the shares and does not intent to change the current situation. In the event of loss of the Trademark Use License, the Company will not be able to use the trademark.

**c) Companies in which the Company holds interest and that are relevant for the development of the business**

For information on our Company's shareholding interest in the companies provided below, see item 8.1 (b) of this Reference Form. The market value of the shareholding interest and the respective variation were not informed because the companies below do not have shares traded in organized-over-the-counter markets. The Company did not receive dividends of the companies in which has shareholding interest over the last three periods.

| Corporate name | Main place of business | Activities developed | Company | Participation (%) | CVM Registry | Interest equity value (PL) | | | Dividends | | | Reason for acquisition |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 2011 | 2010 | 2009 | 2011 | 2010 | 2009 | |
| MRL ENGENHARIA E EMPREENDIMENTOS S.A. | BELO HORIZONTE, MG - BRAZIL | Civil construction | Companies - shared shareholding control | 37.73% | N/A | 1,959 | 5,176 | 2,939 | 288,634 | 0.00 | 0.00 | Expand the operations in the Popular Residential Development sector in the States of Belo Horizonte and Rio de Janeiro |
| PRIME INCORPORAÇÕES E CONSTRUÇÕES LTDA. | BELO HORIZONTE, MG - BRAZIL | Civil construction | Companies - shared shareholding control | 60.00% | N/A | 32,189 | 23,297 | 18,557 | 0.00 | 0.00 | 0.00 | Expand the operations in the Popular Residential Development sector in Brasília and neighborhoods |
| LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A. | BELO HORIZONTE, MG - BRAZIL | Implementation and management of distribution centers | Companies - shared shareholding control | 42.03% | N/A | 179,492 | 46,929 | 24,902 | 0.00 | 0.00 | 0.00 | Development of the real estate sector directed to the incorporation and rental of distribution centers, industrial condominiums, hubs and logistics condominiums |
| MDI DESENVOLVIMENTO IMOBILIÁRIO | BELO HORIZONTE, MG - BRAZIL | Management of own assets; commercialize property; and participation in other companies | Controlled Company | 100.00% | N/A | 10,066 | 31,786 | - | 0.00 | 0.00 | 0.00 | Management of own assets, development, construction and sale of own or third-party properties, the purchase, sale or barter of own or third-party properties, and holding equity interests in other companies |

The shareholders' equity and the equity in the earnings of 2011, 2010 and 2009 were derived from the financial statements for the years ended December 31, 2011, 2010 and 2009.

## 9.2. Other relevant information

As from 2006, a number of companies and shareholding interest changed in the period analyzed. These transactions resulted from the increase in the Company's incorporation and construction activities. The creation of these new companies comprises the construction business, since this activity allows to better allocate the funds and reduce the tax burden.

MRV LOG was established in June 2008 by our Company and by Autonomy Investimentos to operate in the real estate market for the merger and rental of distribution centers, industrial condominiums, hubs (center of companies which use our hangars to perform the transactions in certain regions) and logistics condominiums (development for rental of logistics operators – carriers – which partially rent the hangars and divide the common parts such as refectories, restaurant, dormitory and supporting facilities, among others). As from November 2008, our Company, together with Autonomy Investimentos, became the holder of 65% and 35%, respectively, of the MRV LOG's capital stock. On November 9, 2010, a new shareholder joined MRV Logística e Participações S.A. without the other shareholders exercising their preemptive rights, and thus the Company's equity interest decreased from 65.0 to 63.05 percent.

On July 15, 2011, the current shareholders of LOG together with Starwood Capital Group signed an Investment Agreement for the issuance of 62,650,009 common shares to be issued by LOG, totaling R$ 350 million, being R$ 250 million as Starwood‟s part and R$ 100 million for the current shareholders of LOG, of which R$ 63,050 as the Company's part. In August and October of 2011 the installment of the agreement of R$ 140,000 and R$ 210,000, respectiviely, were paid. After these paymentsthe Company's part decreased to 42.03% from 63.05%.

At the shareholders meeting held in January 2012 the change of the corporate name and corporate brand of the former MRV Logística e Participações S.A. to LOG Commercial Properties e Participações S.A. ("LOG") was approved. This amendment aims to reflect the company's business and to strengthen its strategy as commercial and industrial property builder.

Prime and Blas were acquired with the strategic purpose to improve the performance channel in the Brazilian construction market.

In November 2007, we became shareholders of Blás', through the subscription of shares, holding 49% of its capital stock. Blás operates in the low-income developments, focused mainly in the State of Rio de Janeiro and in the city of Belo Horizonte. On May 1, 2010, jointly controlled entity Blas Engenharia e Empreendimentos S.A. ("Blas") fully merged LGB Construções Ltda. ("LGB"). On the same date, the latter's name was changed to MRL Engenharia e Empreendimentos S.A. ("MRL"). Merged net assets amounted to R$2,793. As a result, on this date the Company's interest in the capital of MRL Engenharia e Empreendimentos S.A. decreased from 49 to 37.73 percent.

In September 2007, we acquired, through the subscription of shares, 50% of Prime Incorporações e Construções Ltda.'s capital stock, which company operates in the Popular Real Estate Development industry, mainly in the City of Brasília and surroundings. In November 2008, we increase our interest in Prime's capital stock to 60.0%.

On July 1, 2009, the Company established, together with its subsidiary MRV Logística e Participações S.A., MDI Empreendimentos Ltda., a company engaged in the management of own assets, development, construction and sale of own or third-party properties, the purchase, sale or barter of own or third-party properties, and holding equity interests in other companies. The Company holds 99.90% of its shares and MRV Logística e Participações S.A. holds 0.10%.

# Executive Officers' comments

## 10.1. Executive Officers' comments

Note: Except when otherwise mentioned, all value disclosed in this Reference Form considers net income and shareholders' equity attributed to the controller's shareholders.

a) General financial and equity conditions

The management understands that the Company has proper financial and equity conditions to implement the business plan and comply with its short- and long-term obligations.

The management's view is based on the following main aspects:

- Strong capitalization – on December 31, 2011, the sum of our cash and cash equivalents totaled R$1,117.4 million;
- Low leverage and conservative capital structure – on December 31, 2011, our net debt was negative in R$1,559.6 million. Wide access to financing sources for the development of our projects.
- Low working capital needs in view of a quicker financial cycle as compared to the industry average and also due to the wide usage of the associative credit system as the financing system of our developments and clients;
- Low exposure to the consumers' risk since we transferred to the banks the most part of the financing to the clients, both through the associative credit system mentioned above and the traditional bank financing;
- High operational margins due to the: (a) expertise of 32 years and leadership in the low-income real estate sector; (b) strict control of operational costs and expenses; (c) high quality of project development; (d) expertise in land acquisition; and (e) efficient construction method.

b) capital structure and possible redemption of shares or quotas

The current capital structure, measured mainly by the ratio between net income and shareholders' equity, provides currently conservative leverage levels, according to the Executive Officers' understanding.

The Total Company's shareholders' equity changed from R$2,523.3 million on December 31, 2009 to R$3,052.8 million on December 31, 2010 and to R$ 3,670.1, on December 31, 2011.

Our net indebtness was R$ 1,559.6 million on December 31, 2011, as compared to the net indebtness of R$772.4 million as of December 31, 2010 and to R$ 72.5 million as of December 31, 2009.

Our net debt to total shareholders' equity ratio was 42.5% as of December 31, 2011.

There is no intention to perform any redemption of shares or quotas.

c) payment capacity as regards to the financial obligations assumed

The Executive Officers' believe the Company has liquidity and capital resources sufficient to cover the investments, expenses, debts and other amounts to be paid over the next years, although we are not able to assure that this scenario will be maintained. The Executive Officers understand that in the event we consider necessary to raise additional resources to fund investments and acquisitions, the Company will be able to do so.

Moreover, our financial cycle is shorter as compared to the industry's average and the wide use of the "*Credito Associativo*" makes our accounts receivables an important source of liquidity to the Company, according to the Executive Officers' understanding.

d) financing for working capital and investments in non-current assets used and e) financing for working capital and investments in non-current assets to be used to cover liquidity shortages

We raise funds through loan agreements, when necessary, which are allocated to fund our working capital needs and short- and long-term investments, as well as to maintain our cash funds at a level the Executive Officers believe to be adequate for the performance of our activities.

We raised loans, mainly through the Brazilian Housing Financing System ("*Sistema Financeiro da Habitação" – SFH*), which, according to the Executive Officers view, offers lower interest rates as compared to the private market, prepayment options and the possibility of transfering our debt to our clients.

Moreover, whenever necessary, we also access the capital market to issue securities, such as debentures. The Executive Officers always seek to maintain a reduced level of exposure to interest rate and foreign exchange risks.

Our indebtness was comprised as follows for the periods indicated:

| | December 31 | | |
|---|---|---|---|
| **Consolidated (In R$ thousands)** | **2009** | **2010** | **2011** |
| Loans | 786,457 | 1,939,343 | 2,677,006 |
| (-) Cash and cash equivalents | 713,368 | 864,936 | 930,496 |
| (-) Marketable securities | 592 | 302,028 | 186,947 |
| **Net debt** | **72,497** | **772,379** | **1,559,563** |
| **Total net debt/total shareholders' equity** | **2.9%** | **25.3%** | **42,5%** |

The Company does not have significant investments in non-current assets; therefore, we do not require working capital for this purpose, according to the Executive Officers' understanding.

LOG Commercial Properties e Participações S.A's investments in investment property are finance both through own capital and third parties capital (construction and debentures financing).

f) Indebtness level and debt description

| **Consolidated (R$ thousands)** | **12/31/2011** | **Maturity Date** | **Index** | **Annual average spread** |
|---|---|---|---|---|
| Debentures – 1st issuance – 1st series | 181,878 | 6/15/2013 | CDI | 1.50% |
| Debentures – 1st issuance – 2nd series | 24,361 | 6/15/2013 | IPCA | 10.80% |
| Debentures – 2nd issuance – single series | - | 5/25/2011 | CDI | 3.70% |
| Debentures – 3rd series – single series | 544,262 | 2/1/2014 | CDI | 1.60% |
| Debentures – 4th series – single series | 302,260 | 12/1/2015 | TR | 8.25%-10.25% |
| Debentures – 5th issuance – single series | 532,513 | 7/1/2015 | CDI | 1.50% |
| Debentures – LOG – single series | 46,127 | 2/1/2014 | CDI | 2.20% |
| Working Capital – CDI | 291,518 | 1/06/2011 to 8/21/2013 | CDI | 1.02%-2.80% |
| CCB which backed the CRI transaction | 242,109 | 3/16/2013 to 3/16/2015 | CDI | 1.15% |
| Construction financing | 511,263 | 1/10/2011 to 11/15/2013 | TR | 8%-10.5% |
| FINAME | 4,935 | 1/17/2011 to 4/15/2020 | Previously-fixed | 4.50% |
| Leases | 7,266 | | | |
| Costs with the issuance of debentures | (7,543) | | | |
| Costs with the issuance of Working Capital | (704) | | | |
| Costs with the issuance of CCB | (3,239) | | | |
| **Total** | **2,677,006** | | | |

Debentures:
1st issue
The first issue carried out on June 15, 2008 totaled R$300,000 in simple, nonconvertible debentures, in two registered, book-entry, unsecured series, with the following additional features:

(i) The nominal value of first series debentures, amounting to R$271,400 represented by 27,140 debentures, is not adjusted, and these debentures bear interest, charged on nominal value or outstanding balance, if applicable, equivalent to 100% of the accumulated change in the average daily rates of extragroup *DI Over* (one-day interbank deposits), calculated and disclosed by the *CETIP* (organized over-the-counter market for assets and derivatives), plus a spread of 1.5% per year.

(ii) The nominal value, or outstanding balance, of second series debentures, amounting to R$28,600 represented by 2,860 debentures, adjusted as from issuance based on the extended consumer price index (*IPCA*) and such adjustment is automatically added to the nominal value of second series debentures, which bear interest of 10.80% per year.

Interest on first series debentures is paid semiannually and on second series debentures annually, as from issuance date up to maturity date on June 15, 2013.

In May 2011, LOG issued simple, nonconvertible, registered, book-entry, unsecured debentures, in a single series, with unsecured guarantees (bond), with nominal face value of R$1,000 (one million Brazilian reais) amounting to, on issuance date, R$108,000 (R$45,392 for consolidation purposes), which pay equivalent to 100% of the CDI fluctuation plus spread of 2.20% per year (effective interest rate of 100% of CDI fluctuation plus 2.69% per year). These debentures mature on February 16, 2014 and interest is payable semiannually. These agreements do not contain any restrictive covenants requiring compliance

with financial ratios. The Company and other LOG's shareholders guarantee the transactions. Accordingly, the balances at December 31, 2011 incorporate this first issue of this subsidiary, referring to principal (R$45,392) and interest (R$735) amortizable in 2014 and 2012, respectively, and unrecognized issue costs (R$437).

2nd issue
The second issue of 100 debentures, amounting to R$100,000 and maturing within two (2) years, was made on May 25, 2009, in a single series and bears interest, charged on nominal value or outstanding balance, equivalent to 100% of the accumulated change in the average daily rates of extragroup DI Over (one-day interbank deposits), calculated and disclosed by the CETIP (organized over-the-counter market for assets and derivatives), plus a spread of 3.70% per year. This issue was settled on May 25, 2011.

3rd issue
On January 14, 2010, the Board of Directors approved the third public issue of single series simple, nonconvertible, registered, unsecured debentures, within the authorized capital cap.

On February 1, 2010, the Company conducted the third issue of simple, nonconvertible, registered, book-entry unsecured debentures, amounting to R$516,400 represented by 51,640 single series debentures, under CVM registration number CVM/SER/DEB/2010/007.

These debentures were settled on March 10, 2010 for a total amount of R$521,475 - as adjusted by the security's unit price (UP) disclosed by the trustee - represented by 51,640 (fifty one thousand, six hundred and forty) debentures in the nominal unit value of ten thousand reais, maturing on February 1, 2014, and redeemable in two semiannual payments, on February 1, 2013 and February 1, 2014, respectively. These debentures bear interest, charged on nominal value or outstanding balance, equivalent to 100% of the accumulated change in the average daily rates of extragroup *DI Over* (one-day interbank deposits), calculated and disclosed by the *CETIP* (organized over-the-counter market for assets and derivatives), plus a spread of 1.60% per year. Interest started to be paid on August 1, 2010.

4th issue
On December 23, 2010, the Company conducted the fourth issue of nonconvertible debentures, amounting to R$300,000 represented by 300 debentures with nominal value of one R$1,000.

These debentures mature on December 1, 2015 and will be redeemed semiannually in five installments, starting December 1, 2013. These debentures are collateralized by: (i) the investment fund of the undisbursed proceeds that will finance the projects (ii) the receivables from the sale of units that will be financed with the debentures' proceeds; (iii) the escrow accounts of each project being financed with this proceeds; and (iv) the land of each financed project. As of December 31, 2010, the only outstanding collateral was the investment fund of the undisbursed proceeds that will finance the construction of some defined projects. Additionally, this debenture bears interest charged on its nominal value or outstanding balances, when applicable, equivalent to the *"Taxa Referencial" - TR* (a managed prime rate), plus a spread of 8.25% for the funds used to finance units with a sales price equal to the price set out in a Resolution of the Severance Pay Fund ("*Fundo de Garantia por Tempo de Serviço" - FGTS*) Board or lower, and 10.25% for the funds used to finance units with a sales price higher than the price set out in a Resolution of the Severance Pay Fund (*FGTS*) Board. Interest will be paid semiannually, beginning June 1, 2011.

5th issue
On July 15, 2011, the Company completed the fifth public issuance of simple, nonconvertible debentures, with unsecured guarantees, in a single series, amounting to R$500,000, represented by 500,000 debentures with nominal face value of one thousand reais (R$1,000), maturing on July 1, 2016. The nominal face value of these debentures will be repaid in two equal installments maturing on July 1, 2015 and July 1, 2016. These debentures pay interest, charged on the face value or the outstanding balance, in applicable, equivalent to the CDI rate plus spread of 1.5% per year, payable semiannually starting January 15, 2012.

CCB
On February 18, 2011, the Company issued two Bank Credit Notes ("CCB") totaling R$240,900, which backed the transaction with Certificates of Real Estate Receivables ("CRI") issued by Brazilian Securities Companhia de Securitização on March 15, 2011. The aggregate balance of principal and interest at December 31, 2011 was R$242,109. Costs incurred on CCB issuances totaled R$3,895 and the balance at December 31, 2011 was R$3,239. These funds will be used to acquire land, and the construction and development of certain housing projects. This transaction has a two-year grace period, will be amortized in nine (9) quarterly installments, with final maturity on March 16, 2015, and pays interest equivalent to interbank rate (DI), plus spread of 1.15% per year, paid on a quarterly basis. This transaction is not guaranteed by collaterals or fiduciary guarantees.

Working Capital

Working capital and construction financing agreements are collateralized by receivables, disposal of land, or promissory notes, some of which guaranteed by the controlling shareholders.

FINAME
The FINAME financing agreement refers to the purchase of an aircraft, totaling R$5,665, through the FINAME Program. Principal will be repaid in monthly, consecutive installments, starting in May 2012 and ending in April 2020. Interest will be paid

in quarterly, consecutive installments during the grace period for principal repayment (May 2012) and on a monthly basis after such grace period. This financing bears interest set at the fixed rate of 4.50% per year. The financing is collateralized by a lien in favor of the lender and a promissory note in an amount corresponding to 130% of principal.

RESTRICTIVE CLAUSES (COVENANTS):

| Covenants | December 31 | | |
|---|---|---|---|
| | 2009 | 2010 | 2011 |
| (Net Debt+Real Properties Payable)/(Shareholders' Equity < 0.65) | -0.04 | 0.11 | 0.31 |
| (Receivables + Unearned Income + Inventories)/ (Net Debt+ Real Properties Payable + Unexpired Cost) >1.6 or < 0 | 5.03 | 4.13 | 3.54 |

g) Utilization limits of contracted financing

The 4th debentures issue resources, in the amount of R$300,000 thousand, as mentioned on item 10.01 f), are released for utilization according to the physical-financial schedule of the financed project. Until March 2011, R$190.058 thousand were already released to the Company, with the remaining R$109,942 thousand yet to be released.

h) Material changes in each line of the financial statements

FINANCIAL INFORMATION

These consolidated financial statements are the first prepared and presented in accordance with the International Financial Reporting Standards (IFRS), applicable to real estate development entities, as approved by the Accounting Pronouncements Committee (CPC), the Brazilian Securities and Exchange Commission (CVM), and the Federal Accounting Council (CFC), and in accordance with all the the individual financial statements, the Company adopted the changes in Brazilian accounting practices identifyied as Consolidated.

*Net operating revenue*

Our net operating revenues increased from R$ 1.6 billion for the year ended December 31, 2009 to R$ 3.0 billion for the year ended December 31, 2010, to R$4.0 billion for the year ended December 31, 2011. An increase of 32.9% over 2010 and 143.7% over 2009.The increase is mainly because of the increase in contracted sales volume and the increase of units built in 2011, according to the Executive Officers' understanding.

*Cost of properties sold and services*

The cost of properties sold and services increased from R$ 1,069.7 million for the year ended December 31, 2009 to R$ 2,044.1 million for the year ended December 31, 2010 to R$2,767.6 for the year ended December 31, 2011. An increase of 35.4% over 2010 and 158.7% over 2009. The increase resulted from the greater volume of properties built and sold, and the greater amount of interest included in the cost of properties sold and services in 2011 (R$132.9 million) compared to the same period of 2010 (R$ 112.4 million) and in 2009 (R$ 41.7 million), according to the Executive Officers' understanding.

*Gross profit*

By virtue of the reasons above, our consolidated gross profit in 2011 reached R$ 1,247.4 million, an increase of 27,7% compared to R$ 976.8 million in 2010 and of 115.9% over the R$577.8 million in 2009. Gross margin reached 31.1% in 2011.

*Selling expenses*

Our selling expenses grew 37.5% over 2010 and 113.3% over 2009, going from R$105.2 million in 2009 to R$163.1 million in 2010 to R$224.3 million in 2011. Resulted from the economies of scale, this increase was well below the growth of contracted sales and net income. In percentage of net revenues, selling expenses remained stable compared to 2010 from 5.4% to 5.6% in 2011 and decreased sharply from 6.4% in 2009 to 5.4% in 2010.

*General and administrative expenses (including management's fees)*

Our general and administrative expenses (including administration fees) grew by 37.1% compared to 2010 and 101.2% compared to 2009, from R$100.1 million in 2009 to R$146.9 million in 2010 to R$201.3 million in 2011. The growth of the operation has been followed by tight control of administrative expenditure, according to the Executive Officers' understanding. When comparing these costs with net revenue we observe a substantial gain in productivity, mainly obtained as a result of

investments in technology and processes. In percentage of net revenues, selling expenses remained stable compared to 2010 from 4.9% in 2010 to 5.0% in 2011 and decreased sharply from 6.1% in 2009.

*Other operating income, net*

Our other net operating income went from R$ 10.6 million in 2009 to R$ 3.0 million in 2010 and to R$71.3 million in 2011. An increase of 2,271.1% compared to 2010 and of 574.2% compared to 2009. This increase is due to the capital transaction in the subsidiary LOG CP in August and Ocotber 2011.

*Financial income (expenses)*

*Financial expenses*

Our financial expenses increased from R$ 21.2 million in 2009 to R$ 40.0 million in 2010 and to R$136.7 million in 2011. An increase of 241.6% compared to 2010 and of 544.3% compared to 2009. This increase resulted from the growth of our debt, with greater expenses with interests, partially compensated by the allocation of part of these interests in the costs of the development's construction, according to the Executive Officers' understanding.

*Financial income*

Our total financial income increased from R$ 48.2 million for the year ended December 31, 2009 to R$ 100.5 million for the year ended December 31, 2010 to R$123.0 million for the year ended December 31, 2011. An increase of 22.4% compared to 2010 and 159.5% compared to 2009, mainly due to the increase in the interest revenues from financial investments, as a consequence of the greater average cash balance in 2011.

Our financial income from receivables from real estate development increased from R$ 12.2 million for the year ended December 31, 2009 to R$ 30.2 million for the year ended December 31, 2010 to R$23.4 million for the year ended December 31, 2011. A decrease of 22.6% compared to 2010 and an increase of 91.9% compared to 2009 mainly due to the variation in the indexes which adjust our receivables. - *INCC and IGP-M*.

*Income before income tax and social contribution*

Due to the reasons mentioned above, our income before income tax and social contribution increased from R$ 422.2 million for the year ended December 31, 2009, to R$ 760.5 million for the year ended December 31, 2010 to R$ 902.6 million for the year ended December 31, 2011. An increase of 18.7% compared to 2010 and 113.8% compared to 2009.

*Income tax and social contribution*

The expenses with income tax and social contribution increased from R$ 48.2 million for the year ended December 31, 2009 to R$ 86.3 million for the year ended December 31, 2010 to R$ 86.3 million for the year ended December 31, 201. An increase of 1.2% compared to 2010 and 79.2% compared to 2009.This increase occurred due to the growth of net revenue and profit before taxes, according to the Executive Officers' understanding.

*Net Income*

Our profit attributable to shareholders of the Company increased from R$ 374.1 million for the year ended December 31, 2009 (representing 22.7% of our net operating income) to R$ 675.2 million for the year ended December 31, 2010 (representing 22.4% of our net operating income) to R$ 816.3 million for the year ended December 31, 2011(representing 20.3% of our net operating income), an increase of 20.9% compared to 2010 and 118.2% compared to 2009. This increase resulted from the significant increase in our gross profit, reduction in general and administrative expenses as previously mentioned, according to the Executive Officers' understanding.

**MAIN CHANGES IN THE BALANCE SHEET ACCOUNTS**

**Current assets**

*Cash and cash equivalents and investment securities*

The table below describes our cash and cash equivalents and investment securities for the dates indicated:

| Consolidated (R$ thousands) | December 31 | | | % Variation | % Variation |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/ 2010 | 2011/ 2009 |
| Cash and cash equivalents | 713,368 | 864,936 | 930,496 | 7.6% | 30.4% |
| Investment Securities – current account | 582 | 302,028 | 186,947 | (38.1)% | 32,021.5% |
| Investment Securities – non-current account | 10 | 0 | 0 | - | - |
| **Total** | **713,960** | **1,166,964** | **1,117,443** | **(4.2%)%** | **56.5%** |

*Cash and cash equivalents*

On December 31, 2011, our cash and cash equivalents totaled R$ 930.5 million, as compared to the R$ 864.9 million on December 31, 2010 and to R$ 713.4 million on December 31, 2009. This increase is a result of the increase in our operations volume, which can be seen in the net operating revenues, as described before, according to the Executive Officers' understanding.

*Investment Securities*

On December 31, 2011, our investment securities totaled R$ 186.9 million, as compared to R$ 302.0 million on December 31, 2010 and R$0.6 million on December 31, 2009. The decrease of 38.1% compared to 2010 resulted mainly from the disbursement of the funds. The increase of 32,021.5% compared to 2009 is due to the concentration of received resources at the end of the month of December 2011, according to the Executive Officers' understanding.

*Receivables from real estate developments*

The table below describes our receivables from real estate developments, for the dates indicated:

| Consolidated (R$ thousands) | December 31 | | | % Variation | % Variation |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/ 2010 | 2011/ 2009 |
| Receivables from real estate developments | 2,071,829 | 3,289,825 | 4,693,731 | 42.7% | 126.6% |
| Discounts to present value | (17,712) | (31,420) | (27,895) | (11.2)% | 57.5% |
| **Total** | **2,054,117** | **3,258,405** | **4,665,836** | **43.2%** | **127.1%** |
| Current | 1,449,028 | 1,953,068 | 2,856,493 | 46.3% | 97.1% |
| Non-current | 605,089 | 1,305,337 | 1,809,343 | 38.6% | 199.0% |
| **Total** | **2,054,117** | **3,258,405** | **4,665,836** | **43.2%** | **127.1%** |

The receivables from real estate development on December 31, 2011, 2010 and 2009 were deducted based on the adjustment at present value as set forth in CPC Pronouncement 12.

On December 31, 2011, the balance of receivables from real estate developments totaled R$4,665.8 million compared to R$ 3,258.4 million and to R$ 2,054.1 million on December 31, 2009. This increase of 43.2% compared to 2010 and 127.1% compared to 2009 resulted from the increase of Contracted Sales for the period with the subsequent increase in the receivables portfolio, considering that a significant portion of the sales is received from the client financing transfer to the Financial Institutions, according to the Executive Officers' understanding.

*Receivables from services provided*

| Consolidated (R$ thousands) | December 31 | | | % Variation | % Variation |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/ 2010 | 2011/ 2009 |
| Receivables from services provided | 246 | 1,758 | 1,362 | (22.5)% | 453.7% |
| **Total** | **246** | **1,758** | 1,362 | **(22.5)%** | 453.7% |

On December 31, 2011, the balance of receivables from services provided totaled R$1.4 million, a decrease of 22.5%% and increase of 453.7% as compared to R$ 1.8 million on December 31, 2010 and R$ 0.2 million on December 31, 2009, respectively.

The companies Expar Êxito e Participações Ltda. (Expar), Construtora Verde Grande Ltda. (CVG) and MRV Serviços de Engenharia Ltda. (Serviços) are controlled by the Company's shareholders Marcos Alberto Cabaleiro Fernandez, Lucas Cabaleiro Fernandez, Rubens Menin Teixeira de Souza and Mário Lúcio Pinheiro Menin, but are Company's subsidiaries. The Company provides building services to these related parties. In addition, the Company provides administrative services to subsidiary LOG Commercial Properties e Participações S.A. The receivables from services rendered, as stated in the table above, include the agreements between the Company and the companies mentioned before.

*Lease Receivables*

| Consolidated (R$ thousands) | December 31 | | | % Variation | % Variation |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/ 2010 | 2011/ 2009 |
| Lease Receivables | 99 | 156 | 681 | 336.5% | 587.9% |
| **Total** | **99** | **156** | **681** | **336.5%** | **587.9%** |

Refer to the rental portfolio of subsidiary LOG Commercial Properties e Participações S.A.

Our lease receivables totaled R$0.7 million on December 31, 2011 a raise of 336.5% and 587.9% whencompared to R$0.2 million on December 31, 2010 and to the R$0.1 million on December 31, 2009.

*Real Estate for sale*

The balance of properties for sale is composed as follows for the dates indicated:

| Consolidated (R$ thousands) | December 31 | | | % Variation | % Variation |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/ 2010 | 2011/ 2009 |
| Properties under construction | 344,646 | 540,863 | 1,015,794 | 87.8% | 194.7% |
| Completed Units | 31,921 | 31,097 | 45,982 | 47.9% | 44.0% |
| Land bank | 933,383 | 1,249,319 | 1,579,446 | 26.4% | 69.2% |
| Advances to suppliers | 26,295 | 76,918 | 75,231 | (2.2)% | 186.1% |
| Inventories of supplies | 391 | 7,847 | 9,031 | 15.1% | 2,209.7% |
| **Total** | **1,336,636** | **1,906,044** | **2,725,484** | **43.0%** | **103.9%** |

On December 31, 2011, our balance of real estate for sale totaled R$ 2,725.5 million, an increase of 43.0% and 103.9% compared to On December 31, 2010 and December 31, 2009, mainly due to the expansion of the land acquired, according to the Executive Officers' understanding.

*Restricted savings deposits*

| Consolidated (R$ thousands) | December 31 | | | % Variation | % Variation |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/ 2010 | 2011/ 2009 |
| Restricted savings deposits | 15,360 | 31,191 | 9,668 | (69.0)% | (37.1%) |
| **Total** | **15,360** | **31,191** | **9,668** | **(69.0)%** | (37.1%) |

Restricted savings deposits are held during the project construction period and correspond to the money contributed by Caixa Econômica Federal (Federal Government savings bank) to allow for the client financing through *Crédito Associativo* (mortgage loans provided to MRV's clients, by *Caixa Econômica Federal,* during the construction phase). The balances of these deposits total R$9,271 (R$28,452), Company, and R$9,668 (R$31,191 as at December 31, 2010), Consolidated, and are registered under "other assets" in current assetas.

**Non-current assets**

*Credit with related parties*

On December 31, 2011, our credits with related companies totaled R$ 65.7 million as compared to R$ 60.9 million on December 31, 2010 and R$84.8 million on December, 2009. The increase of 7.8%compared to 2010 mainly resulted from the normal flow of the operations. The decrease of 22.5% compared to 2009 mainly resulted from the loans paid by Prime Incorporação e Construções S.A. in the amount of R$9.1 million.

*Investment Property*

| Consolidated (R$ thousands) | December 31 | | | % Variation | % Variation |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/ 2010 | 2011/ 2009 |
| Investment Property | 24,094 | 155,705 | 222,903 | 43.2% | 825.1% |
| **Total** | **24,094** | **155,705** | **222,903** | **43.2%** | 825.1% |

Lease of distribution centers and industrial condominiums refer to assets kept by the subsidiary LOG Commercial Properties e Participações S.A with the purpose of obtaining income from rent or capital valorization.

**Liabilities**

*Trade Payables*

On December 31, 2011, our trade payables balance totaled R$249.6 million, an increase of 61.6% compared to the R$ 154.5 million on December 31, 2010 and 158.6% when compared to R$ 96.5 million This increase resulted from the increase in the volume of properties under construction, which affected directly the supply of materials and services, according to the Executive Officers' understanding.

*Borrowings, financing and debentures – current and non-current*

| Consolidated (R$ thousands) | December 31 | | | % Variation | % Variation |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/ 2010 | 2011/ 2009 |
| Leases | 1,482 | 3,363 | 7,266 | 116.1% | 390.3% |
| Debentures | 401,964 | 1,185,461 | 1,623,858 | 37.0% | 304.0% |
| Bank Loans for Working Capital | 34,967 | 255,591 | 290,814 | 13.8% | 731.7% |
| Financing | 348,044 | 494,928 | 516,198 | 4.3% | 48.3% |
| CCB | - | - | 238,870 | - | - |
| **Total** | **786,457** | **1,939,343** | **2,677,006** | **38.0%** | **240.4%** |
| Current | 303,592 | 544,506 | 532,489 | (2.2)% | 75.4% |
| Non-current | 482,865 | 1,394,837 | 2,144,517 | 53.7% | 344.1% |
| **Total** | **786,457** | **1,939,343** | **2,677,006** | **38.0%** | **240.4%** |

| Consolidated (R$ thousands) | 12/31/11 | Maturity Date | Index | Annual average spread |
|---|---|---|---|---|
| Debentures – 1st issuance – 1st series | 181,878 | 6/15/2013 | CDI | 1.50% |
| Debentures – 1st issuance – 2nd series | 24,361 | 6/15/2013 | IPCA | 10.80% |
| Debentures – 2nd issuance – single series | - | 5/23/2011 | CDI | 3.70% |
| Debentures – 3rd issuance - single series | 544,262 | 2/1/2014 | CDI | 1.60% |
| Debentures – 4th issuance - single series | 302,260 | 12/1/2015 | TR | 8.25%-10.25% |
| Debentures – 5th issuance – single series | 532,513 | 7/1/2015 | CDI | 1.50% |
| Debentures – LOG – single series | 46.127 | 2/1/2014 | CDI | 2.20% |
| Working Capital – CDI | 291,518 | 1/6/2011 to 8/21/2013 | CDI | 1.02% a 2.80% |
| CCB which backed the CRI transaction | 242,109 | 3/16/2013 to 3/16/2015 | CDI | 1.15% |
| Construction financing | 511,263 | 1/10/2011 to 11/15/2013 | TR | 8% a 10.5% |
| FINAME | 4,935 | 01/17/2011 to 04/15/2020 | Previously-fixed | 4.50% |
| Leases | 7,266 | | | |
| Costs with the issuance of debentures | (7,543) | | | |
| Costs with the issuance of Working Capital | (704) | | | |
| Costs with the issuance of CCB | (3,239) | | | |
| **Total** | **2,677,006** | | | |

On December 31, 2011, our borrowings, financing and debentures totaled R$ 2,667.0 million, an increase of 38.0% as compared to the R$ 1,939.3 million on December 31, 2010 and 240.4% when compared to the R$786.5 on December 31, 2009.

On December 31, 2011, our debentures balance totaled R$ 1,623.9 million, an increase of 37.0% as compared to the R$ 1,185.5 million on December 31, 2010 and 304.0% when compared to R$ 402.0 million on December 31, 2009, by virtue of the proceeds from the 5th issuance of debentures in the amount of R$ 500 million.

*Payroll and related taxes*

On 31 December, 2011, our payroll, related taxes and benefits totaled R$ 94.3 million, an increase of 29.1% as compared to R$73.1 million of31 December, 2010 and of 175.6% when compared to the R$34.2 million December 31, 2009. This increase was primarily due to the increase in the number of our employees by virtue of the increase in our operations, according to the Executive Officers' understanding.

*Taxes payable*

On December 31, 2011, our taxes payable totaled R$ 48.4 million, a decrease of 13.5% when compared to R$55.9 million on December 31, 2010 and an increase of 340.3% when compared to R$11.0 on December 31, 2009. This increase was mainly

due to the change in the Special Taxation Regime and an increased balance of PIS and COFINS payable related to the higher volume of the Company's operating revenues, according to the Executive Officers' understanding.

*Land Payables – current and non-current*

| Consolidated (R$ thousands) | December 31 | | | % Variation | % Variation |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/ 2010 | 2011/ 2009 |
| Current | 110,248 | 274,998 | 286,660 | 4.2% | 160.0% |
| Non-current | 49,705 | 62,940 | 112,529 | 78.8% | 126.4% |
| **Total** | **159,953** | **337,938** | **399,189** | **18.1%** | **149.6%** |

On December 31, 2011, land payables totaled R$ 399.2 million, an increase of 18.1% when compared to R$337.9 of December 31, 2010 and 149.6% when compared to R$159.9 on December 31, 2009. This increase resulted from the land acquisitions in 2011, partially compensated by the amortization of debts and increase on the land acquired through swaps, according to the Executive Officers' understanding.

*Advances from customers – current and non-current*

| Consolidated (R$ thousands) | December 31 | | | % Variation | % Variation |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/ 2010 | 2011/ 2009 |
| Current | 415,488 | 557,265 | 1,234,160 | 121.5% | 197.0% |
| Non-current | 34,657 | 122,458 | 115,204 | (5.9)% | 232.4% |
| **Total** | **450,145** | **679,723** | **1,349,364** | **98.5%** | **199.8%** |

On December 31, 2011, our advances from customers totaled R$ 1,349.4 million, an increase of 98.5% higher when compared to December 31, 2010 and 199.8% higher than December 31, 2009.

These increases resulted from the amounts received from the sale of the Units of the developments launched and not constructed, or the receipts of which exceed the recognized revenues, reflecting the greater volume of launches and sales for the periods indicated, according to the Executive Officers' understanding.

*Accrual for property maintenance – current and non-current*

| Consolidated (R$ thousands) | December 31 | | | % Variation | % Variation |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/ 2010 | 2011/ 2009 |
| Current | 4,002 | 8,247 | 14,895 | 80.6% | 272.2% |
| Non-current | 22,914 | 64,140 | 130,127 | 102.9% | 467.9% |
| **Total** | **26,916** | **72,387** | **145,022** | **100.3%** | **438.8%** |

On December 31, 2011, our accrual for property maintenance, in view of the guarantee of five years after the completion of the development against construction problems, totaled R$ 145.0 million, an increase of 100.3% as compared to December 31, 2010 and 438.8% higher than December 31, 2009. This variation reflected the increase in the developments under construction for the period and the increase from 2% in 2010 to 3% in 2011 in the provision percentage of the total construction cost.

*Obligations with related companies*

As from 2007, our obligations with related companies were recorded in other accounts payable (see "Other accounts payable"). In accordance with the applicable standards for the preparation of the financial statements, our obligations with related companies were subject to disclosure in the note to the financial statements.

As from 2007, our obligations with related companies were significantly reduced mainly due to the settlement of the balances payable with MRV Serviços de Engenharia and CVG, former companies comprising the MRV Group.

*Deferred tax liabilities*

| Consolidated (R$ thousands) | December 31 | | | % Variation | % Variation |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/ 2010 | 2011/ 2009 |
| Deferred liability taxes | 179,971 | 264,395 | 332,596 | 25.8% | 84.8% |
| **Total** | **179,971** | **264,395** | **332,596** | **25.8%** | **84.8%** |

Our deferred tax liabilities comprise temporary differences calculated based on the difference between the cash method and the accrual method of accounting. The increases recorded reflect the increase in our real estate development and financial revenues from the adjustments to the balances of receivables from real estate developments, according to the Executive Officers' understanding.

*Other payables*

The balance of other payables is as follows for the dates indicated:

| Consolidated (R$ thousands) | December 31 | | | % Variation | % Variation |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/ 2010 | 2011/ 2009 |
| Current | 2,248 | 2,014 | 7,509 | 272,8% | 234.0% |
| Non-current | 163 | - | - | - | - |
| **Total** | **2,411** | **2,014** | **7,509** | **272.8%** | **211.4%** |

Our other payables totaled R$ 7.5 million on December 31, 2011, an increase of 272.8% compared to R$ 2.0 million on December 31, 2010 and 211.4% compared to R$2.4 million on December 31, 2009 due to the provision of expenses to be billed for suppliers.

*Provisions for civil, labor and tax risks*

| Consolidated (In R$ thousands) | Balance on 31/12/10 | Additions | Reversions | Payments | Monetary adjustments | Balance on 31/12/11 |
|---|---|---|---|---|---|---|
| Civil | 2,887 | 2,009 | 104 | (2,238) | 255 | 2,809 |
| Labor | 3,056 | 3,391 | 473 | (2,342) | 261 | 3,893 |
| Tax | 1,485 | 175 | (1,396) | - | 13 | 277 |
| Administrative | 12 | 19 | (2) | - | 1 | 30 |
| **Total** | **7,440** | **5,594** | **(1,975)** | **(4,580)** | **530** | **7,009** |

Based on the opinion of our legal counsel, our management recorded provisions for estimated civil and labor losses. The tax contingencies, under liabilities, refer mainly to municipal taxes payable by the potential purchasers of the Units.

Moreover, we are party to other claims/contingencies deemed by our legal advisors with a probability of possible losses. In accordance with the Accounting Practices Adopted in Brazil, we have not recorded provisions for possible losses.

**Shareholders' equity**

On December 31, 2011, our capital stock totaled R$ 2,650.2 million, an increase of 12.8% as compared to the R$ 2,350.0 million on December 31, 2010 and 38.2% when compared to the amount of 1,917.4 million on December 31, 2009, basically related to the capitalization of the retained earnings reserves, in the amount of R$ 300 million on 17/10/2011, according to the Executive Officers' understanding.

The shareholders' equity totaled R$ 3,670.1 million on December 31, 2011, compared to the R$ 3,052.8 million on December 31, 2010 and R$2,523.3 on December 31, 2009. According to the Executive Officers, this increase is basically related to the net income of R$816.3 million for the year and the reduction on the amount of dividends on the value of R$180.5 million.

**Liquidity and capital resources**

Our main sources of liquidity derived from the cash generated by our operations and, when necessary, from the real estate financing and loans, which are guaranteed by land and accounts receivable. In 2007, 2008, 2009,2010 and 2011 the expansion of our activities was financed by real estate loans and issuance of fixed income debt – debentures - in the capital market.

According to the Executive Officers' understanding, the financing and management of our cash flow are essential for our long-term activities. We seek to reduce our cash exposure for each real estate development project by adopting the following strategies: (i) swapping land for units to be built on the land or swapping land for part of the receivables from the units to be built; and (ii) financing of the construction with *SHF* proceeds. We believe that these sources will continue to be sufficient to meet our current needs.

**Cash flows**

Our cash flows from the investment operating activities and financing activities in 2009, 2010 and 2011 are described below:

| Consolidated (R$ thousands) | December 31 | | | % Variation | |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2011/2010 | 2011/2009 |
| Net cash used in operating activities | (210,717) | (377,011) | (564,444) | 49.7% | 167.9% |
| Net cash used in investment activities | (47,262) | (392,328) | 78,359 | (120.0%) | (265.8%) |
| Net cash useed in financing activities | 822,359 | 920,907 | 551,645 | (40.1%) | (32.9%) |
| **Increase (decrease) in cash and cash equivalents** | **564,380** | **151,568** | **65,560** | **(56.7%)** | **(88.4%)** |

In 2011, we recorded an increase in our cash of R$ 65.6 million resulting mainly from the debentures issued on the amount of R$500 million, according to the Executive Officers' understanding.

**Investments**

In 2009, we invested R$ 27.2 million in property and equipment and intangible assets and investment properties, directed mainly to the construction of sales stands and acquisition of software use licenses. In 2011 and 2010, we invested R$ 155.5 and 129.5 million, respectively, in property and equipment and intangible assets and investment property, to the building of commercial stands and assets kept by subsidiary LOG Commercial Properties e Participações S.A. with the purpose to obtain income from rent.

**Transactions not registered in the financial statements**

Currently, our operating revenues are recorded in the statement of income based on the percentage of completion of each development, being this percentage determined based on the total cost of the respective developments. In view of this accounting practice, at the end of each period, we have unrecorded gross operating revenues from sales transactions of properties already contracted, as regards to the properties not concluded yet. For further information, see item 10.8.

**Quantitative and qualitative evaluation of the market risks**

We are exposed to market risks inherited to the normal course of our activities. These market risks may affect the value of our financial liabilities and our equity condition. In 2011, we had no financial liabilities at amounts considered relevant against our assets and activities, according to the Board of Directors' understanding.

*Interest rates*

Our revenues and expenses may be affected by the changes in interest rates due to the effects of these changes against the following accounts: (i) receivables from real estate development; (ii) interest expenses from debt instruments at floating rates; and (iii) interest revenues generated from the cash and cash equivalents and financial investments.

*Liquidity*

We manage our liquidity risk based on our cash flows, by keeping a solid capital structure and low leverage levels. Moreover, our assets and liabilities levels are continuously monitored by our management.

*Foreign exchange*

Our operational results may also be affected indirectly by foreign exchange variations. Although almost all of our revenues are expressed in Brazilian reais, some of our inputs, such as cement and steel, are products with specific prices at the international market. Therefore, foreign exchange variations may affect the prices of these products. Moreover, the devaluation of the Brazilian real against the US dollar may result in additional inflationary pressures in Brazil and increase the interest rates. On the other hand, the devaluation of the Brazilian real against the US dollar may represent high inflationary levels, which could reduce the interest rates and increase the demand in real estate industry.

## 10.2. Executive officers' comments

a) Company's operational results

Our operating revenues resulted mainly from the real estate development, construction and sales activities and include the amounts from the units sold in connection with our developments.

Our operating revenues are recorded in the statement of income based on the percentage of completion of each development, net of discounts and cancelations, in accordance with the accounting practices adopted in Brazil.

The Executive Officers believe that since 2007 our operating results have been positively affected by the increase in sales and volume of units built, reflecting the market conditions in our segment and our Company's execution capacity. In 2011, when compared to 2010, we had a 15% increase in contracted sales and a 36% increase in built units, resulting in a 33% increase in net revenue.

In addition to the risks which affect the real estate market as a whole, such as the interruption of raw material supply, the price variation of raw materials and equipment, the availability of labor, the supply and demand for developments in specific regions, strikes, and environmental and zoning regulations, the Executive Officers understand that our activities are affected by the following risks:

(i) Our ability to maintain the continuous success of our sales efforts and our ability to implement successfully our operational strategy;
(ii) Our ability to realize our PSV;
(iii) Changes in the laws and regulations applicable to the real estate industry, as well as the enactment of future laws and regulations on the real estate, tax or zoning matters;
(iv) Increase in our costs and expenses, including the costs with land acquisition and construction of developments;
(v) Changes in real estate prices, attractiveness of our developments and competition conditions;
(vi) Our ability to transfer a portion of our receivables portfolio held by our clients at attractive rates;
(vii) The economic, political and business scenario in Brazil, including the economic growth indices, changes in foreign exchange, interest or inflation rates;
(viii) The effects of the international economic and financial crisis in Brazil;
(ix) Our ability to maintain labor, products, materials and service providers available continuously and at reasonable prices;
(x) The concession of permits and governmental authorizations for our projects and developments;
(xi) Our indebtness level, other financial obligations and our ability to contract loans whenever necessary and under reasonable terms;
(xii) Continuity and success of the "Minha Casa Minha Vida" Program";
(xiii) Interests of our Controlling Shareholder; and
(xiv) Other risks presented in item 4.1. of this Reference Form.

The Executive Officers believe that in the event any of the risks above take place, our activities, financial condition and operational results may be adversely affected.

The Company's Executive Officers assure the intention to keep dedicated to the Real Estate acquisition, devolpment, administration, building, sale and financing.

b) Variations in revenues attributable to changes in prices, foreign exchange rates, inflation, volumes and introduction of new products and services

The Executive Officers believe that the operating revenues may be affected by the variation in the inflation indices according to which our sales agreements are adjusted. As regards to the long-term sales agreements, our accounts receivables with clients, in most part, are adjusted as follows: (i) up to the client's bank finance sign with the financial institution (during the construction stage) by INCC, and (ii) upon the concession of the Occupancy Permit (post-construction), at the interest rate of 12.0% per year, plus IGP-M rate.

In 2011, the average sale price per square metre was 13% higher than 2010 average. See chapter 5.1 for 2011 inflation and interest indices performance.

In addition to the inflation impacts under the Company's receivables. our Executive Officers indicate that the market conditions have relevant impact, which may cause the changes in the volume and sale price of new projects and significant change in the Company's revenues

c) Effects from inflation, changes in the price of the main inputs and products, and foreign exchange and interest rates against the issuer's operational and financial results

According to the Executive Officers, the changes in the inflation and interest rates affect the real estate market to the extent such changes impact the economic activities, the consumption and the investment levels. Moreover, the Executive Officers believe the relative growth of the inflationary indices, specifically INCC which, in general, is the index applied to the construction costs, may affect the profitability of the real estate activities. Currently, the Company does not have relevant exposure to foreign currencies and the exchange rate impacts indirectly, through the impact in the Brazilian economy. See chapter 5.1 for 2011 inflation and interest indices performance.

## 10.3. Material events and effects on the Company's financial statements and results

a) Introduction or disposal of the operational segment

MRV LOG was established in June 2008 by our Company and Autonomy Investimentos to operate in the real estate industry focused on the development and rental of distribution centers, industrial condominiums, hubs (central units of the companies which use our hangars to centralize their operations in specific regions) and logistics condominiums (development for the rental of logistics operator companies – carriers – which rent a portion of the hangars and divide the common places, such as refectory, restaurant, room, support, among others).

The Executive Officers believe the introduction of this operational segment will be positive for the Company's Financial Statements, following the growth of its operations and maturation of its assets. The benefits over the years will positively impact net income and the value of our assets.

b) Formation, acquisition or disposal of shareholding interest

**MRL Engenharia e Empreendimentos (Previously Blás Engenharia Empreendimentos S.A.- "Blás")**

In November 2007, we became the shareholders of Blás, through the subscription of shares, with a shareholding interest of 49% in Blás' capital stock. Blás operates in the affordable housing industry, focused mainly in the State of Rio de Janeiro and in the city of Belo Horizonte.

On May 1, 2010, Blás fully merged with LGB Construções Ltda. ("LGB"). On the same date, the latter's name was changed to MRL Engenharia e Empreendimentos S.A. ("MRL"). The incorporated net assets were of R$2,793 thousand. As a result, on this date the Company's interest in the capital of MRL Engenharia e Empreendimentos S.A. decreased from 49% to 37.73%.

The Executive Officers believe these operations do not have relevant impacts in the Company's financial statements.

**Prime**

In September 2007, we acquired, through the subscription of shares, 50% of Prime's capital stock, which operates in the Popular Real Estate Developments industry. In November 2008, we increased our shareholding interest in Prime's capital stock to 60.0%.

The Executive Officers believe these operations do not have relevant impacts in the Company's financial statements.

**LOG Commercial Properties**

As from November 2008, our Company, together with Autonomy Investimentos, became the holder of 63.05% and 36.95%, respectively, of the MRV LOG's capital stock.

On March 15, 2010, the 35 percent interest in MRV Logística e Participações S.A., previously held by Autonomy Investimentos S.A., was acquired by Conedi Participações Ltda., a company controlled by the shareholder Rubens Menin Teixeira de Souza.

On July 15, 2011, the current shareholders of LOG together with Starwood Capital Group signed an Investment Agreement for the issuance of 62,650,009 common shares to be issued by LOG, totaling R$ 350 million, being R$ 250 million as Starwood"s part and R$ 100 million for the current shareholders of LOG, of which R$ 63 million as the Company's part. In August and October of 2011 the installment of the agreement of R$ 140 million and R$ 210 million, respectiviely, were paid. After these paymentsthe Company's part decreased to 42.03% from 63.05%. In 2011, this operation resulted in an other net revenues gain of R$65.7 million.

At the shareholders meeting held in January 2012 the change of the corporate name and corporate brand of the former MRV Logística e Participações S.A. to LOG Commercial Properties e Participações S.A. ("LOG") was approved. This amendment aims to reflect the company's business and to strengthen its strategy as commercial and industrial property builder.

c) Unusual events or transactions

Not applicable.

## 10.4. Executive Officers' comments

a) Significant changes in accounting practices

**2009 and 2010**

The Company's Executive Officers believe the financial statements for the year ended on December 31st, 2010 were elaborated considering the new accounting policies according to the responsible institutions' provisions described as follows. The financial statements for the year ended on December 31st, 2009 and the initial equity of January 1st, 2009 were adjusted. These new policies and respective responsible institutions are as follows:

- For the consolidated financial statements, according to the International Financial Reporting Standards (IFRS) applicable to real-estate development entities in Brazil as approved by CPC, CVM including technical guideline OCPC 04 – appliance of the technical interpretation ICPC 02 to the real-estate development entities in Brazil and by CPC, named IFRS, and according to the Accounting Practices Adopted in Brazil with all the pronouncements, technical interpretations and technical guidelines issued by CPC and approved by CVM.

- For the individual financial statements – according to the pronouncements and the respective technical interpretation and technical guidelines issued by CPC and approved by CVM as Accounting Practices Adopted in Brazil (BR GAAP).

The Executive Officers believe that to the shareholders equity and the net income attributable to the shareholders of the Company, there were no significant changes, as described on note 4 of the financial statements of December 31, 2010. Aditionaly, in the Executive Officers' view, the were no significant changes in 2010 because the Company had already been adopted the main accounting changes since 2008, the first year of changes in accounting practices due to changes in societary legislation.

For better understanding, we included on item 10.04 (b) the main effects resulting from the adoption of the quoted accounting policies and the respective descrition of its nature.

**2011**

The Executive Officers believe that the new interpretations and changes on the edited accounting norms active during the year ended on December 31 2011 did not affect the accounting statements of the Company in a relevant way. Thus, the Executive Officers believe that the financial statements for the year ended in December 31st, 2011 are comparable with the financial statements of the years ended in December 31, 2010 and 2009.

b) Significant effects of the changes in accounting practices:

As mentioned on item 10.04 (a) the Executive Officers inform that the financial statements for the year ended on December 31st, 2010 were elaborated considering the new accounting policies. Thus, for comparative matters the financial statements for the year ended on December 31st, 2009 and the initial equity of January 1st, 2009 were adjusted. The Executive Officers believe that to the shareholders equity and the net income attributable to the shareholders of the Company, there were no significant changes. For better understanding, we included the main effects resulting from the adoption of the quoted accounting policies.

Additionally it should be stressed that among the adopted practices, it includes the guideline OCPC 04 – appliance of the technical interpretation ICPC 02 to the real-estate development entities in Brazil – regarding the recognition of the revenues and respective costs from real-estate development operations during the construction's development. However, due to the project to the edition of a new revised guideline for revenue recognition is on discussion, we inform thaht the concept of revenue recognition must be contained in this guideline to be issued. We expect this subject to be concluded only after the edition of the revised guideline for revenue recognition. The results of this analysis might cause the Company to review its accounting practices related to revenues recognition. The estimatve of the effects of this eventual change is dependent of specific disposal of the guideline to be issued.

The Executive Officers revised, discussed and agreed with MRV's financial statements for the December 31, 2011, 2010 and 2009.

**2009 and 2010**

**Consolidated Financial Statements**

**Effect of adopting IFRS and the new pronouncements issued by the CPC in the consolidated financial statements**

The reconciliation between the new accounting policies (IFRSs/CPCs) and previous accounting policies are as follows:

Effects of adopting IFRSs and the new CPCs on the consolidated balance sheet and equity as at January 1, 2009 (date of transition to IFRSs) and December 31, 2009

| | | At 01/01/09 (transition date) | | | At 12/31/09 | | |
|---|---|---|---|---|---|---|---|
| **Line items** | **Item** | **Previous accounting policies** | **Effect of transition** | **IFRSs/ CPCs** | **Previous accounting policies** | **Effect of transition** | **IFRSs/ CPCs** |
| Other assets | (a) | 52,069 | 4,386 | 56,455 | - | - | - |
| Other current assets | | 1,844,091 | - | 1,844,091 | 3,167,665 | - | 3,167,665 |
| Current assets | | 1,896,160 | 4,386 | 1,900,546 | 3,167,665 | - | 3,167,665 |
| Noncurrent assets- | | | | | | | |
| Escrow deposits and other | (c) & (d) | 727 | 11,010 | 11,737 | 23,772 | 1,294 | 25,066 |
| Investment property | (b) | - | 17,203 | 17,203 | - | 24,094 | 24,094 |
| Other investments | (c) | 10,838 | (10,838) | - | - | - | - |
| Property and equipment | (a) & (b) | 49,733 | (21,589) | 28,144 | 49,537 | (24,094) | 25,443 |
| Other noncurrent assets | | 724,962 | - | 724,962 | 1,117,991 | - | 1,117,991 |
| Total assets | | 2,682,420 | 172 | 2,682,592 | 4,358,965 | 1,294 | 4,360,259 |
| Current liabilities- | | | | | | | |
| Payables for purchase of land | (e) | 199,495 | (156,827) | 42,668 | 385,286 | (275,038) | 110,248 |
| Advances from customers | (e) | 68,261 | 156,827 | 225,088 | 140,450 | 275,038 | 415,488 |
| Deferred tax liabilities | (f) | 54,100 | (54,100) | - | 134,651 | (134,651) | - |
| Other current liabilities | | 213,527 | - | 213,527 | 534,086 | - | 534,086 |
| Total current liabilities | | 535,383 | (54,100) | 481,283 | 1,194,473 | (134,651) | 1,059,822 |
| Noncurrent liabilities- | | | | | | | |
| Payables for purchase of land | (e) | 63,415 | (28,742) | 34,673 | 82,156 | (32,451) | 49,705 |
| Advances from customers | (e) | 13,836 | 28,742 | 42,578 | 2,206 | 32,451 | 34,657 |
| Provisions for civil, labor, and tax contingencies | (d) | 3,890 | 172 | 4,062 | 5,594 | 1,294 | 6,888 |
| Deferred tax liabilities | (f) | 51,908 | 54,100 | 106,008 | 45,320 | 134,651 | 179,971 |
| Negative goodwill on acquisition of investments | (g) | 6,750 | (6,750) | - | 6,750 | (6,750) | - |
| Other noncurrent liabilities | | 372,111 | - | 372,111 | 505,942 | - | 505,942 |
| Total noncurrent liabilities | (h) | 511,910 | 47,522 | 559,432 | 647,968 | 129,195 | 777,163 |
| Noncontrolling interests | (g) & (h) | 83,366 | (83,366) | - | 123,604 | (123,604) | - |
| Equity | | 1,551,761 | 90,116 | 1,641,877 | 2,392,920 | 130,354 | 2,523,274 |
| Total liabilities and equity | | 2,682,420 | 172 | 2,682,592 | 4,358,965 | 1,294 | 4,360,259 |

Reconciliation of equity:

| | Item | At 1/1/2009 (transition date) | At 12/31/2009 |
|---|---|---|---|
| Total equity under previous accounting policies | | 1,551,761 | 2,392,920 |
| Reclassification of negative goodwill arising on business combination | (g) | 6,750 | 6,750 |
| Reclassification of noncontrolling interests | (h) | 83,366 | 123,604 |
| Total adjustment to equity | | 90,116 | 130,354 |
| Total equity under IFRSs and all CPCs | | 1,641,877 | 2,523,274 |

Description of the adjustments and reclassifications resulting from the adoption of IFRSs and the new CPCs:

a) reclassification of land previously classified as 'Property and equipment' and sold in 2009 to 'Assets classified as held for sale', included in 'Other assets'.
b) Reclassification of properties held to earn rentals from line item 'Property and equipment' to 'Investment property';
c) reclassification of the balance of line item 'Other investments' to 'Other noncurrent assets'.
d) reclassification of escrow deposits previously classified as a reduction of the provision for contingent liabilities in Noncurrent liabilities to 'Noncurrent assets'.
e) reclassification of the balance of acquisitions under barters from accounts line item 'Payable for acquisition of land' to 'Advances from customers'.
f) reclassification of deferred income tax, social contribution, and taxes on revenue (PIS and COFINS) previously recorded in 'Current liabilities' to 'Noncurrent liabilities';

g) adjustment of negative goodwill arising on business combination previously classified as 'Noncurrent liabilities' to line item 'Retained earnings'.
h) Reclassification of noncontrolling interests, previously classified between liabilities and equity, to 'Equity'.

Effects of adopting IFRSs and the new CPCs on the consolidated income statement for the year ended December 31, 2009

| Line items | Item | 2009 |
|---|---|---|
| Profit for the year under previous accounting polices | | 347,422 |
| Capital transaction | (a) | (116) |
| Noncontrolling interests | (b) | 26,760 |
| Profit for the year under IFRSs and all CPCs | | 374,066 |

(a) Adjustments to amounts previously recognized in the profit or loss reclassified to equity as capital transactions relate to changes in interests in subsidiaries.
(b) Reversal of the adjustment to noncontrolling interests, which are now disclosed in 'Profit attributable noncontrolling interests', below Profit for the year.

In addition to the reclassifications above, there were adjustments to retained earnings and profit for the year ended December 31, 2009 due to capital transactions related to changes in equity interests in subsidiaries, totaling R$116.

**Individual financial statements (Company)**

Effects of the first-time adoption of the new Brazilian accounting practices on the individual balance sheet and equity (Company)

| | | On 01/01/09 (date of transition) | | | On 12/31/09 | | |
|---|---|---|---|---|---|---|---|
| **Line items** | **Item** | **Previous accounting policies** | **Effect of transition** | **IFRSs/ CPCs** | **Previous accounting policies** | **Effect of transition** | **IFRSs/ CPCs** |
| Other assets | (a) | 30,659 | 4,386 | 35,045 | 38,561 | - | 38,561 |
| Other current assets | | 1,042,411 | - | 1,042,411 | 1,758,163 | - | 1,758,163 |
| Current assets | | 1,073,070 | 4,386 | 1,077,456 | 1,796,724 | - | 1,796,724 |
| Noncurrent assets- | | | | | | | |
| Escrow deposits and other | (b) | 684 | 172 | 856 | 2,979 | 26 | 3,005 |
| Investment property | (c) | 786,998 | 3,237 | 790,235 | 1,019,105 | 3,237 | 1,022,342 |
| Other investments | (a) | 24,010 | (4,386) | 19,624 | 17,446 | - | 17,446 |
| Property and equipment | (c) | 13,037 | (3,237) | 9,800 | 21,081 | (3,237) | 17,844 |
| Other noncurrent assets | | 416,512 | - | 416,512 | 849,110 | - | 849,110 |
| Total assets | | 2,314,311 | 172 | 2,314,483 | 3,706,445 | 26 | 3,706,471 |
| Current liabilities- | | | | | | | |
| Payables for purchase of land | (f) | 100,440 | 65,945 | 34,495 | 286,715 | (186,098) | 100,617 |
| Advances from customers | (f) | 37,503 | (65,945) | 103,448 | 87,724 | 186,098 | 273,822 |
| Deferred tax liabilities | (d) | 37,020 | (37,020) | - | 82,616 | (82,616) | - |
| Other current liabilities | | 161,226 | - | 161,226 | 336,687 | - | 336,687 |
| Total current liabilities | | 336,189 | (37,020) | 299,169 | 793,742 | (82,616) | 711,126 |
| Noncurrent liabilities- | | | | | | | |
| Payables for purchase of land | (f) | 42,811 | (11,743) | 31,068 | 66,068 | (17,054) | 49,014 |
| Advances from customers | (f) | 9,952 | 11,743 | 21,695 | 1,361 | 17,054 | 18,415 |
| Provisions for contingent liabilities | (b) | 3,881 | 172 | 4,053 | 5,594 | 26 | 5,620 |
| Deferred tax liabilities | (d) | 31,629 | 37,020 | 68,649 | 28,553 | 82,616 | 111,169 |
| Negative goodwill on acquisition of investments | (e) | 6,750 | (6,750) | - | 6,750 | (6,750) | - |
| Other noncurrent liabilities | | 331,338 | - | 331,338 | 411,457 | - | 411,457 |
| Total noncurrent liabilities | | 426,361 | 30,442 | 456,803 | 519,783 | 75,892 | 595,675 |
| Equity | (e) | 1,551,761 | 6,750 | 1,558,511 | 2,392,920 | 6,750 | 2,399,670 |
| Total liabilities and equity | | 2,314,311 | 172 | 2,314,483 | 3,706,445 | 26 | 3,706,471 |

**Reconciliation of equity:**

| | **Item** | **At 1/1/09 (transition date)** | **At 12/31/2009** |
|---|---|---|---|
| Total equity under previous accounting policies | | 1,551,761 | 2,392,920 |
| Reclassification of negative goodwill arising on business combination | (e) | 6,750 | 6,750 |
| Total adjustment to equity | | 6,750 | 6,750 |

| | | |
|---|---|---|
| Total equity under all CPCs | 1,558,511 | 2,399,670 |

Description of the adjustments and reclassifications resulting from the adoption of the new CPCs:

(a) reclassification of land previously classified as 'Property and equipment' and sold in 2009 to 'Assets classified as held for sale', included in 'Other assets'.
(b) reclassification of escrow deposits previously classified as a reduction of the provision for contingent liabilities in Noncurrent liabilities to 'Noncurrent assets'.
(c) reclassification of goodwill on acquisition of investments from line item 'intangible assets' to 'investments';
(d) reclassification of deferred income tax, social contribution, and taxes on revenue (PIS and COFINS) previously recorded in 'Current liabilities' to 'Noncurrent liabilities';
(e) adjustment of negative goodwill arising on business combination previously classified as 'Noncurrent liabilities' to line item 'Retained earnings'.reclassification of the balance of acquisitions under barters from accounts line item 'Payable for acquisition of land' to 'Advances from customers'.
(f) Reclassification of balance of barters acquisition from line item "Land payables" to line "Advances from customers".

The effects of adopting the new accounting practices adopted in Brazil for the year ended December 31, 2009 on the individual income statement (Company) and
on the individual statement of cash flows were adjustments to amounts previously recognized in the profit or loss reclassified to equity as capital transactions relate to changes in interests in subsidiaries amounting to R$116.

The financial statements for the year ended in December 31st, 2010 were already developed adopting the new accounting practices.

**2011**

As previously stated in the item (a), the Executive Officers undestand the new interpretations and changes in the edited practices that were valid during the year ended on December 31st did not have relevant impact over the Company's accounting statements.

c) exceptions and emphasis paragraph included in the auditor's opinion

**2009 and 2010**

The financial statements for the years ended in December 31st, 2010 and 2009 were audited by Deloitte Touche Tohmatsu Auditores Independentes. The Executive Officers understand the report on the financial statements reflects the standard report for real-estate development entities, because the report was issued in accordance with the guidance of technical communicate IBRACON, which is the Brazilian Independent Auditors Institute, guidances to be adopted by all real-estate development entities.

The audit report mentions that the financial statements developed in accordance with accounting practices adopted in Brazil and with IFRS applicable to real-estate development entities, additionally considering the guidance OCPC 04 edited by CPC. Moreover, it mentions that this guidance is about revenue recognition in this sector, involving issues related to what would be analyzed by IFRIC. Thus, the auditor's report includes an emphasis paragraph regarding the fact that as a result of this analysis, real estate development companies may be required to revise their revenue recognition accounting practices.

The Executive Officers understand the emphasis mentioned above is purely informative, not having any normative desobidience in the financial statements of those years.

**2011**

The financial statements for the years ended in December 31st, 2011 were audited by Deloitte Touche Tohmatsu Auditores Independentes. The Executive Officers understand the report on the financial statements reflects the standard report for real-estate development entities, because the report was issued in accordance with the guidance of technical communicate IBRACON, which is the Brazilian Independent Auditors Institute, guidances to be adopted by all real-estate development entities.

The audit report mentions that the financial statements developed in accordance with accounting practices adopted in Brazil and with IFRS applicable to real-estate development entities, additionally considering the guidance OCPC 04 edited by CPC. Certain matters related to the meaning and application of the concept of continuous transfer of control and risks and benefits on the sale of real estate units. The auditor's opinion is not safeguarded due to this matter.

## 10.5. Company's main accounting policies

General Comments

According to item (a) on chapter 10.4 above, the financial statements for December 31, 2011 year ended are comparable with the financial statements for December 31, 2010 and 2009 year ended. Therefore, the further comments on the critical accounting policies refer to December 31, 2011, 2010 and 2009 year endend.

The Executive Board understands that the critical accounting practices are important to describe the Company's financial condition and operational results and require difficult, subjective or complex judgments, often due to the need to make estimatives about the effect of questions with inherent uncertainty. As the number of variables and premises which affect the possible uncertainties future resolution increase, the judgements become more subject and complex. To understand how administration evaluates future events, including variables and premises inherent to the estimatives, besides the sensitivity of such evaluation regarding varied circunstances, the critical accounting principles were identified.

Basically the critical accounting policies are due to the fact that they involve estimatives and assumptions of the Board of Directors best assumptions, based on historical experience, among which (i) total projects budgeted cost to revenue to be recognized; (ii) loss assumption in accounts receivable realization; (iii) swaped land sale's price assumption and expectation of beginning of project to real state for sale and development; (iv) assumptions for conclusion of lawsuits for provisions for civil, labor and tax risks, and (v) estimate of spending on property maintenance. Moreover, the complexity of calculation in the determination of current and deferred taxes (PIS, COFINS, income tax and social contribution), depending on existing schemes in the Company and subsidiaries such as real income, deemed income and the special taxation - RET, and depending on a cash basis tax adopted for the calculation of current taxes, and the accrual basis of accounting adopted which involves calculation of deferred taxes.

The Executive Officers understand different use of premises may significantly change the Copany's Financial Statements.

**2009, 2010 and 2011**

In preparing our financial statements our Executive Officers use estimates and premises in their best judgments and based on our accounting records and other factors considered relevant, which affect the amount of assets and liabilities presented, as well as the revenues, cost and expenses values. The liquidation of the transactions involving these estimates can result in different values from the presented in the financial statements.

The Executive Officers revises its estimates and premises at least, once a year. The effects from these revisions are recognized in the period when the estimates are revised if the revision affects at least this period if the revisions affect only this period, or also in further periods if the revisions affect both current and future periods.

***Recognition of revenues and costs***

The policies adopted for calculating and recognizing income and recording the amounts in the line items 'Revenue from real estate development', 'Properties for sale', 'Receivables from real estate development', and 'Advances from customers' follow the procedures and standards established by Guidance OCPC 04 of the Accounting Pronouncements Committee, which addresses the application of Interpretation ICPC 02 to Brazilian real estate entities, approved by CVM Resolution 653/10, as follows:

- For sales of uncompleted units, income is recognized based on the following criteria:
  (i) Operating revenues and land and construction costs inherent to the related developments are allocated to profit or loss as construction progresses, as the incidental risks and rewards are transferred on a continuously basis. Accordingly, we adopt the percentage of completion method ("POC") for each project, i.e., revenue and expenses are recognized as construction progresses. Under this method, contract revenue is matched with cost incurred as compared to total budgeted costs of the related projects on contracted sales;
  (ii) Operating revenues calculated according to item (i), including inflation adjustment, net of installments already received, are recognized as accounts receivable or advances from customers, according to the ratio between recorded revenues and received amounts.

- For installment sales of completed units, income is fully recognized at the time the sale is performed, regardless of the term for receiving the amount established by contract.

- Interest adjustment to present value are allocated to the income statement, in line item 'Revenue from real estate development' during the period before the delivery of the units and in line item 'Financial income' during the period after the delivery of the units, on the accrual basis, regardless of actual receipts.

- Revenue and expenses are recorded on the accrual basis.

The allowance for doubtful accounts is recognized based on management's evaluation of possible losses on the realization of receivables. No allowance for doubtful accounts was recognized as at December 31, 2010 and 2009, considering that the

amounts receivable are collateralized by the negotiated properties and that there is no history of actual losses on said receivables.

Property rental revenue arising from lease agreements in which Commercial Properties e Participações S.A. (formerly named MRV Logística e Participações S.A.) is the lessor, is recognized on a straight-line basis over term of the underlying agreement.

***Properties for sale***

The inventory of units completed or under construction and not yet sold, including the land bank, is stated at the incurred cost of each unit, which does not exceed fair value. The land acquired under barter agreements is valued at the sales price of the bartered units. Classification into current and noncurrent assets in based on the date scheduled to start building the project. The actual construction cost of bartered units is diluted among the other units.

The costs of borrowings, financing and debentures directly attributable to the construction of the properties for sale, which take a substantial amount of time to be ready for sale, are added to the cost of such assets until the date they are completed.

The inventory of supplies is carried at the lower of average cost of purchase or their net realizable values.

***Provisions***

Provisions for civil, labor and tax risks are recognized when there is a present obligation (legal or constructive) as a result of a past event, when a reliable estimate can be made of the amount of the obligation, and its settlement is probable. The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, considering the risks and uncertainties inherent to such obligation.

When some or all of the expenditure required to settle, a provision is expected to be reimbursed by another party, the reimbursement is recognized when, and only when, it is certain that reimbursement will be received and the amount can be reliably measured.

***Accrual for property maintenance***

The accruals for the expected cost of property maintenance of are recognized in the income statement using the same criterion for the allocation of real estate development revenue, from the date the related real estate units are sold, based on management's best estimate of the disbursements required to settle the Company's obligation.

***Taxation***

The income tax and social contribution expenses represent the sum of current and deferred taxes.

Current taxes

As allowed by prevailing tax legislation, the Company and its subsidiaries adopt the cash basis to calculate income from real estate development, and this income is used to determine taxable income.

The Company and its subsidiaries MRL Engenharia e Empreendimento S.A. and LOG Commercial Properties e Participações S.A. (previously MRV Logística e Participações S.A). calculate income tax and social contribution based on actual income, while the other subsidiaries calculate taxes on income based on deemed income. Under the deemed income taxation system, each company's net income for income tax and social contribution purposes is calculated based on the tax rates set for their activities, that corresponds to 8 and 12 percent of gross revenue, respectively. The income tax and social contribution rates prevailing at the end of the each reporting period (15% plus 10% surtax on income exceeding R$240 thousand per year for income tax, and 9% for social contribution) are levied on deemed income. The Company adopts the Project-related Assets criterion of the Special Taxation Regime (RET) for some projects. Under the RET, the income tax and social contribution tax rates are 1.89 and 0.98 percent, respectively, levied on gross revenue received. For taxes on revenue (PIS and COFINS) calculation purposes, or 0.32% and 0.16% for RET with PMCMV (Programa Minha Casa Minha Vida) in the case of sales contracts up to the limit established by law. To calculate PIS and COFINS, total tax rate is 9.25% for taxation based on actual income, 3.65% for taxation based on deemed income, and 3.13% under the RET, and 0.52% in case of PMCMV contracts within legal limits.

The provision for income tax and social contribution is based on the taxable income for the year. Taxable income differs from net income stated in the income statement because it excludes income or expenses taxable or deductible in other years, as well as permanently nontaxable or nondeductible items. The provision for income and social contribution taxes is calculated separately for each company based on the prevailing tax rates.

Deferred taxes

Income tax, social contribution, PIS, and COFINS are deferred due to temporary differences between the cash basis adopted for tax purposes and the accrual basis for accounting purposes, and are recorded in noncurrent assets or liabilities, as prescribed by CPC 26 Presentation of Financial Statements.

Deferred income tax and social contribution are recognized on temporary differences at the end of each reporting period between the balances of assets and liabilities recognized in the financial statements and the related tax bases adopted to calculate taxable income, including tax loss carry forwards, when applicable. Deferred tax liabilities are usually recognized on all the temporary taxable differences and deferred tax assets are recognized on all deductible temporary differences, when, and only when, it is probable that the entity will report future taxable income in a sufficient amount to allow the utilization of these deductible temporary differences. The recovery of deferred tax assets is reviewed at the end of each reporting period, and when it is no longer probable that future taxable income will be available to allow the recovery of all or part of the assets, these are adjusted to the expected recoverable amount.

Deferred tax assets and liabilities are measured using the tax rates applicable for the period in which the liability is expected to be settled or the asset is expected to be realized, based on the tax rates set forth in the tax law prevailing at the end of each reporting period, or when new legislation has been substantially approved. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets.

Current and deferred taxes are recognized in profit or loss, except when they correspond to items recognized in 'Other comprehensive income' or are directly recognized in equity, in which case current and deferred taxes are also recognized in 'Other comprehensive income' or directly in equity, respectively. When current and deferred taxes result from the initial accounting of a business combination, the tax effect is accounted for upon the recognition of the business combination.

## 10.6. Internal controls adopted to assure the preparation of the reliable financial statements

a) level of efficiency of such controls, indicating the possible weaknesses and measures adopted to resolve them

The Executive Officers believe that the level of efficiency of the internal control adopted to assure the preparation of the financial statements is fully adequate. As regards to the construction projects, which are the Company's main item in terms of costs, our managers closely and continuously perform the physical and financial monitoring of the costs of each individual project. Our main management tool is SAP, which is an integrated system, the main features of which are the integration of all operations and tracking devices.

Our systems (SAP, inclusive) do not have technical imperfections. There is a continuous work of Governance, Risk and Compliance (GRC), which promotes the revision of set rules and the adoption of improvements, so that identified needs are immediately addressed.

We currently have automatic controls implemented by market tools, for example, Risk Management from Módulo, , and are implementing risk management tools from SAP itself (GRC) to increase the efficiency of access controls.

The Company continuously seeks for new technologies and the personal development of its associates, as well as invests in its internal controls in order to further improve them.

The following item provides some recommendations on the controls provided by the independent auditor.

b) weaknesses and recommendations on the internal controls included in the independent auditor's report

Our auditors have not performed the procedures in order to issue an opinion on our internal control systems since this was not the scope of our work. The purpose of the work was to issue an opinion on the financial statements and not on the internal control systems.

In connection with the audit of the financial statements, our auditors issued the "Comment letter – suggestion memorandum on the accounting and internal control procedures". Our auditors have not yet issued the 2011 financial statements "Comment letter".

The recommendations include accounting and IT system information, presented as constructive suggestion for the management of the Company and, according to the Company's management, no material weaknesses were identified in connection with the internal control systems.

**Suppliers' personal information**

It was recommended, before the inclusion of an entry in the Company's Suppliers' Personal Information System, a risk analysis related to such system, through the consultation of the respective situation with Serasa.

The Company implemented as a routine the research about the suppliers' tax condition as from 2008. Upon the implementation of the SAP system in 2009, the suppliers' personal information was fully revised. Periodically the Company cleans up the register of its suppliers.

**Bank reconciliation**

It was recommended the review of the bank reconciliation, in order to reduce the risks related to this procedure.

The account composition forms were created.

**Access to systems and policies**

It was recommended that, upon the implementation of the SAP system, a security policy was adopted in order to determine the rules and procedures for recording the accesses, which policy should be widely disclosed in order to avoid new accesses.

The employees' profiles were reviewed and changed upon the implementation of the SAP system and the creation of the access profile policy. In March 2012 the company launched the Access Governance Project, which reviews the accesses of all employees.

**Accounting records**

It was recommended improvements in the transmission of information and submission of documentation up to the central departments and controllership. Moreover, it was recommended improvements in the receipt of materials and services by the employees responsible for the constructions.

Based on the system implementation project, the submission of documents was changed in order to improve such procedure.

**Manual entries**

It was recommended the preparation of a report to authorize the manual entries, signed by the employee which performed the entry and by its immediate head, which reports should be filed by the Company.

We are implementing the report to resolve the weakness above.

**Composition of the suppliers' account**

It was recommended the periodical reconciliation between the financial and accounting reports, together with the adjustments performed in the respective controls.

All reports were reconciled and adjusted.

The Executive Officers understand the deficiencies and recommendations described above do not or will not significantly impact the Company's financial statements.

## 10.7. Aspects related to possible public offerings for the distribution of marketable securities

| a) allocation of the proceeds from the offering |
|---|

The proceeds from our initial public offering of shares carried out in 2007, in connection with our public offering of shares in 2009 and the offering of the Company's debentures were or are still being allocated for the acquisition of land, construction of developments and working capital increase, in accordance with the proposals for allocation disclosed in the prospectuses of the respective distributions.

| b) in the event of significant deviations between the effective allocation of the proceeds and the proposals for allocation disclosed in the prospectuses of the respective distributions. |
|---|

There were no significant deviations in connection with the allocation of the funds presented in our initial public offering of shares carried out in 2007 and the public offering of shares carried out in 2009, as well as the proceeds from the first and second issuance of debentures.

c) in the event of deviations, the reasons for such deviations

Not applicable.

### 10.8. Material items not recorded in the Company's financial statements

a) the assets and liabilities held by the Company, directly or indirectly, not included in the balance sheet (including leasing, assets and liabilities, receivables portfolios on which the company is subject to risks and responsibilities, indicating the respective liabilities, agreements for the future purchase and sale of products or services, construction agreements not terminated and future loan agreements)

Currently, the operating revenues are recorded in the statement of income based on the proportional percentage of conclusion of each development, being such percentage measured in view of the total cost of the respective developments. Based on this accounting practice, at the end of each period, we have balances of Gross Operating Revenues to be recorded from the sale of properties already contracted, as regards to the properties not concluded, which were disclosed in the notes to the financial statements.

b) other items not recorded in the financial statements

There is no material item not recorded in our Consolidated Financial Statements.

### 10.9. As regards to each one of the items not recorded in the financial statements indicated in item 10.8

a) how such items change or may change the revenues, expenses, operational results, financial expenses or other items of the Company's financial statements

The unrecognized revenues affect or may affect the operating revenues based on the expansion of such developments.

b) nature and purpose of the operation

Not applicable.

c) nature and value of the obligations assumed and of the rights generated on behalf of the issuer in connection with the operation

| R$ thousand | 12/31/2011 | 12/31/2010 | 12/31/2009 | 12/31/2008 | 12/31/2007 |
|---|---|---|---|---|---|
| Gross Operating Revenues not recorded | 3,439,190 | 3,113,872 | 2,278,018 | 991,580 | 438,326 |

### 10.10 Company's main business plan elements

a) investments (including the quantitative and qualitative description of the investments in progress and estimated investments, financing sources of relevant investment and divesture in progress and estimated divesture)

The financing of our investments in property and equipment and intangible assets was funded through own and third parties resources.

In 2009, we invested R$ 27.2 million in property and equipment and intangible assets and investment property, mainly allocated to the construction of sales stands and acquisition of software use licenses. In 2011 and 2010, we invested R$155.5 million and R$129.5 million, respectively, in property and equipment and intangible assets and investment property, mainly allocated to the construction of sales stands, acquisition of software use licenses and assets maintained by subsidiary MRV Logística e Participações S.A. with the purpose to obtain income from rent or to capital valorization.

No significant divestures were performed in 2009, 2010 and 2011.

In the Executive Officers' understanding there are no estimated significant investments or divestures for the next years. The investments are aimed at maintaining operating conditions consistent with the operation, showing no significant changes in operating and financial results of the Company.

b) acquisitions already disclosed of blueprints, equipment, patents or other assets which may materially affect the Company's production capacity

Not applicable.

c) New products and services

Not applicable.

**10.11. Other factors which affected significantly the operational performance and were not identified or commented on the other items of this section.**

All material and applicable information on this matter was disclosed in the items above.

# Projections and Assumptions

### 11.1. The projections must indicate

a) Projection purpose

Financial and operational indicators, as described in item 11.1(d).

b) Projected period and effective period of the projection

The projections indicated in item 11.1(d) were disclosed for the year ending 2012, effective for one year.

c) Projection assumptions, including the indication of which projections can be affected by the management of the issuer and which are not under control

The projections disclosed by our Company are based on the expectations of our management about our future business, considering mainly:

- The performance of the national and international economy mainly as regards to the inflation, interest rate, employment level and GDP growth;
- The market and real estate market in general, such as competition, availability and land price, among others;
- The period for authorization of the projects and regulation of the real estate industry;
- The financing availability for the Company and final consumer; and
- The governmental incentives and programs for the housing industry;
- All assumptions indicated above are subject to changes out of the Management's control.
- In the event of significant change in the abovementioned assumptions, the projections may be reviewed.

d) Values of the indicators in connection with the projection

| Guidance 2009 | Original (4T08) | | 1º Revision (1Q09) | | 2º Revision (2Q09) | | 3º Revision (3Q09) | | Realized |
|---|---|---|---|---|---|---|---|---|---|
| | Min, | Max, | Min, | Max, | Min, | Max, | Min, | Max, | |
| Contracted Sales (%MRV) (R$ million) | 1,600 | 2,000 | 2,400 | 2,900 | 2,400 | 2,900 | 2,800 | 3,000 | 2,822 |
| Adjusted Ebitda Margin (%) | 24.0% | 28.0% | 24.0% | 28.0% | 24.0% | 28.0% | 24.0% | 28.0% | 26.8% |

| Guidance 2010 | Original (3Q09) | | Ratified (1Q10) | | 1º Revision (3Q10) | | Realized |
|---|---|---|---|---|---|---|---|
| | Min, | Max, | Min, | Max, | Min, | Max, | |
| Contracted Sales (%MRV) (R$ million) | 3,700 | 4,300 | 3,700 | 4,300 | 3,700 | 4,300 | 3,753 |
| Adjusted Ebitda Margin (%) | 25.0% | 28.0% | 25.0% | 28.0% | 26.0% | 29.0% | 26.3% |

| Guidance 2011 | Original (1Q11) | | Realized |
|---|---|---|---|
| | Min, | Max, | |
| Contracted Sales (%MRV) (R$ million) | 4,300 | 4,700 | 4,322 |
| Adjusted Ebitda Margin (%) | 25.0% | 28.0% | 26.0% |

| Guidance 2012 | Original (1Q12) | | Realized |
|---|---|---|---|
| | Min, | Max, | |
| Contracted Sales (%MRV) (R$ million) | 4,500 | 5,500 | 4,005 |
| Adjusted Ebitda Margin (%) | 24.0% | 28.0% | 19.0% |

**11.2. In the event of disclosure, during the last three years, of projections on the evolution of the indicators**

(i) indicate which projections will be replaced for new projections included in the form and which projections are repeated in the form

The projections indicated in item 11.1 (d) were fully disclosed through notice to the market, public conferences with analysts and investors and quarterly reports, among others.

The projections indicated in item 11.1 (d) were not changed.

(ii) as regards to the projections related to the periods already elapsed, compare the projected information with the effective performance of the indicators, clearly indicating the reasons for the deviations in the projections

| Guidance 2009 | Original (4T08) | | 1º Revision (1Q09) | | 2º Revision (2Q09) | | 3º Revision (3Q09) | | Realized |
|---|---|---|---|---|---|---|---|---|---|
| | Min, | Max, | Min, | Max, | Min, | Max, | Min, | Max, | |
| Contracted Sales (%MRV) (R$ million) | 1,600 | 2,000 | 2,400 | 2,900 | 2,400 | 2,900 | 2,800 | 3,000 | 2,822 |
| Adjusted Ebitda Margin (%) | 24.0% | 28.0% | 24.0% | 28.0% | 24.0% | 28.0% | 24.0% | 28.0% | 26.8% |

| Guidance 2010 | Original (3Q09) | | Ratified (1Q10) | | 1º Revision (3Q10) | | Realized |
|---|---|---|---|---|---|---|---|
| | Min, | Max, | Min, | Max, | Min, | Max, | |
| Contracted Sales (%MRV) (R$ million) | 3,700 | 4,300 | 3,700 | 4,300 | 3,700 | 4,300 | 3,753 |
| Adjusted Ebitda Margin (%) | 25.0% | 28.0% | 25.0% | 28.0% | 26.0% | 29.0% | 26.3% |

| Guidance 2011 | Original (1Q11) | | Realized |
|---|---|---|---|
| | Min, | Max, | |
| Contracted Sales (%MRV) (R$ million) | 4,300 | 4,700 | 4,322 |
| Adjusted Ebitda Margin (%) | 25.0% | 28.0% | 26.0% |

(iii) as regards to the projections related to the periods in progress, inform whether the projections are valid on the form delivery date and, however the case may be, explain why such projections were disregarded or replaced

| Guidance 2012 | Original (1Q12) | | Realized |
|---|---|---|---|
| | Min, | Max, | |
| Contracted Sales (%MRV) (R$ million) | 4,500 | 5,500 | 4,005 |
| Adjusted Ebitda Margin (%) | 24.0% | 28.0% | 19.0% |

The projection for the Adjusted EBITDA Margin for the year 2012 was not achieved.

The projection for Pre-sales for the year 2012 was not achieved.

Regarding projections indicated in item 11.1 (d) "Projections II" above, the Company clarifies that did not reach the projected sales for the year 2012 due to a combination of factors: 1) Deterioration of the Brazilian economy, when compared to the expectations at the end of 2011. The forecast for 2012, according to Focus Newsletter - Market Report of the Central Bank of Brazil from December 30, 2011, was an increase of 3.3% of Brazil's GDP in 2012 and on December 28, 2012 the Focus Newsletter published a new forecast for GDP growth in 2012 of 0.98%. 2) The Company had earlier in the year, in line with measured inflation by the INCC, an expectation of a minimum price correction of the MCMV program at an earlier date than actually happened. 3) Finally, the Company started to be more selective in its launches to optimize inventory management.

Regarding projections indicated in item 11.1 (d) "Projections II" above, the Company clarifies that did not reach the projected Adjusted EBITDA Margin for the year 2012 due to a combination of factors. In 2012, the Adjusted EBITDA Margin was compressed compared to previous years due to several reasons, among which we can highlight:

I. Signature of a Conduct Adjustment Agreement (TAC) at Campinas worth R$31 million in 1Q12;
II. Higher efficiency of “crédito associativo”, reducing monetary revenues together with higher cost inflation exposure (higher efficiency of “crédito associativo” has a negative impact on the gross margin. However, it has a positive impact on cash flow and net margin);
III. Company’s change in the delivery process aiming to exceed its clients’ expectations, has incurred additional costs at the final construction and delivery phases;
IV. Investments on improvements and monitoring of labor conditions in our construction sites and lodgings (own and sub-contractors’) aiming to be a national reference in social and labor relations;
V. According to CPC 17 and 30, revenue recognition of the homebuilding industry follows the POC (Percentage of Completion) methodology and, therefore, confers a heavier weight to projects commercialized in previous periods and that are still under construction. In MRV, older projects have lower profitability than the newer projects; and
VI. Due to less sales, as mentioned above, SG&A expenses were not diluted.

# General meeting and management

## 12.1. Company's administrative structure, in accordance with its bylaws and internal regulation

a) Responsibilities of each body and committee

The Company's management is exercised by the Board of Directors and the Executive Board. Moreover, we are supported by advisory committees which work together with the Board of Directors.

Board of Directors

The Board of Directors shall have at least 5 (five) and at most 7 (seven) members, all of them shareholders of the Company, elected by General Assembly, whose terms of office shall be unified and have a duration of 2 (two) years, as of the date of election, reelection being allowed.

The Board of Directors shall have 1 (one) Chairman and 1 (one) Vice-Chairman, who shall be elected by absolute majority of votes from those attending, during the first meeting of the Board immediately after the investment into office of such members, or whenever such offices become vacant.

The main purpose of the Board of Directors is to guide the Company's overall businesses, as well as control and monitor their performance, in addition to resolve the following matters, specifically: (a) approve and/or change the Company's Business Plan; (b) approve the annual operational and investment budgets and verify the respective compliance; (c) appoint and remove the members of the Executive Board and establish their respective powers, duties and compensation; (d) oversee the management of the executive officers and verify, at any time, the Company's books and documents, as well as request information on the agreements entered into or to be entered into, including any other matters related to the management of the executive officers; (e) request the Shareholders' Meeting whenever deemed necessary; (f) issue an opinion on the management's report and the Executive Board's accounts and submission of the Company's Financial Statements to be approved by the Shareholders' General Meeting; (g) monitor any transaction performed directly or indirectly with the parties related to the shareholders; (h) acquire, dispose and/or burden of any shareholding interest in the capital stock, except for the establishment of Subsidiaries controlled by the Company established as a special purpose entity for the implementation of one or more real estate projects developed by the Company; (i) dispose or burden, on any account, the Company's properties, the value of which exceeds R$ 30.000.000,00 (thirty million reais); (j) dispose or burden, on any account, the Company's other assets, the value of which exceeds R$ 2.000.000,00 (two million reais); (k) engage the employees which annual compensation exceeds R$ 500.000,00 (five thousand reais); (l) engage service providers which annual compensation exceeds R$ 2.000.000,00 (two million reais); (m) lend and borrow loans, financing and/or trade note discounts or securitization of receivables which value exceeds R$ 30,000,000.00 (thirty million reais); (n) undertake any other measures and execute any document which would bind the Company and/or release third parties from their obligations with the Company, involving amounts exceeding, in one or more transactions, during any period of 12 (twelve) months, the value of R$ 1,000,000.00 (one million reais); (o) appoint and remove the independent auditors, which must be necessarily registered with CVM and perform the annual audit with the Company's quarterly review; (p) approve the issuance of simple debentures, not convertible into shares and not guaranteed, the type of subscription or placement and the type of the debentures to be issued, the respective compensation, interest payment method, profit sharing and premium for reimbursement of debentures, if any, as well as the maturity dates, payment or redemption of the debentures; (q) approve the acquisition of shares issued by the Company for purposes of cancellation or holding in treasury, as well as resale or replacement of these shares in the market, in accordance with the rules issued by CVM and other applicable legal applications; (r) approve the engagement of depositary institution to render the services related to the book-entry shares; (s) approve the issuance of debt securities in the international market and simple debentures, not convertible into shares and not guaranteed, for public or private distribution, as well as approve the terms and conditions of such issuance; (t) approve the issuance of commercial papers for the public distribution in Brazil or abroad, as well as approve the terms and conditions of such issuance; (u) propose to the General Meeting the declaration of interim or intermediary dividends, as well as interest on own capital, under the Brazilian Corporate Law and applicable laws; (v) to manifest for or against any share acquisition public offering which has, as object, the shares of the Company's issuance through previous reasoned opinion, released in up to 15 (fifteen) days of the public offering notice publication, which must contain, at least (i) the convenience and opportunity of the share acquisition public offering regarding the common shareholder and their securities' liquidity; (ii) the share acquisition public offering repercussion over the Company's interests; (iii) the strategic planning released by the provider regarding the Company; (iv) other subjects the Board of Directors consider relevant, as well as the required information of the CVM's applicable established rules; and (w) define three specialized companies in economical valuation of companies to prepare the Company's shares valuation report in the case of public offering acquisition to cancellation of the Company's registration as a publicly-held company or withdrawal from the New Market.

Executive Board

The Board of Executive Officers shall consist of eleven (11) Officers, whether shareholders or not, subject to election and removal on any time by the Board of Directors, of which one (01) Chief Executive Officer, one (01) Chief Financial Officer, one (01) Investor Relations Officer, one (01) Chief Legal Officer, one (01) Chief Sales Officer, one (01) Chief Production Officer, one

(01) Chief Real Estate Credit Officer, one (01) Chief Real Estate Development Officer, one (01) Chief Management and Shared Service Center Officer, and two (02) Chief Regional Officers, all elected and removable by the Board of Directors at any time.

The Executive Board is responsible for the management of the overall corporate businesses and the performance, for such purpose, of all necessary or adequate measures, except for those which, under applicable law or Bylaws, are attributed to the General Meeting or the Board of Directors. In the exercise of their duties, the Executive Officers may perform all transactions and undertake all measures related to the ordinary management necessary to the performance of their duties, in accordance with the provisions of these Bylaws as regards to the representation, level of authority to undertake specific measures and general business guidelines established by the Board of Directors, including the resolution and approval of investments of funds, approve, waive, assign the rights, confess the debts, execute agreements, enter into accords, assume obligations, accept commitments, acquire, dispose and burden real estate and assets, provide guarantees, pledges and mortgages, issue, endorse, subject, discount, draft and secure notes in general, as well as open, manage and close the accounts with credit institutions, in accordance with the legal restrictions and those set forth in these Bylaws. The Executive Board is also responsible to: (a) comply and assure the compliance with the Bylaws and resolutions of the Board of Directors and General Meeting; (b) submit, on a yearly basis, for approval of the Board of Directors, the Management's Report and the Executive Board's accounts, together with the independent auditors' report, as well as the proposal for allocation of proceeds recorded in prior year; (c) prepare and propose, to the Board of Directors, the Company's business, operational and investment plans, including the strategies to implement these businesses and those related to the performance of new businesses; (d) decide about any matter not under the responsibility of the General Meeting or the Board of Directors; (e) prepare and propose to the Board of Directors the Company's strategic planning, including the semiannual, annual and pluriannual investment and operational plans, programs and budgets; (f) provide to the Board of Directors the opportunities in terms of investments and businesses which would exceed the levels of authority of each Executive Board; (g) approve the engagement or promotion of employees in charge of management titles, or the respective dismissal; (h) approve the filing of claims or tax legal measures or indemnity measures or those which, in view of the related effects or contingencies, are deemed very important to the Company, in accordance with the Shareholders' Agreement; (i) prepare and present, each year, to the Board of Directors and to the General Meeting, the Annual Management's Report and the Company's Financial and Economic Statements and propose the allocation of the proceeds for the year; (j) authorize the creation and termination of branches, establishments, deposits and offices held by the Company in Brazil or abroad; (k) assign licenses to the executive officers and appoint the executive officer which will assume the respective duties during the absence period; (l) decide about all matters under the responsibility of the executive officers, while the title is not exercised, as well as all matters which were not resolved by the executive officers and which were not exclusively under the responsibility of the Board of Directors or General Meeting; and (m) submit for approval of the Board of Directors the nominal list of the employees which will be invited to participate in the Stock Option Plan, in accordance with the annual total amount already approved at the General Meeting for the year.

Human Resources Committee

The main assignment and responsibility of the Human Resources Committee is to establish the strategies to attract and retain the company's talents, by proposing development programs, training and remuneration. The Human Resources Committee is comprised of one Director (Levi Henrique) and three Chief Officers of the Company (Júnia Maria de Souza Lima Galvão, Leonardo Guimarães Corrêa and Rafael Nazareth Menin Teixeira de Souza).

Corporate Governance Committee

The main assignment and responsibility of the Corporate Governance Committee is to monitor the improvement of the best international corporate governance practices and propose the adjustments and improvements in the Company's corporate governance system whenever deemed necessary. The Corporate Governance Committee is comprised of one Director (Levi Henrique), and two Chief Officers (Júnia Maria de Souza Lima Galvão and Maria Fernanda Nazareth Menin Teixeira de Souza Maia).

Customer Relations Committee

The main assignment and responsibility of the Customer Relations Committee is to reduce or resolve the general situations which are causing problems to the clients. Moreover, it is responsible for defining strategic process improvements towards customer satisfaction. The Customer Relations Committee is comprised of one Director (Marcos Alberto Cabaleiro Fernandez), one Chief Officer (Eduardo Paes Barretto) and one Executive Manager (Flávio Vidal Cambraia).

Real Estate Development Committee

The main assignment and responsibility of the Real Estate Development Committee is to define the strategy of geographic expansion and acquisition of land. The Real Estate Development Committee is comprised of two Directors (Rubens Menin Teixeira de Souza and Marcos Alberto Cabaleiro Fernandez) and three Chief Officers (Hudson Gonçalves Andrade, Rafael Nazareth Menin Teixeira de Souza and Eduardo Fischer Teixeira De Souza).

Risk Management Committee

The main assignment and responsibility of the Risk Management Committee is to assess financial and operating risks, and define strategies to mitigate those risks. The Risk Management Committee is comprised of two Directors (Marcos Alberto

Cabaleiro Fernandez e Marco Aurélio de Vasconcelos Cançado), and two Chief Officers (Leonardo Guimarães Corrêa and Maria Fernanda Nazareth Menin Teixeira de Souza Maia).

Ethics Committee

The main assignment and responsibility of the Ethics Committee is to manage the Company's commitment to ethical behavior. The Ethics Committee is comprised of one Director (Marcos Alberto Cabaleiro Fernandez) and four Chief Officers (Júnia Maria de Souza Lima Galvão, Leonardo Guimarães Corrêa, Maria Fernanda Nazareth Menin Teixeira de Souza Maia and Rafael Nazareth Menin Teixeira de Souza). The Ethics Committee reports to the Board of Directors.

b) date of creation of the Supervisory Board, if not permanent, and other committees

We do not have a permanent Supervisory Board.

The Human Resources Committee, Corporate Governance Committee and Clients Relationship Committee were created by our Board of Directors, at the meeting held on November 6, 2006.

The Real Estate Development Committee was created by our Board of Directors, at the meeting held on April 9, 2007.

The Risk Management Committee was created by our Board of Directors, at the meeting held on February 8, 2010.

The Ethics Committee was created by our Board of Directors, at the meeting held on June 11, 2012.

c) systems to evaluate the performance of each body or committee

There is no formal evaluation of the bodies and committees

d) as regards to the members of the Executive Board, their individual responsibilities and powers

The Chief Executive Officer must, besides coordinating and monitoring the Executive Board's activities; (i) request and preside the Executive Board's meetings, under the terms of Article 26 of our Bylaws; (ii) submit for approval of the Board of Directors the work plans and the annual budget, the investment plans and the new expansion programs of the Company and subsidiaries, assuring their performance in accordance with the terms approved; (iii) prepare the Company's operational strategies and guidelines, as well as establish the criteria for performance of the resolutions of the General Meeting and Board of Directors, including the participation of the other executive officers; (iv) organize, monitor and oversee, in accordance with the guidelines of the Executive Board and Board of Directors, the performance of the Company's activities; (v) undertake all necessary measures to assure the Company's regular businesses; and (vi) exercise other powers and duties not attributed to the other executive directors and which were, from time to time, attributed by the Board of Directors.

Functions of the Financial Officer: In addition to the duties conferred by the Board of Directors, the Chief Financial Officer shall define the Company's financial strategies in line with the current business plans, and monitor and supervise the accounting, treasury, financial planning and investor relations processes.

Functions of the Chief Investor Relations Officer: In addition to the duties conferred by the Board of Directors, the Investor Relations Officer shall represent the Company before the Brazilian Securities and Exchange Commission, shareholders, investors, stock exchanges, Central Bank of Brazil and any other agencies governing capital market activities, and shall define strategies and measures to optimize the Company's funding and fulfill the investors' interests.

Functions of the Chief Legal Officer: In addition to the duties conferred by the Board of Directors, the Chief Legal Officer shall develop legal strategies to monitor administrative and legal proceedings, carry out the engagement and management of third-party law firms, ensure the legal safety of any and all business transacted, be held liable for any and all legal matters involving the Company.

Functions of the Chief Sales Officer: In addition to the duties conferred by the Board of Directors, the Chief Sales Officer shall define the business and marketing strategies and be held liable for the development and implementation of business measures and initiatives, aiming at the business growth.

Functions of the Chief Production Officer: In addition to the duties conferred by the Board of Directors, the Chief Production Officer shall define the technology strategies and researches for the Construction business divisions and the corporate real estate supply, safety, engineering and technical support areas.

Functions of the Chief Real Estate Credit Officer: In addition to the duties conferred by the Board of Directors, the Chief Real Estate Credit Officer shall define the strategies and measures to optimize the Company's funding with financial institutions, ensure the quality of the customer portfolio and make the customers' financing possible.

Functions of the Chief Real Estate Development Officer: In addition to the duties conferred by the Board of Directors, the Chief Real Estate Development Officer shall define the real estate development and construction strategies, aiming at the business growth, in accordance with the guidelines set out by the Board of Directors.

Functions of the Chief Management and Shared Service Center Officer: In addition to the duties conferred by the Board of Directors, the Chief Management and Shared Service Center Officer shall define the Company's administrative, human resources, customer relationship and Information Technology strategies, in line with current business plans, in accordance with the guidelines set out by the Board of Directors.

Functions of the Chief Regional Officers: In addition to the duties conferred by the Board of Directors, the Chief Regional Officers shall implement the Company's business strategy in the respective regional offices, aiming at attaining the Company's growth and profitability goals.

e) mechanisms for the performance evaluation of the members of the Board of Directors, committees and Executive Board

The Company's Executive Officers are annually evaluated, based on goals and indicators established from the achievement and overcoming of the Company, the area and individual goals, aligned with the strategic planning and the competition. The evaluation results have direct impact on the Executive Officers' variable remuneration. The Company's main performance indicators considered to determine the variable compensation are: Net Margin, Adjusted EBITDA Margin, Contracted Sales, Constructed Units, Client Satisfaction, Available Land Bank, Launches and Transfer to Clients.

There are no evaluation mechanisms for the Board of Directors and Committees performance.

## 12.2. Rules, policies and practices related to the general meetings

a) request periods

The Company's General Meetings are requested within, at least, 15 (fifteen) consecutive days in advance in the first call and within 8 (eight) consecutive days in advance in the second call.

b) responsibilities

The shareholders, at the general meetings, must resolve the following matters, without prejudice to the other obligations:

- Amendments to the Bylaws;
- Split-off of shares;
- Stock option plans;
- Delist from Novo Mercado;
- Selection of specialized company responsible for the determination of the Company's economic value in connection with the public offerings set forth in our Bylaws, amongst the triple list of companies indicated by our Board of Directors;
- Issuance of convertible and/or guaranteed debentures;
- Suspension of the exercise of the rights of the shareholder which was not able to comply with the obligations set forth in applicable law or our Bylaws;
- Evaluation of the assets as regards to which the shareholder intends to subscribe the shares;
- Approval of the transformation into a limited-liability company or any other type of company set forth in the Brazilian Corporate Law;
- Merger, incorporation or other company or spin-off;
- Dissolution and liquidation, election and removal of the liquidators, as well as approval of the accounts presented by the liquidators and also election of the members of the Supervisory Board, which must operate during the liquidation period; and
- Authorization of the request for bankruptcy or judicial or extrajudicial recovery.

c) addresses (physical or electronic) where the documents related to the general meeting will be at the disposal of the shareholders for analysis

Electronic: www.mrv.com.br/ri; www.cvm.gov.br; www.bmfbovespa.com.br.
Physical: Avenida Raja Gabaglia, nº 2.720, Belo Horizonte, Minas Gerais

d) identification and management of conflict of interests

Under applicable law, the conflict of interests are identified and managed by the Chairman of the Board of Directors, through analysis of the purpose and contra-parties of the agreement.

In the event the interests of any shareholder conflict with the subject of the day, in accordance with the Brazilian legislation, such shareholder must not vote.

In this regard, this rule is applicable to the Company, considering that, generally speaking, the shareholders, whose interests conflict with the subject of the day, must not vote.

e) request of proxies by management for the exercise of the voting right

The Company accepts the vote of the shareholders' representative provided that such representative was duly established and the proxy includes the vote to be granted.

f) formal procedures necessary for acceptance of the proxies granted by the shareholders, indicating whether the issuer accepts proxies granted by the shareholders through electronic media

The shareholder may be represented at the General Meeting by an attorney-in-fact appointed in less than 1 (one) year, which is a shareholder, administrator, lawyer, financial institution or administrator of the investment funds representing the members. To attend to the General Meeting, the shareholder must deliver to the Company, on the date of the respective meeting, the respective proxy, duly regularized under applicable law and in accordance with these Bylaws, in the event of representation of the shareholder. The shareholder or the legal representative must attend to the General Meeting with the documents to confirm his/her identity. The Company does not accept proxies granted by shareholders through electronic media.

g) maintenance of forums and pages in the Internet directed to receive and share the shareholders' comments on the subjects covered at the meetings

The Company does not have forums and pages in the Internet directed to receive and share the shareholders' comments on the subjects covered at the meetings. However, the Company has open communication means with its analysts and shareholders throught theInvestor Relations' website (http://www.mrv.com.br/ri) and email (ri@mrv.com.br) used to clarify doubts and any other tyoe of information regarding the Company.

h) live and/or audio transmission of the meetings

The Company does not use the system of live and/or audio transmission of the meetings. However, the Company is evaluating ways to make the meetings access easier.

i) systems directed to allow the inclusion, in the subject of the day, of the proposals presented by the shareholders

There are no systems to allow such inclusion. The Company may allow such requirements, according to the legal and regulamental disposals. The Company's Investor Relations communication mean, as indicated on item 12.2 (g) of this reference Form, receives investors and shareholders requests and forwards them to the qualified institutions. The Company understands that the legal instruments and shareholders communication channel are sufficient to meet the needs related to General Meetings participation.

## 12.3. Dates and newspapers for disclosure

| Fiscal Year | Publication | Newspaper - UF | Date |
|---|---|---|---|
| 12/31/2011 | Financial statements | Official Gazette of the State of Minas Gerais - MG | 04/10/2012 |
| | | Hoje em Dia - MG | 04/10/2012 |
| | | Jornal da Tarde - SP | 04/10/2012 |
| | Notice to the shareholders about the available financial statements | Official Gazette of the State of Minas Gerais - MG | 03/16/2012 |
| | | Hoje em Dia - MG | 03/16/2012 |
| | | Jornal da Tarde - SP | 03/16/2012 |
| | Request of the general meeting which analyzed the financial statements | Official Gazette of the State of Minas Gerais - MG | 04/03/2012 |

| Fiscal Year | Publication | Newspaper - UF | Date |
|---|---|---|---|
| | | Hoje em Dia - MG | 04/03/2012 |
| | | Jornal da Tarde - SP | 04/03/2012 |
| | Minutes of the general meeting which analyzed the financial statements | Official Gazette of the State of Minas Gerais - MG | 05/03/2012 |
| | | Hoje em Dia - MG | 05/03/2012 |
| | | Jornal da Tarde - SP | 05/03/2012 |
| 12/31/2010 | Financial statements | Official Gazette of the Union - DF | 04/15/2011 |
| | | Hoje em Dia - MG | 04/15/2011 |
| | | Jornal da Tarde - SP | 04/15/2011 |
| | Notice to the shareholders about the available financial statements | Official Gazette of the State of Minas Gerais - MG | 03/31/2011 |
| | | Hoje em Dia - MG | 03/31/2011 |
| | | Jornal da Tarde - SP | 03/31/2011 |
| | Request of the general meeting which analyzed the financial statements | Official Gazette of the State of Minas Gerais - MG | 03/31/2011 |
| | | Hoje em Dia - MG | 03/31/2011 |
| | | Jornal da Tarde - SP | 03/31/2011 |
| | Minutes of the general meeting which analyzed the financial statements | Official Gazette of the Union - DF | 05/04/2011 |
| | | Hoje em Dia - MG | 05/04/2011 |
| | | Jornal da Tarde - SP | 05/04/2011 |
| 12/31/2009 | Financial statements | Official Gazette of the State of Minas Gerais - MG | 03/25/2010 |
| | | Hoje em Dia - MG | 03/25/2010 |
| | | Jornal da Tarde - SP | 03/25/2010 |
| | Notice to the shareholders about the available financial statements | Official Gazette of the State of Minas Gerais - MG | 04/06/2010 |
| | | Hoje em Dia - MG | 04/06/2010 |
| | | Jornal da Tarde - SP | 04/06/2010 |
| | Request of the general meeting which analyzed the financial statements | Official Gazette of the State of Minas Gerais - MG | 04/06/2010 |
| | | Hoje em Dia - MG | 04/06/2010 |
| | | Jornal da Tarde - SP | 04/06/2010 |
| | Minutes of the general meeting which analyzed the financial statements | Official Gazette of the State of Minas Gerais - MG | 05/04/2010 |
| | | Hoje em Dia - MG | 05/04/2010 |
| | | Jornal da Tarde - SP | 05/04/2010 |

### 12.4. Rules, policies and practices related to the Board of Directors

The Board of Directors is comprised of at least five members and at most seven members, of which 20% must be independent members, all elected at the General Meeting for two-year mandates, reelection allowed.

In the event the percentage of 20% results in a fraction in terms of number of Directors, such fraction must be rounded to the: (i) immediately number above, in the event the fraction is equivalent to or greater than 0.5, or (ii) immediately number below, in the event the fraction is lower than 0.5.

The Chairman and the Vice-Chairman of the Board of Directors are elected by the majority of the effective directors who attended to the first meeting of the Board of Directors subsequently to the entrance into office of such directors. The current members of the Company's Board of Directors are as follows:

| Member | Title | Reelection date |
|---|---|---|
| Rubens Menin Teixeira de Souza | Chairman of Board of Directors | 04/30/2013 |
| Marcos Alberto Cabaleiro Fernandez | Vice-Chairman of Board of Directors | 04/30/2013 |
| Levi Henrique | Independent director | 04/30/2013 |
| Marco Aurélio de Vasconcelos Cançado | Independent director | 04/30/2013 |
| Fernando Henrique da Fonseca | Independent director | 04/30/2013 |
| João Batista de Abreu | Independent director | 04/30/2013 |
| Rafael Menin Teixeira de Souza | Director | 04/30/2013 |

a) frequency of the meetings

Under the terms of article 17 of the Company's Bylaws, the Board of Directors will meet, ordinarily, at each three months and, extraordinarily, whenever requested by the Chairman or any of its members, upon notice in writing delivered within 5 (five) business days in advance, including the subject of the day.

In urgency, meetings of the Board of Directors may be convened by its Chairman without compliance with the deadline above, provided that all other members of the Council are unequivocally aware. The calls can be made by letter with acknowledgment of receipt, fax or by any means, electronic or otherwise, that allows proof of receipt.

Regardless of the procedures provided herein, shall be deemed a regular, a meeting attended by all directors.

b) if any, the provisions of the shareholders' agreement establishing restriction or limitation to the voting rights of the members of the board

Currently, there is no shareholders' agreement entered into with the Company

c) rules for the identification and management of conflict of interests

Under the terms of paragraph 4, of article 15, of the Company's Bylaws, the members of the Board of Directors must have good reputation and must not be elected as the member of the Board of Directors, except for the waiver of the majority of the members, the member which: (i) is in charge of other title in another company which is deemed as a competitor of the Company; or (ii) has or represents conflict of interests as regards to the interests of the Company. The voting right must not be exercised by the member of the Board of Directors if the events indicated in this paragraph are verified.

Under the terms of paragraph 5, article 15, of our Bylaws, the members of the Board of Directors may not access the information or attend to the meetings of the Board of Directors, which members have or represent conflict of interests as regards to the interests of the Company. The seats of the Board of Directors are occupied by the Independent Director and shareholders and/or representatives of the shareholders, in accordance with the Company's interests.

It is forbidden to the Directors, Officers and Members of the Committee to intervene in corporate transactions in which they have conflicting interests with the Company; as well in the deliberation that in this respect the other administrators might take. It is for the person who is subject to a conflict of interest to declare the occurrence of such fact, if he considers that any Council decision on a particular subject on the agenda for a vote would result in benefit or that of others, with or without prejudice to the Company. The person should declare himself barred at the time of the Board meeting or by notifying the Chairman of the Board, informing him of the reason of his barring and write in the minutes of meeting of the Council the nature and extent of his interest. After the declaration of an impediment, that person can not participate in the discussion or voting on matters in which he has a conflict of interest and should absent himself from the meeting room when the Council is discussing this matter.

The information sent to the Board by the Company or by third parties relating to the particular matter in which certain Director to declares a conflict of interest, will not be sent to such Director, officer, or member of committee, nor will he be given access to such information by other members of the participating body. Regardless of the notification referred to above, always when the Company identifies a situation where conflicts of interest might arise with a particular member with respect to any matter to be decided by the Board, the President shall notify such person so he can, within established term, speak up in this respect.

Following article 48 of MRV's Bylaws, the Company, its shareholders, Senior Managers and members of the Fiscal Council (if installed) undertake to refer to arbitration any and all disputes or controversies between them, related to or arising from, in particular, the application, validity, efficiency, interpretation, violation and its results, of the provisions stated in the Law of Business Corporation, these By-Laws, the rules edited by the National Monetary Council, by the Central Bank of Brazil and by CVM, as well as in all other regulations applicable to the operation of capital markets in general, additionally to those stated in the New Market Regulation, de Arbitration Rules of the Arbitration Panel of the Market and the New Market Participation Agreement.

### 12.5. Commitment clause of the bylaws for resolution of conflicts amongst the shareholders and amongst the shareholders and the Company through arbitration

In accordance with the Novo Mercado Regulation and article 50 of our Bylaws, our Company, shareholders, directors, executive officers and members of the Supervisory Board, when installed, agree to resolve, through arbitration, all and any dispute or difference amongst them, specifically related to or resulting from the application, validity, effectiveness, interpretation, violation and related effects of the provisions set forth in the Brazilian Corporate Law, our Bylaws, rules issued by CMN, BACEN and CVM, as well as the other rules applicable to the capital market in general, in addition to those included in the Novo Mercado Regulation, Arbitration Regulation of the Market Arbitration Chamber and the Novo Mercado Participation Agreement.

## 12.6. Directors, executive officers and members

| a) Name | b) Age | c) Profession | d) CPF / Passport | e) Title | f) Election date | g) Investure date | h) Mandate term | i) Other titles exercised | j) Elected by the Controller |
|---|---|---|---|---|---|---|---|---|---|
| Rubens Menin Teixeira de Souza | 57 | Engineer | 315.836.606-15 | Chairman of the Board of Directors and Chief Executive Officer | 04/30/2013 and 05/02/2013 | 04/30/2013 and 05/02/2013 | 2 years | Real Estate Development Committee | Yes |
| Marcos Alberto Cabaleiro Fernandez | 61 | Businessman | 139.359.336-49 | Vice-Chairman of the Board of Directors | 04/30/2013 | 04/30/2013 | 2 years | Real Estate Development Committee; Clients Relationship Committee; Risk Management Committee; Ethics Committee | Yes |
| Rafael Nazareth Menin Teixeira de Souza | 32 | Engineer | 013.255.636-76 | Director and Chief Regional Officer | 04/30/2013 and 05/02/2013 | 04/30/2013 and 05/02/2013 | 2 years | Real Estate Development Committee; Human Resources Committee; Ethics Committee | No |
| Fernando Henrique da Fonseca | 73 | Economist | 199.017.396-91 | Independent Director | 04/30/2013 | 04/30/2013 | 2 years | No | No |
| João Batista de Abreu | 69 | Economist | 094.017.097-34 | Independent Director | 04/30/2013 | 04/30/2013 | 2 years | No | No |
| Levi Henrique | 73 | Engineer | 029.704.148-72 | Independent Director | 04/30/2013 | 04/30/2013 | 2 years | Human Resources Committee; Corporate Governance Committee | No |
| Marco Aurélio de Vasconcelos Cançado | 62 | Administrator | 137.837.506-87 | Independent Director | 04/30/2013 | 04/30/2013 | 2 years | Risk Management Committee | No |
| Eduardo Fischer Teixeira de Souza | 39 | Engineer | 000.415.476-24 | Chief Regional Officer | 05/02/2013 | 05/02/2013 | 2 years | Real Estate Development Committee | Board |
| Eduardo Paes Barretto | 55 | Administrator | 006.078.718-06 | Chief Commercial Officer | 05/02/2013 | 05/02/2013 | 2 years | Clients Relationship Committee | Board |
| Homero Aguiar Paiva | 52 | Engineer | 566.916.456-34 | Chief Production Officer | 05/02/2013 | 05/02/2013 | 2 years | No | Board |
| Hudson Gonçalves de Andrade | 53 | Engineer | 436.094.226-53 | Chief Real Estate Development Officer | 05/02/2013 | 05/02/2013 | 2 years | No | Board |
| José Adib Tomé Simão | 66 | Engineer | 071.004.346-53 | Chief Real Estate Financing Officer | 05/02/2013 | 05/02/2013 | 2 years | No | Board |
| Júnia Maria de Sousa Lima Galvão | 42 | Accountant | 878.532.996-72 | Chief Management and Shared Service Center Officer | 05/02/2013 | 05/02/2013 | 2 years | Human Resources Committee; Corporate Governance Committee | Board |
| Leonardo Guimarães Corrêa | 54 | Economist | 275.939.836-68 | Chief Financial Officer | 05/02/2013 | 05/02/2013 | 2 years | Risk Management Committee; Human Resources Committee; Ethics Committee | Board |
| Maria Fernanda Nazareth Menin Teixeira de Souza Maia | 33 | Lawyer | 040.415.096-96 | Chief Legal Officer | 05/02/2013 | 05/02/2013 | 2 years | Risk Management Committee; Ethics Committee | Board |
| Mônica Freitas Guimarães Simão | 46 | Administrator | 555.340.666-87 | Chief Investor Relations Officer | 05/02/2013 | 05/02/2013 | 2 years | No | Board |

## 12.7. Committee Members

Human Resources Committee

| a) Name | b) Age | c) Profession | d) CPF / Passport | e) Title | f) Election date | g) Investure date | h) Mandate term | i) Other titles exercised | j) Elected by the Controller |
|---|---|---|---|---|---|---|---|---|---|
| Levi Henrique | 73 | Engineer | 029.704.148-72 | Independent Director | 08/14/2007 | 08/14/2007 | Undetermined | Board of Directors | No |
| Júnia Maria de Sousa Lima Galvão | 42 | Accountant | 878.532.996-72 | Chief Management and Shared Service Center Officer | 08/14/2007 | 08/14/2007 | Undetermined | Executive Board; Corporate Governance Committee; Ethics Committee | Board |
| Leonardo Guimarães Corrêa | 54 | Economist | 275.939.836-68 | Chief Financial Officer | 04/23/2012 | 04/23/2012 | Undetermined | Executive Board; Risk Management Committee; Ethics Committee | Board |
| Rafael Nazareth Menin Teixeira de Souza | 32 | Engineer | 013.255.636-76 | Director and Chief Regional Officer | 04/23/2012 | 04/23/2012 | Undetermined | Board of Directors; Executive Board; Real Estate Development Committee; Ethics Committee | Board |

Corporate Governance Committee

| a) Name | b) Age | c) Profession | d) CPF / Passport | e) Title | f) Election date | g) Investure date | h) Mandate term | i) Other titles exercised | j) Elected by the Controller |
|---|---|---|---|---|---|---|---|---|---|
| Levi Henrique | 73 | Engineer | 029.704.148-72 | Independent Director | 08/14/2007 | 08/14/2007 | Undetermined | Board of Directors; Human Resources Committee | No |
| Júnia Maria de Sousa Lima Galvão | 42 | Accountant | 878.532.996-72 | Chief Management and Shared Service Center Officer | 08/14/2007 | 08/14/2007 | Undetermined | Executive Board; Human Resources Committee; Ethics Committee | Board |
| Maria Fernanda Menin Teixeira de Souza Maia | 33 | Lawyer | 040.415.096-96 | Chief Legal Officer | 08/14/2007 | 08/14/2007 | Undetermined | Executive Board; Risk Management Committee; Ethics Committee | Board |

Clients Relationship Committee

| a) Name | b) Age | c) Profession | d) CPF / Passport | e) Title | f) Election date | g) Investure date | h) Mandate term | i) Other titles exercised | j) Elected by the Controller |
|---|---|---|---|---|---|---|---|---|---|
| Marcos Alberto Cabaleiro Fernandez | 61 | Businessman | 139.359.336-49 | Vice-Chairman of the Board of Directors | 12/01/2008 | 12/01/2008 | Undetermined | Board of Directors Risk Management Committee; Ethics Committee | Yes |
| Eduardo Paes Barretto | 55 | Administrator | 006.078.718-06 | Chief Commercial Officer | 12/01/2008 | 12/01/2008 | Undetermined | Executive Board | Board |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Flávio Vidal Cambraia | 37 | Engineer | 037.813.246-64 | Executive Manager | 04/07/2010 | 04/07/2010 | Undetermined | Executive Manager | Board |

Real Estate Development Committee

| a) Name | b) Age | c) Profession | d) CPF / Passport | e) Title | f) Election date | g) Investure date | h) Mandate term | i) Other titles exercised | j) Elected by the Controller |
|---|---|---|---|---|---|---|---|---|---|
| Rubens Menin Teixeira de Souza | 56 | Engineer | 315.836.606-15 | Chief Executive Officer and Chairman of the Board of Directors | 04/09/2007 | 04/09/2007 | Undetermined | Board of Directors; Executive Board | Yes |
| Marcos Alberto Cabaleiro Fernandez | 61 | Businessman | 139.359.336-49 | Vice-Chairman of the Board of Directors | 04/09/2007 | 04/09/2007 | Undetermined | Board of Directors; Client Relationship Committee; Ethics Committee | Yes |
| Eduardo Fischer Teixeira de Souza | 39 | Engineer | 436.094.226-53 | Chief Regional Officer | 03/08/2010 | 03/08/2010 | Undetermined | Executive Board | Board |
| Hudson Gonçalves de Andrade | 53 | Engineer | 436.094.226-53 | Chief Real Estate Development Officer | 06/08/2009 | 06/08/2009 | Undetermined | Executive Board | Board |
| Rafael Nazareth Menin Teixeira de Souza | 32 | Engineer | 013.255.636-76 | Director and Chief Regional Officer | 03/08/2010 | 03/08/2010 | Undetermined | Board of Directors; Executive Board; Human Resources Committee; Ethics Committee | Board |

Risk Management Committee

| a) Name | b) Age | c) Profession | d) CPF / Passport | e) Title | f) Election date | g) Investure date | h) Mandate term | i) Other titles exercised | j) Elected by the Controller |
|---|---|---|---|---|---|---|---|---|---|
| Marcos Alberto Cabaleiro Fernandez | 61 | Businessman | 139.359.336-49 | Vice-Chairman of the Board of Directors | 02/08/2010 | 02/08/2010 | Undetermined | Board of Directors; Client Relationship Committee; Ethics Committee; Real Estate Development Committee | Yes |
| Marco Aurélio de Vasconcelos Cançado | 62 | Administrator | 137.837.506-87 | Independent Director | 02/08/2010 | 02/08/2010 | Undetermined | Board of Directors | No |
| Leonardo Guimarães Corrêa | 54 | Economist | 275.939.836-68 | Chief Financial Officer | 02/08/2010 | 02/08/2010 | Undetermined | Executive Board; Human Resources Committee; Ethics Committee | Board |
| Maria Fernanda Menin Teixeira de Souza Maia | 33 | Lawyer | 040.415.096-96 | Chief Legal Officer | 02/08/2010 | 02/08/2010 | Undetermined | Executive Board; Corporate Governance Committee; Ethics Committee | Board |

Ethics Committee

| a) Name | b) Age | c) Profession | d) CPF / Passport | e) Title | f) Election date | g) Investure date | h) Mandate term | i) Other titles exercised | j) Elected by the Controller |
|---|---|---|---|---|---|---|---|---|---|
| Marcos Alberto Cabaleiro Fernandez | 61 | Businessman | 139.359.336-49 | Vice-Chairman of the Board of Directors | 06/25/2012 | 06/25/2012 | Undetermined | Board of Directors; Client Relationship Committee; Risk Management Committee; Real Estate Development Committee Committee | Yes |
| Júnia Maria de Sousa Lima Galvão | 42 | Accountant | 878.532.996-72 | Chief Management and Shared Service Center Officer | 06/25/2012 | 06/25/2012 | Undetermined | Executive Board; Human Resources Committee; Corporate Governance Committee | Board |
| Leonardo Guimarães Corrêa | 54 | Economist | 275.939.836-68 | Chief Financial Officer | 06/25/2012 | 06/25/2012 | Undetermined | Executive Board; Human Resources Committee; Risk Management Committee | Board |
| Maria Fernanda Menin Teixeira de Souza Maia | 33 | Lawyer | 040.415.096-96 | Chief Legal Officer | 06/25/2012 | 06/25/2012 | Undetermined | Executive Board; Corporate Governance Committee; Risk Management Committee | Board |
| Rafael Nazareth Menin Teixeira de Souza | 32 | Engineer | 013.255.636-76 | Director and Chief Regional Officer | 06/25/2012 | 06/25/2012 | Undetermined | Board of Directors; Executive Board; Human Resources Committee; Real Estate Development Committee | Board |

## 12.8. a) Resume of the directors, executive officers and members of the Supervisory Board

Board of Directors:

*Rubens Menin Teixeira de Souza – Chairman of the Board of Directors and our Chief Executive Officer.* He was elected member of the Board of Directors on Extraordinary Shareholders Meeting on June 1, 2006, position which he holds until today. He holds a degree in civil engineering from the Federal University of Minas Gerais - UFMG, where he graduated in 1978. He is a founding partner of the MRV group in 1979 and the main executive, currently serves as both Chief Executive Officer and Chairman of the Board of Directors. He is also a founding partner of Intermedium, multiple bank, and has been Chairman of its Board of Directors since its establishment in 1994, Chairman of the Board of Directors of LOG Commercial Properties SA, a commercial and industrial properties company, since its founding in 2008, and Chairman of the Board of Directors of Urbamais Properties e Participações S.A., with purpose of the development of large urban areas for residential and/or residential/office use, since its founding in 2012.. In addition to MRV, he has not worked at other publicly-held companies.

*Marcos Alberto Cabaleiro Fernandez.* He was elected member of the Board of Directors on Extraordinary Shareholders Meeting on June 1, 2006, position which he holds until today. Graduated with a law degree from the Milton Campos Law School in 1981. He founded Construtora Becker Cabaleiro, civil construction company, in 1977 and CVG developer in 1986. He was Vice-Chairman of the Real Estate Market Chamber of Belo Horizonte and the Civil Construction Union from 1999 to 2002. He is a founding partner of Intermedium and has been a member of its Board of Directors since the company was established in 1994, and member of the Board of Directors and Chief Executive Officer of LOG Commercial Properties SA, a commercial and industrial properties company, since its founding in 2008, and member of the Board of Directors and Chief Executive Officer of Urbamais Properties e Participações S.A., with purpose of the development of large urban areas for residential and/or residential/office use, since its founding in 2012. In addition to MRV, he has not worked at other publicly-held companies.

*Fernando Henrique da Fonseca.* He was elected member of the Board of Directors on general Shareholders Meeting on October 5, 2006, position which he holds until today. He holds a degree in economics from the Federal University of Minas Gerais - UFMG, having pursued specialized courses in the areas of finance, economics and business. He has been CFO of Celulose Nipo-Brasileira S.A. (CENIBRA) since September 2001. He has 42 years of experience in the financial divisions of public and private companies, having held the following positions: President of the financial companies Intermedium, a multiple bank, and Credicon from 1994 to 2001; President of Banco Agrimisa between 1988 and 1993. Vice-President of BEMGE Bank from 1987 to 1988; President of Agrimisa Bank from 1988 to 1993; Executive Officer of Minas Gerais State Financial Policy Committee from 1983 to 1985; and Manager of the Companhia Siderúrgica Belgo-Mineira from 1967 to 1975. In addition to MRV, during his career, he worked for more three publicly-held companies: as Regional Sales Planning and Exportation Manager at Companhia Siderúrgica Belgo-Mineira between 1967 and 1975; as Vice-President at Banco BEMGE between 1987 and 19988; and as President at Banco Agrimisa between 1988 and 1993.

*João Batista de Abreu.* He was elected member of the Board of Directors on Extraordinary Shareholders Meeting on September 30, 2009, position which he holds until today. He holds a degree in Economic Sciences from the Federal University of Minas Gerais – UFMG and a master's degree from FGV. He was a professor at Pontifícia Universidade Católica do Rio de Janeiro (PUC/RJ) and Instituto Militar de Engenharia (IME). He was admitted at Instituto de Pesquisa Econômica Aplicada (IPEA), under the Planning, Budget and Management Ministry, exercising, as specialized technician, the titles of Economic Assistant Head of the Minister of Planning, Executive Secretary of the Treasury Ministry, Treasury State Secretary of the State of Minas Gerais and, finally, State Chief Minister of Planning and Coordination of the President of Brazil. After his career at the public level, he was the President of Banco de Desenvolvimento de Minas Gerais (BDMG), member of EMBRAER's Board of Directors, executive officer at BMG Leasing between 1999 and February 2009 and, for seventeen years, he was the Vice Executive President of Banco BMG S/A.

*Levi Henrique*. He was elected member of the Board of Directors on Extraordinary Shareholders Meeting on June 1, 2006, position which he holds until today. Holds an engineering degree from the Instituto Tecnologico de Aeronautica - ITA. After graduating, he entered Cofap S.A. (company operating in the autoparts industry) in 1959, where he reached the position of Director of the Shock Absorber Factory and remained with the company for 19 years. In 1978, he joined Eluma S.A., company operating in the steel industry, where he reached the position of Superintendent of the Non-Ferrous Division. He worked at that company for 8 years, up to1984, and then, between 1985 and 1993, he worked as a Superintendent at LaFonte Fechaduras S.A. Between 1987 and 1990, he worked as a Superintendent at Metalpo Indústria e Comércio Ltda., a company operating in the steel industry; and between 1990 and 1993, he worked as a Superintendent at Protendit Indústria e Comércio Ltda., a company operating in the civil construction industry. He established Geminids, his business management consulting firm, in 1994, where he presently remains. Over the last five years, he worked at Suggar Eletrodomésticos Ltda. (2002–2006), manufacturer and seller of exhausters of kitchens and semi-automatic washing machines, as the CEO's Assistant. In addition to MRV, during his career he worked at other two publicly-held companies: as Superintendent at LaFonte Fechaduras S.A., an integral part of the holding LaFonte Participações (1985–1986) and as Superintendent of the Non-Ferrous Division at Eluma S.A. (1978–1984).

*Marco Aurélio de Vasconcelos Cançado.* He was elected member of the Board of Directors on Extraordinary Shareholders Meeting on October 27, 2008, position which he holds until today. He received a degree in business administration from Faculdade de Ciências Econômicas, Administrativas e Contábeis at FUMEC in 1974, and received a graduate degree in financial administration from Fundação João Pinheiro/Columbia University in 1975 and a specialization qualification in finance from the Wharton School of the University of Pennsylvania in 1992. He has more than 30 years of professional experience in

the financial and capitals markets, having held executive positions in several institutions. For seven years, he was CFO and Business Specialist at Banco Mercantil do Brasil (2000–2007); CEO at Eletrosilex S.A., a manufacturer of metallic silicate (1998–2009); Vice-CEO at Eletrodados Corretora de Seguros S.A., an insurance company (2007– up to date); Managing Director at MAVC – Consultoria e Participações Ltda. (2007– up to date); member of the Board of Directors at Araújo Fontes, a company operating in the corporate finance industry and mergers and acquisitions (2007– up to date). Moreover, during his career, he worked at three publicly-held companies: Banco Mercantil as CFO and Business Specialist (2000–2007); Banco do Brasil as CFO and Services Specialist (1985–1987); and MRV.

*Rafael Nazareth Menin Teixeira de Souza – Chief Regional Officer.* He was elected member of the Board of Directors on Annual and Extraordinary Shareholders Meeting on April 30, 2013, position which he holds until today. He holds a degree in civil engineering from Federal University of Minas Gerais in 2003. He joined MRV Serviços de Engenharia Ltda. in 1999, as a civil engineer intern. He has large experience in real estate homebuilding sector. During this period, he worked as site engineer, coordinator of engineering and technical director. He is member of the Board of Directors of Urbamais Properties e Participações S.A., with purpose of the development of large urban areas for residential and/or residential/office use, since its founding in 2012. He was elected MRV´s Chief Regional Officer at the meeting of the Board of Directors held on March 8, 2010, position which he holds until today.

Executive Board:

*Rubens Menin Teixeira de Souza – Chief Executive Officer.* See the section above including the members of our Board of Directors.

*Eduardo Fischer Teixeira de Souza - Chief Regional Officer.* He holds a degree in civil engineering from FUMEC in 2000 and a MBA in Finance from IBMEC MG in 2003. He joined MRV Serviços de Engenharia Ltda. in 1993, as a civil engineer intern. He has large experience in real estate homebuilding sector. During this period, he worked as site engineer, coordinator of development sites and production director of Campinas and São Paulo. He was electet MRV´s Chief Regional Officer at the meeting of the Board of Directors held on March 8, 2010, position which he holds until today. In addition to MRV, he has not worked at other publicly-held companies.

*Eduardo Paes Barretto – Chief Commercial Officer.* He has a degree in business administration from FMU - Faculdades Metropolitanas Unidas, having specialized in market administration and marketing at both FGV and ESPM. He was director of the Association of Sales Managers of Brazil - ADVB and Chairman of the Retail Commission of that association. He is a lecturer and speaker at seminars of the Brazilian Advertisers Association. He was Chief Operating Officer of the Companhia Brasileira de Distribuição - Grupo Pão de Açúcar, from May 1986 to July 1993. He has been working with companies of the MRV group since September 2000, being in charge of commercial policy, supervision of real estate sales, market research, development of new business and corporate strategy. Mr. Barretto was elected our Chief Commercial Officer at the meeting of the Board of Directors held on June 2, 2006, position which he holds until today. In addition to MRV, he has not worked at other publicly-held companies.

*Homero Aguiar Paiva – Chief Production Officer.* In 1984, he received a degree in civil engineering from PUC - MG, and in 1991 he received a graduate degree in quality and productivity engineering from the Sociedade Mineira de Engenharia - MG. He earned an MBA in business management from IBMEC/BH in 2000. He joined the MRV Group in 1987 as an engineer, and became supervisor of engineering in 1989. In 1996, he became technical director, and since 2004 he has served as our Chief Production Officer. Mr. Paiva was elected our Chief Production Officer at the meeting of the Board of Directors held on June 2, 2006, position which he holds until today. In addition to MRV, he has not worked at other publicly-held companies.

*Hudson Gonçalves de Andrade – Chief Real Estate Development Officer.* He earned a degree in civil engineering from the Kennedy School of Engineering in 1993. He began his career in 1980 at the MRV Group as buildings technician. He was appointed Projects Officer in 2000, and occupied the position of Chief Real Estate Development Officer in 2005. Mr. Andrade was elected our Chief Real Estate Development Officer at the meeting of the Board of Directors held on June 2, 2006, position which he holds until today. In addition to MRV, he has not worked at other publicly-held companies.

*Jose Adib Tomé Simão – Chief Real Estate Financing Officer.* He earned a degree in civil engineering in 1969 from the Engineering School of the Federal University of Minas Gerais. In 1972, he was professor of the former Kennedy School of Engineering in Belo Horizonte. From 1973 to 1986, he was the director of the São Paulo branch of Delphos Engenharia S.A., which is based in Belo Horizonte. From 1987 to 1988, he was a special advisor to the Chief Minister for the Secretariat of Planning and Co-ordination of the Presidency of the Republic. He joined the MRV Group in 1989, working in the technical, administrative and commercial sectors, becoming our chief administrative officer in 1999 . Mr. Simão was elected MRV's Chief Administration Officer at the meeting of the Board of Directors held on June 2, 2006. In 2007 was elected Chief Financial Officer and in 2009, Chief Real estate Credit Line Officer, position which he holds until today. In addition to MRV, he has not worked at other publicly-held companies.

*Júnia Maria de Sousa Lima Galvão – Chief Administrative and Comptrolling Officer.* She holds a degree in accounting and a graduate degree in financial management and international business from the Fundação Dom Cabral, as well as in human resources and in information systems. She worked at RM Sistemas between 1996 and January 2007, recently sold to Totvs S.A., as administrative and financial executive officer, in the administration, finance and accounting sectors, having been the responsible officer and attorney-in-fact for RM Sistemas between 1996 and 2006. Mrs. Lima was elected our Chief

Administrative Officer and Controller at the meeting of the Board of Directors held on January 24, 2007, position which he holds until today. In addition to MRV, she has not worked at other publicly-held companies.

*Leonardo Guimarães Corrêa –Chief Financial Officer.* He earned a degree in economics from the Federal University of Minas Gerais – UFMG in 1980, and a graduate degree in finance from FGV in 1986. He worked from 1982 to 1990 at Lloyds Bank as Treasury Manager. From 1990 to 2000 he worked at JP Morgan, where his last post held was treasury officer for Brazil. He was a partner at Banco Pactual from 2000 to 2003. Between 2003 and 2006 he was a partner at Perfin Administração de Recursos, an independent fund manager, specialized in investment funds. He joined us in March 2006 as Vice President Executive Officer. In January 2007 was elected Chief Investor Relations Officer and, in June 2009, Chief Financial and Investor Relations Officer and at the meeting of the Board of Directors held on May 2, 2011, was elected Chief Financial Officer, position which he holds until today. In addition to MRV, he has not worked at other publicly-held companies.

*Maria Fernanda Nazareth Menin Teixeira de Souza Maia - Chief Legal Officer.* She earned a law degree from Milton Campos Law School in 2001, and postgraduate in Economics and Business Law from FGV in 2003. She is an effective member of the Commissions Corporate Advocacy OAB / MG. She joined MRV Serviços de Engenharia Ltda. in 1997, as an intern of Billing Department. During this period she held positions as an intern in the Legal Department, Legal Assistant, Coordinator of the Legal Department, Legal Superintendent and Legal Manager. Mrs. Maia was elected MRV's Chief Legal Officer at meeting of the Board of Directors held on May 4, 2010, position which she holds until today.

*Mônica Freitas Guimarães Simão - Chief Investor Relations Officer.* She earned a degree in business administration from Louisiana State University – USA, holds a MBA in finance from Louisiana State University – USA and a MBA in Controllership from the University of São Paulo. She worked from 1993 to 1998 in Cia. Cerveijaria Brahma (AMBEV) as Manager of Financial Operations Officer. She worked from 1998 to 2003 in TIM Maxitel, becoming the CFO in 2001. She was the CFO in Líder Aviação from 2003 to 2006. She began her career in MRV Engenharia e Participações S.A. in November 2006, as Finance Director. Mrs. Simão was elected MRV's Investor Relations Officer at the meeting of the Board of Directors held on May 4, 2010, position which she holds until today.

*Rafael Nazareth Menin Teixeira de Souza – Chief Regional Officer.* See the section above including the members of our Board of Directors.

### 12.8. b) Legal and administrative claims (inclusive criminal claims) involving the directors, executive officers and members of the Supervisory Board

I, Rubens Menin Teixeira de Souza, the Company's CEO, reelected on April 30, 2013, and Chairman of the Company's Board of Directors, reelected on May 2, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Marcos Alberto Cabaleiro Fernandez, Vice-Chairman of the Company's Board of Directors, reelected on April 30, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Fernando Henrique da Fonseca, Company's director, reelected on April 30, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, João Batista de Abreu, Company's director, reelected on April 30, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Levi Henrique, Company's director, reelected on April 30, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Marco Aurélio de Vasconcelos Cançado, Company's director, reelected on April 30, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Rafael Nazareth Menin Teixeira de Souza, Company's director, elected on April 30, 2013, and Chief Regional Officer, reelected on May 2, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Eduardo Fischer Teixeira de Souza, Chief Regional Officer, reelected on May 2, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Eduardo Paes Barretto, Chief Commercial Officer, reelected on May 2, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Homero Aguiar Paiva, Chief Production Officer, reelected on May 2, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Hudson Gonçalves de Andrade, ***Chief Real Estate Development Officer***, reelected on May 2, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, José Adib Tomé Simão, ***Chief Real Estate Credit Line Officer***, reelected on May 2, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Júnia Maria de Sousa Lima Galvão, ***Chief Administrative Officer and Controller***, reelected on May 2, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Leonardo Guimarães Corrêa, Vice-President of the Executive Board, Chief Financial Officer and Investor Relations Officer, reelected on May 2, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Maria Fernanda Nazareth Menin Teixeira de Souza Maia Chief Legal Officer, reelected on May 2, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Mônica Freitas Guimarães Simão, Chief Investor Relations Officer, reelected on May 2, 2013, declare, for all legal purposes that, over the last five years, **I was not** subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

### 12.9. Marital relationships, stable unions or relatives up to the second degree amongst

a) Company's directors and executive officers

| Nº | Name | CPF | Title | Kinship |
|---|---|---|---|---|
| 1A | Rubens Menin Teixeira de Souza | 315.836.606-15 | CEO and Chairman of the Board of Directors | Father (1º degree of consanguinity) |
| 1B | Rafael Nazareth Menin Teixeira de Souza | 013.255.636-76 | Director and Chief Regional Officer | Son (1º degree of consanguinity) |
| 1C | Maria Fernanda Nazareth Menin Teixeira de Souza Maia | 040.415.096-96 | Chief Legal Officer | Daughter (1º degree of consanguinity) |

b) Company's directors and executive officers and directors and executive officers controlled directly or indirectly by the Company

Not applicable

c) Company's directors and executive officers or its direct or indirect subsidiaries and Company's direct or indirect controllers

Not applicable

d) Company's directors and executive officers and directors and executive officers controlled directly or indirectly by the Company

Not applicable

### 12.10 Relations of subordination, rendering of services or control held, over the last three years, amongst the Company's directors and executive officers

a) Company controlled directly or indirectly by the Company

Not applicable

b) Company's direct or indirect controller

Not applicable

c) Company's supplier, client, debtor or creditor, or of the Company's subsidiary or parent companies, or controlled by any of these persons, if relevant

Not applicable

### 12.11. Agreements (including insurance policies) establishing the payment or reimbursement of expenses assumed by the directors and executive officers, in connection with the reimbursement of damages caused against third parties or the Company, penalties imposed by state agents and agreements executed in order to terminate the administrative or judicial proceedings, by virtue of the exercise of the respective duties

The Company contracted the Civil Liability insurance to cover the directors and executive officers, in order to assure the reimbursement to the directors and executive officers of the expenses assumed by these persons in connection with the recovery of damages against third parties or to the issuer. The coverage of the current policy amounts to R$ 80.0 million, with a premium of R$149.1 thousand.

The Company has not entered into any agreement in order to terminate the administrative or judicial proceedings, filed against the Company's directors and executive officers in connection with the exercise of their respective duties.

## 12.12. Other information deemed relevant by the issuer

**General Shareholders' Meeting**

| | EGSM 2012 | EGSM 2011 | EGSM 2010 |
|---|---|---|---|
| (i) the date of the meeting | 04/30/2013 | 04/30/2012 | 04/30/2011 |
| (ii) cases of installation on the second call | None | None | None |
| (iii) the quorum for each meeting | Not available | Not available | Not available |

**Posts of members of the Board of Directors**

Attending to item 4.5 of the *Regulamento do Novo Mercado da BM&FBovespa - Bolsa de Valores, Mercadorias e Futuros*, we inform below the list of posts that the members of the Board of Directors occupy in the: (i) Board of Directors, (ii) Fiscal Council, (iii) Committees, and (iv) Executive bodies of other companies or entities.

| Members of the Board of Directors | Title at MRV | Company | Title |
|---|---|---|---|
| Rubens Menin Teixeira de Souza | President | Banco Intermedium | Chairman of the Board of Directors |
| | | LOG Commercial Properties S.A. | Chairman of the Board of Directors |
| | | Urbamais Properties e Participações S.A. | Chairman of the Board of Directors |
| Marcos Alberto Cabaleiro Fernandez | Vice-President | Banco Intermedium | Director |
| | | LOG Commercial Properties S.A. | Director and CEO |
| | | Urbamais Properties e Participações S.A. | Director and CEO |
| Levi Henrique | Independent Director | / | / |
| Marco Aurélio de Vasconcelos Cançado | Independent Director | COSEFI - Companhia Securitizadora de Creditos Financeiros | Director |
| | | PBH Ativos S.A | Director |
| | | Araújo Fontes Ltda. | Director |
| Fernando Henrique da Fonseca | Independent Director | Cenibra | Director |
| | | Camara de Florestas Plantadas do Ministerio da Agricultura | President |
| | | Fiesp | Executive Officer |
| | | ABRAF - Associação Brasileira de Produtores de Florestas Plantadas | Director |
| João Batista de Abreu | Independent Director | / | / |
| Rafael Menin Teixeira de Souza | Director | Urbamais Properties e Participações S.A. | Director |

**ABRASCA *(Brazilian Association of Listed Companies)***

ABRASCA Code of Self-Regulation and Good Practice of Listed Companies ("Code") establishes principles, rules and recommendations in order to contribute to the improvement of corporate governance practices in order to promote investor confidence, facilitate capital market access and reduce the cost of capital, promoting sustainability and durability of Brazilian companies, as well as the creation of long-term value.

MRV Engenharia e Participacoes SA states applying the principles and rules established in this Code, and acceded to the code on August 15, 2011, except: (as per item 1.4 of the ABRASCA Code).

- Rule 5.1. -
The Company maintains systems of internal controls and risk management systems that provide its sustainability and longevity. These internal controls allow management to monitor financial and operational processes. The Company has a Risk Management Committee, approved by the Board of Directors of the Company on February 8, 2010, which has responsibility for assigning and evaluating the financial and operational risks of the Company, and setting strategies to mitigate them, following thus, item 5.1. of the ABRASCA Code.

- Rule 8.2. -
The administration adopts procedures to control material information, including a disclosure policy for material acts or facts defined by the Board of Directors deliberated and approved by the Board of Directors of the Company on June 8, 2009. The item 3.1 of this Policy elects the Chief IR Officer as responsible for implementing and monitoring this Disclosure Policy, in order to prevent leakage and use of material or privileged information, thus following item 8.2. of the ABRASCA Code.

**Practice of Corporate Governance and the Recomendations of Brazilian Institute of Corporate Governance - IBGC**

Corporate Governance is the system whereby organizations are run and overseen. It involves relationships between the shareholders, the Board of Directors, the Officers, the independent auditors and the Fiscal Counsil. The main principles are: (i) Transparency; (ii) Fairness; (iii) accountability; and (iv) Corporate Responsibility.

Among the practices of corporate governance recomended by IBGC in its Code of Best Practice of Corporate Governance, we adopt, among others:

(i) Emission of ordinary shares, exclusively;

(ii) “One share one vote” policy;

(iii) Clear Bylaws regarding (a) Call Notice and fulfillment of the General Meeting; (b) Board of Directors and Officers main powers; and (c) voting system, election, dismissal and terms of office of the members of the Board of Directors and Officers;

(iv) Elaboration of annual reports regarding the Company’s activities in the ended fiscal year, in comparison with the previous years and according to the international financial reporting standarts;

(v) Transparancy in public disclosure of the annual administration report;

(vi) Prevision in Bylaws regarding Fiscal Counsil instalation;

(vii) Pertinent Genereal meeting call and documentation, available since the date of the first call, detailing the agenda and always considering the realization of the meeting on time and date which allow the participation of the highest amount of shareholders;

(viii) Well defined voting rules, avaiable since the publication of the General Meeting call;

(ix) Prevision in Bylaws regarding that, in the hypothesis of the complete disposal of the controlling shareholders, the acquirer must conduct a public offer of share acquisition to all shareholders, in the same condition given to the controller (tag along);

(x) Share dissipation (free float), aiming the securities´ liquidity; and

(xi) Conflit resolution that may arise between the Company and its Shareholders through an arbitration procedure.

# Compensation of Directors and Executive Officers

## 13.1. Compensation policy and practice of the Board of Directors, Executive Board, Supervisory Board and Audit, Risk, Financial and Compensation Committees

a) compensation policy or practice

Board of Directors:
The compensation of the Board of Directors is fixed in accordance to the job description.

Executive Board:

The compensation of the executive officers is determined in accordance with (i) the duties and responsibilities of each one and as regards to the other executives of the real estate industry, and (ii) the collective performance of the executive management staff to meet our purpose to increase the value of our shares.

We enter into with each of our directors and executive officers the Management Agreement, which sets forth, in addition to the fixed monthly compensation, paid as pro labore compensation, a variable compensation subject to the performance of the director and/or executive officer and in accordance with the compliance with certain goals of the area.

Some of our executive officers were granted with stock option plans to be exercised in accordance with the terms and conditions set forth in the Stock Option Plan.

Therefore, the compensation policy of our directors and executive officers includes: (i) a basic compensation and a variable compensation, related to the goals in accordance with the title and area of the director and/or executive officer; (ii) an indirect compensation, represented by the benefits indicated in the paragraph above; and (iii) a stock based compensation, in connection with the Stock Option Plan. This policy aligns short-, medium- and long-term purposes.

Non-Statutory Executive Board:

The compensation of the members of the Executive Board is based on the market practices, depending on the results of our Company. The compensation practice aims at contracting and assuring the retention of the highly qualified personnel. The compensation policy of the Executive Board is based on applicable legislation, since all executive officers are contracted based on the CLT legislation, in order to determine the compensation of each executive officer. Moreover, the members of our Executive Board receive stock based compensation, in connection with our Stock Option Plan.

Supervisory Board:

We do not have a Supervisory Board installed currently. The compensation policy of the members of the Supervisory Board, when installed, will be determined in accordance with applicable legislation. The Brazilian Corporate Law requires that the members of the Supervisory Board receive compensation of, at least, 10% of the average amount paid yearly to the executive officers.

Committees:

The members of the advisory committees under the Board of Directors do not receive compensation.

MRV's compensation policy considers the three related perspectives, as follows:

i. Employer perspective: promote the knowledge, skills and the behaviors necessary for successful business;
ii. Employee perspective: the compensation is a portion of an attractive proposal which is understood and supported by the employee;
iii. Cost perspective: the compensation costs are sustainable and do not affect the other investments.

b) compensation composition

i) Description of the compensation elements and purposes of each one:

a. Fixed compensation: base salary (Board of Directors, statutory and non-statutory Executive Board). Purpose: recognize and reflect the value of the title internally (company) and externally (market);

b. Short-term incentives: bonus (statutory Executive Board) and profit sharing (non-statutory Executive Board). Purpose: compensate for the Company's goals achieved and exceeded, at the department and individual levels, aligned to budget, strategic planning and competition;

c. Benefits: life insurance, health and odontological plan (non-statutory Executive Board). Purpose: supplement the corporate benefits;

d. Long-term incentives: stock option plan (statutory and non-statutory Executive Board). Purpose: reinforce the retention of employees and align the interests with the shareholders as regards to the creation of value for the business in a sustainable manner in the long term.

ii) Percentage of each element in the total compensation:

a. Board of Directors: 100% fixed compensation.

b. Statutory Executive Board: 41% fixed compensation, 41% short-term incentives and 18% long-term incentives.

c. Non-statutory Executive Board: 42% fixed compensation, 16% short-term incentives, 6% benefits and 36% long-term incentives.

d. Supervisory Board: We do not have a Supervisory Board installed.

e. Committees: The members of the advisory committees under the Board of Directors do not receive compensation.

iii) Methodology for calculation and adjustment of the compensation elements:

*Board of Directors*

The compensation elements and the respective adjustments are defined at the shareholders' general meeting. The proposal is based on market research with Brazilian companies of about the same size and different sectors. . Based on that the adjustments are then analyzed by the Board of Directors and taken to General Assembly to be approved by the shareholders.
*Statutory Executive Board*

The compensation elements and the respective adjustments are defined at the shareholders' general meeting. The proposal is based on market research with Brazilian companies of about the same size and different sectors. . Based on that the adjustments are analyzed by the Board of Directors and taken to General Assembly to be approved by the shareholders.

*Non-statutory Executive Board*

The negotiation between the civil construction employees' trade union of the State of Belo Horizonte and the civil construction employers' trade union of the State of Minas Gerais agreed an annual salary increase (percentage) to the Company's employees. As regards to the non-statutory Executive Board, this negotiation between the trade unions is followed. The Company authorized to adjust each element of the total compensation.

*Supervisory Board:*

We do not have a Supervisory Board installed currently. The compensation policy of the members of the Supervisory Board, when installed, will be determined in accordance with applicable legislation. The Brazilian Corporate Law requires that the members of the Supervisory Board receive compensation of, at least, 10% of the average amount paid yearly to the executive officers.

*Committees:*

The members of the advisory committees under the Board of Directors do not receive compensation.

iv) Reasons which would justify the compensation composition:

The reason for the fact that most part of the total compensation is variable (short- or long-term) is the Company's focus on the results. Therefore, the attraction and retention strategy is also focused on the results.

c) main performance indicators considered in the determination of each compensation element

a. Fixed compensation: no performance indicators are considered;

b. Short-term incentives: the Company's main performance indicators considered to determine the variable compensation are: Net Margin, Adjusted EBITDA Margin, Contracted Sales, Constructed Units, Client Satisfaction, Available Land Bank, Launches and Transfer to Clients;

c. Benefits: no performance indicators are considered;

d. Long-term incentives: the Company's main performance indicators considered to determine the variable compensation are: Net Margin, Adjusted EBITDA Margin, Contracted Sales, Constructed Units, Client Satisfaction, Available Land Bank, Launches and Transfer to Clients.

d) compensation structure to reflect the growth of the performance indicators

a. Fixed compensation: no performance indicators are considered;

b. Short-term incentives: The monitoring of the indicators is performed at least monthly, and the final determination of the results is performed on the year subsequent to the year under discussion and approved by the Board of Directors. Each indicator has a specific weight which, as measured, consolidates the total variable compensation;

c. Benefits: no performance indicators are considered;

d. Long-term incentives: The monitoring of the indicators is performed at least monthly, and the final determination of the results is performed on the year subsequent to the year under discussion and approved by the Board of Directors. Each indicator has a specific weight which, as measured, consolidates the total variable compensation.

e) relation between the compensation policy or practice and the Company's interests

As set forth in item b (i), each compensation aspect performs a specific role in the short-, medium- and long-term. Since there is a strong relation with the results, the Company assures a sustainable compensation, without affecting any other investments.

a. Fixed compensation: base salary (Board of Directors, statutory and non-statutory Executive Board). Purpose: recognize and reflect the value of the title internally (company) and externally (market);

b. Short-term incentives: bonus (statutory Executive Board) and profit sharing (non-statutory Executive Board). Purpose: compensate for the Company's goals achieved and exceeded, at the department and individual levels, aligned to budget, strategic planning and competition;

c. Benefits: life insurance, health and odontological plan (non-statutory Executive Board). Purpose: supplement the corporate benefits;

d. Long-term incentives: stock option plan (statutory and non-statutory Executive Board). Purpose: reinforce the retention of employees and align the interests with the shareholders as regards to the creation of value for the business in a sustainable manner in the long term.

f) Compensation supported by subsidiaries, associated companies or direct or indirect controllers

See item 13.15.

g) compensation or benefits related to corporate events

There is no compensation or benefits related to corporate events.

**13.2. As regards to the compensation recognized in the statement of income and the compensation estimated for the current year payable to the Board of Directors, Statutory Executive Board and Supervisory Board**

| ESTIMATED 2012 (R$ thousand) | Board of Directors | Executive Board | Supervisory Board | Total |
|---|---|---|---|---|
| Number of members | 7.00 | 12.00 | / | 19.00 |
| Annual fixed compensation (R$) | | | | |
| Salary / Pró-labore | 906,000 | 5,531,000 | | 6,437,000 |
| Direct and indirect benefits | 0,00- | 0,00- | | 0,00- |
| Participation in committees | 0,00- | 0,00- | | 0,00- |
| Other | 0,00- | 0,00- | | 0,00- |
| Variable compensation | - | | | |
| Bonus | 0,00- | 0,00- | | 0,00- |
| Profit sharing | 0,00- | 5,531,000 | | 5,531,000 |
| Participation in meetings | 0,00- | 0,00- | | 0,00- |
| Commissions | 0,00- | 0,00- | | 0,00- |
| Other | 0,00- | 0,00- | | 0,00- |
| Description of other Variable compensations | | | | |
| Post-employment benefits | 0,00- | 0,00- | | 0,00- |
| Benefits due to dismissal | 0,00- | 0,00- | | 0,00- |
| Stock based compensation | 0,00- | 1,137,000 | | 1,137,000 |
| Observation | (12 months x 7 members) = 84. 84/12 months = on average 7.00 members | (12 months x 12 members) = 144. 144/12 months = on average 12.00 members | | |
| **Total compensation** | **906,000** | **12,199,000** | | **13,105,000** |

| 2011 (R$ thousand) | Board of Directors | Executive Board | Supervisory Board | Total |
|---|---|---|---|---|
| Number of members | 7.00 | 12.00 | / | 19.00 |
| Annual fixed compensation (R$) | | | | |
| Salary / Pró-labore | 840,000 | 5,066,000 | | 5,906,000 |
| Direct and indirect benefits | 0,00- | 0,00- | | 0,00- |
| Participation in committees | 0,00- | 0,00- | | 0,00 |
| Other | 0,00- | 0,00- | | 0,00- |
| Description of other Fixed Compensations | | | | |
| Variable compensation | - | | | |
| Bonus | 0,00- | 0,00- | | 0,00- |
| Profit sharing | 0,00- | 4,366,000 | | 4,366,000 |
| Participation in meetings | 0,00- | 0,00- | | 0,00- |
| Commissions | 0,00- | 0,00- | | 0,00- |
| Other | 0,00- | 0,00- | | 0,00- |
| Description of other Variable compensations | | | | |
| Post-employment benefits | 0,00- | 0,00- | | 0,00- |
| Benefits due to dismissal | 0,00- | 0,00- | | 0,00- |
| Stock based compensation | 0,00- | 1,438,000 | | 1,438,000 |
| Observation | (12 months x 7 members) = 84. 84/12 months = on average 7.00 members | (12 months x 12 members) = 144. 144/12 months = on average 12.00 members | | |
| **Total compensation** | **840,000** | **10,870,000** | | **11,710,000.00** |

| 2010(R$ thousand) | Board of Directors | Executive Board | Supervisory Board | Total |
|---|---|---|---|---|

| 2010(R$ thousand) | Board of Directors | Executive Board | Supervisory Board | Total |
|---|---|---|---|---|
| Number of members | 7.00 | 11.67 | / | 18.67 |
| Annual fixed compensation (R$) | | | | |
| Salary / Pró-labore | 806,000 | 4,499,000 | | 5,305,000 |
| Direct and indirect benefits | 0,00- | 0,00- | | 0,00- |
| Participation in committees | 0,00- | 0,00- | | 0,00- |
| Other | 0,00- | 0,00- | | 0,00- |
| Description of other Fixed Compensations | | | | |
| Variable compensation | - | | | |
| Bonus | 0,00- | 0.00 | | 0,00 |
| Profit sharing | 0,00- | 4,343,000- | | 4,343,000- |
| Participation in meetings | 0,00- | 0,00- | | 0,00- |
| Commissions | 0,00- | 0,00- | | 0,00- |
| Other | 0,00- | 0,00- | | 0,00- |
| Description of other Variable compensations | | | | |
| Post-employment benefits | 0,00- | 0,00- | | 0,00- |
| Benefits due to dismissal | 0,00- | 0,00- | | 0,00- |
| Stock based compensation | 0,00- | 745,000 | | 745,000 |
| Observation | (12 months x 7 members) = 84. 84/12 months = on average 7.00 members | (2 months x 7 members) + (2 months x 11 members) + (8 months x 13 members) = 140. 140/12 months = on average 11.67 members | | |
| **Total compensation** | **806,000** | **9,587,000** | | **10,393,000** |

| 2009 (R$ thousand) | Board of Directors | Executive Board | Supervisory Board | Total |
|---|---|---|---|---|
| Number of members | 7.00 | 7.00 | / | 14.00 |
| Annual fixed compensation (R$) | | | | |
| Salary / Pró-labore | 555,000 | 2,567,000 | | 3,122,000 |
| Direct and indirect benefits | 0,00- | 0,00- | | 0,00- |
| Participation in committees | 0,00- | 0,00- | | 0,00- |
| Other | 0,00- | 0,00- | | 0,00- |
| Description of other Fixed Compensations | | | | |
| Variable compensation | - | | | |
| Bonus | 0,00- | 0,00- | | 0,00- |
| Profit sharing | 0,00- | 2,567,000 | | 2,567,000 |
| Participation in meetings | 0,00- | 0,00- | | 0,00- |
| Commissions | 0,00- | 0,00- | | 0,00- |
| Other | 0,00- | 0,00- | | 0,00- |
| Description of other Variable compensations | | | | |
| Post-employment benefits | 0,00- | 0,00- | | 0,00- |
| Benefits due to dismissal | 0,00- | 0,00- | | 0,00- |
| Stock based compensation | 0,00- | 855,000 | | 855,000 |
| Observation | | | | |
| Observation | (12 months x 7 members) = 84. 84/12 months = on average 7.00 members | (12 months x 7 members) = 84. 84/12 months = on average 7.00 members | | |
| **Total compensation** | **555,000** | **5,989,000** | | **6,544,000** |

**13.3. As regards to the variable compensation for the last year and the current year and the compensation estimated for the current year for the members of the Board of Directors, Statutory Executive Board and Supervisory Board**

| Variable compensation - 2012 | Board of Directors | Statutory Executive Board | Supervisory Board | Total |
|---|---|---|---|---|
| Number of members | 7.00 | 12.00 | na | |
| **Bonus** | | | | |
| Minimum value established in the compensation plan | 0 | 0 | na | 0 |
| Maximum value established in the compensation plan | 0 | 0 | na | 0 |
| Estimated value established in the compensation plan in the event the goals are met | 0 | 0 | na | 0 |
| Value recognized in the statement of income (in R$ thousand) | na | na | na | 0 |
| **Profit Sharing** | | | | |
| Minimum value established in the compensation plan | 0 | 0 | na | 0 |
| Maximum value established in the compensation plan | 0 | 5,531 | na | 5,531 |
| Estimated value established in the compensation plan in the event the goals are met | 0 | 5,531 | na | 5,531 |
| Value recognized in the statement of income (in R$ thousand) | na | na | na | 0 |

| Variable compensation - 2011 | Board of Directors | Statutory Executive Board | Supervisory Board | Total |
|---|---|---|---|---|
| Number of members | 7.00 | 12.00 | na | |
| **Bonus** | | | | |
| Minimum value established in the compensation plan | 0 | 0 | na | 0 |
| Maximum value established in the compensation plan | 0 | 0 | na | 0 |
| Estimated value established in the compensation plan in the event the goals are met | 0 | 0 | na | 0 |
| Value recognized in the statement of income (in R$ thousand) | 0 | 0 | na | 0 |
| **Profit Sharing** | | | | |
| Minimum value established in the compensation plan | 0 | 0 | na | 0 |
| Maximum value established in the compensation plan | 0 | 4,366 | na | 4,366 |
| Estimated value established in the compensation plan in the event the goals are met | 0 | 4,366 | na | 4,366 |
| Value recognized in the statement of income (in R$ thousand) | 0 | 4,366 | na | 4,366 |

| Variable compensation - 2010 | Board of Directors | Statutory Executive Board | Supervisory Board | Total |
|---|---|---|---|---|
| Number of members | 7.00 | 11.67 | na | |
| **Bonus** | | | | |
| Minimum value established in the compensation plan | 0 | 0 | na | 0 |
| Maximum value established in the compensation plan | 0 | 0 | na | 0 |
| Estimated value established in the compensation plan in the event the goals are met | 0 | 0 | na | 0 |
| Value recognized in the statement of income (in R$ thousand) | 0 | 0 | na | 0 |
| **Profit Sharing** | | | | |
| Minimum value established in the compensation plan | 0 | 0 | na | 0 |
| Maximum value established in the compensation plan | 0 | 4,343 | na | 4,343 |
| Estimated value established in the compensation plan in the event the goals are met | 0 | 4,343 | na | 4,343 |
| Value recognized in the statement of income (in R$ thousand) | 0 | 4,343 | na | 4,343 |

| Variable compensation - 2009 | Board of Directors | Statutory Executive Board | Supervisory Board | Total |
|---|---|---|---|---|
| Number of members | 7.00 | 7.00 | na | |
| **Bonus** | | | | |
| Minimum value established in the compensation plan | 0 | 0 | na | 0 |
| Maximum value established in the compensation plan | 0 | 0 | na | 0 |
| Estimated value established in the compensation plan in the event the goals are met | 0 | 0 | na | 0 |

| Variable compensation - 2009 | Board of Directors | Statutory Executive Board | Supervisory Board | Total |
|---|---|---|---|---|
| Value recognized in the statement of income (in R$ thousand) | 0 | 0 | na | 0 |
| **Profit Sharing** | | | | |
| Minimum value established in the compensation plan | 0 | 0 | na | 0 |
| Maximum value established in the compensation plan | 0 | 2,567 | na | 2,567 |
| Estimated value established in the compensation plan in the event the goals are met | 0 | 2,567 | na | 2,567 |
| Value recognized in the statement of income (in R$ thousand) | 0 | 2,567 | na | 2,567 |
| | | | | |

## 13.4. As regards to the stock-based compensation plan of the Board of Directors and Statutory Executive Board, effective on the last year and estimated for the current year

a. General terms and conditions

On April 2, 2007, our shareholders at the General Meeting approved the general conditions of our Stock Option Plan and the respective regulation, comprising 4,701,723 shares, equivalent to 5% of the total shares issued by our Company on such date and established the number of options and shares to be granted, as well as the exercise conditions, including the respective terms. The exercise price of the Stock Option Plan will be equivalent to the shareholders' equity value determined by the Board of Directors on the date of acceptance and approval of each program.

Our executives and employees, including the executives and employees of our subsidiaries, directly or indirectly, may be entitled to participate in such plan. In the event the labor agreement or the mandate of the associate is terminated due to (a) request for dismissal or waiver; or (b) dismissal (with or without just cause) or removal (with or without just cause), in accordance with, however the case may be, the definition of just cause set forth in the corporate legislation or the definition of just cause set forth in the labor legislation, as applicable; the options which exercise rights (i) were not acquired, up to such date, will be cancelled; and (ii) were already acquired on such date, may be exercised within 90 days, as from the termination date of the respective labor agreement or mandate, upon notice in writing submitted to the Chairman of our Board of Directors, being understood that, upon elapse of such period, the rights will be cancelled.

On December 17, 2009, the shareholders approved at a Shareholders Meeting the amendment of the Stock Option Plan to reflect the 1:3 stock split made on that date.

(i) Program 1
This program involves the Company's middle management in addition to its officers and senior management. The option exercise price is R$1.004, corresponding to 2,846,687 stock options (equivalent to 8,540,061 common shares after the stock split), differentiated per participant by the number of options received and the related vesting period.

(ii) Program 2:
In the context of said Plan, a second program was also approved, totaling 467,400 stock options (equivalent to 1,402,200 common shares after the stock split) with exercise price of R$10.00, differentiated by the number of options received and the related vesting period. Eligibility for this program includes the same employee levels of program 1.

(iii) Program 3:
On March 8, 2010, a new stock option grant was approved with exercise price of R$11.80, equivalent to 1,700,631 common shares, differentiated by the number of options received, but maintaining the same five-year vesting period. Options can be exercised within up to three years after the date of the last year. The exercise price is based on the average quotation of the Company´s shares in the last 20 stock market sessions before and including May 10, 2010.
Eligibility for Program 3 includes, in addition to the executive officers, executives and managers considered key management personnel of the Company, who are elected by the executive committee and approved by the Board of Directors. Each participant receives a maximum number of stock options. The actual number to be exercised is directly and proportionally linked to the performance (attainment of goals) in the Profit Sharing plan (PLR2010).

Up to December 31, 2011, the Company had granted 82.54% of the total approved stock options.

b. main plan's purposes

The purpose of this Stock Option Plan of shares of MRV Engenharia e Participacoes SA ("Company"), established under art. 168, § 3 of Law No. 6.404/76, approved by the General Assembly of the Company, hereinafter referred to as the Plan is to stimulate growth, success and performance of the Company's corporate purposes and shareholders' interests, allowing certain executives and employees to opt to purchase shares of the Company on the terms and conditions of the Plan.

c. plan's contribution to these purposes

Once most part of the options is available in long term, the executive officers trend to work in the company at least up to such period and are able to obtain the results in the long term.

d. how the plan is included in the issuer's compensation policy

As referred to in item 13.1b, this plan comprises the compensation group with significant representation in the Executive Board's total amount.

e. how the plan aligns the interests of the directors, executive officers and issuer in the short, medium and long terms

The plan aligns the interests of the directors, executive officers, Company and shareholders through the benefits to the directors and executive officers in accordance with the performance of the shares issued by the Company. Through the plan, we seek to improve our management and retention of our executives, aiming at the gains resulting from our commitment with the long-term results and short-term performance. Moreover, the plan allows the Company to obtain and maintain the services rendered by specialized executives, by providing to such executive officers, as an additional advantage, the possibility of becoming the shareholders of our Company, under the terms and conditions set forth in the plan.

f. maximum number of shares

On April 2, 2007, our shareholders, at the General Meeting, approved the general conditions of our Stock Option Plan and its respective regulation, which plan comprises 4,701,723 options or 4,701,723 shares, equivalent to 5% of the total shares issued by our Company on such date and establishes the number of options and shares to be granted, as well as the exercise conditions, including terms.

On December 17, 2009, the shareholders approved at a Shareholders Meeting the amendment of the Stock Option Plan to reflect the 1:3 stock split made on that date. The split was also applied to the executives Stock Option Plan, so that one option of Plan 1 and 2 correspond to three ordinary shares, while one option of Plan 3 correspond to one ordinary share, totaling 14,105,169 shares post split.

g. maximum number of options to be granted

The stock option plan and its respective regulation approved include 4,701,723 shares equivalent to 5% of our capital stock, on April 2007 and include the number of options and shares to be exercised, as well as the conditions of the exercised, including terms.

On December 17, 2009, the shareholders approved at a Shareholders Meeting the amendment of the Stock Option Plan to reflect the 1:3 stock split made on that date. The split was also applied to the executives Stock Option Plan, so that one option of Plan 1 and 2 correspond to three ordinary shares, while one option of Plan 3 correspond to one ordinary share.

h. conditions for the acquisition of shares

The participation in such program includes, in addition to the senior executive officers and managers, our medium-level managers.

Our executive officers and employees, inclusive the executive officers and employees of our subsidiaries, directly or indirectly, may be eligible to participate in such plan. The Board of Directors indicates, in accordance with such plan and for each program, those persons eligible to the options, which persons are duly invited in writing to participate in the plan.

The exercise price must be paid as determined by each program, according to the price indicated in item 13.4. (i) below. The option shall solely be exercised under the terms of the plan and each program, during the dates and periods established.

The person participating in the plan must be an active associate on the exercise date.

| i. | criteria to determine the acquisition or exercise price |
|---|---|

(i) Program 1:
The exercise price of the Stock Option Plan is equivalent to the shareholders' equity value determined by the Board of Directors on the release and approval of each program, being R$ 1.004.

(ii) Program 2:
The exercise price of the Stock Option Plan is equivalent to the shareholders' equity value determined by the Board of Directors on the release and approval of each program, being R$ 10.00.

(iii) Program 3:
The exercise price is based on the average quotation of the Company´s shares in the last 20 stock market sessions before and including May 10, 2010, being R$ 11.80.

Observation: When Program 1 and 2 were released and approved, the Company did not yet have securities negociated on the stock market. When Program 3 was released and approved, the Company did not already have securities negociated on the stock market, and as such, the criterium of p´rice setting adopted by the Company should, necessarily, observe the stock quotes.

| j. | criteria for determination of the exercise period |
|---|---|

Relevance of the associate and alignment with the plan's long-term purposes.

| k. | liquidation method |
|---|---|

In stock.

| l. | restrictions to the transfer of shares |
|---|---|

The holder of the shares originally acquired in connection with the Plan must not sale, transfer or dispose such shares issued by the Company, as well as those shares acquired by virtue of bonus, split-offs, subscriptions or any other form of acquisition, provided that such rights have expired for the purchaser of the ownership of the shares in connection with the plan (referred to herein as "Shares"), for the minimum period set forth in the Invitation Letter. Normally, this minimum period is 6 (six) months after the last exercise. The Invitation Letter is a document signed by the Company and the participant, where the exercise periods, number of options and exercise price, amongst others, are established.

The holder of the Shares also agrees not to provide such Shares in guarantee or subject such Shares to any burden or encumbrance.

The Company will include in the respective Book of Transfer of Shares the restrictions to the disposal of Shares.

Upon elapse of the restriction period above, in the event any beneficiary intends to, directly or indirectly, dispose or otherwise transfer the total or a portion of the shares to a third party, this beneficiary must notify the Company, in writing, including the name of the third party, the term, the payment conditions and the number of shares offered, as well as all information necessary for the Company to decide, within 30 (thirty) days, at most, whether the Company intends to exercise the preemptive right to acquire the shares of the beneficiary under the same terms and conditions. In the event the Company is not able to exercise the preemptive right within the above mentioned period of 30 (thirty) days, the beneficiary will be entitled to the right to sale the shares, within 90 (ninety) days as from the termination of such period, under the terms and conditions not less favorable than those offered to the Company.

| m. | criteria and events which, upon verification, will cause the plan to be suspended, changed or terminated |
|---|---|

In the event the number of the shares issued by the Company is increased or decreased or in the event the shares are changed by different types or classes, as a result of stock premiums, split-offs of shares or reverse split-offs of shares, the necessary adjustments will be made to the number of Shares as regards to which the options were granted and not exercised yet. Any adjustments to the options will be performed without changing the total purchase value applicable to the portion not exercise of the option, including the adjustments corresponding to the exercise price for each share or any unit of the share in connection with the option.

| |
|---|
| n. effects in connection with the removal of the director from the bodies of the issuer as regards to the rights set forth in the stock based compensation |

In the event the labor agreement or the mandate of the associate is terminated due to (a) request for dismissal or waiver; or (b) dismissal (with or without just cause) or removal (with or without just cause), in accordance with, however the case may be, the definition of just cause set forth in the corporate legislation or the definition of just cause set forth in the labor legislation, as applicable; the options which exercise rights (i) were not acquired, up to such date, will be cancelled; and (ii) were already acquired on such date, may be exercised within 90 days, as from the termination date of the respective labor agreement or mandate, upon notice in writing submitted to the Chairman of our Board of Directors, being understood that, upon elapse of such period, the rights will be cancelled.

In the event of death of the beneficiary, its successors will be entitled with the right to exercise possible options not exercised, regardless of the compliance with the restriction periods related to the sale of the shares in connection with the Program and irrespective of the fact that the exercise right was not acquired, immediately and during the exercise period set forth in the Program, being understood that the number of shares to which the beneficiary is entitled is calculated based on the number of full days between the date the option was granted to the date of termination of the labor agreement or mandate, in accordance with the following formula:

(Shares x D) / P = Options Pro Rata

*Where:*
D is equivalent to the number of full days counted as from the date the option was granted to the date of termination of the labor agreement or mandate, or waiver.
P is equivalent to the period, in days, for the exercise of the Option in accordance with the respective Program.
In the event of retirement due to contribution period or age, after 60 (sixty) year old and provided that the services are discontinued, the options which exercise right (i) was not acquired up to such date, will be cancelled; and (ii) were already acquired on such date, may be exercised within 90 (ninety) days, as from the termination date of the respective labor agreement or mandate, upon notice in writing submitted to the Chairman of our Board of Directors, being understood that, upon elapse of such period, the rights will be cancelled.

## 13.5. Shares or quotas directly or indirectly held in Brazil or abroad and other marketable securities convertible into shares or quotas, issued by the Company, its direct or indirect controllers, companies controlled or under common control, by members of the Board of Directors, Executive Board or Supervisory Board, gathered by body, on the termination date of the last year

| MRV ENGENHARIA E PARTICIPAÇÕES S.A. | Shares held directly | Shares held indirectly | Total |
|---|---|---|---|
| Controller | 154.925.988 | 0 | 155.017.047 |
| Board of Directors | 302.953 | 0 | 8.635.294 |
| Executive Board | 8.574.356 | 1.989.242 | 13.193.839 |
| | **163.803.297** | **1.989.242** | **176.846.180** |

| Detail of shares held indirectly | | UNNO Participações S/A | | MAIO Participacoes Ltda | Total | Shares held indirectly, net of rent |
|---|---|---|---|---|---|---|
| Controller | 0.8% | 91,059 | 0% | 0 | 91,059 | 81,007 |
| Board of Directors | 75.4% | 8,332,341 | 0% | 0 | 8,332,341 | 7,412,534 |
| Executive Board | 23.8% | 2,630,241 | 100% | 1,989,242 | 4,619,483 | 4,329,131 |
| | **100.0%** | **11,053,641** | **100.0%** | **1,989,242** | **13,042,883** | **11,822,672** |

The member of the Board of Directors and the Executive Board hold the following shares of LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

| LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A. | Shares held directly | Shares held indirectly | Total |
|---|---|---|---|
| Board of Directors | 4.774.827 | 20.401.529 | 25.176.356 |
| Executive Board | 5.208.903 | 0 | 5.208.903 |
| | **9.983.730** | **20.401.529** | **30.385.259** |
| **Total number of shares** | | | **134.250.021** |

**13.6. As regards to the stock based compensation recognized in the statement of income for the last three years and the estimated stock based compensation for the current year of the Board of Directors and of the Statutory Executive Board**

| stock based compensation – current fiscal year | Board of Directors | Statutory Executive Board | | |
|---|---|---|---|---|
| **12/31/2012** | **/** | **Program 1** | **Program 2** | **Program 3** |
| **Number of members** | - | 6 | 1 | 13 |
| **Granting of Buy Options** | | | | |
| Granting date | - | 04-20-07 | 04-20-07 | 03-08-10 |
| Number of options granted (post split) | - | 0 | 0 | 0 |
| Term in which they become exercisable | - | Up to 2014 | Up to 2014 | Up to 2015 |
| The maximum term for the exercise of the options | - | 1 month after exercise date | 1 month after exercise date | 2018 |
| The restrictive term for the transfer of the shares | - | 6 months | na | na |
| Average exercise price | | | | |
| (a) of the options to be exercised at the beginning of the fiscal year | - | 0.33 | 3.33 | 11.80 |
| (b) of the lost options during the the fiscal year | - | 0.33 | 3.33 | 11.80 |
| (c) of the exercised options during the the fiscal year | - | 0.33 | 3.33 | 11.80 |
| (d) of the expired options during the the fiscal year | - | 0.33 | 3.33 | 11.80 |
| **Option fair value at Granting date** | **-** | **2.58** | **7.84** | **5.25** |
| **Potential dilution in case of exercising all options** | **-** | **1.6%** | **0.01%** | **0.42** |

| stock based compensation in fiscal year | Board of Directors | Statutory Executive Board | | |
|---|---|---|---|---|
| **12/31/2011** | **/** | **Program 1** | **Program 2** | **Program 3** |
| **Number of members** | - | 6 | 1 | 13 |
| **Granting of Buy Options** | | | | |
| Granting date | - | 04-20-07 | 04-20-07 | 03-08-10 |
| Number of options granted (post split) | - | 0 | 0 | 0 |
| Term in which they become exercisable | - | Up to 2014 | Up to 2014 | Up to 2015 |
| The maximum term for the exercise of the options | - | 1 month after exercise date | 1 month after exercise date | Up to 2018 |
| The restrictive term for the transfer of the shares | - | 6 months | na | na |
| Average exercise price | | | | |
| (a) of the options to be exercised at the beginning of the fiscal year | - | 0.33 | 3.33 | 11.80 |
| (b) of the lost options during the the fiscal year | - | 0.33 | 3.33 | 11.80 |
| (c) of the exercised options during the the fiscal year | - | 0.33 | 3.33 | 11.80 |
| (d) of the expired options during the the fiscal year | - | 0.33 | 3.33 | 11.80 |
| **Option fair value at Granting date** | **-** | **2.58** | **7.84** | **5.25** |
| **Potential dilution in case of exercising all options** | **-** | **1.6%** | **0.01%** | **0.2%** |

| stock based compensation in fiscal year | Board of Directors | Statutory Executive Board | | |
|---|---|---|---|---|
| **12/31/2010** | **/** | **Program 1** | **Program 2** | **Program 3** |
| **Number of members** | - | 6 | 1 | -13 |
| **Granting of Buy Options** | | | | |

| stock based compensation in fiscal year | Board of Directors | Statutory Executive Board | | |
|---|---|---|---|---|
| **12/31/2010** | **/** | **Program 1** | **Program 2** | **Program 3** |
| Granting date | - | 04-20-07 | 04-20-07 | -03-08-10 |
| Number of options granted (post split) | - | 0 | 0 | 744,384- |
| Term in which they become exercisable | - | Up to 2014 | Up to 2014 | Up to 2015- |
| The maximum term for the exercise of the options | - | 1 month after exercise date | 1 month after exercise date | Up to 2018- |
| The restrictive term for the transfer of the shares | - | 6 months | 6 months | - |
| Average exercise price | | | | |
| (a) of the options to be exercised at the beginning of the fiscal year | - | 0.33 | 3.33 | - |
| (b) of the lost options during the the fiscal year | - | 0.33 | 3.33 | - |
| (c) of the exercised options during the the fiscal year | - | 0.33 | 3.33 | - |
| (d) of the expired options during the the fiscal year | - | 0.33 | 3.33 | - |
| **Option fair value at Granting date** | **-** | **2.58** | **7.84** | **-5,25** |
| **Potential dilution in case of exercising all options** | **-** | **1.6%** | **0.01%** | **0,2-** |

| stock based compensation in fiscal year | Board of Directors | Statutory Executive Board | | |
|---|---|---|---|---|
| **12/31/2009** | **/** | **Program 1** | **Program 2** | **Program 3** |
| **Number of members** | - | 6 | 1 | - |
| **Granting of Buy Options** | | | | |
| Granting date | - | 04-20-07 | 04-20-07 | - |
| Number of options granted (post split) | - | 0 | 0 | - |
| Term in which they become exercisable | - | Up to 2014 | Up to 2014 | - |
| The maximum term for the exercise of the options | - | 1 month after exercise date | 1 month after exercise date | - |
| The restrictive term for the transfer of the shares | - | 6 months | 6 months | - |
| Average exercise price | | | | |
| (a) of the options to be exercised at the beginning of the fiscal year | - | 0.33 | 3.33 | - |
| (b) of the lost options during the the fiscal year | - | 0.33 | 3.33 | - |
| (c) of the exercised options during the the fiscal year | - | 0.33 | 3.33 | - |
| (d) of the expired options during the the fiscal year | - | 0.33 | 3.33 | - |
| **Option fair value at Granting date** | **-** | **2.58** | **7.84** | **-** |
| **Potential dilution in case of exercising all options** | **-** | **1.6%** | **0.01%** | **-** |

Observation 1 : There were no grantings of Options for Program 1 and 2 in the years 2009, 2010 and 2011. There were no grantings of Options for Program 3 in the year 2011.
Observation 2 : The meeting of the Board of Directors on July 7, 2011 approved the change of the terms of program 2 of the company's stock option Plan, in order to allow immediate liberation of the shares to the shareholder, after the exercise of the options.

### 13.7. As regards to the outstanding options of the Board of Directors and of the Statutory Executive Board at the end of the last year, prepare the table with the following contents:

| stock based compensation in fiscal year | Board of Directors | Statutory Executive Board | | |
|---|---|---|---|---|
| **12/31/2011** | **/** | **Program 1** | **Program 2** | **Program 3** |
| **Number of members** | - | 6 | 1 | 13 |
| **Options not yet exercisable** | | | | |
| Quantity | | 3,540,426 | 28200 | 721,696 |
| Exercise date | | Up to 04-20-14 | Up to 12-04-14 | Up to 12-31-15 |
| Term in which they become exercisable | | 04-20-14 | 12-04-14 | 12-31-18 |
| The maximum term for the exercise of the options | | 6 months | na | na |
| Average exercise price | | 0.33 | 3.33 | 11.80 |
| Option fair value at last fiscal year date | | 9.50 | 6.91 | 4.22 |
| **Exercisable Options** | | | | |

| stock based compensation in fiscal year | Board of Directors | Statutory Executive Board | | |
|---|---|---|---|---|
| 12/31/2011 | / | Program 1 | Program 2 | Program 3 |
| Quantity | | 0 | 0 | 19,375 |
| The maximum term for the exercise of the options | | - | - | 12-31-18 |
| The restrictive term for the transfer of the shares | | - | - | na |
| Average exercise price | | - | - | 11.80 |
| Option fair value at last fiscal year date | | - | - | 3.88 |
| Total fair value of the options at last fiscal year date | | - | - | 81,796 |

Observation 1: All the amounts and prices are post-split from December 17th, 2009.
Observation 2: All three plans have several intermediate dates on which small quantities, which were previously established. The majority of the options become exercisable on the last day, indicated in the table above. In Plan 1 and 2 the options have to be exercised immediately on maturity, while in Plan 3 exists a 3 year term to exercise the options.

**13.8. As regards to the options exercised and shares delivered related to the stock based compensation of the Board of Directors and of the Statutory Executive Board for the last three years, prepare the table with the following contents:**

| Exercised Options – fiscal year | Board of Directors | Statutory Executive Board | | |
|---|---|---|---|---|
| 12/31/2011 | / | Program 1 | Program 2 | Program 3 |
| **Number of members** | - | 6 | - | 1 |
| **Exercised Options** | | | | |
| Number of Shares | | 221,277 | | 3,313 |
| Average exercise price | | 0.33 | | 11.80 |
| Difference between the acquisition value and the market value | | 13.45 | | 1.80 |
| **Delivered Shares** | | | | |
| Delivered Shares | | 221,277 | | 3,313 |
| Average purchase price | | 0.33 | | 11.80 |
| Difference between the acquisition value and the market value | | 13.45 | | 1.80 |

| Exercised Options – fiscal year | Board of Directors | Statutory Executive Board | | |
|---|---|---|---|---|
| 12/31/2010 | / | Program 1 | Program 2 | Program 3 |
| **Number of members** | - | 6 | 1 | - |
| **Exercised Options** | | | | |
| Number of Shares | | 221,277 | 1,800 | - |
| Average exercise price | | 0.33 | 3.33 | - |
| Difference between the acquisition value and the market value | | 11.67 | 11.12 | - |
| **Delivered Shares** | | | | |
| Delivered Shares | | 221,277 | 1,800 | - |
| Average purchase price | | 0.33 | 3.33 | - |
| Difference between the acquisition value and the market value | | 11.67 | 11.12 | - |

| Exercised Options – fiscal year | Board of Directors | Statutory Executive Board | | |
|---|---|---|---|---|
| 12/31/2009 | / | Program 1 | Program 2 | Program 3 |
| **Number of members** | - | 6 | - | - |
| **Exercised Options** | | | | |
| Number of Shares | | 221,277 | | |
| Average exercise price | | 0.33 | | |
| Difference between the acquisition value and the market value | | 5.50 | | |
| **Delivered Shares** | | | | |
| Delivered Shares | | 221,277 | | |
| Average purchase price | | 0.33 | | |

| | | | | |
|---|---|---|---|---|
| Difference between the acquisition value and the market value | | 5.50 | | |

Observation: The numbers published in our Financial Statements and in Minutes of meetings of the Board of Directors contemplate all of our employees and not only our Statutory Executive Board.

## 13.9. Necessary information to understand the information disclosed in items 13.6 to 13.8 (including the pricing method of the value of shares and options)

a) Pricing model

The option pricing model used by the Company is the Black-Scholes model, using the simplified assumption that dividends are paid continuously.

b) Information and assumptions used in the pricing model, including the average weighted price of the shares, exercise price, estimated volatility, option useful life, estimated dividends and risk-free interest rate

*Exercise Price*

(i) Program 1:
The exercise price of the Stock Option Plan is equivalent to the shareholders' equity value determined by the Board of Directors on the release and approval of each program, being R$ 1.004.

(ii) Program 2:
The exercise price of the Stock Option Plan is equivalent to the shareholders' equity value determined by the Board of Directors on the release and approval of each program, being R$ 10.00.

(iii) Program 3:
The exercise price is based on the average quotation of the Company´s shares in the last 20 stock market sessions before and including May 10, 2010, being R$ 11.80.

Observation: When Program 1 and 2 were released and approved, the Company did not yet have securities negociated on the stock market. When Program 3 was released and approved, the Company did not already have securities negociated on the stock market, and as such, the criterium of price setting adopted by the Company should, necessarily, observe the stock quotes.

*Weighted average price of shares*

The Company's share price considered as basis for calculating the value of its options is the value of the shareholders' equity for Programs 1 and 2, and is based on market value for Program 3, for calculating the exercise price.

*Expected volatility*

To calculate the expected volatility of Programs 1 and 2 we used the annualized standard deviation of the natural logarithms of the daily variations of the historical share price of four major companies in the industry, due to the fact that the company had no securities traded on an exchange.

To calculate the expected volatility of Program 3 we used the annualized standard deviation of natural logarithms of the daily variations of the historical price of our shares in the year 2010.

*Exercise Date*

For grants of Programs 1 and 2, the deadline for exercising the option is one month from the date on which the options have become exercisable.

For grants of Program 3, the deadline for exercising the option is up to 2018, counting for the date the options have become exercisable.

*Expected dividends*

The dividend distribution rate represents the ratio of the dividend per share paid in a given period and the share price in the market. We use the simplified assumption that dividends are paid continuously at a 5% rate.

*Risk-free Interest rate*

The risk-free rates were obtained from the BM&FBovespa and refer to the Special System of Clearance and Custody (Selic) on the respective dates of grant.

c) Method adopted and assumptions assumed to consider the estimated advanced effects for the year

We did not incorporate the expected effects of early exercise, whereas the Stock Option Plan Stock does not include the right to early exercise, execpt in case of the death of the beneficiary.

d) Determination of the estimated volatility

To calculate the expected volatility of Programs 1 and 2 we used the annualized standard deviation of the natural logarithms of the daily variations of the historical share price of four major companies in the industry, due to the fact that the company had no securities traded on an exchange.

To calculate the expected volatility of Program 3 we used the annualized standard deviation of natural logarithms of the daily variations of the historical price of our shares in the year 2010.

e) If any other characteristic of the option was considered in the measurement of the fair value

Not applicable, as no other characteristic of the option was considered in the measurement of the fair value

### 13.10. As regards to the effective social security plans granted to the members of the Board of Directors and Statutory Executive Board, include the following information in the table:

Not applicable, given that there are no social security plans granted to the members of the Board of Directors and Statutory Executive Board.

### 13.11. Indicate, for the three last years, as regards to the Board of Directors, Statutory Executive Board and Supervisory Board, the following

| | | Statutory Executive Board | | | Board of Directors | | |
|---|---|---|---|---|---|---|---|
| R$ thousand | | December 31, 2011 | December 31, 2011 | December 31, 2010 | December 31, 2009 | December 31, 2010 | December 31, 2009 |
| **Board of Directors** | Number of members | 12.00 | 11.67 | 7.00 | 7.00 | 7.00 | 7.00 |
| | Highest individual compensation | 2,116,000 | 168,000 | 1610,000 | 168,000 | 1,890,000 | 276,000 |
| | Lowest individual compensation | 484,000 | 99,000 | 605,000 | 96,000 | 722,000 | 65,000 |
| | Average value of the individual compensation | 905,833.33 | 821,508.14 | 855,571.43 | 120,000.00 | 115,142.86 | 79,285.71 |

### 13.12. Agreements, insurance policies and other instruments which structured the compensation systems or indemnities on behalf of the directors and executive officers in the event of removal or retirement (including the financial effects against the Company)

The Company does not have agreements, insurance policies and other instruments which structured the compensation systems or indemnities on behalf of the directors and executive officers in the event of removal or retirement.

### 13.13. Percentage of the total compensation of each body recognized in the Company's statement of income related to the members of the Board of Directors, Executive Board or member of the Supervisory Board which are related to the direct or indirect controllers, as set forth in the accounting rules on the matter

Not applicable, given that there is no compensation recognized in the Company's statement of income related to the members of the Board of Directors, Executive Board or member of the Supervisory Board which are related to the direct or indirect controllers, as set forth in the accounting rules on the matter.

### 13.14. Values recognized in the statement of income of the issuer as compensation to the members of the Board of Directors, Executive Board or Supervisory Board, gathered by body, by any reason other than the title exercised, such as commissions and consulting or advisory services rendered

Not applicable, given that there are no values recognized in the statement of income of the issuer as compensation to the members of the Board of Directors, Executive Board or Supervisory Board, by any reason other than the title exercised.

### 13.15. Amounts recognized in the statement of income of direct or indirect controllers, companies under common control and subsidiaries of the issuer, as compensation of the members of the Board of Directors, Executive Board or Supervisory Board of the issuer, gathered by body, including the reason why such marketable securities were attributed to such persons

The Company does not have amounts recognized in the statement of income of direct or indirect controllers, companies under common control and subsidiaries of the issuer, as compensation of the members of the Board of Directors, Executive Board or Supervisory Board.

The amounts recognized below were paid due to participation on the Executive Boards of the subsidiaries.

| Fiscal Year 2011 | Board of Directors | Executive Board | Supervisory Board | Total |
|---|---|---|---|---|
| direct or indirect controllers | 840,000 | 10,870,000 | - | 11,710,000 |
| subsidiaries of the issuer | - | - | - | - |
| companies under common control | - | 1,130,000 | - | 1,130,000 |

| Fiscal Year 2010 | Board of Directors | Executive Board | Supervisory Board | Total |
|---|---|---|---|---|
| direct or indirect controllers | 806,000 | 9,587,000 | - | 10,393,000 |
| subsidiaries of the issuer | - | - | - | - |
| companies under common control | - | 712,000 | - | 712,000 |

| Fiscal Year 2009 | Board of Directors | Executive Board | Supervisory Board | Total |
|---|---|---|---|---|
| direct or indirect controllers | 555,000 | 5,989,000 | - | 6,543,000 |
| subsidiaries of the issuer | - | - | - | - |
| companies under common control | - | 329,000 | - | 329,000 |

### 13.16. Provide other information deemed relevant by the issuer

All relevant and applicable information on this item was disclosed in the items above.

# Human Resources

## 14.1. Human Resources

a) Number of employees (total, per groups based on the activities performed and per geographic location):

| STATE | ACTIVITY | 12-31-2009 | 12-31-2010 | 12-31-2011 |
|---|---|---|---|---|
| **BA** | Administrative | 3 | 19 | 21 |
| | Administrative - Construction | - | - | 13 |
| | Commercial | 1 | 6 | 7 |
| | Production | 10 | 64 | 236 |
| **BA Total** | | **14** | **89** | **277** |
| **CE** | Administrative | - | - | 2 |
| | Administrative - Construction | - | - | 1 |
| | Commercial | 3 | 5 | 3 |
| | Production | 106 | 159 | 736 |
| **CE Total** | | **109** | **164** | **742** |
| **DF** | Administrative | 1 | 1 | |
| | Commercial | 2 | 2 | 4 |
| | Production | 655 | 543 | 131 |
| **DF Total** | | **658** | **546** | **135** |
| **ES** | Administrative | - | - | 20 |
| | Administrative - Construction | - | - | 5 |
| | Commercial | 2 | 3 | 44 |
| | Production | 250 | 364 | 294 |
| **ES Total** | | **252** | **367** | **363** |
| **MG** | Administrative | 546 | 1,155 | 969 |
| | Administrative - Construction | 156 | 330 | 287 |
| | Commercial | 305 | 645 | 353 |
| | Production | 801 | 1,695 | 1,647 |
| **MG Total** | | **1,808** | **3,825** | **3,256** |
| **PR** | Administrative | 37 | 36 | 58 |
| | Administrative - Construction | 38 | 37 | 61 |
| | Commercial | 19 | 19 | 38 |
| | Production | 540 | 529 | 674 |
| **PR Total** | | **634** | **621** | **831** |
| **RJ** | Commercial | 2 | 6 | 54 |
| | Production | 91 | 250 | 293 |
| **RJ Total** | | **93** | **256** | **347** |
| **RN** | Production | 37 | 237 | 520 |
| **RN Total** | | **37** | **237** | **520** |
| **RS** | Administrative | - | - | 4 |
| | Administrative - Construction | - | - | 23 |
| | Commercial | 2 | 6 | 2 |
| | Production | 34 | 100 | 172 |
| **RS Total** | | **36** | **106** | **201** |
| **SC** | Production | 109 | 153 | 157 |
| **SC Total** | | **109** | **153** | **157** |
| **SP** | Administrative | 213 | 360 | 273 |
| | Administrative - Construction | 189 | 68 | 443 |
| | Commercial | 64 | 84 | 155 |
| | Production | 1,282 | 1,520 | 1,989 |
| **SP Total** | | **1,748** | **2,032** | **2,860** |
| **GO** | Commercial | - | - | 2 |
| | Production | - | - | 403 |
| **GO Total** | | **0** | **0** | **405** |
| **PE** | Administrative | - | - | 4 |
| | Administrative - Construction | - | - | 3 |
| | Commercial | - | - | 3 |

| STATE | ACTIVITY | 12-31-2009 | 12-31-2010 | 12-31-2011 |
|---|---|---|---|---|
| | Production | - | - | 99 |
| **PE Total** | | **0** | **0** | **109** |
| **MT** | Administrative | - | - | - |
| | Administrative - Construction | - | - | - |
| | Commercial | - | - | - |
| | Production | - | - | **3** |
| **MT Total** | | **0** | **0** | **3** |
| **PB** | Administrative - Construction | - | - | **3** |
| | Production | - | - | **6** |
| **PB Total** | | **0** | **0** | **9** |
| **Total MRV ENGENHARIA** | | **5.498** | **8,396** | **10,215** |

| Group | 12-31-2009 | 12-31-2010 | 12-31-2011 |
|---|---|---|---|
| Administrative | 800 | 1,571 | 1,351 |
| Administrative - Construction | 383 | 435 | 839 |
| Commercial | 400 | 776 | 665 |
| Production | 3,915 | 5,614 | 7,360 |
| **Total MRV ENGENHARIA** | **5,498** | **8,396** | **10,215** |

b) Number of outsourced employees (total, per groups based on the activities performed and per geographic location)

Total employees in the construction:

| Regional | 12-31-2009 | 12-31-2010 | 12-31-2011 |
|---|---|---|---|
| Regional Minas Gerais | 1,385 | 1,776 | 2,225 |
| Regional Rio de Janeiro + Espírito Santo | 766 | 1,328 | 1,306 |
| Regional São Paulo | 5,485 | 5,869 | 6,796 |
| Regional Centro-Oeste | 547 | 1,204 | 1,531 |
| Regional Nordeste | 108 | 494 | 1,436 |
| Regional Sul | 592 | 899 | 1,228 |
| **Total MRV ENGENHARIA** | **8,883** | **11,568** | **14,522** |

c) Rotation index

| | 12/31/2009 | 12/31/2010 | 12/31/2011 |
|---|---|---|---|
| Rotation index | 22.51% | 8.20% | 7.60% |

Our rotation index is calculated as follows:

Rotation index: (hired + dismissed)/2 / (initial number / final number)/2

The high Rotation index in 2009 is due to the reposition of its employee base in 2009.

d) Exposure of the issuer to liabilities and labor contingencies

For further information, see item 4.3. of this Reference Form.

### 14.2. Relevant changes as regards to the figures disclosed in item 14.1 above

The increase in the number of employees over the last year resulted from the increase in our operations.

## 14.3. Compensation policies applied to the Company's employees, including

a) policy of salaries and variable compensation

Our salary policy is managed internally in accordance with the structure of the areas and labor market variations. Therefore, in accordance with the internal policy of titles and salaries, in which the salary of the employees is calculated under applicable law, being comprised of fixed salary, which may be added by profit sharing.

The annual profit sharing and Company's results depend on the minimum results of the Adjusted EBITDA Margin. The margin is defined yearly in the first quarter of the year by the Executive Board and registered with the trade union.

The selling staff has differentiated compensation, including salary based on sales commission, mixed salaries (fixed and variable salaries) and profit sharing. The sales commission is determined in accordance with the number of Units sold by the brokers.

Participation in our stock option plan to purchase shares includes, besides the executive officers, directors and managers, considered key employees of the Company, who are elected by the Executive Board and approved by the Board of Directors. Each participant is given a maximum of options. The actual amount to be exercised is linked directly and proportionately to performance (goal achievement) in the program of Profit sharing - PLR.

b) benefit policy

We offer the following benefits to our employees: life insurance, health plan, including dependents, odontological plan, meal ticket and transportation ticket.

The policy for assignment of these benefits is adopted as from the admission date, regardless of the title exercised or the registry period.

As from the admission date, all employees are entitled to meal ticket, transportation ticket, health and odontological plans (when requested and without grace period) and life insurance.

c) characteristics of the stock based compensation plans of the employees other than directors and executive officers; (ii) exercise conditions; (iii) exercise prices; (iv) exercise terms; (v) number of shares in connection with the plan

Our employees other than directors and executive officers may be entitled to participate in our Stock Option Plan for the purchase of Shares.

(i) Beneficiaries
Key employees, not necessarily linked to a function (can be directors, managers, supervisors, engineers, analysts, etc.) provided they are regarded as important for the company, for their knowledge and delivery capabilities.

(ii) Exercise Conditions
Participants should follow the deadlines to exercise programs

| | (iii) Exercise Price | (iv) Exercise Date | (v) Number of shares in the plan |
|---|---|---|---|
| Program 1: | R$ 1.004 | Up to 2014 | 895,000 |
| Program 2: | R$ 10.00 | Up to 2014 | 1,232,000 |
| Program 3: | R$ 11.80 | Up to 2015 | 749,000 |

## 14.4. Relationship between the Company and the trade unions

We believe we have a good relationship with several trade unions to which our employees are affiliated in the cities where we operate. The labor agreements are renegotiated on a yearly basis and, in the main cities, we maintain direct communication channels together with the Employees' and Employers' Civil Construction Trade Unions.

We list below the trade unions which represent our employees in the annual collective agreements, including other matters such as working hours, benefits, profit sharing and approvals, in addition to the traditional collective agreements per category:

| TRADE UNION | CITY | STATE |
|---|---|---|
| GO-SINDUSCON-SINDICATO DA INDUSTRIA DA CONSTRUÇAO NO ESTADO DE GOIAS | Goiânia | GO |
| BH SIND. DOS TRAB. DAS IND. CONST. BELO HORIZONTE | Belo Horizonte | MG |
| BH SIND. DOS TEC. ANALISTA DE SISTEMAS | Belo Horizonte | MG |
| BH SIND. DAS SECRETARIAS DOS ESTADO MG | Belo Horizonte | MG |
| BH SIND. DOS ENGENHEIROS DO ESTADO MG | Belo Horizonte | MG |
| BH SIND. TECNICOS DE SEGURANÇA TRABALHO | Belo Horizonte | MG |
| BH SSEI- SIND. EMP EM EMP DE COMPRA,VENDA,LOC E ADM IMOVEIS (CORRETORES) | Belo Horizonte | MG |
| BH SIND. NACIONAL DOS AERONAUTAS | Rio de Janeiro | RJ |
| BH SINTICOMC - SIND. DOS TRAB. DAS IND. CONSTR. MOB. CONTAGEM | Contagem | MG |
| CE SINDUSCON - CE | Contagem | MG |
| RN-SIND. DOS TRABALHADORES NA IND. DA CONST. CIVIL E DO MOB. DO ESTADO DO RIO G. DO NORTE | Natal | RN |
| SINDICATO DA INDUSTRIA DA CONSTRUÇÃO CIVIL DE JOINVILLE (SITICOM) | Joinville | SC |
| PE - SINDICATO DOS TRAB NA IN CONST CIVIL E PESADA DE PE | Recife | PE |
| PE - SINDICATO DA IND DA CONSTRUCAO CIVIL NO ESTADO DE PE | Recife | PE |
| SIND DO TRABALHADORES NA IND CONST CIVIL E MONTAGEM E MANUNTENÇÃO - SINDTICCC - LAURO DE FREITAS | Lauro de Freitas | BA |
| SIND. DOS TRAB. DAS IND. CONST. MOBIL DE BETIM | Betim | MG |
| RP SIND. TRAB INDUSTRIA CONST CIVIL DE RIBEIRÃO PRETO | Ribeirão Preto | SP |
| RP SIND. TRAB. INDUSTRIA CONST. CIVIL DE SÃO JOSÉ DO RIO PRETO | São José do Rio Preto | SP |
| RP SSEI- SIND. EMP EM EMP DE COMPRA,VENDA,LOC E ADM IMOVEIS (CORRETORES) | Belo Horizonte | MG |
| RP SIND. DOS ENGENHEIROS DO ESTADO DE SÃO PAULO | São Paulo | SP |
| RP SIND. DOS ESTAGIARIOS (RIBEIRÃO PRETO) | Ribeirão Preto | SP |
| RP SIND. TRAB INDUSTRIA CONST CIVIL DE ARAÇATUBA | Araçatuba | SP |
| RP SIND. DOS TRAB NAS IND DA CONSTRUÇÃO E DO MOBILIARIO DE FRANCA | Franca | SP |
| RP SIND. DOS TRAB NAS IND DA CONST E DO MOBILIÁRIO E MONTAGEM IND DE SÃO CARLOS | São Carlos | SP |
| SINDICATO DOS TECNICOS DE SEGURANÇA DO TRABALHO NO ESTADO DE SÃO PAULO | São Paulo | SP |
| SINDICATO DOS TRABALHADORES NAS INDUSTRIAS DA CONSTRUÇÃO E DO MOBILIARIO DE PRESIDENTE PRUDENTE | Presidente Prudente | SP |
| RP SINTEGE - SIND TRAB EMPR GDES ESTRU CPS | Campinas | SP |
| RP SIND. DA CONSTR CIVIL DE CAMPINAS E AMERICANA | Campinas | SP |
| RP SIND. DA CONSTR CIVIL DO MOB. DE BOTUCATU | São Paulo | SP |
| RP SIND. DA CONSTR CIVIL DE JUNDIAI | Jundiaí | SP |
| RP SIND. DA CONSTR CIVIL DE SAO JOSE DOS CAMPOS | São José dos Campos | SP |
| RP SINDICATO TRAB. INDUSTRIA CONST. CIVIL DE ARARAQUARA | Araraquara | SP |
| RP SINDICATO TRAB. INDUSTRIA CONST.E DO MOBILIARIO DE BAURU E REGIAO | Bauru | SP |
| TR SSEI- SIND. EMP EM EMP DE COMPRA,VENDA,LOC E ADM IMOVEIS (CORRETORES) | Belo Horizonte | MG |
| TR SIND. TRAB CONST MOB DE UBERABA | Uberaba | MG |
| TR SIND. TRAB CONST MOB DE UBERLANDIA | Uberlândia | MG |
| SP SIND. DOS ENGENHEIROS DO ESTADO DE SÂO PAULO | São Paulo | SP |
| SP-SINDICATO DOS TRABALHADORES NAS INDUSTRIAS DA CONSTR.E DO MOB. DE ARAÇATUBA | Araçatuba | SP |
| SP SIND. TRAB IND CONSTRUÇÕES CIVIL SAO PAULO | São Paulo | SP |
| SP SIND. DOS ARQUITETOS E URBANISTA NO ESTADO DE SÃO PAULO | São Paulo | SP |
| SP SSEI- SIND. EMP EM EMP DE COMPRA, VENDA,LOC E ADM IMOVEIS (CORRETORES) | Belo Horizonte | MG |
| SP SIND. DOS ESTAGIARIOS (SÃO PAULO) | São Paulo | SP |
| SIND. TRAB IND CONSTRUÇÕES CIVIL GUARULHOS | Guarulhos | SP |
| SINDICATO DOS TRABALHADORES NAS INDUSTRIAS DA CONSTRUÇÃO E DO MOBILIARIO DE JACAREI | Jacareí | SP |
| SINDICATO DOS TRABALHADORES NAS INDUSTRIAS DA CONSTRUÇÕA E DO MOBILIARIO DE SANTO ANDRE | Santo André | SP |
| SINDICATO DOS TRABALHADORES NAS IND. DA CONS. E DO MOBILIARIO DE MOGI DAS CRUZES | Mogi das Cruzes | SP |
| SINDICATO DOS TRABALHADORES NAS IND. DA CONS. E DO MOB. DE SÃO BERNARDO DO CAMPO E DIADEMA | São Bernardo do Campo e Diadema | SP |

| TRADE UNION | CITY | STATE |
|---|---|---|
| SINDICATO DOS TRABALHADORES NAS IND. DA CONS. E DO MOB. DE TAUBATE | Taubaté | SP |
| CR SIND. DOS ENGENHEIROS DO ESTADO DE CURITIBA | São Paulo | SP |
| CR SIND. SINDUSCON | Curitiba | PR |
| CR SIND. DOS TRAB. NA IND. DA CONST. E DO MOB. - CURITIBA SINTRACON | Curitiba | PR |
| CR SSEI- SIND. EMP EM EMP DE COMPRA,VENDA,LOC E ADM IMOVEIS (CORRETORES) | Curitiba | PR |
| CR SIND. TRAB. IND. CONST. E MOB. LONDRINA | Londrina | PR |
| CP SSEI- SIND. EMP EM EMP DE COMPRA,VENDA,LOC E ADM IMOVEIS (CORRETORES) | Belo Horizonte | MG |
| CP SIND. DA CONSTR CIVIL DE CAMPINAS E AMERICANA | Campinas | SP |
| CP SIND. DA CONSTR CIVIL DE SOROCABA | Sorocaba | SP |
| CP SIND. DA CONSTR CIVIL DE JUNDIAI | Jundiai | SP |
| CP SIND. DA CONSTR CIVIL DE SAO JOSE DOS CAMPOS | São José dos Campos | SP |
| CP SIND. DA CONSTR CIVIL DE PIRACICABA | Piracicaba | SP |
| CP SIND. TRAB. IND. CONST. E MOB. LONDRINA | Londrina | PR |
| CP FEDERAÇÃO TRAB. IND. CONST. E MOBILIARIO DE MARINGA | Maringá | PR |
| SIND DOS TRAB NA IND DA CONST E DA MADEIRA NO EST DA BA | Salvador | BA |
| SINDICATO DOS TRABALHADORES NAS IND. CONSTRUÇÃO CIVIL PORTO ALEGRE | Porto Alegre | RS |
| PB - SIND. DOS TRAB. NAS IND DA CONSTRUCAO CIVIL DE JOÃO PESSOA E REGIÃO PB | João Pessoa | PB |
| SINDICATO BH | Belo Horizonte | MG |
| SIND. IND.CONST. CIVIL BSB | Brasília | DF |
| ES-SINTRACONST SINDICATO DOS TRAB. DA INDUSTRIA DA CONST. CIVIL DO ESTADO DO ESP. SANTO | Vitória | ES |
| RJ SIND. DOS TRAB. DAS IND. CONST. RIO DE JANEIRO - SINDUSCON-RIO | Rio de Janeiro | RJ |
| MACAÉ SIND. DOS TRAB. DE PINTURA IND E DA CONSTRUÇÃO CIVIL | Rio de Janeiro | RJ |
| RJ SIND. DOS TRAB. DAS IND. CONST. RIO DE JANEIRO - SITRACONST- RIO | Rio de Janeiro | RJ |
| JF - SIND. DOS TRAB IND CONSTRUCAO CIVIL DE JUIZ DE FORA | Juiz de Fora | MG |

# Control

## 15.1. Shareholders or group of controlling shareholders

| a) Shareholder | b) Country of birth | c) CNPJ | d) Number of common shares[1] | e) and f) % | g) Party to the shareholders' agreement | i) Date of the last update |
|---|---|---|---|---|---|---|
| Rubens Menin Teixeira de Souza | Brazil | 315.836.606-15 | 159,448,969 | 33.0% | No | 01/31/2013 |
| Oppenheimer Funds, Inc. | USA | / | 25,756,700 | 5.3% | No | 02/05/2013 |
| BlackRock Inc. | USA | / | 24,541,847 | 5.1% | No | 01/10/2012 |
| Janus Capital Management LLC | USA | | 24,469,700 | 5.1% | No | 07/10/2012 |
| Treasury Shares | | | 5,313,011 | 1.1% | | 07/26/2012 |
| Other Shares | | | 243,571,995 | 50.4% | | |
| **Total** | | | **483,102,222** | | | |

[1] The Company does not issue preference shares.

**h) Information on the individuals controlling the legal entities controlling the Company**

Not applicable.

## 15.2. Information on the shareholders or groups of shareholders acting collectively or representing the same interests with participation equivalent to or greater than 5% of the same class or type of shares and not included in item 15.1

Not applicable.

## 15.3. Distribution of the capital stock, as determined in the last shareholders' general meeting

| Description | Composition based on the General Meeting held on April 30, 2013 |
|---|---|
| Number of shareholders - individuals | 4,353 |
| Number of shareholders – legal entities | 144 |
| Number of institutional investors | 1,024 |

| | | |
|---|---|---|
| Number of outstanding shares, per class and type | 307,547,780 | 63.7% |

## 15.4. Flowchart of the Company's shareholders (not mandatory)

See items 15.1/15.2 for shareholders and distribution of the capital stock.

## 15.5. Information of the shareholders' agreement governing the exercise of the voting rights or the transfer of the Company's shares, filed with the Company's main place of business and to which the controller is a party

There is no shareholders' agreement filed with the Company's main place of business.

## 15.6. Relevant changes in the shareholding interest of the members of the controlling group and the Company's directors and executive officers

On December 21, 2009 the controlling shareholder sold, by auction at BM&FBovespa, 10,500,000 shares of the Company.
On December 14, 2010 the controlling shareholder sold, by auction at BM&FBovespa, 12,000,000 shares of the Company.

## 15.7. Other relevant information

All relevant information on this item was disclosed in the items above.

# Related-Party Transactions

## 16.1. Rules, policies and practices adopted by the Company as regards to the performance of related-party transactions (as set forth by the accounting rules on the matter)

Our operations and businesses are supported by the prior evaluations of the Company's conditions and strict interests in accordance with the terms and conditions agreed by the parties.

When necessary, the decision-making procedure related to related-party transactions must be performed in accordance with the Brazilian Corporate Law, which determines that the shareholder or administrator, however the case may be, at the general meetings or Board of Director's meeting, must not exercise the voting rights as regards to the resolutions related to the: (i) appraisal report of the assets which would comprise the capital stock; (ii) approval of the accounts as administrator; and (iii) any matters which could benefit the shareholder or administrator specifically or which interests conflict against the Company's interests.

On May 16, 2013 our Board of Directors approved the Related Parties Trading Policy.

## 16.2. Regarding the related-party transactions (Parent Company's balances)

| Item | a) Related parties | b) Relationship of the parties with the Company | c) Transaction date | d) Agreement purpose | f) Existing balance R$ thousand | e) Amount involved - R$ thousand | g) Related-party amount | h) Guarantees and insurance | i) Duration | j) Termination or extinguishment | k) Loans and debts |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 01 | Construtora Verde Grande S/A, Expar Exito Participações Ltda., MRV Seviços de Engenharia Ltda. | Companies related to the controller. | 07/01/06 | Revenue from the provision of construction services is calculated from 15% of the incurred cost, in case of contracts for construction, and 7.6% (Expar and CVG) and 8.5% (MRV Serviços) of the sales price, in the cases of contracts for sales of units and administrative support. The contracts are for the duration after completion of construction and upon completion of the sales of units.<br><br>The controlled MRV Logísticas e Participações S.A. holds contracts with the company to provide administrative services.<br><br>Revenue from the provision of administrative services to MRV Logística e Participações S.A. is calculated from 7.52% of projected revenue of the controlled. The contracts has undetermined expiration date. | 1,363<br><br>(receivable on base date) | 1,363<br><br>(receivable on base date) | Undeter-mined | Not applicable | 2012 (estimated) | End of construction and end of sales of units | See column d |
| 02 | Prime Incorporação e Construção Ltda. | Affiliated Company | 09/12/2007 | MRV Engenharia e Participações S/A. holds contract of intercompany loans with Prime Incorporação e Construção Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 2,941 | 2,941 | Undeter-mined | Not applicable | 2012 | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 03 | MRL Engenharia e Empreendimentos S.A. | Affiliated Company | 09/01/2007 | MRV Engenharia e Participações S/A holds contract of intercompany loans with MRL Engenharia e Empreendimentos S.A.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 199 | 199 | Undeter-mined | Not applicable | 2012 | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 04 | Ancona Engenharia Ltda. | Partner in development | 11/30/2007 | MRV Engenharia e Participações S/A. holds contract of intercompany loans with Ancona Engenharia Ltda.. Interest | 16,485 | 16,485 | Undeter-mined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest | See column d |

| Item | a) Related parties | b) Relationship of the parties with the Company | c) Transaction date | d) Agreement purpose | f) Existing balance R$ thousand | e) Amount involved - R$ thousand | g) Related-party amount | h) Guarantees and insurance | i) Duration | j) Termination or extinguishment | k) Loans and debts |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | of projects | | rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | | | | | | calculated pro rata die up to the scheduled payment date. | |
| 05 | Habit Empreendimentos Imobiliários Ltda. | Partner in development of projects | 11/30/2007 | MRV Engenharia e Participações S/A. holds contract of intercompany loans with Habit Empreendimentos Imobiliários Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 1,539 | 1,539 | Undeter-mined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 06 | S. Figueiredo Construtora Ltda. | Partner in development of projects | 11/30/2007 | MRV Engenharia e Participações S/A. holds contract of intercompany loans with S. Figueiredo Construtora Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 4,142 | 4,142 | Undeter-mined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 07 | Topos Engenharia e Projetos Ltda. | Partner in development of projects | 11/30/2007 | MRV Engenharia e Participações S/A. holds contract of intercompany loans with Topos Engenharia e Projetos Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 2,311 | 2,311 | Undeter-mined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 08 | Collem Construtora Mohallem Ltda. | Partner in development of projects | 11/30/2007 | MRV Engenharia e Participações S/A. holds contract of intercompany loans with Collem Construtora Mohallem Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 5,157 | 5,157 | Undeter-mined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 09 | Patrimar Engenharia Ltda. | Partner in development of projects | 01/31/2008 | MRV Engenharia e Participações S/A. holds contract of intercompany loans with Patrimar Engenharia Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 37 | 37 | Undeter-mined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 10 | Seitec Serviços de Engenharia e Instalações Técnicas Ltda. | Partner in development of projects | 01/31/2008 | MRV Engenharia e Participações S/A. holds contract of intercompany loans with Seitec Serviços de Engenharia e Instalações Técnicas Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 451 | 451 | Undeter-mined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 11 | Magis Incorporação e Desenvolvimento Imobiliário Ltda. | Partner in development of projects | 12/31/2007 | MRV Engenharia e Participações S/A. holds contract of intercompany loans with Magis Incorporação e Desenvolvimento Imobiliário Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 10,236 | 10,236 | Undeter-mined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 12 | LCG Engenharia e Representações Ltda. | Partner in development of projects | 12/31/2007 | MRV Engenharia e Participações S/A. holds contract of intercompany loans with LCG Engenharia e Representações Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 3,603 | 3,603 | Undeter-mined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 13 | Construtora QBHZ Ltda. | Partner in development of projects | 01/31/2008 | MRV Engenharia e Participações S/A holds contract of intercompany loans with Construtora QBHZ Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 1,113 | 1,113 | Undeter-mined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 14 | Boulder Engenharia Ltda. | Partner in development of projects | 01/31/2008 | MRV Engenharia e Participações S/A holds contract of intercompany loans with Boulder Engenharia Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 2,849 | 2,849 | Undeter-mined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 15 | Construtora Fibracon Ltda. | Partner in development of projects | 01/31/2008 | MRV Engenharia e Participações S/A holds contract of intercompany loans with Construtora Fibracon Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 6 | 6 | Undeter-mined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |

| Item | a) Related parties | b) Relationship of the parties with the Company | c) Transaction date | d) Agreement purpose | f) Existing balance R$ thousand | e) Amount involved - R$ thousand | g) Related-party amount | h) Guarantees and insurance | i) Duration | j) Termination or extinguishment | k) Loans and debts |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 16 | Caieiras Engenharia | Partner in development of projects | 04/25/2008 | MRV Engenharia e Participações S/A holds contract of intercompany loans with Caieiras Engenharia. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 2,862 | 2,862 | Undetermined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 17 | Unit Engenharia Ltda. | Partner in development of projects | 05/15/2008 | MRV Engenharia e Participações S/A holds contract of intercompany loans with Unit Engenharia Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 2,615 | 2,615 | Undetermined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 18 | TGD Arquitetura e Engenharia Ltda. | Partner in development of projects | 05/26/2008 | MRV Engenharia e Participações S/A holds contract of intercompany loans with TGD Arquitetura e Engenharia Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 4,713 | 4,713 | Undetermined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 19 | MJP Engenharia Ltda. | Partner in development of projects | 05/26/2008 | MRV Engenharia e Participações S/A holds contract of intercompany loans with MJP Engenharia Ltda.. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 4,836 | 4,836 | Undetermined | Not applicable | 2012 (estimated) | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 20 | EBL Participações | Partner in development of projects | 05/01/2011 | MRV Engenharia e Participações S/A holds contract of intercompany loans with EBL Participações. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 502 | 502 | Undetermined | Not applicable | 2012 | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 21 | Silco Engenharia | Partner in development of projects | 04/07/2011 | MRV Engenharia e Participações S/A holds contract of intercompany loans with Silco Engenharia. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 100 | 100 | Undetermined | Not applicable | 2012 | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 22 | Silco Participações | Partner in development of projects | 04/07/2011 | MRV Engenharia e Participações S/A holds contract of intercompany loans with Silco Participações. Interest rate based on CDI + 3.04% in 2011 and 4.20% in 2010. | 836 | 836 | Undetermined | Not applicable | 2012 | Anticipated settlement or partial amortization of the debt with interest calculated pro rata die up to the scheduled payment date. | See column d |
| 23 | MRL Engenharia e Empreendimentos S/A | Affiliated Company | 09/06/2010 | MRV Engenharia e Participações S/A endorsed banking credit notes to its subsidiary MRL Engenharia e Empreendimentos S/A. Floating interest based on 1.8% per annum + CDI. | 22,000 | 22,000 | Undetermined | Not applicable | 08/21/2013 | / | See column d |
| 24 | MRL Engenharia e Empreendimentos S/A | Affiliated Company | 11/18/2010 | MRV Engenharia e Participações S/A endorsed banking credit notes to its subsidiary MRL Engenharia e Empreendimentos S/A. Floating interest based on 1.5% per annum + CDI. | 904 | 904 | Undetermined | Not applicable | 11/19/2012 | / | See column d |
| 25 | MRL Engenharia e Empreendimentos S/A | Affiliated Company | 06/10/2011 | MRV Engenharia e Participações S/A endorsed banking credit notes to its subsidiary MRL Engenharia e Empreendimentos S/A. Floating interest based on 1.7% per annum + CDI. | 20,000 | 20,000 | Undetermined | Not applicable | 06/10/2014 | / | See column d |
| 26 | MRL Engenharia e Empreendimentos S/A | Affiliated Company | 09/02/2011 | MRV Engenharia e Participações S/A endorsed banking credit notes to its subsidiary MRL Engenharia e Empreendimentos S/A. Floating interest based on 1.15% per annum + CDI. | 14,000 | 14,000 | Undetermined | Not applicable | 09/02/2014 | / | See column d |

| Item | a) Related parties | b) Relationship of the parties with the Company | c) Transaction date | d) Agreement purpose | f) Existing balance R$ thousand | e) Amount involved - R$ thousand | g) Related-party amount | h) Guarantees and insurance | i) Duration | j) Termination or extinguishment | k) Loans and debts |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 27 | MRL Engenharia e Empreendimentos S/A | Affiliated Company | 09/06/2010 | MRV Engenharia e Participações S/A endorsed banking credit notes to its subsidiary MRL Engenharia e Empreendimentos S/A. Floating interest based on 1.15% per annum + CDI. | 28,000 | 28,000 | Undetermined | Not applicable | 09/02/2014 | / | See column d |
| 28 | Prime Incorporações e Construções S/A. | Affiliated Company | 09/06/2010 | MRV Engenharia e Participações S/A endorsed banking credit notes to its subsidiary Prime Incorporações e Construções S/A. Floating interest based on 1.8% per annum + CDI. | 25,000 | 25,000 | Undetermined | Not applicable | 08/21/2013 | | See column d |
| 29 | Prime Incorporações e Construções S/A. | Affiliated Company | 02/07/2011 | MRV Engenharia e Participações S/A endorsed banking credit notes to its subsidiary Prime Incorporações e Construções S/A. Floating interest based on 2.8% per annum + CDI. | 8,000 | 8,000 | Undetermined | Not applicable | 02/07/2014 | | See column d |
| 30 | Prime Incorporações e Construções S/A. | Affiliated Company | 05/27/2011 | MRV Engenharia e Participações S/A endorsed banking credit notes to its subsidiary Prime Incorporações e Construções S/A. Floating interest based on 1.99% per annum + CDI. | 35,000 | 35,000 | Undetermined | Not applicable | 05/27/2014 | | See column d |
| 31 | Prime Incorporações e Construções S/A. | Affiliated Company | 09/02/2011 | MRV Engenharia e Participações S/A endorsed banking credit notes to its subsidiary Prime Incorporações e Construções S/A. Floating interest based on 1.15% per annum + CDI. | 17,000 | 17,000 | Undetermined | Not applicable | 09/02/2014 | | See column d |
| 32 | Prime Incorporações e Construções S/A. | Affiliated Company | 09/06/2011 | MRV Engenharia e Participações S/A endorsed banking credit notes to its subsidiary Prime Incorporações e Construções S/A. Floating interest based on 1.15% per annum + CDI. | 49,000 | 49,000 | Undetermined | Not applicable | 09/06/2014 | | See column d |
| 33 | Prime Incorporações e Construções S/A. | Affiliated Company | 11/28/2011 | MRV Engenharia e Participações S/A endorsed banking credit notes to its subsidiary Prime Incorporações e Construções S/A. Floating interest based on 1.8% per annum + CDI. | 20,000 | 20,000 | Undetermined | Not applicable | 11/12/2014 | | See column d |
| 34 | MRV Logística e Participações S/A. | Affiliated Company | 04/07/2010 | MRV Engenharia e Participações S/A endorsed banking credit notes to its subsidiary MRV Logística e Participações S/A. Floating interest based on 1.8% per annum + CDI. | 67,000 | 67,000 | Undetermined | Not applicable | 04/09/2012 | | See column d |
| 35 | MRV Logística e Participações S/A. | Partner in development of projects | 10/14/2010 | MRV Engenharia e Participações S/A endorsed banking credit notes to its subsidiary MRV Logística e Participações S/A. Floating interest based on 1.8% per annum + CDI. | 40,765 | 40,765 | Undetermined | Not applicable | 10/03/2012 | | See column d |
| 36 | MRV Logística e Participações S/A. | Affiliated Company | 05/16/2011 | MRV Engenharia e Participações S/A, intervening guarantor of debentures to its subsidiary MRV Logística e Participações S/A. Floating interest based on 2.2% per annum + CDI. | 108,000 | 108,000 | Undetermined | Not applicable | 02/16/2014 | | See column d |

## 16.3. Regarding single or successive transactions referred to in item 16.2 above for the last year

a) identification of the measures adopted to resolve the conflict of interests

The Company adopts the corporate governance practices and those recommended and/or required by applicable legislation.

The Company's management bodies are responsible to approve the Company's operations, in accordance with the provisions set forth in the Bylaws. Therefore, the Company's operations, specifically those performed with related parties, were duly submitted for approval by the proper bodies, under applicable rules. In the event of possible conflict of interests between the matters under analysis and the interests of any member of our resolutive bodies, the respective member must not vote, and the matter must be resolved by the other embers with no relationship with the matter under discussion.

In accordance with the Novo Mercado Regulation, we must submit to BM&FBOVESPA, however the case may be, the information of all and any agreement entered into between our Company and our subsidiaries, associated companies, controlling shareholders, directors and executive officers and subsidiaries and associated companies of the directors, executive officers and controlling shareholders, as well as other companies comprising the same economic group with such persons, whether in law or equity, totaling, in a single or successive agreements, with or without the same purpose, in any period of one year, an amount equivalent to or greater than R$ 0.2 million, or amount equivalent to or greater than 1% on our shareholders' equity, whichever is the greater. This information disclosed must include the purpose of the agreement, the term, the value, the termination conditions and the possible effects of the agreement on the management and performance of our businesses.

b) demonstrate the commutative system of the conditions agreed or proper compensation payment

Our operations and businesses are supported by the prior evaluations of the Company's conditions and interests and are performed in accordance with the conditions contracted by the parties.

Summary of the related-party transactions (parent company)

| | R$ thousand |
|---|---|
| **Description** | **12.31.11** |
| Clients for services rendered | 1,363 |
| Related-party credits (loan agreements) | 67,532 |
| Guarantees | 454,669 |

Clients for services rendered

We have entered into a construction, sale and administrative support agreement with Expar, CVG and MRV Serviços de Engenharia.

Revenue from the provision of construction services is calculated from 15% of the incurred cost, in case of contracts for construction, and 7.6% (Expar and CVG) and 8.5% (MRV Serviços) of the sales price, in the cases of contracts for sales of units and administrative support. The contracts are for the duration after completion of construction and upon completion of the sales of units.

The controlled LOG Commercial Properties e Participações S.A. holds contracts with the company to provide administrative services.

Revenue from the provision of administrative services to MRV Logística e Participações S.A. is calculated from 7.5% of projected revenue of the controlled. The contracts has undetermined expiration date.

Related-party credits (loan agreements)

The loan agreements represent most part of the related-party transactions, as detailed in item 16.2. These operations were mainly performed with the purpose to allow the initial stage of the developments and are compensated based on the CDI rate.

The related-party transactions described above were performed in view of the selling transactions maintained with the parties for the development of our incorporation and construction activities. We are not able to confirm that these operations would generate the same results had these transactions been carried out with non-related parties.

Guarantees

The Company guaranteed Bank Credit Notes obtained by some of its subsidiaries from financial institutions, as described below:

| | Start | Maturity | Amount |
|---|---|---|---|
| MRL Engenharia e Empreendimentos S.A. | 9/6/2010 | 8/21/2013 | 22,000 |
| | 11/18/2010 | 11/19/2012 | 904 |
| | 6/10/2011 | 6/10/2014 | 20,000 |
| | 9/2/2011 | 9/2/2014 | 14,000 |
| | 9/6/2011 | 9/2/2014 | 28,000 |
| Prime Incorporações e Construções S.A. | 9/6/2010 | 8/21/2013 | 25,000 |
| | 2/7/2011 | 2/7/2014 | 8,000 |
| | 5/27/2011 | 5/27/2014 | 35,000 |
| | 9/2/2011 | 9/2/2014 | 17,000 |
| | 9/6/2011 | 9/2/2014 | 49,000 |
| | 11/28/2011 | 11/12/2014 | 20,000 |
| LOG Commercial Properties e Participações S.A. | 4/7/2010 | 4/9/2012 | 67,000 |
| | 10/14/2010 | 10/3/2012 | 40,765 |
| | 16/05/2011 | 2/16/2014 | 108,000 |

# Capital Stock

## 17.1. General information on the capital stock

| Type of capital | Authorization date | Type of shares | Number of shares | Value of Capital (R$) |
|---|---|---|---|---|
| Capital stock issued | 05/16/2013 | Common shares | 483,102,222 | 3,197,818,287.10 |
| Subscribed capital stock | 05/16/2013 | Common shares | 483,102,222 | 3,197,818,287.10 |
| Paid capital stock | 05/16/2013 | Common shares | 483,102,222 | 3,197,818,287.10 |
| Authorized capital stock | 04/30/2013 | Common shares | | 3,350,000,000.00 |

**f) Marketable securities convertible into shares and g) Conversion conditions**

Not applicable.

## 17.2. Company's capital increases

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **05/29/2009** | Board of Directors | 05/29/2009 | 173,866.70 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 173,174 | 0 | 173,174 | 0.0132 | 1.00 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **06/23/2009** | Board of Directors | 06/23/2009 | 529,200,000.00 | Public Underwriting | the value per share determined in the bookbuilding procedure | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 21,600,000 | 0 | 21,600,000 | 40.0277 | 24.50 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **07/08/2009** | Board of Directors | 07/08/2009 | 66,150,000.00 | Public Underwriting | the value per share determined in the bookbuilding procedure | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 2,700,000 | 0 | 2,700,000 | 3.5732 | 24.50 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **04/27/2010** | Board of Directors | 04/27/2010 | 169,200.00 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 50,760 | 0 | 50,760 | 0.00888888 | 3.33 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **04/27/2010** | Board of Directors | 04/27/2010 | 4,116.40 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 12,300 | 0 | 12,300 | 0.0002 | 0.33 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **05/27/2010** | Board of Directors | 05/27/2010 | 312,623.51 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 934,134 | 0 | 934,134 | 0.0163 | 0.33 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **10/01/2010** | Board of Directors | 10/01/2010 | 432,002,452.39 | Without share issuance | n/a | n/a |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 0 | 0 | 0 | n/a | n/a | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **12/23/2010** | Board of Directors | 12/23/2010 | 105,300.00 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 31,590 | 0 | 31,590 | 0,0045 | 3.33 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **12/23/2010** | Board of Directors | 12/23/2010 | 2,309.20 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 6,900 | 0 | 6,900 | 0,0001 | 0.33 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **06/16/2011** | Board of Directors | 06/16/2011 | 88,900.18 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 265,638 | 0 | 265,638 | 0,0038 | 0.33 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **07/26/2011** | Board of Directors | 07/26/2011 | 105,480.20 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 8,939 | 0 | 8,939 | 0,0045 | 11.80 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **10/17/2011** | Board of Directors | 10/17/2011 | 300,000,000.00 | Without share issuance | n/a | n/a |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 0 | 0 | 0 | n/a | n/a | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **01/27/2012** | Board of Directors | 01/27/2012 | 2,309.20 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 6,900 | 0 | 6,900 | 0,00009 | 0.33 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **01/27/2012** | Board of Directors | 01/27/2012 | 89,700.00 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 26,910 | 0 | 26,910 | 0,0034 | 3.33 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **06/11/2012** | Board of Directors | 06/20/2012 | 295,901.89 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 884,169 | 0 | 884,169 | 0,01116 | 0.33 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **06/11/2012** | Board of Directors | 06/20/2012 | 2,643.20 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 224 | 0 | 224 | 0,0001 | 11.80 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **03/13/2013** | Board of Directors | 03/13/2013 | 36,947.20 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 110,400 | 0 | 110,400 | 0,00139 | 0.33 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **03/13/2013** | Board of Directors | 03/13/2013 | 85,500.00 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 25,650 | 0 | 25,650 | 0,00323 | 3.33 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **04/30/2013** | EGSM | 04/30/2013 | 546,999,022.94 | Without share issuance | n/a | n/a |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 0 | 0 | 0 | n/a | n/a | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **05/16/2013** | Board of Directors | 05/16/2013 | 73,965.74 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 221,013 | 0 | 221,013 | 0.0023 | 0.33 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **05/16/2013** | Board of Directors | 05/16/2013 | 3,400.00 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 1,020 | 0 | 1,020 | 0.00011 | 3.33 | R$ per unit |

| Deliberation Date | Deliberation | Issuance Date | Issuance Value (R$) | Type of increase | Criteria to determine issuance price | Payment form |
|---|---|---|---|---|---|---|
| **05/16/2013** | Board of Directors | 05/16/2013 | 4,861.60 | Private Underwriting | value per share equivalent to the exercise price of the call option | Cash |

| Common (units) | Preferential (units) | Total (units) | Underwriting / Previous Capital | Issuance Price | Factor Price |
|---|---|---|---|---|---|
| 412 | 0 | 412 | 0.00015 | 11.80 | R$ per unit |

### 17.3. Split-offs, reverse split-offs and bonus

On December 17, 2009, the extraordinary general meeting approved the split-off of the total common shares. By virtue of the split-off under discussion, each existing common share was equivalent to three common shares, being our capital stock comprised of 481,399,656 shares.

Split-off of shares:

| Release date | Number of shares before approval | Number of shares after approval |
|---|---|---|
| 12/17/2009 | 160,466,552 | 481,399,656 |

### 17.4. Regarding the issuer's capital decreases

| Deliberation Date | Decrease Date | Decrease Value (R$) | Common (units) | Preferential (units) | Total (units) | Decrease/ Previous Capital | per share (R$) |
|---|---|---|---|---|---|---|---|
| **06/11/2012** | 06/11/2012 | 0.00 | 884,393 | 0 | 884,393 | n/a | 0,00 |

### 17.5. Other relevant information

We understand that there is no other relevant information related to the composition of our capital stock, specifically as regards to the capital increases and decreases, as well as split-offs, reverse split-offs or bonus.

# Marketable securities

## 18.1. Rights of each class and type of shares issued

| | |
|---|---|
| Species | common shares |
| Tag along | 100% |
| Dividend right | In accordance with the Bylaws and Brazilian Corporate Law, the holders of the shares issued by the Company are entitled to receive dividends or other distributions carried out as regards to the shares issued by the Company, proportionally to their shareholding interest in the capital stock.<br><br>Under the terms of article 33, paragraph 4, of our Bylaws, our shareholders are entitled with the right to receive mandatory annual dividends of at least 25% of our net income for the year, less or plus the following values: (i) amount allocated to the legal reserve; (ii) amount allocated to the reserve for contingencies and reversal of these reserves established in prior years; and (iii) amount from the reversal of the unrealized revenue reserve established in prior years, as set forth in article 202, item II, of Brazilian Corporate Law. |
| Voting right | Full |
| Conversion into another class or type of share | No |
| Capital reimbursement rights | Yes |
| Description of the Capital reimbursement rights | In the event of liquidation of the Company, the shareholders will receive the payments related to the capital reimbursement, proportionally to their shareholding interest in the capital stock, upon the payment of all Company's obligations.<br><br>The shareholders who do not agree with certain resolutions at the general meeting may withdraw from the Company, upon reimbursement of the value of the shares based on the equity value, as set forth in Brazilian Corporate Law. In the event the Company' shares (i) are liquid, that is, comprise the BM&FBOVESPA's general index or an index of any other stock exchange, as determined by CVM; and (ii) are diluted in the market in a way that the controlling shareholders, parent company or other companies under common control hold less than 50% of the shares, the shareholders will not be entitled with withdrawal rights in the following cases: (a) Company's merger; (b) Company's merger into another company; and (c) comprising a group of companies. |
| Lock-up agreements | No |
| Right to participate in the public offering in connection with the disposal of the shareholding control | In accordance with the Novo Mercado Regulation, the Company's shareholding control, both through a single transaction and successive transactions, must be contracted under the suspensive or resolutive condition that the purchaser is obligated to perform the public offering for the acquisition of the other shares held by the other Company's shareholders, in order to assure the same conditions provided to the selling controlling shareholders. A declaration must be submitted to BM&FBOVESPA including the price and the other conditions of the disposal of the Company's shareholding control.<br><br>This offering is also required in the event of assignment of the rights for subscription of shares or rights related to marketable securities convertible into shares, which would result in the disposal of the Company's shareholding control and, in the event of disposal of shareholding control of a company which holds the shareholding control over the Company, in this case, the selling controlling shareholders must report to BM&FBOVESPA the value attributed to the Company in connection with such disposal and attach the supporting documents to confirm such value.<br><br>As set forth in Brazilian Corporate Law and the Novo Mercado Regulation, in the event of the disposal of the Company's shareholding control, all holders of the common shares must be entitled with the right to include their shares in the public offering for the acquisition of shares, which offering must be performed by the respective purchaser, as well as to receive 100% of the value paid per share with voting right, comprising the control block. |
| Conditions to change the rights assigned in connection with such marketable securities | In accordance with the Brazilian Corporate Law, neither the Company's Bylaws nor the resolutions at the general meeting may prohibit the shareholders from exercising the following rights: (i) profit sharing; (ii) participate, in the event of liquidation of the Company, in the distribution of any remaining assets, proportionally to their interest shareholding in the capital stock; (iii) inspect the Company's management, in accordance with Brazilian Corporate Law; (iv) preemptive right in the subscription of future capital increases, except for certain cases set forth in the Brazilian Corporate Law; and (v) withdraw from the Company in accordance with the cases set forth in the Brazilian Corporate Law. |
| Other relevant characteristics | There are no additional relevant characteristics. |

## 18.2. Statutory rules limiting the voting rights of significant shareholders or obligating such shareholders to perform the public offering

In accordance with the Novo Mercado Regulation, the disposal of the Company's Control, directly or indirectly, whether by one single transaction or by a series of successive transactions, shall be carried out on suspensive or resolutory conditions that the buyer undertakes to tender a public offer for acquisition of all further shares held by the other shareholders, in compliance with the terms and conditions provided in the current law and in the New Market Regulation, so that they may be accorded the same treatment as given to the Selling Controlling Shareholder.

The public tender offer referred to in article 38 of the Company's bylaws shall be required: (i) whenever there has been a remunerated assignment of subscription rights for shares and other securities, or rights related to securities convertible into shares, resulting in disposal of the Company's Control; and (ii) whenever there has been the disposal of a controlling interest in a company that holds the Company's Control; in this case, the Selling Controlling Shareholder shall advise BM&FBOVESPA of the value ascribed to the Company under the aforesaid disposal transaction, attaching supporting documentation in this regard.

The Selling Controlling Shareholder or the Group of Selling Controlling Shareholders shall not transfer title to their shares nor shall the Company make annotation of any transfer of shares to the Buyer, until the latter signs the Statement of Consent from Controlling Shareholders referred to by the New Market Regulations. The Company shall not make annotation of any transfer of shares to any the buying shareholder or to those shareholder(s) who may hold the Power of Control, until the latter sign(s) the Statement of Consent from Controlling Shareholders referred to in the New Market Regulation. No Shareholders' Agreement which provides on the exertion of Power of Control may be filed at the Company's headquarters until its signatories subscribe the Statement of Consent.

Whoever acquires the Power of Control by means of a private share purchase agreement entered into with the Controlling Shareholder, whatever the volume of shares involved, shall be required to: (i) tender the public offer referred to in article 38 of the Company's By-Laws; (ii) pay, in the terms described as follows, the amount equivalent to the difference between the value of the public offer and the amount paid for the acquired stock in the 6 (six) months prior to the date of acquisition of the Power of Control, properly updated until the payment date. The amount shall be distributed between everyone who sold Company's shares in the trading session the Buying Shareholder made acquisitions, relative to daily net sales of each person, being BM&FBovespa's responsibility to operationalize the distribution, according to its regulations; (iii) take the actions necessary to restore the minimum Free Float of 25% (twenty five percent) within the 6 (six) months after the acquisition of Control.

In the event the shareholders in General Extraordinary Assembly decide on (i) the Company's delisting from the New Market so that its securities may be registered from trade outside the New Market or (ii) a corporate reorganization whereby the resulting company will not have its securities listed on the New Market between 120 (one hundred and twenty) days beginning in the General Shareholders Meeting which approved the reorganization, the Controlling Shareholder shall tender a public offer for acquisition of the shares held by the other shareholders of the Company. The minimum offer price shall be equal to the Economic Value determined in the appraisal report, pursuant to article 45 of these By-Laws, in compliance with the applicable legal rules and regulations.

The delisting of the New Market due to noncompliance with the Rules of the New Market is conditioned to the effective public offer for acquisition of shares, at least, by the shares' Economic Value, to be defined in valuation report as described on Article 45 of this Bylaws, according to the applicable laws and regulations.

Any Buying Shareholder who reaches, directly or indirectly, an interest in the Float equal to or over 10% (ten percent) of the Company's stock capital, and who wishes to make a new acquisition of outstanding shares, shall be required to (i) transact each new acquisition on BM&FBOVESPA, not being allowed private business transactions or on the over-the-counter market; (ii) before each new acquisition, inform in writing the Company's Chief Officer for Investor Relations about the number of outstanding shares they intend to purchase, at least 3 (three) business days prior the actual acquisition.

In the event the Buying Shareholder does not comply with the requirement imposed in this article, the Company's Board of Directors shall convene a General Extraordinary Assembly, in which the Buying Shareholder may not vote, to decide on suspension of the Buying Shareholder's rights inherent to the shares bought in breach of the requirement imposed by this article, as provided in article 120 of the Law of Business Corporations.

## 18.3. Exceptions and suspensive clauses related to the equity or political rights set forth in the Bylaws

Our Bylaws sets forth the following restrictions related to the equity or political rights:

Exclusion or reduction of the preemptive right

In accordance with paragraph 3, Article 6, of our Bylaws, at the discretion of the Board of Directors, the preemptive right may be excluded or the exercise period may be reduced as regards to the issuance of common shares, debentures convertible into common shares and subscription bonus, the placement of which is performed upon the (i) sale in stock exchange or public subscription; or (ii) exchange of shares, in connection with the public offering for acquisition of the shareholding control, under the terms of applicable law, within the authorized capital stock.

Members of the Board of Directors

In accordance with paragraphs 4 and 5, of Article 15 of our Bylaws, the members of the Board of Directors must have good reputation and a person must not be elected a member of the Board of Directors, except for the express waiver of the majority of its members, the person that: (i) is in charge of companies considered competitors of the Company; or (ii) has or represents interests conflicting with the Company's interests. The voting rights must not be entitled by the member of the Board of Directors in the event the cases mentioned above take place subsequently. Moreover, the member of the Board of Director must not have access to the information or participate at the meetings of the Board of Directors, as regards to matters to which such member has or represents interests conflicting with the Company.

Shareholders

In accordance with the caput of Article 48 of our Bylaws, any purchasing shareholder holding, directly or indirectly, outstanding shares equivalent to or greater than 10% (ten percent) of the Company's capital stock, which shareholder intends to perform a new acquisition of the outstanding shares, such shareholder will be obligated to carry out such acquisition in accordance with article 48 of the Bylaws.

In accordance with sole paragraph, Article 48, in the event the purchasing shareholder is not able to comply with the obligations set forth in such article, the Company's Board of Directors will request the Extraordinary General Meeting, at which the purchasing shareholder may not vote, in order to resolve about the suspension of the purchasing shareholders' right in connection with the shares acquired in violation against the obligation set forth in article 48 of the Company's Bylaws, in accordance with article 120 of the Brazilian Corporate Law.

## 18.4. The trading volume and the minimum and maximum quotations of marketable securities traded in the stock exchange or organized over-the-counter market, in each of the quarters over the last three years

Trading on BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros

The quotation below was adjusted on a retroactive basis to reflect the split-off of shares in December 2009 (in R$)

| Quarter ending | Volume (R$) | Maximum | Minimum |
|---|---|---|---|
| **2009** | | | |
| 03/31/2009 | 466,150,984 | 4.91 | 2.97 |
| 06/30/2009 | 1,424,755,329 | 9.60 | 4.60 |
| 09/30/2009 | 1,899,499,777 | 12.20 | 8.64 |
| 12/31/2009 | 2,501,435,000 | 14.48 | 10.07 |
| **2010** | | | |
| 03/31/2010 | 2,454,928,474 | 14.00 | 11.21 |
| 06/30/2010 | 2,443,653,363 | 13.69 | 9.73 |
| 09/30/2010 | 2,548,296,230 | 17.88 | 12.44 |
| 12/31/2010 | 4,318,659,397 | 18.68 | 14.16 |
| **2011** | | | |
| 03/31/2011 | 4,233,307,388 | 16.73 | 12.70 |
| 06/30/2011 | 3,230,269,235 | 15.40 | 12.43 |
| 09/30/2011 | 3,964,742,660 | 14.89 | 8.70 |
| 12/31/2011 | 3,282,860,261 | 12.89 | 8.87 |

**18.5. Other marketable securities (other than shares)**

## *1st issuance Debentures*

**a) Identification:** 1st issuance of simple debentures

**b) Number:** 30,000

**c) Value:** R$ 300 million

**d) Issuance Date:** June 15, 2008

**e) Lock-up agreement:** None

**f) Conversion into shares:** Not applicable

**g) Advanced redemption:**

The Issuer may, at its exclusive discretion, upon approval at the Board of Director's Meeting, perform, at any time, the offering for the advanced redemption of the debentures, fully or partially, addressed to the debentureholders of the 1st series, to the debentureholders of the 2nd series, or to the debentureholders of both series, being assured to all debentureholders of each series the same conditions to accept the redemption of the debentures held as regards to the other debentureholders of the same series.

The offering of the advanced redemption will be performed as follows:

The value to be paid to the debentureholders in connection with the advanced redemption offering will be equivalent to the nominal value, or nominal value balance, however the case may be, plus (i) the earnings payable and not paid up to the redemption date; and (ii) possible redemption premium to be offered to the debentureholders of each series, at the exclusive discretion of the issuer

**h) In the event the marketable securities are considered as debt**

**i) Maturity date:** June 15, 2013

*Accelerated Maturity*
The debentures may mature in advance under the case of non-compliance, by the issuer, with any obligation related to the debentures. One of which is the failure to maintain the financial indices determined and reviewed on a quarterly basis by the Fiduciary Agent: (Net Debt+Real Properties Payable)/(Shareholders' Equity < 0.65); and (Receivables + Unearned Income + Inventories)/ (Net Debt+ Real Properties Payable + Unexpired Cost) >1.6 or < 0.

**ii) Interest**

*1st series*
Adjustment: the face value of 1st series debentures shall not be adjusted.
Interest: DI (interbank deposit rate) plus spread of 1.5% per year.

*2nd series*
Adjustment: IPCA (extended consumer price index)
Interest: 10.80% per year

**iii) Collateral** No
**iv) Species** Unsecured
**v) Restrictions:** See comments above on accelerated maturity
**vi) Trustee:** Oliveira Trust Distribuidora de Títulos e Valores Mobiliários S.A.. The trustee's compensation shall be R$3,250.00 per quarter, adjusted based on IGP-M (general market price index).

**i) Conditions for changes to debentures' rights**

All debenture holders are entitled to one vote, in person or represented by proxy. Matters shall be decided by majority of those present and voting, except matters for which there is a quorum established by law or indenture

- Resolve, by mutual agreement with the issuer, the new adjustment parameter for debentures in the event of discontinuance, temporary unavailability or lack of determination of DI and/or IPCA for more than 10 consecutive days

after the expected date for their determination and/or disclosure or even in case of discontinuance or impossibility of their use under legal provision or judicial order, for which quorum shall be 75% of total debentures outstanding;

- Non-declaration of accelerated maturity of debentures in the hypotheses outlined in items (i), (ii), (iii), (ix), (xi) and (xii) of clause 5.1.1 of the indenture, for which quorum for approval shall be 75% of debentures outstanding;
- Call for Meeting of Debenture Holders, for which quorum shall be 10% of debentures outstanding;
- Merger or consolidation with third parties or spin-off and/or issuer's corporate restructuring, for which quorum shall be at least 75% of 1st series debentures and 75% of 2nd series debentures outstanding;
- Changes in interest rate, type, duration, maturity and amortization, as well as changes in conditions for automatic acceleration of maturity and/or provisions regarding quorum specified by indenture, shall be approved by debenture holders representing at lest 95% of debentures outstanding; and
- Other changes, including, but not limited to, changes to characteristics and conditions of debentures and issue, shall be approved by debenture holders representing at least 75% of debentures outstanding.

**j) Other significant characteristics**

*Debenture Interest Payment Date:* 1st series debentures pay interest semiannually and 2nd series debentures pay interest annually, starting from issue date to maturity date. 2nd series debentures interest is paid on face value.

*Amortization:* The face value of debentures is payable by the issuer in 3 equal, annual, consecutive installments from the end of the 36th month beginning on the issue date.

*Discretionary acquisition:* The issuer may at any time acquire debentures outstanding for a price not higher than the face value or the face value balance, if applicable, plus interest computed on a pro rata basis from the issue date to the effective acquisition date, in accordance with paragraph 2 of article 55 of Corporate Law. The acquired debentures may be cancelled, held in treasury or placed again in the market.

*Number of Debentures:* 30,000, being 27,140 Debentures of the 1st Series and 2,860 of the 2nd Series.

## *2nd issuance Debentures*

**a) Identification:** Simple, nonconvertible debentures

**b) Quantity:** 100

**c) Amount:** R$100 million

**d) Issue date:** May 25, 2011

**e) Circulation restrictions:** None

**f) Convertibility**: Not applicable

**g) Possibility of early redemption:** No

**h) When securities are debt instruments**

**i) Maturity date:** May 25, 2011

*Accelerated Maturity*
The debentures may mature in advance under the case of non-compliance, by the issuer, with any obligation related to the debentures. One of which is the failure to maintain the financial indices determined and reviewed on a quarterly basis by the Fiduciary Agent: (Net Debt+Real Properties Payable)/(Shareholders' Equity < 0.65); and (Receivables + Unearned Income + Inventories)/ (Net Debt+ Real Properties Payable + Unexpired Cost) >1.6 or < 0.

**ii) Interest** CDI + 3.7% per year
**iii) Collateral** Properties
**iv) Species** Not applicable
**v) Restrictions:** See comments above on accelerated maturity

**vi) Trustee:** Planner Trustee DTVM Ltda. The trustee's compensation is R$4,000.00 per quarter, adjusted based on the IGP-M

**i) Conditions for changes to debentures' rights**

Changes in interest rate, type, duration, maturity and amortization, as well as changes in conditions for automatic acceleration of maturity and/or provisions regarding established quorum shall be approved by debenture holders representing at least 95% of the debentures outstanding. Other changes, including, but not limited to, changes in characteristics and conditions of debentures and issue shall be approved by debenture holders representing at least 75% of the debentures outstanding.

**j) Other significant characteristics**

*Interest Payment Date:* quarterly

*Amortization:* 5 quarterly, consecutive installments starting May 25, 2010

*Discretionary acquisition:* The issuer may at any time acquire debentures outstanding for a price not higher than the face value or the face value balance, if applicable, plus interest computed on a pro rata basis from the issue date to the effective acquisition date, in accordance with paragraph 2 of article 55 of Corporate Law. The acquired debentures may be cancelled, held in treasury or placed again in the market.

## *3nd issuance Debentures*

**a) Identification:** Simple debentures

**b) Quantity:** 51.640

**c) Amount:** R$516 million

**d) Issue date:** Febuary 1, 2010

**e) Circulation restrictions:** None

**f) Convertibility:** Not applicable

**g) Possibility of early redemption:**

After the 18th month, counted from the date of issue the Issuer shall be entitled to promote early redemption of the Debentures, in whole or in part ("Provision for Early Redemption") by (a) determination of its board of directors (b) publication of notice to debenture holders to be widely published in advance, at least 30 days from the date of redemption, stating: (i) the effective date for early redemption and payment of debenture holders, (ii) if the redemption will be total or partial, and in this case, the procedure for partial redemption, as paragraph 1 of Article 55 of the Corporations Act, and (iii) the amount payable to debenture holders as a result of early redemption. The amount payable to debenture holders as a result of the Provision for Early Redemption will be equal to the Nominal Value or balance of the Face Value, if any, plus (i) remuneration calculated on a pro rata basis from the Issue Date or the last date of payment of remuneration, as appropriate, until the actual date of redemption and (ii) the redemption premium of 0.75% on volume of debentures redeemed, calculated pursuant to the Issue Deed.

**h) When securities are debt instruments**

**i) Maturity date:** Febuary 1, 2014

*Accelerated Maturity*
The debentures may mature in advance under the case of non-compliance, by the issuer, with any obligation related to the debentures. One of which is the failure to maintain the financial indices determined and reviewed on a quarterly basis by the Fiduciary Agent: (Net Debt+Real Properties Payable)/(Shareholders' Equity < 0.65); and (Receivables + Unearned Income + Inventories)/ (Net Debt+ Real Properties Payable + Unexpired Cost) >1.6 or < 0.

**ii) Interest** CDI + 3.7% per year
**iii) Collateral** No
**iv) Species** Unsecured
**v) Restrictions:** See comments above on accelerated maturity
**vi) Trustee:** Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários Planner Trustee DTVM Ltda. The trustee's compensation is R$4,000.00 per quarter, adjusted based on the IGP-M.

**i) Conditions for changes to debentures' rights**

The deliberations to be taken in a debenture holders meeting, should be approved by debenture holders, representing at least 75% of the outstanding Debentures.

The deliberations of the meeting of debenture holders on (i) changes in the conditions of the Debentures, including, among others, remuneration, type, duration, maturity, amortization, early redemption, prepayment, quorums and (ii) authorizations or permits (waivers) with respect to obligations of the Issuer shall obtain approval of debenture holders representing at least 95% of the outstanding Debentures.

**j) Other significant characteristics**

*Interest Payment Date:* quarterly

*Amortization:* 5 quarterly, consecutive installments starting May 25, 2010

*Discretionary acquisition:* The issuer may at any time acquire debentures outstanding for a price not higher than the face value or the face value balance, if applicable, plus interest computed on a pro rata basis from the issue date to the effective acquisition date, in accordance with paragraph 2 of article 55 of Corporate Law. The acquired debentures may be cancelled, held in treasury or placed again in the market.

## *4th issuance Debentures*

**a) Identification:** Simple, nonconvertible debentures

**b) Quantity:** 300

**c) Amount:** R$500 million

**d) Issue date:** December 23, 2010

**e) Circulation restrictions:** None

**f) Convertibility:** Not applicable

**g) Possibility of early redemption:**

The Debentures may be fully or partially redeemed and/or amortized in advance, and the anticipated partial amortization, if it occurs, shall comprise 100% of the outstanding debentures, restricted to 95% of the Face Value or the balance of the Face Value, at any time, by means of notification to the fiduciary agent, to Debenture Holders and CETIP S.A. – OTC Clearing House ("CETIP"), at least, five business days in advance, as of the date intended to pay for early redemption and/or amortization and by means of (i) payment of Remuneration, calculated pro rata temporis as of the issue date or the immediately preceding Remuneration payment date, where applicable, until the date of its effective payment and the balance of unit Face Value of Debentures redeemed or the unit Face Value amortized in advance; and (ii) except for in relation to (a) early redemption or amortization as of the 37th month following the month of the issue date, and (b) in the event of early redemption or amortization due to the lack of replacing remuneration upon the extinguishment or non-calculation and/or non-publication of TR (reference interest rate), as defined hereinafter for more than 10 consecutive days as of the date expected for its disclosure, pursuant to the deed of issue of Debentures ("Deed"), the payment of a premium corresponding to (i) 1.5% over the unit Face Value of Debentures redeemed or the amount of amortized unit Face Value, if redemption or amortization occurs up to the last day of 12th month following the month of the issue date; (ii) 1.0% over the unit Face Value of redeemed Debentures or the amount of amortized unit Face Value, if the redemption or amortization occurs as of the first day of 13rd month until the last day of 24th month after the month of the issue date; and (iii) 0.5% over the unit Face Value of redeemed Debentures or the amount of amortized unit Face Value, if the redemption or amortization occurs as of the first day of 25th month until the last day of 36th month following the month of issue date

**h) When securities are debt instruments**

**i) Maturity date:** December 1, 2015

*Accelerated Maturity*
The debentures may mature in advance under the case of non-compliance, by the issuer, with any obligation related to the debentures. One of which is the failure to maintain the financial indices determined and reviewed on a quarterly basis by the Fiduciary Agent: (Net Debt+Real Properties Payable)/(Shareholders' Equity < 0.65); and

(Receivables + Unearned Income + Inventories)/ (Net Debt+ Real Properties Payable + Unexpired Cost) >1.6 or < 0.

**ii) Interest** TR + 8.25%-10.25% per annum

TR + 8.25% per year, for the portion of the proceeds from the 4th Debenture Issue not released for Company use, equivalent to the balance of the Settlement Account, as defined in the Indenture, or for the portion to be used to finance the housing units of the Financed Projects, representing a sales price lower than or equal to that established by Resolution 460/04 issued by the Board of Trustees of the Government Severance Indemnity Fund (FGTS) for those units falling within the area parameters established for Low Income Housing; and

TR + 10,25% per year for the portion of the proceeds from the 4th Debenture Issue used to finance the housing units of the Financed Projects, representing a sales price above that established by Resolution 460/04 issued by the Board of Trustees of the Government Severance Indemnity Fund (FGTS) for those units falling within the area parameters established for Low Income Housing, but equal to or lower than the maximum value permitted for financing housing units through the Housing Finance System (SFH) ("Remuneration").

**iii) Collateral** Additional Guarantees

*Additional Guarantees*
The debentures will be guaranteed by the fiduciary assignment of credit rights from the sale of housing units from residential construction projects ("Receivables") whether they are financed by the proceeds from the Debentures ("Financed Project") or not;and by the fiduciary sale under guarantee of accounts linked to the 4th Issue and to the permitted investment of the proceeds from said issue and the proceeds from the payment of the Receivables; and by the fiduciary sale under guarantee of the sites of the Financed Projects, except those Financed Projects which will be funded by the Caixa Econômica Federal through from Crédito Associativo ("Additional Guarantees").

**iv) Species** Unsecured
**v) Restrictions:** See comments above on accelerated maturity
**vi) Trustee:** Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda. The trustee's compensation is R$ 42,000.00 per year, adjusted based on the IGP-M.

**i) Conditions for changes to debentures' rights**

The deliberations to be taken in a debenture holders meeting, should be approved by debenture holders, representing at least 2/3 of the outstanding Debentures.

The deliberations of the meeting of debenture holders shall obtain approval of debenture holders representing at least 95% of the outstanding Debentures; on remuneration, payment dates, renegotiation or default.

**j) Other significant characteristics**

*Interest Payment Date:* the Remuneration will be paid in 10 six-monthly installments, the first after 6 months after the issuance date, calculated pro rata temporis since the date of Issue, and the last at maturity.

*Amortization:* Payment of the Nominal Value of the Debentures will be in 5 successive six-monthly installments, the first installment being on the 36th month, and the final payment on the 60th, both counting from the issuance date

## *5th issuance Debentures*

**a) Identification:** Simple debentures

**b) Quantity:** 500,000

**c) Amount:** R$500 million

**d) Issue date:** July 15, 2011

**e) Circulation restrictions:** None

**f) Convertibility:** Not applicable

**g) Possibility of early redemption:** No

No early redemption of the Debentures, except in case of no agreement between the Company and the Debenture holders regarding the replacement rate in case of extinction, temporary unavailability or absence of verification of the DI rate.

**h) When securities are debt instruments**

**i) Maturity date:** July 1, 2016

*Accelerated Maturity*
The debentures may mature in advance under the case of non-compliance, by the issuer, with any obligation related to the debentures. One of which is the failure to maintain the financial indices determined and reviewed on a quarterly basis by the Fiduciary Agent: (Net Debt+Real Properties Payable)/(Shareholders' Equity < 0.65); and (Receivables + Unearned Income + Inventories)/ (Net Debt+ Real Properties Payable + Unexpired Cost) >1.6 or < 0.

**ii) Interest** CDI + 1.5% per year

**iii) Collateral** No

*Additional Guarantees*
The debentures will be guaranteed by the fiduciary assignment of credit rights from the sale of housing units from residential construction projects ("Receivables") whether they are financed by the proceeds from the Debentures ("Financed Project") or not;and by the fiduciary sale under guarantee of accounts linked to the 4th Issue and to the permitted investment of the proceeds from said issue and the proceeds from the payment of the Receivables; and by the fiduciary sale under guarantee of the sites of the Financed Projects, except those Financed Projects which will be funded by the Caixa Econômica Federal through from Crédito Associativo ("Additional Guarantees").

**iv) Species** Unsecured
**v) Restrictions:** See comments above on accelerated maturity
**vi) Trustee:** SLW CORRETORA DE VALORES E CÂMBIO LTDA. The trustee's compensation is R$12,000.00 per year, adjusted based on the IGP-M.

**i) Conditions for changes to debentures' rights**

The deliberations to be taken in a debenture holders meeting, should be approved by debenture holders, representing at least 75% of the outstanding Debentures.

The deliberations of the meeting of debenture holders on (i) changes in the conditions of the Debentures, including, among others, remuneration, type, duration, maturity, amortization, early redemption, prepayment, quorums and (ii) authorizations or permits (waivers) with respect to obligations of the Issuer shall obtain approval of debenture holders representing at least 95% of the outstanding Debentures.

**j) Other significant characteristics**

*Interest Payment Date:* the Remuneration will be paid in six-monthly installments, the first on January 1th, 2012.

*Amortization:* Payment of the Nominal Value of the Debentures will be in 2 equal installments, the first installment being on the 48th month, and the final payment on the 60th, both counting from the issuance date

## *6th issuance Debentures*

**a) Identification:** Simple debentures

**b) Quantity:** 500,000

**c) Amount:** R$500 million (R$1,000 each)

**d) Issue date:** May 3, 2012

**e) Circulation restrictions:** None

**f) Convertibility:** Not applicable

**g) Possibility of early redemption:** No

**h) When securities are debt instruments**

**i) Maturity date:** May 3, 2017

*Accelerated Maturity*
The debentures may mature in advance under the case of non-compliance, by the issuer, with any obligation related to the debentures. One of which is the failure to maintain the financial indices determined and reviewed on a quarterly basis by the Fiduciary Agent: (Net Debt+Real Properties Payable)/(Shareholders' Equity < 0.65); and (Receivables + Unearned Income + Inventories)/ (Net Debt+ Real Properties Payable + Unexpired Cost) >1.6 or < 0.

**ii) Interest** 1st series: CDI + 1.50% per year
2nd series: CDI + 1.55% per year

**iii) Collateral** No
**iv) Species** Unsecured
**v) Restrictions:** See comments above on accelerated maturity
**vi) Trustee:** Oliveira Trust Distribuidora de Títulos e Valores Mobiliários S.A.. The trustee's compensation shall be R$5,500 per annum, adjusted based on IGP-M (general market price index).

**i) Conditions for changes to debentures' rights**

For the deliberations of a debenture holders meeting, every debenture holder is entitled to one vote, in person or represented by proxy. The deliberations to be taken in a debenture holders meeting, should be approved by debenture holders, representing at least 75% of the outstanding Debentures.

The deliberations of the meeting of debenture holders on (i) changes in the conditions of the Debentures, including, among others, remuneration, type, duration, maturity, amortization, early redemption, prepayment, quorums and (ii) authorizations or permits (waivers) with respect to obligations of the Issuer shall obtain approval of debenture holders representing at least 95% of the outstanding Debentures.

**j) Other significant characteristics**

*Interest Payment Date:* the Remuneration will be paid in six-monthly installments up to maturity date, the first on November 3, 2012.

*Amortization of the 1st Series:* Payment of the Nominal Value of the Debentures will be in 2 annual, equal and sequent installments, starting from the end of the 4th year

*Amortization of the 2nd Series:* Payment of the Nominal Value of the Debentures will be in 2 annual, equal and sequent installments, starting from the end of the 5th year

*Number of Debentures:* 500,000, being 500,000 Debentures of the 1st Series and 0 of the 2nd Series.

## *Promissory Notes*

**a) Identification:** Nota Promissória

**b) Quantity:** 100

**c) Amount:** R$100 million

**d) Issue date:** March 26, 2009

**e) Circulation restrictions:** Yes. The Debentures may only be traded among qualified investors, as defined in terms of CVM 409 of August 18, 2004 ("Qualified Investor") after the expiration of ninety (90) days of their subscription or acquisition by each Qualified Investor, pursuant to article 13 of CVM Instruction 476

**f) Convertibility:** Not applicable

**g) Possibility of early redemption:**

Early redemption by the issuer with express consent of the respective holder, at the subscription date and payment of the simple debentures, not convertible into shares, with collateral, of the second issuance of the Issuer, which will be subject to public offering, with restricted distribution efforts under the CVM Instruction 476, outside of the first program of distribution of debentures of the Issuer, to be mediated by the Leading Coordinator, under the current regulations.

Regarding When the subscription/purchase of the Promissory Note, the holder has given his agreement with the terms and conditions of the Redemption, as described in the letter.

The Buyback will be made upon payment of the Par Value plus Remuneration, calculated pro rata from the Issue Date until the effective date of Redemption.

(i) If there is no issue of Debentures, the Issuer may apply the Early redemption of the Promissory Note, upon payment of the Par Value plus compensation calculated on a pro rata basis, provided that it communicates by writing with five (5) working days in advance.

**h) When securities are debt instruments**

| | | |
|---|---|---|
| **i)** | **Maturity date:** | June 24, 2009 |
| **ii)** | **Interest** | CDI + 3.7% per year |
| **iii)** | **Collateral** | No |
| **iv)** | **Species** | Unsecured |
| **v)** | **Restrictions:** | See comments above on accelerated maturity |
| **vi)** | **Trustee:** | / |

**i) Conditions for changes to debentures' rights**

No prevision

**j) Other significant characteristics**

In March 2009, we completed our 1st issue of promissory notes for public distribution on a restricted efforts placement basis, in conformity with CVM Instruction No. 476, in a single series, with a fixed charge over cash investments, in the total amount of R$100.0 million, due on June 24, 2009. The promissory notes were redeemed in advance on June 23, 2009, which was the subscription and payment date of 2nd series debentures issued for public distribution on a restricted efforts placement basis under the promissory notes deed.

The promissory notes paid rates of interest on face value, equivalent to 100% of the CDI (interbank deposit rate) plus spread of 3.70% per year.

The promissory notes contained restrictive covenants requiring compliance with the same financial ratios as for the 1st issue of debentures.

## 18.6. Brazilian markets in which Company's securities are admitted for trading

The Company's shares are admitted for trading on the BM&FBOVESPA S.A.

The 1st issuance debentures are listed for trading on the secondary market through the SND (national debenture system), managed by CETIP.

The 2nd issuance debentures are listed for trading in the secondary market through: 1) SND managed by CETIP and 2) BOVESPAFIX and SOMAFIX, trading markets for assets managed by BM&FBOVESPA.

The 3rd issuance debentures are listed for trading in the secondary market i) through SDT and/or SND both managed by CETIP and/or ii) through DDA and/or BOVESPAFIX, both managed by BM&FBOVESPA.

The 4th issuance debentures are listed for trading on the secondary market through the SND (national debenture system), managed by CETIP.

The 5th issuance debentures are listed for trading on the secondary market through the SND (national debenture system), managed by CETIP.

The 6th issuance debentures are listed for trading on the secondary market through the SND (national debenture system), managed by CETIP.

## 18.7. Securities admitted for trading in foreign markets

On March 17, 2009, CVM approved (under No. CVM/SER/RDR/2009/006) American Depositary Receipts (ADRs) programs abroad, with issue of Level 1 sponsored depositary receipts for trading in the United States market under the symbol “MRVNY”.

Under the ADR program, Bradesco is the custodian institution for our common shares in Brazil and Deutsche Bank Trust Company Americas is the depositary bank in the United States responsible for issuing depositary receipts at a ratio of one depositary receipt to two common shares.

a) country

United States of America

b) market

MRV’s ADRs trade on the over-the-counter market under number CUSIP 553479106, number ISIN US5534791067 and symbol MRVNY.

c) market entity in which securities are admitted for trading

Pink OTC Markets Inc., the largest electronic trading system for intermediaries and trading technology and financial information provider for over-the-counter securities.

d) date securities were admitted for trading

Trading on the OTC started on March 31, 2009.

e) indicate trading segment, if any

MRV trades on the OTCQX.

OTCQX is the top tier of the OTC market. Exclusively for companies that meet the highest financial standards and undergo a qualitative review. Investor focused companies use the quality-controlled OTCQX platform to offer investors transparent trading, superior information, and easy access through their regulated U.S. broker-dealers. The innovative OTCQX platform offers companies and their investors a level of marketplace services formerly available only on a U.S. exchange.

f) effective date of listing in the trading market

The Company began trading on the OTCQX on December 2, 2009

g) percentage of trading amount abroad in relation to total trading amount of each class and type for last year

| **Volume (thousand)** | **2009** | **2010** | **2011** |
|---|---|---|---|
| OTCQX (US$) | $ 4,262 | $ 16,315 | $ 91,337 |
| *BRL/USD (12/31)* | 1.7412 | 1.6662 | 1.8758 |
| OTCQX (R$) | R$ 7,420 | R$ 27,184 | R$ 171,329 |
| BM&FBovespa | R$ 6,291,841 | R$ 11,765,537 | R$ 14,711,180 |
| OTCQX/BM&FBovespa | 0.12% | 0.23% | 1.16% |

h) depositary shares abroad, if any, in relation to each class and type of shares

The ratio is 1 depositary share to 2 common shares.

| i) depositary bank, if any |
|---|

Deutsche Bank Trust Company Americas is the depositary bank in the United States.

| j) custodian institution, if any |
|---|

Banco Bradesco SA is the custodian institution for MRV's common shares in Brazil.

## 18.8. Public offerings made by the Company or by third parties, including controlling companies and affiliated and subsidiary companies, for Company's securities

Shares

On July 23, 2007, our shares began to trade on the *Novo Mercado* segment of the BM&FBOVESPA, under the symbol "MRVE3" under our primary and secondary offering of common shares. The offering was conducted in Brazil in the non-organized over-the-counter market for institutional and non-institutional investors, with placement efforts abroad, based on registration exemptions under Securities Act of 1933. The offering closing was announced on August 6, 2007, with the distribution of 45,900,000 common shares for the price of R$26.00 per common share, totaling R$1,193,400,000.00, as follows: (i) 41,198,277 common shares issued by the Company, amounting to R$1,071,155,202.00; and (ii) 4,701,723 common shares issued by the Company and owned by selling shareholders, amounting to R$122,244,798.

On June 24, 2009, we, together with Autonomy, conducted a primary and secondary offering of common shares in Brazil in the non-organized over-the-counter market for institutional and non-institutional investors, with placement efforts abroad, based on registration exemptions under Securities Act of 1933. The offering closing was announced on July 15, 2009, with the distribution of 29,475,000 common shares for the price of R$24.50 per common share, totaling R$722,137,500.00, as follows: (i) 24,300,000 common shares issued by the Company, amounting to R$595,350,000.00; and (ii) 5,175,000 common shares issued by the Company and owned by Autonomy, amounting to R$126,787,500.00.

*Other securities*

*Debentures – 1st issue*

In July 2008 we introduced our debenture distribution program in the amount of up to R$1.3 billion and concurrently there was the first issue of debentures not convertible into shares for public distribution. For further information, please refer to item 18.5 of this form.

*Promissory notes*

In March 2009, we completed our first issue of promissory notes of a single series on a restricted efforts basis under CVM Instruction No. 476. For further information, please refer to item 18.5 of this form.

*Debentures – 2nd issuance*

In June 2009, we completed our public distribution of debentures on a restricted efforts basis under CVM Instruction No. 476. For further information, please refer to item 18.5 of this form.

*Debentures – 3rd issuance*

In March 2010, we completed our public distribution of debentures with firm guarantee of placement under CVM Instruction No. 476. For further information, please refer to item 18.5 of this form.

*Debentures – 4th issuance*

In December 2010, we completed our public distribution of debentures on a restricted efforts basis under CVM Instruction No. 476. For further information, please refer to item 18.5 of this form.

*Debentures – 5th issuance*

In July 2011, we completed our public distribution of debentures on a restricted efforts basis under CVM Instruction No. 476. For further information, please refer to item 18.5 of this form.

*Debentures – 6th issuance*

In May 2012, we completed our public distribution of debentures with firm guarantee of placement under CVM Instruction No. 476. For further information, please refer to item 18.5 of this form.

### 18.9. Tender offers for shares issued by third parties

Not applicable.

### 18.10. Other material information

No other information considered material.

# Buyback Plans and Treasury Shares

### 19.1. Provide the following information about issuer's stock buyback plans

| a) Date | Repurchase period | Available Reserves and Profits (R$) | Species | Class | Estimated Quantity (units) | % of approved in relation to total in circulation | Approved acquired quantity | Weighted average price | Quote factor | % acquired |
|---|---|---|---|---|---|---|---|---|---|---|
| 08/10/2011 | 08/10/2011 – 08/09/2012 | 445,179,000 | Common | / | 10,000,000 | 3.34 | 6,347,500 | 10.66 | R$/unit | 63,5 |
| 07/09/2012 | 08/10/2012 – 08/09/2013 | 686,778,000 | Common | / | 10,000,000 | 3.31 | Nd | Nd | R$/unit | 0.0 |

b. with respect to each plan

BUYBACK PLAN 2011
other important characteristics:
(1) the operations will be carried out on the stock exchange at market prices and will be brokered by SANTANDER CCVM S/A with head office at Avenida Presidente Juscelino Kubitschek, 2.041, 2.235 part – 24th floor – São Paulo/SP; CREDIT SUISSE BRASIL S.A. CTVM with head office at Avenida Brigadeiro Faria Lima, 3.064 13th floor - São Paulo/SP; BRADESCO S.A. CTVM with head office at Avenida Paulista, 1.450 7th floor - São Paulo/SP; BTG PACTUAL CTVM S.A. with head office at Avenida Brigadeiro Faria Lima, 3.729 10th floor - part - São Paulo/SP; ITAÚ CV S/A with head office at Avenida Brigadeiro Faria Lima, 3.400 10th floor - São Paulo/SP; FLOW CCTVM, with head office at Rua Joaquim Floriano, 100 conjunto 121 - São Paulo/SP or H.H. PICCHIONI S.A. CCVM with head office at Avenida Bernardo Monteiro, 1.539 – Belo Horizonte/MG; without any reduction in the capital stock, using the funds available in the profit or capital reserves, and are aimed at maximizing value generation for shareholders;
(2) the sum of the total price of the Shares acquired and the product of the number of Options and the respective price will not exceed the Available Reserves

BUYBACK PLAN 2012
other important characteristics:
(0) Up to a maximum of 10,000,000 shares will be repurchased, deduced from the amount of shares bought back on the current Share Buyback Program between today and its expiration on August 09, 2012
(1) the operations will be carried out on the stock exchange at market prices and will be brokered by SANTANDER CCVM S/A with head office at Avenida Presidente Juscelino Kubitschek, 2.041, 2.235 part – 24th floor – São Paulo/SP; CREDIT SUISSE BRASIL S.A. CTVM with head office at Avenida Brigadeiro Faria Lima, 3.064 13th floor - São Paulo/SP; BRADESCO S.A. CTVM with head office at Avenida Paulista, 1.450 7th floor - São Paulo/SP; BTG PACTUAL CTVM S.A. with head office at Avenida Brigadeiro Faria Lima, 3.729 10th floor - part - São Paulo/SP; ITAÚ CV S/A with head office at Avenida Brigadeiro Faria Lima, 3.400 10th floor - São Paulo/SP; FLOW CCTVM, with head office at Rua Joaquim Floriano, 100 conjunto 121 - São Paulo/SP or H.H. PICCHIONI S.A. CCVM with head office at Avenida Bernardo Monteiro, 1.539 – Belo Horizonte/MG; without any reduction in the capital stock, using the funds available in the profit or capital reserves, and are aimed at maximizing value generation for shareholders;
(2) the sum of the total price of the Shares acquired and the product of the number of Options and the respective price will not exceed the Available Reserves

### 19.2. With respect to acquisition of shares held in treasury, indicate quantity, total amount and weighted average acquisition price, in tabular format, segregated by type and class

| 07/26/2012 | Quantity of Common Shares (Unidades) | Total Value (R$) | Weighted Average Price |
|---|---|---|---|
| Initial | 3,092,204 | 36,086,217.67 | 11.67 |
| Acquisition | 3,255,200 | 31,592,976.00 | 9.71 |
| Alienation | 150,000 | 1,748,658.05 | 11.66 |
| Cancellation | 884,393 | 9,443,060.66 | 10,68 |
| Final | 5,313,011 | 56,487,474.96 | 10.63 |

| 12/31/2011 | Quantity of Common Shares | Total Value (R$) | Weighted Average Price |
|---|---|---|---|
| Initial | 0 | 0 | n/a |
| Acquisition | 3,092,300 | 36,087,338.00 | 11.67 |
| Alienation | 96 | 1,120.33 | 11.67 |
| Cancellation | 0 | 0 | n/a |
| Final | 3,092,204 | 36,087,217.67 | 11.67 |

| 12/31/2010 | Quantity of Common Shares | Total Value (R$) | Weighted Average Price |
|---|---|---|---|
| Initial | 0 | 0 | n/a |
| Acquisition | 0 | 0 | n/a |
| Alienation | 0 | 0 | n/a |
| Cancellation | 0 | 0 | n/a |
| Final | 0 | 0 | n/a |

| 12/31/2009 | Quantity of Common Shares | Total Value (R$) | Weighted Average Price |
|---|---|---|---|
| Initial | 213,600 | 1,887,000.00 | 8.83 |
| Acquisition | 100,000 | 1,173,000.00 | 11.73 |
| Alienation | 313,600 | 3,060,000.00 | 9.76 |
| Cancellation | 0 | 0 | n/a |
| Final | 0 | 0 | n/a |

**19.3. Indicate shares held in treasury as of the last fiscal year-end, in tabular format, segregated by type and class.**

Not applicable.

| 12/31/2011 | Quantity of Common Shares | Total Value (R$) | Weighted Average Price | % of shares in free float |
|---|---|---|---|---|
| Final | 3,092,204 | 36,087,217.67 | 11.67 | 1% |

**19.4. Other material information**

No other information considered material.

# Securities Trading Policy

**20.1. Policy for trading of securities issued by the Company by direct or indirect controlling shareholders, members of board of directors, audit committee and any other technical or consultative committees established under bylaws**

a) Date of approval

August 14, 2007.

b) Related parties

Officers, directors, members of audit committee and technical and consultative committees which may be established under bylaws, as well as executive officers, managers, employees who own stock options and others who, by virtue of their position in the Company, its subsidiaries or affiliates, have or may have access to material information.

c) Principal characteristics

The Company has designated the Investor Relations Officer as the person responsible for implementation, monitoring and general management of the Trading Policy and for all communication between the Company and the Brazilian Securities Commission (CVM) and stock exchanges, as well as between the Company and the market, investors and analysts.

Doubts about the Trading Policy, interpretation of applicable rules and/or possibility of conducting certain trading of securities issued by the Company that are not specified by the policy should be submitted to the Investor Relations Officer.

Related parties may prepare an Individual Trading Plan whereby they indicate the intention to commit their own capital to long-term investments in securities issued by the Company.

Subject to compliance with applicable restrictions, related parties are allowed to trade securities issued by the Company, provided that trading is conducted based on an Individual Trading Plan previously filed in the Company's headquarters with the Investor Relations Officer. For this purpose the Individual Plan, including any amendments thereto, should be filed with the Company for more than 30 days.

The Individual Plan cannot be filed or amended when there is any material pending fact of which the interested party is aware.

The Investor Relations Officer may refuse to file the Individual Trading Plan that is not compliant with the current Policy or prevailing legislation.

The Individual Trading Plans must indicate whether they refer to an investment or divestment plan and the approximate amount of capital that the investor intends to invest or the approximate amount of securities to be traded, within the effective period set forth in the Individual Plan, which cannot be less than 12 months, after which the interested party shall present a summary report on respective developments.

Related parties that fail to comply with any provision of the Trading Policy agree to fully compensate the Company and/or other Related Parties for losses incurred arising directly or indirectly out of such noncompliance.

The Policy cannot be amended when there is any pending material fact.

d) Blackout periods and description of procedures adopted to monitor trading in said periods

The Company and the Related Parties are prohibited from trading directly or indirectly in the Company's securities:

i. during the period when they have knowledge of undisclosed material information until disclosure of such information to the market; if there is any intention to carry out mergers, total or partial spin-off, transformation or corporate restructuring;
ii. during the period between the date the decision was made by the competent board to increase capital, distribute dividends and pay interest on capital, stock dividends, derivatives or approve stock split and the release of respective notices or communications;
iii. during the period of 15 days prior to the disclosure of quarterly information (ITR) and annual information (DFP and IAN) of the Company; and
iv. through a securities broker not authorized by the Company to trade securities with related parties.

The prohibitions set forth in item "i" above no longer apply as soon as the Company discloses the material information to the market, unless stock trading may affect trading conditions to the detriment of the Company or its shareholders.

The prohibitions set forth in item "i" above do not apply to the acquisition of treasury shares through private trading, resulting from the exercise of stock options under a stock option plan approved at the shareholders' meeting, and do not apply to trading conducted under the Individual Trading Plan described above.

Trading conducted by investment funds in which the Related Parties and other persons referred to in the Policy are shareholders are not considered to be indirect trading, provided that such investment funds are not exclusive investment funds and the investment fund manager's trading decisions are not influenced by shareholders.

The following persons, if they have knowledge of any undisclosed material information, are prohibited from trading in Company's securities:

i. those maintaining a business, professional or trust relationship with the Company, such as independent auditors, securities analysts, counsel, underwriters, who must on consult information disclosure before any trading in Company's securities;
ii. officers and directors who leave the Company before the public disclosure of any business or event started during their employment period, for 6 months after their withdrawal or until disclosure to the market of the material fact, whichever occurs first.

Persons prohibited from trading include:

i. portfolio managers and investment funds, companies or other entities in which the Related Parties are the sole shareholders or in which they may influence trading decisions.
ii. any legal entity directly or indirectly controlled by the Related Parties.
iii. any individual who has access to material information or fact through any Related Party and persons prohibited from trading, including, but not limited to, the individual's spouse, partner and other immediate family member.

The Company's officers, executives and directors are also prohibited from:

i. buying Company's shares on the same day the Company, its subsidiaries, affiliates or other jointly-owned subsidiary sell treasury shares, or if any option has been granted for the same purpose;
ii. selling Company's shares for a period of 180 days from acquisition (extended to their spouse, partner and other immediate family member).
iii. selling Company's shares on the same day the Company, its subsidiaries, affiliates or other jointly-owned subsidiary buy treasury shares, or if any option has been granted for the same purpose; and
iv. buying or selling through a securities broker not authorized by the Company.

Prohibitions also extend to:

i. the sale of Company shares for a period of 180 days from acquisition by any employees of the Company who are beneficiaries of stock option plans and are not officers, executives or members of the board of the directors of the Company, that are subject to the provision of the above;
ii. the sale of Company's shares for a period of 90 days from acquisition by any managers and supervisors who do not fall into item (a) of this article and the above.

For compliance with trading policy, any trading by the Company's officers, executives and directors shall be made through accredited brokers.

Restrictions also apply to the period during which trading by the Company of its own shares is in progress. Additionally, restrictions under the Trading Policy do not apply to the exercise of the right of first refusal, related to shares previously acquired.

The Board of Directors is prohibited from deciding an acquisition or sale of Company's shares until the following information is disclosed to the public through a material fact notice:

i. any agreement signed for transfer of control in the Company;
ii. granting of option for transfer of control in the Company; or
iii. existence of intention to carry out any merger, total or partial spin-off, consolidation, transformation or corporate restructuring.

## 20.2. Other material information

All material information pertinent to this topic has been disclosed in the items above.

# Information disclosure policy

## 21.1. Rules, regulations or internal procedures adopted by the Company to ensure that information to be disclosed to the public is gathered, processed and published in an accurate and timely manner

The disclosure and communication of Material Information about the Company shall be made by the Investor Relations Officer who is responsible for dissemination of material information in the most efficient manner possible, considering the political-administrative, technical, business or financial-economic interests of the Company. The Investor Relations Officer promotes the material information disclosure and communication to the market and relevant public and private agencies.

The controlling shareholders, executive officers and directors, members of the fiscal council and professionals must (i) communicate to the Investor Relations Officer any material information about the Company of which they have knowledge; (ii) ensure that all documents related to the material information are circulated with confidentiality and restricted access notice and, also, that mails or e-mails are addressed to reliable persons aware of their confidential nature, observing the Company's electronic mail security standards; (iii) communicate immediately to the Investor Relations Officer any suspicion or occurrence of information leak within their restricted and determinable environment.

The controlling shareholders, executive officers and directors, members of the fiscal council and professions who have knowledge of material information about the Company that notice, after communicating the material information to the Investor Relations Officer, the unjustified omission by the Investor Relations Officer, must communicate the Material Information in question to the CVM. Omission shall not be considered unjustified when it refers to circumstances in which, in the opinion of the controlling shareholders and the Investor Relations Officer, there are reasons to keep Material Information about the Company confidential, to protect the political-administrative, technical, business or financial-economic interests of the Company.

## 21.2. Material fact disclosure policy adopted by the Company (including procedures for keeping undisclosed material information confidential)

Our Information Disclosure Policy was approved at the Board of Directors' meeting held on June 8, 2009.

The Investor Relations Officer must disclose the material information about the Company to the market immediately or as soon as possible (i) in any newspaper with large nationwide circulation usually used by the Company and (ii) if deemed necessary, by any other relevant means of communication.

The disclosure of material information in the manner above may, at the discretion of the controlling shareholders and the Investor Relations Officer, be in the summary form, indicating the website where the complete material information about the Company may be obtained, with the same content as that submitted to the CVM and to the trading markets.

The disclosure of material information about the Company must occur, whenever possible, before the start or after the end of transactions on trading markets. If needed, the Investor Relations Officer may disclose the material information about the Company within the trading time on trading markets and request suspension of trading for an adequate period for information dissemination.

The Investor Relations Officers and, in the event of his unjustified omission, the controlling shareholders, members of the fiscal council and other professionals must communicate the material information about the Company to the CVM and to the trading markets, in accordance with CVM Instruction No. 358.

Until disclosure to the market as indicated above, the controlling shareholders, directors, officers, members of the fiscal council and professionals must keep confidentiality of any material information about the Company of which they have knowledge, as well must their subordinates and trustworthy third parties act in the same manner, under penalty of joint liability, in conformity with Corporate Law.

At the discretion of the controlling shareholders and officers and directors and according to the provisions of the item below, material information about the Company may not be disclosed or disclosed immediately for the purpose of protecting the political-administrative, technical, business and financial-economic interests of the Company according to article 6 of CVM Instruction No. 358.

In the hypothesis of the preceding paragraph, the following shall be considered:

(i) the controlling shareholders or officers or directors who decide to keep confidentiality for the benefit of the Company must communicate immediately and formally to the Investor Relations Officer the fact considered material, with information necessary for correct understanding.

(ii) the Investor Relations Officer or also other officers or directors or controlling shareholders of the Company – the last two groups, through simultaneous communication to the Investor Relations Officer – may request confidentiality analysis by the CVM, provided that the request is addressed to the CVM's president in a registered envelope bearing a

legend stating the mail is confidential. If the CVM decides that the material information should be disclosed, it will also determine communication to the trading markets and to the organized over-the-counter market in which securities are admitted for trading;

(iii) in any hypothesis of confidentiality of material information, with occurrence of situations that fall into the item "Unusual Situations" or when the situation goes beyond control of addressees, the Investor Relations Officer must be immediately informed and must adopt the procedures set forth in item (ii) above or immediately disclose the respective material fact, which shall not exempt the controlling shareholders and directors and officers from their responsibility for disclosure.

If (i) there is any unusual fluctuation in quotation, price or trading amount of securities or (ii) the undisclosed material information is made public, the Investor Relations Officer or the persons who have access to the material information must immediately disclose the material information in accordance with the Information Disclosure Policy of the Company and prevailing legislation.

Observing the provisions of the preceding item, the Investor Relations Officer (i) must make inquiries of persons who have access to material fact or information to determine if they have knowledge of information about MRV that should be disclosed to the market, and (ii) may request suspension of trading of securities for the period necessary for adequate dissemination of material information.

## 21.3. Officers and directors responsible for implementing, maintaining, assessing and overseeing the information disclosure policy

Subject to compliance with provisions of the information disclosure policy and applicable legislation, the Investor Relations Officer is responsible for making decisions on disclosures to the market and communication of material information about the Company to the relevant public and private agencies.

The Board of Directors may at any time, make changes to this Disclosure Policy, which shall be promptly notified by the Director of Investor Relations to its recipients, the CVM, to Trading Markets and market entities in which the securities issued by the Company are admitted to trading, being applied to all from the data of knowledge.

If a legislative amendment might alter the rules, in particular to CVM Instruction 358, this amendment will supersede the provisions of this Disclosure Policy and the Board will provide for its amendment.

The Chief Financial Officer is responsible for this Disclosure Policy evaluation and control.

## 21.4. Other material information

All material information pertinent to this topic has been disclosed in the items above.

# Extraordinary businesses

### 22.1. Acquisition or disposal of any material asset not related to the normal business activities of the Company

Not applicable, since there were no acquisitions or disposals of any material asset not related to the normal business activities of the Company.

### 22.2. Significant changes in the way of Company doing business

No significant changes in the way of Company doing business.

### 22.3. Material contracts entered into between the Company and its subsidiaries not directly related to the operating activities

There are no contracts entered into between the Company and its subsidiaries that are not directly related to their main activities.

### 22.4. Other material information

All material information pertinent to this topic has been disclosed in the items above.